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DAFTAR ISI

MBAS AND ENTREPRENEURSHIP: A PERFECT PAIRING OR POTENTIAL MISMATCH?

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ABSTRACT

The global economy has long documented and acknowledged the golden years of entrepreneurship. Entrepreneurs play a pivotal role in this movement. They leverage readily available knowledge, such as diverse funding options, and capitalize on the digitized and interconnected world. Yet, their efforts frequently fall short of success. In this paper, I assess the knowledge and experience of MBA graduate entrepreneurs in starting and running real businesses. I aim to explore what are the areas of new business development where an MBA can assist a new entrepreneur in launching a business. The research also intends to explore crucial MBA management tools and strategies vital in the start-up phase of a new business. Ten MBA graduate entrepreneurs most familiar with the research area were interviewed to ensure the validity and robustness of my empirical findings. The research identified numerous areas in which MBA could support aspiring entrepreneur in launching their ventures, highlighting as many as twenty-six MBA management tools and strategies that could be utilized.

Keywords: entrepreneurship, start-up, MBA graduate entrepreneur, MBA program, MBA management tools and strategies.

ABSTRAK

Ekonomi dunia telah mengalami dan benar-benar menghargai era keemasan kewirausahaan untuk waktu yang cukup lama. Elemen krusial dalam gerakan ini adalah para pengusaha yang melimpah mengonsumsi pengetahuan yang mudah diakses dan mempertimbangkan berbagai pilihan pendanaan sambil memanfaatkan dunia yang terdigitalisasi dan terglobalisasi. Namun, mereka seringkali gagal untuk berhasil. Dalam makalah ini, saya menilai pengalaman dan pengetahuan para pengusaha lulusan MBA dalam memulai dan menjalankan bisnis nyata. Saya bertujuan untuk menjelajahi bidang-bidang pengembangan bisnis baru di mana seorang MBA membantu seorang pengusaha pemula dalam meluncurkan bisnis. Penelitian ini juga bermaksud untuk menjelajahi alat-alat manajemen dan strategi MBA yang penting dalam fase awal sebuah bisnis baru. Untuk mendapatkan temuan empiris yang valid dan kuat, saya melakukan wawancara mendalam dengan 10 pengusaha lulusan MBA yang paling akrab dengan area penelitian. Studi ini menyoroti beberapa area dalam pembentukan bisnis baru di mana seorang MBA dapat membantu seorang pengusaha baru dan menunjukkan sebanyak 26 alat manajemen dan strategi MBA yang dapat digunakan.

Kata Kunci: kewirausahaan, start-up, pengusaha lulusan MBA, program MBA, alat dan strategi manajemen MBA.

1. INTRODUCTION

Entrepreneurship is a vital tool for economic development, not only contributing to job creation, but also being the main driver of innovation and community advancement. In the last decades there has been a move from the managed to the entrepreneurial economy; aside from globalized and digitalized world other elements contributing to such trend are increased knowledge production, global affluence, corporate reorganisation, and the fall of communist systems (Cunningham & O'Kane, 2017; Henley, 2021; Mnykh et al, 2021). Entrepreneurship is perceived as a trial-and-error endeavour due to the uncertainty of the proposed service, product, or business model (Kerr et al., 2014). Therefore, viewing entrepreneurship through multiple perspectives can play an important role in addressing the issue of interdisciplinarity in entrepreneurship predicted for further development and research (Clark & Harrison, 2019).

In the examined context of business inception, Calvino et al. (2018) stressed that the typical size of the business when starting is small and most of the surviving businesses indeed stay small. It is necessary here to clarify that small and medium-sized enterprises have emerged as top priorities in the global agenda, playing pivotal roles in global economic development and employment opportunities (The World Bank, 2022). We can perceive self-employment as a reciprocal act – not only in the economic decline but also in the economic upswing (Svaleryd, 2015). And ultimately, both developing and developed parts of the world are being supported through entrepreneurial activities (Elliott, 2019; Radianto & Santoso, 2017; Schneck, 2014).

In the above context, one is left with a question: "how can novice entrepreneurs be supported in their business endeavours?" Although there is a piece of evidence about innate entrepreneurial capability (López-Núñez et al., 2020; Nagendra et al., 2014; Shane et al., 2010); there are on the other side several studies on educational contribution (Bhatia & Levina, 2020; DeMartino & Barbato, 2003; Matsuda & Matsuo, 2017). Entrialgo et al. (2019) point out entrepreneurship is indeed essential at higher educational institutions majoring in a variety of fields, not just Master of Business Administration (MBA) schools; regardless of if graduates become entrepreneurs or employees as later, they might for example expand into spin-off companies. In the new global economy, MBA programs are meant to prepare their students for the contemporary world of rising entrepreneurship, therefore their curriculums need to consider such development (Allahar & Brathwaite, 2017; Entrialgo et al., 2019). By drawing on the concept of entrepreneurialism at higher educational institutions, the authors suggest that graduates from MBA programs are expected to exhibit a professional readiness for entrepreneurship (Matsuda & Matsuo, 2017). Matsuda and Matsuo (2017) propose that MBA graduates possess industry experience, professional networks, and knowledge gained from their MBA education, yet further research is needed to support how MBA programs can better support different areas in entrepreneurial pursuits. For my research, I will adhere to the MBA framework. As according to Entrialgo et al. (2019) and Matsuda and Matsuo (2017) there has been a growing demand by academics, business schools, and entrepreneurs for additional empirical studies delving into the specific connections and impact between MBA programs and entrepreneurship.

The primary aim of this research is to investigate the specific areas of launching a new business in which an MBA program can support a novice entrepreneur. To address the aim of the study related objectives have been described:

1) To examine the specific areas of new business establishment where an MBA can support a novice entrepreneur in starting their ventures.
2) To give a suggestion of applicable management strategies and tools obtained through MBA programs, specifically beneficial for aspiring entrepreneur.

This study aims to fill this gap through the following research questions:

Research Question 1: In which areas of launching a new venture can an MBA support a nascent entrepreneur?

Research Question 2: What MBA management tools and strategies can assist a new entrepreneur to start a business?

The paper is organised in the following way. Firstly, the paper examines the existing literature focussing on MBA programs in the context of entrepreneurial education as well as venture creation and develops comprehensive questions that need to be addressed. Next, I outline the research methodology followed by a discussion based on transcribed interviews of MBA graduate entrepreneurs. And finally, I end with a conclusion and recommendations for future research.

2. LITERATURE REVIEW

Authors researching entrepreneurs agree that entrepreneurial abilities are inherent rather than developed through learning (Kuechle, 2019; López-Núñez et al., 2020; Nicolau et al., 2008). Indeed, starting a business does not require one to obtain a postgraduate education (Nagendra et al., 2014). Yet, researchers studying both innate entrepreneurial qualities and professional exposure to entrepreneurship suggest graduates from MBA programs gained their entrepreneurial resources such as improved leadership and creativity skills and generally a higher degree of success as entrepreneurs through their MBA programs (Ahmed et al., 2017; Matsuda & Matsuo, 2017). Nevertheless, several papers highlight the inclination of students of MBA programs to pursue entrepreneurship, regardless of their inherent entrepreneurial characteristics (Amofah et al., 2020; DeMartino & Barbato, 2003). MBA programs have become a key instrument for acquiring standard business skills in both business as well as entrepreneurial programs. Therefore, I will now review the literature on entrepreneurship education as such, followed by the relevance of MBA programs and their specialisations, and finally the impact of MBA studies on entrepreneurial success.

2.1 Entrepreneurship Education

Entrepreneurship education as such has long been a question of great interest in a wide range of fields. Rideout and Gray (2013) for instance challenge in their systematic critique of empirical research the widely held view that entrepreneurial education cultivates entrepreneurship. A similar interpretation of the effectiveness of entrepreneurial education can be found in Crysdian (2022). The author still considers universities as the primary provider of education, however, in terms of entrepreneurial education, the industry presents a more dynamic environment and suggests linking government, educational institutions and industry so the entrepreneurial programs at universities can indeed contribute to a knowledge society and economy (Crysdian, 2022). Overall, data from several sources have identified increased experiential learning of entrepreneurship at universities is associated with a higher degree of self-efficacy (Abd Rahim et al., 2022; Shen & Yang, 2022). The positive effect of practical over theoretical learning is further exemplified not only by a higher degree of self-efficacy but also consequently by higher entrepreneurial intentions of graduates from entrepreneurial programs (Nguyen et al., 2022; Piperopoulos & Dimov, 2015; Rauch & Hulsink, 2015). Conversely, an earlier paper by Bae et al. (2014) does not quite support a significant connection between entrepreneurial education and entrepreneurial intentions according to their study of pre-and post-education entrepreneurial intentions. The authors indeed highlight the need to enhance the effectiveness of entrepreneurship education to increase entrepreneurial intentions (Bae et al., 2014).

More recent attention has focused on the provision of specific recommendations on how to improve it. For example, Parris and McInnis-Bowers (2017) in their study propose an introductory business course where students cultivate self-efficacy by developing belief in themself and their abilities by knowing they are the architects of the positive impact on the world using entrepreneurial reasoning and action. Additionally, Schulz (2022) expands Parris and McInnis-Bowers's (2017) suggestion further by highlighting that entrepreneurial education in general supports entrepreneurial intentions, however, it is the delivery of the course that might have different outcomes. The author in his study proposes it is the business plan course that strengthens the enthusiasm of learners with low entrepreneurial intentions to pursue entrepreneurship, yet lean startup camp helps students that are already profoundly driven by entrepreneurship to engage in startup ventures (Schulz, 2022). For students to better understand the dynamics of entrepreneurship and its effects, Mele et al. (2022) further recommend the introduction of university business idea incubators to offer students creative space to support their concrete entrepreneurial ideas in a challenged-based environment. And finally, Thrane et al. (2016) suggests to educational institutions use their six-step teaching framework operationalizing several enterprising elements: "identify work, disclosing disharmonies, qualifying disharmonies into general anomalies, constructing innovative solutions, prototyping and business modelling" (p. 920). In conclusion, the academic literature on entrepreneurship education has revealed the emergence of several contrasting themes. Given all that has been mentioned so far, one may suppose there is a real need for more practical entrepreneurship education.

2.2 MBAs and Entrepreneurial Education

Regardless of the MBA's criticisms, "the MBA trains the wrong people in the wrong ways with the wrong consequences" (Mintzberg, 2005, p. 2), we can acknowledge numerous studies stating the benefit of MBA education (Baruch, 2009; Sar, 2017; Turner et al., 2017). For example, there is a growing body of literature on this much-debated question of the importance of an MBA in cultivating an entrepreneurial mindset but also helping students to gain new skills to better run a business adding to improved business opportunities (Allahar & Brathwaite, 2017; Nagendra et al., 2014). Additionally, recent work by López-Núñez et al. (2020) has established that the presence of entrepreneurial personality traits as well as entrepreneurial intentions show its presence in both real entrepreneurs but also university students. Indeed, entrepreneurial intentions and education appear to be positively related. A paper by Ahmed et al. (2017) suggests MBA students have indeed higher entrepreneurial intentions in comparison to students participating in entrepreneurship education. However, one research group has already drawn attention to the paradox of entrepreneurial intentions and the consequent action to pursue entrepreneurship and how MBA programs might need to introduce a curriculum supporting entrepreneurial self-efficiency (Amofah et al., 2020). As also noted by Entrialgo et al. (2019) in their exploratory review of executive and part-time MBA programs. They discovered not necessarily all MBA curriculums support entrepreneurial efforts and the majority do not offer entrepreneurial subjects (Entrialgo et al., 2019). Overall, these studies might highlight the need for specialisation of MBA programs.

2.3 Specialised MBA

Over the past few decades, MBA programs have been diversified, and what was initially meant as an education for working professionals has branched out to various specialization (Allahar & Brathwaite, 2017; Kim et al., 2020; Turner et al., 2017; Ver Steeg, 2022). Some authors have mainly been interested in questions concerning entrepreneurial education within MBA settings. For example, Bhatia (2019) traces the deviation from the managerial to entrepreneurial mindset in some MBA programs aiming to approach MBA education from a more divergent angle than some critics argue. Further, Allahar and Brathwaite (2017) question whether mainstream MBAs are the best environment for startup founders and draw their findings from 25 years of experience in cultivating entrepreneurial education in a particular MBA program. The authors suggest introducing subjects such as entrepreneurship processes and business opportunities, business planning, entrepreneurial finance, and creativity and innovation to the MBA curriculum designed for the more mature and experienced MBA students (Allahar & Brathwaite, 2017).

As far as other specialisations are concerned several studies have begun to examine social entrepreneurship in MBA programs (Awaysheh & Bonfiglio, 2017; Kim et al., 2020; Ver Steeg, 2022). Social entrepreneurship addressing social and environmental issues is making its way into today's global economy and consequently raising interest in educational institutions (Awaysheh & Bonfiglio, 2017). More recent attention to social entrepreneurship within the educational context has focused on facing social challenges through collaboration with all stakeholders and bridging educational institutions, companies, governments, and local and student organisations (Kim et al., 2020; Ver Steeg, 2022). It has conclusively been shown that introducing observational as well as experiential learning also better develops desired knowledge and skills (Awaysheh & Bonfiglio, 2017; Bruni-Bossio & Delbaere, 2021). Collectively, these studies outline a critical role for business schools to diversify their offerings to adjust to candidates from a variety of backgrounds instead of offering a mass-produced MBA curriculum (Mtapuri & Lethoko, 2018). Although I can observe a demand for specialised MBA, it appears the ivy league MBA programs still mostly offer the generalised MBA, however with elective subjects. An example of diversified MBA offering is for instance, the Tech MBA Program at the Cornell SC Johnson College of Business (Johnson Cornell SC Johnson College of Business, 2022), Fashion & Luxury MBA and also Tech MBA at NYU Stern (NYU Stern, 2022) or MBA in entrepreneurship at Babson College (Babson College, 2022).

2.4 Impact of MBA Studies on Entrepreneurial Success

Although joining an MBA program mean that entrepreneurs need to set aside extra time for studying, many who are already running their businesses decide to join to take advantage of the MBA networks that these programs offer (Matsuda & Matsuo, 2017). Indeed, exploring contrasting perspectives on MBA and entrepreneurship from two prominent academic figures provides further valuable insights. Thomas S. Robertson previous Dean of the Wharton School at the University of Pennsylvania, the oldest collegiate school of business in the world, confirms that "learning things on your own might be inefficient; while formal courses bring one up to speed in finance, marketing, sources of capital and raising money" (Daley, 2012, p. 64). Contrarily, as indicated previously the most outspoken critic of the MBA of any kind Henry Mintzberg, Professor of Management Studies at McGill University in Montreal, has a piece of advice to aspiring entrepreneurs: "find a business or venture or activity that you really love and get immersed as deeply as possible before trying to create something" (Daley, 2012, p. 65). Even though an MBA does not prevent an entrepreneur from failing and is not a guaranteed path to business success, there is empirical evidence about business schools supporting entrepreneurial endeavor (Bhatia & Levina, 2020; Oliver et al., 1991; Sar, 2017). Indeed, previous research by Matsuda and Matsuo (2017) calls for an empirical study to deepen the understanding of concrete areas where an MBA could assist a new entrepreneur as there has not been enough research done to that specific extent.

3. RESEARCH METHOD

3.1 Research Design

This research adopted an interpretivist epistemology to make sense of different roles that individuals engage within their natural as well as assigned environments characterised by subjective perceptions (Saunders et al., 2007). Additionally, an exploratory, descriptive design was adopted to enhance the study with new insights while better understanding the nature of the researched problems (Robson, 2002). Given the research aim and objectives, relevant existing literature, chosen research philosophy, available research resources and the need to sufficiently generalise an embedded multiple case study strategy has been employed (Saunders et al., 2007). And finally, a qualitative approach was chosen to produce more profound and detailed knowledge about the researched topic as well as reflect the participant's personal experience.

3.2 Sample

Based on the study objectives, a case study design and research questions emphasizing the importance of leveraging expertise a purposive non-probability sampling technique was employed. The participants of the study were determined as a specific group of MBA graduate entrepreneurs best acquainted with the research area. They were selected over four months, and ten out of fifteen targeted individuals agreed to take part in the research spanning over two months. In qualitative studies the sample size tends to be small, the research based on interviews looks to address the research problem in depth allowing the researcher to be fully immersed in the research field (Crouch & McKenzie, 2006). The locations to address potential participants were identified as MBA schools. An online post was sent across different business school networks promoting the intended research with a call to action. The study targeted female and male entrepreneurs that graduated from a variety of MBA schools in different countries and operated their businesses locally, internationally, or online across a variety of fields (Table 1). Employing an international sample allowed me to present diverse views and experience, however the findings are not representative of global entrepreneurial experiences.

Table 1. Demographic Characteristics of Participants

	Age	Gender	Country of Residence	Type of Company	Number of Employees	Age of Company
A	66	Male	USA	International	5	13
B	43	Male	South Africa	Local	120	13
C	55	Male	South Africa	National	20	16
D	35	Female	Angola	Local	30	5
E	50	Male	Czechia	Local	1	4
F	42	Female	USA	Local	1	6
G	39	Male	South Africa	International Online	1	1
H	37	Male	Nigeria	International	20	31
I	30	Female	New Zealand	International	2	1
J	30	Female	Nigeria	Local and online	1	1

3.3 Research Tool

In my research, I utilized semi-structured interviews to collect primary data. To gather specific responses, I used close-ended questions. Conversely, open-ended questions allowed me to collect rich data as participants could share an in-depth view of the research topic. Further, employing one-on-one interviews allowed me to foster a comfortable environment where participants were more likely to share their opinions. Finally, interviews allow the researcher to gather a comprehensive understanding of the participants' experiences and insights that do not necessarily emerge in alternative data collection methods and minimize potential bias (Easterby-Smith et al., 2012).

3.4 Data Collection

Primary sources were used to collect data through online videos and recordings. Before I engaged in the actual interview procedure, a pilot study was employed to assess the clarity and relevance of the questions. Being acquainted with the start-up environment facilitated a positive atmosphere and built trust with the MBA graduate entrepreneurs interviewed, allowing them to reveal authentic and substantial insights (Jobber & Chadwick, 2017). Furthermore, in this exploratory and descriptive research, I opted for a video chat (Skype) to allow the interviewees to feel at ease and available to share their insights instead of utilizing a personal one-on-one interaction. The study participants were keen to share their entrepreneurial journeys and mostly extended the initial time from thirty or forty minutes to one hour. This proved successful in acquiring a good understanding of the research topic and gaining reliable data.

3.5 Data Analysis

According to Saunders et al. (2007), we can compare scrutinizing qualitative data to assembling a jigsaw puzzle as the process of data analysis involves identifying pieces of information with similar characteristics and organizing them systematically into groups to construct a coherent final piece. Furthermore, the data were accessed in a purposive and abductive way, considering the established knowledge and newly emerged insights gained during the research. I used NVivo 12 to analyse the collected data. Each recording was assigned a pseudonym and manually transcribed. Further, a thematic analysis was employed to analyse the data (Braun & Clarke, 2022). Firstly, each transcript was reviewed for overall comprehension. This was followed by selecting pieces of text that discerned connections, leading to the identification of multiple themes. These themes were subjected to further categorization into subthemes, allowing for potential reclassification and reordering.

3.6 Ethics and Research Validity

The study has adopted a qualitative approach, calling to design specific strategies to maintain credibility (Noble & Smith, 2015). Firstly, I adhered to the recommendation by Easterby-Smith et al. (2012) in terms of reliability - I was committed to maintaining coherence in the presented data and ensuring the consistency and comparability of the data regardless of the interviewers and occasions. Further, transparency was upheld during the data analysis. Finally, the interviewed MBA graduate entrepreneurs were asked to select the most available times when they are free to be interviewed to ensure consistency. Adhering to the appropriate language, confidentiality, trust, and anonymity was critical to achieve consistent discoveries and furthermore, I avoided being biased by utilizing the laddering method. (Easterby-Smith et al., 2012; Saunders et al., 2007). In conclusion, I sought to ensure the research's validity by formulating interview protocols that minimized bias and enhanced data comprehension. (Dennis, 2018). Finally, during the entirety of the research, ethical considerations were rigorously adhered to.

4. RESULTS

In this chapter. I provide the analysis of collected data.

4.1 Areas of a New Business Development

The table below shows the breakdown of the areas where an MBA can assist a novice entrepreneur in their business development. By far the most common area for MBA graduate entrepreneurs is the financial field.

Table 2 Key Areas where an MBA Can Support a Nascent Entrepreneur

	Critical Activities Required to Start a Business	Entrepreneurs (#)
1	Market research	9
2	Business strategy formulation	8
3	Marketing strategy	8
4	Financial planning	7
5	Human resources strategy	6
6	Defining company processes	4
7	Legislation	3
8	Business plan utilisation	3

4.1.1 **Creativity and Innovation**

In the study, I can differentiate between most respondents (70%) believing that an MBA is a crucial steppingstone to successfully launching a business and the rest of the research participants (30%) suggesting that obtaining an MBA is not a prerequisite for a new business establishment. 20% of respondents noted that MBA studies are meant for white-collar workers willing to adhere to set work duties and timetables so they can be promoted and raise their salaries. Indeed, Participant 5 argued that securing a post at a new company is a better option for a novice entrepreneur. Participant 6 stated: "*Entrepreneur needs to address a market need with a creative idea, followed by quick execution including pricing and selling not necessarily taught at business schools.*" Additionally, Participant 5 argued that MBA students may not necessarily need to prioritize innovation. However, he regards it as a crucial aspect of the entrepreneurial journey. Contrarily, more than half of the research participants learnt to combine all the presented knowledge as well as reflect on their past professional experiences and incorporate other students' practices. They developed the capacity to foster creativity, innovation, and critical thinking skills. Furthermore, Participant 8 believed he acquired a holistic strategy to launch a business during his graduate studies: "*It takes more in business than just buying and selling of your idea but rather providing creative solutions customised to a consumer's wants they did not know they have.*"

4.1.2 Marketing Expertise

60% of respondents suggested they acquired an adequate marketing proficiency during their MBA studies, which is critical in launching a business. For a novice entrepreneur, it is recommended that they thoroughly define a customer persona, incorporating their choices and wants, while evaluating a thorough analysis of the competition (Participant 7). Furthermore, Participant 3 became more competent in offering his product to additional customers, resulting in higher customer numbers. At the same time, being in tune with customers' needs helped him find more effective ways to address them. Lastly, clearly articulating marketing strategy, determining the unique benefits of offerings, defining a mission and vision statement, and finally understanding the branding and its message helped Participant 10 to utilize her MBA studies in her startup.

4.1.3 Financial Savviness

Most research participants (8) believed that grasping financial savviness is the ultimate skill for starting a prosperous business. Participant 9 highlighted: "*Thoroughly forecasting financial projections, analysing break-even points and finally aiming at positive cash flow can prevent many business failures*." Further followed by Participant 4: "*Having done my MBA before starting a business my company might have been profitable by now*." On the contrary, one-fifth of respondents found the MBA programs' financial courses ineffective. They suggested these programs teach how to analyse financial statements in already-running enterprises instead of startups or teach how to apply for a loan at a bank where angels and private equity firms fund many of today's businesses.

4.1.4 Project Management

One-third of research participants found project management know-how taught at MBA programs crucial for launching new enterprises. Participant 8 suggested: *"Project planning where one is required to assign a certain start as well as end date including risk logging and project closure help me to not only have a right team, allocate and manage resources but ultimately make my project a success saving my clients and me a lot of money."*

4.1.5 Leadership and Management

More than half of the respondents agreed leadership and managing people can break or make the business. Participant 1, for example, noted that leadership affects the entire business ecosystem and its various stakeholders, not just the company employees. Additionally confirmed by Participant 2 by stating: *"Gaining leadership tools, I can lead my company and my employees better and think about those challenges in a more strategic manner."*

4.1.6 Business Planning

Three out of ten respondents mentioned that a strong and adaptable business plan, which is taught in MBA programs, is a central component of any new venture. One third of participants further learnt to define business processes to prevent major structural mistakes within a business as they believed they are traditionally taught at MBA programs. Participant 3 further holistically appraised his business through stepwise design, which allowed him to plan an effective business plan and take advantage of the market environment. Finally, two out of ten respondents found operational management taught at business schools to be effective for novice entrepreneurs.

In closing, MBA programs upskill their students with various experiential learnings and provide a comprehensive curriculum for novice entrepreneurs to launch their businesses successfully. Participant 9 concluded: *"As an entrepreneur, it is not always possible to have experience in every aspect of business, the MBA assists with this as it covers a broad spectrum of subjects from Financial, Marketing, Human Resource Management, Project Management and Strategy, all key elements which are required in owning and operating your own business."* Finally, each of the interviewed participants proposed multiple areas where a Master of Business Administration program can support a novice entrepreneur, despite one-third of respondents suggesting it is unnecessary to join an MBA to launch a venture. Assuming that is the outcome, the proposition, "there are areas of launching a new venture where an MBA can support a nascent entrepreneur," is accurate.

4.2 Relevant Management Tools and Strategies

Table 3 MBA Tools and Strategies That Can Be Employed in a Launching a New Venture

	MBA Tool and Strategy	Entrepreneurs (#)
1	Financial analysis	8
2	Benchmarking	2
3	Sunk cost	1
4	Project management	4
5	Gantt chart	1
6	Risk management	1
7	Stakeholder analysis	1
8	Marketing	4
9	Market research	2
10	Branding	1
11	Mission and Vision	1
13	HR management	4
14	Team planning	1
15	Company Culture	1
16	Leadership styles	1
17	Business strategy	3
18	SWOT analysis	5
19	Balanced Scorecard	2
12	PESTLE analysis	1

Even though most research participants believed MBA programs benefit novice entrepreneurs, one-third of respondents stated only one MBA tool or strategy. Nevertheless, half of the researched MBA graduate entrepreneurs, regardless of their predisposition towards an MBA, suggested obtaining their degree transformed their mindset and actions while gaining self-awareness and knowledge about themselves. Participant 3 for example stated: "*Since becoming an MBA graduate, I am addressing opportunities in a multiphase way and looking differently at limitations.*" Further followed by Participant 6: "*I probably utilise a lot of what I have learnt in business school, but I think being able to tackle a problem and finding the best solution are my key learnings*."

4.2.1 Financial Planning

Most respondents suggested that proficiency in financial analysis is the ultimate skill one can learn at an MBA. Participant 1 shared his experience of utilising Excel sheets and evaluating his finances, which allows him to forecast his budgets and plan in one, two, and five years and appraise his accounts. Furthermore, a novice entrepreneur must know when a new venture starts to make a profit, as stated by Participant 9. On the contrary, there was a doubt by Participant 7, who questioned the financial module in MBA programs as being quite far away from the actual professional environment. Having the classes delivered by accomplished entrepreneurs, not just academics, might bridge the gap between academia and the professional environment.

4.2.2 SWOT and PESTEL Analysis

50% of respondents noted SWOT analysis as the second most crucial tool gained during MBA studies. SWOT analysis ought to be ultimately placed as the first management tool employed by a new entrepreneur, uncovering not only shortcomings but also limitations of the new venture while determining the unique selling proposition (Participant 9). Participant 2 used both SWOT and PASTEL analysis within his company settings, which was notably political, and appreciated their complementary roles.

4.2.3 Gantt Chart, Risk Analysis and Stakeholder Analysis

Four out of ten respondents highlighted project management as a well-utilized tool when launching a venture. Indeed, Participant 8 believed new enterprises or anything business-like would benefit from being treated as a project as it might offer various invaluable tools. Finally, 30% of participants suggested that out of all the project management, the Gantt chart, stakeholder analysis, and risk analysis were the go-to tools to assist with project management and are highly recommended when starting a business.

4.2.4 Business Strategy

Participant 10 argued that the strategy proffered in the current concentrated market involves employing an applicable business strategy while considering present innovation and forming a “Blue Ocean” market space. Furthermore, it is critical to know what business activities a new entrepreneur should avoid (Participant 7). Finally, three out of ten respondents held the belief that a well-crafted marketing strategy is a cornerstone for effectively launching one’s product to the market and is a vital tool for the selected business strategy.

4.2.5 HR Tools and Networking

Additionally, 40% of participants found the HR module favorable. Specifically, the team-planning and company culture, as noted by Participant 9. In conclusion, 20% of research participants found their MBA network crucial if well managed.

In conclusion, the data analysis provided several recommendations about MBA management tools and strategies suitable for startups. Therefore, the proposition “utilising MBA management tools and strategies assist a new entrepreneur to start a business” is accurate.

4.3 Discussion

The study was pursued to find out in what areas of new business development MBA programs can assist a nascent graduate entrepreneur and what MBA management tools and strategies they can utilize. In the forthcoming section, I interpret my findings about the secondary data and describe new insights that came out as a result of my research.

As discussed in the literature review, there are contrasting views regarding the usefulness of an MBA for entrepreneurs. These contrasting views are described as either supporting or opposing opinions towards MBA programs. For example, Nagendra et al. (2014) say an MBA program is not prerequisite for launching a venture. Indeed, one-third of participants believed this to be correct. One respondent in this study further confirmed that an MBA contributes to excluding individuals with an entrepreneurial mindset. This finding is consistent with that of Henry Mintzerberg, who suggests seeking alternatives to obtaining an MBA, such as applying for a post with an established business (Mintzberg, 2005). A statement by Mintzberg (2005) was very similar to the sentiment of an MBA graduate entrepreneur pointing out to go work for a start-up for a few years before jumping on your own.

Furthermore, a study by López-Núñez et al. (2020) develops the understanding by pointing out that entrepreneurial intentions were found to be present in both groups of their research participants - not only in university students but also in real entrepreneurs. This view was echoed by an informant who suggested that MBA will not necessarily teach you how to spot a business opportunity and how to address a market need in a very desirable and efficient way while being profitable at the same time. These results might reflect those of Bhatia (2019), who found that not all the current MBA programs offer general managerial education but there is a tendency in some to introduce a curriculum that cultivates the entrepreneurial mindset.

Consistent with the literature, a paper by Olivier et al. (1991) proposes that MBA programs have been originally intended for industry professionals rather than entrepreneurs. A small number of researched participants agreed with Olivier et al. (1991) and saw an MBA program as a limitation for entrepreneurs. Interestingly, one of the respondents noted how he struggled after finishing his MBA to take on a corporate position, disillusioned by how the whole corporation works. He described MBA to be a boot camp for middle management teaching just management skills but not teaching risk-taking and innovation the most critical skills for an entrepreneur. One does not need an MBA to do anything in life, however, the badge comes in handy when becoming the well-paid puzzle piece in the corporate machine, another participant added. These findings raise intriguing questions regarding the nature and extent of the MBA program as such. However, with small sample size, caution must be applied, as the findings might not be adequate if a larger sample was addressed. Nonetheless, a possible explanation for these results may be the lack of adequate entrepreneurial subjects and experiential learning in MBA programs of the critiquing participants.

On the other hand, some say MBA programs are relevant education for nascent entrepreneurs. They perceive MBA programs to be designed as a course containing various crucial disciplines that is effectively delivered having entrepreneurship in mind. Indeed, Thomas Robertson's (2012) suggestion in Daley's study is similar to one research interviewee's concern that an entrepreneur may not always know all the disciplines required to start a business that an MBA teaches. Bhatila and Levina (2020) further suggest educational institutions might need to change their attitude toward knowledge by challenging rationality and broadening the scope of their curricula since entrepreneurship disrupts conventional business principles and models.

It is encouraging to compare this opinion with that found by more than half of the respondents. They suggested that they mastered connecting all the MBA teachings with theirs and their colleague's past professional experiences to employ divergent thinking in their new ventures. The respondents appreciated a much wider scope of education at their MBA programs than the traditional entrepreneurial ones. In addition, prior studies have noted the importance of the specialisation of an MBA to offer a competitive education (Allahar & Brathwaite, 2017; Kim et al., 2020; Turner et al., 2017; Ver Steeg, 2022). A small number of those interviewed suggested that MBAs in the past were the Rolls-Royce of degrees, but nowadays there are many people with MBAs and therefore the need to specialise has become more relevant and may require further study.

Furthermore, Matsuda and Matsuo (2017) propose a new entrepreneur could take advantage of employing newly acquired leadership expertise as well as creativity gained during MBA studies. The current study found that MBA learning about transformational leadership can indeed make one a confident leader as a variety of leadership styles is introduced during the MBA program. And finally, the majority of participants on the whole demonstrated leadership was a commonly acquired skill during their MBA studies. Additionally, there are similarities between the attitudes expressed by a few participants in this study and those described by Matsuda and Matsuo (2017). Such as that, an MBA graduate entrepreneur is able to benefit their venture by employing MBA networks (Matsuda and Matsuo, 2017). In summary, research participants agreed with the above discovery and suggested that this was their major motivation for pursuing MBA programs.

In reviewing the literature, no data were found on the association between an MBA and applicable management tools and strategies gained in the course of the MBA program, which is a unique contribution of this study. The above combination of research findings concerning the secondary data have significant implications for the understanding of how an MBA can influence a nascent entrepreneur in new business formation and what might be the potential areas for improvement of the MBA curriculum. These findings can be used to strengthen MBA programmes that teach entrepreneurship as they can be integrated into the programmes to bring together supply- and demand-side.

4.4 Limitations of the Study and Future Research

My research aimed to benefit both academia and practice; nevertheless, it is critical to note the study’s limitations. First, the research only drew data from ten MBA graduate entrepreneurs. For that reason, if I were to employ more significant sample, the study may deliver divergent findings. Second, the sample was not globally representative, and it might not offer diverse entrepreneurial experience. Third, the study might have brought more significant discoveries using mixed methods rather than qualitative ones. Fourth, elaboration on the effectiveness of other entrepreneurial programs might present contrasting discoveries. And finally, the research was also restricted in terms of time and finances.

5. Conclusion

The present research was designed to determine the effect of an MBA on entrepreneurship, being a perfect pairing or potential mismatch. The paper assessed the experience and knowledge of MBA graduate entrepreneurs on starting and running real businesses. Overall, this paper strengthens the idea that studying an MBA positively impacts a nascent entrepreneur. The study's first unique contribution has been identifying several areas within the new business formation that a nascent entrepreneur can leverage. And secondly, a list of 26 tools and strategies has been outlined by the research participants when asked to determine what MBA management tools and strategies can be employed by a new entrepreneur. However, not only does an MBA program equip a nascent entrepreneur with various tools and strategies, an MBA can positively change one's thinking and provide an entrepreneur with a flexible mindset and ultimately develop their competitive approach in the current aggressive market.

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EVALUATING THE READINESS FOR ISO 9001:2015 CERTIFICATION: A CASE STUDY

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ABSTRACT

This quantitative exploratory paper evaluates the degree of adoption of a cooperative to Total Quality Management (TQM) practices as a precursor study for its readiness for ISO 9001:2015 Quality Management System certification. Questionnaires were developed to explore practices already implemented within the ambit of TQM. Selected participants were grouped into two: (1) Management which is the middle-level management up to the CEO and (2) Governance composed of the Board of Directors, elected and appointed officers. A total number of 37 respondents were surveyed simultaneously. Primary data gathered from survey questionnaire were tested statistically for non-parametric datasets using SPSS16 for descriptive statistics and test of normality. Test statistics using Mann-Whitney U Test examines if the adoption of Quality Management Principles (QMPs) of ISO 9001-2015 is equally perceived by the two variable groupings. The study concluded that the seven QMPs are somewhat adopted based on the result of the overall mean score. Results of descriptive statistics for each of the QMP revealed that Leadership has the highest mean. Whereas other QMPs such Customer Focus, Improvement, Process Approach, Evidence-Based Decision Making, Engagement of People, and Relationship Management are somewhat adopted. Results of Mann-Whitney U Test revealed that TQM adoption is perceived more by the Governance group than by the Management group and the two variable groupings have differing perceptions on the adoption of TQM, thus rejecting the null hypothesis of similarity among the two groups.

Keywords: ISO 9001:2015, total quality management, cooperative

ABSTRAK

Makalah eksploratif kuantitatif ini mengevaluasi tingkat adopsi suatu koperasi terhadap praktik Total Quality Management (TQM) sebagai studi pendahuluan untuk kesiapan sertifikasi Sistem Manajemen Mutu ISO 9001:2015. Kuesioner dikembangkan untuk mengeksplorasi praktik yang telah diimplementasikan dalam lingkup TQM. Peserta yang dipilih dibagi menjadi dua kelompok: (1) Manajemen yang terdiri dari manajemen tingkat menengah hingga CEO dan (2) Tata Kelola yang terdiri dari Dewan Direksi, pejabat terpilih, dan diangkat. Sebanyak 37 responden disurvei secara bersamaan. Data primer yang dikumpulkan dari kuesioner survei diuji secara statistik untuk dataset non-parametrik menggunakan SPSS16 untuk statistik deskriptif dan uji normalitas. Uji statistik menggunakan Uji Mann-Whitney untuk memeriksa apakah adopsi Prinsip Manajemen Mutu (QMP) ISO 9001-2015 sama-sama dirasakan oleh dua kelompok variabel. Studi ini menyimpulkan bahwa ketujuh QMP sedikit diadopsi berdasarkan hasil skor rata-rata keseluruhan. Hasil statistik deskriptif untuk masing-masing QMP mengungkapkan bahwa Kepemimpinan memiliki rata-rata tertinggi. Sedangkan QMP lainnya seperti Fokus pada Pelanggan, Peningkatan, Pendekatan Proses, Pengambilan Keputusan Berbasis Bukti, Keterlibatan Masyarakat, dan Manajemen Hubungan sedikit diadopsi. Hasil Uji Mann-Whitney menunjukkan bahwa adopsi TQM lebih dirasakan oleh kelompok Tata Kelola daripada kelompok Manajemen, dan kedua kelompok variabel memiliki persepsi yang berbeda tentang adopsi TQM, sehingga menolak hipotesis nol tentang kesamaan di antara kedua kelompok.

Kata Kunci: ISO 9001:2015, manajemen mutu total, koperasi

1. INTRODUCTION

Total Quality Management (TQM) was pioneered in 1940 by Dr. Edward Deming but only in 1985 that it started its use (Milosan, 2014). It is a management philosophy that emphasizes working processes (throughput) and the people with the primary objective of customer satisfaction and improving the overall performance gearing towards quality (Oluwatoyin & Oluseun, 2014). TQM harmonizes customers, suppliers, and employees and incorporates statistical evaluation in the overall continuous improvement process into a more comprehensive approach (Wang & Meckl, 2020). As business is expanding and growing serving multiple arrays of clients, operational and procedural processes also are evolving gearing toward quality of service for the satisfaction of customers (Zulganef & Nilasari, 2022), hence TQM is the art of managing the entirety towards exceptional performance (Besterfield *et al.*, 2012). TQM has multiple definitions from various authors and sources. The most convenient definition is to dissect the three elements: "Total- the participation of all in the organization; Quality- meeting the satisfaction of customers, and Management- the art of providing quality products and service". British Standards Institution (1992) defines TQM as "management philosophy and company practices that aim to harness the human and material resources of an organization in the most effective way to achieve the objectives of the organization". While ISO states that "TQM is a management approach of an organization centered on quality, based on the participation of all its members and aiming at long-term success through customer satisfaction and benefits to all members of the organization and society" (Shoshan & Celik, 2018). The climate of business is changing at a rapid pace with the advent of many strategies introduced to sustain competition and enhance productivity through the quality of management (Al-Maamari & Raju, 2020).Quality is a continuous engagement and it covers the entire operations of the organization. As years passed by, TQM has been referenced by various firms in enhancing processes and capabilities to achieve and withstand competitive advantage (Milosan, 2014). Several researchers discussed the association between TQM and how the organization perform and revealed that operation will be improved from some perspective (Al-qahtani, Sa & Aziz, 2020). Critical successes depend on how the management adopts or rejects improvement in the entire sphere of the organization and that is a collective effort of all participants for the sustainability and long-term success of the organization. As cited by Pangaribuan (2000), the application of TQM has an affirmative influence on the performance of any business and helped improve the performance of organization management. Cooperative sector has been identified as one of the drivers in promoting equity, social justice and economic development as articulated in Articles 12 and 13 of the 1987 Philippine Constitution. Given the importance of cooperatives as a social enterprise in building the nation by upholding a just society with strong economic base (Castillo & Castillo, 2017), studies on total quality management needs to be instituted especially to those cooperatives that arose from being a micro-cooperative to now a billionaire one.

This paper explores the practices made by one of the leading cooperatives in Region XII, Philippines which aims to determine the degree of adoption to Total Quality Management (TQM) for readiness for certification to International Organization for Standardization for Quality Management Systems (ISO 9001:2015) based on the seven (7) areas of Quality Management Principles (QMPs) namely: Customer Focus, Leadership, Engagement of People, Process Approach, Improvement, Evidence-Based Decision Making, and Relationship Management. Further, this study provides more perspective how quality practices in operations are adopted by this cooperative and to identify areas that needed to be improved. Specifically, this paper determines:

1. If the seven (7) QMPs of ISO 9001:2015 are adopted by the Cooperative based on the overall mean of the 7-point Likert Scale results and the individual mean of each QMP; and
2. If the adoption of seven (7) QMPs of ISO 9001:2015 is perceived equally among the two (2) grouping variables of respondents, the Management and the Governance.

2. LITERATURE REVIEW

2.1 Total Quality Management

The managerial implications of quality management are to enhance the level of awareness and significance by having quality systems in the spectrum of operations and market penetration (Meek, 2003) and by implementing principles in TQM, the workforce in the organization participates in the culture, services, and improvement of the processes (Menza & Rugami, 2021). The general perceptions of TQM according (Levine et al. 2010) as further cited in Androniceanu (2017) is the enhancement of the management by improving the processes to produce quality products and services which will result to satisfaction of the which will lead to the success of the organization. The TQM is grounded on four (4) major areas: leadership accountability for continuous improvement; emphasis on processes to attain perfection; research and statistically bounded measurement of performance; and participation and empowerment of people (Tesfaye & Kitaw, 2017).

2.2 Conforming Studies on the Application of TQM for Organizational Success

The study by Hafeez et al.,(2018) discussed the significant and positive agreement of TQM to production performance, product performance, and financial performance and a good lever to enhance business innovativeness. TQM is also effective in collaboration with other operational applications such as Just-in-Time and Supply Chain Management (Masudin & Kamara, 2018). According to Jong, Sim and Lew (2019), TQM is significantly correlated to organizational performance, conversely other variables such as leadership, strategic planning, and customer focus have no cogent influence on performance due to the influence of mediating factors.

As postulated by Kumar and Sharma (2016), the levers of TQM such as excellent client service leading towards satisfaction, reducing the cost of production or service, enhancement of process and cycle time leading to shortened waiting time, investment to service development, teamwork, feedback system, training to employees and human resource integration are interconnected and interdependent to each other which are the critical success factors to TQM compliance. Ayash, El-Mousawi and Younis (2020) also concluded that the following constructs significantly effect on improving the financial performance of the organizations: focus on affiliates, high management, continual improvement, training of employees, and teamwork. As referred to by Vrtodušić Hrgović, Črnjar and Škarica (2020), a statistical correlation between employee engagement with continuous improvement, however, no relationship exists for internal customer focus to continuous improvement. The study aimed to focus on employee involvement in the improvement process by observing harmonious working relationships.

In conjunction with Magd, Ansari and Negi (2021) it showed that the complementation of TQM and knowledge management to innovation and integration of the three factors will impact performance results, thus gaining a better position in competition leading to organizational excellence. Sreenath (2022) further acknowledged that influences such as quality of the working environment, management commitment, training, empowerment of people, initiatives to TQM, acknowledgment of good works, and culture in the workplace are effective drivers to TQM in the human resource functions.

2.3 Quality Principle of ISO 9001: 2015 QMS

The quality management principles used in this paper are drawn from the concepts described in ISO 9001, Quality Management Systems (QMS) – Requirements. The seven Quality Management Principles (QMP) are Customer Focus, Leadership, Engagement of People, Process Approach, Improvement, Evidence-Based Decision Making, and Relationship Management (Sader, Husti & Daróczi, 2019) as depicted in Figure 1.

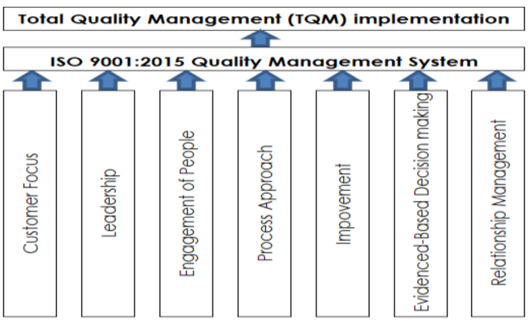

Figure 1: ISO 9001:2015 Principles and TQM implementation
Source : Sander et al., 2019)

The implementation of ISO 9001 based on literature by (Bravi et al., 2019) have two (2) main categories: internal and external. Internal motivations are related to attaining improvement of internal management while external motivation is concerned with marketing and promotions, pressures from the clients, and increase of market share.

QMP 1: CUSTOMER FOCUS

Customer focus shall be demonstrated and committed by the top management by customer requirements are always met, conformities of products and services are determined and satisfaction of customers are addressed, customer satisfaction is enhanced and maintained (Robere, 2015). As evidenced by the study of Topalović (2015), satisfied customers provided by an organization are the main measurement of quality satisfaction. In process of formulating products and services, involving the stakeholders is necessary to come up with quality to fully met or even surpassed client needs. In the TQM model, the customer is the primary mover, and satisfying them is the beginning of quality initiative (Pambreni *et al.*, 2019).With competition in the industry present and inevitable in every business, relying on customer increasing demand with superior product and service quality is the most important influence for every organization to intensify competitiveness (Cetindere, Duran & Yetisen, 2015). Most customers should one at top of the ladder in terms of prioritization of their needs. The concept of customer satisfaction direct linked to customer loyalty has been hypothesized in various research (Kumar and Mokha, 2021; Nuseir and Madanat, 2015; Kamrul Islam Shaon and Hasebur Rahman, 2015).

QMP 2: LEADERSHIP

Leadership and commitment to QMS are firstly practice by the top management through accountability for effectiveness; establishment of a quality policy, objectives, and strategic direction; integration into the business process; use of process approach and risk-based thinking; communication and conformance; achieves its intended results; promotes improvement (Robere, 2015).Traditional leadership is defined as having character, behavior, influence on others in performing roles, and authority in managerial and structured positions (Barbosa, Gambi & Gerolamo, 2017). Leadership in the organization is a management concept that exercises central strategic direction at the entire stages of the organizational structure that is essential in achieving its goals (Sungkawati, 2020). Leaders must comprehend quality management, and belief in its ideologies by demonstrating faith and action. Guarantees that directions, ideals, values, and organizational principles are communicated down to the lowest level to deliver emphasis, a clear path, and common understanding among all personnel (Milosan, 2014).According to Sweis et al., (2019), dynamic leadership is the very key component of the commitment of the top management to exemplify active function to improve performance and the focus it wanted to attain by outlining quality goals, policies, and action plans. Opined in (Besterfield *et al.*, 2012) the success of quality management lies in the active part of middle managers since they are accountable for achieving many goals and outputs and they have the link in the communication process from top management to front-line personnel. Transformational-transactional leadership has evolved from its original proposition by Deming as "visionary leadership". This leadership developed organizational culture associated with quality management policies and procedures that accepts better change (Barbosa,et al, 2017).

QMP 3: ENGAGEMENT OF PEOPLE

Involvement and empowerment of employees are important to increase the aptitude to serve the customer value of service (Pangaribuan, 2000). Encouraging employees to suggest fresh perspectives and participate in the risk-taking process is a major element of TQM (Alghamdi, 2018). Employees are vital in building a strong and competent "human capital" of the organization (Al-qahtani, Sa & Aziz, 2020)and empower them by giving the extent of autonomy to decide customer-related concerns (Shahin & Dabestani, 2011). As employees are given more responsibility, have effective communication skills, creative, participative, and innovative, it has a better drive toward quality. TQM also links employees' remuneration to customer satisfaction and job satisfaction correlates with employees' attitudes and behaviors. The same study revealed that personnel's sense of accomplishment is the result of higher awareness and investment in the organizational level of commitment (Mo & Borbon, 2022).

However, the study Mawuko (2017)concluded that both employee and customer satisfaction has no statistical significance to TQM when other factors such as political interference, understaffing and other challenges are imminent in the organization. This is the outcome when management is disconnected with the line personnel because of no clear quality policy and motivation.

QMP 4: PROCESS APPROACH

Process-based thinking sees innovation as a complicated process that frequently involves different social groupings in businesses (Firman, Mustapa & Ilyas, 2020). As described by Sader, Husti and Daróczi (2019)business process that is effective and efficient is achieved when it is clear and consistently improved.Three main stages of process under the process-based approach (Kowalik & Klimecka-tatar, 2018), are the technical and organizational quality of the inputs, excellent process of interaction between the provider and receiver of service, and output quality of the services provided meeting customer expectations. The basic approach of ISO 9001 towards process management is how an organization structured its processes by recognizing the essential methods and describing the relationship of the processes and how the products and services are served towards quality management philosophy of differentiation (Mustapha et al., 2018).

QMP 5: IMPROVEMENT

As evidenced by Mo and Borbon (2022), continuous improvement is the key concept of innovation. The modern public has a great favor to humanization, individuation, and quality and the organization's leadership has difficulty in achieving those differing needs of a diverse market. It is through the people and operational procedures within the organization that products are developed and services are delivered with quality that comes within the process (Pambreni et al., 2019). Amoozegar et al., (2019) posits that continuous process improvement emphasized the formulation of products and services by knowledgeable people due to heightened complex transactions by upgrading processes to reduce wastage and expenses. Continuous improvement is a device to change the track for improvement of operations in short-term and maintaining traction over long periods based will all players involved because continuous improvement is everybody’s responsibility (Ghani Al-Saffar & Obeidat, 2020). To implement continuous improvement, the organization should involve tools and technology to evaluate weaknesses, wastage, and variances for a total improvement of the whole process (Tesfaye & Kitaw, 2017) as further cited by Hailu, Mengstu & Hailu (2018).

QMP 6: EVIDENCE-BASED DECISION MAKING

Evidence-based management is a procedural task. As asserted by Hulpke and Fronmueller (2022) before a decision is reached, consideration must be implied to population, intervention, comparison, results, and the circumstances as the relevant evidence to “ask, acquire, appraise, aggregate, apply and assess" the necessary stages in providing more structured decision-making process. The goal of evidence-based management is to link the theoretical aspect of management to its practical application (Hasanpoor et al., 2018).The more clear definition of this principle based on several works of literature is heralded in (Briner, Denyer and Rousseau, 2009) stating that decisions to be made must be grounded on “conscientious, explicit and judicious” consumption of varied information originated from various sources. Another consideration of this approach is an option for leaders to draw unbiased decisions from available evidence for an enhanced level of transparency (Walshe & Briner, 2013) and necessitates the prescribed data management program for a more systematic process of information governance (extraction, storage, processing, interpreting and enforcing) taking into account the sensitivity, confidentiality, and security of evidence or data (Elijah & Moturi, 2017).

The best way to plan, evaluate, and track operational performances are to refer to data and studies using statistical analysis which provides an objective and reliable basis. Decision-making is made based on logical and coherent ground (Omer, et al. 2018). Importantly, this evidence-based research should be translated into action and application to have its impact (Aarons, Hurlburt & Horwitz, 2011).

QMP 7: RELATIONSHIP MANAGEMENT

Relationship management is defined as the interrelationship of the organization to its external providers in which the organization gained mutual benefits and enhances both parties to increase its value. These providers include customers, suppliers, service providers, networks, community, government, etc. (Zanqar *et al.*, 2019). Relationship management is an incremental approach for building better linkages with customers and partners and creating value-adding activities to meet shareholders' expectations (Deszczyński, 2018). The main features of this philosophy according to (Galbreath & Rogers, 1999)involve: the establishment of a long-term relationship, there is reciprocal benefits to internal and external parties and communication to parties on creating a better value chain process.

3. METHODOLOGY

This research used a quantitative-exploratory method design. The respondents of this study, all of whom are connected to the cooperative under this study were grouped into (1) Management Group consisting of branch manager level up to the chief executive officer and (2) Governance Group representing the Board of Directors, the appointed and elected committee officers and evaluate if the two groups have the same perception on TQM adoption. Survey questionnaires using the 7-point Likert Scale was utilized to generate primary data sent via Google Forms through the respective email addresses identified in the Management and Governance Groups. The distribution of the responses gathered is shown in Table 1.

Table 1
Distribution of Sample Size

Groupings	Population	Sample Size	%
Management	31	22	71%
Governance	25	15	60%
Total	56	37	66%

Source: Data Processing (2023)

4. RESULTS AND DISCUSSION

4.1 Descriptive Statistics

Data generated from the survey questionnaire were analyzed using the SPSS16 software. The result of descriptive statistics for 37 responses showed the following means and standard deviations:

Table 2
Overall Mean

	N	Min	Max	Mean	Std. Deviation
Overall Mean	37	2.94	5.98	5.608	1.1007
Valid N (listwise)	37				

Source: Data Processing (2023)

As referred to the Table 2, the overall mean is 5.6084 which is interpreted as the respondents somewhat agreed to the adoption of the Cooperative to the seven (7) Quality Management Principles (QMPs) of International Organization for Standardization for Quality Management Systems (ISO 9001:2015)

The following are the results of the descriptive statistics for each of the seven (7) Quality Management Principles of ISO 9001:2015:

Table 3
Mean and Standard Deviation of Each Variable

Variable	Mean	Standard Deviation
CUF-Customer Focus	5.7477	0.91798
LDR-Leadership	6.1204	0.97160
EOP-Engagement of People	5.4204	1.43734
PRA-Process Approach	5.5845	1.16892
IMP-Improvement	5.5676	1.26973
EDM-Evidence-Based Decision Making	5.4363	1.19805
RLM-Relationship Management	5.3822	1.27378

Source: Data Processing (2023)

Mean as one of the measures of central tendency is computed using the sum of observations divided by the number of observations. This measure is used to assess the representative value of the data set to be used for comparing two or more groups (Mishra & Pandey, *et al.*, 2019). Comparing each mean of the seven (7) variables of ISO 9001:2015 in Table 3, revealed that QMP-Leadership obtained the highest mean of 6.1204 which the respondents believed they agree that the leadership principle of TQM is being adopted by the Cooperative. Meanwhile, respondents somewhat agree that QMPs-Customer Focus (mean=5.7477), Improvement (mean=5.5676), Process Approach (mean=5.5845), Evidence-Based Decision Making (mean=5.4363), Engagement of People (mean=5.4204), and Relationship Management (mean=5.3822) are somewhat adopted by the Cooperative.

Test of Normality

The test of normality is evaluated by reference to the result of descriptive statistics to identify if data sets exhibit significant skewness or kurtosis.

Table 4
Skewness and Kustosis of Each Variable

Variable	Skewness	Standard Error of Skewness	Kurtosis	Standard Error of Kurtosis
CUF-Customer Focus	-1.161	0.388	1.098	0.759
LDR-Leadership	-1.845	0.388	3.607	0.759
EOP-Engagement of People	-1.070	0.388	0.178	0.759
PRA-Process Approach	-0.133	0.388	1.554	0.759
IMP-Improvement	-1.296	0.388	0.871	0.759
EDM-Evidence-Based Decision Making	-7.720	0.388	-0.148	0.759
RLM-Relationship Management	-1.144	0.388	1.424	0.759

Source: Data Processing (2023)

Skewness and Kurtosis quantify the normality of the variable distribution with a normal value of zero (0) (Kim, 2013). Skewness quantifies the proportion of the distribution of variables and Kurtosis measures the comparison of data set distribution to normal distribution (Hatem *et al.*, 2022). As seen in Table 4, six (6) variables are negatively skewed at less than -1, except for the Process Approach. Meanwhile, variables Customer Focus, Leadership, Process Approach, and Relationship Management showed a characteristic of being leptokurtic (too peaked) with more than +1 Kurtosis results. Moreover, normality can be best tested using the Kolmogorov-Smirnov Test for a large sample size and Shapiro-Wilk Test for a small sample size (Orcan, 2020). For this study with 37 sample sizes tested, the result from Shapiro-Wilk Test detects departures from normality for a sample size of less than 50 (n <50), (Bee Wah and Mohd Razali, 2011).

Table 5
Test of Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
CUF	0.156	37	0.024	0.897	37	0.002*
LDR	0.234	37	0.000	0.794	37	0.000*
EOP	0.163	37	0.015	0.869	37	0.000*
PRA	0.186	37	0.002	0.871	37	0.001*
IMP	0.182	37	0.003	0.85	37	0.000*
EDM	0.153	37	0.029	0.93	37	0.023*
RLM	0.197	37	0.001	0.903	37	0.024*

**p value < 0.05*

Source: Data Processing (2023)

Table 5 revealed the results of the Normality Test for the seven (7) variables of ISO 9001:2015. Shapiro-Wilk Test revealed that the level of significance (Sig.) of the seven variables is less than 0.05 (*p-value* <0.05), therefore we reject the assumption of normality (Ahad *et al.*, 2011).

TEST STATISTICS

Given the small size of the sample (n = 37) for this paper, the assumption of normality is difficult to achieve (Derrick, White and Toher, 2019). For data sets not following the normality of the distribution, the decision will lead to the use of the non-parametric test (Mukasa *et al.*, 2021). Non-parametric test or distribution-free test is a method used to compare other than means or a statistical test used to compute data that is continuous with non-normal distribution

(Mishra, C. Pandey, *et al.*, 2019). When samples had not passed the test for normality, Mann-Whitney U Test shall be applied (Rochon, Gondan and Kieser, 2012). The Mann-Whitney U Test specifies that two independent sets of variables are the same and similarly distributed. This is used to compare observations from one group with observations from the other group (Nachar, 2008).

To determine if the seven (7) QMPs namely: Customer Focus, Leadership, Engagement of People, Process Approach, Improvement, Evidence-Based Decision Making, and Relationship Management is the same across categories of groupings, a Mann Whitney U Test is used for non-parametric t-test:

Table 6: Mann-Whitney U Test - Ranks

Groupings		N	Mean Rank	Sum of Ranks
CUF	Management	22	14.50	319.00
	Governance	15	25.60	384.00
	Total	37		
LDR	Management	22	15.27	336.00
	Governance	15	24.47	367.00
	Total	37		
EOP	Management	22	14.66	322.50
	Governance	15	25.37	380.50
	Total	37		
PRA	Management	22	14.75	324.50
	Governance	15	25.23	378.50
	Total	37		
IMP	Management	22	15.59	343.00
	Governance	15	24.00	360.00
	Total	37		
ED M	Management	22	15.27	336.00
	Governance	15	24.47	367.00
	Total	37		
RL M	Management	22	15.52	341.50
	Governance	15	24.10	361.50
	Total	37		

Based on Table 6, the outcome of the mean ranks from the Mann-Whitney U Test disclosed that Governance group has higher mean ranks among all seven (7) QMPs which indicate that the adoption of seven (7) QMPs of ISO 9001:2015 is perceived more by the Governance group than by the Management group. This means, the Governance believed that the seven (7) QMPs of ISO 9001:2015 are partly being implemented in the operational practices of the cooperative. Whereas, Management group got the lower scores in each variables. Results of mean ranks revealed that there are material differences between ranks of Governance and Management groups in the seven (7) variables of TQM.

To determine if the seven (7) QMPs of the ISO 9001:2015 are perceived equally by Management and Governance variable groupings of respondents, inferential statistics for Mann-Whitney U Test of significance is presented in Table 7:

Table 7: Mann-Whitney U Test

	CUF	LDR	EOP	PRA	IMP	EDM	RLM
Mann-Whitney U	66.000	83.000	69.500	71.500	90.000	83.000	88.500
Wilcoxin W	319.000	336.000	322.500	324.500	343.000	336.000	341.500
Z	-3.071	-2.546	-2.960	-2.901	-2.324	-2.540	-2.375
Asym. Sig. (2-tailed)	0.002**	0.011**	0.003**	0.004**	0.020**	0.011**	0.018**
Exact Sig. [2*(1-tiled Sig.)]	0.002[a]	0.010[a]	0.002[a]	0.003[a]	0.020[a]	0.010[a]	0.017[a]

[a] Not corrected for ties
** *p value < 0.05*

Test statistics for Mann-Whitney U Test in Table 7 reported that there was a significant difference in the perceived adoption of seven (7) QMPs of ISO 9001:2015 by comparing Mann-Whitney U to 2-tailed (corrected for ties) results, where *U*-value >*p*-value (66.0>0.002; 83.0>0.011; 69.5>0.003; 71.5>0.004; 90.0>0.020; 83.0>0.011; and 88.5>0.018) for QMPs: Customer Focus, Leadership, Engagement of People, Process Approach, Improvement, Evidence-Based Decision Making, and Relationship Management, respectively.

Also, Table 7 showed levels of significance for seven QMPs enumerated at 2-tailed (corrected for ties) revealed the following p-values of .002, .011, .003, .004, .020, .011, and .018, respectively (at a = 0.05 wherein p< .05), therefore, the conclusion based on test statistics in Table 7 that the adoption of seven (7) QMPs of ISO 9001:2015 is not equally perceived by the Management and the Governance variable groupings, thereby rejecting the null hypothesis that Management and Governance groups have similar perception of 7 QMPs of ISO 9001:2015.

5. CONCLUSION AND RECOMMENDATION

5.1 Conclusion and Managerial Implications

TQM is not anymore, a new dimension mostly to those who participated in the study, there is already an awareness of its concept from the governance and management people of the cooperative. This is a better start to begin alignment of some practices to the principles of ISO 9001:2015 especially those cited in the literature of this study. Among the seven quality principles, Leadership got the highest mean score of 6.1204. This only concludes that the cooperative has a strong leadership structure according to ISO 9001:2015 standards but has to properly establish quality management policies and be the front liners in encouraging and promoting quality practices. Another principle where the cooperative got a high score is on the Customer Focus principle having a mean score of 5.7477 and denoting being member-centered. Nevertheless, emphasis should be given to complaint management, customer satisfaction studies, and the involvement of members in quality management formulation.

However, it is worth noting that there were low individual mean scores to some questions asked, particularly on: the conduct of job satisfaction and career expectation studies (4.78); conduct of performance evaluation (4.92); provision for career planning and self-realization goals to employees (4.95) and availability of data and information readily available for processing and interpretation (4.95). These perspectives can be firstly adopted considering these factors received the lowest mean scores.

As an initial step to TQM implementation, the following are the necessary stages may be a good guide according to (Lotich, 2022):

a) Emphasize the Vision, Mission, and Values of the organization. Employees as well as members should be well-informed of the general direction, what to accomplish, and the operational values of the organization. This can be integrated during membership meetings, the orientation of new employees as well as during annual gatherings of employees.
b) Identification of Critical Success Factors (CSF). CSF should be recognized and measured in all key areas of operations (financial, customer expectation, process improvement, market analysis, employee satisfaction, and service quality).
c) Development of CSF measurement. This is to track and monitor progress in addressing the identified CSF. A common example is customer satisfaction survey and job satisfaction survey for employees.
d) Identification of key customer groups. Customers should be clustered as employees, customers, suppliers, vendors, volunteers, networks, etc. to understand better their differing needs and expectations.
e) Solicit feedback from customers. This process should be structured to emphasize that the organization needs to identify areas that are important to them, areas for improvement, and areas or services to be considered or needed to be established.
f) Development of survey tool. This is to receive feedback from customers

and to balance their differing needs. Surveys to be developed should be based on the clustered customers in item d.

g) Development of improvement plan. To establish baselines and action plans based on the feedback and surveys received from customers.

h) Resurvey to see improvements. Establishment of the time interval for resurvey to evaluate improvements in ratings.

i) Monitoring of CSF. This is to ensure that there is progress in addressing the CSF.

j) Integrate satisfaction ratings into marketing plans. Once satisfaction by customers is met, incorporate it into marketing strategies.

k) Be abreast of current technology. This ensures that our processes are aligned with new trends and adopts to the change of modern society.

5.2 Limitations and Suggestion for Future Studies

Due to time constraints to conduct this study, a small sample size was drawn from the population of Branch Managers up to the Board of Directors level only. Thus, it is expected that it resulted in non-normal distribution. This is in parallel to (Bono *et al.*, 2017) affirming the non-normal distribution of most small sample sizes. Sampling could have been extended to the rank-and-file employees or even to members, thus creating a larger sample size carried from a large population to conclude a better perspective of the adoption of the cooperative to TQM. Finally, further studies could be made to enhance the adoption of TQM such as covering the whole organization down to the last liner personnel or another study (cross-sectional) may be conducted after implementing some of the recommendations cited above to evaluate improvement in the operational practices.

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EXAMINING THE IMPLICATION OF TQM, CUSTOMER SATISFACTION, SERVICE QUALITY, AND MARKET ORIENTATION IN PRIVATE BANK IN SURABAYA

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ABSTRACT

Total Quality Management (TQM) has gained significant attention across various industries as a concept to enhance organizational performance, including in banking industry. This research paper aims to investigate the implementation and impact of TQM principles in the banking industry, exploring its essential indicators including service quality, market orientation, and customer satisfaction. The study begins by reviewing the existing literature on TQM and its application in the banking industry, highlighting key concepts, methodologies, and discussion. Empirical data was taken from 185 bank workers in East Java Region of the Republic of Indonesia, especially Surabaya City. This study uses Confirmatory Factor Analysis to test construct reliability and validity, while the relationship between variables is examined with Partial Least Square/ PLS-SEM. This research uses purposive sampling, we are targeting private bank workers in Surabaya through online questionnaires spread by social media. This research contributes to the existing body of knowledge by providing a comprehensive review and analysis of TQM implementation in the banking industry. This research findings demonstrate that TQM has a significant relationship with Customer Satisfaction, Service Quality, and Market Orientation.

Keywords: Total Quality Management, Service Quality, Market Orientation, Customer Satisfaction, Banking Industry

ABSTRAK

Manajemen Mutu Total (TQM) telah mendapatkan perhatian signifikan di berbagai industri sebagai konsep untuk meningkatkan kinerja organisasi, termasuk dalam industri perbankan. Makalah penelitian ini bertujuan untuk menyelidiki implementasi dan dampak prinsip-prinsip TQM di industri perbankan, mengeksplorasi indikator-indikator pentingnya termasuk kualitas layanan, orientasi pasar, dan kepuasan pelanggan. Studi ini dimulai dengan meninjau literatur yang ada tentang TQM dan aplikasinya dalam industri perbankan, menyoroti konsep-konsep kunci, metodologi, dan diskusi. Data empiris diambil dari 185 pekerja bank di Wilayah Jawa Timur Republik Indonesia, khususnya Kota Surabaya. Penelitian ini menggunakan Analisis Faktor Konfirmatori untuk menguji reliabilitas dan validitas konstruk, sementara hubungan antar variabel diperiksa dengan Partial Least Square/PLS-SEM. Penelitian ini menggunakan purposive sampling, kami menargetkan pekerja bank swasta di Surabaya melalui kuesioner online yang disebar melalui media sosial. Penemuan penelitian ini berkontribusi pada tubuh pengetahuan yang ada dengan memberikan tinjauan dan analisis yang komprehensif tentang implementasi TQM di industri perbankan. Temuan penelitian ini menunjukkan bahwa TQM memiliki hubungan yang signifikan dengan Kepuasan Pelanggan, Kualitas Layanan, dan Orientasi Pasar.

Kata Kunci: Manajemen Mutu Total, Kualitas Layanan, Orientasi Pasar, Kepuasan Pelanggan, Industri Perbankan

1.INTRODUCTION

As public services extend and develop amid fast-developing areas in the global financial and monetary system, the banking industry has been one of the most viewed industries that contributes a lot to public facilities and infrastructure growth (Susilawaty & Nicola, 2020). As stated in Law Number 10 of 1998, Bank is a financial intermediary institution tasked with accumulating and allocating public funds to improve the living standards of many people. This institution has become a part that played an important role in economic activities and the growth of Indonesian society (Susilawaty & Nicola, 2020) According to Ismanto (2019), a bank is an institution that functions in helping Indonesian people to channel funds to improve their living standards to the Indonesian people. Regarding those definitions, it is known that bank receives funds from people in the form of their current interest accounts, deposits, and savings, as well as being financial loan through credit and other forms of lending. Ismanto et al., (2019) mentioned that the Financial Services Authority always observes and inspects the bank. As mentioned by Financial Service Authority a bank is also defined as an institution that bridges parties who over-fund to those who demand funds, regulated by authority and policies applied to its activity (Ismanto et al., 2019).

Banking in Indonesia has undergone significant development in recent years (Darman et al., 2021) with the government implementing various policies to foster and promote the growth of the banking sector. There are types of banks in Indonesia, including commercial banks, state-owned banks, and foreign banks, sorted by their operating system and policies, in Indonesia, there are public banks, private banks, and Islamic banks (Susilawaty & Nicola, 2020)

Advancing their service, Indonesian banks have implemented various strategies such as digitization and expansion of branch networks, including earning trust from people (Darman et al., 2021). Darman et al. (2021) stated that for banks earning trust from communities is cultivating and embracing the bank's health. Bank Indonesia (BI) collaborated with Financial Services Authority, as an institution that advised banks, always focused on improving the system to be more effective and maintain good service performance (Darman et al., 2021)

Jumono (2019) investigated that the Indonesian banking industry has shown significant growth. From 2001 to 2014, the BEP of Indonesian banking increased from 0,2% to 2,9% (Jumono et al., 2019) This is reckoned as a good indicator that the banking industry will exceed exponentially. This circumstance of market structure in Indonesia implies what happened back in 2001, over 145 banks in Indonesia and more than 6,757 office branches have 1,099.699 billion rupiah calculated assets, 316,059 billion rupiahs total credit, and 957,417 billion rupiahs total deposit. Meanwhile, in 2005, the calculation of total banks dropped by 131 banks with an increasing number of branch offices to 8,236 offices. With that being said, the total calculated assets increased to 1,469,8297 billion rupiahs, 695,648 billion rupiahs in total credits, and 1,166,065 billion rupiahs in total deposits. The number of total banks decreased from 145 in 2001 to 122 in 2010, but the number of branch offices increased from 6,765 to 13,837 during the same period. Total assets rose to 3,008,853 billion rupiahs, total credits increased to 1,710,677 million rupiahs, and total deposits remained at 1,166,065 billion rupiahs. In 2014, the number of total banks decreased further to 119 banks, while the number of branch offices significantly increased to 19,948. Total assets rose to 5,615,150 billion rupiahs, total credit was 3,526,364 billion rupiahs, and total deposit was 3,943,697 billion rupiahs. These changes suggest that the Indonesian banking industry faced tight competition during this period, resulting in some banks exiting the market or merging with other banks. However, the banks that managed to survive continued to expand their reach by opening more offices throughout the country. (Jumono et al., 2019) Furthermore, many banks in Indonesia have implemented diverse loyalty programs, promotions, and incentives to attract and retain customers. All these efforts are made to improve and develop quality management in the banking industry (Dandis et al., 2021)

Comprehensively, Indonesian banks are tirelessly accelerating their services by embracing digitalization, expanding their branch networks, and offering fascinating loyalty programs. These strategies have assisted and mitigated Indonesian banks to remain competitive and to advance better services to their customers. With the increasing amount of banks and intense competition, Hussain et al. (2023) declared that consumers can get round-the-clock access to the bank industry access, regardless of location. Regarding that proliferation, banking is now providing an impressive customer experience their strategic imperative for a bank (Hussain et al., 2023). This exponential growth has made the banking industry wider. Hence, banks ought to maintain a long-run relationship with consumers, banks need to provide a satisfactory banking service experience (Patel & Siddiqui, 2023). Patel conducted that service quality has a significant impact on customer satisfaction to maintain and retain customer satisfaction ahead (Patel & Siddiqui, 2023). Customer satisfaction is hugely impacted and relevant to the performance of service quality (Patel & Siddiqui, 2023). Besides all those competition factors existed, there's a metric to measure the effects of TQM on customer satisfaction, service quality, and market orientation This research shows how TQM or Total Management Quality can measure and give the right metrics toward customer satisfaction, service quality, and market orientation and how it affects company success, especially in the banking industry. The researcher examines the origin of TQM and links it to TQM's initial views on the content of functioning in service paradox.

Considering the context outlined earlier, the author's focus lies in examining the implication of TQM, customer satisfaction, service quality, and market orientation in Surabaya private banking industry. The outcomes of this research will provide valuable insights to the banking management industry, enabling them to enhance the overall performance of their organizations.

This study is prompted by the pressing need to explore the implementation of Total Quality Management (TQM) practices within the private banking sector. With the increasing complexity of banking operations and the growing expectations of customers, there is an urgent demand for in-depth research into how TQM principles can be effectively implemented in banks to enhance customer satisfaction, service quality, and market orientation. This study aims to address this critical need by investigating the potential benefits and challenges of adopting TQM within the private banking industry, ultimately contributing to the advancement and competitiveness of private banks in Surabaya to today's dynamic financial landscape.

Injecting customer satisfaction, service quality, and market orientation as new quality standards aiming for good company, researchers portray how enormous the effect of those quality standards regarding company ascendancy. This study acquires data from 185 random sample respondents from bank workers and customers to get an absolute database for this study. The researcher's methodology is shown, followed by the result of the research, then Afterall, completion is described.

2. LITERATURE REVIEW

2.1 Total Quality Management

Over decades, the growth of the service industry especially financial service providers has been enormously irresistible. The exacerbation of economic globalization, financial revolution, and increasing advancements in financial service, together with the easing of monetary and fiscal constraints, has led banks to competitive strategies responding to the contraction of their profits. Leaping a greater risk to strengthen the profit of banks was the major motivation of all means. As a result, banking authorities have strengthened banking regulations to make sure more excellent and focused management. Though regulatory interventions and changes have a major role in banks' risk approach, the improvement of the risk management function is also fully dependent on the quality of banking comprehensive and integrated management (Jin et al., 2011). Therefore, the more advancing banking procedure through total quality management (TQM) is essential and fundamental for banks to advance for more effective administration proceedings. TQM allows for making procedures more transparent, effective, synergized critical points and cultivates an adequate measurement system (Al Khasabah et al., 2022; Banna et al., 2018; Williams, 2001)

Due to what Lepistö et al. (2022) said, TQM helps organizations that want to increase and ace their services to support the success of the company or organization that it is now widely used as a metric to evaluate and qualify the company's services. It has been investigated that TQM holds a major role in firm performance (Ahmed & Idris, 2021; Dubey & Gunasekaran, 2015). Lepistö et al. (2022) hugely agreed that TQM had proved its capability by increasing customer satisfaction, service quality, and market orientation (Lepistö et al., 2022). Due to TQM's complexity and composites, it is important to testify how TQM performance can be optimized to its highest potential (Dubey & Gunasekaran, 2015) Penetrating the potential usage of TQM in a service system requires major aspects. These are business systems, quality parameters, growing and increasing control systems, and integrated business models (Lepistö et al., 2022).

TQM is an approach to managing the continual refinement of processes and products to meet customers' expectations and excellent service. TQM holds major aspects in enhancing company success through customer satisfaction, service quality, and market orientation (Banna et al., 2018). TQM indicators as defined from various studies are as follows: Top management commitment, continuous improvement, training and education, customer focus, process management, workforce management, and supplier relationship (Sutrisno, 2019)

2.2 Customer Satisfaction

Customers have a powerful role in a company's success. In this situation, companies are required to amend their thinking and strategy to provide significant customer satisfaction. Customer satisfaction is widely recognized as the main role in the banking and financial industry. On another side, it is challenging to reach and achieve customer satisfaction in this intensively competitive banking industry in Indonesia (Dandis et al., 2021) Providing high-quality service leads to reduced calculated risk, which has been testified to contribute a good impact on customer satisfaction (McKecnie et al., 2011). Customer satisfaction is determined by some indicators, based on Supriyanto et al., (2021) those indicators are customer attitude, customer happiness, and customer satisfaction.

2.3 Service Quality

The important role taken by expectations in customers' evaluation of services has been broadly known and recognized in any industry, including the banking industry. Banking services initially began with the retail bank industry, hence now, mobile banking also taking part in providing excellent service to their customers (Patel & Siddiqui, 2023). Over time, the banking service portfolio grows exponentially, and it requires the bank to provide satisfactory and advanced service quality (Patel & Siddiqui, 2023). Referring to Dandis et al., (2021), it is stated that Service Quality has indicators that determine, those are Tangibles, Reliability, Responsiveness, Assurance, and Empathy (Dandis et al., 2021)

2.4 Market Orientation

Over the years, it is proven that current academics and experts are interested in the subject of market orientation and its relativeness with company performance (Jaworski, B.J., Kohli, 1993). The result of this interest is not surprising as the concept of market orientation has been rooted and become a firm cornerstone for a company to direct its operational development. As stated by Jaworski et al. (1993) and (Liu, 1995), market orientation is a metric that will provide a unifying focus for the efforts and projects within the company, thereby directing to superior and excellent performance (Jaworski & Kohli, 1993; Liu, 1995).

Nonetheless, empirical studies on the relationship between market orientation and performance are not tangible (Slater & Narver, 2016). Market orientation has been testified to be impacting business performance only for judgemental performance metrics (Ruekert, 1992), but is not suitable and well fitted to objective performance metrics (Slater & Narver, 2016). Since it is considered that the effectiveness of market orientation may be contingent on the dynamics of the market, an examination of market orientation in developing countries such as Indonesia in the banking sector would be worthwhile.

As stated in the study that market orientation has five big elements consisted; Customer orientation, Information orientation, integration orientation, competition orientation, and responsiveness orientation (Zebal & Saber, 2014). The result of those indicators (Narver & Slater, 1990; Tomášková, 2009) are described; customer orientation, competitor orientation, and inter-functional coordination

2.5 The Relationship between Total Quality Management and Customer Satisfaction

In 2022, Mainardes and Freitas (2023) did research aiming for a further study portraying the impact of customer satisfaction on the bank industry. It's clearly and comprehensively stated that the result of customer satisfaction has a stronger and more sustainable impact because they present genuine and lasting competitive differentials such as the perception of quality and trust in the company, moreover to the current digitalization era, which stimulates banks to promote and foster their customer satisfaction (Mainardes & Freitas, 2023). Traditional and digital banks that implement TQM principles prioritize customer satisfaction as their primary goal (Dandis et al., 2021; Mainardes & Freitas, 2023). Dandis et al. (2021) mentioned that customer satisfaction is considered a significant source of intensive competitive benefits for all financial sectors and the service industry. They strive to provide efficient and effective services to their customers, which can lead to increased customer loyalty and retention (Dandis et al., 2021). Hence, we propose the following hypothesis

Hypothesis:

H1: There is a significant relationship between total quality management and customer satisfaction.

2.6 The Relationship between Total Quality Management and Service Quality

There is a great number of published studies on TQM and its implementation in the diverse service sector, especially in the bank sector. Studies have shown that TQM and service quality is inseparable considering soft issues in its implementation (Talib & Rahman, 2010). Service factor concepts have mastered the realization that a factory does not just produce goods, but also tangible excellent integral services that play a major role in facing a diverse challenge in company competition (McKecnie et al., 2011). Therefore, Talib and Rahman (2010) mentioned that it is widely known and believed that service quality is progressively developing center stage TQM.

Penetrating and syncing TQM in a service system is considered an important task. They require an in-depth analysis of the company's needs and demands to integrate outstanding service quality (Slater & Narver, 2016; Sutrisno, 2019; Talib & Rahman, 2010). That said, we propose the following hypotheses

H2: There is a significant relationship between total quality management and service quality.

2.7 The Relationship between Total Quality Management and Market Orientation

TQM and market orientation contribute to significant growth in the service sector (Talib & Rahman, 2010). Market orientation has been known as a form of culture that defines a specific set of organizational behaviour. Market orientation has been defined as a structure that is composed of information about customers 'current and future demands and exogenous factors that impact both needs (Bhuian, 1997; Samat et al., 2006). The relationship between market orientation and a company's performance has been studied and analysed in several studies (Liu, 1995; Slater & Narver, 2016).

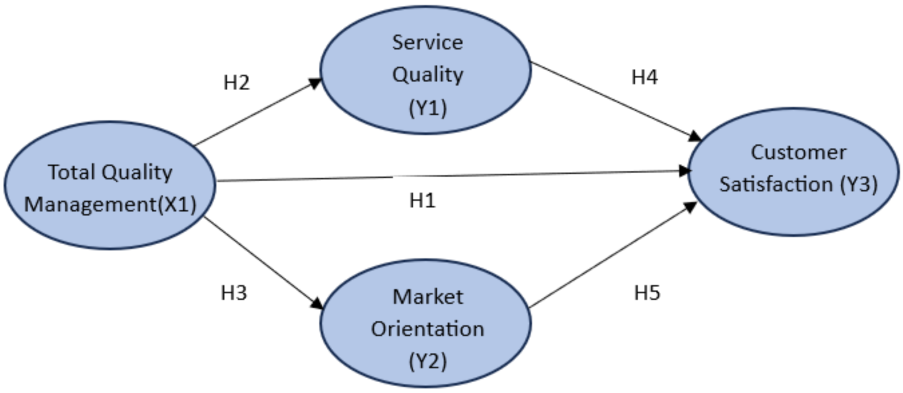

Figure 1 Structural Model

However, an empirical study of market orientation linkage in a developing country context with samples from the service industry banks is yet to be analysed (Bhuian, 1997). Based on the fact above, this study attempts to portray how market orientation influence TQM through its dependency

H3: There is a significant relationship between total quality management and market orientation.

2.8 The Relationship between Service Quality and Customer Satisfaction

It is clearly stated by Chuah et al., (2017) that there is a relationship between service quality and customer satisfaction. It is explained as one of the factors of the functional dimension of the service quality is determined by the impact of customer satisfaction (Chuah et al., 2017). As for Brasileiro & Vidal Barbosa (2009), the reliability is made by the ongoing paradigms that customer satisfaction is fully dependent and fairly demonstrated by service quality, especially in the financial service provider. In terms of the banking sector, they have an active dependency between service quality and customers' intention to continue consuming (Nelloh et al., 2019). Proving the relationship between customer satisfaction and service quality, hypotheses are developed as follows.

H4: There is a significant relationship between service quality and customer satisfaction.

2.9 The Relationship between Market Orientation and Customer Satisfaction

Ruekert (1992) agreed that market orientation involves the implementation and execution of a customer orientation strategy by performing responsiveness toward market demand. These behaviours will continuously reflect and deliver customer satisfaction (Ruekert, 1992). This study is consistent with the Narver & Slater (1990) behavioural component of customer value. We, therefore, propose that market orientation is related to customer satisfaction.

H5: There is a significant relationship between market orientation and customer satisfaction.

3. RESEARCH METHOD

This research focuses on the impact of TQM on a company's success in building fundamental services. Total Quality Management holds three grand dimensions, those are service quality, market orientation, and customer satisfaction. To test the hypothesized model, this research used a survey questionnaire research design. Data were taken from respondents who are private bank workers in the East Java region, especially Surabaya City which is registered in the BEI Indonesia Stock Exchange

We are using the Likert scale to measure this study. Likert scale is used to measure attitudes, opinions, and perceptions of a person about the banking industry where the answer to each instrument item has gradation (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, (5) strongly agree.

Data collection by researchers was carried out by sending questionnaires to each bank worker in Surabaya via e-mail and paper questions to as many as 250 bank workers registered in private banks in Surabaya City. The total number of respondents who responded was 185 (74%). The data show promising results in representing the condition of private banks in Surabaya

According to Hair et al. (2005), before multivariate data analysis, we must testify assumptions about sample size, variable scale, multicollinearity, multivariate normal distribution, and outliers. Because the sample used is more than 100, it is recommended to use Partial

Least Square (PLS) analysis (Ferdinand, 2012). According to Garson (2007) and Byrne (2001), we can use the Likert scale and the Maximum Likelihood method in PLS.

4. RESULT AND DISCUSSION

Industries that participated in this study were private bank sectors in East Java, especially Surabaya City. Finally, the response rate of 74 percent of the companies agreed TQM is highly related to company success through customer service, service quality, and market orientation.

The measured (observed) values for the questions, obtained from the respondents, constitute the observed variables of the model, which are used as the indicators of the respective latent constructs or factors. Table V describes the result of the criteria using Partial Least Square by involving the Composite variable on the indicator, the Validity test, and Reliability using the Product moment and Cronbach alpha. Whereas then, the latent variables are tested for validity and reliability through CFA for each latent variable. Based on Table 1. All indicators on variables have a value greater than 0.5, which means the indicator is valid in measuring latent variables

Table 1. Confirmatory Factor Analysis

Variable	Variable Under Study	Factor Loading
Total Quality Management (X1)	Top Management Commitment (TMC)	0.824
	Continuous Improvement (CI)	0.852
	Training and Education (TE)	0.759
	Process Management (PM)	0.826
	Workforce Management (WM)	0.822
	Supplier Relationship (SR)	0.807
Service Quality (Y1)	Tangibility	0.793
	Responsiveness	0.827
	Empathy	0.873
	Assurance	0.824
	Reliability	0.855
Market Orientation (Y2)	Customer Orientation	0.801
	Competitor orientation	0.889
	Coordination between functions	0.866
Customer Satisfaction (Y3)	Customer attitude	0.889
	Customer Happiness	0.851
	Customer satisfaction	0.869

Table 2. Model validity

Latent Construct	Cronbach's Alpha	AVE	Composite Reliability	R Square
X1	0.899	0.665	0.901	
Y1	0.891	0.697	0.893	0.713
Y2	0.812	0.727	0.821	0.676
Y3	0.839	0.757	0.839	0.845

The reliability of the above latent constructs was checked according to Hair et al. (2005), by calculating Cronbach's alpha coefficient that was higher than 0.7 (Table 2). Confirmatory factor analysis by evaluating convergent validity (factor loading > 0.5, Average variance extracted > 0.5, Composite reliability >0.7). The test results of the model get an R-square value that describes the goodness-of-fit of a model. The expected r-square value is greater than zero. Table 2 shows, the value of R-Square Service Quality (Y1) is 0.713, Market Orientation (Y2) is 0.676, and Customer Satisfaction (Y3) is 0.845, This means that this research model meets the requirements. The goodness of fit inner model measurement with the results of Q Square calculations from Table 2 is obtained using the following formulations:

Q2= 1-(1-0.713) x (1-0.676) x (1-0.845) =**0.986**

The results of the above calculations amounted to 0.985 or 98,6% can be interpreted that the model is relevant in terms of value, where the model is used to interpret the information in the research data by 98,6%.

The results of the inner path coefficient and the full significance values are shown in Table 3. Based on Table 3, the interpretation of each coefficient with a sample of 185 respondents (t table: 1.97287) paths then: (H1) There is a significant relationship between total quality management and customer satisfaction seen from the path coefficient of 0.252 with a t-statistic value of 19.189. (H2) TQM significantly affects to service quality. It can be seen from the path coefficient of 0.844 with a t-statistic value of 16.881. (H3) TQM has a significant effect toward market orientation. It can be seen from the path coefficient of 0.822 with a t-statistic value of 16.110. (H4) There is a significant relationship between service quality and customer satisfaction with a t-statistic value of 4.680 and a path coefficient of 0.376. (H5) Market orientation has a significant relationship with customer satisfaction with a value of path coefficient 0.350 and t-statistic 4.479.

Table 3. Hypothesis testing

Research Hypothesis	Description	Path Coefficient	T statistics	Informatio
H1	TQM → Customer Satisfaction	0.252	19.189	Accepted
H2	TQM → Service Quality	0.844	16.881	Accepted
H3	TQM → Market Orientation	0.822	16.110	Accepted
H4	Service Quality → Customer Satisfaction	0.376	4.680	Accepted
H5	Market Orientation → Customer Satisfaction	0.350	4.479	Accepted

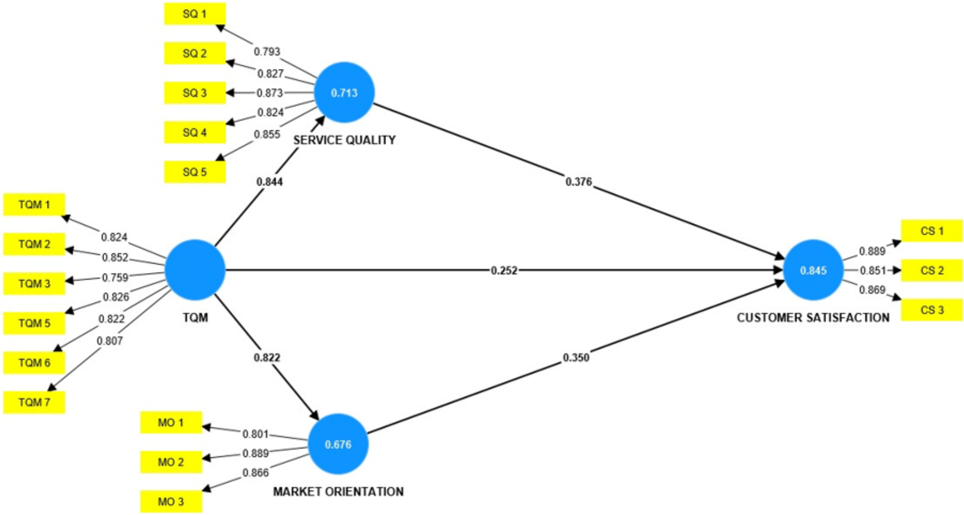

Figure 2 Partial Least Square Model

Broadly speaking, sampling private bank industries in East Java, especially Surabaya in this research, it can be concluded that they have a great vision to achieve quality. Furthermore, if we consider the expectation of most banks to incorporate the TQM concept into their quality systems, we are not talking about the future of hopeful quality management. But onward at this point, we are focusing on the banks' concrete steps in optimizing the elements that significantly influence customer satisfaction, service quality, and market orientation.

Nevertheless, it is important to highlight that the quality management initiatives carried out by individual companies alone are insufficient. To meet the expectations of end consumers, assurance of quality needs to extend beyond the confines of the company, encompassing the entire distribution network. Hence, once quality standards are firmly established within the company, it becomes imperative for the company to shift its focus toward ensuring quality among customers.

By understanding and meeting customer needs and expectations, banks can establish long-term relationships with their customers, leading to increased loyalty and repeat business. The result of the first hypothesis is there is a significant influence between TQM and Customer Satisfaction. TQM holds major aspects in enhancing company success through customer satisfaction (Banna et al., 2018). Traditional and digital banks that implement TQM will prioritize and place customer satisfaction as their utmost priority (Mainardes & Freitas, 2023) (Dandis et al., 2021). This result is also supported by the prior study by Dandis et al. (2021); they mentioned that customer satisfaction is considered to play a major role in intensive competitive benefits for all financial sectors and the service industry. Moreover, Mainardes and Frietas (2023) agreed that the result of customer satisfaction has a stronger and more sustainable impact because they present genuine quality and trust in the company. This customer focus empowers organizations to deliver products and services that meet or exceed customer expectations and finally enhance overall customer satisfaction. This finding is in line with the prior researcher who agreed with this hypothesis such as (Banna et al., 2018; Dandis et al., 2021; Mainardes & Freitas, 2023)

The second hypothesis testing result shows that TQM is positively related to Service Quality. This means the concept of service factors recognizes that a company's role extends beyond the quality of the goods, but it acknowledges the importance of providing qualified service (McKecnie et al., 2011). TQM recognizes that providing high-quality services is essential for customer retention. Referring to Dandis et al., (2021), it is stated that Service Quality has indicators that determine whether a company is likely to have a satisfied customer, those are Tangibles, Reliability, Responsiveness, Assurance, and Empathy. Penetrating and syncing TQM in a service system is the first and foremost step to accomplish. They require an in-depth analysis of the company's needs and demands to integrate outstanding service quality (Slater & Narver, 2016; Sutrisno, 2019; Talib & Rahman, 2010). By adopting a service-oriented mindset, organizations can evaluate areas for improvement, address customer concerns promptly, and ensure the delivery of reliable and efficient services, ultimately establishing customer experience. This is consistent with findings by several previous researchers such as (Dandis et al., 2021; McKecnie et al., 2011; Slater & Narver, 2016; Sutrisno, 2019; Talib & Rahman, 2010) The result of testing the third hypothesis shows that there is a significant impact between TQM and Market Orientation. The fact that TQM is related to Market Orientation is aligned with the prior research study tested by Talib & Rahman (2010). Market orientation is closely intertwined with TQM as it contributes to significant growth in the service sector (Talib & Rahman, 2010). As stated by Jaworski et al. (1993) and (Liu, 1995), market orientation is a metric that will provide a clear focus for the efforts and projects within the company, thereby directing to superior and enhanced performance (Jaworski, BJ, Kohli, 1993; Liu, 1995). By aligning organizational strategies and processes with market needs, TQM empowers a company to stay competitive, responsive, and agile to changing customer demands by composing information about customer's current and future demands and other related factors that impact both needs (Bhuian, 1997; Samat et al., 2006). The results of this test also support previous research which argues that Total Quality Management and Market Orientation have a significant relationship (Bhuian, 1997; Jaworski, B.J., Kohli, 1993; Liu, 1995; Samat et al., 2006; Talib & Rahman, 2010)

The relationship between Service Quality and Customer satisfaction is positively proven in the fifth hypothesis. This result is aligned with the previous study done by McKecnie et al.(2011) which mentioned that providing high-quality service leads to reduced calculated risk, which has been testified to contribute a good impact on customer satisfaction. As for Brasileiro & Vidal Barbosa (2009) the reliability is made by the ongoing paradigms that customer satisfaction is fully dependent and fairly demonstrated by service quality, especially in the financial service provider. This finding is consistent with a thorough review of the literature that largely supports a positive and significant relationship between Service Quality and Customer Satisfaction (Brasileiro & Vidal Barbosa, 2009; Chuah et al., 2017; Nelloh et al., 2019).

The fifth hypothesis proves that there is a significant impact from Market

Orientation to Customer Satisfaction. Ruekert (1992) proved that market orientation corporate the implementation and execution of a customer orientation strategy by performing responsiveness toward market demand. The more company grows its agility to respond to market demand, the more it delivers customer satisfaction (Ruekert, 1992). The target is the customer, and the competition serves as a point of comparison from which the business differentiates itself by utilizing its relative corporate strengths to enhance or deliver customer-desired satisfaction in a unique way (Narver & Slater, 1990). This finding is consistent with the (Narver & Slater, 1990; Ruekert, 1992) behavioral component of customer value.

5.CONCLUSION AND MANAGERIAL IMPLICATIONS

The integration of TQM principles within private banking sector is not only become an option, but already become a necessity in today's competitive financial landscape. Taking this fact into account, it is cleared that in Surabaya's private banks, TQM has a significant role in achieving Customer Satisfaction. Companies employing TQM consistently strive to comprehend and supply their customer needs and anticipation, thereby directing them to strategize and optimize their service and product to meet and exceed customer satisfaction. TQM is also examined to exerts impact on Service Quality as well TQM encompasses quality control over all phases of the company including production process and service delivery. With the appropriate tools and methodologies, banks can maximize potential quality issues. TQM is also proved to have a significant relationship to Market Orientation. Under this influence, companies that implement TQM principles can optimally cultivate a strong market orientation, and enhance overall business performance and position in the market competitively.

Moreover, there is clear evidence that Service Quality holds substantial impact over Customer Satisfaction. Banks that can deliver services that aligned with customer expectation have the potential to amplify customer satisfaction. Lastly, it is also proven that Market Orientation has a significant impact on Customer Satisfaction. When a company are able to examine customer buying pattern and market desire, it become agile to respond and adapt to the current financial landscape. As the result, banks can strategize to heightened satisfaction level of consumers.

In conclusion, TQM plays a vital role in driving customer satisfaction, service quality, and market orientation within companies. By adopting TQM principles, companies can enhance and sharpen their understanding of customer needs, improve service quality, and remain responsive to market dynamics. The customer-centric and market-driven approach of TQM, paired with a focus on continuous improvement and employee empowerment, positions companies for long-term success and competitive milestones.

However, in this study there are limitations. Future research in this area should delve and dig deeper into more specific strategies and best practice in implementing the concept of TQM in banking sector. Data is a subjective proof of business originating from private bank workers, a fact that carries the risk of accepting biased answers. However, this can be the subject of future research on the banking industry with wider scoop of research.

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THE EFFECT OF SUPPLY CHAIN DRIVERS ON PRODUCTION PERFORMANCE IN THE INDONESIAN FOOD AND BEVARAGE MANUFACTURING INDUSTRY

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ABSTRACT

The food and beverage industry is a major contributor to the Indonesian economy, and the Covid-19 epidemic heavily influence on its supply chain sustainability. The purpose of this study was to examine the effect of innovation and demand optimization on partnerships in production and production performance in the food and beverage manufacturing industry in Indonesia. This research is a quantitative study using PLS-SEM. Data collection in this study was carried out by distributing questionnaires with a sample of 54 respondents of owners and managers working in the medium-large food and beverage manufacturing companies in Indonesia. The findings indicate that innovation and demand optimization can encourage companies to do partnerships in production. Innovation and demand optimization also shown to improve company's production performance. However, there is no significant effect between partnerships in production and production performance. This is because partnerships often experience a dilemma due to the influence on company performance which may either be favorable or unfavorable to the production performance. The research findings extend literature of supply chain management in the context of internal perspectives of the companies. The context of the research is limited to small numbers of medium-large companies in Indonesia, thus, call for further examination with a larger sample size and in different contexts for further finding generalization. This research provides broader view on the internal perspectives of company's supply chain management through the perspective of Resource Based View, as well as providing several suggestions for managers of medium-large food and beverage manufacturing companies in developing countries.

Keywords: Innovation, Demand Optimization, Partnership in Production, Production Performance

ABSTRAK

Industri makanan dan minuman merupakan kontributor utama perekonomian Indonesia, dan pandemi Covid-19 sangat mempengaruhi keberlanjutan rantai pasokannya. Tujuan dari penelitian ini adalah untuk menguji pengaruh inovasi dan optimalisasi permintaan terhadap kemitraan produksi dan kinerja produksi pada industri manufaktur makanan dan minuman di Indonesia. Penelitian ini merupakan penelitian kuantitatif dengan menggunakan PLS-SEM. Pengumpulan data pada penelitian ini dilakukan dengan menyebarkan kuesioner dengan sampel sebanyak 54 responden pemilik dan manajer yang bekerja pada perusahaan manufaktur makanan dan minuman menengah-besar di Indonesia. Temuan menunjukkan bahwa inovasi dan optimalisasi permintaan dapat mendorong perusahaan untuk melakukan kemitraan dalam produksi. Inovasi dan optimalisasi permintaan juga terbukti meningkatkan kinerja produksi perusahaan. Namun, kemitraan produksi tidak berpengaruh signifikan terhadap kinerja produksi. Hal ini disebabkan karena kemitraan produksi seringkali mengalami dilema apakah bisa menguntungkan atau merugikan terhadap kinerja produksi. Temuan penelitian ini memperluas literatur manajemen rantai pasokan dalam konteks perspektif internal perusahaan. Konteks penelitian ini terbatas pada sejumlah kecil perusahaan menengah-besar di Indonesia, sehingga memerlukan penelitian lebih lanjut dengan jumlah sampel yang lebih besar dan dalam konteks yang berbeda untuk meningkatkan generalisasi temuan penelitian. Penelitian ini memberikan pandangan yang lebih luas mengenai perspektif internal manajemen rantai pasok perusahaan melalui perspektif Resource Based View, serta memberikan beberapa saran bagi para manajer perusahaan manufaktur makanan dan minuman menengah-besar di negara berkembang.

*Kata Kunci**:** Inovasi, Optimasi Permintaan, Kemitraan Produksi, Kinerja Produksi.*

1. INTRODUCTION

The development of the logistics industry according to Supply Chain Indonesia (SCI) in 2019 increased by 11.56 percent, and in 2020 it was predicted to increase by 9.18 percent. One of Indonesia's backbone industrial sectors for economic growth is the food and beverage industry. As one of the pillars of the Indonesian economy, the food and beverage industry is one of the largest industries with large numbers of companies within the industry, ranging from micro enterprises to medium-and-large enterprises and from food and beverage stalls to food and beverages manufacturers. This is proven by the increase in investment in 2018, contributing Rp. 56.60 trillion and the productivity of the year 2018 was 7.91%, exceeding the economic, employment, and exports growth. However, a new obstacle emerged, namely the unpredictable Covid-19 pandemic (Ongkowijoyo et al., 2020) and weaken the industry's supply chain.

Covid-19 pandemic is a savage reminder to all companies that disruption is inevitable. Lock downs and strict restrictions had greatly hindered supply chain operations worldwide, which threatened the sustainability of the supply chain (Karmaker et al., 2021). Supply chain is series of companies' business networks and relationships that links intra- and inter-company boundaries (Lambert, 2010), therefore when one company's operation and its performance are threatened, the impact is not only absorbed in that company, but the impact is dispersed throughout the all the stakeholders of the supply chain. Due to this phenomenon, companies' production performances are greatly disrupted, less transactions occurred, and thus slowing down the global economy. Undeniably, this big impact disrupted the Indonesian food and beverage industry, indicated through decreased income and bankruptcy (Farida, 2020). Products produced by the food and beverage industry are perishable items, which they have to be fresh and have a short sales cycle (Lin & Hu, 2022). All partners in the supply chain must plan for sales, reducing the danger of cost loss and product scarcity, which there are possibilities of uncertainty in the midst of supply chain disruptions, as such the Covid-19 pandemic, therefore, companies must be ready to face future challenges. This brings to the aims of this study, which is to examine factors that affect production performance of companies in the Indonesian food and beverage manufacturing industry.

The food and beverage manufacturing industry consists of medium to large companies, which largely to the Indonesian GDP as well as employing large numbers of workforce. This study focuses on the internal perspective of the company to maintain and increase production performance. In order to improve production performance, partnership in production may play a big role. A company's process of using resources aims to adjust or create market changes (Eisenhardt & Martin, 2000). Partnering allows companies to leverage their own unique expertise and skills to "lock out" competitors (Lambert et al., 1996), through optimizing companies' resources. Resources between partners will complement each other to achieve competitive advantage that can be achieved using the Resource-Based View (RBV) theory (Barney, 1991; Sutrisno, 2019). The capacity of management to integrate the company's complex network of commercial contacts will be crucial to its long-term success in this more competitive climate (Lambert, 2010). Through partnerships, companies can access new technologies or new markets, have the ability to offer products or services with a wider range, create economies of scale in research or production, and have access to knowledge (Mohr & Spekman, 1994). Partnering companies are able to share tacit knowledge to pursue competitive strategies. Companies involved in production partnership are influenced by several factors, such as innovation and demand optimization, which are part of the supply chain drivers (Rezaei et al., 2018). The underlying premise of all these concepts is that companies need to create agreements with other supply chain members in order to successfully compete in their respective industries (de Leeuw & Fransoo, 2009).

Companies choose innovation as one of the reasons for collaborating as it helps companies to innovate products and systems, as well as assist companies to cope with increasingly rapid technological changes (Rezaei et al., 2018). This becomes one of the purposes of the industrial revolution 4.0 (Lasi et al., 2014). According to the government, the food and beverage industry is able to continuously to grow by reflecting the current manufacturing trend heading towards industry 4.0 where companies can utilize technology to increase the efficiency and effectiveness of their production. The role of technology is very important to improve quality and create new products. This operational trends in industry 4.0 can help companies to increase their export contribution, which in turn will positively affect the country's financial position.

According to Rezaei et al. (2018), demand optimization is important for companies to maximize the use of scarce resources more efficiently. Demand optimization has an important role for companies to collaborate because it can help companies handle seasonal or cyclical demand fluctuations, able to optimize demand for products or services, and deal with demand uncertainties (Rezaei et al., 2018). Therefore, good cooperation and collaborations among partners will affect production performance. In addition, production performance also plays an important role in the food and beverage industry in the decision-making process to face the challenge of optimizing system delivery capacity (Qarahasanlou et al., 2017) as well as improving production quality (Sahoo & Yadav, 2017). Thus, in this research, innovation and demand optimization will be examined whether they affect partnership in product, which in turn will affect production performance of food and beverage companies in Indonesia. This research gives a broader insight on the internal viewpoints of company's supply chain management through the Resource Based insight, as well as presenting numerous ideas for managers of medium-large food and beverage manufacturing enterprises in developing nations in which there is a lack of research in this field of study especially in Indonesia. The next section of the paper focuses on literature review and hypothesis development, research methodology used, and then the research result, following with the discussion, implications and suggestions.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Drivers are factors that compel or motivate companies to engage in partnership (Lambert, 2010). Supply chain drivers are factors that motivate companies to participate in partnership. Several internal factors of the company that act as one of the supply chain drivers are innovation and demand optimization (Lambert, 2010; Lambert et al., 1996; Rezaei et al., 2018). This study explains that the supply chain drivers used include innovation and demand optimization.

Innovation is a new implementation of a product or process with new characteristics, new organizational methods in business practices, workplace organization and external relations (Mahulae et al., 2022; OECD & Eurostat, 2005). There are several strategies that companies can use when innovating, including strategic innovation, new technology, new services, new ways of doing business model to generate new value (Rajapathirana & Hui, 2018). Innovation in products and production systems can be improved through partnerships in production (Belderbos et al., 2004; Rezaei et al., 2018). In addition, each company must have different innovations, in order to trigger companies to establish partnerships in production, which will help companies control production activities efficiently. Innovation can lead companies to be able to increase partnership in production and will have an impact on production performance.

According to Lambert et al. (1996), partnership is a specially crafted business relationship among companies that produces competitive advantage, which then result in greater business performance than what would have been achieved by each individual company. A partnership relies on mutual trust, openness, as well as shared risk and rewards among companies. Partnership in production is a business relationship among several companies that involves production of a company's product.

Demand optimization is an important supply chain driver for partnership in production in companies with the aim of optimizing the demand for a product. Optimization is carried out by presenting a framework for managing inventory and customer needs dynamically in the supply chain (Braun et al., 2003). Uncertainty in demand can be mitigated by a strong coordination between companies with partnerships in production (Pan & Nagi, 2010). Collaboration or partnership among supply chain members contribute to smoothen company's material and production flow, whereas partnerships that includes technology adoption can increase reliability and transparency among supply chain members (Karmaker et al., 2021). Thus, partnership in production can help companies to smoothen and other cycles (Rezaei et al., 2018). In addition, demand optimization also has an important role in production performance within a company that aims to boost production capacity to help companies maintain market share stability (Rezaei et al., 2018). This is supported by previous research showing that there is a relationship between innovation and demand optimization on partnership in production and production performance. Therefore, in this study, we proposed:

H_1: Innovation significantly affects partnership in production in the food and beverage manufacturing companies in Indonesia.

H_2: Demand optimization significantly affects partnership in production in the food and beverage manufacturing companies in Indonesia.

H_3: Innovation significantly affects production performance in the food and beverage manufacturing companies in Indonesia.

H_4: Demand optimization significantly affects production performance in the food and beverage manufacturing companies in Indonesia.

There are several partnership benefits for customers (reducing lead time, increasing market share and improving product quality), productivity (reducing material costs) and innovation (implementing new processes) (Cetindamar et al., 2005). Partnership in production allows companies to able to increase production capacity, utilization of quantity, and reduce the number of defective products and operating costs (Rezaei et al., 2018). This is related to production performance because it helps provide an understanding and evaluation of the condition of the company (Zainal et al., 2018). As explained by Lorentz (2008) that there is a positive correlation between partnerships in production and performance differences in production quality.

According to Vicario and Nawangpalupi (2020) partnership in production also involves information sharing among parties within a supply chain. This will aid optimal demand forecasting. Furthermore, companies that combine internal resources and external expertise become more innovative. To develop their innovation capabilities, they must have access to external sources of information, expertise, and technology. Supply chain partnerships between companies with access to external source can exchange expertise and/or enhance work-related skills (Legg-Jack & Ndebele, 2022), resource pooling, information, and technology, as well as risks (Agustin et al., 2023; Vicario & Nawangpalupi, 2020). Therefore, we proposed:

H_5: Partnership in production significantly affects production performance in the food and beverage manufacturing companies in Indonesia.

H_6: Partnership in production mediates the relationship between innovation towards production performance in the food and beverage manufacturing companies in Indonesia.

H_7: Partnership in production mediates the relationship between demand optimization in the food and beverage manufacturing companies in Indonesia.

Based on the literature review discussed above, the research model in the study can be drawn as follows (Rezaei et al., 2018):

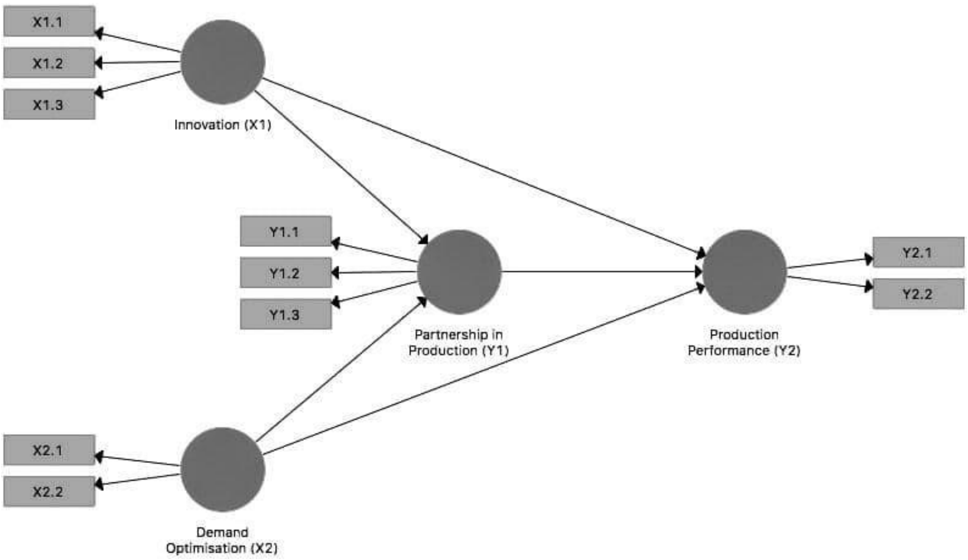

Figure 1. Research Model

3. RESEARCH METHOD

Quantitative research methods have a clear direction of objectives, subjects, samples, research steps and data sources, and are carried out if all data has been collected (Cooper & Schindler, 2014). Data collection using questionnaires distributed to managers of manufacturing companies spread across several provinces in Indonesia. Table 1 shows a detailed list of the province origins of the respondents.

This study uses Partial Least Square Structural Equation Modeling (PLS-SEM). The sampling technique used in this study was random sampling. Sample criteria are company owners or managers working in the food and beverage manufacturing industry in Indonesia. Question items in the questionnaire can be seen in Table 1 using an interval scale of 1 (strongly disagree) to 7 (strongly agree) to measure the research indicators in the questionnaire. Indicators of the variables are adopted from Rezaei et al. (2018), whereby indicators of innovation include "jointly product development and product innovation, access to technology, and enhancing innovation potential"; indicators of demand optimization includes "seasonal levelling and other cyclical levelling"; indicators of partnership in production include "control production, decision production and communication production"; and indicators of production performance include "cost per operation hour and capacity utilization".

Questionnaires were distributed directly to company owners/managers via online, namely telegram. The hypotheses were tested using smartPLS software. Two stages of analysis techniques were done, namely the measurement (outer) model test and the structural (inner) model test. In addition, there are four measurements used to test validity and reliability in this research: value of the loading factor, Average Variance Extracted (AVE), Cronbach's alpha, and composite reliability.

Data collection has been carried out using a questionnaire that was distributed to managers of manufacturing companies in Indonesia using Google form via Indonesian Production and Operations Management Society (IPOMS) Telegram social media. This research focused on medium and large manufacturing companies as these companies deal with supply chain issues and are big enough to have faced more complex management issues. Especially in the food and beverage industry, whereby during the Covid-19 pandemic period had been critical to the country's food supply. The sampling technique used was purposive sampling, whereby owners and managers of medium and large manufacturing companies are the research subject as they have sufficient understanding and in depth knowledge about the company's supply chain. The minimum sample size required according to Hair et al. (2017) is 10 times the numbers of arrow heads pointing towards the endogenous variable, thus, the minimum sample size for this research is 50 respondents. There were 74 respondents obtained in the year 2022. The total number of respondents that can be processed are 50 respondents who are under the category of manufacturing companies. The data was analyzed using Partial Least Square (PLS).

4. RESULT AND DISCUSSION
4.1 Statistical Results

Table 1. Respondents Demographics

No	Characteristics		Total	Percentage
1.	Companies operating in the food and beverage manufacturing industry	Yes	54	75.7%
		No	18	24.3%
2.	Work tenure	<1 year	3	5.6%
		1-2 years	12	22.2%
		2-3 years	8	14.8%
		3-4 years	4	7,40%
		>4 years	27	50.0%
3.	Number of employees	< 100	23	42.6%
		Between 100-500	17	31.5%
		Between 500-1000	6	11.1%
		Between 1000-3000	2	3.7%
		> 3000	6	11.1%
4.	Company location	East Java	23	42.6%
		Central Java	3	5.6%
		West Java	8	14.8%
		Jakarta	3	5.6%
		Banten	5	9.3%
		Bali	2	3.7%
		Central Kalimantan	1	1.9%
		South Sulawesi	7	13.0%
		South Sumatra	1	1.9%
		Riau Islands	1	1.9%
5.	The impact of covid-19 on the company's supply chain	No effect	2	3.7%
		Slight effect	22	40.7%
		Medium effect	15	27.8%
		Big effect	12	22.2%
		Massive effect	3	5.6%

Source: Processed Data (2023)

The total population in this study is 711 companies in the food and beverage manufacturing industry in Indonesia. The companies are represented by owners or managers. While the number of samples received by the researchers was 72 respondents, however the number of samples that met the criteria so that it was feasible to be analyzed was 54 respondents resulting in a response rate of 54%. Based on the results of filling out the respondents from the distributed questionnaire, the data obtained is shown in Table 1.

The characteristics of the respondents in this study focused on the food and beverage manufacturing industry in Indonesia with a total of 54 people (75%). Most of the respondents in this study have worked in the food and beverage manufacturing industry in Indonesia for more than 4 years, approximately 27 people (48.2%) who have more experience and carry out internal development and know the problems that exist in companies. The majority of respondents (57.4%) answered that there are 100 to >3000 employees in the food and beverage manufacturing industry in Indonesia, whereas 23 people (42.6%) claimed that there are less than 100 employees within their company. There are around 23 companies (42.6%) located in East Java. In addition, based on the survey results, 96.3% answered that the Covid-19 pandemic had slight to massive impact on the food and beverage manufacturing industry' supply chain in Indonesia. With sufficient work experience and human resources, the company needs innovation, demand optimization and collaboration between partners to produce good performance for the company.

In Table 2, the factor loading value for each indicator has exceeded the minimum limit of 0.7 and the Average Variance Extracted (AVE) value also exceeds the minimum limit of 0.5, therefore, the research indicators have good validity. While Cronbach's alpha of each variable has a value above 0.6 and the composite reliability of each variable also has a value above 0.7. Table 3 shows that the result of discriminant validity has been met in which the square root of AVE of each construct is greater than the correlation among other constructs. Therefore, the research variables have a good level of validity and reliability.

Table 2. Convergent Validity and Reliability Testing Results

Variables	Item	Convergent Validity		Reliability	
		Factor Loading	**AVE**	**Cronbach's Alpha**	**Composite Reliability**
Innovation (X1)	X1.1	0.898	0.780	0.859	0.914
	X1.2	0.891			
	X1.3	0.861			
Demand Optimization (X2)	X2.1	0.931	0.860	0.837	0.925
	X2.2	0.923			
Partnership in Production (Y1)	Y1.1	0.881	0.787	0.865	0.917
	Y1.2	0.883			
	Y1.3	0.898			
Production Performance (Y2)	Y2.1	0.883	0.830	0.800	0.907
	Y2.2	0.938			

Source: Processed data (2023)

Table 3. Discriminant Validity Testing Results

Variables	**Demand Optimization (X2)**	**Innovation (X1)**	**Partnership in Production (Y1)**	**Production Performance (Y2)**
Demand Optimization (X2)	0.927			
Innovation (X1)	0.434	0.883		
Partnership in Production (Y1)	0.649	0.483	0.887	
Production Performance (Y2)	0.638	0.590	0.603	0.911

Source: Processed data (2023)

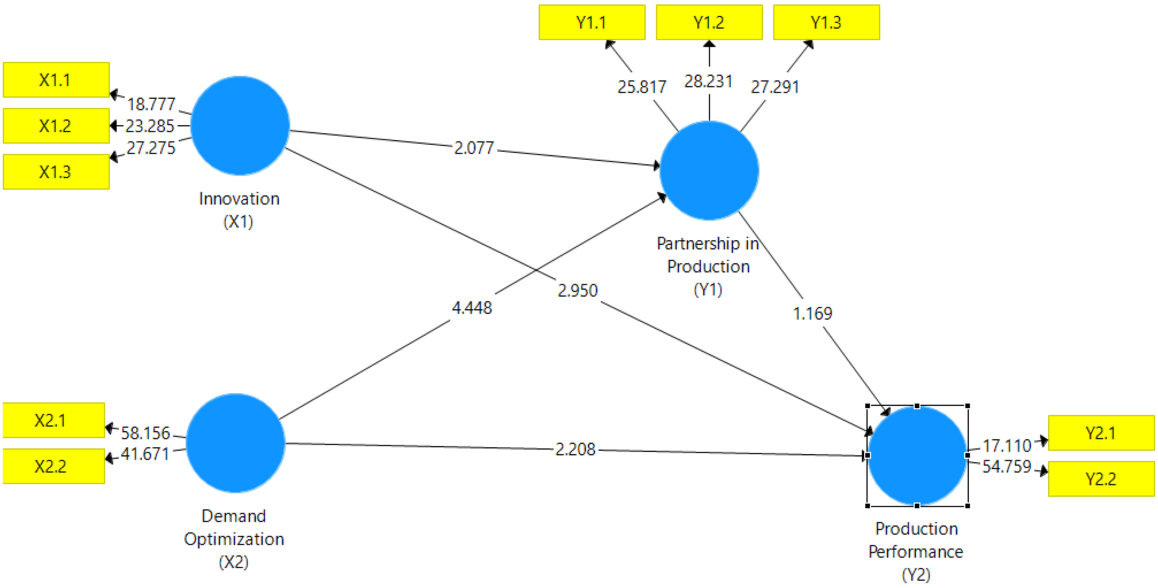

Figure 2. Inner Model Result
Source: Processed data (2023)

Table 4. Hypothesis Testing Results

	Hypothesis	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H1	Innovation (X1) -> Partnership in Production (Y1)	0.248	0.267	0.120	2.077	0.038
H2	Demand Optimization (X2) -> Partnership in Production (Y1)	0.541	0.531	0.122	4.448	0.000
H3	Innovation (X1) -> Production Performance (Y2)	0.334	0.349	0.113	2.950	0.003
H4	Demand Optimization (X2) -> Production Performance (Y2)	0.356	0.362	0.161	2.208	0.028
H5	Partnership in Production (Y1) -> Production Performance (Y2)	0.211	0.189	0.181	1.169	0.243

Source: Processed data (2023)

The results of the hypothesis testing Partial Least Square (PLS) analysis are shown in Figure 2 and in Table 4. Figure 2 depicts the hypothesis testing visually, whereas Table 4 shows that 4 out of 5 hypotheses are supported. Hypothesis 1 and 2 are both supported, which proves that innovation and demand optimization have significant influences on partnership in production. These are indicated by a positive path coefficient of 0.248 for innovation and 0.541 for demand optimization, both with a significance level of < 0.05 or t-statistics value of > 1.96. Hypothesis 3 and 4 are further both supported, proofing that innovation and demand optimization have significant influences on production performance. These are shown by a positive path coefficient of 0.334 for innovation and 0.356 for demand optimization, with significance levels or p-value < 0.05 or t-statistics value >1.96.

However, hypothesis 5 is not supported. Partnership in production has no significant effect on production performance. This is indicated by a significance level of > 0.05 or < 1.96. The standard deviation values for each hypothesis tests are <1 and leaning to the value of 0, which is considered low. Therefore, the data presented are relatively accurate as lower standard deviation indicates less dispersion and higher predictive accuracy.

On the other hand, based on Table 5, mediation hypotheses (H6 and H7) are all rejected. Partnership in production is found not to have a significant mediation effect on the relationship among innovation and demand optimization towards production performance. The p-value of H6 is 0.340 > 0.05 and the p-value of H7 is 0.289 > 0.05. Therefore, there is no indirect effect found in this research in order to improve the production performance of food and beverage manufacturing companies in Indonesia.

Table 5. Mediation Hypothesis Testing Results

Hypothesis		Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
H6	Innovation (X1) -> Partnership in Production (Y1) -> Production Performance (Y2)	0.052	0.049	0.055	0.956	0.340
H7	Demand Optimization (X2) -> Partnership in Production (Y1) -> Production Performance (Y2)	0.114	0.101	0.108	1.061	0.289

Source: Processed data (2023)

Table 6. R^2 Test Result

Endogenous Variable	R Square	R Square Adjusted
Partnership in Production (Y1)	0.472	0.451
Production Performance (Y2)	0.551	0.524

Source: Processed data (2023)

Table 7. F^2 Test Result

Variable	Demand Optimization (X2)	Innovation (X1)	Partnership in Production (Y1)	Production Performance (Y2)
Innovation (X1)			0.095	0.184
Demand Optimization (X2)			0.450	0.158
Partnership in Production (Y1)				0.052
Production Performance (Y2)				

Source: Processed data (2023)

Table 8. Q^2 Test Result

Variables	SSO	SSE	Q^2 (=1-SSE/SSO)
Innovation (X1)	162.000	162.000	
Demand Optimization (X2)	108.000	108.000	
Partnership in Production (Y1)	162.000	104.920	0.352
Production Performance (Y2)	108.000	62.819	0.418

Source: Processed data (2023)

Explained variance of the endogenous variables is tested using the coefficient of determination R^2 test. Based on Table 6, partnership in production is explained by innovation and demand optimization for 47.2%, which is considered moderate. Partnership in production has 53.8% that can be explained and affected by other variables that are not considered in this research. Whereas, production performance's variation can be explained 55.1% by innovation, demand optimization and partnership in production of a company. 44.9% of production performance's variation are explained by other variables outside of this research. Taking into considerations of the R^2 adjusted for production performance as it is affected by more than 2 exogenous variables, there is not much difference between the R^2 and R^2 adjusted. Both results show that production performance is moderately explained by innovation, demand optimization and partnership in production of a company.

The effect sizes of the exogenous variables on the endogenous variables are tested using the F^2 test. Based on Table 7, innovation has a very low effect size on partnership in production, while demand optimization has moderate effect size on partnership in production. On the other hand, both innovation and demand optimization have a relatively low effect size on production performance, while innovation and demand optimization have very low effect size on production performance. This emphasizes that managers should focus on demand optimization in order to improve partnership in production as it has a moderate influence.

The predictive relevance of the model is tested using the Q^2 test. Table 8 shows that the Q^2 results are > 0, therefore the research model has a good predictive relevance that of exogenous variables can predict the endogenous variables. This shows that innovation and demand optimization have relatively moderate predictive relevance towards partnership in production and production performance.

4.2 Discussion

The results of the study show that innovation is significantly affecting partnership in production and production performance of companies in the food and beverage manufacturing industry. Innovation is the main driving force for companies to be involved in partnership in production especially innovation in technology can help the company's success in the long term, as well as able to influence the production performance of the company (Ettlie & Reza, 1992). Companies that have entered a market with innovation will be able to understand consumer needs and technological developments better (Wahab et al., 2020), which can improve the overall performance of the company.

In addition, the Covid-19 pandemic has forced companies engaged in the food and beverage manufacturing industry to start managing inventory flows, optimizing demand with partners and maximizing the use of resources to improve company performance. The reason companies participate in partnership in production is to deal with uncertainty in demand (Pan & Nagi, 2010). This is also reinforced by Rezaei et al. (2018), who explained that the existence of a partnership in production can help companies utilize partners' production capacity to handle seasonal demand fluctuations, be able to optimize demand for products or services, and deal with uncertainties in demand. This is done by collaborating in product development and innovation and mutual proactiveness in enhancing each other's innovation potential. In addition, companies that innovate within their partnership in production also access inter-firm technology, which may be prohibited for individual companies to share to others.

Based on the result of this study, demand optimization also has a significant effect on partnership in product and production performance of food and beverage manufacturers in Indonesia. Companies that are aware of seasonal and other cyclical demands within the industry, such as increased demand that is greater than production capacity due to market growth (de Leeuw & Fransoo, 2009), they are inclined towards finding ways to optimize and meet the market demands. For instance, in Indonesian food and beverage industry, demand is at its peak approaching and during the holiday seasons. This encourages companies to engage in partnership in production to collaborate production capacity and other resources and capabilities to fulfill production targets.

Demand optimization is also able to assist companies in production performance to make decisions to face the challenges of optimizing system delivery capacity (Qarahasanlou et al., 2017). Facing uncertain demands, companies must be able to manage its production capacity according to demand fluctuations. Companies that are able to optimize its demand should be able to meet production targets with efficient production cost despite production input fluctuation lead time and other procurement challenges. Thus, in developing the food supply chain within a company, it is necessary to carry out demand optimization that requires the involvement of partnerships in production to produce good production performance within a company.

The results of the study prove that partnership in production is not significantly affecting production performance, which means partnership in production does not mediate the relationship between innovation and demand optimization towards production performance. This finding is contrary to the findings from Rezaei et al. (2018), Vicario and Nawangpalupi (2020), and Febrianto et al. (2023). The previous research findings were in the context of micro-small-enterprises (MSEs) and small-medium-enterprises (SMEs), whereas this research focused on medium-large-enterprises. MSEs and SMEs are small and have limited production capacity and capabilities, thus, in comparison to medium-large companies, MSEs and SMEs need to rely on partnerships to improve their production performance.

A research by Febrianto et al. (2023) focused on the companies involved in the livestock supply chain partnership of Indonesian broiler chicken, ranging from farmers, production facilities provider, and marketing. This type of partnership was able to provide a significant positive impact of partnership production towards production performance as different companies have different roles and each company was able to conduct efficient operational activities, therefore benefiting the entire supply chain production performance. Whereas this research was focused on medium to large food and beverage manufacturing companies that produces food and beverage products. Therefore, the partnership in production does not always include upstream to downstream supply chain parties, unlike previous research by Febrianto et al. (2023) that includes farmers to marketing companies.

On the other hand, the Covid-19 pandemic made collaboration among partners and companies engaged in the food and beverage manufacturing industry difficult due to the Work From Home (WFH) regulations in the early pandemic period, thus companies overall performances were disrupted. Partnerships activities have been disputed as the impact of lock downs and restrictions hindered daily operations, which in turn negatively affecting companies' ability to meet partnership obligations. In the new normal era, companies are still recovering from its setback, not to mention medium and large companies with high financial debts struggle the most to recover. Therefore, companies are less aggressive and require more time to make comeback with the mindset of 'wait and see' of what is yet to come. Lessons learned from the Covid-19 pandemic have made companies more careful and meticulous in strategizing and engaging in partnership initiatives.

Furthermore, company failures in meeting partnership obligations that affect their overall performance usually occur due to mistakes in selecting partnerships (Han et al., 2017). In some instances, companies' expectations to improve production performance cannot be understood properly and are not supported properly by their partners, which may result in failure of partnership in production. This is reinforced by a study by Lo and Pushpakumara (1999) stating that partnerships are sometimes able to make a positive contribution to one aspect, while other times are able to make a negative contribution to other aspects. In such situations, companies need to do corrective actions in choosing partnerships and establish good relationships with their partners to improve overall performance of the company. Therefore, partnership in production in this research is not shown to be affecting company's production performance.

This study contributes to extend the supply chain management body of knowledge with the internal perspective of companies as members of the supply chain. In particular, confirming the Resource Based View theory (Barney, 1991) that internal capabilities of the company, such as innovation and demand optimization contribute to the company's success, in particular partnership and production performance. Innovation and demand optimization are found to be positively and significantly influencing partnership in production and production performance, thereby confirming previous research by Rezaei et al. (2018). However, an interesting finding that is contrary to previous researches by Rezaei et al. (2018) and Vicario and Nawangpalupi (2020) that partnership in production does not significantly influence production performance. Overall, this research also contributes to the medium-large scale food and beverage manufacturing companies' internal capabilities to improve production performance in the context of developing country. Therefore, findings of this research call for further examination with larger sample size and in different contexts for further finding generalization.

From the practical point of view, this research emphasizes that food and beverage manufacturing companies, especially those that are medium-large scaled companies, need to prioritize innovation and demand optimization within the company to be able to improve production performance. Based on Table 1, almost all respondents (96.3%) claimed that the Covid-19 pandemic affected their company's supply chain. More than half of the respondents (55.6%) experienced medium to massive effect. This confirms that the effect of the Covid-19 pandemic has been spread throughout diverse food and beverage manufacturing companies across Indonesia, which caused them to experience some setbacks and losses. These impacts of the Covid-19 pandemic as discussed in the previous section have contributed to partnership in production not performing well to contribute to production performance. Therefore, managers are recommended to consolidate their company's partnership initiatives to focus on internal capabilities to recover from their company's setbacks. Managers should focus on tapping into technology and enhance innovation potential, as well as carefully level seasonal and other cyclical demands. This will help companies to maintain and be more efficient in their cost per operation hour and production capacity utilization.

5. CONCLUSION

The food and beverage industry are often referred to as one of Indonesia's main industrial sectors for economic growth. Therefore, companies engaged in the food and beverage manufacturing industry, which absorb massive amount of workforce, need to be able to survive throughout the economic and environmental fluctuations. In particular, the food and beverage manufacturing industry have the higher-end of economic contributions within the general good and beverage industry. This research employed quantitative analysis using PLS SEM. The findings show that innovation and demand optimization have been found to encourage companies to do partnership in production. Innovation is able to trigger companies to establish partnerships in production which will help companies control production activities efficiently. In addition, innovation is the main driver for companies to be involved in partnership in production, especially in access to technology which can help the company's success in the long term. Collaboration between production partners is also able to assist companies in facing existing challenges, such as utilizing partners' production capacities to handle seasonal demand fluctuations, optimizing demand for products or services, and dealing with uncertainties in demand. This is supported by previous research by Rezaei et al. (2018).

Innovation and demand optimization have also proven to have significant effects on production performance, which can help companies improve performance and make decisions to face the challenges of optimizing company capacity. However, the results of this study indicate that there is no significant effect between partnership in production and production performance, because there is a dilemma when carrying out the partnership implementation process that does not always result in a positive contribution to company performance (Han et al., 2017). The presence of Covid-19 pandemic impact towards the Indonesian food and beverage manufacturing industry's supply chain has contributed to companies' setback to perform well in production partnerships.

5.1 Theoretical and Practical Implications

Overall, this research provides broader view on the internal perspectives of company's supply chain management through the perspective of Resource Based View (Barney, 1991), as well as providing several suggestions for managers of medium-large food and beverage manufacturing companies in developing countries. By examining businesses internally as supply chain participants, this study adds to the collection of knowledge on supply chain management. In particular, supporting the Resource Based View (Barney, 1991), which holds that the company's internal capabilities—such as innovation and demand optimization—contribute to its success, particularly in terms of production performance and partnerships. From a practical standpoint, this study highlights the necessity for medium- and larger-sized food and beverage manufacturing enterprises to focus internal demand optimization and innovation in order to boost production performance. As challenges posed by external disruptions, companies could not meet partnership demands due to supply chain setbacks, which hindered production process, thus production performance was not improved significantly by having partnerships in production. Therefore, research also highlights that partnership in production among the food and beverage manufacturing industry is not the key to improve production performance.

5.2 Recommendations

Managers should centralize their company's collaboration endeavors in order to focus on internal competencies by using technology to increase innovation potential. Managers must pay close attention to seasonal and other cyclical demands, which will assist businesses sustain and be more efficient in their cost per operation hour and manufacturing capacity utilization. Managers are advised to consolidate their company's partnership initiatives to focus on internal capabilities to recover from their company's setbacks due to external disruptions or crisis.

This research is limited to be generalized to the medium-large sized food and beverage manufacturing enterprises in developing countries. Future researches are called for exploring and confirming findings in different industry sectors, enterprise scales, as well as countries.

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PENGARUH LINGKUNGAN KERJA DAN KOMPENSASI YANG DIMEDIASI OLEH MOTIVASI KERJA TERHADAP *TURNOVER INTENTION* KARYAWAN (STUDI KASUS PADA PT. GRANDI)

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ABSTRAK

Tujuan dari studi ini ialah guna menganalisis apakah variabel lingkungan kerja dan kompensasi yang dimediasikan oleh motivasi kerja berpengaruh terhadap keinginan berpindah pegawai di PT Grandi. Populasi di studi ini adalah pegawai PT. Grandi. Sampel yang ditetapkan banyaknya 95 respondent mempergunakan teknik *purposive sampling* yakni teknik penetapan sampel dengan pertimbangan tertentu yakni karyawan dari divisi yang mempunyai *turnover intention* tertinggi. Berdasarkan analisis data statistik menggunakan *Smart* PLS dapat disimpulkan capaian studi ini yaitu lingkungan kerja berdampak positif pada motivasi kerja. Kompensasi berdampak positif pada motivasi kerja. Kompensasi berdampak negatif pada *turnover intention*. Lingkungan kerja tidak berdampak pada *turnover intention*. Motivasi kerja tidak berdampak pada *turnover intention*. Motivasi kerja tidak bisa memediasi dampak lingkungan kerja pada *turnover intention* karyawan, dan motivasi kerja tidak bisa memediasi dampak kompensasi pada *turnover intention* karyawan. Diharapkan PT. Grandi mampu meningkatkan lingkungan kerja, motivasi kerja serta menjaga kompensasi sehingga *turnover intention* dalam perusahaan bisa berkurang.

Kata Kunci: Lingkungan Kerja, Kompensasi, Motivasi Kerja, *Turnover Intention*

ABSTRACT

The aim of this study is to analyze whether work environment variables and compensation mediated by work motivation have an effect on employee turnover intentions at PT Grandi. The population in this research were employees of PT. Grandi. The sample taken was 95 respondents using a purposive sampling technique, namely a sampling technique with certain considerations, namely employees from the division that had the highest turnover intention. Based on statistical data analysis using Smart PLS, it can be concluded that the results of this research are that the work environment has a positive impact on work motivation. Compensation has a positive impact on work motivation. Compensation has a negative impact on turnover intention. The work environment has no impact on turnover intention. Work motivation has no impact on turnover intention. Work motivation is unable to mediate the impact of the work environment on employee turnover intention, and work motivation is unable to mediate the impact of compensation on employee turnover intention. It is hoped that PT. Grandi is able to improve the work environment, work motivation and maintain compensation so that turnover intention in the company can be reduced.

Keywords: Work Environment, Compensastion, Work Motivation, Turnover Intention

1. PENDAHULUAN

Sumber daya manusia (SDM) merupakan komponen yang amat esensial di sebuah organisasi, karena kesuksesan sebuah organisasi bisa tercapai jika kualitas serta performa SDM yang ada didalamnya juga mendukung. Memiliki SDM yang baik akan menjadikan perusahaan lebih maju. Jadi, supaya tujuan perseroan dapat tercapai maka karyawan memerlukan peranan yang lebih dalam perseroan.

Lingkungan kerja pegawai di semua perusahaan bisa memberikan dampak pada kesehatan karyawan serta kepuasan bekerja. Lingkungan bekerja ialah lokasi dimana pegawai menghabiskan sejumlah waktunya guna menuntaskan pekerjaan serta istirahat sejenak dari kegiatan pekerjaan. Perusahaan adalah sebuah organisasi yang mencakup segolongan individu yang kerja guna menggapai sebuah tujuan. Keperluan yang paling basis adalah memperoleh laba ataupun keuntungan sebesar-besarnya beserta kesejahteraan guna pemegang saham perseroan (Prastuti, 2014).

Perusahaan wajib untuk merealisasikan keadaan yang bisa mendorong ataupun membuat karyawannya guna mengembangkan serta menaikkan daya dan keahliannya dengan optimum. Usaha yang bisa dilaksanakan perseroan mencakup memberikan motivasi kepada pegawai melalui penerapan kompensasi yang selaras bersama dayanya guna menggapai kepuasan bekerja. Pegawai yang merasa puas dalam pekerjaannya akan semakin loyal serta performanya pun naik.

Lingkungan kerja, kompensasi dan motivasi kerja merupakan variable yang menarik untuk dikaji sebab variable itu digunakan untuk menaikan peranan serta kegunaan SDM agar performa pegawai berlangsung secara baik serta menggapai tiap tujuan organisasi. Satu diantaranya tema yang tengah hangat didiskusikan ialah isu *turnover intention*. Tren *turnover* pegawai akhir-akhir ini meningkat umumnya diseluruh dunia (Sanjeev, 2017). Efek dari *turnover intention* yang jadi beban utama perusahaan ialah waktu dan dana guna merekrut pegawai baru (Waspodo, Handayani & Paramita, 2013).

Tak sedikit perseroan yang merasa frustasi karena pegawai berkualitas yang direkrut sejak awal justru memilih bekerja di organisasi lain. Ada banyak faktor yang menyebabkan karyawan suatu perusahaan ingin mengundurkan diri dari kerjaannya serta berpindah ke perseroan lainnya. Permasalahan yang terjadi ialah tingginya tingkat turnover karyawan di PT Grandi, banyak karyawan yang keluar masuk perusahaan. Tingkat turnover karyawan yang ideal umumnya 10% per tahun. Kita bisa melihat dari data pegawai pada tahun 2020-2022, banyak sekali pegawai yang mengundurkan diri setiap tahunnya. Pada tahun 2020 jumlah pegawai yang mengundurkan diri sebanyak 184 orang dari total 460 pegawai (40%), pada tahun 2021 sebanyak 200 orang dari total 480 pegawai (42%), dan pada tahun 2022 sebanyak 250 orang mengundurkan diri. dari total 480 karyawan (52%).

Dari pembahasan diatas maka tujuan pada studi ini ialah hendak mengetahui apakah faktor lingkungan bekerja dan juga kompensasi berdampak pada *turnover intention* pegawai di PT Grandi, dan penelitian tersebut belum pernah dilakukan sebelumnya. Selain itu studi ini juga ingin mengetahui dampak mediasi motivasi kerja pada hubungan lingkungan bekerja serta kompensasi pada *turnover intention* karyawan.

2. TINJAUAN PUSTAKA

2.1 Lingkungan Kerja

Lingkungan kerja maknanya adalah kondisi dimana karyawan melaksanakan pekerjaan tiap harinya. Bila pegawai merasakan kenyamanan dalam pekerjaannya, pegawai tersebut akan melaksanakan pekerjaan sepenuh hati tiada mengeluh. Berdasar Soetjipto dalam Gustian (2016) dimensi lingkungan bekerja yang mencakup lingkungan bekerja fisik serta non fisik ialah pencahayaan, sirkulasi udara, kebisingan, warna, kelembaban udara, fasilitas, hubungan yang harmonis, peluang untuk maju serta keamanan dikerjaan. Kenyamanan yang terealisasikan dari lingkungan bekerja berdampak pada keseriusan pegawai saat kerja hingga mendorong pegawai agar mampu bekerja lebih baik dikarenakan ada dukungan dari lingkungannya.

Berdasar Sarzoska dalam Nugraha dan Surya (2016) lingkungan fisik serta non fisik ialah faktor yang memberi dampak kepuasan selain kompensasi, promosi jabatan beserta ciri dari pekerjaan yang berkaitan. Dikarenakan kepuasan bekerja pegawai bertambah, bila sebuah keadaan lingkungan baik hendak membentuk kemauan guna bisa melakukan aktivitas dengan optimum, sehat, nyaman serta aman. Tetapi bila keadaan lingkungannya yang kurang baik, pekerja akan membutuhkan waktu yang lebih berlimpah serta tidak mendukung desain sistem kerja yang lebih efisien.

Lingkungan bekerja fisik ataupun non fisik yang baik hendak mewujudkan semangat kerja hingga pegawai bisa menuntaskan pekerjaannya dengan tepat waktu. Lingkungan bekerja fisik di perusahaan wajib difokuskan guna menaikkan kenyamanan serta kepuasan pegawai ketika melaksanakan pekerjaannya. Suwondo dan Sutanto (2015:136) menjabarkan lingkungan bekerja fisik digolongkan jadi 2 golongan, yakni lingkungan yang berkorelasi langsung serta dekat dengan pegawai (kursi, meja serta lainnya) serta lingkungan perantara (temperatur, kelembaban, sirkulasi udara, pencahayaan, getaran mekanis, bau tak sedap, warna serta lainnya). Lingkungan bekerja non fisik contohnya korelasi baik antar sesama teman bekerja ataupun antara pimpinan serta pegawai.

2.2 Kompensasi

Kompensasi ialah semua yang didapat pegawai sebagai pemberian jasa dari pekerjaan yang sudah dilaksanakan. Saat kerja tiap pegawai rela menghabiskan tenaga, waktu serta pikiran bersama harapan supaya mendapat imbalan. Ditinjau dari tujuan pemberian kompensasi mempunyai 2 kepentingan yakni kepentingan untuk pegawai serta perseroan. Menurut Hasibuan (2015), kompensasi ialah seluruh penghasilan yang berwujudkan uang, barang langsung ataupun tak langsung yang didapat pegawai selaku imbalan terhadap jasa yang diberi ke perusahaan. Karena pegawai telah memberikan jasa untuk perusahaannya, maka karyawan tersebut memiliki hak untuk mendapatkan kompensasi.

Pemberian kompensasi diharapkan bisa memotivasi pegawai guna semangat kerjanya. Jika pegawai bersemangat kerja maka prestasi kerjanya akan naik pula. Hingga butuh difokuskan kembali agar perusahaan dalam memberi imbalan tidak hanya memberi gaji atau upah kerja, tetapi saat pemberian kompensasi diselaraskan juga dengan sistem kelayakan serta keadilan.

Berdasar Hasibuan dalam Agung (2015) teori kompensasi yakni memiliki kepentingan yang berkorelasi bersama lokasi serta suasana di lingkungan bekerja, bersama upah yang adil serta layak, peluang untuk maju, pengakuan, serta keamanan bekerja. Maksud dari layak yakni kompensasi yang didapat pegawai ditingkatan ataupun sepadan bersama kompensasi yang didapat oleh pegawai yang bekerja di perseroan lainnya. Adil maknanya adalah kompensasi dihubungkan bersama nilai relatif kerjaan ataupun kerjaan yang semacam mendapat bayaran yang sepadan. Kompensasi dasar dibutuhkan guna menjaga pegawai bersama standar kehidupan yang layak, namun kompensasi menyiapkan pula sebuah ukuran berwujudkan tentang nilai individu guna perseroan. Pemberian kompensasi ialah kegunaan strategik SDM yang memiliki imbas signifikan terhadap fungsi SDM lainnya.

Berdasar beberapa definisi diatas bisa dikonklusikan kompensasi ialah hak yang diterima karyawan dikarenakan sudah memberi kontribusi terhadap organisasi atau perseroan, semakin puasnya karyawan terhadap kompensasi yang diberikan akan menurunkan *turnover intention* organisasi atau perusahaan.

Nawawi (2016) mengatakan bahwa kompensasi digolongkan ke 2 kategori besar yaitu:

1. Kompensasi langsung maknanya ialah sebuah pembalasan jasa yang diberi perseroan pada pegwai dikarenakan sudah memberi prestasinya guna keperluan perseroan. Kompensassi ini diberikan karena berhubungan dengan langsung bersama pekerjaan yang dilaksanakan pegawai itu. Misalnya: upah/gaji, insentif/bonus, tunjangan jabatan.
2. Kompensasi tak langsung ialah pemberian kompensasi pada pegawai selaku pengimbalan tambahan yang dibasiskan pada ketetapan atasan guna usaha menaikkan kesejahteraan pegawai. Pasti kompensasi ini tak secara langsung berhubungan dengan pekerjaan yang dilaksanakan pegawai itu. Misalnya: THR, tunjangan pensiun, tunjangan kesehatan serta lainnya.

Mondy dan Noe (2013) membagi kompensasi menjadi 2 macam, yakni kompensasi finansial yang mencakup kompensasi finansial langsung (bayaran yang diterima berwujudkan gaji, upah, komisi serta bonus) dan kompensasi finansial tak langsung (semua pengimbalan yang tak tercakup dikompensasi finansial langsung seperti tunjangan cuti, pengobatan, pernikahan dan santunan duka cita, asuransi, rancangan pensiun dan program pengembangan untuk pegawai. Sedang kompensasi nonfinansial adalah kepuasan yang diterima karyawan karena merasa puas dengan lingkungan psikologis atau fisik tempat bekerjanya. Kompensasi non finansial dapat berupa pekerjaan yang memiliki variasi keterampilan, lingkungan kerja berupa kebijakan, manajer yang memiliki *leadership* yang baik, karyawan yang kompeten di bidangnya, rekan kerja yang saling *support*, status yang pantas dan kondisi kerja. Fleksibilitas tempat kerja seperti waktu yang fleksibel, pembagian jabatan, bekerja di rumah, atau kerja paruh-waktu.

2.3 Motivasi

Chintalloo dan Mahadeo (2013) mengatakan motivasi ialah perihal yang amat esensial guna tiap organisasi pemerintah ataupun swasta untuk kesuksesan tiap organisasi. Memberi motivasi tidak mudah, maka atasan ataupun manajer wajib bisa meninjau serta tahu background, kemauan, beserta keperluan yang dipunyai pegawainya hingga atasan bisa menetapkan keputusan serta kebijakan yang tepat serta bisa melaksanakan aksi memotivasi yang tepat. Jika insentif yang diberikan pada tiap pegawai beda maka akan memberi dampak tinggi atau rendahnya motivasi bekerja pegawai.

Sedangkan menurut Robbins dan Judge (2016) dibukunya Perilaku Organisasi, menjabarkan motivasi selaku prosedur yang turut menetapkan intensitas, arah, serta ketekunan orang dalam upaya menggapai target. Maka motivasi ialah usaha yang terdapat di diri individu guna mencukupi keperluan untuk menggapai tujuan organisasi. Karyawan hendak bekerja dengan efektif serta memiliki motivasi kerja yang baik jika ada keseimbangan antara apa yang didapat pegawai serta kebalikannya apa yang pegawai beri kepada perusahaan dalam menaikkan perilaku kerjanya secara sukarela dalam melaksanakan tugasnya (Rosita, 2019).

Motivasi secara sederhana bisa dimaknai selaku keadaan ataupun aksi yang mendorong individu guna melaksanakan suatu kerjaan ataupun aktivitas semaksimal mungkin guna bertindak serta berusaha. Individu yang mempunyai motivasi rendah mereka condong untuk memperlihatkan rasa yang tak nyaman serta tak senang akan pekerjaannya. Disini dapat terjadi motivasi yang kurang terarah kepada pegawai yang diberikan pimpinan. Kurang terarahkan maksudnya adalah motivasi yang diberi atasan kurang dan kadang tak selaras bersama prestasi bekerjanya. Karyawan yang memiliki motivasi tinggi condong mempunyai prestasi bekerja yang tinggi serta juga kebalikannya, mereka yang berprestasi kerja rendah memungkinkan dikarenakan motivasi kerjanya rendah pula.

Tingkat absensi tinggi, motivasi serta kinerja pegawai rendah dapat menyebabkan karyawan mempunyai kemauan untuk keluar atau berpindah dari perusahaan. Motivasi bisa mendorong pegawai bekerja secara tekun, serta disiplin saat kerja hingga bisa tercapai tujuan perusahaan yakni membuat kondisi yang kondusif pada lingkungan bekerja. Tiap pegawai belum tentu mau mengerahkan upaya yang dipunyai secara optimum, hingga masih dibutuhkan dorongan dari individu lainnya, maka supaya mampu memunculkan motivasi bekerja disebuah organisasi diperlukan sebuah komunikasi yang intensif antara pegawai bersama atasan ataupun antar sesama pegawai.

Sutrisno (2013) mengatakan bahwa, motivasi selaku prosedur psikologi di diri individu dipengaruhi sejumlah faktor. Faktor itu bisa dikelompokkan jadi 2, yakni faktor internal serta eksternal. Faktor internal yang bisa memengaruhi pemberian motivasi kepada individu, ataupun faktor yang bersumber dari dalam diri individu, mencakup kemauan untuk bisa hidup, kemauan untuk bisa memiliki, kemauan mendapat penghargaan, kemauan mendapat pengakuan serta kemauan untuk berkuasa. Sedangkan faktor eksternal tak kalah pula perannya guna meningkatkan motivasi individu, ataupun faktor yang asalnya dari luar diri individu, yakni keadaan lingkungan bekerja, kompensasi yang mencukupi, supervisi yang baik, terdapatnya jaminan pekerjaan, sta**tus serta tanggung jawab, beserta aturan yang fleksibel.

2.4 *Turnover Intention*

Turnover intention menggambarkan niat ataupun kemauan seorang pegawai guna meninggalkan pekerjaan atau organisasi tempat mereka bekerja. Ini mencerminkan sejauh mana pegawai merasakan tak puas dengan pekerjaan mereka atau organisasi tempat mereka bekerja. Tingginya *turnover intention* pegawai bisa diindikasi juga selaku efek dari rendahnya komitmen organisasi. *Turnove*r *intention* pegawai yang tinggi ialah refleksi rendahnya kesediaan pegawai guna menjaga keanggotaannya di organisasi. Sejumlah referensi menunjukkan komitmen organisasi berefek negatif serta signifikan pada turnover, maknanya bersama makin tingginya komitmen pegawai pada organisasi maka *turnover intention* atau kemauan berpindah pegawai jadi makin rendah (Amri, Marzuki, & Riyanto, 2017; Sutanto & Gunawan, 2013).

Turnover intention pegawai bisa diasosiasi sebagai perilaku pegawai yang dipengaruhi sejumlah determinan sikap. Hancock et al., (2013) merekomendasikan faktor yang lebih akurat dalam keputusan *turnover* individu ialah kepuasan kerja, komitmen organisasi, model bekerja serta relasi bersama teman bekerja dibanding gaji. *Turnover intention* adalah tanda awal yang penting dalam memahami masalah potensial terkait perputaran karyawan (*employee turnover*) di suatu organisasi. Jika banyak karyawan memiliki niat kuat untuk pergi, maka organisasi mungkin menghadapi risiko kehilangan tenaga kerja berharga, dan ini dapat berdampak pada produktivitas, biaya penggantian karyawan, dan kualitas pelayanan.

Robbins dan Judge (2016) mengatakan, *turnover intention* ialah kecondongan ataupun tingkatan pegawai mempunyai kemungkinan meninggalkan perusahaan baik dengan sukarela ataupun tak sukarela yang dikarenakan kurang menariknya pekerjaan saat ini serta adanya alternatif pekerjaan lainnya. *Turnover intention* dimaknai sebagai kemauan seseorang keluar dari perseroan. Pegawai yang merasakan kepuasan dikerjaannya, hendak memperlihatkan perilaku yang baik secara keseluruhan dilokasi bekerja serta mengakibatkan naiknya komitmen pada organisasi yang akhirnya akan mengakibatkan rendahnya niat untuk keluar dari perseroan. Individu yang relatif puas pada kerjaannya akan tetap tinggal diperseroan lebih lama, serta bisa mengurangi angka keluar masuk pegawai serta menurunkan keabsenan (Paulus &Winoto, 2015).

Dari pengertian *turnover intention* itu bisa dikonklusikan bahwa kemauan pegawai untuk meninggalkan pekerjannya dikarenakan pegawai ingin mendapat pekerjaan lebih atau ketidakcocokan karyawan tersebut terhadap pekerjannya yang sekarang. Penelitian tentang *turnover intention* dapat membantu organisasi untuk mengidentifikasi masalah dan penyebab yang mungkin ada di lingkungan kerja atau dalam kebijakan perusahaan yang mengakibatkan pegawai merasakan tak puas serta hendak pergi. Bersama pemahaman yang lebih baik mengenai faktor yang mempengaruhi *turnover intention*, organisasi dapat mengambil tindakan yang sesuai untuk meningkatkan retensi karyawan dan meningkatkan kepuasan kerja.

2.5 Hubungan Antar Variabel dan Hipotesis

Di studi kuantitatif ini akan dianalisis dampak lingkungan kerja (x1) pada motivasi (z), dampak lingkungan kerja (x1) pada *turnover intention* (y), dampak kompensasi (x2) pada motivasi kerja (z), dampak kompensasi (x2) pada *turnover intention*(y), dampak motivasi kerja (x2) pada *turnover intention*(y), serta dampak lingkungan kerja (x1) yang dimediasikan oleh motivasi kerja (z) pada *turnover intention* (y), dampak kompensasi (x2) yang dimediasikan oleh motivasi kerja (z) pada *turnover intention* (y).

Ahiruddin et al (2020) mengatakan lingkungan kerja yang tidak mendukung, seperti beberapa sarana penunjang yang kurang memadai, fasilitas ruang bekerja yang tak berfungsikan dengan optimal lalu dari sisi kurangnya kenyamanan bekerja, maka perihal itu akan menyebabkan karyawan merasakan tak nyaman sehingga karyawan cenderung mengulur pekerjaannya. Rendahnya motivasi kerja karyawan guna menuntaskan pekerjaan beserta aturan yang telah ditentukan dapat dikarenakan dampak lingkungan kerja yang masih belum optimum kegunaannya. Sesuai hasil studi terdahulu maka bisa dikonklusikan:

H1: Lingkungan kerja berpengaruh positif terhadap motivasi kerja.

Kompensasi memiliki pengaruh positif yang signifikan pada motivasi kerja karyawan. Ketika sistem kompensasi yang diberi kepada karyawan secara adil dan mencukupi maka akan berpengaruh terhadap motivasi kerja karyawan dalam melaksanakan tiap pekerjaannya diperusahaan untuk membantu perseroan dalam menggapai tujuannya secara maksimal (Sembiring dan Prasetio, 2018). Berdasarkan studi itu maka diperoleh hipotesis yakni:

H2: Kompensasi berpengaruh positif terhadap motivasi kerja.

Lingkungan kerja serta kepuasan kerja memiliki pengaruh negatif dan signifikan pada *turnover intention*. Perusahaan wajib memfokuskan serta menaikkan kepuasan kerja pegawai pada nilai kompensasi yang diberi beserta memfokuskan lingkungan kerjanya dikorelasi komunikasi yang baik antar pegawai. Hal itu memiliki tujuan supaya bisa mewujudkan serta menaikkan loyalitas bekerja pegawai dan pada akhirnya akan mengurangi tingkat *turnover intention* (Putra&Utama, 2017). Sesuai capaian studi itu disimpulkan:

H3: Lingkungan kerja berpengaruh negatif terhadap *turnover intention*.

Madison dan Hawari (2023) mengatakan bahwa perputaran atau *turnover* karyawan dengan tidak sukarela dapat dipicu oleh berbagai faktor, misalnya kebijakan perusahaan, aturan bekerja serta standar kinerja yang tidak dapat dipenuhi pegawai. Tetapi jika *turnover intention* dengan sukarela dapat disebabkan oleh banyak faktor, mencakup kesempatan karier, lingkungan kerja, dan gaji yang tidak memadai. Jika kompensasi yang diterima oleh karyawan dirasa kurang sesuai dan tidak adil maka akan muncul tingkat absensi yang tinggi, rasa malas bekerja, dan juga pelanggaran terhadap aturan perusahaan dan mengakibatkan *turnover intention* yang tinggi. Sesuai studi tersebut bisa disimpulkan:

H4: Kompensasi berpengaruh negatif terhadap *turnover intention*.

Setiap karyawan dalam perusahaan tentu memiliki suatu tujuan di dalam pekerjaannya. Guna menggapai tujuan itu maka dibutuhkan suatu motivasi yang selalu memberi semangat dalam melaksanakan tugasnya. Motivasi berdampak negatif serta signifikan pada turnover intention. Perihal itu menjelaskan bahwa motivasi karyawan yang menurun maka akan mengakibatkan tingkat keinginan keluar dari organisasi akan makin tinggi. Satu diantara banyak cara yang bisa dilaksanakan pihak perusahaan guna memotivasi pegawainya yaitu memberi jam istirahat yang cukup, memberi kompensasi berupa bonus ataupun tunjangan, dan juga memberikan penghargaan terhadap karyawan dalam pekerjaannya (Kusumaeni, 2022). Berdasarkan pendapat tersebut maka terbentuk hipotesis yakni:

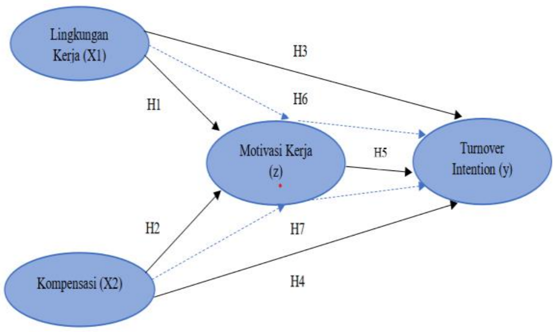
H5: Motivasi berpengaruh negatif terhadap *turnover intention*.

Lingkungan Kerja dalam perusahaan seperti fasilitas kerja, rekan kerja yang saling mendukung, maupun atasan kerja yang selalu memberikan semangat pada karyawan sangat berdampak pada motivasi Kerja. Artinya bila lingkungan kerja yang tercipta makin baik, maka hendak terbentuk motivasi kerja dari karyawan yang semakin baik juga. Sehingga pada akhirnya motivasi kerja yang tercipta dari pegawai makin baik, maka kemauan pegawai itu guna mengundurkan diri dari perseroan pun akan semakin turun (Handoko, 2022). Sesuai penjabaran itu maka didapat hipotesis yakni:

H6: Motivasi memediasi pengaruh lingkungan kerja terhadap *turnover intention*.

Juvendy dan Hendriati (2020) berpendapat bahwa guna mempertahankan motivasi karyawan, perseroan sebaiknya memberi sistem pemberian kompensasi yang efektif. Sistem reward bisa dianggap efektif jika kompensasi yang diberi dapat mencukupi keperluan dasar karyawan, dan kompensasi yang diberi perseroan kepada anggotanya diberikan secara adil dan merata. Pemberian kompensasi berupa insentif, rewards, promosi, maupun recognition ialah contoh sistem kompensasi yang akan mempengaruhi motivasi bekerja pegawai. Ketika motivasi itu telah terbentuk maka karyawan tidak akan mempunyai keinginan keluar dari perseroan serta mencari pekerjaan lainnya. Dari penjelasan tersebut maka terbentuk hipotesis yakni:

H7: Motivasi memediasi pengaruh kompensasi terhadap *turnover intention*



Gambar 1 Kerangka Konseptual

3 METODE PENELITIAN

Populasi studi adalah karyawan PT Grandi, dengan jumlah karyawan sebanyak 120 orang yang sekaligus merupakan sampel dalam penelitian ini. Pengambilan responden dilakukan dengan teknik *purposive sampling*, yaitu peneliti memilih anggota populasi dengan pertimbangan tertentu (Sugiyono, 2017). Kriteria yang digunakan peneliti adalah karyawan kantor pusat PT. Grandi yang sudah bekerja lebih dari 6 bulan. Kriteria tersebut digunakan mengingat besarnya jumlah populasi dan tidak semua karyawan kantor pusat sudah bekerja lebih dari enam bulan. Penentuan total sampel yang akan dipergunakan di studi ini ialah karyawan tetap pada 4 divisi yang memiliki *turnover intention* tertinggi tahun 2021 – 2023, yaitu sebanyak 95 orang. Sumber data yang digunakan di studi ini ialah data primer yang didapat langsung dari sumbernya.

Teknik pengumpulan data yang digunakan adalah lewat kuesioner, wawancara, dan studi literatur. Pengolahan atau analisis data statistik akan menggunakan *Smart PLS (Partial Least Square)* versi 3.2.7. Menurut Tecoalu dkk. (2020), penelitian dengan menggunakan *Smart PLS* mencakup beberapa jenis pengukuran:

1.*Outer Model (Measurement Model)* ialah model yang mengkorelasikan parameter bersama variable laten (mencakup validity konvergen, validity diskriminan, serta test reliabilitas).

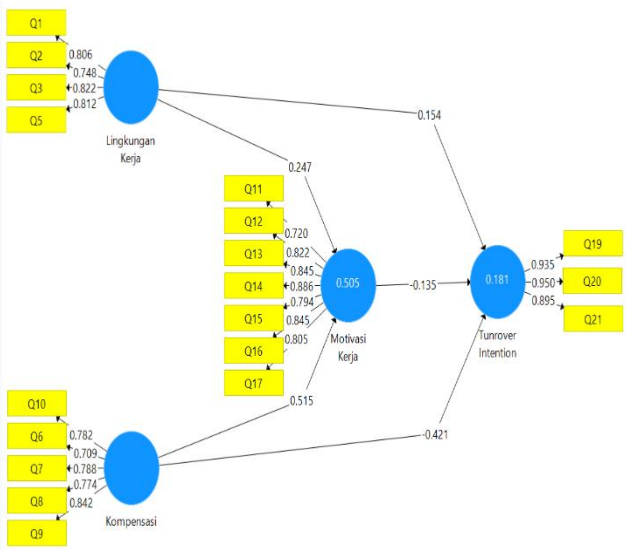
2.*Inner Model (Structural Model)* ialah model yang mengkorelasikan antar variable laten (terdiri dari uji *R square dan Q square*).

3.Pengujian hipotesis. Kriteria pengujian hipotesis diterima adalah bila angka t-statistik > 1,96 (nilai t-tabel bersama alpha 5%) serta P-value < 0,05.

4 HASIL DAN PEMBAHASAN

4.1 Validitas Konvergen

Validitas konvergen dapat diuji melalui indikator *loading factor* dan nilai Average Variance Extraction (AVE). Suatu pengukuran dikatakan mempunyai validity konvergen jika angka loading faktornya > 0,7 dan nilai AVE > 0,5.



Gambar 2. Model pengukuran, Diagram Jalur dan Evaluasi Model SEM-PLS

Dari gambar diatas dapat dilihat bahwa semua skor indikator sudah memiliki nilai *loading factor* > 0.7, maka dengan demikian semua indikator yang digunakan sudah valid.

Tabel 1. ***Average Varian Extraction (AVE)***

Variabel	AVE
Kompensasi	0,609
Lingkungan Kerja	0,636
Motivasi Kerja	0,670
Turnover Intention	0,860

Sumber : Hasil Olah Data (2023)

Sesuai tabel bisa terlihat rata-rata varian ekstrak dari setiap variabel memiliki nilai > 0.5 maka dianggap valid.

4.2 Validitas Diskriminan

Validitas diskriminan dimaksudkan guna memastikan tiap parameter sebuah variable konstruk berbeda dengan variable konstruk lainnya. Suatu model memiliki validitas diskriminan yang baik bila nilai kuadrat AVE setiap variabel konstruk (nilai kuadrat AVE diagonal) lebih besar dari korelasi antara konstruk tersebut dengan konstruk lainnya (nilai kuadrat AVE dibawah diagonal). Pengujian validitas diskriminan dilakukan dengan melakukan uji Fornell-Larcker yang terlihat dibawah ini:

Tabel 2. Nilai Kuadrat AVE

	Kompensasi	Lingkungan Kerja	Motivasi Kerja	Turnover Intention
Kompensasi	0.780			
Lingkungan Kerja	0.700	0.798		
Motivasi Kerja	0.688	0.608	0.818	
Tunrover Intention	-0.406	-0.223	-0.331	0.927

Sumber: Hasil Olah Data (2023)

Suatu model penelitian mempunyai validitas diskriminan jika AVE tiap variable laten wajib lebih tinggi dari nilai r^2 tertinggi bersama seluruh variable laten lain (kriteria Fornell-Lacker). Selain itu nilai parameter cross loading > 0,7. Persyaratan ini telah terpenuhi berdasarkan Tabel 2 diatas sehingga dianggap valid.

4.3 Uji Reliabilitas

Pengujian reliability dilaksanakan untuk memverifikasi apakah suatu capaian pengukuran relatif konsisten atau bisa diandalkan jika pengukuran diulang dua kali atau lebih pada waktu yang berbeda. Pengujian ini melalui SmartPLS bisa mempergunakan 2 metode yakni Cronbach's Alpha serta reliabilitas komposit. Sebuah variabel dianggap reliabel jika angka Cronbach's Alpha serta angka Composite Reliability > 0,7.

Tabel 3. *Cronbach's Alpha dan Composite Reliability*

	Cronbach's Alpha	*Composite Reliability*
Kompensasi	0,840	0,886
Lingkungan Kerja	0,812	0,875
Motivasi Kerja	0,918	0,934
Turnover Intention	0,918	0,948

Sumber : Hasil Olah Data (2023)

Dari table terlihat bahwa angka composite reliability serta Cronbach's Alpha seluruhnya > 0.7. Maka bisa dianggap semua variable ialah reliabel serta setiap indikator variabel tersebut dapat dipercaya mewakili setiap variabel.

4.4 R-Square Test

Tabel 4. R-Square

	R-Square	**R-Square Adjusted**
Motivasi Kerja	0,606	0,564
Turnover Intention	0,285	0,246

Sumber : Hasil Olah Data (2023)

Berdasar data di Tabel 4 diatas, kemampuan kompensasi serta lingkungan kerja dalam menjabarkan motivasi kerja adalah besarnya 0,606 ataupun 60,6%. Selebihnya sebesar 39,4% dijelaskan oleh faktor lainnya diluar variabel studi ini. Sementara itu kemampuan kompensasi, lingkungan kerja, serta motivasi kerja dalam menjabarkan *turnover intention* ialah 0,285 atau 28,5%. Selebihnya yakni 71,5% dijabarkan faktor lainnya diluar variable studi ini.

4.5 Q-Square Test

Penilaian goodness *of fit* diketahui dari nilai Q-Square. Nilai Q-Square mempunyai arti nilai yang sepadan bersama R-Square di analisis regresi yang mana makin tinggi nilai Q-Square maka model bisa dianggap makin baik. Berikut penghitungan nilai Q-Square:

Q-Square: 1 – [(1-R²1) x (1-R²2)
: l – [(1-0.606) x (1-0.285)]
: l – (0,394) x (0,715)
: 1 – 0,28171
: 0,71829

Berdasar capaian penghitungan hasil terlihat besarnya keragaman data studi bisa dijabarkan studi ini yakni 71,8% serta kelebihannya yakni 28,2% dijabarkan faktor lain di luar studi. Maka model studi sudah mempunyai *goodness of fit* yang berarti kemampuan prediksi model tersebut sudah baik.

4.6 Hasil Penelitian

Dalam penelitian ini terdapat 7 hipotesis dengan analisis sebagai berikut:

- Hipotesis 1: Lingkungan kerja berpengaruh positif terhadap motivasi kerja.
  Lingkungan Kerja ditempat kerja memiliki dampak yang signifikan pada motivasi kerja. Angka *t-Statistic* besarnya 2.392 > angka *t-table* besarnya 1.96 serta angka *P-Values* besarnya 0.017 < 0.05. Maka hipotesis 1 diterima. Hasil ini mendukung penelitian sebelumnya oleh Kultsum (2017) yakni lingkungan kerja berdampak positif pada motivasi kerja.
- Hipotesis 2: Kompensasi berpengaruh positif terhadap motivasi kerja.
  Kompensasi ditempat kerja memiliki pengaruh yang signifikan pada motivasi kerja. Angka *t-Statistic* besarnya 5.026 > angka *t-table* besarnya 1.96 serta angka *P-Values* besarnya 0.000 < 0.05. Maka hipotesis 2 diterima. Capaian ini mendukung studi terdahulu oleh Sarira (2015), menjabarkan kompensasi berdampak positif serta signifikan pada motivasi kerja.
- Hipotesis 3: Lingkungan kerja berpengaruh negatif terhadap *turnover intention*.
  Lingkungan Kerja ditempat kerja tidak berpengaruh signifikan pada *turnover intention.* Angka *t-Statistic* besarnya 1.163 < angka *t-table* besarnya 1.96 serta angka *P-Values* besarnya 0.245 > 0.05. Maka hipotesis 3 ditolak. Capaian ini beda dengan studi terdahulu oleh Putra dan Utama (2017), menjabarkan lingkungan kerja berdampak negatif signifikan pada *turnover intention.*
- Hipotesis 4: Kompensasi berpengaruh negatif terhadap *turnover intention*.

Kompensasi ditempat kerja memiliki pengaruh yang signifikan pada *Turnover intention.* Angka *t-Statistic* besarnya 2.995 > angka *t-table* besarnya 1.96 serta angka *P-Values* besarnya 0.003 < 0.05. Maka hipotesis 4 diterima. Hasil ini mendukung studi terdahulu oleh Widayati & Yunia (2016), menjabarkan kompensasi berdampak negatif signifikan pada *turnover intention*.

- Hipotesis 5: Motivasi kerja berpengaruh negatif terhadap *turnover intention*.
  Motivasi kerja ditempat kerja tidak pengaruh signifikan pada *turnover intention.* Angka *t-Statistic* besarnya 0.942 < angka *t-table* besarnya 1.96 serta angka *P-Values* besarnya 0.347 > 0.05. Maka hipotesis 5 ditolak. Capaaian ini berbeda dengan studi terdahulu oleh Tjendra (2019), menjabarkan bahwa motivasi

berdampak negatif signifikan pada *turnover intention.*

- Hipotesis 6: Motivasi kerja memediasi pengaruh lingkungan kerja terhadap *turnover intention*.

  Hasil uji hipotesis 6 menujukkan bahwa lingkungan kerja tidak berdampak signifikan pada *turnover intention* sedangkan motivasi kerja juga tidak berdampak pada *turnover intention*. Maka motivasi kerja tak mampu memediasikan pengaruh lingkungan kerja terhadap *turnover intention*. Dengan demikian hipotesis 6 ditolak.
- Hipotesis 7: Motivasi kerja memediasi pengaruh kompensasi terhadap *turnover intention*.

Capaian pengujian hipotesis 7 memperlihatkan kompensasi berdampak negatif signifikan pada *turnover intention* sedang motivasi kerja tak berdampak pada *turnover intention*. Maka motivasi kerja tidak bisa memediasi pengaruh kompensasi pada *turnover intention*. Dengan demikian hipotesis 7 ditolak.

5. KESIMPULAN DAN SARAN

5.1 Kesimpulan

Berdasarkan capaian analisis data beserta uji pada semua variable yang diujikan (lingkungan kerja, kompensasi, motivasi kerja serta *turnover intention*) pada karyawan PT Grandi, maka bisa dikonklusikan yaitu :

1. Lingkungan kerja berpengaruh postitif pada motivasi kerja karyawan di PT. Grandi. Perihal itu membuktikan bahwa makin baik lingkungan kerja, akan terdapat hubungan bekerja yang harmonis antar karyawan dan juga dengan atasan, serta fasilitas yang telah disediakan perusahaan bisa menaikan motivasi kerja pegawai.
2. Kompensasi berpengaruh positif terhadap motivasi kerja karyawan di PT. Grandi. Artinya pemberian kompensasi untuk karyawan sudah sangat baik dan sesuai kinerja sehingga motivasi kerja juga semakin meningkat.
3. Lingkungan kerja tak berpengaruh pada *turnover intention* di PT. Grandi. Perihal itu memperlihatkan walaupun lingkungan kerja perusahaan sudah baik, fasilitas lengkap, dan hubungan antar karyawan sudah harmonis namun hal ini tidak mempengaruhi kemauan pegawai untu pindah ke perusahaan lainnya. Ada faktor lain yang menyebabkan karyawan ingin meninggalkan PT Grandi.
4. Kompensasi berpengaruh negatif pada *turnover intention* karyawan di PT. Grandi. Maknanya semakin baik kompensasi yang diberi perseroan kepada karyawan, maka *turnover intention* karyawan juga akan menurun. Sebaliknya apabila kompensasi yang diberi pada pegawai kurang baik, maka *turnover intention* karyawan juga akan semakin meningkat.
5. Motivasi kerja tidak berpengaruh pada *turnover intention* karyawan di PT. Grandi. Perihal itu membuktikan bahwa motivasi kerja yang tinggi dari pegawai dalam bekerja tetap tidak mampu mempengaruhi kemauan pegawai tersebut untuk mengundurkan diri dari perseroan.
6. Motivasi kerja tidak memediasi pengaruh lingkungan kerja terhadap *turnover intention* karyawan di PT. Grandi. Hal ini berarti bahwa lingkungan kerja yang mendukung tidak mampu mempengaruhi *turnover intention* karyawan melalui motivasi kerja yang terbentuk lebih dahulu.
7. Variabel motivasi kerja tidak memediasi pengaruh kompensasi pada *turnover intention* karyawan di PT. Grandi. Perihal itu menjelaskan bahwa pemberian kompensasi yang sesuai tidak mempengaruhi *turnover*

intention karyawan melalui motivasi kerja yang terbentuk sebelumnya.

5.2 Implikasi Managerial

Berdasarkan capaian analisis data yang sudah dilaksanakan, maka rekomendasi yang bisa diberikan ke pihak manajemen perusahaan yaitu wajib selalu menjaga serta memfokuskan kenyamanan dan menciptakan lingkungan kerja yang saling mendukung. Maksudnya adalah lingkungan kerja dalam perusahaan harus selalu dijaga dengan baik serta diselenggarakan *maintenance* secara berkala, mempertahankan hubungan kerja yang baik serta kerja sama antar departement atau tiap orang. Selain itu pimpinan perusahaan juga harus berlaku adil terutama perihal penentuan jam kerja, gaji dan kompensasi yang diberikan pada pegawai, dimana gaji yang diterima harus selaras dengan upaya yang diberikan pegawai pada perusahaan. Maka pegawai akan mendapatkan motivasi yang baik sehingga menumbuhkan motivasi kerja di setiap pegawai perusahaan. Hal itu bisa menurunkan intensitas *turnover intention* pegawai yang berlangsung. Pihak manajemen perusahaan juga perlu memperhatikan rasa keamanan kerja (*job security*) di kalangan karyawan agar mereka dapat dengan yakin dan tenang melaksanakan pekerjaannya dalam perusahaan tanpa rasa khawatir akan keberlanjutan masa kerjanya. .

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APPENDIX

No	Variabel	Definisi	Indikator
1	Lingkungan Kerja (X1)	Lingkungan kerja adalah segala sesuatu yang ada di sekitar pekerjaan seseorang karyawan atau pegawai dan mempengaruhinya dalam bekerja (Niti Semito, 2017)	1. Suasana kerja: kondisi yang ada di sekitar seorang karyawan bekerja. 2. Hubungan dengan rekan kerja, hubungan dengan rekan kerja harmonis dan tanpa ada saling intrik diantara sesama rekan sekerja. 3. Tersedianya fasilitas kerja: peralatan yang mendukung pekerjaan.
2	Kompensasi (X2)	Kompensasi adalah seluruh imbalan yang diterima karyawan atas hasil kerja karyawan tersebut pada organisasi. Kompensasi bisa berupa fisik maupun nonfisik dan harus dihitung, serta diberikan kepada karyawan sesuai dengan pengorbanan yang telah diberikannya kepada organisasi/perusahan tempatnya bekerja (Mangkunegara, 2017).	1. Saya merasa puas dengan gaji yang dibayarkan oleh perusahaan. 2. Saya merasa puas dengan adanya kesempatan kenaikan gaji. 3. Karyawan yang berkinerja baik mendapat kesempatan untuk promosi 4. Perusahaan tempat saya bekerja memberikan kesempatan untuk meningkatkan karir dalam pekerjaan. 5. Pemimpin di perusahaan tempat saya bekerja memiliki sikap yang adil dalam menilai karyawan. 6. Saya mendapatkan benefit atau tunjangan yang sesuai dari perusahan. 7. Reward yang diberikan oleh perusahaan sesuai dengan pencapaian kinerja yang baik. 8. Saya mendapatkan tugas pekerjaan yang cukup proporsional.

3	Motivasi (z)	Motivasi merupakan faktor yang mempengaruhi semanagat dan kegairahan kerja karyawan untuk berperan serta secara aktif dalam proses kerja. Teori motivasi yang paling terkenal adalah hirarki kebutuhan yang diungkapkan oleh Abraham Maslow. (Hasibuan, 2018).	1. Perusahaan memiliki misi yang dapat dikomunikasi kepada karyawan. 2. Perusahaan memiliki visi yang dapat memotivasi karyawan. 3. Atasan melakukan usaha-usaha untuk mencapai sasaran organisasi. 4. Karyawan merasa antusias untuk mencapai hasil yang maksimal. 5. Pimpinan perusahaan mendorong karyawan untuk bekerja lebih giat. 6. Pimpinan perusahaan mendorong karyawan untuk bekerja sesuai keinginan perusahan. 7. Perusahaan selalu memberikan pujian terhadap hasil kerja karyawannya.
4	*Turnover Intention* (y)	Turnover adalah keinginan karyawan untuk berhenti dari pekerjaannya yang bertujuan untuk mendapatkan pekerjaan lain (Ardan&Jaelani, 2021)	1. Memiliki pikiran untuk keluar dari perusahaan. 2. Keinginan untuk mencari lowongan pekerjaan lain. 3. Adanya keinginan untuk meninggalkan organisasi dalam beberapa bulan.

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