

# IMPLEMENTATION OF QMS AND EMS IN TOBACCO COMPANIES ACCORDING TO THE STRATEGIC DEVELOPMENT OF THIS BRANCH IN EU

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## Abstract

The successful strategic development of each tobacco company is unavoidably connected with implementation of quality management system (QMS) and environment management system (EMS).

Presently, the European Union takes special measures for regulation of tobacco production, with particulate emphasis on quality of tobacco, quality of the entire working process, environment protection and development of special measures to reduce pollution.

Related to this, tobacco companies must understand that implementation of QMS and EMS provides an organized system of work and is essential factor for achieving a good quality of tobacco products in the efforts to satisfy the requirements of consumers and environment.

The aim of this paper is to show the situation of tobacco industry with regards to the QMS and EMS implementation.

**Key words:** Quality, management system, environment, tobacco, production limitation, social, economic and environment effects.

## 1. Introduction

The necessity of implementation of QMS (Quality management system) and EMS (environmental management system) in the tobacco companies is result of everyday living. Also, a factor here is the strategic tobacco policy of the EU (European Union) which obliges us as country - applicant for EU membership to be involved and follow the intentions for strategic development of that area.

Beginning with the fact that ISO 9000 and ISO 14000 standards are with international reputation and are known as 'generic standards of the management system' then it must be said that their nature imposes the need of their implementation in our tobacco companies providing efficient and effective economy.

## 2. Brief review of QMS and EMS and their implementation in the tobacco companies

ISO (International Organization for Standardization) standards for business, government and society as a whole make a positive contribution to the world we live in. ISO's portfolio of more than 18 000 standards provides practical tools for all three dimensions of sustainable development: economic, environmental and societal. They ensure vital features such as quality, ecology, safety, economy, reliability, compatibility, interoperability, conformity, efficiency and effectiveness. They facilitate trade, spread knowledge, and share technological advances and good management practice (ISO [1]). QMS presented through international ISO 9000 standards and the EMS presented through ISO 14000 standards, are one of the most famous today. ISO 9000 became international reference on the demands for quality management in business working, and ISO 14000 is reaching the same, probably even bigger implementation which provides the organizations to meet the challenges of saving the environment.

The ISO 9000 family of standards represents an international consensus on good quality management practices. ISO 9001:2008 is implemented by over a million organizations in 176 countries. It consists of standards and guidelines relating to quality management systems and related supporting standards. There are eight quality management principles on which the quality management system standards of the ISO 9000:2000 and ISO 9000:2008 series are based.

The eight quality management principles are: Customer focus, Leadership, Involvement of people, Process approach, System approach to management, Continual improvement, Factual approach to decision making, Mutually beneficial supplier relationships (ISO 9000 [2]).

The ISO 14000 family is the world's most recognized framework for environmental management systems (EMS) and has been adopted as a national standard by more than half of the 160 national members of ISO. The systematic ISO 14001:2004 approach requires the organization to take a hard look at all areas where its activities have an environmental impact. And it can lead to benefits like the following:

- reduced cost of waste management
- savings in consumption of energy and materials
- lower distribution costs
- improved corporate image among regulators, customers and the public
- framework for continual improvement of environmental performance (ISO 14000 [3]).

Although the biggest part of ISO standards are specific for a certain period, material or process as the example of 62 ISO standards which are used today for tobacco, tobacco products and the equipment connected with them, we must look into the necessity of implementation of QMS and EMS in tobacco companies in our country in accordance with the need of the current situation in the tobacco economy in the EU and the need of the time imposed by that necessity of implementation.

### 2.1. Current situation in the EU tobacco economy

Meaning of the economic and social aspects of the tobacco production as highly laboured intensive work today is not negated by anyone. But with more frequent antismoking propaganda and the bigger pronunciation on the damaging effects of smoking on people's health by healthy organizations and the risk of water pollution by pouring the nitrate of the used fertilizers (appointed by the ecological societies) commit to raised public consciousness about the qualitative tobacco production and its redirection to other agricultural crops (CORESTA [4]).

### 2.2. Review of the policy management for the quality of tobacco estate in EU

Common management policy with the tobacco estate in EU mainly is a system of measures which will contribute to continuous redirecting of tobacco production to other agricultural and industrial crops and to qualitative selections of tobacco by fulfilling the demands of QMS and EMS.

To fulfil these demands and to provide better quality in the production and cultivation of tobacco, the EU tobacco producers receive specific help since 1999: premise for financing of their activities in improving the quality, protection of environment and strategic management.

This premise which is paid to the producers has fixed and variable part. Actually 30 to 40% of the premise is given in dependence to the tobacco quality.

The 1992 reform of tobacco common market organisation (CMO) abolished intervention and export refunds, introduced production quotas as well as stricter controls. Following later refinements of the 1992 legislation, support to producers is currently provided through a premium system, linked to quantity of production, modulated on the basis of quality criteria and subject to individual production quotas for each group of tobacco varieties. The tobacco CMO also relies on measures to convert production, through a quota buy-back programme and a Community Tobacco Fund (Kienle *et al.* [5]).

The Tobacco Fund finances activities in the following areas:

- increase of public consciousness about the damaging effects of all ways of using tobacco through information and education and through support for collecting data about giving epidemiologic studies for nicotine and studies for nicotine prevention;
- taking specific measures helping the tobacco producers in redirecting the production of tobacco to production of other products and economic activities which create employment and study of what kinds the possibilities the tobacco producers will have by doing other initiatives and activities;
- development of bigger control in order to provide a production of qualitative and accepted selections of tobacco, especially those that are immune to diseases and pests and which by the way of production will be ecologically good (without bigger water pollution by pesticides application), and with its quality will be more accepted by smokers with less damaging effects on people's health.

The measure system of tobacco production regulation of tobacco producers' countries – EU members, is well drafted, without any bigger economic and social affection of tobacco producers, but with considerable attention and wide aspect of not violating traditional relations established in this sector, not endangering the social peace and not decreasing the domestic budget. All this is done with careful warning that the time itself prescribes that tobacco producers should think to gradually redirect their production effort towards other crops too, which on similar way they will satisfy the social and economic interests of tobacco producers.

With the Council Regulation (EC) No 864/2004 of April 29, 2004 [6] the CAP reform was then applied to the tobacco sector. It contains the following provisions:

- The premium system and the system of production limitation ended with the 2005 harvest.
- Phase I: In a transition period from 2006 to 2009 a minimum of 40% of tobacco aid (reference period 2000-2002 premium) is decoupled from production and integrated in the Single Payment System (SPS). The payments available from decoupling for each farmer are paid whether or not tobacco is grown but are subject to cross-compliance as all CAP payments. In order to allow markets and producers to adjust to the new situation, member states may maintain up to 60% of the tobacco aid coupled during the transition period).
- Phase II: From 2010 onwards all subsidies will be decoupled; 50% will be transferred to the Single Payment System and 50% will be shifted to the restructuring envelop. Concurrently, the remaining subsidies will gradually be reduced until 2013 when only a diminished area based flat rate will endure. Hence, in 2010 the tobacco CMO will already come to an end and the tobacco market will be fully liberalized.

The future revised tobacco CMO needs to fit into the current discussion of the CAP as well as into the general context of environmental policies, the Sustainable Development Strategy, the bio-diversity action plan, the 6th Community Environment Action Programme and the thematic strategies on soil and pesticides. The risks of environmental impact resulting from many agricultural products as tobacco production concern the leaching of nitrogen from fertilisers into ground- and surface water, strains on groundwater resources from irrigation. Particular risks are caused by unwanted side effects resulting from the usually high level of pesticide application. Tobacco cultivation requires such high pesticide levels in order to ensure a good leaf quality. The fact that tobacco is grown in monoculture also contributes to a high consumption of pesticides. Another factor influencing the presence and severity of environmental risk is the agri-climatic conditions of a certain area. In addition to the risks resulting from the presence of tobacco, there are also risks due ceasing traditional tobacco cultivation, which is of particularly relevance in the mountain areas. In these environmentally fragile areas, land abandonment can contribute to the degradation of landscapes and soil erosion soils. Finally, secondary effects may occur with respect to processing and transport specifically related to the cultivation of tobacco (Commission of the European Communities [7]).

### 2.3. Research, education (practice) and counseling in the area of agriculture from tobacco aspect

In the frame of the research activities focused on the strategy for sustainable development in EU, it is

recommended to take into consideration economic, social and environmental consequences on every politics.

In raw tobacco production regions it is recommended to implement the activities focused on development of new source of income and trade activity of the producers. In order to achieve this goal, it is suggested that the activities of the Tobacco Community Fond should be extended not only on the agricultural researches but also on other research fields, which in turn will enable tobacco producers to produce quality tobacco varieties, to expand their activities on other crops production or other trade product or service activities that will create employment.

Also it is suggested that by the research, information measures should be used on a proper way so that the health dangerous effects caused by smoking can be underlined, in order to successively expand tobacco production activity by production of other crops or other trade or service activities.

By accepting the above mentioned and starting from the real relation of the consumers (smokers) towards using the tobacco products i.e. smoking, as an inseparable part of the politics of this activity, there is a need of more active development of research, educational and counseling activities for increasing the tobacco and tobacco products quality, minimizing the dangerous effects of the human health and saving the environment.

### 2.4. Necessity of QMS and EMS implementation in tobacco organizations

Starting from the world market demand, the science and technological achievements in the world and the available natural, production and human (working) potentials, may be concluded that today, and even more tomorrow, the need of focusing on the field of tobacco activity, which especially will come prominent by implementing the QMS and EMS, will be increasing.

By QMS and EMS implementation, will be allowed:

- raising the quality on higher level, taking into consideration the consumers demand for quality;
- systematic approach towards processed oriented structures in the tobacco complex;
- efficient and effective working of the organizations, where the events and potential problems will be identified on a easier way and the organization can handle them on a more efficient way;
- increasing the motivation and work satisfaction of the employees, especially by better use of technical-technological benefits, greater use of resources and mechanization which in turn are replacing the physical effort and decrease the time

- for production processes and operation etc.
- quality guarantee of tobacco and tobacco products production and reliable and safe selling;
- continuous improvement of company's performance in achieving the goals;
- continuous development of research, educational and counseling activities for increasing the tobacco and tobacco products quality and by that the consumer satisfaction also;
- raising the responsibility of the top management for continuous advancement of the total working quality;
- raising the awareness for quality products and generally for the total work of all employees in the company;
- gaining special processing system with defined goals, strategy and planning, with operational functions and activities;
- integrating the economic and environmental goals, on one side increasing the income and on the other side saving the environment of health plants and suitable existence of all living creatures;
- developing possibilities for creating alternate (combined) incomes, by extension of tobacco production and other additional products and services, in ecologically health environment;
- taking care for safety environment through public declared politics;
- establishing and maintaining documented measures for protection and goals for every function in the organization and establishing a program for minimizing the dangerous effects on the environment caused by the organization activity;
- establishing a system for achieving the goals, through data monitoring, internal control etc.
- obligation of the top manager to continually analyze and improve the quality management and operation with the environment, as well as to direct the company's mission and vision which will lead towards TQM.

Only by such approach, organizations from tobacco industry can validate tobacco production, which together with coffee and alcohol belongs to the group of so called everyday house drugs, but without forgetting to increase its quality, minimize the dangerous effects on human health and environment and its slowly quitting and replacing with other crops.

### 3. Conclusions

- Today, when the quality gets in every sphere of working and living, QMS and EMS are implemented in a large number of companies almost in every country on the world, and at the same time because

we are applicants for membership in the European integration, we are obligated to coordinate our development of tobacco organizations according the quoted demands.

- By implementation of QMS and EMS, bigger internal earning will be enabled for the organizations as a result of improvement of the efficiency and effectiveness of the working and a bigger care for safe environment will be developed. Also, on the international market, the competency of our tobacco organizations will be valued much higher.
- In the organizations, a big focus will be put on tobacco and tobacco products quality, on the consumer's pleasure, processes management, measures, monitoring, as well as the level of quality management, and by this, continuous quality improvement of the total company's working and operation with the environment.

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