The Success Model of TQM on Managerial Performance

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Abstract The objectives of this study were to analyze technology of information, measurement of performance systems and systems of prize for performance of managerial of total management quality as a moderating variable. Currently the managerial performance of PT. Pegadaian Kanwil I Medan is good, but the management has not been satisfied with the results to date. Therefore, this research is conducted to find out factors that can further improve management performance. The population in this study were employees at managerial level at PT. Pegadaian Kanwil I Medan (Persero). The method of determining the sample used in this study are criteria/purpose sampling method, primary data is the data used in this study, while multiple regression analysis method used on the data processing and interaction testing. This study showed that technology of information variables and measurement of performance systems partially had a positive significant effect on performance of managerial. TQM variables have a significant influence, this means that moderation is able to reinforce the influence of technology of information, measurement of performance systems and systems of reward for performance of managerial with positive coefficients.

1. Introduction
Today's world continues to grow rapidly and there is a lot of competition. Progress in all fields of technology, information, knowledge and transportation requires all parties, including the business world to further improve quality and services in the form of customer service improvements, meeting market demand, improving the quality of goods or service, in order to attract as many customers as possible.

Ways that have been widely used by companies to improve products, services and exercise through the exercise of their employees. Either quality management instrument it can be outworn is Total Quality Management (TQM). TQM is a technique commonly used by good corporation engaged in services and manufacturing to help increase customer satisfaction, employee satisfaction, and productivity [1].

Strong competition among the same types of companies, requires every company to try their best to improve their respective performance not only that, the organization must be able to overcome all obstacles that can hinder the development of the company and also support activities of its human resources. Improving and maintaining morale is not easy, because every employee who works for a company has a different goal that is sometimes not the same as the company's goals. If this happens there needs to be a motivational action against employees to have the same goals as the company, so that the survival of the company can be guaranteed.

This is very influential on economic actors including PT. Pegadaian Persero, Medan Regional Office I, as one of the State-Owned Enterprises (BUMN) in Indonesia which is engaged in the field of credit distribution services to the public or mortgage law. The company competes closely with similar companies, so it demands management to manage its companies and business units efficiently through improved performance, in addition to improving the quality of services to meet satisfaction for its customers.
customers, the demands faced by the service industry today are creating a service system that provides convenience in exchanging information on resilience to disruptions, stability, loyalty to customer authority and high performance.

Various pressures in the business world force changes in business practices themselves and continue to make improvements in everything, improve skills and work skills of employees, this of course will increase the motivation of employees in carrying out their work to produce the best performance. Consumer satisfaction is very important for the survival of the company, if the consumer is not satisfied it will cause the company and will become a customer of a competing company. This will cause a decrease in income and in turn will reduce profits and even suffer losses [2].

TQM is a technique that is often used by companies to help increase customer satisfaction, employee satisfaction, and productivity [3]. In companies with low performance, it is usually caused by their dependence on the company's Accounting Management System which fails in determining the right targets, performance measurement, and reward system.

2. Literature Review

Company performance dimensions can be divided into two dimensions [4], namely: performance of operational and performance of organizational. Performance of operational describe the corporation internal performance of operating about costs and reduced trash, repairing product quality, developing fresh products, improving performance of delivery, and increasing productivity. These indicators and variables are considered as the main factors because they follow directly from the actions taken in the company’s operations. Whereas organizational performance is measured by financial measures such as income growth, net income, profit ratio with income and profit on assets, and non-financial measures such as investments in R&D, and the company’s capacity to develop competitive profiles.

According to Zehir and Esin [5], measurements business performance can be done through 2 dimensions namely: innovation performance and employee performance. Performance innovation is measured through product innovation rather than competitors in the market, the number of new products being marketed the last 5 years, and the speed of introduction new products/services on the market. Whereas performance employees are measured through 3 indicators, namely level employee satisfaction, attendance, and employee morale.

Empirical studies that examine the relationship between TQM practices with a lot of company performance found in the operations management literature. For example Demirbag et al [6] conducted a study empirical to identify important factors for the success of TQM in SMEs in Turkey. They concludes that there are seven critical successes factors (CSF) TQM practices, namely data and reporting quality, top management role, employee relations, supplier quality management, training, quality policy and process management. Factors the practice of TQM can improve performance company. Prayogo and Hong [7] did research on 130 manufacturing industry R&D units in Korea. The results of his research found that implementation of increasingly effective TQM practices has a significant influence on performance company.

3. Methodology

In this study the type of data used is a type of qualitative data. Qualitative data (is the type of research data in the form of opinions, attitudes, experiences or characteristics of a person or group of people who are the subject of research or respondents). Whereas, for data sources used in this study are primary data, namely the source of data obtained directly from the questionnaire. Distribution of questionnaires was conducted to obtain respondents' personal data and assessment of Information Technology, Performance Measurement System and Reward System on Managerial Performance with Total Quality Management as a moderating variable.

Population in this study is defined as employees at managerial level which included staff, assistantsManagers, Senior Assistant Managers, Bureau Heads, Managers, Senior Managers for all departments. In the sampling criteria and numbers have been determined, for the number of samples as many as 36 employees, and for the criteria are as follows:
1. Has worked in a managerial level of at least 1 (one) year at PT. Pegadaian Persero, Regional Office I Medan
2. Employees who work at Medan Head Office.

The data collected in this study is primary data. Primary data is obtained by using the Survey method, namely through a questionnaire, by visiting one by one prospective respondent, asking whether the candidate meets the requirements as a prospective respondent to fill out the questionnaire.

The Hypothesis Testing Model used is Multiple Regression Analysis, which aims to test the effect of one variable on other variables. Multiple linear regression involves more than one independent variable. By using two or more independent variables (independent) in making a regression equation, it is expected to better explain the characteristics of the dependent variable and the value of the coefficient of determination is expected to be greater and the standard error value is smaller so that the resulting regression equation is better. Multiple linear regression models are said to be a good model if the model meets the assumptions of normality of data and is free from classical statistical assumptions, both multicollinearities, autocreation and heteroscedasticity.

So, to test the first, second and third hypotheses, multiple regression analysis will be used, the aim is to see the effect of the independent variable with the dependent variable, using the following formula:

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e \]  

\( Y \): Managerial Performance  
\( a \): constant  
\( X_1 \): Information Technology  
\( X_2 \): Performance measurement system  
\( X_3 \): Reward system  
\( b_1 \): Information Technology regression coefficient  
\( b_2 \): Performance Measurement System regression coefficient  
\( b_3 \): Reward System regression coefficient  
\( e \): error

Testing the fourth, fifth and sixth hypothesis, namely, the independent variable, the dependent variable and the moderating variable, with the Interaction Test method, while the regression equation is:

\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_1X_4 + b_6X_2X_4 + b_7X_3X_4 + e \]  

4. Result and Discussion

4.1. Multiple Linier Regression Model

Multiple regression testing aims to determine the coefficients of each independent variable. So that the magnitude of the influence of each independent variable is simultaneous and partial. The multiple regression equations used in this study are as follows:

\[ Y = 1.279 + 0.023X_1 + 0.253X_2 + 0.335X_3 + e \]  

\( Y \): Managerial Performance  
\( X_1 \): Information Technology  
\( X_2 \): Performance measurement system  
\( X_3 \): Reward system  
\( e \): error
4.2. Moderate Regression Analysis (MRA)

The multiple regression equation used in the hypotheses fourth, fifth and sixth are as follows:

\[ Y = 1.088 + 0.016X1 + 0.205X2 + 0.298X3 + 0.149X4 + 0.599X1.X4 + 0.526X2.X4 + 0.576X3.X4 + e \]  \hspace{1cm} (4)

Table 2. t-test Moderating

| Model                | Unstandardized Coefficients | Standardized Coefficients |
|----------------------|----------------------------|---------------------------|
|                      | B     | Std. Error | Beta  | T      | Sig.   |
| (Constant)           | 1.088 | .433       | .251  | 2.514  | .017   |
| LNX1                 | .016  | .127       | .021  | .123   | .903   |
| LNX2                 | .205  | .153       | .240  | 1.346  | .186   |
| LNX3                 | .298  | .146       | .371  | 2.046  | .049   |
| LNX4                 | .149  | .110       | .202  | 1.349  | .187   |

Source: SPSS Software

The results of the first and second hypotheses show that all independent variables have a positive and not significant effect on Managerial Performance, namely Information Technology and Performance Measurement Systems, with each having a positive influence of 0.023, and 0.253 with significant levels of 0.859 and 0.102 (Sig. 5 0.05) and the fourth hypothesis shows that all independent variables have a positive and significant influence on Managerial Performance, namely the Reward System has a positive effect of 0.335 with a significant level of 0.027 (Sig. 5 0.05). While Information Technology, Performance Measurement Systems and Reward Systems simultaneously affect Managerial Performance, which is a positive effect of 8.350 and a significant level of 0.000 (Sig. 5 0.05). This research is in line with the research conducted [8] which states that Information Technology, Performance Measurement Systems and Award Systems partially and simultaneously affect Managerial Performance.

The results of the research on the fourth, fifth and sixth hypotheses indicate that Total Quality Management as a moderating variable can strengthen the influence of Information Technology on Managerial Performance, Performance Measurement Systems for Managerial Performance and Reward Systems for Managerial Performance. Can be seen from the results of the study of the interaction effect on the fourth hypothesis, namely the interaction between Information Technology and Total Quality Management has a positive coefficient of 0.599. And the study results of the interaction effect on the fifth hypothesis, namely the interaction between the Performance Measurement System and Total Quality Management has a positive coefficient of 0.526. And the results of the study of the interaction
relationship on the sixth hypothesis, namely the interaction between the Prize System and Total Quality Management has a positive coefficient of 0.576. Then it can be concluded that Total Quality Management is able to strengthen the influence of Information Technology, Performance Measurement Systems and Gift Systems on Managerial Performance.

5. Conclusion

Based on the results of this study, some conclusions can be drawn as follows:

a. Partially only the reward system has a positive and positive effect significant to managerial performance, while information technology and partial performance measurement system does not have a positive effect not significant to managerial performance at PT Pegadaian Kanwil I (Persero).

b. Information technology, performance measurement systems and reward system simultaneous influence on managerial performance at PT Pegadaian Kanwil I (Persero).

c. Total quality management is able to strengthen the influence of technology information, performance measurement systems and reward systems for performance management at PT Pegadaian Kanwil I Medan (Persero).

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