THE INFLUENCE OF TOTAL QUALITY MANAGEMENT AND REWARD SYSTEM TO MANAGERIAL PERFORMANCE

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Abstract: Managerial performance can be understood as a system that is important for the success of a business or non-business organization. The achievement of an organizational success is inseparable from the role of the manager. Aims to produce the final result in accordance with company goals. Integrated Quality Management and Reward System are factors that can affect managerial performance. The purpose of this study was to determine the effect of Integrated Quality Management and reward systems on managerial performance at PT. Raya Consult. This research was conducted using a survey method by distributing questionnaires to the population with statistical data processing using SEM-PLS

The results of this study indicate that: (1) Total Quality Management has an effect on managerial performance, (2) the reward system has an effect on managerial performance.

Keywords: Total Quality Management, Reward System, Managerial Performance

INTRODUCTION

Poor performance is caused by the company management system which cannot determine the goals, performance measurement and reward system carried out by the company administration in this case. Because determining the implementation of total quality management requires changes in the organizational infrastructure, including decision-making authority systems, performance measurement systems, reward systems. Observations show that there is no universal management system that can be applied to all organizations in every country, but the management system depends on conditional factors in the organization and total quality management is a long and continuous process (Regina Nursedima Marpaung et al., 2022).

Good organizational managerial performance will contribute to the product quality that customers want. To know the managerial performance of an organization requires measurement, managerial performance can be measured using Integrated Quality Management and awards are used as motivation to improve managerial performance by knowing the characteristics and qualities and classifying actions that must be appreciated and immediately corrected (Dodik Krisdianto, Isharijadi, 2011).

One of the factors that influences managerial performance is Integrated Quality Management. In a company or organization, Integrated Quality Management is very important to improve the company or organization because Integrated Quality Management is a management approach that focuses on improving the quality of products or services, and involves all employees in efforts to increase the company's efficiency and effectiveness.

By implementing it, companies can compete and excel in facing competition, because by implementing Integrated Quality Management managers have control over

the quality of the goods and services produced. And managers need to make continuous improvements to service capabilities because the level of customer satisfaction is used as an indicator of good service, processes and the environment to produce the best quality.

Meanwhile, another factor that influences managerial performance is the reward system. Rewards are a form of motivation that can be used to encourage better managerial performance. Rewards can take the form of financial incentives, promotions, recognition, or other forms that can motivate managers to improve their performance. According to Mujanah (2019: 3) Compensation is a form of remuneration or appreciation given to individuals for carrying out and completing a particular job assigned to them or having achieved a set standard or target.

According to Milkovich & Newman (in Mujanah 2019: 4) The aim of providing compensation is to achieve company efficiency, fairness (openness), and to comply with applicable laws and regulations.

In a reward system, basically high performance depends on the incentive program if it is connected to supportive work, including performance appraisal, equal information, and job security. Providing incentives is stronger motivation for employees to improve the quality of their performance. Awards given by the company greatly influence the productivity and tendency of employees to stay with the organization or look for other work. (Yuliusman & Putra, 2020).

Phenomena related to managerial performance in the supervision dimension that occur at PT. Indonesia China Fast Train (KCIC) Presented by the Director of PT. KCIC Dwiyana Slamet Riyadi said that there was an error by the contractor's employees who did not work according to the SOP and resulted in an accident due to a lack of supervision during the project work.

Another phenomenon related to Integrated Quality Management in the education and training dimension that occurs at CV. Fansyuri stated by Samsir Harahap that he was not satisfied with the results of the project that had been made, because it was different and did not comply with the concepts and specifications that had been previously approved. This allegedly occurred due to a lack of understanding and ability of employees in working on the project.

Another phenomenon related to the reward system in the salary dimension that occurs at PT. PDC was revealed by one of its employees who did not want to give his name, that his employees' salaries had not been paid for 3 months, which resulted in employees protesting and speaking out in the media because they did not know where else to protest.

Research on the influence of TQM and rewards on managerial performance has been carried out by many researchers. The aim of this research is to understand the relationship between TQM and rewards and managerial performance, and to find factors that can influence this relationship.

METHODS

The method used in this research is descriptive and verification methods. The types of data used are primary data and secondary data. Ordinal data was obtained from the results of distributing questionnaires using a rating scale. The data collection technique used was a questionnaire. The data processing technique uses statistical test

modeling using the Structural Equation Modeling - partial least squares (SEM-PLS) version 4.0 program.

RESULTS AND DISCUSSION

Based on the results of the preview, there are several things that need to be readjusted, including:

Total Quality Management

The Integrated Quality Management variable is measured using six dimensions, namely leadership, education and training, support structure, communication, rewards and recognition, and measurement. The results of estimating the parameters of this variable measurement model can be shown as in the following figure:
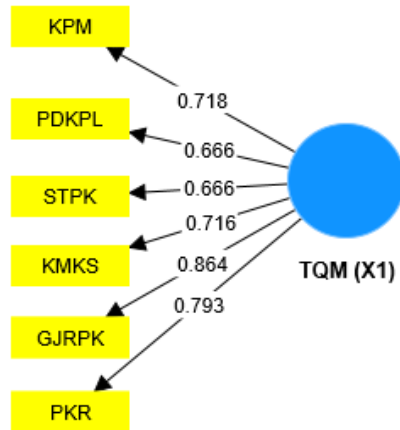

Figure 1. Total Quality Management Path Diagram
Source: Data processed by SEM-PLS (2023)

Table 1. Calculation Result of the Total Quality Management Meaasurement Model

Item	Loading Factor	Indicator Reliability	t- count	p-value
Leadership	0.718	0.131	5.475	0,000
Education and Training	0.666	0.149	4.470	0,000
Support Structure	0.666	0.107	6.236	0,000
communication	0.716	0.127	5.643	0,000
Rewards and Recognition	0.864	0.063	13.785	0,000
Measurement	0.793	0,089	8.941	0,000
Average Variance Extracted (AVE)	**0.834**			
Composite Reliability	**0.878**			

Source: Data processed by SEM-PLS (2023)

Outer loadings and reflective construct measurements from Integrated Quality Management all have values above 0.50. The leadership dimension has a loading factor value of 0.718 above the threshold of 0.50 and is significant (p=0.000) at the 1% real level, this dimension has a reliability indicator (0.131). Then the education and training dimension has a loading factor value of 0.666 above the threshold of 0.50 and is significant (p=0.000) at a real rate of 1%, this dimension has a reliability indicator of 0.149. Furthermore, the supporting structure dimension has a loading factor value of 0.666 above the threshold of 0.50 and significant (p=0.000) at a real rate of 1%, this dimension has a reliability indicator of 0.107. The communication dimension has a loading factor value of 0.716 above the threshold of 0.50 and is significant (p=0.000) at a real rate of 1%, this dimension has a reliability indicator of 0.127. The reward and recognition dimension has a loading factor value of 0.864 above the threshold of 0.50 and is significant (p=0.000) at a real rate of 1%, this dimension has a reliability indicator of 0.063. The measurement dimension has a loading factor value of 0.793 above the threshold of 0.50 and is significant (p=0.000) at a real rate of 1%, this dimension has a reliability indicator of 0.089. So that the AVE obtained of 0.548 is above the minimum required level of 0.50, so the composite reliability value of 0.878 is above the threshold of 0.70, indicating that the Integrated Quality Management construct has a high level of internal consistency reliability. Discriminant validity tested through cross loading (table 1) shows that the loading factor value of reward and recognition is higher compared to other dimensions, thus providing evidence for the discriminant validity of the Integrated Quality Management construct.

Reward System

The Reward System variable is measured using two dimensions, namely direct compensation and indirect compensation. The results of estimating the parameters of this variable measurement model can be shown as in the following figure:
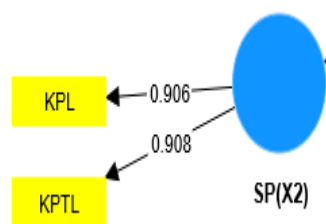

Figure 2. Path Diagram of Reward System
Source: Data processed by SEM-PLS (2023)

Table 2. Calculation Results of *Reward System*

Item	Loading Factor	Indicator Reliability	t-count	p-value
Direct Compensation	0.906	0.038	24.100	0,000
Indirect Compensation	0.908	0.045	20.363	0,000

Average Variance Extracted (AVE)	**0.823**
Composite Reliability	**0.903**

Source: Data processed by SEM-PLS (2023)

Outer loadings and reflective construct measurements from the Reward System all have values above 0.50. The direct compensation dimension has a loading factor value of 0.906 above the threshold of 0.50 and is significant (p=0.000) at the 1% real level, this dimension has a reliability indicator (0.038). Then the education and training dimension has a loading factor value of 0.908 above the threshold of 0.50 and is significant (p=0.000) at a real rate of 1%, this dimension has a reliability indicator of 0.045. So that the AVE obtained of 0.823 is above the minimum required level of 0.50, so the composite reliability value of 0.903 is above the threshold of 0.70, indicating that the Reward System construct has a high level of internal consistency reliability. Discriminant Validity tested through cross loading (table 2) shows that the loading factor value of indirect compensation is higher compared to other dimensions, thus providing evidence for the discriminant validity of the Reward System construct.

Managerial Performance

Managerial performance variables are measured using eight dimensions including planning, investigation, coordination, evaluation, supervision, staffing, negotiation, representation. This dimension is a reflective dimension, because the results of the parameter estimation of this variable measurement model can be shown as shown below:
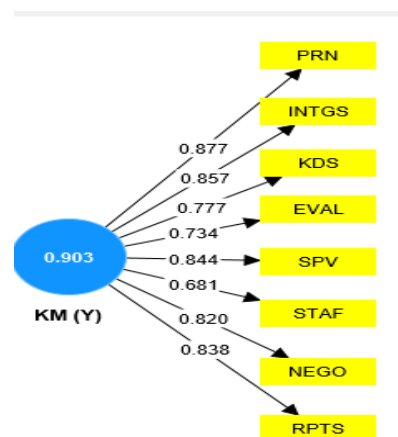

Figure 3. Managerial Performance Path Diagram
Source: Data processed by SEM-PLS (2023)

From the managerial performance path diagram above, it can be seen that the managerial performance value contained in each indicator is generated through a dimension that comes from reflective. The results of calculating the managerial performance of the measurement model are as follows:

Table 3. Results of Managerial Performance Measurement Model Calculations

Item	Loading Factor	Indicator Reliability	t-count	p-value
Planning	0.877	0.047	18.669	0,000
Investigation	0.857	0.067	12.712	0,000
Coordination	0.777	0.098	7.950	0,000
Evaluation	0.734	0.114	6.458	0,000
Supervision	0.844	0.064	13.194	0,000
Staffing	0.681	0.179	3.801	0,000
negotiation	0.820	0.062,	13.195	0,000
Representation	0.838	0.061	13.770	0,000
Average Variance Extracted (AVE)	**0.650**			
Composite Reliability	**0.937**			

Source: Data processed by SEM-PLS (2023)

Outer loadings and reflective constructs measuring Managerial Performance all have values above 0.50. The planning dimension has a loading factor value of 0.877 above the threshold of 0.50 and is significant (p=0.000) at the 1% real level, this dimension has a reliability indicator (0.047). Then the investigation dimension has a loading factor value of 0.857 above the threshold of 0.50 and is significant (p=0.000) at a real rate of 1%, this dimension has a reliability indicator of 0.067. The coordination dimension has a loading factor value of 0.777 above the threshold of 0.50 and is significant (p=0.000) at the 1% real level, this dimension has a reliability indicator (0.098). The evaluation dimension has a loading factor value of 0.734 above the threshold of 0.50 and is significant (p=0.000) at the 1% real level, this dimension has a reliability indicator (0.114). The supervision dimension has a loading factor value of 0.844 above the threshold of 0.50 and is significant (p=0.000) at the 1% level of significance, this dimension has a reliability indicator (0.064). The staff management dimension has a loading factor value of 0.681 above the threshold of 0.50 and is significant (p=0.000) at the 1% real level, this dimension has a reliability indicator (0.179). The negotiation dimension has a loading factor value of 0.820 above the threshold of 0.50 and is significant (p=0.000) at the 1% significance level. This dimension has a reliability indicator (0.062). The representation dimension has a loading factor value of 0.838 above the threshold of 0.50 and is significant (p=0.000) at the 1% significance level. This dimension has a reliability indicator (0.061). So that the AVE obtained of 0.650 is above the minimum required level of 0.50, so the composite reliability value of 0.937 is above the threshold of 0.70, indicating that the Managerial Performance construct has a high level of internal consistency reliability. Discriminant validity tested through cross loading (table 3) shows that the loading factor value is higher compared to other dimensions, thus providing evidence for the discriminant validity of the Managerial Performance construct.

Collinearty Testing

In this structural model, the quality relationship between research variables is explained. Structural model analysis is bound by testing the research hypothesis. Before the analysis is carried out, it is proved to test the structural model for collinearity. The reason is because the estimation of path coefficients in the structural model is based on the PLS regression of each endogenous latent variable on the constructs related to it. In multiple regression the estimation of the path coefficients will be possible if there is a significant level of collinearity between the predictor constructs. To evaluate collinearity, the variance inflation factor (VIF) is used. In the PLS-SEM context, a tolerance value of 0.20 or less than a VIF value of 5 or more indicates a collinearity problem (Hair et al, 2017: 186).

Table 4. Collinearty Assesment

Construk	VIF
Total Quality Management	1.966
Reward System	1.966

Source: Data processed by SEM-PLS (2023)

In this research, collinearity testing was carried out on a structural model that presented the relationship between the latent variables of Integrated Quality Management and the Rewards System which were also predictors of the latent variable Managerial Performance. The results of calculating the VIF value for each Integrated Quality Management and Reward System variable are presented in table 4 Based on this table, the VIF values are outside the tolerance value for the existence of a collinearity problem, so it can be concluded that there is no significant level of collinearity between the two predictor variables. In this way, a structural model evaluation can be realized which includes testing two research hypotheses..

Structural Model Evaluation

The structural model in this research involves two research hypotheses which imply a causal relationship between exogenous variables (Integrated Quality Management and Reward System variables) and endogenous variables (Managerial Performance variables). The results of calculating standardized path coefficients for the structural model of the influence of Integrated Quality Management and Reward Systems on Managerial Performance are shown in the following figure:
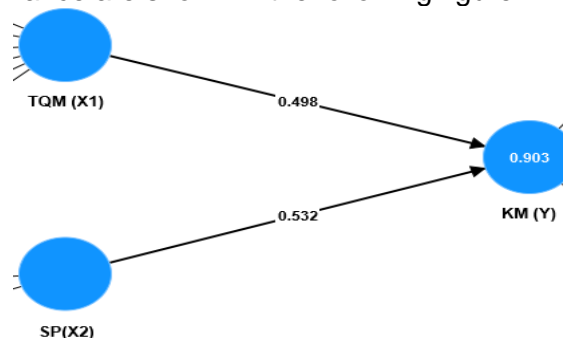

Figure 4. Coeficients of Standardized Structural Model
Source: Data processed by SEM-PLS (2023)

Statistical hypothesis 1

H0 : y11 =0   Integrated Quality Management has no effect on Managerial Performance.

H0 : y11 ≠0   Integrated Quality Management has a significant effect on Managerial Performance.

Statistical Hypothesis 2

H0 : y12 =0   The Reward System has no effect on Managerial Performance.

H0 : y12 ≠0   The Rewards System has a significant effect on Managerial Performance.

To test this hypothesis, the t-student statistical test is used as described in the previous chapter. The testing criterion is that H0 is rejected if the p-value is less than α, with α = 0.05. The test results have been summarized in the following table:

Table 5. Hypothesis Testing Results

Hypothesis Statistik	Koefisien Jalur	t-count	*f-square*	*p-value*	Information
$H_0 : \gamma_{11} = 0$ $H_0 : \gamma_{11} \neq 0$	0.498	4.284	1.307	0,000	H_0 rejected
$H_0 : \gamma_{12} = 0$ $H_0 : \gamma_{12} \neq 0$	0.532	4.959	1.491	0,000	H_0 rejected

Source: Data processed by SEM-PLS (2023)

Hypothesis Testing Result 1

Based on the table can be seen that the t-count of the Integrated Quality Management variable is 4,284, which is greater than the t-critical value of 1.96, which means that the results of the hypothesis test 1 H0 are rejected, so the statistical conclusion is that Integrated Quality Management has a significant effect on Managerial Performance. .

Based on the calculation results of the Integrated Quality Management f-square value of 1.307 because it ticks greater than 0.35 (the limit for the large effect size value), it can be seen that the effect size of the Integrated Quality Management variable on managerial performance is large.

Hypothesis Testing Result 2

Based on table it can be seen that the t-count of the Reward System variable is (4,959) greater than the t-critical value (1.96), which means that the result of hypothesis 2 testing is that H0 is rejected, so it can be concluded that the Reward System has an influence on managerial performance.

Based on the calculation results of the f-square value of the Reward System of 1,491 because it ticks greater than 0.35 (the limit for the large effect size value), it can be shown that the effect size of the Reward System variable on managerial performance is large.

Another measure that can be used in evaluating structural models is the managerial performance coefficient (R2). Presenting the relationship between the Integrated Quality Management and Reward System variables as predictors and the endogenous latent variable of managerial performance gives the calculation result of R2

= 0.903. So it can be concluded that 90% of the variance in managerial performance variables is significant and valuable is influenced by the Integrated Quality Management and Reward System variables and the remainder by other variable factors.

DISCUSION
The Effect of Integrated Quality Management on Managerial Performance

Based on the results of research regarding managerial performance, it has an influence value of 1.307 which is included in the large category. This shows that the managerial performance variable is explained by the integrated quality management variable and is reflected by the dimensions contained therein, namely six dimensions.
Based on the results of the loading factor, the reward and recognition dimension has higher results than the other dimensions, namely 0.864. This shows that integrated quality management will provide changes to managerial performance. If employees succeed in achieving certain qualities, they must be recognized and rewarded so that they can become role models or examples for other employees.

Research findings on Integrated Quality Management are in the good category, but have not yet reached perfection. Due to the following:
1) Leadership with a gap of 12%. This is because there are still senior managers at PT. Raya Konsult does not direct efforts to achieve goals by exploring who has succeeded in implementing the concept of integrated management. So it can affect company performance.
2) Supporting structure with a gap of 15%. This is because there are still senior managers at PT. Raya Konsult is given less support in making changes that are deemed necessary to implement quality achievement strategies. So this kind of support is obtained from outside through consultants.

Therefore, the results of this research indicate that integrated quality management has an impact on managerial performance at PT. Raya Konsult. As integrated quality management becomes higher or lower, it will have an effect on increasing or decreasing managerial performance at PT. Raya Konsult. So in this research, integrated quality management has an influence on managerial performance. The results of this research are in line with those carried out by Amir, et al (2022), Pratiwi, et al (2019), and Laiya, et al (2018).

The Effect of Reward Systems on Managerial Performance

Based on the results of research regarding managerial performance, it has an influence value of 1.491 which is included in the large category. This shows that the managerial performance variable is explained by the reward system variable and is reflected by the dimensions contained in it, namely two dimensions.
Based on the results on the loading factor, the indirect compensation dimension has higher results than the other dimensions, namely 0.908. This shows that indirect compensation will provide changes to managerial performance if company management will provide changes in line with the company's strategy to overcome existing obstacles.

Research findings on the Rewards System are in the good category, but have not yet reached perfection. Due to the following:
1) Direct compensation with a gap of 15%. This is because there are still employees at PT. Raya Konsult who was late was given his salary. So some employees ask for temporary loans from the office or cash bonds.

2) Indirect compensation with a gap of 12%. This is because there are still employees at PT. Raya Konsult which requires overtime every day but the compensation they receive is not in accordance with standardized Government Regulations.

Therefore, the results of this study indicate that the reward system has an impact on managerial performance at PT. Raya Konsult. The higher or lower the reward system will have an effect on increasing or decreasing managerial performance at PT. Raya Konsult. So in this research, the reward system has an influence on managerial performance. The results of this research are in line with those carried out by Nengsi (2021), Swari and Wirasedana (2017), Handayani, et al (2016).

CONCLUSION

Based on the phenomenon, problem formulation, hypothesis and research results, the conclusions of this research are as follows: Integrated Quality Management influences Managerial Performance at PT. Raya Konsult. However, it is not completely perfect because each dimension still has problems, namely the supporting structure dimension has the largest gap with a percentage of 15%, which is caused by the lack of employees understanding each job they do and The Award System influences Managerial Performance at PT. Raya Konsult. However, it is not completely perfect because each dimension still has problems, namely the direct compensation dimension has the largest gap with a percentage of 15% which is caused by the lack of salaries, bonuses and incentives in accordance with employee performance.

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