

## COMPLETION REPORT

### Understanding Food Supply Chain Integration of the Japanese Companies in Malaysia: An Exploratory Study

Dr. Rafisah Mat Radzi (+2)

Lecturer

School of Distance Education

Universiti Sains Malaysia,

The food and beverages industry is considered to be one of the backbones of the Malaysian economy, and it accounts about 10% of Malaysia's manufacturing output. However, Malaysia are is currently experiencing a persistent food trade imbalance due to the demand for food items has having risen faster than their supply, traditional technologies practice used by local food processors, sub-standard grades quality of raw materials and low product innovation. For the food-processing sector to grow, Malaysia's government has always encouraged supply chain integration in business operations and this was spelled out in the Third Industrial Master Plan (2006–2020). Responding to this call, food processing companies in Malaysia should find better ways to control production, trade and distribution of their food products. Hence, this study has explained structure, barriers and strategies in supply chain management by Japanese food companies given that Japan is claimed as supply chain superpower.

Drawing from semi-structured interviews with managers of Japanese food companies operating in Malaysia, three important aspects of the Japanese food supply chain have been identified. Firstly, a short and simple structure is used as the foundation for designing a time-efficient supply chain. Secondly, the food supply chain could be considered as highly integrated, although the degree of integration differs throughout the network. The companies deliberately use only a small number of selected suppliers of raw materials so that maintaining close relationships is fairly easy. Thirdly, the Japanese management style is the pivotal supporting element in managing and sustaining the integrated food supply chain in these companies. *Just in Time* (JIT), and 5s are applied to ensure an effective and efficient working environment continues functioning.

In implementing short and simple structure supply chain integration, Japanese food companies are facing 4 (four) main barriers, namely: (i) striving to maintain the quality of finished products; (ii) limited storage space and facilities; (iii) price volatility of imported raw materials; and (iv) shortages in production labor. In facing these challenges, several strategies have been implemented and these are as follows: (i) forming good relationships with suppliers over a number of years means that a uniformly high quality of final product can be maintained; (ii) the information technology system must be advanced enough to help them achieve greater supply chain process efficiency; (iii) collaborative relationship with suppliers will reduce limited storage problems and the volatility of raw materials prices as it makes information sharing possible in inventory management for complex and perishable foods; and (iv) implementing Japanese management principles such as JIT, 5s and *gemba* helps them to manage and improve employees' participation in the workplace.

In summary, a successful food supply chain will develop based on better use of information technology, close relationships with suppliers and Japanese management principles. These strategies provide some guidance for the domestic food industry in Malaysia to manage their food supply chain. This input is also essential for Japanese food companies if they want to expand their business in Malaysia.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

1. August 5-7, 2015, Kurume, International Congress in Banking, Economics, Finance and Business, '**Managing food supply chain in Malaysia: the perspective of Japanese food companies**', Rafisah Mat Radzi (Ph.D)
2. August 5-7, 2015, Kurume, International Congress in Banking, Economics, Finance and Business, '**Japanese food supply chain integration: an exploratory study**', Intan Marzita Saidon (Ph.D)
3. August 5-7, 2015, Kurume, International Congress in Banking, Economics, Finance and Business, '**Japanese food supply chain: 'the truth, the whole truth, and nothing but the truth**', Nadzri Ab Ghani (Ph.D)

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

1. Radzi, RM, Saidon, IM & Ghani, NA 2015, '**Overcoming barriers of food supply chain in Malaysia by Japanese food companies**', Research Journal of Business and Management, vol. 2, no. 3, pp. 380-400.
2. Saidon, IM, Radzi, RM, & Ghani, NA 2015, '**A preliminary study of Japanese food supply chain**, The International Journal of Managing Value and Supply Chains (the paper has been accepted with minor corrections, need to resubmit before 14 December 2015).

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)