

PERFORMANCE, PROFIT AND VALUE IN THE QUALITY MANAGEMENT OF 21ST CENTURY ORGANIZATION

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ABSTRACT

The purpose of an organization is to perform its activities. This requires a structure, which places similar work, such as design, production, and sales in the appropriate departments. We believe that organization is not a mere instrument. It expresses values. It expresses the individuality of the company, nonprofit organization, or governmental agency. It is defined by (and defines) the results which are specific to the organization. Therefore, we can state that we are running towards the new organizations. For example, Gary Johns considers organizations as social inventions destined to the achievement of common goals by group effort. Starting from the idea that not efficiency, but effectiveness, is the main priority, namely, we may discover the idea of innovative organization not by doing things appropriately, but by identifying those things that we must do, and by identifying the way in which we can focus all our resources and efforts on them. An innovative organization concentrates its entire activity on the customer and conscientiously fructifies all opportunities of which the most representative are the innovations. An innovative organization is that which approaches global marketing because it is aware of the fact that the best marketing expert is the customer; therefore, we must know the customer who buys satisfaction and not the product itself. Innovation resides in the maximization of the organization's opportunities, and an organization of the future is that which is different from the current one. Nevertheless, the experience of the past is useful, but future is always different. All the abovementioned fundamental concepts are explicitly dealt with in the present scientific paper.

1. INTRODUCTION

The achievement of the economic performance of an organization develops from the conception of a work plan dealing with the organization's goals, its fields of performance, its priorities, its strategies and with the act of assigning responsibilities for the implementation of the performance programs.

In a system based on market-economy relationships, in which the winners are just a few and the competitors' number is continually increasing, the struggle for survival is extremely tough. Objective reality proves that, currently, 75 out of 100 organizations vanish before they celebrate their fifth anniversary. This is the effect of competition, and its main cause is the management errors. The organizational framework within which competition takes place is the free market where the more and more educated contemporary customer is the main judge.

The only generator of CHANGE is QUALITY. Changing for the worse is nonsensical, and changing for the better means “a new quality”, namely a new perspective on product and services quality in all fields of economic and social life.

Change occurs everywhere in the Universe and, obviously, in our private lives or in the lives of the existing organizations. An important feature of exceptional management is the thorough knowledge of the change process and it may transform the organization into a competitive one. The more flexible an organization the more competitive it is. This explains why the authors of reference materials approach so frequently the concept of organizational development. Thus, efficiency is the main goal since the beginnings of any organization. All organizations must be able to adapt to all conditions of the internal or external environment, by means of a continuous process of organizational development, which also involves optimizing their strategy and structure; eventually, this will entail improved efficiency.

Quality has been approached and defined by scientists in various fields. Life and experience have proved that the existence of an organization is the result of a balance preserved in order to gain profit. Thus, the center of attention is the customer, and organizations concentrate their managerial strategies so that all efforts are focused on customers, on answering their expressed or unexpressed demands and needs.

Open borders facilitate free or almost free circulation of products, capital and services. Consequently, there are several products which become more and more notorious and which will conquer the market as high-quality products. This is and will be possible because they reach a certain high-quality level that allows them to dominate the market. Organizations struggle for survival as demand is scanty and proposals abound on the market. Thus, quality management if developed and then implemented may become an important instrument for 21st century organizations in their effort to achieve their strategic objectives.

2. PERFORMANCE IN QUALITY MANAGEMENT OF 21ST CENTURY ORGANIZATION

The success of an organization in assuring the quality of all the activities it performs strictly depends on the managers' ability to improve inter-personal relationships, to assess and continually instruct the entire personnel.

The implementation of a quality management system indicates that the management is proficient, oriented towards cultural values, and views quality as integral to progress and development.

Change is a process that implies a sequence of stages. We consider that the following stages are essential: involving all personnel, planning all activities that support change as such, implementing planned elements and assessing results, supporting continually the process of change with the object of improving quality.

The concept of quality becomes operational by means of quality characteristics. J.M. Juran maintains that “quality characteristics are the foundation of quality”, and this opinion is seconded by Kaoru Ishikawa. The former defines quality characteristics as “any dimension, chemical or organoleptic property that bear on the ability of a product to satisfy fitness-for-use.” Geiger's definition of quality characteristics is more restrictive: “a feature by means of which an entity is recognized (identified) or which distinguishes it from another one”. To conclude, quality characteristics are those features of an entity that bear on its ability to satisfy customers' needs, and by means of which customers' satisfaction is assessed. Reference materials provide several classifications of quality characteristics.

The functions of quality management have been defined in various ways. For example, considering the quality trilogy, Juran identifies three main functions of quality management: quality planning, control and improvement. Juran maintains that planning is meant to develop

the products and processes required to meet customer needs. In Juran's trilogy, quality improvement is the most important and the processes relating to this function should eliminate the losses caused by the so-called chronic problems of quality. According to Rinne, the main functions of quality are: planning, assessment and control.

Organizational development has various definitions, but they all refer to the improvement of organization's performance, of its efficiency, by using the science of behavior with a view to developing not only technical facilities but their management as well, of all systems and subsystems involved. [2] Considering these definitions, we maintain that organizational development is a set of actions involving development and implementation of certain procedures meant to improve the component parts of the management system (strategy, structure, informational system, decisional system, methodological system) with a view to improve performance and competitiveness. This definition is an answer to technical, economic, political, social, and cultural changes that occur rapidly in the organization's internal and external environment, which thus becomes more and more insecure. The most important changes that occur in the organization's external environment are globalization, the expansion of IT systems and innovations in the field of management.

Organizational development involves conceiving, planning and implementing several changes meant to improve utilization of resources, and thus economic efficiency and effectiveness. Changes within organizations range, in terms of complexity, from organizing a team to developing a strategy or even improving the organization structure. *Change* is the starting point in the approach to the management of change; change, *in our opinion*, is the transformation, modification or replacement of an object, product, work, service, activity or process. It is important that the attitude of top management in this respect be positive.

J. Kotter and L. Schlesinger state that the management of change focus on identifying the sources of resistance to change and the way to eradicate them.

We also emphasize the importance of changing the strategy in order to modify the objectives and the actions to be taken in order to achieve them. *Changing the organizational strategy* implies:

- Evaluating the environment by way of the organization's constraints;
- Evaluating the organization's current reaction to those constraints;
- Defining the organization's mission;
- Developing a realistic scenario;
- Comparing present situation with the scenario and developing an action plan.

3. CONCLUSIONS

The first integrating concepts related to quality assurance were implemented in the 80s though their germs appeared in the 60s. Therefore, the American experts, Deming, Juran, and Feigenbaum developed new concepts in the field of quality assurance, which have been initially applied in Japan. The most important characteristics of the "new philosophy" were stated by Feigenbaum in 1961; he called that philosophy "Total Quality Control" (TQC).

The meaning of the Anglo-Saxon term is to "keep under control", thus TQC means a global approach to the activities of controlling quality in an organization. Deming's approach to statistical methods was completed by Juran who emphasized the necessity of focusing on the client ("fitness for use") and the importance of management in quality assurance. These theories have been widely accepted in Japan, since the 60s, being then developed by Ishikawa.

He called his concept "Company Wide Quality Control" (CWQC). While in western-European countries, steering departments were still in charge with quality assurance, in Japan

quality became a component part of management and in the same time a national issue. Quality became soon in Japan a “way of life”.

Starting with the 70s in Japan and the 80s in Europe several new techniques and methods are developed, such as Quality Function Deployment, the Taguchi method, the Failure Mode and Effect (and Criticality) Analysis (FMECA), etc. which are now widely used in quality planning and improvement. The organizational environment becomes more and more important (for instance, activities performed with a view to quality at the clients’ facilities, the environmental implications of processes and results, etc.).

There is and economic balance between investment in quality and losses generated by the lack of quality. It is a compromise governed by quality policies. The significance of the quality management system entailed the necessity of finding a way to achieve it. There are several subsystems within the quality system, which, combined with the functions involved, describe its architecture.

To conclude, quality has become the most valuable asset within the competition on the nowadays market and altogether the sine-qua-non condition of survival. Quality is the objective function for the achievement of objectives and performance indicators, respectively for the quality system, and the issue of selecting the parameters by means of which quality is assessed is a fundamental one.

In addition, the idea of a systemic approach of the customer-supplier relationship is widely spread, its principles being applied within organizations as well, in the relationships between its departments, namely the workers. Today, the process-oriented approach is very common, organizations tend to optimize all production processes, starting with market analyzes and ending with the final “post-utilization” stage. Thus, “Total Quality Management” (TQM) emerges as a new concept which is now utilized in parallel to older concepts (TQC, CWQC) and with “Total Quality”, or in relation to the latter. Even if these concepts are different, they all focus *on meeting the customers’ requirements*.

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