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ENTREPRENEURSHIP AND QUALITY MANAGEMENT

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Abstract. Quality management at business companies is one of major factors affecting entrepreneurship success, and, ultimately sustainable development of firms, industries and countries. The product quality is today one of the essential and indispensable preconditions of a company's success on the market, the quality of the offered products and services has an irreplaceable position in the industrial practice, the quality has become an entrepreneurial phenomenon. In this contribution we would like to deal with the importance of quality for businesses, and at the same time this article is concerned primarily with the quality management in small and medium-sized businesses, since we think that these issues are not given adequate attention.

Keywords: entrepreneurship, management, quality management, small and medium – sized business, specification

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1. Introduction

Quality management at business companies is one of major factors affecting entrepreneurial activities, and, sustainable development of firms, industries and countries (Lankauskienė, Tvaronavičienė 2012; Dudzevičiūtė 2013; Vereskun 2013; Tvaronavičienė 2014; Laužikas, Mokšėckienė. 2013; Laužikas, Krasauskas 2012; Peleckis 2013; Vasiliūnaitė 2014; Wahl, Prause 2013; Prause, Hunke 2014). Since quality is such an important factor, a series of related questions have to be raised and answers discussed.

1. What is quality? How do we define quality? Why do we manage and improve the quality in businesses? These are some of the famous definitions of “quality”: Juran (1998): “Quality means freedom from deficiencies”. Crosby (1979): “Quality means conformance to requirements”. Feigenbaum (1951): “Quality is the totality of features of a product that bears on its ability to satisfy stated or implied needs”. The statement “Quality is defined by the customer” Keiningham (2009) is relevant in the business practice. That is the reason why the product quality is essential to keep the business competitive. According to Nenadál (2008) “Quality is the decisive factor of the stable economic production efficiency of a business – companies with modern systems of

quality management show decidedly better long-term results than companies traditionally oriented to indicating the quality through technical control.”

2. Small and medium-sized businesses, specifications for quality management in small and medium-sized businesses, solutions for quality management in small and medium-sized businesses.

Small and medium-sized businesses are the backbone of the Slovak economy, as it is in other countries with a developed market economy. Systematic improvement of the entrepreneurial environment is an important precondition of the entrepreneurial sector development. The small and medium-sized business sector provides 72.2 per cent of the active manpower with job opportunities in the Slovak enterprise economy, and generates 55.6 per cent in the added value. Quality is planned, ensured, managed and improved through the quality management system (QMS). The QMS is a management system to manage a business with respect to quality. The quality management system has to be understood as a way of reaching the goal, i.e. satisfied customers as well as all the other interested parties. The quality management system has to be functional and effective (which also applies to small and medium-sized businesses) – that is the condition of a company’s orientation to the customer and the condition of the company being competitive. The process of meeting customer’s needs is carried out through processes performed in a business, and at the same time the product must comply with legislative requirements. The key point is to meet the basic requirements placed on the effective quality management system.

The basic requirements placed on the effective quality management system in small and medium-sized businesses are as follows:

- To define needs and expectations of both the customer and the interested parties - to set the policy and quality goals in the business - to define and obtain necessary sources with respect to quality goals - to define the methods to measure the effectiveness and efficiency of each process.
- To define prevention means in case of disaccord and the consequent troubleshooting - to define and use the process to improve the existing quality management system.

Small and medium-sized businesses, due to their characteristics, differ from large-sized businesses (some of the differences are described in Tables 1 and 2). Naturally, this has a great influence on the quality management in such businesses. The basic activities that small and medium-sized businesses carry out to develop and introduce an effective quality management system can be summed up as follows:

- Detailed description of the quality manager’s duties has to be defined /it is divided into the description of activities before the introduction of the quality management system, during the introduction and after the QMS certification; at the same time the responsibilities and duties of every member of the quality committee have to be strictly defined.
- The quality staff has to be successful, which is possible only under constant, actual, informal and effective support from the top management.
- The goal definition and a detailed scheme of expected results with deadlines for each activity.
- Quality committee meetings /involving the employees, the deputies of the most important departments. All of the quality staff members are internal employees since it is necessary for them to possess good knowledge of work procedures within their business.
- Preparation of internal documentation (the quality manual, operating procedures, work instructions). These documents are prepared by the members of the quality committee under the supervision of the quality manager and with assistance of competent managers of particular departments.
- Possible introduction of the motivation programme is desirable to moderate the presumed reluctance of managers of some departments.
- Each revision of the company organisational structure has to comply with STN (Slovak Technical Norms) EN ISO 9001:2009 (Lakatoš and Aujeský 2004).

3. The third part of our contribution deals exclusively with small-sized businesses and their quality management. Why? Here is the answer - Small-sized businesses have a key importance not only for the Slovak economy but for the European one as well. Small-sized businesses (as well as many medium-sized ones) do not have enough experience in the quality management system, in the need and size of the sources necessary to

provide the QMS (financial, material, personnel and information sources), they lack experience and knowledge of basic conceptions of the quality management, of quality management methods, and, last but not least, they lack experience in QMS certification according to ISO norms. Thus a considerable attention has to be paid to the quality management in small-sized businesses.

2. Characteristic features of a small-sized business

Here is an overview of particular characteristics of small-sized businesses. Based on our study of professional literature, and on our knowledge, contacts and personal visits to several small-sized businesses, we identified, analysed and consequently evaluated the gained data from the small-sized business environment.

A small-sized business has its own specific features, some of which are stated in Table 1. Naturally, these features (e.g. a smaller number of employees, accumulation of functions, smaller sources compared to bigger-sized businesses, etc.) influence the quality management system in these businesses.

Table 1. Characteristic features of a small-sized business

Characteristic features of a small-sized business	
-	The requirements for documentation (size, complexity, amount) are lower than in medium-sized businesses.
-	There is a lower professional level of management in a small-sized business, the managers often lack necessary professional knowledge and skills.
-	There is usually a short-termed operative planning in small-sized businesses.
-	The requirements for organisational structure are lower than in larger businesses.
-	There are a smaller number of management levels.
-	The responsibility and authority are exclusively in the hands of the owner, or the manager/managers authorised by the owner.
-	An authoritative approach to staff management.
-	Flexibility, flexible reactions to new market impulses.
-	Communication, communication technologies. In large-sized businesses, due to their size and number of staff, communication is also performed by communication technologies. Small-sized businesses do not necessarily use communication technologies; direct, personal communication prevails.
-	More informal communication when managing a small-sized business compared to medium and large-sized businesses.
-	Direct motivation, direct manager-client contacts.
-	As the accumulation of functions is typical of small-sized businesses, the human resources management is more challenging.
-	The accumulation of both activities and functions is distinctly higher in small-sized businesses than in other business types.
-	A smaller volume of funds to be used for a small-sized business development.
-	Limited sources to be used for the development of new or innovated products.
-	Large-sized businesses use their own capacities in order to provide the development of products. They collaborate with research and educational institutes on their own research. Small-sized businesses are handicapped by the limited access to sources that they need to finance their own research.
-	Small-sized businesses specialise in specific production, their product portfolio is smaller than the one of medium and large-sized businesses.
-	Small and medium-sized businesses possess better knowledge of the particular region and can adapt better to its conditions and requirements, which may reflect in business success and economic profit.
-	The application of modern technologies is more limited due to their high costs in comparison with medium and large-sized businesses.

Source: author

In Table 1 authors of the article showed some of the characteristic features of small-sized businesses, and their advantages and disadvantages that influence their activities. To sum up, on the one hand, small-sized businesses show flexibility which enables them to flexibly adapt to rapidly-changing entrepreneurial conditions on the market, which is their advantage compared to larger types of businesses. However, on the other hand, they lack necessary sources (financial, material, personnel, and information sources) that a small-sized business needs in order to react promptly and correctly to market changes. Naturally, these facts are also reflected in the quality management in small-sized businesses. The quality management system in small-sized businesses is specific

mainly in accumulated responsibilities, competences, decision-making and smaller sources necessary to secure the QMS. The most used model of small-sized business management is as follows: the business is run by one manager – the owner. The other managers are hired. All the competence is in the hands of the owner, who makes decisions both about the strategy and the operative management in the business. The managers as well as the other employees have no, or only limited, chance to comment on these issues. The power is in the hands of a limited group of people.

The orientation of a small-sized business towards the customer is an inevitable precondition of its competitiveness. Many small-sized businesses are well aware of this fact. Small-sized businesses have less formalised, bureaucratic processes, and thus they are able to react promptly and flexibly to customer's needs.

In connection with quality management it is necessary for a small-sized business to ensure:

- Management quality.
- Corporate process quality.
- Product quality.

These three factors are interrelated as I mentioned before – The quality of the product is the customer's priority. Quality is the output from corporate processes which are arranged and run by managers in a certain organisational system.

Table 2. The comparison of characteristic features of the quality management systems in small and large-sized businesses

The comparison of characteristic features of the quality management systems in small and large-sized businesses	
Small-sized businesses	Large-sized businesses
The most used model of small-sized business management is as follows: the business is run by one manager – the owner. The other managers are hired. All the competence is in the hands of the owner. The managers as well as the other employees have no, or only limited, chance to comment on these issues. The power is in the hands of a limited group of people.	The management of a large-sized business is a process in which processes, employees and workplaces are arranged into an optimal organisational structure in order to meet all the needs of both their customers and all the other interested parties. The particular responsibilities and competences are the precondition to meet the set goals.
The quality management system in small-sized businesses is specific mainly in accumulated responsibilities, competences.	Large-sized businesses have detailed processes of the quality management system implementation. They take advantage of disposing of a sufficient number of professionals in each management area. Their staff covers all management systems.
When making decisions about establishing the quality management system, many small-sized businesses have no conception of what is to be ensured (all the necessary sources) to make the system functional.	Large-sized businesses have the necessary sources (financial, personnel, material, information) to ensure the quality management system.
On the one hand, small-sized businesses show flexibility which enables them to flexibly adapt to rapidly-changing entrepreneurial conditions on the market, which is their advantage compared to larger types of businesses. However, on the other hand, they lack sources necessary to promote their own development and to improve all the processes and activities in a small-sized business. They also lack sources to ensure the QMS.	Large-sized businesses gradually meet the set strategy by meeting partial objectives. Compared to small-sized businesses, they are less flexible, which is caused by their size and more complicated management. They have necessary sources to fulfil the business strategy.
Some of the small-sized businesses have become suppliers for larger businesses. However, they have to meet their requirements involving the quality management systems, their certification, etc.	Large-sized businesses are progressive in the implementation and continual improvement of their quality management systems.

Source: author

In Table 2 we present several characteristic features of small-sized businesses and their management. The advantages and disadvantages that influence their quality management activity are presented as well. The small-sized business features are compared with the quality management in large-sized businesses.

Conclusions

In this article we focused on the product quality in the industrial practice. We dealt with the following areas – first of all, we briefly defined quality, its significance. Secondly, we focused on the quality in small and medium-sized businesses, we paid special attention to the quality in small-sized businesses. We described briefly the characteristics of these business types and basic processes of quality management systems in these businesses. If you want to run your business (which applies both to small and medium-sized businesses) in order to make it flourish and be competitive in the future as well, you have to focus on the customers and meet their needs. Yes, it is true that customers are the driving force behind the success in enterprising, they make demands on products and/or services. The statement applies: 'It is not the customer who needs the enterprise, it is the enterprise that needs the customer. That is why you have to meet their needs better than your competitors. So what are the negative factors and obstacles that influence the quality in practice? What should small and medium-sized businesses avoid? What are the prevention activities in this field? Nowadays, there are a great number of businesses with established as well as certified quality management systems, however, these systems are only formal and thus little effective.

The management of many businesses had their QMS certified, mainly on business grounds, so that they can produce the QMS certificate during business presentations, at business meetings, but they did not understand its actual meaning. The problem is also in the employees. Even though it is necessary to emphasise the following, what is decisive is the approach of the top management to all quality issues. The fact that businesses first focus mainly on product and service quality, and later on, and not simultaneously, on the process quality is what we find a serious problem and the cause of problems with product and service quality. That is why it is necessary to improve processes. As generally known Deming's 85/15 rule says: 85% of a worker's effectiveness is determined by the system he works within, which is in the management's hands, only 15% by his own skill. What often happens in businesses is that neither quality managers nor auditors meet the expectations, and their contributions to the QMS development are lower than one would expect. What is very often emphasised is that we need to change the business culture in order to make the business management successful now and in the future. Nowadays many business employees are not motivated, and they are not able to identify themselves with the business, and neither with the importance of quality for their business. And many times even the managers' behaviour regarding quality management is not exemplary for the staff, rather the opposite.

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