

# DETERMINANT FACTORS OF TOTAL QUALITY MANAGEMENT (TQM) AND HUMAN CAPITAL MANAGEMENT (HCM) FOR PRODUCT QUALITY IMPROVEMENT IN HERBAL INDUSTRY IN MALAYSIA

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**Abstract** - This study was to determine which factors of Total Quality Management (TQM) and Human Capital Management (HCM) that improve product quality of herbal industry in Malaysia. To establish a flexible data collection tool, a questionnaire was developed to measure the outcomes of herbal product quality. Regression analysis and confirmatory factor analysis were utilized to test the hypotheses claim in the study. It was found that quality maintenance and visionary leadership were having a high beta coefficient with product quality, confirming that maintenance of quality is a more important factor that increases product quality and customer satisfaction in the contexts of Malaysian herbal industry. Consequently, this study provided further evidence of the hypothesis made. Through these findings, the quality standard of Malaysian herbal products will be achieved and established.

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**Keywords** - Leadership, Total Quality Management, Human Capital Management, Herbal Industry

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## I. INTRODUCTION

World Bank released herbal market expectations data in year 2008 that amounted to USD 200 billion (RM 760 billion) and will increase to USD 5 trillion (RM19 trillion) in 2050 (World Bank, 2008). This reflects the optimistic growth expectations by 14 per cent per annum. The value of herbal industry in Malaysia was about RM 17 billion in 2013 (Zakaria, 2015).

The trade value of herb sector was expected to reach over RM2 trillion by 2020 as compared to RM 777 billion worth in 2009 (Bernama, 2013). To sustain and boost trade value in herbal industry, Malaysia needs a visionary leadership and quality herbal product. Quality maintenance and visionary leaders are among the key factors confirming the success of an organization in improving herbal product quality. A leader is an agent of change, a person who affect other people in an organization and triggers motivation and competencies of others in an organisation (Bass, 1985)

In Malaysia, most herbal industry owners are inherited from family business (Paul et al., 2013). Therefore, visionary leadership plays a very important role to increase product quality and motivate family members in herbal industry.