Continuous Improvement: Critical Factors in Logistics Companies in Indonesia

Darryl and Widiani Utami
Master Program, BINUS Business School
Bina Nusantara University
Jakarta, Indonesia
darryl@binus.ac.id, widiani.utami@binus.ac.id

Dr. Sambudi Hamali, S.T, M.M
Management Department, BINUS Business School Undergraduate Program
Bina Nusantara University
Jakarta, Indonesia
sambudi_hamali@binus.ac.id

Abstract

The changes in economy landscape, industry 4.0 give more pressure to enhance their capability to ensure an effective and efficient logistic system. Logistics company need to improve service quality by continuous improvement. This research aims to understand the correlation between goal difficulty, reward system, Human Resource Management (HRM) on continuous improvement success and the effect of corporate culture in moderating the relationship between goal difficulty, reward system, HRM on continuous improvement success in the logistics industry. The data collection technique is based on a questionnaire distributed to logistics companies. The samples of this research are 75 respondents. The method of data analysis is based on SEM-PLS. The results of this research show significant relationship between HRM and continuous improvement success.

Keywords

Continuous Improvement, Logistics, Kaizen, Lean Manufacturing and Operational Excellence

1. Introduction

The philosophy of quality management strives for organizational excellence, efficiency, sustainability and competitiveness through a continuous and common focus on the improvement of processes, systems and procedures (Bastas and Liyanage 2019). According to Chaffey (2015), there are four combinations of strategy formulations that can be applied by companies based on SWOT analysis, namely attacking strategy, build strengths for attacking strategy, defensive strategy, and build strengths for defensive strategy. To implement these strategies successfully, companies need to improve competence by making changes in the company's internals, one of which is by carrying out continuous improvement activities. Continuous improvement (CI) is a method of identifying improvement opportunities to streamline how things work and reduce waste (Pqm.co.id 2021). One example of successful implementation of continuous improvement such as Abdulmouti (2018) regarding the implementation of continuous improvement in Toyota Saudi Arabia, continuous improvement activities have increased efficiency by decreasing labor costs by 27%, increasing production output by 13%, lowering product defect rates, and so on. Thus, in order for the company to succeed in implementing the strategies that have been implemented, the company should place emphasis on continuous improvement activities in the company's internals. Hall (2015) conducted research on the relationship between continuous improvement activities to the company's financial business performance where it was proven that continuous improvement activities were able to improve the company's financial business performance.

Logistics business is one of the business sectors that currently has a high growth rate, along with the increasing needs of the community and the development of increasingly sophisticated technology, supported by the geographical

condition of Indonesia consisting of 17,504 islands. The role of logistics companies in the country will also continue to grow as economic growth improves. These developments must be supported by efforts made to achieve an effective and efficient logistics system. The need to improve connectivity and integration of national markets has been recognized by the Government of Indonesia as a priority policy, as stated in the Medium-Term Development Plan 2010-2014, the 15-year-old Indonesian Economic Development Acceleration and Expansion Masterplan (MP3EI 2011-2025), and the National Logistics System Blueprint (SISLOGNAS) (BPPP Kemendag.go.id 2021).

According to Li and Doolen (2014) in their research to understand and measure the impact of goal clarity, goal difficulty, and management support on four social factors (understanding of team members, team member ability, team member attitude, and team member motivation towards continuous improvement) and one technical factor (success of the improvement group) found that goal clarity affects all social and technical factors, goal difficulty affects social factors attitudes towards continuous improvement, and management support affects the understanding of continuous improvement and success of the continuous improvement group. The attitude of the team member in question such as increasing the interest of team members in their work and the comfort of team members to work together in identifying improvement opportunities in the workplace. Instead, Locke (1968) based on his studies on the theory of work motivation and incentives found that high targets (goal difficulty) produce higher performance results than easy targets. According to Aleu et al. (2018) the application of continuous improvement in hospitals, goal difficulty became the success factor number 44 out of 112, where respondents' answers varied greatly, ranging from no effect at all to very influential. Based on previous research, it can be seen that there is disagreement as to whether target difficulty is a significant or insignificant factor in the success of continuous improvement activities, so target difficulty becomes interesting for further research.

Oprime et al. (2012) found that training in problem-solving methods, reward systems, and face-to-face meetings, as well as field visits, are the main factors for the success of continuous improvement activities. According to Hailu et al. (2017) found that one of the factors that affect the increase in employee performance, customer satisfaction, and decreased manufacturing costs which are also part of the successful implementation of continuous improvement are recognition and reward systems. On the other hand, research conducted by Ong and Teh (2012) states that there is a negative relationship between extrinsic rewards and financial performance which is one of the measuring tools of continuous improvement success and a positive relationship between intrinsic rewards and financial performance. Based on the study above, there is still a difference of opinion between the effectiveness of the reward system, so the reward system becomes interesting to be investigated further.

Patro (2013) defines corporate culture as each company's unique way of conducting operations, including processes, philosophies, and procedures that define how employees and management can contribute to achieving the company's goals. Continuous improvement as a work process of a company must be integrated into the work culture. According to Done et al. (2010) many companies have difficulty ensuring the sustainability of the results of continuous improvement implementation. The integration of continuous improvement in the work culture can help companies to ensure the sustainability of the implementation of continuous improvement processes. But in research of Glover et al. (2014) continuous improvement culture does not significantly affect the successful application of continuous improvement. So, more research is needed to see the influence of culture on the success of continuous improvement.

The company has made various efforts to improve the quality of products and services, including logistics companies. According to Chaffey (2015), Logistics is the process of placing resources on time or is the strategic management of the supply chain. Industrial Revolution 4.0 where the development of information technology became the main factor driving the consumption sector, namely the change in consumption behaviour from offline to online. This is also supported by the development of e-commerce in Indonesia. Logistics companies being e-commerce enablers, the location of sellers and buyers of different cities or islands is no longer an obstacle in making transactions. E-commerce business in Indonesia is increasing from year to year and is even projected to grow 33.2 per cent from 2020 which reached Rp253 trillion to Rp337 trillion in 2021 (Indonesia.go.id 2021). So, with the increasing activity of e-commerce, the logistics industry is also growing well-characterized by the emergence of new players. Logistics activities are growing in the customer to customer (C2C) sector, in addition to developments in the business to business (B2B) sector. Logistics companies must be able to improve the quality of service by carrying out continuous improvement activities. Improving the quality of service becomes very important and urgent for logistics companies

(Bai and Su 2016). The continuous improvement process is generally carried out in manufacturing companies, until now the study of the application of continuous improvement in logistics companies is still limited.

Based on the discussion above, the purpose of this study is to understand the correlation between goal difficulty, reward system, HRM on continuous improvement success and the effect of corporate culture in moderating the relationship between goal difficulty, reward system, HRM on continuous improvement success in the logistics industry.

1.1 Objectives

Considering the above, the authors propose the following research objectives:

1. Understand the effect between goal difficulty on continuous improvement success in logistics industry.
2. Understand the effect between reward system on continuous improvement success in logistics industry.
3. Understand the effect between HRM on continuous improvement success in logistics industry.
4. Understand the corporate culture as moderating effect between goal difficulty on continuous improvement success in logistics industry.
5. Understand the corporate culture as moderating effect between reward system on continuous improvement success in logistics industry.
6. Understand the corporate culture as moderating effect between HRM on continuous improvement success in logistics industry.

Figure 1 is the research model based on authors objectives, GD is abbreviation of Goal Difficulty, RS is abbreviation of Reward System, HRM is abbreviation of Human Resource Management, BD is abbreviation of Corporate Culture and CI is abbreviation of Continuous Improvement.

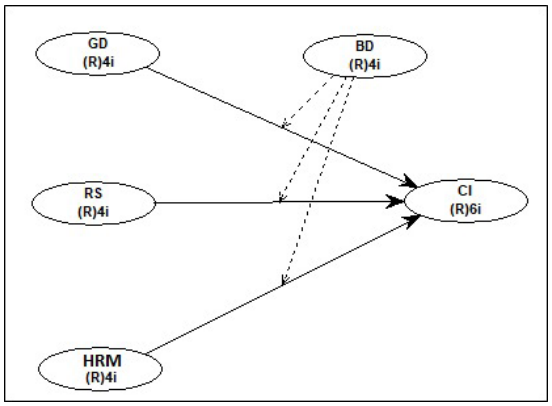

Figure 1. Research Model

Considering the above, the authors propose the following hypotheses:

H1: Goal difficulty has a positive effect on continuous improvement success in logistics industry.

H2: Reward system has a positive effect on continuous improvement success in logistics industry.

H3: HRM has a positive effect on continuous improvement success in logistics industry.

H4a: Corporate culture will moderate the relationships between goal difficulty and continuous improvement success in logistics industry.

H4b: Corporate culture will moderate the relationships between reward system and continuous improvement success in logistics industry.

H4c: Corporate culture will moderate the relationships between goal HRM and continuous improvement success in logistics industry.

2. Literature Review

2.1 Success of Continuous Improvement

According to Stelson et al. (2017), continuous improvement is a process of continuous development by adopting the lean principle. The purpose of lean is to maximize profits for stakeholders by reducing to eliminate activities that do not have added value (waste). Based on Liker (2004), there are seven wastes that often occur in a series of activities, namely overproduction, waiting, incorrect processing, unnecessary movement, conveyance, excess inventory, and defects. A continuous improvement activity can be said to be successful if the activity is able to eliminate at least one of these wastes and is able to improve the company's business performance gradually.

According to Oprime et al. (2012), there are seven measures of success from continuous improvement results, namely productivity increase, quality improvement, lead time reduction, cost reduction, client satisfaction increase, and staff ability increase. Maletic (2012) examined the relationship between continuous improvement activities and internal performance of the company, namely maintenance activities where continuous improvement is significant and positively related to the development of performance. In the study of Tari and Sabater (2006), there are four measures of total quality management success (part of continuous improvement), namely customer results, people result, society results, and quality performance. According to Li and Doolen (2014), goal difficulty is one of the social factors that affect the success factor of continuous improvement (attitude). Janee et al. (2013) has another opinion in measuring the success of continuous improvement, namely by measuring how consistently (sustain) continuous improvement runs. According to Jurburg et al. (2016), the company's biggest difficulty is maintaining sustainability from continuous improvement. Based on the literature above, it can be concluded that the success of continuous improvement activities can be categorized into quality performance, people result, customer results, society results, and sustainability in continuous improvement activities.

2.2. Goal Difficulty

Each target set by the company has its own level of difficulty depending on the industrial and internal conditions of each company being faced. According to Locke (1996), goal difficulty is a person's perception of how big a given target can be achieved.

Based on his follow-up studies, Locke (1968) on the theory of work motivation and incentives found that high targets produce higher performance results than easy targets and specific and high targets produce high performance results. But according to Li and Doolen (2014), in his research to understand and measure the impact of goal clarity, goal difficulty, and management support on four social understanding of continuous improvement factors, team member skills, team member attitudes, and team member motivation and one technical factor (QC Success, success of continuous improvement activities) found that goal clarity affects all social and technical factors, goal difficulty only affects the social attitude to continuous improvement, and management support affects the understanding of continuous improvement and QC success. Based on Glover et al. (2011) research on 65 continuous improvement activities in eight manufacturing companies found that there was no influence between goal clarity, goal difficulty, functional heterogeneity team, and management support on sustainability continuous improvement. On the other hand,

Roose and Williams (2017) in experimental research on two levels of goal difficulty and feedback found that there is a positive linear relationship between goal difficulty and work performance, but when the goal given is too difficult then the performance stops to develop and even decreases. According to Ioannou et al. (2015), in their research on the effect of target difficulty on the completion of targets with a case study of reducing carbon emissions found that companies with high goal difficulty rates earned a higher percentage of carbon emission reductions and found that the association was moderated negatively by financial incentives.

2.3. Reward System

According to Goodale et al. (1997), the reward system is anything that is extrinsic (monetary rewards) and intrinsic (non-monetary rewards) that are able to strengthen, maintain, and improve the nature of employees in a company. Reward is compensation for employees of the company in return for services that employees have provided (Jiang et al. 2009).

According to Oprime et al. (2012) in their research in analyzing success factors in the development of continuous improvement activities in companies in Brazil found that training in problem solution tools, incentive for suggestions (reward), face-to-face communication, and regular shop floor visit are the main factors for successful continuous improvement activities. According to Janjic et al. (2019), on research into the determinants of the implementation of continuous improvement that focuses on companies that are in transition in developing countries found that the incentive system (reward) is one of the important factors for successful implementation of continuous improvement. In Garcia et al. (2013) study of 534 engineers at companies located in Ciudad Juarez, Mexico, there were seven important factors that influenced the successful implementation of continuous improvement, one of which was integration and award for workers. The process of integration between work processes by company workers requires recognition when workers have ongoing involvement in solving problems. Hailu et al. (2017) in his research on one of the shoe industries in Ethiopia also found that one of the factors that affect the increase in employee performance, customer satisfaction, and decreased manufacturing costs which is also part of the successful implementation of continuous improvement is recognition and reward system. On the other hand, research conducted by Ong and Teh (2012) states that there is a negative relationship between extrinsic rewards and financial performance which is one of the measuring tools of continuous improvement success and positive relationship between intrinsic rewards and financial performance, this is also similar to research conducted by Ioannou et al. (2015).

2.4. Human Resource Management

Human Resource Management (HRM) is defined as a thorough and strategic approach to the resources that are critical to the company, namely the workers who work individually or in groups to achieve their goals. An HRM is a collection of ideas, concepts, and techniques to maximize the potential of human resources within an organization. This HRM becomes very important to improve the competitiveness of the company (Patro 2013). According to Usrof and Elmorsey (2016), regarding total quality management (as one of the continuous improvement methods) that HRM has become very important so that companies can develop and be sustainable in the industry.

In Tawalbeh and Jaradat (2020) research found that HRM has a very significant effect on a company's competitive advantage (one of the successes of continuous improvement). Ashkezari and Aeen (2012) proposes HRM as the primary strategy that aligns capabilities and behaviors with corporate strategies integratively to improve competitive capabilities. HRM is believed to be able to improve positive relationships between employees in improving competitive capabilities for the company (Triguero-Sanchez et al. 2016) (Lizarelli et al. 2019).

2.5. Corporate Culture

In research of Lizarelli et al. (2019) divided aspects of continuous improvement implementation into four categories, namely top management, strategy, corporate culture, and human resources. Nongo and Ikyanyon (2012) defines corporate culture as a critical factor in improving the achievement of company goals and objectives. Corporate culture as a collection of opinions, value systems and behavioral standards is unique and becomes the identity of each organization. Corporate culture is reflected in the behavior, interaction, understanding of each human resource and understanding the work environment (Hitka et al 2015).

The continuous improvement process is an approach that many companies take to achieve operational excellence, but not many companies are able to sustainability implement continuous improvement. Even the impact of continuous

improvement is often undervalued and decreases over time since continuous improvement was first implemented. To support the consistency of the continuous improvement process requires the integration of continuous improvement with the company culture (Glover et al. 2014). According to Lam and Robertson (2012) employees become more participatory in continuous improvement activities when in a company with a culture that supports change. Continuous improvement must be transformed into the way the company does business because the repair process will not run if it is only implemented in only a few parts of the company (Chattergoon et al. 2014). Baird et al. (2011) in their research found corporate culture is very important in creating an environment conducive to the process of continuous improvement. Transformation in the work culture may be needed, and company leaders should strive to improve teamwork within the company as an aspect of the work culture.

3. Methods

The research method used is the quantitative method. Researchers use survey research strategies. The selection of this strategy is because the researcher has understood the variables to be tested on the subject studied and the subject studied in general already has a good understanding of the topic of this research. The unit of analysis in this study is a group where this group is a logistics company in Indonesia that has implemented continuous improvement activities both formally documented and not. But the filling of questionnaires is still addressed to individuals in the group because although a group has done continuous improvement activities consistently, not necessarily every individual has the same understanding and contribution about continuous improvement. The sample of this research are 75 respondents. Primary data are collected through a survey which is derived by directly distributing questionnaires to respondents, using a Likert scale with data intervals of 1 – 6. Data analysis used WarpPLS 7.0 software (Kock 2020).

The goal difficulty independent variable uses a questionnaire reference from the Li and Doolen (2014) study. The reward independent variable uses questionnaire references from Hailu et al. (2017) and Garcia et al. (2013) research. The independent variable HRM uses questionnaire references from the research of Jøgensen et al (2007). Company Culture as a moderation variable uses questionnaire references from Erdogan (2015). Dependent variables use questionnaire references Li and Doolen (2014) and Erdogan (2015).

4. Data Collection

Table 1 is data obtained based on 75 samples who filled out the questionnaire given by the researcher. Researchers use 5 measuring tools: mean, minimum, maximum, median, and mode to describe data collection obtained.

Table 1. Summary Data Collection

Variable	Indicator	Mean	Minimum	Maximum	Median	Mode
GD	GD1	3.6	1	6	4	4
	GD2	4.1	1	6	4	5
	GD3	3.2	1	6	3	3
	GD4	3.4	1	6	3	3
RS	RS1	4.1	1	6	4	6
	RS2	4.6	1	6	5	6
	RS3	4.7	1	6	5	6
	RS4	4.9	3	6	5	6
HRM	HR1	4.7	1	6	5	5

	HR2	4.7	1	6	5	5
	HR3	4.8	1	6	5	5
	HR4	4.9	1	6	5	5
BD	BD1	5.2	3	6	5	5
	BD2	5.0	1	6	5	5
	BD3	4.7	2	6	5	5
	BD4	5.0	3	6	5	5
CI	CI1	5.1	3	6	5	5
	CI2	5.2	3	6	5	5
	CI3	5.1	3	6	5	5
	CI4	5.1	3	6	5	5
	CI5	5.2	3	6	5	5
	CI6	5.2	3	6	5	5

5. Results and Discussion

5.1 Numerical Results

The structural model is used to examine the ability in model prediction and the relationship between construction. The structural model is examined using the significance of the path coefficient, the effect size (f^2), the value of R^2, and the predicted value (Q^2).

Table 2 shows the summary and conclusion drawn from hypotheses testing. H3, describe the effect of independent variable HRM on dependent variable CI and H4b, describe corporate culture moderating effect on relationship between independent variable reward system and dependent variable CI resulted p-value bellow 0.05 hence the authors reject H0, concluding these variables has significant impact on CI success. Coefficient 0.48 of H3 indicated HRM has positive correlation on CI success, meaning the higher HRM score resulting higher CI success. H4b resulted coefficient -0.36 indicated corporate culture negatively moderate the relationship between reward system and CI, corporate culture either reducing or eliminating positive relationship or increasing negative relationship between these two variables.

R-squared result at 0.547 indicated the research model is able to explain CI success factor in moderate category at 54.7%. Based on Q-squared result at 0.551, the authors can conclude the research model has predictive capability at 55.1% if the model is implemented (Hair et al. 2014).

Table 2. Summary and Conclusion from Hypotheses Testing.

Hypotheses	*Path*	Coefficient	*p-value*	*Effect Size*	Conclusion
H1	GD → CI	0,07	0,26	0,027	Accept Ho
H2	RS → CI	0,00	0,49	0,001	Reject Ho

H3	HRM → CI	0,48	< 0,01	0,307	**Reject Ho**
H4a	GD * BD → CI	-0,15	0,08	0,052	Accept Ho
H4b	RS * BD → CI	-0,36	< 0,01	0,188	**Reject Ho**
H4c	HRM * BD → CI	-0,06	0,30	0,026	Accept Ho

5.2 Graphical Results

To simplify the analysis process, Figure 2 shows the graphical output from WarpPLS 7.0.

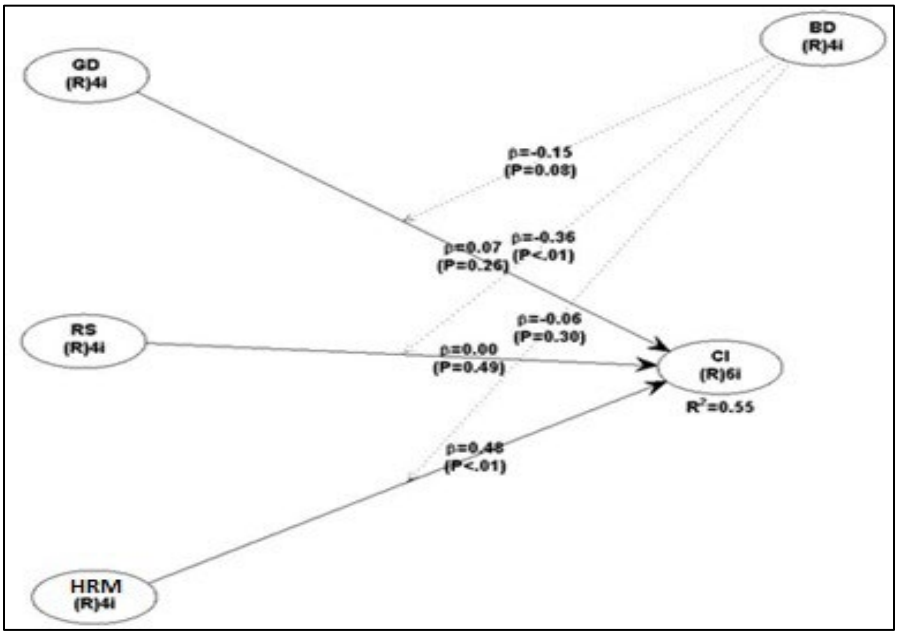

Figure 2. Structural Model Result

5.3 Validation

Based on the results of research in the logistics industry, H1 and H4a goal difficulty has no influence on the success of continuous improvement including when strengthened by cultural moderation variables. The results showed the results of a U-shaped goal difficulty survey where these results are the same as the theory of valence-instrumentality-expectancy (VIE) proposed by Vroom in Roose and Williams (2017). Valence-instrumentality-expectancy theory predicts that performance is influenced by valence (expected satisfaction), instrumentality (the belief that performance is valued), and expectancy (the belief that efforts are made in line with expectations). Work performance (success continuous improvement) moves linearly against goal difficulty at a certain level. But if the goal difficulty has reached its saturation point, then performance will produce a negative relationship.

Based on previous research, the study of factors that influence the success of continuous improvement focuses more on the manufacturing industry where the variation of research is more to the variation of subjects based on location such as the application of continuous improvement in several countries or companies. Continuous improvement research in the field of services is found in the health service industry, namely hospitals. Although the subjects that have been studied have different characters, but the manufacturing industry and the hospital service industry have something in common that the job ecosystem can almost entirely be controlled by the company's internals so that the

company can more easily engineer improvements based on the targets provided by the company management. For example, in the vehicle manufacturing industry when management provides continuous improvement targets to its employees, employees easily conduct various experiments and observe directly the internal processes on the production line.

The logistics industry ecosystem is different from the manufacturing industry or hospitals. If in the manufacturing industry and hospitals almost the entire process can be controlled by the internal company, external factors have a much greater contribution compared to internal factors in the logistics industry. It is also supported by Herliana and Parsons (2011) who stated that there are several issues based on world bank research in Indonesia in 2010, one of which is to carry out a round trip from Bandung to Jakarta and from Jakarta back to Bandung, trucks spend 75% to wait for customs activities, There are delays at the end consumer (warehouse), and waiting for loading and unloading queues (lift-on and lift-off). Some other external factors that are often faced in transportation logistics such as road congestion, poor road infrastructure conditions in Indonesia, and so on. So, if management provides improvement targets to its employees, this target will not be easy to achieve because the largest contribution to the logistics service industry is to external factors where to improve external factors requires great effort because improvement must involve various external stakeholders such as the government, end consumers, and so on. From this explanation, there is no influence of goal difficulty on the success of continuous improvement either directly or has been strengthened by the company culture.

H2 and H4b are reward system variables that directly have no effect on the success of continuous improvement and cultural variables provide a negative correlation to the relationship between reward system variables and continuous improvement success. Based on the researcher's interview with the subject matter expert responsible for continuous improvement activities at one of the logistics companies, the reward system was originally built to reward employees who perform continuous improvement activities with the expectations of other employees who have not made continuous improvements spurred to make continuous improvement. But in actual conditions, as explained earlier that the scope of logistics activities is mostly in external factors so that continuous improvement activities are difficult to do and when employees do not do continuous improvement activities then employees do not get rewards so that there is or there is no reward given by the company has no effect on the success of continuous improvement. Companies that have implemented the company culture well always encourage their employees to always be better such as providing improvement commitments, facilitating learning and training, and so on. In designing a reward system, the company must know what rewards can spur the spirit of employees to contribute, then the company also forms an ideal reward structure for both the company, and employees. The company certainly wants to achieve the best performance targets, but if this target is directly charged to employees, it can reduce employee motivation. This is in accordance with the VIE theory introduced by Vroom in Roose and Williams (2017) where too high a target will lower employee expectations for rewards and have an impact on employee performance that decreases. This is described in the study, that reward system variables moderated by cultural variables play a negative role in the success of continuous improvement.

In H3 and H4c, the application of HRM becomes a variable that affects the success of continuous improvement. HRM becomes a facilitator in the company's efforts to achieve continuous improvement success. The results of this study are consistent with research conducted by Tawalbeh and Jaradat (2020) which also found that the application of HRM such as recruitment, performance assessment, training affects the application of TQM, where TQM is one form of continuous improvement. It is also supported by Abu-Doleh (2012) in its research where the application of HRM in terms of quality training and recruitment process has a significant impact on the implementation of TQM. Wickramasinghe (2012) found that the application of HRM had a positive effect on the application of TQM. The implementation of TQM encourages companies to provide more focus on HRM-related issues, integrate with business needs, and become increasingly involved in the decision-making process.

6. Conclusion

The research confirmed positive and significant relationship between HRM and CI success, whilst goal difficulty and reward system did not. The study also investigated whether corporate culture has moderating effect on relationship between independent variable of goal difficulty, reward system, HRM and dependent variable of CI success, resulted

corporate culture has significant effect on reward system and CI success, whilst the authors found no significant effect for the rest of independent variables.

This research study the success factor of CI success in logistics industry limited to goal difficulty, reward system, HRM, and corporate culture. Considering limited study on CI in logistics, future research should be conducted to analyze relationship between CI and other key success factor in logistics industry

References

Abdulmouti, H., Benefits of kaizen to business excellence: evidence from a case study, *Industrial Engineering & Management*, vol. 7, no. 2, (2018).

Abu-Doleh, J.D., Human resource management and total quality management linkage – rhetoris and reality, *International Journal of Commerce and Management*, vol. 22, no. 3, pp. 219 - 234, (2012).

Aleu, F., Aken, E. C. and Glover, W., Continuous improvement project within kaizen: critical success factors in hospitals, *The TQM Journal*, vol. 30, no. 4, pp. 335 - 355, (2018).

Ashkezari, M.J.D. and Aeen, M.N., Using competency models to improve HRM, *Ideal Type of Management*, vol. 1, no. 1, pp. 59-68, (2012).

Bai. X.J. and Su, M., Research on measurement of service capability of logistics enterprise, *Proceedings of the 2016 International Conference on Management Science and Management Innovation*, (2016).

Baird, K., Jia, H. and Reeve, R., The relationships between organizationl culture, total quality management practices, and operational performances, *International Journal of Operations & Production Management*, vol. 31, no. 7, pp. 789-814, (2011).

Bastas, A. and Liyanage, K., Integrated quality and supply chain management business diagnostics for organizational sustainability improvement, *Sustainable Production and Consumption*, vol. 17, pp. 11-30, (2019).

BPPP Kemendag.go.id, Kajian pengembangan indikator kinerja logistik indonesia. Available: http://bppp.kemendag.go.id/media_content/2017/08/KAJIAN_PENGEMBANGAN_INDIKATOR_KINERJA_LOGISTIK_INDONESIA_FINAL.pdf, Sept 30, (2021).

Chaffey, D., *Digital Business and E-commerce Management: Strategy, Implementation and Practice*, Prentice Hall, England, (2015).

Chattergoon, S., Darling, S., Devitt, R. and Klassen, W., Creating and sustaining value: building a culture of continuous improvement, *Healthcare Management Forum*, vol. 27, no. 1, pp. 5-9, (2014).

Done, A., Voss, C. and Rytter, N.G., Best practice interventions: short-term impact and long-term outcomes, *Journal of Operations Management*, vol. 29, no. 5, pp. 500 – 513, (2010).

Erdogan, S., Development of a tool to measure the effectiveness of kaizen events within the wood products industry, (2015).

Garcia, J.L., Rivera, D.G. and Iniesta, A.A., Critical success factors for kaizen implementation in manufacturing industries in Mexico, *The International Journal of Advanced Manufacturing Technology*, vol. 68, no. 1-4, pp. 537-545, (2013).

Glover, W.J., Farris, J.A. and Aken, E.M., The relationship between continuous improvement and rapid improvement sustainability, *International Journal of Production Research*, vol. 53, no. 13, pp. 4068-4086, (2014).

Glover, W.J., Farris, J.A., Van Aken, E.M. and Doolen, T.L., Critical success factors for sustainability of kaizen event human resource outcomes: an empirical study, *International Journal of Production Economics*, vol. 132, no. 2, pp. 197-213, (2011).

Goodale, J.C., Koerner, M. and Roney, J., Analyzing the impact of service provider empowerment on perceptions of service quality inside an organization, Journal *of Quality Management*, vol. 2, no. 2, pp. 191-215, (1997).

Hailu, H., Kedir, A., Bassa, G. and Jilcha, K., Critical success factors model developing for sustainable kaizen implementation in manufacturing industry in Ethiopia, *Management Science Letters*, pp. 585-600, (2017).

Hair, J., Hult, G.T.M, Ringle, C.M. and Sarstedt, M., *A primer on partial least squares structural equation modeling (PLS-SEM)*, SAGE Publications, Inc, California, (2014).

Hall, S., The financial effects from continuous improvement adaptions (Master's thesis), (2015).

Herliana, L. and Parsons, D., Chapter 22 Logistics in Indonesia, (2011).

Hitka, M., Vetráková, M., Balážová, Ž. and Danihelováa, Z., Corporate culture as a tool for competitiveness improvement, *Procedia Economics and Finance*, vol 34, pp. 27-34, (2015).

Indonesia.Go.Id, Bisnis e-commerce semakin gurih. Available: https://www.indonesia.go.id/kategori/indonesia-dalam-angka/2534/bisnis-e-commerce-semakin-gurih, Feb 23, (2021).

Ioannou, I., Li, S.X. and Serafeim, G., The effect of target difficulty on target completion: the case of reducing carbon emissions, *The Accounting Review*, vol. 91, no. 5, pp. 1467-1492, (2015).

Janee, A.A., Islam, A. and Poon, H.L., A study of sustainability of continuous improvement in the manufacturing industries in Malaysia, *Management of Environmental Quality: An International Journal*, vol. 24, no. 3, pp. 408 - 426, (2013).

Janjic, V., Todorovič, M. and Jovanovič, D., Key success factors and benefits of kaizen implementation, *Engineering Management Journal*, vol. 32, no. 2, pp. 98-106, (2019).

Jiang, Z., Xiao, Q., Qi, H. and Xiao, L., Total reward strategy: a human resources management strategy going with the trend of the times, *International Journal of Business and Management*, vol. 4, no. 11, (2009).

Jørgensen, F., Laugen, B.T. and Boer, H., Human resource management for continuous improvement, *Creativity and Innovation Management*, vol. 16, no. 4, pp. 363 – 375, (2007).

Jurburg D, Viles E, Tanco M and Mateo R, Continuous improvement leaders, followers, and laggards: understanding system sustainability, *Total Quality Management & Business Excellence*, vol. 29, no. 7-8, pp. 817-833, (2016).

Kock, N., *WarpPLS User Manual: Version 7.0*, ScriptWarp System, Texax, (2020).

Lam, M. and Robertson, D., Organizational culture, tenure, and willingness to participate in continuous improvement projects in healthcare, *Quality Management Journal*, vol. 19, no. 3, pp. 7 - 15, (2012).

Li, J. and Doolen, L., A study of Chinese quality circle effectiveness, I*nternational Journal of Quality & Reliability Management*, vol. 31, no. 1, pp. 14 - 31, (2013).

Liker, J.K., *Toyota Way: 14 management principles from the world's greatest manufacturer*, McGraw-Hill, New York, (2004).

Lizarelli, F.L., de Toledo, J.C. and Alliprandini, D.H., Relationship between continuous improvement and innovation improvement: an empirical study in Brazilian manufacturing companies, *Total Quality Management & Business Excellence*, vol. 32, no. 9-10, pp. 981-1004, (2019).

Locke, E. A., Toward a theory of task motivation and incentives, *Organizational Behavior and Human Performance*, vol. 3, no. 2, pp. 157-189, (1968).

Locke, E.A., Motivation through conscious goal setting, *Applied and Preventive Psychology*, vol. 5, no. 2, pp. 117-124, (1996).

Maletič, D., Maletič, M. and Gomiscek, B., The relationship between continuous improvement and maintenance performance, *Journal of Quality in Maintenance Engineering*, vol. 18, no. 1, pp. 30-41, (2012).

Nongo, E.S. and Ikyanyon, D.N., The influence of corporate culture on employee commitment to the organization, *International Journal of Business and Management*, vol. 7, no. 22, (2012).

Ong, T.S. and Teh, B.H., Reward system and performance within Malaysian manufacturing companies, *World Applied Sciences Journal*, vol. 19, no. 7, pp. 1009-1017, (2012).

Oprime, P.C., Mendes, G.H. and Pimenta, L.M., Continuous improvement: critical factors in Brazilian industrial companies, *International Journal of Productivity and Performance Management*, vol. 61, no. 1, pp. 69-92, (2012).

Patro, C.S., The role of human resources management in implementation of TQM, *International Journal of Advance Research in Computer Science and Management*, vol. 2, no. 6, pp. 2689 - 2695, (2013).

Pqm.co.id., Mengenal continuous improvement, Available: https://pqm.co.id/mengenal-continuous-improvement/, May 25, (2021).

Roose, K.M. and Williams, W.L., An evaluation of the effects of very difficult goals, *Journal of Organizational Behavior Management*, vol. 38, no. 1, pp. 18-48, (2017).

Stelson, P., Hille, J., Eseonu, C. and Doolen, T., What Drives Continuous Improvement Project Success in Healthcare? *International Journal of Health Care Quality Assurance*, vol. 30, no. 1, pp. 43 - 57,(2017).

Tari, J.J. and Sabater, V., Human aspects in a quality management context and their effects on performance, *The International Journal of Human Resource Management*, vol. 17, no. 3, pp. 484 - 503, (2006).

Tawalbeh, H.F. and Jaradat, M., The associations among human resource management (HRM) practices, total quality management (TQM) practices and competitive advantages, *Journal of Social Sciences (COES&RJ-JSS)*, vol. 9, no. 2, p. 505, (2020).

Triguero-Sanchez, R., Pena-Vinces, J. and Guillen, J., The mediator role of hierarchical distance on social processess-HRM practises: an empirical analysis of Spanish firms, *International Journal of Organizational Leadership*, vol. 5, no. 3, pp. 172 - 190, (2016).

Usrof, H.J.H and Elmorsey, R.M., Relationship between HRM and TQM and its influence on organizational sustainability, *International Journal of Academic Research in Accounting, Finance and Management Sciences*, vol. 6, no. 2, (2016).

Wickramasinghe, V., Influence of total quality management on human resource management practices, *International Journal of Quality & Reliability Management*, vol. 29, no. 8, pp. 836-850, 2012.

Biography

Darryl joined Bina Nusantara University in November 2021 to achieve higher education in Business Management. Previously he graduated from Parahyangan Catholic University with major in Industrial Engineering in 2016. He is currently working as Bad Stock Management and Infrastructure Development Head at Wings Group. He responsible to manage bad stock operation smoothly and ensure bad stock product dispose based on environment and company regulation. He also responsible to ensure that distribution center capacity fit with area demand. He previously worked at Puninar Logistics (Member of Triputra Group) as Management Development and Improvement that responsible to create company blueprint up to cascade and align it with department key performance indicator and manage improvement activity with varies tools such as 8-Step & 7-Tools, Practical Problem Solving, and Triputra Executive Kaizen System methods. The improvement projects have covered productivity improvement in logistics activities.

Widiani Utami is Head of Customer Experience at Lazada Logistics. She graduated from Bogor Agricultural University, with bachelor's degrees in management of Agribusiness in 2004. She is currently working on Master of Management in Binus Business School. Before joining Lazada Logistics, she was at PT. XL Axiata, a telecomunication company held several positions, with last position as Head of Customer Experience.

Sambudi Hamali is a lecturer in Management Department at Binus University since 2014. He is graduated with Doctoral Degree in Management Science from Padjadjaran University. He has experience in various industries, not only in education but also in the construction and services industry.