

ANALYSIS OF THE RELATIONSHIP OF TOTAL QUALITY MANAGEMENT IMPLEMENTATION WITH MANAGERIAL PERFORMANCE AT BANK MUAMALAT MEDAN

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Abstract: The purpose of this study was to analyze the relationship between total quality management (TQM) and managerial performance. The data in this study were obtained from primary data through data collection techniques using a questionnaire method that was distributed by researchers to respondents directly. After collecting the questionnaire, the results of the questionnaire were tested for validity, reliability and hypothesis testing. Based on the results of data analysis, the r square value of 0.721 means that 72.1% of total quality management is related to managerial performance while the remaining 27.9% are other factors that have a relationship between managerial performance and based on simple regression results of 0.812, it shows that any increase in total quality Management (TQM) of 1% will be followed by an increase in managerial performance of 0.812, assuming other variables remain. So it can be concluded that total quality management (TQM) has a positive relationship with managerial performance

Keywords: Total Quality Management (TQM), Managerial Performance

Introduction - Strong competition among companies requires each company to try their best to improve their respective performance. Not only that, the company must also be able to overcome all obstacles that can hinder the company's development so that the company's survival can be guaranteed. To achieve the vision for the future of the organization and how to include the right TQM program, design a comprehensive change process, implement TQM and its relation to the new system, and institutional legality. Leadership is a key element of successful TQM implementation on a large scale: the leader identifies needs and sets a vision, defines the background, goals, and parameters of TQM. Total Quality Management (TQM) is a management system that focuses on customer satisfaction as a tool to increase competitiveness and even ensure the survival of the company. It is expected that with the application of TQM, companies will have the strength to survive in the face of increasingly sharp competition. The implication of the above is that the implementation of TQM requires companies to have a vision, mission and ability to develop existing markets, and be able to anticipate the needs for future products or services, which currently may not exist at all. Creativity and management skills to create the market that will come to be will be able to ensure the survival of the company as a leader or pioneer in that market. The importance of implementing this TQM is to determine the level of success of management in applying the concept. According to Powel, (Suprانتiningrum, 2010) some companies that have implemented TQM have succeeded in improving their performance, but some have not been able to improve their performance. Likewise,

research conducted by Kumalaningrum (2000) states that the implementation of quality management in Indonesia is still partial, this can be proven by not all of the supporting infrastructure dimensions for implementing TQM are related to performance. In modern organizations, performance measurement provides an important mechanism for employees to use in explaining performance goals and standards and motivating individual performance in the future. Performance measurement provides the basis for decisions affecting salary, promotions, firing, transfer training and other conditions of employment. The application of a performance measurement system in a company is to determine the characteristics and quality of performance and to identify what actions need to be taken to make improvements in order to improve work. The more often a company performs performance measurements for its employees, the company will further improve the performance of its employees, so that with increased performance, the quality which is the main goal will be achieved (Ismunawan, 2010: 27). The application of a performance measurement system in a company is to determine the characteristics and quality of performance and to identify what actions need to be taken to make improvements in order to improve work. The more often a company performs performance measurements for its employees, the company will further improve the performance of its employees, so that with increased performance, the quality which is the main goal will be achieved (Ismunawan, 2010: 27). The application of a performance measurement system in a company is to determine the characteristics and quality of performance and to identify what actions need to be taken to make improvements in order to improve work. The more often a company performs performance measurements for its employees, the company will further improve the performance of its employees, so that with increased performance, the quality which is the main goal will be achieved (Ismunawan, 2010: 27).

Good performance can be said to reduce costs to be more economical because with the aim of TQM which is to continuously hone the quality, it can prevent many defects, eliminating losses between customers, suppliers or employees (Angelina, 2012: 4). Managerial performance shows the ability and achievements of company managers in running the company to realize company goals in order to achieve customer satisfaction. The interests of managerial performance are reserved for the company. With this interest, the company's performance is needed to assess how far the company can implement its vision and mission so that customer satisfaction can be realized. (Lubis, 2008). Banks are financial institutions that are very important in carrying out economic and trade activities. The definition of a bank is a financial institution whose main business is to collect and distribute these funds to the public which is in the form of credit or services in the payment of money circulation (Kuncoro, 2013: 68).

According to Law No.10 of 1998, a bank is a business entity that collects funds from the public in the form of savings and distributes it in the form of credit or other forms in order to improve the standard of living of many people. There are two types of banks, namely Conventional Commercial Banks and Rural Banks. In carrying out their business activities, the two types of banks are classified into two, namely conventional banks and banks with sharia principles.

Literature Review –

1. Performance Managerial

According to Kurnia(2004) performance measurement carried out by management is an assessment tool for the achievement of organizational goals and can provide an objective assessment in decision making. Managerial performance is one of the factors that can increase the effectiveness of organizational performance. Indriantoro and Supomo (2000) state that performance will be effective if the objectives of Total Quality Management (TQM) are achieved and subordinates have the opportunity to be involved or participate in the process of compiling Total Quality Management (TQM) and motivate subordinates to identify and negotiate with superiors regarding Total Quality Management targets. (TQM), accept the Total Quality Management (TQM) agreement and implement it so as to avoid the negative impact of Total Quality Management (TQM), namely the performance criteria factor, reward system (reward) and conflict. So managerial performance is the result of quality and quantity achieved by a manager in carrying out his duties in accordance with his area of responsibility. There are several definitions of managerial performance that have been put forward by experts, but first the definition of performance will be explained as follows: According to Rivai and Basri (2005: 14) performance is as follows: "Performance is the willingness of a person or group of people to carry out an activity and perfect it. according to their responsibilities with the expected results ". Meanwhile, managerial performance is a measure of how effectively and efficiently managers have worked to achieve organizational goals. Every organization is run by humans, (Handayani & Arianti, 2015). According to Kornelius Harefa (2008: 17) the definition of managerial performance is as follows: "Managerial performance is the ability or work performance achieved by personnel or a group of people in an organization, to carry out their functions, duties and responsibilities in carrying out company operations" . Someone who holds a managerial position is expected to be able to produce managerial performance that is different from employee performance. In general, employee performance is concrete, while managerial performance is abstract and complex. The manager produces performance by directing the talents and abilities, and the effort of several others within his area of authority(Sari, 2018). According to Slamet Riyadi (2000) in Muslimin (2007: 451) the definition of managerial performance is as follows: "Managerial performance is the performance of managers in managerial activities which include: planning, investigation, coordination, evaluation, supervision, staffing, negotiation, and representative or representation ". The managerial performance of a business unit can be identified through the process of performance evaluation or performance appraisal, which is the periodic determination of the operational effectiveness of an organization, its parts of the organization, and its personnel based on predetermined goals, standards and criteria.(Arda, 2017). According to Mangkuprawira (2004: 224), performance appraisal has benefits in terms of various perspectives on company development, especially human resource management, namely as follows:

1. Performance Improvements
2. Compensation Adjustments
3. Determination Decision
4. Training and Development Needs
5. Career Planning and Development
6. Staff Placement Process
7. Information Inaccuracy
8. Work Design Errors
9. Equal Opportunities for Work
10. External Challenges "

2. Total Quality Management (TQM)

Kurniawaty (2012: 51) TQM is a management approach to an organization, centered on quality, based on the participation of all its members and aims for long-term success through customer satisfaction, and benefits for all members of the organization and society.

According to Nasution (2005: 22), "Total Quality Management is defined as the integration of all management functions, all parts of a company and all people into a holistic philosophy built on the concepts of quality, teamwork, productivity, and customer satisfaction." According to Ibrahim (2000: 22) TQM is a management that makes plans and makes decisions, organizes, leads, directs, processes, utilizes all capital equipment and materials, technology, information systems, energy and human resources to create quality products or services meet the needs and satisfaction of the consumer market continuously for the survival of the company efficiently, effectively and responsibly with the participation of all human resources. From the above definition, It can be concluded that Total Quality Management is a management system that makes quality a business strategy and oriented to customer satisfaction which involves all members of the organization. So it can be concluded that Total Quality Management is a management approach in an organization that is customer and market oriented through a combination of practical fact finding and problem solving in order to create a significant increase in quality, productivity and other performance within the company. Kurniasih (2014: 45) reveals the ten main elements (characteristics) of Total Quality Management (TQM), as follows: So it can be concluded that Total Quality Management is a management approach in an organization that is customer and market oriented through a combination of practical fact finding and problem solving in order to create a significant increase in quality, productivity and other performance within the company. Kurniasih (2014: 45) reveals the ten main elements (characteristics) of Total Quality Management (TQM), as follows: So it can be concluded that Total Quality Management is a management approach in an organization that is customer and market oriented through a combination of practical fact finding and problem solving in order to create a significant increase in quality, productivity and other performance within the company. Kurniasih (2014: 45) reveals the ten main elements (characteristics) of Total Quality Management (TQM), as follows:

1) Customer Focus

In TQM, both internal and external customers are the drivers. External customers determine the quality of the product or service delivered to them, while internal customers play a major role in determining the quality of people, processes and the environment associated with the product or service.

2) An Obsession With Quality

In organizations implementing TQM, the final determinants of customer quality are internal and external. With the specified quality, the organization must be obsessed with meeting or exceeding what is specified.

3) Scientific Approach

A scientific approach is needed in the application of TQM, especially for job design and in the process of decision making and problem solving related to the designed work. Thus data is needed and used in compiling benchmarks, monitoring performance, and implementing improvements

4) Long term commitment

TQM is a new paradigm in doing business. This requires a new corporate culture. Therefore, long-term commitment is very important in order to make cultural changes so that the implementation of TQM can run successfully

5) Teamwork (Teamwork)

In organizations that implement TQM, teamwork, partnerships and relationships are established and fostered both among company employees and with suppliers of government institutions and the surrounding community.

6) Continuous System Improvement

Each product or service is produced by utilizing certain processes in a system or environment. Therefore, the existing system needs to be improved continuously so that the quality it produces can increase.

7) education and training

In organizations that implement TQM, education and training are fundamental factors. Everyone is expected and encouraged to continue learning, which is endless and knows no age limit. By learning, everyone in the company can improve their technical skills and professional expertise.

The implications of implementing TQM must also be followed by the implementation of complements from the management accounting system. The management accounting system complements are a performance measurement system and a reward system. Performance measurement systems and reward systems are important control tools used by organizations to motivate employees to achieve organizational goals. with behavior in accordance with the organization's expectations (Dahar, 2012: 2). Measurement of organizational performance that combines financial and non-financial measures aims so that organizations are not trapped in mere short-term performance. Therefore there is a new trend in measuring organizational performance by combining financial and non-financial performance, such as capacity utilization, customer satisfaction,



Figure II.1
Conceptual Framework

Hypothesis

The hypotheses in this study are:

That there is a relationship between total quality management (TQM) and managerial performance at Bank Muamalat, Medan City Branch Office.

Method Research

The method in this study uses primary data through Data collection techniques using a questionnaire method which is distributed by researchers to respondents directly. After collecting the questionnaire, the results of the questionnaire were tested for validity, reliability testing before the data obtained was tested for hypothesis, the data must be analyzed first to obtain quality data. The data were analyzed using descriptive statistical tests and simple linear regression.

Result And Discussion

A. Classic assumption test

The classical assumption test is performed to determine the econometrically acceptable regression model. To produce a good regression model, regression analysis requires testing classical assumptions before testing the hypothesis. If there is a deviation in the classical assumption test, it is necessary to correct it first. This classic assumption test consists of the Normality Test

Normality test

The normality test aims to test whether the residual variables are normally distributed. Testing the normality of the data in this study using the Kolmogorov-Smirnov (KS) non-parametric statistical test, Histogram graph, and Normal Plot chart. Kolmogorov-Smirnov (KS) non-parametric statistical test by making a hypothesis:

H0: Residual data are normally distributed

Ha: The residual data are not normally distributed

In the Kormogrov-Smirnov test, the guidelines used in decision making are:

- 1) if the significance value < 0.05 , the data distribution is not normal,
- 2) if the significance value > 0.05 , the data distribution is normal.

Kolmogorov-Smirnov test results can be seen in the table below:

Normality Test Table
One-Sample Kolmogorov-Smirnov Test

			X1	X2	Y
N			38	38	38
Normal Parameters (a, b)	Mean		53,7368	40,7105	66.0789
	Std. Deviation		4,55408	3,13574	4,99395
Most Extreme Differences	Absolute		, 109	, 107	, 075
	Positive		, 071	, 068	, 061
	Negative		-, 109	-, 107	-, 075
Kolmogorov-Smirnov Z			, 673	, 659	, 465
Asymp. Sig. (2-tailed)			, 755	, 778	, 982

a Test distribution is Normal.

b Calculated from data.

From the results of the data processing, the Kolmogorov-Smirnov value is Total Quality Management (TQM) (X1) 0.755, the clarity of the Total Quality Management (TQM)

target (X2) 0.778, and managerial performance (Y) 0.982, it is concluded that the data is normally distributed because $p > 0.05$. The data are normally distributed.

Simple Regression Analysis

In data processing using linear regression, several steps were carried out to find the relationship between the independent variable and the dependent variable, through the relationship between Total Quality Management (TQM) and managerial performance. Based on the results of data processing with the SPSS Version 18 program, the following results were obtained:

Table 4.7 Simple Regression

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	2,615	3,413		6,334	,000
	TQM	,812	,920	,146	2,882	,000

a. Dependent Variable: Performance

Based on the table above, the regression equation is obtained as follows

$$Y = 2,615 + 0,812 X$$

Information:

- 1) a constant of 2,615 indicates that if there are no independent variables ($X = 0$), the managerial performance value is 2,615.
- 2) β of 0.812 indicates that each 1% increase in Total Quality Management (TQM) will be followed by an increase in managerial performance of 0.812 assuming other variables remain.

6. Hypothesis Testing

a. Coefficient of Determination

The coefficient of determination (R Square) shows how much the independent variable explains the dependent variable. The value of R Square is 0 to 1. If the value of R Square is getting closer to 1, then the independent variables will approach all the information needed to predict the variation in the dependent variable. Conversely, the smaller the R Square value, the more limited the ability of the independent variables to explain the variation in the dependent variable.

Determination Coefficient Table

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,746a	,721	,602	2,50659

a. Predictors: (Constant), TQM

The R Square value of 0.721 means that 72.1% of Total Quality Management (TQM) is related to managerial performance while the remaining 27.9% is other factors that have a relationship with managerial performance.

B. Discussion of Research Results

Based on the results of data analysis nR Square value of 0.721 means that 72.1% of Total Quality Management (TQM) is related to managerial performance while the remaining 27.9% is other factors that have a relationship with managerial performance. Based on the results of data analysis from a simple regression of 0.812, it shows that every 1% increase in Total Quality Management (TQM) will be followed by an increase in managerial performance of 0.812 assuming other variables remain. According to Kusnadi (2005: 34) Total Quality Management (TQM) increases employee identification not only with Total Quality Management (TQM) goals but also with organizational goals because organizational commitment includes acceptance and belief in organizational values and goals, then Total Quality Management (TQM) improves transparency and managerial performance. Participation in the process of compiling Total Quality Management (TQM) shows the level of involvement of employees involved in the Total Quality Management (TQM) process, given the opportunity to take part in decision making through negotiations on Total Quality Management (TQM). This is very important because employees will feel productive and satisfied with their work, allowing the emergence of feelings of achievement which will improve their performance. So, with subordinates participating in the process of compiling Total Quality Management (TQM) or participating in the preparation of Total Quality Management (TQM), these subordinates will feel valued by an organization, so Total Quality Management (TQM) is able to form attitudes, employee behavior and can create a sense of belonging to the organization and foster a motivational influence on the goals of Total Quality Management (TQM). Basically, participation is a natural process in an organization, where individuals are directly involved in making decisions that will relate to themselves. Several studies show that Total Quality Management (TQM) brings more benefits to the organization. Total Quality Management (TQM) occurs because of the organizational commitment of employees and a sense of belonging to the organization, so the lower-level managers are obliged to participate in the preparation of Total Quality Management (TQM). However, in Total Quality Management (TQM) there are limitations, the participation process can provide strength, if it has the support of the lower leaders to be given the opportunity to determine or define the contents of their Total Quality Management (TQM), on the contrary, it will become weak when they are not given the opportunity to determine and define the contents of Total Quality Management (TQM). One of the control tools that have accounting measures is Total Quality Management (TQM). According to Hansen and Mowen (2004), Total Quality Management (TQM) is a quantitative plan in monetary and non-monetary form that is used to translate company goals and strategies into operating units. Total Quality Management (TQM) is often used to assess the performance of managers. Bonuses, salary increases, and promotion are all things that are influenced by a manager's ability to achieve or exceed planned goals (Hansen and Mowen, 2004). Dewi Andriani Puspita (2014) with the results of the study that there is an effect of Total Quality Management (TQM) on managerial performance. Partially Total Quality Management (TQM) has a positive and significant relationship with managerial performance. The implications of implementing TQM must also be followed by the implementation of complements from the management accounting system. The management accounting system complements are a performance measurement

system and a reward system. Performance measurement systems and reward systems are important control tools used by organizations to motivate employees to achieve organizational goals. with behavior in accordance with the organization's expectations (Dahar, 2012: 2). Measurement of organizational performance that combines financial and non-financial measures aims so that organizations are not trapped in mere short-term performance. Therefore there is a new trend in measuring organizational performance by combining financial and non-financial performance, such as capacity utilization, customer satisfaction, and product quality which ultimately encourages towards financial performance

Conclusion

Total Quality Management (TQM) has a relationship with managerial performance. It can be seen from the results of the discussion that 0.812 indicates that each 1% increase in Total Quality Management (TQM) will be followed by an increase in managerial performance of 0.812 assuming other variables remain. So it can be concluded that Total Quality Management (TQM) has a positive relationship with managerial performance

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