

THE EFFECT OF HALAL CERTIFICATION APPROACH ON PERFORMANCE AMONG SMALL AND MEDIUM ENTERPRISES (SMEs) IN MALAYSIA

(Pengaruh Pendekatan Pensijilan Halal Malaysia Terhadap Prestasi dalam Kalangan
Perusahaan Kecil Sederhana di Malaysia)

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ABSTRACT

This study was designed to investigate the effects of halal certification approach through several key variables. The identified variables include planning, procedures, implementation, monitoring and assurance, and commitment to improving halal food industry performance among SMEs in Malaysia. A self-administered questionnaire with closed-ended questions to measure the planning, procedure, implementing, controlling and commitment influence the organizational performance is used. The questionnaires were distributed to the committee members amongst halal Small and Medium Enterprise (SMEs) in Malaysia, in which 344 are usable for analysis. Smart PLS version 2.0 was used to analyze the relationship of each construct. The outcome of this study showed a positive relationship between halal control, the implementation of halal standards, organizational commitment and organizational performance. The

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study found that organizational performance is influenced by a combination of related elements in the internal organization control, including halal control, halal standard implementation and commitment which generates a high performance. This study has provided some implications on theory, model and practical implication. Halal certification approach elements should be acknowledged by all parties in transforming Malaysia as a halal hub internationally.

Keywords: Halal certification; performance; halal food industry; small and medium enterprise

ABSTRAK

Kajian ini adalah bertujuan untuk menganalisis pengaruh pendekatan pensijilan halal melalui beberapa pemboleh ubah utama yang dikenal pasti yang terdiri daripada perancangan, prosedur, pelaksanaan, kawalan dan komitmen terhadap peningkatan prestasi industri makanan halal dalam kalangan SMEs di Malaysia. Soal selidik telah diedarkan kepada Ahli Jawatankuasa Halal dalam kalangan Perusahaan Kecil Sederhana (PKS) di Malaysia di mana 344 soal selidik dianalisis dengan menggunakan Smart PLS version 2.0. Hasil daripada kajian yang dijalankan menunjukkan terdapat hubungan positif antara kawalan halal, pelaksanaan piawaian halal, komitmen organisasi dan prestasi organisasi. Kajian mendapati bahawa prestasi organisasi dipengaruhi oleh satu gabungan unsur yang berhubung kait antara satu sama lain meliputi kawalan dalaman organisasi termasuklah kawalan halal, pelaksanaan piawaian halal dan komitmen yang menghasilkan pencapaian prestasi yang tinggi. Dapatan kajian ini telah memberikan beberapa implikasi sama ada terhadap teori atau model, penyelidikan mahupun pengamalan. Sesungguhnya elemen pendekatan pensijilan halal perlu diberi perhatian oleh semua pihak dalam menjadikan Malaysia sebagai hab halal terus kekal di pesada antarabangsa.

Kata kunci: *Pensijilan halal; prestasi; industri makanan halal; perusahaan kecil dan sederhana*

INTRODUCTION

The Islamic society in the world has realized the importance of getting food range of other products stamped with the halal logo. The logo is used to indicate the product is halal and safe for consumption or use. The use of halal logo becomes increasingly important when halal products are in high demand at the international level. Halal certification provides an indication that the food produced by entrepreneurs are guaranteed halal by the responsible authorities, who made sure it is done according to a controlled procedure and systematically supervised. Islam encourages people to find

his goodness and prosperity of the world and the hereafter through a perfect way of life which includes dietary nutritional aspects. In fact it can meet the requirements of sharia that can improve the quality of life by taking care of religion, and life/soul. According to al-Qaradawi (1978) halal is defined as exists permitted with respect to which no restriction exists and the doing of which the Law-Giver, Allah, has allowed.

In the implementation of halal in Malaysia, halal definition specifically refers to the definition used in Malaysia's halal certification by the “competent authority” (Department of Islamic Development Malaysia/Islamic Religious Council of the States). Therefore, halal as prescribed by Malaysia Manual Procedure For Halal Certification (Third Revision 2014); Trade Description Act 2011 and Trade Description Act 2011; Trade Description (Definition of Halal) Order 2011 and Trade Description (Definition of Halal) (Amendment) Order 2012:

1. Neither is nor consist of or nor contains any part or matter of an animal that is prohibited by Syarak for a Muslim to consume or that has not been slaughtered in accordance with Syarak dan fatwa; P.U.(A)53/2012.
2. Does not contain anything which is impure according to Syarak and fatwa; P.U.(A)53/2012.
3. Does not intoxicate according to Syarak and fatwa; P.U.(A)53/2012.
4. Does not contain any part of a human being or its yield which are not allowed by Syarak and fatwa; P.U.(A)53/2012.
5. Is safe to be used or consumed, not poisonous, or hazardous to the health.
6. Has not been prepared, processed or manufactured using any instruments that is contaminated with impure according to Syarak; P.U.(A)53/2012.
7. Has not in the course of preparing, processing or storing been in contact with, mixed, or in close proximity to any food that fails to satisfy paragraphs i) and ii)

Based on the above definition, it clearly shows that the use of the term halal in halal food industry is not only seen on the ingredient alone, but it covers all aspects of halal, quality, hygiene and safety in accordance with the concept *halalal thoyyiban* practiced in Malaysia's halal certification. The emphasis on quality as well as hygiene and food safety is not necessarily something that really halal. According to Prabowo et al. (2015) the term 'quality' itself is based on human consensus. Whereas in the halal assurance, it is based on the divine teachings of the Quran and other Islamic Laws that explain it. In fact, Wilson and Liu (2010) see halal as a concept which contains both 'phenomenon and a noumenon'. Not only the subject is viewed as forming, a commercial product, a brand or both, but what is more important and essential is the holistic convergence consisting of account management, organizational behavior, cultural anthropology and sociology as well to help shaping halal into a brand.

Therefore, it also rejected the views of the industry that if the product does not contain any pork, than it should be considered as lawful without considering other elements (LPPOM MUI 2013).

THE CONCEPT OF HALAL

It is well known that Muslims around the world are always alert of their daily diet. This is consistent with legislation requirements where choosing a halal is a must for all Muslims. In addition, to abstain from things that are *haram* is also an obligation for them. In a hadith by Anas bin Malik, the Prophet Muhammad PBUH says: “*Looking for a halal it was obligatory for every Muslim* (al- Suyuti t.t.: 5272).

In essence, halal and *tayyib* complement each other. The term halal comes from the Arabic word derived from the root word *halla, yahillu, hillan* which means to get out from something that is haram (Ibn. Manzur (t.t). Term-wise, halal is something which is allowed by the Islamic law (Ahmad Hidayat & Zulzaidi 2012); something that is a must, which on it every restrictions are revealed, and Islamic laws permits it (al-Qaradawi 1995). *Tayyibah*, on the other hand, focuses on the quality and safety of the consumed food or product (Asmak 2009). The debate about *halalan toyyiban* concept refers to the verses in the Quran. Thus, they became the starting point in determining halal and haram as described by Allah in Surah al-An'am: 145 and al-'Araf: 157. Based on the verses, it is clear that the food is encouraged by Islam are *tayyibah* foods, which do not contain elements harmful to our health, life and mind.

HALAL CERTIFICATION AND PROCEDURE

The halal certificate *Manual Procedure for Malaysia Halal Certification (Third Revision) 2014* is a mechanism aimed to assist and protect consumers' interests and welfare. The use of halal logo on products act as a control mechanism to ensure that the food is approved by the government. Parallel with halal certification as halal product assurance, monitoring and enforcement are done to prevent the misuse of halal labeling of products that have been approved as halal.

Manual Procedure for Malaysia Halal Certification (Third Revision) 2014 is a guide to halal certification procedures which must be understood and adhered by employers from the application until they acquire halal certification from JAKIM. This manual is to promote understanding and give explanation to the operators and the public about aspects of halal according to Islamic and Malaysian law. This manual includes application procedures, inspection, monitoring and enforcement.

It covers the types of offenses on halal standards regulation, consequences for each offense and task scope and role of JAKIM as the authority in halal food and halal products labeling in Malaysia.

Malaysia Standard MS1500: 2009 Halal Food-Production, Preparation, Handling and Storage - General Guidelines (Second Revision). In collaboration with the Department of Standards, Malaysia has issued a general guideline which aims to provide a guide manufacturers on the halal production certification, preparation, handling and storage of halal food, halal slaughter and the conditions related to it. Each halal certificate holder must have this guideline in order not to violate the rules and regulations of halal stipulated by JAKIM.

Halal Assurance System - The Malaysian government has made an effort by introducing and launching the General Guidelines on Halal Assurance Management System (GGHAMS) on July 9, 2013 as the guideline for the industries to fulfill the legal requirements. Halal assurance system is an approach which focusses on enhancing or improving the process that is used to create halal products, with the objective of minimizing and eliminating non-conformance in halal requirements (AQL, 2013). It is in line with the elements GGHAMS emphasis on Control Points, Product Development and Verification of Flow Chart, Implementation of Control Measures, Development of Corrective Action, Document and Records Management System, Process Verification, Halal Guidelines, Halal Database and Traceability.

Trade Descriptions Act 2011 - Implementation of halal certification in Malaysia has undergone various changes. Before, halal certificate and logo for domestic products can be applied from either the Department of Islamic Development Malaysia, State Islamic Religious Department or private companies. There are several forms and types of halal logo issued based on who is issuing it. The inexistence of special laws before APD 2011 which can monitor and take action against certificate issuers up to the point it controls the labeling of international halal products, thus resulting to confusion among consumers. This is particularly in relation to the reliability and credibility of the parties issuing the halal logo (Information Paper on Trade Descriptions Act 2011 and Implementation).

Most previous studies related to halal food is focused on the user's perspective, policies on lawful, model food chain and the concept of *halalan thoyyiban*. Qualitative research has been highlighted by Mohamad and Norhalina (2009) by focusing on the halal certification body as a subject of study and research to identify central key aspects to halal auditing in Malaysia. A quantitative study was conducted by Hassan et al. (2015) on halal food industry and aspects of the measurement is based

on the knowledge and practice of halal assurance without emphasizing the holistic aspects of the halal certification body measurements. It differs from the study by Razali et al. (2013) which measures performance based on six dimensions, namely the qualification of personnel, motivation, skills many workers, effectiveness, environmental awareness and cost. The study looked at the relationship between performance and halal certification practices adopted by the organization. Thus, this research tried to highlight the effect of halal certificate on performance among food industries.

Performance

Effective and efficient resource management and organisational capabilities parallel to organisational goals can definitely determine the organisational performance. According to Mwita (2000), performance refers to a multidimensional built to achieve the goals of the organisation and it is closely related to the organisation's strategic goals. Moreover, organisational performance is based on market organisation, innovation, productivity, physical resources and finance, benefits, performance and attitude of workers, public accountability and performance management and development (Neely 2005); financial, customer, internal processes and the organisational development itself (Chan 2004); financial and non-financial (Sitky Ilkay & Aslan 2012); business performance and operational performance (Feng et al. 2008). It poses some difference with Mohd. Rizal et al. (2013), where performance is measured in six dimensions, namely personnel qualifications, motivation, skills of various employees, effectiveness, environmental awareness and cost. The concept basis highlights specific measures based on the halalan toyyiban concept through halal standards achievement.

In this study, performance refers to the organisation's view towards organisational performance which includes improvements on the process to meet Halal standard requirement. It is an effort towards quality and productivity improvement, reducing operating costs, improving worker's motivation, improving job satisfaction, helping companies to comply with relevant legislation requirement, reducing waste in the production process, improving customer communication, suppliers and internal communications, improving the regulatory aspects of the company's business, serving as preparation towards implementing management based on the concept of halalan toyyiban and serves as a good industrial practice benchmark.

Halal Certification Approach

Certification approach system is usually associated with a set of procedures which are translated in individual treatment or groups of organisations. Feng et al. (2008) and Ruzevicius, J. & Zilinskaite (2015) in their research found elements of the ISO 9000 standard adopted by organisations the basis of organisational performance. In this study, food management through halal certification approach is viewed as an integrated network planning, procedures, implementation, control and commitment.

Planning

A good organisation starts with a thorough planning. Even Islam itself emphasizes that every job should be started with the intention of such a hadith narrated by Sayyidina Umar Al-Khattab (Muhyiddin & Sharif 1998), which means: "Every task starts with an intention".

Zainudin (2009) explains to ensure guaranteed quality, effective management system, through planned and systematic activities, is very important. Therefore, Feng et al. (2008) views the planning elements as imperative to be integrated effectively with the full quality involvement and supported by available resources. It is supported Abdul Manaf et al. (2013) in their analysis of the halal food industry competitiveness in Malaysia. Management skills through good and effective approach is necessary to ensure a competitive industry.

Implementation Procedure

In any activity, especially activities related to halal management, procedures or rules are established as guidelines and rules which needs to be adhered. This is important particularly when organizations agree on mutual benefits or obtain something from another party, such as halal certificate. In this case, it should according to the set halal standards which includes quality control as well (Yaakob et al. 2007).

In the context of halal certification compliance, nations have their own procedures and rules. In Malaysia, it is set by authorities which consist of JAKIM and MAIN/JAIN as stated in the Trade Descriptions Act 2011 (APD 2011). At the same time, the industry must develop organisational halal assurance procedures based on guidelines provided by JAKIM. Halal assurance developed by the industry is considered as a new internal procedure which simultaneously shows the organisation's credibility in maintaining halal certification verification status. It is

supported by Feng et al. (2008); Ruzevicius, J. and Zilinskaite (2015) and Zainudin (2009) who uses similar elements in the food quality certification study.

Implementing

Implementation refers to the methods or chain of activities done by the organisation based on the planning and procedures specified by using all the organisation's resources.

Controlling

In the implementation of halal certification, each process requires control. This does not only focus on key control points through monitoring and assurance in the process, but the entire chain of documentation, production, and product delivery as well. Therefore, control or *hisbah* is considered as a detect and repair mechanism which can find and fix errors or differences in the activities. This is to ensure the goals achievement process is done perfectly according to planning and organisation. In fact, according to YAPEIM Management Academy (2011), elements such as *al-ihsan* is the internal control that makes a person aware of thinking or doing irrelevant things. Plus, *amr ma'ruf nahy* will make sure the organisation will always be within the bounds of truth and fairness, acculturation enhancements to continuous performance improvements and pray justified actions are implemented within the organisation.

Parallel with current developments, AQL (2013) found that control alone is insufficient. Internal halal assurance needs to be prioritised as well. It coincides with the framework by Nik Maheran (2009), which states in driving the industry towards becoming a halal hub, halal assurance should be given priority within the industry.

Commitment

Activities within an organization requires the participation of all parties. Commitment refers to joint determination and participation among organisation members which is seen through integrated cooperation. The focus is not only on the work pattern, but it also involves understanding and role.

Thus, the Manual Procedure for Malaysia Halal Certification (Third Revision) 2014, MS1500: 2009 (Second Revision) and General Guidelines on Halal Assurance Management System 2013 has underlined the need of a Halal Audit Committee representing various departments or units such as top management representatives,

processing and production, and purchase. This is to establish accountability towards the organisation.

According to Mohd. Khan (2006), through the management's commitment, effective halal policies can be established. For instance, providing halal statement, agreeing on a single assessment system, identifying performance standards, identifying how to measure halal, ensuring the existence of group and commitment approach, raising awareness of halal food importance, clarifying the definition of halal to sellers and buyers, complying with Islamic guidelines in halal implementation, establishing critical control points for halal (halal critical control point), monitoring, eliminating hindering factors towards achieving halal specifications, company to produce only halal products and company is committed to produce halal products in a consistent manner.

A study by Feng et al. (2008) shows the commitment dimensions made as one element in the implementation of ISO 9001 quality certification, which plays a role in determining organisational performance. The study found that there were significant and positive relationship between management's commitment and performance and business operations. Moreover, the commitment dimensions based on ISO 9001: 2000 model in food quality certification is assessed by Zainudin (2009) as well. The study aims to prove a significant relationship between management's commitment and organisational performance.

The results of the empirical study found the need for the other elements in the evaluation so that it is lawful in accordance with the organization function or company. Therefore, three elements covered by this research most useful for discussion.

RESEARCH MODEL AND HYPOTHESES

Research Model

Based on previous studies, a framework was developed for this research. In the construction of this model, planning, procedures, implementing, controlling and commitment were identified as independent variables while the organizational performance as the dependent variable. Model of the study is shown in Figure 1.

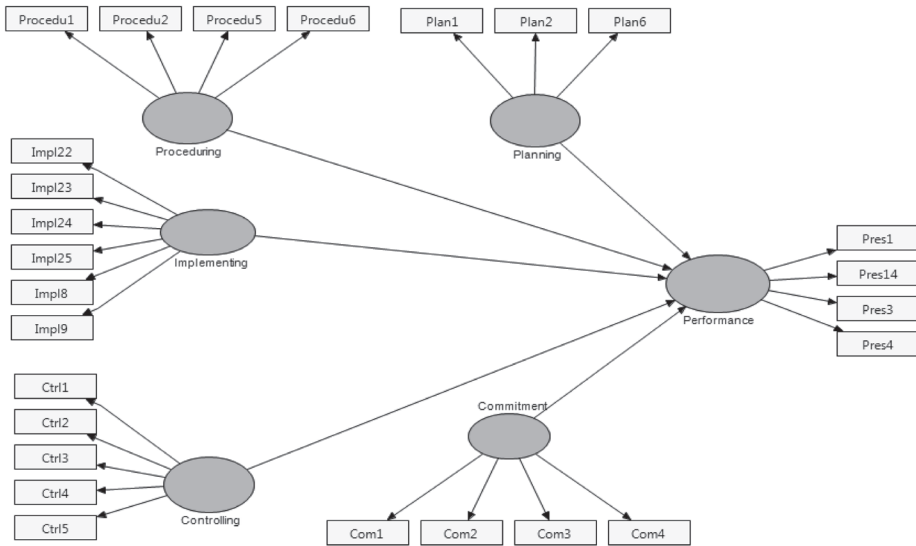


FIGURE 1 Model of the study

Hypotheses

Based on the framework above, several hypotheses were made taking into account the results and contribution of the previous study to identify the effects of halal certification approach through a number of key variables identified. It consists of planning, implementation procedures, implementation, controlling and commitment to improving the halal food industry performance among SME's in Malaysia.

- H1: Planning has a significant and positive influence on the organizational performance.
- H2: Proceduring has a significant and positive influence on the organizational performance.
- H3: Implementing has a significant and positive influence on the organizational performance.
- H4: Controlling has a significant and positive influence on the organizational performance.
- H5: Commitment has a significant and positive influence on the organizational performance.

RESEARCH METHODOLOGY

Sample and Procedures

Data collection is the essence for the overall analysis. Therefore, this study used a self-administered questionnaire with closed-ended questions to measure the planning, procedure, implementing, controlling and commitment on the organisational performance. The questionnaire was distributed to Halal Committee of Small and Medium Enterprises (SMEs) in which 344 are usable for analysis.

Data Analysis

This study uses the Smart Partial Least Squares version 2.0 method whereby it is considered as an alternative model of the Structural Equation Modelling (SEM) to analyze the data and testing the hypotheses. PLS can analyze constructs simultaneously with the reflective and formative indicator and this may not be conducted in Covariance Based SEM because there will be an unidentified model (Imam Ghazali 2014). Thus, this method is appropriate to predict the relationship between the variables in the research model.

Construct Validity

For the PLS method analysis, construct validity can be viewed at the respective loading and cross loading to evaluate if there are any problems with particular items. Hair et al. (2010) suggested the cutoff value for loading at minimum of 0.5 as significant. Attention should be given to cross loading, in view of the cross loading is a significant problem if any items which has a loading higher than 0.5 on two or more factors. To meet these requirements, two questions of controlling variables (ctrl6 and ctrl7), thirty questions for implementation (impl1, impl2, impl3, impl4, impl5, impl6, impl7, impl10, impl11, impl11, impl12, impl13, impl14, impl15, impl16, Impl17, impl18, impl19, impl20, impl21, impl26, impl27, impl28, impl29, impl30, impl31, impl32, impl33, impl34, impl35, impl36, impl37 and impl38), three questions for planning (plan3, plan 4 and plan5), two questions for proceduring (prosedu3 and prosedu4) and ten questions of performance (pres2, pres5, pres6, pres7, pres8, pres9, pres10, pres11, pres12, pres13, pres15) has been released. Table 1 shows that all the items measuring a particular construct highly loaded on that construct and loaded lower on the other constructs thus confirming the construct validity.

TABLE 1 Loadings and Cross Loadings

	Commitment	Controlling	Implementing	Planning	Performance	Proceduring
Com1	0.7507	0.3764	0.4391	0.3056	0.4039	0.4006
Com2	0.7122	0.2909	0.3373	0.3347	0.2884	0.3736
Com3	0.6837	0.3344	0.3981	0.1772	0.27	0.3339
Com4	0.7605	0.3188	0.2914	0.3176	0.4125	0.4125
Ctrl1	0.4175	0.7467	0.3795	0.2814	0.3819	0.2177
Ctrl2	0.2828	0.6396	0.4805	0.2206	0.3372	0.2393
Ctrl3	0.3503	0.8004	0.4272	0.2699	0.4557	0.2707
Ctrl4	0.2631	0.7319	0.2794	0.233	0.4118	0.306
Ctrl5	0.3012	0.6032	0.1495	0.1867	0.2839	0.2186
Impl22	0.3719	0.4595	0.7058	0.3043	0.493	0.3173
Impl23	0.2516	0.3747	0.7044	0.245	0.3075	0.2223
Impl24	0.4295	0.4553	0.7473	0.2967	0.419	0.2704
Impl25	0.3625	0.2885	0.6906	0.1775	0.3366	0.2337
Impl8	0.3784	0.2961	0.7512	0.1838	0.4091	0.3145
Impl9	0.3284	0.2217	0.7091	0.1995	0.4122	0.334
Plan1	0.2138	0.2238	0.2032	0.7581	0.2491	0.3089
Plan2	0.3337	0.3126	0.3194	0.7933	0.2589	0.3915
Plan6	0.3547	0.2224	0.2189	0.6975	0.2099	0.3066
Pres1	0.4101	0.4637	0.4477	0.2251	0.8018	0.3771
Pres14	0.3222	0.3864	0.3971	0.2126	0.682	0.3591
Pres3	0.3026	0.2769	0.4214	0.2422	0.7212	0.2477
Pres4	0.3874	0.4335	0.3972	0.2692	0.7409	0.1886
Procedu1	0.4156	0.2484	0.3505	0.3493	0.3088	0.7542
Procedu2	0.4082	0.304	0.3131	0.3516	0.3437	0.7703
Procedu5	0.3307	0.2476	0.2291	0.2786	0.2476	0.6756
Procedu6	0.3879	0.2398	0.2706	0.3356	0.2693	0.7416

Average Variance Extracted (AVE), Composite Reliability (CR)

Convergent Validity

Convergent validity is the extent to which a measure correlates positively with alternative measures of the same construct. In this case, Hair et al. (2014) emphasized that the loadings, composite reliability (CR) and the average extracted (AVE) factor to be considered to assess convergent validity. The cutoff value for loading should exceed 0.5, and the CR should be greater than 0.7 Hair et al. (2014) However, to study the early stages of development of a scale measuring the loading of 0.5 to 0.60 are considered sufficient (Chin 1998). Nunally (1978) also suggested that the composite reliability values of 0.60 to 0.70 are acceptable in exploratory research, while in

more advanced stages of research, values between 0.70 and 0.90 can be regarded as satisfactory. While the cutoff value for average variance extracted (AVE) should also be 0.5 (Hair et al., 2014).

Based on the results of Table 2, the loadings for all items are in the range from 0.603 to 0.802 and all of them are above the value recommended by Hair et al. (2014). In addition, CR values are shown in Table 2, which depict the degree to which the indicators indicate the latent construct, construct range from 0.794 to 0.865 which is higher than the recommended value of 0.7 by Hair et al. (2014). The last measurement is AVE which measures the variance is captured by the indicators relative to measurement error and the results showed that all of them are above the value recommended by Hair et al. (2014).

TABLE 2 Result of Measurement Model

Model Construct	Measurement Item	Loadings	AVE	CR
Planning	Plan1	0.758	0.564	0.794
	Plan2	0.793		
	Plan6	0.698		
Proceduring	Proc1	0.754	0.542	0.825
	Proc2	0.770		
	Proc5	0.676		
	Proc6	0.742		
Implementing	Impl22	0.706	0.516	0.865
	Impl23	0.704		
	Impl24	0.747		
	Impl25	0.691		
	Impl8	0.751		
	Impl9	0.709		
Controlling	Ctrl1	0.747	0.501	0.833
	Ctrl2	0.640		
	Ctrl3	0.800		
	Ctrl4	0.732		
	Ctrl5	0.603		
Commitment	Com1	0.751	0.529	0.818
	Com2	0.712		
	Com3	0.684		
	Com4	0.761		
Performance	Pres1	0.802	0.544	0.826
	Pres14	0.682		
	Pres3	0.721		
	Pres4	0.741		

Average Variance Extracted (AVE), Composite Reliability (CR)

While in Table 3, it shows the result model construct. Based on the results of the table, it indicate that all six constructs namely: planning, proceduring, implementing, controlling, commitment, and performance measures are all valid of their respective owners construct according to parameter estimates and statistical significance Chow and Chan (2008). Here, it confirms that we can use the questionnaires as instrument of research.

Discriminant validity

Discriminant validity is the extent to which a construct is truly distinct from other constructs by empirical standards. In other words, establishing discriminant validity implies that a construct is unique and captures phenomena not represented by other construct in the model. According to Hair et al. (2014) there are two measures of discriminant validity; First, by examining the cross loadings of the indicators. Specifically, an indicator's outer loading on the associated construct should be greater than all of its loadings on other construct. Here, Table 5 shows that all the items measuring a particular construct highly loaded on that construct and loaded lower on the other constructs thus confirming the first criterion of discriminant validity. Second, Fornell-Larcker criterion by comparing the square root of the AVE values with the latent variable correlations.

TABLE 4 Discriminant validity of the construct

	1	2	3	4	5	6
1. Commitment	0.727					
2. Controlling	0.455	0.709				
3. Implementing	0.499	0.493	0.718			
4. Performance	0.486	0.536	0.564	0.738		
5. Planning	0.396	0.339	0.332	0.320	0.751	
6. Proceduring	0.526	0.355	0.400	0.402	0.449	0.736

Note: Diagonals (in bold) represent the square root of the AVE and the off diagonals represent the correlations

Specifically, the square root of each construct's AVE should be greater than its highest correlation with any other construct. According to Table 4, the square correlations for each construct are lower than the average extracted (AVE) by the indicators measuring construct indicating adequate discriminant validity. Here, it was found that overall, the measurement model demonstrated adequate convergent validity and discriminant validity.

Hypothesis Testing

To test the formed hypotheses, path analysis was used to treat the 3 hypotheses generated from research model. According to Figure 2 and Table 5, the R² for the main model is 0.439, indicating that 43.9% of the variance in the extent of collaboration can be explained by planning, proceduring, implementing, controlling and commitment. Result shown in table 5 clearly indicate that (H3, H4 and H5) were supported and significant at p <0.01 with the beta value of 0.309 for H3, 0.275 for H4 and 0.149 for H5. Overall, the results show that the hypotheses show positive relationships.

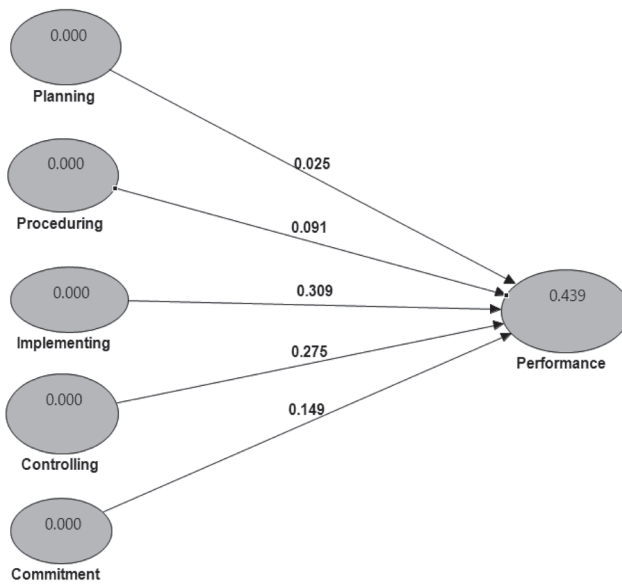


TABLE 5 Path coefficient and hypothesis testing

No.	Relationship	Hypothesis	Beta	S.E	t-value	Decision	R2	f2	Q2
1	Planning -> Performance	H1	0.025	0.049	0.500	not supported	0.439		0.228
2	Proceduring -> Performance	H2	0.091	0.052	1.757	not supported		-	
3	Implementing -> Performance	H3	0.309	0.062	4.987**	supported		0.103	
4	Controlling -> Performance	H4	0.275	0.056	4.885**	supported		0.093	
5	Commitment -> Performance	H5	0.149	0.048	3.134**	supported		0.023	

Note: *1.64 (<0.05); **2.33 (<0.01)

DISCUSSION AND IMPLICATIONS

The results clearly show the performance of food-related organizations are influenced by three variables, namely the implementation, control, and halal assurance and commitment. In addition, the results show that halal standard implementations have a significant impact of 30.9%, followed by halal assurance and control (27.5%) and 14.9% on the organizational commitment.

In reality, since the coordination of halal certification in Malaysia starting 2012, the results showed that the authorities place more emphasis on halal practices compliance in the processing stage. However, gradual changes can be seen when halal certification confirmation in Malaysia is tightened. This is done by requiring the internal halal committee for both categories, starting from 2015, to not only play a role in ensuring halal requirements are met, but to also enhance control and assurance for internal halal continuously by organizational commitment.

These findings are parallel with the systems approach by Tovey (2001) and Bratton & Gold (1994) and the framework AQL (2013) which states the importance of the implementation according to the objectives. Additionally, effective implementation will definitely produce higher outcomes (performance). It is also supported by Oly Ndubisi & Iftikhar (2012), where the implementation process is in line with the current innovation and development. It heavily influences the organizational performance.

However, the study findings conflict with the study by Prabowo et al. (2015) which states in order to achieve the benefits and advantages, implementation process and performance does not have a significant relationship whereas it depends also on other factors such as knowledge, attitude etc. In fact, the study is supported by Mohd. Rizal (2013) where halal food management practices adopted by the hotel are not directly related to organisational performance except for policy dimension and premise condition. The findings by researchers both in and outside the country explains that there is an unclear halal standard elements usage. In addition, in the context of halal certification, it should not depend on a single reference only, but should come together with acts, guidelines, and current halal manual by certification bodies. In addition, locational differences and subjects of study should be used as a basis for comparison as well. For example, studies by Mohd Rizal (2013) is limited in a single hotel and the application procedures are not comprehensive.

The different findings is due to the reference used as a basis for studies. The study was based on the old standard of MS1500: 2004, whereas the current standard is the

MS1500: 2009. Additionally, studies also refer to the MS1500: 2004 even though halal conduct in Malaysia needs to be referenced with various acts, standards, and guidelines issued by the authority. In fact, there are resulting effects when changes were made to some of the halal standards requirements. It is proved by Herath & Hensen (2010) in their food safety research. Organizations are more comfortable with the old ways compared to the new process and thus have definite implications to the organization's work chain.

The results obtained in the context of halal certification in Malaysia is driven by the halal assurance enforcement system starting from 2013. Since then, the organization began to focus on the development of control systems and internal security with reference to the guidelines of internal halal assurance system provided by the halal certification authority in Malaysia. The results obtained support the findings by Nik Maheran et al. (2009), AQL (2013) and Anton (2014) in explaining the effects of halal assurance and control on organisational performance. In fact, it reflects a '*Resource Based View*' perfectly which sees the effective internal control of the organisation's resources as capable of producing higher outcome.

At the same time, industrial support on the procedures and guidelines by creating internal halal committee by stages based on the Manual Procedure for Malaysia Halal Certification (Third Revision) 2014 and the requirements of halal assurance system internal force in 2013 has shown positive results. A decision is made by the halal certification authorities by fully enforcing internal halal committee formation as a compulsory requirement by the clause 6.1.2, Manual Procedure for Malaysia Halal Certification (Third Revised) 2014.

These changes occur as a result of the joint effort by all government agencies, statutory bodies, and private organizations involved more than 15 years in halal or standard (JAKIM 1997) until a mutual agreement by all the states in Malaysia to adopt the 1 act, 1 standard, 1 procedure, 1 logo, and 1 certificate in 2012 (Mashitah 2011). All forms of promotion and courses have been organized by the relevant parties. The role and function of human capital is highlighted more amongst the industry as well as to strengthen the knowledge, attitude and always prioritizing and sensitive to any policies and guidelines issued by the halal certification authority. In addition, halal executives have roles in raising the awareness and understanding of the *halalan thoyyiban* concept in the company, implement Amr bi al-Ma'ruf wa Nahy al-Munkar in developing halal integrity and, at the same time, need to manage and develop the basic needs for the *halalan thoyyiban* application (Mustafa et al. 2015). Hence, there is no wonder the industry in Malaysia starts to integrate quality management aspects such as the practice of GHP, GMP and HACCAP along with the *halalan thoyyiban* concept to strengthen the halal industry in Malaysia.

CONCLUSION AND RECOMMENDATION

This study's findings can clarify the halal certification in Malaysia has undergone a wave of change after the halal certification coordination in Malaysia which was supported by the internal halal committee establishment. It also highlights the priority aspects of the implementation, effective halal control and organisational commitment as compared to the planning and procedures.

In addition, the results of this research can contribute to academia and halal practitioners (halal players) either in the industry, government, or consumers. This contribution can be seen in the created model, research and practical as well. The study has expanded on halal through the research model specifically in the operational management as well as strengthens the research findings and related legal practices. Similarly, from a practical point of view it can provide information to the industry about aspects of the halal practices implementation which should be emphasized in halal-related operations towards a more effective organisational performance improvement. Additionally, for the government, it shows the extent to which the effectiveness and the role played by the relevant agencies in promoting Malaysia as an international halal certification hub. It also helps for the policy makers to strengthen and improve the current procedures. Besides that, halal effective management can improve consumer confidence in halal. However, the study conducted has limitation. This includes the scope of the review where now halal is not only limited to food, but also other fields such as pharmaceuticals, cosmetics, logistics as well as the halal standards and procedures used in Britain.

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