

Quality and Global Competitiveness

Lecture 2

The Relationship Between Quality and Competitiveness

- Companies that used to compete only on a local, regional, or national level now find themselves competing against companies from throughout the world. Only those who are able to produce world-class quality can compete at this level.
- In practical terms, it is extremely important for a country's businesses to be able to compete globally. When they can't, jobs are lost and the quality of life in that country declines correspondingly.

Cost of poor quality

- Many business executives adopt the attitude that ensuring quality is good thing to do until hard times set in and cost cutting is necessary. During tough times, quality initiatives are often the first functions to go.
- Companies that take this approach are those that have never integrated continual quality improvement as a normal part of doing business. Rather, they see it as a stand-alone, separate issue. What executives in such companies fail to calculate or to even understand is the costs associated with poor quality.

Factors inhibiting competitiveness

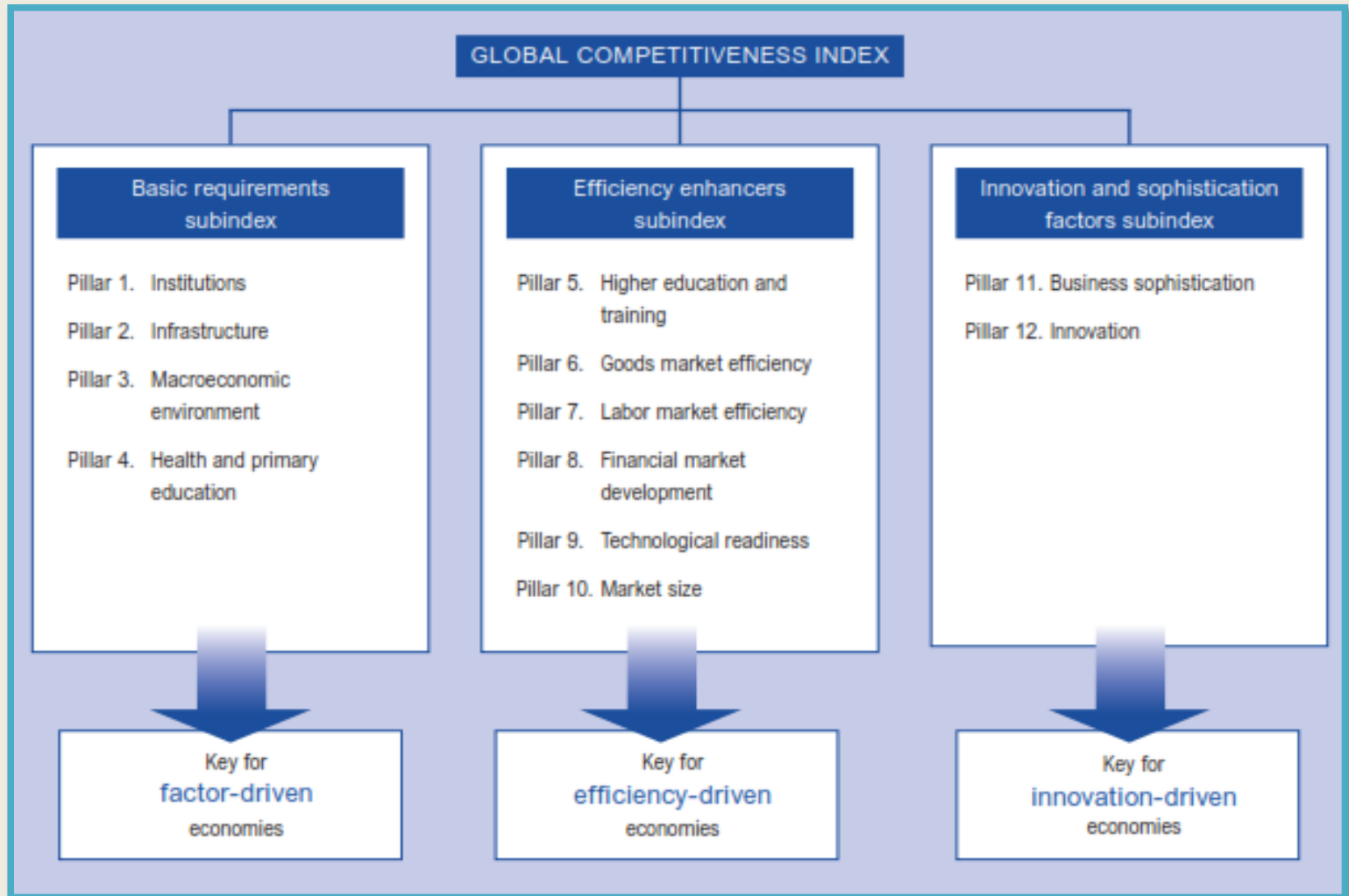
- Improving competitiveness on a national scale is no simple matter.
- Much can be done at the level of the individual company, where the total quality approach can be applied to great advantage, but competitiveness on a national scale requires more than just total quality.
- Students of quality management must understand this point. Failure to understand the limits of total quality has caused some business Leaders to expect too much too soon.

Factors inhibiting competitiveness

- Factors that can inhibit competitiveness but are beyond the scope of total quality. These inhibitors fall into the following categories (in the US):
 1. Business and government related factors
 2. Family-related factors
 3. Education-related factors

Country	Average School Days
Japan	240
Korea	222
Taiwan	222
Israel	215
Scotland	191
Canada	188
United States	178

Comparisons of international competitors



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- The top of the rankings continues to be dominated by highly advanced Western economies and several Asian tigers.
- For the sixth consecutive year Switzerland leads the top 10, and again this year Singapore ranks as the second-most competitive economy in the world.
- Overall, the rankings at the top have remained rather stable, although it is worth noting the significant progress made by the United States, which climbs to 3rd place this year, and Japan, which rises three ranks to 6th position.

Human resources and competitiveness

- The point is made continually throughout this text that the most valuable resources for enhancing competitiveness are human resources.
- The truth of this point becomes apparent if one studies the approach taken by Germany and Japan to rebuild from the rubble of World War II. Both countries were devastated.

Strategies for Human Resource Competitiveness in Japan and Germany

- Team Work
- Leadership at all levels
- Employee involvement and empowerment
- High-quality education and training
- Cooperation among business, labor and government

Characteristics of world-class organizations

- Customer service
- Quality control and assurance
- Research and development/new product development
- Acquiring new technologies
- Innovation
- Team-based approach (adopting and using effectively)
- Best practices (study and use of)
- Manpower planning
- Environmentally sound practices
- Business partnerships and alliances
- Reengineering of processes
- Mergers and acquisitions
- Outsourcing and contracting
- Reliance on consulting services
- Political lobbying