

**Research Article**

**TOTAL QUALITY MANAGEMENT ON ONE-STOP INTEGRATED LICENSING SERVICE IN
 INDONESIA: A STUDY OF TWO REGIONAL GOVERNMENTS IN EAST JAVA**

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ABSTRACT

This article attempts to explore the convergence and implementation of Total Quality Management (TQM) principles in PTSP (a one-stop integrated licensing service) organizations in two regencies in Indonesia, namely Situbondo and Bondowoso districts based on ISO (International Organization for Standardization 9000-2005) using 8 (eight) standards quality of service quality with the exception of 1 (one) standard, namely the relationship with suppliers. The combination of quantitative and qualitative method, known as mixed method, was operative to obtain more measurable information concerning the dimensions of TQM as measured by the perceptions of user stakeholders and implementers of services, particularly concerned with factual approach to decision making (FA), involvement of people (IP), Leadership Driven (LS), continuous improvement (CI), and process approach (PA), and customer focus (CF). On the other hand, qualitative method was applied to obtain in-depth information related to the application of TQM according to the PTSP unit management policy. Research findings demonstrated that the Implementation of Total Quality Management (TQM) in one-door integrated service agencies in Bondowoso and Situbondo Districts had been carried out in accordance with the dimensions of Total Quality Management) by focusing on improving the quality of services for enhanced satisfaction with community services. This was the case despite the fact that the involvement of employees and stakeholders in licensing services was driving factor in the implementation of TQM at the regional command level on a decentralized governance model.

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INTRODUCTION

Good governance in the decentralization era in Indonesia calls for the urgency of implementing Total Quality Management across various public service activities at the regional level. In this era, local governments denote the spearhead of increasing the quality of local government public services (Hidayat, 2017). Rasul and Rogger (2018) contend that the bureaucracy in the management of organizational management is vital to provide solutions to organizational problems, related to both internal and external problems, especially in developing countries. As such, his research suggests that management is to maintain its quality by using the dimensions of TQM. This is reinforced by Pimentel and Major (2016), stating that the factors determining the successful implementation of TQM are power and collective involvement.

ISO (International Organization for Standardization) 9000-2005 establishes 8 (eight) quality management principles, encompassing focus on customers, leadership, involvement of

people, process approach, systems approach to management, continuous improvement, factual approaches to decision making, and mutual supplier relations profitable. The ISO 9000-2005 standard operationalizes a performance approach from leader to managerial to optimal staff/employees. As a corollary, the quality standard of service to the community in the One Stop Integrated Service (PTSP) can be of focal concerned and thus ensures public satisfaction.

Of course, the implementation of Total Quality Management (TQM) in organizations supports organizational change in a more well-informed direction. In the Pasaribu's study (2010, p. 73) the commitment of top leaders, the perceptions of division managers regarding TQM, and the application of the basic pillars of TQM affect managerial performance. Wilkinson, Godfrey, & Marchington (1996, p. 18) point out TQM can cause a lack of attention to the underlying values and employee behaviour, which results in failure to achieve the necessary

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cultural changes. In addition, if TQM is applied as a policy, it requires employee training and development.

Furthermore, Meesala and Paul (2018) state that there are four aspects that affect service quality, namely tangibility, reliability, responsiveness, assurance and empathy. In the study, it was revealed that relativity and responsiveness were aspects that had an influence on community satisfaction with the services provided by looking at the loyalty of the answers of the community to the services provided.

In the context of business licensing services, the regional government has a legal umbrella originating from the encouragement of the central government through BKPM (an investment coordinating board), which aims to facilitate and excel business permit services at the regional level with One-Stop Integrated Services (PTSP). This legal basis is the Head of BKPM Regulation Number 11 of 2009, which regulates the procedures for implementing, fostering, and reporting on one-stop integrated services in the investment sector and has undergone changes (improvement), through the Head of BKPM Regulation Number 6 of 2011.

This article will delve into how convergence and the implementation of TQM principles in PTSP organizations in two regencies in Indonesia, Situbondo and Bondowoso Districts, are carried out based on ISO (International Organization for Standardization 9000-2005) using 8 (eight) quality standards of service with the exception of 1 (one) standard, namely the relationship with suppliers. Relationships with suppliers in the public context (bureaucracy) are hardly relevant to be taken into account as public sector organizations do not use the principle of relationship with suppliers because in public sector organizations focus on customers and one of the principles in TQM is to focus on customers, namely the best service given to the community.

Approach to Methodology

This article strived to describe the convergence and implementation of TQM in two regencies in Indonesia, Situbondo and Bondowoso. It applied quantitative research and qualitative research, commonly referred as mix method. According to Johnson and Cristensen (2008), mix method is research that combines quantitative and qualitative approaches. Furthermore, Creswell (2009) defines that combination research methods are approaches in research that combine or link quantitative and qualitative research methods. This includes philosophical foundations, the use of quantitative and qualitative approaches, and combines both approaches in research. In this study, the population under investigation were all employees at Integrated Public Service Agencies in Bondowoso Regency and Situbondo Regency, namely 95 people.

This article applied quantitative methods to obtain measurable information regarding the dimensions of total quality management as measured by the perceptions of user stakeholders and implementers of services about factual approach to decision making (FA), involvement of people (IP), Leadership Driven (LS), continuous improvement (CI), and process approach (PA), and customer focus (CF). By contrast, qualitative method was operative to obtain in-depth

information related to the application of TQM according to the management policies of the PTSP unit.

Quantitative research instrument involved a questionnaire containing 30 questions to measure perceptions about TQM measured by perceptions of factual approach to decision making (FA), involvement of people (IP), Leadership Driven (LS), continuous improvement (CI), and process approach (PA), and customer focus (CF). This questionnaire was distributed to employees directly related to service to the community, namely in the business permit service and job search card issuance services. Once collected, this questionnaire was processed and analysed quantitatively using SPSS software.

The qualitative part of the study involved interview that contained 6 questions. The list of questions was related to strategies and efforts to improve service satisfaction, support from agency leaders in achieving the goals and objectives determined beforehand, human resources in achieving the goals, governance and work procedures of the organization prepared, the organization's strategy in continuous improvement, and organizational treatment in utilizing information and data in decision making. Interviews were conducted with the head of the organization and the head of the field relating to service to the community. The results of the interviews were analysed and interpreted descriptively qualitatively.

For quantitative analysis, of the 95 existing employees, 58 employees were chosen as the sample, as they were directly involved in the service section of the community, that was the licensing and job creation card. For qualitative analysis, related interviews were conducted. The application of TQM was investigated by conducted interview to 6 employees at the leadership level, which involved the head of office and the head of the field related to community service. Thus, this study involved a total of 64 employees, namely 58 involved through questionnaires for quantitative analysis and 6 people through direct interview for qualitative analysis.

Reviewing Total Quality Management in Local Government One-Stop Licensing services

One of the main strategies being the focus of One-Stop Integrated Services (PTSP) was the strategy and efforts made to improve service users' satisfaction. This is in fact one dimension of Total Quality Management (TQM), particularly related to developing an online-based service system to make service time and administration efficient through the One-Stop Integrated Services (PTSP) of each regency to provide fast, effective and efficient services to the community. Previously, the central government obliged the regional government to use Online Single Submission (OSS). In this regard, the local government through the One Stop Integrated Service (PTSP) already established an online service system in their respective regions that had been effective, efficient, and responsive in providing services. Some of the examples were Bondowoso district One Stop Service (PTSP) and the Situbondo regency Online Licensing Application System (SIAPO) and One-Stop Integrated Service (PTSP) with SIMPEL PUTER (Integrated Public Service System).

The interview was conducted to the leaders in the One Stop Integrated Service (PTSP) in both Bondowoso and Situbondo

Regencies, which ranged from the entry into force of the Single Submission (OSS) usage obligation, both SIAPO and SIMPEL PUTER. Each of these units was still properly operative to accommodate licensing services that had not yet entered OSS or were still in transition process to OSS. In addition to the practical and easy online service system, the strategies taken to increase community satisfaction in each district PTSP were also carried out through brochure distribution, assistance with the use of SIAPO / SIMPEL PUTER and OSS applications, public complaint services, SIAPO application introduction exhibition/SIMPEL PUTER and OSS, add to my source of humanity by giving additional hours of service at weekends to sub-districts far from the city centre, and so forth. As a result, people were accorded with easy access services, leading to increased satisfaction.

The leaders of agency support (Regent, Head of Service) aimed at creating and encouraging all resources within the organization to achieve the goals and targets set in Bondowoso and Situbondo Regencies. This objective was achieved by playing an active role and establishing the One Stop Integrated Service (PTSP) in its area. One of the main focuses lied in monitoring the process of running the service system and being quick as well as responsive in dealing with obstacles. For instance, these included facilitating communication access between leaders and the community and regular performance evaluations on regular basis to evaluate targeted agency performance and ensure maximum service for the community. The leadership also allocated substantial regional funds for operations and the development of an online service system to facilitate public in obtaining permits. The leaders also continued to increase the number of human resources to support the running of a maximum online service system by bringing information technology experts and experts to continue developing online service systems for maximum services to the community.

After the system was operative, then involvement of human resources at all levels began. This attempted to achieve goals and maximize the potential of each human resource in actively developing a maximum online service system for the community. The role of each person was adjusted according to the level of the organization and the responsibilities of their respective work. Where there were no duplicated positions or vacant positions for each level, the services provided were proven very effective, efficient and accountable. Organizational governance and work arrangements carried out were unfortunately unable to eliminate the obstacles of bureaucracy. However, they were able to effectively and efficiently reduce bureaucratic obstacles by reducing service time and closing the possibility of illegal levies by irresponsible individuals in the Service One-Stop Integrated (PTSP) in both Bondowoso and Situbondo districts. The organization strategy to ensure the organization improvement ran continuously with regular internal evaluation meetings, aiming at finding the best solutions as well as high commitment to continue developing and improving the current processes. In addition, it also involved external parties to provide constructive improvement suggestions to keep development and improvement better. Information or data obtained related to the progress of the repair and development process was highly vital for the organization in the decision-making process. At this juncture,

information and data were made accessible to each party involved in decision making, such as the Regent and his staff, Head of Service, and staff. As a corollary, strong commitment to the decisions and policies taken were made effective and accountable.

This finding was in line with the 5 effective concepts proposed by Heizer and Render (2001) who state that within organizations/institutions require continuous improvements, employee empowerment, Benchmarking, Timely Need Providers (Just In Time), Knowledge of Total Quality Management Equipment. Both he One Stop Integrated Service (PTSP) both Bondowoso and Situbondo districts had made these principles at play. This is corroborated by the results of research from Fandi Tjiptono & Anastasia Diana (2003) and Deming (2001), which discuss the same thing and Tenner and Torro (1994) concerning related elements driving Total Quality Management (TQM).

Furthermore, to understand the factors that influence the implementation of TQM in Situbondo and Bondowoso, the partial test multiple regression analysis (t) conducted obtained the results in Table 1.

Table 1 Results of T-test

Variable	Regression coefficient	T	Sig	Description
Constanta	1,975	1,103	0,275	
Leadership Driven (LS)	0,98	0,997	0,323	Uninfluential
Involvement of People (IP)	0,954	5,239	0,000	Influential
Process Approach (AP)	0,095	0,708	0,482	Uninfluential
Continuous improvement (CI)	-0,179	-1,099	0,277	Uninfluential
Factual Approach to Decision Making (FA)	-0,178	-1,182	0,243	Uninfluential

Source: Research data (2018)

The table above points out several insights as follows:

1. The effect of Leadership Driven (LS) on Customer Focus (CF) is indicated by the significance level (α) of the Leadership Driven (LS) variable at $0.323 > 0.05$. This shows that there is no significant influence between Leadership Driven (LS) on Customer Focus (CF).
2. The effect of Involvement of People (IP) on Customer Focus (CF) is demonstrated by the level of significance (α) of the variable Involvement of People (IP) at $0,000 < 0.05$. This shows that Involvement of People (IP) has a significant effect on Customer Focus (CF)
3. The effect of Process Approach (AP) on Customer Focus (CF) is depicted by the level of significance (α) of the Process Approach variable (AP) at $0.482 > 0.05$. This shows that there is no significant influence between Process Approach (AP) on Customer Focus (CF).
4. The effect of Continuous improvement (CI) on Customer Focus (CF) is demonstrated by the significance level (α) of the Continuous improvement (CI) at $0.277 > 0.05$. This shows that there is no significant influence between Continuous improvement (CI) on Customer Focus (CF).
5. The effect of Factual Approach to Decision Making (FA) on Customer Focus (CF) is indicated by the level of significance (α) of the variable Factual Approach to Decision Making (FA) at $0.243 > 0.05$. This shows that there is no significant influence between the influence of Factual Approach to Decision Making (FA) on Customer Focus (CF).

Based on the results of t test, the multiple linear regression equation coefficients demonstrate that Leadership Driven Variables (LS), Process Approach (AP), Continuous improvement (CI), and Factual Approach to Decision Making (FA) have no effect on variables Customer Focus (CF). This implies that that any increase or decrease in Leadership Driven (LS) variables, Process Approach (AP), Continuous improvement (CI), and Factual Approach to Decision Making (FA) has no effect on the increase or decrease in Customer Focus (CF). Also, the variable Involvement of People (IP) statistically has a positive and significant effect on Customer Focus (CF), meaning that any increase or decrease in the variable Involvement of People (IP) has an influence on improvement and Customer Focus (CF)

To solidify the understanding regarding how much influence Leadership Driven (LS), Involvement of People (IP), Process Approach (AP), Continuous improvement (CI), and Factual Approach to Decision Making (FA) posed on Customer Focus (CF) on the Implementation process TQM in Situbondo and Bondowoso, the researchers conducted a Determination Coefficient test (R²) with a result of 0.592. This means that the Customer Focus (CF) dependent variable is influenced by Leadership Driven (LS) variables, Involvement of People (IP), Process Approach (AP), Continuous improvement (CI), and Factual Approach to Decision Making (FA) of 59, 2%.

This means that, of Customer Focus (CF), Leadership Driven (LS), Involvement of People (IP), Process Approach (AP), Continuous improvement (CI), and Factual Approach to Decision Making (FA), subsequent to hypothesis testing using t-test results, only Involvement of People (IP) has a positive and significant effect on Customer Focus (CF). By implication, any increase or decrease in the variable Involvement of People (IP) has an influence on the increase and Customer Focus (CF). This proves that improving the quality of service to the community calls forth the involvement and empowerment of employees, which leads to the process of development and implementation of policies.

Important factors in Encouraging the Implementation of TQM at the Local Government Level

The results of the analysis of statistical data have indicated that the factors of people's involvement (Person Engagement) and participatory processes in organizational management are important findings in understanding the configuration of TQM in one-stop licensing services in Situbondo and Bondowoso districts. The hypothesis test results also found that aspects (driven by leadership) did not affect the customer focus in implementing Total Quality Management (TQM) in the two districts in Indonesia. This interesting finding is worth further discussion inasmuch as the qualitative data is very contrary to quantitative data, which demonstrates that leadership has no influence on customer focus.

This finding is in line with Doppelt (2017) which states that there is a lack of vision and mission that can stimulate the work motivation of employees from leaders who influence the improvement of services to the community. Where poor leadership can lead to different views and intentions of employee leadership vision and mission, many employees misunderstand or interpret agency vision and mission differently from what the leader intended. In addition, another

aspect of leadership that have no influence on customer focus is a convoluted bureaucracy from the central government to local governments regarding regulations that bind institutions that cause management of bureaucratic institutions to be hardly effective and efficient, such as Rasul and Rogger (2018).

The results of the quantitative analysis also demonstrate that the process approach is one aspect that does not affect the customer focus. In the same vein, the findings contradict the results of the qualitative analysis which states that the process approach in the two districts is satisfactory. This finding can explain the causes of differences in the results of qualitative and quantitative analysis on which Alegre, Mas-Machuca, and Berbegal-Mirabent (2016) emphasize the failure of the process approach in these institutions because of low compliance and failure of employee understanding. To be specific, this is germane to the vision, mission and rules in the institution maintain a synergy of internal performance.

Low employee compliance can be caused by differences in management views between leaders as decision makers and employees as executors. Employees may fail to understand the aims and objectives of leaders in making these policies, due to lack of socialization as well as the slow process of evaluation and adjustments to new rules. By contrast, sometimes changes in new regulations are assessed more frequently and given more emphasis over the required adjustments. The fact that regional governments with the top-down management system are unable to capture problems in the management is also responsible for the failure of the process approach within internal management. This also corroborates that the research findings can be a measure of how well the process approach from internal management is operative to maintain the best performance in serving the community.

In addition to the lack of process approach efforts, continuous improvement (CI) is a challenge that must also be faced by Situbondo and Bondowoso government in the one-stop licensing process. This can be indicated by the weak monitoring and evaluation carried out by top managers to staffs, ranging from the front office to the back office. Consequently, the staffs' performance is unsatisfactory as evaluated by top managers. On the other hand, to achieve maximum results, regular monitoring and evaluation must be carried out to determine the staffs' performance towards customer service. This is essential as their performance needs to generate positive impact on service quality good, rather than disappointing the customers.

CONCLUSION

Investigating the implementation of TQM in the process of public licensing services in two regions in Indonesia is a perspective that questions whether TQM is actually operative at the local government level in Situbondo and Bondowoso. What we can learn is that the Implementation of Total Quality Management (TQM) in one-door integrated service agencies in Bondowoso and Situbondo Districts has complied with the dimensions of Total Quality Management (TQM) since it has been emphasized on improving service quality to improve community service satisfaction.

The important thing to note is how TQM in its implementation within these two areas emphasizes Customer Focus (CF) or community service satisfaction influenced by Leadership

Driven (LS) variables, Involvement of People (IP), Process Approach (AP), Continuous improvement (CI), and Factual Approach to Decision Making (FA). Given these variables, the researchers have found that Involvement of people is an important factor in implementing TQM in Situbondo and Bondowoso. This implies that any increase or decrease in Involvement of People (IP) bears an influence on improvement and Customer Focus (CF). For sure, this has proven that involvement and empowerment of employees lead to developing and implementing TQM policies properly.

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