

An empirical analysis of halal practices on organizational performance among food industries

Abstract

The aim of this study is to investigate the influence of dietary halal practices to organizational performance among the halal food industry in Malaysia. In this study, four key elements have been identified as performance predictors which are; halal and thoyyib, internal process, halal assurance, and staff. A cross sectional study design has been adopted in this study through quantitative methods using closed ended questions. Questionnaires were distributed to the halal food industry in Malaysia and 241 of them are usable for analysis at an organizational level. Respondents who participated in this study are internal committee members who are specially appointed for halal dietary management control within the organization. Data were analyzed by using SPSS version 21. Descriptive analysis showed that the level of halal practices and the performance of the halal food industry in Malaysia is positive. In addition, the inference test results prove that there is a significant correlation between all the variables studied. However, based on the regression analysis, the halal and thoyyib dimensions majorly influence the performance of the organization as compared to internal dimensions of process, halal assurance, and staff. In this research, few limitations have been identified. The first limitation is that there was limited number of respondents (241 companies) due to time constraint. Furthermore, some respondents were quite hesitant in giving their cooperation due to company's confidentiality. If the return rate is higher then, the possibility to obtain more accurate results is higher. Secondly, the research was more focused on 'halal' food while the term 'halal' is now globally known not only in food industry but also in pharmaceutical, logistic etc. The standards used are only limited to the management of food. The implication towards theory and literature - Quality researches have always been linked to total quality management, this time it is the 'Research Based View' approach that was actually used. With that, the number of researches using strategic management as the core theory can be increased. Moreover, this research showed that other factors must be studied in order to produce a working

halal model. Besides, the implication towards the industry is that the findings obtained have produced a new phenomenon in which the industry needs a paradigm shift and does not only stay in the secure zone but accept all the changes outlined by the government or halal certification body. In relation to this, the industry must know its responsibilities in order to convince the customers on the practice of halal by the organization. For the government on the other hand, it will be easy for them to make assessment on halal food industry in Malaysia aside from preparing an effective plan especially in the effort to draw a clear picture on the industry in relation to the real halal management including the understanding on standard acts or all the guidelines that have been introduced. For users, it gives the assurance that a product must undergo a few steps which are not only controlled by the industry, but the competent authorities as well in halal certification. In addition to the existence of a few acts, the rules and standards which binds the industry to always be responsible and practice integrity in halal implementation