

# Quality management in practice a project- based learning report

[Business](#), [Company](#)



## **Introduction**

Quality Audit refers to examination of quality system of a company or organization by an internal or external quality auditor or an audit team. It is an important process as it tests the quality work of an organization. Audit should be done as per the provisions of ISO 9001. It is done in order to check the frauds in a company or an organization. Quality audit is done at predefined time in time intervals either at the quarter of the year, at the mid of the year or yearly. It is done in order to ensure whether the company or institution has clearly defined internal monitoring procedures, which are effective. The management of a company or institution is required to have internal as well external audit of the records to check whether the company is maintaining the records and conducting its work professionally and as per the ASQ standards. The government, suppliers, investors, financial lending institutions and even the stakeholders of the institution use the report. Verification of documents and circularization is employed during auditing.

## **Background**

Audit reports can be procedural where the company conducts the audit throughout the year and the audit is presented to the stakeholders of the company. The audit report is useful to the stakeholders as it shows the financial position of the company that shows whether the company is making profits or losses. The stakeholders also get to know whether the company has potential ability to expand and loans from financial institution, as it is a requirement of the financial lending institution for example banks before lending money to an institution or a company. The customers of the

products of the company also are the beneficiaries of an audited report as they get to know whether the company will still supply the required commodities of the company or it will not as per its financial position. If a company is making losses customers get to know that the company is unable to supply the products. They will know that the company will not supply the products as the company is experiencing financial crisis. The customers make adjustments to get the commodities from other companies (Bell, 2006). The customers of the Target Furniture Hyper mart will benefit through such report by knowing whether the company will supply the furniture as required and if not the customers will sort the service from other companies. The audited report of a company will also benefit the suppliers as they get to know whether the company is in a position to pay them for the goods they supply to the company. If the audited report shows that the company is in good financial position then it will be able to pay the suppliers for the goods they supply. In such situation, the suppliers can engage in contract with the company to be supplying the company with the required goods. However, if the company is in financial crisis the suppliers will not go into contract with the company as they know that the company will not be able to pay for the goods supplied and thus they will be operating at a loss. The suppliers of raw materials used in the Target Hyper mart in New Zealand will benefit from the audited report of the company.

The audited report different companies are also important for the government for the purposes of taxation. The tax authority get to know the company will be taxed. An audited report shows the financial position of the company. It also shows whether the company is in good position to pay the

tax as required by the government. The government of New Zealand will get to know the percentage that they will use in taxing the company. A report, which shows that the company is in good financial position, will attract a higher tax percentage as compared to a company, which is having financial crisis. Therefore, an audited report of Target Hyper mart will assist the tax authority of New Zealand Company in assessing the percentage of tax to be placed in that company. The better the financial position of the company the higher the tax rate and the poor performance of the financial position of a company the lower the tax rate. The audited report will help the government of New Zealand to know whether the Target Hyper mart company is engaging in business as required by the constitution or it is engaging in immoral activities. Frauds of the company will be detected through an audited report (Buckley, 2012).

Target Furniture Hyper mart is a company in New Zealand, which deals with manufacture and sale of varieties of furniture. The company has four million regular customers . It has 200 skilled employees who are permanently employed, 97 unskilled casual labors . The employees are hired based on their qualification as per the company's records. The company supplies a wide range of market from domestic market in New Zealand to the foreign market outside New Zealand. The company gets raw materials from the local market and all the purchasing documents are found in the companies records. The suppliers are paid regularly as per the company's tender provisions, which require that suppliers should meet the quality standard of the products supplied. The financial position of the company is known as the

company prepares financial statements every year. The documents in the company are well kept.

## **Methodology**

### Administering of questionnaires

As away to collect information some questioners were prepared, these questioners were to be answered by the organization-auditing officers. The questionnaire had question that would help one to understand the functioning of that organization. After collecting of information, using the questioners the information is analyzed closely to establish the functioning of that organization. The questionnaires that were given had open ended questions and close ended questions.

## **Interviewing**

The staffs of this organization were interviewed closely so that they could establish the performance of this organization and the professionalism of good. Interviews were also conducted to those other stakeholders to this organization. This includes interviewing of customers and other members of the community to establish the running of this institution.

## **Observation**

As the inspection was on one person could go and see how they conduct their daily operation and from this, there was information that was collected. This was the more efficient method as it was first hand information. The information from this source was seen to be more reliable as the person that

collected the information was not affected by other factor that is he was not under the influence of other members of this institution.

### **Information from secondary sources**

Research was done on the topic by reading in books and internet. This was an eye opener so that one can understand well the topic of study and also to enable the researcher to come up with the best solution to the problems in this organization. Information from this source was very useful as it help in the quality inspection and also the methods that need to be followed so as to come up with solutions.

### **Documents going through this organization**

As a method of quality inspection going through the files of this institution helped us to have a clear picture of the activities that are undertaken in this organization. The information is useful in that it help improve their efficiency . It also enable one to collect information on the quality of services that were being offered. Also it helped in understanding the functioning of this organization and what may be done so as to improve their efficiency in service delivery (Bell, 2006).

### **Result analysis and discussion**

The legal requirements for production have proved to be some of the major factors that affect the overall quality of management. Their relation to the safety of the product has proved to strongly boost the final quality of the product. These facts lead managers to clearly evaluate and inform its customers on the quality and reliability there-in attached with the production

of an item and the legal requirements to be followed when formulating the product. Patents that protect the innovations of quality management are some of the most important legislation securers.

National and internationally set quality management standards, affect the quality and the reliability requirements of the items being produced either positively or negatively. As identified in some of the quality analysis procedures, one item might affect the other. For example, the standardization of envelope sizes has led to automation being introduced to mailing. Nevertheless, they end up delivering the quality and reliability that the consumers expect. It is therefore emphasized that the designers should have clear knowledge of reliability and quality aspects of the required standards appropriate to their requirements (Lalla, 2005).

In quality management, failure of an item or product to attain its specified legal requirement is completely unacceptable. This gives the designers a go ahead to carry out the failure analysis at the conceptual stage during designation of the product. On the other hand, if the method of elimination of the possible drawbacks cannot be traced at a budgeted cost, it is advisable to abandon the proposed concept or in times of extreme cases terminate the project itself. Every manufacturing institution has a process capability to meet the quality levels that are set in the product design. This factor has proved to be of great importance. As observed in the management field, the product designer has to operate within a designated, assumed and minimal manufacturing standards giving attention to the types of tools and machines available and there working accuracy. It is observed that to meet the manufacturing requirements, intense supervision and

responsibility in production are the basic needs (Goetsch, 2010).

Findings from the research carried show supplies that are bought have items in them that may range from tiny parts to fully assembled units. These items are sometimes questionable in terms of their standards. As a procedure to reduce the doubts on the items set standards, it is wise for the designer's organization to ensure that the bought-in products are subjected to the set quality confirmation procedures. This procedure works best for organizations supplying the parts regularly. On the contrary, the designers firm may opt to carry out often checks on the bought-in items to confirm the set standards. Standardization is one of the most advantageous aspects of quality management. It highly helps removing barriers caused by contradictions in standards through the stipulating the suitable purposes. It also simplifies the quality control of products. This gradually makes it quite simple for the suppliers to know what quality of items to produce in accordance to the set standards by the organizations designers. Standardization also helps in stipulation of special properties. Economic factors are the most sensitive factors in quality management. It is highly advised that the designers need to take lots of caution with respect to quality considerations as they produce new products. The little but very meaningful things that need to be accounted for involve the item tolerance, surface finishing, some of the related manufacturing methods, intensive strength and better grades of material.



**For example,**

Profit per Item = Selling Price - Cost to Produce

If x produces an item at a cost of \$10, for how much will the item be sold for, to make a \$2 profit?

Solution:  $2 = S - 10$

$S = 2 + 10$

$S = \$12$

The type and skill of the manpower applied in the production of the items serves a great role in determining the end results. Individuals with intense skills use the available limited resources to build quality products that appease their customers. This leads to the fact that the management should equip its employees with effective and applicable skills to ascertain better outcome. Quality of the raw materials and machines used in making the products matters a lot in determining the quality of the product. Items of poor standards results into production of relatively low quality goods (Goetsch, 2010).

The management's constitution highly determines how the daily operations of the organization work. This entirely depends on how the management plans and executes its plans. A well-organized management ensures minimum time is lost, little or no labor wastage and ensures punctuality of performance of the organizational duties. Where the workplace is set has a great impact on the quality of the product in that, the climatic, physical or geographical effects might alter the daily operations of the workers.

As a result of my findings, the clients who supply the raw materials will have to toil harder to ensure that the quality of goods they supply is up to the set

standards through installation of quality machines and use of standard skilled workers to produce high quality goods.

## **Conclusion**

In conclusion, we can say that auditing in an organization is very important as it help one understand how the business is performing. From the result that were collected we can conclude and say that incase proper auditing is not done in an institution fraud that may include funds embezzlement cases increase and this may cause the organization to collapse. We can conclude that auditing in an organization is very important as it help us to understand on way that can be used to improve on the quality of an institution. The result also showed that the national and international standards affect ways of improving quality. From this we can conclude that these standards should always be followed so as to reduce fraud in an organization. Finally, from the result we can also conclude that legal policies and code of practice in an organization should always be considered in improving quality and fraud elimination. Instances of auditing in a business can be summarized as the things or the tools that determine the performance of a business to always ensure there is quality and standardization.

## **Recommendation**

The legal requirement should always be put in place so as to ensure there is quality. This is very important as instances of fraud and production of lower quality will be reduce as on afraid of breaking the laws against the law due to the implication that may result from legal action. This will help to improve on efficiency and quality production. It is also recommended that before any

good or service is released to the market the national organization that is concerned with standard to inspect them to ensure that only quality product is released to the market. This will make the institution to improve on their quality so that the good that will reach the markets are of high quality.

The national and the international standard should be put into practice to challenge institution on the ability of exploring the international market and by so doing the institution will automatically improve their quality so as to meet the international standards. The supply bought in should always be subject to set quality confirmation procedures. This will improve the quality because by so doing goods are inspected before being released to the market and as a result only high quality product reaches the customers. The institutions that produce the product are challenged and since they want their produce to reach their customers, they improve the quality (Arter, 2011).

The failure analysis should be fully implemented. By so doing the institution face a challenge when they produce faulty item or item that are no to standards they are reject and do not reach their market. As a result, all organization will tend to improve on their quality so that they do not fall in the category of goods that do not pass the test of failure analysis. This help to improve on the quality.

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