

# QUALITY OF PERFORMANCE

## INTRODUCTION

Businesses realise the importance of quality management in maintaining customer satisfaction and reducing the cost of replacing faulty/inferior products. Customers want to buy quality products that last for a long period of time. Businesses who do not improve on the quality of products and services run the risk of losing customers to competitors and getting bad publicity.

It is important that management should ensure that all eight business functions work together effectively and that all employees participate in improving processes, systems, products and services. A strong reputation for quality can be an important differentiator in markets that are very competitive.



TOPIC	CONTENT	CONTENT DETAILS FOR TEACHING, LEARNING AND ASSESSMENT PURPOSES
<b>Quality of performance</b>	<ul style="list-style-type: none"> <li>• Definition of quality concepts</li> <li>• Benefits of a good quality management system.</li> <li>• The contribution of business functions to success and/or failure of a business.</li> <li>• Quality indicators for each business function.</li> <li>• Description of the concept Total Quality Management (TQM)</li> <li>• Analysis/Impact of the TQM elements on small and large businesses:</li> <li>• Impact on the reduction of the cost of quality on businesses.</li> <li>• Impact of TQM if poorly implemented by businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Define the following: <ul style="list-style-type: none"> <li>- Quality</li> <li>- Quality control</li> <li>- Quality assurance</li> <li>- Quality management</li> <li>- Quality performance</li> <li>- Quality management systems</li> </ul> </li> <li>• Explain the advantages/benefits of a good quality management system.</li> <li>• Explain/Discuss how the quality of performance can contribute to success and/or failure of each business function.</li> <li>• Outline quality indicators for each business function.</li> <li>• Discuss the following elements of Total Quality Management(TQM): <ul style="list-style-type: none"> <li>○ Continuous skills development/ Education and training</li> <li>○ Team work (including the importance of quality circles)</li> <li>○ Total client/customer satisfaction</li> <li>○ Top management involvement/ Commitment.</li> <li>○ Involvement of all employees/ People Based Management</li> <li>○ Adequate financing and capacity</li> <li>○ Continuous improvement to processes and systems (including the application of the 'PDCA' model/cycle)</li> <li>○ Planning</li> <li>○ Monitoring and evaluation of quality processes</li> <li>○ Management by facts</li> </ul> </li> <li>• Discuss/Explain/Analyse the impact of TQM elements on small and large businesses.</li> <li>• Explain how TQM can impact on the reduction of the cost of quality, etc.</li> <li>• Compare the impact of the elements TQM on small (sole traders) and large (big companies).</li> <li>• Discuss the impact of TQM if poorly implemented by businesses.</li> </ul>



*Learn the meaning  
of these basic  
concepts*

## 11.1 Key concepts

These definitions will help you understand the meaning of key quality concepts that are used in this study chapter.

Term	Definition
Quality	Products and services that satisfy needs and exceeds customer expectations on a continuous basis.
Total Quality	Involves all levels of businesses, all functions, processes and people involved in the business.
Management	Planning and management of quality through strong leadership and commitment from top management.
Business functions	The various aspects of the business that perform different roles e.g. marketing, production, administration, financial, human resources, purchasing etc.
SABS	South African Bureau of Standards, body that sets quality standards and evaluates quality of final products.
ISO 9001	Provides the guidelines for quality management. A company may not export any products unless it registers as an ISO 9001 company.
Standards	The specification of what is acceptable in terms of technical requirements.
Total client satisfaction	It is a measure of how products and services supplied by a company meet or surpass customer expectation.
Continuous skills development	Developing employees' skills that will add value for the organisation and career development. Fostering an attitude of appreciation for lifelong learning in the workplace.
Continuous improvement to processes and systems	It is an ongoing effort to improve products, services, or processes
Monitoring and evaluation	A process that helps to improve performance and achieve results. Its goal is to improve current and future management of outputs, outcomes and impact.
Quality circles	A group of workers who do the same or similar work, who meet regularly to identify, analyse and solve work-related problems.

## 11.2 Concepts related to quality



Ensure that you know the meaning of FIVE concepts related to quality. You may be required to either define these concepts or explain the difference between them.

QUALITY CONCEPTS	DESCRIPTION
Quality	<ul style="list-style-type: none"> <li>Quality refers to a good/service's ability to satisfy a specific need.</li> <li>The efficiency of services and the ability to provide an effective outcome without too many delays.</li> <li>It is measured against specific criteria such as physical appearance/reliability/durability/sustainability/after-sales services.</li> </ul>
Quality control	<ul style="list-style-type: none"> <li>A system that ensures the desired quality is met by inspecting the final product to ensure that it meets the required standards.</li> <li>Checking raw materials/employees/machinery/workmanship/production to ensure that high quality standards are maintained.</li> <li>Includes setting targets/measuring performance and taking corrective measures.</li> </ul>
Quality assurance	<ul style="list-style-type: none"> <li>Checks carried out during and after the production process to ensure required standards have been met at every stage of the process.</li> <li>Ensuring that every process is aimed at getting the products 'right first time' and prevent mistakes from happening. This is known as a 'zero defect' approach.</li> </ul>
Quality management	<ul style="list-style-type: none"> <li>The process of managing all activities needed to ensure a business produces goods and services of consistently high standard.</li> <li>Refer to techniques/tools used to design/ improve the quality of a product.</li> <li>Can be used for accountability within each of the business functions</li> <li>Aims to ensure that the quality of goods/services is consistent/Focuses on the means to achieve consistency.</li> </ul>
Quality performance	<ul style="list-style-type: none"> <li>Total performance of each department measured against the specified standards.</li> <li>The assessment and analysis of processes, goods and services in order to measure the performance of a business.</li> <li>Total performance of each department measured against the specified standards.</li> <li>Can be achieved if all departments work together towards the same quality standards.</li> </ul>
Quality management systems	<ul style="list-style-type: none"> <li>All policies, processes, strategies and resources needed to apply quality management.</li> </ul>

### 11.3 Advantages/benefits of a good quality management system



It is important that you understand the meaning of all concepts related to quality so that you are able explain the benefits of a good quality management system.

- Effective customer services are rendered, resulting in increased customer satisfaction.
- Time and resources are used efficiently.
- Productivity increases through proper time management/using high quality resources.
- Products/Services are constantly improved resulting in increased levels of customer satisfaction.
- Vision/Mission/Business goals may be achieved.
- Business has a competitive advantage over its competitors.
- Regular training will continuously improve the quality of employees' skills/knowledge.
- Employers and employees will have a healthy working relationship resulting in happy/productive workers.
- Increased market share and profitability.



## Activity 1

- 1.1 Identify the quality concept that Lester Manufacturer has applied in each statement below:
- 1.1.1 Products are inspected after the manufacturing process to ensure that they meet the required standards.
  - 1.1.2 Products are inspected during and after the manufacturing process to ensure that they meet the required standards.
  - 1.1.3 Lester has requested the departmental managers to report on the quality of activities performed in each department.
  - 1.1.4 Each department is measured against a specific standard. (8)
- 1.2 Explain the differences between the quality concepts identified in QUESTION 1.1.1 and 1.1.2 (8)
- 1.3 Distinguish between the quality concepts identified in QUESTION 1.1.3 and 1.1.4 (8)

### ANSWERS TO ACTIVITY 1.1

1.1 **Quality concepts**

- 1.1.1 Quality control ✓✓
- 1.1.2 Quality assurance ✓✓
- 1.1.3 Quality management ✓✓
- 1.1.4 Quality performance ✓✓

(4 x 2) (8)

1.2 **Differences between quality control and quality assurance**

QUALITY CONTROL	QUALITY ASSURANCE
<ul style="list-style-type: none"><li>• Inspection of the final product✓ to ensure that it meets the required standards. ✓</li></ul>	<ul style="list-style-type: none"><li>• Carried out during and after the production process✓ to ensure required standards have been met at every stage of the process. ✓</li></ul>
<ul style="list-style-type: none"><li>• Includes setting targets/measuring performance✓ and taking corrective measures. ✓</li></ul>	<ul style="list-style-type: none"><li>• Ensure that every process is aimed at getting the product right first time✓ and prevent mistakes from happening again. ✓</li></ul>
Sub max (4)	Sub max (4)

**NOTE: The differences must be clear.**

**Max (8)**

1.3 **Distinction between quality management and quality performance**

QUALITY MANAGEMENT	QUALITY PERFORMANCE
<ul style="list-style-type: none"><li>• Total performance of each department measured✓ against the specified standards. ✓</li></ul>	<ul style="list-style-type: none"><li>• Refers to techniques/tools✓ used to design/ improve the quality of a product. ✓</li></ul>
<ul style="list-style-type: none"><li>• Can be obtained if all departments work together✓ towards the same quality standards. ✓</li></ul>	<ul style="list-style-type: none"><li>• Can be used for accountability✓ within each of the business functions. ✓</li></ul>
<ul style="list-style-type: none"><li>• Quality is measured✓ through physical product/statistical output of processes/surveys of the users and/or buyers of goods/services. ✓</li></ul>	<ul style="list-style-type: none"><li>• Aims to ensure that the quality of goods/services✓ is consistent✓// Focuses on the means✓ to achieve consistency.✓</li></ul>

**NOTE: The differences must be clear.**

**Max (8)**

## 11.4 Quality of performance within business functions



The success factors of each business functions are the same as quality indicators.

Business functions	Quality indicators
Purchasing function	<ul style="list-style-type: none"><li>• Buy raw materials in bulk at lower prices.</li><li>• Select reliable suppliers that render the best quality raw materials/capital goods at reasonable prices.</li><li>• Place orders timeously/Do regular follow-ups to ensure that goods are delivered on time.</li><li>• Required quantities are delivered at the right time/place.</li><li>• Implement/Maintain stock control systems to ensure the security of stock.</li></ul>
Marketing function	<ul style="list-style-type: none"><li>• Increasing their market share.</li><li>• Winning customers by satisfying their needs/wants/Building positive relationships.</li><li>• Differentiating products in order to attract more customers.</li><li>• Constantly reviewing value issues.</li><li>• Communicating effectively with customers to get feedback about their experience of products sold/services rendered.</li><li>• Using pricing techniques to ensure a competitive advantage.</li></ul>
Production function	<ul style="list-style-type: none"><li>• Products and services should be produced at the lowest possible cost to allow for profit maximisation.</li><li>• Clearly communicate the roles and responsibilities to the production workforce.</li><li>• Empower workers so that they can take pride in their workmanship.</li><li>• Get accreditation from the SABS/ISO 9001 to ensure that quality products are being produced.</li><li>• Implement quality control systems to ensure that quality building products are consistently being produced.</li><li>• Accurately calculate the production costs.</li></ul>

Public relations	<ul style="list-style-type: none"> <li>• Dealing quickly with negative publicity/less/little/no incidents of negative publicity.</li> <li>• Providing regular/positive press releases.</li> <li>• Implement sustainable Corporate Social Investment (CSI) programmes.</li> <li>• Good results of/Positive feedback from public surveys on business image.</li> <li>• High standard of internal publicity/appearance of buildings/professional telephone etiquette, etc.</li> </ul>
Administration function	<ul style="list-style-type: none"> <li>• Fast and reliable data capturing and processing systems.</li> <li>• Make reliable information available to management on time.</li> <li>• Make relevant information available for quick decision-making.</li> <li>• Handle complaints quickly and effectively.</li> <li>• Use modern technology efficiently.</li> <li>• All systems and processes are documented.</li> </ul>
Financial function	<ul style="list-style-type: none"> <li>• Obtain capital from the most suitable/available/reliable sources.</li> <li>• Negotiate better interest rates in order to keep financial cost down.</li> <li>• Draw up budgets to ensure sufficient application of monetary resources.</li> <li>• Keep financial records up to date to ensure timely/accurate tax payments.</li> <li>• Draw up accurate financial statements timeously/regularly.</li> </ul>
Human resources Function	<ul style="list-style-type: none"> <li>• Good recruitment policy that attracts best candidates.</li> <li>• Fair and equitable selection process</li> <li>• Fair remuneration packages that is aligned to the industry.</li> <li>• Offer performance incentives for staff to enhance productivity.</li> <li>• Good relationship with employees.</li> <li>• Low rate of staff turnover.</li> </ul>
General management	<ul style="list-style-type: none"> <li>• Develop/Implement/Monitor effective strategic plans/goals..</li> <li>• Learn about/Understand changes in the business environment on an on-going basis.</li> <li>• Set direction and establish priorities for the business.</li> <li>• Communicate shared vision, mission and values effectively.</li> <li>• Set an example of expected behaviour in terms of ethics as well as productivity.</li> <li>• Ensure that employees have the necessary resources to do their work/allocate resources effectively.</li> </ul>





## Activity 2

2.1 Read the scenario below and answer the questions that follow:

### JAHIM ENTERPRISE ( JA)

Jahim Enterprise has appointed Jerry to hire and train new employees. Jerry has requested Gerald to provide him with the details of the salary bill. Jahim has instructed Zodwa to ensure that the manufactured goods are of a good quality standard. Gail must promote the business products using different advertising methods. Themba will be responsible to provide management with the latest information regarding the industry.

- 2.1.1 Identify FIVE business functions that are applicable to the scenario above. Support your answer by quoting from the scenario. Use the table below to present your answer.

BUSINESS FUNCTION	QUOTE
(a)	
(b)	
(c)	
(d)	
(e)	

(15)

- 2.1.2 Explain how the following business functions can contribute to the quality of performance of the business.

- (a) General management (6)  
(b) Purchasing function (6)

ANSWERS TO ACTIVITY 2.1.1	
Business function	Quote
(a) Human resources function ✓✓	Jahim Enterprise has appointed Jerry to hire and train new employees. ✓
(b) Financial function ✓✓	Jerry has requested Gerald to provide him with the details of the salary bill. ✓
(c) Production function ✓✓	Jahim has instructed Zodwa to ensure that the manufactured goods are of a good quality standard. ✓
(d) Marketing function ✓✓	Gail must promote the business products using different advertising methods. ✓
(e) Administration function ✓✓	Themba will be responsible to provide management with the latest information regarding the industry. ✓
Sub max (10)	Sub max (5)

NOTE: Quote directly from the scenario to avoid losing marks.

(15)

## ANSWERS TO ACTIVITY 2.1.2

### Ways in which the general manager can contribute to quality of performance

- Develop/Implement/Monitor effective√ strategic plans/goals.√
- Learn about/Understand changes in the business environment√ on an on-going basis. √
- Set direction and establish√ priorities for the business.√
- Communicate shared vision, mission√ and values effectively.√
- Set an example of expected behaviour√ in terms of ethics as well as productivity.√
- Ensure that employees have the necessary resources√ to do their work/allocate resources effectively. √

**Max (6)**

### Ways in which the purchasing function can contribute to quality of performance

- Buy raw materials√ in bulk at lower prices.√
- Select reliable suppliers that render the best quality raw materials/capital goods√ at reasonable prices. √
- Place orders timeously/Do regular follow-ups√ to ensure that goods are delivered on time. √
- Required quantities √ are delivered at the right time/place.√
- Implement/Maintain stock control systems√ to ensure the security of stock. √

**Max (6)**

## 11.5 Total Quality Management (TQM)



Total Quality Management refers to all aspects of quality within the business. It is the responsibility of everyone in the organisation from top management to general workers. Businesses strive to get it right the first time by implementing the elements of TQM.

### Definition of Total Quality Management (TQM)

- It is a management philosophy that seeks to integrate all organisational functions such as marketing/finance/customer services etc.
- The focus is on improving the quality of products and services in order to satisfy the needs of customers.

## ELEMENTS of TQM

### The impact of TQM element on small and large businesses

TQM ELEMENT	Large businesses	Small businesses
Total client satisfaction	<b>Positives</b> <ul style="list-style-type: none"> <li>Increased competitiveness as a business is aware of market changes.</li> <li>Increased profitability as more goods and services are sold/sales increase.</li> <li>Higher customer loyalty/retention as a business satisfies more needs.</li> <li>Continuously promote a positive business image.</li> </ul>	<b>Positives</b> <ul style="list-style-type: none"> <li>Smaller businesses often have a close and more personal relationship with the client.</li> <li>Word-of-mouth advertising</li> <li>Positive company image as customers remain confident in the company and continue the business relationship.</li> <li>Customer's complaints are immediately handled.</li> </ul>
	<b>Negatives</b> <ul style="list-style-type: none"> <li>Employees often do not have a clear idea of what will satisfy customers' needs, as they seldom come into contact with them.</li> <li>Monopolistic companies have increased bargaining power, as they do not necessarily have to please customers.</li> <li>Not all employees may be involved in/committed to total client satisfaction.</li> </ul>	<b>Negatives</b> <ul style="list-style-type: none"> <li>May not afford to buy quality products to satisfy the needs of the consumers.</li> <li>May not be able to sell variety of products to cater for all kinds of consumers.</li> <li>May not afford to hire people with adequate sales skills.</li> </ul>
Continuous improvement to processes and systems	<b>Positives</b> <ul style="list-style-type: none"> <li>Large businesses have resources to check on quality performance in each unit.</li> <li>Enough capital resources are available for new equipment required for systems and processes.</li> <li>They may have a person dedicated to the improvement of systems and processes.</li> <li>They may use the services of the quality circles to stay ahead of their competitors.</li> </ul>	<b>Positives</b> <ul style="list-style-type: none"> <li>It is to identify problems and accountability as the workforce is easily manageable by the supervisor</li> <li>All staff can be encouraged to engage in improvement activity, maximising the volume of change and improvement that can be achieved.</li> </ul>

	<b>Negatives</b> <ul style="list-style-type: none"> <li>• Systems and processes take time and effort to implement in a large business as communication/buy-in may delay the process.</li> <li>• Risk of changing parts of the business that are actually working well.</li> <li>• Not all negative feedback from employees and customers is going to be accurate, which may result in incorrect/unnecessary changes to systems and processes.</li> </ul>	<b>Negatives</b> <ul style="list-style-type: none"> <li>• Small businesses have fewer employees to do regular product or service control</li> <li>• Quality tracking can be very expensive in a small business</li> <li>• Training employees to work in a continuous improvement environment takes time and money.</li> </ul>
Continuous skills development	<b>Positives</b> <ul style="list-style-type: none"> <li>• Large businesses have a human resources department dedicated to skills training and development.</li> <li>• Human resources experts ensure that training programmes are relevant to increased customer satisfaction.</li> <li>• Ability to afford specialised/skilled employees.</li> <li>• May be able to conduct skills audits to establish the competency/ education levels of staff performing work which could affect the quality of products/processes.</li> <li>• May be able to hire qualified trainers to train employees on a regular basis.</li> </ul>	<b>Positives</b> <ul style="list-style-type: none"> <li>• There may be a more holistic approach to training due to a limited number of employees</li> <li>• Employees can be able to keep up with latest technological developments.</li> <li>• Promotes individual and personal development resulting in improved productivity</li> </ul>
	<b>Negatives</b> <ul style="list-style-type: none"> <li>• Poor communication system may prevent effective training from taking place.</li> <li>• Trained employees may leave for better jobs after they gained more skills.</li> <li>• Demotivates employees, if they do not receive recognition for training.</li> <li>• Employees who specialise in narrowly defined jobs may become frustrated/demotivated.</li> <li>• Employees may not be aware of the level of competency they should meet in order to achieve their targets.</li> <li>• It may be difficult to monitor/evaluate the effectiveness of training.</li> </ul>	<b>Negatives</b> <ul style="list-style-type: none"> <li>• Small businesses often do not have a dedicated Human Resources function that focuses on skills development and training</li> <li>• Continuous skills development is not always easy in a small business because there is no time for training since everyone is involved in many different aspects/activities.</li> <li>• It is expensive to use training consultants</li> <li>• Employees may leave for better jobs as they gain more skills.</li> </ul>
Adequate	<b>Positives</b>	<b>Positives</b>

financing and capacity	<ul style="list-style-type: none"> <li>• Large businesses have sufficient financing to test everything before implementing.</li> <li>• They can afford to have systems in place to prevent errors in processes/defects in raw materials/products.</li> <li>• Able to afford product research/market researchers to gather information.</li> <li>• Can afford to purchase quality raw materials and equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Economies of scale can translate into lower unit costs (or improved productive efficiency)</li> <li>• Small businesses can succeed simply by identifying a niche market and by serving it really well.</li> <li>• Small businesses can be more flexible and may be able to adapt quickly to changes in their markets or in the economy.</li> </ul>
	<b>Negatives</b> <ul style="list-style-type: none"> <li>• If the demand for company's product increases, orders begin coming in faster than expected, and the company lacks the capital required to fund the production of the stock to fill the orders.</li> <li>• These rapidly growing companies can consume large amounts of capital as they try to balance normal operations and expansion.</li> </ul>	<b>Negatives</b> <ul style="list-style-type: none"> <li>• It is not always possible to test everything before implementing due to lack of finances.</li> <li>• They do not have large product research departments and market researchers to gather the information before time</li> <li>• They do not have correct equipment or best quality raw materials, which can lead to faulty products.</li> </ul>
Monitoring and evaluation of quality processes	<b>Positives</b> <ul style="list-style-type: none"> <li>• Large businesses have a system of monitoring and evaluation/quality assurance processes in place to prevent product defects.</li> <li>• Key performance indicators are carefully selected to set realistic baselines.</li> <li>• Data gathered from indicators/Control charts are used to effectively monitor outcomes.</li> <li>• Large businesses have quality control checks and procedure to ensure zero tolerance.</li> <li>• May be better equipped to get thing right the first time with no defects.</li> </ul>	<b>Positives</b> <ul style="list-style-type: none"> <li>• The owner can quickly identify problems and areas of weaknesses.</li> <li>• Can easily identify performance gaps and determine why they exist.</li> <li>• Small businesses can easily analysing customer reaction to all aspects of the marketing mix</li> </ul>

	<b>Negatives</b> <ul style="list-style-type: none"> <li>• Large businesses are often divided and the departments work in silos. It is difficult to get everyone to communicate.</li> <li>• It often takes longer to detect problems or respond to weaknesses</li> <li>• It is not viable to check quality of all the impact</li> </ul>	<b>Negatives</b> <ul style="list-style-type: none"> <li>• Not enough people to put monitoring and evaluation systems and processes in place to prevent product defects and other issues</li> <li>• It takes time to put the correct systems in place to ensure that they prevent defects, poor productivity and customer dissatisfaction</li> </ul>
Involvement of all employees/ People Based Management	<b>Positives</b> <ul style="list-style-type: none"> <li>• Employees become committed and this leads to increased productivity as they are actively participating in various aspects of the company.</li> <li>• Involving employees saves the company time and money, increased productivity and reduced outsourcing</li> </ul>	<b>Positives</b> <ul style="list-style-type: none"> <li>• It is easier to get all the employees on board in a small business</li> <li>• Communication is easier since they have fewer employees.</li> <li>• Employees are closer to the people involved at the level of buying/selling</li> </ul>
	<b>Negatives</b> <ul style="list-style-type: none"> <li>• It may be difficult to involve all employees in large businesses</li> <li>• Employees can become less motivated, which will have a negative impact on quality.</li> </ul>	<b>Negatives</b> <ul style="list-style-type: none"> <li>• Small businesses may have a hard time monitoring decisions and activities with employee involvement to protect against negative consequences and to restrict the potential for chaos.</li> <li>• Employees may not feel committed to doing their best for the company</li> </ul>

## **11.6 Ways in which TQM can reduce the cost of quality**

- Introduce quality circles to discuss ways of improving the quality of work/workmanship.
- Schedule activities to eliminate duplication of tasks.
- Share responsibility for quality output amongst management and workers.
- Train employees at all levels, so that everyone understands their role in quality management.
- Develop work systems that empower employees to find new ways of improving quality.
- Work closely with suppliers to improve the quality of raw materials/inputs.
- Improve communication about quality challenges/deviations, so that everyone can learn from experience.
- Reduce investment on expensive, but ineffective inspection procedures in the production process.
- Implement pro-active maintenance programmes for equipment/machinery to reduce/eliminate breakdowns.

## **11.7 Impact of TQM if poorly implemented by businesses**

- Lack of training/skills development may lead to poor quality products.
- Decline in sales, as returns from unhappy customer's increase.
- Decline in productivity, because of stoppages.
- Investors might withdraw investment, if there is a decline in profits.
- Bad publicity due to poor quality products supplied.
- High staff turnover, because of poor skills development.
- Unrealistic deadlines may not be achieved.
- Businesses may not be able to make/afford the necessary changes that will satisfy customers' needs.
- Loss of customers may lead to bankruptcy/closure.
- Undocumented quality control systems/processes could result in error/deviations from pre-set quality standards.



### Activity 3

Study the pictures below and answer the questions that follow:

**PICTURE A**



**PICTURE B**



**PICTURE C**



- 3.1 Identify the TQM element that is presented by picture A, B and C. Justify the reason for your answer.

Use the table below to present your answer.

PICTURES	TQM ELEMENT	REASON
PICTURE A		
PICTURE B		
PICTURE C		

(12)

- 3.2 Discuss the positive impact of picture A and B on large businesses.

(12)

- 3.3 Explain the importance of quality circles as part of picture C.

(8)

- 3.4 Explain how businesses could apply the PDCA model illustrated below as part of continuous improvement to processes and systems.

(8)





**ANSWERS TO ACTIVITY 3.1**

PICTURES	TQM ELEMENT	Justification
PICTURE A	Continuous skills development√√	People who learn are motivated, successful and they become leaders. √√
PICTURE B	Total Client Satisfaction√√	Customers that are satisfied are thrilled and happy. √√
PICTURE C	Team work √√	Employees work together and form quality circles. √√
	Sub max (6)	Sub max (6)

**Max (12)**

Do not confuse continuous skills development as a TQM element with the Skills Development Act. The impact on businesses is not the same.

**3.2 Positive impact of continuous skills development and total client satisfaction**
**Positive impact of continuous skills development.**

- Large businesses have a human resources department√ dedicated to skills training and development. √
- Human resources experts ensure that training programmes √ are relevant to increase customer satisfaction. √
- Ability to afford√ specialised/skilled employees. √
- May be able to conduct skills audits to establish the competency/ education levels√ of staff performing work which could affect the quality of products/processes. √
- May be able to hire qualified trainers√ to train employees on a regular basis.√

Sub max (6)

**Positive impact of total client satisfaction**

- Increased competitiveness as a business√ is aware of market changes. √
- Increased profitability as more goods and services√ are sold/sales increase.√
- Higher customer loyalty/retention√ as a business satisfies more needs.√
- Continuously promote√ a positive business image. √

Sub max (6)

**Max (12)**
**3.3 Importance of quality circles**

- They solve problems related to quality√ and implement improvements. √
- Investigate problems√ and suggest solutions to management. √
- Reduce costs of redundancy√ in the long run.√
- Increases employee's√ morale/motivation. √
- Ensures that there is no duplication√ of activities/tasks in the workplace.√

**Max (8)**

### 3.4 Application of a PDCA model

#### Plan

- Businesses should identify√ the problem.√
- Develop a plan for improvement√ to processes and systems.√
- Answer questions such as '*what to do*'√ and '*how to do it*'.√
- Plan the method√ and approach.√
- Establish procedures/resources/quality/policy/risk√ based thinking to build on effective quality management system.√ Sub max (2)

#### Do

- Businesses should implement the change√ on a small scale.√
- Implement the processes√ and systems.√ Sub max (2)

#### Check

- Use data to analyse√ the results of change.√
- Determine whether√ it made a difference.√
- Check whether the processes√ are working effectively.√
- Businesses should assess, plan√ and establish if it is working/if things are going according to plan.√
- Perform audits and analyse historical data√ to identify opportunities for improvement. √ Sub max (2)

#### Act

- Institutionalise√ the improvement.√
- Devise strategies√ on how to continually improve.√
- If the change was successful√, implement it on a wider scale.√
- Continuously√ revise the process.√
- Perform root cause analysis√ and take corrective actions to drive continuous improvement.√ Sub max (2)

**Max (8)**