

# DESIGNING PERFORMANCE MANAGEMENT SYSTEM TO INCREASE CUSTOMER SATISFACTION (CASE STUDY AT CV. VIATEXINDO)

**Silviana Herawati, Hary Febriansyah**

Master of Business Administration, School of Business and Management, Institut Teknologi Bandung, Indonesia

\*Email untuk Korespondensi: silviana\_herawati@sbm-itb.ac.id, hary@sbm-itb.ac.id

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## ABSTRACT

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### Keywords:

Designing Performance Management System, Management by Objectives, Micro Company

Micro, Small, and Medium Enterprises (MSMEs) are crucial to Indonesia's economy, particularly in West Java, where they significantly contribute to GDP and employment. In West Java, with a population of about 49.9 million, there are over 7 million MSMEs, marking a growth of 5.83% in 2023. The Department of Cooperative and SMEs supports these businesses by managing affairs related to cooperatives, small business licenses, and development programs. The research aims to create a performance management system specifically designed for CV. Viatexindo, a textile microenterprise, in order to improve customer satisfaction through effective employee performance management. Using a combination of qualitative and quantitative approaches, the research investigates the relationship between employee performance and customer satisfaction in a microbusiness environment. The research highlights major weaknesses in company present performance management procedures through extensive analysis, which includes job analysis, the use of Management by Objectives (MBO), and feedback integration. The findings show a strong relationship between staff performance and customer complaints, emphasizing the need for a systematic performance management system. The research presents a complete methodology for incorporating customer input into performance evaluations while emphasizing continual improvement and training. The purpose is to connect staff objectives with company goals in order to decrease customer complaints and increase overall service quality. The research adds to our understanding of performance management in micro-enterprises and gives actionable information for CV. Viatexindo to adopt improvements that could lead to increased customer satisfaction and business growth.

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## INTRODUCTION

Micro, Small and Medium Enterprise play an important role in the Indonesian economy because they contribute significantly to the formation of gross domestic product and employment (Maksum et al., 2020). MSMEs also have high economic resilience so that they can support the stability of the financial system and the economy (Sari et al., 2023). However, the development of MSMEs still faces various obstacles, one of which is access to finance (Leslie et al., 2024). West Java province, with a population of around 49.9 million people, has the total projected number of MSMEs 7,055,660, an increase of 5.83% based on opendata Jabar 2023 data (Opendata Jabar, 2023). This is supported by the Department of Cooperatives and SMEs, a regional apparatus in West Java Province tasked with carrying out government affairs related to cooperatives and small businesses, such as savings and loan business licenses, empowerment, and small business development. MSMEs form the backbone of the local economy, contributing to employment generation, poverty alleviation, and regional development (Verma, 2020). It has witnessed a remarkable growth in the number and diversity of MSMEs, which have become vital engines of economic progress and innovation (Gherghina et al., 2020).

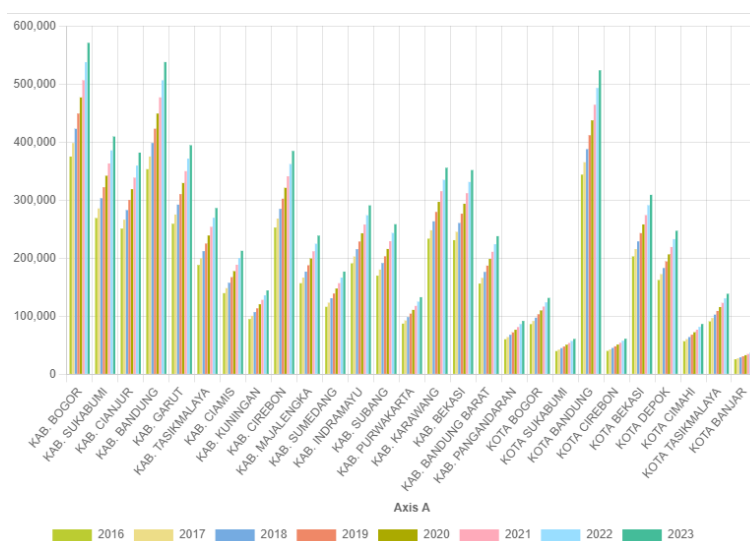


Figure I.1 Projected Number of MSMEs by Regency/City in West Java  
Source: opendata.jabarprov.go.id

According to the graph above, the number of MSMEs in West Java has climbed year after year from 2016 to 2023, with Bogor Regency scoring the highest at 570,943 and Banjar City scoring the lowest at 39,422. The Culinary and Food business categories dominate the types of MSMEs in West Java, with 2,239,092 MSMEs in the Culinary business category and 1,637,701 MSMEs in the Food business category, respectively. The embroidery business category has the smallest number of MSMEs compared to other business categories, with 2,081 MSMEs. Through the West Java provincial Ministry of Cooperative and SMEs, the West Java provincial government is trying to make MSMEs in West Java accommodated in obtaining product marketing efforts so that MSMEs can get greater profits (Maksum et al., 2020). The UMKM Juara program as one of the programs of the governor of West Java for the 2019–2023 period in the context of identifying facilities for strengthening and developing MSMEs products in West Java, it has succeeded in increasing the class numbers from micro to small, small to medium enterprises and has also completed the target of 4,500 MSMEs, with 150 assistants and 27 regional coordinators from 27 cities / districts who have jointly raised the degree of MSMEs through the program for the last four years (IDNtimes, 2023).

Despite their rapid development, MSMEs in West Java face a lot of challenges that hold back their potential (Tambunan, 2024). One of the most pressing issues is the lack of capital, which limits their ability to expand operations, invest in new technologies, and compete effectively in the market (Banerjee & Deb, 2023). Additionally, ensuring customer satisfaction with the goods and services provided by MSMEs is crucial for business development (Aulia et al., 2024). This research focuses on designing a performance management system to increase customer satisfaction through Management by Objectives (MBO) specifically in micro companies (Lepistö et al., 2024). It addresses performance management issues through customer feedback and employee performance analysis, identifying a gap in how micro companies manage performance (Hristov et al., 2024). The research utilizes a mix of qualitative and quantitative approaches to develop a performance management system that enhances customer satisfaction and employee performance, linking these aspects to overall business outcomes (Schleicher et al., 2018). This study distinguishes itself from prior research like Firdaus' (2023) work titled "Proposed Organizational Effectiveness Improvement Using 7s McKinsey and 5 Why Root Cause Analysis," which centers on enhancing organizational effectiveness in a particular business by tackling managerial challenges, organizational structures, and performance indicators. It also contrasts with the study by Putri (2021) that discusses the impact of nurturing environments and supportive leadership on productivity and personal growth of artisans, evaluating how these elements contribute to organizational culture and effectiveness, contrasting formal corporate settings with more organic, community-oriented work environments.

## Company Profile

### 1. CV Viatexindo

CV Viatexindo is a micro, small, and medium enterprise (MSME) founded in 2018. The company, based in Bandung, specializes in the textile industry, primarily buying and selling fabric. CV Viatexindo primarily operates in the textile industry, acting as a critical link in the fabric material supply chain. The

company's primary product is fabric, which is sourced from reputable sources to assure quality and consistency. CV Viatexindo serves a wide range of clients, with its target market including mass-produced garment companies and other industries that require fabric for operations. The company's competitive advantage is its ability to provide high-quality cloth at cheap pricing. CV Viatexindo continually follows market changes and customer demands in order to adapt its offerings and preserve its market position. The textile sector is fiercely competitive, and CV Viatexindo faces issues like as fluctuating raw material prices and shifting consumer tastes. However, the company sees chances to extend its product line and explore new markets to adapt to the increasing demands of the sector.

## 2. Company Vision and Mission

Vision:

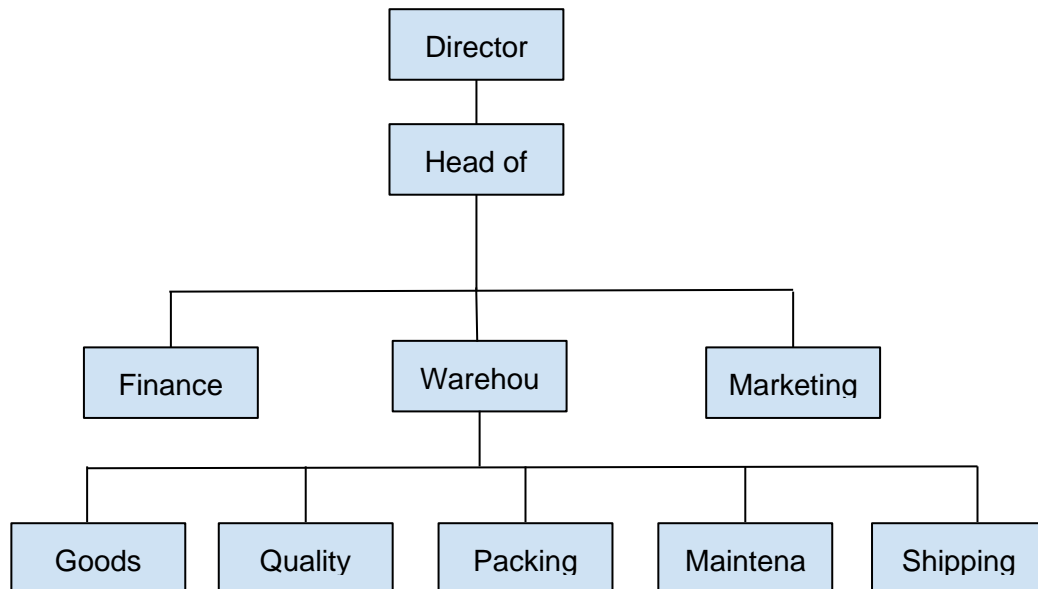
*"The realization of an improved community economy with the support of an independent, innovative and competitive local business".*

Mission:

Focusing on offering high-quality items that meet market demands.

## 3. Organization Structure

To fulfill an organization's aim, it must be structured in order to establish a range of control and delegation of authority and duty. The organizational structure is expected to facilitate assignment and decision making. The figure below depicts the organizational structure of CV Viatexindo.



**Figure I.2 Organizational Structure of CV Viatexindo**

### Business Issue

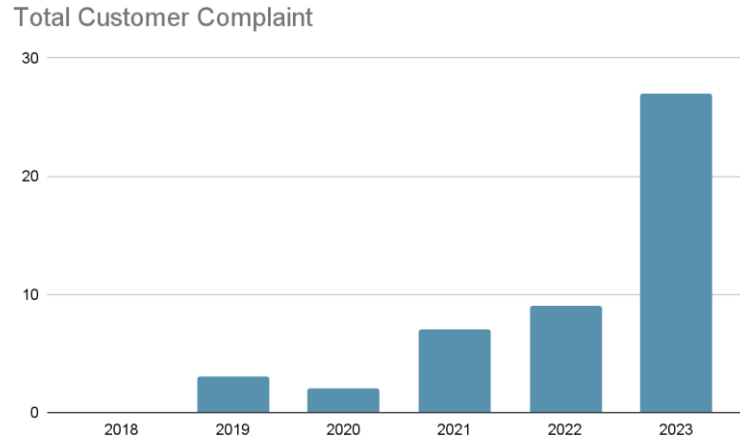
In recent years, CV Viatexindo has had an upsurge in customer complaints about fabric quality. CV Viatexindo has been in business for five years, but it still lacks a system for measuring performance. CV Viatexindo, as a micro firm, must increase its competitiveness and develop positive customer trust. This can be accomplished by creating a performance management system to keep the company and product quality.

The issue demonstrates the lack of a systematic strategy to defining job responsibilities and recognizing competencies inside the business. This gap creates obstacles such as the inability to accurately assess and monitor employee performance, difficulty with personnel management, including training and development, and operational inefficiencies caused by ambiguous job titles and responsibilities. Consequently, the organization fails to appropriately analyze employee performance.

Mapping the issue from the perspectives of stakeholders concerned with operational efficiency and business goals, as well as those in charge of implementing job analysis and competencies, reveals that stakeholders have received numerous customer complaints in recent years as a result of operational

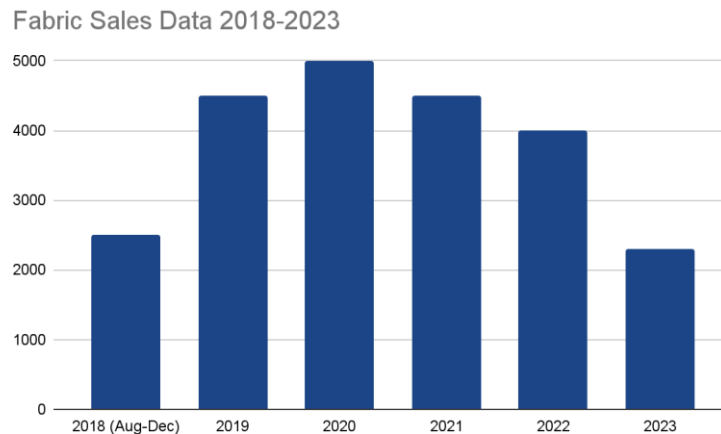
inefficiencies and low-quality output. This lack of clear duties and goals has also contributed to a reduction in corporate sales, harming overall performance and job satisfaction.

Stakeholders want a dependable system for assessing and improving performance, solid frameworks for people management, and a thorough awareness of customer expectations for products and services. Research into organized work analysis, competences, and performance assessment systems is critical for improving job satisfaction, operational decision-making, and customer satisfaction levels. The graph below shows an increase in the percentage of customer complaints.



**Graph I.1 Total Customer Complaint**

In 2023, CV Viatexindo received the most customer complaints, primarily over the poor state of received merchandise, such as flaws that caused losses for both customers and the corporation. Furthermore, fabric sales fell dramatically, which was attributed to the impact of customer complaints. Graph I.2 shows the decline in sales as follows:



**Graph I.2 Fabric Sales Data 2018-2023**

According to the data supplied, there has been a rise in consumer complaints while declining revenue. In addition to receiving an increasing number of client complaints, CV Viatexindo's Director and Head of Operations reported a severe reduction in employee performance. This raises fundamental questions about the relationship between staff performance and rising customer dissatisfaction. As a result, this study intends to empirically examine if there is a substantial relationship between the quality of staff performance and the increasing number of customer complaints, as well as to find additional elements that may contribute to this problem.

**METHOD**

The study takes a mixed-methods approach, combining quantitative and qualitative data to provide a thorough examination of performance management systems (PMS) and their impact on customer satisfaction at CV Viatexindo. Data gathering includes a questionnaire survey of all 10 employees, including the director, and in-depth interviews with important personnel. This approach allowed for diverse perspectives, facilitating a deeper understanding of how PMS influences customer-facing behaviors. Data analysis employed various methods, including Porter's Five Forces, Value Chain Analysis, and the 5 Whys technique to assess external and internal dynamics, uncover root causes of inefficiencies, and devise strategic recommendations. Tools such as SWOT analysis and the TOWS matrix were used for strategic planning, while descriptive analytics, correlation analysis, and regression provided insights into data trends and relationships. Reliability and validity were ensured through Cronbach's alpha and content validity tests, while data triangulation enhanced the robustness of the findings. The respondent profile highlights the diversity in experience and educational backgrounds across the company's staff.

## RESULTS AND DISCUSSION

### Analysis

The data analysis in this study begins by examining external, internal, root cause, SWOT, and TOWS matrix elements. followed by assessing data based on the results of the questionnaire, which begins with descriptive analysis, then conducts validity and reliability testing, correlation analysis, and regression.

#### 1. Porter's 5 Forces Analysis

The analysis below focuses on Threat of New Entrants, Bargaining Power of Suppliers, Bargaining Power of Buyers, Threat of Substitute Products or Services and Rivalry Among Existing Competitors

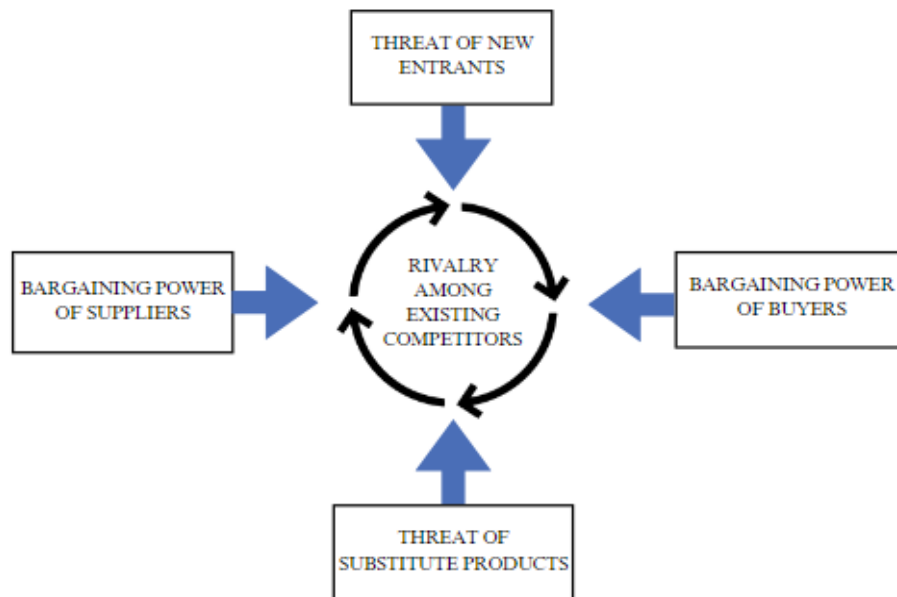


Figure IV.1 Porter's Five Forces Framework

#### a. Barriers to Entry

The textile industry presents moderate entry barriers due to the significant capital required for machinery, raw materials, and operational costs, particularly in sourcing high-quality fabric. However, the increasing presence of MSMEs in the region may intensify competition as new players attempt to capitalize on the dynamic market. Government support in West Java, such as the UMKM Juara program, may reduce these barriers for new entrants, potentially increasing competition. Furthermore, the issuance of business identification numbers (NIBs) in West Java grew by 1.4 million between 2018 and 2023, reflecting the steady expansion of MSMEs by 280,000 annually. The government aims to issue 1 million more NIBs by 2024 (Ritonga, 2024).

**b. Bargaining Power of Supplier**

CV Viatexindo faces high supplier bargaining power due to its reliance on a few trusted sources for quality fabric. This dependency, coupled with limited alternatives, gives suppliers significant negotiation leverage. According to Mr. Bambang, not all suppliers meet their quality standards, so maintaining a good relationship with reliable suppliers is crucial. However, not all suppliers are able to build strong business relationships (Director, Personal Interview, 2024). High switching costs, tied to maintaining consistent quality and positive relationships, further strengthen the suppliers' bargaining position.

**c. Bargaining Power of Buyers**

CV Viatexindo actively works with a diverse client base, including small-scale mass-produced apparel businesses. Several key buyers account for a significant portion of the company's revenue, granting them considerable bargaining power. As per Mr. Andri, customer influence is substantial, and their recommendations or complaints can directly affect sales (Marketing Staff, Personal Interview, 2024). Additionally, buyers' price sensitivity in a competitive market pressures the company to offer competitive pricing, potentially impacting profitability.

**d. Threat of Substitute Product or Services**

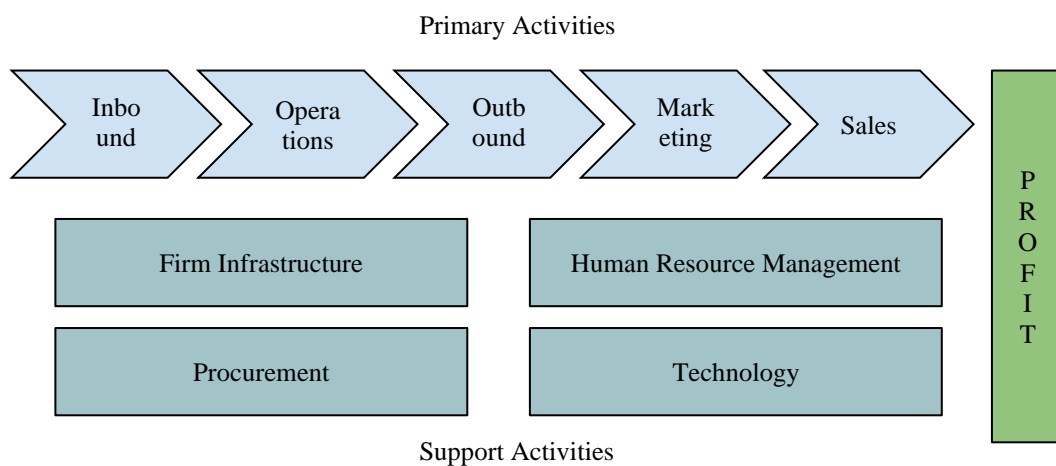
The threat of substitutes in the textile industry is relatively high due to the availability of alternative materials and suppliers offering similar products at competitive prices. Low switching costs enable clients to shift easily to substitutes, particularly if they offer better prices or quality. Mr. Bambang highlighted that the textile industry faces numerous substitute products, driven by new materials, changing consumer preferences, and lower prices offered by competitors (Director, Personal Interview, 2024). Marketing staff member Mr. Andri also noted that many consumer requests diverge from the company's offerings, adding to the competitive pressure (Marketing Staff, Personal Interview, 2024). This necessitates constant innovation and price adjustments for companies like CV Viatexindo to maintain their market position.

**e. Rivalry Among Existing Competitors**

Competition within the textile industry is fierce, fueled by fluctuating raw material prices and changing consumer demands. Rapid market growth attracts new competitors, further intensifying the rivalry. Conversely, during periods of slower market growth, companies often compete more aggressively for market share. Mr. Bambang explained that CV Viatexindo, being a micro-scale business, struggles to compete with large factories that have expanded into both wholesale and retail fabric sales (Director, Personal Interview, 2024). This presents significant challenges for smaller companies to effectively compete against larger, more established players.

**2. Value Chain Analysis**

The analysis below focuses on Primary activities and Support Activities in the Value Chain Analysis



**Figure IV.2 Value Chain Analysis Framework (Thompson)**

**a. Inbound Logistics**

CV Viatexindo actively obtains high-quality fabric materials from reliable suppliers to assure product consistency and quality, which is critical for retaining a competitive advantage in the textile sector. The organization guarantees that raw materials are stored and handled efficiently in order to preserve availability and quality. Based on the interview results with Mrs. Fitri, the company strives to give clients with the finest

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quality products. This not only improves the company's image, but also builds client trust (Head of Operations, Personal Interview, 2024).

#### **b. Operations**

The company primarily buys and sells cloth, operating as an intermediary in the textile industry. The company oversees operations that include handling, storing, and transporting fabric materials to various customers. However, challenges continue to occur in this area. According to Mrs. Fitri, throughout the interview, we encountered operational issues, particularly in the process of receiving and inspecting goods from clients. This led to the storage and shipment of items without previous inspection, resulting in numerous consumer complaints about obtaining defective goods. Due to a lack of pre-checking by the goods receiving and quality inspection department, the company was unable to claim the return of goods to the supplier within 1 to 3 days. This situation resulted in considerable losses for the company, not only in terms of decreased profits and sales, but also decreased customer trust (Head of Operation, Personal Interview, 2024).

The warehouse staff in charge of receiving and quality testing goods have expressed a notable worry. Based on the interview results, Mr. Sukadi revealed that warehouse employees' performance quality has declined. Usually, after receiving the fabric, they immediately undertake quality checks. However, they have recently stopped this step and simply store the fabric without rechecking them before delivery to the customer (Warehouse Staff, Personal Interview, 2024).

#### **c. Outbound Logistics**

CV Viatexindo services a wide range of customers, including mass-produced garment companies, and ensures timely fabric shipment to fulfill client requests and timetables. The organization uses effective distribution channels to reach a wide range of markets and customers. According to the interview results, Mr. Sukadi stated that there have never been any concerns with delivery time. We consistently deliver things on time (Warehouse Staff, Personal Interview, 2024). The business has effective mechanisms in place to process customer orders and ensure timely delivery.

#### **d. Marketing and Sales**

In order to attract and retain customers, the company continually observes market developments and client needs and adapts its offerings, stressing competitive price and high-quality products. Based on the interview result, Mr Andri explained that the head of operations and marketing always discusses consumer needs and current market trends, and not only focuses on the preference for goods but also on pricing because that is the important concern for customers (Marketing Staff, Personal Interview, 2024).

#### **e. Services**

CV Viatexindo focuses on creating customer trust by responding to complaints and working to maintain high-quality standards in their products and services. To increase customer happiness and loyalty, the organization provides help and responds to complaints. The organization has processes in place to collect and analyze client input for continual improvement. According to the interview results, Mr. Bambang noted that, in addition to assuring timely deliveries, we also provide consumers the promise that defective goods will be replaced, as long as they are based on the terms and conditions. This provides assurance and security for customers, knowing that any unsatisfactory items they purchase will be replaced immediately (Director, Personal Interview, 2024).

#### **Support Activities:**

##### **1) Infrastructure**

CV Viatexindo's infrastructure includes facilities in Bandung, where it primarily operates in the textile sector focusing on fabric sales. The place or area is not a fabric-selling area like Cigondewah, but this is the company's target in order to reach customers who have limited access to Cigondewah.

##### **2) Human Resources Management**

CV Viatexindo actively addresses challenges related to job role clarity and performance management, which impact talent management and operational efficiency. The company currently lacks formal job analysis and clear competencies, and relies solely on verbal communication. As a means to address this, customer complaints are used to provide feedback and suggestions for improving human resource management. The goal is to utilize the complaints to build a performance system that can improve employee performance and increase customer satisfaction.

##### **3) Technology Development**

CV Viatexindo adapts to technological developments to optimize marketing and distribution processes, enhancing competitiveness in the market. In the area of marketing, the company upgraded its communication technology by using various communication channels and social media to reach more

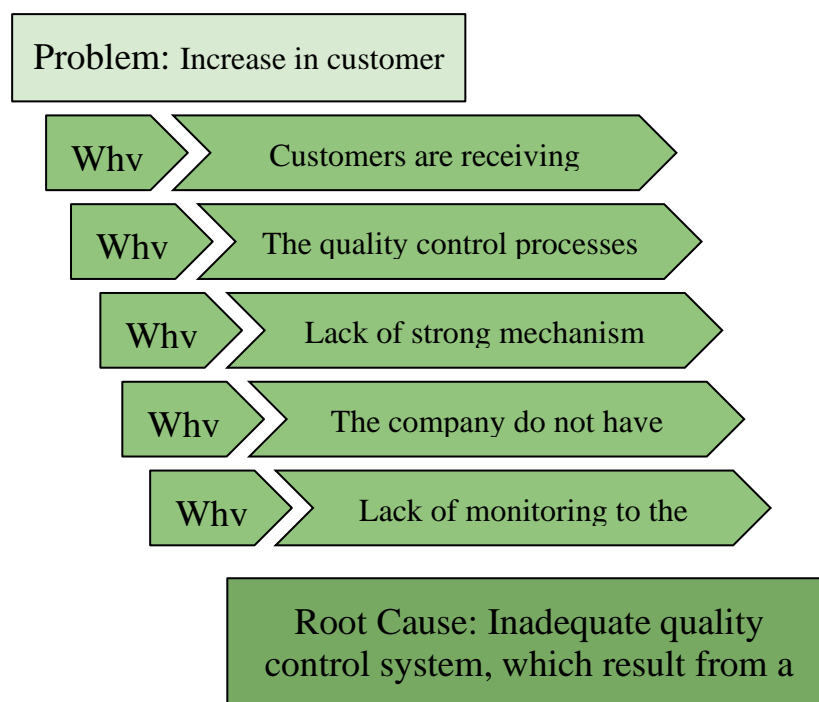
customers. The Company upgrades technology as support for operations by upgrading scales for a more accurate quality check process, and also upgrading vehicles and transportation services to better ones to provide the best service for customers.

#### 4) Procurement

CV Viatexindo's procurement processes involve actively selecting and negotiating with fabric suppliers to ensure the best prices and quality materials, supporting their strategic positioning in the textile industry. The company engages in strategic sourcing of high-quality materials and services at competitive prices.

#### 3. Root Cause Analysis

The 5 Whys analysis is a well-known method for conducting root cause analysis that aims to find the underlying causes of problems by asking "why" five times. By meticulously examining the sources of a problem, companies can move beyond surface-level symptoms to uncover and solve the core issues, resulting in more effective and sustainable solutions. Due to its accessibility and the actionable insights it offers, the 5 Whys method has been widely embraced across diverse sectors, including manufacturing, healthcare, and education. (Card, 2017).



**Figure IV. 3 5 Whys Analysis**

The figure above presents an analysis of the root cause using the 5 Whys method. The rising number of customer complaints about fabric quality at CV Viatexindo has been thoroughly investigated through this structured approach to identify the underlying causes of customer dissatisfaction. The primary issue lies in customers receiving inferior fabric products, which points to inconsistencies in the quality of the final goods delivered. These inconsistencies result from inadequate quality control processes that fail to cover all critical aspects of quality assurance, such as thorough checks throughout production.

Further analysis shows that these quality control problems arise from weak mechanisms within the company to maintain consistent fabric quality. The existing systems are either outdated or not stringent enough, revealing a gap in upholding quality standards. This gap is mainly due to the company's lack of investment in quality control infrastructure and insufficient monitoring of employee performance.

Ultimately, the root cause points back to management's failure to prioritize and invest in upgrading quality assurance practices. This has resulted in outdated quality control systems and inconsistent enforcement of quality standards. To resolve these issues and reduce customer complaints, CV Viatexindo must revamp its quality control system by adopting updated, rigorous protocols and investing in quality control technology. Additionally, improving employee training and establishing comprehensive monitoring and evaluation



processes will enhance the effectiveness of quality control, leading to improved product quality and customer satisfaction.

#### 4. SWOT Analysis

SWOT analysis is a structured approach used to identify various factors for formulating company strategies. It operates on the logic of maximizing strengths and opportunities while minimizing weaknesses and threats. Strategic decision-making is closely tied to the company's mission, goals, strategies, and policies. Thus, strategic planners must analyze the company's strategic factors (SWOT) under current conditions (Freddy Rangkuti, 2019).

**Table IV. 1** SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> <li>● Strong Supplier Relationships</li> <li>● Effective Quality Control Protocols</li> <li>● Adaptive Marketing Strategies</li> </ul>	<ul style="list-style-type: none"> <li>● Inadequate Quality Control Systems</li> <li>● Operational Inefficiencies</li> <li>● Limited Human Resource Management</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>● Government Support for MSMEs</li> <li>● Technological Advancements</li> </ul>	<ul style="list-style-type: none"> <li>● High Competition</li> <li>● High Bargaining Power of Buyers and Suppliers</li> </ul>

As illustrated in Table IV.1 for the SWOT Analysis, CV Viatexindo has established a strategic advantage through strong supplier relationships and proactive marketing strategies, ensuring consistent delivery of high-quality fabrics and responsiveness to market trends. However, the company faces challenges with its insufficiently monitored quality control systems and operational inefficiencies, which could harm its market position and erode customer trust. Specifically, the lack of robust quality control and effective process management in the reception and storage of goods has contributed to customer dissatisfaction. Additionally, the company's human resource management practices lack formal job analysis and clear competency frameworks, which could enhance employee performance.

On the positive side, CV Viatexindo can benefit from government initiatives supporting micro, small, and medium enterprises (MSMEs) in West Java, which could ease market entry and lower costs. Furthermore, technological advancements offer significant opportunities to improve both marketing and operational efficiency, enhancing customer engagement.

However, the company also faces threats from a highly competitive textile market with low barriers to entry and rapid growth, requiring constant innovation to remain competitive. The strong bargaining power of a few key suppliers and buyers poses additional risks, potentially affecting CV Viatexindo's pricing strategies and profitability. Navigating these challenges effectively is essential for the company to sustain its competitive advantage and market presence.

#### 5. TOWS Matrix

The TOWS Matrix is a strategic management tool used to analyze a company's strategic options by comparing internal strengths and weaknesses with external opportunities and threats. Table IV.2 presents the TOWS Matrix for CV Viatexindo:

**Table IV.2** SWOT Matrix

TOWS Matrix	Opportunities	Threats
	<ol style="list-style-type: none"> <li>1. Government Support for MSMEs</li> <li>2. Technological Advancements</li> </ol>	<ol style="list-style-type: none"> <li>1. High Competition</li> <li>2. High Bargaining Power of Buyers and Suppliers</li> </ol>
Strengths	Strengths-Opportunities	Strengths-Threats
<ol style="list-style-type: none"> <li>1. Strong Supplier Relationships</li> <li>2. Effective Quality Control Protocols</li> <li>3. Adaptive Marketing</li> </ol>	<p>S1O2. Use strong supplier ties to implement new technologies that improve manufacturing efficiency and product quality.</p> <p>S2O1. Use effective quality control</p>	<p>S1T2. Strengthen ties with important suppliers to negotiate better terms and conditions, therefore mitigating the impact of their strong negotiating position.</p>

Strategies	processes to achieve or surpass the criteria set by government-sponsored initiatives for MSMEs. S3O2: Use adaptive marketing tactics to quickly integrate and promote technologically advanced items or processes.	S3T1: Use adaptive marketing methods to stay competitive in a highly competitive market.
Weaknesses	Weaknesses-Opportunities	Weaknesses-Threats
1. Inadequate Quality Control Systems	W1O2. Address the issue of inadequate quality control by deploying new technologies that enable more rigorous testing and monitoring.	W3T1. Create more effective human resource management techniques to improve employee skills and performance, which is crucial in a competitive sector.
2. Operational Inefficiencies	W2O1. Utilize government support programs to enhance operational capabilities and decrease inefficiencies.	W1T2. Improve quality control to assure product excellence that meets or exceeds buyers' expectations, decreasing their negotiating power.
3. Limited Human Resource Management		

To improve operational efficiency and product quality, it is essential to work closely with suppliers to adopt advanced manufacturing technologies and ensure that quality control standards meet government regulations. Developing a marketing campaign that emphasizes these technological advancements can enhance the product's appeal. Additionally, investing in automated quality assurance systems and seeking government grants can further optimize production processes and increase operational efficiency. Securing long-term contracts will help stabilize costs and ensure a steady supply. Ongoing analysis of market trends and continuous adaptation of marketing strategies are crucial for maintaining a competitive advantage. Enhancing human resource management through comprehensive training and performance evaluations is vital for improving employee skills and performance, especially in a competitive industry. Lastly, reinforcing quality control measures and regularly evaluating supplier performance will ensure consistent product quality and reliability.

## 6. Descriptive Analysis

Descriptive statistics are valuable for analyzing survey data, as they help identify patterns, trends, and important insights. They provide a foundation for informed decision-making and lay the groundwork for further statistical tests. The descriptive statistics for this research are as follows:

**Table IV.3** Descriptive Statistic for Quality of Work

No	Statement	Frequencies				Average	Percentage
		STS	TS	S	SS		
1	Saya melaksanakan tugas sesuai dengan prosedur yang berlaku	0	0	5	5	3.50	87.5%
2	Saya berusaha menyelesaikan tugas dengan penuh rasa tanggung jawab	0	0	5	5	3.50	87.5%
3	Saya lebih mengutamakan kuantitas dibandingkan kualitas	5	5	0	0	1.50	37.5%
4	Saya memahami dengan baik apa yang harus saya lakukan untuk menjaga kualitas	0	2	7	1	2.90	72.5%
5	Saya teliti dalam bekerja	0	5	4	1	2.60	65%
6	Hasil kerja saya selalu memuaskan	0	5	4	1	2.60	65%
7	Saat bekerja saya mau mengambil resiko untuk memperoleh hasil yang terbaik	0	5	5	0	2.50	62.5%

8	Saya sering melakukan kesalahan dalam bekerja	0	5	5	0	2.50	62.5%
9	Saya berusaha mengeluarkan kemampuan terbaik saya dalam menyelesaikan pekerjaan	0	5	5	0	2.50	62.5%
10	Karyawan yang berkinerja lebih baik, dihargai lebih dari karyawan yang berkinerja rata-rata	0	0	5	5	3.50	87.5%

Survey results show a strong consensus on adherence to procedures and responsibility among employees. Statements 1 and 2 received 87.5% agreement, indicating that the majority of the workforce feels they perform their duties according to established procedures with a strong sense of responsibility. However, a notable drop in agreement is seen in Statement 3, where only 37.5% of respondents prioritize quality over quantity, which aligns with Statement 4's result of 72.5%, suggesting that employees understand what is needed to maintain quality. Accuracy was rated at 65%, while motivation and avoiding mistakes stood at 62.5%, indicating general awareness but room for improvement in consistently applying this knowledge.

**Table IV.4** Descriptive Statistic for Customer Satisfaction

No	Statement	Frequencies				Average	Percentage
		STS	TS	S	SS		
1	Barang yang diterima tidak dalam keadaan baik (defect)	10	38	0	0	1.79	44.75%
2	Barang tersedia dengan berbagai jenis dan warna	0	14	24	10	2.92	73%
3	Kualitas barang yang disediakan bagus	17	18	13	0	1.92	48%
4	Saya puas dengan barang yang disediakan	17	25	6	0	1.77	44.25%
5	Harga sesuai dengan kualitas barang	0	17	31	0	2.65	66.25%

Customer satisfaction results varied, highlighting areas for improvement. Only 44.75% of customers were satisfied with the condition of the goods they received, signaling a need for stronger quality control, although satisfaction with product variety was higher at 73%. Overall product quality received only 48% approval, reflecting a similar level of dissatisfaction in personal satisfaction with the product. However, 66.25% of respondents felt the price aligned with the quality, showing a positive view of value for money. Key issues include the physical condition and overall quality of the products, which require immediate attention to improve customer satisfaction.

## 7. Reliability Test

The process of determining the consistency and stability of a test or survey is referred to as reliability testing. Cronbach's alpha is a statistical measure that assesses the internal consistency or reliability of a set of items in a questionnaire or survey. Cronbach's alpha has a range of 0 to 1, with higher values suggesting greater internal consistency. Cronbach's alpha  $> 0.70$  may imply that the instrument is reliable and that the questionnaire items consistently measure the same concept (Ghozali, 2016). The Cronbach's Alpha results for the tested questionnaire are as follows:

**Table IV.5** Reliability Test Using SPSS 27

Variable	Cronbach's Alpha
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Quality of Work	.986
Customer Satisfaction	.933

The Cronbach's Alpha values for the two variables above indicate a fairly reliable category, since the value is greater than 0.90. With the results of the Quality of Work (0.986) and Customer Satisfaction (0.933). This demonstrates that the questionnaire items are connected and maintain the same construct.

### 8. Validity Test

Validity testing is a critical stage in verifying that a questionnaire survey accurately measures the target constructs, increasing the credibility and durability of the study findings. The questionnaire is regarded valid if the estimated correlation coefficient surpasses the crucial value in the table ( $r_{\text{count}} > r_{\text{table}}$ ).

**Table IV.6** Validity Test Using SPSS 27

Variable	Indicator	r count	r table	Description
Quality of Work	QW1	0.987	0.6319	Valid
	QW2	0.987	0.6319	Valid
	QW3	0.987	0.6319	Valid
	QW4	0.681	0.6319	Valid
	QW5	0.936	0.6319	Valid
	QW6	0.936	0.6319	Valid
	QW7	0.987	0.6319	Valid
	QW8	0.987	0.6319	Valid
	QW9	0.987	0.6319	Valid
	QW10	0.987	0.6319	Valid
Customer Satisfaction	CS1	0.741	0.3683	Valid
	CS2	0.911	0.3683	Valid
	CS3	0.952	0.3683	Valid
	CS4	0.949	0.3683	Valid
	CS5	0.938	0.3683	Valid

Items on the questionnaire stay valid when the r count exceeds the r table. The r table for Quality of Work is 0.6319, while the r table for Customer Satisfaction is 0.3683. All of the items in both variables are valid because their r counts exceed the r table, and they are appropriate for use in research.

### 9. Correlation Analysis

Correlation analysis uses r values ranging from -1 to +1 to determine the link between variables. A score close to +1 shows a significant positive association, with one variable's increase correlating with another's. A score around -1 indicates a significant negative association, with one variable increasing and another decreasing. Values approaching 0 indicate no linear relationship between the variables.

**Table IV.7** Correlation Analysis Using SPSS 27

Variable	Pearson Correlation
Quality of Work	.763
Customer Satisfaction	.763

The Pearson correlation coefficient for the two variables is .763, demonstrating a strong positive association between the quality of work performed and the level of client satisfaction. This means that when the quality of the work grows, so does customer satisfaction, and vice versa.

**10. Regression Test**

Simple linear regression has a function that tests the relationship, correlation, or influence of one independent variable on one dependent variable.

**Table IV. 8 Model Summary Using SPSS 27**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.763	.582	.530	.12523030

Explains the value of the correlation / connection R, which is 0.763, as well as the proportion of the independent variable's effect on the dependent variable, known as the coefficient of determination, which is calculated by multiplying R. The coefficient of determination (R<sup>2</sup>) for this output is 0.582, indicating that the independent variable (quality of work) has a 58.2% influence on the dependent variable (customer satisfaction).

**Table IV. 9 ANOVA Using SPSS 27**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.175	1	.175	11.152	.010
	Residual	.125	8	0.16		
	Total	.300	9			

This table explains the actual (substantial) impact of the Quality of Work variable on Customer Satisfaction. The regression model indicates a significant relationship between Quality of Work and Customer Satisfaction (F count = 11.152 with a significance threshold of 0.010 < 0.05).

**Table IV.10 Coefficients Using SPSS 27**

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	-.062	.385	.	-.161	.876
	Quality of Work	.047	.014	.763	3.340	.010

In the Coefficients table, column B for Constant (a) is -0.062, whereas Quality of Work (b) is 0.047. So, the regression model equation can be expressed as follows:

$$Y = a + bX \text{ atau } 0.062 + 0.047X$$

According to the data, Quality of Work is a statistically significant indicator of customer satisfaction. Customer Satisfaction increases by 0.047 units for every one unit improvement in Quality of Work, assuming

that all other criteria remain same. According to this principle, boosting work quality can aid in increasing customer happiness.

### **Business Solution**

The business solution is implemented after a thorough study procedure. This included completing an external, internal, and root cause analysis, as well as interviewing a few employees and administering a questionnaire survey to determine the relationship between employee performance and customer happiness. To address this issue, a performance management system design was created for the organization.

#### **1. Job Analysis**

Job analysis has traditionally served as the cornerstone of HR practices by providing vital information to support decision-making across various functions. According to (Singh, 2008) while job analysis remains relevant, it must adapt to the rapidly changing work environment, which is shaped by technological advancements, shorter product life cycles, and evolving organizational structures. Singh advocates for a more strategic approach to job analysis that aligns with contemporary business needs.

Job analysis through the Management by Objectives (MBO) approach integrates goal-setting and alignment with organizational objectives to define job roles and responsibilities. The MBO process consists of five key steps:

- 1) **Establishing Goals:** The initial step in the MBO process involves defining the organizational objectives. These objectives are set by senior management in consultation with other managers, then communicated to all members. It's important to identify "Key-Result Areas" (KRA) when setting these objectives.
- 2) **Involvement of Managers and Subordinates:** Once organizational goals are defined, subordinates collaborate with managers to establish their individual goals, ensuring everyone participates in the goal-setting process.
- 3) **Aligning Goals and Resources:** Management must guarantee that subordinates have the necessary tools and materials to achieve their goals. Resource allocation should also involve input from the subordinates.
- 4) **Plan Implementation:** Once objectives are set and resources allocated, subordinates can proceed with plan implementation. If needed, they can seek guidance or clarification from their superiors.
- 5) **Performance Review and Appraisal:** This step involves periodic progress reviews between managers and subordinates to determine satisfactory progress or identify any challenges. Performance appraisal during these reviews should be based on fair and measurable standards. (Drucker, 1954)

#### **2. Description**

The job description applies the Management by Objectives approach, combined with the SMART method, to clearly define roles, encourage participation from both supervisors and subordinates, and set specific goals and performance indicators.

## **CONCLUSION**

This study explores the correlation between employee performance and customer satisfaction at CV Viatexindo, prompted by increasing customer complaints and concerns over declining employee quality. The findings reveal a statistically significant relationship between rising customer complaints and deficiencies in employee performance, particularly in quality control and operational efficiency. To address these issues, the study proposes a tailored Management by Objectives (MBO) framework, which includes setting clear, aligned goals, regular performance reviews, continuous feedback, performance-based incentives, and data-driven management. Implementing this system aims to enhance employee performance, reduce complaints, and foster a high-performance culture focused on customer satisfaction.

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