



**A CRITICAL EXAMINATION OF OPERATIONAL MANAGEMENT
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Abstract

The implementation of operational management in a corporation is of utmost importance. Irrespective of the diverse operational processes that are present inside the organization. There is a potential for the existence of conditions and restrictions. The objective of this study is to examine the application of operational management practices within local enterprises in Mojokerto City, specifically focusing on PT Nasional Industry Gasses Indonesia. The research findings indicate that PT Calvary Abadi has implemented many operational management strategies, one of which is quality management through the adoption of ISO standards as a mandatory operational requirement. The study's findings highlight the effective approach of PT Calvary Abadi in ensuring quality, planning, and collaboration within the organization through the implementation of operational management strategies such as ISO standard adoption, annual forecasting, and supply chain coordination. The organization maintains annual management forecasting phases and establishes a well-defined supply chain management structure that facilitates coordination between the company, its suppliers, and consumers. The ideal geographical plan for the company has been determined. This study utilizes qualitative data acquired through the implementation of HR/HSE interview procedures throughout several companies. The research did not employ any sample methodology and solely focused on PT Calvary Abadi as the subject of analysis for operational management.

Keywords: Operational, Quality, Management, Supply Chain Management



INTRODUCTION

To effectively carry out their everyday operations, large-scale organizations necessitate a well-organized sequence of tasks. The sequential arrangement of activities should be modified following the chronological progression from the company's inception to its conclusion. The collection of tasks is commonly referred to as operational in nature. The oversight of operational operations by management in large firms holds significant importance, as it directly pertains to the utilization of human resources, such as in the context of the manufacturing process. Operational management is a term used to describe the process of optimizing internal operations to efficiently generate goods or services (Toha & Habibah, 2023). This involves strategically organizing, processing, designing, and planning human resources within a firm to ensure effective and productive activities. This activity typically occurs within manufacturing businesses, whereby a production process necessitates a comprehension of operational management. The objective is to optimize the company's production capacity by effectively utilizing existing resources and valuable assets.

Lane et al. (2011) highlights operational management as a separate field that concentrates on achieving effective production by utilizing specialized tools to tackle production obstacles. Operational activities are essential for all organizations, regardless of their size, as they involve regular procedures. The COVID-19 pandemic highlighted the significance of contingency plans, as enterprises without strategic planning encountered disruption and possibly collapse. The pandemic, which has endured for almost two years, has triggered substantial alterations in operational procedures on a global scale. Companies



that showed careful planning in their operational activities displayed resilience and had through preparations to tackle the issues brought about by the epidemic (Sibuea et al., 2021).

Operational activities are essential not just for large-scale enterprises but also for all organizations engaged in tasks necessitating regular procedures and meticulous work (Nurlatipah, 2023). These activities are crucial for ensuring the seamless functioning of a company, devoid of any hindrances. In particular, during the onset of the Covid-19 pandemic, companies lacking contingency plans to address unforeseen circumstances are likely to encounter significant disruption or even face imminent failure. This necessitates a minimum level of strategic planning that can offer a rough outline of how the organization should operate with minimal hindrances. Despite the occurrence of an implausible circumstance at that period. The Covid-19 pandemic has persisted for nearly two years, prompting numerous companies to undergo significant transformations in their operational systems. These adaptations were necessitated by the prevailing conditions imposed by the pandemic. Companies that demonstrate vigilance in strategizing operational tasks that are necessary for their ongoing survival can be deemed successful in formulating comprehensive plans to address this challenge.

Yudi Sungkono (2018) asserts that operational management holds significant importance inside an organization, as it encompasses the implementation of operational processes and strategies that have the potential to enhance customer satisfaction. The manner in which actions are executed and the resultant creations have the potential to provide desirable outcomes that appeal to a wide range of individuals. According to Purnomo and Astuningsih (2021), operational management encompasses a comprehensive range of actions



undertaken by an organization to generate value through the production of goods and services. Consequently, the resulting output possesses distinct advantages.

PT Calvary Abadi Indonesia is an exemplary manufacturing company that has effectively navigated the challenges posed by the Covid-19 epidemic through the implementation of robust operational management strategies. Specializing in industrial gas supply, the company sustained operations for around two years by implementing robust operational management strategies and undergoing progressive transitions in its procedures. This case underscores the critical role of operational management in adapting to unforeseen circumstances, ensuring the survival and success of organizations during challenging times.

The problem statement lies in the intricate balance large-scale organizations must maintain in optimizing operational activities, especially in the face of unprecedented challenges like the COVID-19 pandemic. The adaptability and strategic planning of operational management become paramount, influencing the resilience and success of organizations in navigating complexities and uncertainties.

REVIEW OF LITERATURE

Scott and Cole (2000) argue that it is difficult to draw a clear link between exceptional effort and a certain set of concepts and methods. However, it appears to materialize as a loosely linked collection of views and behaviors. We have a contrasting viewpoint regarding this evaluation. The authors who have made substantial contributions to the topic of quality have proposed influential theoretical and philosophical frameworks for the idea. Unfortunately, the indicated initial ideas exceed the typical frameworks typically examined by



researchers in the management sector, leading to their neglect. Hence, it is imperative to investigate the origins and sources of the theoretical and philosophical principles that form the foundation of quality management. We contend that there are three areas that have potential: Typically, it is widely noticed that the notion of quality mostly applies to human-made objects that have undergone deliberate design and manufacturing procedures. Hence, it is logical to expect that the concept of quality is closely linked to or incorporated inside ideas and principles of production.

Moreover, to maintain and improve quality, it is crucial to acquire and utilize information and expertise. The discipline that traditionally deals with the investigation of such subjects is commonly known as epistemology. Anticipating the incorporation of epistemic variables is expected when conceptualizing quality. Furthermore, to effectively priorities quality, one must possess a comprehensive conceptual knowledge of the external realities that exist in the world. The discipline that deals with these topics is referred to as ontology. Ontological aspects are expected to be considered in the notion of quality. The following discussion involves an analysis of the three identified subjects.

RESEARCH METHOD

This study employs a qualitative research approach, utilizing HR/HSE interview procedures as the primary data collection method. The research focuses exclusively on PT Calvary Abadi, allowing for an in-depth exploration of the company's operational management practices. The absence of a sample methodology is justified by the study's concentration on a single subject, ensuring a detailed analysis of operational strategies.



RESULTS AND DISCUSSION

Managing Quality

Prior to the onset of the Covid-19 pandemic, operational management in the PT Calvary Abadi business adhered to established company standards, maintaining normalcy in their work processes. The operational management of Covid-19 within the PT Calvary Abadi industry experienced a decrease in working hours as a result of the Indonesian government's measures to restrict the spread of the Covid-19 virus. Despite these circumstances, the consistent supply of production gas remained somewhat challenging during the pandemic. Indonesia is consistently exposed to the Covid-19 virus, as it is not the sole country affected by this global pandemic.

PT Calvary Abadi continues to adhere to ISO standards both prior to and following the Covid-19 pandemic, while maintaining production capacity to ensure consistent quality as observed prior to the outbreak. The utilization of chemical gases in various industrial manufacturing and shipping sectors remains highly imperative. The demand for gases such as oxygen, nitrogen, and carbon dioxide has witnessed a surge during the ongoing pandemic. The demand for gas stocks, which are essential for other enterprises and hospitals, has experienced a significant surge since the onset of the epidemic.

The present study focuses on the post-Covid 19 pandemic implementation of operational management within the PT Calvary Abadi industry. Upon resuming operations, the manufacturing facility has an annual capacity of less than 3,600,000 cubic meters for liquid oxygen, 840,000 cubic meters for liquid nitrogen, and 2,160,000 cubic meters for liquid argon. Consequently, the demand for gas is expected to align with these quantities. The surge in activity can be



attributed to the resumption of movement by both corporations and individuals. The observed rise is inherently linked to the prevailing market demand for gas supplied by PT Calvary Abadi.

In the context of quality management within the PT Calvary Abadi industry, it is noteworthy that there has been a consistent approach in place both prior to, during, and subsequent to the Covid-19 epidemic. This is mostly attributed to the company's steadfast adherence to its established quality standards, despite experiencing a drop in workforce throughout the pandemic period. The implementation of quality standards throughout the organization remains imperative, as it aligns with the existing procedural framework. It is necessary to execute the proposed action. To enable the attainment of assured quality control for the goods manufactured by PT Calvary Abadi and the optimization of operational activities, the company possesses multiple ISO certifications that serve as a guarantee of security for the organization. The current International Organization for Standardization (ISO) standards include ISO 9001, ISO 14001, and ISO 28000.

In light of the significant risk associated with ISO 9001, PT National Industrial Gases Indonesia persists in its commitment to enhance and uphold quality within its management system. This dedication is aimed at fostering customer satisfaction. To ensure the attainment of high-quality standards, the company consistently conducts employee training programs focused on performance comprehension and safety. Furthermore, the organization continually refines its system to optimize outcomes. Attention to detail is consistently prioritized to proactively address potential issues and promptly rectify them. ISO 9001 mandates that organizations receive training from ISO



consultants on the proper execution of internal audits inside their management systems.

The implementation of the security system by PT Calvary Abadi in accordance with ISO 14001 is characterized by a high level of stringency. This is primarily due to the significant risks associated with gas production, which arise from the infrastructure resources such as buildings, work equipment, and personal protective equipment (PPE). Furthermore, PT Calvary Abadi places great emphasis on the adherence to a robust emergency response system. In this gas company, employees are expected to possess a high level of competence in order to be employed. Additionally, employees are required to have a comprehensive understanding of K3L, which pertains to occupational safety and environmental health. According to the ISO 14001 standard, organizations are required to evaluate all facets of their production processes and their environmental effects. Additionally, they are expected to develop emergency reaction plans and implement corresponding measures as outlined in the Emergency Preparedness and reaction Plan (EPRP).

The Calvary Abadi corporation implements ISO 28000 standards in the production of gas, adhering to the principles of ensuring appropriate quality, quantity, and timely delivery. The aforementioned components are rigorously adhered to within the supply chain to ensure effective collaboration among company colleagues and maintain the organization's reliability, hence mitigating inventory losses. The company consistently strives to enhance the quality of gas to fulfill consumer demand and ensure uninterrupted production. Additionally, efforts are made to minimize lead time in both gas production and delivery,



thereby contributing to the continuous enhancement of the company's reputation.

Supply Chain Management

The adoption of Supply Chain Management (SCM) entails establishing an ongoing connection between various processes within a company's operations to facilitate efficient operational activities. The operational processes often commence with the sales department, followed by the warehouse, further progression through the production phase, distribution to customers, and ultimately culminating in the delivery of items to the end user. The series of operations outlined in this process is characterized by a high level of detail, aiming to ensure that each stage is executed in strict adherence to corporate protocols and contributes significantly to the value creation for the goods. The figure presented illustrates a set of straightforward sequential activities.

The operational activities of PT Calvary Abadi are intricately linked to market demand, sales outcomes, as well as the optimization of production lines and warehouses. This interplay facilitates the rotation of processes within the company's operations. During the pre-pandemic and pandemic periods, PT Calvary Abadi implemented consistent and organized security measures that underwent evaluation by the field security team. During the pandemic, there was no reduction in activity compared to pre-pandemic times, and the processes and procedures remained same. However, efforts were made to modify the layout and composition in order to ensure that individuals maintained an appropriate distance from one another. Following the conclusion of the pandemic, it is evident that PT Calvary Abadi has implemented novel modifications to its Supply Chain Management (SCM) procedures. These changes involve the adoption of a



contemporary structural framework, characterized by the utilization of digital communication and a streamlined administrative design. As a result, each operational aspect within the organization can be seamlessly integrated through the assistance of the developed Enterprise Resource Planning (ERP) system.

Location Strategies

The consideration of strategic location selection plays a crucial role in the establishment of a business enterprise. The establishment of a location plan can significantly impact the attainment of a market when expanding or operating a corporate enterprise. The level of potential that can be attained directly correlates with the magnitude of a company's income, with a positive relationship between the two variables. Conversely, a decrease in potential is expected to result in a corresponding decrease in the company's income. The geographical presence of PT Calvary Abadi holds significant influence over manufacturing enterprises in the region of Mojokerto. Manufacturing enterprises exhibit a significant reliance on the gas supply provided by PT Calvary Abadi.

PT Calvary Abadi possesses the most extensive distribution network, strategically dispersed. PT Calvary Abadi engages in the production, promotion, and distribution of a diverse range of industrial gases, available in both gaseous and liquid states. These gases serve as valuable resources across multiple sectors, encompassing Health, Infrastructure, Manufacturing, and various other industries.

Prior to the onset of the Covid-19 pandemic, there was a significant demand for gasoline because to the absence of mobility limitations. Consequently, numerous manufacturing companies and enterprises from all sectors engaged in collaborative endeavors with PT Calvary Abadi. The stability



of the natural gas factory was maintained during the Covid-19 pandemic in 2020, despite the adverse effects experienced by the global natural gas industry. This can be attributed to the effective strategic planning of PT Calvary Abadi. However, the limited sales movement during the pandemic prevented any significant increase in sales. A significant number of individuals, ranging from thousands to millions, engage in activities such as remote work, online learning, and virtual shopping, without venturing outside their residences. The operations within office spaces, hotels, and conference venues have experienced a decrease in activity, alongside the manufacturing industries and Micro, Small, and Medium Enterprises (MSMEs). Similarly, there is a notable need for gas in both small and medium-sized industrial sectors that have minimal gas consumption, as well as in large-scale enterprises that heavily rely on gas as a primary resource. The implementation of lock-down measures in numerous nations as a response to the Covid-19 pandemic has directly resulted in a decrease in the demand for gasoline. After the conclusion of the Covid-19 pandemic, the gas movement restrictions policy at PT Calvary Abadi became less stringent compared to its implementation during the epidemic. Additionally, PT Calvary Abadi was able to capitalize on its advantageous strategic location. Consequently, PT Calvary Abadi witnessed a subsequent growth in its operations following the pandemic-induced limitations. The stringency of regulations imposed by other manufacturers has diminished compared to previous levels.

CONCLUSION

The PT Calvary Abadi firm has adopted various operational operations in order to optimize its annual operational performance. Based on the findings of



the conducted analysis, PT Calvary Abadi demonstrates a focus on quality management by obtaining ISO certification, namely ISO 9001, 14001, and 28000. This strategic move enhances the perceived value of PT Calvary Abadi, fostering increased trustworthiness in the organization. The existence of the International Organization for Standardization (ISO) facilitates companies in maintaining their commitment to prioritizing quality for both consumers and suppliers.

PT Calvary Abadi additionally ensures the implementation of annual forecasts, conducted by the managerial team, in order to establish preliminary planning measures. The utilization of forecasting techniques encompasses three primary domains: inventory management, production planning, and sales forecasting. The organization anticipates that annual objectives and revenues will be attained within a range spanning from the lowest to the maximum.

PT Calvary Abadi exhibits a structured approach to its operations, as evidenced by a series of operational activities that adhere to business procedures and Standard Operating Procedures (SOPs). The market demand and sales revenue undergo a series of stages until the necessary commodities may be supplied to consumers.

The PT Calvary Abadi company, situated in Mojokerto City, has successfully leveraged its location advantages by implementing a location strategy. This strategy allows the company to effectively serve as a supplier of various gases, such as oxygen, argon, nitrogen, and carbon dioxide, to other manufacturing companies in Mojokerto as well as hospitals. Mojokerto City, known for its numerous manufacturing and shipyard production companies, provides an ideal environment for PT Calvary Abadi to maximize its role as a gas supplier.



Based on the findings of the authors' analysis, PT Calvary Abadi Indonesia (PT Calvary Abadi) has successfully implemented effective operational management practices. In order to ensure that all activities conducted by the organization are well-organized and consistently yield favorable outcomes, it is imperative to establish a standardized framework for each operation.

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