

## THE INFLUENCE OF TOTAL QUALITY MANAGEMENT (TQM) TO MANAGERIAL PERFORMANCE WITH AND REWARD SYSTEM AS MODERATING VARIABLES (Case Study at North Sumatra Muhammadiyah General Hospital)

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### Abstrac

The purpose of this study was to examine and analyze The influence of Total Quality Management on the managerial performance of the Muhammadiyah North Sumatra General Hospital with a reward system as a moderating variable, a case study at the North Sumatra Muhammadiyah General Hospital. Data was distributed and collected by convenience sampling technique to the respondents. The sample used in this study is Management and Employees with a total of 40 respondents. The analytical method used is simple regression analysis. From the simple regression results, it produces a hypothesis that shows its effect on managerial performance, namely Total Quality Management (TQM) has a significant effect on managerial performance. Meanwhile, from the results of the moderation regression analysis, the reward system variable does not moderate the Total Quality Management (TQM) relationship to managerial performance.

Keywords : Total Quality Management, Reward System And Manajerial Performance

### A. Introduction

Changes in the environment from local to global have caused changes in almost all sectors of life. There is a necessity to adjust the situation globally, making managers not only refer to local, national or regional situations, but must be able to compete internationally. There is only one attitude of the company to deal with this, namely participating in experiencing changes both structurally and in resources. One way that can be taken by companies is to fix their human resources in order to survive in long-term competition (samuel, 2003: 73).

In addition to improving performance or human resources, companies are also required to improve the quality of products and services produced in order to be able to compete in global competition. In improving the quality of products and services, companies must make improvements in terms of quality, innovation, creativity, and productivity consistently in order to produce higher-end products with higher positive value and better service services so that they can meet customer satisfaction. Quality improvement in aspects of products and services and management aspects can bring organizations to survive in the global business environment (Tjiptono and Diana, 2001: 64).

The emergence of the global economy also encourages every company to change the way they do business. The competition conditions are getting increasingly heated, so that if they are unable to compete, then the road to bankruptcy is widespread. One of the best ways in global competition is to produce a product of the highest quality goods or services. The best quality will be obtained by making efforts to continuously improve human capabilities, processes and the environment. The application of TQM is a very appropriate thing in order to improve the ability of these elements continuously (Ismunawan, 2010: 27).

Managerial performance is defined as one of the important factors in the company, because with the increase in managerial performance it is expected that it will improve company performance. Managerial performance obtained by the manager is also one of the factors that can be used to increase the effectiveness of the company. Managerial performance shows the ability of management to carry out management functions which are business activities, which of course is always related to decision making (Widarsono, 2007: 289).

The need for increased performance or human resources, companies are also required to improve the quality of products and services to be able to compete in global competition. In improving the quality of products and services, companies must make improvements in terms of quality, innovation, creativity, and consistent productivity in order to produce higher-end products with higher positive value and better service services so that they can meet customer satisfaction. Quality improvement in aspects of products and services and management aspects can bring organizations to survive in the global business environment (Tjiptono and Diana, 2001: 64).

Total Quality Management (TQM) is a new paradigm in conducting business that seeks to maximize organizational competitiveness through a focus on consumer satisfaction, involvement of all employees, and continuous improvement of the quality of products, services, people, processes and organizational environment (Tjiptono, 2002; Melia, 2011). TQM is also a combination of all functions of an organization or company into a holistic philosophy that is built on the concept of quality teamwork, productivity and understanding and customer satisfaction.

Total Quality Management (TQM) has elements: focus on customers, obsession with quality, scientific approach, long-term commitment, teamwork, continuous system improvement, education and training, controlled freedom, unity of purpose, involvement and empowerment of employees . Customer-focused Total Quality Management (TQM) elements provide obligations to managerial to improve their performance so that the company gets the trust of its customers.

In Musran's research, 2011 stated that the implementation of Total Quality Management (TQM) had a positive impact on organizational and operational performance and (Dewi, 2009) said the use of Total Quality Management (TQM) as a managerial performance improvement tool has been widely used. This happens because there have been many successful implementations of Total Quality Management (TQM) in improving managerial performance.

One that can improve and maintain morale for each individual is a reward system (bonus / promotion) for employees, as expressed by Simamora in: Khairani; 2015 awards are what employees receive in exchange for their contribution to the organization. Awards given by the company can affect the tendency of employees to stay together or be loyal to the company. In accordance with non-financial and financial size agency theory, the greater the company's attention to the needs of employees, the company will get the appropriate feedback, namely the maximum performance productivity.

In this study, the organization or company that will be used is a hospital (service company). Therefore, the measure of operational performance that will be used is a measure for patients, work and employee systems, as well as hospital effectiveness and efficiency. Therefore hospitals are required to always improve managerial performance in order to achieve their goals. One effort to improve managerial performance at the hospital is to maintain the accreditation of the hospital.

Regulation of the Minister of Health No. 12/2012 explained that accreditation is the recognition of hospitals provided by independent institutions that carry out accreditation determined by the Minister. Standard hospital services are service standards that apply in hospitals, among others, Standard Operating Procedure (SOP), medical service standards, and nursing care standards. Therefore Law No. 44/2009 concerning hospitals stated that in improving the quality of hospital services.

Based on the above problems, researchers are interested in conducting research related to Total Quality Management, Reward Systems and Managerial Performance at North Sumatra Muhammadiyah General Hospital.

## B. Method

This research approach uses associative which aims to determine the influence of two or more variables. This research was conducted at the North Sumatra Muhammadiyah General Hospital. The population in this study were 40 employees and Management of the North Sumatra Muhammadiyah General Hospital.

Operational Definition of Variables this is Managerial Performance is the individual performance of organizational members in managerial activities including: planning, investigation, coordination, staff regulation, negotiation, evaluation, investigation, supervision and representation (Narsa and Yuniawati, 2003). Total Quality Management is an approach in running a business that tries to maximize the competitiveness of an organization through continuous improvement of its products, services, people, processes and environment. The award system intended in this study is providing compensation to staff consisting of (1) salary payments and (2) variable payments whose amount is determined based on performance (performance contingent reward) (Mulyadi and Setyawan, 2001).

While the data collection techniques in this study used questionnaires and interviews. to test the instrument, validity and reliability were tested. After the questionnaire fulfills the validity and reliability testing, a simple regression.

## C. Research Finding

### 1. Deskriptif Karakteristik Responden

Descriptive analysis is used to describe the characteristics of the respondents analyzed in this study including gender. Information about respondents can be explained as follows:

**Table 1**  
**Characteristics of Respondents by Gender**

No	Jenis Kelamin	Jumlah	Persentase
1	Laki-Laki	11	28%
2	Perempuan	29	72%
Total		40	100%

Source: Results of data processing

Based on the table, it can be seen that the majority of respondents' sexes are men, amounting to 11 people and 29 women. Where can be seen by respondents who mostly work in the field that are dominant are women.

**Table 2**  
**Characteristics of Respondents Based on Working Period**

No	Masa Kerja (Tahun)	Jumlah	Persentase
1	< 3 tahun	15	37,5%
2	3-5 tahun	10	25,0%
3	5-10 tahun	12	30,0%
4	10-20 tahun	1	2,5%
5	> 20 tahun	2	5,0%
Total		40	100%

Source: Results of data processing

Based on table 2 above, the majority of the working lives of respondents are <3 years, amounting to 15 people with a percentage of 37.5%, then working period of 5-10 years which amounts to 12 with a percentage of 30.0%, then 3-5 years amounting to 10 people with a percentage of 25.0% and > 20 years amounted to 2 with a percentage of 5.0%, then 10-20 years which amounted to 1 person with a percentage of 2.5%.

**Table 3**  
**Characteristics of respondents based on education**

No	Pendidikan	Jumlah	Persentase
1	D3	17	42,5%
2	S1	13	32,5%
3	S2	2	5,0%
4	Lainnya	8	20,0
Total		40	100%

Source: Results of data processing

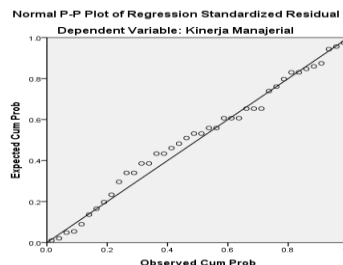
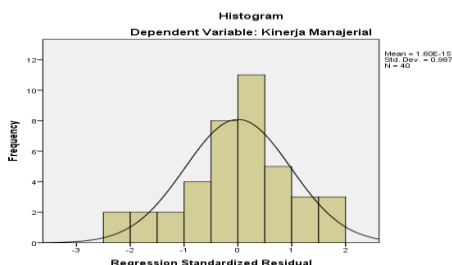
Based on the table, the education background of the dominant respondents was educated D3, amounting to 17 people with a percentage of 42.5% and S1 numbering 13 people with a percentage of 32.5%, S2 numbering 2 with a percentage of 5.0%. Others number 8 people with a percentage of 20.0%.

2. Description of Research Variables

In this study the variables will be explained descriptively on the responses of respondents. Where in this study have three variables, namely total quality management as independent variables, rewards as moderating variables and managerial performance as the dependent variable.

3. Normality Test

The picture above shows a histogram graph which gives a normal and symmetrical shape that does not deviate to the left or right, and the shape of the curve tends to be centered not leaning left or right. This shows that the regression model has met the assumptions of normality.



Based on the picture above, it can be seen that the normal probability plots graphs spread out around the diagonal, this indicates that the residuals are normally distributed.

4. Analisis Statistik Deskriptif

After testing the validity of the data, questionnaires were distributed to 40 samples and then carried out descriptive statistical analysis. Descriptive statistics aim to look at the distribution of data from the variables used in the study.

**Table 4**  
**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Total Quality Management	40	35.00	43.00	38.8500	1.95527
SP	40	37.00	60.00	49.7500	4.20470
KM	40	28.00	38.00	34.4000	2.32930
Valid N (listwise)	40				

The Total Quality Management variable has a minimum value of 35 with a maximum value of 43. The average value of Total Quality Management is 381.85 with a standard deviation of 1.95 and the amount of data studied is 40. The Reward System variable has a minimum value of 37 with a maximum value of 60. The average Reward System value is 49.75 with a standard deviation of 4.20. And the amount of data studied is 40. while Managerial Performance variables have a minimum value of 28 with a maximum value of 38. The average value of managerial performance is 34.40 with a standard deviation of 2.32. And the amount of data studied is 40.

#### 5. Simple Regression Analysis

Simple linear regression analysis is used to determine the effect of independent variables on the dependent variable. Based on the results of a simple linear regression equation the results are as follows:

The constant value has a value of 4,070 which means that if the Total Quality Management variable ( $X_1$ ) = 0, then the managerial performance is 4,070. The regression coefficient of the total quality management variable is 0.781, meaning that for every increase in the total quality management variable by 1%, there will be an increase in managerial performance of 0.781%.

Table 5

Simple Regression Results Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.070	5.678		.717	.478
1 TotalQuality Management	.781	.146	.655	5.348	.000

#### 6. Moderation Regression Analysis (Moderated Regression Analysis - MRA)

The interaction test, known as the Moderated Regression Analysis (MRA), is an application where the regression equation contains an element of interaction (Ghozali, 2011). The results of Moderation Regression Analysis can be seen in table 6 like the following table.

In the table the reward system variable does not moderate the total quality management relationship to managerial performance, the moderating variable has a probability value of  $0.192 > 0.05$ . then  $H_a$  is rejected and  $H_0$  is accepted. The moderating variable has thitung which is -1,331 with t table = 2.02. So  $t_{count} < t_{table}$  can be concluded that the reward system variable does not moderate the relationship of total quality management to managerial performance.

#### 7. Hypothesis Testing (Partial Test)

The regression test results carried out with statistical aids as seen in table 5, the results of the t test statistic show that the Total Quality Management variable has a probability of  $0.00 < 0.05$ . Then  $H_a$  is accepted and  $H_0$  is rejected. To see the value of t table, that is  $df (n) - k = 40 - 2 = 38$ , P 5%. The results show Total Quality Management variable obtained by tcount which is 5.34 with t table = 2.02 with a significant level of  $0.00 < 0.05$ , so the decision is the result of the hypothesis testing is accepted. This shows that the total quality management variable has an influence on managerial performance. A positive t value indicates that total quality management has a relationship in line with managerial performance. So it can be concluded that Total Quality Management has a significant effect on managerial performance.

#### 8. Coefficient of Determination ( $R^2$ )

The coefficient of determination ( $R^2$ ) basically measures how far the ability of the model in the variation of the dependent variable. The coefficient value is between zero and one and is indicated

by the adjusted R2 value. this is to eliminate bias due to the addition of the number of independent variables and the amount of data observed in the study.

The shows the value (Adjusted R Square) of 0.429 This means that 42.9% of the dependent variable management performance is explained by the independent variables, namely the Reward System and Total Quality Management, and the remaining 57.1% is explained by other causes not tested in this research such as organizational commitment and competitive advantage (Angelina, 2012: 13).

#### **D. Discussion**

##### **1. The influence of total quality management (tqm) to managerial performance**

This shows that the total quality management variable has an influence on managerial performance. A positive t value indicates that total quality management has a relationship in line with managerial performance. So it can be concluded that Total Quality Management has a significant effect on managerial performance. An increase in total quality management will be followed by improved managerial performance. The impact of managerial performance will be even better.

These results indicate that the success and success of implementing total quality management is influenced by the involvement and commitment of managers and employees in implementing total quality management in the company and also good cooperation that occurs in all managers.

With full involvement of responsibility by managers, it will affect the increase in managerial performance generated by these staff.

The customer focus indicator is also the success of implementing Total Quality Management at the RSU. Muhammadiyah North Sumatra, where companies always identify the needs of customers, always measure and fulfill the desire to achieve customer satisfaction, and the company builds direct relationships with customers. In this case the total quality management has a very important and strategic role to encourage and improve the managerial performance of the RSUM. The role of Total Quality Management is as a tool to direct and motivate managers to work better by using the Total Quality Management procedures and concepts.

The results of this study support the research conducted by Suprantiningrum and Zulaikha (2003: 16), Narsa and Yuniawati (2003: 30) and Bekka (2007: 464), which states that total quality management has a significant effect on managerial performance.

##### **2. The influence of total quality management (tqm) to managerial performance with the reward system as a moderating variable**

The results of testing the hypothesis of the influence of the moderating variable which is the interaction between Total Quality Management and the reward system. It can be concluded that the reward system variable does not moderate the relationship between total quality management and managerial performance. The negative t value indicates that the reward system has a relationship that is not in line with managerial performance. So it can be concluded that the Award System cannot moderate the Total Quality Management (TQM) relationship with managerial performance.

This shows that the results of this study support the results of research conducted by Hikmah Hasanah (2013) which states that the interaction of Total Quality Management and reward systems does not moderate managerial performance. These results indicate that the reward system is not a factor in improving managerial performance.

#### **E. Conclusion**

Based on the results of a simple linear regression analysis that has been carried out in this study, the following conclusions are obtained:

1. Total Quality Management has an influence on Managerial Performance at the North Sumatra Muhammadiyah General Hospital.

2. The Award System does not moderate the influence of Total Quality Management on Managerial Performance at the North Sumatra Muhammadiyah General Hospital.

#### **F. Suggestion**

The suggestions in this study are as follows:

1. For companies, it is expected to pay attention to and improve things that can affect Managerial Performance related to the Reward System and Total Quality Management. In the case of the reward system, the company should be able to provide another award to employees who excel to improve their performance.
2. Can provide more stringent work supervision for employees so that the service is getting better
3. Can improve and complete adequate hospital facilities and infrastructure.
4. Can provide recommendations to each of the charity hospitals in Muhammadiyah in various regions, so that the reward system can be taken seriously by doing job analysis, job / task descriptions, job evaluation to determine the amount of compensation for each type of work unit and increasing competency standards manager.
5. For further researchers, they should add other independent variables and add research samples to get maximum results.

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