Enhance Small Enterprises Assistance as Perspective TQM

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Abstract

Small enterprises play an important role in the economic development of industrial world countries, and also of third world countries at the same level. Generally, small enterprises in the third world face shortage in productivity. Besides, the human factor represents approximately 60% of the essential properties of small enterprises that represent the ownership, leadership, management, and workforces. This paper aims to support the planning, and implementation stages of small enterprises, and to apply the small enterprise's beneficiary assistance program. Especially in the first stage of enterprise's preparation which focuses on selection approach of the enterprise's beneficiaries, especially managers, and owners to identify, and develop their skills as a perspective entrepreneur in order to implement their small enterprises. Moreover, the small enterprise's beneficiary assistance program includes stages such as feasibility studies, products promotion and marketing, human resources development, quality control and upgrading, enterprise management and assessment. Furthermore, this paper puts forth schemes such as flowcharts and fishbone (cause, and effect) to follow-up small enterprises and to assess the actual needs during implementation stages as perspective continuous improvement. Moreover the paper studies sample of small enterprises (SMEs) which had been funded from the Social Fund for Development (SFD) which is managed by the Egyptian Government, and the UNDP. The main findings end-up with a major responsibility of the manpower factor behind most small enterprise problems. In addition, the mechanism for technical assistance of small enterprise's beneficiaries must apply the scientific approaches during the implementing of an enterprise. Besides, the small enterprise's beneficiary assistance program must be adopted before the implementing of the small enterprise according to the actual needs assessment of the beneficiaries of the enterprises.

Keywords: Fishbone, cause and effect, flow chart, productivity, need assessment, technical assistance, total quality management (TQM).

Acknowledgments: Thanks to "my colleagues in the regional offices worked with me in SFD, Egypt".
Introduction

Small enterprises represent a main concern for researchers where most enterprises feed and complete large projects. However, they face some basic problems such as management, marketing, financial, and production problems, which influence productivity directly (Oliver 2001, Schomewiile 2001). Moreover, human factors often represent a high percentage of these problems (Hill and Stewart 2000, Tamimi and Sebastianelli 1998). These problems had been concentrated at an entrepreneur style for the enterprises beneficiary, untrained labors, unqualified marketing personnel, inexperienced personnel for enterprises management, poor safety and vocational health for workforces (Walker and Tait 2004), and the false policy for employment. Besides, the researchers had studied a variable solution to solve these problems and they had found that education and training are the essential base to improve human performance (Bates 2002). Furthermore, the TQM structure depends on both training and education to find the integral knowledge for the organization operations (Mc Camey et al. 1999). On the other hand, the training is considered a developed approach for education. Furthermore, researchers overlook both financial and production problems based on a wrong assumption of inert behavior of such problems over the planned service life of the enterprise components (Elmuti and Kathawala 1999). In the present study, all the problems have been taken into consideration where it was generating sources since the early stages for small enterprise establishment. The surrounding circumstances activate one or two of the enterprise problems towards enterprise failure. Data collection is suggested for 100 industrial enterprises and a problem analysis is then undertaken according to TQM tools by using the cause-and-effect diagram (fishbone). The features of the fishbone are suitable to determine the relation between a problem and its potential causes. In addition, the paper puts forth a mechanism of technical assistance to improve and develop the SME through its life cycle, especially in the planning, and implementing stages. Moreover, the present paper uses another TQM tool such as a flow chart to identify and manage the selection approach of the enterprise's beneficiaries, in the planning stage, for the small enterprise. Besides, the paper uses a flow chart as the TQM tool to identify, and manage a technical assistance approach in the implementing, prestart up, operation, and marketing stages for the SME as a perspective of continuous improvement, especially for the nonfinancial and financial sides, through the life cycle for SME. In other words, a flow chart is an important tool for technical assistance to improve, and for SME mechanisms to develop, where the process can be simplified.

The Depot Model of Accumulated Problems

Small enterprises are similar to a basket (hierarchy) where problems are continuously accumulated since the early financial stage, the funder’s draft
may include a series of such defect constrains (unsuitable capital, shortage of risk insurance, and misuse for available fund). In subsequent to the production stage, the production capabilities are efficiently implemented to comply with the fund and marketing constrains aimed towards achieving the product or service as designed. Unintentionally however, production also adds a number of problems, namely, raw material properties, old methods and technology, old m/cs, unskilled laborers, and poor quality control. The third problem category is the marketing defects category, for example the false pricing policy for products or services, un-advertising, and un-promotion, weak competition, poor quality, no exhibitions, unqualified salesmen, ineffective marketing personnel, and lack of market places. The forth problem category is the management defects category which is common for all small enterprises problems, and consists of problems such as lack of experience for project management, weak follow ups for business performance, distorted organization, false employment policies, poor safety and vocational health and no training programs. Figure 1 shows a scheme of this proposal model. In the depot model, a fixed-thickness layer of the financial mistake rests in the bottom. Another fixed-thickness layer of production errors stacks up. Finally there are two variable layers of both marketing and management defects.

**Figure 1. A Enterprise Model as a Depot with Ceaseless Accumulated of Problems**

![Diagram of Enterprise Model](image)

**The Fishbone Representation**

Figure 2 shows a fishbone scheme of problems, which may lead to failure. Spain has four branches, two of which have a fixed structure, and constant data. The two other branches, marketing and management, have a varying
structure and continuously update data. From the data (100) that industrial enterprises had funded from SFD, the financial, production, marketing, and management problems were collected as Tables 1-4. From the analysis of the collection, it can be summarizing that manpower problems are, as follows:

Lack of training for labor 85%
Undeveloped methods 85%
Shortage of performance control 75%
Lack of Safety and vocational health precautions 93%
Lack of essential knowledge for accountancy 90%
Unqualified sales and marketing personnel 87%

**Figure 2. Fishbone Representative of Accumulated Problems**

![Fishbone Diagram](image-url)
Table 1. Production Problems

<table>
<thead>
<tr>
<th>Problem</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of trained laborers</td>
<td>62</td>
</tr>
<tr>
<td>High cost for raw material</td>
<td>45</td>
</tr>
<tr>
<td>High maintenance cost</td>
<td>55</td>
</tr>
<tr>
<td>Troubles in electricity</td>
<td>31</td>
</tr>
<tr>
<td>Old m/cs</td>
<td>40</td>
</tr>
<tr>
<td>Undeveloped method</td>
<td>85</td>
</tr>
</tbody>
</table>

Table 2. Financial Problems

<table>
<thead>
<tr>
<th>Problem</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank guarantee</td>
<td>65</td>
</tr>
<tr>
<td>Shortage of risk insurance organizations</td>
<td>75</td>
</tr>
<tr>
<td>Misuse of available capital</td>
<td>62</td>
</tr>
<tr>
<td>High risk insurance cost</td>
<td>85</td>
</tr>
<tr>
<td>Low liquidity</td>
<td>45</td>
</tr>
<tr>
<td>Lack of knowledge for accountancy</td>
<td>90</td>
</tr>
</tbody>
</table>

Table 3. Management Problems

<table>
<thead>
<tr>
<th>Problem</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of experience</td>
<td>87</td>
</tr>
<tr>
<td>Shortage of performance control</td>
<td>75</td>
</tr>
<tr>
<td>Distorted organization (Excess and low labors)</td>
<td>42</td>
</tr>
<tr>
<td>Lack of safety and vocational health precautions</td>
<td>93</td>
</tr>
<tr>
<td>Unqualified laborers</td>
<td>87</td>
</tr>
<tr>
<td>No training for laborers</td>
<td>85</td>
</tr>
</tbody>
</table>

Table 4. Marketing Problems

<table>
<thead>
<tr>
<th>Problem</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor pricing policy</td>
<td>40</td>
</tr>
<tr>
<td>Shortage of advertising</td>
<td>85</td>
</tr>
<tr>
<td>No exhibitions</td>
<td>60</td>
</tr>
<tr>
<td>Unqualified personnel for sale and marketing</td>
<td>87</td>
</tr>
<tr>
<td>Lack of market places</td>
<td>75</td>
</tr>
<tr>
<td>Weak competitive for large projects</td>
<td>72</td>
</tr>
</tbody>
</table>

The Flow Chart Representation

From the problem analysis of small enterprises, it is found that managerial problems represent approximately 60% for both owner and manager, especially in the identification and formulation stages. So, it is essential to identify, develop the entrepreneur a style to achieve success in small enterprise. Moreover, it is essential to follow up and control the small enterprises in order to introduce the support and technical assistance through their life cycle especially, during the implementation stage to achieve the continuous improvement and productivity of the small enterprise as perspective TQM.

Technical Assistance Mechanism in the Planning Stage

Figure 3 shows the technical assistance approaches through the identification and formulation stages to achieve optimum planning for small enterprises. Besides, the entrepreneur will be qualified by basic training paths to achieve the financing stage.
Figure 3. Technical Assistance Mechanism in the Planning Stage

- Practical training in one of the enterprises
- Search about work
- Meeting with beneficiaries (2) days
  - Search about work
  - Meeting with beneficiaries (2) days
- Technical training in training centers
- Accountant (4) days
- Management (3) days
- Marketing (3) days
- Environment (1)
- Initial feasibility study (1) day
- Prepare feasibility study (4) day
- Evaluating committee (2) day
- Funded organization / Bank to decide the fund

- Reception of beneficiaries
- Reception and basic program (7) days
- Select enterprise and market study (6) days

- Complete booklet beneficiary (1) day
- Collect data about market (4) days
- Basic information program (3) days
- Market study program (3) days
Technical Assistance Mechanism in the Implementation Stage

Figure 4 shows the technical assistance mechanisms in the implementing stage that support the nonfinancial and financial services for a small enterprise. Moreover, the technical assistance mechanism will continue through the pre-start up, operation, marketing, growth, and development stages as perspectives of continuous improvement to achieve high productivity and comprehensive optimum revenue.

Figure 4. Technical Assistance Mechanism in the Implementation Stage

1. Receive the reports of funded organizations / banks concerning with the enterprises' beneficiaries
2. Investigate the reports of funded organizations / banks
3. Satisfied?
   - Yes
     - Prepare field follow-up plan for the enterprises' beneficiaries by regional office (RO) / SFD
     - Implement follow-up by field officers / SFD
     - Prepare, and investigate follow-up reports
     - Satisfied?
       - Yes
         - Identify the enterprise problems by fish bone approach
         - Identify the actual needs for small enterprise
         - Identify the technical assistance scopes for enterprise
         - Prepare non-financial service program
       - No
         - Yes
         - No
3. No
   - Yes
     - Prepare field follow-up plan for the enterprises' beneficiaries by regional office (RO) / SFD
     - Implement follow-up by field officers / SFD
     - Prepare, and investigate follow-up reports
     - Satisfied?
       - Yes
         - Identify the enterprise problems by fish bone approach
         - Identify the actual needs for small enterprise
         - Identify the technical assistance scopes for enterprise
         - Prepare non-financial service program
       - No
         - Yes
         - No
Figure 4. Technical Assistance Mechanism in the Implementation Stage

1. Prepare technical & managerial training program
2. Prepare marketing & information program
3. Prepare financial service program
4. Participate in local & international markets
5. Achieve marketing opportunities (local & export)
6. Improve product / service quality

- If (not satisfied), go to next step. If (satisfied), go to next step.

- If (not satisfied), go to previous step. If (satisfied), go to next step.
Conclusions

1. From Figures 1 and 2, from the findings we can conclude that the fishbone (Cause-and-Effect) diagram shows that it is a powerful tool to analyze and assess small enterprise problems.

2. From Figure 3, the technical assistance mechanism in the planning stage shows the selection approach for the entrepreneur to achieve identification and formulation until the financing stage of small enterprises.

3. From Figure 4, the technical assistance mechanism in the implementation stage shows that the flow chart diagram is the easiest and quickest tool used to manage and improve the financial and nonfinancial services. Besides, this mechanism is the backbone of the technical assistance process and must continue to improve and develop the life cycle of small enterprises through stages of marketing, growth, and development.
References