

**EFFECT OF BUSINESS EXCELLENCE PRACTICE  
ON OPERATIONAL PERFORMANCE AMONG  
MALAYSIAN HALAL FOOD INDUSTRY**

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## **SUPERVISOR’S DECLARATION**

“I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality for the purpose of awarding The Faculty of Technology Management and Technopreneurship, Bachelor of Technopreneurship (BTEC)”

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EFFECT OF BUSINESS EXCELLENCE PRACTICE ON  
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This report is submitted in fulfillment of the requirements for the Bachelor  
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### **DECLARATION OF ORIGINAL WORK**

“This declaration is to clarify that all of the submitted contents of this project are original. I hereby declare that the work of this report is mine except for the quotations and summaries that have been duly acknowledge”

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Date : .....

## **DEDICATION**

This research paper is lovingly and sincerely dedicated to my father, Mr. Abdul Halim bin Saad and my mother, Mrs. Hamidah binti Abdullah, who constantly support and always give constant source of inspiration in doing my research. Besides toward my supervisor who has teach me.

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## ABSTRACT

This study is conducted to identify the effect of business excellence practice on operational performance among Malaysian Halal Food Industry. There are three objectives in this study (i) to identify the highest factors of business excellence practice among Malaysian Halal Food Industry (ii) to study the relationship between business excellence practice and operational performance among Malaysian Halal Food Industry (iii) to investigate the impact of business excellence practice on operational performance among Malaysian Halal Food Industry. This research used quantitative research methods, which it is distributed to a total of 10000 population size among Malaysian Halal Food Industry. In this research, the researcher analyzed the relationship and the effect by using the Kruskal-Wallis Test and Spearman's Correlation. Based on the result of this research, all the independent variable which is leadership, strategic planning, customer management, information analysis, workforce management and operation focus has a significant relationship with operational performance. The result of this research can help the managers and Malaysian Halal Food Industry applies business excellence practice in their organization in order to enhance or help operational performance to be better.

**Keywords:** Business Excellence Practice, Leadership, Strategic Planning, Customer Management, Information Analysis, Workforce Management, Operation Focus and Operational Performance.

## ABSTRAK

Kajian ini dijalankan untuk mengenalpasti kesan amalan kecemerlangan perniagaan terhadap prestasi operasi di kalangan Industri Makanan Halal Malaysia. Terdapat tiga matlamat dalam kajian ini (i) untuk mengenal pasti faktor-faktor tertinggi dalam amalan kecemerlangan perniagaan di kalangan Industri Makanan Halal Malaysia (ii) untuk mengkaji hubungan antara amalan kecemerlangan perniagaan dan prestasi operasi di kalangan Industri Makanan Halal Malaysia (iii) untuk menyiasat kesan amalan kecemerlangan perniagaan mengenai prestasi operasi di kalangan Industri Makanan Halal Malaysia. Penyelidikan ini menggunakan kaedah penyelidikan kuantitatif, yang diagihkan kepada 10000 saiz penduduk di kalangan Industri Makanan Halal Malaysia. Dalam kajian ini, penyelidik menganalisis hubungan dan kesannya dengan menggunakan Ujian Kruskal-Wallis dan Korelasi Spearman. Berdasarkan hasil penyelidikan ini, semua pemboleh ubah bebas yang merupakan kepemimpinan, perancangan strategik, pengurusan pelanggan, analisis maklumat, pengurusan tenaga kerja dan fokus operasi mempunyai hubungan yang signifikan dengan prestasi operasi. Hasil kajian ini dapat membantu pengurus dan Industri Makanan Halal Malaysia menggunakan amalan kecemerlangan perniagaan dalam organisasi mereka untuk meningkatkan atau membantu prestasi operasi menjadi lebih baik.

**Kata kunci:** Amalan Kecemerlangan Perniagaan, Kepimpinan, Perancangan Strategik, Pengurusan Pelanggan, Analisis Maklumat, Pengurusan Tenaga Kerja, Fokus Operasi dan Prestasi Operasi.



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**LIST OF ABBREVIATIONS**

ANOVA	Analysis of Variance
MBNQA	Malcom Baldrige National Quality Award
EFQM	European Foundation for Quality Management
SPSS	Statistical Package for Social Science
UTeM	Universiti Teknikal Malaysia Melaka

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

#### **1.1 Background of Study**

Nowadays, the rest of the world provides a vast space to give organizations the opportunity to act in order to be the best. This is because every manufacturer has its own challenges in maintaining company stability and the challenge of making their company different from competitors. Various ways can be done by manufacturers to make their company the best. There are some countries using the model of business excellence as a measure or strategy to help manufacturers improve performance within the company. Among the developed countries that use business excellence are Singapore, Australia, Europe, and more.

Business excellence can be defined as a comprehensive management practice developed to assist a company to evaluate the level of readiness and compliance to the practice of excellence. This practice is a manufacturer's or company's efforts to improve business performance. In addition, business excellence can also be defined as a high maturity level from the management and achievement of results in a company or a manufacturer (Ivica Zdrilic, Zelimir Dulcic, 2016).

Every manufacturer or company in the world needs to implement a business excellence as it can positively affect the organization's association (Masrom, Raja Mohd Rasi, & Daut, 2017). The importance of business excellence in an organization is to create a visionary and inspiring leadership for employees. Besides, business excellence can achieve a stronger financial performance and create a company that focuses on customer service and customer satisfaction. In addition, business excellence can increase productivity and reduce operating costs. This is because leaders with focus and targets are more aware of what is needed and what needs to be done to achieve the company's vision. Furthermore, with business excellence can help an organization define short- and long-term objectives and can help associations how to construct connections with clients, providers, and accomplices (Masrom et al., 2017).

In this world, there are various scenarios that existed in business excellence. Each country has a different way of implementing business excellence. For the state of Singapore, business excellence named SPRING and this model is known as attributes of excellence that consist of seven categories used to assess an organization. In attributes of excellence, leadership is a category that defines strategic direction for an organization and helps to create a sense of excellence. To show the customer's focus, the customer category is placed after the leadership. Each strategy developed is in light of understanding inside and outside partner necessities. This can guide the development of people and the ability of the process to achieve every desired decision. Knowledge is a piece of input to development and learning. This knowledge can help or support the organization in making decisions and improving processes.

In United States of America, business excellence is known as Total Baldrige Integrated Excellence System. For this country, business excellence is a core process that has been acquired and updated using the knowledge gained from public sector, private sector evaluation, consumer education and health care worldwide. These processes are the best process among the best. However, the best process in the world will not benefit if human beings cannot accept new things and implement them.

Based on the scenario of business excellence in the world, Malaysia also has a business excellence model known as Malaysia's business excellence. This business excellence is a framework within the organization created to guide the organization of various business sizes and business sectors. The main task of business excellence is to evaluate, identify outstanding companies and help organizations achieve the best level of performance.

## **1.2 Problem Statement**

In this growing era, the establishment of big companies in the world is increasing. The establishment of large companies requires constantly improving performance to keep their companies stable in the industry. However, in fact the organizations of Malaysian Halal Food industry are still fall behind compared to other advanced country such as Japan and United States of America (USA). Based on firms in these countries mostly are practicing business excellences in their organization. In Malaysia, business excellence is needed to be improved and well not discovered. Most of Malaysian Halal Food industries are not still well known about the importance of business excellence in the organization.

There are many factors that contribute to business excellence such as SPRING, European Foundation for Quality Management (EFQM) and The Malcom Baldrige National Quality Award (MBNQA). However, how business excellence practice impacts on the performance among Malaysian Halal Food industry are still not well discovered. This is because most of them are more focusing on quality management even though business excellence basically is the foundation of quality management.

The strategy of business excellence practices helps operational performance in industry and organization of company. From the literature review, it shows that the business excellence help to improve industry. Through the business excellence model, the strategies can be implemented by the organization to determine, forecast, and survive in highly competitive market (Masrom et al., 2017). However,

Malaysian Halal Food industries are still not exactly knows that business excellence practice can help operational performance and how this relationship work.

### **1.3 Research Questions**

The research questions are fundamental in the studies aspect of this research. Research questions will focus on the research purpose to help the researcher to use the suitable methodology.

1. What are the highest factors of business excellence practice among Malaysian Halal Food industry?
2. What is the relationship between business excellence practice and operational performance among Malaysian Halal Food industry?
3. What is the impact of business excellence practice on operational performance among Malaysian Halal Food industry?

### **1.4 Research Objectives**

In order to fully achieve the purpose of the study, research objectives are developed as guidance throughout the whole research. The research objectives are:

1. To identify the highest factors of business excellence practice among Malaysian Halal Food industry.
2. To study the relationship between business excellence practice and operational performance among Malaysian Halal Food industry.
3. To investigate the impact of business excellence practice on operational performance among Malaysian Halal Food industry.

## **1.5 Scope of Study**

This research explores about the relationship between business excellence practices on operational performance among Malaysian Halal Food industry. The effect of business excellence practice on operational performance is the main scope of the study. The researcher use The Malcom Baldrige National Quality Award (MBNQA) as a theoretical model in this research. This research was conducted in Malaysia and to obtain more accurate findings, the researcher gets smaller the scope of the study by selecting respondents from among Malaysian Halal Food industry. In this research, the researcher use questionnaire design as a survey to get the data.

## **1.6 Limitations of Study**

The limits of the study are the features of approach in this research that will affect the result of the study. This characteristic cannot be controlled by the researcher which is the restrictive weaknesses of the study. This is because, in this study, the respondents are chosen based on random sampling in Halal Food industry which may have result a lot of different results. Next, the time giving to complete the Final Year Project is limited due to researcher need to complete other assignments. Other than that, as a researcher who is still study, researcher deal with relatively limited financial situations in completing research. The researcher is difficult to find articles and journals about this study. This is because some of that secondary sources need to be paid if want to access.

## **1.7 Significance of study**

Every study that the researchers do it has its own significance. For the study of business excellence, the researcher is aimed at bringing theoretical and practical interest to the parties involved.

In its theoretical side, this study is important because it contributes to the knowledge and theory of business excellence. The findings from this study allow new researchers or specific parties to pursue knowledge of business excellence and use them to enhance or expand the study on the practice of this business.

In addition to the theory, this study also has a practical point of view. When researcher conducts research on business excellence, it can help each manager or company owner to practice their business experience in their company or factory by referring to the findings of the study conducted. This will indirectly help to improve the quality of the plant's productivity and performance.

## **1.8 Summary**

As a conclusion in this chapter, the researcher had deeply discussed about the background of study and the problem statement of the study. By identify the problem statement that currently faced by Malaysia Halal Food industry, it able to help the researcher to identify the research questions and research objectives to over calm the issue. Besides that, the researcher also state the scope of study and significance of the study to elaborate the importance of the study.