

## **The Relationship between Quality and Productivity**

Earlier this year, the National Competitiveness and Productivity Council (NCPC) embarked on a number of consultations within the public and private sectors and various communities throughout the island. These consultations are currently in their final stages and form part of the ongoing National Productivity Assessment that is being facilitated by the NCPC.

The consultations have been quite rich and a number of pertinent issues have been discussed. The Council, in its weekly articles, have tried to address some of the issues raised, due to their importance in regards to discussions on productivity enhancement throughout Saint Lucia. In this article we will discuss the quality of goods and services offered in both the public and private sectors. It is critical to highlight the importance of customer satisfaction, quality of service and the role these play in producing a higher level of productivity in an organisation.

Customers expect a high quality of service when a business is being patronised. Research has shown that there is a strong correlation between high quality of service and high levels of productivity. It should be noted that:

- (1) Quality Improves Company Reputation** – An organisation with a high quality work process which provides goods and services of a high standard earns a good image. For example, in Japan, a ‘Preferred Supplier Award’ is promoted as this award builds up a supplier’s reputation and may help secure future business. Therefore, companies which earn a good image from their clientele have less resources to spend on sales and marketing because they get repeat business and become known for the quality of service that they offer.
- (2) Quality Increases Market Share** – Increasingly, customers pay close attention to the quality of a good or service before making a purchase. As a result, there is a higher demand for quality

products and services. Hence, companies which compete on the basis of quality have an opportunity to increase its clientele with this greater demand for quality products and services.

**(3) Quality Increases Benefits for Employees** - When an organisation offers high quality goods and services, the benefits are passed on to its employees in the form of higher wages and other employee compensation. With an increased demand for quality goods and services, businesses which compete on the basis of quality can increase their business. Increased business in turn translates to the company being more profitable and is better able to grow and expand. An expanding and growing business can now afford higher wages and salaries for its employees or even invest into other business ventures.

**(4) Quality Improves Employees Morale** – A high standard of quality in an organisation means that employees are happier and can be further motivated to work together to offer superb end product to the customer. Quality work also provides individual employees with upward mobility and personal satisfaction.

An article written by Meredith Estep on the **Unitiv** website entitled, '*The Importance of Meeting Customer Expectations (And How to Meet Them!)*' points out that customer expectations are an ever-evolving process and it can be challenging to know precisely what these expectations might be. She goes on to say that there are some common expectations that should be considered. These common expectations are as follows:

- A fast, efficient and accurate service
- High quality products at a competitive price
- Friendly, helpful service staff who will provide information and answer questions

- Prompt responses to inquiries, whether online, by phone or in person
- Sufficient stock to meet customer needs
- A well trained staff that can handle their questions without referring them on, and
- A clean facility

Estep states further,

*'Some of the benefits of meeting your customers' expectations by offering them a quality service include the transformation of customers from first-time visitors to loyal clients, an increase in sales as customers feel more comfortable doing business with you and a greater volume of referrals from satisfied customers who bring in additional business by word of mouth'.*

The benefits quoted by Estep have the potential of increasing productivity in any given organisation. Therefore, there is little doubt that a high quality service offering is an essential element of a successful business.

Businesses that can accurately identify customer expectations, and work towards meeting or exceeding those expectations are more likely to enjoy increased levels of productivity that benefit all.