

## Implementation of quality management system - A key factor for the development of SME's in the Republic of Macedonia

**Eshija Adem Shehabi**

*Tetovo State University*

### Abstract

Modern enterprises have implemented standards in order to have a sustainable growth and to be successful in the market. Small and medium enterprises must implement quality management system, which assists medium enterprises to maintain sustainable growth and development, while for small enterprises is a safe step for a quick development and defined position in the market.

This paper introduces the use of quality standards from the small and medium enterprises that have implemented or are in the process of implementation of some quality, technical or technological standards. Implementation of QMS from SMEs is closely related to the administrative process and documentation, accountability of management, the implementation of quality policy, training and qualification of human resources, infrastructure and working environment, operating process, communication and satisfaction of customers, design and development, supply and constant improvement.

In this paper are introduced the outcomes of the study of certified SMEs along with the conclusions and recommendations.

**Keywords:** QMS, small and medium enterprises, business development.

### Introduction

In small enterprises the manager, or owner, carries out the process of system implementation, in order to be efficient and to develop in the domestic and foreign market, while in medium enterprises the process includes more staff. This process is implemented also in big enterprises, public sector and state institutions, but the number of included human resources is larger allowing the implementation of the management system to be included in manuals, procedures, instructions and registers (Shehabi & Lleshi, 2013). ISO 9001, according to experts, assists executives to manage the company with the concepts of quality. Practice shows that companies that offer high quality products and services have greater share of the market and greater profits than companies with low standards (Gale & Klavans 1984, 9). The number of human resources is an element of enterprises classification: from 1-9 employees – microbusinesses; 10-49 employees – small enterprises; 50-249 employees – medium enterprises; over 205 employees – large enterprises. The classification can be based also on revenues of the enterprises (Naser, 2008).

### Quality management system in small and medium enterprises

The concept of service quality in small and medium enterprises is essential if we want to understand the origin of the product or service quality and potential quality gaps.

Quality is achieved when all the established criteria are fulfilled. Quality control provides the maintenance of quality as defined. Management system is a documented process for the development of the enterprise and provides ongoing improvement, while certification is made by an independent body that guarantees that the company meets the requirements of a certain standard.

An effective management system has many benefits, including:

- Efficient use of resources;
- Improved risk management;
- Customer-satisfaction;
- Continuous improvement.

According to M. Juran, quality is a right for products and services, while Kotler and Tëigg define quality as the sum of those characteristics, considered to determine the level of acceptance of a product from consumers. According to the European organization for quality control, quality is defined as the level, in which the product meets customer needs (Grammar, 2004, 58).

All quality management systems are based on the principle of continuous improvement. Organizations assesses their current situation, set objectives, drafts policies, implements actions to reach the objectives and then measures the results. Depending on the results and the effectiveness of actions, the policies may be subject to continuous improvements.

The most important and successful model is Total Quality Management system (TQM). The aim of total quality management is to create organizations dedicated to continuous improvement. If quality is improved, prices are expected to decrease and the product or service will efficiently meet consumers' requirements (Suklev, 2013, 16). SMC ISO 9001 is closely related with Total Quality Management, which has shown to be successful in the past 40 years, and consists on some important topics based on 8 basic principles: intensive focus on customer, involvement of employees, focus on the process, improve the quality of the company products, strategic and systematic approach and precise measurement, continuous improvement, evidence-based decision making and communication (Stephen, 2002, 46).

Enterprises regardless its function, and without considering its size and the number of employees, works in the framework of the system created by the organization itself, always follow the process of maintaining and improving it constantly. Quality management system or ISO 9001 defines the criteria of a quality management system in organizations that are able to meet the criteria and assure the sustainability of products or services and continuously satisfy costumers' requirements through effective implementation of quality system and constant improvement.

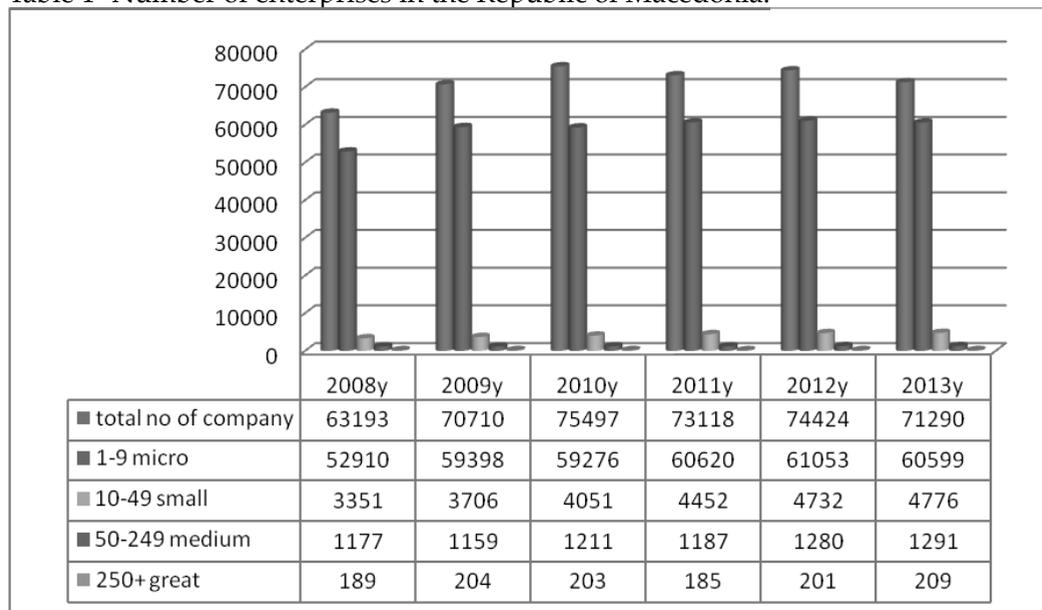
Nowadays quality management is the key element to be competitive in the domestic market and to enter the foreign markets. Standard are continuously revised. The Republic of Macedonia has implemented ISO 9001 since the 9001:2000 version, then ISO 9001:2008 and recently ISO 9001:2015 version. ISO 9001:2015 can be adapted in all kind of enterprises.

## The impact of the implementation of QMS in small and medium enterprises in Macedonia

The goal of business is profit, but success will be achieved when working to satisfy customers and their expectations (Ristovska, 2014, 21).

As in any country, in the Republic of Macedonia, small enterprises are supported by the state institutions in different forms. In the Table 1 is indicated business growth from 2008 until 2013. This trend continues today.

Table 1- Number of enterprises in the Republic of Macedonia.



Source: Business entities, the State Statistical Office, Skopje.

The table above indicates a growing number of enterprises in the Republic of Macedonia, in particular micro business, followed by small, medium and big enterprises.

This study is based on the small and medium enterprises certified by ISO 9001 and presents the effects of ISO 9001:2008. Considering that certificate is given only by implementing all requirements of the standard we studied the criteria that the standards affected more and ranked them: 1- good; 2- average; 3- excellent. Enterprises with evaluation 0 (zero) are not registered, because even if there is only one unfulfilled criteria, the enterprise cannot be certified.

Certified enterprises are more efficient in these processes:

- Management responsibility;
- Documentation requirements;
- Human Resources;
- Infrastructure, Work environment;
- Customer related processes;
- Customer communication;
- Customer satisfaction;

- Monitoring & measurement of process and product;
- Analysis of data and continual improvement;
- The level of integration of the standard.

In the below table is submitted the management system process according to ISO 9001:2008 topics. On the right side of the table is indicated the percentage of enterprises that implement the requirements. For example, 2% of enterprises are evaluated with Management responsibility.

**Table 2. Efficacy of ISO 9001 certified enterprises**

Management system process according to ISO 9001:2008 topics	Small and medium enterprises		
	Percentage of enterprises participation on requirements implementation		
	1	2	3
Management responsibility	2%	38%	60%
Documentation requirements	0%	37%	63%
Human Resources	0%	19%	81%
Infrastructure, Work environment	6%	45%	49%
Customer related processes	0%	20%	80%
Customer communication	0%	41%	59%
Customer satisfaction	0%	47%	53%
Monitoring & measurement of process and product	2%	36%	62%
Analysis of data and Continual improvement	11%	36%	55%
The level of integration of the standard	9%	40%	51%

-Certified enterprises from 2012-2015

Implementation and ISO certification assure and protect the quality in the World, by trying to adopt international standards for more products (Gramatikov, 2004, 112). In the Table above is indicated that standards implementation have been efficient in more than 60% of small and medium enterprises.

Table 3. Development of ISO 9001:2008 standard and import-export between the Republic of Macedonia and the European Union

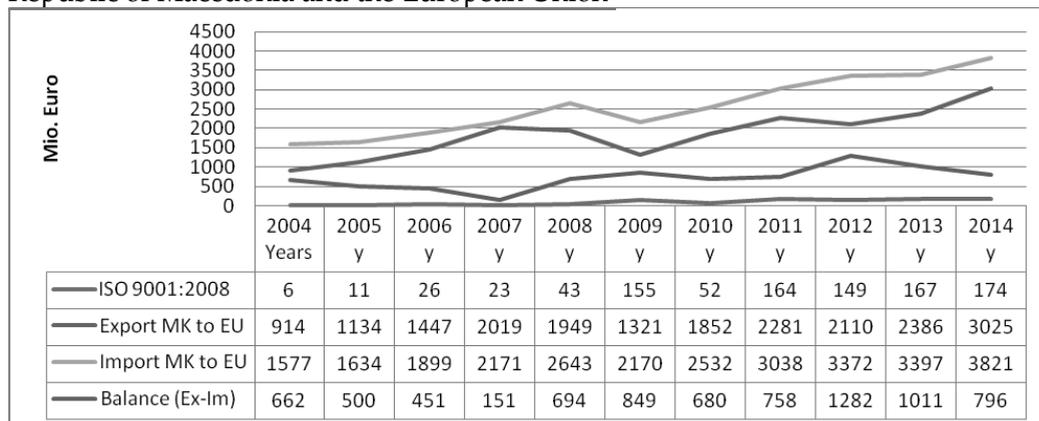


Table 3. Source: (European Union, Trade flows by SITC section 2010 – 2014 / Source Eurostat Comext - Statistical regime 4 -10.04.2015).

Table 1 indicates that the number of businesses in the republic of Macedonia is increased. Furthermore, as seen in the Table 2 ISO 9001 implementation has effectively affected small and medium enterprises, which as mentioned above must adopt this standard to be competitive in the domestic and international market. Table 3 indicates that year-on-year exports to the European Union are increased. This figure is supposed to be related with Table 2, thus with the implementation of standards from SMEs.

## Conclusions

Application and implementation of standards is a key factor for the development of small and medium enterprises by increasing efficacy and competitiveness in a market with high standards, such as European Union. This can be reached only by implementing harmonized standards with the European Union, like ISO and EN-European Standards.

ISO 9001 requires: management and inspection of documents, accountability of the responsible persons in enterprises, implementation of policy and quality objectives, revision of management, adequate resources and qualification and training of employees, analysis, measurement of customers satisfaction. All this process is achieved by continuous inspections and improvements. This process assists enterprises create products and services step by step, in accordance to international standards.

Small and medium enterprises need to understand that the implementation of a standard is not a requirement of a second or third party but it is a requirement of itself to produce products or services by meeting customer requirements and increasing their profits in the market.

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