

## ASSESSMENT OF CHOSEN ASPECTS OF QUALITY POLICY IN SELECTED INDUSTRIAL ENTERPRISES

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**Abstract:** The article presents the issues that arise in the establishment and actual activation of Quality Policies. The first part of the article describes the essence of the Quality Policy and its implications for the structure, functioning and effectiveness of the enterprise management system in the area of quality. It also describes selected factors that mainly determine the Quality Policy, and includes the results of research carried out in 2015-2019 among 166 industrial enterprises operating in Poland. The aim of the research was to assess the actual Quality Policy put in place in each enterprise. The data was obtained on the basis of a survey conducted among persons representing middle management. The article contains the results of research on the assessment of selected aspects of the Quality Policy in the area of enterprise improvement. Statistical analysis of the research results allowed an assessment of the level of focus on improvement of enterprises and to compare the results in groups of enterprises with different employment levels and various degrees of independence in determining and implementing Quality Policy.

**Keywords:** quality, quality policy, quality management, quality management system, QMS, improvement, Total Quality Management, TQM.

### 1. Introduction

Managers of today face the challenges of continuous increase in customer requirements in terms of product and service quality, as well as the pursuit of organizational efficiency. These challenges are the main reason for setting appropriate company strategy and the resulting so-called Quality Policy. Quality Policy is a term defined in the ISO 9000 series standards that comprehensively describe the system approach to quality management in business organizations (Chen et al., 2016; Łagowski, Żuchowski, 2016; Pacana, Ingaldi, Czajkowska, 2017; Pacana, Stadnicka, 2017). In the current version of the said standard, Quality Policy has been defined as *the intentions and orientation of the organization regarding quality formally expressed by top management* (ISO 9000:2015; Molenda, 2009, 2015). This definition of the

Quality Policy results in the fact that it is often identified in the organization only with a document containing declarations of the top management for a strong orientation on product quality and organizational improvement. Unfortunately, this often means that such a declaration has little to do with the organization's real orientation in terms of the approach to quality. It also has little in common with managerial practices in the field of quality management and the designed and used quality management system, as well as the actual practices in the organization (Ligarski, 2013, 2014). The consequence of this approach is the lack of effective and efficient quality management (Sułkowski, Wolniak, 2016; Nowicka-Skowron, Ulewicz, 2016; Wojtaszak, Biały, 2015).

Given the described context, in 2015, the process began of researching the actual Quality Policies in the process of implementing in industrial enterprises operating in Poland. The assumptions stated that the Quality Policy should be examined and evaluated not on the basis of the declaration of the top management, but on the actual operation, image and results of the organization. The survey sheet described 35 aspects (types of behavior) characteristic for an organization actually following TQM philosophy, i.e. a strongly quality-oriented organization (Hysa, 2004), and middle management respondents indicated how the described behavior is characteristic of their organization. The analysis of research results allowed the assessment of the genuine state of being of Quality Policy in corporate governance. The main aim of these article is to present the results of empirical research on four selected aspects of the Quality Policy that relate to the focus on improvement of the organization.

## **2. The essence of the Quality Policy and its impact on the state and results of the organization**

As already mentioned, Quality Policy, in practice, is most often identified with a formal document through which the top management declares the allegiance of the company to the issue of quality. This document most often contains the commitment of the organization to ensuring compliance with requirements, and describes an approach to improving its products and processes (Książek, Ligarski, 2016). Most often, the Quality Policy contains formulations referring to many aspects of the functioning of the organization, in particular, to compliance with quality management principles. Moreover, the Quality Policy declares the approach of the organization to:

- Compliance with legal and normative regulations.
- Ensuring compliance of products/services with customer requirements.
- Development of human resources and competence assurance.
- Research and development activities.
- Innovation in the technological area.

- Social responsibility.
- Ensuring the safety of the product/service during use.

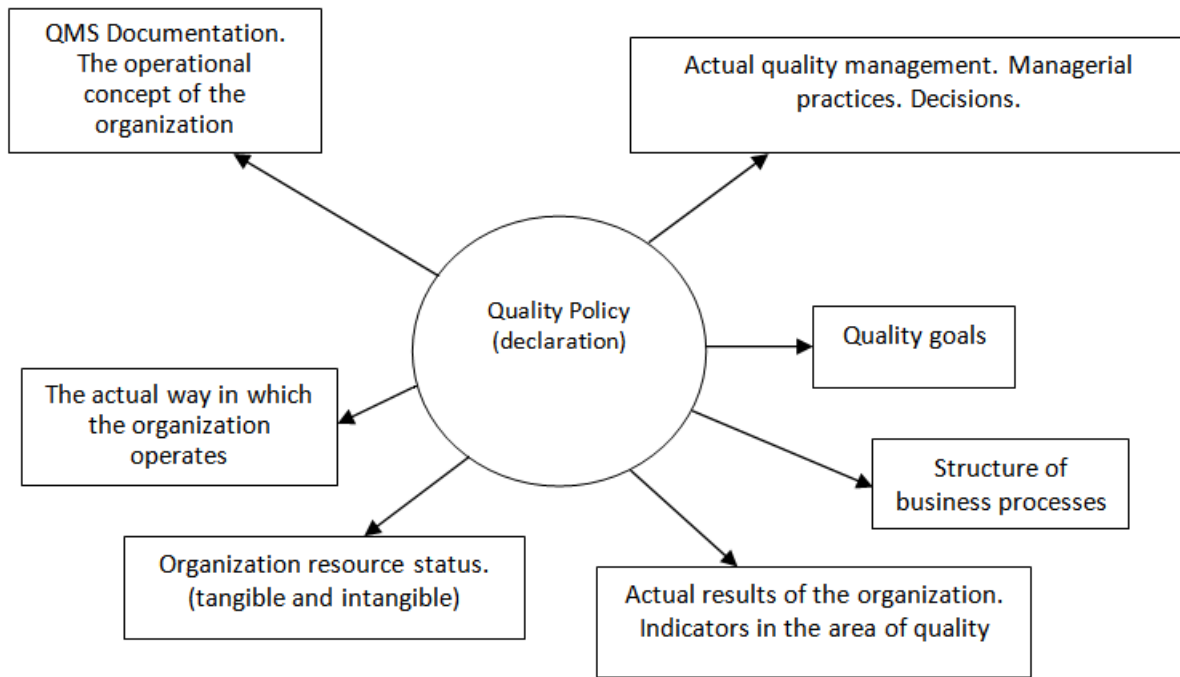
The role of the Quality Policy as a documented declaration is very important. Primarily, the Quality Policy expressed in the form of a formal document plays an extremely important role in the communication process between various levels of the organizational structure. Developed by top management and communicated within the organization, it enables employees to better understand the approach of the top management to quality issues. As a consequence, the Quality Policy engages employees and shapes their organizational behaviors.

The Quality Policy integrates the quality management system with the overall organization management system. The Quality Policy becomes the basis for developing and verifying quality goals. The coherence of the Quality Policy and quality objectives allows us the full integration of the level of strategic management with the level of operational management in terms of quality.

Another role of the documented Quality Policy is to shape the customer confidence in the organization. It can be stated that the aim of the Quality Policy is to strengthen customer trust. Undeniably, by reading the Quality Policy alone, customers can improve their orientation in the way in which the organization meets their expectations. Due to this, the Quality Policy creates a positive image of the organization in the eyes of customers and improves its credibility.

Managers should treat the Quality Policy not only by focusing on its role as a document. Much greater importance should be attached to Quality Policy as reality due to the fact that it affects many aspects of the functioning of the organization that determine the effectiveness of the strategy of the organization in terms of quality and eventual market success.

The approach to Quality Policy should be based on the definition of the term “policy”. The term “policy” means an activity delineated by the decision center of a formalized social group (organization), aiming at achieving the set goals by means of specific measures (Opalek, 1986). From this definition it is clear that “policy” cannot be interpreted only in terms of a documented declaration by the top management. The Quality Policy should be treated as a way of managing and operating the organization in terms of quality. The Documented Quality Policy is only a brief description of the concept of this method, which manifests itself in other areas of management and functioning of the organization. The mentioned areas are shown in Figure 1.



**Figure 1.** Impact of the documented Quality Policy on other areas of management and functioning of the organization. Source: own study.

As already mentioned, the origin of the Quality Policy derives from the ISO 9000 series standards, which describe the system approach to quality management. It is not surprising that the Quality Policy affects the construction and functioning of this system in the organization (Mourougan, Sethuraman, 2017). In the simplest form, it affects the structure of its processes and the formal, as well as informal internal regulations adopted by the organization, which should be treated as the concept of how to implement the Quality Policy. The formal documentation implemented should be the basis of the actual way of quality management in the organization. First of all, this refers to the decision-making of managers that must be consistent with the declared Quality Policy.

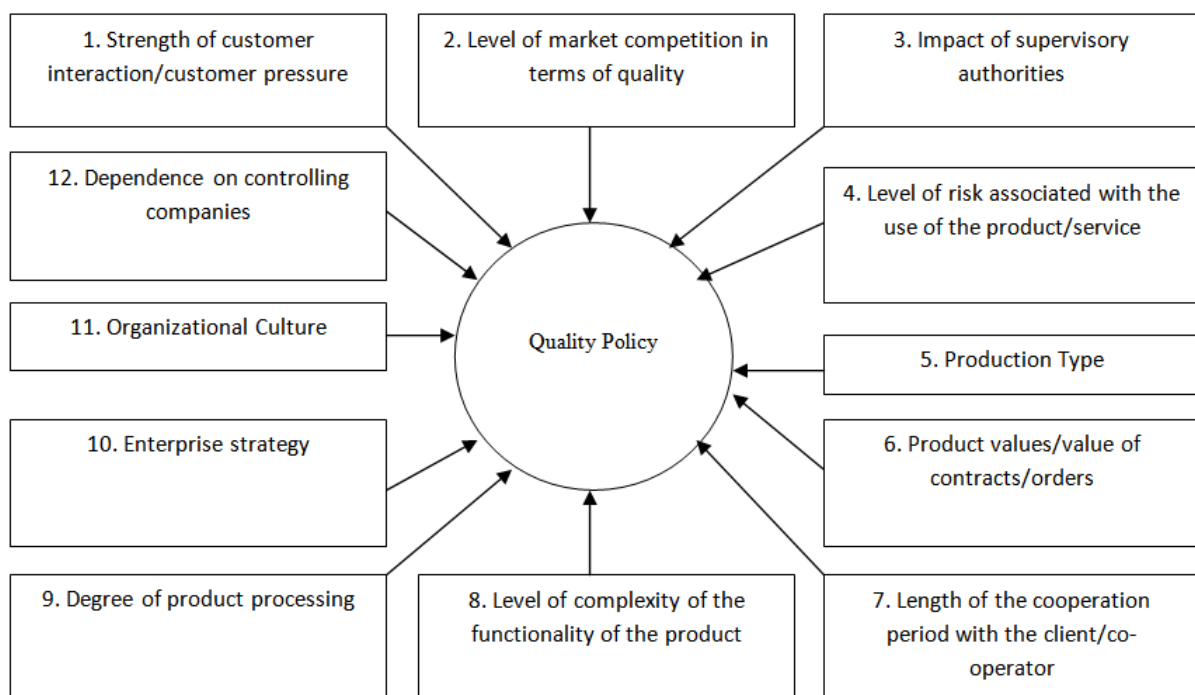
The consequences of the actual Quality Policy are reflected in the way of thinking, practices and organizational behavior of the enterprise (Miller et al., 2014). Employees behave in a certain way and solve problems associated with the lack of product quality according to the actual expectations of managers. In this context, Quality Policy helps shape the organizational culture. In the simplest interpretation, it is the entire system of values, behaviors and artifacts that support the development of the perfection in organizations shared by the organizational community.

The applied practices described as a result of the actual Quality Policy affect the genuine state of the organization and its results in the technical, economic (Skrzypek, 2013) and market areas. The Quality Policy can also be assessed through quality cost indicators that ultimately affect the financial result of the company. It is also worth emphasizing that customer satisfaction rates are also a consequence of the accepted Quality Policy that is actually being implemented.

### 3. Quality Policy Determinants

Due to such a wide impact of the Quality Policy on the organization, managers should first focus their attention on the process of establishing it in order to adopt an appropriate Quality Policy that is consistent with the business strategy and adequate to the organizational context. The selected factors indicated in Figure 2 and described in Table 1, hereinafter referred to as determinants, can prove helpful for managers in determining the most appropriate Quality Policy.

The Quality Policy should absolutely be derived directly from the mission and strategy of the organization. Thanks to this, the formal Quality Policy will become an element integrating the quality management system with the enterprise - its mission and strategy. Managers who want to effectively control quality should, first of all, correctly define and establish a formal Quality Policy. Errors made at this stage will have their consequences during its implementation. In order to reduce errors in defining the Quality Policy, managers should do so by analyzing the organizational context. This context is a combination of internal and external factors that can influence the approach of the organization to setting and achieving its goals, notably, in the area of quality.



**Figure 2.** Quality Policy determinants. Source: own study.

Due to the very high impact of the Quality Policy on the organization (Fig. 1), including decision-making processes, practices, and, consequently, its market success, the approach of managers to defining Quality Policy should be very careful. The analysis of the factors listed

in Table 1 will allow the selection of a Quality Policy adequate to the needs and organizational context.

**Table 1.**  
*Quality Policy determinants*

Quality Policy Determinants	Premises for adopting a strongly quality-oriented policy
1. Strength of customer interaction/customer pressure	<ul style="list-style-type: none"> <li>• Clients (usually in B2B relations) oversee the functioning of the organization under signed contracts through controls, visits, audits, direct supervision, the necessity for reporting.</li> </ul>
2. Level of market competition in terms of quality	<ul style="list-style-type: none"> <li>• Very strong competition on the market in the sphere of product/service quality.</li> <li>• The smallest discrepancies are not accepted by the customer who has the possibility of unlimited change of the supplier/manufacturer.</li> </ul>
3. Impact of supervisory authorities	<ul style="list-style-type: none"> <li>• Enterprises covered by strong supervision of external institutions, e.g. national accreditation institutions, certification institutions or market surveillance units.</li> </ul>
4. Level of risk associated with the use of the product/service	<ul style="list-style-type: none"> <li>• Production of high-risk products in terms of safety of use, e.g. products covered by the conformity assessment procedures (CE), medical equipment.</li> </ul>
5. Production Type	<ul style="list-style-type: none"> <li>• Big lot production or mass production</li> <li>• Risk of high costs in the event of non-compliance.</li> </ul>
6. Product values/value of contracts/orders	<ul style="list-style-type: none"> <li>• High value of contracted works/products manufactured</li> <li>• Risk of high costs in case of non-compliance.</li> </ul>
7. Length of the cooperation period with the client/co-operator	<ul style="list-style-type: none"> <li>• In the case of a long-term B2B relationship with a quality demanding customer</li> </ul>
8. Level of complexity of the functionality of the product	<ul style="list-style-type: none"> <li>• Production of advanced technical products with complex functionality</li> <li>• Risk of high costs in case of non-compliance.</li> </ul>
9. Degree of product processing	<ul style="list-style-type: none"> <li>• Product features are the result of a complicated, multi-step process of processing its properties. (a processor manufacturer has a different impact on product quality than, for example, a mine on the quality of coal it extracts)</li> </ul>
10. Enterprise strategy	<ul style="list-style-type: none"> <li>• Enterprise strategy focused on gaining advantage in terms of quality.</li> </ul>
11. Organizational Culture	<ul style="list-style-type: none"> <li>• Desire to create a high quality culture (TQM)</li> </ul>
12. Dependence on controlling companies	<ul style="list-style-type: none"> <li>• The company is a part of national or international corporations.</li> <li>• Strategies and quality standards are imposed by central power centers, e.g. mother companies.</li> <li>• High pressure from central authorities regarding quality.</li> <li>• Central supervision (e.g. audits).</li> </ul>

Source: own study.

It is worth emphasizing that the Quality Policy may be more or less focused on quality. Strong targeting will have its consequences - it will generate higher quality costs in particular. If there are no premises described in the table for the adoption of a strongly quality-focused policy, there is no need to introduce a restrictive Quality Policy with its entire set of consequences in the form of actual management and organizational practices.

#### **4. Research results in the implementation of Quality Policy in the area of improvement**

Researching and assessing the actual Quality Policy put in to practice in the organization is a difficult process (Midor, 2013). It is impossible to draw reliable conclusions based on an audit of management declarations. This is mainly due to the fact that the declarations made by managers are often not credible and are not reflected in actual organizational practices. In many cases, there is a huge discrepancy in the actual approach of the organization to quality with the one declared by top management. The research results described in this article are based on a survey conducted among supervisory staff and mid-level managers. The research was carried out in 2015-2019 among 166 industrial enterprises operating in Poland. The survey sheet describes 35 aspects (behaviors) closely related to the TQM philosophy characteristic of a strongly quality-oriented organization (Sharma et al., 2013; Silva et al., 2014; Calvo-Mora et al., 2014). The respondents indicated how the behavior described in the survey is characteristic of the organization in which they work. The described aspects were rated by respondents on a scale of 1 to 5. The adopted scale reflects the strength of the similarity of behavior described in the survey to the situation in a given organization.

This study presents the results of research on 4 aspects of Quality Policy that illustrate the actual focus of the surveyed enterprises on improvement. These include:

A#1 – The degree to which top management initiates activities that improve the company and product quality.

A#2 – The degree to which the organization perfects products and ways of producing them.

A#3 – The degree to which complaints are the basis for improvement actions.

A#4 – The degree to which employees engage in improving their workplace.

The main research problems are:

- what is the degree to which the researched companies actually focus on quality improvement?
- what is the degree to which the researched enterprises with different size actually focus on quality improvement?
- what is the degree to which the researched enterprises with different levels of worker independence actually focus on quality improvement?

The results of research on selected aspects of Quality Policy in the form of arithmetic average indications obtained for all 166 enterprises are presented in Figure 3.



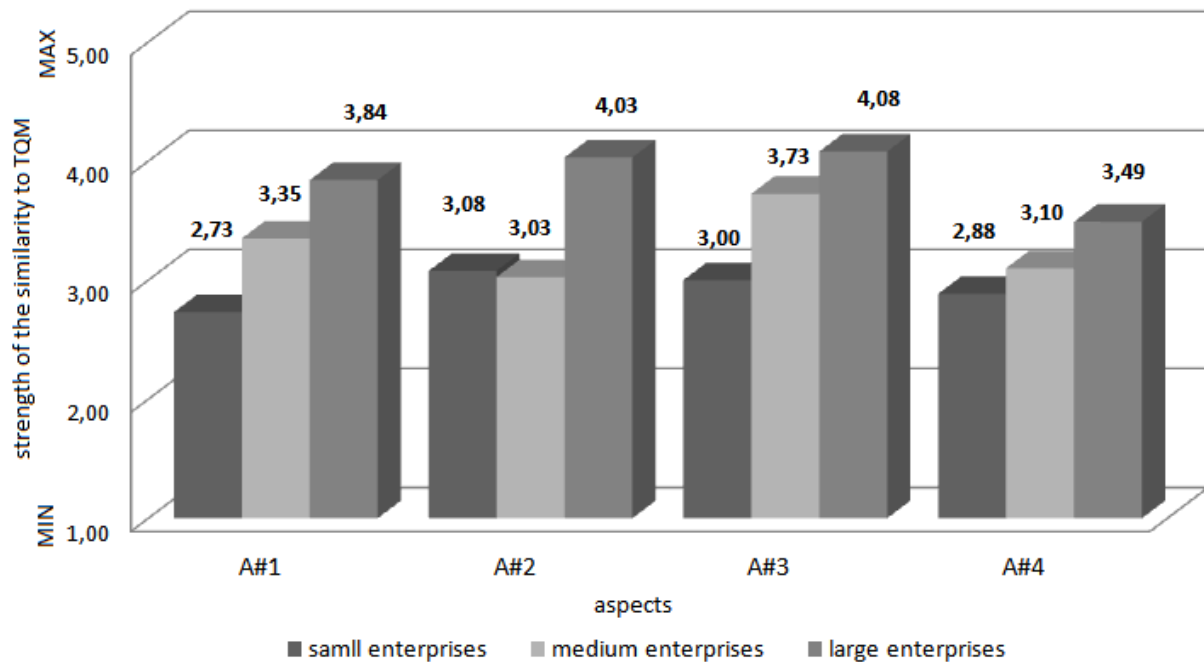
**Figure 3.** Assessment of selected aspects of Quality Policy - average values. Source: own study.

In the case of the industrial enterprises surveyed, the best-rated aspect of Quality Policy is taking improvement actions based on complaints (average 3.83). The below rated aspect is the activity of enterprises in the area of product improvement and production methods (average 3.64). The worst evaluated aspect of Quality Policy is the involvement of the employees in improving their workplace.

#### **4.1. Comparison of Quality Policies in groups of enterprises with various employment levels**

Figure 4. compares the average values of the analyzed aspects in groups of enterprises with different employment levels. In the research process, business employing up to 50 people were considered small enterprises. If the enterprise employs more than 250 people, it was considered large. In the studied group of representatives, 26 were from small business, 40 from medium and 100 from large.





**Figure 4.** Assessment of aspects of Quality Policy among enterprises with various employment levels. Source: own study.

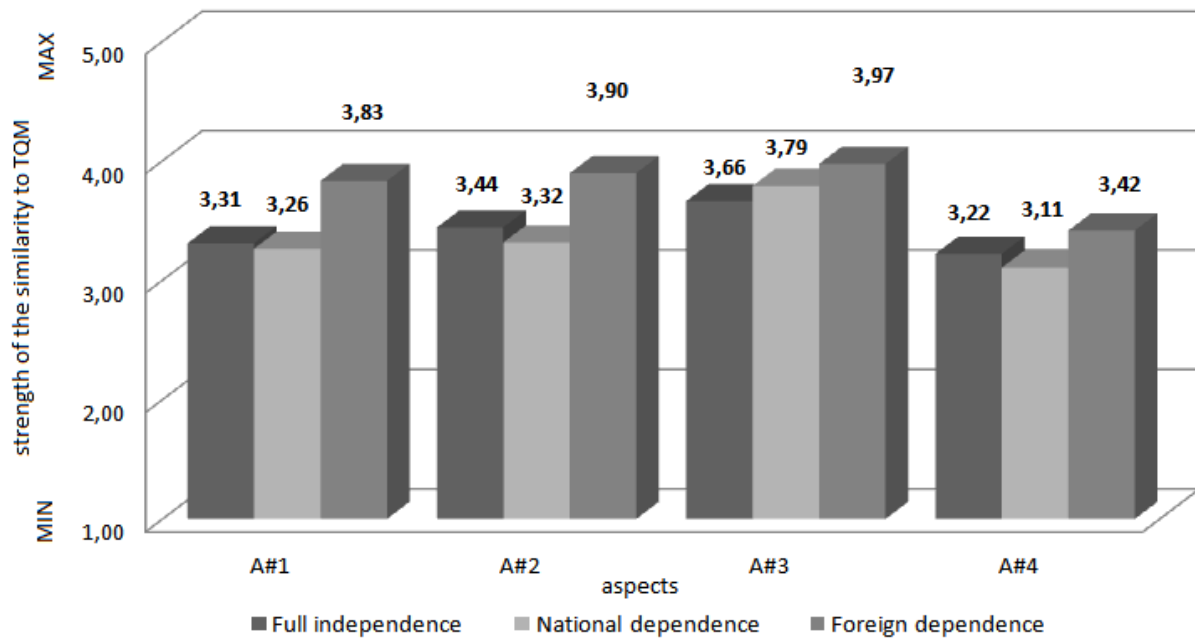
The research results allow to formulate a preliminary conclusion that the Quality Policy implemented by large enterprises is more focused on improvement than in the case of other groups. The relationship between the size of the company and the focus on quality is particularly evident in the case of aspects A#1 and A#3. The assessment of significance illustrated in individual groups of differences requires a detailed statistical analysis.

#### 4.2. Quality Policy in groups of enterprises with different independence

One of the determinants of Quality Policy is independence in determining and practicing Quality Policy. The management of structurally subordinate enterprises most often put in place a Quality Policy imposed by the central management. During the research, the independence of the company from external management in the areas of identifying procedures and quality standards was identified. The surveyed enterprises were classified into one of three groups in which occurred:

- Full independence – procedures and quality standards are established by the management of the company.
- National dependence – procedures and standards are set by the external national board.
- Foreign dependence – procedures and standards are established by external foreign management.

The research results presented in Fig. 5 relate to 164 enterprises for which a form of independence has been established. In the group of enterprises surveyed, 68 were fully independent, 19 nationally dependent, and 77 enterprises declared their quality dependence on foreign management board.



**Figure 5.** Evaluation of aspects of Quality Policy among 3 groups of enterprises with different independence.

The research results show that enterprises dependent on foreign management boards are more focused on improvement. This group of enterprises received higher average scores in all aspects. The situation in the case of national dependence looks interesting. Enterprises from this group showed a weaker orientation on improvement in three aspects (A#1, A#2, A#4) than enterprises independently shaping their Quality Policy. The assessment of significance illustrated in individual groups of differences requires a detailed statistical analysis.

## 5. Conclusions

The impact of the Quality Policy declaration adopted by the top management on the organization and its success in terms of quality is at least theoretically significant. The Quality Policy should be the basis for setting quality goals, building a process structure or setting internal quality standards. It should also determine the actual way of quality management, as well as managerial and employee practices. As a consequence, it should decide the perception of the company on the market and the final business success.

A properly formulated and consistently practiced Quality Policy will be an element that stimulates the development of the organization. Therefore, the Quality Policy should be formulated based on the strategy and results of the organizational context analysis. This article proposes 12 factors that can be treated by managers as the criteria for selecting the most appropriate Quality Policy.

Researching the actual Quality Policy in organizations proves to be a challenge. It is not worth assessing the Quality Policy solely on the basis of declarations by top management. Declarations often do not have much in common with the actual image of the organization. Based on the average values of indications, it is possible to formulate preliminary conclusions that large enterprises employing over 250 people practice a Quality Policy more focused on improvement than do the other respondents. This focus on improvement also turns out to be stronger in enterprises belonging to the group of enterprises that depend on quality standards set in foreign power centers. The resulting conclusion is that foreign quality standards are more focused on improving the functioning of the organization.

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