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INFLUENCE OF ECONOMIC POLICY IN THE QUALITY MANAGEMENT SYSTEM AT FIRM PERFORMANCE

Abstract: The authors investigate quality management system (QMS) to improve the economic efficiency of light industry enterprises producing import-substituting products. The importance of simultaneous improvement of technological processes quality can lead to the creation of more effective production efficiency and after production cycles, causing a reduction of material resources and working capital, providing a significant improvement in technical and economic activities of enterprises.

Key words: QMS, labor productivity, material resources, working capital, profitability, profit, economic policy, the quality of products.

Language: English

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Introduction

In recent years the management theory has shifted from the development of coherent measures to simultaneous project working. Engineering works are executed parallel to a maximum interaction aimed at the improvement of the quality of results and reduction the time of production. It is significant that a simple modification of the relative processes is based on a system of an organizational idea that can lead to significant positive results. The significance of the simultaneous operation is stated by changes occurred in individual processes, and changes in their relationships. A significant reduction is expressed as a some design appeared in transition to market economy while the design can be achieved by modifications in the organization of the development cycles rather than by changing within the systems.

Materials and Methods

For the last few years, the TQM models have become very popular as they, originated as the premium model of quality production results and can be considered as some systemic views of the company's activities. The reason is the highest impact of the production processes leading to the need for the enterprises to move away from the "vertical" business management. But, as it often happens, a good idea can create other problems.

Since the "horizontal" management is usually based on processes it is considered to be a legal part of the system approach highlighting the interrelation divisions.

In 50-60th of the 19th century the concept of the product life cycle is appeared to determine a rational basis of quality assurance. The emphasis of the processes taken place at different phases of the product life cycle is aimed at creating a basis of the quality development production strategy. At the basis of this strategy is a holistic, systemic approach to the company's activity, its resources and processes.

It is obvious that, if we consider the company to be the object of one of the most important activity characteristics, we can point out the goal of the (subject) enterprise. To state, a variety of the concepts a lot of enterprise sources can be revealed, with the help of degrees of latitude (the concept by T. Conti).

Fig. 1 shows a scheme of the enterprise purposes to determine the essence of it. It can be seen that the main task of the company is to achieve a number of short and long-term goals related to business and care about the image (the term "image" includes in-depth outlook of the company: how it looks like and how it tends to be). The company operates through contributions of various interest groups that are expected to meet their legitimate



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expectations. Any company or an enterprise offers various opportunities for actualization of employees' efficiency, starting with the leaders, transparent relations with business partners' concerning the environment and social development, management of the company. In addition, Fig. 1 shows that customers' satisfaction is a fundamental objective of the company to achieve their business goals and images.

Examining the behavior of the enterprise's activity is possible if various logic circuits, structures, and a separation unit are considered. The general systems theory should consider the behavior of the company to determine the effective decisions and consequences, the leadership of the enterprise, and all employees' output. Obviously, if the decisions are made by the personnel agreement, they may have no problems to be fulfilled, i.e. Enterprise Management System.

The proposed model of ISO 9000: 2015 as a process approach assumes a decisive role of activities. Starting from this premise, it is necessary to consider which methodology is the best to meet the objectives, efficiency in development and measurement of the results of production activities. Analysis of activities for continuous improvement of enterprises shows that usually companies are to be improved due to their inner resources. Although there are many programs, methods and tools that many enterprises are developing as the best means to accelerate the productive processes. To carry out research for more than half of the companies the survey was conducted to analyze the interest problems. It was pointed out that efficiency depends on 98% of timely delivered products, but three-quarters of the enterprises taken part in the survey admitted that they could not reduce the time of operations by 20% for the last five years. It is rather disturbing fact to pay attention to. About 77% of respondents pointed out that the costs of repeated processes and waste is more than 1% of products' prices. Similar data are presented in the other reviews, and pointed out some features showing the productive improvements but they are carried slowly out.

The low rates of improvement process can be explained by two reasons. The first and most common explanation is that quality improvement requires reducing the variability of processes, i.e., increase their stability. This conclusion relates to the conclusion made by Deming. He was convinced that the true essence of management is a constant maintenance of the stable processes.

The second reason is the need to improve and accelerate the process of reducing productive costs and useless time, a number of operations that do not lead to the added value results. Simultaneous efforts are aimed at improving performance in these two areas, ie, elimination of reasons decreasing

productive quality and reducing the process time thus to improve the effectiveness of the rapid processes.

Based on the cost of poor quality products (Cost Poor of Quality) the main reasons are slowly current processes, "hidden production processes". Minimizing the costs and expenses of the "hidden production" is possible if to refer to improvement the quality and production rates. Some additional advantage is that the improvement of the production processes leads to a significant increase in production revenues, as consumers like to deal with quick flexible suppliers.

The importance of simultaneous improvement in the products' quality and duration of production processes improve production system efficiency, where material resources are used only for the subsequent processes. Reducing time for consumption of material resources is possible by accelerating the production processes as the ways of preserving working capital and management techniques.

Increased productivity levels can be achieved with the help of a continuous reduction of material resources used for the production of certain products, as the way to improve the production system. Thus, the success in business is determined by three components, namely, quality, capital and time. Dealing with them it is possible to affect them to optimize the use of financial and human resources, as fixed assets.

One of the main conditions of success of achieving continuous improvement is the relationship between continuous improvement and value creation. Since the creation of value is a function of profitability and growth, NPV (Net present value - the net present value) is the most important parameter to measure process improvement. To improve the profitability and revenue, NPV should be used to identify value streams (the set of all activities to transform capabilities that provide consumers in the implementation of result from the use of raw materials to finished products) and the implementation of projects to improve the greatest extent.

Conclusion

The analysis of the production processes and activities that make up the value streams leads show that the growth of NPV causes products variability and decrease the time of production processes. Based on these factors the analyses shows that the enterprise management quality can reduce costs, improve quality and develop effective production processes. Effective production processes are elaborated by top management production culture. The standards - ISO 9001: 2015 and ISO 9004: 2010 - clearly emphasize the importance of continuous improvement of "Management responsibility".



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