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Serbian Journal of Management 2 (2) (2007) 217 - 226

Serbian
Journal
of
Management

THE IMPORTANCE OF TOP QUALITY MANAGEMENT IN CONTEMPORARY MANAGEMENT

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(Received 12 May 2007; accepted 07 November 2007)

Abstract

When talking about quality today, it can be freely said that it is becoming one of the most decisive factors for the market differentiation of an organization and its competitive advantage. At time of high-quality products and services and an increasing competition at the market, every firm has to set quality as its priority goal. Quality should be maintained at every level. Total quality management (TQM) has been proved as an efficient process of organization advancement and functioning, and its value is proved through a universal and well-justified implementation process. TQM as a process represents a series of changes and it should be understood as labour philosophy exerting influence on shaping enterprise business. Quality management as a key resource in the market contest for consumer confidence means a constant search for better technical, technological, marketing or any other advancement and improvement that will give the desired results, i.e. the consumer satisfaction. In order to satisfy the consumer, we should offer him/her a more superior quality of products and services. Today, consumers require better quality, thus management has to be simply obsessed and persistent in attaining this goal as it is of essential importance for its success. The way to the desired results is a long process and it should include every part of enterprise, but the results are visible and long lasting.

Keywords: Quality - definition according to ISO, top quality management, quality as a competitive advantage

1. INTRODUCTION

1. 1. Quality: The meaning of the term

Quality as a phenomenon appears along

with the creation of the human society. Today, more than ever, we can hear the word quality every now and again. Since quality is present in our daily life, there is a need for its genuine definition. Quality is a very dynamic

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category, so people dealing with quality are always faced with new research tasks.

The main attraction of the term lies in the fact that it is basically a positive concept. No one is against quality and everyone wants to have it. In the same time, since it is difficult to precisely define its meaning (some say it is impossible), the term of quality leads to confusion and misinterpretation.

In order to establish mutual understanding in the field of quality, the basic terms in use are defined. Standardisation of terminology in the field of quality and quality management facilitates mutual understanding and is aimed at strengthening the international cooperation between manufacturers and users, i.e. customers.

Quality - definition according to ISO 8402:1994 1 : The "totality of characteristics of an entity that bears on its ability to satisfy stated and implied needs."

An entity may be:

- an activity or a process,
- a product,
- a company, a system or a person, or
- any combination of the notions mentioned above.

Quality - definition according to ISO 9000:2000 2 : "An integration of the features and characteristics which determine the extent to which output satisfies the customer's needs"

We distinguish the following characteristics that build quality [1]:

1. Functional characteristics (of primary concern for the users), that define the product or service by describing the functions they have to meet in order to satisfy the customer needs.

2. Characteristics of conformity, with defined specifications that manufacturers or service providers has to comply with in order

to provide the product or service the desired functional characteristics, that are not of direct concern for the users.

Therefore, from the user or buyer's viewpoint, quality means appropriateness for utilization, but from executives or manufacturers' viewpoint it means compatibility with the predefined specifications.

1.2. Quality - a global phenomenon

Now days, quality is setting out to conquer the whole world and represents the most significant phenomenon of our time. In the past few years there has been a dramatic trend towards emphasizing the increased quality importance. The world market demands quality and it has become the matter of survival. It is the key of the long term success and the growth of a company. Perfection and excellence has become quality standards but not exceptions.

Quality revolution started in the first half of the 20th century, spread dramatically at its end and at the beginning of the 21th century, represents a cultural answer to challenges brought about by the industrial society and challenges that the informational society brings as well.

The present day international market environment is characterized by increased number of competitors and intensified efforts at all levels and each domain. Under these circumstances quality development and its continuous advancement has developed a significant meaning. Quality has become one of the three key elements on which the creation of a successful product brand and the organization's reputation on the market is based, along with the distinguishability of products and communication with the

customers 2 .

Facing the managerial challenges on intersection of the 2nd and 3rd millennium, the managers have to be more proactive, inventive, flexible and quality oriented in everything. Quality is becoming a more decisive market and differentiating factor of an organization.

Nowdays quality is a global phenomenon that, after Japan and the United States, has conquered Europe as well in its fullest meaning. The Japanese quality movement had a large impact on the global style of management. Today it is a positive global experience that transformed management from its foundations.

The new quality concept contains a new global language of understanding and a methodology for accepting standards and rules in every field of human activities.

1.3. A new quality concept

In the past the product quality was interpreted as a value received for money invested, but the manufacturer was the one to set the standards. The product quality was defined as the level of consistency with the internal specifications and it identified the technical properties of a product.

Unlike the traditional opinion that quality is defined by the manufacturer or the supplier, the new approach places the buyer into the focus. The radical change in approach to quality is in the customer's view of quality. The buyer is the one to define and confirm the level of product quality. The generally accepted attitude is that the product quality represents the level of satisfaction of buyer's demands, needs and expectations. The only measurable quality validation is the buyer's personal opinion. The customer-oriented quality is the present day leitmotif.

According to the new concept, quality is oriented towards the planning, prevention and improvements that prevent the occurrence of deficiency, failure or omissions in all the business procedures of an organization. This leads to reduced overall business costs and improved performances of products and results of the organization as a whole. Such an approach is superior to all the others and enables the organization's long-term development.

According to the new approach, quality is not viewed as a highest performance, a luxury, "top of the ladder", but as an economical and adapted answer to an implied need. Quality is becoming an important factor of the competitiveness of every enterprise of a country and its economy as well. The economy and society "investment" in quality is really tremendous.

Simultaneous fulfillment of quality goals and increase of productivity represents the real ingenuity of the new quality concept. This is in complete opposition with the classical quality theory that views the quality advancing and increasing the productivity as colliding goals.

The new quality concept requires investment of intellectual efforts and a radical change of existing perceptions as well as references to quality and the business as a whole. Therefore its utilization is not simple.

1.4. Quality in our country

Formed on foundations of former Yugoslavia, Serbia and Montenegro has been faced with multitude of problems over a whole decade (years of economic isolation, grey economy, air raids, wrecked and devastated firms, unadjusted laws, high inflation, political instability, social

discontent, etc.). The former Yugoslavia neglected global trends of applying quality management mechanisms. As a result there were inefficient companies and low quality level of our products quoted low prices on the world market. In such environment there was a lack of awareness of the importance of quality, its positive influence on efficiency, productivity and costs. On the state level the Federal standardization bureau was the one that took care about quality. Due to the nature of the job, the bureau could cover only a part of the technological aspect of quality.

On 9th December 1992 a program of Government of Republic of Serbia was adopted for improving quality according to idea of dr Milenko N. Heleta. On the International conference on quality held in November 1992 in Israel, the program was evaluated as a "concise, ambitious and serious."

In 1995 a new Federal law on standardization was issued that regulated the matter of accreditation and certification in agreement with the International and European standards. A Yugoslav accreditation board (JUAT) was founded. However, the program for quality advancement still applies mainly on implementation of quality system according to ISO 9000 into organizations. During the first five years of the program over 1500 companies in Yugoslavia started their own program of quality advancement, and they were focused on implementation of ISO 9000 quality system 3 . Up to now approximately 500 organizations successfully certificated their quality sistem, and around 30% of them were certificated by foreign agencies. However, in comparison with developed countries this number of certificated entities it is less more that ten times.

Today, quality faintly begins to search its place in some small and middle-sized enterprises as well, that are more and more export-oriented. These firms slowly realize that "that paper" is not necessary merely for selling the product, but slowly they truly try to improve the quality.

According to dr Milenko Heleta "when the number of such examples raise from tens of thousands up to hundreds of thousands, we could expect thoroughly quality oriented environment to prevail in our society, and that would mean a convenient way out of the crisis."

In 1994, the publisher named "Poslovna Politika" and its magazine "KVALITET" (QUALITY) established the Yugoslavian quality award, "OSKAR KVALITETA" (OSCAR OF QUALITY). The award itself began its life in the following year; it was revised twice, experiencing changes of criterion while approaching the same European award and finally it has become an award of business excellence.

Together with 17 co-founders (well established companies from Serbia and Montenegro), Poslovna Politika established the Fund for Quality Culture and Excellence (FQCE) that took over the model of OSCAR OF QUALITY as well as the affairs of further award management. Oscar of Quality - the National Award for Business Excellence is awarded to economic and other organizations and institutions, as an independent and impartial award for superior results achieved in the area of quality advancement and development in Serbia - the first and the only one of that kind in our country. It represents a strong motivation factor for organizations on their way to business excellence and an incentive to global climate of quality development in our country. In addition, it is handed out along

with the support of economic associations and scientific institutions which are monitoring quality advancement in our country and providing incentives as well. 4 The award is allocated in two categories:

I "OSCAR OF QUALITY" for large organizations (over 250 employees)

- self-contained organization
- organizational unit (part of a self-contained organization)

II "OSCAR OF QUALITY" for middle-sized and small organizations (up to 250 employees)

- self-contained organization
- organizational unit (part of a self-contained organization)

The evaluation of achieved results has been performed according to nine essential criteria, with a maximum number of 1000 points.

The criterion for category of small and middle-sized organizations:

- 1) Leadership (100)
- 2) Strategy and planning (90)
- 3) Managing the human resources (100)
- 4) Resources (110)
- 5) Procedures (150)
- 6) Buyer/customer satisfaction (150)
- 7) Employee satisfaction (90)
- 8) Influence on the society (60)
- 9) Business results (150)

The previous winners of "Oscar for Quality" are the following: "Hemofarm", "Vital", "063 Mobtel Srbija", "Elektrovojevodina", "Sintelon", "Nitex", "Fadip", "Sojaprotein", "Nopal", "Zvezda", "Galeb", "Narcis".

Serbia and Montenegro does not have a defined national policy on quality, and this is the field in which the state should play a

tremendous role. Economic competitiveness, establishment of the label "Kvalitet SCG" (Quality SCG), reduction of state rules, development and harmonization of technical standards and complying with European regulations, and so on, should be some of the preferential goals of our country in the area of quality development if we are looking forward to breaking EU market and become an integral part of it some time in future.

2. QUALITY MANAGEMENT, POLICY AND GOALS OF QUALITY

2.1. Quality management

Quality management represents an integral part of enterprise management; it is an important qualitative management of product and service flows. Managing quality means adopting the features of which the product's quality consists of. It means defining and applying procedures indispensable for product manufacturing and service maintenance with desired features - characteristics. Thus, quality management means managing activities that enable product manufacturing and managing the results.

Quality management is both a technique and a methodology in the same time. Its not an isolated activity added to manufacturing and other activities of a factory, but it represent an effective means for realizing such activities [1].

As a set of features, quality determines a product or a service. It is not a superstructure, something that can be added later. People in the factory are not divided into those who manufacture the product and the others who "provide" quality. Therefore, in manufacturing procedure the product is

given its required features starting from the design and ending with realization, i.e. its desired quality. This is the fact from which the term of quality management is derived.

Quality is "built into" the product or service and therefore it is defined and "designed" along with it. Creation of quality as an aspect of product manufacture has the following stages [11]:

1. Expected quality: as required or desired by the user.

2. Prescribed quality: need specification establishes desired features describing the function of the product, i.e. its appropriateness for utilization, the specification of requirements defining the features to be realized.

3. Designed or defined quality: after the designing stage, the product is defined by a descriptive specification that contains procedures necessary for its realization. The projected quality represents the resultant of prescribed quality and the designing quality.

4. Achieved quality: the product is created and its features are measured. The achieved quality is the result of the projected quality and the quality of realization.

5. Quality maintained during the product's lifetime.

6. Quality perceived by the user.

In an ideal case, the perceived quality is equal to expected quality. In reality, however, this ideal may be disturbed by larger or smaller influence of a subjective and irrational factor, disregarding the awareness of expected quality or the perception of achieved quality.

Moreover, "parasitic features", interferences in information transmission, errors or flaws in managing and realisation of activities and so on, may lead to deviation of achieved quality from the desired. The goal of quality management is to prevent or

decrease the occurrence of such deviations.

Considering the service that is intangible by its nature, the user perceives quality at the very moment of receiving the service. Since some aspects of service quality are difficult to measure, the measure of achieved quality is largely subjective.

Quality management is the responsibility of all levels of management, but it should be led by the highest level of management - the top management. Implementation of quality has to include all the members of the organization. Quality management in the industrialized world is viewed as a total quality management that starts and completes with education of all the members of the organization.

2.2. Quality policy and quality goals

Every company that seeks to establish a quality system has to define its own quality policy. Quality policy is a component of business policy of certain organization as well as a defining framework of quality goals. Quality policy indicates the general quality intentions and goals of an organization.

Quality policy is defined and issued by the company manager. He is responsible for its implementation and realization. The basic principle of quality policy is that the quality is a business function and that the buyer's confidence could be obtained by managing quality through the quality system.

The principles of a good quality policy are the following [4]

1. the buyer, user or investor are always in the first place,
2. observing the rules, standards and assumed responsibilities,
3. quality is a management priority,
4. excellence is a standard, not an

ception,

5. demonstration of leadership in business,

6. harmonized sustainable development with both the society and environment as well,

7. planning and improvement are the working mode of an organization,

8. learning, motivation and engagement of employees,

9. advancing quality and partnership with the suppliers,

10. quality advancement is a dynamic procedure with expandable goals.

The organization defines the quality goals harmonized with the quality policy which are integral parts of the organization general strategic goals. Quality goals must be challenging, feasible, measurable and controllable. Quality goals are defined through four mutually harmonized standpoints of manufacturers and buyers: interest, risks, costs and benefits.

The interest of manufacturer is the maximum amount of products, minimal manufacturing costs and high quality products, with effective utilization of resources. Also, manufacturers strive for regular and loyal customers, satisfied with the quality of their products. Moreover, the goal of manufacturer is to get new customers and expand their market.

The buyer's interest is to obtain confidence in high product quality of the manufacturer as a stable and reliable supplier.

The manufacturer risk relates to the shortage that leads to loss of reputation as well as markets, customers' complaints and claims and large financial losses. The buyer's risks are: compromised security and health risk, manufacturing losses and their own market losses.

3. DIMENSIONS OF QUALITY

David A. Garvin defined the eight dimensions of quality 8 :

1. Performance indicates the primary working characteristics. If focus on product, i.e. a car, it considers brakes, power steering and its speed. In service sector, i.e. banking, the performance includes keeping accurate deposit account and mailing account statement promptly.

2. Features are the additional or supplementary characteristics of a product. When speaking about products, i.e. the colour of the car, or in the service area i.e. air transport, it includes providing efficient service, booking, etc.

3. Reliability comprises impossibility of malfunctioning or failure of the product in a certain period of time.

4. Conformance is the level of product adaptability with existing standards and specifications.

5. Durability is the measure of the product lifetime and benefit level achieved by its utilization (including necessary corrections) up to the common need for its substitution.

6. Serviceability indicates the promptness, politeness, professionalism and rapid change in providing services. Offering service in manufacturing procedure refers to a prompt, professional repair. When speaking about service sector, it refers to prompt error correction in a kind and polite way.

7. Aesthetics refers to the appearance, sound, smell, taste, i.e. to the complete experience of a product.

8. Perceived quality refers to the user's subjective judgement about the quality of a certain product or service.

The eight dimensions mentioned above refer to the user overall quality assessment. However, the product doesn't have to be the best in all its dimensions in order to gain the competitive edge. The essential thing for managers is to decide on the most important dimensions of the product from the standpoint of prospective customers and focus on them.

One of the important quality concept refers to the quality/price ratio. The quality/price ratio is easily recognized when a company manufactures a product or provides service on a high level according to all eight criteria.

Hence the higher quality level does not result always in increased price, since quality advancement often reduces its costs. Nevertheless, the "cost-benefit" analysis should be accessible at all times in management decision making procedure.

4. TQM (TOTAL QUALITY MANAGEMENT)

ISO 8402:1994 defines total quality management (TQM) as a "management approach of an organisation focused on quality, established on the participation of all its members and aimed at long term success based on customer satisfaction and benefits to the members of the organisation and society".

Standard ISO 9000:2000 lack to define the term TQM.

The concept of TQM introduces two new key changes in approach to quality: the first refers to establishing a procedure of continuous improvement of organization overall abilities based on engaging all the employees, and the second refers to satisfying each organization user, not only the buyers [4, p. 92].

Besides the buyers, the company users are its owners, employees and the society as well. In this way the goals of an excellent company have been achieved. The procedure of improvement provides constant changes that enable long-term growth of the company.

5. QUALITY FOR PEOPLE

Quality for people, or quality of sustainable development, is a society aspect of quality that refers to the future, and is based on [5]:

- the wide society understanding of quality,
- culture of quality organization,
- respecting ethical norms, business ethics, traditional values and human spirituality,
- responsibility of an organization for health, security and rights of the employees,
- respect for the environment, and
- economy of natural resources.

The slogan "People for quality - quality for people" means that quality fights the battle for our future. Whether people will succeed in creating quality or the quality will once again give in to cultural trials, as it happened in the case of industrial revolution. The beginning of the third millennium will make it clear.

During the quality evolution worldwide we could feel the premonition of confusion between the TQM concept that has been boosted in Japan and the United States and the ISO 9000 widely accepted in Europe. Together, these concepts are now setting out to conquer the world. There is a rising need to compare them according to their effects and the ways of achievement.

The TQM is a Japanese and American

strategy for quality advancement which has been realized in Japanese companies that achieved large business success due to this concept of quality management. Quality management in industrialized countries is recognized as a total quality management and is carried out through quality system representing the original idea of TQM.

ISO 9000 is a European strategy for quality advancement. The Western European countries associated in the framework of the European Union had set the quality system certification as a formal barrier to penetration into the European market. The European Union established a common currency Euro as an effective protection against American and Japanese business expansion.

ISO 9000 proved to be good regarding organization advancement, documentation and different procedures. However, the firm that has already obtained a system quality certificate, is absolutely incapable of reaching the world class quality. This certificate guarantees the presence of contemporary and appropriate procedure of managing and providing quality, but the reflection that it is a certificate of quality of a certain product is completely false. European quality has been oriented towards quality system certification and it is still a technical question because, even now, it is without the reach of management business.

The management should have a key role in quality advancement. Quality is the common core of organization management and not predominantly technical matter.

Quality has to conquer management completely. It is difficult to introduce a quality system disregarding managers' active engagement in its implementation, and that is not standardized.

Quality system certification succeeds in

meeting the objective of buyer's demands as well as competitive quality of products and services and at the same time "the red tape" has been created which consequently results in inflexibility of the company.

The existing European trend indicates that companies, besides certification, naturally turn to TQM concept. Management and quality integration within TQM concept can possibly achieve the goals of quality advancement as well as the objectives of efficient and affective management at the same time. This kind of management is already known as a fourth generation management.

6. CONCLUSIONS

According to the paper, it can be easily concluded that Total Quality Management is the most powerful vehicle for achieving competitive advantage and taking top positions in business matters. In a situation when high quality products and services are being offered by new, especially foreign competitors, when industrial and individual consumers increasingly demand quality, each firm has to carry out a revolution of quality advancement and provide quality definition in a manner perceived by the customers. The term revolution considers quality that besieges us while we sleep, eat and breath. It is considered important for a company that management is likewise besieged at every level with quality and persistence in its achievement.

The TQM is the means by which companies achieve their main and basic goal: consumer satisfaction. TQM achieves this with the help of people, teams that establish the following principles: appropriately authorized employees in the company, support of culture and internal awarding by means of

continuously improving procedures as well as the aid of the system, i.e. understanding system operations and its continuous advancement. TQM application brings about important organizational changes and changes of organizational culture.

Many experts - quality gurus - advocate different TQM approaches and theories, but the common core is the same - constantly satisfying consumers needs and demands. TQM is a fresh approach to improving competitiveness, efficiency and the overall business of a company.

The idea that quality is the responsibility of "quality experts" in company should not prevail in future, but the reflection that it depends on the performance of each and every individual in an organization. Quality has to become the "lifestyle" of every individual.

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