



**HUMAN RESOURCES MANAGEMENT AND TOTAL QUALITY
MANAGEMENT AS AN EFFORT TO IMPROVE COMPANY
PERFORMANCE**

Deasy Rinayanti Pelealu
Universitas Widya Dharma Pontianak, Pontianak, Indonesia
dcdeasy.26@gmail.com

Abstract

The management and development of human resources is very important for an organization or company. Aspects of business and management in Indonesia are impacted by the development of globalization. Development and improvement of employee performance is a priority and a challenge that must be faced in welcoming the current era of globalization. The Total Quality Management (TQM) approach can identify which parts of the company need to be improved and which ones should be replaced, including the performance productivity of employees. The purpose of this study is to determine human resource management and total quality management in an effort to improve company performance at PT. CDE. The method used in this study is a type of quantitative research, with a total sample of 100 employees using the Equation Model (SEM) structural approach with the help of smart PLS. The results of this study are that Human Resource Management has a significant positive influence on company performance with a p-value of 0.033. Total Quality Management has a significant positive effect on company performance with a p-value of 0.000.

Keywords: Resource Management, Total Quality Management, Company Performance



INTRODUCTION

Human Resources (HR) is a core factor in an organization. Therefore, the management and development of human resources are very important for the organization (Krismiyati, 2017). Human resource management is carried out to develop and utilize all existing potential to support the achievement of the desired organizational goals. Human resource development is part of an important topic to study, considering that human resource development is an urgent aspect of efforts to increase the competitive advantage of institutions (Aryana et al., 2017). The development of human resources is the development of a workforce that is oriented towards increasing knowledge and skills, the ultimate goal of which is the productivity and quality of the institution (Widiansyah, 2018).

Human resources have an important role in achieving the success of an organization or educational institution. Humans have an active and dominating role in every organizational activity because humans are designers, actors, and determinants of achieving organizational goals. Thus, an institution can be said to be successful if it can achieve the goals of the organization or the institution itself which can be achieved if the quality of its human resources is good. Quality human resources require organized, continuous, and comprehensive efforts. The quality of human resources is a combination of physical quality (health) and non-physical quality (Sari, 2021). So, to improve the quality of human resources, it is necessary to empower and develop human resource management.

The era of globalization has brought changes to various aspects of Indonesian life. Aspects of business and management in Indonesia have also



received the impact of globalization. Organizations/companies that used to compete only at the local, regional, or national level now have to compete with other companies from all over the world. In order for an organization to have an advantage on a global scale, the organization must be able to work better in order to produce high-quality goods or services at reasonable and competitive prices. In other words, in a modern global market, the key to increasing competitiveness is quality. Economic resources that are mobilized effectively require organizational and technical skills so that they have a high level of effectiveness, Nabila, 2019).

Through good working methods, wastage of time, energy, and various other inputs can be reduced as far as possible. The result will be more effective and efficient and company goals can be achieved well. On the basis of the foregoing, it is undeniable that the development and improvement of employee performance is a priority and a challenge that must be faced in welcoming the globalization era. The labor factor cannot be ignored in a company, even as a key factor, because errors and mistakes that occur can cause obstacles to occur in the production process, and can even cause total failure. Therefore, it is necessary to train employees to get good employee performance so that it can improve performance for individual employees and benefit an organization (Nabila, 2019).

The company is an organization that is run by the people who are in it to achieve the goals of the company. To achieve the company's goals, management is needed that is able to provide improvements towards the company's progress through improving its quality. Where every waste will be minimized or even eliminated with the aim of minimizing production costs per



unit so that companies can maintain competitive prices in market share by simultaneously gaining profits over a long period of time (Mildawati, 2016). Product quality is demanded from the use of a good management system where this management system can be used as a tool to improve company performance by also measuring the performance of its employees. The company's attention is not limited to the quality of the products it produces, but also to aspects of the process, Human Resources (HR), and the environment. So, it is important to measure the productivity behavior of company employees by including elements of quality improvement which are also based on improving human resources.

The company's performance in producing quality products and services in the current era of globalization is demonstrated by continuous improvement in terms of human capabilities, processes, and the environment. Overall continuous improvement is carried out using the Total Quality Management (TQM) approach. Through the TQM approach, you can identify which parts of the company need to be repaired and which ones need to be replaced. Through well-managed TQM, it can influence the productive behavior of the employees themselves. Employees will be more motivated by what they do because the goals or tasks given are clear so that the productive performance of employees will ultimately result in optimal company performance in accordance with the company's goals.

This study aims to determine human resource management and total quality management in an effort to improve company performance at PT. CDE so that this study has the title "Human Resource Management and Total Quality Management as an Effort to Improve Company Performance".

**LITERATURE REVIEW****Human Resource Management**

Human resource management is the set of organizational activities directed at attracting, developing, and retaining an effective workforce. It has become the general goal of HRM to be able to provide maximum job satisfaction to company management which is further able to have an impact on company value, both in the short and long term. Human Resource Management (HRM) is related to the concept of management itself, as it is known that the definition of management is the science or art that regulates the process of using human resources and others effectively and efficiently to achieve a company goal. Improving the competence of human resources (HR), which is also considered a company asset, because HRM plays a role as a driving force in carrying out operations and production in a company and is important in maintaining the continuity of the company's survival in its development, besides that HRM is used to evaluate the performance of employees which is the main benchmark in HR development, the existence of good human resource management will improve employee performance and company productivity. Syarief et al. (2021) in the science of management has six elements, namely: people, money, methods, raw materials, machines, and markets. These elements are interrelated with each other, but the most important element is humans, considering that these elements will move all elements so that they run effectively and efficiently, Syarief et al., 2022). The following are indicators of human resource management, namely:



Table 1
Human Resources Management

Human Resources Management	Planning
	Selection
	Training and Development
	Performance
	Compensation
	Maintenance
	Managers And Employees Relationship

(Willian et al., 2018)

Total Quality Management

Total Quality Management (TQM) is an approach to running a business that tries to maximize organizational competitiveness through continuous improvement of products, services, workforce, processes, and the environment (Nasution, 2015). Total Quality Management is a management concept that has been developed fifty years ago taken from various management practices, efforts to improve and develop products. Total Quality Management is a quality management system that focuses on the customer (Customer focused) by involving all levels of employees in carrying out continuous improvement or improvement (continuously). Instilling a TQM culture in an organization is not easy considering the various backgrounds of members of the organization, both education, experience, culture/tradition. Therefore, cultivating a TQM culture requires quite a long time. However, if this can be achieved, it will have a positive impact on improving quality, productivity and competitiveness to survive in local and regional competition. The following are indicators of TQM, namely:

Table 2

Human Resources Management ...



Total Quality Management

Total Quality Management	Top management commitment
	Customer focused
	Employee involvement
	Systems approach
	Process management
	Teamwork

(Kebati, 2018)

Company Performance

Company performance is an indicator of the level of achievement that can be achieved and reflects the success of a company and is the result achieved from the behavior of company members. Performance can also be said to be an output of a certain process carried out by all components of the company against certain sources that are used (input). Furthermore, performance is also the result of a series of process activities carried out to achieve certain company goals. For a company, performance is the result of cooperative activities among members or components of the company in order to realize company goals. Organizational performance is the totality of work results achieved by an organization. The achievement of organizational goals means that the performance of an organization can be seen from the extent to which the organization can achieve goals based on predetermined goals. The following are indicators of company performance, namely:

Table 3
Company Performance

Company Performance	Output
	Results
	The relationship between business and achievement
	Explanatory information

(Sobandi, 2006)

Conceptual Framework

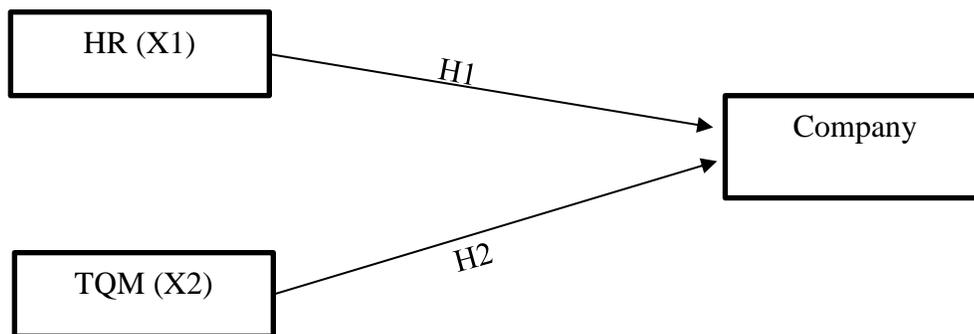


Figure 1
Conceptual Framework

Hypothesis:

H1: the effect of Human Resource Management on Profitability

H2: the effect of Total Quality Management on Profitability

RESEARCH METHOD

Research Design

Quantitative techniques were used in this study. The purpose of a quantitative study is to test a known hypothesis. This method uses the numbers generated from measurements made with a questionnaire on the study variables. In this study, researchers took PT. CDE with 100 employees. The



analysis of this study is a structural approach to the Equation Model (SEM) with the help of smart PLS (Ghozali, 2018).

Outer Model Analysis

Validity and Reliability Test

Validity and reliability tests are carried out to ensure that the measurements used are accurate and reliable (valid and reliable). Testing the validity and reliability can be seen in:

First, Convergent Validity is a metric that is assessed in terms of the correlation between item/component scores and construct scores, as seen in the standard loading factor which describes the magnitude of the correlation between each item measured and its construct. If correlated Individual reflex measurements are said to be high if > 0.7 .

Second, discriminant validity is a measurement model with a reflection index that is assessed based on size and cross-loading constructs. Discriminant validity, namely comparing the root mean square of variance (AVE) extracted, a tool is declared valid if the AVE value is > 0.5 .

Third, Composite reliability is a measure of a structure that can be seen in terms of the coefficients of the latent variables. In this measurement, if a value > 0.70 is achieved, the construction can be said to have high reliability.

Fourth, Cronbach's Alpha is a reliability test designed to strengthen the results of composite reliability. A variable can be declared reliable if the value of Cronbach's alpha > 0.7 .

**Instrument Testing**

Table 4
Instrument Testing

Instrument Test	Test Used
Validity Test	Convergent Validity
	AVE
Reliability Test	Cronbach's Alpha
	Composite Reliability

R Square test

The R-square of the dependent construct is used to analyze the effect of specific independent variables on the dependent latent variable, which displays the magnitude of the effect.

Inner Model Analysis

Inner Model Analysis, also known as Structural Modeling, is a technique for predicting causal relationships between model variables. The hypotheses are tested during the analysis of the model in the Smart PLS test. T-statistic values and probability values can be shown in evaluating hypotheses. The results of the t-statistic used to test the hypothesis using the statistical value is 1.96 for alpha 5%, while the beta score is used to determine the direction of the influence of the relationship between variables. The criteria for acceptance/rejection of the hypothesis are

$H_a = t\text{-statistic} > 1.96$ with $p\text{-values} < 0.05$.

$H_0 = t\text{-statistic} < 1.96$ with $p\text{-values} > 0.05$.



RESULTS AND DISCUSSION

Outer Model Analysis

Validity test

Validity test is used to measure the validity or validity of a questionnaire. In this research, validity testing was carried out using convergent validity and AVE. The validity of using convergent validity in which the measurement model with reflection indicators is assessed based on the correlation between the item score/component score calculated by PLS. individual reflection size is said to be high if it correlates more than 0.7 with the construction being measured. But according Dahri, (2017) for research in the early stages of developing a measurement scale, a loading value of 0.5 to 0.6 is sufficient.

Table 5
Validity Test Results

Table with 5 columns: Variable, Item, Outer Loading, AVE, Information. Rows include Company Performance (Y), HR (X1), and TQM (X2) with their respective indicators and values.



	TQM. 5	0.785		Valid
	TQM. 6	0.846		Invalid

Reliability Test

This study uses 2 types of reliability tests, namely the Cronbach Alpha test and the Composite Reliability Test. Cronbach Alpha measures the lowest (lowerbound) reliability. Data is declared reliable if the data has a Cronbach alpha value > 0.7. Composite reliability measures the actual reliability value of a variable. Data is declared to have high reliability if it has a composite reliability score > 0.7.

Table 6
Reliability Test Results

	Cronbach’s Alpha	rho_A	Composite Reliability
Company Performance (Y)	0.849	0.861	0.899
HR (X1)	0.905	0.908	0.925
TQM (X2)	0.906	0.913	0.928

The test results show that all instruments are declared reliable with a Cronbach Alpha score and Composite reliability > 0.7.

Test Convergent Validity after Modification

The following figure shows the results of the calculation of the PLS SEM model after the indicators that do not meet the requirements for the loading factor value are removed. In the figure, it can be seen that the factor loading values for the indicators in each variable are not below 0.6, thus the analysis continues with the Discriminant Validity test.

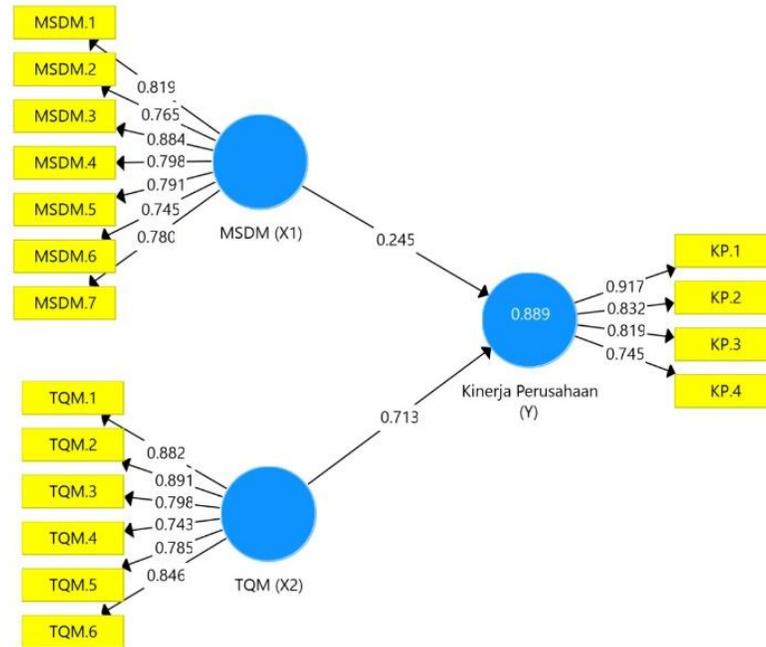


Figure2
Test Convergent Validity after Modification

R-Square test

The R-Square Coefficient determination (R-Square) test is used to measure how much the endogenous variables are influenced by other variables. Based on data analysis carried out through the use of the smartPLS program, the R-Square value is obtained as shown in the following table:

Table 7
R-Square Test

	R Square	R Square Adjusted
Company Performance (Y)	0.889	0.887

Based on the test results, the R-Square score for company performance is 0.889, which means that company performance is influenced by human



resource management and total quality management by 88.9% and the other 11.1% is influenced by variables that have not been explained in this study.

Hypothesis Testing

Testing the hypothesis can be seen through the value of the t-statistic and the probability value. To test the hypothesis using statistical values for alpha 5% by comparing t count with t table. Thus, the criterion for accepting or rejecting the hypothesis is that H0 is rejected if the t-statistic > t count. To reject/accept the hypothesis using probability, Ha is accepted if the p value <0.05.

**Table8
Hypothesis Testing**

	Original Sample (O)	T Statistics (O/STDEV)	P Values
HRM (X1) -> Company Performance (Y)	0.245	2.133	0.033
TQM (X2) -> Company Performance (Y)	0.713	6,362	0.000

Effect of Human Resource Management (X1) on Company Performance (Y)

The results of testing the hypothesis that there is an influence between Human Resource Management on Company Performance, it is shown that the p-value is 0.033 which is smaller than 0.05. As well as a t-statistic value of 2,133 which is greater than 1,660 and a beta score of 0,245. So that from the explanation above it will show that Human Resource Management has a significant positive influence on Company Performance.

Strategic human resource management is a method of recruiting, creating, rewarding and maintaining workers for the benefit of employees as



individuals and the company as a whole (Farchan, 2016). The main objective of human resource management is to increase the contribution of human resources (employees) to the company. It can be understood that all company activities in achieving its goals depend on the people who manage the company. Therefore employees must be managed properly so that they can assist the company in achieving the company's goals that have been determined. To achieve the goal of human resource management is carried out by HR managers, line managers and outsourcing. This is in line with research conducted by Abdullah, H.

Effect of Total Quality Management (X2) on Company Performance (Y)

The results of testing the hypothesis that there is an influence between Total Quality Management on Company Performance, it is shown that the p-value is 0.000 which is smaller than 0.05. As well as a t-statistic value of 6,362 which is greater than 1,660 and a beta score of 0.713. So from the explanation above it will show that Total Quality Management has a significant positive influence on company performance.

The more intense global competition, the more entrepreneurs are implementing Total Quality Management (TQM) as a strategy to meet consumer desires. TQM is seen as a management philosophy in an effort to achieve competitive advantage in all aspects of business through continuous improvement. Therefore, TQM is believed to be able to contribute to competitive advantage and company performance (Chase et al, 2005). In line with the research of Regina and Devie (2013) which proves that there is a significant relationship between Total Quality Management and competitive advantage.



According to Regina and Devie (2013) competitiveness is a form of strategy to help companies maintain their survival. Regina and Devie's research (2013) also proves that there is a significant relationship between competitiveness and company performance

CONCLUSION

Based on the research and discussion that has been done, it is concluded that Human Resource Management has a significant positive influence on company performance with a p-value of 0.033. Total Quality Management has a significant positive effect on company performance with a p-value of 0.000. For future researchers, if they take the same topic or object, it would be better if they develop this research, variables can be further developed and objects can be expanded, so that similarities and differences will be seen with this research.

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