

Hazard Analysis Critical Control Point (HACCP) Certification Hurdles among Malaysia's Small and Medium Enterprises (SMEs)

Abd Razzif Abd Razak

Faculty Business Management, Universiti Teknologi MARA, Malaysia

Email: raziff23@Yahoo.Com

Norzaidi Mohd Daud

UiTM Press, Universiti Teknologi MARA, Malaysia

Email: norza544@uitm.edu.my

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v10-i5/7320>

DOI:10.6007/IJARBSS/v10-i5/7320

Published Date: 02 May 2020

Abstract

To be relevant in today's trade, HACCP certification is prominent for entrepreneurs before any door for import are open worldwide. Taken as a pre-eminent system for food safety, HACCP requires its seven principles to be followed accordingly before the benefited product can be verified as food safety from the preparation until the product is sold. However, there were some difficulties faced by Malaysia's Small and Medium Enterprises (SME) before implementation could take place. This paper aims to discuss challenges faced by Malaysian SMEs for the HACCP certification and the possible benefit which the SME's could achieve should the implementation became successful.

Keywords: SME, Benefit , HACCP, Malaysia, Challenges.

Introduction

Demands for goods are increasing year after year as the population of the world is increasing. But the supplies for the goods for many countries are subjected to compliance for food safety especially when dealing with traders from different countries. HACCP system was taken into consideration for the standard of the system are agreed internationally. In Malaysia, there are still some difficulties faced by SMEs to acquire the certification but there is a forgone for not able to acquire the certification. This paper aims to discuss the hurdles faced by Malaysian SMEs and the benefits of having the system being implemented into their enterprises.

Malaysia's Small and Medium Enterprise (SME's) Profile

Plays as a crucial part of achieving sustainable economic development and regional economic integration, Malaysia's SMEs contributed to economic growth, employment and development of the region. Effective 1st January 2014, a new definition of SMEs took place where the existing qualifying criteria for example sales turnover and employment remain but the threshold has been increased to (i) Manufacturing sector: Sales turnover not exceeding RM50 million or full-time employees not exceeding 200 people (ii) Services and other sectors: Sales turnover not exceeding RM20 million or full-time employees not exceeding 75 people (SME Corporation Malaysia, 2018). Detailed definition of SMEs specifically by category, namely micro, small and medium is as shown in Table 1:

Table 1

SME Definition in Malaysia

Size	Micro		Small		Medium	
	Sales Turnover	Employees	Sales Turnover	Employees	Sales Turnover	Employees
Manufacturing	< RM300,000	< 5 employees	RM300,000 to <15 million	5 to < 75 employees	RM15 million to ≤ 50 million	75 to ≤ 200 employees
Services & other sectors	RM300,000	employees	RM300,000 to <3 million	5 to < 30 employees	RM3 million to ≤ 20 million	30 to ≤ 75 employees

Source: SME Corporation Malaysia, 2018

SMEs in Malaysia had recorded a higher economic growth of 7.2% in 2017 as compared for only 5.2% in 2016, driven by strong domestic demand, led by both consumption and investment activities, higher SMEs exports as well as continued growth in employment and income which also reflected across all major economic sectors (SME Corporation Malaysia, 2018). SMEs Gross Domestic Product (GDP) growth is expected to expand at the low end of the projection range of 7% - 8%, given that Bank Negara Malaysia (BNM) has revised the overall GDP growth projection to 5%, below the official overall GDP growth projection of 5.5% - 6% in 2018 positively supported by private consumption, business sentiment and consumer confidence as well as favourable global economic outlook (SME Corporation Malaysia, 2018).

HACCP Scenario in Malaysia

Recognized extensively in the food industry and SMEs, HACCP certification is an effective method to establish good manufacturing practices for the processed food through the identification of points in the production process that are most critical to control and monitor (Mortimore & Wallace, 1998; Unnevehr & Jensen, 1996). However, the implementation of HACCP in Malaysia is still underwhelming but the demand for HACCP is crucial. This is shown from the report prepared by the Ministry of International Trade and Industry (MITI) which summarizing that the implementation of HACCP by importing countries has brought a negative impact on Malaysia export value. Taking into consideration on

Malaysia's Third Industrial Master Plan (IMP3) that is to make Malaysia as food distribution and production hub with current HACCP status, should the SMEs failed to implement HACCP certification, Malaysia will loss of export value around 7.8% or approximately RM11 billion for the year 2019 and 2020.

Hurdles

Cost

The costs associated with HACCP certification includes application and implementation costs such as the expense of updating and creating required documents and procedures, and the cost of restructuring organizational processes and training, as well as certification costs such as fees for third-party audits conducted by private auditing SMEs (Potoski & Prakash, 2009). The cost of the certification audit alone is over and above the cost of implementing and sustaining the management system depending on SMEs' size and will only incur those costs if they perceive the benefits to be greater. (Goedhuys & Sleuwaegen, 2013).

According to Maskus, Otsuki, & Wilson (2005) the costs of quality certification are substantially higher in less developed and institutionally weak countries. In Malaysia, it is common to find food production running from houses or shop lots with poor premise condition as a result of the SMEs are not afford to finance the cost implementing HACCP and GMP (Noor, Aziz, et al., 2014).

Language

Good communication is vital in order to convey a message, to understand the content and performing daily tasks in the English language pertaining to the certification implementation. One of the hurdles of HACCP implementation is language barriers (Juno & Risyawati, 2013). They added, based on their study, a superior of the company has a limitation in other languages than his mother tongue that is Chinese due to his limited early childhood background; hence the task was passed to his son for the documentation, setting up procedures, etc.

It was earlier addressed by Mayes and Mortimore (2001) that a major challenge for HACCP implementation in the non-English speaking country is language, even the basic terms for HACCP itself is difficult enough. They added, as for the difficulties, it could draw even more problems to translate into a foreign language for it may lead to confusion.

Staff Motivation

Employees' motivation was noted as one of the hurdles for all businesses where the commitment of staff such as laziness could be the problem (Juno & Risyawati, 2013). A various reason which entailing staff motivation as the hurdles such as refuse to change, fixed organization culture, persistent of old habits and attitude and negative attitude towards the food safety program (Fotopoulos, Kafetzopoulos & Gotzamani, 2011).

A study by Topilova and Bystricky (2015) found a negative attitude towards the implementation of HACCP after years of degrading efficiency management resulting in poor production. In some cases, some staff perceived in additional workloads and complicated procedures from the activity of HACCP implementation might affect their current workload (Azanza & Zamora-Luna, 2005). This will lead to unsuccessful implementation for some organizations should they in the process of considering or practicing it.

Insufficient Knowledge

Managers in the seafood processor poor attitudes and understanding of HACCP and its prerequisite programs, lenient enforcement by authorities, lack of training and consultancy organizations in the country and a lack of awareness contribute to the challenge of implementing HACCP (Al-Busaidi & Jukes, 2016).

Even if the SMEs trying to initiate the HACCP implementation, some might not have sufficient financing to acquire the knowledge. Large enterprises mostly afford to have their own facilities to support research and development in order to acquire knowledge, but on the other hand SMEs dependently on external knowledge for their business improvement (Braun and Hadwiger, 2011).

Benefits of HACCP Implementation

Reduction of Customers Complaints

At one hand, customers' complaint can be good measures to understand customers' reaction towards an organization or products, but in another hand it could impinge customers' loyalty and trust too (Bengul & Yilmaz, 2018; Yilmaz et al, 2016) . In a study within a snack food manufacturing, Pun and Bhairo-Beekhoo (2008) found that the number of customer complaints reduced as there were reductions of product faulty as an effect of HACCP implementation. As the faulty decrease, the product can gain trust from the customers, although the quality of the product might just about the same, but since the product is certified the probability of getting defects product is lower hence the complaints reduce too (Juno & Risyawati, 2013).

Sales Increase

A piece of thorough knowledge and positive attitudes towards measures for food safety can increase the advantage for the company in the market (Ko, 2013). With the fact that HACCP is a pre-requisite for export trading, the implementation promotes benefit for the companies to expand market where all documented evidence of HACCP are available whenever needed nevertheless of the volume of sales (Taylor, 2001). Theoretically, as many countries demand HACCP system certification, it is a must for all to comply before the doors for many markets to open for them. Hence for SMEs, an application for HACCP could result in an increase in product prices and sales (Gong, Ma, et al., 2009).

Products Quality Improvement

The safeties of consumers are the main objectives for all as maintaining the health of the world population is vital. Slight faults could lead to a bigger impact on the enterprise. One of the improvements an enterprise could have by implementing an effective HACCP is a better hygiene production which is internationally recognized and integrated by many developed countries into their new measures for production (Noor, Aziz, et al., 2014).

Conclusion

Until this point of time, despite the generally accessible food safety program and research reports with regards to food safety among SMEs, shortage of research on a food category (Sikora & Strada, 2007; Kahindi, 2016; Meyer et al., 2010; Darwish, 2014). Moreover, there has been nonexistence of knowledge about the relationship between HACCP awareness to implement HACCP certification among RTE's SMEs. Even though SMEs briefly are starting to understand the significance of HACCP certification, little is aware of HACCP principles that will result in HACCP implementation. Thus, it is significant that an understanding of factors of

SMEs' perception on HACCP certification to be discovered as it will directly help SMEs to implement HACCP certification and indirectly for the government to provide support programs to assist them.

Additionally, due to the low number of SME's HACCP certification holders in Malaysia, the research of HACCP among SMEs needs to be supplementary studied. An in-depth understanding of RTE's SMEs with regards to HACCP certification will help increase national export values. Through the relationships between behavioral intentions and their determinants understanding, this study will help SMEs implement HACCP certification and ultimately increase their profit. Hence, the resolution of the research is : (a) To develop and test the Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM) and E-government: Four stages model in the context of HACCP implementation and (b) To examine the relationships between Attitude, Subjective norm, Perceived behavioral control, Perceived usefulness and Perceived ease of use in their prediction of future intentions. With government support as a moderator, this study believes that the model can act as an initial understanding of SMEs' behavior from the perspective of HACCP implementation. Findings can offer recommendations to SMEs and the government concerning encourage SMEs to implement HACCP certification.

Acknowledgement

This research was supported by Federal Agricultural Marketing Authority (FAMA) Malaysia. We would like to thank our colleagues from Universiti Teknologi MARA who provided insight and expertise that greatly assisted the research. We are also immensely grateful to fellow research members for their comments on an earlier version of the article.

Corresponding Author

Norzaidi Mohd Daud

norza544@uitm.edu.my

UiTM Press, Universiti Teknologi MARA, Kompleks Usahawan,
Bangunan Fakulti Pengurusan Hotel dan Pelancongan,
40450 Shah Alam, Malaysia

References

- Al-Busaidi, M. A., & Jukes, D. J. (2016). Hazard analysis and critical control point (HACCP) in seafood processing: An analysis of its application and use in regulation in the Sultanate of Oman. *Food Control*, 73, 900–915. <https://doi.org/10.1016/j.foodcont.2016.09.042>
- Azanza, M. P. V., & Zamora-Luna, M. B. V. (2005). Barriers of haccp team members to guideline adherence. *Food control*, 16(1), 15-22.
- Bengul, S. S., & Yilmaz, C. (2018). Effects of customer complaint management quality on business performance in service businesses: An application in Turkish banking sector. *Bogazici Journal Review of Social, Economic and Administrative Studies*, 32(2), 77-100.
- Braun, S., & Hadwiger, K. (2011). Knowledge transfer from research to industry (smes) – an example from the food sector. *Trends in Food Science and Technology*, 22, 90-96.
- Darwish, S. (2014). The Role of Universities in Developing Small and Medium Enterprises (SMEs): Future Challenges for Bahrain. *International Business and Management*, 8(2), 70-77.

- Fotopoulos, C., Kafetzopoulos, D., & Gotzamani, K. (2011). Critical factors for effective implementation of the haccp system: a pareto analysis. *British Food Journal*, 113(5), 578-597.
- Goedhuys & Sleuwaegen. (2013). The impact of international standards certification on firm performance in less developed countries. Retrieved from <https://lirias.kuleuven.be/bitstream/123456789/425442/3/2014-11-04+-+isc+com.pdf>
- Gong, S., Ma, C., Yang, Y., Bai, L., & He, L. (2009). Cost-benefit analysis of haccp implementation in chinese slaughtering and meat product processing industry. *International Federation for Information Processing*, 295, *Computer and Computing Technologies in Agriculture II*, Vol 3, eds. D. Li, Z. Chunjiang, (Boston: Springer), pp. 1681–1689
- Juno, W., & Risyawati, M. I. (2013). Implementation benefits and challenges for Malaysia food manufacturers: A case study for haccp certified company. *Prosiding Simposium Pengurusan Teknologi, Operasi dan Logistik (SIPTIK IV)*, Universiti Utara Malaysia. Retrieved from https://www.researchgate.net/publication/321146028_IMPLEMENTATION_BENEFIT_S_AND_CHALLENGES_FOR_MALAYSIA_FOOD_MANUFACTURES_A_CASE_STUDY_ON_HACCP_CERTIFIED_COMPANY on February 26, 2020.
- Kahindi, B. B. (2016). Food Safety Management Practices of Small and Medium Sized Food Industry Enterprises in Tanzania (Master's thesis, Western Kentucky University, Kentucky, United States of America). Retrieved from <https://digitalcommons.wku.edu/cgi/viewcontent.cgi?article=2566&context=theses>
- Ko, W. H. (2013). The relationship among food safety knowledge, Attitudes and self-reported haccp practices in restaurant employees. *Food control*, 29(1): 192-97.
- Maskus, Otsuki., & Wilson. (2005). The costs of complying with foreign product standards for firms in developing countries. *World Bank Policy Research Working Paper*, (No 3590).
- Mayes, T., & Mortimore, S. (2001). Making the most of haccp. 1st Ed., Woodhead Publishing, England
- Mortimore, S., & Wallace, C. (1998). *HACCP: A Practical Approach*. Aspen Publication, Maryland.
- Noor, H. N. Z., Aziz, N. A., Zulkifli, N., & Taip, F. S. (2014). 2nd International Conference on Agricultural and Food Engineering , CAFEi2014, Agriculture and Agricultural Science *Procedia* 2, 328-336.
- Potoski & Prakash. (2009). Information Asymmetries as Trade Barriers: ISO 9000 Increases International Commerce. *Journal of Policy Analysis and Management*, 28(2), 221–238. <https://doi.org/10.1002/pam>
- Pun, K. F., & Bhairo-Beekho, P. (2008). A 14-step strategy of haccp system implementation in snack food manufacturing. *The Journal of the Association of Professional Engineers of Trinidad & Tobago*, 37(1), 48-59.
- Sikora, T., & Strada, A. (2007). Safety and Quality Assurance and Management Systems in Food Industry: An Overview. *Book Chapter*, 582(1), 85–95. <https://doi.org/10.1007/s10750-006-0556-7>
- SME Corporation Malaysia. (2018). SME Report 2018. Retrieved from <http://www.smeCorp.gov.my/index.php/en/resources/2015-12-21-11-07-06/sme-annual-report>

- Taylor. (2001). HACCP in small companies: Benefit or burden? *Food Control*, 12(4), 217-222.
[https://doi.org/10.1016/S0956-7135\(00\)00043-8](https://doi.org/10.1016/S0956-7135(00)00043-8)
- Topilova, J., & Bystricky, P. (2015). Why haccp might sometimes become so weak or even fail, International 58th Meat Industry Conference “Meat Safety and Quality: Where it goes?”. *Procedia Food Science* 5, 296-299.
- Unnevehr & Jensen. (1996). HACCP as a regulatory innovation to improve food safety in the meat industry. *American Journal of Agricultural Economics* 78 (3), 764–769., 78(3), 764–769.
- Yilmaz, C., Varnalı, K., & Kasnakoğlu, B. T. (2016). How do firms benefit from customer complaints. *Journal of Business Research*, 69, 944-955.