

QUALITY MANAGEMENT SYSTEM- INCREASE FACTOR OF THE ORGANIZATIONAL COMPETITIVENESS

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ABSTRACT

Modern organizations operate in an extremely turbulent, dynamic and unpredictable environment, which bear profound changes in relatively short periods of time and impose requirements in terms of increased economic competition and the intended performance objectives. Therefore, this paper investigates the significant increase of the weight factor on the quality of products on the market.

The latter is an element of prime importance for the development of the organization. The only path to quality is an operational and advanced quality management system. This study will analyze and demonstrate that implementing such a system will give the possibility to organization to make products and services according to specifications, increase of efficiency and productivity, increase of offering capacity, reduce losses, increase staff motivation and involvement, reduce costs, increase consumer and partners confidence, improve company image on the market, increase customer loyalty and ultimately increase profit. All these factors by creating value will ensure a sustainable competitive advantage for any organization.

KEYWORDS: *quality, quality management system, organizational competitiveness, competitive advantage*

The current business environment is characterized by a multitude of factors in a continuous change, in a global context in which function all types of organizations. Modern organizations operate in an extremely turbulent, dynamic and unpredictable environment, which bear profound changes in relatively short periods of time and impose requirements in terms of increased economic competition and the intended performance objectives. The emergence of new types of services creates a new business environment in which service providers are faced with both opportunities and challenges in the management of service quality [Plumb I.]. Therefore, this paper investigates the significant increase of the weight of the factor on the quality of products offered on the market.

Enterprise competitiveness lies in its ability to successfully participate in economic competition and to aspire to occupy advantageous positions within it. Regarded as a feature that allows the company to face the competition from a

certain sector of activity, competitiveness is also a way to control development pressure and economic performance parameters [Bâgu C.].

Looked at in terms of production, competitive advantage is the ability of the company to perform products superior from a significant point of view for its customers, which greatly influences their purchasing decision, compared to similar product offers from key competitors in a particular industry.

As a result, there are two basic characteristics of competitive advantage:

➤ it refers to one or more attributes of major importance to customers, which help them to choose the product from the multitude of similar products offered on the market;

➤ parameters to which the company makes that attribute (attributes) must be better than those produced by significant competitors, so that the offered product would lie on top of the hierarchy of products supplied on the market in the field [Bagua C.].

Important assets in the competitive fight are as follows: innovation, integration of upstream and downstream, increased productivity, high level quality, effective costs - low prices, a modern marketing, using the most appropriate distribution channels, granted facilities etc.

Quality of services is a matter of prime importance for the development of the organization. The only path to quality is an operational and advanced quality management system. And this is the most effective way to deliver quality products consistently.

Implementing this system will bring the opportunity of making products and services according to specifications, increase efficiency and productivity, increase offering capacity, reduce losses, increase staff motivation and involvement, reduce costs, improve customer and partner confidence, improve corporate image on the market, growth of customer loyalty and ultimately increase profits.

For reasons of simplicity and pragmatism tends to become dominant definition of quality in terms of the client as follows:

Quality is measured simply as customer satisfaction, since it combines both the consumer's point of view (design quality) and the manufacturer's point of view (defects, safety, etc.).

The quality is respecting or exceeding customer requirements now and in the future.

Quality is the ability of a set of characteristics inherent to meet requirements:

- quality is not expressed by a single characteristic, but by a set of features,
- quality is not independent, it exists only in relation to the demands,
- quality is a continuous variable, not discrete.

If we were to make a choice, we would choose the definition by Juran (1993):

Quality is all the features of a product that meets customer needs and are thus make the product to be satisfactory.

**Favorable elements of the growing importance of quality as a factor
in the competitiveness of organizations**

Table 1

Intensification of competition	<ul style="list-style-type: none"> ▪ increase and diversification of offer ▪ globalisation of market, products ▪ multiplication of “economic unions”: European Union (EU) European Association of Free Exchange (EAFE) Treaty North American Free Trade Agreement (TNAFTA) Forum Asia-Pacific Economic Cooperation (APEC)
Increase of clients and society requests	<p>Technical progress (developing means of communication), raising the level of culture, causes rapid evolution of tastes, preferences, diversification of needs (new needs: prestige, taste, beauty etc.)</p> <ul style="list-style-type: none"> ▪ Requirements on availability, psychosensorial, sanogenetic, ecological features of products ▪ Consumer protection bodies ▪ Regulations, mandatory standards for consumer protection ▪ Regulations, mandatory standards on environmental protection
Increase of products complexity	<p>Revolutionizing of production systems (microelectronics, information technology, flexible manufacturing systems):</p> <ul style="list-style-type: none"> ▪ Complex processes ▪ Integrated production systems with a computer (Computer Integrated Manufacturing- CIM) ▪ Computer-assisted quality subsystem (Computer Aided Quality - CAQ)

Quality management means all activities undertaken to achieve the quality objectives of an organization. With the development of global competition, quality management is becoming increasingly important for the leadership and management of all organizations. Quality management principles provide understanding and assistance in application of quality management. Applying the following eight principles, organizations will bring benefits to consumers, owners, suppliers and society as a whole [Năftănăilă I.]:

1. Customer orientation.
2. Leadership.
3. Involving staff.
4. Process oriented approach.
5. System insight in management.
6. Continuous improvement.
7. Decisions based on facts.
8. Mutually beneficial relations with partners.

Quality management means all activities of management function that determines:

- Quality Policy

• objectives and responsibilities and implement them within the quality system through such means as:

- quality planning;
- control the quality;
- quality assurance;
- improving quality.

Quality management is an integral part of organization management. The coordination role is for senior management and is ensured the participation of all staff.

The quality system is defined as the way to implement, manage and control quality at the micro level. The system consists of a set of procedures, actions and resources that are triggered by an organizational structure with responsibility for the processes that lead to a certain level of quality of products / services in accordance with a reference standard ISO 9000 series. The type of chosen system should be structured and tailored to the specificity of activity as a mean by which are realized the policy and objectives stated by company management - orientation to customers and to outlet market. The steps to implement the quality system in the pursuit of a company are made with the original purpose of certificating this system in order to provide long term benefits for the company [Ciobotaru V.]. The advantages it brings are to achieve the objectives contained in company policy in accordance with a model taken as reference, objectives which for medium or long term are aimed at strengthening the company by directing attention to the quality of material, satisfying consumers, expanding markets, increase turnover. These advantages can be summarized as follows:

- high response speed, since innovative ideas are implemented in a faster pace;
- outplacement and training staff to work with new procedures and methods is much easier;
- channels of communication and information channels are shorter and simpler;
- there are fewer bureaucratic procedures that occur between the innovative idea and the market;
- employees quickly acquire the ability to make decisions as a result of authority and responsibility, they are granted more easily than for large enterprises;
- employees tend to form teams to work with greater cohesion than large firms etc..

A quality system, to be implemented (to work) and to be certified must take a priority place in policy and development strategy of the firm. His introduction should be motivated and understood by all company employees. This project involves an effort for the company, primarily a financial effort, and the executive management is generally the responsibility of being the driving force of a program of this magnitude, which must enjoy the support of all departments [Ciobotaru V.].

Benefits of implementing quality systems based on ISO 9000 have been demonstrated by several studies in different countries and at EU level. Thus, the firm Research International conducted at the request of Lloyd's Register Quality Assurance (LRQA) a survey of a sample of 400 companies certified by the agency, in different sectors, with two purposes:

- identify the reasons for which these organizations have applied for certification of quality systems, results are given in Table. 2
- assess the effects of certification on the quality of their activities and of economic and financial results of organizations, the findings are in Table 3.

Grounds of requesting the certification of the quality management system

Table 2

No.	Results of studies made by:	
	Research International, at the request LRQA, Anglia	Kamiske G., Malorny C., Horst M., Germania
1.	Increased capacity for tender and establishment of contractual relationships (81 %).	Gaining an advantage over competitors (76 %).
2.	Maintain / Increase market share (78 %).	At the request of clients (60 %).
3.	Anticipating customer demands (73 %).	Improving organization image (55%)
4.	Realization of products and better customer service (70 %).	Improving product quality (54 %).
5.	Increase efficiency, reduce losses (70 %).	Prevention of losses due to legal liability for the product (30%).
6.	Increasing competitiveness in the market (68 %).	

Source: Ioniță, Ion; Popescu, Florin- „Sistemul de calitate– o cerință obligatorie a pieței europene”, *Revista Standardizarea*, Nr. 1/Ianuarie 2008

Taking into account the conclusions of these studies, and of the reality of our economy, we can finally make some general assessments about the benefits of quality certification systems based on ISO 9000 standards.

A company quality system certification is achieved for both external and internal goals. The certification of the system by independent bodies, with recognized prestige, may constitute evidence of the superiority of the organization from the competition, because of the existence of an effective quality system capable of consistently providing products that meet customer requirements.

On the other hand, a certified quality system provides to the organization management the confidence that all processes and activities are kept under control, and the results to be obtained will fit into the made predictions.

Also, by implementing the quality management system based on ISO 9001:2000, an organization will be within the existing general domestic and international trend of increasing competitiveness by providing quality products, services and activities it implements, which will ensure increased competitiveness and a better place on the EU market [Ionița I.].

Benefits of implementation and certification the quality management system

Table 3

No.	Results of studies made by:		
	Research International, at the request LRQA, Anglia	Flash Euro barometer 28	Bekaert-Stawick, at the request Comisiei UE
1.	Improving planning and keeping control of processes (86 %).	Better work organization (22%).	Improving quality consciousness (16.5 %)
2.	Making products and services according to specifications (83 %).	Better relations with clients (22 %).	Clarity about responsibilities (11 %).
3.	Consistency in application of technologies (73%).	Increase of client loyalty (22 %).	Employee involvement (9.5 %)
4.	Increased efficiency and productivity (69 %)	Staff motivation (16 %).	Increased confidence of customers and partners (9.5 %).
5.	Increased capacity for tender (69 %).	Increase of client number (11 %).	Increased internal efficiency (7.8 %).
6.	Objective evaluation conducted by a neutral body (67 %).	Profit increase (11 %).	Improving corporate image on market (7 %).
7.	Advantages in market and public relations (63 %)	Other advantages (2 %).	Consistency in fulfillment tasks (6%).
8.	Loss reduction (53 %).		
9.	Increased staff motivation (50%).		
10.	Reduced assessments of clients (42%).		
11.	Cost reduction (40 %).		
12.	Export growth (31 %).		

Source: Ioniță, Ion; Popescu, Florin- „Sistemul de calitate– o cerință obligatorie a pieței europene”, *Revista Standardizarea*, Nr. 1/Ianuarie 2008

Introducing a quality system in a company is a strict management option, which can decide whether or not make an investment for such a project. Lack of quality in the firm / company may lead to:

- poor quality products due to limitations: the design, the technological process etc.;
- no selection of subcontractors and supply / purchase based on pseudocriterion the "sole supplier";
- deterioration in the handling, storage and transport of products;
- lack of market research - when results production stock (heavy marketable);
- disputes with subcontractors or beneficiaries;

- fines, loss of clients due to lack of own competitiveness or with the suppliers.

Any business that wants to implement quality system certification ISO thoroughly examine their reasons for this choice in accordance with the policy and strategy pursued.

The current concept of product and service quality standards defined by ISO 9000. ISO 9000 international standards are general standards, which contain recommendations on quality management and quality assurance requirements. They describe the quality system elements, without specifying how to be implemented by a particular company. Practical method of designing and implementing a quality system depends on the objectives, specific business processes and practices.

Current Standards:

SR EN ISO 9000: 2006 - Quality Management Systems. Fundamentals and vocabulary

SR EN ISO 9001: 2008-Quality Management Systems - Requirements

SR EN ISO 9004: 2001-Quality Management Systems - Guidelines. Directories to Improve Performance

SR EN ISO 19011:2003 - Guidelines for auditing quality management systems and environmental management.

It is an indisputable fact that ISO 9000 standards currently enjoy wide international recognition, the number of businesses who want to apply them is growing. Many of them consider that obtaining a certificate of compliance is an irrefutable proof of their ability to better meet customer needs in comparison with other competitors. Thus, an international market study showed that the purchasing decision is determined in 84% of the quality of products offered and only a 16% price level. On the other hand, some companies have implemented TQM principles, while others want to achieve this goal.

ISO 9000 standards have been developed to facilitate commercial relations, especially at regional and international level and to give customers more confidence on the ability of a particular supplier to consistently meet quality requirements for products and services they offers.

ISO 9000 certification provided by a strategic plan is more likely to succeed than their enrollment in an executive level. That motivation could have an orientation. The specific objectives pursued in order to obtain certification include: reducing costs, increasing turnover, strengthening market position, expanding markets, gaining prestige, demonstrate professionalism, competition with certified / accredited competitors, customers request it, all companies in the field are interested, company president wants the certification, it is contained in company strategy (plan for a period) etc.

These objectives could be:

- Customer oriented - are the most fair approach to certification;
- Market-oriented basis for such a project, which may make the marketing support studies;

- To obtain prestige business - professionalism, not otherwise;
- Aimed at reducing costs - long-term depends on increasing efficiency and reducing waste; short-term costs associated to quality system implementation are high;
- Desire of company president - to be considered validated and communicated to all staff.

Whatever is the orientation, it is important to focus towards the implementation and operation of system, not only for writing the procedures necessary for its realization. For a business system is best when providing certainty to recipients and capitalize the interest of its own staff , in order to be involved in achieving quality [Ciobotaru V.].

To determine the performance resulting from implementation of total quality management, have been developed various methods - "awards" which are given regularly to those organizations that meet certain characteristics. These prizes describe how should be an excellent organization so that their prescriptions can be used as a reference for diagnosis.

Once a year, the exceptional results of enterprises and organizations in Romania have been identified by Roman Prize for quality "J. M. Juran", by the foundation of the same name. Among the criteria to be met to run for Juran Award, there are criteria on the results, some hard quantifiable, such as - customer satisfaction, employee satisfaction or social responsibility, others may be directly quantifiable - key performance indicators - mainly economic and financial ones. Research has shown that organizations, together with the implementation of means, techniques and tools of total quality management, have certainly increased and varied from year to year customers, have achieved stability in terms of turnover of staff and have acquired a greater awareness among local communities or internationally (through their involvement in regional projects). Also can be observed positive trends of economic and financial indicators such as turnover, gross profit and net liquidity, changes in sales value by type of products / services, cash flow, personnel expenses as a percentage from turnover, production/ product costs, balance sheet positions, financial balance indicators, profitability etc.

Remarkable results can be observed in case studies on companies that implement and operate the tools and techniques specific kaizen (kanban, just-in-time, poka-yoke, lean production system, etc.) They can be synthesized in substantial reductions and even elimination of losses due mainly to: overproduction, waiting times, transport, processes that do not add value, inventories, movements, product failure or improper use of personnel. By reducing and eliminating these losses companies have one of the most effective methods of increasing profitability in the manufacturing and distribution business, a fact reflected in their financial indicators.

In conclusion, this study highlights the fact that any organization that seeks to participate successfully in economic competition and to face competitors must implement an integrated quality management system appropriate to the type of organization and its domain of activity, which will ensure the organization a

competitive advantage. This allows the organization to offer better products, manufactured under strict adherence to design specifications and design technology. Turning this competitive advantage is achieved in providing a level of quality products which meet all requirements and demands of different types of customers. Thus, in current business conditions, the quality advantage is in the forefront factors of ensuring competitiveness. And implementing a certified quality management system is one of the most important strategies for increasing the organizational performance and competitiveness.

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