

## The Importance of Identifying the Quality of Services within a Company

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**Abstract:** *In the paper we proposed to highlight the quality of services in a unit that works as a provider of passenger service transport on a predetermined distance on a scheduled basis. We proposed as an objective to research the quality of services following the completion of a case study, which was made through research, observation, questionnaires and interviews, adding of some improvements and solutions that will lead at the improvement of the quality of services offered by the unit Nicolescu Trans Limited Liability Company. In business as in life the success cannot be achieved without knowing the environment, market and customers. To know them, there must be made researches in terms of quality, in studying the market, customers, consumer, competition, it is ended to be made forecasts and assess the situation. The paper has in view of highlighting the research of quality of services in a unit of services concerning the research methods and improvement of service qualities. The paper is structured to shape the economic activity but and its issues for which it will be proposed its solution. Satisfying customer requirements involves a rigorous justification of all decisions regarding the design and delivery of services, based on the conducted market services. In conclusion the quality is what makes the difference between the excellent and inferior things or in other words, quality makes the differences between success and failure. The right key for an effective research of quality it isn't neither the technique used, nor the vast amount of data, but the immediate control of the useful information. Quality requires many things to be done, but if an organization does not put its customers first, then the conditions for the quality development will not exist. The best organizations, whether public or private, understand the quality and know its secret. Searching the source of quality it is an important task in any field.*

**Keywords:** quality, services, customer, organization, economy

### 1. Introduction

The services are correspondents of some needs at least as numerous as the needs of material goods but with a more complex and heterogeneous character. The knowledge of the essence and structure of these needs is a priority for the definition of quality.

The service offer has its peculiarities conferred to a large extent by the immaterial character of many of them. The environmental issue has many incidence areas with the area of services, and the definition of quality it cannot be done unless by considering it. The qualitative characteristics have, in the case of services, both a functional and dysfunctional character, but which give a prestige to the beneficiary.

In business as in life the success cannot be achieved without knowing the environment, market and customers. To know them, there must be made researches in terms of quality, in studying the market, customers, consumer, competition, it is ended to be made forecasts and assess the situation.

The quality is what makes the difference between excellent and inferior things, or in other words, the quality makes difference between success and failure. The right key for an effective research of quality it is neither the used technique nor the large amounts of data, but the immediate control of the useful information.

The quality requires doing many things well, but if an organization does not put its customers first, then the conditions for quality development will not exist. The best organizations whether public or private understand the quality and know its secret. Searching the source of quality is an important task in any field.

The structure of the theme has in view highlighting the research of quality services in a unit of services regarding the research methods and improvement of services quality. In the paper it is proposed to highlight the quality of services that works as a passenger service transport on a predetermined distance on a scheduled basis.

The company is founded at the end of 2000, the joint stock being owned by two persons, the first one in proportion of 75% and the second of 25%.

## **2. Research method**

Having as objective the research of services quality is proposed after the completion of a case study, by documentation, observation, analysis of questionnaire and interview, the proposal of some improvements and solutions that will lead to the improvement of the quality of services offered by the unit Nicolescu Trans LLC.

The qualitative marketing research has the role to provide answers to questions as “why” and “how” is carried out certain process of marketing, to discover, examine and understand the profound causes of the consumer’s behavior, subjective, emotional or unconscious elements which are underlying this behavior.

With the help of marketing research, the specialists determine how the consumers respond to external stimulations. Depending on the level at which are involving in this purpose, the marketing research are twofold:

- Quantitative – mainly aims the cognitive level
- Qualitative – mainly aims the conative level

The marketing research is only the first step in understanding the consumer and the information obtained must be used in a proper way. The managers must learn to put in action the obtained information from research. In the small companies the managers are in a continuing contact with the customers, knowing very well their claims. Nicolescu Trans LLC carried out profitable activities from the beginning, of passenger transport based on graphic, which have generated very good financial indicators for a commercial company at start-up. This is due to the development strategy of the car park by creating its own car park. It was made a questionnaire on a sample of 40 people, having as result the highlighting the quality of services provided by the company Nicolescu Trans LLC.

The indicators that we assessed allow the appreciation of client’s satisfaction in relation to company benefits. There can be made indicators of satisfaction based on internal data (delivery term, customer complaints) or external data (questionnaire of satisfaction, survey). All these criteria (internal or external) must be defined in terms of clients and objectives. In this case we chose the achievement of direct research on the assessment of quality of service provided by the unit in question by collection information from all individuals of researched collectivity.

## **3. Results**

The main purpose of the investment project is the company’s extent through the development of internal transport activity with minibuses, targeted to individual customers and commercial companies that organize trips or movements opting for internal transport based on schedule.

The value of stock joint made in the moment of funding was of 200 Ron, and then in January 2004, these decided to increase their joint stock with another 400 Ron, having as result a social capital of 40.200 Ron in the current moment the joint stock being of 65.000 Ron and it will be increased with another 100.000 Ron.

The object of activity afferent to the proposed investment: the development of service providing for individuals and legal person and/or foreign. The management of the economic agent has 8 year of experience within the proposed field of activity (auto transport) – as manager of the company.

The project involves the purchase of eight minibuses equipped with the equipments necessary for and activity of internal transport (air conditioning, television, etc), because when there will be auctioned the passenger courses, one of the main criteria is the classification of the cars depending on the age and facilities.

The Society Nicolescu Trans LLC will become in this way the most modern transport company having a new auto park but and an adequate logistics (radio-communication equipments, metering).

The business of auto transport of people began in 1999 when it worked with the same type of activity but with different status (individual authorized person) afterwards in December 2000 establishing Nicolescu Trans LLC which has taken the business already developed.

The services of international and internal people transport have a constant development, at the level of sales, on the Romanian market, their volume, growing from year to year. These elements, joined to the offered quality of services, and the fact the company will have a park of new cars, lead to the considerable risk reduction generated by the “aging” of the business.

The company pays special attention especially to the strategy on long-term, in this sense we can say that the export policy of the company follows to expand on international plan. It must be mentioned that the policy on long term, the company intends to diversify the destination points in the country.

On short term the company’s strategy focuses particularly on the conquest of new markets, the diversification of services, permanent increase of quality and strengthening the brand within the traditional partners. An indicator is a simple instrument, which allows the periodic observation of the evolutions of a phenomenon, positioning it in relation to their objectives.

There are three types of indicators:

- Management indicators
- Indicators of quality
- Indicators of satisfaction

### 3.1 Management indicators

They are very known, and used frequently in the financial management (the turnover, profit, incomes, expenses, rate of profitability). These indicators allow measuring the evolution of the company’s performance.

Basically the situation of the main indicators for the years 2008 – 2010, is presented in the form of tables and graphs that will highlight the evolution and trends of economic efficiency of the company during the analyzed period.

Turnover

**Table 1:** Evolution of turnover in the last three years (Ron)

	2008	2009	2010
Turnover	217.374	222.564	230.698
Indices of dynamic (%)	100%	+2,38%	+ 6,12%

Source: Accounting evidence of the company

It is noted that the turnover had an increasing trend over the past three years, in 2009 registering a growth of 2.38% compared to 2008, which determined a rehabilitation in the following year when it was achieved an increase of 6.12% compared to the base year 2008. The increase of the turnover was due to the price policy practiced by the CFR, the price of a travel increasing in 2009 compared to 2008 with an average of 18%, and in 2010 it rose with another 3%. Compared to the price increases practiced by the CFR in the analyzed period, the schedule's flexibility of the road operation organized by the society led to a real gain of market share at the expense of the railway company. There are still and some risks at which the company is exposed, but through the practiced insurance system can be eliminated at a rate of 60%.

**Table 2:** Evolution of data concerning the revenue volume on the internal market in the last three years

Specification	2008		2009		2010	
	VAL. ABS	%	VAL. ABS	%	VAL. ABS	%
Total Revenues (Ron)	267.374	100 %	279.564	+4,55 %	294.480	+10,13 %

Source: Accounting evidence of the company

The revenues achieved from ticket sales on the internal market increased from the value of 267.374, absolute value in 2008, to the value 294.480 in 2010, with a percentage of 10.13%. This is due to an efficient economic activity through a good promotion of the services but and their providing at t high level of quality.

### 3.1.1 Expenditure

**Table 3:** Size of expenditures made in the last three years (Ron)

	2008	2009	2010
Personnel and social insurances debts	59.307	62.231	65.664
Debts to the state budget	8.891	9.018	9.331
Repair costs	13.150	17.430	22.471
Fuel costs	129.600	132.559	137.765
Total expenditure	210.948	221.238	235.231

Source: Accounting evidence of the company

As regards the level of the expenditures made in the last three years it can be observed, based on the above table a growth of these in 2009, in value of 10.290 Ron, and in 2010 is observed also an increase of the expenditures with a value of 24.283 Ron compared to the base year 2008.

**Table 4:** Absolute and relative changes of the total expenditure (based on chain)

Years	Total expenditures (Lei)	Absolute change	Relative change
2008	210.948	-	-
2009	221.238	10.290	+4,87%
2010	235.231	13.993	+6,32%

Source: Processing after data from accounting evidence

Based on the relation Expenditures= Revenues – Profit, it can be determines the size of profit in recent years, 2008 – 2010.

### 3.1.2 Profit

**Table 5:** Evolution of gross and net profit during 2008 – 2010 (Ron)

	2008	%	2009	%	2010	%
Gross Profit	56.426	100%	58.326	+3,36%	59.249	+5%
Tax (16%)	9.028,16	-	9.332,16	-	9.479,84	-
Net Profit	47.397,84	100%	48.993,84	+3,36%	49.769,16	+5%

Source: Date taken from the profit and loss account

It can be seen based on the table above a positive evolution of the gross profit, it recording a increase by approximately 3.36% compared to the base year, it reaching to an even higher level in 2010 with a percentage of 5%.

This is because of the economic efficiency which has resulted from the following measures:

- Rising the prices of travel tickets
- Increase of labor productivity (turnover/ number of total staff)
- Increasing the number of passengers
- Rationalization of expenditures
- Increase of labor discipline

It is noted that the net profit registered the same evolution as that of the gross profit, following upwards trend of it. The relative indicators are more expressive and refer to the rate of profitability which can be interpreted as: commercial, economic and financial. The profitability as synthetic form of expression of the economic efficiency is the society’s capacity to obtain profit, in order to increase the capital, but also of its expansion.

The profitability may be expressed with the help of two indicators:

- Profit (as an indicator of volume)
- Rate of profitability (as an indicator of relative size)

The commercial profitability (Rc) rate is calculated as ratio between the result of the exercise (Re), profit or loss, after it was subtracted the profit tax and turnover (CA).

$$Rc = \frac{RE}{CA} \times 100$$

**Table 6:** Evolution of the commercial profitability rate

	2008	2009	2010
Rc (%)	21,8 %	22,01%	21,57%

Source: Data taken from the accounting evidence

### 3.2 Indicators of quality

These indicators inform on the level of quality and its evolution. The clients take into account many factors:

- Expectations
- Priorities
- Experience

To consider a service of superior or inferior quality depends on the way in which the customer sees the relation between the provided service and what he expected. The customer's aspirations are influenced by several factors:

- What they heard from others;
- Personal needs;
- Past experience;
- advertising
- price

The dimensions of quality of services may be considered:

- tangibility
- confidence
- competence
- credibility
- security
- accessibility
- communicative
- understanding the consumer

### 3.3 The performance indicators and quality control levels

For an organization to continue existing and to develop it must apply a quality control periodically.

The application of quality control implies the existence of a referential system in relation with which it can be appreciated the extent that is obtained the "level of quality (satisfaction) required and expected"

The referential system can be consisted of a set of performance indicators. Thus, we can affirm that an organization continues to be competitive in the extent in which it has established a series of performance indicators and, in addition, monitors and measure periodic these indicators.

The performance indicators, monitored and/or measured through the quality control, are established based on the analysis of the factors that allow the existence and development of the organization.

We can group the totality of these factors in three major categories:

- degree of compliance and adequacy of the existing regulatory framework in the organization;
- satisfaction obtained by the client;

- satisfaction obtained by the “other interested parties” (associates/ shareholders, suppliers, various creditors, state, personnel)

### 3.4 Indicators of satisfaction

Much less common indicators, the satisfaction indicators allow measuring the satisfaction of individuals (most often referring the customers) and are therefore representative of the quality perceived by customers. Because they use qualitative data, these indicators are more difficult to define and apply.

By making a full research based on the information collected from all individuals of researched collectivity we managed to identify the main problems with which is facing the society and the satisfaction level reached of the provided quality of services. The research techniques used in this method are the techniques of explorative interrogation that involves the participation of subjects in a debate that includes a set of questions which follow the highlighting of the economic efficiency achieved by the company in question.

It is proposed an analysis of the assessment of the satisfaction level felt by the consumers, after which is determine a percentage of customers who have achieved a high degree of satisfaction.

At the question “How often do you use our services” in percentage of 50% chosen daily, 30% for weekly and 20% for monthly.

For the question “In what purpose do you use our services?” in proportion of 60% chosen to travel in different purposes, 30% for service delegation and 10% for shopping.

Comparative with another transport services they responded with the qualification “just as good” in proportion of 100%.

In terms of assessing the quality of provided services by the staff, the clients gave the 4 degree on a scale from 1 to 5.

The sixth question reflects the appreciation of the quality of services in proportion of 70% with “Yes” and 30% with “No”.

To test the intention of the clients to appeal in the future to the transportation services of the company Nicolescu Trans LLC it was found that 70% of them will continue to use these services and even to recommend them to some potential customers, the difference being insignificant.

In terms of quality and practiced cost by this society provider of services, the interviewed clients answered with the qualification “satisfied” in proportion of 80% and with the qualification of “so and so” in proportion of 20%.

After the completion of this assessment it can be found that approximately 70% of the total of interviewed persons are satisfied by the company’ s Nicolescu Trans LLC services.

Thus the quality control plays a decisive role in the assessment of required and expected satisfaction by the interested parties of the providing company of services.

The analysis of the way of organization and functioning of Nicolescu Trans LLC brought into prominence a number of negative aspects of it organizational structure, as follows:

- it was observed the absence of some departments of major importance for the society’s activity (human resources, marketing);
- certain departments are undersized compared to their contribution to the achievement of some general and derived objectives;
- in some cases, it isn’t respected the principle of correspondence between the job’s requirements and qualities of the employed on the post’

### 3.5 Proposals for improving the quality of services within the company

The needed steps for the quality of services improvement of Nicolescu Trans society are:

- shaping the decisions of concrete facts and information
- symbolize the quality of work
- promoting the right people in the positions of decision;
- maintaining the quality of services on long-term

Another way to satisfy the desired and expectations of the consumers, as first condition is the communication with them. Through and adequate communication, constant, many problems can be solved or avoided, thus increasing the consumer's satisfaction.

We believe that, an effective communication with the consumers through the development of an adequate system of relations with them lead to the achievement of both consumer's expectations and of the company's long term interests.

Approaching the quality and capacity of the providing company to satisfy or exceed the customer's expectations, we can appreciate the qualitative level of the services are, ultimately the level perceived by the final consumer.

Also we propose a management of the company that has the ability to translate the real customer's expectations in concrete specifications of quality of services. In this direction of improvement of providing quality is followed the development of a norm as clear as possible which will contribute to the respect of the company's commitment of providing services under the expected conditions by the consumers.

**Table 7:** List of problems with which is facing the company Nicolescu Trans LLC

Nr. crt.	Problem	Cause	Effect
1	Growth of tariffs without a strict correlation with the quality of services	Inflation rate. Decrease of purchasing power.	Decrease of turnover. Profit reduction
2	Lack of a staff management	Lack of human resources department	Impossibility of creating an effective team
3.	The need of investments in the information base	Disclaiming of information's importance within the company management	Weights in rapid adaption at the changes intervned on the market.

Source: Documents of Nicolescu Trans LLC

It is also can be observed the inexistence of a human resources department and it is proposed in this sense the creation of such a department which to establish the ways of personnel recruiting and to deal firstly by the organizational part of it within the company. On the other hand, in terms of technology is observed the necessity of an information program that will facilitate the procession of the information within the company's management.

Therefore, the provision of quality services involves, from the company the knowledge and understanding the consumer, as well as and understanding, the efficient analysis and management of the providing process.

The first phase of rationing the organizational structures is to identify the problems.

The second stage is precising the study area. After identifying the problems is observed the apparition of some dysfunctions within the functional and operative structure.



The third phase refers to determining the purpose of the study. Depending on the complexity of the identified problems are established the performances which will be completed by study:

- resizing some departments
- introduction of some modern management methods and techniques
- flexibility of the organizational structure by adapting at the exigencies at the internal market.

In influencing the assessment of a provision of services, a great share it has the past experience of consumers whose level of satisfaction starts with a certain level depending on the quality of anterior services. In this sense, the verbal communication between the loyal customers and potential clients has a key role in informing on the quality of services provided by Nicolescu Trans LLC.

Advertising, respective the direct and indirect messages sent by this providing society have an important role in shaping the consumer expectations. For example, the prices are the integrant part of external information submitted by the company: from a service with a high price is claimed more than one with a lower price.

Another way to improve the quality of services of the company in question can be the constant implication of the management in the quality problem, by monthly analysis not only of the financial results, but the qualitative level of provided services. In this sense there can be applied programs to remedy the inadequate services in order to resolve the customer complaints if they are any.

It is appreciated that, the improvement of service quality can be achieved by targeting continuous the real management of the company to meet the satisfaction of the customer's real expectations, the efficient management of the process of service delivery in the purpose of enhancing its efficiency and also to improve the staff's training and behavior.

Through an effective communication with the customer, the service provider company can improve its qualitative level of services, respective to enhance the satisfaction of the current customers and also to attract potential consumers.

#### **4. Conclusions**

In conclusion, is appreciated that the term of quality in the services domain does no refer solely to the achieved prestation, but to the whole set of relations established between the client and providing company, being conditioned, on the one hand, by the corresponding professionalism and qualification of the company's employees, and on the other hand, by the attitude and behavior of personnel, respective by the interest shown by him in resolving the consumer's problems.

All these elements demonstrate that, the success on long-term is guaranteed only to those providers who constantly manage to win the trust of the customers through high quality services, which presents the evidence of effective implementation of the promised quality.

Form the providing company of services to succeed in the future; it must reach a high level of satisfaction of clients through a strategy which to follow the optimization of the afferent costs.

Thus a organization of services which is organizing the activity according to the requirements of the customers have the chance to succeed in the future.

This unit has in view the best way of ensuring the loyalty of the customers and of the own employees, of protecting themselves from competitors and to increase the profits in the conditions of a market competition which is becoming stronger.

The total quality can be conceived as a set of management principles through which is ensured the total dedication of the organization to the customer. In this case the whole activity of the company, all its employees are oriented to improve all the activities which are ensuring the satisfaction of desires and expectations of the customers.

The informational technology is an indispensable ally in improving the quality of services. It is often considered that the technology harms the services but, the technology well used improves the services, and combined with the personal services create new opportunities for the services providing company.

The most important challenge is to increase the consumer's aspirations and avoiding the mediocrity regarding the provision of service and therefore it must be searched the continuous improvement and perfecting of services.

The changes that have intervened in the Romanian economy influenced both the organizational structures and legislative framework, which influences the economic activity of the company. Therefore the presentation of the main aspects was made starting from the problems of economic restructuring and competitiveness on improving the quality of services provided by the Nicolescu Trans LLC.

This unit confirms that it should practice a mature and flexible quality management to ensure its development even if they operate on a highly competitive market. The diagnostic analysis in the case of Nicolescu Trans LLC company has the role to provide information about the gaps of the company compared to the competitors, as well as of the causes of which determines these gaps.

The diagnosis is useful in orienting the managers on the major aspects of the activity which ensure the increase of the economic efficiency.

Regarding the diagnosis of human resources the company's staff has a structure that must be improved still existing experience in the domain. In a more synthetic form, the resulted diagnosis of the analysis made on the society Nicolescu Trans LLC show that the unit of services has a high material-technical potential and a level of quality which allows it to maintain on the market to a competitive level.

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