

# COMPLAINTS MANAGEMENT IN TERMS OF BUSINESS PRACTICE IN SLOVAKIA

## Research Results

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Abstract: The paper deals with complaint management and its meaning in quality management. On one hand we can create a group of entrepreneurial subjects carrying out only the most necessary activities resulting from the current legislation of the Slovak Republic which are directly related to the complaint. On the other hand we can create a group of entrepreneurial subjects which management complaint use as an instrument of customer orientation, and even when negative experience of customers is evident they try to seek the satisfaction or even loyalty. This fact was the basis for carrying out research and mapping of complaint management and the closely related areas in terms of business activities in Slovakia. The paper presents the results and conclusions of investigations carried out.

## 1 INTRODUCTION

Main goal of quality management is to meet the customers' requirements in such a way that it leads to their satisfaction and loyalty (Šalgovičová and Prajová, 2008). The easiest way how to reach this goal would be producing the products and providing the services without defects or failures. However, the reality is completely different. Despite doing anything what can lead to the customers' satisfaction, i.e. meeting their requirements effectively, there is always a risk of failures that can arise during the production process or services providing. All failures should be detected by the organization. If that does not happen, the customer, who has bought the particular product or service, will later reveal the failure himself. In that case, everything depends on the customer, because, the customer does not consider the quality neutrally, for him the product is either of high quality or not, there is no other possibility. This means that if the failure occurs, the customer considers it as a poor quality of the product. Complaints management presents the key role in the organization, then. It can be defined as „coordination of the activities focused on the organization regulation and management regarding the customers' dissatisfaction that is usually

expressed by the complaints and claims“ (Urdziková, 2010).

Following the aforesaid, the research was carried out in 2009 and 2010. Its subject matter presented the mapping of the system security current state concerning the complaints management in terms of business practice in Slovakia.

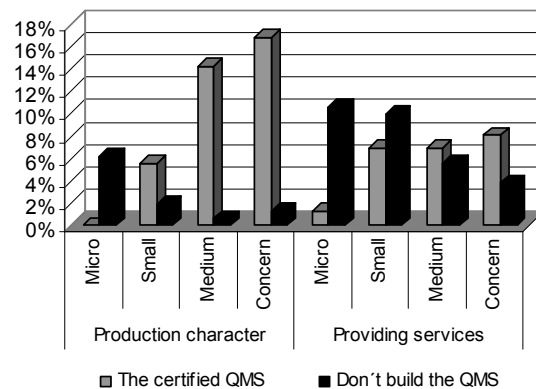


Figure 1: Visualisation of the business subjects from the quality management system point of view.

The research hypotheses were set up, which were verified with using a wide range of scientific methods of acquiring and processing data - observation, questionnaire, interview, qualitative

methods (for example analysis, synthesis, induction, deduction, comparison, abstraction, etc.); quantitative methods (for example descriptive statistics such as frequency analysis, statistical analysis, such as hypothesis testing, confidence intervals), graphical methods for example bar charts, pie charts, tables, diagrams, flow charts etc.), the principle stratification and a number of other creative methods and techniques.

Approximately 400 business subjects on the Slovak market were addressed within the research. Concerning the subject of business, the sample consisted of 45% business subjects of production character and 55% of those providing services. One of the important steps was to find out if the business subjects joining the research built the quality management system (QMS) according to the international standard ISO 9001 (Figure 1).

Research results were obtained with the help of different scientific methods, SPSS software and using the comparative analysis they were compared with the results arising from previous researches that had formed a part of the research projects realized at the Institute of Industrial Engineering, Management and Quality; Faculty of Materials Science and Technology in Trnava; Slovak University of Technology in Bratislava, Slovakia (FMST SUT; the scientific grant project VEGA No. 1/0103/03 “Monitoring customer satisfaction in quality management and marketing” - 2003 – 2005 and No. 1/7162/00 “The quality of the communication system as a factor affecting competitiveness of SMEs” - 2000- 2002), as well as researches conducted at other universities in Slovakia.

## 2 APPLICATION OF ONE OF THE QUALITY MANAGEMENT PRINCIPLES – FOCUS ON THE CUSTOMER

Customer presents the essential part of the market mechanism functioning. Moreover, he also presents the determining factor of forming the competitive environment for business subjects operating on the market. (Chovanová, 2008); (Saniuk and Saniuk, 2009) According to the complaints management problem, it was interesting to find out the condition of business subjects operating on the Slovak market, because the complaints management has to be closely connected to the application of the customer focus principle. If it be to the contrary, it is not possible to speak about the complaints management.

Then, it is only considered to be the obligatory meeting of the legislative requirements of the Slovak Republic and the European Union (EU) concerning the complaints handling.

The analysis results on the subject of the customer focus principle application are presented in the table No. 1, where the significance of differences (\*\*\*) Very high significance, \*\* High significance, \* Significance, - Don't significance) in the distribution of business subjects' answers in individual features of examined categories is formulized. In time of the analysis, the strengths of the business subjects were proved (for example Greater part of the business subjects is customer focused; This is also proved by the fact that they perform activities to support the customer focus) and the improvement opportunities were revealed (for example Revealing the significant differences in application of the customer focus between the business subjects with the certified QMS and those that have not built the QMS. These differences result from the incorrect understanding of the principle mentioned above and they also reflect in the absence of the steps heading to the customers retention; Different approaches in the application of the customer focus principle among the business subjects depending of the size).

Table 1: Formulation concerning the significance of differences between various categories of sorting features in applying the “customer focus” principle (Urdziková, 2010, p. 96).

Requirement	Subject of business	Size by number of employees	QMS
Priority management – focus on the customer			*
Definition and identification of external customers		***	
Customer care program		***	**
Responsibility of a customer care			
The top management is important information about customer feedback		*	*

In the current competitive environment patterned with the contest for customers, each business subject should try to attract the attention, establish itself in trade, and keep the existing and the potential customers.

### 3 MONITORING AND EVALUATION OF THE DATA CONCERNING THE CUSTOMERS' SATISFACTION

Field of monitoring and evaluating of the data concerning the customers' satisfaction basically refers to and is complementary to the application of the customer focus principle in the business practice. Each customer focused business subject should carry out the monitoring and evaluation of the data concerning the customer's consideration in the matter of meeting his requirements.

Table 2: Formulation of the significance concerning the differences between various categories of the features in the field of monitoring and evaluation of the data on the customers' satisfaction (Urdziková, 2010, p. 106).

Requirement	Subject of business	Size by number of employees	QMS
Monitoring customer satisfaction		***	***
Monitoring timeline	*	***	**
Implementation process		*	***
Analysis and evaluation of monitoring information	*	***	***
Transmission of feedback information from customers in the production stages	**		***
Detection of a renewed interest in products			***
Steps to keep existing customers			***
Process approach	*	**	***
PDCA cycle	***		***

Table No. 2 presents the results from the field of monitoring and evaluation of the data on the customers' satisfaction. These results proved the strengths of the business subjects (for example Proved efficiency of implementing the ISO 9000 family of standards into the business practice; Utilizing the information arising from the customers' satisfaction monitoring by reason of improving the processes in nearly 80% of the business subjects) and the improvement opportunities were revealed (for example Business subjects do not sufficiently realize all the activities related to the monitoring and evaluating of the data on the customers' satisfaction; Weak application of the process approach to the systematization of the customers' satisfaction measurement and evaluation). Positive, but also the negative expression of how the customer considers the quality of the products or related services belong to the data

concerning the monitoring and evaluation of his satisfaction. One of the customer's negative expressions is the complaint, or claim that presents the main subject of the complaints management.

### 4 COMPLAINTS MANAGEMENT

Considering the significance of the complaints management in terms of business practice, it was very important to find out what the current state of the complaints management is like in the addressed business subjects on the Slovak market. Following this, it was possible to pick up on the results of the previous examined fields.

One of the hypotheses  $H_0$  was verified on based on the results arising from the analysis of the complaints management current state (see table 3):

$H_0$ : Businesses with the certified SMQ and underdeveloped SMQ on the Slovak market show the same level of complaints management.

In time of the analysis, the strengths of the business subjects were proved (for example Proved efficiency of implementing the ISO 9000 family of standards into the business practice that was expressed on a higher level of the complaints management; Realizing the significance of the complaints management and carrying out not just the necessary activities related to it, in some business subjects above the frame of the legislative standards ect.) and the improvement opportunities were revealed (for example Quite low level of the complaints management in the business subjects that have not built the QMS; PDCA cycle in the process of complaints/claims handling is not utilized etc.).

Examination of the complaints management in terms of business practice formed the last, but the supporting part of the current state analysis carried out. By looking globally at the field of the complaints management and leaving the individual categories of the examined features out of consideration, there can be a specific conclusion reached. This conclusion shows that the differences are caused by different approaches of the individual business subjects to the complaints management. It means that on one hand, there is a possibility to form a group that will consist of the business subjects realizing only those most necessary activities arising from the present legislative of the Slovak Republic. These activities will be just those directly connected to the complaints handling. On the other hand, a different group can be formed consisting of the business subjects that will use the complaints management as one of the tools of the customer

focus. Moreover, despite of the customer's negative experience they will try to reach his satisfaction or loyalty.

Table 3: Summary of the results concerning the significance of differences between various categories of the features in the field of the complaints management (Urdziková, 2010, p. 121).

Area	Requirement	Subject of Business	Size by number of employees	QMS
Complaints Handling Process	Defined policy	**	***	***
	Implementation process	**	***	***
	Documentation	**	***	***
	Use of statistical methods	***	*	***
	Process performance	**	***	***
	Analysis and evaluation of complaints/claims	***	***	***
	Monitoring customer satisfaction	**	***	***
	Functional verification	**	***	***
	Improvement	***	***	***
Dispute-resolution	Defined policy	**	***	***
	Implementation process		***	***
	Documentation		***	***
	Methods			
Human Resources	Selection and training of staff in the process		***	***
	Defined requirements for the capability	*	***	***
	Defined competence		***	***
	Education staff process		***	***
	Evaluating the effectiveness of education	*	***	***
Tools	ISO 10001	*	***	***
	ISO 10002		***	***
	ISO 10003		*	**

## 5 CONCLUSIONS

As it may be seen from the individual research conclusions (expressed on confidence interval 95 %), the business subjects on the Slovak market are still supposed to improve. In the first place, they should become aware of the fact that the complaints management necessarily forms the part of the organization management and is well founded. The positive effect also has implementation of the

existing ISO 9000 series of standards into business practice, which was reflected in a higher level of complaints management. Comparison of the researches results showed 10 % decrease in the progress and development of the businesses as a result of the global economic crisis (started in September 2008). Businesses are gradually getting into a recession. It caused that many of them had to fight with the existential problems.

The paper presents the partial outputs from the Ph.D. thesis in field of study "Production Quality Engineering". The Ph.D. thesis was awarded the "Prize for the Best Student's Work in the Field of Quality Management 2010" Slovak Society for Quality and as well as FMST SUT, too.

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