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## **TQM STRATEGY IN THE DESIGNION OF AN QUALITY SYSTEM IN THE AGRIBUSINESS**

### **Summary**

The Total Quality Management, (TQM) as an integral approach to the process of provision of quality in a company presents a solid base for designing of an efficient quality system.

The initial idea for that starting point comes out from the fact that all of the working processes in the agribusiness have been gauged by standardized operative procedures in a form of Flow Charts. The standardized operative procedure begins with the planned activity as well as with the input data in the initial condition and it continues with the working process' activities. The working process ends with information – result.

With the TQM strategy we can practice the standard operative procedures having in mind at the same time the costs of the working process, both the education and the motivation of the employees, as well as the control and self-control mechanisms.

The vertical and horizontal connection among the employees is of a great importance and this should be stressed. Therefore, the information should follow the standard operative procedure so we can provide quality in the entire company.

Having these facts as a base to start from, we have analyzed the established quality system in several companies of field of agriculture in Republic of Macedonia. By making certain corrections and supplements in accordance with the TQM approach, we have improved their effectiveness and efficiency.

**Key words:** TQM strategy, standardization, standard operative procedures, informational system, control, quality.

## INTRODUCTION

It is a fact that the new trends in the agribusiness are imposing a new manner of consideration, performance and incorporation of the new streams of the market economy which are oriented towards the consumers/purchasers. Nowadays, the quality has a key role within the competitive advance of the companies, where the main responsibility falls on the top management. In times of huge market competitiveness, the companies dealing with the agribusiness ought to increase the quality accent to their overall working. What is necessary for all is to expose oneself before the market but with a high quality agro product, an acceptable price and along with the arranged deadline. Our managers battling with the remarkable increase of the difficult, technological, organizational and social issues can hardly be familiar with the modern trends within the development of the agro-managing systems based on the (TQM) total quality management strategy.

It is possible that many different products with a different quality can be accepted on the market, but nevertheless the attitude remains restrained over the manufacturers whose quality is considered as oscillating.

Therefore it is necessary to maintain the quality of the product to a certain level that would be accepted by the market as well. As to the competitive surroundings, the companies are forced to change and reassess the business processes over and over again.

### **Planning and implementation of the Quality Management System**

The planning and the application of the quality system is not just a usual type of quality control over products but it refers to the planning and implementation of the adequate standard operative procedures and instructions as well as a change of the organizational structure where the quality as a function is integrated<sup>1</sup>.

In order to apply the TQM strategy for planning of a fine system of quality in agribusiness, that will provide a competitiveness of our products to the global market, it is necessary to: standardize all business processes, to implement methods and techniques for a flawless performance, to optimize the processes, set a continued education and motivation of the employees as well as a well-planned information system.

According to “house of quality” (which is a system for total quality management containing 4 pillars or subsystems such as systematization, Statistical process control, costs and education and motivation. The system itself stands for the measuring, evaluating and comparison), here comes the measurement, assessment, analyzing and comparison of the quality/ bad quality. If the quality is not measured there is no way that we might know what sort is it, same as we need to be aware what do we deal with, what’s lacking during our performance in order to accomplish our vision and mission and what is the rating that we have in the country, region, world<sup>2</sup>.

Each business process needs to be organized so the measurements would be a base for evaluating of the actual quality and the comparison of what is needed to be done for the plan. As of the cognitive theory and with an

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<sup>1</sup> Cepujnoski G., Cepujnoska, V., (1993), Quality management in practice, Faculty of Economics, Skopje, pp. 3

<sup>2</sup> Deming, W.E., (1996), How to solve the crisis. PS Grmeč, Beograd, pp. 30

empirical verifications it stands that applying the TQM strategy within the planning of the management system for quality and a well-set information system of quality the following attainments are achieved<sup>3</sup>:

- providing product quality which correspond with the consumers needs;
- providing quality of the business processes, which enables an increased effectiveness of the companies;
- optimization of the business processes;
- concordance between the strategic and operative management;
- providing basis for constant quality improvement.

***Implementation of the methods and techniques for a flawless performance can enable an efficient control of processes by achieving the defined quality with a minimum cost of working.***

The implementation of the TQM strategy into the agribusiness seeks for new activities in the field of education of the employees, induction of the standardization to all processes, induction of statistical process control in order to receive a flawless performance, new approach in the costs' analyses.

Therefore it requests a scientific, methodological, and planned approach, persistence and systematic work.

### **Research and research findings**

*In order to perceive the existing situation in our companies dealing with agribusiness, examination of 30 companies has been conducted in Republic of Macedonia. The research was conducted in order to find a clue for the following issue: Why is the system for quality providing necessary in the agribusiness?*

*Our practice indicates that the quality is a part of the companies' policy, but before all it refers to the formal and providing of quality through bureaucracy.*

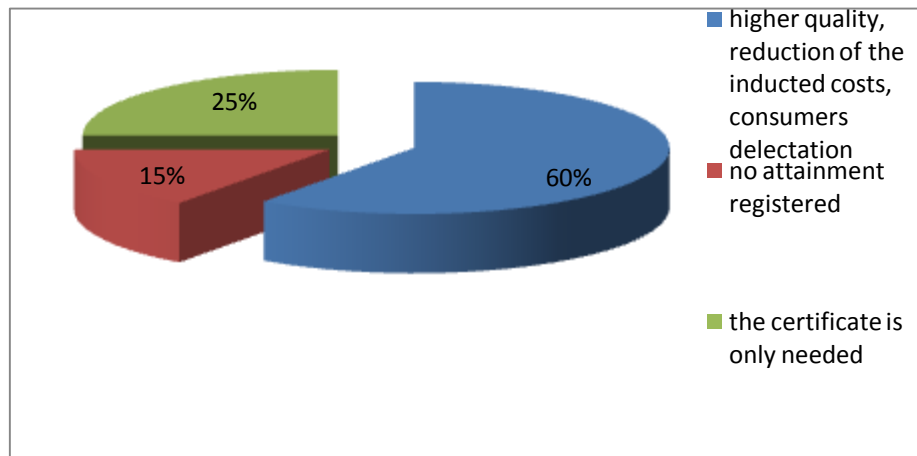
The research was done to answer the following:

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<sup>3</sup> Mitreva, E., Cepujnoska, V., (2007), Implementation of the concept for total quality management (TQM) within the managing of company information, Economical development, year 9, no.3 pp. 297, Skopje, pp.129-143

- are our companies prepared for the global market?
- are they in a position to create values and built a business culture responding to the development of the competitiveness and fast adaptation of the consumers' needs and desires?
- have they set a quality management system by the ISO 9001 standard which is an actual basis for a constant quality improvement?
- are they prepared to accept the TQM philosophy?

*It is a concerning fact that not more than 40% of the examined companies dealing with agriculture, forestry and fish hunting have got the quality system ISO 9001, which is considerably an insufficient figure. In order to perceive the effects of the implementation of ISO standard the question is set to the companies that have already certificated an ISO 9001 quality system: **how do they see the attainment of its implementing.** (figure 1)*



*Fig. 1. Attainment of the induced quality system by ISO 9001 in the companies shown in percentage*

- 60% of the companies *that have set the quality system* consider that the attainment stands in its implementing *through the higher*

*quality of their products/services, decreasing of the total costs, consumers' delectation;*

- 25% of the examined aiming to have the ISO certificate hanging on the wall needlessly and in order to settle the company, to produce a quality products, to settle the business processes for a cooperation with the consumers and partners worldwide;
- 15% of the examined companies which are implementing the quality providing system of products/ services that are only creating sufficient costs and bureaucracy *do not see the attainment*, do not accomplish the desired advances on the market, do not fulfill the demands of ISO 9001 standards.

Due to our examination it is shown that the agribusiness companies *that have only formally certificated the system of quality providing of products/ services, do not fulfill the demands of the ISO standards.*

The implementation and certification of different standards/ systems of: quality, environment, health and security of the employees, social corporation responsibility, security of the food products etc, is requesting a new proactive managing style and systematic orientation as well as reengineering of the business processes. A particular issue in our country is the lacking in resources of the small and middle sized companies in order to be able to set the requests of the system by themselves.

Due to the examinations *it is shown that 60% of the tested companies producing agricultural products have started implementing the HACCP u ISO 14000, as well as GAP- European standard.* This is an outcome of the legal regulation that all commercial subjects dealing with breeding, manufacturing and processing of food products are obligated to implement and certify HACCP and other standards by the end of 2009.

In order to see the effect of the implementation of the methods and techniques for flawless manufacturing while providing a product quality, the question that rises is: ***how do the companies find out that their products/ services are not fulfilling the expectations of the consumers.***

- 35,7% of the examined claimed that *about the bad quality of their products/ services they find out by the consumers complaints and comments;*
- 23,8% of them claim that *it's as of sale rate (whether increased or reduced)*
- 16,7%, claim it's through *the analysis of the released questionnaire among consumers;*



- 14% claim *it's as of the reports by the department for quality control*;
- 4,7% *following the competitiveness* and
- 4,7% claim – other (such as the *direct contacts with the consumers* which help them discover whether their products/ services fulfill their expectations).

The researching has shown that the companies do not get informed about the quality of the products through the service for quality control but through the complaints, which shows that the bad quality have passed all control points and comes straight to the consumers. Those facts indicate that the quality control services are quite inefficient in many companies.

In order to get a clear picture about our companies whether they belong to the group that is able to learn and stimulate the individual and collective learning in order to improve the results of the organization in a manner important to all consumers, few questions aroused: ***do our companies have the practice to induct training in general and a training to acquire an additional competences?*** Here are the results:

- 64,6% of the examined claimed that *sometimes they involve regular training at work*;
- 33,3% claim that they *have a training included*;
- 2,4% claim that they *never practice to include a regular training for the employees*.

*Most of the trainings are conducted by the companies themselves in order to enable an additional qualification and prequalification of the employees.*

*The experiences so far indicate about the necessity of continued training for the employees, and especially trainings according the programs entailed by the EU. Macedonian companies still haven't taken into consideration the necessity for improvement of knowledge as a source of competitiveness, a condition for survival on the market and running power for a further development.*

***Regarding the question whether companies are making quality cost analysis (defects, complaints, outcast, loss etc) the data give show that:***

- 19% of the examined do make a cost analysis regarding the quality i.e. to the accomplished loss of the outcast and complaint;

- 81% of them cut down the analysis to the evidencing of the consumers' complaints, without analyzing the outcast, evidencing of the source and the reasons of the outcast.

***The practice of the Macedonian agribusiness companies indicates that they pay attention to the quality cost analysis as a result of ignorance, which further outcomes as a reduced competitiveness of their products on the market.***

***Regarding the question: where do they see the advantage of the competitiveness it is presented the following:***

- 26% of the examined see the advantage in the improved quality of their products/services;
- 26% of them claim that the low prices are a huge advantage in the competitiveness;
- 21% of them see the advantage in the well-developed distributing network of competitiveness;
- 12% of them stress the quality importance of the inlet raw materials;
- 5%, claim that the assortment of the products is a key to success of the competitors;
- a 10% of them claim, other.

The commercial subjects dealing with agriculture, forestry and fish-hunting see the advantage in the production upon agreement (manufacturing for a familiar buyer) with the processing industry; as well as to the change of assortments, i.e. the refreshing of new sorts of vegetables and fruits that bring increased profit and that are more resistant to the outer influences and same as to their cooperation with the scientific organizations for research. Macedonia is well-known by the brand of the red pepper, cabbage, leaks, peaches and tomatoes, instead for the crops such as in the neighborhood countries, whose profit is far more less. The agricultural companies ought to renew the work with the processing industry and supply fresh fruits and vegetables for conserving, due to the fact that the processed fruits and vegetables are in a competitive advantage for the Macedonian economy.

## **Conclusion**

New management system based on the TQM strategy requests far lesser finance and time and it can obtain same or better effects by the huge investments regarding equipment. ***The solution needs to seek a system***

***for quality improvement through the application on TQM strategy, staff development, including trainings for quality improvement, improvement of processes, all this far earlier before the new technology is purchased.*** The way to quality improvement of the processes and products of the domestic companies dealing with agribusiness should be sought within *the implementation of an adequate methodology for planning and implementing of the TQM system.*

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