

FEATURES OF QUALITY-MANAGEMENT POLICIES IN GEORGIA

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Abstract

World global processes led to development of international trade in modern era. More attention was paid to product quality together with trade development. A non government organization - ISO was launched in 1947, in order to develop unified standards for quality management throughout the world. Economy of Georgia has been in transition for past 24 years. Transformations have had highly fractured characteristics during these years, A single politics of development could not be conducted during this period. Economical and political courses are altered in line with every change of government and this situation in turn affects business environment.

Keywords: Quality, management, global processes, product

Introduction

Quality is specific set of the features of a product or a service which can potentially or actually satisfy required demands to various extents when applied according to their purposes, including utilization and extermination. Quality is a capacious, complex and universal category that has many exclusive and special aspects. Modern concepts of quality management originate from '30s and '40s of previous century. Several theories has been developed in USA and Japan towards this direction. Quality planning and its management and improvement are based on core principle – quality of every product should be consistent with the demands and interests of a consumer. At present stage a product quality management problems has been solved by organizations such as: Organization of Product Quality Management of Japan, European Quality Management Organization, and Quality Control Organization of America. A non-government organization for standardization - ISO has been founded in 1947 in order to create unified international standards for quality management. Improvement of a product quality is derived from market economy and necessity of competition. The concepts of international quality management are based on solving the problems of satisfying demands at maximum level. In order to gain strategic

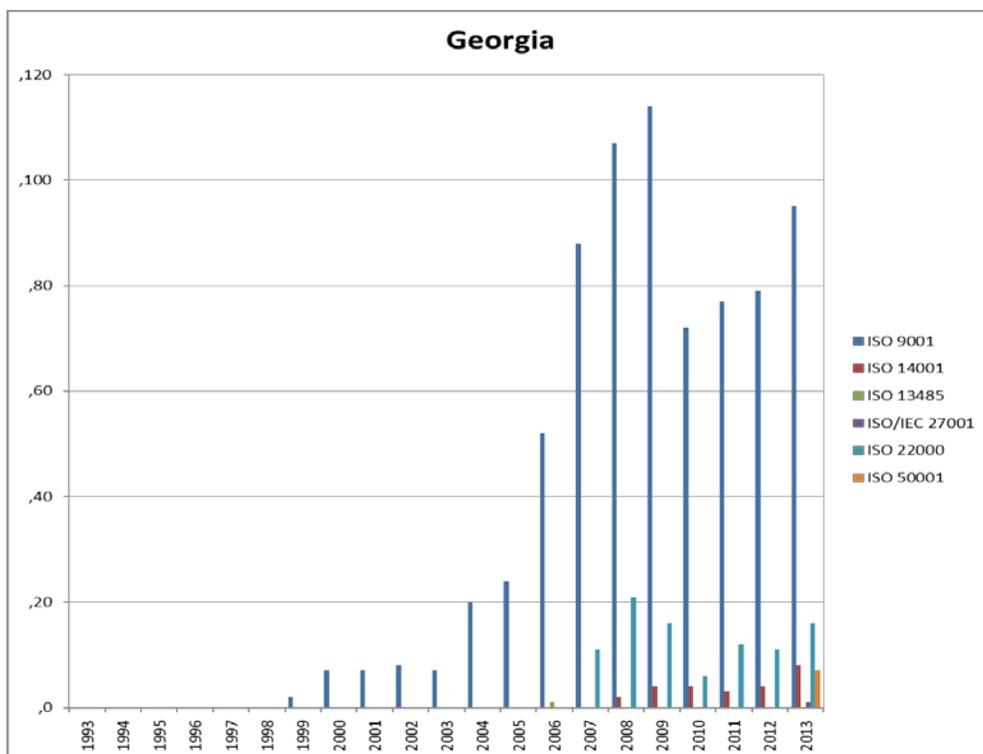
competitive advantage in service field, an obligatory term is to offer a service to a consumer that not only satisfies him but delights his expectations.

The subject of discussion in this article will be the opportunity of application of modern quality management systems in Georgian organizations and factors that hinder or stimulate this process. Georgian and foreign sources will be used for theoretical analysis; most of the sources are listed at the end of the article. Practical analysis of the situation will be conducted by observing current Georgian organizations.

The term ‘quality’ is used very often in everyday life: business quality, product quality, service quality, work quality, life quality etc. A quality is spacious and universal category that has many exclusive and special aspects, quality is specific set of the features of a product or a service which can potentially or actually satisfy required demands to various extents when applied according to their purposes, including utilization and extermination. In order to create international unified quality management standards a non-government organization for standardization - ISO was launched in 1947.

October 6, 1999 - WTO General Council approved the report of the working party and protocol of accession of Georgia in Marrakesh Agreement Establishing the WTO was signed. April 20, 2000 The Parliament of Georgia ratified the package of agreements on entrance to WTO and Georgia became 137th member of WTO 14 June. The accession of Georgia in WTO enabled Georgian companies to export their products, for which they had to fulfill various requirements.

For the first time in 1999 international system of quality management – ISO 9001 was introduced in Georgia. The system was introduced in Georgian companies almost with equal pace until 2004; however conditions were changed from the beginning of 2004 and standardization started to evolve, number of standards in the companies began to increase yearly.



The system of quality management in Georgia improves every year; however the proper development is hindered by particular problems. Let's discuss each problem separately:

- Lack of knowledge about quality management
- Lack of financial resources
- Legal framework

The basic problem that interrupts the development of international quality management systems is a lack of knowledge, entrepreneurs and company executives do not have enough data about purposes and benefits of standardization system. In majority of cases introduction of a standard is perceived as a formality and they fail to realize that obtaining a standard benefits not only relationships with the customers but it contributes to effective management and enables to carry out the planned work. The system application helps to improve work organization. Feeling of responsibility is increased among staff and work process management is simplified.

Next problem in system development is insufficiency of data about product quality standards for customers on domestic market. Georgian consumers do not realize the need and requirement for products and services to meet international standards. Thus without consumer demand companies do not intend to incur extra costs and introduce international standards. In

order to resolve above mentioned problems Georgian consulting companies for quality-management attempt to provide advisory services to the interested companies to improve the awareness of standards. However domestic companies do not seem to hold much interest.

Implementation of any standard is related to particular financial expenses. Each standard varies in cost. Therefore it is possible that a company realizes necessity of a standard and is ready to implement it, however in some cases lack of funds make them to refuse. Considering current economic situation most of the companies cannot afford to introduce a standard and make yearly audit, which is also related to extra expenditures. Since, quality-management systems require documented recording, they need to hire extra staff to record it, and this is another financial obstacle for some companies.

As for legal framework, there are no legislative requirements about standardization. A national food agency has recently initiated to set specific requirements for food safety that allowed implementation of food safety standard – ISO 22000.

Despite the above mentioned obstacles number of companies willing to introduce international standard grows. Implementation of quality-management system in companies is conditioned by many factors. Let's highlight primary factors:

- To expand into international markets
- To meet bidding requirements
- Improvement of company management system

Georgian companies that intend to follow foreign policy and desire to settle on external markets need to meet particular requirements, one of the primary requirement is to have international system of quality management. For those companies that have implemented the standard receive greater chances of successful negotiations. The standard, as we know carries the same requirements in every country; hence the companies that hold the standard generate general idea about each other. The trust is boosted between the sides. Establishing a quality management standard raises an image of a company. Thus, the 98% of the companies that are oriented on export has already implemented quality-management standard.

As we already know majority of state purchases in Georgia is fulfilled through bidding, each bid has specific set of requirements towards participating companies, one of the requirement in some cases is holding a quality-management standard, therefore the companies that wish to take part in bidding are obliged to establish a quality-management standard.

International system of quality management covers a complex of procedures that enable a company to have better business management. Thus, most of the companies acquire standardization to improve a

management system of the company. Since most common standard in Georgia is - ISO – 9001, let's discuss the role and benefits of this standard. It is worthy to be noted that the companies that have implemented the standard admit that they have improved the quality of their job, a work process is more organized and staff has more sense of responsibility towards their tasks, which improves overall management system. The Standard enables top management to conduct better analysis of company operations, to detect and eliminate errors, to monitor revising activities, to take necessary measures towards improvement and development.

Conclusion

World global processes led to development of international trade. More attention was paid to product quality together with trade development. Quality is specific set of the features of a product or a service which can potentially or actually satisfy required demands to various extents when applied according to their purposes, including utilization and extermination. Quality is a capacious, complex and universal category that has many exclusive and special aspects. No investment is able to save company in market economy if it is not capable of ensuring the competitiveness of its products or services. A quality of a product is a basis of competitiveness. Besides quality, competitiveness comprises of: price, delivery dates, guarantees, post-purchase services etc. priority is given to product quality when a buyer or a customer makes purchasing decision. It is a common practice for a customer to inspect in advance how seller organizes quality-activities and then settle a contract.

In order to create globally unified quality-management standard non-government organization – ISO was started in 1947. The NGO enabled companies throughout the world to implement international standards of quality-management, which simplified interaction among them.

The companies started to establish standards of quality management in Georgia since 1999. It is worth noting that together with the development of economic situation number of implemented standards in companies has increased.

It was established that in majority of the cases companies in Georgia implement quality-management systems in order to operate in foreign markets. Applied standards facilitate communication with their foreign partners. Implementation of a standard helped to improve quality of system as well. Work process has become more organized and sense of responsibility of staff towards their job increased. However, due to certain obstacles a development is not fulfilled at desired pace. One of the most influencing problems, as discovered is - lack of spreading the information about standards, in many cases top management doesn't hold data about

importance and necessity of implementation of the standard, and is considered as formality.

For the developing of international quality-management standards in companies it is recommended to propagate the information about quality-management system of a product, thus company executives gain knowledge about the importance of standard application. It is also required to support international standards of quality-management on legislative level.

If above mentioned obstacles resolve and supporting measures for standardization follow, I assume that international systems of quality-management should evolve in Georgian companies.

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