

ANALYSIS OF THE APPLICATION OF MALCOLM BALDRIGE CRITERIA (MBCFPE) TO BUSINESS ACTORS IN INDONESIA

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Abstract

This research explores the challenges and opportunities for Micro, Small and Medium Enterprises (MSMEs) in Indonesia, focusing on the implementation of the Malcolm Baldrige Criteria for Performance Excellence. Although the MSME sector in Indonesia is very large, limited capital, access to technology, and market reach hinder their competitiveness against larger companies. Along with that, the proliferation of online media adds complexity to the business landscape, demanding rapid adaptation. Strategic human resource management is emerging as a critical factor for long-term organizational development. The research uses the Malcolm Baldrige Award as a benchmark for performance appraisal, which includes leadership, strategic planning, customer focus, measurement and analysis, workforce focus, process management, and results. The study sampled six businesses, revealing the varying impact of these criteria on their performance. Key findings highlight the key role of leadership and customer-focus in influencing MSME outcomes, while other criteria show mixed and sometimes less significant effects. Full implementation challenges include a lack of a clear vision-mission statement, lack of organizational structure, and limited emphasis on product innovation. The research concludes with recommendations for MSMEs in Indonesia, emphasizing the importance of developing a clear vision, improving organizational structure, and increasing focus on innovation. These findings provide deep insight into the dynamics of MSMEs and offer strategic direction to navigate Indonesia's evolving business landscape.

Keywords: Indonesian MSMEs, Malcolm Baldrige, Management

1. Introduction

Indonesia is a country with a fairly large number of Micro, Small and Medium Enterprises (MSMEs). Despite having great potential, MSMEs in Indonesia still face various obstacles, such as limited capital (Okpara, 2011), limited access to technology, and limited access to markets. This makes it difficult for MSMEs in Indonesia to compete with large companies and to develop significantly (Hafsah, 2004).

On the other hand, along with the development of information technology, various print mass media also added to their production by giving birth to online media. Considering that it is getting more and more days, people need the latest information faster. Plus, the spread of electronic devices that are increasingly efficient in the grip.

Moreover, everyone has different information needs. Inevitably, the ease of accessing any information offered by online media is an attraction for readers (Lubis, 2018).

In one of the State-Owned Enterprises (BUMN) engaged in news, money, goods traffic services with the largest service network and spread throughout Indonesia is PT. Pos Indonesia. PT. Pos Indonesia is required to have more value in the eyes of the public and not lose its loyal customers in its competition. This condition requires a company to always develop a company strategy in order to survive, be competitive and continue to grow in the midst of intense business competition, therefore the company needs to develop an appropriate strategy so that the company can maintain its existence and can improve company performance.

Strategic human resource management is very important in long-term organizational development because it can help an organization in planning, developing, and maintaining quality human resources to optimize each other's roles and contributions in achieving organizational goals. The Malcolm Baldrige National Quality Award (MBNQA) or commonly referred to as the Baldrige Award is an award given by the United States government to an organization to measure its performance and excellence in quality management and business performance (Fuad, 2018). This concept includes seven main criteria, namely leadership, strategic planning, customer focus, measurement, analysis, and improvement, resource management, operations management, and results (Yhovizmiaji & Sulistyowati, 2018).

2. Theoretical Background

Malcolm Baldrige Criteria for Performance Excellence or Baldrige Criteria is a guide for a company to achieve high-quality performance consisting of 7 criteria, namely Leadership; Strategic Planning; Customer Focus; Measurement, Analysis and Knowledge Management; Focus on Workforce; Process Management; and Results. (Baldrige Customer Service, 2016) Malcolm Baldrige's criteria are also used to solve problems to determine the amount of company performance value, the company's position in the market, the advantages and disadvantages of the company and get competitive criteria and priority setting (Simanjuntak & Budiastawa, 2017). Meanwhile, the Malcolm Baldrige Criterion has also been applied as one of the quality management tools in the preparation of strategies based on company conditions both internal and external (Purbosani, 2011). The application of the Malcolm Baldrige Criterion is not limited to business needs, but also included in the field of education (Kosim, 2012).

3. Methods

Sampling in this study was carried out by simple random sampling methods in several pre-existing research journals and this research method used a qualitative critical journal approach and literature review with variables 7 pillars of the Malcolm Baldrige Method in the business world.

4. Results and Discussion

Malcolm Award is an award in America that is widely followed by companies so that they get capital from investors. America is a capitalist country so companies have difficulty in obtaining capital. Therefore, companies that want to get investment must be able to enter the stock market. In determining whether the company is worthy or not to receive investment, investors use Malcolm Baldrige's 7 pillars as a benchmark.

The Malcolm Baldrige Method is designed to help an organization improve performance and achieve its business goals. The Malcolm Baldrige method of the assessment process uses 11 basic concepts and 7 pillars of assessment. However, the quality and performance of its business will certainly have a different impact or value on the company that adopts it depending on many things including the criteria of the organization, situations and conditions, carrying capacity, constraints, stages of development to what extent, vision and mission of the business organization, and so on.

This method began to be adopted by other countries to be applied along with the development of the business world. Malcolm Baldrige's method is a reference for companies to create value for the company. Adapting Malcolm Baldrige's method, there are some companies in Indonesia that succeed but many that do not succeed because this method must go through a process of cultururation in Indonesia.

Based on several previous research journals related to business actors in Indonesia who apply this method, it can be summarized in the following results.

Table 1. Application of the Malcolm Baldrige Method to business actors from 6 samples of research journals

The 7 Pillars of The Malcolm Baldrige Method	MSMES Bandung City	UD. Syaiful Plastic	MSMES "Good on You"	Yogyakarta Print Media Business	PT Pos Indonesia	MSMES Bandung Middle Class
Leadership	X	X	X	X	X	X
Strategic Planning	X	V	X	X	X	X
Customer Focused	X	V	X	V	X	V
Measurement Analysis and Knowledge Management	X	X	X	X	X	X
Workforce Focused	X	X	X	X	X	X

Operation Focused	V	V	X	X	X	X
Result	V	X	X	X	V	V
Source:	Syaira, et al, 2020	Prasetyo and Wahyuni, 2021	Indrawan, et al 2022	Sulistyo and Arwandi, 2020	Suggestion and Anggraeni, 2020	John and Sugih 2022

Note

V: Influential

X: It has no effect or even has not yet

Research conducted on MSMEs in Bandung City by Syaira et al (2022) shows that work process variables and operational effectiveness variables significantly affect the results of MSME performance performance. Work process variables are significantly influenced by variable result criteria and product and process requirement variables, while with variable design concepts and product and process improvement variables influential but not significant. Variable operational effectiveness can work and is significantly influenced by variable outcome criteria and variable emergency preparedness.

Research results from a case study at UD. Syaiful Plastik by Annisa Dzakiyatus Sholihah (2018) shows that the leadership category does not affect company performance while the strategy carried out at UD. Syaiful Plastik affects the improvement of the business made. Malcolm Baldrige's pillar, Customer focused on customer focus and market influence on the results of the business carried out. In the category of measurement and analysis management, it has no effect on UD's ongoing efforts. Syaiful Plastik and on human resource points have no effect on performance results and business results.

The third journal by Indrawan, et al. in 2022 related to MSMEs "Good on You". MSMEs are relatively new, and are engaged in the fashion world. When researchers conducted research on these MSMEs using the Malcolm Baldrige method, these MSMEs did not meet the criteria related to Malcolm Assessment. But they have foresight and hope for their efforts to grow even more by accepting suggestions and input provided by researchers regarding steps to meet Malcolm Baldrige. However, this process still takes time for MSMEs to process.

The fourth research journal is a study in Print Media Business in Yogyakarta conducted by (Agung Sulistyo and Fitria Agustin Sri Arwandi, 2020) obtained the following results. There is only a significant influence on one criterion, namely customer focus. As for the other 6 criteria, there is no significant influence.

Furthermore, from research at PT. Pos Indonesia conducted by Hesti Sugesti and Angga Dwi Anggraeni (2020) can be seen that the company's performance at PT. Pos Indonesia is included in the good category, it is measured based on leadership indicators, strategic planning, customer focus, measurement, analysis and management, human resource focus, process management and results. From this study, it can be concluded that

the result indicator is an influential indicator where the results are directed at the results of product and service quality and customer satisfaction of PT. Pos Indonesia.

The last journal is a research journal by Yohanes and Sugih in 2022 related to middle-class MSMEs in Bandung City. Conclusions based on the results of the study show that customer voice and customer proximity have a significant effect on customer focus results, and customer adhesion has a significant effect on financial and market results (results).

From the table and explanation above, by taking research samples from 6 research journals, it was found that the seven pillars of the Malcolm Baldrige Method were not all applicable and had a significant effect on the performance of MSMEs. There are only a few pillars that are in focus and even then, not all of them show significant influence. MSMEs in their implementation mostly do not have a clear vision, mission because most of the MSMEs only focus on how the goods they produce will be sold out. The limited number of employees makes the organizational structure in MSMEs not yet well formed and detailed, so to apply Malcolm Baldrige's method is still difficult. The Malcolm Baldrige method will run effectively through managerial supervision and must be evaluated periodically to find out which pillars remain good or which are declining for later value stabilization. The application of the Malcolm Baldrige method cannot be implemented properly by most MSMEs in Indonesia who are still focusing on developing product innovations.

5. Conclusion

Research shows that the application of the Malcolm Baldrige Method to MSMEs in Indonesia still faces a number of obstacles. Although some pillars have a positive influence, many MSMEs are not structurally and culturally ready to fully adopt this method. Improvements in vision, organizational structure, and a focus on innovation can help MSMEs harness the potential of the Malcolm Baldrige Method more effectively.

Malcolm Baldrige's method cannot yet be applied to MSMEs in Indonesia. MSMEs that are mushrooming in Indonesia have the criteria of Livelihood Activities which are more likely to focus on how the goods or services they produce can sell, sell, profit, and capital back to be rolled back. The application of the Malcolm Baldrige method also requires time, cost, a solid managerial team to oversee the consistent running of Malcolm Baldrige's 7 pillars.

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