BUSINESS EXCELLENCE MODEL AND ITS IMPACT ON ORGANIZATIONAL PERFORMANCE

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Business Excellence Model and Its Impact on Organizational Performance

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ABSTRACT

Business Excellence Model (BEM) was first introduced in Malaysia in the 90s by the Malaysia Productivity Corporation (MPC) through the Quality Management Excellence Award (QMEA) and Prime Minister Quality Award (PMQA) whereby the model is used as a criterion for the assessment of organization's excellence. Criteria contained in the model are referred to as the principles of Total Quality Management practices and also the criteria for the Malcolm Baldrige Excellence Award. The objective of this study is to examine the impact of Business Excellence program implementation with the practices of Business Excellence Model (BEM) on the organizational performance. Specifically, the study aims to analyze the relationship between the six dimensions of the BEM namely leadership, planning, information, customer, people and process with organizational performance. The samples in this study comprised of organizations that have been involved in the Business Excellence program and has been recognized as "Malaysia Productivity Innovation Class (MPIC)" by the Malaysia Productivity Corporation (MPC). Through statistical analysis conducted in this study, it was found that five dimensions in the Business Excellence Model have a positive and significant influence on the organizational performance. Discussions elaborated on the importance of Business Excellence Model in predicting organizational performance. Theoretical and practical implications, limitations, recommendations and conclusion are also brought to fore.

***Keywords**: Business Excellence Model, Organizational Performance, Total Quality Management, MPIC Organizations*

ABSTRAK

Model Kecemerlangan Organisasi mula diperkenalkan di Malaysia sekitar tahun 90an oleh Perbadanan Produktiviti Malaysia (MPC) melalui program Anugerah Kecemerlangan Pengurusan Kualiti (AKPK) dan Anugerah Kualiti Perdana Menteri (AKPM) di mana model ini digunakan sebagai kriteria bagi penilaian kecemerlangan sesebuah organisasi. Kriteria yang terdapat di dalam model ini adalah dirujuk kepada prinsip-prinsip amalan Pengurusan Kualiti Menyeluruh dan juga kriteria Anugerah Kecemerlangan Malcolm Baldrige. Objektif kajian ini adalah bertujuan untuk mengkaji impak pelaksanaan program Kecemerlangan Perniagaan yang menggunakan Model Kecemerlangan Perniagaan, ke atas prestasi organisasi, dan secara khususnya untuk menjalankan penganalisaan ke atas hubungan di antara enam dimensi model kecemerlangan tersebut iaitu kepimpinan, perancangan, maklumat, pelanggan, manusia dan proses dengan prestasi organisasi. Unit sampel yang digunakan dalam kajian ini adalah terdiri dari organisasi yang pernah terlibat di dalam program Kecemerlangan Perniagaan dan telah diiktiraf sebagai "Malaysia Productivity Innovation Class (MPIC)" oleh Perbadanan Produktiviti Malaysia (MPC). Analisis statistik menunjukkan bahawa lima dimensi dalam Model Kecemerlangan Perniagaan mempunyai pengaruh yang positif dan signifikan kepada prestasi organisasi. Perbincangan kajian menjelaskan kepentingan Model Kecemerlangan Perniagaan dalam menentukan prestasi organisasi. Implikasi teoretikal dan praktikal kajian ini serta limitasi kajian, cadangan dan penutup juga dinyatakan.

***Kata kunci**:* *Model Kecemerlangan Perniagaan, Prestasi Organisasi, Pengurusan Kualiti Menyeluruh, Organisasi MPIC*

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LIST OF ABBREVIATIONS

Abbreviation	Description of Abbreviation
BEM	Business Excellence Model
TQM	Total Quality Management
MPC	Malaysia Productivity Corporation
MPIC	Malaysia Productivity Innovation Class
SPSS	Statistical Package of Social Science
KMO	Kaiser-Mayer Olkin

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides a brief description of background of the study, an overview of the Business Excellence, problem statement, research questions, research objectives, the framework of this study, the significant of the study, scope of the study and the definitions of key terms used in this study.

1.2 Background of the Study

Nowadays, in the world of business globalization, the business environment scenario is becoming increasingly competitive, innovative and dynamic. This situation directly creates various challenges that must be faced and overcome by the business organizations in order to remain competitive. In a competitive market, quality is a major demand and critical factor for companies to survive in the growing global market place. Therefore the concept of quality management has been developed due to the extension of intense global competition (Zakuan, Yusof, & Shamsudin, 2007). Due to this situation, organizations need to find and practice any improvement program that can assure and provide them with any aspect of innovation and quality improvement, increase productivity levels of resource utilization, improve customer satisfaction, and enhance profitability. Thus, organizations will be able to remain competitive in terms of their organizational performance. Reed, Lemak and Mero (2000), stated that it is a growing number of companies have applied quality management practices for their strategic foundation in order to generate a competitive advantage and improving performance.

According to Lakhal, Pasin and Limam (2006), quality gurus have included a set of quality management practices to improve the performance of the organizations, which is called as total quality management (TQM). *TQM is a management philosophy and a set of techniques/ procedures, involving total system approach to quality. This implies that quality is everybody's responsibility* (Gunasekaran, Goyal, Martikainen, & Yli-Olli, 1998). Since the Total Quality Management (TQM) was introduced and has been shown to improve the quality of products or services in an organization, then many companies, academics and organization consultants are continuously seeking models that can include all the features of TQM. This has also led to the development model collectively known as the Business Excellence Model (Bandyopadhyay & Suresh, 2015).

Business Excellence (BE) have been practiced by organizations as a quality initiative to achieve their organizational excellence performance. There are studies undertaken in the topic of quality management practices such as Total Quality Management (TQM) and Business Excellence (BE) and its implications to the organizational performance (eg. Oakland & Tanner, 2008; Politis, Litos, Grigoroudis & Moustakis, 2009; Mohammad, Mann, Grigg & Wagner, 2011; Sabella, Kashou & Omran, 2014). These studies concluded that quality is an important element to bring the organization's excellence performance and it can be developed and nurtured through the implementation of the quality management program, for instance the Business Excellence program. Therefore the purpose of this study is to investigate the impact of the Business Excellence implementation through its model on the organizational performance among the Malaysian organizations at public sector.

1.3 Problem Statement

The model of BE so called Business Excellence Model (BEM) was adopted by many countries at different names according to their own which usually represent their country's name and their quality awards. According to Adebanjo and Mann (2008), the model was designed to assist and guide organizations in order to improve their business performance and reaching the world class performance levels. There are several BE models used by national bodies as a basis for award programs in order to identify and recognize role model organizations.

The Malcolm Baldrige National Quality Award (MBNQA) was introduced in 1987 in United States of America (USA) aimed to improve the competitiveness of US companies (Adebanjo & Mann, 2008), the European Quality Award which based on the European Foundation for Quality Management (EFQM) model was established in 1992 as a strategy for global competitive advantage, as well as to stimulate and evaluate the activities of quality development and give recognition to excellence companies in Western Europe in quality management and make it a fundamental process for continuous improvement (Tummala & Tang, 1996). The Singapore Quality Award (SQA) was introduced in 1994 as the prestigious award for business excellence organizations. The SQA winners was based on their outstanding management capabilities and delivered excellence performance and results. The selection process had used the criteria of the Business Excellence model adopted in the MBNQA and EFQM criteria (SPRING Singapore, 2013).

Discussions on the BE and the organization performance has been given attention due to the effectiveness of the Business Excellence Model (BEM) and its core values that can guide and lead organization to achieve their goals and objectives (Black & Groombridge, 2010;

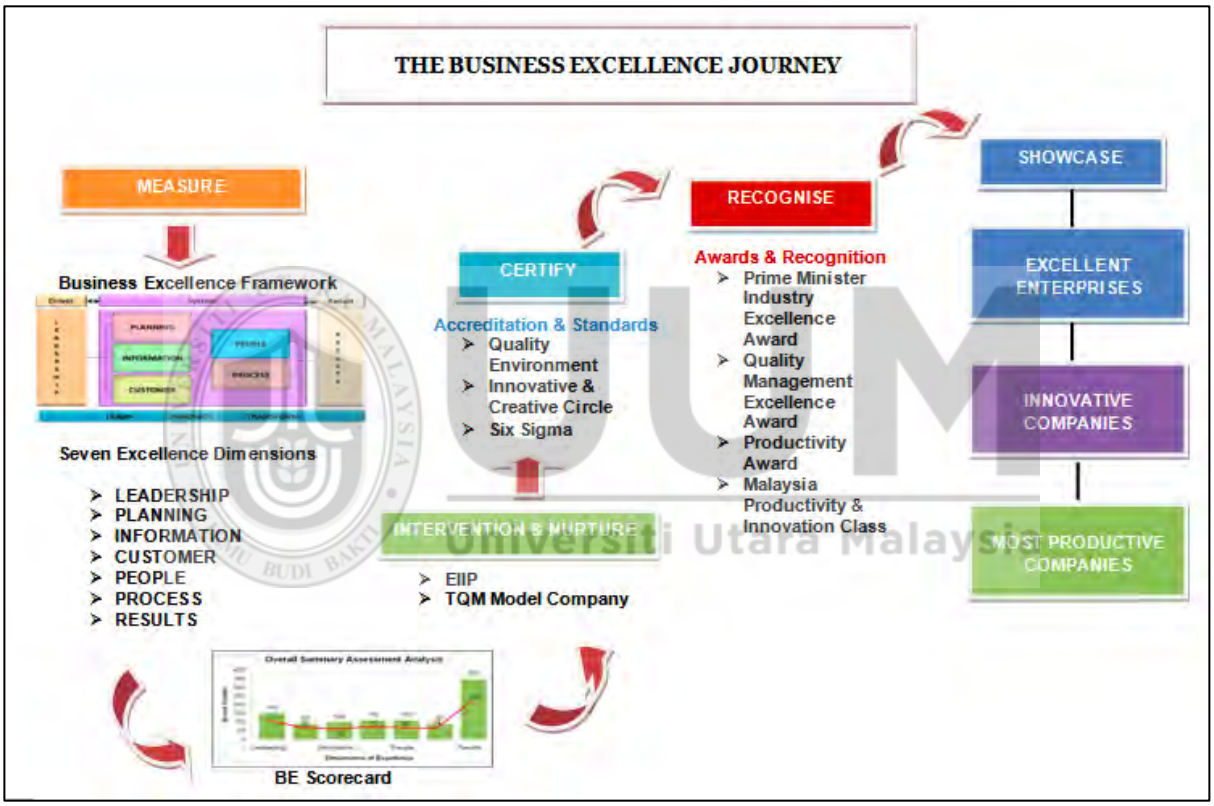
Mohammad, Mann, Grigg, & Wagner, 2011; Oakland & Tanner, 2008; Politis, Litos, Grigoroudis, & Moustakis, 2009). A research study by Centre of Quality Excellence (CQE) of University of Leicester jointly sponsored by the EFQM and British Quality Foundation (BQF) had indicate that award winning companies represented BEM adopter has experience positive increases in sales, share values, higher growth in assets, increases in capital expenditure over sales and capital expenditure over assets, and further reduction in costs over sales (Bandyopadhyay & Suresh, 2015). An impact study by National University of Singapore (NUS) in 2014 on the Business Excellence practices in Singapore has shows that BE certified organizations had achieved profit growth double of their benchmarks and for the Small and Medium Enterprises (SMEs) they were enjoy triple of their SME counterparts (Spring Singapore, 2008). This study by Professor Jochen Wirtz, revealed that the BE organizations' profit had grew 14% on average of their industry peers. The related organizations also achieved successful improvement in customer satisfaction and have lower employee turnover (Spring Singapore, 2015).

Malaysian industry has realized the quality management activities could bring positive impact on their business performance and profit. It was started in the 1990s, where industry in every sector of the economy in Malaysia has shown determination and interest in studying and implementing the quality management activities (Thiagaragan, Zairi, & Dale, 2001). Lasserre and Probet (1994), indicate that Malaysia have quality sophistication and expectations in some quality dimensions. Furthermore the country has made a challenge of attaining the industrialized nation status by year 2020, therefore Malaysia has provides an interesting and practical arena for empirical study of the TQM implementation effectiveness (as cited in Thiagaragan et al., 2001).

The Business Excellence Model in Malaysia was introduced by the Malaysia Productivity Corporation (MPC) through the Quality Management Excellence Award (QMEA) and the Prime Minister Quality Award (PMQA) programs. It was beginning in 1990 where the criteria were referred to the principles of TQM and also based on the Malcolm Baldrige criteria. The criteria had used by the award participants as a guidance for their journey to excellence and being recognized as an excellence organization on the awards program (MPC Business Excellence Program).

An interview has conducted through phone with the manager from the BE Department of MPC in Selangor (Petaling Jaya) explained that, MPC has established the Business Excellence (BE) Department in 2010 to expand the awareness and the acceptance of BEM as a tool for companies to guide and manage their business excellence affairs which relating to organization's performance. The BEM will generate a productive environment for continuous improvement in an organization and leads to sustainable business success. Various programs have been developed and organized by BE department for making the BEM to be accepted and practice by organizations such as Malaysia Productivity and Innovation Class (MPIC). The program is to support the Government Transformation Program (GTP) by being a one stop centre to the industries to learn and share their best practices that can speed up their knowledge and skills, improve their process to become more productive and innovative. This program's objectives are to give recognition to those organizations that have achieved the standard of excellence based on the BEM. Then, MPIC's companies will be facilitate and nurture, to participate and become winners of the Industry Excellence Award or other international excellence award. MPIC members also will be invited to share their best practices through various platform such as seminars and convention in order to strengthen their member's partnership and improve business performance.

MPC through the BE department has developed the BE program and created the BE journey, which aims to promote and increase the outreach of BE practitioner among the Malaysian industries, where these will enhance the organization's level of excellence. Figure 1 shows the BE journey by MPC, which begin with BE assessment in order to measure the current status of the organization's performance, follow by intervention and nurturing phase and end with recognitions phase.



Source: Malaysia Productivity Corporation (MPC), Business Excellence

Figure 1.1 : The Business Excellence Journey

According to BE department of MPC, it has been recorded that 1,120 business organizations has participated and gone through the first phase of the BE journey, which completed the BE assessment either through on line or hard document (BE Assessment Form). However, the number has reduced to 322 organizations that qualified for the award and recognition and

received the Malaysia Productivity and Innovation Class (MPIC) status while others are still not achieved the MPIC's criteria. Thus it showed the small number of MPIC's organizations, which represents the BE practitioners even the number of participated organizations also at the small percentage out of the total registered business organizations in Malaysia, which is 1,163,602 companies (until 31 January 2016) recorded by Suruhanjaya Syarikat Malaysia (SSM). This problem occurred could be less awareness among the Malaysian organizations on the information of BE program. They also might not see the benefits and impact of the BEM to the organizational performance. Thus, this study need to be performed in order to investigate the relationship between the BEM and organizational performance at Malaysian companies.

Empirical studies, that show a link between BE and organizational performance on the effectiveness of BEM to the organization performance with the seven (7) dimensions that are leadership, planning, managing people, use of resources, meeting customer satisfaction, operation process and business results (eg. Oakland & Tanner, 2008; Black & Groombridge, 2010; Mohammad et al., 2011; Mann, Mohammad, & Agustin, 2012) and performed a positive relationship (Bandyopadhyay & Suresh, 2015). The dimension of the BEM on business results is concerned on the organization's performance at several indicators which are quality performance, operational performance, customer satisfaction, employee satisfaction and organizational growth (Sabella, Kashou, & Omran, 2014). However, this study will use this dimension as single element as the dependent variable which will be covered various indicators that are operational performance, inventory management performance, employee performance, innovation performance, social responsibility, customer results and market and financial performance (Sadikoglu & Olcay, 2014). Therefore, this study will investigate the six (6) dimensions of BEM as the independent variables and organizational performance as the dependent variable.

1.4 Research Questions

This study aims to answer the following questions:

i) Does the Leadership have an effect on Organizational performance?

ii) Does the Planning have an effect on Organizational Performance?

iii) Does the Information have an effect on Organizational performance?

iv) Does the People have an effect on Organizational performance?

v) Does the Customer have an effect on Organizational performance?

vi) Does the Process have an effect on Organizational performance?

1.5 Research Objectives

This study has a general and specific objective as follows:

i) General objective:

To investigate the relationship between BEM practices with the organizational performance.

ii) Specific objective:

To examine the relationship between the six dimensions of BEM, which is consists of leadership, planning, information, people, customer and process with the organizational performance.

1.6 Significance of the Study

This study aims to indicate relevant information on BEM and its dimensions, and organizational performance with the reference to MPIC's companies as the focus group of study. The findings of this study will be contribute significantly to both theory and practice as follows:

First, theoretically, BEM and organizational performance have a positive and significant relationship. The correlation between these variables in this study is relate to the Resource-Based View (RBV) theory. RBV refers to the relationship between the internal resources that contributed to the successful of organizational performance (Wernerfelt, 1984). The theory conceptualizes the organization is containing of resources and will contribute to the creating added value to the organization's performance. Resources in this theory has categorized into two, that are tangible and intangible assets. Therefore, in this study, BEM and its dimension is considered as the intangible assets that are very important internal resources as the contributor to the organization competitive advantage and to be an excellence business organization. In addition, RBV underlines the correlation between organizational opportunities and capabilities. Thus, this mechanism of RBV is showing the important use of BEM dimensions in the organization in order to build the core competencies and being able to sustain on competitive advantage.

Secondly, the purpose of this study is to provide a better understanding on the role of BE and its models in enhancing organizational performance and to encourage organizations to adopt BE in their business operations management system. This research is important to the management of the organization as it shows the relationships between all six (6) criteria of

BEM, that are leadership, planning, information, customer, people and process, which are involved in business operations management system and gives influences to organizational performance. Therefore, the management of the organization can determine the importance of BEM criteria as a factor to enhance their business operations to become an excellent organization. Consequently, the management of the organization can view and recognize the effectiveness of the practice of business excellence through efficient operations management on the BEMs are capable of producing excellent organizational performance. Later, the management will take the initiative to adopt BEM and implement BE program to improve organizational performance by focusing on the factors that are present in BEM criteria which are currently at low level in the organization.

1.7 Scope of the Study

This study has limitations to discover the two variables; BEM practices, that are consists of six (6) elements namely leadership, planning, information, customer, people and process as independent variables, which may have correlation on organizational performance to the MPIC's organizations.

1.8 Definition of Key Terms

Organizational Performance: Results of performance measures, which covers multiple aspects of firm performance factors, namely the performance of business operation, employee, inventory management, social responsibility, innovation, customer results, market and financial (Sadikoglu & Olcay, 2014).

Business Excellence (BE): Organization excellence in business practices, strategies and stakeholder-related performance results, validated by assessments based on specific models to support the competitive journey towards excellence (Ionica, Baleanu, Edelhauser, & Irimie, 2010).

Business Excellence Model (BEM): A proven approach to improve quality in companies, firms, consulting and academician organizations, that encompass all the features of Total Quality Management (Bandyopadhyay & Suresh, 2015).

Total Quality Management (TQM): A firm-wide management philosophy of continuously improving the product's quality, services or processes through focusing on the customers' expectations and needs in order to meet customer satisfaction and improve firm performance (Sadikoglu & Olcay, 2014).

1.9 Organizational of the Study

Chapter 1

This chapter describes the introduction of the study, the problem statement, research objectives, research questions, the significance of the study, scope of the study, definition of key terms and organizational of the study.

Chapter 2

In this chapter, it reviews the literature related with this study. The review began with organizational performance (dependent variable), followed by the Business Excellence Model (independent variables), which consists of leadership, strategic planning, information,

customers, people and process as BEM components. This section discussed on the relationship between the independent variables and the dependent variable, hypotheses development, and research framework for this study.

Chapter 3

This chapter shows on the research framework and explains the method used in collecting the data in order to meet the research objectives. This chapter also explains the research measurement and data analysis technique, that are important things in the research process.

Chapter 4

This chapter is comprising the statistical analysis result of this research. It starts with the profile of the respondents, then followed by SPSS tests for dependent variable and independent variables.

Chapter 5

The last chapter is the research summary, which is based on the findings and results from the data analysis by SPSS methodology. This chapter also will explain the limitations in the process of completing the research project and the implications of the research project to the organizations.

1.10 Conclusion

This chapter has presented an overview on the important aspects such as introduction of the study, problem statement, research questions, research objectives of the study and the significant of the study. Next, in chapter 2, it will discuss on the related literature of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review related with the variables involved in the study, which are BEM practices as independent variables and organizational performance as dependent variable. The BEM practices consist of leadership, planning, information, customers, people and process. This chapter starts with a review on the organizational performance, followed by the literature on BE and the six (6) components of BEM. In addition, hypotheses development and framework of the study are presented.

2.2 Organizational Performance

This section explains the literature on organizational performance which is the dependent variable for this study. Hassan (2014), stated that there is an abundance of research on organizational performance in the literature of organizational and humanity researches. This is due to the significance of organizational performance in enhancing organizations competitiveness and effectiveness. Organizational performance has been considered as one of the most important factors in the field of organizational studies and strategic management (Combs, Crook, & Shook, 2005). Thus, in recent years, academics and practitioners have carried out research work that investigates the organizational performance to understand the background, process and other factors that enhance the organization's outcomes (Jing & Avery, 2008).

According to Moullin (2007), organizational performance is measuring of the organization management and organization's value that are delivered to their stakeholders and customers. Neely (1999) indicated that organizational performance is important measurement in evaluating the success achievement of organization's strategy direction (as cited in Hassan, 2014). In current business environment, organizations need to evaluate their internal and external environment to determine challenges and business opportunities in order to sustain their competitiveness and continuously enhance their growth (Ramlall, 2002). According to Antony and Bhattachatyya (2010), organizational performance is the measurement tool used to evaluate and assess the success of organization, and it creates and delivers the organization's value to the external and internal customers. Therefore, it is very important for organization to measure their current business situation which it will assist to improve the business performance.

According to Dess and Robinson (1984), organizational performance can be measured by using either subjective or objective data (as cited in Croteau & Bergeron, 2001). Croteau & Bergeron (2001), indicated that financial performance is the objective approach while the subjective approach is the measurement of the perception from the respondent. There are other elements of performance measurement discussed from the previous literature. Sabella, Kashou and Omran (2014), indicated that several elements for measuring the performance, which are quality performance, business operational performance, customer satisfaction, employee satisfaction and organizational growth. In addition, inventory management performance, innovation performance, social responsibility, market and financial performance will also elements of firm performance measurement (Sadikoglu & Olcay, 2014).

Organizations either in public or private sector are required to always improve their performance and be more competitive from their competitors, however the important things is how to do it and which strategies could be an ideal and practical to implement towards that (Hassan, 2014). Excellent organizations are assumed to be effective in managing and utilizing their main resources such as people, materials, and machines by using the right method plus led by the good leader. Dahlgaard-Park (2009), stated that an excellent organization represented the result of people doing their best, find for improvement and push for full potential (as cited in Anninos et al., 2012). In the organizational context, excellence is defined as a framework that gives systematic view, shows high engagement of people, enables self improvement and evolution and it contributes to constant change and conformance to new situations through quality monitoring at each stage and every process of the organization (Anninos, 2007).

2.2.1 Performance Measurement in this Study

Hassan (2014), stated that with the measurement of the real and current situation of the organization, then there is possibility to take actions for the improvement of the business entity. Furthermore, the measurement should be using the planned and the actual outcome, so that it can describe the level of the organization and trying to identify the causes of any unusual performance that could possibly happen due to the wrong practices of quality management system (Romle, 2014).

Traditionally, organizational performance is measured by looking at the financial measurement indicators which have some shortcomings. However, in order to overcome these shortcomings, some authors had added non-financial indicators at the traditional measuring systems

(Demirbag, Tatoglu, Tekinkus, & Zaim, 2006). According to Hassan (2014), in today's business competitive market, it is not enough to measure organizational performance through financial results only. It should include other measures such as non-financial measures. Kanji (2002) indicated four areas for measuring performance, that are achieve process excellence, maximize stakeholder value, delight customer, and improve organizational learning (as cited in Hassan, 2014).

This study is focuses on the organizational performance in the private sector at all industries either manufacturing or services or both. Therefore, both performance measures, that are financial and non financial will be included to measure the organizational performance, which adopted from Sadikoglu & Olcay (2014). Sadikoglu and Olcay (2014), in their study has used multiple performance factors, that are operational performance, employee performance, innovation performance, inventory management performance, customer results, social responsibility and market and financial performance in order to cover all element of firm performance.

2.3 Business Excellence (BE)

According to Ionica et al. (2010), Business Excellence is defined as an organization excellence in business practices, strategies and stakeholder-related performance results, which is validated by assessments based on specific models to support the competitive journey towards excellence.

The concept of business excellence was originated from the history of TQM (Mann, Adebanjo & Tickle, 2011). According to Mann et al. (2012), Business Excellence (BE) is related to

developing and strengthening the processes and management systems of an organization for performance improvement and to create value for stakeholders. It is more than having a quality system in place, it is about achieving excellence in all business operations of an organization that include leadership, customer focus, people development, strategic planning, information management, and process management and most important thing is to achieve superior business results. Vora, (2013) and Mc Adam & Bailie, (2002) defined Business Excellence as the goal of every modern organization and it is the next step after Total Quality Management (TQM), for the purpose of the organizations to be on the competitive path (as cited in Mele and Colurcio, 2006). It is also defined as excellence in strategies, business practices, and stakeholder-related performance results that have been validated by assessments using structured business excellence models (Adebanjo & Mann, 2008). Business Excellence (BE) program through the model of Business Excellence Models (BEMs) is a comprehensive management program that was developed in order to assist organizations to adhere to the practice of excellence that can lead enhancement to the organization's business performance. According to Mann, Adebanjo and Tickle (2011), in order to adopt of such BE and to improve the level of quality awareness, organizations should develop and deploy BE programmes. Saunders et al. (2008b) examined the use of BE models and the practices used by BE framework to encourage its implementation (as cited in Mann et al., 2011).

2.3.1 Business Excellence (BE) and Total Quality Management (TQM)

As mentioned earlier, Mann et al. (2011), stated that BE concept was originated from the history of TQM. Furthermore, the TQM model was also often called the Business Excellence Models (Ionica et al., 2010)**.** According to Ionica et al. (2010), "BE is really the same as TQM", the name changes due to the confusion on what TQM was in year 80's and early 90's because

many improvement program was named as TQM. Further more BE is more clearly defined approach compared to TQM. This opinion also supported by Wade (2000), who stated that the BEM is based on the same principles and more or less same definition of TQM (as cited in Adebanjo, 2001).

Looking at the national quality awards in many countries such as MBNQA in USA, EFQM excellence award in Europe and SQA in Singapore, the BEM was used as the framework of criteria for the assessment of organization's quality performance (Lee, 2002). Most of the framework was based on the TQM; the EFQM model was highly based from the concept of TQM same as well to the MBNQA and in 1999 the revision of EFQM model has made a changes in language from TQM to organizational excellence (Adebanjo, 2001). Meanwhile, the SQA program was featured the MBNQA, EFQM and Deming Prize, which one of the main objective is to promote BE through wide quality management practices and innovation organization. SQA encourages organizations to adopt and implement TQM practices effectively to all business processes (Lee, 2002).

2.4 Business Excellence Model (BEM)

Mann, Mohammad and Agustin (2012), indicate that BEM "were first called Total Quality Management models" and nowadays it is commonly referred as BEM. Soedarso (2009), stated that many studies found that most of the high performance management international standard models for instance Malcolm Baldridge National Quality Award (MBNQA), European Federation Quality Management (EFQM) are dependent on TQM practices with the core elements are leadership, strategic planning, policy and strategy, people and results, processes quality management, partnership and resources, information and analysis, society result,

customer and market focused, human resources focused, customer requirements and satisfaction, and business performance. According to Dahlgaard, Chen, Jang, Banegas and Dahlgaard-Park (2013), in many cases, national bodies used BEM as a foundation for their award programs and with the same purpose to disseminate the principles and methods of BE and Quality Management (QM) practices. In addition, Mann, Adebanjo and Tickle (2011), indicated that more than 80 countries with respective award program was inspired by EFQM or MBNQA award criteria. Therefore, this shows that larger number of national bodies has accepted, adapted and implemented the BEM as the award's assessment criteria and excellence model to be used for organizations in order to remain competitive. Escrig and Menezes (2015), stated that many organizations have adopted BEM, which were used as a tool for self assessment and to facilitate continuous improvement and to promote best practices and benchmarking.

Mohammad et al. (2011), stated that organizations used Business Excellence Model (BEM) in order to assess and also to improve their work operations and performance. The model also is used as a guidance to identify at which improvement activities need to be taken for their Business Excellence (BE) journey. BEM could assist organizations to measure their strengths and weaknesses areas which need an actions for improvement. It is also gives the organization's management on the clear method in managing businesses that will lead to measurable and sustainable success. *"BEM serve as the organization's own internal business consultant – ensuring that business decisions incorporate the needs of all stakeholders, are aligned to the organization's objectives and take into account current thought on international best practices"* (Mann et al., 2012).

2.5 Hypotheses Development

This section explained the literature review related with the relationship between the variables which than supported the development of the hypotheses in this study.

2.5.1 Relationship between BEM and Organizational Performance

According to Sohail and Hoong (2003), there are many literature exists on the issues of quality and organizational performances. Sohal et al. (1992) stated that most of the issues initiated on the quality factors that leads to improve organizational performances (as cited in Sohail & Hoong, 2003). Hassan (2014), state that In the study of organizational and humanity researches, there are most focus on organizational performance. The reason behind the study is to show the significance of organizational in organizations' development and implications of the study on the competitiveness and effectiveness of the organization.

Romle (2014), through his study has examined the relationship between the quality management practices (QMPs) and organizational performance mediated by human-oriented elements such as commitment, satisfaction and loyalty in Malaysian higher learning institutions. The study covered a significant contribution in QMPs to the organizational performance. Thus, the findings have shown that there is positive relationship between the QMPs mediating by human related element of satisfaction to the organizational performance. According to Lakhal et al. (2006), QMPs have been recognized by quality gurus as an important approach to improve company performance and it is also known as TQM. There are many studies discussed on the impact of the TQM practices to the organization performance (Arumugam, Ooi, & Fong, 2008; Brah, Tee, & Rao, 2002; Changiz, 2011; Fotopoulos &

Psomas, 2010; Gunasekaran et al., 1998; Soedarso, 2009). A study by Soedarso, (2009), has shown that the TQM practices have an influence to the firm performance. It is found that there is direct effect between TQM to the operating performance and financial performance. Furthermore, Gunasekaran et al. (1998) state that numbers of companies with successfully TQM implementation has high reputation in producing high quality products with low cost of operation. TQM factors such as top management, quality practices, employee involvement, customer focus, process and data quality management, quality tools and techniques, have significant impact to the organizations' performance with involving their customers, internal procedures, market share and social environment (Fotopoulos & Psomas, 2010).

Mann (2011) conducted a research study on the impact of BE to the enterprises. The study was conducted through the supports from the Asian Productivity Organization (APO). The research's goal is to investigate the affect of BE or Quality Award (QA) frameworks/ models on organizations, private sector companies in the APO membership countries, focusing on Japan, Singapore, India, Republic of China (ROC), and Thailand. The research report key findings are shown that companies agreed on the BE will have a impact to their competitiveness and performance. Companies believe that BEM were relevant to remain competitive and sustainable for long term period. Thus, this study hypothesizes that there is a significant and positive influence of BEM on organizational performance.

2.5.2 Business Excellence Model Dimensions and Organizational Performance

This section explains on the literature review on the all six (6) BEM dimensions, that are leadership, planning, information, customer, people and process, and also their relationship with the organizational performance.

2.5.2.1 Leadership

An ultimate responsibility in developing the organization's strategic direction and establishing operation systems to achieve high organizational performance with multiple dimensions such as creating a unifying purpose, managing the environment, motivating change, and cultivating a participatory approach for performance improvement (Sabella et al., 2014). Kaynak (2003), state that leadership refers to the management strategy on supervisory and guidance personnel in appropriate manner in the organization. The management of the organization is a provider of necessary resources such as training employees in order to meet the needs of TQM implementation, and it will be creating a work environment that is conductive to employee (as cited in Soedarso, 2009).

Leadership and Organizational Performance: Management level played a leadership role in organization and commonly responsible in conducting the organization's operations, making decisions and managing resources. These activities are related to the determination of firm's performance. Thus, it shows that there is a significant relationship on leadership role in the organization to the organizational performance (Soedarso, 2009). Pinar and Girard (2008), indicated that many excellence models incorporates the leadership as factor of gaining high performance in organizations, and assumed that good leadership is the key to bring successful to the organizational performance. Therefore, leadership role is important to enhance organizational performance (Changiz, 2011). Based on the discussion about leadership and organizational performance, the following hypothesis is proposed:

H1: Leadership has a significant and positive impact on organizational performance.

2.5.2.2 Planning

It is the element that focuses on how organizations strategize and implement their plans to give priority to their clients and employees (Sabella et al., 2014). Structured and comprehensive planning, also known as strategic planning has been claimed by researches as an important tool for the implementation of any quality enhancement program or strategy such as TQM. *"Implementation of TQM without strategic planning is like sailing in ocean without paddles"* (Hassan, Al-Dhaafri, 2014). Tari (2005), stated that TQM implementation should be begin with the development of organization's vision, mission and strategic goals. According to Sadikoglu & Olcay (2014), strategic quality planning involved the quality concept and includes organization's vision, mission and values.

Planning and Organizational Performance: In relation to the organizational performance, a study by Sadikoglu & Olcay (2014) has identified that strategic quality planning have a positive relationship with organizational performance at the operational performance, customer results, market performance, inventory management and society results. Chenhall (2005), stated that there are studies on the importance of planning or more specific the strategic planning to the organization capacity and capability to perform well and be an excellence organization. A comparative study by Feng et al. (2006), has showed that Australian and Singaporean firms clearly gives example on the positive and significant relationship between strategic planning and organizational performance. Therefore, the following hypothesis is proposed:

H2: Planning has a positive and significant impact on organizational performance.

2.5.2.3 Information

According to National Institute of Standards and Technology (1995), information should be complemented with analysis and consist with the scope, and the information data used is to maintain customer focus, drive for quality excellence and for performance improvement (as cited in Sabella *et al.*, 2014). This element focuses on the *"scope, management, and use of data information in order to maintain a customer focus, enhance quality excellence and to improve performance"* (Malcolm Baldrige National Award Criteria, 1995). Kartha (2004), indicated that it is important to store and manage the information in the organizations as it is useable for various kind of business operations process whether major or minor. TQM philosophy emphasizes on the process of determining a decision must be based on facts, which inclusive of analysis of information about customer demands and requirements, problems at operations system, and the success improvements achievement (Samson & Terziovski, 1999).

Information and Organizational Performance: Ahire et al. (1996), stated that one of the critical success factors in TQM is information and analysis, which have strong relationship with organizational performance (as cited in Hassan, 2014). Samson and Terziovski (1999), cited that it was mentioned by TQM literature, which organizations consistently collect information and analyze it, they will get much benefits and more successful compared to those do not practice it. Therefore, the following hypothesis is proposed:

H3: Information has a positive and significant influence on organizational performance.

2.5.2.4 Customer

According to SPRING, Singapore (2013), this dimension is on the determinations of customer and market requirements by the organizations, to enhance the relationship, and identifies and improves customer satisfaction. Ragunathan et al. (1997), mentioned that it is important for organization to really know on their customer requirement, in order to be responsive to their needs and ability to measure their satisfaction. This can be done through TQM practices (as cited in Zakuan et al., 2007). Sadikoglu and Olcay (2014), indicated that TQM organizations will get to know their customer's requirements and expectations before they offer the services or products. Meeting the customer requirements and expectations will increase organization's sales, market share and most important is customer satisfaction. Armstrong (1999), stated that organizations major challenges in their business is to become a customer oriented. Thus, organizations should implement strategies for the enhancement of customer satisfaction and always put it at the first place in organization's business operation (Sabella et al., 2014).

Customer and Organizational Performance: Empirical studies have found that this factor have positively impacted to the organizational performance (eg. Changiz, 2011; Lakhal *et al.*, 2006; Sabella *et al.*, 2014; Sadikoglu & Olcay, 2014; Samson & Terziovski, 1999; Zakuan *et al.*, 2007). It has been found that customer focus is positively related to operational performance, customer results, and market and financial performance. Therefore, the following hypothesis is proposed:

H4: Customer has a significant and positive impact on organizational performance.

2.5.2.5 People

This dimension is refers to the organization's people management, focuses on human resource strategy, training and development, employee performance, satisfaction and recognition (SPRING Singapore, 2013). It is also related to the human resource practices aligned with the organization's strategic directions (Samson & Terziovski, 1999). Samson & Terziovski, (1999), Sabella et al. (2014), indicate certain elements relatively with effective people management, that are training, development, multi-skilling, safety, communication, employee responsibility and measurement of employee satisfaction. This dimension is also important to focus in order to achieve TQM practices in the organization (Baharun et al., 2004).

People and Organizational Performance: Samson and Terziovski (1999) mentioned that statements by organization's leader, which are *''People are our critical resource''* and *''People are really everything''* shows an expectation that this variable have significant relationship with performance. Human resource which is involved people has powerful impact on organizational performance (Garavan, 1993). Jun et al. (2006), indicated that people satisfaction in the organization, namely as employee satisfaction is an element that have positive relationship with organizational performance. Other element of people such as employee empowerment will also drive organizational performance to higher level (Yoo et al., 2006). Therefore, with the above discussion on the BEM dimension namely people, the following hypothesis is proposed:

H5: People has a positive and significant impact on organizational performance.

2.5.2.6 Process

This dimension is related to the value chain within a commercial context or production line in manufacturing context, eg. car production line, where it moves slowly and operators assemble parts accordingly at each stage, and this is called manufacturing process. However, in other context, that is under services sector, it is a complex administrative tasks where the process controls involves within departments (Wilson, 2004). In addition of this dimension is its management and namely as the process management. Doyle (2000), stated that process management in organizations at open system perspective was viewed as an integrated system from the subsystems and unified as a whole system. It also involves in managing, designing and improving related processes to support the organization's strategy and enhance the value for their customer and stakeholders (Soedarso, 2009).

Process and Organizational Performance: According to Deming (1986), this BEM's dimension defines organizations as interlinked processes, and improvement in the processes will affect the performance improvement (as cited in Sabella et al., 2014). Previous studies showed that process has improves certain dimensions of organizational performance, eg. Sadikoglu and Olcay (2014), indicated that process management has a positive influence on the financial performance, inventory management performance, innovation performance and social responsibility. Additionally Changiz (2011), stated that process management is positively related to organizational performance of SMEs manufacturing sector. Thus, this study proposes the following hypothesis:

H6: Process has a positive and significant impact on the organizational performance.

2.6 Underpinning Theory

This section discusses the underpinning theory which is related to this study. It has been identified that Resource-Based View (RBV) theory introduced by Wernerfelt (1984) have relevancy to this study. Wernerfelt (1984) stated that the RBV theory explained on the factor determine the organizational success, that is the internal resources. Resources are categorized as tangible or intangible (Abu Bakar & Ahmad, 2010). Runyan, Huddleston and Swinney (2006), defined tangible resources are comprised of capital, buildings, warehouse and other facilities, and intangible resources considered as soft factors include of skills, knowledge and reputation, and entrepreneurial orientation such as innovativeness, pro-activeness and ability of risk-seeking. According to Barney (1991), the concept of RBV defines where organization as a set of resources and those resources are different on their level of importance in giving added value to the organization. Furthermore, organization's resources are very important factors in order to achieve sustainable competitive advantage (as cited in Hassan, 2014). Makadok (2001), claims that RBV stressed on the importance of organization's resources in order to sustain its competitive advantage. Therefore, it is important for organizations to build the link between tangible and intangible resources to achieve the targeted competitive advantage situation.

For this study, the objective is to investigate the relationship between BEM practices on the organizational performance. It was identified that the variables in this study is appropriate to applies with the RBV theory. As discussed previously in connection with the BEM and TQM, both strategic model used by the organization is aiming to achieve organizational excellence and survive in a competitive market. Both models are actually the same (Ionica et al., 2010), and BEM has been said was derived from TQM (Mann et al., 2011). According to Abdi, Awan

and Bhatty (2008), state that TQM is one of the main factor of competitive advantage. Thus, it is equal that BEM is considered played for the same function. In addition, BEM that consists of six (6) dimensions (leadership, planning, information, people, customer, process) are categorized as the intangible resources. These six dimensions of BEM are in control by the organization, where all the dimensions considered as the internal factors. Thus, these variables can be considered as factors as well as main resources to contribute for the competitive advantage. Therefore, the above discussion is relevant to justify the selected theory, that is RBV as the underpinning theory in this study.

2.7 Research Framework

Figure 2.1 illustrates on the research framework for this study adapted from (Soedarso, 2009). There are two groups of variables, namely dependent variable and independent variables. The dependent variable for this study is organizational performance. The independent variables are BEM dimensions, namely leadership, planning, information, customer, people and process.

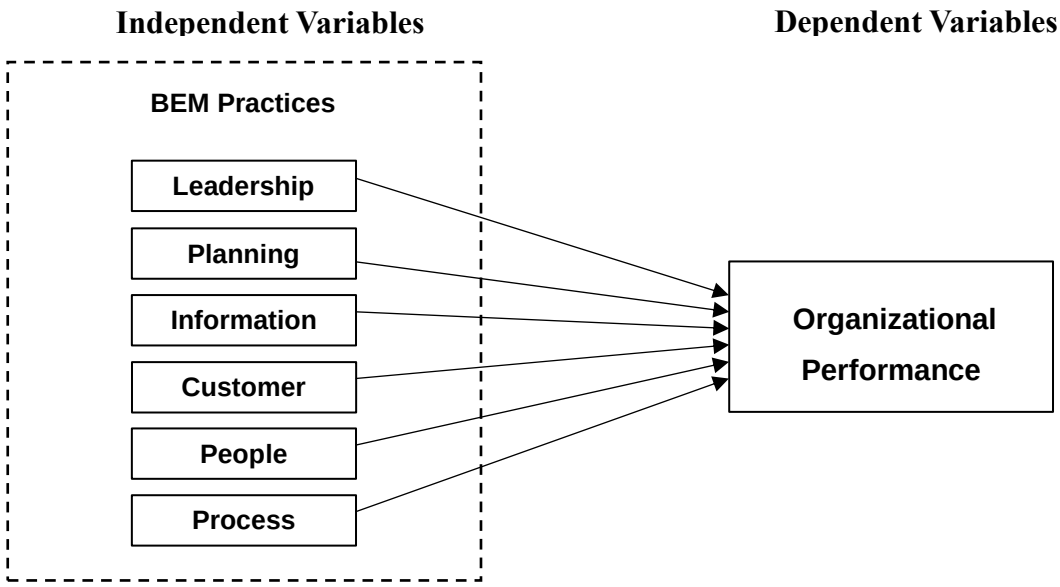


Figure 2.1: Research Framework

CHAPTER 3

METHODOLOGY

3.1 Introduction

This chapter explains the research design and method used in this study. It also provides an overview of the research, explanation on the selected instrument used for data gathering, the population and sampling, and data collection procedures.

3.2 Research Design

The purpose of this study is to investigate the relationships between BEM dimensions and the organizational performance. According to Sekaran (2003), a study that investigates the relationship between variables is called a correlational study and when it is conducted in the organization, it is called a field study. The purpose of the correlation study is to examine the relationship between variables which one factor correspond with other, either one or more factors based on the correction coefficient (Isaac & Micheal, 1990).

Due to the time constraint, this study adopted cross-sectional approach in which data was collected, analyze and summarized statistically at a single point of time. This is more applicable compare to longitudinal study which take longer time to obtain the results. In addition, data obtain from cross-sectional study is more accurate and less biased (Sekaran & Bougie, 2009).

This study is a correlational study because it attempts to investigate the positive and significant relationship between BEM and organizational performance. Specifically, this study examines whether or not the adoption and practices of Business Excellence Model (BEM) within MPIC's

organizations, have been able to give a positive impact on organizational performance. The relationships between BEM (IV) with the dimensions, and organizational performance (DV) will be examined by testing the hypothesis. Sekaran (2003), mentioned that testing hypothesis may be accomplished with either or both quantitative and qualitative techniques.

For this study, quantitative method was used for data collection, analysis and interpretation. Quantitative method is a frequently used technique in behavioral sciences and education, for data collection (Isaac & Micheal, 1990). Therefore, self-administrated questionnaires will be used to collect data concerning at each of study variables.

3.2.1 Sources of Data

This study used the primary data, which is data source is the first hand information obtained by the researchers. Thus, the questionnaires are used as a research instrument and distributed to all companies, that is among MPIC members.

3.2.2 Unit Analysis

The unit of analysis is companies which are also among MPIC members. This is to identify how six (6) dimensions of BEM affect the performance of the organizations. MPIC is a group of Malaysian companies that are certified by Malaysia Productivity Corporation (MPC) due to their commendable excellence performance achievement via Business Excellence Standard assessment. The establishment of MPIC is to support the government's transformation program through best practices sharing among the members in order to improve their quality products or services, enhance productivity and innovation and to generate a high income economy.

Although the unit analysis in this study is based on companies, the respondents were at the middle management and above in the companies, responsible and involved in the BE program, such as the Chief Operating Officer (CEO), General Manager (GM), Head of Departments (HODs), HR Manager, Quality Assurance Manager, Production Manager, Admin & Finance Manager, Sales & Marketing Manager, Internal Auditors, Productivity Practitioners & Experts and Plant Engineers. The questionnaire has been send to the respondents through e-mail and follow up by telephone.

3.2.3 Population and Sampling

The population of this study consists of all companies under the MPIC members. The number of companies was obtained from the Business Excellence Department of Malaysia Productivity Corporation (MPC). Currently, the number of MPIC members are 322 companies.

Sample design and sampling size are very important because it will help the researcher to draw conclusions that is generalizable to the population of interest. Simple random sample was used in this study. This type of sampling technique gives an equal probability of selection (EPS) to the member of the population to be include in the sample (Kumar, 2011). In addition, this technique was considered as a fair way, a representative sample and unbiased random selection (Zainal Abidin, 2014).

The sample size for this study was based on the size of population, which referred to the Table for Determining Sample Size (Krejcie and Morgan, 1970). The total number of MPIC's companies is 322 and the sample size is 175. According to McMillan and Schumacher (2001), to obtain a reliable and credible result, the sample size should be sufficient for the research by

being big enough to approximate the characteristics of the population. Gay and Airasian (2003); Leedy and Ormrod (2005), stated that it is around 30% of the population size, that should be adequate and acceptable for the sample size (as cited in Soedarso, 2009).

3.3 Measurement

In ensuring this study is conducted efficiently and effectively, it is a need to develop the details of the procedure to gaining information for solving the problem. In this study, the dependent variable is organizational performance, and the independent variables are BEM dimensions (leadership, planning, information, customer, people and process).

Data in this study was collected through questionnaire survey which consists of two sections. In Section One, it was focused at 72 items measuring BEM dimensions concerning leadership (8 items), planning (9 items), information (5 items), customers (7 items), people (8 items), process (11 items) and organizational performance (24 items). Section Two obtained demographics information related to four information backgrounds of the respondents that are company status, number of employees, type of business operation and certification received by the company.

The five-point Likert scale (1 = strongly disagree to 5 = strongly agree) is used in this questionnaire to measure the variables, and to answer the questionnaire. Respondents were asked to identify how accurate the statements proposed describing their companies' BEM practices. The degree of accuracy on the statement is used as proxies to indicate which BEM practices are carried out in the organization. The higher the accuracy rated on each statement

by the respondent, the more it reflects the practice being implemented in the respondent's company and vice versa. Table 3.1 shows the summary of the measures used for this study.

Table 3.1

Measures of the study

Variables	Sources	No. of items
Independent		
BEM dimensions		
• Leadership	Adapted from Sabella, Kashou and Omran (2014)	8
• Planning	Adapted from Sabella, Kashou and Omran (2014)	9
• Information	Adapted from Sabella, Kashou and Omran (2014)	5
• Customer	Adapted from Sabella, Kashou and Omran (2014)	7
• People	Adapted from Sabella, Kashou and Omran (2014)	8
• Process	Adapted from Sabella, Kashou and Omran (2014)	11
Dependent		
Organizational Performance	Adapted from Sadikoglu and Olcay (2014)	24

3.3.1 Organizational Performance

The dependent variable, organizational performance, is measured using a twenty four (24) items measurement with five-point Likert Scale as shown in the Table 3.2.

Table 3.2

Items Constituting for Organizational Performance

Variable	Operational definition	Items
Organizational Performance	The extent to which firms have achieved their objectives in terms of business operations, inventory management and market and financial performance.	1. Quality of the company's products/ services is high. 2. Reliability of the company's products/ services is high. 3. The company products/ services delivery on time to customers. 4. Purchase material turnover is high in the company. 5. Total inventory turnover is high in the company. 6. The company's employees' commitment is high. 7. The company employees' job performance is high. 8. The company employees' absenteeism is low. 9. The company employees' morale is high. 10. The company employees' turnover rate is low. 11. The number of successful new product/service introductions of the company is high. 12. The use of latest technological innovations in the company's new product is high. 13. The technological competitiveness of the company is high. 14. The speed of new product development is high. 15. The number of the company new products that are first-to-market is high.

Variable	Operational definition	Items
		16. Protection of environment in the company has developed. 17. The company is actively involved in the community. 18. Customer satisfaction has improved. 19. Customer retention has improved. 20. Customer complaints have decreased. 21. Return on assets of the company has increased. 22. Market share of the company has improved. 23. Profits of the company have grown. 24. Sales of the company have grown.

3.3.2 BEM Practices

The independent variables, which consisted of leadership, planning, information, customer, people and process were all measured using five-point Likert Scale as shown in Table 3.3.

Table 3.3

Items Constituting The BEM Practices

Variable	Operational definition	Items
Leadership	The extent to which leaders focus on customers, society and ethics in establishing strategic direction and operational system of the company.	1. Senior management in this company always emphasizes the importance of customer requirements. 2. Senior management in this company focusses on improving customers' product/ services. 3. Senior management in this company is accessible to customers.

Variable	Operational definition	Items
		4. Senior management in this company does adapt its operational strategies to sector trends. 5. This company always employs ethical practices relative to the rest of the sector. 6. This company anticipates customer concerns about its products, services, and operations. 7. This company does participate enthusiastically in social or community services. 8. Senior management in this company actively seeks feedback.
Planning	The extent to which the planning process integrates company's objectives and involves various stakeholders.	1. This company has clear, strategic objectives. 2. In defining the strategic objectives this company are fully concerned about the various potential external factors such as sector trends and competition from other organization in the sector, and the organization's capability. 3. Strategic objectives and plans are effectively communicated to all staff. 4. Every staff member in this company is aware of our strategic objectives and the action plans to be accomplished. 5. Staff members in this company are committed toward our strategic objectives and action plans. 6. Supplier capabilities to meet the company's quality requirements are essential when selecting our suppliers. 7. This company integrates public responsibility into performance improvement efforts. 8. Staff in this company adheres to a formal code of ethics. 9. This company leads the efforts to improve community services, such as education and/or environmental programs.

Variable	Operational definition	Items
Information	The extent to which data and information are used to improve performance.	1. This company has an effective system to assess its operational performance. 2. This company does have a clear, comprehensive appraisal system. 3. All staff in this company understand the indicators linked to their performance well and take them seriously. 4. This company adjusts its performance according to the changes in the environment. 5. Senior management adjusts the company's policy and strategy by analyzing information and facts.
Customer	The extent to which company manages customer relationships by considering customers' suggestions and providing timely feedback. .	1. This company identifies its target customers well. 2. This company addresses our customers' opinions and suggestions seriously. 3. This company analyzes and disseminates customers' needs in a timely manner. 4. This company have a well-established communication channel with our customers, allowing customers to seek help and information, and make complaints. 5. This company has an effective customer management system, which addresses customer complaints and problems in a timely manner. 6. The company closely monitor other companies' actions in the same sector. 7. This company is fully aware of sector trends.

Variable	Operational definition	Items
People	The extent to which the company employ effective appraisal system, provide training on quality and focus on teamwork and employee development. .	1. This company empowers its staff. 2. This company has an effective appraisal system for recognizing and rewarding the staff for their efforts. 3. This company encourages teamwork and team spirit. 4. This company's management motivates staff and fully develops their potential. 5. This company trains its staff in quality concepts. 6. This company provides training and development for staff members. 7. This company provides a safe and healthy work environment. 8. This company provides staff with relevant training
Process	The extent to which the company focuses on quality, cost and productivity in its business operations. .	1. When designing processes, the company carefully considers the following factors: quality, costs, productivity, new technology. 2. Before applying new procedures or delivery processes, the company conducts comprehensive tests to assure quality. 3. The company has appropriate management measures to control and improve delivery processes. 4. The company continuously improves its delivery processes, to enhance the overall process quality development. 5. Process improvement initiatives are shared among employees, suppliers and customers. 6. Individual work to improve their processes. 7. The company closely cooperates with its suppliers. 8. The company evaluate business operation on the basis of efficiency, including cost and timeliness. 9. The company evaluate business operation on the basis of effectiveness, including appropriateness and risk.

Variable	Operational definition	Items
		10. Work procedures and possible outcomes are explained in advance to customers. 11. After sales services are contingent according to customers' needs.

3.4 Pilot Study

A pilot study was conducted in order to asses the validity of the instruments. Chua (2012), state that the pilot study aims to ensure reliability of measurement that will be used for the research study. According to Sproill (2004), state that it is important to conduct pilot study test in order to test the reliability and validity of the research's measurement (as cited in Hassan Al-Dhaafri, 2014).

The duration for pilot study has allocated 10 days for completion, which is from 30th March to 8th April 2016. The participants were chosen among the MPIC's companies based from the MPIC Certified Companies list obtained from MPC, and 30 respondents were involved in the pilot study. The questionnaires were distributed via e-mail and respondent's feedback also received via email by the researcher. Furthermore, respondents are also asked to provide suggestion with regard to the clarify of the items. This is crucial to ensure clear and understandable items used in the actual study.

In the pilot study, all items for each variable were carried out for the reliability analysis and based from the analysis, the results were above 0.70, which means all the items are reliable. This is based from Sekaran and Bougie (2009), those Cronbach Alpha values above 0.70 are

acceptable and those above 0.80 is good and reliable. Table 3.4 shows the reliability results and the Cronbach Alpha's value for each variables. Thus, due to the results, the instrument in this study is valid and can be proceed to the process of actual data collection.

Table 3.4

The Result of Reliability Analysis for Pilot Study

Variables	Number of Items	Cronbach Alpha
Independent Variables		
Leadership	8	.83
Planning	9	.87
Information	5	.75
Customer	7	.80
People	8	.93
Process	11	.92
Dependent Variable		
Organizational Performance	24	.94

3.5 Administration of Questionnaire

The questionnaire surveys were used in this study as the main tool for primary data collection from the respondents. By using the questionnaire survey, it will get more truthful and open responses and it also involves low cost. The researcher used e-mail for the distribution of the questionnaire, in addition, the application Google Docs has been used in preparing the questionnaire in order to make easier to the respondents to access and answer the questionnaire. This study adopted the original instrument language which is developed in English.

The questionnaire survey was administered and gathered within a month starting from 15th April to 15th May 2016 whereby 238 questionnaires were distributed to 238 MPIC's companies via e-mail and follow up by phone calls. Out of 238 email sent, 78 were rejected due to inactive email account, unknown email address and mailbox quota exceed. Thus, this brings to the total of 160 questionnaires distributed and received by the respondents. Out of 160 questionnaires, 75 questionnaires were returned with completed answers, which constituted 46.87% of the response rate and used for further analysis.

3.6 Data Analysis Techniques

This study has used the Statistical Package for the Social Sciences (SPSS version 20.0) for analyzing the collected data. Items for each variable were coded accordingly before enter in the computer. Several analysis is conducted in order to identify the findings of this study and subsequently to complete the study. Firstly, the identification of the respondent's demographic characteristics such as company's status (Multinational, Local Large, Small & Medium), number of employee, type of business and certification received. Therefore, the Descriptive

Analysis was conducted for the purpose. Next the Exploratory Factor Analysis was conducted for categorizing the items for the dependent variable, that is organizational performance, and also for the independent variables such as leadership, planning, information, people, customer and process, which represent the BEM practices. This analysis is important to establish the validity of the instrument.

Next the reliability analysis as conducted to investigate the consistency and reliability of the instrument by computing the data for generating the Cronbach Alpha coefficients value. Pearson Correlation Analysis were run in this study to identify the relationship between both variables, that are BEM practices dimensions (independent variable) with the organizational performance (dependent variable). Finally, the Simple Regression Analysis were carry out to identify on the significant influence of independent variables to the organizational performance.

3.7 Conclusion

This chapter has discussed on the research framework, hypotheses development, the research design, independent and dependent variable's measurement, the administration of data collection and techniques of data analysis. Furthermore, the result of pilot study also shared in this chapter to show the reliability before proceed with the actual data collection process. The next chapter will discuss the findings of this study.

CHAPTER 4

FINDINGS

4.1 Introduction

This chapter presents the result of the study which obtained by using the factor analysis, reliability analysis, descriptive statistics and inferential analysis (Pearson Correlation and Regression) by using the Statistical Package for the Social Sciences (SPSS version 20.0). The arrangement of the findings report in this chapter begins with the highlights of the respondent's demographic characteristics such as company's status (Multinational, Local Large, Small & Medium), number of employee, type of business and certification received. Next, the factor analysis is demonstrated followed by the reliability test. In addition, the descriptive statistic is provided. Finally, the inferential analysis explains on the determination of the relationship between BEM dimensions (independent variables) and organizational performance (dependent variable).

4.2 Respondent's Demographic Information

Table 4.1 describes the respondent's demographic information, which is involves MPIC's companies. The total number of respondents is 75 companies, and nearly half of the participating respondents are from the small and medium companies, that is a total of 35 companies (46.7%) followed by multinational companies, 23 respondents (30.7%) and local large companies, 17 respondents (22.7%). Referring to the type of business operation, it shows that most of the respondents are comes from manufacturing sector which represented 41.3% (31 companies) of the total respondents and only 20% (15 companies) are from services sector.

However , there are 26 companies represent 34.7 % of the total respondents were involved in these two sectors, namely manufacturing and services.

In terms of number of employee, the results show that 20 respondents (26.7%) have less than 75 employees, 23 respondents (30.7%) employs 75 to 200 employees while the balance of 32 respondents (42.7%) have more than 201 employees in their company.

Taking into account on the quality management system practices with certification received by the company, it shows that most of the companies are currently the ISO 9001, which totaling 27 companies representing 36 % of total respondents. Another system implemented by the respondents were OSHA 18001 which is 14 respondents (18.7%), ISO 14000 totaling 10 respondents (13.3%), and HALAL certification which is 9 respondents (12%). There are small number of respondents practicing and certified on the other system such as ISO TS 16949 (5 respondents), HACCP (4 respondents), QE5S (3 respondents), and ISO 22000 (1 respondents).

Table 4.1

Respondent's Demographic Profile

Demographic Profile	Frequency	Percentage (%)
Company Status		
Small and Medium	35	46.7
Local Large	17	22.7
Multinational	23	30.7
Type of Business Operation		
Manufacturing	31	41.3
Services	15	20.0
Manufacturing and Services	26	34.7
Others	3	4.0
Total Number of Employee		
Below 75 employees	20	26.7
75 – 200 employees	23	30.7
201 and more employees	32	42.7
Certification Received		
ISO 9001	27	36.0
ISO 14000	10	13.3
HACCP	4	5.3
OSHA 18001	14	18.7
HALAL	9	12.0
ISO TS 16949	5	6.7
ISO 22000	1	1.3
QE5S	3	4.0
Others	2	2.7

4.3 Exploratory Factor Analysis (EFA)

The aim of conducting exploratory factor analysis in this study is to provide the evidence of validity of the measures for all variables understudy. As a result, certain items were eliminated due to low loadings in the same factor. Thus, only the items with the loading of 0.30 were used for next analysis, which is correlation and multi regression. The following sections discuss the Factor Analysis results.

4.3.1 Exploratory Factor Analysis for BEM Practices

In this study there were 48 items used in measuring the BEM practices which consists of 8 items on leadership, 9 items on planning, 5 items on information, 7 items on customer, 8 items on people, and 11 items on process. The EFA has been conducted at each of the dimensions and based from the results analysis, there were 13 items deleted due to the factor loading. Those were L3, L5, L6, L7, L8, PL2, PL6, PL7, PL8, PL9, C6, PR6 and PR10. Therefore, 35 items were used as the final measurement for BEM practices dimensions. Table 4.2 showed all the final items for BEM dimensions used in this study through the exploratory factor analysis test.

Table 4.2

Factor Loading based on EFA for BEM practices dimensions

Variable	Items	Factor Loading
BEM practices		
Leadership (L)	L1. Senior management in this company always emphasizes the importance of customer requirement.	.863

	L2. Senior management in this company focusses on improving customers product/services.	.841
	L4. Senior management in this company does adapt its operational strategies to sector trends.	.745
	Total variance explained (%)	66.90
	Kaiser-Meyer-Olkin (KMO)	.659
	Bartlett's Test of Sphericity	55.36**

**p< 0.01

Planning (PL)	PL1. This company has clear strategic objectives.	.756
	PL3. Strategic objectives and plans are effectively communicated to all staff.	.923
	PL4. Every staff member in this company is aware of our strategic objectives and the action plans to be accomplished.	.930
	PL5. Staff members in this company are committed toward our strategic objectives and action plan.	.913
	Total variance explained (%)	78.02
	Kaiser-Meyer-Olkin (KMO)	.800
	Bartlett's Test of Sphericity	220.99**

**p< 0.01

Information (I)	I1. This company has an effective system to assess its operational performance.	.734
	I2. This company does have a clear, comprehensive appraisal system.	.815

	I3. All staff in this company understand the indicators linked to their performance well and take them seriously.	.899
	I4. This company adjusts its performance according to the changes in the environment.	.836
	I5. Senior management adjusts the company's policy and strategy by analyzing information and facts.	.848
	Total variance explained (%)	68.58
	Kaiser-Meyer-Olkin (KMO)	.803
	Bartlett's Test of Sphericity	203.52**

**p< 0.01

Customer (C)	C1. This company identifies its target customers well.	.745
	C2. This company addresses our customers' opinions and suggestions seriously.	.903
	C3. This company analyzes and disseminates customers' needs in a timely manner.	.811
	C4. This company have a well-established communication channel with our customers, allowing customers to seek help and information, and make complaints.	.865
	C5. This company has an effective customer management system, which addresses customer complaints and problems in a timely manner.	.832
	C7. This company is fully aware of sector trends.	.727
	Total variance explained (%)	66.59
	Kaiser-Meyer-Olkin (KMO)	.848
	Bartlett's Test of Sphericity	269.74**

**p< 0.01

People (P)	P1. This company empowers its staff.	.767
	P2. This company has an effective appraisal system for recognizing and rewarding the staff for their efforts.	.835
	P3. This company encourages teamwork and team spirit.	.828
	P4. This company's management motivates staff and fully developed their potential.	.865
	P5. This company trains its staff in quality concepts.	.871
	P6. This company provides training and development for staff members.	.754
	P7. This company provides a safe and healthy work environment.	.824
	P8. This company provides staff with relevant training.	.925
	Total variance explained (%)	69.77
	Kaiser-Meyer-Olkin (KMO)	.850
	Bartlett's Test of Sphericity	525.80**

**p< 0.01

Process (PR)	PR1. When designing processes, the company carefully considers the following factors: quality, costs, productivity, new technology.	.741
	PR2. Before applying new procedures or delivery processes, the company conducts comprehensive test to assure quality.	.799

PR3.	The company has appropriate management measures to control and improve delivery processes.	.831
PR4.	The company continuously improves its delivery processes, to enhance the overall process quality development.	.808
PR5.	Process improvement initiatives are shared among employees, suppliers and customers.	.826
PR7.	The company closely cooperates with its suppliers.	.807
PR8.	The company evaluate business operation on the basis of efficiency, including cost and timeliness.	.764
PR9.	The company evaluate business operation on the basis of effectiveness, including appropriateness and risk.	.719
PR11.	After sales services are contingent according to customers' needs.	.753
	Total variance explained (%)	61.46
	Kaiser-Meyer-Olkin (KMO)	.840
	Bartlett's Test of Sphericity	479.30**

**p< 0.01

4.3.2 Exploratory Factor Analysis for Organizational Performance

The items used for measuring dependent variable namely as the organizational performance consists of 24 items. Out of these 24 items, only 7 items remained as a measure for the measurement of this dependent variable and 17 items were deleted due to cross loading. The

items remained were PF1, PF2, PF3, PF4, PF5, PF23 and PF24. In this analysis for the organizational performance, there were 3 factors identified based from the eigenvalue value greater than 1 and item loading greater than 0.3. In addition, these factors explained 90.38% of the total variance with KMO value .617 . Factor 1 is labelled as operational performance with percentage of variance 34.88%, factor 2 is labelled as inventory management performance with percentage of variance 28.80% , and factor 3 is market and financial performance with percentage of variance 26.70%. Table 4.3 illustrate the rotated component matrix for items under organizational performance.

Table 4.3

Summary of Exploratory Factor Analysis result for Organizational Performance

Rotated Component Matrix				
Factor Loading:		1	2	3
PF1		.926		
PF2		.936		
PF3		.780		
PF23			.959	
PF24			.970	
PF4				.950
PF5				.960
% variance explained		34.88	28.80	26.70
Total variance explained	90.38			
Kaiser-Meyer-Olkin (KMO)	.617			
Bartlett's Test of Sphericity	423.18**			

**p< 0.01

4.4 Reliability Analysis

The reliability analysis was carried out to test the instruments reliability for each variables. The results shows that all the variables have reliable instruments due to the Cronbach's Alpha values were above 0.70. According to Sekaran and Bougie (2009), the Cronbach's Alpha values higher than 0.80 is considered good and reliable while values range between 0.70 to 0.80 is acceptable. The Cronbach's Alpha values for each variables were presented in Table 4.4. From the Table 4.4 it shows that the values of Cronbach's Alpha for leadership is .741, planning is .903, information shows .880, people is .899, customer demonstrate .934, process is .920, and the dependent variables namely the organizational performance consists of 7 items reveals .755 on its Cronbach's Alpha values. Thus, the results show that all the items used in this study were acceptable and most of it were considered as good.

Table 4.4

The Results of Reliability Analysis

Variables	Number of Items	Cronbach's Alpha
Independent Variables:		
BEM Practices Dimensions		
Leadership	3	.741
Planning	4	.903
Information	5	.880
People	6	.899
Customer	8	.934
Process	9	.920
Dependent Variables:		
Organizational Performance	7	.755

N=75

4.5 Descriptive Analysis

The descriptive analysis were used in this study in order to test the mean and standard deviation of the independent variables and dependent variable, and it were showed in Table 4.5. The valuation of all the variables were based on five-point Likert scale. The mean value (M) and standard deviation (SD) results for leadership (M=4.32, SD=0.570), planning (M=4.16, SD=0.681), information (M=4.01, SD=0.700), customer (M=4.40, SD=0.556), people (M=4.21, SD=0.675), and process (M=4.32, SD=0.529). The results shows the highest mean for independent variables is customer (M=4.40), while the highest value on SD is information (0.700). M value and SD for organizational performance (M=4.09, SD=0.576).

Table 4.5

Descriptive Statistic of the variables

Variables	Mean (M)	Standard Deviation (SD)
Independent Variables:		
BEM Practices Dimensions		
Leadership	4.32	0.570
Planning	4.16	0.681
Information	4.01	0.700
Customer	4.40	0.556
People	4.21	0.675
Process	4.32	0.529
Dependent Variables:		
Organizational Performance	4.09	0.576

N=75

4.6 Correlation Analysis

This study perform the correlation analysis in order to identify the relationship between both independent variables and dependent variables. The independent variables consist of the BEM's dimensions which is leadership, planning, information, people, customer and process, while the dependent variable is organizational performance. Table 4.6 shows that there were significant and positive relationship between all six (6) BEM dimensions (leadership, planning, information, customer, people, process) and organizational performance, which process scored the highest significant relationship of correlation value (r= .480**, p<0.01). The only dimension does not show the relationship is between leadership and the organizational performance.

Table 4.6

Correlations Statistics

Variables	LNew	PL New	INew	CNew	PNew	PRNew	OrgPf
Leadership (LNew)	1						
Planning (PLNew)	.497**	1					
Information (INew)	.476**	.716**	1				
Customer (CNew)	.471**	.562**	.602**	1			
People (PNew)	.441**	.709**	.774**	.678**	1		
Process (PRNew)	.351**	.578**	.663**	.703**	.757**	1	
Organizational Performance (OrgPf)	.125	.244*	.385**	.335**	.403**	.480**	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

4.7 Simple Regression Analysis

The simple regression analysis conducted in order to explain the variance between all the independent variables and dependent variables. This regression analysis showed the level of the relationship between both variables. Furthermore, the regression coefficients demonstrate the prediction of each independent variables to the dependent variables.

4.7.1 Simple Regression Result of Leadership on Organizational Performance

Table 4.7 shows the Beta value for leadership is β= .125, p>0.05, thus it revealed that the independent variable on Leadership has no significant relationship with Organizational Performance. Therefore hypotheses 1 was not supported.

Table 4.7

Simple Regression Result of Leadership on Organizational Performance

Variable	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.555	.512		6.940	.000
Leadership	.126	.117	.125	1.072	.287
R Square = .016 F = 1.150 R = .125					

*p < 0.05, **p< 0.01

4.7.2 Simple Regression Result of Planning on Organizational Performance

Table 4.8 show the regression result of Planning on the Organizational Performance. The result indicate that only 6% of the variance in Organizational Performance is significantly explained by Planning. The Beta value for planning (β= .244, p<0.05), thus Planning was accepted having a positive and significant relationship with Organizational Performance. Therefore, hypotheses H2 is accepted.

Table 4.8

Simple Regression Result of Planning on Organizational Performance

Variable	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.239	.405		7.995	.000
Planning	.206	.096	.244	2.152	.035
R Square = .060					
F = 4.629					
R = .244					

*p < 0.05, **p< 0.01

4.7.3 Simple Regression Result of Information on Organizational Performance

In Table 4.9, the result revealed that Information explained 14.8% variance related to the Organizational Performance. The Information Beta value (β= .385, p<0.01), showed there is a significant and positive relationship between Information and Organizational Performance. Hence, hypotheses H3 is accepted.

Table 4.9

Simple Regression Result of Information on Organizational Performance

Variable	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.828	.362		7.801	.000
Information	.317	.089	.385	3.560	.001
R Square = .148					
F = 12.674					
R = .385					

*p < 0.05, **p< 0.01

4.7.4 Simple Regression Result of Customer on Organizational Performance

Table 4.10 showed the regression result of Customer on the Organizational Performance. The result reveal that 11.3% of the variance in Organizational Performance is significantly explained by Customer dimension. The Beta value for Customer (β= .335, p<0.01), therefore Customer was having a positive and significant relationship with Organizational Performance. Therefore, hypotheses H4 is accepted.

Table 4.10

Simple Regression Result of Customer on Organizational Performance

Variable	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.569	.507		5.067	.000
Customer	.347	.114	.335	3.042	.003
R Square = .113					
F = 9.255					
R = .335					

*p < 0.05, **p< 0.01

4.7.5 Simple Regression Result of People on Organizational Performance

As shown in Table 4.11 the Organizational Performance was influence by 16.2% variance of People dimension. The result showed the Beta value for People (β= .403, p<0.01), thus there is a significant and positive relationship between People and Organizational Performance. Therefore, the hypothesis H5 is accepted.

Table 4.11

Simple Regression Result of People on Organizational Performance

Variable	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.650	.390		6.790	.000
People	.344	.091	.403	3.760	.000
R Square = .162 F = 14.137 R = .403					

*p < 0.05, **p< 0.01

4.7.6 Simple Regression Result of Process on Organizational Performance

In Table 4.12, the result revealed that the Process has explained 23.0% variance related to the Organizational Performance. The result showed the Beta value for Process (β= .480, p<0.01), thus it show that there is a significant and positive relationship between Process and Organizational Performance. Hence, hypotheses H6 is accepted.

Table 4.12

Simple Regression Result of Process on Organizational Performance

Variable	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.836	.488		3.763	.000
People	.523	.112	.480	4.674	.000
R Square = .230 F = 21.842 R = .480					

*p < 0.05, **p< 0.01

4.8 Conclusion

This chapter presented the results of the analyses. There were four types of analysis carried out in this study. First, the factor analysis which resulted only 42 items out of 72 items used for further analysis. Next, the reliability analysis was conducted and the results showed the Cronbach's Alpha value for all variables were accepted and considered good relationship. The third analysis is correlation analysis and followed by the single regression analysis. Table 4.13 showed the result on hypotheses status based from the conducted analysis.

Table 4.13

Results on Hypotheses Status

No.	Hypotheses	β	p	Hypotheses Status
H1	Leadership has a significant and positive impact on organizational performance.	.125	.287	Rejected
H2	Planning has a significant and positive impact on organizational performance.	.244	.035	Accepted
H3	Information has a significant and positive impact on organizational performance.	.385	.001	Accepted
H4	Customer has a significant and positive impact on organizational performance.	.335	.003	Accepted
H5	People has a significant and positive impact on organizational performance.	.403	.000	Accepted
H6	Process has a significant and positive impact on organizational performance.	.480	.000	Accepted

CHAPTER 5

DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presents the discussions of the findings. The specific objective of this study is to determine the relationship between six dimensions of BEM practices namely leadership, planning, information, customer, people and process with the dependent variable which is organizational performance. This chapter also explains on the implications of the study, recommendation, limitations of the study, and conclusion.

5.2 Discussion

The general objective of this study is to investigate the relationship between BEM practices with the organizational performance, while specific objective is to examine the relationship between the six dimensions of BEM, which consists of leadership, planning, information, people, customer and process with the organizational performance.

This cross-sectional research was conducted among the companies certified in MPIC by MPC. The number of respondents were 75 companies in private sector. Self-administered questionnaire with five-point Likert scale was used as the research instrument. Overall, there were 42 items identified through factor analysis and used for further analysis. Demographic profile consists of company status, type of business operation, number of employee and certification received by the companies. The discussion on the research findings were as follows:

5.2.1 Objectives of The Study

The specific objective of this study is to examine the relationship between the six dimensions of BEM, which is consists of leadership, planning, information, people, customer and process with the organizational performance. Based on this objective, framework and hypotheses were developed and tested. In addition, a total of seven variables which consists of six independent variables and one dependent variable were used for the study as mentioned in earlier chapters.

Through exploratory factor analysis, this study had identified three factors were extracted from the organizational performance construct, that are operational performance, inventory management performance and market and financial performance. Therefore, the organizational performance in this study is represented of these three types of performance. This study incorporates seven variables for the analysis, which divided by six independent variables and one dependent variables. Besides that, the exploratory factor analysis has yielded only 42 items out of 72 items that are usable in this study.

Due to the outcome from the literature review and exploratory factor analysis (EFA), this study has developed and examined six hypotheses from six dimensions of BEM practices and organizational performance. The findings on the hypotheses are presented as follows:

5.2.1.1 The Relationship between Leadership and Organizational Performance

In this study, it was found that leadership has no significant relationship with the organizational performance dimensions. The similar result was reported by previous studies that examined on

the TQM and organizational performance, e.g. Arumugam et al. (2008); Sadikoglu & Olcay (2014); Soedarso (2009). This result showed that the leaderships demonstrated at the management level do not influence the performance of organizations understudy (Arumugam et al., 2008). However, the findings on this relationship is contradictory to studies by Valmohammadi (2011), which found that leadership was an important factor in enhancing organizational performance of the Iranian manufacturing SMEs. A study by Hassan and Kerr (2003) also found that top management or leadership is an important factor that impacted organizational performance in service organizations. This contrary result might be cause from the small number of sample size, different type of company size (eg. SMEs, Local Large, MNCs) and sector (manufacturing/ services), annual income turnover or due to the different country business environment. The other causes on this results determined by Jeng (1998), it is due to the differences of the company's capital amount, where companies with high capital amount have shown lowest performance in this dimension. According to Soedarso (2009), companies without proper organization's management system or do not continuously improve their existing management system are also could be one of the plausible reason for the findings. He added that no involvement with partners, customers and society were another contributing factors to such results.

5.2.1.2 The Relationship between Planning and Organizational Performance

This study has found that the dimension of planning in BEM practices was significant and have a positive impact with organizational performance. A proper and comprehensive planning with the involvement of organization's vision and mission, also known as the strategic planning is highly contributed to the successful operation system towards achieving the vision and mission.

Sadikoglu and Olcay (2014) stated that strategic planning involved the quality concept which includes organization's vision, mission and values. Generally, as stated in most company's vision and mission statements, the aims of the company is to be a world class entity and leading organization in the related industry by producing quality and innovative products or services, continuously increasing the profit, and sustaining the market competitiveness. Therefore, it is very important to have a strategic planning in order to arrive at the targeted destinations either in the short run or in long run achievements. Politis, Litos, Grigoroudis & Moustakis (2009), in their study asserted that strategic planning is one of an important enabler to the excellence performance of the hotel sector in Greek. An empirical study by Yaghoubi, Bandeii, & Moloudi (2011) asserted that BEM brings positive impact to the organization's policy and strategy, which mainly involves in planning and leading to achieve organization's vision and mission. Strategic planning also helps organizations to achieve their short and long term goals through participative planning (Teh, Yong, Arumugam, & Ooi, 2009). In addition, it is also important in improving the relationship between organization with their suppliers, customers and business partners (Prybutok, Zhang, & Ryan, 2008).

5.2.1.3 The Relationship between Information and Organizational Performance

In this study, it was found that information has a significant and positive relationship with the organizational performance. An empirical study by Samson & Terziovski (1999) stated that in the TQM philosophy, process in making a decision should be based on facts from the information analysis mainly on customer demands and requirements, operation system's problems and the improvements achievement. Additionally, organizations that continuously collect information and continue analyzing it, will gain more inputs and benefits from it. The use of information helps organizations in their development of vision, mission, objectives,

strategic planning, product innovation, forecast potential market, quality and productivity enhancement system and enlarge business networking. Furthermore, if the information is complemented with the quality system namely quality information system, then all the company's activities are very useful and meaningful to the employees, stakeholders and customers. A study on the relationship between quality information system and communication as one of the TQM dimension with the organizational performance among SMEs manufacturing companies in Iran has shown that this dimension was important for the contribution to the organizational performance in term of customer satisfaction, employee morale, market share, sales growth and profitability (Valmohammadi, 2011). A study by Sabella et al. (2014) reported that three independent variables have strong prediction power to the organizational performance among the Palestinian hospitals and one of it is information and analysis.

5.2.1.4 The Relationship between Customer and Organizational Performance

The findings reported that customer has a positive and significant relationship with organizational performance. This study defines customer as the element that focuses on the customer's demand and requirements. It also measures customer satisfaction, suggestion or complaints received by the companies and actions taken by the companies to meet the quality demand of products or services, to reduce number of complaints, and to enhance the relationship with them. Singapore Business Excellence Model defines this BEM dimension, namely customer as the focuses on how companies understand their market and customer requirements, build relationships with customers and create an exciting customer experiences (SPRING Singapore, 2013). The result shows the importance of understanding the customer needs and requirements in order to produce the quality products or to gives quality services to

the customer. This kind of actions are highly gives impact to the level of customer satisfaction and complaints. According to Sadikoglu and Olcay (2014), when a company knows their customers' needs from the customers feedback and effective communication, the company's products or services will be produced in a high quality, reliable and on time delivery to their customers. Furthermore, it can enlarge the market share, increase the sales volume and total profitability. Therefore, the customer dimension in BEM practices is very important and have significant relationship in influencing the organizational performance.

5.2.1.5 The Relationship between People and Organizational Performance

This study also found that BEM practices dimension, namely people has a positive relationship with organizational performance. In the context of this study it refers to the people management or human resource management. Garavan (1993) stated that human resource involves people and it gives powerful impact to the organizational performance. This dimension is focusing on the effective company's system in people management, i.e training and development, communication, safety, multi-skilling and measuring employee satisfaction (Sabella et al., 2014).

A study by Filling (1996) on total Quality and customer service at the British Library Document Supply Centre (BLDSC) has shown that the implementation of TQM with high support and commitment at all levels of employees has enabled the organization to enhance customers' satisfaction. BLDSC in their TQM implementation had emphasized on the customer care policy under the customer service department in order to get things right at the first time. Thus, BLDSC has increased their customer satisfaction, staff motivation, and effectiveness of

resources utilization (Filling, 1996). Hence, it is evident that people management is important in determining organizational performance, particularly in terms of customer satisfaction.

A positive and significant relationship between people and organizational performance also represents its influence to the market and financial performance. This result suggests that people management is a crucial factor in order to have an appropriate human resources as needed, so that companies can effectively utilize their resources with lower cost but at the same time increase their financial performance. This situation can be easily achieved by having employees equipped with knowledge and skills. Sadikoglu and Olcay (2014) claimed that effective training as well as the human resource development can produce more knowledgeable and highly skilled employees who can work more effective and efficient. Therefore, companies can increase productivity level of their workmanship, increase employees' loyalty, motivation and importantly reduce their operation cost. Every employee with adequate and relevant knowledge could be good marketers to the company, besides the official marketing officers. Such employees are capable to promote their company's products or services to the potential customers in order to enlarge the existing market.

Companies need to acquire employees not only with appropriate knowledge and skills, but also employees who are creative and innovative in order to gain competitive advantage. This kind of employees can help companies to be a leading company in the related industry through the innovation products or process method, which is ahead of their competitors. Thus it is important for companies to conduct training and development program with the objectives to create innovative and creative thinking among employees, and to develop creative and innovative way of performing jobs in the company. In addition, training should be conducted continuously whether internal or external, formal or non-formal (i.e. on job training), and must involve group dynamics, task skills and problem solving (Mersha, 1997).

5.2.1.6 The Relationship between Process and Organizational Performance

This study also found that process has a positive relationship with organizational performance. In this study, the organizational performance which represents the operational performance which is measured through organization's output either products or services. Therefore it is related to how the product or service is produced which also called process. Thus, this clearly shows the importance of adopting and implementing a quality system into the process in order to produce quality performance of the organizations. Arumugam et al. (2008) revealed that TQM practices were found to be correlated with the quality performance of the manufacturing organizations certified with ISO9001:2000, and the factors of continual improvement on the process and customer focus were found strongly relationship with the quality performance. It is crucial to have continuous process of developing and implementing improvement program in order to enhance the quality of products or services and remains competitive in the market. This can be done by adopting and adapting the Kaizen method which emphasizes on continuous improvement. Programs such as Kaizen Group and Kaizen suggestion scheme were commonly practiced by the organizations. This includes process improvement groups which were introduced in British Library Document Supply Centre that is the ongoing group of problem solver from one issue to another issue by using any TQM tools techniques and structured approach (Filling, 1996).

5.3 Implications of Research Findings

Theoretically, the study provides support to the validity of the Resource Based View (RBV) Theory. Wernerfelt (1984) stated that internal resources, which consists of tangible and intangible resources, are the important predictor of organizational success. BEM practices dimensions are considered as the intangible resources that contributed to the organizational performance. Therefore, the findings of this study provide support to the RBV theory in which each resources are different at the priority level of contribution factors to the performances of the organization, but those resources are all important and are functionally interrelated in ensuring success in terms of organizational performance.

Practically, the study managed to provide practical implications to the organizations. In general, organization can identify BEM practices dimensions as the significant factors in influencing organizational performance, which consists of various types of performance, specifically customer results, quality performance, market and financial performance, inventory management performance and innovation performance. Furthermore, this study provides the empirical support on the substantial impact of BEM dimensions on organizational performance. Most importantly, this study creates an awareness to organizations on the importance of elevating organizational performance. Through this, the number of BEM adopters and practitioners among the Malaysian industries will increase since this model has proven by developed countries as an excellence model to be referred to by organizations striving for excellent performance.

For the existing organizations that practice BEM, the findings of this study provide support on the importance to continuously improve on their BEM practices. Thus, organizations can make

necessary improvement and corrective actions to overcome the weaknesses. A company also must determine the suitable quality management methodology in order to capitalize on their strengths and to overcome their weaknesses (Brah, Tee, & Rao, 2002).

5.4 Limitations of the Study

There are some limitations on conducting this study as listed below:

3.4.1 This study only involved the companies whose certified as the Malaysia Productivity and Innovation Class (MPIC) by Malaysia Productivity Corporation (MPC). Thus, this sample might not represent the entire population of companies in Malaysia whereby most companies that are practicing the BEM are not registered and participated in MPC Business Excellence programs.

3.4.2 Due to time constraint, only quantitative method has been used for data collection in this study. Self-administrated questionnaire was used in order to collect data from the targeted respondents. There is no interview session or observation session conducted in this study, which this external assessment and qualitative method will gives more reliable sources of information (Escrig & Menezes, 2015).

3.4.3 The dimensions for organizational performance as dependent variable was limited to five variables in this study. These variables are namely customer results, innovation performance, market and financial performance, operational performance, employee performance, social responsibility performance and inventory management performance.

It could be other dimension in measuring organizational performance such as human resource management performance, quality performance and productivity performance, which also could be affected from the practices of BEM.

5.5 Recommendation for Future Research

The framework can be replicated in a larger population. Other companies might have been successful in practicing TQM, QMS or other quality and productivity enhancement program. It is also possible that some companies may have adopted and used the BEM practices in their business operations but they are not fully aware of it. Therefore, such companies should also be considered to be included in a study on BEM practices.

It has been found that from the literature review that abundance of studies have been conducted on measuring the impact of quality management practices (QMS), total quality management (TQM), and lean management system on organizational performance in the local and international context. For BEM, most of the studies were conducted at the international level especially at those countries owned an established BEM such as MBNQA in United States of America (USA), EFQM in Europe countries and Australian Business Excellence Framework (ABEF) in Australia. Therefore, further research is recommended to extend this study by focusing on the context of Malaysia Business Excellence Framework (MBEF) adoption and practices among the Malaysian companies in several perspectives, such as innovation, quality and productivity performance, and business competitiveness and sustainability. The same framework can be replicated in a more specific context such as public sector, manufacturing industries, hospitality industries and educational industries. This is due to the fact that QMS and TQM are commonly practiced by companies in those sector and industries.

This study used six dimensions of BEM practices as independent variable and organizational performance as the dependent variable. The dimensions of BEM were leadership, planning, information, customer, people and process. Based from the analysis results findings, it was found that only five independent variables namely planning, information, customer, people and process have positive relationship with the organizational performance while the dimension on leadership do not have an impact on organizational performance. Therefore, there is a need to conduct a study on the perceived importance of leadership in BEM practices in relation to organizational performance in Malaysia business scenario. Furthermore, qualitative method can adopted in future studies instead of only using the quantitative method. This approach will generate more meaningful results on the information to be used in the study.

5.6 Conclusion

This study have provided evidence on the importance of Business Excellence Model practices in predicting organizational performance. The study findings was based on the Malaysian business environment due to the sampling respondents are from the Malaysia Productivity and Innovation Class (MPIC) certified companies in Malaysia. The BEM used in Malaysia consists of six dimensions which are leadership, planning, information, customer, people and process. This study was conducted to examine the relationship between these dimensions and organizational performance. Organizational performance in this study was represented by three factors that are operational performance, inventory management performance and market and financial performance. The results of this study have managed to provide answers to all of the research questions. Importantly, this study has provided additional empirical evidence in the domain of Resource-Based View Theory and practical implications are also addressed.

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