

Quality Management Principles: A Case in D'KAWI Chocolate Hut

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Abstract- *The purpose of the study was to explore the Quality management principles (QMPs) that being applied at the D'Kawi Chocolate Hut (D'KAWI). It was conducted to identify the level of awareness and implementation of QMPs in D'KAWI. Qualitative method is used in this study. The researcher prepared questions for interview protocol. This interview conducted based on a set of questions (checklist) according to the quality management principles. The study demonstrates on several findings: data analysis reveals the Quality Management Principles (QMPs) that applied at D'KAWI. The findings also reveal the significant level of awareness and implementation of QMPs into organizational performances. This study is using perceptual data provided by the production managers or the quality managers which may not provide a clear measure of organizational performance. However, this can be overcome using multiple methods to collect the data in future studies. It was found that D'KAWI should consider QMPs as an innovative tool for improving organizational performance in today's dynamic food industry environment. The findings suggest the D'KAWI that the QMPs should be implemented holistically. This study integrates the principles of quality management with the level of awareness and implementation towards organizational performances as a key driver of the effective and successful of QMPs in the D'KAWI. This study provides some insights for future research in implementing best practices of QMPs among food industry player.*

General Terms- *Quality Management Principles (QMPs); level of awareness; organizational performance.*

Keywords- *Quality Management Principles (QMPs); Level of awareness; Organizational Performance; D'KAWI Chocolate Hut.*

1. INTRODUCTION

The food industry is among the fastest growing industry in Malaysia. The food-processing sector of food industry accounted for about 10% of Malaysia's manufacturing output. It was indicated that processed foods being exported to more than 200 countries, with annual export value approximately accounted up to RM13 billion. This value contributed to two-thirds of the total food exports of over RM20 billion in 2012 (MIDA, 2012). In current competitive market, the demand for quality is emerging as the single most key factor for companies to survive in the ever-expanding global marketplace. Quality become as a key that needed to be champion among competitors in the market. Quality should be address properly and managed in order to ensure the products delivered to the customers meet the standards required (Manghani, 2011).

*Quality management has become increasingly important to the leadership and management of all organizations. With the eight Quality management (QM) principles, it drives company survival and determined its success. These

includes customer focus, leadership, involvement of people, process approach, system approach to management, continual improvement, factual approach to decision making and mutually beneficial supplier relationship (The 8 Principles of Quality Management, 2013). As mentioned by Anuar, Udin and Nawi (2013), products with value added has a higher tendency to be marketed worldwide which in this case product with QMP practices.

1.1 Research Objective

The objectives of this study were:

- To investigate quality management principles (QMPs) applied at D'KAWI
- To identify the level of awareness and implementation of quality management principles at D'KAWI

This research is expected to serve as a prelude for further study.

2. LITERATURE REVIEW

According to Talib, Ali & Idris (2012) that cited Flynn (1994), quality management is an integrated approach of gaining and maintaining high quality output, while

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focusing on the maintenance and continuous improvement of process and defect prevention at all levels and functions of the organization, in order to meet or exceed customer's requirements. Talib et.al (2012) also cited Fenning, Pesakovic & Amaria (2008) that pointed out quality management (QM) as a strategic tool to improve organizational performance in both large and small businesses in the world. The principles lead to the success of the implementation of QM which contributed to the excellence performance of SMEs in food industry in Malaysia.

2.1 Quality Management Principles

Quality management principles used to guide the organization towards improved performance levels. They cover a wide range of areas which consist of customer focus, leadership, employee involvement, process approach, systems approach to management, continues improvement, factual approach to decision making and mutually beneficial supplier relationship (The 8 Principles of Quality Management, 2013). The eight quality management principles are based on an efficient, effective and adaptable QMS.

2.1.1 Customer Focus

According to 8 Principles of Quality Management (2013) on Transition Support, Organizations depend on their customers which they are being understood as customer needs and expectations, communicated these needs and expectations throughout the organization, have the knowledge, skills and resources required to satisfy the organization's customers, managed customer relationships.

2.1.2 Leadership

According to DQS GmbH. (2014), leadership being measured as the degree to which the purpose, focus and internal environment of an organization fit together is a question of leadership. Managers create the internal environment in which people develop their skills and apply them for the benefit of the entire organization.

2.1.3 Involvement of people

In the organization, the key elements are the people who work in it. When each and every individual from different levels understand their job and responsibility, they would be able to contribute their abilities to be used for the benefit of the organization (Cianfrani, & West, 2009)

2.1.4 Process approach

According to Understanding Quality Management Principles (2014) on Six Sigma Online, process approach is another important principle used in quality control. The way in which various processes are carried out makes a major difference in whether or not they meet with the desired success.

2.1.5 System approach to management

According to the eight principles of quality management article (2014) on DQS GmbH, identify, understand and manage a system of interrelated processes as a system contributes to the organization's effectiveness and efficiency in achieving its objectives.

2.1.6 Continuous improvement

According to Quality Management Principles (2014), continual improvement of the organization's overall performance should be a permanent objective of the organization. The benefits of this principle able to increase performance advantage through improved organizational capabilities, and alignment of improvement activities at all levels to an organization's strategic intent

2.1.7 Factual approach to decision making

Effective decisions can be obtained through the analysis of data and information (The 8 Principles of Quality Management, 2013). Benefits gained from this principle includes informed decisions, increased ability to demonstrate the effectiveness of past decisions through reference to factual records and increased ability to review, challenge and change opinions and decisions.

2.1.8 Mutually beneficial supplier relationship

An organization and its suppliers are interdependent and have a mutually beneficial relationship which enhances both abilities in creating value (Quality Management Principles, 2014). The outcome from this principle are, it managed to increase ability and speed of joint responses that response for changing market or customer needs and expectations which later on can optimize the cost and resources.

2.2 Level of Awareness

Reinhard, Mletzko, Sloep & Drachsler (2014) mentioned that awareness activity is one form of awareness. Awareness activity deals with the past, present and future of an object. For people, this could be realized with "an activity stream about people that I am connected to", which would hold the latest information about their work in general, planned event participations, new collaborations or published content.

2.3 Organizational Performance

According to Richard, Devinney, Yip, and Johnson (2009) organizational performance contains three detailed areas of company's outcomes including financial performance (profits, return on assets, return on investment,); market performance (sales, market share,); and shareholder return (total shareholder return, economic value added,).

Through organisational performance, it allows researchers and managers to evaluate firms over time and compare them to rivals. In short, organizational performance is the most important criterion in evaluating organizations, their actions, and environments. In this study, the researcher wants to investigate how D'KAWI Chocolate Hut responds to the changes of QMP towards Organisational Performance.

2.4 D'KAWI Chocolate Hut

D'KAWI chocolate Hut (formerly known as Langkapura Food industry) was incorporated in 1997. The company manufactures and produces a wide range of handmade chocolates and cookies under the brand name of D'KAWI. Their handmade products consists of premium chocolates

(Praline & Truffle) and compound chocolates mainly chocolates bars and sweets.

D'KAWI is very particular in their production, especially in preventive control measures to ensure the highest food safety in accordance to with HALAL and the Good Manufacturing Practices (GMP) program. Their product includes Langkawi Heritage, Enak Praline, Marble Splendure, All Almond, D'KAWI Amore, Amore II, Dark Chocolate, Just For You, Millenium Bar Assorted, Lagenda Bar-Assorted and Combat Bar- Crispy.

3. METHODOLOGY

This study uses qualitative method. In short, it is used to study human behavior and behavior changes. In this study, the researcher did two types of methods in collecting data from the company which are:

3.1 Primary Data

The main data is new or original data primary obtained and collected in a study being conducted by researchers as the researcher is the main user. In this study, researchers used interviews and observation methods for data collection.

3.1.1 Interview

By using interview, the researcher prepared the interview protocol. This interview was based on a set of questions (checklist) which covered the formal questions. The researcher brought together the voice recorder for the purpose of voice recording to assist during the interview session. The interview was conducted on March 23, at the D'Kawi Chocolate Hut, Kuala Perlis.

3.1.2 Observations

The researcher did observation in the layout of production and the whole process of the manufacturing chocolate at the D'Kawi Chocolate Hut Company. This is done in order to know how they implement the QMPs in manufacturing handmade chocolate process.

3.2 Secondary Data

Secondary data were obtained through literature search, reference books, magazines and other related materials. Reference materials used consists of printed materials such as journals, books, magazines and others.

3.2.1 Journal

In order to complete the literature search, the researcher uses academic journal as a reference. With the journal references, relevant information can be obtained. These journals can be retrieved thorough various sources, including the Library of Sultanah Bahiyah, Emerald and via the internet.

3.2.2 Web information

Web information is another source of information used in this study. It guides in identifying the important topic as to get a better view and understanding about concept, definition and theory about the topics under study. From web information, researcher used to find past research related to this study.

3.3 Approach

Case study method allows the researcher to retain the holistic and meaningful characteristics of real-life events, such as organizational. When using single case study design, we are interested in delineating the important variables associated with the issue.

4. FINDINGS

It was found in this study that there were eight variables associated with quality management principles. In this study, all eight variables were measured such as customer focus, leadership, employee involvement, process approach, system approach to management, continues improvement, factual approach to decision making and supplier relationship. However, only four principles were applied in this company.

4.1 Quality Management Principles (QMPs) Applied at D'KAWI

According to the objectives, there are only four Quality Management Principles that is being applied at D'KAWI. These are customer focus, leadership, system approach to management and mutually beneficial supplier relationship.

4.1.1 Customer Focus

Based on the interview, it was found that D'KAWI knew their target market and already has its own customer that consists of halal hub stores, convenience stores and shops at Petronas Mesra Store and Tesco Store. Their customer focus is generally in the northern region of Malaysia and especially in Kuala Perlis, Perlis. They do not rely solely on customers from other companies. At the same time, they also look forward receiving walk-in customers.

4.1.2 Leadership

A leader is one who sets the direction and objectives of the organization. A good business can be done when it has a clear objective. Leadership is an important aspect of quality management. When a leader managed to successfully guide the employee in areas to improve, he or she can control the various processes.

4.1.3 System Approach to Management

It was found that D'KAWI has a small number of employees in which makes easier for them to monitor their employees' performance. The management of D'KAWI is responsible in providing training to their employees. It was mentioned that D'KAWI send their employees under Malaysian Cocoa Board training. D'KAWI also will recruit a new employee who has knowledge on how to handle a cocoa or chocolate

4.1.4 Mutually Beneficial Supplier Relationship

The multiple processes are combination of several functions in developing extensive business plans. The interrelated processes contribute to the organization effectiveness and efficiency.

It was indicated that the whole functions of D'KAWI were integrated with each other in order to reduce redundancy in the production process. Sales and marketing of DKAWI always work hard to promote their products. Every year,

D'KAWI will join Halal Festival, MAHA, and MIHAS. It is obviously showed their effort in promoting their product and searching for new suppliers.

The supplier is an important principle and element when running a business. Supplier responsibility is to supply the raw materials needed for the production. The relationship between D'KAWI and their existing suppliers were running very well. It is important to note that the price of chocolate block is fluctuating because chocolate is a commodity goods. It was found that suppliers will give the term of credit until D'KAWI can roll the capital. This is due to good relations and trust between them.

Besides the price, D'KAWI also emphasized in Halal practices. They were very particular in their production, especially in preventive control measures to ensure the highest food safety in accordance with Halal practices. The supplier chosen should also comply with Halal recognition.

4.2 Levels of Awareness and Implementation of Quality Management Principles (QMPs) at D'KAWI

From the findings, it was found that D'KAWI is moderately aware of the quality management principles. They embrace only four principles of quality management out of eight principles. However, D'KAWI had shown their concern on the importance of quality in their business and organizational performance.

5. DISCUSSION & CONCLUSION

It can be conclude that, there are 4 principles of quality management principles (QMPs) applied at D'KAWI. These include customer focus, leadership, system approach to management and mutual beneficial supplier relationship. D'KAWI were moderately aware the importance of QMPs. However, during the interview, the operations manager of D'KAWI, Mdm. Dina acknowledged the importance of awareness and implementation of the quality management in the food industry. Her concern for the betterment of D'KAWI performance was on top of the company's priority.

According to the interview, most of quality management principles did not being completely implemented by the standard because D'KAWI failed to understand the requirement of quality management principles. They also do not know how to apply QMPs into their business. It can be noted that some of small and medium enterprises (SMEs) fail to understand and it is related to the requirements being made to general quality management principles.

The finding of this study recommends the needs to make some improvements to increase the level of awareness and the implementation of QMPs among SME in Malaysia. D'KAWI was aware of their insufficiency to fulfill the demand and less number of certificates to encourage and convince the new customers. Now, D'KAWI is on their way to buy a new machine to increase the production and in their process to get MeSTI certificate. In order to

increase their performance, D'KAWI needs to apply the other four QMP principles which are employee involvement, process approach, continues improvement and factual approach to decision making.

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