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**QUALITY AS A COMPETITIVE ADVANTAGE OF
WOOD INDUSTRY ENTERPRISES**

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ABSTRACT

Wood industry in the Republic of Macedonia, taking into consideration the raw material basis, the installed capacities and the available professional staff, has good grounds for increment in production and exports. However, no product without good quality and design will be competitive on the European and world market. Competition and the growing requirements of customers have made the quality of products and services one of the crucial factors which nowadays conquer the markets. This paper points out that the quality of products is a primary factor for the competitive advantage of wood industry enterprises across markets in Europe and the world.

Key words: quality, competitiveness, wood industry enterprises.

1. INTRODUCTION

Globalization of the world market, rapid technological advancement and application of advanced technologies contributed to many enterprises coming to the realization that the main prerequisite for survival is the ability to adapt quickly to market changes. The main objective of any enterprise is to achieve and maintain a competitive edge that is necessary for the enterprises to secure long-term success and survival on the market. Competitive advantage means that the products must be receptive to customers, quality and low prices, and this can only be achieved if the company continuously increases its efficiency in operation, introducing innovations and investing in education and training of its employees. Only in this way could it maintain a competitive advantage and the enterprise would be able to improve its survival chances, growth and development in the global environment.

To gain insight into the competitiveness of the enterprise, apart from the price as the most important factor for competitiveness, non-price-based factors must also be taken into consideration such as product quality, its due and prompt delivery deadlines, etc. Quality is one of the most important factors in maintaining a competitive edge, because the demand for a particular product is closely connected exactly with its quality.

The quality of products has become a key business phenomenon of the late 20th century, and according to some opinions, the main paradigm of action or operation. Many companies came to the realization that successful production and powerful promotion do not guarantee the purchase of the products. This means that you must first get acquainted with the affinities of the buyers, and then produce the product, rather than first to produce the products and then to adapt to the needs and desires of customers, having already produced the product. Specifically, instead of direct sales, priority number one of the enterprises should be the needs and desires of their customers. Customer satisfaction is the best confirmation of the quality of the products.

In this paper we present the competitiveness of enterprises expressed through quality products, with focus on quality as a competitive advantage of companies in the wood industry.

2. IMPORTANCE OF QUALITY

There are many definitions of the term "quality". According to Crosby quality is "satisfying the needs", quality is "the desire of the buyers" (Feigenbaum), quality means "to produce error-free" (Ishikawa), "buyers are real judges of our quality" (Bilinger), etc. We previously said that quality is harmonization of the needs and the expectations of the customers. Thus, we could define quality as:

1. Measure or indicator that shows the use value of a product or service to satisfy any need, at a certain place, at a certain time and when that product or service is in the process of exchange as a commodity.
2. The sum of all factors that provide satisfaction in possession of the product and customers, or forcing users to buy the products or services again (Perović M., 2003).

Quality is constant strengthening and upgrading of the achieved positions, developing and producing competitive products, maintaining the existing ones and developing new markets, and using value (Šuletić R., 2007). Quality does not exist as a single factor. It consists of a number of factors acting together. The term "quality" nowadays no longer means only product quality, but also a complete infrastructure that the product maintains throughout the period of its exploitation, and in case it is damaged, it gets restored to working order.

Nowadays the system for quality management (QMS) is widely applied throughout the world. The quality system covers people, their activities, methods, procedures, tools, materials and energy used in certain processes for making and using products with the desired quality. Succinctly put, the quality system is a set of defined business activities into a whole, for providing the required quality or service. For the system of quality management to exist, it must be documented and the function must operate as per pre-prescribed documents. The international standards for provision and establishment of quality have been stipulated by the International Agency for Standardization ISO. They are known as the ISO 9000 standards, which suggest guidelines for establishment of such a system of quality that will convince consumers of the products / services that suppliers are able to provide the required quality. The standards do not prescribe how to run each enterprise separately, but underline the basic principles and create a basis for quality improvement. The development of these standards began in the middle of the last century, and their development and improvement has continued nowadays, too.

3. MANAGEMENT SYSTEM QUALITY

To be a successful enterprise, it is necessary to manage it and to do it in a systematic and transparent manner. Success can be achieved by applying and maintaining a management system that is designed so that it continuously improves the performance of the company, taking into account the needs of all the stakeholders.

According to ISO 9000 the term management system means quality management system which, in terms of quality, leads an enterprise and manages it.

The main purpose of introducing the system of quality management is controlling the activities inside the company, producing products which fully meet the needs and expectations of users, as well as continuous improvement of the company.

The basic role of the quality system is preventing mistakes rather than detecting them, i.e. prevention which provides continuance (repetition of quality) ensures satisfaction among users and continuous improving both the quality of the products as well as the system for quality management, and, definitely, in the long run of the things, enhancement of the company's performance. This approach ensures quality of products and processes of the enterprise. This is achieved with the implementation of internal audit, review of documents, management itself and corrective measures. In managing the enterprises, with a view to improving their performance, the management may use the following management principles (Šuletić, R. 2007):

- **Targeting users** - the enterprise depends on its users. It needs to understand the customers' needs, to meet their requirements, and to provide more than their expectations.
- **Leadership** - leaders establish unity of purpose and leadership of the company. They form the internal environment in which employees achieve the objectives of the enterprise.

- **Involvement of employees** - employees are an essential part of the enterprise. Their abilities are of great significance for the progress of the company.
 - **Process approach** - The desired results can be achieved if the management of the relevant activities and resources is carried out as a process.
 - **System approach to management** - identifying and understanding the system of interconnected processes and leadership contributes to efficient operation of the company and its achieving its objectives.
 - **Continuous Improvement** - continuous improvement of the performance of the enterprise should be its permanent goal.
 - **Decisions based on facts** - effectiveness of decisions is based on analysis of data and information.
 - **Mutually beneficial relationships with suppliers** - an enterprise and its suppliers are independent entities. Mutually beneficial relationships increase the ability of both parties to create values.
- These eight principles of quality management form the basis of standards system for quality management in the family of ISO 9000 standards.

3.1 The importance of the quality system for the enterprises of wood industry

Until the occurrence of ISO 9000, wood industry enterprises had the approach that a good quality product can be achieved with good quantitative (measurable) quality control, which means an input, in between and output control. But the needs of the market indicate the need for "incorporating quality in every product." The incorporation of quality product is impossible unless all the segments of an enterprise are included in the "quality circles" (Šuletić R., 2007). It means that from the first contact of the manufacturer with the buyer, to the delivery of the product to unite a "chain" of participants from all segments of the company (offices, offering, sale, development, design, procurement, production, assembly, delivery and Centre). At the end of such a chain would be the company that guarantees the incorporation of quality in the product. To achieve establishment of such a company, existence of an "active system for quality assurance" is a must

The main objective of each enterprise, including the enterprises of wood industry, is a quality product. Quality products can be secured by a documented system of quality management. Documented quality system, in compliance with the international standard ISO 9000, must introduce, build and demonstrate the enterprises' own strength and activities. The justification for introduction of this system in the enterprises of the timber industry is reflected in:

- **Evidence of the system** - a certificate which shows that the company has its own quality system.
- **Security product** - every manufacturer must take responsibility for security in the operation of their products.
- **Checking the quality system** - documentation of the system quality management is the basis for implementation of internal controls, checks by customers, institutions for certification, and so on. Thus, making it possible for the checks to be based on documented requirements, the results are monitored in every respect, and any deviation from the rules should be clearly defined and documented.
- **Source of information** - documents of the quality system prescribed flows, guidelines and regulations for the operation of an enterprise. These documents are transferred to all knowledge flows and provide an overall review of all procedures and responsibilities (which increases and generates a sense of responsibility and emotion) of all employees in the company.
- **Advertising effect** - the fact that the company has a system documentation quality has a positive effect among the customers.
- **Ability to reduce costs** - in the process of preparation of documents for the quality system, weaknesses (weak points) in the enterprise are automatically detected. Their elimination reduces the errors, and that means less finishing, claims and expenses.

3.2 The effects of the introduction of quality system in wood industry enterprises

Introducing a documented quality system takes time. Drawing up and maintenance of documentation on quality system also necessitates certain investments. Initially, it was thought that the introduction of the quality system pricier products, with production due to the higher price, can not be

competitive in the market. However, experience shows the opposite, that the cost price of products decreased. It is safe to say that the introduction of the quality system:

- increases the competitiveness of the enterprise market;
- increase the level of utilization (efficiency) of the enterprise;
- is an effective tool for rational operations;
- protects production from errors;
- provides the highest level of quality at the lowest cost;
- reduces the risk of liability of the enterprise quality and reliability of products.

4. QUALITY AND COMPETITIVE ADVANTAGE

The competitive advantage is a goal of every company. Companies have become aware of the fact that only meeting the needs of customers is not enough if you tend to be competitive, but you must additionally exceed the customers' expectations, as it is the only way to convince them that you are the best.

Quality can greatly contribute to achievement of competitive advantage. Quality product / service is the dream of every customer, because if the buyer gets the product or service with good quality, he will be satisfied, and such a buyer is the key to success of any enterprise.

From the previously said, it turns out that the enterprises which tend to develop their competitive advantage on basis of quality product/service must do their best to offer the consumers the best quality possible, for in that way the former will be better positioned in the market, at the same time reducing the risks of their operation.

High quality products have loyal customers, so quality must be maintained and improved, because competition never sits idle.

5. CONCLUSIONS

Enterprise development, including the companies in wood industry, product complexity and the need for flexible production, high market competitiveness, all these factors emphasize the importance of quality as an essential feature of the usage value of a product.

Access to buyers, which is enough to precisely define their requirements through certain specifications to the product or service, is not always a guarantee that their quality will be the one requested or agreed. Practice proves the opposite regarding this approach and thinking.

It has become obvious that only if the companies are organized in a way that they will be able to supervise at any time all the factors and resources affecting the product quality (from organizational, staff, methodological and similar aspects), is it possible to meet the consumers' requirements, which basically means the agreed quality with the level needed, which will permanently be upgraded.

Modern approach to the organization of the system for quality management, requires high qualification of the employees in service quality, but also should allow reducing the total number of employees in controlling the products. Only in this way will quality system be far better than the classical technical - technological role in controlling the product. The role of quality moves to the top of the business and production decisions, and hence the responsibility for its proper and effective implementation and operation (Šuletić R., 2007).

Nowadays there is an increasing competition at the market, and each and every company is striving to be the best one and always to be far ahead of their competitors. The quality of products is increasingly seen as an important factor of competitive advantage, and the introduction of the system for quality management is a means for its realization. Regarding quality, one might say that it is a dynamic category which significantly draws the manufacturers' attention, since the companies that can overcome competition and offer genuine quality of their products are the ones that will not only reach the competitive advantage, but will also keep it.

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