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## **THE EFFECT OF HALAL REQUIREMENT PRACTICES ON ORGANIZATION PERFORMANCE AMONG FOOD MANUFACTURES IN MALAYSIA**

### **Abstract:**

Halal management has grown rapidly including the production process and halal verification. Therefore, the aim of this study focused on the effects of halal practices on the organizational performance in Malaysian halal food industry. In this study, the halal requirement elements consisted of halal and thoyyib, internal process, halal assurance, and staff as the predictor of organizational performance. This study used a self-administered questionnaire with closed-ended questions. The questionnaire was distributed to multinational companies and small and medium enterprises (SME) in which 620 were applicable for analysis. The respondents were among the halal committee members in the respective companies. The data was analyzed using SPSS Version 21. The results showed that halal requirement practices have a positive relation to the dependent variables. Moreover, only halal and thoyyib aspects ( $\beta = 0.319$ ,  $p < 0.05$ ) is significant determinant organizational performance. On the other hand, internal process, halal assurance and staff do not have impact on organizational performance. The implication of the study found that the internal assessment by internal halal committee through an instrument created based on act, standard, and guidelines on halal standards which have been adopted by the authority in halal certification affects the improvement of organizational performance.

### **Keywords:**

halal, halal requirement practices, organizational performance.

## INTRODUCTION

The efforts to make Malaysia a production hub for halal products is not only a central agenda, but is also gains the cooperation and attention from the state government. This is proved in 2012 alone, the Malaysian government managed to export 32 billion range of halal products abroad (HDC, 2013). This is consistent with Budget 2013, which provides working capital of 200 million for small and medium entrepreneurs in the halal products to provide encouragement for the development of halal food industry in Malaysia (Brothers, 2013). Additionally, the government, through the Department of Islamic Development Malaysia (Jakim) and the Islamic Council of State and State Religious Department as '*competent authority*' through the Trade Description Act 2011 has taken several measures to ensure the continuous coordination and harmonization between the states, including the establishment of a monitoring mechanism for the production, certification, and logo. Through this standardization, Jakim and MAIN / JAIN will only adopt a uniformed logo, standard, work, and system only (Ibrahim, 2011).

However, there are industries that are unable to achieve an effective performance management. This is evidenced by the 3,828 successful Malaysian Halal Certificate (SPHM) applications out of the 4,396 received from across the country during the year 2012 (A report on Malaysian Halal Certification for Year 2012). Monitoring and enforcement by Jakim as well has shown that there is a failure in the industry to maintain certification through non-compliance notice issued. 126 of the 1,437 inspections conducted by Jakim for the period January to December 2013 found mistakes whether small, large or serious (A report on Monitoring and Enforcement Activities, Malaysian Halal Certification 2013).

Therefore, consistent implementation in halal dietary practices is necessary even though in the concept of halal certification, any company who does not comply are given the opportunity to reapply for certification after fulfilling the conditions set out by the certification body. In this case, the certification body will not hesitate to take action based on existing provisions towards any company's irresponsibility even though they previously acquired the certificates.

In light to the aforementioned matter, the Malaysian Halal Certification Procedure Manual 2014 (Third Revision) has outlined the establishment of internal committees as a requirement. This is to meet the legitimate aspirations of the concept of '*halalan thoyyiban*' by deed, standards, procedures, and guidelines prepared. In addition, this needs to be supported as well by effective management, including the development of halal assurance system in which the appropriate application is based on the operational objectives of the organization.

## OBJECTIVES OF THE STUDY

Therefore, the aim of this study focuses on the effect of halal dietary practices on organizational performance in Malaysian halal food industry. In this study, the halal dietary practices consist of halal and thoyyib, internal process, halal assurance, and staff as the predictor of organizational performance.

## THE CONCEPT OF HALAL

The Arabic word '*halal*' means allowed or lawful. In the holy al-Quran contains many passages that give Muslims advice about healthful eating habits and nutrition as Allah prescribes in Surah Al ' An'am, verse 145 ; Al'Araf, verse 157; Al – Maidah verses 1, 4, 5 and 88. The Prophet Muhammad (PBUH) also ordered his followers to always emphasize matters related to halal nutrition as hadith narrated by Anas bin Malik, the Prophet said: "It is the duty of Muslims to seek halal". Moreover, in several verses, the Arabic word 'thoyyib' is used to describe healthful food. Thoyyib is translated as 'good' and it means pleasing to the taste as well as pure, clean, wholesome and nourishing. Foods which are not thoyyib and which cause one to lose control of the body and mind will not help one to prosper. Moreover, Ghani (2008) and Rahman (2009) found that halal needs to be seen in a wider scope, in which covers the quality and safety of food as well. It is consistent with the concept of '*halalan thoyyiban*' practiced by Jakim which includes halal, clean, safe, and quality as outlined by the Trade Description (Definition of Halal) Order 2011 and Trade Description (Definition of Halal) (Amendment) Order 2012, Malaysian standard MS1500: 2009, Procedure Manual For Malaysian Halal Certification (Third Revision) 2014.

## HALAL FOOD CERTIFICATION PROCEDURE

### *Malaysian Halal Certification Requirements*

To ensure Malaysian products are competitive and strong competitive at international level, inter-agency cooperation is fully exploited through relevant provisions (Abdullah, 2006). This is because each agency has their own role in each sector allocation based on the functional organization. Additionally, Malaysia is among the countries where halal certification is supervised by the government compared to some countries where it is managed by a statutory or voluntary body. In the implementation of halal standards of practice among Malaysian halal food industry, some halal standards are used as the basis for the production of halal certificates; Manual Procedure for Malaysian Halal Certification (Third Revision) 2014 which was launched in 15 December 2014 and began to be fully practiced starting 1 January 2015, MS1500: 2009 Halal Food-Production, Preparation, Handling and Storage - General Guidelines (Second Revision), Guidelines

for Halal Assurance Management System of Malaysia Halal Certification 2012, the Food Act 1983 and its regulations, and Results of the National Council for Fatwa committee of Religious Affairs Islam or fatwa proclaimed by country. Meanwhile, for surveillance Trade Description Act 2011 and other related acts by agencies are also used in determining halal.

## **LITERATURE REVIEW**

### **Theory of Resource Based View**

Effective and efficient management of resources with the aim of achieving organizational goals can definitely determine the performance of an organization. According to Neely, Gregory and Platts (1995), an organization's performance will be evaluated based on effectiveness and efficiency in its operations and it is important for each employee and the organization.

Thus, the 'resource based view' is compatible as the core of the study with the internal control highlighted by the researchers. These internal control consists of materials, methods, including halal food standards, quality and safety, mechanical, and human. Usage 'resource based theory' are expected to fill the gap in existing research and models based on existing studies as guides. According to Fahy (2000); Barney (1991) and Ellinger et. al (2008), the resource-based theory has considerable influence especially in understanding the competitive advantage of the organization while maintaining those advantages compared to other organizations. It is described by Penrose (1972) that in this theory, an organization contains within it a number of physical resources; factories, equipment, land, and natural resources; raw material; semi-finished goods and stocks of finished goods.

### **Organizational Performance and Halal Practices**

Performance refers to the multidimensional built to achieve the goals of the organization and it has a strong connection with the strategic goals of the organization (Mwita, 2000). While studies on the quality of performance is often associated with the ISO quality certification. For example, Psomas, Pantauvaski, and Kafetzopoulos (2013) have evaluated the effectiveness of ISO through the standard objectives achievement level; namely the prevention of non-compliance, continuous improvement, and a focus on customer satisfaction.

The next study was further evidenced by Juozas and Kristina (2011). They adopted the ISO 9001 Quality Assurance System as the basis for studies on Halal Product Quality Assurance System on a plant in Lithuania. Comparative analysis of needs method was

used in halal certification which needs to be fulfilled and guidelines of Quality Certification from various countries as well to see the motive, challenges, and advantages of halal certification. In this case, Ilkay and Aslan (2012) studied the effect on the performance of the quality management system among the services and manufacturing industry in Turkey based on the ownership certificate of quality which focuses on financial, internal business criteria, customer and innovation and learning. The study found that quality operational practices can improve overall performance compared to a certificate ownership factor.

Seeing this, the aspects of quality in the implementation of halal certification practices are also considered. Additionally, halal certification is regarded as a national-level quality assurance certificate (Elyas, 2009). It is in line with Aramyan, Lansink, van der Vost and van Kooten (2007) who explains that the practice should be evaluated by measuring the quality of either monetary, compliance with applicable standards, and so on.

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 thayyiban'. 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 Hasan, Arif and Sidek (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, Yusoff and Roslan (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. The study also suggested that elements such as labeling, packaging, and transport are taken into account as well. In addition, Razali, Abdullah, and Yusoff (2013) emphasized the elements of management responsibility, staff policy, and staff characteristics of halal standard practices in the hotel industry.

Based on previous studies, it is found that the practice of halal standards are synonymous with quality certification. What distinguishes it are the main concentrations, which is based on practical field besides the documentation management and internal control. Past studies also outlined the central aspects of the certification without deep details. Meanwhile, the standard acts and regulations have undergone several revisions to meet the requirements of halal standards based on the concept of '*halalan thayyiban*'. The results of the empirical study also found the need for the other elements in the evaluation so that it is lawful in accordance with the organization function or company. Othman *et al.* (2015) have made a classification based on the current standards used by

a halal certification body in Malaysia which focuses on the items that are central to meet the needs of halal requirements.

## **Aspects of Halal Food Requirement Practices**

### **Halal and Toyyib**

*Food hygiene and Safety* - In accordance with the concept of halalan toyyiban, hygiene and safety are prioritised. It is also supported by Hayati and Khairul (2008); Mariam (2008) in Hayati and Khairul (2008) who found safety and food cannot be taken lightly in production process.

*Ingredient* - the ingredients used are the primary basis for determining halal and thoyyib. According to Kolovoes (2006), raw materials refers to a base material (*modified natural state or semi-processed*) which has been used for manufacturers as an input to the production process for the modification or the subsequent to the finished product.

*Equipment and Utensils* - Department of Standards Malaysia (2009) through the MS 1500: 2009, clause 3.3.1 has underlined that the equipment, tools, machinery and processing aids used to process halal food must be designed and constructed to facilitate the cleaning process. It should not be made out or not contain any ingredients that have been confirmed as unclean by Islamic law and shall be used only for halal food. This is explained thoroughly by Rahman and Masran (2008) that if a machine or processing equipment is involved with one of the things that have been outlined in the Malaysian Standard, the 'ritual cleaning' should be made in advance in accordance with Islamic law.

*Packaging* - Packaging is the art of using something to cover any material. Prendergast (1995) defines packaging as products made of any materials that will be used to protect, manage, send, starting from raw materials to processed goods to consumers. It is recognized by Rahman *et. al* (2011) who found that packaging is an important aspect of logistic elements but it focuses on the issue of halal to ensure that no cross contamination occurs. This is given either in the form of a packing box, container, or the like. It is sometimes questionable in terms of confirmed halal status although clean and safe by taking basic construction materials such as oil, fat and gelatin (Talib, Zailani and Zainuddin, 2010).

*Storage* - Determination or verification of halal and thoyyib also emphasized how a substance either in the raw materials, semi-finished, or finished products are stored. This is to ensure that no mixing of the material used for the storage of a product with other substances either as 'temporary transit point' or for research purposes.

*Processing* - Confirmation of a product is halal and thoyyib or otherwise in an organization or the premises starts from where they receive the raw materials to the

finished product stage. At the stage of processing, inspectors involved in examinations will ensure that the materials used are really halal, clean, safe to use, and there are no significant mixing with the processing of materials or products that are not halal.

*Transportation* - Transportation used by organizations or owners or any other party involved in the certification must be physically clean and free from impurities. This is to ensure the products are in good condition and safe to use.

*Waste Management* - Apart from these aspects, waste management also focuses on the technical aspects of ensuring the premises are free from contaminants and impurities that may affect the product. Operators must take steps to effectively manage wastes (Department of Standards Malaysia, 2009).

### **Internal Processes in Organization**

Internal processes of the department is a movement working towards fulfilling the procedures set out in the Malaysian halal certification application. It includes the documentation and record required by new companies that wants to acquire halal and created in a special file for the application of halal (Hamzah, 2013; Noordin, Noor and Samicho, 2009).

Guidelines for Halal Assurance Management System of Malaysia Halal Certification 2013 has determined that each member of the Committee on Internal Halal appointed are responsible for creating a special file which are signed as evidence of conformity to requirements and implementation of Halal Assurance Management System. It contains the following information; manual halal assurance system, the role and responsibilities of internal Halal Committee and the staff responsible for the Critical Point Halal, Halal Audit Committee meeting minutes, list of threats halal and halal critical point parameters and instructions on monitoring procedures and corrective actions. All old records shall be kept at least a year for review and audit purposes and shall remain, legible, identifiable, and retrievable (Malaysia For Halal Certification Procedure Manual (Third Revision), 2014).

### **Staff**

Companies must have Malaysian Muslim workers with a certain number according to the size or category of the companies and their role. Employees are evaluated in terms of training requirements such as courses, food handlers, and injection TY2 (Nasran and Norhalina (2009); Abdullah and Yusuf (2012)). Even in Malaysian Manual for Halal Certification Procedure (Third Revision), 2014 also describes the responsibility of management in providing exposure to employees in connection with any lawful right courses. In addition, efforts to meet the needs of workers involving halal standards of integrity and accountability are also examined.

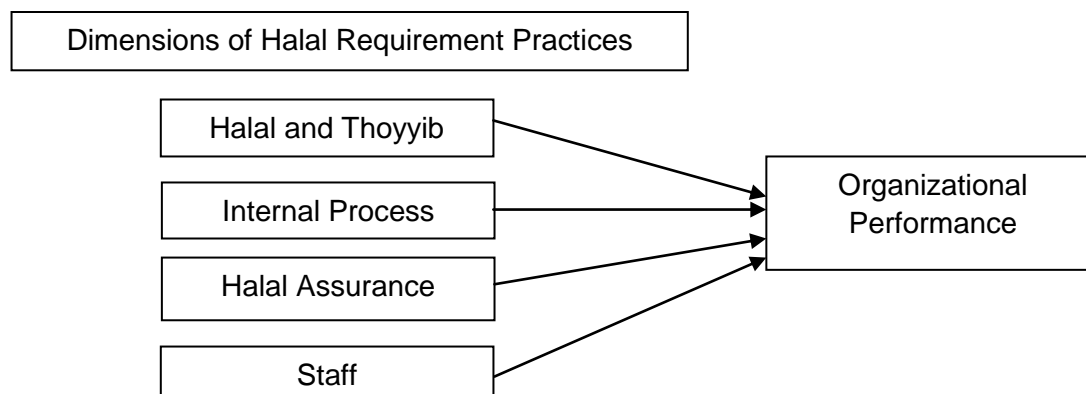
## Halal Assurance

Halal assurance refers to the Guidelines on Halal Assurance System issued by Jakim. This includes control points, product development and verification flow chart, the implementation of control measures, records, corrective actions, system documentation and verification process, the dietary reference and detection system (traceability).

## RESEARCH MODEL AND HYPOTHESIS

The framework developed for this research is an extension of the model by Razali *et al.* (2003). Modifications to the model developed are based on an objective assessment study, groups of subjects, different dietary practices, and the use of the deeds, standards and guidelines of the latest after the standardization of halal certification in Malaysia by adopting 1 act, 1 standard, 1 guideline, 1 logo, 1 certificate and 1 system.

**Figure 1 : Research framework**



Based on the framework presented in Figure 1, the following hypotheses were developed for this research:

H1: There is a positive and significant relationship between Halal Requirements Practices of halal and thoyyib, internal process, halal assurance, staff, and organizational performance

H2: Halal requirement practices has a positive and significant influence on organizational performance.



- H<sub>2a</sub> : Halal and Thoyyib have a positive and significant influence on organizational performance.
- H<sub>2b</sub> : Internal process has a positive and significant influence on organizational performance.
- H<sub>2c</sub> : Halal assurance has a positive and significant influence on organizational performance.
- H<sub>2d</sub> : Staff has a positive and significant influence on organizational performance.

## **METHODOLOGY**

The quantitative research was used to put the analysis of the study unit at the organizational level. The study applied the cross-sectional surveys method. Besides, standardized questionnaire by Othman, Md. Shaarani and Bahron (2015) related to the practice of halal standards and Elyas (2009) relating to the performance of the organization have been applied in this study.

### **Sample and Procedure**

The sample consisted of 620 members of the 241 committee internally halal companies (small and medium enterprises = 172 and multi-national = 69). The samples are from those who are responsible and directly involved in ensuring the implementation of halal meet halal standards set by halal certification body. The sample selection was also based on the Malaysian Halal Certification Procedure Manual 2014 (Third Revision) clause 6.1.2 which requires the establishment of an internal halal committee. The rate of return is received more than 50%. According to Dissanayaka *et al.* (2001), 38% of questionnaire that were returned were completed and were reasonable for research in the field of quality. The present research was conducted in six zones in Malaysia based on the criteria used by the Monitoring and Enforcement Branch, Halal Hab Division, Department of Islamic Development Malaysia. Data were analyzed using SPSS version 21.0.

## **RESULTS**

### **Pofile of Respondents**

A total of 253 subjects consisted of the organization of small and medium companies (184 companies) and multinational corporations (69 companies) had been distributed. Out of the 184 companies, these 12 companies from the organization of small and medium enterprise category were rejected because they do not meet the criteria required by the researchers. This makes only 241 companies as a subject of study for the next stage of analysis.

### **Descriptive Statistical**

Means and standard deviations were obtained for five variables. Based on the table 2 below, it was clear that the means for all five variables which are close to the range of 3.13 to 4.33. The variable staff aspect was the highest with the mean of 4.33, followed by the mean halal and halal assurance thoyyib with the same mean value of 30.4, an internal process with the mean of 4.24 and the mean of organizational performance, 3.13.

### **Level of Halal Requirements Practices**

The result of the analysis also shown that the internal Halal Committee Members agreed that the organization was giving serious consideration to meet the needs of halal standards outlined by the authority in halal certification in Malaysia. Results showed that the mean value was 2.956 and standard deviation was 0.698. In addition, the findings showed that the variable of the halal and thoyyib, internal process, halal assurance and staff were in different ranges. For halal and thoyyib, the mean was in the range of 3.62 to 4.99. For the variables of internal process, the mean was in the range of 3.15 to 5.00. For the variables of halal assurance, the mean was in the range of 3.50 to 5.00. While the variable of the staff was also had the mean in the range of 3.25 to 5.00. The values of the mean were derived from the responses of the selected organization's internal halal committee members either agree or disagree with the statement given in the questionnaire.

### **Level of Organizational Performance**

Likert- scale was used to measure the independent variables that starts with 'strongly disagree' to 'strongly agree'. The criteria used to determine the response of the Committee on Internal Halal either agree or disagree with the statement is based on this method. The mean value that less than or equal to 2.99 were considered low, while the corresponding min of 3.00 to 3.99 was good and 4.00 or above was considered high as

adopted by Magd and Curry (2003) as the benchmark in the study of the quality management.

Thus, for the dependent variable of organizational performance, Halal Committee members agreed that the performance of the internal organization was well represented. The analysis showed that the mean value of the organization's performance was 3,134 and a standard deviation of 0.595. Summary for the descriptive statistics of variables in this study can be found on Table 1.

**Table 1: Results for the Variables Study of the Descriptive Statistics**

Variables	N	Minimum	Masimum	Mean	S.D
<b>Halal Requirements Practices</b>	<b>241</b>	<b>1.00</b>	<b>4.50</b>	<b>2.956</b>	<b>0.698</b>
Halan and Thoyyib	241	3.62	4.99	4.301	0.611
Internal Process	241	3.15	5.00	4.236	0.377
Halal Assurance	241	3.50	5.00	4.301	0.315
Staff	241	3.25	5.00	4.329	0.559
<b>Performance</b>	<b>241</b>	<b>1.50</b>	<b>4.50</b>	<b>3.134</b>	<b>0.595</b>

### Inference Analysis

*The relationship between the practice of dietary needs (halal and thoyyib, internal process, halal assurance and staff) and organizational performance.*

In this study, two variables were measured is a dietary requirement relations practices and organizational performance. The results in Table 2 shows a significant relationship between all the variables namely halal and thoyyib ( $r=0.350$ ;  $p<0.01$ ), internal process ( $r=0.307$ ;  $p<0.01$ ), halal assurance and staff ( $r=0.220$ ;  $p<0.01$ ) with organizational performance. The results obtained is in line with the previous research that showed halal requirement practices do positively affect the organizational performance. (Razali *et al.*, 2013; Mohamad and Norhalina, 2009). Although numerous researchers look at halal practices from different angles, the results obtained shows that emphasis on process is vital in improving the performance of an organization.

**Table 2 : Correlation between Halal Requirement Practices of Halal and Thoyyib, Internal Process, Halal Assurance Staff and Organizational Performance**

Dimension	Organizational performance
Halal and Thoyyib	0.350(**)
Internal Process	0.307(**)
Halal Assurance	0.262 (**)
Staff	0.220 (**)

N= 241, \*\* significant  $p<0.01$

## The Effect of Halal Requirement Practices on Organizational Performance

The R square value indicated that 12.5% of variance in Organizational performance can be explained by the four variables ( $R^2 = 0.125$ ;  $F = 8.408$ ;  $p < 0.05$ ). The regression results in Table 3 also showed that only halal and thoyyib aspects ( $\beta = 0.319$ ;  $p < 0.05$ ) is significant determinant organizational performance. On the other hand, internal process ( $\beta = 0.056$ ;  $p > 0.05$ ), halal assurance ( $\beta = 0.019$ ;  $p > 0.05$ ) and staff ( $\beta = -0.041$ ;  $p > 0.05$ ) do not have impact on organizational performance. Thus only  $H_{2a}$  is supported. Based on the beta values, on halal and thoyyib (0.319) seemed to have the strongest effect on organizational performance.

**Table 3: The results of multiple regression analysis of the effect of halal requirements**

Variables	Beta	T	Sig.T	Variables	Beta	T	Sig.T
<u>Variables in the Equation</u>				<u>Variables not in the Equation</u>			
Halal and Thoyyib	.319**	2.194	0.029	Internal Process	.056	.527	.599
				Halal assurance	.019	.212	.832
				Staff	-.041	-.469	.640
R	.353						
$R^2$	.125						
Adjusted $R^2$	.110						
Significance F	.000						

Note : \* $p < 0.05$

## DISCUSSION AND IMPLICATIONS

Descriptive analysis showed that the level of 'halal' certification and the performance of 'halal' industry organizations in Malaysia fall under good range of mean. On the other hand, the results of inferential analysis proved that all four aspects (halal and thoyyib, internal process, halal assurance and staff) have positive correlation. However, the results on regression showed that in the implementation of 'halal' in Malaysia, organizational performance is more affected by halal and thoyyib aspect compared to internal process, halal assurance and staff.

The results is in line with previous findings obtained by Huo, Han and Prajogo (2014) on 121 factories that have received the ISO 9001 certificate in Australia and New Zealand where the organizational capability based on process flow management had a significant relationship with performance. In addition, Perez-Freije and Enkel (2007) in their research on the relationship between ability and process of innovation and control system or organizational performance, work structure, problem solving, working

environment, compensation, and paradigm innovation showed that the process of innovation and control system or organizational performance is crucial in supporting the capability of a firm. It was supported by a number of empirical studies which showed that operational practice affects the organizational performance (Arias Aranda, 2002; Mohd Rizal, 2008).

However, this finding was different from the findings obtained by Zuraini *et. al* (2009) that looked on the level of manufacturers' practice in relation to 'halal' products and found that compliance of elements on 'halal' labelling does not have a relationship with organizational practice. However, research conducted also showed that it did not represent the real practice of food manufacturers in Malaysia due to the limited number of respondents. In a similar situation, different findings were also obtained by Mohd. Rizal *et al.* (2013) that showed the 'halal' practice in hotel premises did not have a direct relationship with performance excluding two dimensions out of twelve dimensions that were tested namely policy practiced by staff and premise's condition. Besides that, the findings obtained in this research done on 'halal' food industry was not comparable and did not manage to support the findings obtained by Hasan, Arif & Sidek (2015) in relation to halal assurance system in which it was found that the reasearch has overlooked some important components that is the core to the internal halal guarantee by the industry which includes control point, products development and verification, procedure's control and withdrawal of products, amendment, documents and records, process verification, traceability and halal database.

The findings obtained have also given an answer in which halal industry in Malaysia is still in the changing zone that needs a paradigm shift. The results of regression analysis have portrayed a valuable outcome which showed us that the industries in Malaysia has not reached the maximum level of the 'halal thoyyiban' concept holistically. As a result, suspensions and withdrawal of the halal certificate happened in the industries as shown my the mass media all the time. For instance, 38 premises in Kelantan were closed after 12 operations done by Kelantan Health Department on January 2008 (Sinar Harian, 2013).

In other words, there are elements or gap that needs to be filled in order to complete the halal food chain such as human capital factor, halal supply chain, etc. As a prove, findings of the research done by Hasan *et al.* (2015) on 39 halal executives in Melaka in relation to the knowledge and practice in executing the internal halal system guarantee showed that the basic knowledge related to the religion is the core to the halal organization management. In this matter, the dependency on the basic knowledge in relation to the religion itself is not enough and it must be supported by the willingness to explore knowledge in different fields besides stabilizing strategies that have been established. Furthermore, Muhammad, Isa and Kifli (2009) stated that in the effort

towards producing competitive advantages, integration between halal system guarantee and the effectiveness of food chain that satisfies the customers' needs must exist.

At the same time, it is undeniable that this could probably be due to the revisions of few acts, standards and procedures by Halal Certification Body in Malaysia. Furthermore, in the period of halal certification standardization in Malaysia involving all of the states, actions are taken gradually to ensure the uniformity of 1 act, 1 standard, 1 procedure, 1 system, 1 logo and 1 certificate (Ibrahim, 2011). This took a lot of time and affected a few changes that happened in the overall implementation of halal certification compliance. This study has provided few major implications. The first one is the implication towards theory and literature. If all this while 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. However, this research showed that other factors must be studied in order to produce a working halal model. The second 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.

## **LIMITATIONS**

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 standardized use of the term is only limited to the management of food. Thirdly, the number of respondents in certain groups of the demographics variables were not even (e.g. under the types of industries, there are only 77 respondents are bumiputera). This in turn may result in the misrepresentation of certain groups and lead to less accurate results.

## CONCLUSION

In conclusion, research showed that based on predictors that have been studied, halal requirement practices has a significant relationship and effect on organizational performance. However, dimensional analysis stated that only halal and thoyyib affects the organizational performance. This gives a wakeup call to Malaysian 'Halal' Certification Body that the effort to highlight acts, standards and guidelines must be done. This is because most of 'halal' members are more focused on the halal and thoyyib aspect compared to additional methods that were highlighted by the Certification body. Besides that, exposure and training must be prioritized. This study has also found that other aspects must be studied in the attempt to identify and fill research gaps such as human capital, 'halal' certification management and 'halal' food chain. Most importantly, the roles and integrity in assuring the intensity of halal must be built by the industry via the internal members of halal in the process of maintaining halal compliance that directly affects the organizational performance.

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