

# The Effect of Total Quality Management on Organizational Performance with Organizational Culture as an Intervening Variable

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## Abstract

*This study aims to analyze the effect of Total Quality Management (TQM) on organizational performance with organizational culture as an intervening variable in MSME Coffee Shop in Bekasi City. The research method used is a survey by distributing questionnaires to coffee shop managers and employees. Data analysis was carried out using a quantitative approach with regression analysis techniques. The results showed that TQM has a positive and significant effect on organizational performance. Good TQM implementation can improve operational efficiency, product quality, and customer satisfaction, which in turn contributes to improving organizational performance. In addition, organizational culture was also found to act as an intervening variable that strengthens the relationship between TQM and organizational performance. A strong organizational culture, which includes values, beliefs, and practices that support TQM, can increase the effectiveness of TQM implementation and maximize the benefits gained. This study provides practical contributions for managers of MSME coffee shops in improving performance through the implementation of TQM supported by a conducive organizational culture. Managers are encouraged to develop and maintain an organizational culture that supports TQM initiatives, including employee training, effective communication, and rewarding good performance. The theoretical implications of this study also enrich the literature on the role of organizational culture in mediating the relationship between TQM and organizational performance. The findings highlight the importance of considering organizational culture factors in quality improvement strategies and organizational performance..*

**Keywords:** Organizational Culture, Organizational Performance, Total Quality Management, UMKM Coffee Shop

## Introduction

In the era of increasingly fierce business competition, companies must continue to improve performance and competitiveness by focusing on quality, innovation, and customer satisfaction (Prajogo & McDermott, 2005). The rapid economic development in Bekasi City, with a total investment value of Rp 5 trillion in 2020, creates great opportunities for Micro, Small and Medium Enterprises (MSMEs), especially in the culinary sector such as coffee shops. The significant economic growth in Bekasi City is supported by the characteristics of a city that is suitable for doing business, as well as an increase in population which causes an increase in the basic and

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secondary needs of the community. Many residents have established MSMEs as side businesses, with culinary businesses such as Coffee Shop being a popular choice.

Coffee shops offer modernization in services, production processes, and a more attractive atmosphere than traditional coffee shops. According to Ramadhani (n.d.), Coffee Shop has a Standard Operating Procedure (SOP) in its services, starting from greetings when customers enter to a more complicated coffee production process using an espresso machine. The modern and attractive interior and exterior of Coffee Shop make it a favorite place for young people. The increasing trend of coffee consumption in Indonesia, with the number of Coffee Shop outlets tripling from 2016 to 2019, shows a great opportunity for entrepreneurs to open MSME Coffee Shops (International Coffee Organization). Data from the International Coffee Organization states that domestic coffee consumption is increasing every year, which shows great market potential for Coffee Shops in Indonesia.

However, MSME Coffee Shops in Bekasi face fierce competition and need to implement effective operations management to improve performance. Total Quality Management (TQM) is one of the operations management strategies proven to improve product quality and customer satisfaction (Prajogo & McDermott, 2005). TQM is an integrative management philosophy that aims to continuously improve the quality of processes, products, and services with a focus on meeting or exceeding customer expectations. Effective implementation of TQM can improve organizational performance, both in financial and non-financial terms (Bouranta et al., 2017). In addition, organizational culture also plays an important role in the successful implementation of TQM and improving organizational performance (Baird et al., 2011; Hilman et al., 2019). Organizational culture refers to a system of shared values and beliefs that give organizational members an identity and influence the way they work and interact.

This study aims to answer several important questions related to the implementation of TQM and the role of organizational culture in MSME Coffee Shops in Bekasi City. The research questions raised include: (1) How is TQM implemented in Coffee Shop MSMEs in Bekasi City? (2) How does TQM affect the performance of Coffee Shop MSMEs in Bekasi City? (3) What is the role of organizational culture in mediating the relationship between TQM and the performance of Coffee Shop MSMEs in Bekasi City? These questions will help in understanding the extent to which TQM is implemented in MSME Coffee Shops and how this implementation affects their performance. In addition, this study will also explore the role of organizational culture in strengthening the relationship between TQM and performance.

The objectives of this study are to analyze the implementation of TQM in Coffee Shop MSMEs in Bekasi City, assess the effect of TQM on the performance of Coffee Shop MSMEs in Bekasi City, and identify the role of organizational culture in mediating the relationship between TQM and the performance of Coffee Shop MSMEs in Bekasi City. Thus, this study is expected to provide insights and practical recommendations for Coffee Shop MSMEs to improve their performance through the implementation of TQM and strengthening organizational culture. This research is also expected to contribute to the academic literature on operations management and organizational culture, as well as provide guidance for MSME entrepreneurs in developing strategies to compete in an increasingly competitive market.

With increasing competition in the coffee shop industry, it is important for MSMEs to continue to innovate and adopt effective management practices. The implementation of TQM supported by a strong organizational culture can help MSME

Coffee Shops in Bekasi City to improve the quality of their services and products, meet customer needs, and ultimately, improve their business performance. This research will provide practical and theoretical guidance for entrepreneurs and researchers to understand the importance of TQM and organizational culture in improving the performance of MSME Coffee Shops.

## **Literature Review**

### ***Total Quality Management (TQM)***

Total Quality Management (TQM) is a systematic approach to management that focuses on continuous quality improvement in organizations. Gaspersz (2001) states that TQM involves the application of quantitative methods and human resources to improve the quality of materials and services supplied to the organization. The philosophy of TQM is to manage an organization centered on quality and customer satisfaction as a strategy to achieve long-term success (literature review).

### **Dimensions and Characteristics of TQM**

- ☑ Top Management Commitment and Visionary Leadership (TMCL): Sureshchandar et al. (2001) emphasized the importance of commitment from top management and visionary leadership to steer the organization towards a long-term vision and successful TQM implementation.
- ☑ Human Resource Management (HRM): Human resources are an important element in TQM, as the interaction between service providers and consumers largely determines quality and customer satisfaction (Sureshchandar et al. 2001).
- ☑ Information and Analysis (I&A) System: TQM implementation requires effective communication to support the improvement process and address current problems and implement future changes (Pfau in Sureshchandar et al. 2001).
- ☑ Customer Focus (CF): Focus on customer needs and expectations is an important component in TQM implementation to satisfy and retain customers (Sureshchandar et al. 2001).
- ☑ Continuous Improvement and Innovation (CI): The concept of "kaizen" or "continuous improvement" emphasizes the importance of continuous quality improvement in organizations implementing TQM (Sureshchandar et al. 2001).
- ☑ Training and Education (T&E): Training and education of employees is essential for understanding quality concepts and tools in TQM (Sureshchandar et al. 2001).
- ☑ Supplier Management (SM): Supplier management is an important factor in the implementation of quality management, both in the supply of raw materials and the distribution process (Ulfah & Rahardjo, 2013).
- ☑ Organizational Culture (OC): A good organizational culture helps determine the direction of action and behavior of organizational members (Schein, 2010; Robbins & Judge, 2013).

### ***Organizational Performance***

Organizational performance (OP) is a key metric to assess the effectiveness of an organization in achieving its goals and objectives. According to Pang & Lu (2018), the

primary aim of an organization is to establish clear objectives and enhance overall performance. Suryani & FoEh (2018) describe OP as the outcome of processes carried out by individuals within the organization, based on predetermined plans. Alosani et al. (2019) define it as a set of achievements resulting from the implementation of specific practices. Similarly, Al Suwaidi & Rahman (2019) emphasize that OP reflects the actual outputs of an organization in comparison to its desired goals, viewing it as a system of interdependent elements.

Organizational performance can be assessed through both financial and non-financial indicators (Yang et al., 2009). Financial performance, as outlined by Fahmi (as cited in Pongoh, 2013), evaluates how well an organization adheres to financial management practices, using metrics such as return on sales, return on investment, and earnings per share. Non-financial performance, according to Supit et al. (2014), measures organizational growth through operational performance indicators like market share and product quality, as well as organizational effectiveness factors such as employee morale and workplace environment (Pang & Lu, 2018). Together, these metrics provide a comprehensive view of an organization's achievements.

### ***Organizational Culture (OC)***

Schein (2010) defines Organizational Culture (OC) as a pattern of shared basic assumptions discovered or developed by a particular group as it learns to solve problems of external adaptation and internal integration, therefore new employees must be taught OC as an appropriate method for thinking and feeling related to company problems. According to Robbins & Judge (2013) Organizational Culture (OC) refers to a system of shared meanings shared by organizational members that distinguishes an organization from other organizations.

Based on this definition, it can be concluded that Organizational Culture (OC) is an organizational culture related to the belief values developed in the organization to provide direction for the actions or behavior of organizational members. Organization Culture (OC) is considered an important instrument by company leaders to determine the direction of their company's movement (Tewal et al., 2017).

### ***Effect of TQM on Organizational Culture***

Practitioners and researchers have increasingly recognized the influence of the context in which quality management is implemented, with particular attention given to the role of culture. The first article discussing the relationship between organizational culture and quality management was published in the early 1990s (Gambi et al., 2015).

Cicmil and Kekäle (as cited in Haffar et al., 2013), consider corporate culture a crucial factor in understanding an organization's ability to successfully implement TQM programs and compete in the global market. According to Cameron and Quinn (as cited in Eniola et al. 2019), organizational culture is also a key factor in facilitating and embracing change processes, as it influences the implementation of new initiatives, such as TQM, to enhance organizational effectiveness.

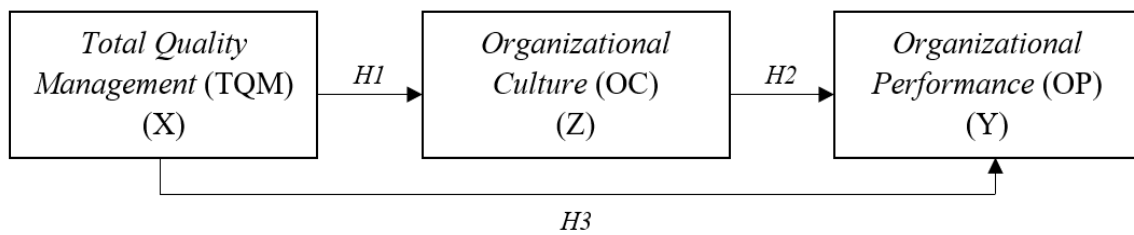


Figure 1. Research Model

**H1.** Total quality management has a positive influence on organizational culture in MSME coffee shops in Bekasi City.

### ***Effect of Organization Culture on Organizational Performance***

Several previous studies have shown that Organizational Culture (OC) significantly influences Organizational Performance (OP) (Eniola et al., 2019; Hilman et al., 2019a; Naor et al., 2010; Prajogo & McDermott, 2011). On the other hand, Haffar et al. (2013) argue that neglecting the effects of OC is one of the greatest barriers to implementing organizational change innovations. They emphasize that diagnosing, assessing, and identifying the current state of OC is crucial in determining the necessary changes to enhance organizational effectiveness.

**H2.** Organizational culture positively impacts organizational performance in MSME coffee shops in Bekasi City.

### ***Effect of TQM on Organizational Performance***

According to research conducted by Hilman et al. (2019), the implementation of TQM has a positive influence on the performance of SMEs in Saudi Arabia. Focusing on quality and customer satisfaction as a long-term strategy can improve operational effectiveness and cost efficiency (literature review). Another study by Tsang & Antony (2001) showed that TQM can improve company performance through improving service quality and customer satisfaction in the UK service industry.

**H3.** Total quality management positively affects organizational performance in MSME coffee shops in Bekasi City.

**H4.** Total quality management influences organizational performance positively, with organizational culture as an intervening variable in MSME coffee shops in Bekasi City.

## **Methods**

### ***Sampling and Procedures***

Population in this study were Coffee Shop MSMEs located in four sub-districts in Bekasi City: South Bekasi, Jatiasih, Rawalumbu, and Pondokgede Districts. Sample was 84 coffee shops registered in the four sub-districts. Data was collected using a questionnaire that was distributed directly to the respondents, that was filled by Google Form.

## **Measures**

**Total Quality Management** is a systematic approach to management that focuses on continuous quality improvement in organizations that involves the application of quantitative methods and human resources to improve the quality of materials and services supplied to the organization (Gaspersz, 2001). So, to measure TQM this study use these indicators: top management commitment and visionary leadership, human resource management, information and analysis systems, customer focus, continuous improvement and innovation, training and education, supplier management.

**Organizational Culture** is a pattern of shared basic assumptions discovered or developed by a particular group as it learns to solve problems of external adaptation and internal integration (Schein, 2010). To measure organizational culture this study use these indicators: hierarchy culture, adhocracy culture, clan culture, market culture.

**Organizational Performance** is the outcome of processes carried out by individuals within the organization, based on predetermined plans (Suryani & FoEh, 2018). To measure organizational performance this study use these indicators: financial performance and non-financial performance.

These instruments uses a five-point Likert scale to measure the variables studied, that is designed to examine how strongly the respondents agree with a statement. The validity and reliability of these instruments can be seen in Table 1 and Table 2.

## **Data Analysis**

The data was analyzed using path analysis with SmartPLS.

## **Result and Discussion**

### ***Descriptive Analysis***

This research was conducted at 84 coffee shops in Bekasi City which are spread across the sub-districts of South Bekasi, Jatiasih, Rawalumbu, and Pondokgede.

#### *Length of Business*

All respondents (100%) have been running a coffee shop business for more than 2 years.

#### *Business Revenue*

The data collected for this study categorized the monthly revenue of coffee shop businesses in the districts of South Bekasi, Jatiasih, Rawalumbu, and Pondokgede into three groups, as shown in Table 1. Based on Table 1, it can be seen that out of 84 respondents who completed the questionnaires, 14 respondents (16.67%) reported a monthly revenue of Rp4,000,000–Rp6,000,000, 34 respondents (40.47%) reported a monthly revenue of Rp6,000,000–Rp10,000,000, and 36 respondents (42.86%) reported a monthly revenue of more than Rp10,000,000. This indicates that the higher the monthly revenue of a coffee shop, the greater the number of employees hired. This is because an increase in customers requires the coffee shop to provide the best service to meet customer needs.

Table 1. Characteristics of respondents based on business revenue

| Revenue/month            | Total | Percentage |
|--------------------------|-------|------------|
| Rp4.000.000-Rp6.000.000  | 14    | 16.67%     |
| Rp6.000.000-Rp10.000.000 | 34    | 40.47%     |
| >Rp10.000.000            | 36    | 42.86%     |

## Quantitative Analysis

### Measurement Model Testing (Outer Model)

Outer model or indicator tests are carried out to assess the reliability and validity of the model. Outer models with reflective indicators are evaluated through convergent validity (outer loading value), composite reliability, AVE, Cronbach's alpha, and discriminant validity.

*Convergent Validity:* An outer loading value  $> 0.5$  indicates good convergent validity.

*Composite Reliability:* A composite reliability value  $> 0.7$  indicates good reliability.

*Cronbach's Alpha:* Cronbach's alpha value  $> 0.6$  indicates adequate internal reliability.

Based on Table 2, the results for discriminant validity indicate that the cross-loading values for each item are  $> 0.70$ . Table 2 demonstrates that each variable has the highest value when associated with its respective latent variable compared to its association with other latent variables. This indicates that each variable in this study appropriately explains its corresponding latent variable and proves that the discriminant validity of all items is valid.

#### *Discriminant Validity*

Based on Table 3, the discriminant validity results show that the cross-loading values for each item are greater than 0.70. Table 3 indicates that each variable has the highest value when associated with its respective latent variable compared to its association with other latent variables. This demonstrates that each variable in this study accurately explains its latent variable and confirms that the discriminant validity of all items is valid.

### Structural Model Testing (Inner Model)

Table 4 shows the R-Square value for the Organizational Culture variable at 0.207, indicating that 20.7% of the Organizational Culture variable can be explained by the independent variables, while the remaining 79.3% is explained by other variables not included in this study. The adjusted R-Square value for the Organizational Performance variable is 0.373, meaning that 37.3% of the Organizational Performance variable can be explained by the independent variables, with the remaining 62.7% explained by other variables outside this study. The R-Square values in this study, as presented in Table 4, are considered weak, as they are greater than or equal to 0.25 (Ghozali, 2015).

Table 2. Result of Outer Model, Convergent Validity, AVE, Composite Reliability, Cronbanch's Alpha

| <b>Variabel</b>          | <b>Indicator</b>           | <b>Loading Factor</b> | <b>AVE</b> | <b>Composite Reliability</b> | <b>Cronbanch's Alpha</b> |
|--------------------------|----------------------------|-----------------------|------------|------------------------------|--------------------------|
| Total Quality Management | X1.1                       | 0.725                 | 0.724      | 0.975                        | 0,960                    |
|                          | X1.2                       | 0.786                 |            |                              |                          |
|                          | X2.1                       | 0.867                 |            |                              |                          |
|                          | X2.2                       | 0.856                 |            |                              |                          |
|                          | X3.1                       | 0.875                 |            |                              |                          |
|                          | X3.2                       | 0.828                 |            |                              |                          |
|                          | X4.1                       | 0.888                 |            |                              |                          |
|                          | X4.2                       | 0.880                 |            |                              |                          |
|                          | X5.1                       | 0.885                 |            |                              |                          |
|                          | X5.2                       | 0.866                 |            |                              |                          |
|                          | X5.3                       | 0.883                 |            |                              |                          |
|                          | X6.1                       | 0.855                 |            |                              |                          |
|                          | X6.2                       | 0.837                 |            |                              |                          |
|                          | X7.1                       | 0.857                 |            |                              |                          |
| X7.2                     | 0.860                      |                       |            |                              |                          |
| Organizational Culture   | Z1.1                       | 0.850                 | 0.694      | 0.965                        | 0.947                    |
|                          | Z1.2                       | 0.784                 |            |                              |                          |
|                          | Z1.3                       | 0.858                 |            |                              |                          |
|                          | Z2.1                       | 0.788                 |            |                              |                          |
|                          | Z2.2                       | 0.825                 |            |                              |                          |
|                          | Z2.3                       | 0.884                 |            |                              |                          |
|                          | Z3.1                       | 0.799                 |            |                              |                          |
|                          | Z3.2                       | 0.864                 |            |                              |                          |
|                          | Z3.3                       | 0.869                 |            |                              |                          |
|                          | Z4.1                       | 0.822                 |            |                              |                          |
|                          | Z4.2                       | 0.842                 |            |                              |                          |
|                          | Z4.3                       | 0.807                 |            |                              |                          |
|                          | Organizational Performance | Y1.1                  |            |                              |                          |
| Y1.2                     |                            | 0.874                 |            |                              |                          |
| Y1.3                     |                            | 0.776                 |            |                              |                          |
| Y1.4                     |                            | 0.854                 |            |                              |                          |
| Y2.1                     |                            | 0.903                 |            |                              |                          |
| Y2.2                     |                            | 0.893                 |            |                              |                          |
| Y2.3                     |                            | 0.896                 |            |                              |                          |
| Y2.4                     |                            | 0.815                 |            |                              |                          |



Tabel 3. Discriminant Validity (Cross Loading)

|      | <b>Organization Culture</b> | <b>Organization Performance</b> | <b>Total Quality Management</b> |
|------|-----------------------------|---------------------------------|---------------------------------|
| X1.1 | 0.466                       | 0.252                           | <b>0.725</b>                    |
| X1.2 | 0.450                       | 0.384                           | <b>0.786</b>                    |
| X2.1 | 0.490                       | 0.504                           | <b>0.867</b>                    |
| X2.2 | 0.347                       | 0.440                           | <b>0.856</b>                    |
| X3.1 | 0.334                       | 0.545                           | <b>0.875</b>                    |
| X3.2 | 0.426                       | 0.490                           | <b>0.828</b>                    |
| X4.1 | 0.359                       | 0.483                           | <b>0.888</b>                    |
| X4.2 | 0.381                       | 0.440                           | <b>0.880</b>                    |
| X5.1 | 0.408                       | 0.493                           | <b>0.885</b>                    |
| X5.2 | 0.287                       | 0.404                           | <b>0.866</b>                    |
| X5.3 | 0.364                       | 0.349                           | <b>0.883</b>                    |
| X6.1 | 0.332                       | 0.388                           | <b>0.855</b>                    |
| X6.2 | 0.353                       | 0.532                           | <b>0.837</b>                    |
| X7.1 | 0.433                       | 0.414                           | <b>0.857</b>                    |
| X7.2 | 0.344                       | 0.477                           | <b>0.860</b>                    |
| Y1.1 | 0.571                       | <b>0.816</b>                    | 0.428                           |
| Y1.2 | 0.431                       | <b>0.874</b>                    | 0.419                           |
| Y1.3 | 0.369                       | <b>0.776</b>                    | 0.426                           |
| Y1.4 | 0.368                       | <b>0.854</b>                    | 0.454                           |
| Y2.1 | 0.462                       | <b>0.903</b>                    | 0.510                           |
| Y2.2 | 0.466                       | <b>0.893</b>                    | 0.400                           |
| Y2.3 | 0.453                       | <b>0.896</b>                    | 0.502                           |
| Y2.4 | 0.392                       | <b>0.815</b>                    | 0.430                           |
| Z1.1 | <b>0.850</b>                | 0.487                           | 0.470                           |
| Z1.2 | <b>0.784</b>                | 0.400                           | 0.368                           |
| Z1.3 | <b>0.858</b>                | 0.442                           | 0.448                           |
| Z2.1 | <b>0.788</b>                | 0.382                           | 0.380                           |
| Z2.2 | <b>0.825</b>                | 0.406                           | 0.384                           |
| Z2.3 | <b>0.884</b>                | 0.471                           | 0.294                           |
| Z3.1 | <b>0.799</b>                | 0.373                           | 0.389                           |
| Z3.2 | <b>0.864</b>                | 0.354                           | 0.313                           |
| Z3.3 | <b>0.869</b>                | 0.536                           | 0.518                           |
| Z4.1 | <b>0.822</b>                | 0.331                           | 0.379                           |
| Z4.2 | <b>0.842</b>                | 0.567                           | 0.258                           |
| Z4.3 | <b>0.807</b>                | 0.337                           | 0.247                           |

Tabel 4. Result of R Square Test

| <b>Variabel</b>            | <b>R-Square</b> | <b>R-Square</b> |
|----------------------------|-----------------|-----------------|
| Organizational Culture     | 0.207           | 0.198           |
| Organizational Performance | 0.373           | 0.358           |

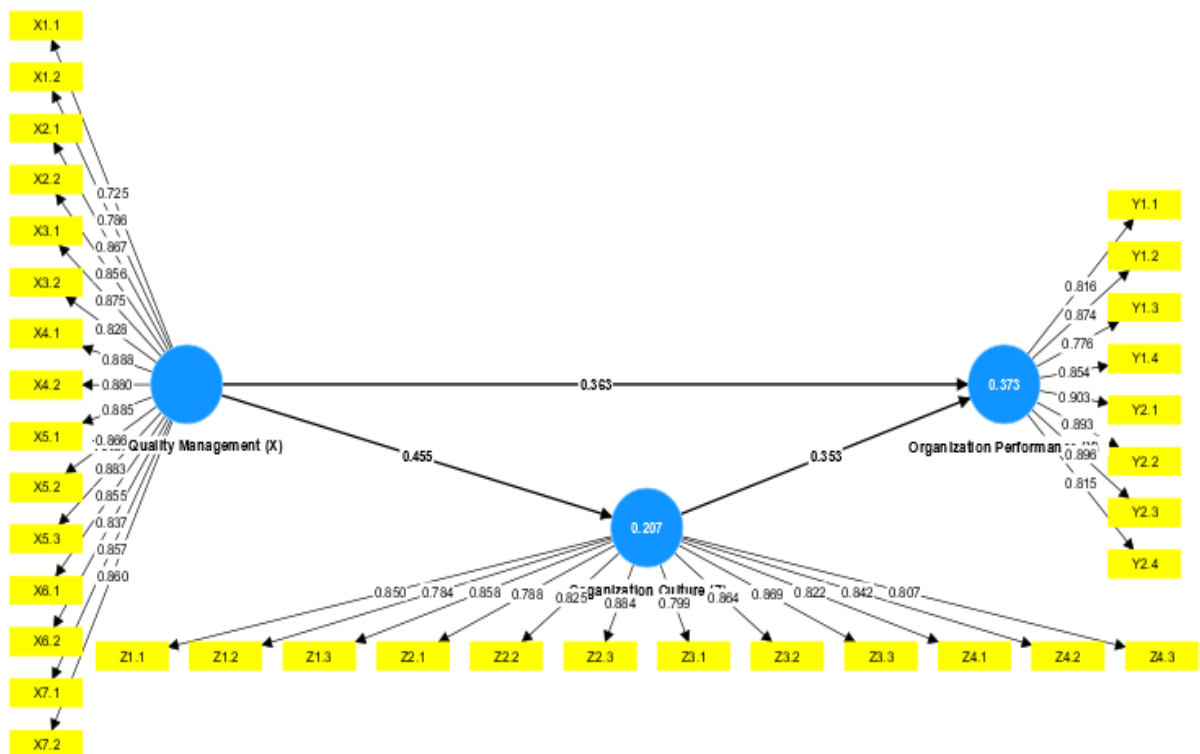


Figure 2. Loading Factor

Tabel 5. Hypothesis Testing

| Direct Effect  | Original Sample (O) | t Statistics (O/STDEV) | P Values     |
|--|---------------------|------------------------|--------------|
| Total Quality Management -> Organizational Culture                               | 0.455               | 3.663                  | <b>0.000</b> |
| Organizational Culture -> Organizational Performance                             | 0.353               | 2.616                  | <b>0.009</b> |
| Total Quality Management -> Organizational Performance                           | 0.363               | 2.096                  | <b>0.037</b> |
| Total Quality Management -> Organizational Culture -> Organizational Performance | 0.161               | 2.139                  | <b>0.033</b> |

### Hypothesis Testing

#### *The Influence of Total Quality Management on Organizational Culture*

The hypothesis testing results for the influence of Total Quality Management (TQM) on Organizational Culture (OC) show a coefficient value of 0.455, a p-value of 0.000 (< 0.05), and a t-statistic of 3.663 (> 1.960). These results indicate that Total Quality Management has a significant effect on Organizational Culture. Therefore, the hypothesis stating that "Total Quality Management positively influences Organizational Culture" is supported.

*The Influence of Organizational Culture on Organizational Performance*

The hypothesis testing results for the influence of Organizational Culture (OC) on Organizational Performance (OP) show a coefficient value of 0.353, a p-value of 0.009 ( $< 0.05$ ), and a t-statistic of 2.616 ( $> 1.960$ ). These findings confirm that Organizational Culture significantly affects Organizational Performance. Thus, the hypothesis stating that "Organizational Culture positively influences Organizational Performance" is supported.

*The Influence of Total Quality Management on Organizational Performance*

The hypothesis testing results for the influence of Total Quality Management (TQM) on Organizational Performance (OP) reveal a coefficient value of 0.363, a p-value of 0.037 ( $< 0.05$ ), and a t-statistic of 2.096 ( $> 1.960$ ). These results demonstrate that Total Quality Management has a significant impact on Organizational Performance. Therefore, the hypothesis stating that "Total Quality Management positively influences Organizational Performance" is supported.

*The Influence of Total Quality Management on Organizational Performance with Organizational Culture as an Intervening Variable*

The hypothesis testing results for the influence of Total Quality Management (TQM) on Organizational Performance (OP), mediated by Organizational Culture (OC), show a coefficient value of 0.161, a p-value of 0.033 ( $< 0.05$ ), and a t-statistic of 2.139 ( $> 1.960$ ). These findings indicate that Total Quality Management significantly influences Organizational Performance through Organizational Culture as an intervening variable. Thus, the hypothesis stating that "Total Quality Management positively influences Organizational Performance with Organizational Culture as an intervening variable" is supported.

**Discussion**

Total Quality Management (TQM) plays a crucial role in shaping organizational culture by integrating quantitative methods and human resources to enhance quality and efficiency (Gaspersz, 2001). In coffee shops, the adoption of TQM strengthens organizational culture, as it fosters a structured and quality-focused work environment. A strong organizational culture, in turn, positively influences organizational performance by improving innovation, adaptability, and service quality (Schein, 2010). Coffee shops with a well-established culture are more capable of responding to market demands, introducing new products, and enhancing customer satisfaction. These findings are consistent with previous research, which has shown that organizational culture significantly contributes to business effectiveness and growth (Hilman et al., 2019).

TQM also has a direct positive impact on organizational performance. By focusing on continuous improvement, coffee shops that implement TQM experience increased sales growth and overall business efficiency (Kaynak, 2003). However, the success of TQM implementation is often dependent on the presence of a strong organizational culture. Organizational culture acts as a bridge, ensuring that quality management practices are effectively integrated into daily operations (Haffar et al., 2013). When TQM and organizational culture are aligned, coffee shops can optimize their performance, reinforcing the idea that culture is a critical factor in sustaining quality management practices (Eniola et al., 2019).

These findings align with previous research, which highlights the interdependent relationship between TQM, organizational culture, and performance. Effective TQM practices create a foundation for a strong organizational culture, which in turn drives better business outcomes (Hilman et al., 2019). This emphasizes the need for coffee shops to not only implement quality management practices but also cultivate a culture that supports and sustains these efforts, ensuring long-term success in a competitive market.

## Conclusion

The research that has been conducted shows that Coffee Shops in South Bekasi, Jatiasih, Rawalumbu, and Pondokgede Districts implement Total Quality Management (TQM) and Organizational Culture (OC) practices to improve performance effectiveness. Through analysis using Partial Least Square (PLS), this study found several significant effects: TQM has a positive effect on OC at MSME Coffee Shops in Bekasi City; OC has a positive effect on Organizational Performance (OP) at MSME Coffee Shops in Bekasi City; TQM has a positive effect on OP at MSME Coffee Shops in Bekasi City; and TQM has a positive effect on OP with OC as an intervening variable at MSME Coffee Shops in Bekasi City.

This study has several limitations that need to be considered, namely the number of samples limited to Coffee Shop MSMEs in certain areas, so that the research results may not be generalized to other areas, and the data collected is quantitative without qualitative deepening such as interviews that can provide deeper insight into the implementation of TQM and OC in the field.

This study contributes in several aspects, namely providing empirical evidence regarding the effect of TQM and OC on OP in the MSME Coffee Shop sector, especially in Bekasi City; adding to the literature references regarding the relationship between TQM, OC, and OP, especially in the context of small and medium enterprises in Indonesia; and providing practical recommendations for MSME Coffee Shop business actors in applying TQM and OC principles to improve organizational performance.

Based on the findings and limitations of the study, some suggestions that can be given are: MSME Coffee Shops in Bekasi City are expected to always practice TQM principles, including an external-oriented market culture (customers and suppliers) to be able to compete with competitors and achieve high performance; and for future researchers it is recommended to review more sources and references related to TQM, OC, and OP. Future researchers are also expected to prepare themselves better in data collection and conduct interviews with the Coffee Shop or Coffee Shop community in Bekasi City to obtain more in-depth and comprehensive information.

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