

## Corporate Satisfaction with ISO 9000; An Empirical Study

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### Abstract

This study examined the extent of satisfaction with ISO 9000 certification with ISO 9000 certification among companies in Pakistan. A sample of 100 companies was used and the study specifically examined the problems with implementing the standards, improvements after implementation and organizational satisfaction with the results. The preliminary data indicated overall improvements in operations and satisfaction with program outcomes even though many problems were encountered while implementing the standards.

**Keywords:** ISO 9000, Total Quality, Employer Satisfaction.

### Introduction

ISO 9000 quality standards which were introduced in late 1980s have generated enthusiasm as well as wide acceptance across the globe. The International Organization for Standardization has developed these standards. ISO 9000 is essentially formalizing and documenting quality. The major rationale is to provide quality assurance to customers from the suppliers (1). Since these standards are widely adopted across the world, there is tremendous pressure on providers of goods and services to demonstrate quality assurance aspect of their business. Increasingly, the adaptation of these standards is becoming almost a requirement for success as well as survival. These standards are widely adopted in the industrialized countries in the last two decades. Though, slower because of cost and other factors, the providers in developing economies are realizing that they need to adopt these standards as a tool for competition as well as acceptance by customers. This is particularly true for export oriented companies who face much tougher competition. Previous studies have indicated that customer pressure, image and improved efficiency as some of the major reasons for adoption (2,3).

However, most of the studies have concentrated on ISO 9000 in developed economies and very few have touched the problems and prospects of implementing the standards in a developing country. The objective of this research is to ascertain the problems organizations encounter to implement the standards as well as the perceived improvement by adopting these costly standards.

### Research Method

The country selected to conduct the study is Pakistan, a developing country of 150 million people. Though one of the poorer economies of the world, the major export oriented business are forced to adopt ISO 9000 for competitive reasons. The importers are increasingly mandating ISO 9000 quality assurance as one of the prerequisites of doing business. The authors constructed a detailed questionnaire based on the literature (4-7). A sample of 100 companies was selected from the Karachi Metropolitan Chamber of Commerce (8). Karachi is the commercial center as well as the main port of Pakistan. It is one of the largest cities in the world with a current population of approximately 20 million and is expected to reach 30 million within next 20 years. The survey was conducted in the later part of 2012. The manager responsible for implementing and managing ISO 9000 was requested to fill up the questionnaire. The instrument had four sections: demographics, the level of difficulties encountered the level of importance of improvements and the degree of success. A five point Likert's scale using strongly agree to strongly disagree was utilized.

The section related to difficulties encountered with implementation had nine questions. A score of one indicated that problems were very busy to deal with whereas a score of five indicated exactly the opposite: that of greater difficulty. Managers were asked a total of eleven questions to show their perception of the importance of improvements to the entire operations. A score of five simply meant that item to be of utmost importance while a one would indicate the insignificance for that item. The last section which related to the level of success to one also had the same eleven questions like the previous section. Scores with five meant complete success to one being no success. All the companies in the sample had at least 250 employees and had sales over \$100 million. A significant part of their sales comprised of exports. All of them had a number of engineers as well as computer specialists along with a few statisticians in their payroll. A number of managers had MBA degree from universities from industrialized nations like USA, UK, Canada, Australia etc. The sample has a mix of both private as well as public sector companies.

### Discussion

Table 1 illustrates the degree of difficulties managers faced in trying to implement ISO 9000 quality standards. As indicated earlier, a score for 1 meant no difficulty during the implementation process. The amount of difficulty is illustrated by the mean score for each item.

**Table 1: Difficulty in Implementing ISO 9000**

Question	Mean
Educating employees and management about importance of ISO 9000	4.4
Employee acceptance	4.2
Changing policies and procedures	4.5
Documentation	3.7
Determining quality Objectives	3.0
Quality assurance group formation	2.4
Preparing procedures	3.7
Using statistical techniques	2.1
Top management support	2.2

Table 1 reveals a range from 2.1 to 4.5. By examining them, one can understand that implementing ISO 9000 has not been easy. In Pakistan context, it is very tough and that is not surprising. After all, it is developing economy and job security is considered most important. Consequently, resistance to change is fierce. This is borne by the response to the question “changing policies and procedures”, which has a mean of 4.5. Clearly, employees are fearful of change and feel comfortable with traditional methods and policies. Anything new is considered a threat to their livelihood. In similar fashion, “educating employees about the importance” and “acceptance” gets score of 4.4 and 4.2 respectively. Clearly, it is a daunting task to explain the importance of ISO 9000 and its role in the ultimate survival of the company given the demand from customers.

On the other hand, once the top management understands the value of ISO 9000, they will support it strongly (2.2). The two other aspects which had least amount of problems are, “quality group formation” and “usage of statistical techniques”, as they had mean scores of 2.4 and 2.1 respectively. As previously stated, all of these companies employ a number of MBAs and engineers and thus have an excellent group of professionals who have no problem either being part of the quality groups or using statistical and quantitative techniques. Furthermore, many of them have received their training in the West and were exposed to the importance of ISO 9000 as well as TQM in their classrooms and trainings. The typical resistance comes from the lower end of the employment base. Thus, the results are not unexpected.

**Table 2: Perceived Importance of Quality Standards**

Question	Mean
Increase company's reputation	4.7
More acceptance by customers and suppliers	4.6
Increase volume of export	4.3
Reduction of defects	4.1
Becoming more efficient	4.0
Improving service and product quality	4.1
Better standardization	4.2
Increase domestic market share	3.5
Better communication	3.5
Better employee morale	3.1
Increase productivity	3.9

Table 2 illustrates the importance of implementing the standards as perceived by the managers. They were asked to rate the items based on their experience. In other words, managers have strong opinion as to what this expensive and time consuming process will deliver for the company. A score of 5 means very important and a score of 1 means little importance. The reported means range from a 3.1 to 4.7. Clearly the managers have high optimism that ISO 9000 will be of significant benefit to the company and it is just not a fad but real improvement. It would be

interesting to see if the same opinion is held 5-10 years down the road. As expected, the managers felt strongly that ISO 9000 will help in increasing the export market as well as increase the company's reputation as a high quality provider. They see reputation as directly related to higher sales volume, particularly in the international market. It makes sense because most of their international competitors are already ISO 9000 certified. They strongly feel that the customers want quality assurance and ISO 9000 will bring the stamp of approval to their product or services. They do not perceive the advantage of certification in the same light as far as domestic market is concerned because the customers are not so keen on the certification and some of their domestic competitors are yet to have the stamp of approval from ISO. The two items that scores the lowest are "employee morale (3.1) and better communication (3.5). Clearly, the managers think that the standards are being driven by outside demand and not very popular internally as it takes too much work for documentation purposes. They are of the opinion that this is a tool to improve efficiency, productivity, outside reputation and export and is basically a production tool and have less impact on motivational aspects of the employees.

**Table 3: Success in Achieving Objectives**

Question	Mean
Increasing company's reputation	4.1
Increase volume of export	3.6
Increase domestic market share	3.3
Becoming more efficient	4.0
Improving service and product quality	4.1
Better standardization	4.2
Reduction of defects	4.0
Better employee morale	3.0
Better communication	3.1
More acceptance by customers and suppliers	4.0
Increased productivity	3.7

Table 3 illustrates the degree of success achieved in reaching objectives as perceived by the managers. A score of 5 indicated complete success and a score of 0 indicates total failure. The rating ranges from 3.0 to 4.1. Again, the results are not surprising. While none of the items scored over 4.1, it has to be understood in the context that the process has been recently implemented and it takes some time for the impact and also, being in a developing country, the implementation might have not been as efficient in a typical industrialized country. Certainly, over time as the organization becomes more comfortable and experienced with the process, the level of satisfaction should increase. As expected, it has improved the company's reputation (4.1) but the volume of export has not risen as quickly (3.6). It is not surprising as sales volume is not completely dependent on quality as price and promotion also play a significant role in affecting sales. Also, as expected, there is a reduction of error, better service and product quality, better standardization and most importantly, more acceptance by customers. Certainly, that is good for future. As expected, it has not had a major positive impact on either on communication or employee morale because it is looked upon by many as solely as tool to increase productivity and make employee more accountable. The low score for domestic market share is also expected as domestic consumers are not pressing for standards like the international consumers. Their pressure is way less as ISO is still not a critical factor in buying decisions for the domestic customers. It probably may change in the future as the consumers become more familiar with ISO and also find out that most of the imports are from ISO certified companies.

### Conclusion

The major trust of the study was to examine as the perception of managers regarding ISO 9000. While, a number of studies were undertaken in developed economies, there is not much about the problems and prospects of implementing ISO in developing economies. By selecting, Pakistan, it was the intent of the authors to just examine that. Though, it is a preliminary study, it illustrated that ISO 9000 is being taken seriously in the country in question: Pakistan. The managers consider the standards as a vital tool for competition and survival in the global market. The study revealed that by implementing ISO 9000, companies event with all of the problems encountered are benefiting and will continue to use it. We can safely predict that more companies will implement ISO 9000 and it is indeed a worldwide phenomenon.

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