

ENTERING NEW MARKETS BY IMPLEMENTING APPROPRIATE QUALITY STRATEGIES

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Abstract: *The concept of quality in the contemporary economy, of competition, is specific to man and his activities, defining their place and role. Quality is both a goal and a result, a bar that is reached and exceeded by the quality of the factors that make the design, execution and distribution of products and the provision of services. In this paper, the author was entitled to exemplify how an industrial organization manages to stay in the top of the best companies in the field, by implementing a well-thought-out strategy in the current context, starting from the established quality objectives.*

Key words: *competitiveness, customer satisfaction, quality strategies, diversification,*

1. Introduction

In the current economic context, quality can be defined as the ability to meet the expressed or implicit needs of customers, through all its characteristics (Sălăgean et al., 2015).

Quality, as a concept, is defined by Feigenbaum as “the totality of market, engineering, manufacturing and maintenance characteristics of a composite product or service, through which the product or service used will meet customer expectations” (Albu and Antonoaie, 2008). At the same time, according to the ISO 9000 standard, quality is “the degree to which a set of intrinsic characteristics meet the requirements” (<http://www.iso.org/iso/home.html>), addressing various aspects of quality management and containing some of the best known standards.

With the progress made in everyday life, quality is no longer just a philosophical concept, but also an economic one, so that in the current conception, it has become a general concern of all organizations, being achieved through management (Sandru, 2015).

This paper aims to show how an industrial organization can improve the quality of the products and services it provides, so as to increase the satisfaction of its customers.

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2. Literature Review

Quality is both a goal and a result, a bar that is reached and exceeded by the quality of the factors that make the design, execution and distribution of products and the provision of services.

Juran (1990), a global figure who launched the concept of Quality Management, defines this aspect through its functions, namely: quality planning, quality control and quality improvement. Another specialist, Kelada (1990), defines quality management as: “a set of activities carried out in order to achieve certain objectives, through the optimal use of resources”. The activities covered by Kelada are: planning, coordination, organization, control and quality assurance. Another definition presupposes Quality Management as “The set of properties and characteristics of the management of an organization, which gives it the skills to meet the requirements of external and internal quality, seeking all competitive advantages” (Potie, 2001).

However, the most common definition among specialists is presented by the ISO 9000/2000 Standard. According to this standard, Quality Management is the set of activities of the general management function, which determines the quality policy, objectives, responsibilities, and implements them in this system through means such as planning, control, quality assurance and improvement. In today's business environment, the importance of Quality Management is an indispensable and essential action. This is due to the ever-increasing tastes of customers, who consider the quality of services as a right owed by the enterprise (Ogbari and Borishade, 2015).

Quality management plays a key role in many companies that can enrich their performance. Both the needs of internal customers and the needs of external customers can be covered by organizations with quality products and services, subsequently developing an efficient and profitable business. The corresponding definition deals with an approach to long-term success, with consumer satisfaction as the main goal (Sumathi, Muralitharan and Venkatramana, 2018).

Total Quality Management (TQM) is one of the quality-oriented approaches that many organizations apply. As Zehir et al (2012) say, organizations implementing TQM have many benefits including increased product quality, more satisfied customers, reduced costs, improved financial and innovation performance, increased employee satisfaction and a competitive advantage.

To successfully implement TQM, the organization needs to adopt an organizational culture of quality (Gimenez-Espin et al., 2013).

Being considered a multidimensional concept (Ahire, Golhar, and Waller, 1996), researchers emphasize two types of elements: a) more technical aspects of quality management (statistical management of total quality, control techniques or Ishikawa problem-solving tools) and b) intangible aspects (leadership, corporate culture, management commitment, “open” organization, teamwork and empowerment) (Gimenez-Espin et al., 2013).

The origin of the term strategy as a concept has a long history, first encountered in Greek antiquity. Over time, there have been many definitions of the concept of

“strategy”, which is the subject of both scientific articles and controversies. Over time, there have been many definitions of this concept in the field of management.

Quality assurance strategies are a priority both in the diagnosis of the company and in its strategic approach.

One of the first definitions of strategy belongs to the Greek writer, Xenophon “Strategy means knowing the business you intend to do” (Macmillan and Tampoe, 2000). In their book, Ireland, Hoskisson and Hitt (2006) consider that strategy is an action plan aimed at directing the organization to fulfil its vision. Pearce and Robinson (2007) also capture this aspect of the strategy, considering that the strategy reflects the company's awareness of how, when and where it should compete, against whom and for what purposes.

The quality of products or services is an objective of the company in market strategies, but also a course of action throughout the design, technological training, production processing and service provision, control through inspections, analyses, tests, trials, up to distribution of products and ensuring the maintenance service.

Through the quality strategy, the company's management aims at: satisfying the beneficiaries' requirements and some social needs; establishing the quality level according to the conditions imposed by the market and competitiveness requirements; integrating quality in the company's mission and objectives; changing the mentality of the staff regarding the assurance of the total quality, of the processes, products and of the behaviour of the human resources.

The quality strategy shows how the organization acts and how it uses the resources to fulfil its mission, while respecting the policy it has defined. Moreover, the quality strategy is a competitive strategy, which aims at competitiveness. Many studies have shown that companies have managed to use a quality strategy (Baird et al., 2019) to achieve their goals. Quality strategies can be: indirect strategies, imitation strategies, certification strategies, standard strategies and specific strategies. Another classification of strategies that ensure the competitiveness of the company according to the nature of the guidelines is: strategies oriented towards low costs, strategies oriented towards product differentiation, strategies focused on a niche market, strategies focused on product quality, strategies focused on technological advantage. At the same time, we can talk about: the strategy on maximum performance, the strategy of domination by quality, the strategy of differentiation by quality, the strategy of concentrating on a quality level, the strategy of diversification by quality, the strategy of assortment renewal (Todoruț, 2007).

Therefore, due to the complexity and importance of strategies, both medium and large companies should consider the substantiation, development and pursuit of strategies, as they help in carrying out activities according to standards, and also to provide quality products.

3. About the Company

Schaeffler is a world-leading technology company. The Schaeffler Group is a world-renowned supplier in the automotive and industrial sectors. The company values the highest quality standards, outstanding technology and a strong innovation force.

The company generated sales of approximately 14.2 billion Euros in 2018. With approximately 87,700 employees worldwide, Schaeffler is one of the largest family-run industrial companies in Europe. The group has developed a worldwide network of production sites, research and development centres, as well as sales companies in approximately 170 locations in 50 countries (<https://www.schaeffler.ro/content.schaeffler.ro/ro/company/corporation/index.jsp>)

In addition to global proximity to customers, active employee development and sustainable management, the most important factors in Schaeffler's success include innovation and creativity. Approximately 8,000 employees at 20 research and development centres develop new products, technologies, processes and methods for market-tailored solutions. Schaeffler is among the leaders in innovation in the industry with almost 2,400 patent registrations in 2019 and 26,500 active patents and patent registrations (<https://www.schaeffler.ro/content.schaeffler.ro/ro/companie/concern/index.jsp>).

In Romania, initially registered under the name of INA Schaeffler Braşov as a subsidiary of the Schaeffler Group, the company was renamed in 2006 receiving the name of Schaeffler Romania.

Schaeffler Romania produces linear technology components for the machine tool industry, components for the automotive industry and large bearings for various industrial applications. First of all, the company is known on all continents as a manufacturer of bearings. Both the product range and the engineering division are constantly evolving, with Schaeffler inaugurating its own Engineering Centre in 2012, and in 2019 a Testing and Validation Centre. The company has an active presence in the university and pre-university environment, as well as actions and projects of social involvement according to the tradition of the family company.

In June 2019, Schaeffler Romania registered an average number of employees of 4707. The evolution of the company's turnover and profit is presented in Table 1.

Table 1

Evolution of turnover and profit of the company in the period 2015-2019

Year	2015	2016	2017	2018	2019
Turnover (RON)	1.740.866.132	1.794.522.592	1.981.310.236	2.208.850.536	2.558.868.569
Net profit (RON)	37.886.425	70.581.124	58.264.073	52.949.117	-28.094.463

Source: <https://termene.ro/firma/14882941-SCHAEFFLER-ROMANIA-SRL>

It can be seen that the turnover had a constantly ascending evolution, increasing from RON 1,740 million to RON 2,558 million, while the profit had a significant increase in the first period, then decreased constantly, so that in 2019 Schaeffler Romania recorded a loss of RON 28 million RON.

Table 2

Evolution of the company's market share by Braşov county and by country, in the period 2013-2017

Year	2013	2014	2015	2016	2017
BRAŞOV	96.5%	96.75%	96.25%	96.14%	96.25%
ROMANIA	53.39%	48.12%	44.32%	30.73%	15.61%

Source: <https://termene.ro/firma/14882941-SCHAEFFLER-ROMANIA-SRL>

As can be seen in Table 2, if in Braşov County, Schaeffler Romania has a high and relatively constant share during this period, compared to the whole country, the company's share decreased quite a lot, by 37.78%.

The Schaeffler Group considers the highest level of quality of its products, outstanding technology and a strong force for innovation. The organization gains long-term customer loyalty by taking the lead in quality, technology, reliability, innovation and profitability, as well as ensuring on-time deliveries and the highest standards.

Schaeffler Romania's quality policy is based on the principle of continuous improvement, with the goal of "zero defects", implementing measures to prevent defects and minimize risks. Each employee is aware of his commitment to quality and guides his way of thinking and acting in accordance with this principle.

Schaeffler promotes in each factory the principle "Quality - a way of life" and follows 8 axioms Fit for Quality.

Schaeffler Romania is certified based on the corresponding Management System ISO TS 16949, ISO 9001 and IRIS, certified by TÜV SÜD Germany. Schaeffler Romania is the first EMAS (Community Environmental Management and Audit System) registered production company in Romania. In November 2015, Schaeffler Romania received the recognition of the European Commission because it is among the first and longest lasting EMAS registered organization in Romania.

One of the objectives of Schaeffler Romania is to create products that are as environmentally friendly as possible, with the lowest possible degree of pollution. One way to a greener product is to increase the efficiency of material and energy use and thereby reduce the effects on the environment.

Another objective is to train and qualify young people at a very high level in order to keep the products at a high level in terms of quality.

Environmental protection, occupational health and safety are an integral part of the company's quality objectives. By creating and maintaining a safe work environment conducive to health and performance, and by actively protecting the environment, Schaeffler contributes to maintaining and improving the company.

4. Implementing the Quality Strategy

The quality strategy aims to satisfy the social need and the requirements of the beneficiaries, to establish the level of quality characteristics, according to the conditions imposed by the requirements of competitiveness, integration in the vision and mission of the company, changing the mentality of staff from distrust to confidence in achieving and improving quality.

In order to meet the proposed quality objectives, the company had to choose the right quality strategy. In this sense, the Schaeffler Company has relied on its strengths of innovation and technology, the competence of its staff worldwide with top engineers, the most sought-after technologists and dedicated staff but the largest percentage was based on demand market, analysing the markets and the needs of mankind.

Schaeffler is known for the bearings it produces, being the company's first product and the most stable and valuable, but over time they have developed more and more products because they have relied on a diversification strategy that has brought them among the most sought-after automotive companies and industry ([https://strategii.wordpress.com/optiuni-strategie/strategiile-de-crestere / strategy-de-diversification/](https://strategii.wordpress.com/optiuni-strategie/strategiile-de-crestere-strategy-de-diversification/)).

Diversification adds new products and strategic units to the corporation's portfolio, different from existing ones. Following the diversification, the company enters more attractive sectors than those in which the activity is currently carried out. As corporations grow, they naturally tend to diversify into other sectors.

Diversification involves the presence in a company of two or more activities, each of which may be unique activities of specialized companies.

The company relied on the 4 key success factors in implementing a strategy: culture, organization, human resources and control systems / tools.

At this time the company has countless products and innovations sought around the world so the company's goal was achieved years ago and the strategy works. Based on this strategy, Schaeffler accepts challenges from any direction, because it knows that he can and has what it takes, it knows its qualities and powers and thus successfully fulfils any challenge.

Schaeffler Group approaches this strategy, applies it and demonstrates it by penetrating new products and services in new fields of activity but also by achieving products at a high level of quality compared to the competition.

They first started with bearings, small, large and of any size, ball bearings, roller bearings and even sliding bearings until they came to create the largest bearing in the world. Schaeffler is systematically expanding its mechanical components to create mechatronic modules that offer significant additional benefits in freight and passenger transport. It expands even more and ends up offering products for construction machinery, agriculture, the medical industry and even for food and packaging.

From the industrial sector they move strongly to the automotive sector, reaching to win devoted customers with a high volume of orders such as Volvo, Hyundai, Ford, BMW, who become loyal customers of the group and so Schaeffler grows and succeeds again, through the implemented strategy, to create new products such as: clutch

systems, chassis systems, components for hybrid and electric motors. Schaeffler precision products are essential for reducing fuel consumption and emissions. At the same time, they extend the service life of engines and transmissions and increase driving comfort and dynamics.

Schaeffler is also considering new concepts of mobility that go beyond the car. Schaeffler presented its Bio-Hybrid for the first time in 2016 - a conceptual study that, in terms of size and range, is somewhere between a pedelec and a small electric car.

5. Conclusions

As a future-oriented company, Schaeffler Romania places great emphasis on quality and professionalism. Quality strategies are a priority both in the diagnosis of the company and in its strategic approach.

The quality of products or services is an objective of the company in market strategies, but also a course of action throughout the design, technological training, production processing and service delivery, control through inspections, analyses, tests, trials, up to distribution of products and provision of maintenance service.

The application of the diversification strategy is based on the belief of the managers that they are able to lead the company towards a superior competitiveness by successfully managing businesses in different fields. Usually this strategy is adopted by companies with excess financial resources or with distinctive competitive advantages that they must value, as is the company Schaeffler.

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