

A Case Study of Learning Organization Practiced In Halal Food Industry in Malaysia

Aini Ahmad^{1*}, Norhaslinda Nordin²

^{1,2} Universiti Malaysia Pahang, Pekan, Pahang, Malaysia

*Corresponding author
ainiahmad@gmail.com

ABSTRACT

As the halal food industry grows, the discourse on the managerial issues in the industry becomes increasingly pivotal. Similar to other bodies, halal fraternities encounter managerial problem that is the insufficiency of quality management in the industry. In tandem with the popular concept of management expounded for respectful bodies named learning organization, this paper attempts to ascertain its application in two halal food companies. The discourse on the occurrence of learning organization in other entities is regular. Nevertheless, in halal food industry; the area stands remote from the hive of scrutiny. This study delve into two established halal manufacturers in an attempt to evaluate the occurrence of the purported characteristics based on the understanding of learning organization introduced by Ortenblad (2002). The meant understanding encompasses learning at workplace, the climate for learning, learning structure, and organizational learning. Through interview, this study ascertains the level of embracement for the characteristics intentionally and unintentionally achieved in both companies. The result shows that both halal food companies do practice some elements suggested in the purported learning organization. This study opines that learning organization can flourish in halal bodies with the condition that proper and serious initiatives are taken to implement it.

Keywords: Halal industries, learning organization, quality management

1. Introduction

The discourse on the managerial aspect in halal food industry becomes increasingly crucial due to its growth and demand. The need to be competitive in the global market sparks the interest to explore ways and means on how to excel, expand and significantly become a major player in the global food market. For that reason this study delves in the occurrence of learning organization, one of the popular managerial

concepts, in two halal food companies. There are many discourses presented on the application of this concept in many bodies. Nevertheless, halal food industry remained in remote from the hive of the activity.

Actually, learning organization is an inspiring concept in management and has been widely operational in both private and public sectors since the early 1990s. The concept marked its birth as a response to increasingly dynamic and unpredictable business environment during that period. Companies such as Shell, Toyota, IBM, Intel and many others are among the well-known examples of those embracing learning organization (Bak, 2012). It is claimed to be an impetus to promote continuous improvement and achieve more flexibility and responsiveness in fraternity, therefore learning organization is supposed to be recommended to all bodies. There are considerable empirical evidences that show how learning organization is capable to promote continuous improvement. The correlation between learning organization and level of performance is proven by Deane & Clark (1997). Furthermore, it can also promote innovation and creativity, as in the examples publicized by Argyris (1999) and Senge (2006).

Prior to that, there is a number of descriptions and understanding of the learning organization concepts introduced. Among them is Ortenblad (2002) who inductively creates four types of understanding in terms of learning organization: a) organizational learning; b) learning at work; c) learning climate, and d) learning structure. This study uses Ortenblad's typology because it is one of the most interesting and practical since it is created based on how the term learning organization is used in the literature and employed by practitioners. It comprehensively covers all characteristics of learning organization proposed by all major authors and is the most recent compared to other approaches.

In retrospect, it will be interesting to study the application of learning organization ideas in non-stereotype ground namely, the halal food companies. Moreover, halal products have gained trust among consumers, being the industry attains a very high demand that reaches a total of 2 billion. In fact, the Muslim population alone is surpassing 1.5 billion and 57 of countries around the globe are Muslim-majority. The average of global halal food trade is estimated at US\$547 billion per year (DagangHalal, 2016). Notwithstanding, the industry is deemed not competitive enough within a global market. Currently, Malaysia has 4,785 halal food companies but most of them produce for domestic market (Rusly, 2015). Based on reports of the Ministry of International

Trade and Industry (MITI, 2011), the incompetency in halal food companies is due to the insufficiency of powerful approaches which are not at par with those of developed countries. Precisely, the gaps to be filled in the local field are laudable processing technology, product quality, research and development (R & D), in addition to efficient distribution network and brand development. For that purpose, the intensive efforts from both government and non-government sectors are needed to ensure the halal product becomes competitive in the global market.

In fact, the arising problem among halal producer in Malaysia, particularly Muslims is the insufficiency of creativity and problem-solving skills (Rithauddeen & Awang, 2009). Besides that, some obstacles occur especially in SME sector, in terms of marketing the products locally or internationally. The roots of the obstacles are the quality of products, insufficiency of personal training and knowledge, poor management and capabilities, labor shortages, and limited exposure to the media and publication such as an advertisement, sales promotions and public relation (Muhammad, Char, Yasoa & Hassan; 2010).

2. Learning organization and Halal food industries

The concept of learning organization stipulates that companies abide by the characteristics of learning organization are able to make continuous improvement and become more flexible, responsive and furthermore enhance organization's performance. The learning organization does continually appear smarter because learning is associated with planned and systematic ground and considered in alignment with the organization's strategic goals. Toyota for instance is one of the successful companies which practice learning organization (Stephen, 2008).

Research conducted on the application and the adoption of learning organization theory in different nations and cultural settings has been studied in such places as China (Elkin, Cone & Liao; 2009), Hong Kong (Snell & Hui, 2000), and Singapore (Retna & Jones, 2003). There are also studies on learning organization concept in different sectors such as school (Agaoglu, 2006), academic libraries (Abdullah & Kassim, 2008), bureaucratic organizations (Jamali et al., 2006), industrial organizations (Khadra and Rawabdeh, 2006) and banking entities (Jamali et al., 2009). Infact, learning organization is a familiar concept in Malaysia, as the idea is spread out, discussed and implemented in many organizations, namely multinational companies (Zahidul Islam et al., 2008) as well as public

sectors (Jassa, 2000) and local private sectors (Ng, 2008; Abd Hadi, 2001). Therefore, discourse regarding the approach in implementing intricacies of management added to learning organization concept is needed for the sake of boosting the performance of organizations in Malaysia.

A study on learning organization in Islamic environment has been studied by Aini (2013) as she proposes a model of Islamic learning organization where Islamic principles are incorporated in the existing learning organization idea. Both ideas are very much compatible since learning and its derivatives are highly commendable in Islam. There are a number of research that examines halal subject in relation with management such as halal logistics (Tieman, 2013; Khazizul et al., 2012), halal assurance (Chiratus & Sakchai, 2013; Mohamed Syazwan et al., 2013), halal control activities (Tieman & Maznah, 2014) and halal supply chain. However, none of these studies mentions learning organization in their research. The literature leaves a vacuum in the study of halal food industry in terms of its relation to learning organization. Thereby, the objective of this study is to examine how far the elements of the learning organization are practiced in halal food industries. It is imperative to ascertain the applicability of the learning organization concept in halal food industries since companies with good learning culture and well known background of learning identity show outstanding performance in global market.

For that purpose, two halal food companies have been chosen as a case study for this research. Both companies are among the well-known halal food manufacturers. Company A employs 552 staff and its annual sales reach RM2000 million whilst Company B hires 50 staff and paid up capital is 1.2 million. These companies were selected randomly from the list of established halal food manufacturers.

3. Methodology

This study employed uses qualitative methods where most of the data were collected from semi-structured interviews. Yin (2009) defines case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. This case study is about discovery and interpretation rather than hypothesis testing. Interviewees were chosen from three different categories consisting of the top management, middle managers, and the frontline workers. Apart

from the interview as the primary research instrument, researcher's observation, company's documents and reports were also used as the source of the data. Data from interviews were transcribed and clustered into themes before they are analyzed qualitatively based on Ortenblad's typology.

4. Results and Discussion

Respondents from both companies were being asked on their activities, company's policies, and structures related to the meant learning organization regardless of whether or not they aware of learning organization concept and characteristics. The results of the interview are clustered into four themes based on Ortenblad's typologies of a learning organization. The four typologies are organizational learning, learning at work, learning climate and learning structure.

4.1 Organizational learning

The focus of organizational learning is more on the knowledge storage of the entity and its accessibility to all members. Precisely, an individual learns and stores the information and knowledge in the organizational memory to be used later and shared with all members. This will eventually lead to entity's change as a whole instead of individual development which is definitely not sufficient to produce an organizational alteration (Ortenblad, 2002).

The employers and employees in Company A reported that they used to share knowledge while doing the task or during their free time. Besides, the leaders and workers always sit together to discuss issues related to their work. In discussions, they are free to give ideas and comments. In case that the company needs a quick decision, employees could voice out opinion or suggest solution although eventually the final say is on the Head of the Department. However, there is no proper automated information storage that is easily accessible for all members to refer if they need such information.

Similarly, in Company B, they also reported that sharing knowledge related to work is common among them. Normally, if they get new information from training they attended, they will share it with other members. They reported that the information will be recorded and saved as data of the company. Consequently, everyone can access and know the recorded information. At times when the company needs a quick

decision, they are given the chance to be part of decision makers. In case that it is a major decision or has a major implication, it will be referred to the manager. The manager of Company B reported that he always welcome suggestion and opinion from the employees in order to improve the company's performance.

4.2 Learning at work

Learning at work implies the continuous learning of the employees at their workplace apart from the formal courses and training, which is associated with the daily working activities (Ortenblad, 2002).

In company A, the employees reported that they do the work together and share knowledge when they get new information either from training or reading. Sometimes the employees get new information from their employer and disseminate it to their colleagues. According to Ortenblad (2013), learning at work is an informal learning where training and courses are unnecessary. It is found that Company A lacks informal learning element, for they are unable to give examples of informal learning that they gain. Respondent 3 who is a receptionist at company A mentioned:

“We are always sharing knowledge with friends either about the company or current issues. Sometimes the boss asked our opinion and suggestion about the new products and the company development. So we are like one family and we are free to voice out anything for the sake of company and products expanding.”

Meanwhile, Respondent 5, who is a general worker said:

“I am comfortable and happy to work here because the job scope is not too heavy and flexible. My boss and I are close and we always have a sharing moment about work and opinion. We have good communication and my boss is a kind person with a good tolerate with his workers”.

Respondent 1 who is a Personnel Manager at company A also shared the same opinion as he said:

“I know that my responsibility is to make sure my employees are in a good situation so that we are able to produce quality products. Sometimes I sit with them and make a group to discuss and ask their comment either they are general workers

or top management. That is the only way I can know what they need and hope from this company”.

On the contrary, at Company B, the respondents reported that informal learnings occur every day between employers and employees. They said that everyone is free to help each other, meanwhile the supervisor will help and teach new workers to perform their job properly. It occurs continuously daily.

“We always do work together and share knowledge, either during working or during free time”, said Respondent 3, a clerk at company B.

If they happen to gain new knowledge, they will let everyone knows and the information will be documented. Since the company produces biscuits as its main product, the employees insist on exploring information and reading printed materials relating to baker’s confectionary in order to produce new product in future. Respondent 7 who is the Operation Executive at company B said:

“For every new worker, they will learn about the operation at the factory and I will supervise them to let them know their job and role at the company”.

While Respondent 10, who is the Sale Coordinator of Company B said:

“If I want to share anything with my colleagues, I prefer to share something that gives a positive impact to them”.

They cooperate in doing their work and share knowledge with each other. Based on the interview, it is found that both companies have some elements of learning at work but not entirely on par with Ortenblad (2013) principle. The learning process happens but not in planned and systematic way. It does not occur in the environment where learning is prioritized and integrated smoothly into daily routine.

4.3 Learning climate

It is learning climate which suggests that the learning organization facilitates the learning matters of all its members. The learning organization is where the learning activities are always encouraged, promoted as well as rewarded. Members of the organization are

encouraged to talk to each other, learn from each other and have a positive attitude toward learning. Learning becomes easy and natural with more space and time for experimenting, reflecting and tolerating failure (Ortenblad & Koris, 2014).

According to Respondent 1, a Personnel Manager of company A, the employees are free to contribute ideas and suggestions if necessary. However, the ideas must be brought to the Head of Department to be approved. If they commit mistake, the employer will advise them to make correction instead of punishing them directly. Respondent 1 also mentioned:

“I am ready to hear any suggestion, opinion and hopes from the workers to upgrade and expand the company in the future.

Respondent 2, one of the workers in company A also said:

“We are given the chance to give opinion and suggestion if necessary”.

However, some respondents reported that the employees are not allowed to do their own experiment unless it is done by Research and Development officer.

In Company B, they also have a very good relationship between leaders and employees. They perform their duty as teamwork and help each other. They discuss issues and solve problems together; and everyone is free to voice idea and comment. They exchange ideas in order to improve their skill and knowledge formally or informally. Furthermore, if they commit a mistake, the company will not punish them but let them learn from the mistake. Similar to Company A, the employees are not allowed to do experiment unless by Research and Development officer.

Based on the information given by the respondents of the two companies, both are unable to give complete freedom to the employees in terms of making decision. The frontline workers for example, need to refer to their leaders before making a job-related decision and a decision that directly affects other division respectively. It contradicts with the idea of learning climate where learning is promoted and rewarded. The employers should create more conducive space for the learning environment, give more opportunities to the workers to experiment ideas, trust their competence and reward them accordingly.

4.4 Learning structure

The learning organization is also construed as a flexible organization as the learning structure here refers to the organic structure that is very flexible and is able to adapt well to change. Decentralized structure with empowered workers is preferable where the individuals need to make their own decisions quickly (Ortenblad, 2002). Apart from that, it is important that each person in the organization has a holistic approach. Every team member specializes in a task but at the same time learn how to perform the task of others, enabling them to replace each other if needed.

Actually, both companies have a common organizational structure and certain bureaucracy in workplace. It is well understood that this kind of organization still use the normal practice of having levels of authority. Empowerment is not really practiced except in few situations. Since both companies are not well versed in the learning organization ideas, they do not really grasp the idea of flexible organization.

5. Conclusion

This study presents the finding of learning organization practices in two halal food companies in Malaysia regardless of whether they aware and understand the learning organization concept or not. The result shows that certain elements are commonly practiced such as learning at work and the occurrence of organizational learning, with some exclusion here and there. However, in terms of learning climate, it is found that both companies do encourage learning but not to the stage where learning is highly regarded, experiments are welcomed and failures are tolerated. Precisely, it is still in gestation stage in terms of embracing the learning organization idea, unless the potentials are there. As for learning structure, both companies are practicing the same common organizational structure and not flexible enough where the more decentralized structure and empowerment of worker are practiced.

The understanding of the whole concept of a learning organization is important if the company wants to embrace the idea. These two halal food companies have many things in common and they also have almost comparable with each other in terms of elements of learning organization practiced in their company. Undoubtedly, certain elements of a learning organization are practiced but not properly structured. It can be said that the idea of learning organization can flourish in these companies with the

condition that the proper and serious initiative is taken to implement the idea. It is hoped that there will be a leading halal food company of dynamic giant in the global market and be as competitive as other world leading food companies.

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