

Knockout.Economics by Kru P'Eve & Kru P'Da

# IGCSE -Business studies

## Achieve quality production



- Executive summary IGCSE Business studies
- Series of exam questions each chapter
- Exam Strategies and exclusive tips to achieve A\* from Knockout.Economics
- Exclusive Key Terms for IGCSE Business studies exam



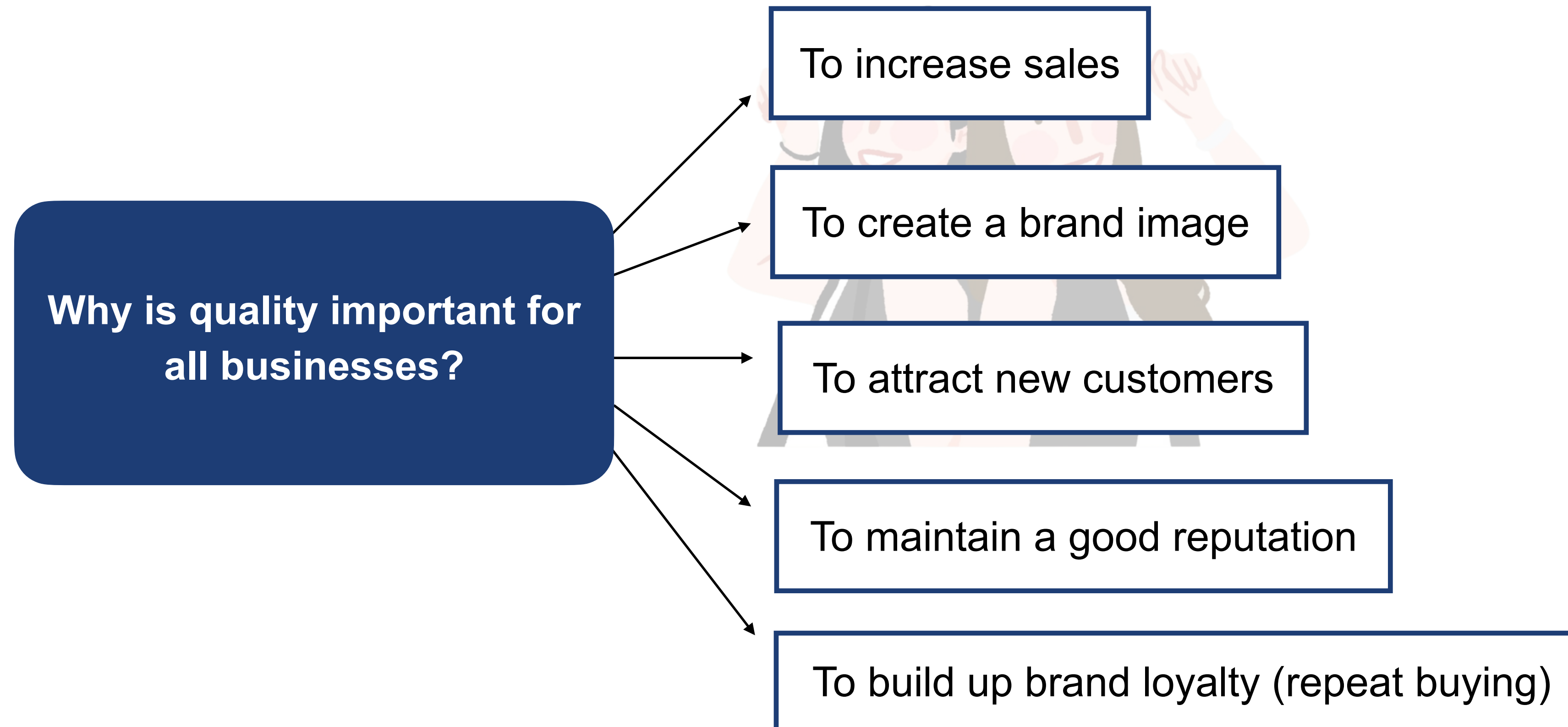
# Overviews

1. What quality means and why it is important for all businesses
2. The concept of quality control and how businesses implement quality control
3. The concept of quality assurance and how businesses implement quality assurance
4. Total Quality Management (TQM)
5. How can a customer be assured of a quality product or services



# 1. What quality means and why it is important for all businesses

**Quality: to produce a good or a service which meets customer expectations.** Businesses needs to ensure that all products or services have no defects.



# 1. What quality means and why it is important for all businesses

**Quality: to produce a good or a service which meets customer expectations (no defect + high quality).** Businesses need to ensure that all products or services have no defects.

**What would happen to a business if quality is not maintained?**

1. The business may lose customers to rival firms.

2. The business may have high cost of replacing defect products.

3. It creates a bad reputation.

## 2. The concept of quality control and how businesses implement quality control

**Quality control:** is the checking for quality at the end of the production process.

### Advantages of quality control

1. It helps *eliminating defects* before the customer receives the products or services.
2. It *does not require training for workers at each stage* to check the quality of products. As it will be checked at the end of the process.

### Disadvantages of quality control

1. It *increases cost* to business to pay for employees to check products or services.
2. It *does not find the root causes of defect*, so the problems will not be solved.
3. It is *costly to rework products* or repeat services.

### 3. The concept of quality assurance and how businesses implement quality assurance

**Quality assurance:** is the checking for the quality standards *throughout the production process*

#### Advantages of quality assurance

1. It *builds quality in every production process*.
2. It *helps eliminating defects* before the customer receives the products or services.
3. It *reduces customer complaints* and improve brand image.
4. It *reduces cost* as a business does not have to rework products or repeat services.
5. It *reduces waste* and increases efficiency.

#### Disadvantages of quality assurance

1. It is *expensive to train employees in each stage* to check the products or services.
2. It needs to ensure that *employees follow instruction of standard set*.

## 4. Total Quality Management (TQM)

**Total Quality Management (TQM):** is the continuous improvement of products and processes by focusing on quality at each stage of production.

### Advantages of TQM

1. It *controls quality in every part of the production.*
2. It *eliminates all defects* before sending product or services the customer
3. It *reduces customer complaints.* Also, it improves brand image and increases sales.
4. It *reduces cost* as a business does not have *to rework products or repeat services.*

### Disadvantages of TQM

1. It is *expensive to train employees* to check the product or services at each stage.
2. It *needs to ensure that employees follow TQM ideology.*

# 5. How can a customer be assured of a quality product or services

## How to Ensure the Quality of Goods and Services

### 1. Quality mark on their goods or services

e.g. ISO (International Organisation for Standardization)



Reference: [www.bsigroup.com](http://www.bsigroup.com)

### 2. Comment from experienced customers

e.g. recommendation by satisfied customers in Trip Advisor



Reference: [www.researchgate.net](http://www.researchgate.net)

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# IGCSE -Business studies

## Exercise: Achieve quality production



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# Exercise

1 ABC company makes smartphones. It uses just-in-time inventory control. All workers in the company give an importance on quality assurance.

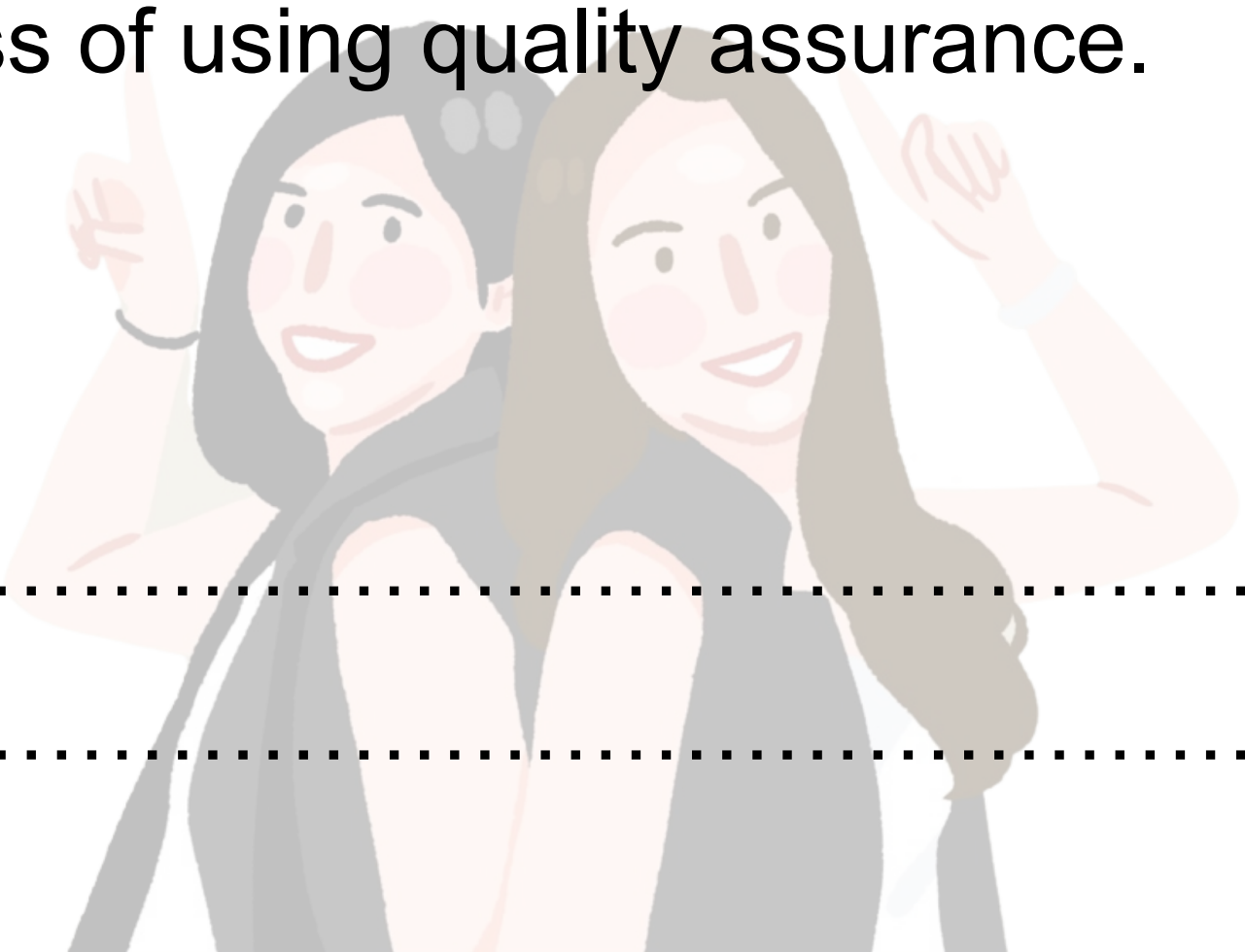
(a) State **two** advantages to a business of using quality assurance.

Advantage 1:

.....  
..... [1]

Advantage 2:

.....  
..... [1]



# Exercise

1 ABC company makes smartphones. It uses just-in-time inventory control. All workers in the company give an importance on quality assurance.

(a) State **two** advantages to a business of using quality assurance.

Do not get points such as making customer satisfaction / creating better quality / increasing sales

Reducing cost/fewer defects on products

Reducing customer complaints

Creating good reputation

Reducing waste from defect products



# Exercise

1 ABC company makes smartphones. It uses just-in-time inventory control. All workers in the company give an importance on quality assurance.

**(b)** Identify and explain **two** reasons why product quality might be important to ABC company. **[4]**

Reason 1: .....

.....

Explanation: .....

.....

.....

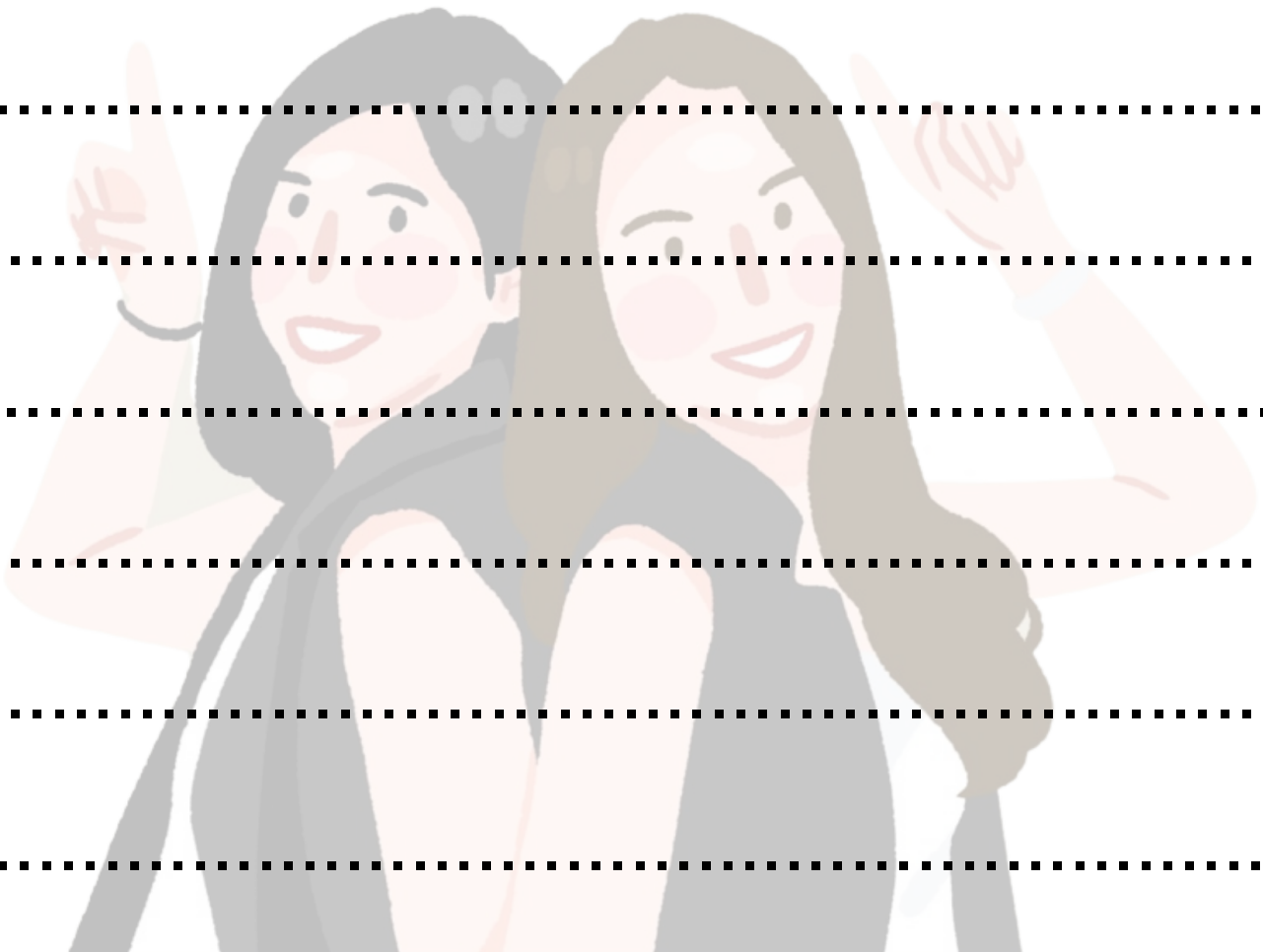
Reason 2: .....

.....

Explanation: .....

.....

.....



# Exercise

1 ABC company makes smartphones. It uses just-in-time inventory control. All workers in the company give an importance on quality assurance.

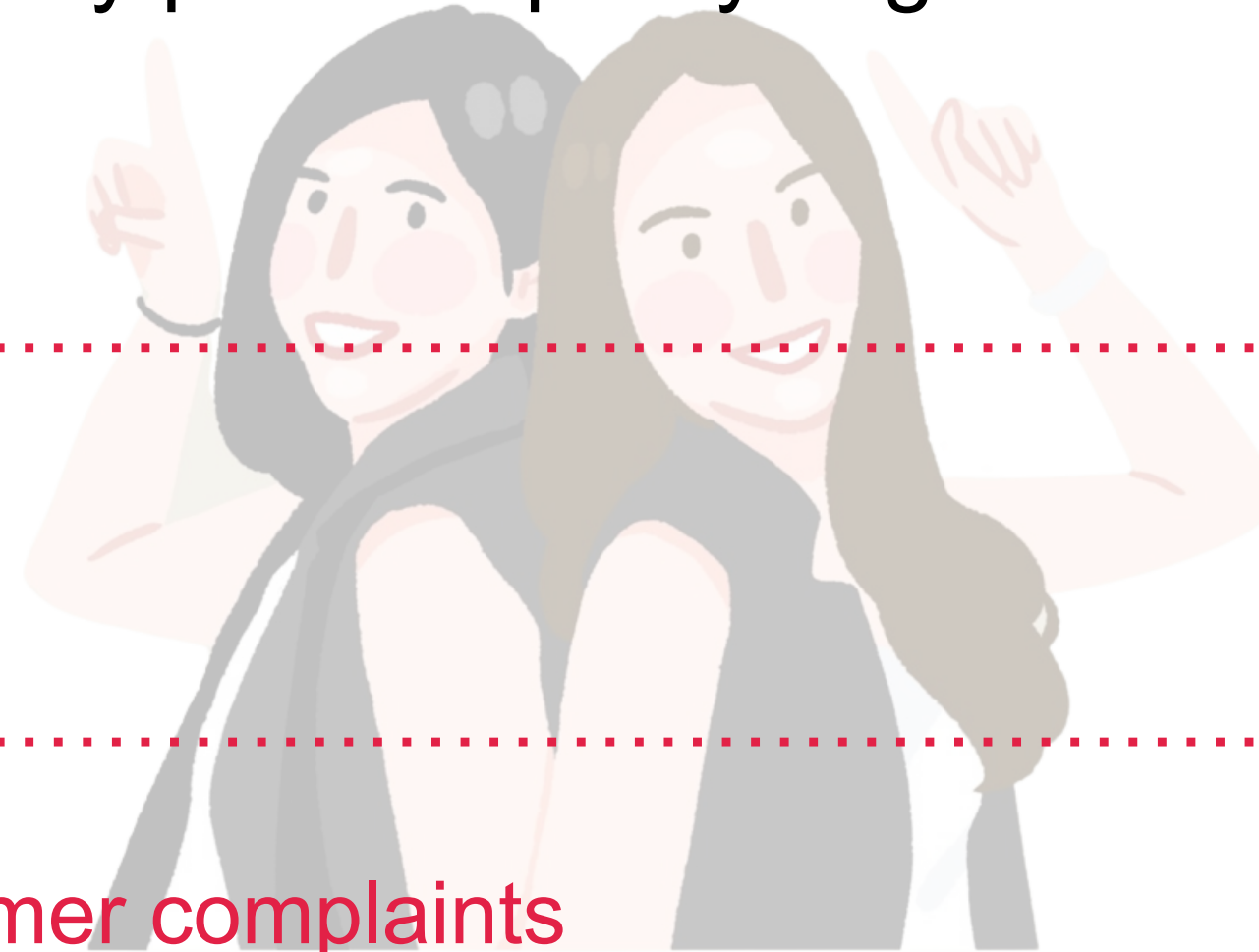
(b) Identify and explain **two** reasons why product quality might be important to ABC company. [4]

- To maintain customer loyalty

- To gain competitive advantage

- Poor quality products increases customer complaints

- Poor quality products create bad reputation



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