



Analysis Of The Implementation Of Total Quality Management On Employee Performance With Organizational Culture As An Intervening Variable In The Pekanbaru State Wealth And Auction Services Office (KPKNL)

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ARTICLE INFO	ABSTRACT
<p>Accepted: 13 December 2024 Revised: 2 April 2025 Approved: 3 May 2025</p> <p>Keywords: : Employee Performance; Organizational Culture; Total Quality Management</p>	<p>This research aims to determine the test results of the influence of Total Quality Management on employee performance with organizational culture as mediation at the Pekanbaru State Wealth and Auction Services office. The research method used is a descriptive quantitative method using the SEM-PLS 3.0 analysis tool by creating an inner model and outer model to measure the results of Total Quality Management as an independent variable, employee performance as a dependent variable, and organizational culture as a mediating variable. This research uses descriptive analysis with 42 respondents, and the sampling technique is a saturated sample. The results of this study indicate that total quality management has a significant effect on organizational culture. Organizational culture has a substantial impact on employee performance. Total Quality Management has a significant effect on employee performance. Moreover, Total Quality Management significantly affects employee performance through organizational culture.</p>

INTRODUCTION

Achieving good and quality performance requires effective and efficient efforts. Therefore, the success of an organization is its performance because performance refers to the level of achievement of a program of activities or policies to achieve the goals, objectives, vision, and mission of the organization set through strategic planning. As stated by (Prastyawati & Novie, 2023), performance is the extent to which a person carries out the tasks assigned to him, both in terms of quality and quantity, carried out over a specific period. Good employee performance will create a good work environment and achieve organizational goals.

Improving the performance of the company's operational activities must be carefully considered and closely monitored by the relevant management. As one of the agencies that employs PNS (Civil Servants) and ASN (State Civil Apparatus) employees, mutations are common. Employee turnover can certainly affect the work

of other existing employees. This can decrease productivity in the team because new employees need time to adapt to their roles and responsibilities. During this adaptation period, their productivity may decline, which can disrupt the overall performance of the team or department (Wulandari & Fatimah, 2022).

Organizational Performance Value of KPKNL Pekanbaru in 2020 – 2023 with Max Index. 120 % in 2020 is 100.27 %, in 2021 113.16 %, in 2022 114.19 %, and in 2023 116. 22 %, Measurement of the performance achievement of the Pekanbaru State Wealth and Auction Service Office (KPKNL) is carried out by comparing the target (plan) and realization of the Key Performance Indicators (KPI) in each perspective. From the results of these performance measurements, data on the achievement of the Organizational Performance Value (NKO) of KPKNL Pekanbaru was obtained. The data table above shows that the Organizational Performance Value (NKO) at the State Wealth and Auction Service Office (KPKNL) Pekanbaru has increased yearly. However, each year's value has not reached the maximum index value of 120%. This shows that several Key Performance Indicators (KPI) still have not reached the maximum index of 120% even though they have reached the target (djkn.kemenkeu.go.id).

Based on the phenomena described, agencies can use the Total Quality Management (TQM) method to support continuous improvement. In addition, employee performance can be influenced by organizational culture. According to (Sitio, 2021), organizational culture is one of the factors that can affect performance, and the function of organizational culture is to improve employee performance by applying previously applied habits.

A company's success in implementing the TQM concept is closely related to its organizational culture. According to (Hamsinah et al., 2023), in the context of implementing TQM is an approach that aims to increase the competitiveness of an organization through continuous improvement of products, services, people, and processes and to maximize the environment needed by a company to improve the performance of its employees and the organization within the company. Of course, to achieve maximum performance, the company must synergize existing resources effectively and efficiently. This must also be supported by the organizational culture that develops within the company.

LITERATURE REVIEW

Total Quality Management

Total Quality Management is a management system that focuses on people (employees) and aims to continuously improve value for customers at a low cost in organizational value creation. Total quality management is a business management approach that seeks to maximize the company's competitive advantage through continuous improvement of products, services, labor, processes, and the environment (Nasution, 2015).

Organizational culture

According to Sudaryono (2017), organizational culture is defined as a value system agreed upon and adhered to by all members of the organization that is dynamic and can increase organizational productivity.

Employee Performance

According to Zainal et al. (2015), performance is the actual behavior expressed by each person as the fulfillment of the work created by employees by their role in the company.

RESEARCH MODEL

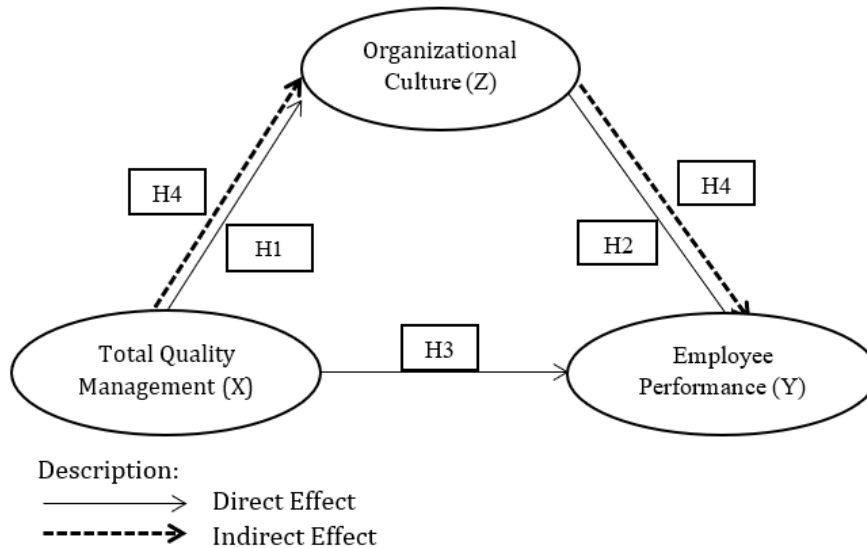


Figure 1. Research Model

Hypothesis Development

- H1: TQM has a significant positive effect on organizational culture.
- H2: Organizational culture has a significant positive impact on employee performance.
- H3: TQM has a significant positive effect on employee performance.
- H4: TQM significantly positively affects employee performance through organizational culture as an intervening variable.

METHOD

The research method used is a descriptive quantitative method using the SEM-PLS 3.0 analysis tool by creating an inner and outer model. This data was obtained by filling out questionnaires and from other secondary sources. The population in this study were all employees at the Pekanbaru State Wealth and Auction Service Office (KPKNL), totaling 42 employees. The sampling technique for this study used saturated sampling techniques; namely, the entire population of this study was sampled, so the sample consisted of 42 employees at the Pekanbaru State Wealth and Auction Service Office (KPKNL) Pekanbaru.

RESULTS AND DISCUSSION

Outer Model Testing

1. Convergent Validity

Tabel 1 Loading Factor

Variable	Indicator	Loading Factor	Rule of Thumb	Description
Employee Performance	Y1.2	0.761	0.600	Valid
	Y1.3	0.793	0.600	Valid
	Y1.4	0.623	0.600	Valid
	Y1.6	0.774	0.600	Valid
	Y1.7	0.754	0.600	Valid
	Y1.8	0.831	0.600	Valid
	Y1.9	0.776	0.600	Valid
Total Quality Management	X1.4	0.737	0.600	Valid
	X1.5	0.774	0.600	Valid
	X1.6	0.832	0.600	Valid
	X1.7	0.854	0.600	Valid
	X1.8	0.604	0.600	Valid
	X1.11	0.777	0.600	Valid
Organizational Culture	Z1.1	0.819	0.600	Valid
	Z1.2	0.828	0.600	Valid
	Z1.3	0.808	0.600	Valid
	Z1.4	0.746	0.600	Valid
	Z1.5	0.747	0.600	Valid
	Z1.6	0.831	0.600	Valid
	Z1.7	0.847	0.600	Valid
	Z1.8	0.837	0.600	Valid
	Z1.9	0.824	0.600	Valid
	Z1.10	0.774	0.600	Valid
	Z1.11	0.633	0.600	Valid
	Z1.12	0.630	0.600	Valid

Sumber: Data Olahan (2024)

Based on the results of the second data processing, the value of the above instruments has met the criteria of more than 0.600 by eliminating several invalid instruments. To strengthen the results of convergent validity, it can be seen from the Average Variance Extracted (AVE) value greater than 0.5 (Ghozali & Latan, 2015). Based on table 5.10 shows that the Average Variance Extracted (AVE) test results show a value > 0.5, which means that all variables are declared valid.

Table 2 Average Variance Extracted (AVE)

Variable	Average Variance Extracted (AVE)	Rule of Thumb	Description
Total Quality Management (X)	0.589	0.500	Valid
Employee Performance (Y)	0.579	0.500	Valid
Organizational Culture(Z)	0.609	0.500	Valid

Sumber: Data Olahan (2024)

Based on table 2 shows that the Average Variance Extracted (AVE) test results show a value > 0.5, which means that all variables are declared valid.

2. Discriminant validity

Table 3 Fornell-Larcker Criterion (Discriminant Validity)

Variable	Total quality Management (X)	Employee Performance (Y)	Organizational Culture (Z)
Total quality Management (X)	0.767		
Employee Performance (Y)	0.403	0.761	
Organizational Culture (Z)	0.749	0.691	0.780

Sumber: Data Olahan (2024)

The results of Table 3 show that the loading value of each indicator item on its construct is greater than the cross-loading value. Thus, it can be concluded that all constructs or latent variables already have good discriminant validity, whereas the construct indicator block is better than other block indicators.

Composite Reliability

Table 4 Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability	Rule of Thumb	Description
Total quality Management (X)	0.859	0.895	0.700	Reliable
Employee Performance (Y)	0.879	0.906	0.700	Reliable
Organizational Culture (Z)	0.941	0.949	0.700	Reliable

Sumber: Data Olahan (2024)

Based on table 4 shows that Cronbach's Alpha and composite reliability test results show a value > 0.6, which means that all variables are declared reliable. If the measurement model is valid and reliable, the next stage can be to evaluate the structural or inner models.

Inner Model Testing

Tabel 5 R-Square

Variable	R-Square
Employee Performance	0.508
Organizational Culture	0.561

Sumber: Data Olahan (2024)

Based on Table 5, the R-Square value is 0.508; 50.8% of variations or changes in employee performance are influenced by integrated quality management, while other causes explain the remaining 49.2%. So, the R-Square on the organizational culture variable is moderate.

Hypothesis Testing

Table 6 Direct Effects

Model	t-Statistic	P-Value	Description
X -> Y	2.162	0.031	Accepted
X-> Z	9.787	0.000	Accepted
Z -> Y	8.159	0.000	Accepted

Sumber: Data Olahan (2024)

Based on Table 6, with a P-value of less than 0.05 or with a t-statistic of greater than 1.96, hypotheses 1, 2, and 3 are accepted.

Table 7 Specific Indirect Effects

Model	t-Statistic	P-Value	Description
X -> Z -> Y	5.437	0.000	Accepted

Sumber: Data Olahan (2024)

Based on Table 7, with a P-value of less than 0.05 or with a t-statistic of greater than 1.96, hypothesis 4 is accepted.

The Effect of Total Quality Management (TQM) on Organizational Culture

The test results show that implementing TQM positively and significantly affects the organizational culture at KPKNL Pekanbaru. Bahri et al. (2012) stated that the dimensions of TQM and cultural dimensions have a combined effect and will contribute to reducing consumer complaints and increasing reliability and profitability. Meanwhile, customer focus, continuous improvement, and interaction with cultural dimensions (competitive ability) have contributed to increasing market share.

Thus, applying TQM principles will create an organizational climate conducive to the realization of a culture of quality, which will then have a trickle-down effect to change the code of conduct of organizational members. (Hardjosoedarmo, 2004) This behavioral change must be accompanied by an overall system overhaul and strong leadership that prefers quality. In the long run, employees who have been educated and empowered will eventually embrace quality as one of their codes of conduct and begin to develop good work habits.

A good employee code of conduct must be internalized and sustained by creating a work environment supporting employee quality efforts. This internalization process that is conducive to quality will make everyone in the organization embrace quality as part of their attitude or code of ethics. It will be internalized and strengthened through quality leadership and system improvements (Nasution, 2015).

The Effect of Organizational Culture on Employee Performance

The results showed that organizational culture positively and significantly impacts employee performance at KPKNL. Culture has the power to influence individuals and their performance. A culture that grows to be strong can spur the organization towards better development. Organizational culture contributes to shaping employee behavior; it is the values that employees have believed in, so it has become employee behavior in everyday life. The attitudes and values adopted in the organization will guide employees to behave according to the attitudes and values they believe in. In other words, culture will affect the extent to which organizational members achieve organizational goals (Mujahida, 2018).

An organizational culture that supports employee engagement is essential for improving performance. Employees involved in organizational activities tend to be more motivated and productive (Kumar & Khan, 2021). In addition, an organizational culture that encourages continuous learning and personal development also positively affects employee performance. Employees who have the opportunity to learn and develop are more likely to have the skills and knowledge necessary to perform their jobs effectively (Lee & Park, 2020).

The Effect of TQM on Employee Performance

The test results show that the implementation of TQM has a significant effect on employee performance at KPKNL Pekanbaru. Alghamdi (2019) states that companies that adopt TQM programs formally in practice are superior to companies that do not implement TQM programs. These findings also indicate a strong influence between TQM practices and quality performance. However, there is no significant difference in quality performance between organizations that implement TQM programs formally and organizations that adopt TQM practices non-formally. This suggests that adopting quality practices is even more important than formal programs.

Employee participation and empowerment are where employees are encouraged to openly express their feelings, problems, and ideas, which increases employees' sense of ownership and responsibility for their decisions. The better the quality management, the better the employee performance. The implementation of TQM improves employees' ability to serve customers. The improvement of TQM has

a positive impact on leadership performance. When all elements of TQM are applied harmoniously, the company will easily achieve its goals, indicating that its management is running well (Nasution, 2015).

The Effect of TQM on Employee Performance through Organizational Culture

Regarding the indirect effect of TQM implementation on employee performance through organizational culture, the test results show that TQM implementation on organizational performance through organizational culture has a positive and significant effect at KPKNL Pekanbaru. TQM prioritizes collaboration between various parties in the organization to improve quality. An organizational culture that encourages collaboration, teamwork, and open communication is essential in strengthening the impact of TQM on employee performance. When employees work in teams that support each other and share knowledge, they can complete tasks more effectively and efficiently, improving their performance (Agha & Al-Omari, 2020).

One of the key principles of TQM is continuous improvement. An organizational culture that encourages continuous improvement will create a dynamic environment where employees are encouraged to continuously innovate and improve the quality of processes. This not only improves the quality of the product or service but also contributes to improved employee performance. Employees involved in continuous improvement feel more valued and are motivated to perform higher (Ye & Harrison, 2023).

TQM implementation encourages an organizational culture emphasizing quality, collaboration, and innovation. The culture inspires employees to commit to a common goal, increasing morale and loyalty. TQM encourages employee participation in decision-making and process improvement. Employees who feel valued and involved tend to be more energized and productive, positively impacting performance. Organizational cultures built through TQM often encourage open and transparent communication. This helps reduce misunderstandings, improve collaboration, and create employee synergy (Bahri et al., 2012).

Bahri et al. (2012) stated that a deeper understanding of organizational culture is becoming increasingly important because TQM requires a paradigm shift in doing business; companies must build a new corporate culture. In this case, management commitment must make changes so that the transformation of corporate culture towards a culture of quality through applying TQM can run well. Training and education are very important factors in organizations that implement TQM. Proper training and education for each employee is a must in order to improve their abilities and skills.

CONCLUSIONS

Overall, implementing Total Quality Management (TQM) in organizations can positively impact employee performance, with organizational culture as a key mediator. An organizational culture supporting TQM will create an environment conducive to quality and performance improvement, improving overall employee performance. Total Quality Management (TQM) is a management approach that emphasizes quality as the primary focus in all aspects of the organization, including processes, products, and employee performance. In this context, TQM can positively

influence employee performance through a supportive organizational culture. The positive influence of TQM on employee performance through organizational culture occurs because TQM encourages values such as cooperation, innovation, individual development, and commitment to quality. With a supportive organizational culture, employees are more motivated to perform best.

IMPLICATIONS AND LIMITATIONS

For agencies, management must strengthen commitment to Total Quality Management (TQM) by demonstrating tangible support for TQM implementation through resource allocation, training, and a clear vision. Agencies must build and maintain an organizational culture supporting TQM by building a collaborative and innovative culture through activities that encourage teamwork, such as reward programs for employee improvement ideas. Moreover, agencies should integrate TQM into agency management systems to ensure that TQM principles are integrated into operational policies, performance evaluation, and strategic planning. In this study, decision-makers in companies within the textile sub-industry are expected to maintain leverage at a healthy level. Excessive use of debt can increase financial risk, so policies related to managing leverage risk must be implemented. Future researchers should add or replace variables with others, such as the current ratio, company size, dividend policy, capital structure, and operational expenses to income, to identify factors that can influence a company's financial performance.

According to the principle of continuous improvement, employees must actively participate in the improvement process and are expected to be actively involved in submitting ideas for quality and productivity improvements. Employees need to develop individual competencies by improving technical and non-technical skills through training provided by the company to support the implementation of TQM. In this study, researchers focused on one sample company only with a limited number of respondents. This study uses a survey method that is conducted through the distribution of questionnaires by asking closed questions without asking open questions to respondents. Future research on TQM needs to consider the objects and research targets to be used. Other research focuses should be conducted to study TQM implementation in business sectors to provide a better understanding of TQM implementation.

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