QUALITY POLICY AND COMPETITIVENESS OF THE COUNTRY

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For survival and institutionalization in the European and world markets, Lithuania needs to create and develop competitive economy, assure the wealth of its society by seeking quality of organizations, their goods and services. The purpose of this study is to formulate possible references of national quality policy and the system of its implementation tools.

In the article, attitudes of European Quality Promotion Policy are reviewed; European Quality Vision created by European Quality Organization is analysed; the real situation in the area of quality assurance in Lithuania is summarized. There are proposed and reasoned elements of Quality Policy of Lithuania and the means of its implementation that should meet the requirements, actions and official documents used in the European Union.

A comparative systematic analysis of scientific literature, legal acts, sources of information, metaanalysis, survey for business representatives were used for the study.

Introduction

If Lithuania wants to survive and gain strength in the contemporary world as an equal and respectable member of the international community, it must create and develop a competitive economy that would ensure welfare of society members. After joining the European Union (EU) the competitiveness
of national goods and services in Lithuania will be determined not only by the ability of a single organization to ensure quality, but also by the joint efforts of all sectors of economy and government institutions to strive for quality.

The purpose of this study is to formulate possible references of national quality policy and the system of its implementation tools by summarizing and comparing common attitudes of European Union and Lithuania and the real situation in the area of quality assurance.

Study methods: comparative systematic analysis of scientific literature, legal acts, sources of information; metaanalysis; survey for business representatives.

In the 1990s, creating a common economic market as a base for increasing business competitiveness, the EU switched from a purely administrative regulation of product safety to activity that was based on a more voluntary principle – implementation of directives of the new approach to regulating product safety and evaluating the conformity of the general approach. These approaches are implemented by coordinating the mandatory and voluntary evaluation of conformity to standards, legal acts and client needs. EU member states are committed to apply principles of mutual acknowledgement and technical coordination and to assume the necessary measures seeking to ensure that products entering the market would not endanger safety, human health and would conform to regulation requirements (Naujuoju..., 2003).

Seeking to eliminate technical setbacks for unhindered trade, Lithuanian national legal acts are coordinated with directives and regulations of the EU; documentation that regulates the mandatory requirements of product and service safety, non-interference with health, product labelling has been validated. Seeking to ensure the conformity of products to the main requirements and protection of consumer rights, a legal, institutional and regulatory basis of product conformity to EU requirements has been created, a reform of market supervision has been carried out. The European agreement protocol on industry product conformity evaluation and acknowledgement was signed to consolidate the mutual acknowledgement principle.

Common regulations of the European Union in the area of quality

The new and general approaches such as legal product security regulation measures are not sufficient to achieve competitiveness of EU business organisations. Therefore, the European Commission formulated the European Quality Promotion policy (A European..., 2000); its objective is to create a favourable environment for European business and public sector organisations to seek perfection and to improve the quality of life of society members. This policy was formulated referring to the assumption that though business organisations are responsible for creation and implementation of quality strategy, organisations of the public sector play an equally important role ensuring a favourable legal, political and economical environment for increasing business competitiveness (Julin, 1998). The European Quality Promotion policy seeks to strengthen the understanding of the importance of quality by business and public sector workers, to form quality culture, to ensure political transparency of the decrees and to define the principles of the EU support allocation for quality promotion.

The European Quality Promotion policy commits business organisations not only to observe legal requirements for product safety
of national, regional or international markets, but also to better satisfy the expectations of society by a more effective use of natural and human resources and management of risk connected with environmental protection. Seeking to improve the quality of life of society members, the European Quality Promotion policy also supports the preservation of cultural peculiarities of EU member countries and cultural integration, creation of better organisational work environments.

The European Quality Promotion policy gives a lot of attention to the promotion of interaction between the public and the business sectors. The deepening of the understanding of quality and its value in all society members and a wider usage of the new quality management and self-evaluation methods in organisations are promoted.

After joining the EU Lithuanian organisations compete in the common market, so promotion and usage of innovative quality management principles and methods are necessary. In 2000, the European Quality Organisation announced the European Vision of Quality (Towards..., 2000), which is a logical sequel of European Quality Promotion policy. The essential elements of the European Vision are:

- preservation of inter-regional differences;
- creation of a new approach to quality, including not only technical and economic aspects, but the unique and widely acknowledged social, environmental and organisational aspects as well;
- partnership of business and public sectors in pursuance of quality.

General situation of Lithuania in the area of quality assurance

Various measures were planned for promotion of competitiveness of business organisations in Lithuania in the National Quality Programmes of 1996 and 1999: National Quality Prize is being awarded in Lithuania since 1998. Business organisations could receive state support for implementing certification of quality and environment management systems. Associations of business organisations organize competitions with awards for product and service quality.

Formation and implementation of standardized models of quality and environmental management systems (ISO 9000, ISO 14000) and total quality management (TQM) in business and other areas are considered to be among the most important phenomena of recent development and globalisation of quality management (Ruzevičius et al., 2004). Figure 1 shows a comparative evaluation model of the efficiency of various quality management measures. Lithuanian enterprises have only started implementing the OHSAS management systems, but we have considerable experience in using international quality and environmental management systems (see Tables 1 and 2). Approximately only 0.2% of Lithuanian companies have implemented environmental management systems, but the implementation of these systems in Lithuania increases about 2 times faster than on average in the world. This increase was influenced also by state support for certification of quality management systems. Similar tendencies can be noticed in implementation of environmental management systems (Tables 1 and 2).

The National Quality Programmes of 1996 and 1999 (Nacionalinė..., 1999) have already exhausted all their possibilities, because they were oriented only towards creation of the quality infrastructure in conformity with EU requirements and an increase of competitiveness of business organisations of the country, eliminating technical obstacles for free move-
The measure of quality, success and competitiveness of the company can be, for example, decrease of non-conformity products, increase in labour productivity and sales volume, new markets conquered and others.

Source: Ruževičius et al., 2004.

Figure 1: Effectiveness of quality management tools

Table 1: Development of environmental management systems in the world and in Lithuania

| Year | The world (number of companies certified) | Lithuania (number of companies certified) |
|------|------------------------------------------|------------------------------------------|
| 1995 | 257                                      |                                           |
| 1996 | 1491                                     | –                                        |
| 1998 | 7887                                     | 1                                        |
| 1999 | no data                                  | 2                                        |
| 2000 | 22897                                    | 10                                       |
| 2001 | no data                                  | 21                                       |
| 2002 | 46836                                    | 34                                       |
| 2003 | 61287                                    | 72                                       |

Sources: ISO..., 2004; The ISO..., 2002.

ment of products, promoting implementation of quality management systems and organizing contests of the National Quality Prize. The mentioned programmes did not analyse deeply other important aspects of quality, such as quality of life, quality of state government, partnership of various sectors and organisations in pursuance of quality.

Quality of life. It should be noted that EU pays special attention to research of theoretical, methodological and practical problems of quality of life (Evaluating..., 1999; Impro-
Table 2: Development of quality management systems in the World and in Lithuania

| Year | The World (number of companies certified) | Increment of companies certified (%) | Lithuania (number of companies certified) | Increment of companies certified (%) |
|------|------------------------------------------|-------------------------------------|-------------------------------------------|-------------------------------------|
| 1995 | 127349                                   |                                     | 2                                         |                                     |
| 1996 | 162701                                   | 28                                  | 3                                         | 50                                  |
| 1997 | 223299                                   | 37                                  | 29                                        | 867                                 |
| 1998 | 271847                                   | 22                                  | 40                                        | 38                                  |
| 1999 | 343643                                   | 26                                  | 91                                        | 128                                 |
| 2000 | 408631                                   | 19                                  | 173                                       | 90                                  |
| 2001 | 510616                                   | 25                                  | 202                                       | 17                                  |
| 2002 | 561747                                   | 10                                  | 280                                       | 39                                  |
| 2003 | 610000                                   | 9                                   | 345                                       | 23                                  |
| Mean of increment (%) | 22 | 157 |  |

Sources: as in Table 1.

wering..., 2000), and one of the constituents of the fifth European Community Framework Programme is the Quality of Life sub-programme. Theoretical questions of analysis and evaluation of quality of life to date have received little attention in Lithuania.

Quality of state government. Initially, attempts to evaluate the public sector organizational performance were centred on the assessment of value for money. More recently, performance management has been associated with the achievement of established standards and the audit of organisational systems to ensure conformance. The implication of the later approach is that it is more important to achieve the outcomes that stakeholders want rather than becoming optimally efficient. It is a challenge for the public sector to attain both high customer satisfaction and stakeholder satisfaction. For the private sector, quality is an important competitive advantage; in government, however, the incentive structure is such that political success is more important than quality-oriented management (Boland, Fowler, 2000; Hazlett, Hill, 2000; Kouzmin et al., 1999).

Partnership of various sectors and organisations in pursuance of quality. For coping with the growing needs for a better quality and reliability of products, higher education/training institutions would have a major role to play in terms of providing quality-related training activities and relevant study programmes, seeking to ensure the adoption of a genuine quality culture throughout industry. In this regard, there is a great need to develop a close link between education/training institutions, local industry, and the Government in promoting and stimulating a good awareness of, and dedication to, quality and reliability improvement procedures and good practice (Skpoon, 2003).

Adjustment of the national quality policy to EU requirements

On implementing the measures formulated in previous National Quality Programmes, a need
appeared to prepare a new edition of the National Quality Programme. Striving to preserve the continuity of the previous programme and to ensure compatibility of Lithuanian quality policy with European quality policy and vision and to increase the competitive safety of Lithuanian enterprises in the conditions of huge product supply and market globalisation, authors of this paper formulated an objective of the new National Quality Programme, its main directions, goals and a system of their implementation tools.

Seeking to increase the competitiveness of Lithuanian business and to improve the quality of life of society members allowing for free movement of products and services, improving the quality of performance of business, public sector and public organisations, and promoting cooperation of these sectors, it is imperative to coordinate Lithuanian quality policy with official regulations of the European Union and in the new edition of the National Quality Programme, which would correspond with state quality policy, to foresee and to develop the following main areas of activity:

- formation of quality and image of national products and services,
- improvement of quality of organizational performance,
- promotion of partnership.

Based on these directions of activity, we will examine the topicality of each of them.

Formation of quality and image of national products and services. A customer requires that his/her individual needs would be met in the conditions of contemporary huge product and service supply and market globalisation. For this reason, Europe and the world change from standardized mass production to more and more individualised production; there is a search for unique markets. Lithuanian organisations can supplement and enrich the entire image of European product quality in the context of common values only by having exclusive properties. We can realise the search for our peculiarities by educating the society and increasing the understanding that we will be able to compete in the European and world markets only thanks to our speciality and quality.

Shaping the image of Lithuania in the area of quality, initiatives of applying innovative management methods not only in business but also in sectors of health care, public administration, education and others should be supported. It is important that "Made in Lithuania" would become a synonym of high quality standards, ethical management of organisations and effective partnership among the public, business sectors and public organisations.

Improvement of quality of organisational performance. Seeking to create the general European competitive advantage based on unique regional differences, it is imperative to form a new approach to management and quality. The EU countries will be able to compete effectively in the world market under condition of the exclusive quality of their products, but not with the help of productivity or price (Towards..., 2000). Business organisations have to review their priorities and to use innovative quality management methodologies that have been proved in business practice, because citizen's consciousness is increasing: when choosing a product, priority is given to the business organisations that save natural resources and assure a good image of employer and social neighbour.

Business organisations have to improve their management skills when changing organisational quality culture: to change work relations by reorganising hierarchical structures into overall involvement and team work, thus using the creative potential of all employees,
to promote differences of competence and expertise, to ensure horizontal and vertical training, to create a system of delegating the powers to employees and to implement the principle of managing by example. The role of contemporary leaders of organisations is to look for a dynamic balance between different interests of the parties and used measures, to ensure environmental requirements in the activities of their organisation, and to follow rules of business ethics, to value especially the feedback from parties that are interested in the activity of their organisation.

Such qualitative change of business culture is possible by forming the awareness of businessmen, public sector and consumers in the area of quality, by promoting different forms of experience sharing among various organisations and by preparing quality management specialists.

Promotion of partnership. The main objective of all participants of economy should be to improve competitiveness as the main means for increasing quality of life and for competing in international markets. All interested parties should cooperate in order to win the competitive struggle: business, public sector, non-governmental organisations, customers, trade unions, and employers.

The main function of the public sector in increasing the competitiveness of products of Lithuanian business organisations in international markets is to create an environment favouring a harmonious development of the society. To this end, the public sector should develop partnership with business organisations, creating infrastructure, setting business standards, coordinating investment policy, nurturing trust and ethical behaviour in business.

The popularity of the use of the benchmarking method has posed a question how to adjust benchmarking to an increase of competitiveness in the political plane. Productivity and employment are the main conditions for competitiveness (O'Reagain...).

The European Commission suggested benchmarking as a means to promote continuous improvement of competitiveness of European economy in the report of 1996 “Benchmarking the Competitiveness of European Industry” COM (96) 463 09.10.1996. The European Commission and member states, based on this report, shared responsibility to implement four projects. These projects encompassed: benchmarking of dissemination and usage of informational and communicational technologies; benchmarking of funding of innovations; benchmarking of logistics; benchmarking of skills (Commission..., 2002; O'Reagain...).

In 2000, the European Council of Scientific Research passed a resolution that invited countries of the European Union to prepare together the full set of indicators and methodology until October 2000 for benchmarking the following subjects:

- human resources in the development of scientific research and technologies (DSRT);
- public and private investments into DSRT;
- scientific and technological productivity;
- effect of DSRT on economic competitiveness and employment (Edgeman...);
- Benchmarking, more and more acknowledged as an important component of quality improvement methods (Hutton...).

After implementation of these directions of activity, conformity of Lithuanian quality policy with EU official regulations would be assured, innovative principles of quality management would be implemented, and the following results would be achieved:
• conditions that allow free product movement in the EU market,
• increased competitiveness of business organisations,
• improved quality of life of society members,
• better protection of consumer interests,
• improved relations of public sector organisations with society,
• increased efficiency of general performance of public sector (see Figure 2).

For dissemination of national quality management and a wider usage of its tools, it is very important for society to accept these ideas and to understand the benefit received from them. Consequently, the formation of a system of society information and education on quality, environment protection, competitiveness, EU integration and innovation policy, formation of information society, corporate social responsibility of organisations and other questions is one of the most important goals.

Conclusions

1. Analysis of previous editions of the National Quality Programme and of existing situation in the area of quality has demonstrated that to date most efforts in Lithuania were directed only towards creation of quality infrastructure and assurance of quality of business organisations and their products and services. Quality of life, quality of state government, partnership in pursuance for quality were little emphasized. The integrated quality model should include not only quality of products but also quality value orientations, quality of organizations' performance, common social responsibility, etc.

2. Public as well as private organisations should be guided by principles of social responsibility in their activities for improvement of
quality of life of society members. The researches showed that even the best Lithuanian organizations pay not enough attention to social responsibility.

3. It is necessary to implement quality management systems, quality models and methods in state government organisations for improvement of state government quality. As the experience of foreign countries has demonstrated, such systems directly improve the quality of supplied services as well as decrease corruption. The ideas of quality management in the public sector of Lithuania are not yet widespread.

4. A model of the comparative efficiency of different quality management tools has been prepared. A respective legal and institutional base is purposeful for improvement of partnership between separate sectors and economic subjects. As the experience of foreign countries has demonstrated, there are different methods of promoting partnership on the global, national, as well as local levels. Lithuania has not yet used all opportunities to promote partnership.

5. Lithuania as a member of the EU must take over the general EU regulations in the area of quality, but Lithuania must evaluate the level of the country's quality as well as competitiveness of economy and must look for the possibilities to influence EU power structures to grant softer conditions for Lithuania during the transition period while increasing the economic competitiveness of the country.

6. The model of evaluation of tools of the National Quality Policy created by the authors demonstrates cause-and-effect relations among the tools used in Lithuania for improving the level of quality and competitiveness of state economy. The provided references to national quality policy and the system of its implementation tools could become a constituent part of the state economy development strategy.

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KOKYBĖS POLITIKA IR ŠALIES KONKURENCINGUMAS

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Santrauka

Norėdama įsikiti ir įsivystinti šiuolaikiniame pasaulyje kaip lygiatęs ir gerbiamas tarptautinės bendrijos narė, Lietuva privalo sukurti ir plečtoti konkurencingą ekonomiką, užtikrinančią visuomenės narių gerovę. Lietuvai įstojo į Europos Sąjungą (ES), nacionalinių prekių ir paslaugų konkurencingumą lems ne tik pagrindinių organizacijų gebėjimas, bet ir bendros visų ūkio sektorių ir valstybės institucijų pastangos siekti kokybės. Šios studijos tikslas yra parodyti Lietuvos kokybės teisingumą, normatyvinę ir institucinę bazę bei verslo organizacijų pasiekimus su Europos Sąjungos kokybės nuostatomis ir parengti mūsų valstybės kokybės politikos, skatinančios šalies verslo konkurencingumą, formavimo ir plečiamo rekomendacijas.

Devintajame dešimtmetyje, kurį laiką laikėme dešimčiai kasmet, Lietuva privalo sukurti ir plečtoti konkurencingą ekonomiką, užtikrinančią visuomenės narių gerovę. Lietuva įstojo į Europos Sąjungą (ES), nacionalinių prekių ir paslaugų konkurencingumo lems ne tik pagrindinių organizacijų gebėjimas, bet ir bendros visų ūkio sektorių ir valstybės institucijų pastangos siekti kokybės. Šios studijos tikslas yra parodyti Lietuvos kokybės teisingumą, normatyvinę ir institucinę bazę bei verslo organizacijų pasiekimus su Europos Sąjungos kokybės nuostatomis ir parengti mūsų valstybės kokybės politikos, skatinančios šalies verslo konkurencingumą, formavimo ir plėtimo rekomendacijas.

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nių ar tarptautinių rinkų teisinių reikalavimų produktų saugai, bet ir geriau patenkti visuomenės lūkesčius, efektyviai panaudojant gamtinius ir žmonių išteklius bei valdant su aplinkos apsauga susijusią riziką. Siekiant pagerinti visuomenės laukymus ir geriau patenkinti visuomenės lūkesčius, efektyviai panaudojant gamtinius ir žmonių išteklius bei valdant su aplinkos apsauga susijusią riziką, Europos kokybės skatinimo politika taip pat remia ES narių kultūrinis ypatumų išsaugojimą bei kultūrų integraciją, geresnio darbo klimato organizacijose kūrimą.

Europos kokybės skatinimo politikos daug dėmesio skirtama ir tobulinimu siekiant, sukurti bei palengvinti įvairių viešųjų ir verslo sektorių veiklos sąveiką. Šie veiksniai yra susiję su ES narių kultūrinis ypatumų išsaugojimą bei kultūrų integraciją, geresnio darbo klimato organizacijose kūrimą.

Europos kokybės skatinimo politikos logine įtampa yra įtampa, siekiant geriau panaudoti gamtinius ir žmonių išteklius bei valdant su aplinkos apsauga susijusią riziką. Siekiant pagerinti visuomenės narių gyvenimo kokybę, Europos kokybės politika taip pat remia ES narių kultūrinis ypatumų išsaugojimą bei kultūrų integraciją, geresnio darbo klimato organizacijose kūrimą.

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