

## The Influence of Total Quality Management To Profit in the MSME Culinary Sector

Maulanisha Ihsani Gendroyono<sup>1</sup>, Mohamad Hasanuddin<sup>2</sup>, M. Th. Heni Widyarti<sup>\*3</sup>

### AFFILIATIONS

<sup>1,2,3</sup>Accounting Department, Politeknik Negeri Semarang, Indonesia

\*Corresponding Author E-mail: [heniwidyarti67@gmail.com](mailto:heniwidyarti67@gmail.com)

**Abstract:** Destination from study this is for analyze the effect of total quality management (TQM) on profits moderated by the performance of MSMEs after the COVID-19 pandemic. Study This research was carried out on SMEs in the fast food culinary sector in the Mranggen district of Demak. Variable free from study this is total quality management and performance, variable dependent is profit and there one variable moderation that is performance. Indicator of the total quality management used in study this is customer focus, improvement \_ sustainability, and empowerment employees. Respondents used \_ as any as 60 senior employees at selected MSMEs use purposive sampling technique. Method data collection that is method survey with use questionnaire. Study this using a data quality test consisting of from the validity test and reliability test, continued with using assumption test classic consisting of from normality test, heteroscedasticity test and multicollinearity test then test the hypothesis which consists of from Moderated Regression Analysis (MRA), t test (partial) and f test (simultaneous) and coefficient test determinant (R<sup>2</sup>). Research results state that total quality management variable has an effect significant and positive ( $97.113 > 2.54$ ) towards profit by partial, and variable MSME performance has an effect significant and positive ( $3.713 > 2.120$ ) towards profit by partial. MSME performance variable is not succeed moderate (0.867) the effect of total quality management on earnings.

**Keywords:** Total quality management, Profit, Performance, SME.

## INTRODUCTION

### Introduction

The overall COVID-19 pandemic has affected many parties, especially Indonesia. The impact of these events in the economic world is the number of layoffs and makes people turn into business actors to survive during the pandemic. Based on a survey conducted by the Ministry of Manpower in 21 Manpower Offices from 34 provinces in Indonesia in November 2021, it was recorded that 72,983 employees had become victims of Termination of Employment (PHK) due to the COVID19 pandemic (Putra, 2021).

The number of layoffs also occurred in the Demak Regency area. Based on data by the Demak Regency Manpower Office in 2021, as many as 8,000 Demak residents have been laid off because the company where they work has closed (Safuan, 2020) . This resulted in the community deciding to open a business and become a micro, small and medium enterprise (MSME) actor (Patricia, 2021: 1) .

At this time, MSMEs are experiencing rapid development and have important role \_ in economic growth in Indonesia. MSMEs are proven as business that gives many contribution to GDP ( Product Domestic Gross ) and exports in Indonesia. The MSME sector that plays a role as contributor biggest that is sector culinary . As many as 80-90% of the number of MSMEs are engaged in the culinary sector (food and beverages) which are spread in various regions, one of which is Mranggen District of 14 sub-districts in Demak Regency (Laraspati, 2021) . In Mranggen District, there are various types of micro businesses in the culinary field, especially

those engaged in selling ready-to-eat food. The increasing number of MSMEs has resulted in business competition between MSMEs becoming more stringent after the COVID-19 pandemic. This makes MSMEs to continue to strive optimally in paying attention to competitive advantage through improving the good performance of MSMEs. Handoko (2020:1) explained that in the post-covid-19 pandemic, MSMEs will face events after the LIPI pandemic, which contributes to reviving this condition, requires mitigation and recovery solutions. Short-term priority mitigation measures are to create demand-side stimulus and encourage digital (online) platforms to expand partnerships. Other efforts are through cooperation in the use of innovation and technology that can support the improvement of product quality and competitiveness, product processing, packaging and marketing systems and others.

State the requires SMEs to more give attention special to quality products and services them so that they can reach satisfaction customer, increase performance and make his business could more superior in compete with MSMEs or industry other. To obtain quality products, MSMEs must make continuous improvements. Strategy or approach that can applied to SMEs for realize good performance, produce products with zero defects (zero defects), and get maximum profit that is by implementing quality management or Total Quality Management (TQM). MSME actors can \_ using TQM for repair level sale they so that could expand market share and change position competition effort Becomes more well after this COVID-19 pandemic.

## **RESEARCH METHODOLOGY**

The research method is a systematic activity, planned by researchers to solve a problem. Research methodology can be defined as the science of procedures (methods) to conduct research, or the science of how to research (Supardi, 2005:10) .

This research is a type of quantitative causality research. According to (Sugiyono, 2007) quantitative research methods are used to examine certain populations or samples. Sampling techniques are generally carried out randomly, data collection using research instruments, data analysis is quantitative or statistical in nature with the aim of testing predetermined hypotheses. Based on the problems raised, this study uses a causal type of research. Causality research is research that shows the direction of the relationship between the independent variable and the dependent variable, in addition to measuring the strength of the relationship (Mintje, 2013) .

The types of data used in this study are primary data and secondary data in the form of questionnaires and interviews as well as other supporting literatures .

The population in this study were 100 SMEs in the fast food culinary sector that were registered at the Mranggen sub-district office, Demak. This study uses *purposive sampling* in determining the sample. *Purposive sampling* is the determination of the sample based on certain considerations in accordance with the research objectives.

The characteristics determined for sampling are 60 senior employees of the fast food sector MSMEs in Mranggen District, Demak who have been running for more than 3 years and the MSMEs have been registered in the *online application* .

## **RESULTS AND ANALYSIS**

Analysis regression Step one study influence direct *total quality management* to profit and influence direct performance to profit before existence variable moderation. Tests carried out including the coefficient test determination ( $R^2$ ), t test and F test. Test results regression could seen in the table below.

**Table 1**  
**Regression Test Stage 1**

Coefficient of Determination Test (R <sup>2</sup> )						
<b>Model Summary<sup>b</sup></b>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.936 <sup>a</sup>	.876	.867	.76007		
a. Predictors: (Constant), PERFORMANCE, CONTINUOUS IMPROVEMENT, HR EMPOWERMENT, CUSTOMER FOCUS b. Dependent Variable: PROFIT						
F Uji test						
<b>ANOVA<sup>a</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	224,410	4	56,102	97.113	.000 <sup>b</sup>
	Residual	31,774	55	.578		
	Total	256,183	59			
a. Dependent Variable: PROFIT b. Predictors: (Constant), PERFORMANCE, CONTINUOUS IMPROVEMENT, HR EMPOWERMENT, CUSTOMER FOCUS						

t test

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-4.656	2.181		-2,135	.037
CUSTOMER FOCUS	.327	.091	.338	3.586	.001
CONTINUOUS IMPROVEMENT	.120	.045	.203	2,643	.011
HR EMPOWERMENT	.277	.079	.317	3,490	.001
PERFORMANCE	.201	.054	.216	3,713	.000

a. Dependent Variable: PROFIT

Analysis regression Step second this different with analysis regression previously because analysis this conducted with use *Moderated Regression Analysis* (MRA). Interaction test this used for knowing to what extent is the variable current performance play a role as variable moderation could strengthen or weaken connection Among customer focus, continuous improvement, and employee empowerment with profit . Tests carried out including coefficient test determination ( $R^2$ ) and t test. MRA test results can be seen in the table below.

**Table 2**  
**Regression Test Stage 2**

Coefficient of Determination Test ( $R^2$ )

**Model Summary**

Model	R	R Square	Adjusted Square	Std. Error of the Estimate
1	.940 <sup>a</sup>	.883	.867	.75958

a. Predictors: (Constant), X3.X4, CONTINUOUS IMPROVEMENT, PERFORMANCE, CUSTOMER FOCUS, EMPLOYEE EMPOWERMENT, X2.X4, X1.X4

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t test

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	23.411	16,158		1,449	.153
CUSTOMER FOCUS	.111	.949	.114	.117	.908
CONTINUOUS IMPROVEMENT	.293	.522	.497	.561	.577
EMPLOYEE EMPOWERMENT	-1.103	.766	-.1259	-1.439	.156
PERFORMANCE	-.695	.576	-.788	-1.208	.233
X1.X4	.005	.035	.248	.140	.889
X2.X4	-.006	.018	-.401	-.349	.729
X3.X4	.053	.029	2,362	1,824	.074

a. Dependent Variable: PROFIT

The test results obtained F count of 97,113 with a significance level of 0.000 and using a significance limit of 0.05, while the degrees of freedom and  $df_{numerator} = k-1 = 5-1 = 4$ , while  $df_{denominator} = nk = 60-5 = 55$ , so that obtained F table of 2.54. That thing mean that F count > F table and significance < 0.05, so  $H_0$  rejected and  $H_a$  accepted which means that there is influence by together Among variable customer focus, continuous improvement, employee empowerment, and performance to profit and can used for predict level profit by together . The customer focus variable is the most dominant influencing variable to enhancement profit on MSME sector ready-to-eat food because result of  $t_{count}(X1) >$  fourth variable other .

Based on hypothesis test results is known customer focus variable significant effect to profit with have score coefficient regression is 0.327 and gives t count of 3,586 and have score significance of 0.001. That thing showing that focus on customer take effect significantly and positively \_ to profit . That is , the more tall application focus on customer so will the more profit is high .

Based on hypothesis test results is known continuous improvement variable significant effect to profit with have score coefficient regression is 0.120 and gives t count of 2,643 as well as have score significance of 0.011. That thing showing that continuous improvement take effect positive to profit . That is , the more tall application continuous improvement so will the more profit is high .

Based on hypothesis test results is known employee empowerment variable significant effect to profit with have score coefficient regression is 0.277 and gives t count of 3,490 and have score significance of 0.001. That thing showing that continuous improvement take effect

significantly and positively to profit . That is , the more tall application empowerment of employees so will the more profit is high .

On variable performance obtained value of t count of 3,713 with score significance 0.000. That thing show that value of t count not be in the area critical acceptance of  $H_0$  i.e. between -2.120 to 2.120 and the value of  $\text{sig} < 0.05$ , then could said that there is influence significant between performance against profit partial .

This is in accordance with research conducted by (Lambey et al., 2018) which states that the performance of entrepreneurship have influence positive and significant to growth MSME profit .

Based on hypothesis test results is known variable performance fails to moderate or is neutral to interaction between customer focus , continuous improvement, employee empowerment towards profit. Based on Table 4.13 is shown in the regression test , at the value of *adjusted R square* before there is variable performance as moderation , magnitude influence variable focus on customers, continuous improvement, employee empowerment, and performance are 0.867 or 86.7% and in table 4.14 after existence variable performance as moderation , value *adjusted r square* permanent that is equal to 0.867 or 86.7%, so that could said that with presence or absence variable performance as moderation has no effect or neutral on connection customer focus, continuous improvement, and employee empowerment towards profit.

This result show that performance no influence connection customer focus, continuous improvement, and employee empowerment towards profit. It means with applied performance then no will affect the total quality management of profit , so could explained that it turns out no enough with good performance high and accompanied with high total quality management will could influence profit.

This thing because MSME no capable make performance system as motivation of employees to increase profits. There is other things that employees want who can influence profit , like attitude employees in serving and providing the best quality to customers, interaction between suppliers and MSMEs in improving the quality of MSME products, and employee attitudes in dealing with every problem contained in these MSMEs.

By applying these attitudes, you can create conducive conditions \_ in environment work and create good interactions between MSME employees and customers where Thing this could made trigger for increase MSME profit . With thereby implementation of total quality management in SMEs in the fast food culinary sector in the Mranggan district of Demak has capable increase profit although no accompanied with high performance.

## CONCLUSION

Study this carried out in the MSME sector culinary food ready serving in the district Mranggan , Demak . Respondents used \_ as many as 60 senior employees at selected MSMEs use technique *purposive sampling* . Criteria in study this are SMEs that have running for at least 3 years and the MSME already registered in application *online* . Method data collection that is method *survey* with use questionnaire . In study this there is variable independent that is *total quality management* consisting of customer focus, continuous improvement, and employee empowerment and tested performance relationship with variable dependent that is profit as well as existence one variable moderation that is performance that strengthens or weakens connection variable independent to variable dependent . Based on results discussion that has been done , then could taken conclusion as following :

- a. Focus on customers has a significant and positive effect ( $3,586 > 1,673$ ) on profits, continuous improvement has an insignificant positive effect ( $2,643 > 1,673$ ) on profits, and employee empowerment has a positive and significant effect ( $3,490 > 2,120$ ) on profits in the ready-to-eat culinary sector SMEs. serving in the Mranggan district of

Demak. The more companies improve the implementation of *total quality management* through its supporting elements, namely focus on customers, continuous improvement, and employee empowerment, it can improve the quality of the products produced so as to reduce product defects or errors in the service process to customers and increase the profits generated.

- b. The performance of SMEs has a significant and positive effect ( $3.713 > 2,120$ ) on profits in the fast food culinary sector SMEs in the Mranggen Demak sub-district. The performance of employees in MSMEs tends to be high because employees have the same values as MSMEs and feel proud to be part of MSMEs the.
- c. There is a joint influence ( $97.113 > 2.54$ ) between the variables of total quality management which consists of focus on customers, continuous improvement, and employee empowerment as well as performance on profits and can be used to predict profit levels together.

The interaction between *total quality management* which consists of focusing on customers, continuous improvement, and employee empowerment with performance has no effect ( $0.867/86.7\%$ ) on profits in the fast food culinary sector UMKM in Mranggen Demak district. Performance did not succeed in moderating the relationship between *total quality management* and profit, so even high performance followed by high *total quality management* could not affect earnings.

Based on results research that has been outlined in conclusion , next researcher will give advice for study further , including :

- a. Further research should expand the object of research, not only in 1 sub-district, but also add more than 1 sub-district so that it can be used as a comparison.
- b. Further researchers are advised to consider the time of returning the questionnaire to the respondents, so that the desired results will be more optimal.

Further researchers are advised to add other variables that can be related to the improvement of *Total Quality Management* (TQM).

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