The Urgency of Organizational Culture Towards Managerial Performance in Export Oriented SMEs in Bantul Regency

Danang Wahyudi[1] Erni Ummi Hasanah[2] Muhammad Najmudin[3]Tsulist Anaa Muslihatun[4]
danangwahyudi@janabadra.ac.id, erni_uh@janabadra.ac.id, najmudin@janabdra.ac.id

[1,2,3] Janabadra University Yogyakarta, [4] STIE Indonesia Jakarta

Abstract. This study aims to determine the effect of TQM and organizational commitment on managerial performance with organizational culture as a moderating variable in export-oriented SMEs in Bantul district. Respondents in this study were owners of SMEs for export-oriented products and the analytical tool used is path analysis. Concluded of this research is TQM and organizational commitment have a positive and significant on organizational culture, respectively. TQM and organizational commitment have no significant on managerial performance, while organizational culture has a positive and significant on managerial performance. The organizational culture variable is a moderating variable in bridging the influence of TQM and organizational commitment on managerial performance.

Keywords: TQM, Organizational Commitment, Organizational Culture, Managerial Performance

1 Introduction

To obtain a competitive advantage on a global scale, a company is required to be able to present every process that is better to produce goods or services that have high quality at reasonable prices and can compete. The main key to increasing competitiveness is through quality, companies need to focus more on quality, in this case, is called Total Quality Management (TQM). The company's goal in producing quality products is the achievement of customer satisfaction, which is characterized by reduced complaints from customers, which means that the company's performance is increasing. With the increasing purchasing power and supported by the more mature consumers in determining a product.

To improve the quality and competitiveness of organizations, the organizations need to focus on quality or total quality management (*Total Quality Management*) [1]. By providing quality products, organizations will be able to survive and be able to win the competition [2]. TQM itself is a concept of continuous improvement, which involves all employees at every level of the organization to achieve optimal quality in all aspects of the organization [3]. TQM is an approach to running a business that seeks to maximize the competitiveness of the organization through continuous improvement of the quality of products, services, human resources, and the environment.

There are many TQM concepts have been put forward, including Ahire [4], which states that TQM consists of eight factors, namely: top management commitment, focus on consumers, supplier quality management, design quality management, benchmarking, use of statistical process control (SPC), use of internal quality information, employee empowerment and employee training. These dimensions implicitly and explicitly contain three principles, namely: continuous improvement (continuous improvement), focus on consumers, and organizational systems that place more emphasis on employee empowerment [5]. The organization has implemented these factors, it can be said that the company commits to quality. These three things are interrelated with each other [6]. Meanwhile, Davis&Aquilano [7] added one element in TQM, namely leadership, into the elements developed by Tener & Detero [6]. So that the elements of TQM according to [8] are leadership, employee involvement, continuous improvement, and customer focus.

The manufacturing industry is a production unit located in a certain or fixed place, which carries out activities to change goods mechanically or chemically so that they become new goods or products that are closer to consumers [9]). Manufacturing companies have a higher perception of quality when compared to service companies. This opinion is also supported by Tamimi [10] who says that manufacturing companies emphasize "conformance to specifications" to meet customer expectations compared to service companies, while the service industry is an industry where every action or activity and not an object, which can be offered by one party (producer) to another party (consumer),

Also see Evans [11] that modern quality management starts from the manufacturing sector, the application of quality management is mostly in manufacturing companies. Manufacturing companies can easily measure quality, especially the quality of products produced and that quality is quality to meet standards, this is because manufacturing companies produce tangible goods, so that measurements of product quality can be carried out in real terms.

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In the world of work, one's commitment to the organization or company is often a very important issue. Porter&Mowday [12] define organizational commitment as the relative strength of the individual in identifying his involvement in the organization.

In addition, each organization has its characteristics that reflect identity as well as the identity and characteristics of the organization, so organizational culture is said to be one of the factors that distinguish one company from another by having a very strong role. In general, a company consists of several people with diverse backgrounds, personalities, emotions, and egos and the interactions of these various people form the organizational culture. The role of organizational culture is very strong in influencing the attitudes of employees, especially company management in determining the course of company operations and having an impact on improving organizational performance so it can be said that organizational progress is also driven by organizational culture.

Bantul Regency, is one of the regencies in the Special Region of DI Yogyakarta Province which includes the largest export contribution overall exports, in 2018, in terms of exports, Bantul Regency contributed 76 29% of total exports. With the outbreak of the Covid-19 Pandemic, which began at the end of 2019, the development of exporters in Bantul Regency experienced a very sharp decline, especially since 91% of exporter companies in Bantul Regency area were included in the small and medium-scale category. This is will have an impact on the economy, especially for exporting companies in Bantul Regency area.

This research is intended to collect data/information that shows an overview of the implementation of TQM and management commitment, as well as to explain their influence on managerial performance which is strengthened by organizational culture. Based on the importance of implementing TQM in exporting firms and managerial performance, therefore the hypothesis is stated as below:

H1: Total Quality Management has a positive effect on managerial performance
H2: Organizational Commitment has a positive effect on managerial performance
H3: Organizational Culture has a positive effect on managerial performance

2. Methods

2.1 Data Source

In this study, the data sources used were primary data and secondary data. Primary data means data obtained directly from the source, using an instrument or a questionnaire containing several structured written questions to obtain information from respondents, both about their personalities and other things needed in this research.

Questionnaires can be in the form of open questions which include the identity of the respondent and closed questions accompanied by alternative answers so that the respondent only needs to choose one of the alternative answers. This study uses a questionnaire or questionnaire, the list of questions is structured in the form of multiple-choice questions, open questions, and closed questions.

2.2 Research Variables

In this study, there are 4 variables, namely the Total Quality Management (TQM) variable as an exogenous variable/independent variable, Organizational Commitment variable as an exogenous variable/independent variable, Organizational Culture variable as a moderating variable, and Managerial Performance variable as an endogenous variable/dependent variable.

2.3 Population and Research Sample

2.3.1 Population

The population of this study is exporting companies located in Bantul Regency with medium and large scale, totaling 105 companies.

2.3.2 Sample

The sample in this study is part of the 105 exporting companies in Bantul Regency which are small and medium scale. Determination of the number of samples used the Slovin formula as follows:

$$n = \frac{105}{1 + 105\,(0.05)^2} = 83.17$$

Where :

n= number of samples

N= population

e = percentage of allowance for inaccuracy due to errors in sampling which can still be tolerated, in this study 5%.

By using a random sampling technique, the respondents in this study were 85 exporting companies. So the sample in this study based on calculations with the Slovin formula amounted to 83.17 companies that were used as respondents, rounded up to 85 companies as respondents.

In this study, path analysis was used to identify causal relationships in multiple regression. In addition, path

analysis can also detect the direct and indirect effects of independent variables on the dependent variable [13].

3. Results And Discussion

This section will discuss the results by data, both data processed by the Excel program (respondent identity), SPSS program (questionnaire test), and data processed by the AMOS program (test fit/no model, normality test, and test hypothesis).

3.1 Questionnaire Test Results

Test the questionnaire to test the list of questions or questionnaires that will be given to respondents. The validity and reliability test is to prove that the list of questions in the questionnaire filled out by the respondents is considered valid and reliable. For the trial, the questionnaire was distributed to 30 respondents. This questionnaire test consists of 2 tests, namely the validity test and the reliability test. The results of the questionnaire test are as follows:

3.1.1 Validity Test Results

A question item is said to be valid if the correlation value generated from each question item is greater than the table correlation value. Calculation of the correlation value in the validity test using the SPSS for Windows program.

a. TQM. Variable Validity Test Results

Table 1. Variable Validity Test Results

Item-Total Statistics			
	Corrected Item-Total Correlation	r-table (0.482)	Information
x11	.517	.482	Valid
x12	.630	.482	Valid
x13	.499	.482	Valid
x14	.672	.482	Valid
x15	.572	.482	Valid
x16	.622	.482	Valid
x17	.608	.482	Valid
x18	.594	.482	Valid
x19	.531	.482	Valid
x110	.789	.482	Valid
x111	.654	.482	Valid
x112	.622	.482	Valid
x113	.651	.482	Valid
x114	.543	.482	Valid
x115	.607	.482	Valid

Based on table 1 for the questions on the TQM variable (X1) all the r-count values > r-table, thus, all questions on the TQM variable can be declared valid.

b. Organizational Commitment Variable Validity Test Results

Table 2. Organizational Commitment Variable Validity Test Results

Item-Total Statistics			
	Corrected Item-Total Correlation	r table (0.381)	Information
x21	.493	.381	Valid
x22	.480	.381	Valid
x23	.423	.381	valid
x24	.536	.381	valid
x25	.434	.381	valid

Based on table 2 for the questions on the Organizational Commitment variable (X2), all r-count values > r-table, thus, all questions on the Organizational Commitment variable can be declared valid.

c. Organizational Culture Variable Validity Test Results

Table 3. Organizational Culture Variable Validity Test Results

Item-Total Statistics			
	Corrected Item-Total Correlation	R table (0.396)	Information
y11	.524	.396	Valid
y12	.513	.396	Valid
y13	.497	.396	Valid
y14	.414	.396	Valid
y15	.448	.396	Valid
y16	.527	.396	Valid
y17	.420	.396	Valid

Based on table 3 for the questions on the Organizational Culture variable (Y1), all the r-count values > r-table, thus, all questions on the Organizational Culture variable can be declared valid.

d. Managerial Performance Variable Validity Test Results

Table 4. Managerial Performance Variable Validity Test Results

Item-Total Statistics

	Corrected Item-Total Correlation	R table (0.413)	Information
y21	.758	.413	valid
y22	.568	.413	valid
y23	.577	.413	valid
y24	.647	.413	Valid
y25	.562	.413	Valid
y26	.864	.413	Valid
y27	.724	.413	Valid
y28	.580	.413	Valid
y29	.490	.413	Valid

Based on table 4 for the questions on the Managerial Performance variable (Y2) all r-count values > r-table, thus, all questions on the Managerial Performance variable can be declared valid.

3.1.2 Reliability Test Results

Reliability is the level of ability of a measuring instrument that can produce consistent and error-free data. In this study, the Cronbach Alpha coefficient was used.

In testing the reliability of the questionnaire in this study, the SPSS for Windows program was used, where the reliability of a variable construct was said to be good or reliable if it had Cronbach's Alpha value > 0.6. The results of the reliability test are as follows:

Table 5. Reliability Test Results

Reliability Statistics		
Variable	Cronbach's Alpha	N of Items
TQM	.723	15
CommitOr	.676	5
BudOr	.674	7
KinerMan	.874	9

From table 5 it can be seen that all the variables in this study are reliable, this can be seen from the calculated alpha of each research variable for all variables > 0.6.

3.2 Results of Path Analysis with AMOS

3.2.1 Test Results Normality

Table 6. Data Normality Test Results

Variable	min	max	skew	cr	kurtosis	cr
CommitOr	19,000	24,000	,332	1,250	-1,312	-2,469
TQM	59,000	73,000	,166	,626	-,519	-,976
BudOr	27,000	35,000	,275	1.034	-1.015	-1,910
KinerMan	33,000	45,000	1.118	4,206	1,780	3,350
Multivariate					-,434	-,289

In this study, the analysis tool uses path analysis, where path analysis is a derivative of a regression tool. Good regression, if the data is normally distributed. Data can be declared normally distributed if the Multivariate value lies between -2.58 to 2.58. The results of data processing with AMOS, as shown in Table6, show that the Multivariate value is -0.289, where this value lies between -2.58 to 2.58 (-2.58 < -0.289 < 2.58). Thus, it can be stated that the data in this study can be stated to be normally distributed.

3.2.2 Research Model

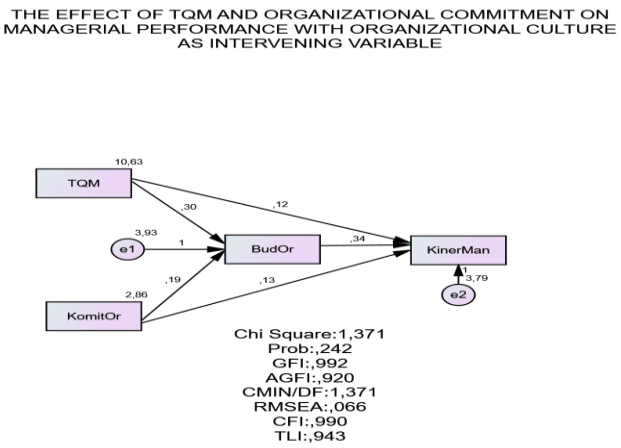

Fig. 1. Models and Test Results of Research Models With AMOS

Figure 1 shows the model in this study, which is then tested with the AMOS program whether the research model built in this study can be declared fit or not.
Table 7 shows the results of the research model test with the AMOS program

Table 7. The results of the fit/no test of the research model

Goodness of Fit	Cut-Off Value	Results	Information
Chi Square	Expected small	1.371	Well
Probability	≥0.05	0.242	Well
GFI	≥0.90	0.992	Well
AGFI	≥0.90	0.920	Well
CMIN/DF	< 2.00	1.371	Well
RMSEA	0.05 – 0.08	0.066	Well
CFI	≥0.90	0.990	Well
TLI	≥0.90	0.943	Well

Table 7 can be explained as follows:

a. Chi-Square (X2) to measure overall fit. A research model is said to be good, if the value of X2 is small. The smaller the value of X2, the better the research model. The value of X2 in this study is 1.371 (small value), meaning that there is no difference between the observed covariance matrix input and the predicted model.
b. Probability or often called Significance Probability shows the level of significance of the research model. A research model is declared significant if the probability (p) is 0.05. The p-value in this study = 0.242 > 0.05, meaning that the model in this study can be declared to be a significant fit dam.
c. GFI (Goodness of Fit Index) is the level of suitability of the overall model which is calculated from the predicted residual square of the model compared to the actual observation data. The GFI value to declare the research model fit is > 0.9. This research model has a GFI value = 0.992 > 0.90, meaning that this research model is declared FIT.
d. AGFI (Adjusted Goodness of Fit) is a development of GFI which is adjusted to the ratio of degrees of freedom. The recommended AGFI value as an indication of model fit is > 0.9. In this research model, the AGFI value is 0.920 > 0.9, meaning that this research model can be declared fit.
e. CMIN/DF, often called the normal chi-square, is obtained from the chi-square value divided by the degree of freedom. The CMIN/DF value is recommended as a fit research model if < 2. In this study, the CMIN/DF value is 1.371 < 2, meaning that this research model can be declared fit.
f. RMSEA (Root Mean Square Error of Approximation), measures the deviation of the parameter values of a model with the population covariance matrix. The RMSEA value indicates the fit of the research model if it is between 0.05 to 0.08. In this study, the RMSEA value is between 0.066, where the RMSEA value of 0.066 lies between 0.05 to 0.08, thus the research model can be considered fit.
g. CFI (Comparative Fit Index) is a measure of the comparison between the hypothesized model and the null model. The recommended CFI value as a fit model is > 0.90. In this study, the CFI value is 0.990, meaning that this research model can be declared fit.
h. TLI (Tucker Lewis Index) is a measure that compares the tested model with the baseline model. The recommended TLI value as an indication of model fit is > 0.9. In this study, the TLI value was 0.943 > 0.90, meaning that this research model can be declared fit.

Based on the various tests mentioned above, it can be stated that this research model can be declared Fit.

3.2.3 Hypothesis Test Results

Table 8. Regression Results

Information			Estimate	SE	CR	P	Label
BudOr	<---	TQM	,297	,067	4,435	***	par_1
BudOr	<---	CommitOr	,193	,129	1,497	,034	par_2
KinerMan	<---	BudOr	,339	,107	3.165	,002	par_3
KinerMan	<---	TQM	,123	,073	1,681	,093	par_4
KinerMan	<---	CommitOr	,135	,128	1.049	,294	par_5

Table 8 the AMOS results show as follows:

a. TQM has a positive and significant effect (because P value = 0.000 <0.05) on Organizational Culture
b. Organizational Commitment has a positive and significant effect (because P value = 0.034 <0.05) on Organizational Culture
c. Organizational Culture has a positive and significant effect (because P value = 0.002 <0.05) on Managerial Performance
d. TQM has no effect on Managerial Performance (because P value = 0.093 > 0.05)
e. Organizational Commitment has no effect on Managerial Performance (because P value = 0.294 > 0.05)

Table 9. Direct and Indirect Effects

Information	**Direct Effects**			**Indirect Effects**			**Total Effects**		
	CommitOr	**TQM**	**BudOr**	**CommitOr**	**TQM**	**BudOr**	**CommitOr**	**TQM**	**BudOr**
BudOr	,146	,434	,000	,000	,000	,000	,146	,434	,000
KinerMan	,103	,181	,342	0.050	,148	,000	,153	,329	,342

In table 9 the direct effect of TQM on Organizational Culture is 0.434, while the direct effect of TQM on managerial performance is 0.181, while for Organizational Commitment the direct effect on Organizational

Culture is 0.146 and the direct effect of organizational commitment on managerial performance is 0.103. For organizational culture variables, the direct effect on managerial performance is 0.342

For the indirect effect, Organizational Commitment to Organizational Culture is 0.000 and organizational commitment to managerial performance is 0.050, while for the TQM variable, the indirect effect on organizational culture is 0.000 and TQM is 0.148. For organizational culture variables, the indirect effect on managerial performance is 0.000.

4 Conclusion

Based on the results of data processing both descriptively and quantitatively, from this research conclusions can be drawn:

a. TQM has a positive and significant effect on organizational culture.
b. Organizational Commitment has a positive and significant effect on organizational culture.
c. Organizational Culture has a positive and significant effect on managerial performance
d. Organizational Culture can significantly bridge the influence of TQM and Organizational Commitment on managerial performance

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