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# IMPACT OF ISO 9001 QUALITY MANAGEMENT SYSTEM IMPLEMENTATION ON ORGANIZATIONAL QUALITY CULTURE AND EMPLOYEE PERFORMANCE

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### ABSTRACT

*In order to increase market share an organization is faced with the challenge of improving quality and flexibility, especially for universities. The quality management system has internationally qualified quality standards according to ISO 9001. The quality culture itself can be measured through employee performance. The author wants to know the influence of quality management system ISO 9001:2015 which refers to Permen Ristek Dikti No. 44/2015 on the culture of quality and performance of employees at universities in Banjarmasin. This study uses quantitative method with purposive sampling sample selection method. The data collection of this study using questionnaires sent a number of 75 questionnaires at universities in Banjarmasin. The data in this study were analyzed using multiple regression statistics with the help of SPSS. Based on the results of the study concluded that the element of quality management system consisting of organizational commitment, the application of procedures positively affect the culture of quality and performance of employees in the organization, the better the commitment of employees in the organization will improve the culture of quality and performance of employees in the organization. The implementation of procedures is the main requirement in the ISO quality management system, so that the existence of Standard Operational Procedures in organizational activities will build a culture of quality and improve the performance of employees in the organization. This suggests that iso 9001:2015 quality management system can foster a culture of organizational quality and improve employee performance.*

## 1. INTRODUCTION

The demand for improved quality of products and services continues to increase, when viewed in terms of demand, while from the supply side there is also an increase in the supply of products and services in a variety of quality and prices that continue to compete. Every university operating in the territory of the Republic of Indonesia is currently obliged to implement an Internal Quality Assurance System (SPMI) with reference to Regulation of the Minister of Research, Technology and Higher Education (Permen Ristek and Dikti) Number 44 of 2015 concerning National Standards of Higher Education.

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Quality management system according to Feng et al. (2006) with ISO standards can be seen from three dimensions, namely iso certification planning, organizational or company commitment to quality, and application of standard procedures. The success and failure of iso implementation is largely influenced by the cultural factors of organizational quality (Kekale,1999; Parncharoen et al. 2005: Kujala and Ullarank, 2004), because ISO is essentially an organizational change program that requires the transformation of organizational quality culture, processes, and beliefs (Parncharoen, 2005). The association of the implementation of ISO standard Quality management system to quality culture was stated by Cortada (1993), Goetsch and Davis in Tjiptono and Anastasia (2003), and Hardjosoedarmo (2005), that the implementation of ISO Quality management system can change the cultural orientation of an organization towards a quality culture that can ultimately improve the performance of the organization. The impact of the organization's quality culture is also strongly related to employee performance. A strong culture of organizational quality is the result of spreading trust and values that develop within an organization and direct the behavior of its members (Soedjono, 2005). Competition and change are so fast and global, has spurred the Indonesian industrial world to be able and have to adapt by developing Quality management system programs that can improve the competence of competing effectively. Several studies related to quality management system have been conducted, including Semuel and Zulkarnaen research (2018) which states that quality management system indirectly affects employee performance through organizational quality culture. Isnaini and Gunawan's research (2019) stated that employee performance is not affected by iso 9001 quality management system. The inconsistency of the results of both studies is based on the author to re-research the impact of quality management system on the culture of organization and employee performance, with different research objects that are at universities in Banjarmasin.

## **2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT**

### **Quality Management System**

According to Gaspersz (2005), ISO 9001 is an international standard for Quality management system . The definition of ISO 9000 Standard for Quality Management System (QMS) is the organizational structure, responsibilities, procedures, processes and resources for the implementation of quality management. ISO 9001 sets out the requirements and recommendations in the design and assessment of a Quality management system , which aims to ensure that the organization will deliver products (goods and services) that meet the specified requirements. Those needs or requirements are determined by the customer and the organization. Quality management system defines how organizations apply quality management practices consistently to meet customer and market needs.

### **Organizational Commitment**

Organizational commitment is defined as a measure of the goodness of employee identification with the purpose and value of the organization and involved in it, the commitment of organisasi is also a better indicator for employees who want to stay on their jobs or want to move (Mc Neese-Smith, 1996). The indicators for measuring organizational commitment are: 1) Top management Commitment, 2) Middle management commitment, 3) Employee Commitment. The organizational commitment indicator in this study refers to indicators derived from Feng et al. (2006).

### **Implementation of Procedures**

To run iso quality management system in the organization, it is necessary to create standard procedures for all work activities that have a clear and easy to apply quality. Activities that are part of the implementation of procedures are: conduct periodic audits, compliance with standard procedures, and the application of corrective and preventive action. Indicators of procedure implementation are: 1) Periodic audit, 2) Compliance with standard procedures, 3) Corrective and preventive action implementation.

### **Quality Culture**

Quality Culture is a pattern of values, beliefs, and expectations that are embedded and developed among members of the organization regarding its work to produce quality products and services. (Hardjosoedarmo, 1999). Surveys on quality culture are used to measure how far employee awareness in carrying out the principles of quality improvement and applying to the organization of the workplace. (Johnson, 2000). Quality culture indicators developed Survey on quality culture is used to measure how far the awareness of workers in prisip prisip quality improvement and implementing on the organization in which they work (Johnson,2000). Nine factors are used to measure quality culture based on President Quality Award and Malcolm Balddridge Naional Quality Award, namely: 1) Top Management support for quality, 2) Strategic planning for quality, 3) Customer focus, 4) Quality training, 5) Recognition, 6) Empowerment and Involvement, 7) Quality Improvement Team, 8) Measurement and Analysis, 9) Quality Assurance

### **Employee Performance**

Some descriptions of performance in Rivai (2005) are as follows: 1) performance refers to the level of success in carrying out tasks as well as the ability to achieve a predetermined goal, 2) performance is declared good and successful if the desired goal can be achieved well and performance does not stand but is influenced by three factors of ability, desire and environment (Donely, et al., 1994). Implementation of ISO Quality Management System according to Brown and van der Wiele, (1998); Mears and Voehl, (1995); Meyer and Allen, (1997); Zink, (1994) in Feng et al. (2006) consists of three frameworks namely: (1) Planning iso 9001 certification, (2) Organizational commitment, and (3) Implementation of procedures. Quality culture is a pattern of values, beliefs, and expectations that are embedded and developed among members of the organization regarding its work to produce quality products or services. (Hardjosoedarmo, 1999). Based on the President's Quality award and Malcolm baldridge National Quality Award, quality culture consists of: (1) Top management support for quality, (2) Strategic planning for quality, (3) Customer focus, (4) Quality training, (5) Recognition, (6) Empowerment and involvement, (7) Quality Improevement teamwork, (8) Measurement and analysis, (9) Quality assurance.

Employee performance was derived from Mei Feng, (2006), which can be seen from the operational performance has a significant effect only on operational performance and and very weakly affects the performance of the business. Meanwhile, according to Sutoyo (2006) the implementation of SPM ISO 9001 affects employee performance. Performance according to Russell (1993): a) Quality of work, b) Quantity of work, c) Working time, and d) Effectiveness of work.

### **Relationship of Quality Management System (Organizational Commitment) to the Culture of organizational quality**

Quality management system according to Feng et al (2006) with ISO standards can be seen from three dmensi, namely iso certification planning, organizational or company commitment to quality, and implementation of standard procedures. The success and failure of iso implementation is largely influenced by the cultural factors of organizational quality (Kekale,1999; Parncharoen et al, 2005: Kujala and Ullarank, 2004), because ISO is essentially an organizational change program that requires the transformation of organizational quality culture, processes, and beliefs (Parncharoen, 2005). The association of the implementation of ISO standard Quality management system to quality culture was stated by Cortada (1993), Goetsch and Davis in Tjiptono and Anastasia (2003), and Hardjosoedarmo (2005), that the implementation of ISO Quality management system can change the cultural orientation of an organization towards a quality culture that can ultimately improve the performance of the organization.

Kujala and Ullrank's research, 2004 stated that quality management systems have a significant influence on employee performance through the organization's quality culture. Moon and Mc. Kinnon's research suggests that the organization's commitment positively

influences the quality culture of the organization. Samuel and Zulkarnaen research (2018) stated that quality management system has a positive influence on quality culture. The results of Isnaini and Gunawan research (2019) stated that the quality management system has an influence on the quality culture of the organization. Based on the description above, the hypotheses built in this study are:

H1: Iso quality management system (organizational commitment) positively affects the quality culture of the organization.

### **Relationship of Quality Management System (Organizational Commitment) to Karywan Performance.**

Some descriptions of performance in Rivai (2005) are as follows: 1) Performance refers to the level of success in carrying out tasks as well as the ability to achieve a predetermined goal, 2) Performance is declared good and successful if the desired goal can be achieved well and performance does not stand but is influenced by three factors of ability, desire and environment (Donely et al., 1994).

Employee performance was derived from Feng (2006), which can be seen from the operational performance has a significant effect only on operational performance and and very weakly affects the performance of the business. According to Sutoyo (2006) the implementation of SPM ISO 9001 affects employee performance. The Company's commitment in implementing ISO 9001 Quality management system has a direct influence on Employee Performance, while Certification Planning and Implementation of Procedures do not have a significant direct influence. The three variables of ISO 9001 Quality management system Implementation have a significant indirect influence on employee performance through the Company's Work Culture. The results of Isnaini and Gunawan's research (2019) stated that the quality management system has an influence on employee performance. Based on the description above, the hypotheses built are as follows:

H2: Quality management system (Organizational commitment) positively affects employee performance

### **Relationship of Quality Management System (Implementation of Procedures) to The Quality Culture of the Organization.**

Semuel and Zulkarnain (2018) stated that the implementation of standard organizational procedures that have been established is an important part of ISO. To run the ISO Quality Management System in the organization, it is necessary to create standard procedures for all work activities that have a clear and easy to implement quality impact. Activities that are part of the implementation of procedures are: conduct periodic audits, compliance with standard procedures, and the application of corrective and preventive action.

The results of Samuel and Zulkarnain's research (2018) stated that the quality management system (application of procedures) directly affects the quality culture of the organization. Isnaini and Gunawan's research (2019) stated that the quality management system affects the quality culture of the organization. Based on the description above, the hypotheses built are as follows:

H3: The quality management system of ISO 9001:2015 (application of procedures) positively affects the quality culture of the organization.

### **Relationship of Quality Management System (Implementation of Procedures) to Employee Performance.**

Semuel and Zulkarnain (2018) stated that the implementation of standard organizational procedures that have been established is an important part of ISO. To run iso quality management system in the organization, it is necessary to create standard procedures for all work activities that have a clear and easy to apply quality. Activities that are part of the

implementation of procedures are: conduct periodic audits, compliance with standard procedures, and the application of corrective and preventive action. The results of Isnaini and Gunawan (2019) in their research stated the influence of quality management system with employee performance. Samuel and Zulkarnain research (2018) stated that the quality management system (implementation of procedures) has no effect on employee performance. Based on the description above, the hypothesis is presented as follows:

H4: Quality management system of ISO 9001:2015 (implementation of procedures) positively affects employee performance.

### 3. RESEARCH METHOD

The objects in this study are Private Universities and State Universities in Banjarmasin City. The selection of universities became the object in this study with the consideration that universities are obliged to implement the Internal Quality Assurance System (SPMI) with reference to the Regulation of the Minister of Research, Technology and Higher Education (Permen Ristek and Dikti) Number 44 of 2015 on National Standards of Higher Education that can be integrated with the quality management system of ISO 9001:2015. Research using survey method is very important in determining the size of the sample by using purposive sampling method. This study uses primary data types. This research data collection uses primary data, by disseminating questionnaires either directly or by using mail surveys. The number of questionnaires sent or distributed a total of 75 questionnaires to universities in Banjarmasin. The data in this study were analyzed using multiple regression statistics tools with the help of SPSS.

### 4. RESULTS

The first hypothesis (H1) tested in this study was that the organization's commitment had a positive effect on the culture of the organization. The results of the regression to the first hypothesis can be seen in Table 4.10 that the organization's commitment significantly positively affects quality culture, with a t-count of 2,479 and a significance rate of 0.014 which means less than 0.05. Thus the first hypothesis states that the organization's commitment to positive influence on quality culture can be supported. This statement is in line with the results of Hardjosoedarmo research (2005), namely the implementation of ISO Quality Management System (organizational commitment) can change the cultural orientation of an organization towards a quality culture. The results of this study are in line with the research of Samuel and Zalkarnaen (2018) and Isnaini and Gunawan (2019) which states that the Quality Management System (organizational commitment) positively affects the quality culture of the organization

The second hypothesis (H2) tested in this study is the application of procedures that positively affect quality culture. The regression result of the second hypothesis can be seen in Table 4.10 that the application of prosedur positively affects quality culture, with t count of 2,325 and significance level of 0.014 which means less than 0.05. Thus the second hypothesis states that the application of the procedure positively affects the quality culture can be supported. Increasing organizational commitment is very important for the motivation and quality of employees who work. The organization's commitment to the Quality Management System must be reflected by the commitment of employees and management at all levels. The results of this study support the research of Sutoyo (2006) and Isnaini and Gunawan (2019), which states that the quality management system has an influence on employee performance.

The third hypothesis (H3) tested in this study is the organization's commitment to positively affect employee performance. The regression result of the third hypothesis can be seen in Table 4.10 that the organization's commitment has a significant impact on employee performance, with a t-count of 2,731 and a significance rate of 0.007 which means less than

0.05. Thus the third hypothesis states that the organization's commitment to positively affect employee performance, can be supported. Thus the implications of the implementation of the procedure that becomes a requirement will cause the organization in carrying out activities always based on the operational system of procedures (SOP), which will ultimately build a culture of quality in the organization. The results of this study provide support to the research of Semuel and Zulkarnaen (2018) and Isnaeni and Gunawan (2019) which states that the quality management system for the implementation of procedures directly affects the quality culture of the organization.

The fourth hypothesis (H4) tested in this study is the application of procedures that positively affect employee performance. The results of the regression to the fourth hypothesis, can be seen in table 4.10 that the application of the procedure positively affects the performance of employees, with a t-count of 2,270 and a significance rate of 0.024 which means greater than 0.05. Thus the fourth hypothesis that states that the application of procedures positively affects employee performance, can be supported. Implementation of procedures as the main standards of established organizations which are an important requirement for the ISO Quality Management System. One form of evaluation of procedure implementation activities is through periodic audits, compliance with standard procedures is a form of measuring employee performance. The results of this study are in line with the research of Isnaini and Zulkarnain (2019) and Semuel and Gunawan (2018), namely the positive influence of the implementation of procedures on employee performance

## 5. CONCLUSION

Based on the results of the study concluded that elements of the quality management system consisting of organizational commitment, the application of procedures positively affect the culture of quality and performance of employees in the organization, . It is understood that the better the commitment of employees in the organization will improve the culture of quality and performance of employees in the organization. The implementation of the procedure is the main requirement in the ISO quality management system, so that the existence of SOPs in organizational activities will build a culture of quality and improve the performance of employees in the organization, hereby suggesting that the quality management system of ISO 9001:2015 can foster a culture of organizational quality and improve employee performance.

Thus the theoretical implication is that the ISO Quality Management System in particular the commitment of the organization and the implementation of procedures is very important to build a culture of quality and employee performance (Semuel and Zulkarnain, 2018). The implementation of iso 9001 quality management system standards provides great benefits in improving the performance of an organization in an effort to realize excellent service to customers, communities, and partners (Soegiono et al., 2013). The implications practically provide an answer, that universities in implementing an internal quality assurance system can be integrated with the ISO quality management system to improve Permenristek Dikti Number: 44 Year 2015. Suggestions for future researchers should be required to add other ISO Quality Management System variables in the form of leadership styles and a wider scope of research or on different objects.

## LIMITATION

The limitations in this study are the objects of research that are still limited, because there are not many universities that implement iso Quality Management System. This causes the result to be unable to be generalized.

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