

Research Paper

Analysis of the Existing Management System in Macedonian Companies and the Necessity of Accepting the TQM Philosophy

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(Received: 3-1-12; Accepted: 13-2-12)

Abstract: *In this work is presented a deep analysis of the problems that Macedonian companies have in the global market, which forced global increase of requests for building even more strict rules. The constant condition was analyzed through the four columns of the quality house (standardization, methods and techniques for non-defective working, education and motivation, and analysis of the charges. From the analysis of the research imposed the demand for accepting the new strategy in projecting the management system in Macedonian companies, which was based upon the TQM (Total Quality Management) philosophy. This philosophy seeks less time and money, and can have same or bigger effects than the big investments in equipment. All of this imposes more systematic effort in which base lies: strong leadership (new style of the upper management, realistically based on the market vision, politics and strategy, systematic orientation and business moral that will bring back the confidence between the management and the employees) and participation of all employees (willingness for cooperation and team work, which does not hold down the creativity and individualism).*

Keywords: Management system, Macedonian companies, TQM (Total Quality Management) philosophy, leadership.

1. Introduction

Macedonian companies have no vision about what to do next and have hard time adapting to the needs of the customers/users [5]. Among most of the problems that the Macedonian companies have is the inadequate education of the upper management. Nowadays there are superb managers that educated within the old system and do not accept the changes brought by the new time. If managers have vision about the way of the global economy and what is that which customers look for in a product, it is certain that a solution for all problems that appear can be solved.

Effect as well, will have a great impact on the successfulness of Macedonian companies [5]. The transition of Macedonian companies was done by getting out their capital, and then with changing the holders. The transition was so destructive that destroyed big part of the companies. The ultimate authorities participated in all that activities, and only a small portion of them found motive and strength (beside the temptations) to make an internal reconstruction and reengineering.

With the break-down of the ideological values and the transition towards capitalistic values and standards of working, different companies achieved different success. The level of their success depended mostly from the conflict's intensity, business culture and the willingness of the country and the companies to accept the values of the developed countries and European standards.

The new holders of the transformed companies did not buy the same but their markets and resources, and have no interest in investment in their economic development. That leads to technological block and economical collapse in which a big part of them failed.

A certain part of the undertakers succeeded to form small and medium companies that successfully satisfied the market needs, but the watchword that the economic salvation is in small and medium companies does not answer the question: "to whom are these companies selling the products if there are not the big ones".

The reflux of intellectuals or their isolation leads to social and moral crisis. On the surface swam out the new elite that enriched quickly and tried to establish leadership in the environment on the basis of different values, not quality. In these conditions with a low level of business moral, professional and industrial culture, the conscience and social climate that do not appreciate the values of the quality prevail.

Our new businessmen and manager are in a condition of transitional shock. Their managerial style gives more and more inferior results. There are less and less social or no one's companies, "easy" contracts and "easy" money. On the other hand there are powerful businessmen whose only motive is the profit. The money earned with trade in which the large profits are earned with small capital, and with big turnover factor are invested into the production in which big investments are needed and where the factor of the invested money must be waited for few months or even for a year.

In production companies the organization cannot function by itself under unwritten rules and under someone's willingness. The success of that kind of companies depends on the ability and the motivation of many people: technologist, projector, rigger, commercialist, supplier of goods etc. When to all of that it is added that you cannot go on international level without certificate for the products as well as for the management system, the shock gets even bigger.

In our country a large number of companies certificate quality system ISO 9001, but many of them did not succeed to survive the transitional period.

Although it is constantly talked about the European concept of quality [1], [2] there is not enough strength to truly accept and establish it in all units of the company. For many years it

has been talked about hundred thousand parts of the European standards that need to be translated, adjusted, mentioned in public debate and accepted, but this process is still paused. Lately it is talked a lot about the successful business people. For the assessment we start from their material welfare that they earned or have, and we do not pay much attention to the mission and the values of the business from which that welfare came.

The creation of a successful and rich company is of a large social usage. It needs to possess products that are well known, worldwide competing brands with international business network, good organization and ability to develop, grow and extend on the market, to be a temptation to many young talented specialists, to become influential in many international, financial, business and professional spheres. This is a great temptation on a high motivational and cultural level than making money personally by its owners. For that achievement of the companies, beside the individual entrepreneurship of the owners, we also need a vision, mission and culture oriented towards fulfilling the needs of the all interested sides: buyers, employees, business partners and the union, because all of them are users of the achieved results.

2. Materials and Methods

In this work a deep analysis was made about the problems of Macedonian companies on the global market, which enforced a global increase of the requests for building stronger rules. Without analyzing 151 companies [5] through a poll and detailed analysis of the condition including:

- comprehension of the deviations of the TQM’s subsystems through signs of “the health” of the quality system;
- establishment of the “age” or the progress of the companies according to the columns of the quality house (from young and undeveloped system to mature and developed system, but in reversed order also).

The structure of the companies where a poll was done – the participants in the survey, according to the trade work to which this companies belong (National classification of the trade works – “Gazette of R.M.” number 147 from 26 of November, 2008) is given on fig. 1.

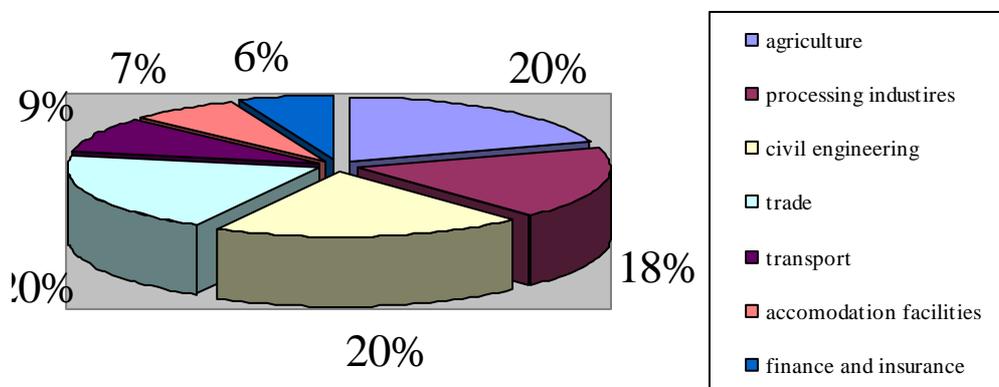


Figure 1: The contribution of the companies in the survey shown in percentage, in separate trade works

The constant condition of our companies was analyzed through four columns of the quality house (standardization, methods and techniques for non-defective working, education and motivation, and analysis of the charges).

The assessment and the establishment of the “age”, or the development of Macedonian companies according to the columns of the quality house is done with special algorithm made for these kind of needs, and the survey and the direct contact with companies were used as tools. The elaboration of the results was made with usage of the statistic processing control.

3. Results and Discussion

3.1. The Usage of Internal Standardization and the Provision of Quality in Macedonian Companies

If the quality system is introduced and certificated according to the standard ISO 9001:2008, it means that companies have knowledge about the values of the quality and are able to manage it. There is a firm formulation of the upper management for quality. There is a definition about the organizational structure, documentation about the quality system and trained people. For that purpose we ask the question: do our companies have introduced a quality system according to the ISO 9001 and in what do they see the benefits from its implementation.

The analysis of the findings from the survey [5], [12] show that about the quality house and the usage of the standard ISO 9001, only 40% of the examined companies have a quality system according to the ISO 9001:2008, which is a relatively small percent.

The need for qualification of the working with international standards and strategic connection with the countries from the west influenced certain managers and owners to implement a quality system. For that aim the companies which have already certificated a quality system (40%) according to the standard ISO 9001:2008 are asked where they see the benefits from its implementation:

- for 60% of the companies that have introduced a quality system see the benefits of its implementation in their products/services, reduce of the total charges, the contentment of the customers/users;
- the aim of 25% of the examined is to hang up the ISO certificate on the wall, to organize the company without thinking, to produce quality products, to organize the business processes for the collaboration with buyers and partners around the world;
- 15% of the examined companies that have implemented a system for providing quality in the products/services do not achieve the wanted advantages on the market, and do not fulfil the needs of the ISO 9001 standards.

Those companies that have already implemented a system for quality management unlike the companies which do not have that system achieve the following benefits:

- provision of quality for the products/services that satisfy the needs of the buyers/users;
- quality of the business processed is getting better;
- a concordance is established between the strategy and the operative management of the company;
- the system for quality management according the ISO 9001 standards represents a base for promotion of the quality with usage of the TQM strategy;

- order and discipline are introduced in working.

Our examinations showed that the companies that only formally certificated a system for providing quality of the products/services do not fulfil the needs of the ISO standards and do not have benefits from the formally certificated quality system. This information bring us to the fact that in Macedonian companies the quality system is only formally certificated as a need enforced by the market, and without the motivation to essentially organize the company, to define the responsibilities and to improve the quality. The formal certification of the ISO 90001:2008 standards does not bring the desired advantages of the market, and do not fulfil the needs of the ISO standards [12], [13].

The quality system and especially the quality of the processes should not be built upon the “vacuum”, without established strong attitude towards the basic aim of the management and without a strong persistence and consistency of the upper management.

How the managers assess the barriers in the process of introducing the quality system in Macedonian companies [5]:

- the monopoly of some companies;
- the style and the culture of management;
- emphasizing the singularities;
- affinity towards improvisations;
- always thinking that someone else is responsible for the problems;
- the allegation that the quality system destroys the creativity;
- thinking that the quality is expensive and a luxury;
- thinking that the quality is provided through the control;
- fear from changes – keeping status quo;
- the mentality, the laziness and the superficiality – we do not have time for that...

3.2. Application of the Methods and Techniques for Quality in Macedonian Companies

The methods and the techniques for providing quality are tools that realize activities which are used to improve the quality and are an integral part of the quality management, according to the defined politics, aims and responsibilities of the company, as well as the creation of comparative advantages on the market [8]. If they are used we can make an efficient control of the processes. In order to realize if our companies have made an efficient control of the processes through achieving defined quality with the smallest working charges, we ask the question: what kind of control of the quality of the products/services do they use? And we get the following results [5]:

- 113 companies pronounced on having organized a quality control;
- the linear control is represented in 48 of them;
- 107 companies have a 100% control;
- 29 companies use the statistic process control;
- 15% of the daily production is given back to finishing in even 137 companies.

In our companies the quality is on high level, because of the bad conducting of the business processes, ineffective control with a big percent of defects, even bigger that the permitted one.

Technically technological facility of our companies is approximately near the satisfying level and it satisfies the present requests of the buyers/users.

The problems mostly come from the badly organized business processes and the disability to fulfil the claims of the quality standards. Here we reach lower business results with the same technology. The cause for that is not only the lack of modern technology, but also the inferior abilities of the manager, the qualifications and the fulfilment of the employees and the quality conduction of the business processes. In general we use the linear forms of conducting a company that are known for the higher working charges. Having a 100% control is expensive and irrational, and it provides quality for much higher price.

Our findings show the fact that numerous companies have ineffective service for quality control of the products, because the poor quality comes from the buyer/user. The survey showed that the companies do not find out about the poor quality from the services for quality control of the products/services, but from the reclamations which shows that the poor quality made through the all control stations and came in the user's hands.

Many problems appear for our companies in the familiar and the foreign market, because of the lack of statistic approach in information elaboration, assessment of quality and the transition of information. The SPC is used only in few companies. The instructions about the meaning and the usage of SPC, and the improvement of the quality of the products/services must be available in all fields: marketing, sail, production, finances, human resources, but for that tuition and training of all employees is essential. In the entire company must be established stations for identification and analysis of the weaknesses, and to analyse the reclamation charges, errors, defects, or the charges that come out because the needs for quality are not fulfilled. When there is an optimal organization of the quality control, we mustn't have more that 3% defects. Reclamations, errors and defects need to be reduced with well-timed internal functional cooperation among the surveys, the marketing, the production and the system information. In case of introducing a new product/service, technology or methods of working, it is essential to have a complete programme of training for the employees.

The Japanese "honoured the mistake" because it was "a safety catch" for detection of the weak parts of the business process [14].

So, with removing the mistake, taking on corrective measures, we eliminate the causes for its appearance. Meanwhile, a detailed analysis of the business process is made for its own promotion. The mistake for the Japanese was a cheap method of detecting the weak part and allowed them to upgrade the business process. Unlike the Japanese, we are afraid and hide the mistakes. Everyone who discovers a mistake tries to cover it up and to transfer it further in the business process. This is the problem of our business culture and the problem we have in building creative climate in the company.

3.3. Using Education and Training in Macedonian Companies

The organizational education is a part of the TQM strategy, because if new techniques and methods are not learned, then there is not a place for progress and development. The education improves the competing advantage of the companies [7], [14].

An important role has the upper management, which needs to be prepared for learning and to transfer that need to the employees. In order to get a clear picture of our companies and to see if they are companies that learn and goad the individual and the collective learning, and with that aiming to improve the results of the organization (in a way important for all users), some questions need to be answered. We need to know if our companies use job training and

training for gaining additional knowledge. Answering these questions, we get the following results [5]:

- job training is used sometimes in 97 companies;
- 57 of those companies do not cooperate with research institutions;
- 40 companies do not use training for gaining additional knowledge;
- in 5 of them there is a training for gaining additional knowledge twice a year.

According to the researches, we notice that most of the trainings are realized by the companies in order to enable additional qualifications or retraining for the employees. The necessity of raising the qualification level of the employees is especially important when investing in modern technology. Our experiences show that continuous training of the employees is essential, and especially trainings according to the EU programmes.

The question if the company has regular training for gaining additional knowledge is asked with the aim to examine the conscience of the upper management about the necessity of continuous professional specialization and development of the employees in the era of education where the continuous development of the employees is imperative for the competitiveness and its further development.

It's upsetting to know the fact that 40 of the examined companies do not use the training for gaining additional knowledge. The lifetime specialization is a condition for surviving in the modern business. These real indicators show that not having a regular training for gaining additional knowledge is the cause of ineffectiveness of our products on the global market.

Knowing the fact that the existing knowledge is not being refreshed with a new one, it gets old for less than five years, we ask the question: how much are the employees competitive (in approximately 40 organizations) that do not specialize their knowledge and have to fulfil the needs of modern management working.

The researches in the public sector for the necessity of gaining additional knowledge showed that 83,3% of the examined public companies do not use that training. They still have monopolistic status on the market, from where comes the certain excuse about the small importance of the creativity and the constant specialization of the employees (the managers do not have conscience about the importance of the creativity and the constant specialization), while the private sector initiates originality and partial development of the knowledge.

Macedonian companies have not understood the essentiality of knowledge promotion as a source for competitiveness, condition for surviving on the market and a driving force for further development. In our companies which are not capable of learning and that fall behind on technological level, the management style, the creativity and the quality of the product, the professionalism and the culture of employees, learning for quality promotion must be introduced.

Our researches showed weak cooperation and connectivity of the companies with research institutions, which makes us realize that there are not informed enough about the features that these institutions possess.

That is substantially a result of the insufficient information about the services which these organizations and programs offer. Indisputable is the fact from our analysis about the question of the management representation in the hierarchy of the organization of 3,5%, which shows that in many of our companies there is only one manager-owner and the others are only employees. Because of the weak quantity management, there is a lack of time for the managers or they are interested only in cooperation that would give quick results. In other words the development of the companies is on partly craftsmen's and partly professional level. The connection of the companies with research institutions will allow conveying the

“know-how”, to gain basic knowledge that contains high quality education and training, and effective implementation in the entire business and production usage.

3.4. Motivation – Important Factor for Providing Quality

The motivation of the employees is the most sensitive part of the organizational behaviour and is presented by the contentment of the employees. The question of the companies motivated their employees to work more and superior, we get the following results [2], [5]:

- 120 of the asked individuals responded that they motivate the employees by raising the salary;
- 15 of them motivate their employees with bonuses, and raising their wages/salary as well;
- 10 of them motivate their employees by providing development on more valued job places;
- 6 of them motivate their employees by combined and complex methods that are well known and available to all of the employees;

In all trade branches, rising of the salary is the key motive.

The motivation with bonuses is present in most of the services, reproduction industry, wholesale and retail trade, and in agronomy, but it is unknown in the structural engineering and in the transport.

A higher place in the hierarchy is practised in the services (companies that take care of the financial work and the insurance), and also the necessity of public acknowledgements. In the agronomy, production industry and structural engineering, the educational structure of the employees mostly belongs to the KV and VKV employees who do not receive bonuses and public acknowledgements are not motivated for innovations, and the training for gaining additional knowledge is not used. The essentiality of building a good quality system and of the TQM strategy in our companies will be realized only through building a system of motivation as a unit in the house of quality, and that will mean: totality of motivational factors, boost measures and strategies that will be systematically incorporated in the working and organizational activities, and all of that is in order to motivate the employees. If we want to achieve that, the upper management must:

- attract and keep the most quality people;
- provide quality realization of the taken tasks;
- boost the creativity and innovation which will bring new and quick solutions for the problems;
- provide identification of the employees with the company and their engagement in company's constant development.

3.5. Taking Care of the Quality Charges in Macedonian Companies

The analysis of the charges for the quality can help managers to understand the influence of bad quality over the financial results and on the bad image of the companies. Chiefly it will help them to increase their activities for promoting the quality of the business processes, products and services. The quality charges appear as a result of the existence or the possible existence of bad quality, and the analysis of the charges should be simple and practical, and

not too much administrative and chaotic. On the question if the companies analyse the quality charges (defects, reclamations, losses...), the results show that [5]:

- 29% of the asked do an analysis of the charges about the quality;
- 71% of them do an analysis only on logging the buyer's reclamations, and do not analyse the poor quality goods, the causes and the place of their appearance;

Do not making analysis on the quality charges, leads to major losses, also the planned financial result is not accomplished, the credibility of the company is lost and additional time and material are lost because the need of corrections.

Macedonian companies do not pay much attention on the analysis of the quality charges, because of the lack of knowledge, and that results with having uncompetitive products/services on the market.

3.6. Development Phases of the TQM System in Macedonian Companies

According to the detailed analysis of the current condition, the "age" was specified, or we should say the development of our companies according to the columns of the house of quality (from immature and underdeveloped to mature and developed system, but in reversed way as well). The deviations of the subsystems of the TQM were understood through the signs of the "health" of the quality system and it was concluded that our companies:

- do not take care of the quality;
- insufficiently pay attention to the continuous education;
- rarely invest in innovations;
- only few companies have established a quality system;
- insufficiently take care of their employees, buyers, suppliers and the environment;
- rarely use the statistic process control (SPC);
- work with large charges;
- working in a team is considered as returning in the past;
- lack of macro climate for developing the quality in Macedonia;
- lack of motivation for developing the quality in the companies;
- the informatics technology is rarely used in the production;
- the aim is to get a certificate for any cost;
- there is not a strategic plan and effective management (usually one person does many functions);

These conditions are result of the universal level of economy development in our country [4], [5], [12], [13].

4. Conclusions

To improve these conditions we should have (but we don't) integral methodology for projecting and implementing the TQM system. This methodology can be used when new changes are planned in the way of thinking of the employees, when the company wants to change the TQM strategy, when the company tends to be in "the global class".

In order to achieve that, the managers and the employees must gain additional theoretical and practical knowledge, which will help them in conducting the companies.

The usage of the TQM strategy in our companies is the best way to achieve perfection.

The benefits expected from the implementation do not have only educational character, but its practical usage will lead to increase of the effectiveness and productivity of the companies and their tenable development [5].

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