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How Service Quality Mediates Total Quality Management (TQM), and Organizational Citizenship Behaviour (OCB) Affects the Performance of Private Universities in Indonesia

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This study aims to test and analyze the effect of Total Quality Management (TQM), Organizational Citizenship Behaviour (OCB), and Service Quality on the performance of private universities in Indonesia. Data analysis techniques applied Component Based Structural Equation Modelling (SEM) by using a Smart Partial Least Square (PLS). Data were collected from all private universities in Indonesia. The study includes results from the survey of 250 private universities in Indonesia. The results of this study indicate that TQM and Technology Leadership significantly influence the performance of private universities in Indonesia, and both variables also significantly influence the performance of private universities through service quality.

Key words: *Total Quality Management (TQM), Organizational Citizenship Behaviour (OCB), Service Quality and The performance of private universities.*

Introduction

University is a place to produce the thinkers of nations. Presently, university graduates still have only a low readiness to enter the world of work. It has become the biggest challenge for



universities in Indonesia, to increase the quality of their graduates and to produce innovative graduates who are ready to work. Hence, universities are expected to always be able to adjust themselves, grow, and improve themselves through their organization. This also applies to private universities that work in the educational field, towards the creation of human resources who are competent in all life dimensions.

In facing the era of globalization, universities need to prepare themselves in the competition of producing graduates ready to face this era. Therefore, private universities require appropriate strategies to develop Organizational Citizenship Behaviour (OCB) that will affect Total Quality Management (TQM), and increase the service quality of private universities in Indonesia. The organizational performance of private universities is an indicator of their achievement, and it reflects the success of their organization's members. Hence, the performance of private universities is the goal of the organization effected by people inside the organization itself.

Literature Review

TQM is a concept and method requiring commitment and involvement from management and the totality of an organization. It is a strategy and integration of management to increase customer satisfaction, prioritize the involvement of all managers and employees. It uses the quantitative method. The implementation of TQM in private universities is not a short-term change. Instead, it is a long-term effort that will be performed consistently and continuously, to increase organizational performance. To utilize all the capabilities of private universities to reach set standards, cooperation must be developed among the elements of process agents (lecturers) as academia, to increase their quality. There are two practices of TQM, Soft TQM and Hard TQM. Soft TQM is indicated by Leadership, People Management, and Customer Focus. The indicators of Hard TQM are Planning, Process Management, and Information and Analysis (Jung & Hong, 2008).

Organ (2010) defines Organizational Citizenship Behaviour (OCB) as a behaviour and an attitude that benefits an organization. It cannot be imposed by the obligation of a formal role, a contract or compensation. A successful organization needs employees who will perform far beyond their formal obligation, and beyond expectations. Facts show that organizations which have employees with good Organizational Citizenship Behaviour (OCB) will perform better than other organizations (Robbins & Judge, 2008). The development of human resources in universities is a must, if organizations are going to compete in this era. In terms of higher education, the implementation of OCB is the right form of human resource management. The work description of lecturers is different from that of employees in commercial institutions or companies. Schnake & Dumler (2013) state that the dimensions of



OCB mostly used in empirical studies are altruism, conscientiousness, civic virtue, sportsmanship and courtesy.

Service Quality is important for the success of private universities as service companies. Service Quality is a phrase that must be performed well by a service provider. Rahmawati, D. (2015) defines service quality as a dynamic condition related to products, service, humans, processes, and environment that meets or exceeds expectation. According to Tjiptono & Diana (2012), service quality is a belief related to received service. Ramlawati, Surachman, Zain, D., & Djumahir (2011) state that an appropriate and accurate strategy in a service quality is an important factor, one that will affect competitive advantage if well planned and well implemented. In this study, the service quality of private universities is indicated on the service rate given by private universities to students, in terms of service of student's academic needs. Indicators in this theory are developed from Kotler theory (2010), in describing five criteria that determine service quality consisting of Reliability, Responsiveness, Tangibility, Empathy, and Assurance.

The performance of private universities is something produced by an institution in a given period, with reference to established standards. To assess that organization's performance involves investigating how its members' performance can affect the organizational performance of private universities. That performance evaluation reveals exactly what is being addressed by the organization and its targets. Further, that performance assessment allows plans and strategies to be arranged, and the determination of the steps necessary with respect to achieving the desired goals of the organization. According to Mangkunegoro (2016), several factors affect a person's performance, namely: (1) ability, which is generally divided into potential ability (Intelligence Quotient) and reality ability (knowledge and skills); and (2) motivations, formed from lecturer's attitude in academia when facing work. Motivation for lecturers, as an academic society, is critical for achieving universities' vision and mission. Being a lecturer in an academic society should be a motivation formed from the beginning (by plan), not as a necessity or chance (by accident).

Statement of the Problem

¹¹ Based on the above background, the problem can be formulated as follows:

- a. Does TQM significantly affect Service Quality?
- b. Does OCB significantly affect Service Quality?
- c. Does Service Quality significantly affect Performance of Private Universities?



Objective of the Study

Based on the background and the formulation of the problem above, the objectives of this study are as follows:

- a. To test and analyze the effect of TQM on Service Quality
- b. To test and analyze the effect of OCB on Service Quality
- c. To test and analyze the effect of Service Quality on the Performance of Private Universities

Hypotheses

Based on the proposed problem formulation, theoretical foundation, framework of thinking process and the proposed conceptual framework, the research hypotheses are formulated as follows:

TQM is widely implemented throughout the world in different industries and sectors, due to its positive results. TQM focuses on service quality and customer satisfaction (Gunasekaran, A., McGaughey, R.E., Ngai, E.W.T., Rai, B.K. (2009)).

H1: TQM significantly affects Service Quality

OCB contributes directly or indirectly in creating superior perception in service quality (Jung, J. Y., & Hong, S. (2008)).

H2: OCB significantly affects Service Quality

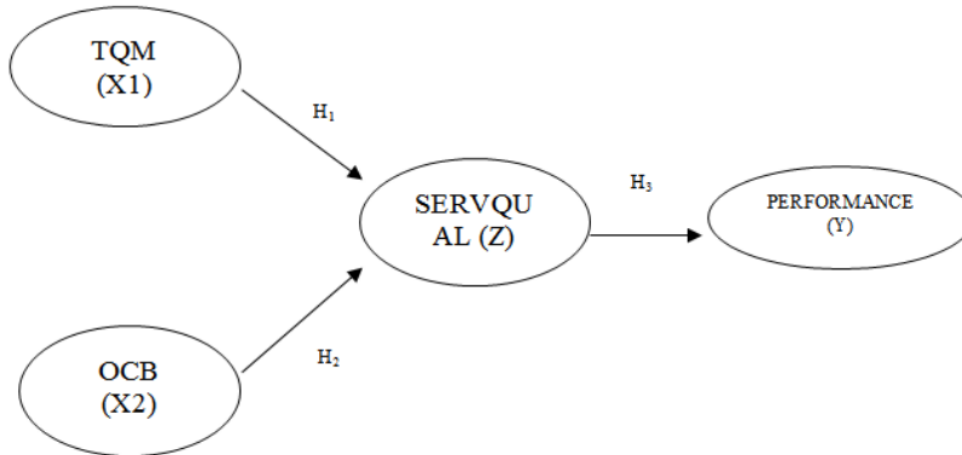
Astura et al. (2012) proves that internal service quality has a significant and positive effect on employee performance.

H3: Service Quality affects Performance at private universities

Research Method

The population in this study consists of 250 Private Universities in Indonesia. To test the hypotheses, quantitative methods were used with a statistical test. The data analysis technique used in this study was the Component-Based Structural Equation Modelling (SEM), where the calculation was conducted by using the Smart Partial Least Square (PLS).

Conceptual Framework



Results and Discussions

The results of the structural path coefficient (Inner Weight) along with the t value of statistics are shown in Table 1 below:

Table 1: Test of Inner Weight on the Performance of Private Universities (Y) using Bootstrap sample

Effect	Original Coef.	5 (Bootstrap B=100)		3 (Bootstrap B=200)		3 (Bootstrap B=300)		3 (Bootstrap B=500)	
		Coef.	t-Test	Coef.	t-Test	Coef.	t-Test	Coef.	t-Test
TQM(X1) → SQ(Z)	0.716	0.728	15.576	0.721	30.958	0.710	31.379	0.719	36.603
OCB(X2) → SQ(Z)	0.461	0.485	7.285	0.480	13.500	0.474	11.031	0.469	27.086
SQ(Z) → PER(Y)	0.007	0.002	0.214	0.004	0.304	0.015	0.285	0.006	0.373

Sources: The Processed Data

Test results of a complete model with SmartPLS program can be seen from the value of R-Square, that describes the goodness-of-fit of the model. R-square values recommended are greater than zero.



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Table 2: Goodness of Fit and R-Square

<i>Variable</i>	<i>R-Square</i>
Total Quality Management (X1) → Service Quality (Z)	0.513
Organizational Citizenship Behaviour (OCB) (X2) → Service Quality (Z)	0.212
Service Quality (Z) → Performance of Private Universities (Y)	0.857

Sources: The Processed Data

The suitability of the structural model can be seen from (Q^2) as follows :

$$Q^2 = 1 - (1 - R_1^2) (1 - R_2^2) (1 - R_3^2)$$

The results as to the suitability of the structural model (Q^2) showed that all Q^2 values were greater than zero. This means that our model has already met the required Goodness of Fit.

Table 3: Results of Hypothesis Testing

Variable	Path Coeff.	t Statistics	t table	Remarks
1. Total Quality Management (X1) → Service Quality (Z)	0,719	36,603	1,96	t-Statistics > t-table hypothesis is accepted
2. Organizational Citizenship Behaviour (OCB) (X2) → Service Quality (Z)	0,469	27,086	1,96	t-Statistics > t-table hypothesis is accepted
3. Service Quality (Z) → Performance of Private Universities (Y)	0,242	10,835	1,96	t-Statistics > t-table hypothesis is accepted

Sources: The Processed Data

Conclusion

Based on the analysis and verification performed using Structural Equation Modeling, and the analysis with the PLS program regarding the effect of Total Quality Management (TQM), Organizational Citizenship Behavior (OCB), and Service Quality on the Performance of Private Universities in Indonesia, some conclusions can be drawn as follows:

1. Total Quality Management significantly affected Service Quality. The result of this study was supported by research conducted by Sularso & Murdijanto (2014) stating that the implementation of TQM has a good effect on improving the quality of human resources.



These results are also consistent with the results of the study conducted by Gorji, M. B. (2011), proving that soft TQM has a positive effect on service quality. The findings in this study were also supported by the results of research conducted by Revida & Coal (2009) showing that Total Quality Management has a positive effect on Service Quality. Adawiyah, W. R., & Pramuka, B. A. (2012) state that the relationship between Soft TQM and organizations is very important, for increasing service quality. Abdullah, M. M., & Tari, J. J. (2012) state that The Effect of Soft and Hard Total Quality Management Practices on Performance

2. Organizational Citizenship Behavior (OCB) significantly affected Service Quality. OCB contributes directly or indirectly in creating superior perception in service quality according to Mehrabi, J., Abtahi, M. S., & Dehbalae, D. (2013). Indeed, this behaviour has been described by the literature, regarding the importance of achieving more profit. It is very important that employees behave appropriately in their role, if the level of quality is to be higher. Employees displaying behaviour that represents OCB are able to provide service quality, because they strive to help consumers with the best things. Khazaei, K., Khalkhali, A., & Eslami, N. (2011) state that Relationship Between Organizational Citizenship Behaviour and Performance of School Teachers in West of Mazandaran Province.
3. Service Quality significantly affected ²the performance of private universities. ¹²The results in this study were in line with the research conducted by Zulkarnain (2012), which found that service quality and existing information systems in organizations affect organizational performance, either individually or collectively. This shows that support for service quality and adequate information systems in an organization will improve its performance. ²This result was also supported by Astura et al. (2012) proving that internal service quality has a significant and positive effect on employee performance.

Recommendations

Based on the results of the study, the following suggestions are proposed:

1. ¹Private universities in Indonesia need to motivate faculty and staff to build *Organizational Citizenship Behaviour*, to improve the performance of private universities in Surabaya.
2. It is expected that private universities in Surabaya apply maximum Total Quality Management, which is expected to improve the service quality of its private universities.
3. Further research is expected to expand the scope of research, for example on a different institution or company.



4. It is expected that further research will develop the variables used to better know the factors that may affect the performance of a university.
5. Further research needs to be done to develop a more comprehensive and practical knowledge base, so that the development of private universities in Indonesia exceeds even our expectations for the future.



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