



Integration Performance Management and ISO 9001:2015 Implementation

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ABSTRACT

Many companies in Indonesia have adopted ISO 9001:2015 (Quality Management System) but have not yet achieved the expected performance levels . The research aiming to assist companies in enhancing performance and Integration the implementation of Performance Management with the existing ISO 9001:2015 quality management system . The major phenomenon in this research is the declining company's performance despite implementing ISO 9001:2015. This research aiming to help companies develop a Performance Management system aligned with their business processes and corporate strategy . This research adopt a qualitative approach approach to data gathering and information through document observation and FGD interviews . The researcher found that companies have not had a system to deploy the company's strategy to all levels and how to measure it . The researcher also suggests that the company establish the integration model for implementing the 6.2, 7, 9, and 10 clauses of ISO 9001:2015. The integration with ISO 9001:2015 should be implemented for Sustainability Performance Management .

1. Introduction

Human resource management is a series of activities from planning, recruitment, training, assessment, compensation, industrial relations arrangements and implementation of occupational health and safety (Dessler, 2020). Comprehensive HR management is also being promoted by the government according to the Ministry of Manpower No. 297 (2020) with the aim of providing guidance for all companies in Indonesia, how to properly manage HR to support improved performance. This research was conducted at PT. X as a vehicle distributor that has been established for 40 years. Along with the increasingly tight competition in vehicle sales and declining sales since the last 5 (five) years, PT. X is committed to improving business management. The changes made by PT. X began with the implementation of ISO 9001: 2015 since 2022. In accordance with the Business Plan, PT. X also plans changes in the Human Resource field comprehensively.

Phenomena experienced by companies over the last 3 (three) years even though they have implemented ISO 9001:2015:

1. Declining sales (15-45% per year)
2. There is often non-compliance in several departments
3. Inconsistent performance assessments for the last 5 (five) years
4. There is no systematic performance measurement for achieving the company's established strategy
5. Lack of understanding to translate existing strategies into integrated work plans and performance measurements
6. The lack of understanding of the HC team in the company to integrate Performance Management with the ISO 9001:2015 Quality Management System that has been implemented.

Why does the company's performance decline even though the company has implemented ISO 9001:2015? How to overcome the decline in performance that has occurred repeatedly in the last few years? That is the big question for PT. X. The decline in company performance was analyzed by the HC team not only due to external factors (world economy), but also due to declining individual performance. This made the company start to think about improving the management of each individual's performance systematically, and realized that implementing ISO 9001:2015 alone was not enough to improve overall performance.

The aim of carrying out this research is to: (1) develop a method for measuring the success of implementing company strategy, which is described as a performance indicator in the implementation of Performance Management with tools Balanced Scorecard (2) integrates the implementation of Performance Management with the existing ISO 9001:2015 quality management system.

2. Methodology

Sample and Data Collection

In accordance with the phenomena that occurred in the case of PT. X, this study was conducted using a qualitative method, to conduct an in-depth analysis and obtain opinions from various stakeholder perspectives within the company. The study was conducted by document observation, interviews and FGD. The sampling technique used in this study according to Creswell (2014) was carried out to obtain in-depth information, namely by combining the following activities: (1) *Purposive sampling* by selecting the right resource person based on specific criteria related to the research objectives (2) *Maximum variation sampling* by seeking other sources for the widest possible variation in order to obtain a comprehensive picture. The sources selected for this study are 11 people, namely 2 (two) Top Management, 1 (one) HC head office, 4 (four) HC branches, 4 (four) Sales & Service Manager branches.

The list of interview questions and FGDs was designed to find out the old performance management patterns, so that later it can be revolutionized into the implementation of performance management with a more modern pattern (Cappeli, 2016). The list of questions and data needed to dig up information has been adjusted to the theory of Armstrong (2020), Parmenter (2010) and Hinsch (2019) for the development of Performance Management. The grouping of questions consists of: (1) Vision, mission and strategy description; (2) The system applied for performance assessment; (3) Job development description, job specifications and competency standards; (4) Performance results and HR problems; (5) Integration patterns with ISO 9001:2015.

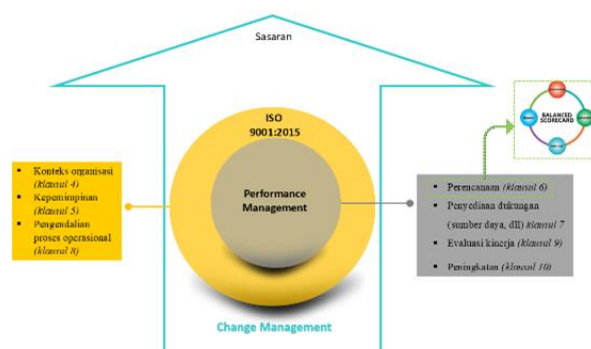
No	Question	Required Data	Interview	FGD	Review Documents
1	Does the company have a written Vision and Mission?		v	v	v

No	Question	Required Data	Interview	FGD	Review Documents
2	Have the Vision and Mission been socialized?		v	v	
3	Has the company ever conducted internal & external analysis for target setting input ? (For example using the SWOT method)		v	v	v
4	Has the company set long-term goals (3-5 years) based on internal & external analysis results?	Corporate Strategy, Business Plan	v	v	v
5	What is the method when setting long-term goals?		v	v	
6	Are short-term (annual) goals set? If yes, are there any goals for <i>Financial, Customer, Internal Process, Learning & Growth</i> ?	Corporate strategy, ISO 9001 quality objectives, KPIs and targets	v	v	v
7	Are long-term goals deployed to all departments? Give examples for 2 departments .	Corporate strategy, ISO 9001 quality targets, KPI	v	v	v
8	Does the company have a performance appraisal system ? (appraisal) ?	Performance Assessment SOP	v	v	v
9	What parameters are assessed?	Form <i>Performance Appraisal</i>	v	v	v
10	Is the assessment done individually or in groups?	Form <i>Performance Appraisal</i>	v	v	
11	Is the assessment system linked to the company strategy?	Form <i>Performance Appraisal</i> , Corporate Strategy	v	v	v
12	How does the feedback system work after implementation? (performance appraisal) ?	Performance Assessment SOP	v	v	v
13	Is there any <i>Job Description</i> for each part?	<i>Job Description</i>	v	v	v

No	Question	Required Data	Interview	FGD	Review Documents
14	When was the last time you did an update? <i>Job Description</i> ?	<i>Job Description</i>	v	v	v
15	Is there any <i>Job Specifications</i> for each position?	<i>Job Description</i>	v	v	v
16	Has the company set employee competency standards? Where is it listed?	Competency standards	v	v	v
17	State education level: Director , Manager , Supervisor		v		
18	How is the average performance of each section?	Realization of ISO 9001 quality management plan (work plan), KPI achievement results	v	v	v
19	What is the level of conflict within the company?		v	v	
20	How is the coordination condition of each part?		v	v	
21	What are the main HR problems in the company? In terms of: motivation, skills, communication, work culture, etc.		v	v	
22	Are the quality targets in the implementation of ISO 9001:2015 integrated with the performance indicators of each section?	ISO 9001 quality targets for each department, KPI	v	v	v

Operational Variable

The integration that needs to be done for the implementation of Performance Management with ISO 9001:2015 can be seen in the image below:



Pic 1.
Integration of
Performance Management and
ISO 9001:2105 Implementation

There are several clauses of ISO 9001:2015 requirements that support the implementation of Performance

Management : (1) Clause 6.2 Quality objectives and planning to achieve objectives, (2) Clause 7 Documented information, (3) Clause 9 Performance evaluation, (4) Clause 10 Improvement. These clauses need to be integrated in the implementation of Performance Management so that the existing management system is not separate, which can later cause confusion for employees.

Strategies to Increase Validity

Some strategies suggested by Creswell (2014) to increase the validity of information in qualitative research are to carry out the following activities: (1) Triangulation; by using various data sources and various data collection methods such as interviews, observations, documents to confirm findings, (2) *Member Checking* ; by presenting detailed and in-depth descriptions of the research context, participants and phenomena being studied, allowing readers to assess the credibility and transferability of research findings, (3) *Prolonged Engagement* ; by spending sufficient time in the field to build relationships with participants and gain a deep understanding of the phenomena being studied, (4) *Reflexivity* ; by reflecting on the influence of the researcher's personal values, beliefs, and experiences on the research process and findings and increasing the researcher's awareness of potential bias and increasing the objectivity of the research.

Data Analysis Techniques

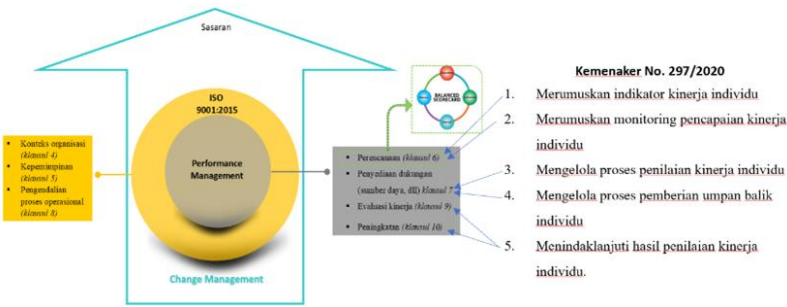
The data analysis technique that will be carried out in this study will be carried out manually by the researcher. The stages of the data analysis technique that will be carried out are in accordance with Creswell's (2014) direction, namely: (1) Organizing and preparing data for analysis; by transcribing, reading and making notes and organizing data, (2) Reading and reviewing data; by coding the relevant parts of the research question, (3) Representing and visualizing data; by creating a narrative to present findings in an easy-to-understand form, matrices and tables to facilitate data analysis, diagrams and images to illustrate the relationship between concepts (4) Interpreting the meaning of findings; by connecting research findings with relevant theories, seeking deeper meaning from the findings, and discussing the implications of research findings for theory, practice and further research.

3. Results and Discussion

From the research results, in order to implement sustainable *Performance Management* , *companies need to instill a sense of of urgency* to all employees (Kotter , 2014). Then it needs to be followed up with *refresh activities* so that the planned changes can become permanent and integrated with the culture and processes within the company (Cumming & Worley , 2023). In order to implement ideal Performance Management, the Indonesian government has also issued guidelines according to the Ministry of Manpower No. 297 (2020). This needs to be considered by every company so that it can integrate with the ISO 9001:2015 quality management system standards that have been implemented. The integration model can be seen in the image below:

Pic 2.
Relation of Performance Management
(based-on Kemenaker No.297/2020)
and ISO 9001:2015

G



Concrete steps to carry out integration that can be done according to the image above are with several activities below:

Strategy Deployment

From the SWOT that has been conducted, it can be sharpened by using the TOWS Matrix to determine the strategy for the next three to five years.

Pic 3.
TOWS Matrix

TOWS Analysis

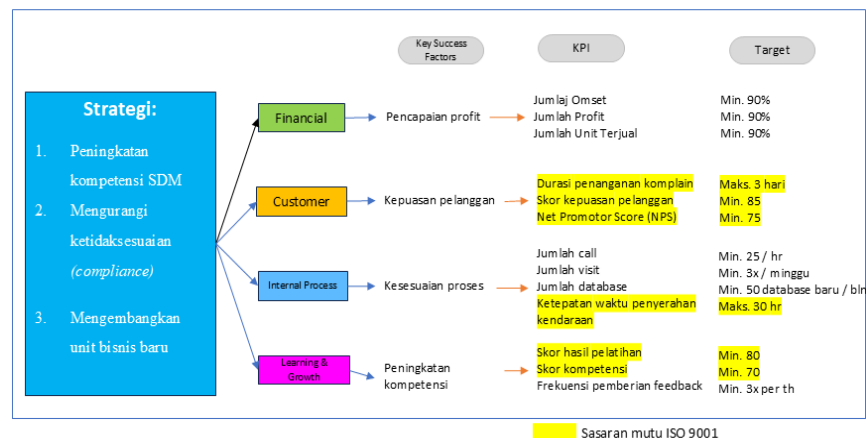
	External Opportunity (O) 1. 2. 3. 4.	External Threat (T) 1. 2. 3. 4.
Internal Strengths (S) 1. 2. 3. 4.	SO 1. 2. 3. <i>Maxi-Maxi Strategy</i>	ST 1. 2. 3. <i>Maxi-Mini Strategy</i>
Internal Weakness (W) 1. 2. 3. 4.	WO 1. 2. 3. <i>Mini-Maxi Strategy</i>	WT 1. 2. 3. <i>Mini-Mini Strategy</i>

Based on the discussion between researchers and PT. X, it was concluded that the strategy that will be implemented for the next few years is improving HR competency, reducing non-compliance *and developing new* business units.

Quality Objectives (Clause 6 - ISO 9001:2015)

In clause 6 of ISO 9001:2015, companies are required to conduct a risk analysis before setting quality objectives and preparing a quality management plan or work plan. This needs to be integrated with the implementation of Performance Management . Aguinis (2018) explains that the right method in implementing *Performance Management* is to use *Balanced Scorecard* to describe the company's strategy into KPIs. The description that can be done at PT. X according to the research results, can be seen in the image below:

Pic 4.
Strategy Deployment
Sales Department



Provision of Support (Clause 7 - ISO 9001:2015)

One of the challenges in implementing Performance Management is the use of technology, adapting to the era of globalization and viewing employee diversity as a source of company capital (Dessler , 2020). ISO 9001:2015 regulates the provision of support for these matters which are regulated in clause 7. The implementation of integration with Performance Management can be done by:

Clause 7.1 Resources: (a) Discuss with the right pattern when giving feedback, the aim is to ensure employees work in appropriate conditions from a psychological, environmental, relationship with superiors or between employees side: (b) Prepare a computerized system to support the implementation of *Performance Management* , the aim is to reduce administrative activities and reduce the possibility of *human error* . Examples of digitalization for KPI calculations, recording feedback summaries and employee commitments; (c) Maintain the results of each department's performance management, as a record to determine the success or failure in efforts to improve performance in the department.

Clause 7.2 Competence: (a) Following up on activities after providing feedback to employees. Examples of training, mentoring and special assignments; (b) Evaluating the results of activities, whether there is an increase in competence.

Clause 7.3 Concern: (a) Consistent socialization of the *Performance Management pattern* in the company is needed. This can be done from *on-boarding. training* for new employees: (b) Need to provide awareness *about employee* contributions in supporting company performance; (c) Need to provide an understanding that *Performance Management* is not just about *performance appraisal* and salary increase. The most important goal that needs to be conveyed to all employees is that the implementation of *Performance Management* is for employee development and the achievement of long-term goals of employees and the company. Thus, the company can avoid bias and subjectivity (Armstrong & Baron, 2005).

Clause 7.4 Communication: (a) Determine the communication method to be used for performance and competency assessment, whether it will be done verbally or in writing or a combination of both; (b) Determine who will be involved in performance measurement or assessment, whether only the superior or involving the employee himself and other parties (colleagues, suppliers , consultants); (c) Determine *the tools to be used for assessment and measurement, whether* Excel is sufficient or there are special applications and special test questions ; (d) Determine the performance assessment period and feedback provision.

Clause 7.5 Documented information: (a) Prepare the procedures for implementing *Performance Management* ; (b) Prepare the forms to be used; (c) Determine the access policy for all completed forms (who may view performance results, feedback results).

Performance Evaluation (Clause 9 - ISO 9001:2015)

To see the consistency of the implementation of the quality management system, the company needs to conduct periodic checks. Integration of the implementation of Performance Management with clause 9 of ISO 9001:2015 can be done by:

Clause 9.1 Monitoring, measurement, analysis and evaluation; (a) Determine that what needs to be monitored or measured is: (1) IDP (*Individual Development Plan*) is an employee development plan to improve competency and skills according to career goals and the company's strategic needs. Examples: training, mentoring with superiors ; (2) PDP (*Personal Development Plan*) is an employee development plan to improve performance (achieving KPIs, changing behavior). Examples: setting KPI achievement targets for next month, corrective actions that need to be taken to avoid violations of ethics and regulations; (b) Determine the monitoring method to be carried out, for example using the 360° method , competency-based assessment (Armstrong , 2020); (c) Conduct analysis and evaluation of *Performance Management* results by looking at the mapping in the Talent Box to determine *the area of improvement* (Aguinis, 2018).

Clause 9.2 Internal audit; (a) Checking the results of the implementation of SOPs for the implementation of *Performance Management* whether they have been carried out consistently; (b) Reviewing the effectiveness of SOPs and forms used, whether they are still in accordance with the company's development strategy.

Improvement (Clause 10 - ISO 9001:2015)

In order to achieve continuous improvement in the implementation of the quality management system, companies need to make improvements in various areas. Clause 10 in ISO 9001:2015 consists of several sub-clauses. The integration that can be done between the implementation of ISO 9001:2015 and Performance Management for this clause is:

Clause 10.1 General : (a) Improving products and services to meet requirements; (b) Correcting, preventing or reducing undesirable effects; (c) Improving the performance and effectiveness of the quality management system.

Clause 10.2 Non-conformity and corrective action; (a) Conducting evaluation results checks and improvement plans for performance improvement per period; (b) Keeping evidence of agreed improvement action plans in the employee performance feedback form.

Clause 10.3 Continuous improvement; (a) Reviewing the effectiveness of the results of providing feedback; (b) Reviewing the effectiveness of the results of implementing training, mentoring, coaching that has been carried out after providing feedback so that *continuous improvement occurs. improvement* (Aguinis , 2018).

4. Conclusion

Based on research into the phenomena that occurred at PT. X, the implementation of Performance Management in the future can run effectively and be integrated with ISO 9001:2015, there are several things we need to do: (1) Improve the preparation of existing strategies with tools Balanced Scorecard (Norton & Kaplan, 1996), then describes the strategy into performance indicators in each department; (2) Integrating the implementation of Performance Management with the ISO 9001:2015 quality management system starting from: (a) integrating quality targets and KPIs, (b) preparing supporting resources by, (c) evaluating and analyzing the results of the implementation consistently, (d) determining corrective actions if the results of the implementation of feedback there are still some not appropriate, in order to determine steps for continuous improvement; (3) Conduct evaluation and analysis of implementation results consistently; (4) Determine corrective actions if the results of the implementation of feedback there are still some not in accordance with the agreed target , so that employees can determine steps for continuous improvement (Kotter , 2014).

The limitation of this study is because there are still few examples of case studies discussed, namely only for the Sales Department in a vehicle distributor company. This study can be used as a reference for all companies that have implemented ISO 9001:2015 and want to continue to improve performance by implementing Performance Management. It is hoped that with other more comprehensive research, it can help companies in Indonesia to manage performance in accordance with government policy directions stated in the Ministry of Manpower No. 297 (2020) SKNI MSDM.

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