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## **VALORIZATION OF THE QUALITY OF THE PRODUCTS MADE BY ENTERPRISES ON THE MARKET WHERE THEY DO BUSINESS**

**ABSTRACT:** The need of different enterprises for exploring the level of the quality of their products/services is growing with the expansion of their business operations in the global environment and with the growth of their competition. The subject matter of this research study is the valorization of certain characteristics of the products with which enterprises appear on a target market, which on their part especially relate to their quality. The purpose of the exploration and valorization of the product quality level is connected with numerous business arrangements of the enterprises competing on selected markets in a particular period of time so as to achieve an expected financial result. The starting premise implies that the installed concept of the quality of a product made by an enterprise should encompass all those quality elements pertaining to the consumer/user, i.e. to achieving their satisfaction. That is even more so given the fact that all the relevant analyses and experiences of global enterprises indicate that buyer/consumer satisfaction with a quality product ultimately decides on their financial success. In the research study, the comparative statistics, hypothetical-deductive, analytical-deductive and

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comparative, historical and statistical-descriptive methods are used.

*Key words:* enterprise, quality valorization, product, competitiveness, business results

## INTRODUCTION

The complex market conditions of earning a profit impose a continuous care for the improvement of the quality of products/services on enterprises as an integral part of their behavior in the currently prevailing business environment (Kamenković, Lazarević-Moravčević, 2018). A quality product is the basic precondition for bringing a strategy based upon the market perception to reality in a sense that a product like that, with its performances of a positive benefit for the consumer, will also bring a benefit for the enterprise in the form of its strategic positioning on the market. An enterprise's lagging behind in its product quality improvement process (Antić, Stevanović, 2013) leads to the formation of a long-term barrier to the international market. Essentially, a quality means comparing a product with the products made by the competition based upon the familiar and recognized quality, optimality, useful value, standardization, and usefulness check methods, as well as the other pieces of knowledge useful for the verification of the quality of a product or service (Miletić, Ćurčić, Aničić, 2017). The quality itself is identified as a level up to which a set of the characteristics typical of products/services meet users' demands (Oakland, et. al. 2021).

A quality product should be characterized by appropriate distinctive features that classify it into a special place when speaking about the useful benefits for the buyer, for the reason of which fact it is necessary that both the quality level and the performances of and attitudes expressed by the user should continuously be checked and valorized [Jelić, 2016, pp. 7-8]. In the concept of satisfying consumers' needs and expectations (Miletić, Ćurčić, Miletić, 2019) for a quality living, the quality of a product is its backbone. The factors that provoke buyer special satisfaction are the characteristics – quality of products/services or the process that are not expected, nor are they specified, and the product buyer/service user positively treats them when they come across them. In the final outcome, the experiences of successful global enterprises show that buyer/consumer satisfaction with a quality product is crucial when their financial success is in question (Kostić, 2009).

The inadequate quality of products, small-scope series, an unattractive design and packaging, the obsolete technology of and high prices for

products are but some of the reasons for which numerous domestic products cannot be competitive against the products made by the numerous foreign value-oriented (Rakita, Mlađan, Marković, 2019) market leaders, as well as the companies coming from the newly industrialized countries of the world.

In order for any domestic enterprise to become a manufacturer of the world-class goods as per the WCM model, it must achieve as good results as possible in the quality, price, speed, delivery reliability, flexibility and innovation [p. 57]. That means the need of a national enterprise for meeting the expectations of different buyers/consumers for goods requires the application of a quality concept without which no business success is possible. Managers in national enterprises are aware of the fact that it is necessary for their employees to improve their knowledge and skills, especially so being necessary for operational heads, and to contemporary management methods and techniques, especially so the quality management system (TQM), which signifies the process of the transformation of all inputs into the enterprise to a quality product that satisfies the buyer. Each process has several inputs, including the human potential, the material, methods, measurements, equipment, the external environment, and so on, but the most important input of all includes the buyer's wishes, needs, expectations and requests (Jovović, Femić, 2018). A satisfied buyer is the output of that process. By implementing the given agenda, the management of the enterprise are obliged to create such strategic options which will enable them to make efficient business decisions based on the quality of their products/services (Domanović, Janjić, 2018). Such decisions should ensure that the existing buyers are retained and that new buyers are attracted both on the domestic market and on the international market, all with the aim of achieving top business results.

The quality of every enterprise's concrete product and service is only one of the segments of the market concept of quality, which represents the key initial and final stage of the overall business operations quality improvement cycle. Essentially, the goods manufacturer and the service provider are interested in a more specific product or service quality assessment so that, based on the same, a necessary improvement can be made if required by the market. Ensuring a consistent quality (Miletić, Ćurčić, Simonović, 2020), enterprises conquer new and retain the existing markets. Yet, end users expect that the product they buy will correspond in quality with their respective demands and needs. In order for an enterprise to ensure a quality offer in real time for their consumers, an important role is also played by the artificial intelligence-based systems that collect data on and useful pieces of information about the demanded quality of such product(s) and enable the sending of an offer in real time (12).

It is, therefore, obvious that only those enterprises (Cvjetković, Ilić, 2015) adhering to quality, thus also adhering to their clients, can be considered competitive and successful. Therefore, in the preparation of products for and their delivery to markets, domestic enterprises should observe contemporary procedures with the aim of constantly improving their quality, which is implicative of cautiousness and a strong support in the endeavors made by all organizational members of the enterprise to become trained in performing their obligations.

## **METHODOLOGICAL APPROACH**

The research study was carried out in a form of an online questionnaire. The subject matter of the research study conducted herein is the valorization of the quality of the products made by the domestic enterprises doing business on a selected market, the enterprises being of a different size and performing a different activity. The research study was conducted on a sample of 26 micro-enterprises (19%), 38 small enterprises (28%), 39 medium-sized enterprises (29%) and 33 big enterprises (24%), all having been selected from within the database kept by the Business Registers Agency (BRA) of the Republic of Serbia. The decisive factor for the selection of the enterprises for the sample was the successfulness of the business operations carried out by those enterprises in the national profit earning frameworks. A non-random (i.e. non-probability) sample was used for the needs of this research study. Essentially, the questionnaire was intended to collect pieces of information and valorize the quality of the products made by the national enterprises in the context of the other selected characteristics in function of the effectiveness of their business operations. The survey procedure was conducted anonymously and only referred to the enterprises doing business on the national market. The survey questions were answered by the owners or the top managers of a higher level.

While creating the methodological framework of the paper, the bibliographical-speculative method was used apart from the explorative method, and in the case of the results processing and interpretation, the multiple comparison and statistical test methods were used.

## **RESULT AND DISCUSSION**

Accepted as the need to meet the expectations of different buyers/consumers, and a constant challenge to perform better than the competition, the quality of products of each single enterprise and its more

concrete valorization are again singled out in the national milieu of doing business as a precondition for the implementation of a strategy based on market perception in a sense that such a product, inclusive of all its performances of a positive benefit for the consumer, will bring a benefit for the enterprise in a form of its strategic positioning on the market.

Table 1 shows the share of the enterprises in relation to the business operation sector. According to the table, it can be seen that there is the largest number of the organizations doing business in the field of traffic, the textile industry, construction, other services, the food industry, hospitality and tourism.

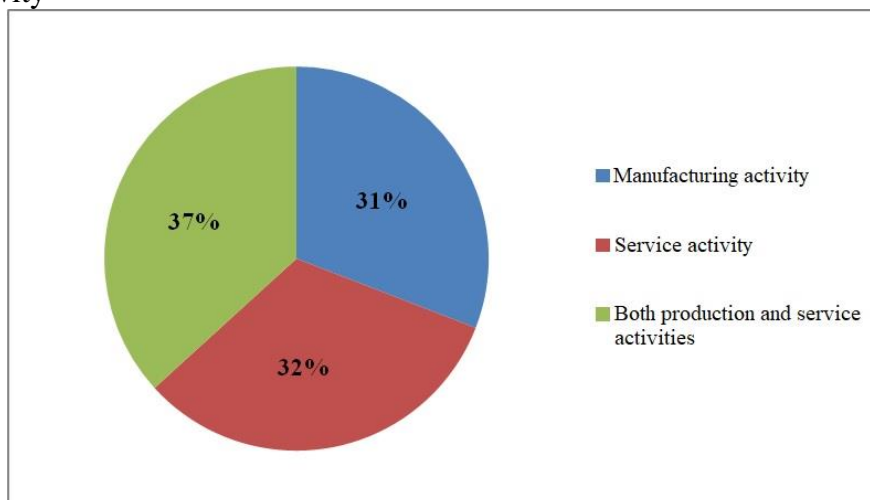
*Table 1.* – The share of the enterprises in relation to the business operation sector

Business operation sector	Absolute frequencies	Relative frequencies
Textile industry	12	8.8
Power generation, transmission and distribution industry	9	6.6
Traffic	14	10.3
Timber industry	7	5.1
IT	4	2.9
Rubber processing industry	3	2.2
Construction	14	10.3
Tobacco industry	3	2.2
Other services	13	9.6
Telecommunications	2	1.5
Graphic design industry	5	3.7
Chemical industry	5	3.7
Energy sector	2	1.5
Machine construction	2	1.5
Trade	7	5.1
Food industry	11	8.1
Agriculture	2	1.5
Insurance	4	2.9
Medicine	2	1.5
Hospitality and tourism	10	7.4
Banking	2	1.5
Forestry	3	2.2

*Source:* Authors

A total of the 42 enterprises included in the perceived sample perform the manufacturing activity, 44 perform the service activity, whereas 50 enterprises perform both the manufacturing and service activities. The percentage share of the enterprises in relation to the activity performed is given in Graph 1.

*Graph 1.* – The share of the enterprises in the sample in relation to the activity



*Source:* Authors

The valorization of the level of the quality of products made by the enterprises on the market where they do business as one of the key elements for the success of their financial business operations began by analyzing certain coopted factors. The focus was placed on the validity of the rating of the product quality level in correlation with the level of the competitive capability of the enterprises, the qualitative business operations performed by the enterprises in relation to the comparable rivals, the level of the competition on the market where the enterprise does business, the level of the extent to which the quality concept is implemented on the market in compliance with the requirements of international standards for doing business and to the extent to which the enterprise performs its business operations with fewer resources in relation to the resources which are assumed to be needed as the necessary conditions and for competitive international business operations.

It is assumed that the enterprises striving for becoming the manufacturers of goods as per the WCM model should meet certain conditions and satisfy certain criteria. For that reason, the enterprises were asked to valorize certain characteristics in the framework of their business

operations by assigning them the marks from 1 to 5, where 1 was the lowest and 5 was the highest mark. The results as per individual characteristics are presented in Table 2.

*Table 2.* – The marks for the characteristics in the enterprises

Characteristics	M a r k s									
	1		2		3		4		5	
	Af	Rf	Af	Rf	Af	Rf	Af	Rf	Af	Rf
The level of the product on the market where the enterprise does business	2	1.5	11	8.1	49	36.0	40	29.4	34	25.0
The level of the competitive capability of the enterprise	4	2.9	8	5.9	30	22.1	57	41.9	37	27.2
The qualitative business operations of the enterprise in relation to the comparable rivals	0	0	2	1.5	22	16.2	57	41.9	55	40.4
The level of the competition on the market where the enterprise does business	7	5.1	12	8.8	42	30.9	29	21.3	46	33.8
To which extent is the product quality concept being implemented in the enterprise	13	9.6	17	12.5	9	6.6	41	30.1	56	41.2
To which extent the enterprise does business with fewer resources in relation to the resources which are assumed as needed	2	1.5	16	11.8	39	28.7	47	34.6	32	23.5

*Af*-Absolute frequencies; *Rf*-Relative frequencies (percentages); *S.vr.* – Mean values

Source: Authors

Table 3 below shows the ranking of the characteristics based upon average marks (mean values) for each particular performance.

Table 3. – The performance ranking

Characteristics	Mean values	Performance ranking
The quality of the products on the market where the enterprise does business	3.68	15
The qualitative business operations performed by the enterprise in relation to the comparable competitors	4.21	1
The level of the competitive capability of the enterprise	3.85	10
The level of the competition on the market where the enterprises do business	3.70	14
The level of the extent to which the product quality concept is being implemented following the international standards	3.81	12
To which extent the enterprise does business with fewer resources in relation to the resources which are assumed as needed	3.67	16

Source: Authors

Based on the obtained results, it can be concluded that the respondents who took part in the survey and who came from the domestic enterprises included in the sample valorized with the marks slightly ranging from 4.21 to 3.67 the quality of the products made by the enterprise, the qualitative business operations in relation to the comparable rivals, the level of the competitive capability of the enterprise, the level of the competition on the market where the enterprise does business, the level of the extent to which the quality concept is being implemented in the enterprise in compliance with the requirements imposed by the international standards and the extent to which the enterprise does business with fewer resources in relation to the resources which are assumed to be needed in order to achieve a top financial result. The mentioned comparison is indicative of a high interdependence between the mentioned characteristics.

Further below, a two-factor analysis was used to analyze how the level and activity of the business operations performed by the enterprise influence the quality of the products on the market where they are present as a precondition for sustainable survival on the market. The value 0.05 was taken for the difference significance level (for all the values  $\text{Sig} \leq 0.05$  there is a statistically significant difference). The subsequent Tukey test determined between which enterprises (depending on the activity of the business performed by them) there was a difference in the product quality. Table 4



accounts for the fact that there is a difference between the enterprises engaged in the manufacturing and service activities, as well as between the enterprises engaged in the manufacturing activity and in the manufacturing and service activities.

*Table 4.* – The marks for the quality of the products on the market for the enterprises of different activities

<i>The quality of the products on the market where the enterprise does business</i>		Difference mean value (I-J)	Standard error	Error significance (Sig)	95% Trust interval	
(I) The activity performed by the enterprise	(J) The activity performed by the enterprise				Lower limit	Upper limit
Manufacturing activity	Service activity	.640(*)	.206	.007	.15	1.13
	Both manufacturing and service activities	.491(*)	.200	.041	.02	.97
Service activity	Manufacturing activity	-.640(*)	.206	.007	-1.13	-.15
	Both manufacturing and service activities	-.148	.198	.735	-.62	.32
Both manufacturing and service activities	Manufacturing activity	-.491(*)	.200	.041	-.97	-.02
	Service activity	.148	.198	.735	-.32	.62

*Source:* Authors

## CONCLUSION

The research study carried out herein had a sample including the enterprises of a different size, simultaneously reflecting a proportional share according to the size. The largest number of the enterprises in the sample were engaged in both the manufacturing and the service activities, of which the largest number of the enterprises were from the fields of the textile industry, traffic, construction, food industry, and the other sectors of doing business.

The results indicated the existence of a positive relationship between the mentioned characteristics, the level of the product quality in the domestic enterprises simultaneously being valued as one of the key business operations improvement factors. The best ranked characteristic of the enterprise in relation to the comparable competitors in the observed sample was valorized with the mark 4.21 and it was qualitative business operations, which also ties to itself the quality of products, which was assigned a similar mark 3.68. As far as the individual influences are concerned, the level of the competitive capability of the enterprises was singled out, which was also determined by the quality of their products. The business activity of the enterprise (manufacturing, service, both manufacturing and service) exerts a significant influence on the differences in the level of the quality of the products the enterprise appears on the market, and also the extent to which the enterprise which had been subjected to the rating was performing with fewer engaged resources in relation to the resources which were assumed to be needed.

Ultimately, domestic enterprises cannot be competitive if deprived of the quality products that meet the requirements of the contemporary market. This is all the more so given the fact that the competitiveness of a product and a financial success essentially contain its quality and the other implied aspects – the price, the technological and ecological levels, the needed aspect of their safety, and so forth.

## REZIME

### VALORIZOVANJE KVALITETA PROIZVODA PREDUZEĆA NA TRŽIŠTU NA KOME POSLUJU

Potreba različitih preduzeća za istraživanjem nivoa kvaliteta proizvoda/ usluga raste sa širenjem njihovog poslovanja u globalnom okruženju i narastanjem konkurencije. Predmet istraživanja ovog rada je vrednovanje određenih karakteristika proizvoda sa kojim preduzeća nastupaju na ciljnom tržištu, a koje se posebno odnose na njihov kvalitet. Svrha istraživanja i vrednovanja nivoa kvaliteta proizvoda povezana je sa brojnim poslovnim arazmanima preduzeća koja se takmiče na odabranim tržištima u određenom periodu kako bi ostvarila očekivani finansijski rezultat. Polazi se od premise da instalirani koncept kvaliteta proizvoda preduzeća treba da obuhvati sve one elemente kvaliteta koji se odnose na potrošača/ korisnika, odnosno na postizanje njihovog zadovoljstva. Tim pre, jer sve relevantne analize i iskustvo globalnih preduzeća pokazuju da zadovoljstvo kupaca/ potrošača kvalitetnim proizvodom u krajnjem odlučuje o njihovom finansijskom uspehu. U istraživanju su korišćene metode komparativne statistike, hipotetsko -

deduktivne metode, analitičko - deduktivne i komparativne metode, istorijske i statističko - deskriptivne metode.

*Ključne reči:* preduzeće, vrednovanje kvaliteta, proizvod, konkurentnost, poslovni rezultat.

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