

Issues in Quality Management: ISO in Relation to Islamic Standards

Khaliq Ahmad and Zul Ariff Abdul Latiff*

Abstract: The International Standard Organization (ISO) is an international consensus on quality management practice. Recently, an Islamic standard certification services known as ISI 2020 is offered by the Islamic Standard Institute, Malaysia. A sample survey was conducted to investigate managers' and executives' perceptions regarding ISO 9002 and ISI 2020. The study found that the respondents understand and are supportive of ISO but the support for ISI 2020 is relatively poor. There is a need for better marketing of ISI 2020 if it is to have a wider appeal.

Quality standard assurance through the implementation of the International Organization for Standardization (ISO)-9000 series started back in 1946 and has gained wide recognition in the global market since 1987. Industrialized countries use it as a tool to regulate the import and export for international marketing purposes. In Malaysia, the government has launched the ISO series and entrusted the Standards and Industrial Research Institute of Malaysia (SIRIM) to provide certification of quality. Such a system encourages more quality products. This will ensure that Malaysian goods succeed in the ever-competitive global market.

Currently, the Malaysian Government is encouraging the public and private sectors to get ISO certification. Through this exercise the quality of their products will be ensured. This quality assurance will be beneficial and profitable to the consumers and producers. In the

* Dr. Khaliq Ahmad is Associate Professor in the Department of Business Administration, International Islamic University Malaysia. E-Mail: khaliqahmad@iiu.edu.my. Zul Ariff Abdul Latiff is attached to International Business School, Universiti Teknologi Malaysia. E-mail: ariff@utmkl.utm.my

meantime, Malaysia has taken the lead in the Muslim world and established an alternate quality management system by forming the ISI-2020 certification and compliance audit.

Islamic certifications have been introduced in certain industries such as food processing, manufacturing and finance in Malaysia. This is because a large portion of these markets consist of Muslim consumers. Besides that, there are more than 1.5 billion Muslims in the world market. Hence, it is important to have an Islamic standardization institution to certify products in line with Islamic values and *sharī'ah* principles. This certification is over and above certification of merely "*halāl*" labels. It is comprehensive and perhaps ensures quality from a total Islamic perspective.

The value of quality in all aspects of life including business and management has been strongly emphasized in Islam. For example, the Prophet of Islam encouraged his followers that today must be better than yesterday and tomorrow should be even better than today. This indicates a clear message of continuous improvement and this is what the quality gurus are preaching today. It is our understanding that bringing back the prophetic values into quality assurance system of this century will benefit all mankind. Al-Qur'ān states, "We sent thee not, but as a mercy for all creatures" (21:107). Since Prophet Muḥammad (SAS) is called as the blessing for mankind, the prophetic values are a source of blessings for all human activities including the assurance of quality of life.

The Islamic Standard Institute (ISI 2020) is a system of quality improvement tools that is in compliance with Islamic principles as the minimum benchmark for universal application. The system includes universally-accepted principles on ethical and moral values. ISI 2020 has two functions:

1. Improving Standards: To facilitate the formulation, development, and implementation of quality improvement standards in compliance with ISI 2020 core principles.
2. Issuance of Certificates: To enhance quality and competitiveness of products and to safeguard the interest of consumers through a certification program.

The implementation of the Islamic Standard Institute (ISI 2020) as a requirement for certifying Islamic quality is essential for the benefit of

all human beings in general and Muslims in particular.

Benefits of ISO

The literature on ISO shows a number of benefits. Weston who surveyed 40 manufacturing companies in Colorado on the motive of seeking certification to ISO 9000 reported that the perceived benefits were mainly internal and efficiency oriented.¹ The impact of ISO 9000 was felt in terms of the clarification of roles and responsibilities besides making certain the processes through the documentation requirements. Buttle's survey in U.K. found evidence of wide ranging benefits of ISO 9000 certification, and this correlated with the willingness to recommend certification to others.² Similar findings were also reported by Lipovatz, Stenos & Vaka in Greece.³ Seddon reviewed several studies (including Buttle's study) on the positive impact of ISO 9000 and concluded that the findings were merely opinions and had no objective basis for their conclusions.⁴ Williams reported on the type of measures the small and medium sized firms (SME) in UK utilized in monitoring the impact of ISO 9000.⁵

Mo and Chan in a survey of Australian SMEs found that most firms could not determine the cost of obtaining ISO 9000 certification, a key requirement in evaluating the benefits.⁶ Skrabes Jr., Rhu-Nathan, Ral & Bhatt, reported the University of Toledo survey on the anticipated and actual benefits of ISO 9000.⁷ They concluded that most of the realized benefits were mainly system benefits while market and productivity related benefits were subsidiary benefits. In contrast, Quazi and Padibjo's survey of Singaporean SMEs reported mainly market-based benefits, i.e., competitive advantage, market share development and customer satisfaction.⁸ Leung, Chan and Lee's survey of Hong Kong firms showed mixed benefits (in relation to cost) but the informants were quality managers.⁹ Feng made a study of Taiwanese managers who pointedly dismissed the claim that ISO 9000 can really boost the performance of their firms.¹⁰ Probably, only one study by Elmuti and Kathawala provided some support for both productivity related and quality of work outcomes.¹¹ Lee and Palmer also found that manufacturing firms in New Zealand, which received ISO 9000 certification, experienced significant performance improvements.¹² Tang and Kam's studies of Hong Kong engineering consultancies (quality managers were the informants) reported some benefits though

much less than expected.¹³

This brief survey of empirical studies point towards the many expected benefits of ISO 9000 but with few realized benefits. These benefits have been largely related to internal efficiency. Senior managers as key informants reported most of these benefits and no direct observation of the impact was discovered. The key informants as decision owners are likely to report and/or exaggerate the benefits of ISO 9000 certification. Given this bias, a broad-based assessment is warranted as a reliable basis of benefit determination.

Study Objectives

The objective of this research is to examine critically the issues in the implementation of the existing International Organization for Standardization (ISO 9000). Specifically, this study seeks managers' response to the following questions:

- a) Are quality principles essential in standardization of product and services?
- b) Has quality system adherence made any impact on organization?
- c) Do managers find positive contributions from both ISO 9000 and ISI 2020?
- d) Is there a relationship between conventional and Islamic systems of quality assurance?

This exploratory study examines whether an Islamic quality assurance system in the form of ISI could be an alternative or additional tool to the conventional quality management system.

The Research Methodology

The data for this study were culled from the following sources:

- a) Interviews conducted at SIRIM with relevant authorities and officials of the Islamic Standard Institute involved in quality standard certification.
- b) Responses to a mailed questionnaire-based survey. The sample consisted of 100 respondents who were managers and executives from organizations in the Klang Valley from Kuala Lumpur, Petaling Jaya and Shah Alam. The samples selected

represent 5% of the total organizations that applied for the ISO certification in Malaysia.

The questionnaire contained three sections. Section A dealt with demographic variables including position, education level, age, race, gender and years of service. Section B focused on ISO problems in general, the quality systems that the organizations are currently applying and other details of ISO quality systems. Section C focused on quality systems from an Islamic perspective. A 5-point Likert-type scale was used in measuring the magnitude of relative response of the managers. The scale varied from 1 meaning "strongly disagree" to 5 indicating "strongly agree" response. The responses were analyzed to understand the managers' perception of information representing their acceptance of the quality systems.

Sample Profile

As stated, respondents are managers and executives from various organizations. Approximately, 30 percent of the total respondents held managerial positions. Human resource personnel and executive engineers represented 26 percent each and the remaining 18 percent were marketing executives. The respondents were highly educated. There were 62 respondents with a bachelor's degree in various disciplines, 32 with Master's degree and the remaining 6 with doctorates. They were well-experienced in that 34 percent of them had worked for more than 20 years, 30 percent had working experience between 10 to 19 years, 26 percent with working experience of between 5 to 10 years, and only 10 percent had worked for less than 5 years.

The sample contains only 16 percent of respondents below the age of 35, 44 percent were in the 36 to 45 years age category, 30 percent were between the ages of 46 to 55 years and the remaining 10 percent of respondents were in the age group of 56 years and above. A majority (58 percent) were Malay, followed by Chinese (22 percent), Indians (8 percent) and others (12 percent). Two-thirds of the respondents (68 percent) were males. Male dominance of the managerial positions in the corporate sector is not unique to Malaysia. However, the percentage of female executives is commendable in Malaysia especially when compared with those of other Muslim countries.

Respondents' Perception of ISO 9002

In order to test the importance of quality principles in the standardization of product, respondents were asked if they agree or disagree with six items relating to the benefits of ISO. Their responses along with mean scores, and standard deviations are shown in Table 1.

Table Importance of the Quality Principles in Organization (N= 100)

Items	Min	Max	<i>M</i>	<i>SD</i>
ISO certification will benefit the organization by increasing profits.	3.00	5.00	4.66	.55
There is increased awareness among staff when the ISO system exists in organization.	3.00	5.00	4.62	.56
The finished products will be better with the implementation of the quality systems.	3.00	5.00	4.32	.68
ISO 9000 stresses the importance of avoiding extravagance.	3.00	5.00	4.57	.59
ISO 9000 reduces corrective actions.	4.00	5.00	4.65	.48
The organization should emphasize ethical employee values.	4.00	5.00	4.50	.50
Total (average)				

As per information, the respondents strongly agree with the importance of ISO in organizational output. The mean score ranges from 4.32 to 4.66 and the average mean is 4.55 with an overall standard deviation of 0.56 indicating that respondents agree almost unanimously on the issue. Thus, a majority of respondents agree that the principle of quality is essential in the standardization of products and it is a solution to the organizational problem of survival in the current global competition. They believe that ISO helps avoid extravagance, reduces corrective actions, and improves the quality of the product.

Do the respondents understand that ISO 9002 is a standard for quality system? Is it recognized by the Government of Malaysia? Who in Malaysia is responsible for issuing the certification of the standard system? These questions were explored and the results are shown in Table 2. Again, the respondents agree with the ISO standard system. The mean values vary between 4.46 and 4.74. The average mean toward the understanding of the ISO quality system is 4.56 and the standard deviation .55 indicating that responses are not widely spread. Thus,

there is a high level of agreement among Malaysian managers pertaining to ISO as quality assurance tool with a positive impact.

This study went one step further and enquired if ISO 9002 certification has benefited the organization. The responses were positive

Table 2: The Understanding of ISO

Items	Min	Max	M	SD
ISO 9002 is a standard for quality systems.	3.00			
The government of Malaysia recognizes ISO.	4.00			
There is market advantage in applying ISO quality systems.	3.00	5.00	4.46	.58
SIRIM plays a significant role in issuing the standard systems.	3.00	5.00	4.44	.61
Total (average)				

with a mean score of 4.55 and standard deviation of 0.21. It therefore confirms that managers and executives have a positive perception toward ISO 9002 in the Malaysian corporate sector.

Perception of ISI 2020

As stated, this study also attempts to explore respondents' perception toward Islamic quality system. They were asked if the Islamic system would help improve the quality of the organization and whether it can be applied globally. The range of questions asked and the mean responses are shown in Table 3.

The average of respondents' understanding of Islamic quality systems is 3.82. In other words, the response is less compared to the positive response of ISO 9002 (4.66). The average standard deviation is 1.16 indicating thereby widely diverse responses. Apparently, most of the respondents agree that Islam emphasizes quality and ISI 2020 is beneficial. However, the non-Muslims, constituting about 40 per cent of the sample, were skeptical about the ISI 2020 because they had no access to information on this quality system. This is clearly evident from responses to item 5 in Table 3 which received the highest mean value of 4.19. In other words, the respondents felt the need for the authorities to plan, define and make Islamic quality system accessible to the public at large. As to the statement whether ISI 2020 certification has benefited the organization, the mean score is 3.64 with a standard

deviation of 1.28. This is, perhaps, due to the fact that the ISI is still new and the non-Muslim managers have limited knowledge of Islamic quality systems.

Table 3: Respondents' Understanding of Quality in Islam (N=100)

Items	Min	Max	M	SD
There are many advantages in implementing the ISI 2020 Islamic Standard.	1.00	5.00	3.64	1.28
The application of the Islamic standard will benefit the organization	1.00	5.00	3.70	1.14
Islamic quality standards are applicable globally	1.00	5.00	3.66	1.33
There should be an Islamic quality standard for food and beverage	2.00	5.00	3.90	1.03
Activities concerning quality from an Islamic perspective must be fully planned, defined and understandable in order to achieve the goal.	1.00	5.00	4.19	.97
Excellence of work is obtained where there exists a balance between spiritual and material benefits.	1.00	5.00	3.86	1.22
Total (average)			3.82	1.16

Conclusion

Quality standard assurance through the implementation of the ISO 9002 is highly rated and is perceived to be beneficial for the organization. Studies conducted in various parts of the world show that the actual benefits of ISO 9000 were mainly system benefits but it has also resulted in market share development and customer satisfaction. The alternate Islamic quality systems though they evoked positive responses are comparatively low in the opinion of practicing managers and executives. This might be due to the fact that ISI 2020 itself is new and has not been promoted nationwide. Managers and executives, particularly non-Muslims are not familiar with this system yet. Hence, it is still very early to put forward ISI 2020 as an alternative to the existing ISO 9002. Much needs to be done before ISI can be used as a viable alternative to the existing quality standard assurance system. However, such a strong assertion would gain credibility if further research is carried out with a much bigger sample than that of the present study.

Notes

1. F.C. Weston, "What Do Managers Really Think of the ISO 9000 Registration Process?" *Quality Digest*, October (1995): 67-73.
2. F. Buttle, "An Investigation of the Willingness of UK Certificated Firms to Recommend ISO 9000," *International Journal of Quality Science*, 1, no. 2 (1996): 40-50.
3. D. Lipovatz, F. Stenos, A. Vaka, "Implementation of ISO 9000 Quality Systems in Greek Enterprises," *International Journal of Quality and Reliability Management*, 6, no. 6 (1999): 534-551.
4. J. Seddon, "ISO 9000 Implementation and Value-added: Three Case Studies," <http://www.vanguardconsult.co.uk> accessed on December 22, 2000.
5. N. William, "ISO 9000 as Route to TQM in Small to Medium Enterprise: Snake or Ladder," *The TQM Magazine*, 9, no. 1 (1997): 8-13.
6. John.P.T. Mo, and Andy M.S. Chan, "Strategy for the Successful Implementation of ISO in Small and Medium Size Manufacturers," *The TQM Magazine*, 9, no. 2 (1997): 135-145.
7. Q.R., Skrabes Jr., T.S. Rahu-Nathan, S.S. Rao and B. Bhatt, "ISO 9000: Do the Benefits Outweigh the Costs?" *Industrial Management*, Nov/Dec. (1997): 26-32.
8. H.A. Quazi, and S.R. Padibjo, "A Journey Towards Total Quality Management Through ISO 900 Certification - A Singapore Experience," *The TQM Magazine*, 9 no. 5 (1997): 363-371.
9. H.K.N. Leung, K.C.C. Chan, and T.Y.Lee, "Cost and Benefits of ISO 9000 Series: A Practical Study," *International Journal of Quality and Reliability Management*, 6 no. 7 (1999): 675-690.
10. Y.C. Feng, "Performance Evaluation of ISO 9000 Registered Companies in Taiwan," *The TQM Magazine*, 10 no. 2 (1998): 132-138.
11. D. Elmuti and Y. Kathawali, "An Investigation into the Effects of ISO 900 on Participants' Attitudes and Job Performance," *Production and Inventory Journal*, 2nd quarter (1997): 52-57.
12. K.S. Lee, and E. Palmer, "An Empirical Examination of ISO 9000-Registered Companies in New Zealand," *Total Quality Management*, 10 no. 6 (1999): 887-899. E. Lefebvre, L.A. Lefebvre, and M.J. Roy, "Technological Penetration and Organizational Learning in SMEs: The Cumulative Effect," *Technovation*, 15 no. 8 (1995): 511-522.
13. S.L. Tang, and C.W. Kam, "A Survey of ISO 9001 Implementation in Engineering Consultancies in Hong Kong," *International Journal of Quality and Reliability Management*, 6, no. 6 (1999): 562-574.