

Relationship of Spirituality Leadership Style and SMEs Performance in Halal Supply Chain

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Abstract - The great influence of consumers' consumption of halal products, mainly food and beverages (F&B) have raised new challenges for all manufacturing organisations, specifically the small and medium enterprises. Largely in Malaysia, F&B industries are dominated by this scale of enterprises. However, in terms of the halal products manufactured are not produced by those enterprises, but made by large and multinational enterprises. Presently, there is an enormous competition among those enterprises to produce halal products on a large scale all along the supply-chain networks. On the other hand, most of them are stuck to getting halal certificates from the official authority; JAKIM. Besides that, other challenges faced by SMEs that they are deficient of leadership styles, lack of entrepreneurial orientation and inconsistent performance to grasp opportunities existing in the halal markets. Based on previous literatures, these challenges contributed a significant research gap in terms of leaderships in management practice towards the organisation performance. Therefore, this study has constructed a conceptual model based on the leadership theories in which they have a significant impact on an organisation's performance. This paper presents a proposal of a theoretical framework in order to examine the relationship of leadership styles, mainly the spirituality towards the organisation performance which moderates by Shariah based entrepreneurial orientation. All measurements applied in the study are based from the past research. However, some of them are modified suited to the study's objectives. The study's scope is within Malaysian SMEs that involved in the manufacturing of halal F&B.

Keywords: *enterprises, food, halal, leaderships, supply chain*

1. Introduction

In pursuit of a common, widespread demand from worldwide consumers on halal food and beverages (F&B), the aspects of leadership in business organisations must be given a serious attention. This is because the style of leaderships can ensure the

competitiveness and sustainability of the lifespan of the organisation in order to remain flexible in the current competitive business and its supply-chain networks. Presently, the rise of the halal economy opened a new platform to all manufacturers around the world to supply the high variety of product demand, especially from the Muslim consumers [1][2]. However, the halal concept for product and service is to provide a worthy business opportunity for everyone, Muslim or non-Muslim alike. The halal economy comprises of almost everything from banking and insurance services to food, beverage, cosmetics and healthcare products. Halal is referring to what is permitted or lawful in Islam as according to the Shariah Laws. According to Thomson Reuters report, the global expenditure of Muslim consumers on food and lifestyle products grew 9.5% from last years' estimates to USD\$2 trillion (MYR8.2 trillion) in 2013 and rises to reach USD\$3.7 trillion by the year 2019 [3]. Growing at a projected annual rate of 20% the halal industry is valued about USD\$560 billion a year. At least, one of the main factors that contributed to the high rise of the global expenditures is that the Muslim consumers around the world are sharing the common compulsory values which is the halal products and services. This development has been also triggered by the change in the mindset of Muslim consumers as well as ethical consumer trends worldwide [4][5].

The current developments of the F&B products have been seen gathering a pace with the influx of various types of halal products produced by many countries, including Malaysia, Thailand and Indonesia. The prospect of the high demand of Muslim consumers is coming from Indonesia (196 million Muslims), India (133 million Muslims), Pakistan (125 million Muslims) China (133 million Muslims) and Bangladesh (104 million Muslims) [6]. Other than them, there are millions of Muslims established in the Middle East and European countries. It was estimated that the overall world Muslims population has increased from 1.6 billion in the year 2010 to more

than 2.7 billion in 2050, which grown approximately 69% in just 40 years [7]. Therefore, the tremendous growing rate of Muslim population has prolonged the world halal market, resulting in more demand on halal products and services.

In order to ensure the world Muslim consumers is continuously supplied, it is crucial for the performance of these business organisations to be agile and highly competitive. One of the driving factors is to execute a leadership style effectiveness among the entrepreneurs of the business organisations. According to [8] the impact of leaderships, not only influence the organisational performance, but more significantly in the decision-making process and direction of adjustment in the business markets. The changes in consumers' consumption of halal F&B not only enacted to Muslims, but now has spread to non-Muslim themselves. According to past studies, non-Muslim consumers in general have accepted the halal principle [9]. In fact, the halal F&B have a very significant response from the consumers who believed those halal principles imposed into the manufacturing processes are related to animal welfare, good health, food safety and high quality [10][11][9].

In halal business, especially the F&B industries, the business owner or the entrepreneurs must possess a strong and diversify characteristic of leadership styles. It is an important function, mainly in the small and medium enterprises (SMEs) that involve in businesses. With that, the direction of the business generally will have a better understanding of their goals and objectives. For example, in doing halal business it must be followed the Shariah Laws without any inaccuracies such as using any non-halal ingredients and processes, which might bring negative impact to the Muslim consumers' life [10][11][12]. The halal F&B products must be manufactured using the clean equipment that not contaminated with things that are haram or *najis*. This is to ensure that the Muslim consumers, mainly or the non-Muslim consumed the food with highest safety aspects or halalan toyyiban (safe, nutritious, clean and quality [13].

However, a number of cases on the unethical issues among the businesses that mixed the products with non-halal (haram) entities were discovered. As an example, in the year 2010, The Department of Islamic Development Malaysia (JAKIM) has caught a non-Muslim factory owner who kept the halal and non-halal (pork meats) ingredients in the same fridge and selling the contaminated products (noodles, fish balls and fish cakes) to Muslim consumers in the

country [14]. On the other hand, there are issues of halal logo, according to a report issued by the Ministry of Domestic Trade, Co-Operatives and Consumerism Malaysia (KPDNKK), in the year 2010 alone, there were 60% of 66 cases of multiple faults on the products involved with falsification of JAKIM's halal logo [15]. Matters like this are very clear that the issue of prioritising production of halal products is vital to ensure the welfare of the Muslim and non-Muslim as well as those who believe that halal products are the best for their healthiness.

Therefore, it is important to examine how the owner or the entrepreneur of the businesses involved in the halal F&B industries to manage the high demand of halal market opportunities and the issues. In this paper, the main idea is to present the theoretical framework of leadership styles that significantly impact the organisation's performance. The relationships of both elements are moderated by the entrepreneurial orientation, which based upon the Shariah laws. The paper begins with the introduction and follows by some reviews from the past literatures. Then a slight of problems occurred within the industry was explained and same goes to each variable of the theoretical framework. Next, the research methodology is also presented as well as the conclusion.

2. Literature Review

2.1 Halal Industry

Generally, the majority of the 7.2 billion world population has been accepted the consumption of halal foods. According to A State of the Global Islamic Economy Report 2015/16 provided by [16] the Muslim consumer has spent more than US\$1.8 trillion in 2014 for all halal economic sectors, including services, and the figure will be rising up to the USD2.6 trillion by 2020 due to younger Muslim consumers' consumption, which amounted to 1.7 billion around the world. In the United States of America alone, the estimated halal market is valued about US\$1.8 billion per year and currently the Great Britain is importing halal products from around the world that valued GBP1.8 billion per annum [17]. This is shown that one of the current competitive businesses in the world is the merging of halal markets. The halal market is non-exclusive to Muslims, and has gained increasing acceptance among non-Muslim consumers who associate halal with ethical consumerism. As an example, they believed halal products are safe, clean, hygiene and related to social animal welfare [18][19]. The halal markets must be well established based on Islamic

principles, which is a Shariah Law. One of the reasons why halal markets exist is because of the protection to Muslim consumers from taking and using any non-Halal products, which might be imposed negative impacts to their survival. Importantly, the supply chain of halal food must be maintained the integrity and the authenticity in order to avoid any doubts among the Muslim consumers. However, a clear separation of halal and haram for food products is not always possible because of the ambiguities in their production lines [20]. Therefore, all kinds of these food products can become halal if the integrity along the supply chain which is from sources to the customer's table adheres to the Islamic requirements.

Many posts from world economic authors claimed that the halal industry would become a main market force soon which based on several established trends. First, the number of the Muslim's population is growing now at the fastest rate at all around the world, especially in the developing countries. The global Muslim's population has grown from 1.6 billion in 2010 to more than 2.2 billion by next 15 years or about 27% of the worlds' total projected population of 8.4 billion. Even the number could be bigger where the projected population might reach 2.6 billion or nearly 30% of the total world population. Second, more and more non-Muslim consumers have consumed the halal foods due to the reason that halal products are no longer just highlighting the animals slaughtering process for Muslim's consumption, but also to include highest quality, cleanliness, safety, hygiene and nourishment [21]. Furthermore, it has also been proven that non-Muslim consumers do respond positively to halal food endorsement [22]. Additionally, they also attracted to the safety and quality procedures taken by the halal manufacturers. For example, the systematic preventive approach for food safety, such as Hazard Analysis & Critical Control Points (HACCP). This is one of the key factors that consumer acceptance to proceed to consume the halal food [23].

And the third trend is about the rising of Muslim population in the United States, United Kingdom and European countries. Today's there are about 2.9 million of Muslim populations and will be 4.9 million by 2021, which located in the UK, Scotland and North Ireland. On the other hand, the Muslim population in America presently is about 3.2 million and will be reached to 8.1 million people or 2.1% of the total population by the year 2050 [24]. These figures show that Muslim's population has grown faster and therefore, the size of the halal marketplace will even grow bigger. The demand for halal food will be more than 70% by 2050, and it will become a

major market share in near future. Unfortunately, the progression rate for the demand might be interrupted due to there is no universal standard for halal definition as well as halal certification. However, with a guidance from the Organisation of the Islamic Conference (OIC), the UN's Food and Agricultural organisation had incorporated a definition of halal food in its publication of international standards relating to food and safety in 1997. This is known as Codex Alimentarius CAC/GL 24-1997. The codex is derived from four different Islamic legal schools of thought. The following sentence presents the details of the codex.

"Halal food means food permitted under Islamic law and (must) not have been prepared, processed, transported or stored using any appliance or facility that was not free from anything unlawful according to Islamic law and has not been in direct contact with any (non-halal products). (However) Halal food can be prepared, processed or stored in different sections or lines within same premises where non-halal foods are produced, provided that necessary measures are taken to prevent any contact between halal and non-halal foods, and using facilities, which have previously been used for non-halal foods provided that proper cleaning procedures, according to Islamic requirements have been observed,"

Malaysia is known as one of the greatest exporter countries of halal products to the international markets. With a strong support from the Malaysian government, a few dedicated agencies (e.g., JAKIM, Halal Development Corporation, and MATRADE) have been appointed to drive the halal operations, including the development of policies, procedures and rules for implementation for the respective industries that all according to Shariah Laws. In Malaysia alone, there are a few multinational corporations (MNC) that aggressively involved in halal businesses. For example, the Nestlé, is the largest food company in the world that has a remarkable record in producing halal products. To them, the world halal means 'permitted' or 'lawful' which must base on Shariah Laws. A halal inspection authority, such as the Halal Food Council of Europe, inspects the company's factories with a Nestlé Halal Committee member to ensure products comply with Islamic law before halal certification is awarded. A total of 85 out of Nestlé's 456 factories worldwide is halal certified.

Today Nestlé Malaysia produces about 300 halal products in its food and beverage range, which are exported to more than 50 countries worldwide. The halal market is emerging everywhere in the world now and known as one of the most profitable and

influential market arenas in the world food business today [21] [25]. The halal food market has grown strongly over past two decades and is now worth an estimated USD\$2 trillion [26]. This is a very lucrative opportunity for food manufacturers around the world. As one of the halal pioneer's exporters, Malaysia has exported USD\$9.86 billion worth of halal products in 2013, making it as one of the largest suppliers in the Organisation of Islamic Cooperation (OIC) an international group with 57 members (OBG, 2014). In 2015, the halal exports reached USD\$10.2 billion accounting for 5.4% of Malaysian total exports, which stood at RM780 billion per annum [27].

Malaysia has now invested millions of dollars to strengthen the halal industrial players, especially the locals' manufacturers, including the SMEs. The Foreign Direct Investment (FDI) also shown a positive sign where a lot of MNCs planned to start up their halal business in Malaysia. For example, the US food manufacturer, Kellogg's, has built a halal facility worth USD\$130 million, which help creating more than 300 jobs. The other companies such as Hershey, also construct a USD\$250 million facility in Johor to produce halal chocolate products. The SMEs involvement in Malaysia's halal exports represents more than 70% of the total number of their values is relatively small compared to that of exports by large corporations. There are currently 5,726 halal-certified companies in Malaysia, of which 77% are involved in food products. However, only 14%, or 800, are considered to be export-ready. The Malaysian government would like to see a 100 percent growth in the number of export-ready halal-certified companies by 2020 [27].

2.2 Spirituality Leadership

Generally someone with the ability to influence, to inspire and to encourage, is more likely has some characteristics of leadership; whether it will be effective or efficient to drive the organisation to be successful [28][29]. However, the previous scenario of business organisation in dealing with are not the comparable to what is trendy now, and it same goes to the leadership style. [30] claimed that the old styles of leadership are not so useful for the present age, due to a kind of leadership can create a balance between organisational goals, and the employees need. Presently, the style of leadership is much different and became more complex where the entries of morale, ethics, religion and spiritual elements are combined together. For example, spiritual elements and leadership as together make leaders' feel more charismatic, passionate and understanding [28][31]. Other researchers indicated that the spiritual

leadership may be influenced by motivation theories such as friendship, honesty, hope, sincerity and respect to others [32].

The spirituality is also known as opposition to religion in leadership studies were to escape any particular disruptive engagement arise from a massive range of religious beliefs or practices [33]. On the other hand, they also claimed that the spiritual values in leadership styles may align with human interest in addressing the social issues, environmental impacts and the economic dimensions of sustainability. As a leader in any business organisations, the appointed person must have a sense of spiritual elements as soul mate guidance that drives towards the *Halalan Toyyiban*. As an example, from Islamic perspectives, Prophet Muhammad PBUH himself was known not only respected as religious leaders and head of state, but also respected as a merchant who has a range of business networks, market shares and widespread customers. The bases for that respectable are coming from his spirituality, values such as integrity, honesty and humility and ended up with tremendous effects on his leadership effectiveness and the success in businesses [34]. In addition, a spirituality in leadership that managing the business organisations had been scored higher on measures of leadership effectiveness [35] as compared to other settings. One of the challenges during these days, the leaders must really work smart in managing the difficulty in obtaining Shariah-compliant funding as, them to scale to vertically integrate their supply chain.

2.3 Organisational Performance

To survive in today's globalisation market, any business organisations (large or small) must be agile, flexible and highly competitive as a main requirement to enable them to achieve their desired business performance. Surviving in such business environment, enforcing them to collaborate with their partners in ensuring the consumer's needs can be delivered effectively and efficiently [36]. At the same time, the present business world is virtually borderless when most of the organisations are practicing the Internet as a value of the networking. Thus, it becomes more complicated when approaching in terms to measure their (business) performance. However, business performance or organisational performance is the same conceptualisation when it comes to measuring it. Most of the existing studies have widely used those concepts interchangeably as suggesting that there are no differences between the two concepts [37][38] [39][40][41]. So, in this study, the organisational performance is an indicator of a measurement either

the business is making some positive development or the other way around.

As stated by [42], by measuring the organisational performance, they can let the management to be more responsiveness to look into the deficient areas. Existing literature suggests that varying outcomes of findings regarding the relation between entrepreneurial orientation and the organisation performance. Studies done by [43][41] reported there is positive impact on the relationship between entrepreneurial orientation and the organisation performance among the SMEs. On the other hand, relevant studies shown that there are negative impact on that particular relationship between the SMEs [44][41]. However, some studies found that a combination of entrepreneurial orientation and leadership style had a significant impact on the relationship towards the organisational performance [45]. As suggested by [46], the knowledge about leadership and its impact on organisational performance is still underprovided. Therefore, this study is aimed to test a relationship between the Shariah based entrepreneurial orientation and the organisational performance of SMEs in which previous studies haven't much covered yet.

2.4 Shariah based Entrepreneurial Orientation

Entrepreneurial orientation has gained tremendous attention in the literature, coinciding with the growth and the legitimisation of entrepreneurship as a field of business study. Based on [47], the entrepreneurial orientation embedded among the top management might enhance the performance of organisations in competing today's dynamic and competitive economic environment. The account also supported by other researchers, wherein the current complex business environment requires a manager that can show the ability of entrepreneurial leadership abilities [48]. Since the world of halal market has been increasing dramatically, the needs of top management and managers with the special ability of understanding the Shariah Laws are much demanded. However, the willingness of those managers to exploit the halal market demand opportunities is a function of various individual differences [49].

Past literatures have demonstrated that there is a significant relationship between top manager's entrepreneurial orientation and the organisation performance [50][51][52]. Those individual leaders of the organisation are much willing to exhibit the characteristics of innovative, proactive and risk-taking [53][54]. In this new era of doing business, leaders of the organisation must support creativity and experimentation of producing new products or

services. They also must be a proactive leader in adopting some of the technological and informational elements. By doing that they actually have pursuit to a wide business opportunity [55].

Moreover, they as entrepreneurs must be risk-taken, where some of their behaviours are willing making a risky decision in order to increase their level of entrepreneurial activity [56][57]. Collectively, a super leader as well as entrepreneurs must possess those three elements; innovative, proactive and risk-taking in order to recognise and exploit any emerging opportunities in an environment and sustainability in the competitive business. To strengthen the entrepreneurial activity from the Islamic perspectives, the elements of Shariah Laws must be practiced. According to [58], the MS1500:2009 is a standard mainly made for the production, preparation, handling and storage for halal food. Therefore, the food manufacturing leaders must ensure that all processes, including staffing, raw materials, production processes, storage, including the transportation must be aligned with the standard. For example, the human resource or the staff that operates, maintain, plan and manage the food production process must experience of halal knowledge and practices.

As part of JAKIM's procedure for getting halal certification, there must be at least two Muslims persons involve into the overall production processes. They must aware and understand when engaging with every detail of the halal production activities. This approach will ensure that all the processes or production activities are met and satisfy the halal requirements. Any contaminations with non halal elements are strictly not allowed during the production of halal food such as the preparation and processing activity that applying with the equipment and facilities. The same concept is repeated to the selection, packaging and transporting the raw materials and ingredients either small or large in numbers.

Both halal and non halal products must be separated from the beginning of process and storage in transportation as well as distribution [59]. Therefore, in this study, the HEO is referring to the combination of entrepreneurial orientation and the elements of Shariah Laws as a strategy for driving the pro-activeness action within an SME organisation for exploring halal market opportunities. Specifically, this study emphasized the pro-activeness of the particular organisation in preparing for change internally and externally structure due to Malaysia has been experiencing extensive changes from

conventional F&B production to a halal market economy.

2.5 Hypothesis Development

Based on the existing literature review, this study comes out with a proposal of a theoretical framework for studying the leadership style of management towards the organisational performance, which would have impacts on the halal based organisations that operates in manufacturing halal products that have not been extensively studied in past research. This framework emphasizes on the following independent variable; spiritual leadership. The independent variable is related to the organisational performance, whereas the Shariah based entrepreneurial orientation acts as a moderating variable (Figure 1).

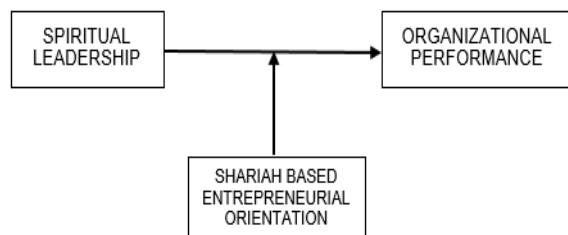


Figure 1. Theoretical Framework

Based on that, two hypotheses in the study were constructed as displayed below:

- H1.* Spiritual leadership style has a positive relationship with organisational performance.
H2. Shariah based entrepreneurial orientation moderates the influence of spiritual leadership style with organisational performance.

3. Methodology

The method used in the study is a quantitative approach with a structured survey questionnaire. The survey questionnaires are properly designed to investigate the SME's leadership styles emphasize spirituality that potential impact of the organisation's performance within the F&B industries in Malaysia. Each of the questionnaires was developed based on previous research, then modified to current needs and evaluated by the expertise from the relevant industries, including universities.

The questionnaire had five sections namely; the respondents' details, the background of the organisation, spiritual leadership's elements, Shariah based entrepreneurial orientation and the

organisational performance. The Likert-scale measurements with seven-point were used for spirituality leadership, Shariah based entrepreneurial orientation and organisational performance. All the items in the survey questionnaire were adapted from the previous studies as to ensure the content validity.

3.1 Scale for Questionnaires

The scale items for the spiritual leaderships were adapted from various researchers [60][61][62]. Importantly, the selected scale items on the spirituality questionnaires are based upon the relationship between the spiritual leadership and the organisational performance [62][63]. Since all the items have been tested, the Cronbach's Alpha for each item is more than .06 and as suggested by [64], in any case the alpha coefficient of .60 could be acceptable. Therefore, the construct scale for spirituality, leadership questionnaires are presented in Table 1. Meanwhile, the Shariah based entrepreneurial orientation questionnaires are divided into two major components. The first component is an entrepreneurial orientation. Formerly, the entrepreneurial orientation's scale was developed by [65] and then be modified by researchers such as [53]. Following the massive of past research in this field, the study will use the same scale to measure the first component [66][67].

Table 1. Spirituality Leadership

Construct	Items/Source
Likert Scale (5 Points) 1=Strongly Not Agree to 7=Strongly Agree	To what extent do you agree with the following statements? [62][63][68][69][70][71]
Spiritual Motivation	Work as spiritual calling (4 Questions)
Spiritual Quality	Integrity (3 Questions) Honesty (4 Questions) Expressive (4 Questions)
Spiritual Leadership	Vision (3 Questions) Faith (4 Questions) Altruistic Love (4 Questions)

The second component is halal orientation. The halal orientation scale is based on Shariah Laws. The scale was adopted from several research instruments such as [19][22][25][72]. The construct scale for Shariah based entrepreneurial orientation questionnaires are presented in Table 2. On the other hand, the organisational performance measurement is divided into three components; customer satisfaction, market

effectiveness and financial performance [73]. Based on literatures, the finest measurement to degree the organisation's performance lies on two elements; non-financial or known as operational and the financial.

Table 2. Shariah based Entrepreneurial Orientation

Construct	Items/Source
Likert Scale (5 Points) 1=Strongly Not Agree to 7=Strongly Agree	To what extend do you agree with the following statements? [39][53][66][67][72][74]
Entrepreneurial Orientation	Innovative (3 Questions) Proactive (3 Questions) Risk-taking (3 Questions)
Halal Orientation	Halal Certification Halal Integrity (4 Questions)

The both measurements are used as reflecting the overall organisation effectiveness in meeting the multiple objectives. On the other hand, the financial measurements have been among the oldest and the most important methods used for assessing the performance of organisations which are mainly based on financial statements. Therefore, this study will apply the measurement scale for organisational performance, which adopted by several researchers such as [75][76][77][78]. Table 3 shows the construct scale and items of the organisational performance.

Table 3. Organisational Performance

Construct	Items/Source
Organisational Performance 1=Strongly Not Agree to 7=Strongly Agree	To what extend do you agree with the following statements? [25][73][77][78][79]
Non-Financial	Customer Satisfaction (3 Questions)
	Market Effectiveness (3 Questions) Halal Performance (3 Questions)
Financial	Performance (4 Questions)

3.2 Population and Sampling Procedures

This study has targeted to get a feedback from halal SMEs as sampling population that represented by F&B manufacturers in Malaysia. The survey questionnaire is targeted to be filled by the highest ranking position in the organisation such the owner,

the managing director (MD) or the chief operating officer (CEO) or any persons who considered as leaders of the organisation that have knowledge on halal operations. The sampling list is derived from the Halal Directory 2016 which provided from the HDC's website and JAKIM. The study also will counter, check the sampling list with the database provided by MIHAS 2015/16. The list from the HDC's database shown that they have a complete amount of halal manufacturers in Malaysia which approximately 5,700. However, from the total, about 1,158 F&B manufacturers are categorized as halal SME. Therefore, the study is planning to get those respondents from a method of simple random selection. According to [80] the most appropriate number of respondents will be 278 organisations. All of them are located in Peninsular of Malaysia.

3.3 Data Collection and Sampling

First the data will be collected from the respondent form each organisation that has been recognized. The e-mail containing a cover letter (objectives) and a set of questionnaires will be in custom of *Google Form*. Second, the same e-mail will be advancing to them if there was no response within 14-days. The total number of 1,000 e-mails will be posted in order to get 278 respondents as a minimum requirement. Third, due to the limited number of respondents may require the researchers to distribute and collect the survey questionnaire from a specific location of the potential respondents. The data for the study will be collected from the halal exhibitions in Malaysia with a limited time period. This method of distribution and collection was proposed because of its ability to reach large groups of potential respondents and its cost-effectiveness. All the data collected in the study were treated confidentially and were aggregated to avoid identification of any person, organisation or event. The time range for the data collection will be limited where most of the halal exhibitions are less than four days. The potential respondents of the F&B halal SMEs were divided into two categories; Muslims and non-Muslims manufacturers.

3.4 Data Analysis

The causal relationships among those constructs were analysed via partial least squares structural equation modelling (PLS-SEM). This method was chosen because PLS-SEM can analyse all paths in a single analysis [81]. In addition, the method also was selected based on its capability to analyse small size requirements and the exploratory nature of the research. According to [80] the sample size collected by the study has fulfilled the minimum sample requirement as recommended. The study has 278

sample size and the study's findings must be analysed via two stages. In the first stage, the items in the measurement model are verified by carrying out the validity and reliability analyses as to ensure only reliable and valid construct measures are applicable to make any conclusions. In the second stage, the measurement model is tested by estimating the paths between model constructs to determine their significance and the predictive ability of the model.

4. Conclusion

The demand for halal food in the world marketplace is very lucrative. There are millions of consumers are voracious for consuming the superior F&B which only can be provided by halal status as it permitted by Islamic laws of Shariah. At the same time, it has become a new challenge for all manufacturing organisations, specifically the SMEs. Largely in Malaysia, F&B industries are dominated by this scale of enterprises. Unfortunately, the SME's performances that produce halal F&B products is at risk because on average they have many shortcomings. Among them is the weakness of the upper management to identify opportunities that exist along the supply chain of halal products as well as to recognize the pattern of consumer demand that always change periodically. Leadership style which is spirituality has been recognized as one of important factors that could support the top management.

Halal market is quite complex business which is purposely to serve the Muslim's appetite that devoted to the Islamic religion. Therefore, such business environment requires top management's entrepreneurial leadership abilities [82] such as knowledge and experience on halalness. This is important since past research shown there was a positive impact on the relationship between entrepreneurial orientation and the organisation performance among the SMEs [41]. Therefore, this study investigates the spirituality of leadership towards the organisational performance, moderates by Shariah based entrepreneurial orientation which presently have not been broadly studied in past research.

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