The Effect of Application of Total Quality Management and Performance Measurement System on Employee Performance through Motivation as an Intervening Variable in Trust Group Surabaya Company

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**ABSTRACT**

**Purpose:** This research aimed to evaluate the degree to which overall quality management and work measurement systems at Trus Group Surabaya Company effect employee performance as a function of variable intervening motivation in order to draw conclusions that may be applied to other organizations.

**Design/Methodology/Approach:** In order to compile the necessary data, questionnaires will be sent to a selection of workers at the Trus Group Surabaya organization consisting of a random sample of 48 out of 54 employees. After that, a quantitative approach known as the Path Analysis model is used. This is a method that is utilized in research and is carried out with the assistance of the SPSS 20 application.

**Findings:** TQM has been found to have no beneficial effect on the amount of work. Total Quality Management does not have an effect on employee performance when motivation is included as an intervening variable. On the other hand, performance assessment that includes motivation as an intervening variable does have a significant effect on the performance of the company.

**Implications/Originality/Value:** Motivation can improve the performance of the Trus Group Surabaya company.

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**Introduction**

The arrival of the COVID-19 virus at the tail end of 2019 caused tremors all around the world. The World Health Organization (WHO), which serves as a worldwide coordinator for matters related to public health, has told the rest of the world that on December 21, 2019, a patient was found to
be infected with a virus that seems to have originated in the People's Republic of China. This information was shared with the rest of the world by the WHO. On March 2, 2020, the Depok district of Indonesia was the location of the first human cases of the virus that were confirmed to have been caused by it. The fast progression of a pandemic has caused the government of Indonesia to place restrictions on the amount of freedom of movement inhabitants have. As a direct consequence of this, Indonesia's economy experienced significant hardship. The continuous existence of the firm is contingent on improved employee performance that ends in the provision of service of the highest possible standard. One of them is the persistent progress of individuals, communities, and objects. Total quality management (TQM), sometimes known as just plain management, is one method that might be used to improve the effectiveness of these components. According to Bounds (1994), Total Quality Management is a comprehensive strategy that has to be carried out in its whole. In today's harsh industry, organizations who employ Total Quality Management (TQM) to enhance their operations have a greater chance of succeeding. This viewpoint is consistent with that of M.N. Nasution (2001), who describes TQM as an approach to business operations that aims to maximize the competitiveness of an organization via the continuous improvement of the quality of that firm's people resources, service products, processes, and environment. This viewpoint is supported by the research of M.N. Nasution (2001).

At the tail end of 2019, the COVID-19 virus made its appearance, which caused shockwaves to be felt all over the world. The World Health Organization (WHO), which acts as a worldwide coordinator in matters relating to public health, told the rest of the world on December 21, 2019, that a patient had been identified to be infected with a virus that seems to have originated in the People's Republic of China. This discovery was made after it was found that the patient was infected with the virus. These findings were communicated all across the globe by the globe Health Organization. On March 2, 2020, in the Depok region of Indonesia, the virus was initially seen in people for the first time. These cases were later confirmed. Because of the alarming rate at which a pandemic is spreading, the government of Indonesia has placed restrictions on its residents' ability to travel freely. As a direct and immediate consequence of this, the economic situation in Indonesia became much worse. The performance of employees that results in the delivery of the highest possible quality services is essential to the future success of the organization. One illustration of this is the persistent progress of individuals, communities, and individual items. Total quality management (TQM), sometimes referred to as "just plain management," is one strategy that might be applied to increase the efficiency of these individual sections. According to Bounds (1994), Total Quality Management (TQM) is an all-encompassing strategy that calls for being carried out in its entirety. Businesses that are competing in today's tough market might gain a competitive edge by using Total Quality Management, often known as TQM. TQM is a strategy to business operations with the purpose of boosting a company's competitiveness by improving the quality of that company's people resources, service outputs, internal processes, and external surroundings, according to M.N. Nasution's (2001) definition of the term. TQM is also known as Total Quality Management. These findings, which were published in 2001 by M.N. Nasution, provide credibility to this point of view.

From the formulation of the problems described above, it can be concluded that this research has the following objectives:

1. Within the Surabaya Trust Group, an analysis of the effects that Total Quality Management (TQM) has had on productivity is now taking place.
2. Examining the effect that the Surabaya Trust Group Company's SPK (Performance Measurement System) has had on the productivity of the workers.
3. analyzing the contribution that employees' intrinsic motivations make to the overall level of output produced at the Surabaya Trust Group Company.
4. analyzing the effect that Total Quality Management (TQM) has had on the morale of employees working at the Surabaya Trust Group Company.
5. Figuring out how much of an impact the SPK (Performance Measurement System) has had on the morale of the Surabaya Trust Group employees.

6. At the Surabaya Trust Group Company, it is important to get an understanding of the function that intrinsic motivation plays as a mediator between Total Quality Management (TQM) and performance in the workplace.

7. The function that employees' motivation plays in mediating the connection between the Surabaya Trust Group Company's SPK (Performance Measurement System) and the output that workers produce.

Literature Review

Employee Performance

Total Quality Management
Quality management, or integrated quality, is what's meant to be understood when one talks about TQM (Total Quality Management). According to Tjiptono and Diana (2001: 4), "Total Quality Management is defined as an approach in running a business that tries to maximize organizational competitiveness through continuous improvement of products, services, people, processes, and the environment." This definition is found in hasanah (2013). According to Goetsch and Davis's statement in Nasution (2005), there are 10 components that make up overall quality management. Some of these components are as follows: putting the customer first, having an unhealthy preoccupation with quality, using a scientific approach, having a long-term commitment, working together as a team, continuously improving the system, having education and training as a priority, having controlled freedom, and having unity of purpose, employee engagement, and empowerment as a priority are the nine pillars of a successful business.

Performance Measurement System
"Performance measurement" is defined as "measuring the performance of each activity in the process (value chain) from the perspective of customer needs while simultaneously ensuring that the performance of all activities meets other requirements. organizational stakeholders" (Anton et al., 1995 as cited in Yuniawati and Narsha, 2003). Users of the performance measurement system have been served effectively when the statistics provide feedback that assists business members in their efforts to further improve performance.

Motivation
According to Winardi (2016), "motivation is a potential force within an individual that can develop on its own or through various external forces, especially focused on monetary and non-monetary rewards, which can affect performance in either a positive or negative way." Motivation can develop on its own or through various external forces. According to Malayu (2015), the investigation into what it takes to inspire one's employees to pour themselves into their work with all of their might so that the company's goals may be achieved is what the word "motivation" alludes to.

Research Hypotheses and Analysis Models
Based on the formulation of the problem and the theoretical basis described above, this research can formulate the following hypotheses and analytical models
H1: Total Quality Management (TQM) has a significant effect on employee performance at the Trust Group Surabaya company.
H2: The Performance Measurement System (SPK) has a significant effect on employee performance at the Surabaya Trust Group Company.
H3: Motivation has a significant effect on employee performance at the Surabaya Trust Group Company.
H4: Total Quality Management (TQM) has a significant effect on motivation in Surabaya Trust Group Companies.
H5: The Performance Measurement System (SPK) has a significant effect on motivation in Surabaya Trust Group Companies.
H6: Motivation as an intervening variable has a significant effect in mediating the relationship between Total Quality Management (TQM) and Employee Performance at the Surabaya Trust Group Company.
H7: Motivation as an intervening variable has a significant effect in mediating the relationship between the Performance Measurement System (SPK) and employee performance at the Surabaya Trust Group Company.

![Analyst Model](image)

**Figure 1: Analyst Model**

**Research Methods**
In this particular research, quantitative approaches, namely the technique of purposive sampling, are used. The population for this study consisted of all 54 employees of the Surabaya Trust Group Company, and the slovin formula was used to obtain the views of a representative sample consisting of 48 of those employees. To be more specific, the primary source of data was obtained via the use of a questionnaire that was based on a Likert scale. A Likert scale may be used to evaluate many different aspects of an individual or group, including their perceptions of social phenomena, income levels, and attitudes. In the initial phase of the data analysis process, the validity and reliability of the research instrument were put to the test. The next steps in the procedure were the classical assumption test, the t test, the multiple regression test, and the route analysis.

**Operational Definition**
Variable (X1) Total Quality Management. Total Quality Management is an approach to corporate management that seeks to maximize the competitiveness of a corporation through periodic or continuous improvement of products, services, people, processes and the environment. Basically, Total Quality Management focuses on continuous improvement in order to provide maximum customer satisfaction. In this study the indicators to be able to measure the implementation of Total Quality Management are as follows:

1. Focus on the customer
2. Long term commitment
3. Continuous system improvement
4. Education and training
5. Employee engagement and empowerment.

**Variable (X2) Performance Measurement System**
Performance measurement systems are designed to assist people, teams, and organizations in achieving better results by helping them better understand and regulate performance within the framework of predetermined goals and limits. The comparison of actual outcomes to benchmarks that have been established is an important part of performance measurement. The following is a list of the Performance Measurement System implementation indicators that were used in this study:

1. Criteria related to work
2. Performance Expectations
3. Standardization
4. Management and employee support
5. A weighty assessment

**Variable (Z) Motivation**
There is a correlation between an employee's level of motivation and the degree to which he or she is dedicated to their task. Even if an employer creates a perfect working environment for its workers, it is obvious that those workers will not be able to achieve success on their own without some kind of intrinsic motivation. The following factors were taken into consideration while evaluating motivation:

1. Driving force
2. Will
3. Shaping skills
4. Responsibility

**Variable (Y) Employee Performance**
Performance or performance is a description of the level of achievement achieved in Implementasi adalah proses menerapkan seperangkat kebijakan dan prosedur yang dimaksudkan untuk menghasilkan hasil yang diprediksi oleh rencana strategis 1. Quality or Quality
2. Amount or Quantity
3. Time
4. Supervision
5. Relations between employees

**Results and Discussion**

**Description of Respondents**
There were a total of 27 female participants, which made up 56% of the total, while there were 21 male participants who made up 44% of the total. Twenty of the respondents, or 42%, were above the age of thirty. Twenty-three of the respondents, or 47.9%, had been working at their present place of employment for three to five years, while eleven of the respondents, or 22.2%, had been working there for more than eight years.

**Data Analysis**
After testing the validity, reliability and classical assumption test, the regression results are obtained as follows:

The first step of the regression equation is to collect data that shows TQM and performance
measurement systems increase employee motivation.

The first step in generating a regression equation is to gather information to support the hypothesis that

**Table 1: Multiple Linear Regression Equation 1**

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
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<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>1</td>
<td>6.085</td>
<td>2.451</td>
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<td></td>
</tr>
<tr>
<td>TQM</td>
<td>.238</td>
<td>.196</td>
<td>.204</td>
<td>2.483</td>
<td>.017</td>
</tr>
<tr>
<td>SPK</td>
<td>.424</td>
<td>.117</td>
<td>.606</td>
<td>1.216</td>
<td>.230</td>
</tr>
</tbody>
</table>

a. Dependent Variable: MOTIVATION

TQM and performance monitoring systems increase employee engagement.

**Table 2: Multiple Linear Regression Equations 2**

<table>
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<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
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<tbody>
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<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
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<tr>
<td>(Constant)</td>
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<td>4.494</td>
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<td></td>
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<tr>
<td>TQM</td>
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<td>.342</td>
<td>.156</td>
<td>-.236</td>
<td>.815</td>
</tr>
<tr>
<td>SPK</td>
<td>.471</td>
<td>.229</td>
<td>.344</td>
<td>1.042</td>
<td>.303</td>
</tr>
<tr>
<td>MOTIVASI</td>
<td>.805</td>
<td>.256</td>
<td>.411</td>
<td>2.057</td>
<td>.046</td>
</tr>
</tbody>
</table>

a. Dependent Variable: EMPLOYEE PERFORMANCE

**Discussion**

Table 1 indicates that the complete quality management variable X1 generates non-typical results as a direct consequence of SPSS 20's output. The same is true for the performance measurement system X2 and the motivation Z variable as well. The performance measurement system has an unstandardized beta value of 0.424, and its significance level is 0.001, which indicates that there is a significant effect on the motivational variable. However, the standardized beta value is 0.238, and its significance level is 0.230, which indicates that there is no significant effect on the motivational variable. We are able to ascertain its value by using the formula \( e_1 = \sqrt{1 - R^2} = \sqrt{1-0.615} = 0.620 \)

Second, as a direct result of SPSS's output, the variables X1, X2, and Z all have an impact on the variable Y. According to Table 2, the unstandardized beta value for the total quality management variable is 0.357, and the significance level for this value is 0.303, which indicates that this does not have a significant effect on the employee performance variables. On the other hand, the unstandardized beta value for the performance measurement system is 0.471, and the significance level for this value is 0.046, which indicates that this does have a significant effect on the employee performance variables. Table 2 also shows that the significance level for this value is 0.046. By using the formula for \( e_2 = \sqrt{1 - R^2} = \sqrt{1-0.710} = 0.538 \) so that it can be described by structure as follows:
The effect of total quality management (X1) on employee performance (Y) through motivation (Z)

Direct effect = 0.357

Indirect effect of X1 on Y through Z (0.238 × 0.805) = 0.191

The total effect of the path coefficient (0.357 + 0.191) = 0.548

The results of the Sobel test indicate that the t-value for the mediation impact on the first connection (total quality management, employee motivation, and employee performance) is 1.092. Based on this information, we can deduce that the mediation coefficient is 0.191, which indicates that the mediation effect is not significant.

The influence of the performance assessment system (X2) on the level of production (Y) achieved by the workforce.

Direct effect = 0.471

Indirect effect from X2 to Y via Z (0.424 × 0.805) = 0.341

The total effect of the path coefficient (0.471 + 0.341) = 0.812

According to the findings of the Sobel test, the mediation coefficient was 0.191, which indicates that the variable mediation did not have an influence that was statistically significant on the first connection that was tested (performance assessment system - motivation - employee performance).

**Conclusion**

From the tests and research studies that were carried out to determine the overall quality management system and performance evaluation on employee performance in the Surabaya Trust Group organization with motivation as an intervening variable, the following findings may be reached:

1. At the firm run by Trust Group Surabaya, total quality management does not have a substantial impact on the performance of its employees. This demonstrates that the use of overall quality management at the Trust Group Surabaya organization does not have a major influence on the performance of its employees directly.

2. The performance measuring system at the Trust Group Surabaya organization has a considerable impact on the overall performance of the company's employees. This demonstrates that the performance assessment system at the Trust Group Surabaya organization may have a considerable effect on the performance of the employees in a direct and immediate way.

3. At the Trust Group Surabaya organization, the level of motivation a person has has a major impact on the performance of that employee. This demonstrates that the level of motivation an employee has at the Surabaya Trust Group firm may have a considerable effect on the performance of that individual directly.
4. The implementation of total quality management at the Surabaya Trust Group firm has had no discernible impact on employees' levels of motivation. This demonstrates that overall quality management does not have a substantial influence on motivation in a direct manner at the firm that is part of the Surabaya Trust Group.

5. The Surabaya Trust Group company's performance measuring system has a substantial impact on the level of motivation present among its employees. This demonstrates that the method of performance assessment at the Surabaya Trust Group firm has the potential to have a substantial effect on directly motivating employees.

6. The concept of motivation as an intervening variable in the link between overall quality management and the performance of Trust Group Surabaya enterprises does not function as a mediator in this context. This demonstrates that motivation does not play a significant role in the enhancement of employee performance in settings where comprehensive quality management has an influence on the development of motivation.

7. The motivation of employees at the Trust Group Surabaya firm serves as an intervening variable that mediates the link between the performance assessment system and employee performance at the company. This demonstrates that motivation does play a part in enhancing employee performance, and that the performance assessment system does have an impact and does play a function in developing motivation.

Bibliography


