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RESEARCH ARTICLE

THE EFFECT OF STRATEGIC LEADERSHIP AND ORGANIZATIONAL CULTURE ON THE IMPLEMENTATION OF TQM AND PERFORMANCE FOOD AND BEVERAG COMPANY IN INDONESIA.

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Abstract

Asean Economic Community makes food and beverage companies try to develop and improve the quality of products produced. Market demands for health and technological development create competitive market demands among local and international producers. The quality creation process must evolve as consumers expect the current product. The quality management system has increased year by year, but this increase has also led to several factors forming its demands to be better in supporting the implementation of TQM.Thus this has an impact on achieving sustainable corporate performance. Therefore, this study aims to determine the factors that influence the achievement of company performance through several variables, namely strategic leadership, organizational culture and TQM implementation.
The method used in this study is a quantitative method, and SPSS 22.0 and SmartPLS 2.0 are used as data processing software. This type of research is causal research with a sample of 106 respondents of food and beverage company staff inSilver corp. All hypotheses proposed in this study may indicate that there are five significant hypotheses. The regression coefficient shows positive values and this shows a positive correlation.

Introduction:-

The development of the food and beverage industry in developing countries such as Indonesia has found the importance of quality as a strategic factor to compete in national and international markets. One proof is the increasing interest of food companies to implement TQM in recent years after the opening of global trade in ASEAN economic community 2016. Gadenne and Bishnu (2009) and Kumar et al, 2009, prove, that the factors that exist in TQM can provide customer satisfaction which leads to sustainable competitive advantage for the company. The food industry plays an important role for Indonesia's economy as a developing country from the point of view of generating employment and economic growth.

The food and beverage industry sector accounted for 35.39% of the largest contribution to gross domestic product (GDP) in the non-oil and gas industry sector 2017 and added value in most developing countries in the Southeast Asia region. Previous studies by several researchers such as (Mosadegh, 2006; Nikolic and Natasic; 2010; Cheng and Liu, 2007; Antonio et al. 2012; Valmohammadi, 2011) have shown good conclusions about the effect of TQM

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and organizational performance results in reducing waste results, production effectiveness, financial improvements and overall quality improvement in products and services.
In the labor sector and business growth, the food and beverage industry is developing quite rapidly, this is the government's strategic side in welfare distribution as follows:

Table 1.1:-Silvercorp, productivity and performace, 2012-2016

Plant	Production Productivity					Defect Product				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Tanggerang	0,86	0,86	0,86	0,89	0,94	0,14	0,14	0,14	0,11	0,06
Pelembang	0,82	0,82	0,83	0,84	0,88	0,18	0,18	0,17	0,16	0,12
Sukabumi	0,89	0,90	0,91	0,83	0,95	0,11	0,10	0,09	0,17	0,05
Surabaya	0,92	0,93	0,93	0,94	0,94	0,08	0,07	0,07	0,06	0,06
Pandaan	0,90	0,91	0,91	0,91	0,94	0,10	0,09	0,09	0,09	0,06
Makasar	0,87	0,88	0,88	0,91	0,93	0,13	0,12	0,12	0,09	0,07
Kinerja		**0,93%**	**0,14%**	**0,01%**	**5,09%**		**-6,55%**	**-1,09%**	**-0,06%**	**-39,12%**

Source: Productivity document Silver corp.

Within the scope of the company, efforts to improve the company's performance as expected by top management are deemed necessary in the perspective of the Base View Resource (RBV) theory, so that research is carried out that tests and analyzes the factors that influence the company's performance improvement through the implementation of TQM.Studies of strategic leadership and organizational culture that highlight factors that influence the implementation of TQM and company performance have been widely carried out. Factors that are very common and almost always studied in performance assessment are factors of strategic leadership and organizational culture.Strategic leadership and organizational culture are thought to be able to support the consistency of TQM implementation. However, conflicting reports have been published regarding the effectiveness of TQM implementation and researchers differ in how to see the relationship between quality management and performance practices, (Cao et al., 2000; Carlos and Santos, 2011).

Strategic leadership in the company is needed because the quality commitment in the food industry is the main thing in achieving customer satisfaction which can further improve the company's performance.Strategic leadership in food companies has certain patterns that are quality oriented depending on the conditions of the work environment, competition and the ability of each leader. Therefore strategic leadership is an issue faced by the company at this time in consistency in supporting the implementation of TQM.

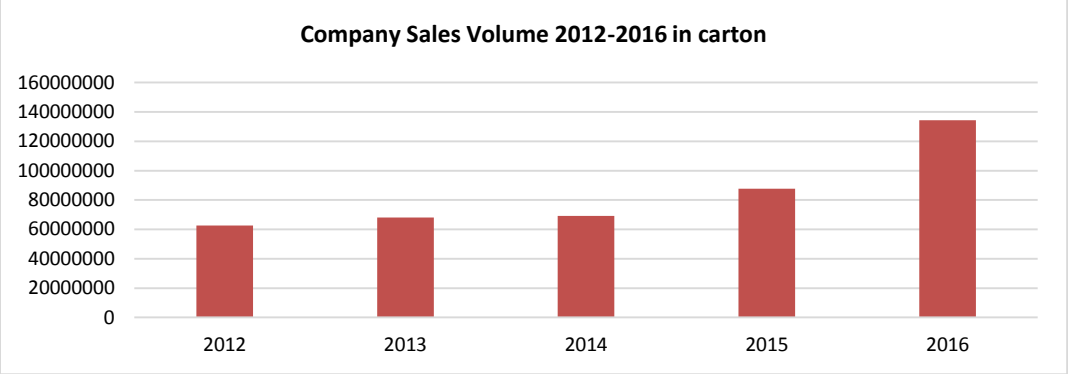

Figure 1.1;-Sales volume of food and beverage products of Silver corp.
Source: Sales document performance Silver corp.

Literature Review
Strategic Leadership
Every company or organization of any type must have and require a strategic leader and, or the highest manager who must run the leadership and, or management wheel for the whole company as a whole. Strategic leadership is "... the combination of visionary leadership skills and managerial leadership skills" (Rowe, 2001).In its

implementation there are six components forming strategic leadership, including Determining the firm's purpose or vision, Exploting and maintaining core competencies, Developing human capital, sustaining an effective organizational culture, and emphasing ethical practices and establishing balanced organizational controls (Ireland and Hitt, 2005).This is supported by Quong and Walker (2010), which states that there are seven fundamental principles in strategic leadership. This understanding develops in the understanding that Strategic Leadership is the process of creating vision, empowering employees, forming strategies at individual and organizational levels (Elenkov et al, 2005; Burgelman and Grove, 2007; Narayan and Zane, 2009).In the implementation of strategic leadership has an influence on the implementation of TQM in the production sector (Das et al, 2011; Young and Joo, 2014), there are concepts related to strategic leadership, TQM implementation and company performance in food and beverage companies. Then the hypothesis are:

H1:Strategic leadership has a significant effect on the implementation of the food and beverage company TQM.
H3: Strategic leadership has a significant effect on the performance of food and beverage companies.

Organizational Culture

Culture is a shared set of beliefs and experiences common to people in a specific setting(Bauer and Erdogan, 2012). The statement is appropriate, namely Culture is a system of shared assumptions, values, and beliefs that help individuals within an organization understand which behaviors are and are not appropriate within an organization (Peter and Waterman 2012:18). In corporate culture has a significant influence on the success of TQM implementation (Mosadegh, 2006; Nikolic and Natasic, 2010).The organizational culture that is expected to become fertile ground in the implementation of TQM is a quality-oriented organizational culture, which is able to be flexible to the demands of market changes that are reflected in the improvement of product quality. Broadly speaking, organizational culture directly and indirectly influences the company's performance (Gilaninia et al. 2012; Antonio et al. 2012; Cheng and Liu, 2007; Jancikova and Karel, 2009; Salih and Kaya, 2013).It can be seen that there is a link between organizational culture and TQM implementation and company performance, so the hypothesis are:

H1:Organizational Culture has a significant effect on TQM Implementation in food and beverage companies.
H2:Organizational Culture has a significant effect on performance in food and beverage companies.

TQMImplementation

TQM is a vision which the firm can only achieve through long-term planning, by drawing up and implementing annual quality plans which gradually lead the firm towards the fulfilment of the vision (Dahlgaard*et al*2005:16), in its implementation TQM has six principles that can shape the sustainability of the company's performance, namely: Customer focus, Training, Empowerment and involvement, Measurement, Recognition and reward and Communication (Pekar 1995 : 3).If seen in more depth TQM has been widely applied by food companies around the world and can provide sustainable competitive advantages for each company (Rameshwar, 2015).TQM implementation is considered to improve company performance (Gadenee and Bishnu, 2009; Yunis et al, 2013; Neena, 2012). In food companies, some researchers argue that TQM significantly influences company performance (Fotopoulos and Evanggelos, 2009; Valmohammadi, 2011).Seen the linkages to the implementation of TQM and company performance, the hypothesis is:

H5:TQM implementation has a significant effect on the performance of food and beverage companies.

Firm Performance

The company's performance in general is a benchmark of the level of success and development of the company. Measurement of the return on investment, growth, volume, profit and labor in the company is generally done to determine the company's performance (Bititci et al, 1997). There are several criteria including financial and non-financial performance to measure company performance.In its application Performance measurement is very important for effective company management, because the improvement of the process in the organization is impossible without measuring the results of achievements in a certain period (Demirbag, 2006; Gadenne and Sharma, 2009).The company's performance is significantly influenced by corporate governance, it attracts investment and helps maximize company funds, strengthens the company's pillars and this desire results in an increase in expected company performance. In other words, effective corporate management protects against possible financial challenges and facilitates extraordinary growth. And therefore, corporate governance plays a key role in company performance. At present the impact of corporate governance on the company in general is the achievement of corporate welfare (Ehikioya, 2009).

Research Issue and Methodology

Research Issue

The research design used is quantitative research. Quantitative research design is carried out through questionnaires to respondents according to the specified criteria.The quantitative research design used is causal research which is an explanatory research. Causal research is research that aims to test the research hypothesis which is determined based on a literature review to answer the formulation of research problems (Malhotra, 2007).

Methodology:-

In this study, the population used was staff at food and beverage companies Silvercorp in six cities namely Tangerang Plant, Pandaan Plant, Surabaya Plant, Palembang Plant, Makasar Plant and SukabumiPlant.consider that Silvercorp is one of the market leaders in the food and beverage industry in Indonesia.in each year there is an increase in production and sales volumes, this is shown in Figure 1.1 which shows significant sales growth.Researchers suspect that there are several factors, one of which is the implementation of TQM run by the company from 2014 to the present, so that it becomes interesting to study.

The sample size uses the Maximum Likelihood (ML) method in the entire staff population in six cities, not including the central board of directors because they are considered not participating in the TQM implementation operationally. The sample criteria used are as follows:

1. Staff in Silver corp. those who are respondents are those who have been leaders within the department for more than one year.
2. Respondents have secondary data that is ratio in terms of achieving a comprehensive quality system in each department for three years, ranging from 2012 to 2016.
3. Respondents Silver corp. already know the ins and outs of the company and understand the contents of the questionnaire.

Questionnaire data collection was collected by researchers using e-mail sent to each staff in the company evenly in six different cities. Total respondents were 106. This shows that the data taken can be said to represent all departmental policy-making staff.

Findings and Discussion:-

Findings

Descriptive Statistic

Characteristics of Responden by Gender

Information about the gender of the respondents who are staff from Silvercorp. Shown in Table 4.1 as follows:

Tabel 4.1:-Descriptive Data of Gender Responden

Number	Gender	Amount	Percentage (%)
1	Pria	82	77
2	Wanita	24	23
Total		106	100

Source: Result of quesionnaire data collection processed, 2017

Characteristics of research respondents based on gender, namely men as many as 82 respondents (77 percent), and women as many as 24 respondents (23 percent) can be seen in Table 4.2. In Table 4.2 Parents' high staff, the majority are male.

Characteristics of Responden by Age

Information about the age of respondents who are staff from Silvercorp. Shown in Table 4.2 as follows:

Tabel 4.2:-Descriptive Data of Age Responden

Number	Age	Amount	Percentage (%)
1	26-35	30	28
2	36-45	62	58
3	46-55	12	11

4	>55	2	2
Total		106	100

Source: Result of quesionnaire data collection processed, 2017

Characteristics of research respondents based on age: 26-35 years as many as 30 respondents (28 percent), 36-45 years as many as 62 respondents (58 percent), 46-55 years as many as 12 respondents (11 percent), and more than 55 Years as many as 2 respondents (2 percent) can be seen in Table 4.2. The high staff from Silvercorp, are 36-45 years old. At the age of 36-45 years is a productive age, work experience is sufficient to lead, run and supervise the running of the company.

4.1.1.3 Characteristics of Respondent's Working Period

Information about the work period of respondents who are staff from Silvercorp. Shown in Table 4.3 as follows:

Tabel 4.3:-Descriptive Data of Working Period

Number	Working Period	Amount	Percentage (%)
1	2th-3th	9	8
2	3th-4th	44	42
3	>4th	53	50
Total		106	100

Source: Result of quesionnaire data collection processed, 2017

Characteristics of research respondents based on the work period of respondents in PT. CS2 Sehat Pattern is 2-3 years as many as 9 respondents (8 percent), 3-4 years as many as 44 respondents (42 percent), and 4-5 years as many as 53 respondents (50 percent) can be seen in table 4.3. The majority of respondents have worked atSilvercorp, for more than 4 years, this means that respondents already have adequate work experience.

Initial Model *Partial Least Square* (PLS)

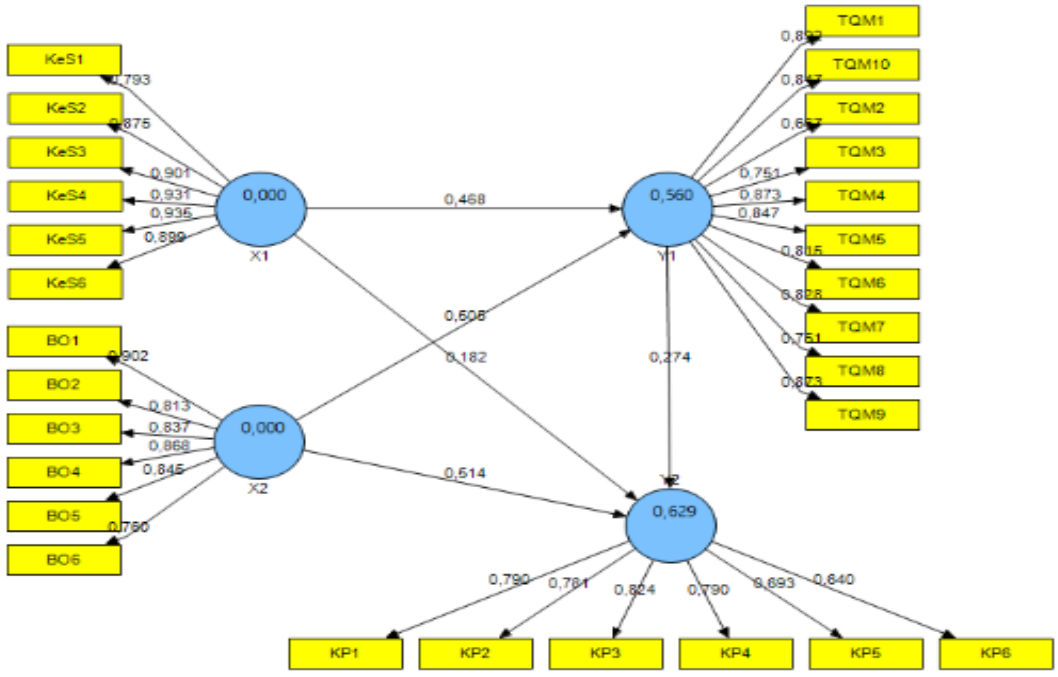

Figure 2:-PLS Model Early Result

Source: SmartPLS 2.0, processed

From the results above it can be seen that each indicator for each variable has a load (Lambda) for each indicator of the variable> 0.40. This explains that all indicators are able to explain and measure variables that are measured and can be used in subsequent processes and together provide unidimensionality for each latent variable.

Confirmatory Factor Analysis (CFA)

Table 4.4 describes the results of the criteria using PLS by involving composite variables against the indicator, testing the validity and reliability using product moment and Croncbach Alpha. Whereas further latent variables are tested for validity and reliability through CFA and construct reliability.

Tabel 4.4:-Index of Confirmatory factor Analysis

Variable	AVE	Composite Reliability	R Square	Cronbachs Alpha
Strategic Leadership (X1)	0,79	0,96		0,95
Organizational culture (X2)	0,70	0,93		0,92
TQM Implementation (Y1)	0,67	0,95	0,56	0,94
Firm Performance (Y2)	0,57	0,89	0,63	0,85

Source: SmartPLS 2.0, Processed

Discussion:-

In an effort to find variables that affect the actual achievement of company performance in food and beverage companies, an in-depth search is needed through qualitative studies with interview methods. In-depth searches are carried out from January 2017 to June 2017 in six food and beverage companies in scope Silver corp.

Table 1.1 can be seen that the research model is supported by interviews and study of company visitation. It can be seen that the phenomenon of increasing corporate performance occurred in the range of 2014 to 2016. Furthermore, it can be seen that there was a significant decrease in product defects in 2014 to 2016. This is inseparable from the role of top management in the implementation of TQM which began in 2014 and continues to date.

The results obtained from this qualitative method further strengthen the research model proposed in this study to explain the research objectives of the variables that influence the performance of corporate performance where the formulation of the problem is that there is an influence of strategic leadership and organizational culture on company performance through the implementation of TQM.

Conclusion, Limitation and Research Extention:-

Conclusion

Respondents' responses to the statement items on the perceived and measured strategic leadership variables with ownership indicators of creative nature, aggressive nature, speculative nature, courageous nature, innovative nature and learning nature make the organization's condition more focused on achieving integrated quality, increasing effectiveness in carrying out activities daily and consistent in achieving company productivity. Where each indicator has an average of 3.75, which means that it is considered agreed by the respondents who see and feel the strategic leadership in the company.In addition to being considered agreeable by the company's staff respondents, the indicator of strategic leadership is also valid in measuring the perceived strategic leadership variables with r value greater than r table where r table is 0.1591. with a reliability value of 0.96 which is greater than 0.60, it can be concluded that the variables of strategic leadership can be relied upon in influencing the implementation of TQM and company performance.

Respondents' responses to the question items on the perceived and measured organizational culture variables with attention indicators, coaching, rewards, job promotion, vision and mission make the organizational conditions more conducive and provide encouragement to work, this is in line with the demands of TQM implementation that requires support from all organizational elements in achieving sustainable corporate performance. Where each indicator has an average of 3.72 which means it is considered agreed by respondents who see the organizational culture in the company. In addition to being agreed by the company's staff respondents, the indicator of organizational culture is also valid in measuring the variables of perceived organizational culture with r value greater than r table where r table is 0.1591 with a reliability value of 0.93 greater than 0.60, it can be concluded that the organizational culture variable reliable in influencing the implementation of TQM and company performance.

Respondents' responses to the question items on the TQM implementation variables were perceived and measured by the self control department action plan indicators, 5S implementation (Japanese work culture), quality management, halal certification, quality management, joint development, joint commitment, internal development, external development, making organizational conditions more consistent in the implementation of TQM, measuring performance and supporting the achievement of sustainable corporate performance, this is in line with the demands of TQM implementation in the industry 4.0 era which requires support from all elements of the organization.Where each indicator has an average of 3.61, which means it is considered agreed by respondents who see the implementation of TQM in the company. In addition to being agreed by the company's staff respondents, the TQM implementation indicator is also valid in measuring the perceived TQM implementation variable with r value greater than r table where r table is 0.1591 with a reliability value of 0.95 greater than 0.60, it can be concluded that the TQM implementation variable reliable in influencing company performance.

Respondents' responses to the questions of the variable company performance felt and measured by indicators of production reliability, fulfillment of human resources, process quality, quality targets, product innovation and market penetration made the measurement of company performance even better. In supporting the sustainability of food and beverage companies.Where each indicator has an average of 3.55, which means that it is considered agreed by the respondents who see the company's performance. In addition to being agreed by the company's staff respondents who look at the company's performance, the company's performance indicators also measure the perceived variable performance of the company with r value greater than r table where r table is 0.1591 with a reliability value of 0.89 greater than 0.60, it can be concluded that the performance variable the company can be relied on in influencing the company's continuous improvement.

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