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# Determinants of Halal Executive Competency in Food Manufacturing Companies in Malaysia

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## ABSTRACT

Excellent facilities, halal governance, standards, and halal talent in Malaysia have placed the country as one of the top halal food manufacturers. To maintain its status and strengthen its global competitiveness, the country requires competent halal executives to support the industry. In addition, a competent halal executive with intact integrity could help assure that the entire spectrum of the halal industry produces and provides only *halalan toyyiban* products and services. Despite the importance of competent halal executives, the factors that decisively affect halal executive competencies (HEC) in the halal food industry remain under-explored. Thus, this study aims to reveal the determinants that influence the HEC in halal food manufacturing. 20 respondents will participate in the study via semi-structured interviews, including 10 halal executives and 10 halal industry and academic specialists. The interview transcripts will be analyzed thematically using ATLAS.ti (version 23) to spot any new themes or emerging patterns. The results are anticipated to shed light on the internal, external, and organizational issues that may affect HEC in the production of halal food. The identification of these elements could assist halal stakeholders (such as policymakers) in creating efficient methods to guarantee HEC in the production of halal food. In conclusion, this study attempts to get an in-depth understanding of the major factors that affect the HEC in the production of halal foods in the Malaysian environment.

**Keywords:** Determinant; Halal executive; Competency management; Food industry; Halal certification

## 1 Introduction

In Malaysia, the Internal Halal Control System (IHCS) and Halal Assurance System (HAS) programs were introduced to benefit all the stakeholders in the halal food industry. To successfully protect the authenticity of halal food and at the same time fulfil the high demand for halal food products, JAKIM has developed a halal certification procedure and made the appointment of a halal executive a requirement to meet and consistently secure halal compliance throughout the supply chain [1]. In addition, halal executives are also important to ensure that the knowledge and information regarding the concept of *halalan toyyiban* are understood by the people in the companies [2].

Recognizing the high market and opportunities in the halal industry, this industry has been widely received by non-Muslim entrepreneurs who are eager to invest and engage in the halal



sector, especially in the halal food segment. It is forecasted that Muslim spending on halal food will reach USD 1.67 trillion by 2025 [3]. However, amidst this good news, there are also issues and challenges that arise and need to be promptly addressed. Lack of halal integrity is one of the most serious issues when it comes to adopting and implementing halal compliance [4,5]. To ensure the commitment to resolve this problem can be realized, competent halal executives are needed. These executives will be responsible for validating and verifying all the processes in the IHCS/HAS program, ensuring that they are carried out correctly and effectively.

According to Rosli et al. [6], there is a need for empirical research regarding halal executives, especially regarding halal executive competency, so that a valid model for assessing the competency of halal executives could be established. Therefore, by acknowledging the huge gap in these areas, the objective of this study is to explore, identify, and understand the determinants of halal executive competency in food manufacturing companies. By uncovering the factors that influence the development of competent halal executives, this research aims to provide valuable insights to industry professionals, policymakers, and academia, ultimately contributing to the improvement of halal certification processes and the production of halal-compliant food products and services.

## **2 Literature Review**

The topics to be addressed in this section include halal food products, the current state and progress of the Malaysian halal industry and the food manufacturing sector in Malaysia, the responsibilities of a halal executive, as well as their role, the definition and importance of competence, previous research on the determinants of competency, and potential determinants of halal executive competency.

### **2.1 Halal Food Product**

The discussion extends beyond the halal status of their ingredients, encompassing elements of hygiene and food safety throughout the entire halal food production process. The concept of halal and *toyyib* is elucidated in renowned writing by the preeminent Islamic scholar, drawing upon evidence from the Quran and hadith. It emphasizes that every food consumed by an individual must be not only halal according to Islamic law, but also clean, pure, and not harmful and intoxicating to that person. Therefore, it is crucial that the regulations and guidelines governing the halal certification process are meticulously crafted to encompass and safeguard these critical aspects.

### **2.2 Malaysian Halal Industry**

According to the Dinar Standard [3], Malaysia is the largest contributor and a key player in the Islamic economy, particularly in the halal food sector and Islamic finance. The government's proactive involvement and strong support have been key factors in

revolutionizing and advancing the halal industry in Malaysia. This effort is demonstrated by the establishment of two important departments under JAKIM, namely the Halal Management Division and the Malaysia Halal Council Secretariat, which actively regulate and improve halal policies and strategies in Malaysia.

### **2.3 Food Manufacturing Sector in Malaysia**

Under the Industrial Master Plan (IMP) 1986-1995, the food processing industry has been identified as one of the priorities among the twelve manufacturing sectors for industrial development. According to MIDA 2020, there are more than 3,200 establishments of food manufacturers formed by more than 80 per cent of small and medium enterprises (SME) and predominantly Malaysian-owned establishments. In Malaysia, food processing contributed about 10% of the total manufacturing output. Malaysia's Gross Domestic Product (GDP) average in 2019 was recorded at 4.4% and rose to 9.3% in 2022. The government intended to see further growth in the local food-processing sector, especially through the utilization of local raw materials. Relevant government policies such as the National Agricultural Policy (NAP) and the first, second and third Industrial Master Plans (1986-1995; 1996-2005; 2006-2020) were established to clearly promote and provide direction for the development of the sector.

### **2.4 Halal Executives and Their Role**

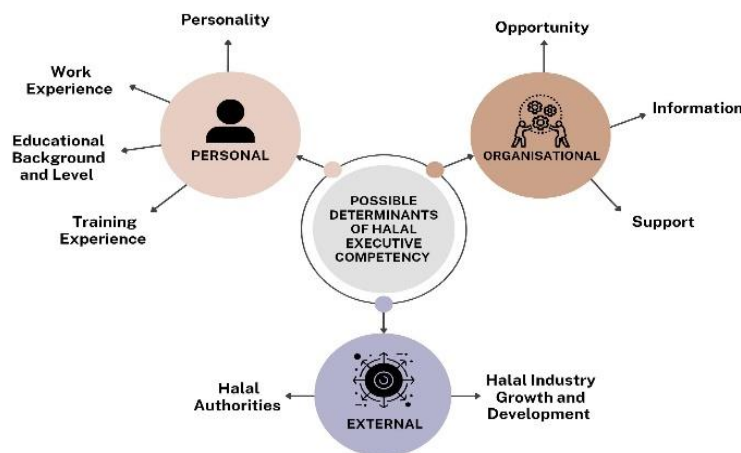
The Malaysian Halal Certification Procedure Manual 2020, states that halal executives shall be Muslim personnel that have been certified by the halal authorities (JAKIM). The halal executive (HE) should lead or become a member of the Internal Halal Committee (IHC) and be responsible for managing the Malaysia halal certificate application [4]. HE is also responsible for executing and managing the implementation of an internal halal assurance system [7]. They also must be able to spot inadequacies in halal practices and offer suggestions for improvement. In addition, the inclusion of halal executives in the National Occupational Skills Standard (NOSS) M749-004-5:2020 highlights the significant role of halal executives in the halal sector.

### **2.5 Competency**

Generally, Islam emphasizes the importance of knowledge, skills, and character development in building and defining the competency of an individual [8]. Previous studies had shown that competency could be viewed from a multi-dimensional perspective [9]. Ogrea et al. [10] define competency as knowledge, skill, ability, and measurable behaviour, while Birnbaum et al. [11] define competency as knowledge, skill, or attitude that influences someone to effectively perform their task. Moreover, Spencer and Spencer [12] have highlighted that motives, attitudes, self-concept, knowledge, and skills are the important 5-competency characteristics that an individual should have as a worker.

## 2.6 Possible determinant of halal executive competency

Based on previous studies [6,13], there is a need for more empirical research regarding determinants of competency, as they are important elements in developing a valuable competency model for halal executives. Based on prior research, the authors have identified three potential primary factors (personal, organizational, and external) and nine potential subfactors that may influence the halal executive competency within halal food manufacturing companies. The personal factors encompass work experience, educational background and level, training experience, and personality traits. Organizational factors include opportunities provided, access to information, and support. Furthermore, competencies are also linked to the growth and development of halal authorities and the halal industry. However, these factors are not empirically identified. Consequently, there is a gap in the existing knowledge that necessitates a study to provide empirical evidence on the relationships between these factors and halal executive competency. The possible determinants of halal executive competency are shown in Figure 1.



**Figure 1:** Possible Determinants of Halal Executive Competency

(Source: Jamil Nasri et al., 2022) adapted from *Pengurusan Modal Insan Isu dan Cabaran*

## 3 Materials and Methods

The researcher employed a qualitative approach to study and identify the factors that affect executive halal competency in food manufacturing organizations. The goal of this exploratory phase was to provide researchers with the opportunity to learn more about the opinions of participants on the elements that contribute to executive competency in halal food manufacturing enterprises using statistical techniques [14]. Because this study is concerned with the current state of the food production business, qualitative research would provide more comprehensive perspectives and a larger range of data. When there is limited empirical expertise in a given research area, such as a lack of a theoretical framework, instruments, or variables, exploratory design is the best choice. As such semi-structured design was used for data collection and thematic analysis for data processing and analysis.

## 4 Conclusion

Moving toward the halal food industry and in alignment with the Twelfth Malaysia Plan (2021-2025), the proposed study would like to focus on the factors that influence halal executive competency in food manufacturing companies. Knowing this valuable information, the halal food industry's stakeholders could develop or improve the current halal executive model to suit their vision or mission. Having a good model for HEC could increase the quality of halal food production, performance, and overall sales. This study could lead to the generation of ideas and suggestions to improve the current halal executive training module. This could help the country nurture halal executives who not only had theoretical and technical knowledge but also demonstrated effective and efficient job performance. The study will not only contribute to the development of knowledgeable executives but also to the cultivation of individuals capable of upholding halal principles in their respective organizations.

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