

## Islamic Quality Management Toward Business Operation of Malaysian Moslem Entrepreneurs

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### ABSTRACT

This paper tries to advocate a theoretic framework for Islamic quality management is significant processes inside the running and thus the management of a corporation that focuses on product or provides services in line with the requirements and demands of Islamic law. These practices, if properly managed, can reach success and excellence not solely within the planet however additionally within the Hereafter. Quality management system pioneered within the west, like Total Quality Management, emphasizes the technical aspects like input-output, procedures and work processes, client preferences, and relationships with suppliers. They neglected religious aspects like welfare of workers, the value of goodwill, integrity, ethics, morality and social responsibility. Thus, the owner or manager ought to establish a high-quality management system supported Muslim values that emphasize culture of perfection (Itqaan). The most pillars area unit to confirm continuity and sleek running of the standard management system in an enterprise. They additionally build the standard management system additional humane and nearer to the guts of each member of the organization. Consequently, this study can read the ideas as weakening factors, and can examine their impact on the standard of management practices of Moslem bourgeois by evaluating their business performances. Thereafter, we tend to area unit ready to propose strengthening measures for effective quality management system in line with Islamic values. The findings confirmed that the factors showed important impact within the association between Islamic quality management practices and business performances of Moslem entrepreneurs. The stress on the culture of perfection (Itqaan) contributes to extra holistic quality management system.

**KEYWORDS:** Islamic Quality Management Practices, Culture of Perfection (Itqaan), Moslem Entrepreneurs, Malaysian SMEs, Business Performance.

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### INTRODUCTION

From the Islamic perspective quality has been at intervals the guts of the Islamic teachings as recited at intervals the Holy al-Qur'an quite fifteen centuries past. Specifically, many Quranic verses emphasize on quality deeds, practices and performances of people although many various words used synonymously to purpose the quality plan from the monotheism viewpoint. In fact, the dimensions reflected by the synonym words imply moneyed meanings that eventually surpass the fashionable plan of quality by adding non secular values stressing on the event, mastery, good deed, honesty, quality, taking responsibility, following wise model, and job for goodness, etc. The thought of quality or excellence during a explicit term or service management is a crucial part [1], tried through time during a style of venues and locations by western and eastern scholar Islamic or non-Islamic. Generally, this term despite the fact that abundant mentioned within the context of providing services or manufacturing a specific product, the Moslem community generally assumes that it's not necessary or advantageous enough to specialize in learning very well. Some even concerning[contemplate]take into account} discussions about quality will interfere with their daily work activities [2]. In fact, the thought of quality or excellence is categorical by the al-Qur'an from the beginning through God's creation of the natural phenomena during this world, with reference to perfection, as mentioned in Surah al-Mulk, verse 3:

"You cannot look at the creation of Allah, the Most Gracious, any unbalanced conditions and unreasonable; (If you are in doubt) then look again (you) again, is can you see any flaw"

Furthermore, Islam considers quality as the process of bringing about a positive transformation to achieve the best performance in all aspects of human behaviour. Therefore, the ultimate goal is to enhance a human life to be successful in the real world and the hereafter. This quality management system is very effective when implemented in various organizations in order to produce a first-class human capital. If a company wants to produce a product or provide a service to satisfy a customer, then success factor is the quality management system [3]. Today, we can see that when an organization is not well managed, it will lose customers and no longer able to compete with the other party [4]. In fact, more problems would arise if the running or management of that particular company were not improved as soon as possible; and even more so if it is not in accordance with Islamic teachings as recommended.

### **Research Questions**

The inferiority of Moslem entrepreneurs' business performance has become a major issue that is often raised. The concern is that despite various efforts taken to improve the business performance of the Moslem entrepreneurs, their level remains low. This has led to a few important questions that should be addressed. This study will attempt to find answers to these questions.

1. Is there any significant association between Islamic quality management practices with business performance of Moslem entrepreneurs?
2. Does the culture of perfection (Itqaan) have a moderating influence on the association between Islamic quality management practices with business performance of Moslem entrepreneurs?

### **Objectives**

Based on some of the questions raised, the study will seek to find answers that are more concrete to prove the study empirically. In particular, this study has the following objectives:

1. To determine the existence of any significant association between Islamic quality management practices with business performance of Moslem entrepreneurs.
2. To determine if there is a moderating influence of perfection (Itqaan) on the association between Islamic quality management practices and business performance of Moslem entrepreneurs.

### **Research Hypothesis**

Based on literature analysis, this analysis can kind a hypothesis that there's an on the spot relationship between the Islamic quality management practices and also the improvement of the Moslem entrepreneurs' business performance. In addition, this study will kind hypotheses relating to the impact of culture of perfection (Itqaan) within the association between Islamic quality management practices and business performance of Moslem entrepreneurs. Thus, 2 hypotheses of this study square measure structured as follows:

H1: Islamic quality management practices have a significant association with business performance of Moslem entrepreneurs.

H2: Culture of perfection (Itqaan) factors acts as moderators in the association between Islamic quality management practices and business performance of Moslem entrepreneurs.

## **LITERATURE**

Islamic management system is not a rigid system, but it is very concerned about good management to produce products and provide services that it can provide the most benefit to the other party. Islam also urged followers to always practice in earnest as far as possible. This is so because of the seriousness and sincerity of a slave obeying the commands will earn him the love of Allah [5]. In addition, the emphasis on Moslems, when doing any business, is the practice with the intention centred only on the worship of God. In addition, any act done sincerely and with the intention of devotion to God, will gain reward from Allah SWT. According to Islamic principles, the carrying out of duties seriously, and working with the correct priorities, will create prosperity to the community.

Quality from the trendy Thought Perspective: There square measure many theorists (Deming, Crosby, Juran, Ishikawa) at intervals the management science whose contributions were valuable for the quality thought [6]. Quality from the Moslem thought perspective refers to the numerous concepts, components and dimensions of quality that receive support by the Quranic verses and Hadith sayings like improvement, mastery, good deed, wise performance, honesty, bearing responsibility, credibility, reformation, modeling, business for product, etc [7].

Quality management practices are a tool to help the company increase its customer satisfaction, and increase confidence in the company to meet certain standards consistently. It can be defined as an important

tool for managing the instruments of an organization [8]. In fact, it is also a frame of an activity to ensure the production of consistent and effective service to customers of an organization. The system is also used as a standard guide for developing and maintaining customer satisfaction and improvement purposes [9]. Quality management practices are also considered as a form of policy, process or procedure that requires planning and development, production and services in key activities of the organization. If an organization is to practice proper management, it can identify, evaluate, control and improve performance with excellence. Therefore, the Islamic system of quality management is in marked contrast to the conventional system that only emphasizes the materialistic or temporary aspects [10]. In fact, the management system pioneered by the Prophet and his companions were so universal that it includes a two-dimensional material (*lahiriyah*) and spiritual (*batiniyyah*). This management system also emphasizes culture of perfection (*itqaan*) and the values of compassion in the performance of an action whether in congregational worship or individual worship such as prayer, fasting, charity and others. Therefore, this study will focus on two important concepts to ensure the Islamic quality management practices can be applied in the best possible order to produce a great work force in accordance with the sharia requirements.

Excellent culture of *itqaan* that has been expressed by the Prophet through traditions described by Aisha r.a. through the history of al-Bayhaqi r.a. which means:

"Allah's Messenger s.a.w. once said: Verily Allah loves if someone commits an act in earnest *Itqaan* (perfect)"

Based on these traditions, we may relate to this culture of perfection (*Itqaan*) as a culture of excellence, earnest, steadfast (commitment), generated through diligent work environment that is comfortable and conducive. This workforce is able to produce quality products or services and achieved customer satisfaction. Furthermore, certain employees without coercion from anyone will implement this brilliant culture of *Itqaan* voluntarily. Implementation of the program does not actually guarantee organizational excellence if it is not accompanied by the culture of *Itqaan*. Hence, in this context, continuous improvement can be equated to the concept of *Islah*, which is very important in encouraging innovation and pursuit of excellence. Improvement process is carried out continuously without giving up an important feature for neither individual excellence nor employees of an organization. Thus, according to [11], *Itqaan* is the culture that often refers to the implementation and completion of the work carried out diligently and earnestly. In [12] defines the concept of *Itqaan* as a commitment to achieve perfection. A manager who practices an *Itqaan* culture will feel confident that every trust is committed with accountability because of the belief that in the end he will reap the rewards of this world and the hereafter. Therefore, when a person makes the culture of perfection (*Itqaan*) an important element in the implementation of his work, he will produce a quality daily work. Accordingly, in order to make this culture of perfection (*Itqaan*) as commendable practices that should be adopted by the managers or employees of an organization, they must first understand their roles in fulfilling the individual rights of Moslems. The rights of the employer, workers, colleagues, subordinates and others in the organization must be fulfilled as far as possible. The concept of perfection (*Itqaan*) should be based on:

- a) The establishment of a human relationship with the Creator (God) through demonstration of outstanding work and constant effort in increasing their knowledge and skills to keep up with the latest development and change.
- b) Each employee, either the management or the subordinate (the executor) in the organization must demonstrate a positive attitude or becomes a good role model to be emulated by others. This is so because every leader is to be followed by others. Thus, a great leader does not depend merely on power or influence, but must also have values, high work ethic and superior appearance [13].
- c) The constant practice of change or transformation in the performance of daily work with *wasatiyyah* concerned with them like creating new things in a creative and innovative manner, with the hope that his execution would be easier and more effective. This is because changes in the organization or its environment are happening very fast through the development of information technology, globalization and the influence of others.

Therefore, the managers or employees who are still practicing traditional management or maintaining the old culture will be left behind and dropped out. According to [14], managers should be skilled to manage any changes in the organization and be able to deal with conflicts effectively through the guidance of the Quran and Hadith Prophet Muhammad

From the previous studies, in [15] results indicated that quality elements were variably practiced, where concentration on meeting employee desires was the higher in use, and rising banking operations was the tiniest quantity practiced. However, there are very important relationship between commitment to quality management elements (individual or composite) by business banks in Jordan and thus the corporate

performance (measured by profitability, productivity and economical operation). The study found that each of total quality management elements variably affects improvement of company performance.

In [16] studies the link between the apply degree of total quality management and action of a competitive hug the organizations below study. Results showed moderate results of the structure on the applying effectiveness of total quality management. Further, the correlative freelance variables like "control" and "exploration" had a superb result by rising the corporate financial performance as a results of implementing total quality management programs throughout the organization. Supported the previous discussion, application of total quality (TQ) creates many edges for the organization, staff and customers.

**Research Conceptual Framework**

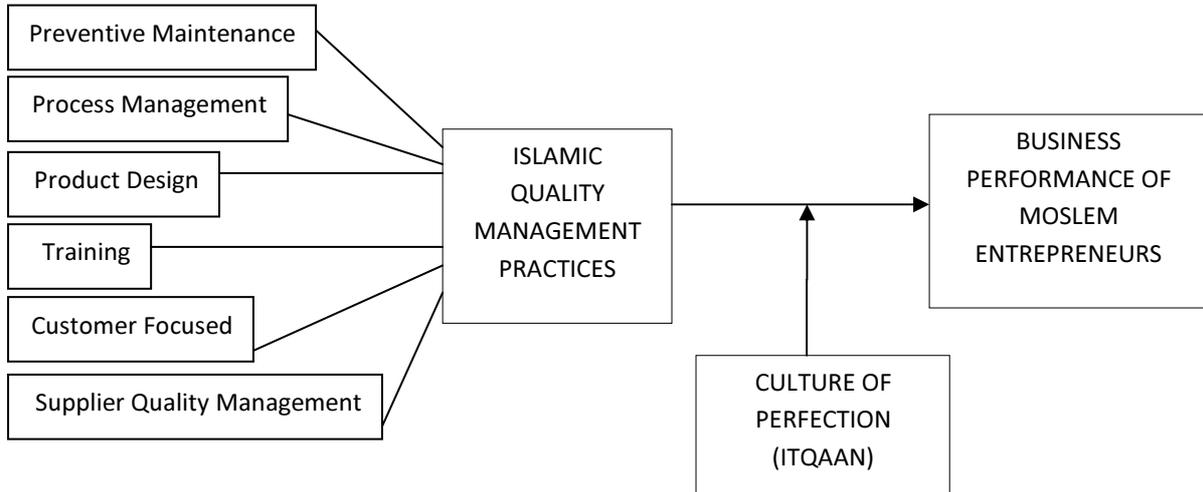


Figure 1: The concept framework of relationship Islamic quality management practices, culture of perfection (Itqaan) and business performance of Moslem entrepreneurs

**METHODOLOGY**

The intention of this empirical study is to analyze however the Islamic quality management practices have an effect on the Moslems entrepreneurs’ business performance. This analysis can target learning the association between Muslim quality management practices, the culture of perfection (Itqaan) as analgesic variables for business performance. The important purpose is the way to live Muslim quality management practices in relevance business performance. In measurement the business performance of merchandise and services, we'll additionally take into account the factors of workers, organization, administration and setting. In [17] identifies 3 dimensions of monetary performance, operations and organization. This analysis refers to a search conducted by [18] for the definition of quality management. Using the Statistical Package for Social Sciences (SPSS) version 21.0, Pearson correlation analysis and multivariate analysis were accustomed show the association between the variables of study.

**Sampling**

In this study, the sampling method uses a structured questionnaire. Bumiputera business companies were randomly selected from a list of registered SMEs by SME Corporation Malaysia 2013 was used as the sampling frame for this study. Instruments used for measuring is a five-point Likert scale and the data was collected from the beginning of 2013. A total of 370 questionnaires were distributed to selected companies based on systematic random sampling criteria (companies with 150 employees or less). Questionnaires were addressed to the owners or managers/senior staff requesting them to answer a questionnaire that provided for joined-up interviews with them. From the questionnaires collected, only 150 sets can be used to analyse and demonstrate a response rate of 44%.

Table 1: Characteristics of company

Characteristics	Measurement	
	Percentage (%)	Number of Companies
<b>Number of Employee:</b>		
6 to 50	66.7	100
51 to 150	33.3	50
<b>Year of Company:</b>		
5 to 10 Years	40.0	60
11 to 20 Years	26.7	40
21 to 40 Years	33.3	50

Table 1 shows the characteristics of the company based on the percentage and number of companies involved against the number of employees and age of the company. There were 100 companies or 66.7% with 6 to 50 employees. The companies with 51 to 150 employees are 50 or 33.3%. According to the definition of SME Corporation 2004, companies with less than 50 employees are considered as small-size companies and those that have between 50 and 150 employees are medium-size. There were 60 companies or 40% that have been operating between 5 and 10 years, followed by 50 companies or 33.3% that have been operating between 21 and 40 years and 40 companies or 26.7% that have been operating between 11 to 20 years. This shows that most of the Moslem entrepreneurs companies have already been operating for quite a long time.

**ANALYSIS AND DISCUSSION**

**Reliability Analysis**

Cronbach reliability value for the pilot study and the actual field is above 0.7, the training (0.801), process management (0.847), product design (0.847), supplier quality management (0.740), focus on customers (0.836), preventive maintenance (0.757), culture of perfection (Itqaan) (0.861), and the business performance (0.878), which meet accepted standards of 0.7 by [19].

**Correlation analysis**

Table 2: Correlation among Islamic quality management practices, culture of perfection (Itqaan) and business performance

Quality Management Practices		Business Performance
1.	Training	0.507**
2.	Process Management	0.627**
3.	Product Design	0.503**
4.	Supplier Quality Management	0.616**
5.	Customer Focused	0.392**
6.	Preventive Maintenance	0.861**
7.	Culture of Perfection (Itqaan)	0.640**

\*p ≤ 0.05, \*\*p ≤ 0.01

Pearson correlation analysis was conducted to investigate the relationship of Islamic quality management, culture of perfection (Itqaan) and business performance. Results obtained value of r is close to +1, all interconnected and constructs positively. Business performance has a significant positive relationship with the quality of management practices such as training, process management, product design, supplier quality management, customer focus, preventive maintenance, the culture of perfection (Itqaan) (H1). In order to improve their business performance, the Malaysian Moslem entrepreneurs should seek the support of a robust quality management practices such as training, process management, product design, supplier quality management, customer focus, and preventive maintenance. They must also pay attention to the cultural of perfection (Itqaan) factors such as quality of leadership and teamwork in their companies.

**Multiple Regression Analysis**

In this study, multiple regression analysis was conducted to identify the most important quality management practices and to examine the relationship between a set of predictor variables and the dependent variable. In this study, two models are developed to represent an attempt to take into account the critical determinant contribution to the business performance of Moslem entrepreneurs.

Hierarchical regression with the 'stepwise' was conducted to examine how the impact of moderator and the culture of perfection (Itqaan) can influence the association between Islamic quality management practices and business performances of Moslem entrepreneurs. The overall importance of the multiple regression model was tested with the following hypothesis.

Table 3: Summary of multiple regression

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std error	F	DF1	DF2	Sig
First Model	.904 <sup>a</sup>	.817	.814	.23004	264.016	7	142	0.000 <sup>a</sup>
Second Model	.905 <sup>a</sup>	.819	.815	.22903	228.888	7	142	0.000 <sup>a</sup>

Table 3 shows the first model that presents the association between Islamic quality management practices and business performance, adjusted R<sup>2</sup> value is 0.814. This shows that 81.4% of the variance in the dependent variable (business performance of Moslem entrepreneur) has explained jointly by six independent variables (training, process management, product design, supplier quality management, customer focused, preventive maintenance) in the first model. Table 3 shows a combination of independent variables significantly predicted

the business performance of Moslem entrepreneur,  $F(7.142) = 264.016$ ,  $p < .000$ . From Table 4, we can see the multiple correlation coefficient (R) is 0.905 ( $R^2 = 0.819$ ) and the adjusted  $R^2$  is 0.815.

Table 4: Summary of multiple regression (first model)

Model	First Model			
	$\beta$	t	SE	Sig
Constant	0.692	6.596	0.105	0.000
Training	0.092	1.232	0.035	0.021
Process Management	0.297	6.615	0.045	0.000
Product Design	0.085	1.333	0.044	0.018
Supplier Quality Management	0.167	2.413	0.049	0.016
Customer focus	0.107	1.772	0.030	0.047
Preventive Maintenance	0.149	4.537	0.033	0.000
Culture of Perfection (Itqaan)	0.307	5.227	0.049	0.000
R				.904
R <sup>2</sup>				.817
Adjusted R <sup>2</sup>				.814
F				264.061

Dependent variable: business performance

The results in Table 4 shows that the regression coefficient or slope variables, particularly quality management training, process management, product design, supplier quality management, customer focus, preventive maintenance and culture of perfection (Itqaan) has a significant impact on business performance of Moslem entrepreneurs in the first model. The identified equation in Table 4 was to understand the relationship on:

$$\text{Moslem Entrepreneurs Business Performance} = 0.092 \text{ Training} + 0.297 \text{ Process Management} + 0.085 \text{ Product Design} + 0.167 \text{ Supplier Quality Management} + 0.107 \text{ Customer focused} + 0.147 \text{ Preventive Maintenance} + 0.307 \text{ Culture of Perfection (Itqaan)} + \varepsilon$$

The adjusted  $R^2$  value was 0.814, indicating that 81.4% of the variance of the training, process management, product design, supplier quality management, customer focus, preventive maintenance and culture of perfection (Itqaan) are possible to explain the business performance of Moslem entrepreneurs in Malaysia and hypothesis 2 is accepted.

## CONCLUSION

This study recommends four main results. First, the outcomes of this study, find quality supplier selection and supplier development will affect the achievement of Moslem entrepreneurial business. Second, internal factors such as training, management process control, product design and preventive maintenance will have an impact on improving business performance. Third, the customer relations and customer involvement has a positive relationship to business performance. This means that direct involvement helps customers improve business performance positively. Fourth, this study also illustrates the impact of cultural of perfection (Itqaan) as moderating factors and compassionate values that are important in contributing to a significant improvement of the Moslem entrepreneurs' business performance. This achievement is influenced by the development of the cultural of perfection (Itqaan) in the quality of management commitment, employee commitment and collective problem solving. In addition, the moderating effect of courtesy factor also shows a great influence on business performance of Moslem entrepreneurs. Therefore, this study has confirmed that the culture of perfection (Itqaan) as moderating factors is dynamic and has great potential to influence the association between Islamic quality management practices to business performance of Moslem entrepreneurs in Malaysia.

It is clear that the construct of quality management organization is needs to be supported the teachings of Islam, i.e. supported the indivisible relationship between the Creator and His creation and also the human relations with different creatures. This is often as a result of the construct of Islamic quality management is intermeshed towards client satisfaction moreover because the pleasure of Allah S.W.T, for the success within the worldly affairs and for the sake of happiness within the Hereafter. If the issue of Itqaan is taken into account as a part of their daily apply, the owner, manager or worker of an organization are honest and trustworthy. They're going to perform their work with integrity, diligence and discipline. The factor, the culture of perfection (Itqaan) can enhance and guarantee sturdy and swish quality management practices, driven by the tenets of Islam.

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