

# The Need to Introduce Total Quality Management, a Prerequisite for Maintaining Competitive Advantage in the Marketplace

**Oana Mihaela Orheian**

*“Dimitrie Cantemir” Christian University*

*Faculty of Tourism and Commercial Management, Bucharest, Romania*

Email: oana\_marioara2000@yahoo.com

## **Abstract**

*Total Quality Management is implemented in economic organizations and non-economic actions, specific management actions and decisions of each. The quality of strategic planning and vision must be based on development organization, to ensure continued competitiveness and sustainable development organization. A special role is planning desires of all stakeholders because it is only possible by extending the range of organizational objectives and balance resources to achieve them.*

**Keywords:** competitive advantage, profit, customer satisfaction

**JEL Classification:** D04, L15

## **1. Introduction**

In the market economy, the introduction of TQM is an issue on which the existence and survival of an enterprise depends. The main arguments are:

- ✓ Increasing business competitiveness, nationally and internationally, the quality is the critical factor,
- ✓ Growing tendency of consumers to change their preference for a company or brand, according to the quality of our products or services, depending on prices, the choice of goods primarily by the quality / price.

The literature makes numerous definitions of quality management:

1. Juran defines quality management by its functions in terms of “quality trilogy”. According to management, quality management consists of three main processes: quality planning, quality controlling and improving quality.

2. According Kélada, quality management is “a set of activities aimed at achieving goals by optimal use of resources. This package includes planning, coordination, organization, control and quality assurance”.

3. Most widely accepted definition is, but now, both in literature and in economic practice that provided by ISO 8402-1995 and replaced by ISO 9000-2000 according to which quality management is all general management activities that determine quality policy, objectives and responsibilities and implement them within the quality system by means such as planning, controlling, quality assurance and improvement (Hinescu, 2008).

4. Dictionary of Economics says: “Total quality management is a set of principles and methods, combined in one overall strategy, aiming, through the involvement of all functions, departments and employees of the enterprise, improving the efficiency of the whole. This process not limited to products and technologies or techniques, but extends to economic performance, social, commercial and technical or strategic enterprise”.

## **2. The need to implement quality management system**

Need to implement quality management system is supported by a number of factors:

- Economic factors:
  - Reduce non-quality costs;
  - Reducing complaints;
  - Increase sales.
- Competitive factors - increases confidence that the product will meet the quality requirements specified in the exposition.

A product is sold primarily because of the prestige of the organization or as a result of the quality management system certification (thus increasing customer confidence).

- Controlling the situation - Increasing the amount of information needed for the manufacture of certain products makes it difficult to control the entire volume of information. The introduction of quality management system allows controlling the process.
- Increase profits – the quality is made for the money. The organization that has implemented a quality management system can claim a better price on its products.
- Legally obligativity: Aligning the Romanian economy to a EU market economy requires ISO 9001 certification requirement for companies that export to Western countries.

Stages of implementing the quality management system:

- Diagnostic analysis of the organization;
- Establish policy and quality objectives in the field by top management;
- Establishment of Compartment Quality;
- Training in quality management organization;
- Identify quality management system processes, establish performance indicators;
- Development of quality management system documents;
- Staff training organizations in internal quality audits;
- Conduct internal audits;
- External audits second hand from suppliers (as applicable);
- Establish and implement corrective actions / preventive actions;
- Revision and completion of quality management system documents;
- Management analysis;
- Certification audit and certification;
- Monitoring and continuous improvement of the quality management system implemented.

Some of the potential causes of failure of implementing the quality management system can be the following: commitment to deploy without real conviction of driving; lack of understanding of the concept of quality and / or quality standards; introduction of quality management system is caused only by pressure from outside the organization; centralization of information and decisions without the participation of those interested; support the request by "inspection" of the inspection; to play the role of an auditor or inspector; make yourself instead to do to make; lack of training of all personnel of the organization in quality; not involving departments in developing procedures and work instructions; poor performance of the team of internal auditors; neglect audits and analysis made by management; lack of clarity and sincerity; the absence of communication; the initiative is not known.

### **3. The advantages of introducing TQM**

Different companies, firms, enterprises that have introduced Total Quality Management programs have reported several advantages obtained, of which the most relevant are:

- Significant improvement in quality of products or services.
- Increase customer satisfaction, leading to additional sales.
- A significant decrease waste of resources.
- Increased productivity, as staff use time more efficiently. • Long term growth in market share.
- The workforce has become more motivated as their employees realize their full potential.
- Focus on continuous improvement.
- Attracting new customers.

The application of TQM team approach is used to transmit workers experience solving problems together with their colleagues on the other hand, it allows to use the knowledge and experience in joint efforts. TQM concepts have broad application areas, both for manufacturing companies and services for businesses large and small.

### **4. Effects of the introduction of TQM in the company**

The advantages of introducing TQM in the company can be materialized into three main categories (Stanciu, 2003):

- a. Improve profits and competitiveness,
- b. Improving the effectiveness of organizational structures,
- c. Increasing consumer satisfaction.

Improve profits and competitiveness by introducing TQM are made of high quality products and services that give the organization a market leader. The introduction of TQM allows companies to produce more with the same raw materials by improving and streamlining the manufacturing process and act on key issues from the first time by knowing the internal and external customers. This is reflected in increasing economic efficiency by reducing the overall cost, increase sales and turnover, reduce customer

turnover, attracting new customers. Also, by increasing the quality of products or services or providing a high quality products or services customer, the company can charge prices higher, resulting in a higher profit. Customers will have the satisfaction of choosing a superior product, even if it were purchased at a higher price in exchange of a large series products, purchased products at low prices and low-quality or very poor. A high quality product or service leads to a reduction in operations, marketing, advertising (products or services being offered by a particular firm with a reputation for the quality of advertising is no longer necessary), a high share of the action, recovering in fast time investment by selling short the products and services, repeat business several times due to the competitiveness of products.

All these benefits help the company achieve a leading market position, competitive position with long-term beneficial results.

Increasing the efficiency of organizational structures, the introduction of TQM in an organization improves organizational structure through:

- creating an optimal work environment due to increased cooperation between departments;
- improve communication between employees, which will lead to a common language for understanding customer requirements and increase efficiency at work full involvement of people;
- which leads to favorable effects such as efficient use of human resources, employee personal development and decrease their turnover;
- improving relations between management and performers as all pursue the same objective, namely increasing the quality of forming an efficient team at the organizational level;
- orientation activities for key objectives by choosing priorities are communicated to all staff.

Increase customer satisfaction needs-this advantage is achieved because TQM aims to keep customers loyal, attract new customers and satisfy customer needs and even exceed their expectations. With the introduction of TQM and improve customer satisfaction, the following beneficial effects: reducing costs due to customer dissatisfaction (complaints, litigation, service), improving the business climate by increasing work and team spirit by satisfying the requirements for material and moral of employees, obtain an advantage competitive market by customer perception about the company considered it a true provider satisfaction. A very important issue is attracting new customers using the company's best marketing and advertising techniques while analyzing and loyal customers, knowing their needs and to thank you keep in business.

## **Conclusions**

The TQM concept customers are the most important asset of the company, to be maintained and multiplied for the survival of the firm.

Among companies that have implemented TQM benefits include: organizing a system to report the quality of the external customer requirements, well trained staff at all

levels, implementation of market research and analysis of quality competition, overcome competitors, eliminating waste.

Total quality management can result in obtaining a competitive advantage and sustained competitive fight. Competitive advantage is the main goal of any company.

Total quality management is an effective system to ensure quality design, manufacture and efforts to improve the activities of all personnel to carry out competitive products.

Customer needs are changing. Therefore needs to be known past, present and future. Current needs are necessary to determine the needs of the loyal customers, future needs are required to be known to anticipate the requirements of potential customers, and the past to understand exactly what the customer wanted. Recognizing these needs is required to take all measures necessary to avoid losing the customer to achieve exactly the desired product or service without over quality it because it imposes additional costs and company are not required by the client.

## References

- Dobrotă, N., (coord.), (1999), *Dicționar de economie*, Editura Economică, Bucharest, pp. 285-286;
- Hinescu, A., Todoran, R., M., Fiț, T., (2008), *Managementul total al calității (TQM)*. Editura Risoprint, Cluj-Napoca, pp. 35-38;
- Martin, L., (1993), Total Quality Management in the Public Sector, *National Productivity Review*, 10, 195-213.
- Stanciu, I., (2003), *Managementul calității totale*, Editura Cartea Universitară, Bucharest, p. 228;
- Smith, A., K., (1993), Total Quality Management in the Public sector, *Quality Progress*, June, 45-48;
- <http://www.usv.ro/updoc/Managementul%20calitatii%20curs%20SINTETIC%20Alexandru%20POTORAC.pdf>
- <http://managementhelp.org/quality/tqm/tqm.htm>
- <http://www.qualitarium.ro/calit.htm>.