



Short history of the theories regarding services quality

Scurt istoric al teoriilor privind calitatea în servicii

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Abstract

We could all observe how much has the importance of quality increased in every buyer's life in the case of a product as well as in the case of a service. The term quality comes from the Latin "qualis", which means "of the kind that" and it has been used as far back as the antiquity by the philosophers of the period, Cicero and Aristotle (Stanciu, 2005). The first standard related to quality control appeared in 1935 and it was called "Applying the statistical methods to the industrial standardization and to the industrial quality control". After the Second World War, quality was approached more and more as a managerial function and in 1960 Japan chose the month of November to be the national month of quality, which, in a little while after that, transformed into the month of quality in the world. 1986 is the year in which the first international standard ISO 8402 appeared, standard concerning the terminology in the field of quality. Another important year is 1988 because in the United States of America, the "Malcom Baldrige" National Award for Quality was awarded to Motorola for the first time, due to the performances obtained in the field of quality. Nowadays, when the buyers' and society's exigencies are increasingly greater and the competition is much more ruthless, the following can be easily observed: quality has become "the strategic instrument of any company's global management" because it is what can maintain its loyal customers and, at the same time, attract new buyers for the products or services offered by any company.

Keywords: *quality, services, standard, strategy*

Rezumat

Cu toții am putut observa cât de mult a crescut importanța calității în viața oricărui cumpărător atât în cazul unui produs, cât și a unui serviciu. Termenul de calitate provine din latinescul „qualis”, care înseamnă „fel de a fi” și a fost utilizat încă din antichitate de către filozofii timpului, Cicero și Aristotel (Stanciu, 2005). Primul standard legat de controlul calității apare în 1935 și se numește “Aplicarea metodelor statistice la standardizarea industrială și controlul calității industriale”. După al Doilea Război

Mondial, calitatea este abordată din ce în ce mai mult ca o funcție managerială, iar din anul 1960 Japonia alege luna noiembrie ca fiind luna națională a calității, mai târziu puțin ea transformându-se în luna mondială a calității. Anul 1986 este cel în care apare primul standard internațional ISO 8402, legat de terminologia din domeniul calității. Un alt an important este și 1988 deoarece în Statele Unite ale Americii este acordat pentru prima dată Premiul Național pentru Calitate “Malcom Baldrige” firmei Motorola datorită performanțelor obținute în domeniul calității. Ajungând în zilele noastre când exigențele cumpărătorilor și ale societății sunt din ce în ce mai mari și concurența este din ce în ce mai strânsă, se poate observa foarte ușor: calitatea a ajuns să fie “instrumentul strategic al managementului global al oricărei întreprinderi” deoarece ea este cea care poate să mențină clienții fideli și în același timp să atragă noi cumpărători pentru produsele sau serviciile oferite de orice firmă.

Cuvinte-cheie: *calitate, servicii, standard, strategie*

JEL Classification: N01

Introduction

In the specialty literature there are numerous definitions that underline various aspects of quality. For instance: Juran defines it from the perspective of the degree of utility, Crosby from the perspective of the conformity with the requirements, ISO standards, series 9000, refer to quality as being an ensemble of specific properties – within this ensemble the emphasis is placed on the fact that the state should be involved in quality, because through it freedom is promoted, a sense is given to responsibility, being, at the same time, an element for the edification of the society and of the civilization - but there are also definitions that emphasize the extent of the utility of products or services that have the same destination. Certain are the fact that, in the current period, the meaning of quality has become broader, quality meaning not only customer satisfaction, but also obtaining the satisfaction of the general concern (Vlădescu and Butu, 2000).

Theories and theoreticians of quality in services

A special challenge is faced: how can the customers' needs be met while remaining economically competitive. Automated processes can make an impact, but services are still labour-intensive. There can be no substitute for high-quality personal interaction between service employees and customers. Use quality practices to:

- Understand and improve operational processes;
- Identify problems quickly and systematically;

- Establish valid and reliable service performance measures;
- Measure customer satisfaction and other performance outcomes.

While the preceding are very generic strategies to define the term quality in a given service organization, the literature provides a variety of options. The most common ones are based on the theories of:

- **Juran:** Juran's quality improvement strategy stresses project by project implementation and the breakthrough sequence. He warns against taking shortcuts from symptom to solution without finding and removing the cause. Juran also provides several problem solving tools in addition to statistical process control. With his definition of quality as fitness for use, he is strongly oriented toward meeting customer expectations.

Joseph Moses Juran – American citizen of Romanian origin – is internationally known as the most important contemporary expert in quality management. His concepts, principles, methods and instruments – some of which developed and published from the inter-war period – are nowadays renowned and applied in organizations from all over the world, and, since their issuing, his books are considered as being extremely important papers of reference. All these have brought to their author the well-deserved reputation of “World Quality Parent”. Born in Braila in 1904, Joseph Moses Juran grew up at Gura Humorului and emigrated, at the age of 8, with his parents, in the United States of America. In 1924, Joseph M. Juran has begun a prodigious industrial and scientific carrier in which the intelligence, creativity and tenacity have had an essential role. Graduate of engineering and law universities, since the beginning he turned towards quality management, by working for the famous Bell Laboratories in the USA, in the department of statistic inspection. During his career of over 70 years as an engineer, manager, university professor and quality management consultant, J.M. Juran developed numerous papers, such as: *Managerial Breakthrough*, *Quality Planning and Analysis*, *Quality Control Handbook*, and others.

Joseph Juran has strongly influenced Japanese manufacturing practices. His belief that “*quality does not happen by accident*” gave rise to the quality trilogy:

- ✓ Quality planning;
- ✓ Quality control;
- ✓ Quality improvement.

In the 1980's Joseph Juran recognized that the common approach to total quality management - quality awareness campaigns and slogans - was not effective as they did not have substance, and there is no short cut to quality. He believes quality must start at the top, irritating senior managers who believe training is for junior workers.

- **Crosby:** Crosby's approach gives attention to transforming the quality culture. He is able to involve everyone in the organization in the process by stressing individual conformance to requirements. His fourteen steps provide

management a blueprint and an easy to understand approach for management to launch the journey toward world class quality. His approach is a top-down process. Philip Bayard "Phil" Crosby, June 18, 1926–August 18, 2001, an American businessman and author, contributed to management theory and quality management practices.

Philip Crosby promoted the phrases “*zero defects*” and “*right first time*”. “Zero defects” doesn’t mean mistakes never happen, rather that there is no allowable number of errors built into a product or process and that you get it right first time. Philip Crosby believes management should take prime responsibility for quality, and workers only follow their managers’ example. He defined the Four Absolutes of Quality Management:

- Quality is conformance to requirements;
- Quality prevention is preferable to quality inspection;
- Zero defects is the quality performance standard;
- Quality is measured in monetary terms – the price of non-conformance.

Also, Crosby defined 14 Steps for Quality Improvement:

- Management is committed to quality – and this is clear to all;
- Create quality improvement teams – with senior representatives from all departments;
- Measure processes to determine current and potential quality issues;
- Calculate the cost of poor quality;
- Raise quality awareness of all employees;
- Take action to correct quality issues;
- Monitor progress of quality improvement – establish a zero defects committee;
- Train supervisors in quality improvement;
- Hold “zero defects” days;
- Encourage employees to create their own quality improvement goals;
- Encourage employee communication with management about obstacles to quality;
- Recognise participants’ effort;
- Create quality councils;
- Do it all over again – quality improvement does not end.

Philip Crosby has broadened his approach to include wider improvement ideals. He defined the five characteristics of an “Eternally Successful Organisation”:

- People routinely do things right first time;
- Change is anticipated and used to advantage;
- Growth is consistent and profitable;
- New products and services appear when needed;
- Everyone is happy to work there.

- **Deming:** Deming's strategy is based on statistical tools. It tends to be a bottom-up process. The emphasis of the strategy seems to be on continual improvement and measurement. Deming's strategy is to look at the process to remove the variation, because most of the variation, 92%, is management controllable. He is a strong believer in empowering the workers to solve problems, provided management gives them the appropriate tools. W Edwards Deming, 1900-1994, was an American statistician, considered the father of the modern quality movement. Edwards Deming strongly influenced Japanese industry post World War II with Statistical Process Control, SPC, and Total Quality Management, TQM, similar to Joseph Juran. In 1982, Edwards Deming published "*Out of the Crisis*" identifying 14 points for management which if applied would enable Japanese manufacturing efficiencies to be realized.

Deming's 14 points summarised:

- Create constancy of purpose and continual improvement – long term planning must replace short term reaction;
- Adopt the new Japanese philosophy – by management and workers alike;
- Do not depend on quality inspection – build quality into the product and process;
- Choose quality suppliers over low cost suppliers – to minimise variation in raw materials and supply;
- Improve constantly – to reduce variation in all aspects e.g. planning, production, and service;
- Training on the job – for workers and management, to reduce variation in how job is done;
- Leadership not supervision – to get people to do a better job, not just meet targets;
- Eliminate fear – encourage two-way communication, encourage employees to work in the organisation's interest;
- Break down internal barriers – department's in an organisation are "internal customers" to each other and must work together;
- Eliminate slogans, exhortations – processes make mistakes not people. Management harassment of workers will create bad relations if no effort made to improve processes;
- Eliminate numerical targets – management by objectives or targets encourages low quality;
- Remove barriers to worker satisfaction – including annual appraisals;
- Encourage self improvement and education for all;
- Everyone is responsible for continual improvement in quality and productivity – particularly top management.

- **Taguchi:** Taguchi's strategy is focused in the loss function, which defines any deviation from the target as a loss that someone will pay. Taguchi's strategy is somewhat difficult for the novice; however, it provides specific guidelines for improvement and cost considerations, especially in the service sector. Genichi Taguchi, born in 1924, is a Japanese quality expert, known for the Quality Loss Function and for methodologies to optimise quality at the design stage – "*robust design*". Taguchi received formal recognition for his work including Deming Prizes and Awards. Genichi Taguchi considers quality loss all the way through to the customer, including cost of scrap, rework, downtime, warranty claims and ultimately reduced market share.

The Quality Loss Function gives a financial value for customers' increasing dissatisfaction as the product performance goes below the desired target performance. Equally, it gives a financial value for increasing costs as product performance goes above the desired target performance. Determining the target performance is an educated guess, often based on customer surveys and feedback. The quality loss function allows financial decisions to be made at the design stage regarding the cost of achieving the target performance.

Quality through Robust Design Methodology: Taguchi methods emphasised quality through robust design, not quality through inspection. Taguchi breaks the design process into three stages:

- System design - involves creating a working prototype;
- Parameter design - involves experimenting to find which factors influence product performance most;
- Tolerance design - involves setting tight tolerance limits for the critical factors and looser tolerance limits for less important factors.

Taguchi's Robust Design methodologies allow the designer through experiments to determine which factors most affect product performance and which factors are unimportant. The designer can focus on reducing variation on the important or critical factors. Unimportant or uncontrollable "noise" factors have negligible impact on the product performance and can be ignored.

- **Tom Peters,** born in 1942, Tom Peters is a hugely successful management specialist. Peters best known book "*In Search of Excellence*", co-authored with Robert Waterman, presents 8 common themes of successful corporations:

- A bias for action - getting on with it.
- Close to the customer - learning from the customer.
- Autonomy and entrepreneurship.
- Productivity through people.
- Hands-on, value-driven - management walk the talk.
- Stick to the knitting – do what you know.
- Simple form, lean staff.

- Simultaneous loose-tight properties – have autonomy in some areas, central ideas/values in others.

These themes were based on consultant company McKinsey's 7-S model and from analysis of 43 fortune-500 companies. Peters emphasises the role of people, customers and action and the need to move away from Taylor-ist "bean-counters".

- **Dr Kaoru Ishikawa, 1915 – 1989:** Dr Kaoru Ishikawa, amongst other things, gave his name to the Ishikawa diagram. The Ishikawa diagram is also known as the "*fishbone diagram*" or "*cause and effect diagram*" and is a problem-solving tool used in Quality Circles. He led the "*Total Quality Control*" movement with focus on statistical quality control techniques such as control charts and Pareto charts. Kaoru Ishikawa led the concept and use of *Quality Circles*. The intended purpose of a Quality Circle is to:

- Support the improvement and development of the company;
- Respect human relations in the workplace and increase job satisfaction;
- Draw out employee potential.

He believed quality must be company wide – including the product, service, management, the company itself and the people. Quality improvement must be company wide in order to be successful and sustainable. Many, including Juran and Crosby, consider Kaoru Ishikawa's teachings to be more successful in Japan than in the West. Quality circles are effective when management understand statistical quality management techniques and are committed to act on their recommendations.

- **Shigeo Shingo (1919 – 1990):** Shigeo Shingo's work is better known than his name. His work includes; Poka yoke, source inspection, mistake proofing, SMED (single minute exchange of die) and contribution to Just in Time (JIT) production. Shigeo Shingo's quality teachings were successful as they were practical and action oriented.

- Poka Yoke: "Poka yoke" is about stopping processes as soon as a defect occurs, identifying the defect source and preventing it from happening again. Statistical quality inspection will ultimately no longer be required, as there will be no defects to detect – "*zero defects*". Poka yoke relies on source inspection, detecting defects before they affect the production line and working to eliminate the defect cause;

- Mistake Proofing: Mistake proofing is also a component of poka yoke. Shingo introduced simple devices that make it impossible to fit a part incorrectly or make it obvious when a part is missing. This means that errors are prevented at source, supporting a zero defects process;

- SMED (single minute exchange of die): Shigeo Shingo developed SMED (single minute exchange of die) techniques for quick changeovers between products. By simplifying materials, machinery, processes and skills, changeover times could be reduced from hours to minutes;

- Just in Time Production: Quick changeovers meant products could be produced in small batches or even single units, with minimal disruption. This enabled Just in Time production, as pioneered by the Toyota Company. Just in Time production is about supplying the customer with what they want, exactly when they want it. Traditional manufacturing tended to large batch production as this gave economies of scale, however required large inventories of raw materials and finished goods. Orders are “*pushed*” through the system. The aim of Just in Time is to minimise inventories by only producing what is required, when it is required. Orders are “*pulled*” through the system, triggered by a customer order. This reduces costs and waste throughout the production process (Swinton, 2009).

In summary, Shigeo Shingo focused on practical differences that made immediate differences, rather than theory.

The principles of quality in services

The quality of customer service is the key differentiator between good, bad and indifferent companies (Nastase, 2008). Good quality customer service keeps customers coming back; bad customer service drives customers away, taking their friends, family and workmates with them (Ionciã, 2006).

All else being equal, good quality customer service gives the edge over competitors. Regardless of services, here are the 9 key principals of good customer service that always make business sense (Ionciã, Petrescu and Popescu, 2004).

(1). Attracting new customers, costs more than retaining existing customers. A satisfied customer stays with a company longer, spends more and may deepen the relationship. For example a happy credit card customer may enlist the company’s financial services and later take travel insurance. This is an easy “sell”, compared with direct marketing campaigns, television advertisements and other sophisticated and expensive approaches to attract new customers.

(2). Customer service costs real money. Real costs are associated with providing customer service and companies spend in line with a customer’s value. If you are a high value customer or have the potential of being high value, you will be serviced more carefully. Companies reduce the cost of customer service by using telephone voice response systems, outsourcing call centres to cheaper locations, and self-servicing on the internet. However, companies risk alienating customers through providing an impersonal service. Some internet banking companies are bucking the trend by charging customers to contact them. In exchange, customers receive better interest rates due to reduced overheads and are satisfied with that.

(3). Understand your customers’ needs and meet them. How can you meet your customers’ needs, if you don’t know them? To understand your customer’s needs, just listen to the “voice of the customer” and take action accordingly. Customer listening can be done in many ways, for example feedback forms, mystery shopping, and satisfaction surveys. Some companies involve senior

employees in customer listening to ensure decisions benefit the customer as much as the company.

(4). Good process and product design is important. Good quality customer service is only one factor in meeting customer needs. Well designed products and processes will meet customers' needs more often. Quality movements, such as Six Sigma, consider the "cost of quality" resulting from broken processes or products. Is it better to service the customer well than to eradicate the reason for them to contact you in the first instance?

(5). Customer service must be consistent. Customers expect consistent quality of customer service; with a similar, familiar look and feel whenever and however they contact the company. Say you visit an expensive hairdressing salon and receive a friendly welcome, a drink and a great haircut. You are out of town and visit the same hairdressing chain and get no friendly welcome, no drink and a great hair-cut. Are you a satisfied customer who will use that chain again? Probably not!

(6). Employees are customers too. The quality management movement brought the concept of internal and external customers. Traditionally the focus was on external customers with little thought given to how internal departments interacted. Improving relationships with internal customers and suppliers assists delivery of better customer service to external customers, through reduced lead-times, increased quality and better communication.

The "Service-Profit Chain" model developed by Harvard University emphasizes the circular relationship between employees, customers and shareholders. Under-staffed, under-trained employees will not deliver good quality customer service, driving customers away. Equal effort must be made in attracting, motivating and retaining employees as is made for customers, ultimately delivering improved shareholder returns. Better shareholder returns mean more money is available to invest in employees and so the circle continues.

(7). Open all communications channels. The customer wants to contact you in many ways – face to face, by mail, phone, fax, and email - and will expect all of these communication channels to be open and easily inter-mingled. This presents a technical challenge, as it requires an integrated, streamlined solution providing the employee with the information they need to effectively service the customer.

(8). Every customer contact is a chance to shine. If a customer contact concerns a broken process, then empowered employees will be able to resolve the complaint swiftly, possibly enhancing the customer's perception of the company. Feeding back this information allows corrective action to be made, stopping further occurrences of the error. If you inform customers about new products or services when they contact you, you may make a valuable sale, turning your cost centre into a profit centre. This is only possible when you have a good relationship with your customer, where you understand their specific needs. A targeted sales pitch will have a good chance of success, as the customer is pre-sold on the company's reputation.

(9). People expect good customer service everywhere. Think about an average day – you travel on a train, you buy coffee, you work. You expect your train to be on time, clean and be a reasonable cost. You expect your coffee to be hot and delivered quickly. You expect your work mates to work with you, enabling you to get the job done. People become frustrated when their expectations are not met, and increasingly demand higher service quality in more areas of their lives. Providing outstanding customer service at the right price is the holy grail of most companies. It is worth remembering that we all experience customer service every day. We can learn from these and apply them in our own line of work, whatever it may be. The quality of customer service will make you stand out from your competitors – make sure it's for the right reasons. (Swinton, 2009)

A positive example of respect for the principles of quality is the International Airport Henri Coanda Bucharest which, according to the passengers, has outperformed European airports regarding services quality, as shown in a study performed by the Airports Council International (ACI) to which 125 airports participated at a global level. According to the ACI study, the International Airport Henri Coanda Bucharest surpassed airports such as London, Paris Charles de Gaulle, Rome Fiumicino, Frankfurt or Milan Malpensa in many respects related to services quality. In respects such as “Meticulousness and attention when performing the security control”, “Waiting period for the security control” and the “Feeling of safety and security in the airport”, AIHCB was placed before airports such as Paris Charles de Gaulle, London, Brussels, Madrid, Frankfurt or Milan. Regarding the terminal facilities, AIHCB is perceived as a friendly airport, in which the passengers don't have to go a long way to reach the points of interest, it being endowed with information and direction indicators that facilitate the orientation in the airport, consequently, the passengers granted points which place AIHCB next to Vienna, Athens, Zurich and Helsinki. Good results have been registered in sections such as “Affordable prices for the public parking places”, “The ease of making connections with other flights”, “Waiting period for the passport control”, “Airport atmosphere”, “Comfort in the area of the check-in gates”. The study has also indicated an improvement potential in the segments subsidiary to the air transport, as well as the transport from/to the airport, restaurants, shopping, WI-FI, currency exchange. The research was performed based on the answers provided by the passengers in the period October – December 2008, in the program called “Airport Service Quality Survey”, coordinated by ACI, the only association of this profile at a global level. AIHCB opted also for a comparative study with other 23 airports selected according to various criteria, such as services quality, comparable size, regional hubs (Zurich, Copenhagen, Athens, Munich, Amsterdam, Vienna, Frankfurt, Rome, Paris Charles de Gaulle, Lisbon, Geneva, Brussels, London Gatwick, London Heathrow, Madrid, Helsinki, Dublin, Milan Malpensa, Milan Linate, Birmingham, Stockholm, Singapore, Dubai).

In 2008, the International Airport Henri Coanda Bucharest (AIHCB) registered a total of 5,004,958 passengers, increased with 11.64 % in comparison with 2007, when the total number was of 4,482,771 passengers, according to the data provided by the Ministry of Transport. In the course of 2008, on the two airstrips, 71,137 aircraft movements were performed, which means that, in average, every 7 minutes on the AIHCB an airplane landed or took off. In comparison with 2007, the number of aircraft movements has increased with 7.24%.

Conclusion

In the services sector, there are three elements that substantially help their development and diversification: the tendency of being different from the competitors by integrating as many services in the products they fabricate, the more elevated standard of living which has lead to the emergence of the individualized services and the consumers' lack of time which has lead to the emergence of new services.

According to the quality management principles, product or service quality is merely a part of the whole represented by the quality system. The second component is constituted by the quality of the decisional process, which has a determinant role for the first one. Actually, the relationship is between the purpose (product/service quality) and the way of accomplishing it (the decision-making process – what's the correct approach for every stage, in order to achieve the objective) (Vlădescu and Butu, 2000).

A quality management system offers certain benefits, such as: it improves the strategic planning by obtaining necessary information in time, the clinical results, because the results can be identified before and after the system implementation, the managerial efficiency and operations so as to be permanently analyzed.

A special importance is also conferred to the total quality that represents the ensemble of principles and methods that aims at the entire organization for the better customer's satisfaction.

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