

# QUALITY MANAGEMENT A REFLECTION ON CUSTOMER LOYALTY IN SMEs AND LOCAL ENTERPRISES

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## ABSTRACT

Large, medium and small companies aspire to develop wrapped in incessant technological advance, innovations have reached important dimensions that demonstrate the degree of quality management to retain customers, a process that demands responsibility, perseverance and perseverance for quality. The objective of this work is to reflect on quality management as a fundamental pillar for customer loyalty, the methodology used was quantitative, it allowed to analyze the problems related to quality management in SMEs and enterprises, the collection of the quantitative data was through surveys, in addition several authors of the quality and their philosophy are analyzed, the results and conclusions are shown.

**Keywords:** Administración, Company, Clients, Quality Management, Loyalty, SMEs.

## INTRODUCTION

The rapid and accelerated development of technology, evolution and continuous changes in the global market, require companies to be at the forefront of invention, not only technological innovation, but also quality as a fundamental pillar that allows SMEs and entrepreneurs to compete in the markets, this research focuses its purpose in identifying the importance of quality as a tool for customer loyalty in medium, small and micro enterprises as well as local enterprises.

Currently, companies and enterprises value the importance of quality management to build customer loyalty, so it is necessary to define quality as the degree to which “*a set of inherent characteristics meets the requirements*” (Charón Durive, 2007). Who also points out that “*in recent years, quality in the market and in all aspects of life has been occupying a place of prestige and importance, due to the high level of demand from the customer/user*”.

According to (Peresson, 2007) he defines the customer as an individual with needs and concerns, taking into account that he is not always right, but that he always has to be in first place if a company wants to distinguish itself by the quality of its service. The evolution of the concept of quality, considered as a strategy, is described below.

<b>Time/ Management System</b>	<b>Quality concept</b>
Artisan Period	Doing things right at any cost.
Industrialization	Production.
World War II	Efficiency + deadline = Quality.
Post War (Japan)	Doing things right the first time.
Post War (other countries)	Production.
Quality Control	Verification of product characteristics.
Quality Management	Attitude of the product/service to the use.
Total Quality Management	Integrate quality throughout the process.
Genichi Taguchi's loss function	Minimal cost to society

**Source:** [www.crea.es/guia/indexguia.htm](http://www.crea.es/guia/indexguia.htm) (august, 2004)

Those who carry out quality management in companies and focus their greatest efforts on controls as the primary element to ensure quality, sometimes neglect consumer selectivity, so that, in order to achieve customer loyalty, the first decision is to have economic resources for investment and implementation of techniques to ensure quality.

According to the blog of (Giugni, 2021), Quality as a management philosophy highlights that Taguchi’s philosophy encompasses the entire production function, from design to manufacturing. And that his methodology focuses on the consumer, using the “loss function”. Taguchi defines quality in terms of the loss generated by the product to society. This loss can be estimated from the moment a product is shipped until the end of its useful life.

Figure 1 shows the main approaches to quality management: inspection, quality control, quality assurance, and total quality management (Miranda González, Chamorro Mera, & Rubio Lacoba, 2007). Characterizing the orientation of each approach, in a single word, would associate

inspection with products; control with processes; assurance with systems; and total quality management with people.



**Figure N° 1:** Main approaches to quality management, **Prepared by:** The author

These quality management approaches can be compared as shown in Table 1 below.

**Table N° 1**

Characteristics	Quality management approach			
	Inspection	Control	Assurance	Total Quality
<b>Objective</b>	Detection of defects.	Product and process control.	Organization and Coordination.	Strategic impact of quality.
<b>Quality vision</b>	Problem to solve.	Problem to solve.	Problem to be solved actively.	Opportunity to achieve a competitive advantage.
<b>Emphasis</b>	In the uniform supply of components.	In the uniform supply of components.	In the entire value-added chain.	In the market and in the customer's needs.
<b>Methods</b>	Standard setting and measurement.	Sampling and statistical techniques.	Strategic planning programs and systems.	Strategic planning.
<b>Responsibility</b>	Department inspection department.	Production Department.	All departments.	The management actively and with it the rest of the organization. organization.
<b>Orientation</b>	Product	Process	System	Person
<b>Approach</b>	Quality is tested.	Quality is checked tested.	Quality is produced.	Quality is managed.

**Source:** Benavides and Quintana

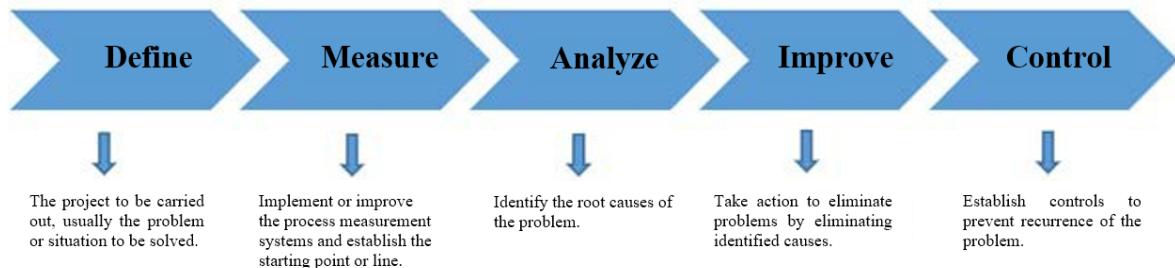
Meanwhile, in the philosophy of quality, William Edwards Deming, who in (1900-1993), implemented the main bases in relation to statistical quality control, later taught in Japan the technique of statistical process control and the philosophy of management for quality; he also instituted the Deming Award for quality and reliability of products and services (Mendez Rosey, 2013). According to (Miranda González, Chamorro Mera, & Rubio Lacoba, 2007) the main contributions were Deming's 14 points: Create constancy in the purpose of improving the product, adopt the new philosophy, stop relying on inspection to achieve quality, end the practice of doing business based on price, constantly improve the production and service system, implement training, adopt and implement leadership, discard fear, break down barriers between departments, eliminate slogans, exhortations and goals, eliminate numerical quotas, eliminate barriers that prevent people from being proud of their work, stimulate education and self-improvement of all, act to achieve transformation.

Next, Joseph M. Juran, highlights among his main contributions:

- Measuring the cost of having poor quality, by identifying in total form the costs of having poor quality, making everyone aware to always try to achieve the best quality in all aspects.
- To adapt the product for use, to manufacture an ideal product or service that fully satisfies the customer's needs.
- To achieve compliance with specifications, to be in constant contact with the end customer to know if their expectations have been met with the product or service offered.
- Improve project by project, it means that when a service or product is made with the best possible quality and when the next service or product is made, the quality is surpassed.
- Quality is the best business, investing in quality is an excellent business, because of the magnificent results it brings, since it allows to be competitive, to increase profits, to satisfy the customer, to reduce waste.

According to (Mejias Acosta & Gutiérrez Pulido, 2018) J. M. Juran's philosophy focused on a trilogy: thus highlighting on customer focus, quality responsibility and improvement focus. Regarding the customer focus, Juran states that quality improvement starts from identifying customers and their needs, stressing that the role of responsibility for quality and process improvement is the responsibility of top management and that improvement efforts are downward; therefore, top management must take the lead, first establishing the vision and then providing the resources to achieve it; as for the improvement approach, he proposes that improvement is generated through key projects focused on critical areas and that they are carried out by quality teams properly trained and empowered to achieve a successful project, a thesis that is based on

the Six Sigma methodology, which comprises five sequential stages, through projects executed by personnel trained in the use of statistical techniques, teamwork and project management, using the DMAMC methodology that consists of the following phases:



**Figure 1.-** DMAMC Methodology (Six Sigma), prepared by: The author.

These quantitative methods achieve better financial results, such as cost reduction, in addition to customer and consumer satisfaction, which is why it is a model of quality management (Mendez, 2020). From this perception, customer loyalty is achieved in companies and enterprises.

Kaoru Ishikawa, noted for “*outstanding contributions to the development of theory, principles, techniques and activities of quality control, as well as standardization activities in the industry of Japan and other countries, to strengthen quality and productivity*”, highlights with his main contributions that are necessary for the proper functioning of companies in general configuring the cause-effect diagram, to perform causality analysis, called in his honor Ishikawa diagram and the current structuring of quality circles. Among Ishikawa’s main contributions, the following stand out:

- Quality, not short-term profits, what is important in any organization is quality and not profits that are generated quickly.
- Orientation towards the consumer, services and products must be oriented towards satisfying the customer’s needs.
- The next process is the customer, the priority of everyone in the organization must always be oriented towards the customer.
- Respect for humanity, emphasizes full consideration for all people, as well as involving all members in the responsibility and realization of the results to be achieved.
- Cross-functional management, which has cross-functional support committees, provides the necessary means to foster relationships throughout the organization and also makes possible the efficient development of quality assurance; this approach is taken by many companies and enterprises.

While Crosby, author of the concepts “*Zero defects*” and “*Seize the day*”, the idea that problems in American business are caused by bad management and not by bad workers is becoming more visible every day.

Crosby mentions, among other things, that the problem of quality management is not in what people do not know about it, but in what they think they know. Every day, it is possible to see evidence of erroneous decisions at the managerial levels of organizations that cause quality programs to fail:

- a. Believing that quality means excellence, luxury, glitz or weight; quality problems become non-compliance with requirements.
- b. Quality is intangible and therefore not measurable; in fact, quality can be accurately measured by one of the oldest and most respected metrics, hard cash. Quality is measured by the cost of quality, which is the cost of non-compliance with requirements.
- c. Believing that there is an “*economy*” of quality; it should be remembered that it is always cheaper to do things right the first time, that is, from start to finish.
- d. All quality problems are caused by the workers, especially those in the production area.
- e. The quality originates in the quality department, the quality department has the function of guidance and supervision, it must teach how to do the work so that they learn and thus eliminate their bad habits.
- f. For Crosby, the process of quality improvement begins with the behavior of top management, and the philosophy that everyone in the organization understands its purpose.
- g. That the members of the organization agree to improve their performance within the company.

Crosby’s Quality Principles include:

- Quality is defined with meeting requirements, everyone in the company must be aware of doing the process right the first time.
- The quality system is prevention, it is easier and less expensive to prevent things than to correct them.
- The standard of zero-defect performance is to take requirements seriously, to do things right the first time, to do what is agreed at the agreed time.
- The measure of quality is the price of compliance.

Customer satisfaction, (Merli, 1995) will be at its highest level if the product or service meets their expectations or in more technical terms if the product or service provided is in accordance

with the intended use, the degree of conformity responds to the level of quality, as highlighted by Edwards Deming, Joseph M. Juran, Kaoru Ishikawa, Philip B. Crosby, among others.

Customer loyalty, according to Kotler and Keller (2006) emphasize that it is a priority to measure consumer satisfaction constantly, one of the keys to retain them is to know clearly what the degree of satisfaction is; there are several procedures to measure consumer satisfaction; through surveys that directly measure consumer satisfaction. In addition, they are useful to appreciate the intentions of returning to the market and the probability or willingness of consumers to recommend the company and the brand to third parties.

Service quality refers to what is actually being measured, so three trends of constructs are identified and used to evaluate service quality: quality, satisfaction and value. The Royal Spanish Academy defines quality as the property or set of properties inherent to something, which allow its value to be judged. This definition institutes two important elements in its study; first, the reference to characteristics or properties and second, its goodness to value “something” through it. Satisfaction is the indispensable requirement to win a place in the minds of customers, hence satisfaction should be the common goal of all those who make the company and undertakings. Value, according to the Royal Language Academy, is the degree of usefulness or aptitude of things to satisfy needs or to provide well-being or delight.

- It is also important to present other definitions:
- Quality is translating the future needs of users into measurable characteristics; only then can a product be designed and manufactured to give satisfaction at a price the customer will pay; quality can be defined only in terms of the agent (Deming, 1989).
- The word quality has multiple meanings. Two of them are the most representative: \* Quality consists of those product characteristics that are based on customer needs and concomitantly generate product satisfaction. \* Quality consists of freedom from deficiencies (Duque Oliva, 2005).

Synthetically, quality means <<product quality>>. More specifically, “*quality of work, quality of service, quality of information, quality of process, quality of people, quality of system, quality of company, quality of objectives*” (Ishikawa, 1986).

Within this order of ideas Villanueva (2012) emphasizes that the quality of service is an important section in the marketing process, the direct contact with the buyer is the service personnel, who are responsible for selling what others have done, using their skills and knowledge, therefore, quality management to build customer loyalty is the fundamental pillar for local companies and

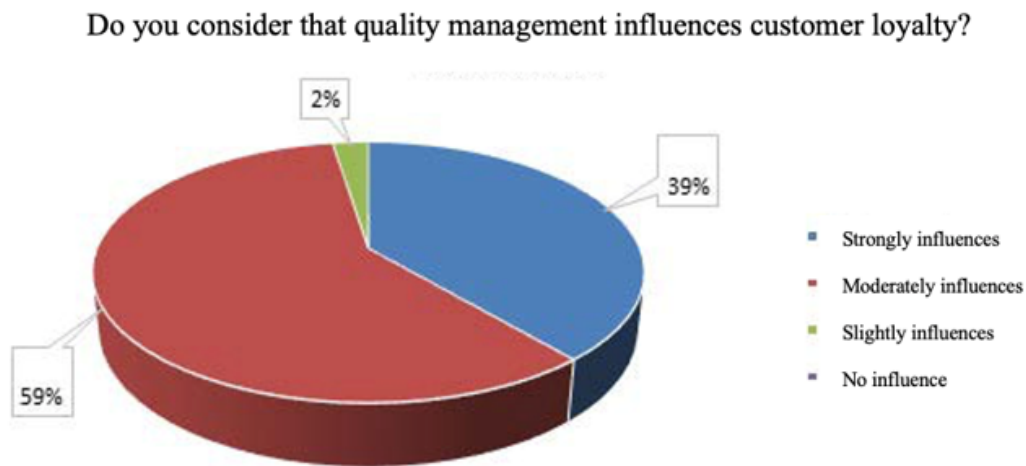
enterprises.

## MATERIALS AND METHODS

The quantitative methodology was used in the research, the same that allowed detailing and analyzing the problems related to quality management for customer loyalty, as well as the collection of quantitative data through surveys conducted to thirty managers of SMEs and entrepreneurs, methodology that has allowed identifying the contributions of the quality of several authors, as a requirement to satisfy customers and build customer loyalty, questionnaires were applied to those involved.

## RESEARCH RESULTS

**Question 1.** Do you consider that quality management influences customer loyalty?



**Graph 1.-** Do you consider that quality management influences customer loyalty?

**Source:** Survey to SMEs and entrepreneurs

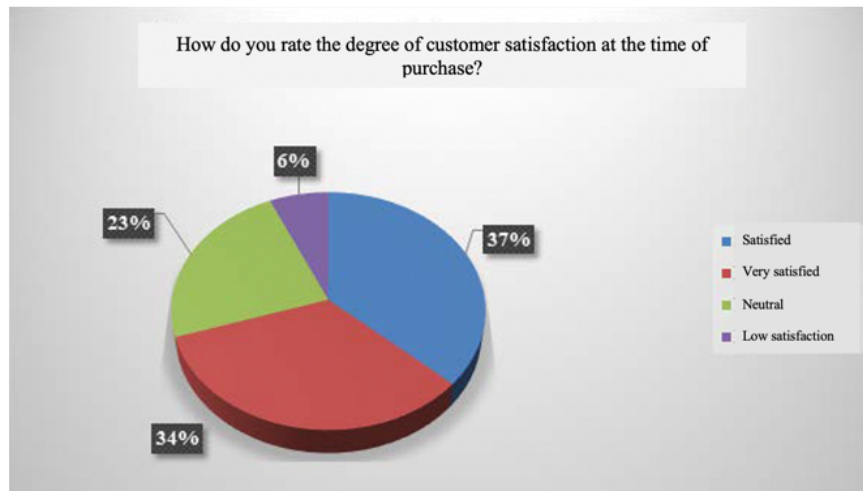
**Prepared by:** The author.

**Interpretation:** From the surveys conducted with thirty people in charge of SMEs and entrepreneurs, 39% of them consider that it has a great influence, while 59% mention that it has a medium influence and 2% say that it has little influence.

**Analysis:** A high percentage of the people surveyed consider quality management to be very important and that it does have an influence on customer loyalty, although there is also evidence of a lack of knowledge of the management process.



**Question 2.** How do you rate the degree of customer satisfaction at the time of purchase?

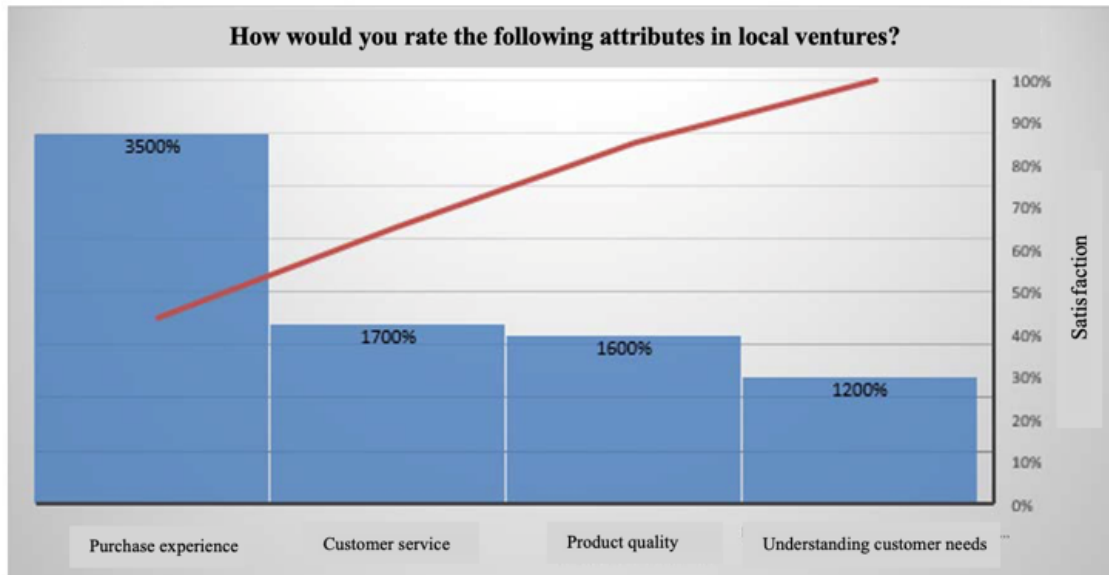


**Interpretation:** From the surveys conducted with thirty managers of SMEs and entrepreneurs, 34% consider that customers are very satisfied at the time of purchase, while 37% consider that they leave satisfied, 23% are in a neutral position, and only 6% rate the degree of satisfaction as low.

**Analysis:** A high percentage of the people surveyed considered the degree of customer satisfaction at the time of purchase to be very important, which implies that SMEs and entrepreneurs should take these aspects into consideration in order to offer good customer service and thus achieve customer loyalty.

**Question 3.** How would you rate the following attributes in SMEs and local enterprises?

ATTRIBUTES	Far below average	Below average	Average	Above average	Far above average
Customer Service			✓		
Shopping experience				✓	
Understanding customer needs			✓		
Product quality					✓



**Graph 3.-** How would you rate the following attributes in SMEs and local enterprises?

**Source:** Survey to SMEs and entrepreneurs

**Prepared by:** The author

**Interpretation:** From the surveys conducted with thirty managers of SMEs and entrepreneurs, they consider that the shopping experience is an attribute that the customer considers very important, the same that is above the average satisfaction, followed by customer service that experiences a percentage above 40% of satisfaction at the time of purchase, while quality is an attribute that the managers of SMEs and entrepreneurs should pay attention to because 40% of customers take it very much into account at the time of purchase.

**Analysis:** The people surveyed consider that it is very important to value quality as one of the most important attributes, since consumers look for it when making a purchase.

## DISCUSSION

According to (Lassio, et al., 2017), one of the results of the research, identified that entrepreneurs, with knowledge in different areas manage to sell their products or services; however, the positive quality depends on their ability to devise and develop products <<with more plus>> than those of the competition is what proposes (Merli, 1995), so it is important that the entrepreneur is constantly trained so that he can innovate and offer products or services that attract consumers; facing these visions the strategy is innovation, reinvention of products and services with quality to compete.

## **CONCLUSIONS**

Quality management is undoubtedly a magnificent loyalty strategy and a relevant factor to ensure the permanence of any type of SMEs and enterprises in the market and a strategic segment for the economy of any sector, region or country.

Likewise, entrepreneurs should consider that the products or services meet all possible attributes to satisfy customers and achieve customer loyalty.

Finally, it is the universities' responsibility to contribute with constant training in order to keep SMEs and enterprises at high levels of competitiveness.

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