

# Enhancing Service Quality Through Innovation: A Study of Sucofindo Indonesia's Strategies in Global Competition

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## ABSTRACT

*This study aims to test the service innovation of Sucofindo Indonesia in improving service quality as an effort to maintain firm sustainability in the era of globalization, using the grand theory of Human resource management and supporting marketing management theory applied theory of service innovation, service quality and firm sustainability. This research method uses an associative quantitative method, and a questionnaire with a population of 102 and a sampling sample of 46 using the slovin formula with four hypotheses and data processing using SPSS Version 24. The results of the study found 1. Service Quality has a positive and significant effect on Firm sustainability, 2. Service Quality has a positive and significant effect on service innovation 3. Firm sustainability has a positive and significant effect on service innovation . 4. Firm sustainability, is able to mediate service quality, against service innovation. The implications of this study produce service quality, service innovation, and firm sustainability of Sucofindo Indonesia are quite moderate and indicate that firm sustainability can mediate service quality in service innovation.*

**Keywords:** Service quality, Service Innovation, Firm sustainability, Human resource management

## ABSTRAK

*Penelitian ini bertujuan untuk menguji inovasi layanan Sucofindo Indonesia dalam peningkatan kualitas pelayanan sebagai upaya menjaga eksistensi perusahaan di era globalisasi. Menggunakan grand teori manajemen sumber daya manusia (SDM) dan teori pendukung manajemen pemasaran, penelitian ini menerapkan pendekatan kuantitatif asosiatif dengan kuesioner, melibatkan populasi sebanyak 102 responden dan sampel 46 responden yang ditentukan menggunakan rumus Slovin. Hasil penelitian menunjukkan bahwa kualitas pelayanan berpengaruh positif dan signifikan terhadap eksistensi perusahaan dan inovasi layanan, sedangkan eksistensi perusahaan juga berpengaruh positif dan signifikan terhadap inovasi layanan, serta mampu memediasi pengaruh kualitas pelayanan terhadap inovasi layanan. Implikasi penelitian ini menegaskan bahwa kualitas pelayanan, inovasi layanan, dan eksistensi perusahaan di Sucofindo Indonesia berada pada tingkat moderat, dengan eksistensi perusahaan yang dapat memediasi hubungan antara kualitas pelayanan dan inovasi layanan.*

**Kata kunci:** Kualitas Pelayanan , Inovasi Layanan, Eksistensi Perusahaan, Manajemen Sumber Daya Manusia

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## **INTRODUCTION**

The issue of human resources is still in the spotlight and a mainstay for companies to survive in the era of globalization. Human resources are not only a supporting factor, but also a determining factor in the success of implementing an effective organization. Although facilities, infrastructure, and other resources are abundant, without the support of reliable human resources and optimal performance, company activities will not be completed properly. As stated by Syafruddin et al. (2022), human resources have a central role as a driver of an organization, which plans, implements, and controls various aspects of the organization concerned. Organizations need human resources to realize their vision and mission. However, this is not enough just with the existence of human resources, but also with the appropriate competence to carry out tasks within the organization (Riza, 2024). State-Owned Enterprises (SOEs) have an important role in the national economy, being the backbone of various strategic sectors. SOEs acts as a development agent, driving sectors that are vital to the welfare of society and the country's economic growth. According to Law Number 19 of 2003, SOEs is defined as a business entity whose capital is wholly or mostly owned by the state through direct participation originating from separated state assets. This means that ownership and control of SOEs are in the hands of the government, which aims to serve the public interest and ensure the stability and independence of the national economy. However, along with the development of the era and the dynamics of the global economy, SOEs is faced with various increasingly complex challenges. These challenges include tight competition with private companies, both domestic and foreign, demands to increase operational efficiency, and pressure to make a significant contribution to state revenue. In addition, SOEs is also required to implement good governance practices, transparency, and accountability in its operations in order to avoid corrupt and collusive practices that can harm the state. In facing these challenges, SOES must continue to innovate, increase competitiveness, and strengthen its managerial capabilities in order to survive and thrive amidst rapid changes.

One example of a SOEs in Indonesia that is facing the challenges of the globalization era is Sucofindo Indonesia. Through innovation, collaboration, and digitalization, Sucofindo has succeeded in increasing its business excellence. By recording various achievements through innovation and collaboration, Sucofindo is an example of how a company, including SOEs, can continue to survive and grow in this era of globalization. In 2021, Sucofindo has built business excellence through digitalization, collaboration and innovation. Furthermore, in 2022, Sucofindo will increase business growth that comes from its excellence through innovation and collaboration. Sucofindo's Innovation Culture is built by encouraging every Sucofindo Personnel to innovate through various activities such as innovation festivals, building bizcubators and encouraging the commercialization of innovation. Innovations carried out by Sucofindo are also carried out to create a better environment such as preparation to become a greenhouse Verification and Validation Institution according to ISO 14065 and TIC services for good mining governance management, as well as TIC services that use information technology and IoT such as: (1) Real-time monitoring of fuel oil shipments for PLN power plants (CTMS) (2) Real-time monitoring of wastewater quality (Sparing) (3) Monitoring the quality and quantity of coal (Pit to Port) (4) Utilization of WA Business for complaint handling, chat bots, and service information. The existence of a company depends on economic activities that continue to grow in society. Companies operate with the main objective of creating goods and services that are marketed to meet market needs, as well as to make a profit (Wibowo, 2019). This activity is carried out by entities, both legal entities and non-legal entities, and can be carried out individually or collectively. The importance of a company lies in its function as a driver of the economy, where they not only contribute to the provision of goods and services, but also create jobs and support economic growth. By carrying out its functions sustainably,

the company ensures the continuity of its existence in a dynamic and competitive market. In the process, the main goal of the company remains to make a profit, which is the basis for the continuity and development of the company itself. Company classification is the classification of each company, both private business-based businesses and based on the establishment, arrangement and responsibilities in accordance with applicable legal orders (Amal, 2021).

Fadli, (2021), shows that service innovations made in maintaining the company's existence are still not optimal. There are still complaints from customers indicating that the innovations made still need to be improved. This is due to the lack of quality human resources and the innovations made have not been directly addressed to customers. A similar thing was also studied by Randa & Dewi (2019), Based on this study, it was found that there was a positive and insignificant influence of the tangible variable on service innovation, a negative and insignificant influence of the empathy of the service quality variable on service innovation, a negative and significant influence of the reliability of service quality variable on service innovation is significant, a positive and insignificant influence of the responsiveness service quality variable on service innovation, and a positive and insignificant influence of the assurance service quality variable on service innovation. Based on the identification and limitations of the problems that have been stated previously, the author formulates several problems that will be discussed in this study. First, this study aims to determine how service quality affects service innovation at Sucofindo Indonesia. Second, this study also aims to evaluate the influence of service quality on the existence of the company in Sucofindo Indonesia. Furthermore, this study will examine the influence of firm sustainability on service innovation in Sucofindo Indonesia. Finally, this study will analyze how firm sustainability can mediate the influence of service quality on service innovation in Sucofindo Indonesia.

## **LITERATURE REVIEW**

Ajabar (2020) stated that Human resource management is an activity that is attempted to trigger, improve, motivate and maintain good performance in an organization. According to Suryani (2021), Human resource management is a strategic process that aims to achieve organizational goals through the management of individuals in it. This process is not only limited to employee administration, but involves a holistic approach in optimizing the potential of each individual who contributes to the success of the organization. HRM focuses on creating a conducive work environment, developing skills and competencies, and maintaining employee welfare (Sudaryo et al., 2019). HRM plays a role in managing employee performance through objective performance appraisals, providing feedback, and providing incentives that can motivate employees to achieve their best performance. Employee welfare is also a major concern, where HRM seeks to create a balance between work and personal life, and provide a safe and healthy work environment (Fadli et al., 2024; Farida et al., 2024). Overall, HR serves as the backbone of the organization in ensuring that human resources, as the most important asset, are managed effectively to achieve the organization's long-term goals. Through good management, organizations can increase productivity, innovation, and sustainability amidst increasingly fierce competition (Umar et al., 2024).

According to Putri (2017), marketing management is an effort to plan, implement (which consists of organizing, directing, coordinating) and supervise or control marketing activities in an organization in order to achieve organizational goals efficiently and effectively, known as the management function. In the marketing management function, analysis activities play an important role in understanding the market and marketing environment in depth (Kusbandono, 2019). This analysis aims to identify and evaluate various factors that influence the market, both internally and externally. Through market analysis, companies can determine the size, segmentation, and characteristics of the target market, as well as understand consumer behavior and

their preferences. In addition, marketing environment analysis also includes an assessment of economic, social, cultural, technological, and regulatory conditions that can impact marketing strategies (Awaliya et al., 2022). By analyzing these factors, companies can assess how much opportunity there is to capture the desired market. For example, companies can identify profitable market trends or find gaps that have not been exploited by competitors. On the other hand, this analysis also helps companies anticipate various threats that may arise, such as regulatory changes, intense competition, or economic fluctuations. With a deep understanding of these opportunities and threats, companies can formulate more effective and adaptive marketing strategies, so as to increase competitiveness and achieve their business goals.

According to Aulia & Aslami (2023), service innovation is a change made by a company to become better and be able to meet market needs. If the company is able to meet market needs, consumers will purchase products or services from the company. According to Delafrooz (2013), measuring service innovation can be done through: 1) Use of technology, 2) interaction with customers, 3) Development of new services, 4) Service delivery systems. According to Lukita et al. (2019) service quality focuses on efforts to meet consumer needs and desires and the accuracy of delivery to match consumer expectations. Sumartini & Tias (2019), revealed that there are five dominant factors or determinants of service quality, the five dominant factors include: 1) Tangible or direct evidence 2) Reliability or reliability 3) Responsiveness or responsiveness 4) Assurance or guarantee 5) Empathy or empathy Firm sustainability refers to the existence and operation of a company driven by economic activities that have an impact on society. Companies function and aim to produce goods and services that are marketed for profit. This existence does not only include legal entities, but also private businesses that operate sustainably (Martoyo et al., 2022). Companies can be classified based on the type of business, both private and public, and based on the structure of establishment, management, and responsibilities in accordance with applicable legal regulations (Adrian Sutedi, 2022). This classification is important to understand the role and obligations of each company in the economic sphere. Budiman (2023), General Firm sustainability Indicators are: 1) Revenue and profitability, 2) Business growth, 3) Reputation and branding, 4) Financial risk management, 5) Innovation and adaptation, 6) Customer satisfaction, 7) Leadership and organizational culture.

## **METHODS**

This type of research is associative, according to Sugiyono (2009), associative research is a study that aims to determine the effect of independent variables on dependent variables and how close the influence or relationship is and to determine whether there is a correlation between the two variables. Population is a group consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to be studied and then conclusions drawn (Sugiyono, 2010). The population in this study is the total number of employees at Sucofindo Indonesia. The sample is part of the number and characteristics possessed by the population, Sugiyono (2017), In this study, the sample was determined from the total population and sampling using the sampling technique from the total population of the study, namely the number of employees of Sucofindo Indonesia in 2024 amounting to 102 people. The determination of the researcher's sample used the slovin formula because the population was more than 100 respondents in the sample calculation with an error rate of 10%, the following is the slovin formula proposed by Umar (2013). So the number of samples is 46 respondents. In this study, data collection techniques were used with interview methods, questionnaire methods, observation methods, and literature studies. Interviews are a method of collecting data by means of questions and answers and face-to-face conducted by the interviewer with the interviewee to obtain the information needed in the study (Makbul, 2021). In this study, a short pre-research interview was conducted to obtain initial information. A questionnaire is a method of collecting data by asking questions to the subjects being studied with the intention that

the subjects being studied can provide responses according to the researcher's request (Mulyatiningsih, 2015). In this study, a questionnaire method was used to obtain data on Sucofindo Indonesia Employees. This study uses literature studies, namely collecting data obtained through book sources, the internet, and literature related to the problem being studied (Azizah, 2017). Observation is a method of collecting data by coming directly to the research location (Hanyfah, 2022). The data analysis techniques used in this study to analyze the data are: 1) Quantitative Analysis, 2) Validity Test, 3) Reliability 4) Path Analysis using Statistical Package for Social Science Software (SPSS Software) for Windows version 24.

## RESULTS

The results of the analysis are based on the background, theoretical basis, framework of thought, research design and research methods and answer the hypothesis regarding the partial influence of each variable as follows. Table 1 presents the results of the hypothesis testing analysis related to the variables that play a role in this study.

**Table 1.** Correlation between research variables

No.	Variable	t-count	Sig	Pen Description
1	Service Quality (X1)	4.138	0.000	Positive and Significant
2	Firm sustainability (Z)	3.591	0.001	Positive and Significant
3	Firm sustainability (Z)	3.591	0.001	Positive and Significant

*Source: Data processed*

From Table 1, the service quality variable (X1) has a positive and significant effect on firm sustainability (Z) with a correlation of 0.762. This indicates that the service quality variable (x1) correlates very well with firm sustainability (Z), influenced by the company's high-quality service, which helps maintain its existence. The service quality variable (X1) also has a significant positive effect on the service innovation variable (Y) with a correlation of 0.818. This suggests that service quality (X1) correlates well with service innovation (Y), and the results are driven by the excellent quality of service provided by employees, enabling the company to continue innovating and remain competitive in the era of globalization. Furthermore, the firm sustainability variable (Z) has a positive and significant effect on the service innovation variable (Y) with a correlation of 0.802. This indicates that firm sustainability (Z) correlates very well with service innovation (Y), influenced by the company's strong position, which fosters continuous innovation and product development. The following Table 2 presents the results of the analysis based on testing the research model.

**Table 2.** F test analysis results

No.	Research Model	F-stat.	Sig
1	Research Model Testing (Service Quality (X1), Firm sustainability (Z) to Service Innovation (Y))	62.762	0.000

*Source: Data processed*

The results of the analysis based on testing the research model that the F-stat. value is 62,762 with a significance value of 0.000. Because the significance value is below or smaller than 0.05. Then the Service Quality Variable (X1), the Firm sustainability Variable (Z) and the service innovation (Y). So, the research model with all the variables used by researchers can be accepted. The results of the analysis based on the results of data processing with the help of SPSS version 24 can be explained in Table 3.

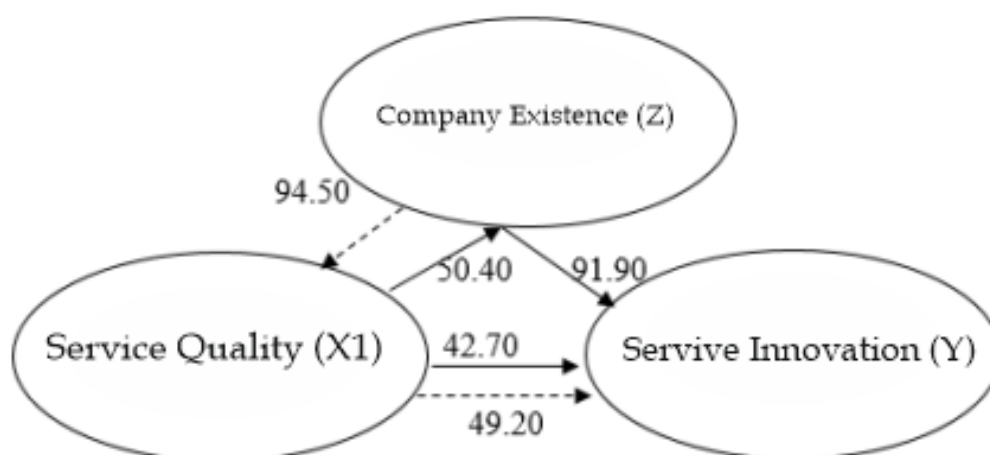
**Table 3.** T test analysis results

No.	Variables	t-count	Sig	Description
1	Service Quality (X1) → Service Innovation (Y)	4.138	0.000	Positive and Significant
2	Firm sustainability (Z) → Service Innovation (Y)	3.591	0.001	Positive and Significant
3	Firm sustainability (Z) → Service Innovation (Y)	3.591	0.001	Positive and Significant

*Source: Data processed*

From the table, it shows that the service quality variable (X1) has a t-count value of 4.138, with a significance level of 0.000, which is below 0.05. This means that it has a positive and significant effect on service innovation at Sucofindo Indonesia, allowing us to accept Hypothesis 1. The firm sustainability variable (Z) has a t-count value of 3.591, with a significance level of 0.001, which is also below 0.05. This indicates that it has a positive and significant effect on service innovation at Sucofindo Indonesia, allowing us to accept Hypothesis 2.

The results of the analysis using path analysis can be generated by the contribution of service quality (X1) 0.492 and firm sustainability (Z) 0.427 to the service innovation of Sucofindo Indonesia is the standardized coefficients beta value of service quality (X1) 49.20% and Firm sustainability (Z) 42.70% so that the results of path analysis show that there is a direct influence between the variables of service quality (X1), Firm sustainability variables (Z) on service innovation of Sucofindo Indonesia of 0.919 or 91.90%. The results of the path analysis show that there is an indirect influence between the Service Quality variable (X1), and the Firm sustainability Variable (Z) on service innovation of Sucofindo Indonesia of 0.453 or 45.30 percent.



Source: Data processed  
Figure 1. Path Analysis

### CONCLUSION

Service Quality can provide real evidence of service that includes physical facilities (buildings, warehouses, and others) equipment and tools that can be used (technology) the appearance of its employees and provide sincere and individual or personal attention given to customers by trying to understand consumer desires as an effort of Service Innovation of PT. Sucofindo Indonesia. Service Innovation can use technology in accordance with the times and facilitate the company in the service process so that it can accelerate the company to provide services and Service Innovation has an impact on speed, accuracy, and attention during the service process. Existence can have an impact on increasing income, market expansion, increasing the number of employees, or increasing assets from the company, Existence can also improve a good reputation and a strong brand so that it is better able to attract customers, win the competition, and overcome crises better. Existence can continue to apply innovation, new technology, and business strategies that are relevant to the market. So that focusing on customer satisfaction and being able to provide consistent added value to customers becomes the focus of the Company's Existence.

Service Quality can be suggested by identifying the knowledge, courtesy, and ability of company employees to foster customer trust, in addition, Service Quality must be in accordance with what is promised accurately and reliably. Service Innovation is suggested by providing company interaction with consumers to facilitate closeness and

understand the desires and needs of consumers. Service Innovation is a form of service renewal and if successfully implemented, it will improve company performance. Existence is suggested to be able to generate sufficient income to finance operations and generate profits, be able to manage risks including financial, operational and reputation risks to survive in the long term and have visionary leadership and a culture that promotes collaboration, innovation, and sustainability can help companies face complex challenges.

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