

# Application Of Quality Management To Company Performance In Developing Country

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**Abstract:** This study aims to analyze the quality management system in companies in developing countries. The population in this study are several companies engaged in the service sector. The sample used was 102 companies. The method used in analyzing data is using linear regression. The results of the study show that the application of a quality management system will affect the performance of employees in companies engaged in the service sector. The results of the study recommend that company leaders need to optimize quality management to improve company performance. In addition, management also needs to develop proactively the effectiveness with QMS managers on a periodic basis so that they are able to find out the needs and solve problems faced with changes in the competitive environment.

**Keywords:** Quality Management, Performance

## 1 INTRODUCTION

Today's increasingly competitive industrial world requires that every business actor who wants to win the competition give full attention to the quality aspects, both product quality and the quality of the services they produce. Good quality can only be produced from a good process, thus encouraging companies to continue to improve the quality of their internal organizational processes. Reality in the field also shows that companies that are successful and able to survive must have a program regarding quality, because through a good quality program they will be able to effectively reduce costs and improve the company's competitive ability. Companies need to get international standard quality recognition so that the products they produce can be accepted globally. The methods that can be used to improve product quality and have been recognized internationally are by implementing a management system. The quality management system contains models for quality assurance in design / development, production, installation and services. The implementation of a quality management system in a company plays an important role in supporting the achievement of quality standards. So that the implementation of a quality management system is expected to improve and improve product quality. Recent developments show the number of companies that implement quality management continues to increase rapidly, both domestic and international companies. This fact shows the increasing interest of companies to implement quality management and means that there are benefits that can be obtained or expected by the application of these standards. Changes that occur with the adoption of requirements in the quality management clause elements into the organization's internal management system are expected to have a positive impact, such as reducing production costs, increasing productivity, increasing the effectiveness of work implementation, and others. These are components that affect the improvement of organizational performance.

So theoretically the application of quality management will affect the practice of quality management in companies, which in turn will improve product quality and company performance. Understanding the quality according to the American Society For Quality cited by Heizer & Render (2004: 190): "Quality is the totality of features and characteristic of a product or service that bears on its satisfy stated or implied need." Quality management is defined as a way to continuously improve performance at each level of operation or process, in each functional area of an organization, by using all available human and capital resources. Basically, quality management focuses on continuous improvement to meet customer satisfaction (Gaspersz, 2002). Thus, quality management will be oriented towards a process that integrates all human resources, suppliers, and customers, within the company's environment. Thus quality management is the ability or capability inherent in human resources and is a process that can be controlled. Community demands for good product quality are higher along with increasing competition among producers. Therefore companies need the role of operations management to maintain the stability of product quality so that the products produced can be sold in accordance with the set targets. To be able to maintain and increase the number of sales of products produced, goods produced must have quality that can satisfy the needs of consumers. One of the keys to success in being able to compete in the global market is the ability to meet applicable international standards. The quality management system is an integrated system to optimize the effectiveness of the quality of a company by creating a framework for continuous quality improvement (continual quality improvement). Based on this, companies need to formulate policies in terms of quality through the PDCA stage (Plan, Do, Check, Act). PDCA cycle is a pattern of thinking and acting on an ongoing basis by following the planning cycle (plan), which is determining product specifications in accordance with the wishes of consumers, implementation (do), namely running the production process according to a predetermined plan, checking (check) which is the product produced with specifications, and actions of action (act) that is necessary to analyze the causes of irregularities in the production process and how to overcome them. In order to produce achievement of product quality that is in line with increasing company productivity, participation from all management functions within the company is needed as well as the participation of all employees involved in production activities, and starts from the level of top managers, middle managers, and executing managers. Performance is one

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measure for achieving organizational goals. Performance can be seen as a 'done thing' Joko Widodo (2002: 206) in organizational units, he quotes Prawisoesentono (1999: 2) arguing, that the performance is essentially a work result that can be achieved by a person or group of people in an organization, in accordance and their respective responsibilities, in order to achieve organizational goals legally, not violating the law and in accordance with morals and ethics. Meanwhile, the State Administration Institute (2000: 3) emphasizes performance as an illustration of the level of achievement of an activity / program / policy in realizing the goals, objectives, mission, vision of the organization. Both consider that performance is a parameter for measuring accountability for individuals in accordance with the authority given. Both the success or failure of the implementation of individual tasks in an organization is determined by the performance achieved during a certain period of time. Based on this background, this study tries to analyze how the influence of quality management on company performance, especially in companies engaged in the service sector.

## 2 METHOD

This research is quantitative research, this research population is a company engaged in the service sector. The sample used in this study was 102 samples where the sampling technique used was purposive sampling. The duration of this study was carried out for 4 months. This study uses a linear regression analysis tool, where the equation is written as follows:

$$Y = a + X + e$$

Where:

Y = Performance

X = Quality Management

a = constant

e = Error

## 3 RESULT

Based on the results of analytical data, quality management on company performance results obtained where the strength of the relationship of variable X of 0.899 or 89.99% shows a strong relationship between the application of quality management to the company. The magnitude of the influence of independent variables together on the dependent variable can be seen from the magnitude of the coefficient of determination (R<sup>2</sup>) or R square of 0.748 (74.8%). Thus it is said that all the independent variables of the application of quality management have a strong influence on the performance of the company, while the remaining 25.2% (100% - 74.8%) is the influence of other factors outside of the factors studied. The effect of focusing on customers on employee performance is positive. This can be seen from the regression coefficient of +0.824. Means that the greater the focus on the customer will affect the performance of employees. To test whether there is a significant influence on customer focus partially on company performance, the t test is used. From the results of data processing it can be seen that the value of tcount obtained is 8.626 and the level of significance t is 0.000 This indicates that there is a significant influence between the focus on the customer on the performance of the Company. The effect of focusing on customers on company performance is positive. This can be seen from the regression coefficient of +0,596. Means that the

greater the focus on the customer will affect the company's performance. To test whether there is a significant effect of leadership partially on company performance, the t test is used. From the results of data processing it can be seen that the value of tcount obtained is 8.539 and the level of significance t is 0,000. This shows that there is a significant influence between leadership on company performance. The influence of personnel involvement on employee performance is positive. This can be seen from the regression coefficient of +0.556. Means that the greater the focus on the customer will affect the company's performance. To test whether there is a significant effect of partial personnel involvement on company performance, the t test is used. From the results of data processing it can be seen that the value of tcount obtained is 7.300 and the significance level of t is 0.000. This shows that there is a significant influence between the involvement of personnel on company performance. The influence of the process approach on company performance is positive. This can be seen from the regression coefficient of +0.622. Means that the greater the process approach will affect the company's performance. To test whether there is a significant effect of the partial process approach to company performance, the t test is used. From the results of data processing it can be seen that the value of tcount obtained is 7.863 and the significance level of t is 0,000. This shows that there is a significant influence between the process approach to company performance. The effect of the management system approach on company performance is positive. This can be seen from the regression coefficient of +0.426. It means that the larger management system approach will affect the performance of the company. To test whether there is a significant effect of the management system approach partially on company performance, t test is used. From the results of data processing it can be seen that the value of tcount obtained is 4,452,726 and the significance level of t is 0,000 (see attachment). This shows that there is a significant influence between the management system approach to the performance of company employees.

## 4 DISCUSSION

Based on the results of the research research shows that the Implementation of a Quality Management System is an effort to provide satisfaction to customers. In accordance with the ISO-9001: 2000 philosophy, continuous improvement is always used as a daily work culture in the company's operational and business activities. Activities to maintain quality management are by carrying out internal audit training, implementing Internal Quality Audit (AMI) quarterly, carrying out continuous improvement by revising documents and quality records, creating web ISOs used for online document control facilities, and conducting management reviews on operational problems and internal audit results. The INFRATEL documentation system, in principle, is controlled by a Quality Management Representative (QMR) assisted by the QMR secretary. The goal of implementing a Quality Management System is an organization capable of demonstrating the ability to produce products / services consistently meeting customer requirements and regulations and can achieve customer satisfaction by implementing effective continuous improvement and through prevention of nonconformities. An organization requires clear work instruction so that all the elements contained in it can work according to the procedure. Benefits obtained when there are work instructions including: With the work instruction, employees can make decisions quickly and

correctly without having to wait for decisions from superiors (there is delegation of authority). Then there is the work instruction so that the individual abilities of each employee can increase, because it will encourage employees to develop their ability to solve a problem without having to rely on others. With the work instruction, companies, especially operational managers, will be easy to carry out quality control because all procedures are documented. Based on the results of the study, it can be concluded that the application of quality management has a positive and significant influence on company performance. This means that if management has a high quality management knowledge it will produce high performance as well. Second, these variables, namely the application of ISO-9001: 2000 quality management together also have a significant effect on company performance. So to be able to improve performance, the implementation of quality management should be carried out in a balanced manner with each other and as a whole so that the human resources concerned, ie employees, produce good performance. The company will show higher performance results if there is a match between the company's external environment and the company's strategy in line with the competence of its workers. Based on the results of the analysis of the influence between independent and dependent variables, it is known that, there is a strong influence between the application of management and company performance in other words the application of quality management is a determinant factor to determine the level of achievement of employee performance even though there are a number of other variables that are thought to influence performance achievement employee. Other variables that are thought to influence and require further research include Appreciation, human resource development, policy products that favor the interests of employee professionalism, management systems used, work relations arrangements developed, external environment support for employee functional positions and etc.

## 5 CONCLUSION

The application of quality management can improve company performance. . the results of the study show that quality management is an ongoing process to improve company performance in providing services to consumers. Mutual management is not just a guide, but quality management can also be used as the creation of corporate value in the long run. Research recommends that company leaders need to optimize quality management to improve company performance. In addition, management also needs to develop proactively the effectiveness with QMS managers on a periodic basis so that they are able to find out the needs and solve problems faced with changes in the competitive environment.

## 6 LIMITATION OF RESEARCH

This study has a limited number and heterogeneity of service companies. In this study there were only 102 companies. In future research, research can be conducted by considering the homogeneity of company characteristics and also considering the use of more research samples.

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