



The Ministry of Education of Azerbaijan Republic

Total Quality Management in small businesses in Japan

Samadova Afsana

UNEC SABA

Azerbaijan State Economic University



BAKU 2019

ACKNOWLEDGMENT

Initially, I would like to thank to my scientific supervisor , my dissertation work teacher Aygun Abdulova for his advice, for helping me in the diploma work. I am extremely lucky to have a supervisor who cared so much about my work and responded my questions so promptly.

I have already learned a lot about my topic and improved my academic writing skills.

Special thanks to our Dean of Sabah Groups Aida Guliyeva for supporting and encouraging us during bachelor thesis.

Total Quality Administration is an approach which centers on making strides the organization's viability, proficiency and responsiveness to customers' and other stakeholders' needs by effectively tackling people's abilities and competencies within the interest of accomplishing supported competitive advantage. In spite of the fact that it is for the most part acknowledged that Total Quality Administration (TQM) can create a sustainable competitive advantage, there's, shockingly, small investigate that has been carried out in creating nations. Most of the writing that underpins this has come from created nations. Most of the writing that bolsters this has come from created countries. In created countries like Japan, Small and Medium scale businesses (SME s) play a crucial part in giving work and boosting the economy of the nation. The objective of the consider was to distinguish parts of total quality administration in little trade environment in Japan. Total Quality Management (TQM) has overturned U.S. manufacturing, through a framework based on nonstop enhancement, assembly customers' requirements, decreasing adjust, long-range considering, expanded worker involvement and collaboration, prepare overhaul, competitive benchmarking, teambased problem-solving, constant estimation of comes about, and closer connections with providers.

Table of Contents

ACKNOWLEDGEMENTS.....	2
ABSTRACT.....	3
I. CHAPTER. TOTAL QUALIT MANAGEMENT (GENERAL)	
Introduction.....	5
Background to TQM.....	6
History of TQM.....	7
Quality Guru.....	12
Principles of TQM.....	14
.Advantages and disadvantages of TQM.....	17
.Importance of TQM.....	18
.Benefits of TQM.....	18
II. CHAPTER. SMALL BUSINESSES (GENERAL)	
Introduction.....	20
What is small business.....	20
How usually define a small business.....	20
What approach is needed for small business positioning.....	22
Point of interests of small business ownership.....	22
Advantages and Disadvantages of business ownership.....	23
Role of TQM in small business.....	24
Reasons for adopting TQM.....	25
Implementing of TQM.....	27
III. CHAPTER. TQM and small businesses in Japan	
Introduction.....	35
Total quality management in Japan.....	35

Features of Japanese quality management.....	38
National quality program in Japan.....	39
Small business in Japan.....	40
Small Business Development in Japan.....	40
The role of small business in the Japanese economy.....	43
SME in Japan in 1999-2014.....	47
.Improving the performance of Japan's SME sector.....	47
Problems of small business development in Japan.....	48
Strenght and Weak sides of business environment.....	49
Small business support in Japan.....	51
Small business financing system in Japan.....	51
Government support for small businesses in Japan.....	51
Conclusion.....	52
References.....	53

I. CHAPTER. TOTAL QUALIT MANAGEMENT (GENERAL)

Introduction

The contention for organizations committing to a Total to Quality Administration (TQM) production logic is very compelling. Among the more noteworthy benefits that can result from a move to TQM incorporate made strides understanding of customers' needs; improved client fulfillment; moved forward inside communication; way better problemsolving; more noteworthy representative commitment and inspiration; more grounded connections with suppliers; less blunders, and decreased squander. In today's world, organizations are confronting the developing challenges from worldwide competition and more modern clients in terms of what they need and their changing needs. The ever-increasing worldwide competitive nature of the commerce environment has constrained enterprises to create methodologies to gotten to be moo fetched makers and to distinguish their products and administrations from their competition. Through customer-focused quality programs, quality brings down the taken a toll and will gotten to be a capable item separation to clients. In arrange to be fruitful, firms must see quality as an fundamental portion of their

strategic process. Quality could be a term that carries critical meaning to both maker and customer. Within the worldwide showcase put nowadays, numerous organizations realized that its survival within the commerce world depend profoundly on creating tall quality item and administrations. In fact, a lot of organizations have emphasized that quality ought to be put in put, coordinates inside the administration framework, particularly in terms of bringing the conclusion items or administrations to the clients, particularly with the seriously competition arriving from the rivals. Accordingly, quality administration (QM) has ended up progressively predominant as one of the administration techniques in guaranteeing client fulfillment and dependability, improving products and benefit quality and fortifying persistent change. This paper is custom fitted along this line, and looks for to assess the level of mindfulness of quality administration hones of little scale endeavors in Japan. Little measure enterprises are the life blood of advanced economies.

SMEs play a special part in nations mechanical advancement in terms of work creation, salary era and guaranteeing impartial dispersion of constrained resources. Among the various challenges to extend execution and development of most of these companies incorporate quality administration hones. That they ought to stay competitive and create tall quality yields is of significance not as it were at the large scale level but too to bigger associations; because SMEs are regularly providers of products and administrations to bigger organizations and need of item quality would antagonistically influence the competitive capacity of the bigger organizations.

Background

Total quality management encompasses a philosophical foundation. Ceremony from the time it was brought forward by greats like Deming and Juran, it has been embraced in noteworthy conduct by numerous best companies of the world. Such companies are of the likes of Toyota in Japan and Maruti in India. Much of the companies nowadays utilize it as the implies to create their targets which oversee their administration in return. There are a number of ranges that this concept looks to cover. It begun from observing and control and nowadays it incorporates commitment of administration, fulfillment of clients, handle management and representative administration which see to oversee the whole commerce in

a all encompassing way. The concept includes a part to do with persistent enhancement, quick reaction, activity based on actualities and worker support. Item advancement beneath this concept takes put in a clashing air where each office is given the benefit to work freely. Japan grants Deming prize for brilliance in quality administration and execution. So, one can see the inclusion of the organizations and Governments where these organizations run with regard to add up to quality administration. These days, numerous companies moreover have an assignment for add up to quality administration owing to alter in organizational structures.

History of quality

The quality movement is associated with the Japanese economic renaissance after World War II. Total Quality Management (TQM) is an approach based on the application of quality concepts developed in Japan. By the end of the 1970s diligent use of these methods by Japanese companies allowed them to bypass many Western manufacturers. But, paradoxically, the quality movement was initially inspired by American ideas. The “building-in” of quality in production provides sophisticated statistical control, which eliminates the need for further checks. The goal of TQM is to minimize losses and processing due to the absence of defects in the production process. TQM is not the only “magic bullet”, but rather an approach that integrates a group of concepts, including many ideas related to lean manufacturing, for example, “just-in-time” and kaizen. Focusing on the process, TQM, however, relies on a management philosophy that supports continuous improvement and a production approach “right the first time.” The history of TQM can be traced back to the late 1940s. During the American occupation of Japan after 1946, American engineers were sent to help Japanese industry. Two Americans, Charles Protzman and Homer Sarason¹, organized a series of seminars on American manufacturing techniques. In 1950, the Japanese invited several more workshops to be held by W. Edwards Deming, a mathematician and a specialist in statistical quality control. Deming, a fan of the statistical control ideas proposed by Bell Labs, Walter Schuhart, introduced a quality circle movement in Japan. Small teams of workers, craftsmen and specialists (they began to call them “quality circles” later) set themselves the task of improving the efficiency and quality of work. Quality circles played a crucial role in the Japanese economic miracle of the 1970s. In many ways, thanks to the

use of TQM by a highly disciplined workforce in just 25 years, Japanese companies were able to catch up and outrun their rivals in America and Europe. So, by 1975, Toyota ousted Volkswagen from first place in car imports to the USA.

At one time in the late 1970s - early 1980s. Americans attributed the successes of the Japanese to the availability of cheap labor. But when Honda, a Japanese company, opened a factory in Marisville, Ohio, hiring American workers and paying for their labor in accordance with market requirements, and soon outnumbered Detroit auto giants in productivity, American companies realized that the Japanese were doing something fundamentally different at their plants. Xerox Corporation was one of the first to catch this signal. In the mid 1970s. Xerox was keen on competition with Kodak. Then Kodak launched several expensive copiers, which Xerox considered a direct attack on its market. Distracted by the old enemy, Xerox did not notice the new Japanese competitor - Canon. When Xerox realized the seriousness of this threat, it had already lost more than half of its market share as a result of the Japanese invasion. While the rest of corporate America was of the opinion that Japanese success was not based on excellent process management, but on low labor costs, Xerox, through a partnership with Fuji, began to look closely at the Japanese economic miracle. Xerox quickly realized that behind the incredible performance of the Japanese, something much more was hidden than it seemed to the United States. Xerox was one of the first American companies to adopt new Japanese management methods that caused such damage. The company became an enthusiast of the quality movement and began to introduce the "right from the first time" philosophy. In a few years, Xerox recovered what had been lost. In 1983, the book "Leadership Thought Quality" ("To Leadership Through Quality") described the overall quality system at Xerox. Important lessons were learned. As interest in the movement of quality grew, other books appeared on how to properly implement the Japanese approach in the West (see the sidebar "Quality Guru"). The most popular Western authors were Joseph Juran and Philip Crosby. Over time, Japanese quality gurus, such as Genichi Taguchi, Taichi Ono and Shigeo Shingo, also became known in the West. By the early 1980s. The TQM approach became the talk of the town all over the business world when it came to efficiency and success. In the mid-1980s. in the face of the threat from Japanese manufacturers, Western corporations tried to understand how Japanese companies are managed and to apply TQM. Indeed, the influence of TQM was so great that by the end of this period it was already possible to divide all the leading global manufacturing companies into two categories: those that have already introduced TQM, and those that were going to do it. This trend has been reinforced by the widespread adoption of

accreditation of quality systems. The ISO 9000 international standards have become the global benchmark for quality, although some companies complained that the bureaucratic documentation of the procedures introduced in fact prevented them from improving their competitiveness.

There are history of TQM ,from inspection to business excellence:

- Inspection
- Quality Control and Statistical Theory
- Quality in Japan
- Total Quality
- Total Quality Management
- Quality Awards and Excellence Models
- Business Excellence
- How the BPIR can propose assistance Quality Practioners and Managing director

1)Inspection consist of measuring,examining and testing of products,process and services against indicated necessities to decide similarity.

Inspection refer to following duties:

- it ensure that no defective product left the plant or workshop
- finding problems of product
- evaluating every item to ensure that it is compatible with product spesifications
- is carried out at the conclusion of the generation prepare;
and depends on extraordinarily prepared auditors

Inspection still has an essential role in modern quality implementations.

2.Quality Control and Statistical Theory

Quality control was known as finding and preventing problems of defective products in production line. Statistical theory also has essential role in this area.It was developed to the management of quality by Dr W. Shewhart in the1920s.He showed that changings in the production process lead to changing in product.

Statistical quality control refer to managing of quality problem,testing samples. Additionally,relies on teached production force and quality control professionals.

3) Quality in Japan

Japanese product known as low level copy in the 1940,but after this time industrial professionals definet the problems and thinked about producing modern,highly developed products.Therefore,they invited Deming, Juran, and Feigenbaum to know how they can achieve this goal.

For the Deming,they can get this goal for 5 years. In the 1950, this idea reached its high level.Quality control and management did not belong to only management area.In the 1960,quality started to cover other sides of workplaces. There were voluteers of workers who meet and discuss the issues in the workplaces.Additionally,they made presentations and shared to each other.

There were need for every aspects of organisational issues. Of course,this was begining of total quality.

4)Total quality

In 1969s,Feigenbaum said about total quality for the for time at the first international conference in Tokyo.This term cover wide range of points in the organisation

Ishikawa also said his idea in Japan which consist of total quality control.It was different from western total quality idea.According to him, 'company-wide quality control' consist of all staff,from all level of management including workers.

5) Total quality management

Total quality management was a new form of quality control and management.

Having watched Japan's victory of utilizing quality issues, western companies begun to present their claim quality activities. TQM, created as a catchall express for the wide range of quality-focused procedures, programs and procedures amid this period, got to be the middle of center for the western quality development.

Explanationof TQM incorporate client focus,participation of all workers, continuous advancement and integration of quality administration into the full association.In spite of the fact that the definitions were all comparable, there was disarray. It was not clear what sort of hones, approaches, and exercises required to be actualized to fit the TQM definition.

6)Quality Awards and Excellence Model

In 1988 a major step forward in quality administration was made with the advancement of the Malcolm Baldrige Grant within the Joined together States. The show, on which the award was based, spoken to the primary clearly characterized and universally perceived TQM demonstrate. It was created by the Joined together States government to energize companies to receive the show and progress their competitiveness. In reaction to this, a comparable demonstrate was created by the European Establishment of Quality Administration in 1992. This EFQM Fabulousness Demonstrate is the system for the European Quality Award. While driving associations compete to win grants, the most reason of these grants is to empower more companies to embrace quality administration standards. The models are viable devices; they offer assistance associations to measure where they are presently and where they want to be within the future. The models too offer assistance associations to make a arrange to diminish the crevice between these positions.

7) Business Excellence

Total Quality Managemet models are often known as Business Excellence Models. Nowadays, TQM also known as Business Excellence.

TQM models are frequently called Trade Fabulousness Models. Moreover, TQM itself is presently regularly called Trade Brilliance. Typically to recognize the “new TQM” from the past work on TQM. As specified prior, there was confusion as to what TQM was within the 80s and early 90s. This was since any trade change program was getting to be called TQM. Subsequently, the title TQM got to be tarnished. Business Fabulousness is truly the same as TQM, but with a more clearly characterized approach.

8) How the BPIR can propose assistance Quality Practioners and Managing director

Expanding number of associations, huge or little, have ended up included in TQM/Business Greatness within the unused thousand years.

The Middle for Hierarchical Fabulousness Inquire about (COER), perceived the require for assets given to this region and propelled the BPIR.com in April 2002. Today, the BPIR.com members' zone gives the

foremost comprehensive data and administrations related to quality, quality administration, TQM and Commerce Greatness.

Whether you're quality professional or a chief focussed on commerce enhancement, the assets inside the members' zone will assist you to have a more noteworthy affect inside your workplace.

Quality guru

W. Edwards Deming

Deming is usually called the founder of the modern quality movement, and the Japanese themselves believe that he played a key role in their post-war economic miracle. Despite his position as a guru, Deming was an active consultant rather than a writer. The best known is his book *Out of the Crisis* (Out of the Crisis, 1984). The principles underlying the Deming approach can be summarized as follows:

1.Set a stable goal: continuous improvement in the quality of products and services.2. Infiltrate the new philosophy created in Japan. 3.Put an end to the dependency on mass inspections: “embed” quality into products. 4.Change the principle of choice of contracts: require not only lower prices, but significant quality indicators. 5.Constantly improve every process, planning, production and service. 6.Introduce modern teaching methods in the workplace, including for management. 7.Maintain leadership to help people work better. 8.Eliminate fear, encourage effective bilateral cooperation. Break down barriers between departments. 9.Reject calls and slogans in the workplace - they only create hostility in relationships. 10.Eliminate quotas and quantitative performance indicators.11. Maintain and develop leadership. 12.Remove obstacles that prevent workers from being proud of their skills. 13.Abandon the system of annual assessments and appraisals.14. Encourage the education and self-improvement of each employee. 15.To ensure the continued participation of senior management in the struggle for improving quality and productivity and to establish its commitment to implement all the above principles.

Walter Schuhart (American statistician)

Schuhart worked at Bell Labs and first proposed a method of statistical process control (SPC). His work had a great influence on Deming and formed the basis of the philosophy of total quality management applied by Japanese manufacturing companies. Schuhart successfully combined statistics, design, and economics and became famous as the father of modern quality control. The strength of such a union of disciplines is evidenced by a control card - a simple but effective tool, the first step towards what Schuhart called "the creation of the scientific basis of economic control." The control card brought Shukhart fame.

Joseph Juran

Juran began his career at the Western Electric plant in Hawthorne (known for the Hawthorne studies from 1927-1932) and worked with Shewhart. Like Deming, Juran emphasized the importance of continuous improvement, but added that this should happen along with overall corporate planning on a long-term basis.

Armand V. Feigenbaum

Feigenbaum - the founder of general quality control. The first edition of his book under this title came out when he was still working on his doctoral dissertation at MIT. In the 1950s his work was discovered by the Japanese, around the same time that Joseph Juran visited Japan. Feigenbaum headed the quality department at General Electric, actively collaborating with companies such as Hitachi and Toshiba. In his book "Quality Control: Principles, Practices and Administration" (1951), he suggests the idea of a systematic or general approach to quality that requires the participation of all functions in the process, not just production. The basic idea is that quality must be "built in" at the earliest stages, instead of being inspected and controlled upon completion of the production cycle.

Philip Crosby

Crosby began his career at the Crosely Corporation, but then worked in other companies. Mostly known as a consultant. Crosby worked on eliminating defects in the manufacturing process.

Taichi Ono

Former Vice President of Toyota Motor. The quality control system in Toyota has been influenced by the work of Frederick Taylor. It is believed that It invented the famous "just-in-time" system. The book It "Toyota Production System: Beyond Large-Scale Production" ("Toyota production system: what lies behind the scale") was the first work in Japan about the company's production system.

Shigeo shingo

The impact of the relatively little-known in the West of Shingo on Japanese industry and its indirect impact on Western industry was enormous. He also worked at Toyota and developed a defect-free approach to quality production. Shingo is the author of the study "Study of the Toyota Production System: From an Industrial Engineering Viewpoint" ("Study of the Toyota Production System from an Industrial Design Perspective"). Shingo's approach focuses on production, not management. His motto (as, incidentally, many others): "He who is pleased with everything, will never make progress." He believed that progress is achieved through thoughtful work on goals, planning and implementing decisions. Shingo died in November 1990 at the age of 81.

Genichi Taguchi

Taguchi is better known in the West than Shingo. He worked at Nippon Telephone and Telegraph, engaged in product optimization and pre-production processes. Taguchi pushed the concept of quality and reliability back to the design stage. The methodology he developed is an effective way to plan product testing before the start of the production phase. (It can also be used as a troubleshooting methodology.) The difference between the Taguchi approach and the Western concepts is that the focus is not so much on quality as on the problem of losses associated with it, which Taguchi defines as "losses that society incurs due to the product's fault since it was shipped. " This includes not only the company's costs for rework, culling, repairs, downtime due to equipment failure and warranty claims, but also consumer costs due to poor performance and poor product reliability, which leads to further losses for the manufacturer as a result of a reduction in its market share. After Taguchi's visit to the United States in 1980, more and more American manufacturers began to introduce his methodology. Xerox, Ford and ITT are among the major American companies that have mastered its methods.

Klaus Moller

Danish guru, who put forward the idea of personal quality as the basis of all other types of quality. In the book *Personal Quality*, he identifies two standards: the level of ideal productivity (IP) and the level of real productivity.

Principles of TQM

1. Customer orientation.

The organization is entirely dependent on its customers, and therefore it is necessary to understand and fulfill the requirements of consumers, to strive to exceed their expectations. A systematic approach to focusing on customer needs begins with the collection and analysis of complaints and complaints from customers, which is necessary to prevent such problems in the future.

Analysis of complaints and claims of consumers are many organizations that do not have a quality management system. But in the context of TQM, information should come systematically from many sources and be integrated into the process, which allows to obtain accurate and reasonable conclusions regarding the needs and desires of both a particular customer and the market as a whole.

In organizations focused on TQM, information should be distributed throughout the organization, processes should be implemented to determine the consumer

assessment of the organization's activities and to change the customer's perception of the organization's ability to meet their needs.

2. Leadership.

The leaders of the organization set goals and main activities for the implementation of goals. They should create opportunities in the organization to maximize employee engagement in the process of achieving goals.

Establishment of goals and analysis of their implementation by management should be a constant component of the activities of managers, as well as quality plans should be included in the strategic development plans of the organization.

3. Employee involvement.

Employees are internal customers in the organization. One of important factors is that managers must become clever in choosing, motivating, giving education and keeping staff. Especially, in cross-functional teams, allows faster difficulties identification and determination, process implementation and total productivity. In using and appropriating of TQM, highly trained and motivated employees also have more control over their work and a greater feelings of ownership in the business.

All personnel — from top management to worker — must be involved in quality management activities. The staff is considered as the most important resource of the organization, and all the necessary conditions are created in order to maximize the discovery and use of its creative potential. Employees who are involved in the process of achieving the objectives of the organization must have the appropriate qualifications to perform their duties. Also, the management of the organization should strive to ensure that the goals of individual employees are as close as possible to the goals of the organization itself. A significant role here is played by the material and moral encouragement of employees. The staff of the organization must be proficient in teamwork. Work on continuous improvement is mainly organized and carried out in groups. At the same time, a synergistic effect is achieved: the cumulative result of the team's work significantly exceeds the sum of the results of individual performers.

4. Process approach.

To achieve the best result, the relevant resources and the activities in which they are involved must be viewed as a process. The process model of an enterprise consists of a variety of business processes whose members are structural units

and officials of the organizational structure of the enterprise. In this regard, a business process is a combination of various types of activities that together create a result that has value for the organization, consumer, customer or customer.

Based on this principle, the organization should determine the processes of design, production and supply of products or services. With process management, customer satisfaction is achieved. As a result, the management of the process results is transferred to the management of the process itself. The next stage on the road to TQM is optimization of the use of resources in each dedicated process. This means strict control over the use of each type of resource and the search for opportunities to reduce the cost of producing goods or rendering services.

5. A systematic approach to management.

In accordance with the principles of TQM, the effectiveness and efficiency of an organization's activities can be enhanced by creating, maintaining and managing a system of interrelated processes. This means that the organization should strive to integrate the processes of creating products or services with processes that allow to track the conformity of products or services to customer needs.

Only with a systematic approach to management will it be possible to fully use customer feedback to develop strategic plans and quality plans integrated into them.

6. Continuous improvement.

Continuous improvement is rudimentary in total quality management. By using the correct calculating tools and modern and imaginative thinking, constant improvement offers will be carried out ,therefore the company can grow into a higher point of quality.

The organization should not only monitor the problems that arise, but also, after careful analysis by the management, take the necessary corrective and preventive actions to prevent such problems in the future.

The goals and objectives are based on the results of the assessment of customer satisfaction (obtained during the feedback) and on the performance indicators of the organization itself. Improvement must be accompanied by the participation of

management in this process, as well as the provision of all the resources necessary to realize the goals set.

7. Making decisions based on facts.

Effective solutions are based only on reliable data. The sources of such data may be the results of internal audits of the quality system, corrective and preventive actions, well-founded complaints and wishes of customers, etc. Also, information can be based on the analysis of ideas and proposals received from employees of the organization and aimed at increasing productivity, reducing costs, etc.

8. Mutually beneficial relationships with suppliers.

Since the organization is closely connected with its suppliers, it is advisable to establish mutually beneficial relations with them in order to further expand the activities of the organization. It seems appropriate to establish documented procedures that are mandatory for supplier compliance at all stages of cooperation.

The principles of TQM, as a rule, underlie the models of quality premiums approved at the international, national, regional, sectoral levels), as well as when creating management systems for compliance with ISO 9000 international standards.

This strategy consist of stakeholders, the level within the company,the communication channels, opportuneness, calculating of effectivity. Communication strategy must be defined in such a way that related to the mission,vision ,targets or aims of the company.

Advantages and disadvantages

Total quality management have advantages and disadvanges.

Advantages include : TQM leads to way better items fabricated at lower taken a toll.

The center on utilizing tall quality data to progress forms decreases squander and spares time, driving to decreased costs that can be passed along to clients within the shape of lower costs. Companies that effectively execute TQM are able to decrease changeability, giving the consistency that clients esteem.

This makes client devotion and gains their proceeded business.

The accentuation on engagement at all levels leads to representative engagement, which decreases turnover and spares cash on preparing and botches due to naiveté.

Disadvantages include: One of the most drawbacks of TQM is the require for company-wide commitment to quality enhancement, and the trouble of accomplishing this commitment. All levels of administration must be on board for the program to be genuinely effective.

Any need of exertion or assets will weaken the victory of a TQM program, causing negative swells all through the company. If administration falls flat to completely actualize a TQM program, its halfway endeavors are bound to come up short. For illustration, fair constraining the activity to work force preparing without

making utilize of factual apparatuses to degree and assess handle changes will make disappointment and insufficient comes about. Preparing programs must be taken full circle through assessments and measured results. One reason a few companies center on preparing is since it is unmistakable and simple to appear that something was done. But unless preparing is taken after up with progressing coaching, the information and abilities it provides are improbable to stay.

Importance of TQM

Separated from the adaption and execution of formal archived strategies, the quality framework forces teach upon all angles of company's operations with a see to guaranteeing that each errand is performed accurately, to begin with time and each time reliably. This will decrease revamp, cutting squander by lessening dismissals and scrap on the shop floor. It'll too lead to incite conveyance by decreasing dismissals and scrap on the shop floor. It'll moreover lead to provoke conveyance by lessening delays to least. Thus working proficiency will make strides coming about in an change in generally benefit.

Benefits of Total Quality Management

There is a growing body between the adoption of Total Quality Management and improved firm performance (Easton, 1998). Given the link that exists between competitive advantage and performance, it is perhaps not too surprising that it has been claimed that TQM or similar quality management practices can be used to generate a competitive advantage (Young, 1996).

Among the main benefits of Add up to Quality Administration is change in Organizational Advancement. TQM heralds a alter within the work culture by teaching all workers on quality and making quality the concern of everyone, not fair the Quality Control division. The center on quality leads to a proactive work culture pointed at anticipating botches instead of rectifying botches. Total Quality Management's center on collaboration leads to the arrangement of cross-

departmental groups and cross-functional information sharing. Such mediations lead to numerous benefits such as; enhancement in communication aptitudes of person workers and by and large organizational communication; information sharing, coming about in extending and broadening of information and skill-set of group individuals, and the making of a learning organization; and adaptability for the organization in sending faculty, contributing to rightsizing, and guaranteeing taken a toll competitiveness. Another advantage of Add up to Quality Administration is that TQM advances the concept of inner customer/supplier fulfillment. For occasion, the HR office considers workers as inner clients and processes their inquiries or demands inside the desired time constrain. A major application of benefits of Add up to Quality Administration relate to Human Asset Administration. Application of TQM in an organization brings approximately the taking after benefits to the Human Assets of an organization; it extends the possession of the trade prepare to each representative included within the handle by engaging them to amend botches on the spot without administrator survey or activity; it pushes on dispensing with botches and progressing efficiency contributing to achievement of targets speedier; it pushes on quality leads to recognizing skill-deficiencies in workers and giving preparing and other intercessions to bridge such insufficiencies. The upgraded efficiency brought approximately by TQM deciphers to superior benefits

Criteria

There are essentially seven criteria that are noteworthy in this setting. They have been said as follows: The to begin with is authority. Typically the foremost imperative measure as an organization's victory is profoundly judged by virtue of its authority qualities. In most cases nowadays, it must be situational in nature. Moreover, depending upon the degree of motivation, leadership can be judged. Secondly, it is vital arranging. Based on the procedures that a company plans to require up within the future, a company's operations run. Each work of an organization either brief term or long term is based on this concept. Thirdly, it is client and advertise center which has replaced benefit as the foot line for most of the companies today. Information and information examination is additionally required to know of the advertise conditions to require steps in this heading. The company's future improvements in terms of items and administrations are based on this criterion. Following, in line is prepare administration. The day by day exercises of each firm are profoundly complex in nature. It requires satisfactory handle administration. All these are managed by the pioneers of the company. Each little pre-requisite must be taken care of so as to guarantee that there are no reasons to cross the time constrain of conveyance of a service. Finally, it is trade comes about. One can't bear to judge the quality of a certain organization, commercial

center, staff or item without having a see at the trade reaction. It is by implication related by the development in word-to-mouth promoting of that movement or the increase within the net salary.

II. CHAPTER. SMALL BUSINESSES (GENERAL) and role of TQM in small businesses.

INTRODUCTION

Small businesses can choose to actualize total quality management beneath the suspicion that advantages experienced by expansive organizations can moreover be accomplished by them, fair on a littler scale. So, little businesses endeavoring to execute total quality management may involvement the following difficulties: noteworthy pricess of preparing, utilization of over the top sums of management time, expanded printed material, accentuation of handle above comes about and disappointment to address desires of small companies. In this chapter consist of explanation of small business,types,advantages and disadvantages, implementation of TQM in small businesses.

Small business. What is the difference of a small business?

Small business the most common business in the world. But most people do not know how to distinguish a small business, how to position it. Since the site is dedicated to the problems of small business, it is necessary to determine what it is small business? Strange as it may seem, I did not find a specific definition in any source what is a small business. There are many criteria for dividing businesses into small, medium and large businesses.

Little businesses are secretly possessed enterprises, organizations, or sole proprietorships that have less representatives and/or less yearly income than a regular-sized trade or organization. Businesses are characterized as "little" in terms of being able to apply for government back and qualify for special charge arrangement changes depending on the nation and industry. Little businesses run from fifteen representatives beneath the Australian Reasonable Work Act 2009, fifty workers concurring to the definition utilized by the European Union, and less than five hundred workers to qualify

for numerous U.S. Little Trade Organization programs. Whereas little businesses can too be classified concurring to other strategies, such as yearly incomes, shipments, deals, resources, or by yearly net or net income or net benefits, the number of workers is one of the foremost broadly utilized measures.

How usually define a small business.

Today the definition of small business is very conditional. It is determined both by the volume of production, and by the number of employees employed in the business, and by the functions performed by the business, etc. All of these separation criteria are fairly arbitrary. For example, a business with thirty employees should be attributed to small or medium? I don't know. What about a business with 100 employees?

It is also conditional and the division by volume of production. Even in different countries, these criteria are different. So a business with exactly the same production volume in one country can be defined as a small business, and in another as an average one. In some countries, an additional category of business is being introduced a small business that precedes a small one.

Some authors propose to divide the business into a mixed way: that is, in the aggregate number of employees and production volume. This method of separation is used by tax authorities in many countries. But this method is very conditional and does not give a clear division into categories.

For example, in Russia, depending on the average number of employees, a business is divided into: micro enterprises — up to 15 employees; small businesses — up to 100 employees; medium-sized enterprises up to 250 employees.

Accordingly, according to the annual volume of production (sales revenue), enterprises are divided into: micro enterprises — up to 60 million rubles; small businesses — up to 400 million rubles; medium-sized enterprises up to 1 billion rubles. In the European Union, the division of businesses is as follows: micro enterprises — up to 9 employees and up to 2 million euros annual turnover; small up to 49 employees and up to 10 million euros annual turnover; average — up to 249 employees and up to 50 million euros annual turnover.

Well, for completeness, here are the criteria for the separation of businesses in the United States. In the US, there is a standard for determining the size of small businesses. The key criteria are the number of employees and the amount of annual income. In the general case, criteria for small businesses are defined: up to 500 employees and up to \$6 million annual income. But there are many amendments depending on the type of business activity. For example, in the wholesale trade, a small business with up to 100 employees will be considered.

So how is it necessary to distinguish a small business (or, if you want small) from other types of business. In my opinion, the division of business into categories (again, conditionally) can be carried out by the number of functions performed by their owners or managers. Indeed, in a small business in most cases the entrepreneur himself performs the function of a manager, especially in the initial period of the business.

So, if an entrepreneur in his business performs all non-production functions himself (for example, a director, economist, technologist, supplier, marketer) or attracts no more than one or two employees for this, this is a small business (or small). At the same time, the number of employees employed directly in production, as well as the volume of production are not limited.

If each of the managerial functions (and here, to the above functions, you should add a secretary, a courier and other support workers) is performed by an individual worker, but one, non-production workers will be 3 or more, this is an average business.

If more than one employee is required to perform each of the managerial functions (that is, units), this is a large business. It should be added that the number of workers who are not directly engaged in production will be minimal to the entrepreneur, because the main criterion of the business's work is the maximum profit.

What approach is needed for small business positioning.

All the above criteria are easy to use for tax authorities, small business support services and banks when granting loans, and for state lawmakers to determine the benefits and means of supporting small business. But for the concept of the essence of "small business", these criteria are completely wrong.

Small business requires its own approach, which is in many respects different from large business. Its approach to organization and management, to marketing and working with partners, to quality management and pricing. It should be noted that recently there has appeared quite good marketing literature for small businesses, but otherwise it is obviously not enough.

Such a definition of small business, as is customary now, makes it possible to see why authors of a vast amount of literature on economics, management, theory and practice of business, etc., do not provide concrete answers to questions arising in small business, and sometimes offer completely wrong ways. Defining a small business in terms of production or the number of employees, they view it as a small large business, which, I think, is not always justified. The literature on small business requires its own, perhaps more specific, approach of the authors; less theory and formulas, or outright water, and more practical advice and business recommendations are needed.

Points of interest of Small-Business Ownerships

Liberty. Business visionaries are their possess bosses. They make the choices. They select whom to do commerce with and what work they will undertake. They select what hours to job, as well as what do they give payment and whether

to require get-away. For numerous business people the opportunity to control their fate is sufficient to exceed the potential risks.

Financial pick up. Business offers a more noteworthy plausibility of accomplishing critical budgetary rewards than working for somebody else. Owning your claim trade evacuates the wage limitation that exists in being somebody else's representative. Numerous business visionaries are propelled by the mega-millionaire business visionaries we see nowadays, such as Steve Jobs, Elon Musk, Jeff Bezos, and Mark Zuckerberg.

Control. It empowers one to be included within the add up to operation of the trade, from concept to plan to creation, from deals to trade operations to client reaction. This capacity to be completely submerged within the trade is exceptionally fulfilling to business people who are driven by enthusiasm and imagination and possess a "vision" of what they point to attain. This level of inclusion permits the commerce proprietor to really make something of their own.

Prestige. It proposes the level of being the individual in charge. A few entrepreneurs are pulled in to the thought of being the boss. In expansion, in spite of the fact that, there's the distinction and pride of possession. When somebody inquires, "Who did this?" the business visionary can reply, "I did."

Value. It gives an person the opportunity to construct value, which can be kept, sold, or passed on to the following era. It's not exceptional for business visionaries to claim different businesses all through their life. They set up a firm, manage it for a whereas, and afterward offer firm to somebody else. The salary from this deal can at that point be utilized to back the another wander. On the off chance that they're not fascinated by offering the trade, the objective may be to construct something that can be passed down to their children to assist guarantee their budgetary future. One item is beyond any doubt: In arrange to fully harvest the money related benefits of a trade wander, you wish to be the owner.

Chance. Business enterprise makes an opportunity for a individual to form a commitment. Most modern business people offer assistance the nearby economy. A few—through their inventions—lead to society as a entirety.

Disadvantages of Small-Business Ownership

Time engagement. When somebody opens a little trade, it's likely, at slightest within the starting, that is to say they will have few workers. This clears out all of the obligations and tasks to the proprietor. Small-firm proprietors report working more than eighty hours a workweek taking care of everything from obtaining to keeping money to promoting. This time engagement can put a strain on family and companions and include to the push of propelling a unused trade venture.

Hazard. Indeed in the event that the business has been organized to play down the hazard and risk to the proprietor, chance can't be totally disposed of. For occasion, in case an person takes off a secure work to take after an entrepreneurial dream and the trade comes up short, this monetary misfortune can be difficult to overcome. Past money related hazard, business people ought to consider the hazard from item obligation, worker contradictions, and administrative prerequisites

Instability. Indeed in spite of the fact that the commerce may be effective at the begin, outside components such as downturns within the economy, modern competitors entering the commercial center, or shifts in customer request may slow down the businesses development. Indeed business people who go with a comprehensive arranging prepare will never be able to expect all of the possible changes within the trade environment.

Financial engagement. Indeed the littlest of trade wanders requires a certain sum of capital to begin. For numerous individuals beginning little businesses, their beginning source of financing is individual reserve funds, speculations, or retirement reserves. Committing these sorts of stores to a trade wander makes them inaccessible for individual or family demands. In most situations where a little commerce gets start-up subsidizing through a advance, the business visionary must procure the credit by swearing individual resources, such as a house. Risking the value in one's domestic could be a money related commitment not all business visionaries are willing to create.

Role of TQM in small businesses.

Thinks about of TQM execution in littler businesses are moderately scarce. There appears to be more prominent intrigued within the application of TQM in larger organisations, likely since they are seen as being more vital than smaller ones. Much of the current distributed work is centred around the approaches that little companies have taken in their interest of TQM. A few of the writing relates to overview comes about with respect to the rationale for TQM

implementation, measures embraced and the result of TQM implementation based on managers' recognitions. A audit conducted by Yusof and Aspinwall (2000a) uncovered that those already created usage frameworks were distant from reasonable and did not fit the SMEs setting. Effective little firms were found to locate more accentuation on item and prepare advancement, contributing in unused production equipment, and to have a exceedingly persuaded administration group with better managing abilities. They tended to have less qualified work force than bigger ones, and through TQM, were able to contribute within the preparing of their staff which driven to this enhancement. Ghobadian and Gallear (1996) detailed on the case considers of four SMEs where they examined the reasons for receiving TQM, the most steps involved in execution, the affect and changes coming about from its adoption and the troubles in usage. They concluded that SMEs could apply TQM with impressive victory and they pointed out the strengths inherent in SMEs which were advantageous for this.

Reasons for adopting TQM

Little firms have set out on TQM for distinctive reasons.

Shea and Gobeli (1995) cited a few of the thought processes detailed by a bunch of little companies which they considered. They were:

1. advancement of development -it is simpler to persuade the company's financiers to invest in them on the off chance that there's prove that the association is well run
2. management conviction within the guideline of client fulfillment and employee strengthening which reflects the administration style supporting TQM;
3. changing client desires indeed for associations seen to be doing well (competitive issue);
4. making work more agreeable;
5. to improve poor company execution in the event that the company isn't doing well (survival issue).

Indeed in spite of the fact that these reasons looked changed, they all point within the same course to improvement. Expanding benefits is an vital issue particularly for small businesses. They must get it and figure it out that enhancements in their business and in other angles such as the working environment are important for survival. The unit of the enterprise includes the production structure of the enterprise, which determines the composition, relationships and forms of construction. There is a generally accepted classification of divisions of an enterprise: basic, auxiliary, servicing, auxiliary, incidental. These

units have strictly ordered connections with each other, which makes their existence productively necessary and economically viable. The process block includes processes that ensure the product life cycle. Each company may have different processes, depending on the nature of the organization's activities and size. The block of enterprise management functions. As a rule, in each division of an enterprise, when performing a process, all or some of the management functions are implemented. Thus, the organization of production involves the organization of all the above processes within each production unit. This means that the production process must be built in such a way that it is rhythmic, uniform, all elements and parts of the overall process occur continuously

A rationally organized production process is an important condition for high labor productivity in an enterprise, economical use of resources, production of quality products in the required volume, within the required time frame. Economic science does not examine the consumption of products themselves, but its result, not the characteristics or properties of products themselves, but to what extent they satisfy the established and assumed needs.

Competent formulation of management tasks is the most important factor affecting the success of the enterprise as a whole, therefore, the first thing to be done is to formalize the enterprise management system as much as possible. Improving quality leads to increased productivity, which in turn leads to lower costs. Lower costs are not only the result of innovation in product design and good technological support for processes, cost reduction can also be achieved through the efficiency of enterprise management. Quality is the most important indicator of production, as it is directly proportional to its price. The concept of quality as an economic category describes:

the relationship between product quality, cost, and price;

forms of remuneration and salary;

the organization and conduct of cost accounting;

order of crediting and financing of funds for quality improvement;

a system of moral and material incentives for manufacturing quality products

It is possible to build a management system of a small organization focused on the quality of its products when introducing an organization's QMS. The peculiarity of the modern stage of development is the large informatization of society, in which the main elements are information and knowledge. Therefore, it is advisable to apply an information approach in the consideration of the management of the organization. From the point of view of the information approach, the study of complex systems can be carried out by examining the information flows that they manage.

Before embarking on the implementation of a quality management system in a small business organization, it is necessary to reorganize its structure and business technology. Therefore, one of the most important stages of the implementation project is a complete and reliable survey of the enterprise in all aspects of its activities. Based on the conclusion obtained as a result of the survey, the whole further scheme for constructing the information model on which the future QMS is based is built. As a result of the survey, a large number of unjustified additional costs are usually recorded, as well as contradictions in the organizational structure. The introduction of a quality management system in the management of an enterprise introduces significant changes in the management of business processes.

Therefore, you must first create a business model of the enterprise, which is a mapping of the enterprise and its information management system. The enterprise information model describes the state of the organization at the time of the survey and determines the functional characteristics of the enterprise from the standpoint of system analysis. According to the economic sense, the entry into the system is nothing other than the production and financial resources used at the enterprise, which will amount to the cost of producing future products and the result of the production and sale of past products. Logging out reflects the results of future production and sales of products manufactured in the system.

Implementation of TQM

The selection of total quality management may be group and essential alter in each viewpoint of commerce. Such a group alter requires cautious arranging in the event that it is to succeed. TQM professionals have proposed a number of distinctive execution models. Deming proposed an implementation plan comprising of 14 steps, Juran submit some steps arrange, and Crosby proposed a 14 step program for the execution of TQM. Oakland suggested an eleven step prepare, but he moreover distinguished two preparatory levels: understanding the require for property and committedness to property. These total quality management execution shapes are consecutive and normative. Ghobadian suggested an integrator show where as it were the key components of TQM are predetermined. Figure 2 portrays this show. Administration prepare (i.e. administration practices and states of mind) is the main component within the execution of total quality management, subsequently its position at the spine of the fishbone type graph. The other components are the heading of the coordination center: that ought to be external aiming to meet the wants of the customer; (b) prepare center around the result necessities instead of the errands; (c) individuals center; and (d) communications and estimations.

The most components can be subdivided into a number of sub-elements. In this demonstrate, the duty for the distinguishing proof of the sub-elements (advancement ventures) support- ning the usage of TQM rests with the organization. This is often since particulars inside any approach are more likely to be possibility subordinate than the wide approach. One such possibility is the measure of the organization, and it is sensible to accept that usage is estimate subordinate. In other words measure is likely to influence the wide steps essential to actualize TQM. Furthermore, there may be a tall likelihood that estimate will impact the usage detail in terms of specifics inside each wide step.

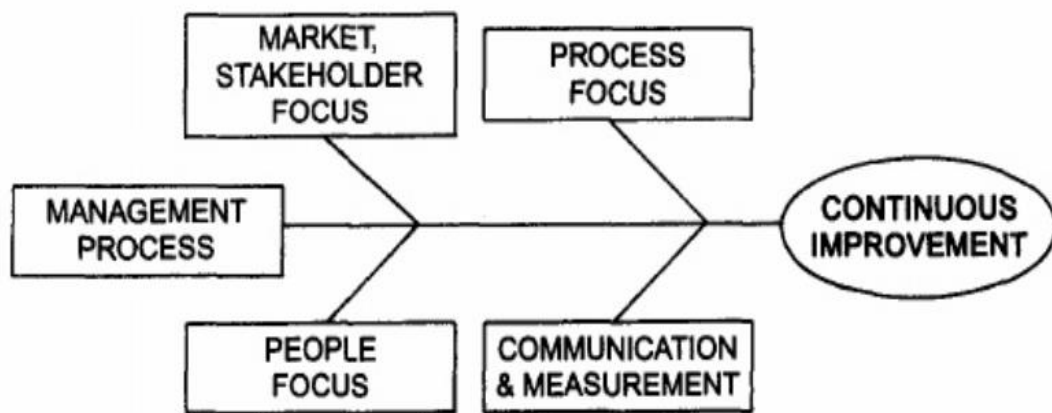


Fig. 2. The salient elements of TQM implementation.

Other ways of implementation total quality management

POWER, COOPERATION, AND CONFLICT IN A DISTRIBUTION CHANNEL

The effective execution of the TQM reasoning is basically connected to the degree of participation of the dissemination channel individuals (Harari, 1993). It is occupant upon channel individuals to cultivate solid long-term connections (Harari, 1993). Therefore, behavioral issues such as control, participation, and struggle must be caught on in trying to make a TQM environment within the dispersion channel. Within the setting of a dissemination channel, control alludes to the ability of a channel member to urge another channel part to do what the last mentioned part would not have done something else (El-Ansary & Sterm, 1972). Seven bases of control accessible to a "channel captain" or "channel pioneer" incorporate: remunerate, impelling, authenticity identification expertise, data, and countervailing control.

Remunerate control is the seen capacity of one channel part to disseminate rewards to another based on wanted execution. Constraint is the inverse of compensate, stemming from the seen capacity of a channel part to force discipline on others who do not adjust to execution desires. Authentic control exists when a channel member is seen to have the correct to impact another channel part who accepts that impact. Identification (or referent) control comes about from the want of one channel member to be distinguished with another. Master control exists when a channel part is perceived to have extraordinary information or skill. Enlightening control is possessed when a channel member has the capacity to supply data not already accessible to the other channel individuals.

A premise of control to some degree distinctive from the other six is countervailing control. It allows weaker individuals of a channel of dissemination to equalize or check the control of larger channel individuals. Countervailing control may take the shape of item differentiation, product blend extension, item substitutability with other items, and the measure and number of channel middle people. Countervailing control can play a key part in acceptance of TQM as will be seen in a afterward area of this paper. These seven sources of control shape the premise for channel administration. When a channel leader employments one of these sorts of control to impact dispersion channel individuals, one of two results will result: participation or struggle.

Cooperation

Participation is the method of together endeavoring with another toward a objective. Participation has been seen as the inverse of struggle and a contributing calculate to improved performance. It is emphatically related to noncoercive sources of control. A possible downside of participation is that it may be broken in nature after a certain point. That may, be a edge level of participation must exist some time recently execution is positively affected. But participation as well distant past that edge level may demonstrate inconvenient to the participants, as this participation approaches common reliance.

Conflict

To improve channel execution, it is best for a channel pioneer to cultivate an environment of cooperation. Typically accomplished in TQM through joint issue understanding and teamwork between providers, producers and clients (Dignitary and Bowen, 1994). Unfortunately, contradictions may emerge in any agreeable relationship, which

could represent an starting form of conflict between channel individuals. Strife could be a circumstance in which one channel part sees another channel part as locks in in behavior that is avoiding or obstructing the generally channel from accomplishing its objectives. This conflict leads to push and pressure. Responses to strife incorporate bartering between channel individuals, case, joint goalsetting, participation trade, discretion, and indeed political activity to resolve intense conflict. These reactions may lighten or escalating the level of struggle.

The interdependency of control, participation, and struggle is critical to the understanding of the intuitive amid the execution of TQM. The selection of a TQM framework may lead to the attestation of control in arrange to pick up compliance from channel individuals. Be that as it may, this utilize of control may result in participation or strife. The next two areas will briefly depict how the builds of control, participation, and conflict can be utilized to effectively actualize a TQM sort of generation methodology.

Impact OF Control ON TQM IMPLEMENTATION

Behavioral Issues Confronted by Channel Leaders In building TQM connections with providers, producers must fight with the behavioral issue of control. All channel individuals keep up a certain degree of power because of shared reliance. Be that as it may, dissemination of control isn't break even with and channel members having control preferences may expect a position of administration. Firm assume the administration part so that they can intentioned impact choices and behaviors of other businesses. For the purposes of this article, the "channel pioneer" (or "channel captain") is characterized as the trade that can stipulate arrangements to other businesses within the channel, in this way working out coordinate control over a few or all of their choices and activities. In numerous cases this channel pioneer is the producer.

Executing TQM in a channel must be started by the channel pioneer since of that business's capacity to work out different shapes of control in influencing other businesses' conformance to TQM. Illustrations of this circumstance can be found at Common Engines and Hewlett-Packard. Little commerce providers would not deny the corporation's ask to adopt TQM since refusal might spell financial destroy in case the organization denied to do business with the provider. Then again, a little business's endeavor at executing TQM within a channel would have constrained chances of victory in case the channel pioneer restricted this system. The channel pioneer must appropriately work out its control to play

down the sum of conflict which will emerge inside the channel, as will be illustrated within the following paragraphs.

A TQM framework will essentially alter the conventional relationship that has existed with suppliers. The channel pioneer and its providers must keep up open channels of communication and sharing of data. This relationship will give an opportunity for the channel pioneer to work out master and instructive control that has been gained through the usage of TQM within the channel leader's organization. Work out of these two shapes of control can incredibly lessen the fears and uneasiness of channel members in embracing TQM.

An extra relationship that will exist in a TQM channel could be a decreased number of suppliers overhauling an organization. Determination of providers to benefit an organization is an exercise of the channel leader's remunerate and recognizable proof control. Furthermore, the channel leader's prohibition of a provider can be translated as an work out of its coercive power. The avoided provider is being coerced into acclimating to the channel leader's expectations for TQM providers. In case the provider adjusts to the channel leader's expectations, it may be included, at a afterward time, to a list of worthy providers.

After provider determination, the channel pioneer has extra openings to work out expert and instructive control through programs and courses that can be conducted in the supplier's organization concerning instructive necessities for productive operation of the TQM framework. Usually an great opportunity for providers to display problems experienced in actualizing TQM, in this way progressing communication channels. This joint problem fathoming should create a commitment among channel individuals to form the TQM system a victory.

Provider choice promptly makes countervailing control through long-term contracts negotiated with the channel pioneer. The correct work out of these different shapes of power by the channel pioneer can minimize the struggle experienced amid the usage of TQM; in any case it may not totally dispense with strife.

Behavioral Issues Faced by a Small Manufacturer

Presently consider execution of TQM by a little producer that's not the channel leader. Little businesses can effectively actualize TQM with victory (Shea and Gobeli, 1995). In any case, issues emerge when the little producer undertakes incorporation of the TQM framework with its providers in an exertion to attain the full spectrum of TQM benefits.

Since of its little measure and need of budgetary influence, the little producer may have insufficient control to constrain suppliers' compliance to a TQM environment. This is especially the case in the event that the little producer employs expansive providers, and in the event that the sum of supplier commerce spoken to by the little producer is little. Prohibition of the supplier from the manufacturers' list of worthy providers may not financially hurt the provider. Add up to Quality Administration advocates may counter that the small manufacturer might utilize little providers. In any case, this may not be a practical alternative. Small providers may not be able to create the specified quality of materials with consistent due dates and conveyance plans that a Add up to Quality Management environment manages. Thus, huge providers may be the as it were companies that make the manufacturers' satisfactory suppliers' list.

Also, the compensate and recognizable proof control that a little trade may be able to exercise will be negligible. Huge suppliers' rewards will not be extraordinary, since the amount of commerce that the little producer would speak to is little. A expansive supplier normally has adequate title acknowledgment inside its channel of dispersion. Consequently the sum of distinguishing proof control given by the little trade would be pointless. Small businesses may moreover be exceptionally restricted within the sum of human and money related capital that can be utilized in working out master and enlightening control with its providers. Small businesses executing TQM will too discover trouble in overseeing channel strife and cooperation as the following segment of this article will illustrate.

FOSTERING CHANNEL COOPERATION FOR A SMALL BUSINESS

Minimizing Channel Conflict

The sum of strife inside a dissemination channel after executing a TQM framework is dependent upon at slightest five variables. A little trade can influence each of these in helping to cultivate a agreeable channel environment.

Channel members' inclination toward TQM .

This calculate includes recognitions of whether TQM could be a reasonable strategy of fabricating or acquiring. The predisposition may be positive, negative, or impassive. This factor's impact will be a work of the degree to which open communications exist inside the channel. To actualize a TQM

system, the utilize of master and educational control by a small business can offer assistance build better communication systems. This may alter other channel members' predisposition toward the utilitarian advantage of TQM.

Objectives of channel individuals.

For the most part talking, the more prominent the likeness between two channel individuals, the more likely participation will result. In case channel individuals concur that the execution of TQM is an critical objective of the channel, at that point a more prominent degree of cooperation, along side a lesser degree of strife is likely to happen. As the small business and other channel individuals are progressively seen as "accomplices," channel relations will be stronger. Perception of reality by channel individuals. The closer the discernments of reality in implementing TQM, the more likely it is that participation will happen within the channel. Again, instruction of channel individuals is instrumental in illustrating that TQM can be a vital and practical implies of accomplishing organizational and channel objectives.

Capacity of channel individuals to execute TQM Channel individuals may not have the financial assets or the specialized capacity to actualize the framework indeed in case they are positively inclined toward TQM. This figure can be minimized through the capacity of the little trade channel pioneer to render at slightest a few sort of profitable technical assistance and, in a few occurrences, indeed capital assets to channel members.

Countervailing control. In the event that a channel part keeps up a noteworthy sum of countervailing control, it can apply an contradicting impact upon the endeavors by the channel leader to execute TQM. In this circumstance there must be arrangements between the channel pioneer and channel individuals concerning the usage of TQM. In the event that an agreement cannot be come to, the usage may demonstrate broken to the channel and result in problematic execution of the TQM framework.

These five components contribute to the assurance of the degree to which there will be conflict/cooperation inside the channel of dispersion. Subsequently, a little business contemplating cooperation in a TQM structure must take into consideration the bases of power of the channel pioneer and the degree to which countervailing control exists, the willingness of the channel structure to commit to the TQM logic, and the capacity of the channel leader to actualize this sort of framework. Moreover, little businesses endeavoring to implement TQM in a conveyance channel may discover a extraordinary bargain of struggle and an uncooperative climate. A little businesses' need of channel control and financial resources

will prevent its capacity to cultivate open channels of communication and provide technical help to dispersion channel individuals; thus channel member acceptance of TQM will not be simple.

Empowering Participation

It is clear from the discourse of channel control that the little firm has less bases from which to apply control. In spite of this concern, little businesses are successfully implementing TQM. It is additionally vital to point out that in 1981, 76 percent of Japanese businesses were little by U.S. measures (less than 100 representatives) and 91 percent had less than 500 workers (Sonfield, 1984). The prevalence of little businesses did not deter the broad execution of TQM generation and conveyance in Japan. However, some time recently one can generalize the appropriateness of TQM to little businesses, the marketing channel in which the little commerce works must be inspected. In the event that the channel is ruled by little businesses, as in Japan's case, at that point channel pioneers would be able to impact other little commerce individuals to actualize TQM. On the off chance that huge firms dominate the channel, the behavioral issues portrayed in this article will be that much more significant for little businesses.

The support of little businesses in a TQM framework can give numerous of the benefits afforded bigger partners. These benefits incorporate: 1) a framework based on continuous improvement, 2) assembly customers' prerequisites, 3) decreasing revamp, 4) long-range thinking, 5) expanded representative inclusion and collaboration, 6) handle overhaul, 7) competitive benchmarking, 8) team-based problem-solving, 9) consistent estimation of results, and 10) closer connections with providers.

Since of the potential benefits, little businesses ought to consider TQM as a strategy for enhancing their proficiency. In any case, the interest in a TQM framework ought to be approached with caution and arranging. A major thought ought to be the degree of power held by the channel pioneer and the readiness of that part to foster cooperation instead of struggle among individuals of the channel. The key component for successful usage by little producers is planning and arranging. Shea and Gobeli found a few common highlights of TQM execution in small businesses:

- 1) Top individuals within the organization started the appropriation of TQM and their association was key in usage;
- 2) Little businesses may discover that a private expert will definitely help in usage,
- 3) Quality administration concepts were implemented throughout the organization;
- 4) It took time for little businesses to implement TQM,

5) A companies capacity to seek for and recognize modern thoughts, and 6) the arrangement of teams was crucial.

III. CHAPTER. TQM and small businesses in Japan

1.Introduction

Total quality management (TQM) could be a administration device that has effectively withstood the test of time in Japan. In the immediate postwar time, the most classification was TQC (total quality control) with a center on the quality of items; in any case, in the 1980s this gave way to TQM (add up to quality administration) to also include the overseeing of the processes for accomplishing quality. This management instrument is presently picking up cash within the open sector throughout the world.

This chapter consist of Japanese quality management, features of it, development of small businesses in Japan.

Total quality management in Japan

The modern history of the quality movement dates back to the late 40s - early 50s, when the Japanese began to put the achievements of American specialists in the field of quality management by E. Deming and J. Juran into practice.

Industrial enterprises introduced the PDCA cycle "planning - execution - checking - corrective action" ("plan - do - check-action), that is, the so-called Deming cycle, which covered design, production, marketing, analysis and corrective actions. aimed at improving the quality level.

Control cards were widely used to control the process. The Deming Quality Award was established. The general quality conferences, as well as the nationwide "quality month", began to be held. A favorable atmosphere has been created in which the integrated approach and the principles of system quality management have been most consistently implemented.

Currently, an integrated approach to quality management in Japan consists of five main functional elements:

1. Statistical quality analysis.
2. "Total" quality control within the company.
3. Mass training of personnel.

4. Development of quality circles.

5. Direct participation of top management in the quality movement.

According to Japanese experts, statistical analysis methods are obligatory: they determine the real relationship between the numerous factors influencing the production process of the product and its quality at the output. Statistics, establishing causal relationships, has an impact on the process, allows to reduce the volume of manufacturing defects to a minimum. However, the effect of applying a statistical approach is possible only when its methods are applied consistently, comprehensively and cover the entire production cycle.

At the same time, in Japan, the use of statistical methods, as a rule, is used at all levels of the supply chain and covers suppliers, intermediaries, dealers, retailers.

The concept of "total" control includes the following principles:

- § quality control is carried out at all stages of production;
- § the quality control system includes all departments, all employees without exception;
- § responsibility for product quality rests with all employees;
- § top echelons of management provide full support for activities carried out under the program of "total" control.

The implementation of the principles of "total" control, the whole system as a whole is impossible without universal targeted training of the organization's personnel. It is carried out in two directions: the training of ordinary workers and the training of craftsmen and managers.

Mass personnel training takes place within working groups. As a result of joint activities, group members expand their experience in identifying and eliminating defects and finding more effective ways to solve emerging problems. They broaden their horizons and knowledge through meetings with working groups of subcontractors, attending seminars and conferences organized by quality headquarters.

The training process in the organization's training centers is aimed not only at providing staff with theoretical knowledge, but, above all, at developing his practical skills in working with statistical methods of identifying the causes of manufacturing defects. Training, as a rule, is conducted outside working hours and must include a training cycle for six to eight weeks.

Along with the mass training of ordinary workers in Japan, a special training program for masters and managers was developed, consisting of the following sections:

- ✓ § quality management;

- ✓ § statistical analysis of the causes of defects;
- ✓ § training to develop solutions to problems and tasks based on examples of specific production.

The training of masters and managers includes a 6-day theoretical course and a 4-month practical activity. Japanese experts always emphasize that the learning process should start with top managers. Usually experts are invited to conduct classes in quality consultants. At the same time, a prerequisite for the effectiveness of the learning process is the unity of theoretical knowledge and concrete examples and recommendations. The adoption of its own training program by the management of Japanese firms is coordinated with the necessary production goals (decrease in the level of defectiveness, increase in labor productivity in a separate production area or the entire enterprise).

An important element of the learning process is the certification system. Mandatory certification is carried out not only after the completion of the training process, but periodically for all, without exception, employees, including for manager-managers. Its frequency depends on the category of employees and is conducted by the management of the relevant departments with the involvement of leading experts. Some categories of employees are undergoing state certification. Successful passing the state exam involves a salary increase.

In addition, the learning process has another very important function - educational.

However, it is believed that a significant change in the attitude of employees towards purposeful, creative work to improve quality can only be achieved by involving them in participating in quality circles.

Quality Circles - independently develop methods for detecting manufacturing defects, propose measures to eliminate them, search for bottlenecks in the production process, and outline priorities. Meetings are held weekly, if they are held outside office hours, usually the company pays compensation. Participation in the work is voluntary. Each circle is headed by a leader who organizes the discussion, guides the discussion. As a rule, the circle is headed by a foreman or master, who is assisted by an instructor responsible for keeping a journal of meetings and performing training programs. In large companies, quality circles are headed by a group board, and a special representative coordinates their activities.

Japanese quality circles can be characterized as follows:

- § consist of 8-10 members - employees of one site;
- § the leader is either elected or appointed, membership is voluntary;
- § meetings are held weekly for one hour;
- § working out the method of making group decisions, statistical methods;

- § aimed at improving communication among workers, as well as between performers and management;
- § usually practiced symbolic (moral) remuneration for participation in its work;
- § focuses on identifying and solving problems directly related to the detection and elimination of defects, as well as on the successful activities of individual employees and the department as a whole.

After registration by the Japanese Union of Scientists and Engineers (JUSE) and the corresponding publication in the journal "Master and Quality Control" the circle receives official status.

Conferences of quality circles of different levels are regularly held as a nationwide event - the All-Japan Congress of representatives of quality circles.

The reasons for the success of the work of quality circles in Japan are rooted in the specifics of Japanese culture, which is characterized by a high assessment of group behavior and clan collectivism. In the minds of the Japanese, group values dominate, which have always been rated higher than individual values. The historically entrenched clan social psychology has created a fertile ground for the involvement of workers on the path of intensifying their efforts in order to achieve one of the most important goals of the company - improving quality. The Japanese prosperity of the company in which he works, causes genuine pride. Therefore, concern about the quality, reputation of the company among ordinary workers comes to the fore.

The productive activity of quality circles is also ensured by the high general educational level of their members. This fact in turn contributes to the wide participation of members of circles in various activities aimed at improving the level of special training (lectures, seminars, courses, conferences).

Another traditional norm of Japanese culture is the desire to assess (rank) elements of the social structure. In relation to quality groups in Japan, a special rating scale has been introduced, which makes it possible to get a fairly complete picture of the work of a particular quality group. At the same time, qualitative and quantitative assessments of the group's activities stimulate only moral satisfaction and the creative activity of its members and are not a criterion for rewards and penalties.

Features of Japanese quality management

By promoting the development of quality management activities, we began to more clearly understand the differences that exist between Japan and Western

countries. Based on my experience, I was able to identify some features of Japanese quality management, which are described below.

After the war, many methods of economic management penetrated Japan. However, nothing so firmly rooted in Japan and found no such widespread use as quality management, which was later re-exported to the West. Due to the specific features of quality management, the quality level of Japanese products became the highest in the world, and Japan was able to export its products to all countries.

In December 1967, at the seventh symposium on quality management, the following six features of the Japanese quality management system were identified, distinguishing it from the western system.

1. Quality management at the firm level - participation of all links in quality management.
2. Training and training in quality management.
3. The activities of quality circles.
4. Inspection of quality management activities (the Deming Prize to the enterprise and the audit of management activities).
5. The use of statistical methods.
6. Nationwide quality control programs.

National quality program in Japan

The National Quality Program was developed by the Japan Productivity Center for socio-economic development and approved in December 1995. The design goal was to prevent the economic downturn that began in the last decade of the last century. The program is aimed at improving the competitiveness of Japanese companies, introducing modern principles and methods of management, overcoming the complex of “secrecy” in Japanese organizations; its implementation today helps the exchange of knowledge and experience between companies, the development of benchmarking and should help Japanese management to move to a qualitatively different level of development.

The core of the quality program was the Japan Quality Award (JQA). The award model was developed based on the Baldrige criteria and adapted to the Japanese management practice. Shoishi Saba, then Chairman of the Award Committee, speaking at the Asian Productivity Organization Forum in 1999, commented on the reason for establishing the award: “The success of the Baldrige Award in improving management systems showed that Japanese companies should not only care about the quality of their products and services but also pay close attention to

the quality of management. In this regard, in Japan, the question arose of creating a national award in the field of quality ”.

The Japanese Quality Award has been developed based on practical experience in the use of quality control and management systems worldwide. The YPK often contrasts the Deming awards and regards contests as competing. This is not entirely true. The concept of awards have fundamental differences. While most of the organizations participating in the Deming Competition are aiming at winning a prize, the companies that are candidates for YPK do not seek to win. The competition committee positions JQA as a model for the organization's self-assessment, part of the process of continuous self-improvement.

Another feature of the YPC, as JPC-SED consultant, Schiger Ued, notes: “Unlike many national quality prizes, the Japanese prize is not managed by the government, but by the business community itself. Each interested organization can join the YPK Council ”. The Council was established by the Japan Productivity Center for Socio-Economic Development in June 1996 as an “organization promoting the movement for improving the quality of management of Japanese enterprises”.

Small business in Japan.

Small businesses in Japan include enterprises with less than 1,000 people in the mining industries, less than 300 people for all other types of industry, transport, communications and construction, less than 100 people in the wholesale trade and less than 50 people in the retail trade and industry. services. There is another indicator that determines membership in a small business. This is the amount of capital of the enterprise. In most cases, it should not exceed 100 million yen, for wholesale trade - 50 million yen, and in retail trade - 10 million yen. Thus, a huge layer of enterprises, from extremely primitive household farms of the family type to companies equipped with modern technology, falls into the sphere of small and medium-sized businesses.

The Japanese economy is different from other developed economies by minimal state participation. The state owns only the mint. Everything else belongs to private capital. Small enterprises play an important role in the Japanese economy: they account for up to 99% of the total number of companies, about 55% of sales and 80% of the number of people employed in industry and commerce.

Small Business Development in Japan

In the modern period of transition from a planned economy to a market economy, the development of medium and small business, small business takes on particular

importance. "Small business" is an entrepreneurial activity carried out by subjects of a market economy under certain criteria established by laws, state bodies or other representative organizations, constituting the essence of this concept. Small business, quickly responding to changing market conditions, gives the economy the necessary flexibility. Small companies are able to respond quickly to changes in consumer demand and thereby ensure the necessary balance in the consumer market. Moreover, the term "small business" is adopted mainly in English-speaking countries, and in Japan and Western Europe, the term "small enterprises" is more often used. Japan in terms of its economic level became the first country in the capitalist world, largely due to the development of small enterprises. Currently in Japan, the number of small enterprises is 99% of the total number of enterprises. Today in Japan, 6.5 million enterprises are small enterprises. 54 million people are employed, i.e. 80% of Japan's total workforce. Their share in GDP is about 55% (about 3 trillion dollars), in capital investments is about 40%, and their share in exports of all Japanese products is 15% today (immediately after the war this figure was significantly higher). In Japan, enterprises are classified as small and medium depending on the size of the authorized capital and the number of employees.

After the Second World War, Japan was deprived of all its colonies and occupied territories, and millions of Japanese had to leave them and move to Japan itself. A new social stratum of real small landowners was created, which became the mainstay of the ruling circles during the creation of new industries. The government has taken steps to ensure that this layer is strengthened. Tight restrictions were placed on the sale and purchase of land in order to prevent the concentration of land ownership and to preserve small-peasant farming. It was the small peasant economy, along with the important role that small business plays in the Japanese economy, that prevented the emergence of mass unemployment in the country. But just mass unemployment was one of the most acute social problems in other regions of the world. The Japanese are largely grateful to small enterprises, they are pursuing their further state policy to support them because immediately after World War II their growth and the export of their products helped to restore the economy as a whole: significant dollar "injections" earned by small enterprises, went not so much for their further development, as for the restoration of large industrial enterprises in Japan. Indicators characterizing the state of small enterprises in Japan: 360 thousand small enterprises were created, and 240 thousand of such enterprises disappeared. In other words, hundreds of thousands a year are created, hundreds of thousands disappear. Small businesses in Japan include: legal entities; their share in small business is 20%, individual private enterprises — 48%, and family farms — 32%.

Structure of Japan's small business consist of:

- 1) 1.7 mill on people - these are legal entities
- 2) 4.1 million people - individual private enterprises (ICP),
- 3) 2.7 million people - family farms.

Data on the structure of small enterprises in Japan are as follows:

- The number of enterprises with 1-4 people. - This is 49% of all small enterprises, and they employ 7% of the country's labor force;
- in the manufacturing industry, the figure employed in small enterprises reaches 72%;
- in the service sector - approximately 50%;
- in trade, where the share of large enterprises is also small - 10% of the employed labor force.

In Japan, you can easily start your own business. To work as an individual entrepreneur, you only need to register for free. Registration of a legal entity costs a little more than \$ 1. At the start of the enterprise, it is customary to take loans in banks or in chambers of commerce and industry. The government ensures that all private banks operate loan programs for start-up entrepreneurs. The average annual rate for such a loan is 3-5%.

The Japanese proceed from the fact that small businesses are a very powerful regulator of the economy. Because large enterprises, as a rule, focus on large capital investments and have a very small need for labor. And therefore, when the economy lacks fixed capital, then it is necessary to leave large enterprises for small business. Large enterprises concentrate this insufficient large capital on a very small number of large enterprises (factories, factories, associations), and as a result unemployment rises sharply. Small enterprises, on the contrary, consume small capital and at the same time absorb a very large part of the labor force.

The role of small business in the implementation of a breakthrough in a number of the most important areas of NTP, especially in the field of electronics, cybernetics and informatics, is important.

It should also not be forgotten that small enterprises have less impact on the ecological situation.

In Japan, despite the large number of small enterprises, there is not very much of this small business, because Japanese small business is included, as a rule, in the acting rhythm of a large enterprise and mainly in the form of sub-suppliers. Such a function is also prescribed for small enterprises, and it is very profitable and reliable.

Also feature of the Japanese business is that everything is done through intermediaries. “The manufacturer himself will never sell his products, he cooperates with several distributors, each of which is strong in a certain sphere: one has connections on television and sales go through television, the other is better at working through the Internet, the third supplies to the retail . Japanese companies do not work directly, ”said Mr. Koji Hattori, president of Masahiro. [sixteen]

The development of small business in Japan has many advantages:

- an increase in the number of owners, which means the formation of a middle class - the main guarantor of political stability in a democratic society;
- growth in the share of the economically active population, which increases the incomes of citizens and smoothes disproportions in the welfare of social groups;
- creation of new jobs with relatively low capital costs;
- training through the use of workers with limited formal education who acquire qualifications at the place of work;
- development and introduction of technological, technical and organizational innovations (trying to survive in the competitive struggle, small firms are more likely to take risks and implement new projects);
- the elimination of the monopoly of producers, the creation of a competitive environment.

It should be noted that the formation and development of small business in Japan contributes to the development of the economy, an increase in the number of owners, an increase in the share of the economically active population.

The role of small business in the Japanese economy

Small businesses make a significant contribution to the development of the national economy of Japan, increasing its flexibility, provide social stability and welfare of the general population. The formation of a large number of new small enterprises contributed to smoothing the effects of ongoing market reforms and a significant increase in the income level of the population. The main premise for the emergence of a successful small business model in Japan was the need to create a fragmented economic basis that could function successfully, being relatively independent from individual counterparties. The fact is that small Japanese business not only demonstrates high business activity and productivity, but also plays an important role in maintaining the very foundations of a viable economy, providing a competitive market environment.

Japan is a highly developed country. With 2.5% of the population and 0.3% of the area, it is currently in its economic potential entrenched in 1st place, thanks to the development of small enterprises.

According to statistics, small business in Japan is more than 40% of total industrial production. While maintaining the role of the world leader in many major areas of scientific and technological progress, Japan also demonstrates an extremely high degree of adaptation to the constantly changing conditions of economic development. These changes are taking place not simply on the basis of technological innovations, but in the continuous and highly complex interaction of technology, technology, and economic and socio-political factors.

Small businesses account for more than 62% of wholesale and 78.5% of retail turnover.

The existence of such a wide layer of small enterprises has certain historical roots. In the early post-war years, the US occupation administration dismissed zaibatsu military-industrial concerns, largely guilty of the militaristic ambitions of the Japanese empire. The role here was also played by the unwillingness of large American business to feel further breathing in the back of the head of powerful Japanese competitors. Thus, only small and some medium-sized enterprises remained in the country, which avoided the ruthless robbery of fixed assets, which was held under the cover of the slogan on demonopolization.

In Japan, an acute commodity hunger instantly arose, which could only be satisfied by enterprises that did not require large initial capital and long construction periods. Therefore, economic recovery was accompanied by the rapid growth of small and medium-sized firms. By the beginning of the 50s. there were already more than three million of them in Japan. Small business at that time also played another important role, absorbing a large amount of labor and thereby mitigating the urgency of post-war unemployment.

Then, when the accelerated economic gallop more than once alternated with a weary trampling in place during the years of crises and depressions, small and medium-sized businesses retained their special place in the country's economy. In many ways, this contributed to the division of labor between large and small enterprises. An economic pyramid was erected in the country, within which a few industrial giants established themselves, as it were, on the shoulders of a huge number of small firms. From the top of the pyramid to the foot stretched numerous chains of contract and subcontracting relationships (jap. "Sitauke"). The sitauke system was also beneficial for the giants, spared from the need to engage in technological trifles, and small businesses that received a steady stream of crumbs from large firms. A huge number of small enterprises gave rise to fierce competition for places in the chains of "sitauke" and thus gave customers a

guarantee of high quality, efficiency and cheapness of deliveries under contracts. And now, about 56% of all small and medium enterprises in Japan are to some extent tied up in the web of subcontract chains.

However, the “sitauke” system, for all its importance for the Japanese economy, does not at all exhaust the purpose of small business. Much more important is that, thanks to its flexibility and plasticity, it is, as it were, the vanguard of the great forces of the upcoming Japanese entrepreneurship. The study of the demand for goods and services and lightning-fast response to any changes in the market allow small specialized firms to stay on the very edge of a commercial attack. The venture business associated with high risk (trial introduction of new scientific and technical developments into production) is also represented almost exclusively by small and medium-sized firms.

The small business sector is characterized by increased dynamism, flexibility of innovative activity, the ability to quickly create new industries and to generate new jobs.

The rapid growth of the Japanese economy is the merit, above all, of small and medium-sized businesses, which then gave the country more than half of all jobs. The “Japanese miracle” and the role of small business in the Japanese economy are well known. Only in the processing industry of the country there are about 6.5 million small and medium enterprises, which is 99% of their total number. They employ about 54 million people (80% of all workers).

The sector of small and medium business in Japan and today remains extremely active and mobile. In fact, this segment has become a kind of litmus test of the entire Japanese economy, the first signaling about trends, problems and structural changes in the country's economy. Thus, according to Hatio Iwasaki, head of the Japanese Research Institute for Small Business, "small businesses are prepared to play the role of 'smooth' structural changes in the Japanese economy and promoting further stable economic development."

What is the role of small business in the national economy of Japan? ¶ 85% of the Japanese population is engaged in small business. In total, there are more than 6 million small enterprises in the country, while large ones are only 2.5 thousand. In Japan, small enterprises are companies that employ no more than 300 people, with a turnover of no more than \$ 1 million.

According to statistics, every year we have closed more small businesses than are born. The government is interested in helping entrepreneurs because it feels a danger to the national economy. In Japan, 47 prefectures. If in one of the

prefectures the local government feels that there is a shortage of some goods or services in the region, then it initiates the creation of an appropriate direction based on the existing company and finances it from the budget.

Small enterprises produce about 55% of GDP and work more than 80% of all people employed in the country's economy. Even in such an advanced industry as the manufacturing industry, the share of small and medium-sized enterprises in the total production is about half, and in the number of employees - about 3/4. In other industries, the role of small business is even more significant. For example, in construction at small and medium-sized enterprises, more than 95% of all workers in the industry are employed, in transport and communications - more than 85%, in wholesale and retail trade - about 90%. In addition to producing a significant proportion of goods and services, small business performs a number of functions that are extremely important for maintaining the dynamism of the Japanese economy:

- 1) capitalism is born daily and hourly, "that is, there is an influx of fresh forces into the business environment;
- 2) a highly competitive market environment remains - the basis of the viability of the economy, which opposes the trend towards monopolization inherent in large companies;
- 3) because of their flexibility and mobility, small enterprises are able, faster than large ones, to restructure their activities in accordance with the new needs of the economy and society.

Small and medium-sized entrepreneurs of Japan are the basis of the country's middle class, which is characterized by conservative consciousness, rejection of radical changes. So small and medium-sized entrepreneurs (and there are more than 7 million of them in Japan) by their very existence help to maintain social and political stability. In addition, small businesses contribute to smoothing imbalances in the labor market and thereby contribute to alleviating social tensions.

One of the main directions of development of the world economy is, as you know, globalization. Japan is one of the most active participants in globalization processes, and the country's small business does not stand aside from these processes. At the same time, in recent years, small and medium-sized enterprises not only expand the volumes of their foreign trade operations, but are also increasingly active in setting up enterprises abroad on the basis of direct investments (primarily in China and ASEAN countries). Great help in this provides the state. For example, the semi-government organization Jethro (Japanese Foreign Trade Organization) not only provides small and medium-sized firms with all the necessary information about the state of world markets, the legislative framework

of various countries, their investment climate, but also organizes exhibitions in Japan and abroad, conducts special lectures and seminars , organizes trips of Japanese entrepreneurs to different countries of the world.

The importance of small enterprises is also that, while leading a fierce competition for survival, they have to constantly evolve and adapt to the current market conditions, because in order to exist, it is necessary to receive means of subsistence, and therefore to be better than others, so that they can get profit.

In conclusion, we can conclude that small businesses are a powerful regulator of the economy. After all, small business in a market economy is the leading sector that determines the rate of economic growth, the state of employment of the population, the structure and quality of the domestic national product (GNP), which forms the competitive environment, and also responds promptly to changing market conditions.

SME in Japan in 1999-2014

Trade dynamism in Japan's SME segment is relatively weak. Between 1999 and 2014, the number of SMEs dropped by 21%, from 4.8 million to 3.8 million, a consequence of maturing commerce proprietors incapable to find a successor and frail entrepreneurial demeanors in the society, especially among ladies. As a result of the low trade passage rate, Japan's SME segment is relatively old; firms over ten a long time ancient account for three-quarters of Japan's little ventures (less than 50 workers), compared to less than half in most OECD countries. These develop companies too discover it troublesome to grow, with an normal of as it were ten workers in manufacturing and six in administrations. Little companies in Japan are much less beneficial than bigger ones). Work efficiency in firms with 20-49 representatives is 45% of that of firms with more than 250 representatives, i.e. 10% less than the OECD average. Large work efficiency holes by firm estimate are reflected in noteworthy wage differentials between firms, as shown by the scattering of normal work wage, which is far above the OECD normal.

Improving the performance of Japan's SME sector

The number of small and medium-sized enterprises decreased by 21% between 1999 and 2014. In a consequence of the retirement of maturing trade proprietors and frail entrepreneurial intentions within the Japanese population. The government took imperative steps to rejuvenate SMEs, counting by growing the utilize of the Rules for Individual Ensures Given by the Commerce Proprietors, transforming the Credit

Guarantee Framework, updating administrative aptitudes in SMEs, and supporting entrepreneurial attitudes. It is additionally critical to form the individual bankruptcy administration less stringent. Trade dynamism in Japan's SME segment is comparatively weak. Between 1999 and 2014, the number of SMEs decreased by 21%, from 4.8 mln to 3.8 mln, a result of maturing commerce proprietors incapable to find a successor and frail entrepreneurial demeanors in the society, especially among ladies. As a consequence of the low commerce passage rate, Japan's SME segment is comparatively old; firms over ten a long time ancient account for three-quarters of Japan's little undertakings (less than 50 workers), contrast to less than half in most OECD countries. These develop companies too discover it troublesome to grow, with an normal of as it were ten representatives in manufacturing and six in jobs. Little companies in Japan are much less beneficial than greater ones. Work efficiency in firms with 20-49 representatives is 45% of that of f companies with more than 250 workers, i.e. 10% fewer than the OECD normal. Huge work efficiency holes by firm estimate are reflected in critical wage differentials between companies, as appeared by the scattering of normal work wage, which is far above the OECD average. There are two fundamental ways to extend the efficiency of the SME segment. To begin with, it is vital to advance R&D investing in little ventures. In spite of the fact that Japan has one of the most elevated levels of R&D investing by the commerce division within the OECD range, at 2.8% of GDP, it is generally concentrated in large enterprises. Moment, commerce section and exit rates got to be raised. Both are moo by worldwide guidelines, at around 4-5% and well underneath the 10% objective set by the Japan Revitalization Procedure. Higher trade passage and exit rates are a proxy for entrepreneurial inventive annihilation, which raises efficiency through competitive weight on occupants and the substitution of ancient, less proficient firms with unused, more productive ones. (Japan policy)

Problems of small business development in Japan

Japan's small business is well developed and postponed. However, the development and operation of a small enterprise in a market economy leads to the fact that small businesses face many difficulties.

Every year in Japan more than 1 million people declare their desire to start their own business, but not everyone can do it. The ability to implement entrepreneurial aspirations is influenced by a variety of factors. First of all, this is the general economic situation. Thus, during periods of rapid economic growth (the end of the 50s-beginning of the 60s), about two-thirds of all those who wished were able to

set up their business, but during the economic depression of the 90s, only about a third.

Diversity distinguishes both the scope of activities and the age and educational composition of potential businessmen. About 80% of Japanese entrepreneurs have complete secondary education, including 20% - higher education. About half of all those who started a new business are people under 40 years old, about a quarter are 40–50 years old, and the same number are people over 50 (and half of them have already crossed the 60-year milestone). By the way, the share of the latter (as well as the number of women) among new Japanese entrepreneurs is constantly growing.

These trends are largely due to the rapid aging of Japanese society. Therefore, special efforts are being made in the country to promote the employment of people of retirement age, especially since most of them are forced to retire by age (60 years), although they have good health and a desire to work. In addition, as they retire, the Japanese receive an allowance equal to several annual salaries, and it often becomes the initial capital for starting their own business.

One of the major difficulties is the inheritance of a small business. This is especially true of very small enterprises. The lion's share of all small companies are family businesses. In recent years, there has been a trend towards the outflow of young specialists to major cities in the country, where they are hired by large companies. Many such specialists are heirs of small enterprises. As a result, these enterprises are forced to close down because elderly parents cannot find a successor to their business and are no longer able to deal with the company because of age. That is why more small enterprises die in Japan than are born.

With government regulation, small businesses have virtually no problems. The only difficulty is the paperwork for the opportunity to participate in government support programs and receive government subsidies. Otherwise, the situation is favorable. The tax system is humane, businessmen pay taxes on profits. Obtaining licenses and permits for certain types of activities does not require significant time and money costs.

The government helps companies expand sales geography and allocates money for business missions to other countries.

The main problem facing the Japanese small business today is the lack of finance. First of all, this is due to the high level of land prices. The size of the start-up capital is also constantly growing, due to the need to purchase expensive equipment. In addition, according to a survey conducted by the National Federation of Small Business Associations of Japan, entrepreneurs are very concerned about problems such as reduced demand and falling sales (67.2% of

respondents), increasing competition (47.1%), tough contract terms for contractors and subcontractors dictated by large corporations (21.6%).

His calculations leads the Research Institute of Small Business in Japan. According to his specialists, the growing competition (primarily from other Asian countries), the transfer of the production base abroad, structural changes in demand, as well as long-term dependence on parent companies (corporations) have become serious obstacles to the development of medium and small businesses. And as an addition to this package of problems, there is also a decrease in the number, as well as aging of staff.

As one of the solutions to these problems in Japan, the strategy of expanding “horizontal” cooperation and creating “horizontal” networks is now being considered. Such a model of cooperation involves the exchange of managerial resources, technical and managerial know-how between small enterprises. And in order not to increase competition, it is offered to firms that operate in different industries. And we are even talking about conducting joint Research & Development research in order to create and launch new products and services on the market. This technique, of course, has several advantages, but it requires the creation of a qualitatively new infrastructure, including organizational, as well as strict control over the level of management and administrative costs in newly created organizations.

Thus, despite the problems, in general, the Japanese model of functioning and development of small businesses can be considered almost exemplary, and the Japanese system of entrepreneurship support is already recognized as one of the most comprehensive and mature in the world.

Strenght and Weak sides of business environment

Japan's business environment has some strengths and weaknesses sides. Strengths include : Japan contains a well-developed and straightforward charge system. The government is equitable and steady, especially since of the dominance of Prime Serve Shinzō Abe and his Liberal Law based Party. Japan's approach on outside speculation is generous; there are few regular confinements to FDI. Japan has an progressed and non-discriminatory lawful framework. Weaknesses include: Japan's corporate assess burden is tolerably tall comparison to other East Asian countries. Unique political and trade systems (connecting the “sougoushousha” combinations with the central government) can ruin outside venture and drawback abroad companies in competition for contracts. A tall in general fetched structure makes advertise section and extension costly for outside investors. Japan is at tall chance of normal catastrophes, counting seismic tremors and tsunamis.

Small business support in Japan.

Small business in Japan finds help not only from the government and several specialized organizations created by it, but also from the side of the prefectural administration, local departments of foreign trade and industry, chambers of commerce and industry.

Government policies to promote small business include the following areas:

- ensuring competitiveness through the allocation of subsidies and loans - direct loans (the Japanese Development Bank allocates them to small enterprises operating in the most promising sectors) and guaranteed loans. With the introduction of tax breaks, commercial banks are willing to lend to small businesses. In 1994, 60% of all loans accounted for small businesses);
- encouragement of structural adjustment, modernization of economic activity, improvement of working conditions, trade facilitation;
- collection and analysis of information on economic indicators and technical equipment of small and medium-sized enterprises to assess the effectiveness of state support.

Small business financing system in Japan.

The existing system of financing small business in Japan guarantees the provision of subsidies and loans by local government authorities. If necessary - with the involvement of private credit institutions.

Financial support for technical re-equipment of small businesses is carried out by allocating a loan from the local budget. Equipment is being sold by installments or leased by prefectures by landlords.

The allocation of subsidies covering up to 50% of the costs for the creation of centers for raising the technical level of small and medium-sized businesses, consulting, advanced training of technical workers, etc., is widespread. The state assumes the costs of diagnosing the condition of small enterprises.

An integral element of the Japanese small business financing system is compensation for the costs associated with training. Compensation is 2/3 of the cost of staff development.

Government support for small businesses in Japan.

The Japanese government cares about updating the business sector and facilitates the creation of a new business. In 2003, a law was passed under which you can open a small business without initial capital - with only one yen! And 32,000 enterprises have already been created in this way.

In 2000, a law was passed that maximally simplifies the bankruptcy procedure specifically in the field of small enterprises. Under this law, it is allowed to go to court to protect against creditors even before liabilities have exceeded assets in order to prevent their dissipation. This supports small business, allows you to quickly resume its activities, but does not add joy to creditors.

Such support for small business allows him to play an increasingly growing role in the economy of Japan. In Japan, there are successfully over 6.5 million small businesses. And it is not by chance that Japan is one of the world leaders in the development of small business.

Conclusion

Quality management includes a particular meaning inside numerous trade sectors. This particular definition, which does not point to guarantee 'good quality' by the more common definition (but or maybe to guarantee that an organisation or item is reliable), can be considered to have four primary components: quality arranging, quality control, quality affirmation and quality change. Quality management is centered not as it were on product/service quality, but moreover the implies to realize it. Quality administration in this manner employments quality affirmation and control of forms as well as items to attain more reliable quality. One of the vital choices for a firm on the travel to quality concerns the degree to which quality administration ought to be actualized. There are numerous inquire about on the affect of quality administration on little businesses that this paper has examined broadly within the writing survey and a few of the writing has vividly take a see at the benefits of quality administration such as changes to the bottom-line, advertise share, and efficiency, the enhancement of product and benefit quality is additionally broadly talked about within the literature as an appropriate strategy for firms to seek after in arrange to realize competitive advantage within the commercial center.

Be that as it may, since of the key points of interest that quality change might bring, numerous firms have grasped the standards of quality administration in their operations. The level of quality administration usage appears to reflect the crave of a firm to make strides its execution and

to thrive is arrange in accomplishing organizational objective and destinations. Whereas existing considers tend to explore the critical features of quality administration usage, exceptionally small inquire about has been committed to understanding the level of mindfulness of quality administration hones in little businesses in Japan, but this paper has massively done equity and includes more esteem to the existing writing in this zone of consider.

Relationship between total quality management and small businesses in Japan is key factor of this research. Total quality management was implemented in Japan from 1945 in order to improve and reach to the success of the small businesses. TQM program was defined by client center, procedure advancement and prepare administration and arranging. TQM effectuation process was an awfully long-term method. Numerous little businesses nowadays are compelled to compete all inclusive. But the global marketplace is driven by a unused trade central: the maker with the most elevated quality tends to be the one with the most reduced costs. In such a business environment, TQM strategies are required more than ever by little businesses endeavoring to compete with expansive organizations. This article has endeavored to illustrate how fruitful execution of TQM in a marketing channel is subordinate upon the channel leader's ownership of and prudent exercise of distinctive bases of control. Little businesses considering enrollment in a TQM channel structure, or attempting to execute a TQM framework in a promoting channel, should evaluate the channel from the angle of control bases and the degree of cooperation and struggle within the channel. Fruitful usage of TQM will eventually make the marketing channel more competitive in national and worldwide markets. The resulting increased deals will along these lines advantage all individuals - particularly the little business members - of that promoting channel.

References

1. <https://www.ukessays.com/essays/management/a-background-to-total-quality-management-management-essay.php>
2. https://www.bpir.com/total-quality-management-history-of-tqm-and-business-excellence-bpir.com.html#qc_st
3. <http://www.management.com.ua/qm/qm105.html>
4. 1. Juran Joseph. Juran on Planning for Quality. New York: McGraw-Hill, 1988.
5. 2. Feigenbaum A. V. Total Quality Control. New York: McGraw-Hill, 1983.

- [6.](#) Deming W. Edwards. Out of the Crisis // MIT Center for Advanced Engineering Study, Cambridge, MA: MIT, 1982.
- [7.](https://studme.org/1536082810899/menedzhment/kontsepsiya_vseobschego_upravleniya_kachestvom_tqm#237) https://studme.org/1536082810899/menedzhment/kontsepsiya_vseobschego_upravleniya_kachestvom_tqm#237
- [8.](https://www.toolshero.com/quality-management/total-quality-management-tqm/) <https://www.toolshero.com/quality-management/total-quality-management-tqm/>
- [9.](https://smallbusiness.chron.com/advantages-disadvantages-total-quality-management-strategies-22160.html) <https://smallbusiness.chron.com/advantages-disadvantages-total-quality-management-strategies-22160.html>
- [10.](#) Deming, W. (1999). "Quality management" 4th Ed. Prentice Hall , London
- [11.](#) Juran, J. (2000), "Quality planning and analysis", 4th Ed. McGraw-Hill , Newyork.
- [12.](#) Crosby, P (2002) "Management , quality and competitiveness" 4th Ed. McGraw-Hill , Newyork.
- [13.](#) Feigenbaum, A. (1992). "Quality control: principles, practice, and administration" 8th McGraw -Hill , Newyork
- [14.](#) Selladurai, R (2002). "A Look at Total Quality Management's (TQM) 7th Ed San Antonio, TX, USA
- [15.](https://www.essay.uk.com/free-essays/business/impact-of-tqm-in-sme.php) <https://www.essay.uk.com/free-essays/business/impact-of-tqm-in-sme.php>
- [16.](https://sibac.info/conf/econom/xi/27119) <https://sibac.info/conf/econom/xi/27119>
- [17.](#) El-Ansary, A. I. & Stern, L. W. (1972). Power Measurement in the Distribution Channel.
- [18.](#) Management Theory and Total Quality: Improving Research and Practice Through Theory Development. Academy of Management Review, 19, 392-418.
- [19.](#) Development Dimensions International, Quality & Productivity Management Association and Industry Week
- [20.](#) Japanese Management Techniques in Small Manufacturing Companies: A Strategy for Implementation. Production and Inventory Management Journal, (3d Qtr.), 30-38.
- [21.](#) Богатин Ю. В. Экономическое управление бизнесом: Учеб. пособие для вузов. / Ю. В. Богатин, В. А. Швандар. — М.: ЮНИТИ-ДАНА, 2001. — 391 с.
- [22.](#) Ефимов В. В. Управление качеством: Учеб. пособие / В. В. Ефимов — Ульяновск. УлГТУ, 2000. — 141 с.
- [23.](#) Эванс Д. Р. Управление качеством: Учеб. Пособие для студентов вузов, обучающихся по специальности «Менеджмент организации» / Д. Р. Эванс — пер. с англ. под ред. Э. М. Короткова — М.: ЮНИТИ-ДАНА, 2007.
- [24.](https://works.doklad.ru/view/FyhPPhXyjU8/4.html) <https://works.doklad.ru/view/FyhPPhXyjU8/4.html>
- [25.](https://www.aig.com/knowledge-and-insights/k-and-i-article-japan-business-environment-risk-analysis) <https://www.aig.com/knowledge-and-insights/k-and-i-article-japan-business-environment-risk-analysis>
- [26.](http://ichiban.narod.ru/manager/Ishikawa/j02.htm) <http://ichiban.narod.ru/manager/Ishikawa/j02.htm>

- [27.](https://malbusiness.com/malyiy-biznes-v-razvityih-stranah-chast1/) <https://malbusiness.com/malyiy-biznes-v-razvityih-stranah-chast1/>
- [28.](https://dis.ru/library/558/25517/) <https://dis.ru/library/558/25517/>
- [29.](http://www.oecd.org/eco/surveys/economic-survey-japan.htm) OECD (2017), Financing SMEs and Entrepreneurs 2017: An OECD Scoreboard, OECD Publishing, Paris. <http://www.oecd.org/eco/surveys/economic-survey-japan.htm>
- [30.](http://www.oecd.org/std/business-stats/entrepreneurship-at-a-glance-22266941.htm) OECD (2016), Entrepreneurship at a Glance 2016, OECD Publishing, Paris. <http://www.oecd.org/std/business-stats/entrepreneurship-at-a-glance-22266941.htm>
- [31.](https://www.oecd.org/japan/japan-economy-improving-the-performance-of-japan-sme-sector.pdf) <https://www.oecd.org/japan/japan-economy-improving-the-performance-of-japan-sme-sector.pdf>
- [32.](#) Black, S. A. & Porter, L. J. (1996). Identification of the Critical Factors of TQM.
- [33.](#) Dean, James W., Jr. & Bowen, David E. (1994). Management Theory and Total Quality: Improving Research and Practice Through Theory Development. Academy of Management Review, 19, 392-418.
- [34.](#) The 1993 State of U.S. Total Quality Management:
- [35.](#) Finch, B. (1986). Japanese Management Techniques in Small Manufacturing Companies: A Strategy for Implementation. Production and Inventory Management Journal
- [36.](#).. (August 26,1993). Small Firms Struggle with Latest Management Trends.
- [37.](#) Oren. (1993). Ten Reasons Why TQM Doesn't Work. Management Review, (January)
- [38.](#) Kobu, B. & Greenwood, F. (1991). Continuous improvement in a Competitive Global Economy
- [39.](#) Crosby Philip. Quality is Free. New York: McGraw-Hill, 1979.
- [40.](#) Schonberger Richard. Building a Chain of Customers. New York: Free Press, 1990.