

# THE NECESSITY OF IMPLEMENTING AND CERTIFYING QUALITY MANAGEMENT SYSTEMS ON NATIONAL SCALE DURING ECONOMIC CRISIS

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## ABSTRACT

*The world economic crisis is amplifying as each day passes, and Romania begins to increasingly feel the economic downturn, for which the great economists of the world failed to find an antidote. And in Romania the companies will take the biggest blow. Therefore, the purpose of this work paper is to highlight the necessity of implementing and certifying quality management systems as an urgent measure to overcome this crisis, having also effect in the long term. The most important benefit of implementing and certifying quality management system is the intangible nature, the internal issue, meaning that it can ensure that the management system once implemented it is permanent. But overall, the main benefits for the organizations also involve external issues such as increasing customer confidence, improving image, improve market position, marketing, etc.*

**KEYWORDS:** *economic crises; quality management system; certification; implementation; competitively.*

## Economic crisis - quality based – economy promoter

The economical crisis has its roots in the past, during the industrial revolution. This revolution brought standardization and automatization of production and, also brought mass production, meaning quantity production, lots and poor quality products. However, large companies were generally able to enjoy the low production costs. Being able to produce more and cheaper, large corporations focused on quantity, on the conquest of new markets, i.e. globalization, and on their size as corporations, so they became transnational and multinational conglomerates with worldwide operations. Together with the quantitative production development, with the markets and corporations evolution, all of them (production, markets and corporations) have forced financial institutions to the same type of policy – to work with "quantity", so they can serve the wide range of customers with products increasingly new and more sophisticated.

The Quantitative Development of the global economy was started by the United States and other countries have followed. Quantitative development of world economy led to huge social and political transformation, changing our own way of thinking and living and the result was the quantitative development of consumption. Quantitative development of the economy has generated a certain kind of wealth and abundance for a particular part of world population and has also led to rapid growth in world population but also to a rapid collapse of important natural resources. The quantitative economy forced governments to become no longer effective, but larger and more bushy leading to higher government spending, i.e. government inefficiency and corruption.

With the lending institutions's help, the amount of money in the economy increased. Over time, due to financial markets sophistication and their globalization, the relationship between quantity of money in circulation and the goods production broke. Large companies have started producing more and more without any logical management, wanting to control at any cost the market. And so, the losses began. At that point, the first signs of economic crisis effectively appeared. Currently, many large corporations are realizing the need for rational and "healthy production" which meet certain imposed standards and the customers's requests.

In the current market economy, characterized by a fierce competition for survival and by the need (and desire!) to overcome the economic crisis, companies are permanently facing with a number of phenomena (price increases for different categories of services, price increases for raw materials, etc.) that affect product prices. The final battle comes to be given on the relationship quality - price.

Thus, in terms of diversification and rapid renewal of the goods supply and the markets globalization, it was necessary to use the new practices. This new practices should ensure the trust between trading partners from different countries, and especially consumer's confidence regarding the quality of the products they buy.

Quality was and is one of the most used words in business relations. Conceptual framework on quality has evolved over the development of human society. Today, the quality is a strategic component of the company's global management , and also a determining factor in its competitiveness. The quality importance is reflected in the concerns of the Council of Ministers of the European Union, through the development of documents with a great impact on quality of products / services, in particular, and organizations in general. European policy regardin the quality promotion is a basic tool of the European industry policy development, whose purpose is a better information, education and training of EU citizens, having the main purpose of involving them into the operation and development of this market.

### **The current stage in implementing and certifying quality management systems in Romania**

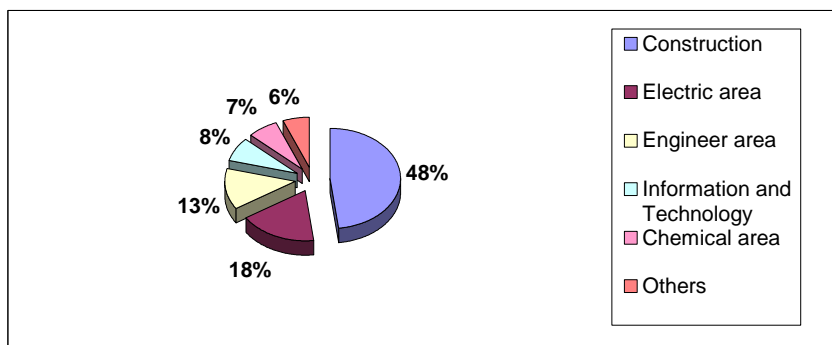
Analyzing the global economy of the current period, we can highlight some undeniable defining features: diversification and rapid renewal of the goods supply (under the impact of rapid development of science and technology), the markets globalization (facilitated by progress in telecommunications), the increasing society and customer's demands and not least, the economic crisis. Under these conditions, products and services quality is as a determinant factor of business competitiveness.

On the other hand, there is a growing interest for issues like quality assurance at national, regional and international level (ISO 9000 "phenomenon"), in order to overcome the economic crisis.

In Romania, the process of implementing a quality management system for certification became really important after 1989. In this year have opened new doors and opportunities regarding the cooperation and the European and international integration.

Therefore, in our country, by mid 2007, taking into account the data supplied by NIS, 9,000 organizations have been certified in various areas. Of these, approximately 5,000 quality certificates were issued by SRAC, which is more than 50% of all certifications, the remaining part of certifications were issued by other certified organizations accredited in Romania.

We have presented in Figure No. 1 the percentage situation regarding the Romanian certified organizations in the first half of 2007, for various areas: 48.5% construction, 16.74% electric area, 15.2% engineer area, 9.8% Information and Technology area, 5, 9% chemical area, 6.14% others.



**Figure 1 The percentage situation of the certified areas in accordance with the ISO 9001:2000 standards requirements in the first half of 2007**  
(Source: National Institute of Statistics)

Analyzing this situation, it can be observed that were certified many financial firms in areas with high potential. In the future, given the socio-economic context and EU integration, small and medium enterprises will increase their financial sources and they will be directly concerned in implementing and certifying the quality management system to enter or maintain on the international markets.

#### **Economic crisis and the factors leading to the necessity of implementing and certifying quality management systems in Romanian enterprises**

In order to "impress" foreign business partners with the "good behavior" certification, many managers have asked for help to the certified companies having the main purpose the desired documents. Not many were those who understood that the "desired document" are not only passports for European markets, but ways of amending the mentality of all employees, from manager to the simple worker, practical ways to achieve the competitiveness needed in order to overcome economic crisis.

There are many factors which lead to the quality management approach, such as:

- Economic factors: reducing the non-quality costs, increasing the profit;
- Commercial factors: increasing the turnover; promotion of new market segments; reducing costs during the warranty; improving the market image; meeting the customer's requests; using the staff more efficient; using the resources more efficient;
- Achieving confidence in products and services, both internally and externally
- Reaching the requirements of international standards
- The favorable approach in contractual relationships
- Improving the quality of the products and services
- Decreasing the effects of the market's pressure
- The satisfaction, the motivation, the commitment and the awareness of the staff
- The continuous improvement
- Teh certification, as part of quality culture.

A survey shows that 60% of organizations have certified quality management system as a reaction to external factors (customers, competition, the current trend), while 33% have certified quality management system because of the internal reasons (the need for efficiency, the need for improvement). Certification is increasingly becoming a condition for becoming competitive.

Mainly, the benefits of certifying quality management systems are: ensuring the continuous application of quality requirements (25%); increasing customer confidence (17%); improving the image (16%); improving market position and the competitiveness (12%); important market instrument (8%); shows that the organization is on track (7%); reducing the customer's audits (5%); enabling the participation in auctions (4%); improving the export opportunities (3%); others.

The most important benefit of implementing and certifying quality management system is the intangible nature, the internal issue, meaning that it can ensure that the management system once implemented it is permanent. But overall, the main benefits for the organizations also involve external issues such as increasing customer confidence, improving image, improve market position, marketing, etc. ..

### **Conclusions**

The world is dominated by sudden changes in both economic and social terms, implementing and certifying quality management system is one of the responses that company has, through which it can cope with the economic crisis, and the difficulties faced daily.

In order to "impress" foreign business partners with the "good behavior" certification, many managers asked for help to the certified companies wanting to obtain the desired documents. Not many were those who understood that the "desired document" are not only passports for European markets, but ways of amending the mentality of all employees, from manager to the simple worker, practical ways to achieve the competitiveness needed in order to overcome economic crisis.

In our opinion, implementing and certifying quality management systems according to IOS 9000 standards, can help the organization, first, to increase customer satisfaction by increasing the organization's efficiency. Thus, that company becomes more profitable, surpassing more easily the current economic crisis.

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