THE IMPLEMENTATION OF QUALITY MANAGEMENT SYSTEMS IN SERVICE ORGANIZATIONS

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Abstract. In the present article, the author analyzes different patterns of the implementation of quality management systems in service organizations and examines the performance outcomes which are associated with it. The research shows that organizations with different quality management system implementation patterns have significantly different performance outcomes. A mature quality management system should include a consideration of success factors for the benefits of quality management system implementation from the early phases of its planning and designing processes. By requiring that all processes and procedures be documented, the ISO 9000 standard is undoubtedly commonly associated with control-oriented organizations. There is an interesting relationship between the reasons of ISO 9001 quality management systems implementation and the corresponding performance outcomes. Very important is correct maintenance of a quality management system during the post-certification period.

Keywords: quality management systems, ISO 9000 standards, certification, quality management.

Raktažodžiai: kokybės vadybos sistemos, ISO 9000 standartai, serfikavimas, kokybės vadyba.

Introduction

Service sectors are of great importance to the world economy; in particular, for the developed economies. As pointed out by Machuca et al. (2007), service sectors account for approximately 70% of the gross domestic product (GDP) in a large num-
The percentage of the population working in the service sector in these countries is over 60%; the trend is increasing and plays a critical role in terms of employment. Although there are considerable amounts of ISO 9000 studies, they were mostly focused on manufacturing organizations; therefore researchers of ISO 9000 are not paying sufficient attention to the adoption of the standard in service organizations (Singh et al., 2006).

Quality management systems based on international standards benefits manufacturers, service providers, users, consumers and regulators and supports sustainable development, so its popularity is relevant today. The 2009 ISO survey provides a worldwide overview of certification to the ISO 9001:2000 standard. By the end of December 2008, at least 982,832 ISO 9001 certificates had been issued in 176 countries and economies. The 2008 total represents an increase of 3% from 2007. The service sector has significantly increased its share of certificates, with service providers accounting for 40% of all ISO 9001 certificates compared to 32% in 2007 (ISO, 2009).

By looking at the number of ISO 9001 certificates per 1000 inhabitants, one can see that Italy is the leader (1.70), followed by Spain (1.11), Australia (0.84), the UK (0.76), Germany (0.48), Japan (0.42), France (0.40) (Sampaio et al., 2009).

Quality management systems based on ISO 9001 standards have gained recognition in Lithuania, too. The numbers of certifications to ISO 9001 had substantially increased in the last few years. By the end of July 2010, ISO 9001 had approached 1,022 certifications across a wide range of organizations in the manufacturing, service and government areas. The number of ISO 9001 certificates per 1000 inhabitants in Lithuania has reached 0.28.

Despite the numerical success of ISO 9000, the certification is much criticized, as it is not a risk-free undertaking. ISO 9000 certification does not guarantee improved performance due to high explicit and implicit costs associated with its implementation (Van der Wiele et al., 2005). Lately, various studies have confirmed that ISO 9000 certification is too expensive, too time-consuming, resource-consuming, too formalized and impersonal, and that implementation costs are greater than the benefits derived (Bhuiyan and Alam, 2005; Casadesus and Karapetrovic, 2005).

The implementation of a quality management system, and it subsequent certification, is a voluntary process, supported by an organization’s own strategy, motivations, policies and goals. To benefit more from ISO 9000 quality management systems, organizations may take into consideration that the design and implementation of an organization’s quality management system is influenced by the organization’s strategy, its size and organizational structure, its organizational environment, changes in that environment and the risks associated with it (EN ISO 9001:2008, 2008). In this connection it can be stated that organizations can implement quality management systems in very different ways. What regards the service sector, as Dick et al. (2002) concluded, ISO 9001 quality systems implementation makes an important difference in the ways quality is perceived and measured. However, studies do not generally address what happens in organizations after the implementation quality management systems (Ab Wahid and Corner, 2009).
The purpose of this article is to analyse different patterns of the implementation and maintenance of quality management systems in service organizations, which can help successfully plan and implement quality management systems according to the 9000 standard.

The current research is based on two methods of qualitative research: analysis of literature and review of quality management practice.

1. The Rationale for Implementing Quality Management Systems
   According to the ISO 9001:2008 Standards

The majority of organizations implement ISO 9001:2008 quality system for several reasons. First, it can be seen as a means of improving internal processes and product or service quality. Second, it can be driven by the adopting organization as a means of or a route to increasing home or abroad market share where ISO certification has a value. Third, it may be driven by a customer request for suppliers to conform their quality assurance systems to the customers’ internal quality control (White et al., 2009). Organizations that view certification as an opportunity to improve internal processes and systems rather than merely seek to get a certificate on the wall will get broader positive results from ISO 9000 quality management systems (Llopis and Tari, 2003). Furthermore, it was revealed that the strongest, most obvious and most valued effects of ISO 9000 quality management systems were clearer and more apparent working procedures and responsibilities (Lundmark and Westelius, 2006), while the most apparent problem is bureaucracy, which can lead to reduced flexibility.

As an external motivation factor, ISO 9001 certification is frequently used mostly as a marketing tool (Poksinska et al., 2006). Some companies admit that without ISO 9000 certification they would not have signed a significant number of contracts (Douglas et al., 2003). Bhuiyan and Alam (2004), with reference to the results of their survey, concluded that concerning U.S. companies, one of the most important underlying reasons for becoming certified was the existence of commercial relationship with European markets. Customer pressure is also one of the main motivations to achieve ISO 9000 certification mentioned by companies (Martinez-Costa and Martinez-Lorente, 2003).

A strong relationship between companies’ certification motivations and the corresponding results was revealed. When firms simply react to external pressures for getting certified, they may consider ISO 9000 certification as a prime goal in itself, adopt a minimalist approach to its achievement and thus achieve limited internal performance improvements (Quazi and Jakobs, 2004). Rodríguez-Escobar et al. (2006) analysed the dissatisfaction that ISO 9000 created in small companies. According to them, for small companies, ‘certification is only a guarantee that a company is using a quality management system according to a list requisites and procedures. However, the benefits that have been attributed to ISO 9000 have often been overstated, so that
companies tend to generate high expectations that are difficult to realize completely’ (Rodríguez-Escobar, 2006: 515).

The increasingly significant non-profit sector, the unique operational conditions of which may not always be suited to the arbitrary application of management tools developed in others sectors (Myers and Sachs, 2003), tend to be more highly risk-averse than for-profit organizations. This is a factor which appears to be largely governed by the nature of their environment, which often relies upon the stability of service provision (Hull and Lio, 2006).

White et al. (2009) examined the rationale for establishing a quality management system by obtaining ISO 9001:2000 certifications in non-profit small to medium enterprises in the UK and showed that through correct development of quality management systems organizations were able to generate bottom-line savings and business performance enhancement. The study identified the process of the preparation for certification and showed that when the quality management system was developed as part of a coherent initiative, lasting performance improvements were achieved.

The value of quality management systems, according to the 9001 standard, depends on the way they are implemented. The performance of quality management systems can improve, if companies diligently adopt the new standard rather than attempt to incorporate it into the existing quality management systems (Michaela et al., 2007). Leadership style also influences performance. Leadership styles that support the implementation of ISO 9000:2000 are empowerment and contingent reward (Naceiver and Abdullah, 2005). Lin and Wu (2005) suggest a knowledge creating model for ISO 9001:2000 that an organization can use to gain the knowledge needed to enhance quality and performance; it also provides a prepared framework for ordering and structuring an organization’s knowledge.

As Llopis and Tari (2003) suggest, companies concerned about internal reasons are those which:
- obtain higher profits deriving from the implementation of a quality system;
- achieve better practical implementation of quality management principles;
- and are most likely to progress towards total quality management.

According to Biazzo (2005), there must be an evolution towards the so-called performance/management audit model, in order to increase the ability to unveil conformity and thus increase the value of certifications. The evolution of the logic of audits assumes particular importance in the context of small and medium-sized enterprises, since these companies tend to implement formal quality systems only when there is significant external pressure to do so, and when they do, their approach to the implementation of ISO 9001 standards tends to be minimalist.

Fotopoulos and Psomas (2010) investigated ISO 9001:2000 implementations in the Greek food sector and showed that the major reasons for certification, unlike benefits, concerned firstly the internal and then the external business environment, and no particular difficulties were observed during the standard implementation. From the overall findings of the study, the authors concluded that strong internal motivation or willingness to improve a company’s quality helped establish a quality
management system that led to external benefits such as the improvement of the company’s position in the market as well as to internal benefits. Ruževičius et al. (2004) obtained similar results. Their research revealed that the implementation of quality management systems mostly resulted in benefits of intangible nature that were internal to a given company. The key finding is that although the main reason to start implementing quality system is the pursuance of external advantages, the implementation results mostly in an increase in internal benefits such as improvements of the definition of responsibilities and obligations of the employees, a decrease in non-conformism, better communication among the employees and increased efficiency.

2. Influence of Strategic Organizational Dimensions

Some articles analysed the relationship between the values and requirements that underpin the ISO 9000 standard and important strategic and organizational dimensions. Control or creativity orientation is an important dimension that underpins many strategic management choices of organizations (Ghani et al., 2002). Control orientation in organizations is synonymous with bureaucracy; control-oriented organizations are centralized, characterized by extensive departmentalization, high formalization and mainly downward communication, use process-oriented strategies, while their operational excellence is mainly marked by a highly disciplined and structured way of doing business.

The ways of solving and sensing problems can be reduced to a set of explicit systems and instructions. By requiring that all processes and procedures be documented, the ISO 9000 standard is commonly associated with control-oriented organizations (Molina et al., 2004). The standard enhances the control of management systems through documentation and formalization (manuals, procedures, instructions, protocols, etc.) and systematization (hierarchy, orderliness, sequentially interacting processes) (Anwar and Jabnoun, 2006). Organizations of this type get benefits from ISO 9000 certification very easily. Public sector companies, especially those which are involved in massive public record keeping such as the registration of citizens or vehicles, would well fit the quality management system based on the ISO 9000 standard. Given the nature of these organizations, ISO 9000 would result in greater discipline in the process and perhaps even a progress towards an operational excellence strategy (Abdullah and Ahmad, 2009).

On the opposite side of the strategic spectrum are creativity-oriented organizations. Organizations of this type use cross-hierarchical, flexible and functional teams, are characterized by low formalization, lateral, upward and downward communication systems, almost continually search for market opportunities and, accordingly, institute or need to institute highly flexible structures and practices (Donaldson, 2001). The normative values of institutionalization, documentation and systematization embodied in the ISO 9000 standard militate against the need for structural fluidity to stimulate creativity and innovation (Mallak et al., 1997). Therefore, organizations of
this type face certain difficulties in implementing quality management systems based on the ISO 9001 standard.

Abdullah and Ahmad (2009) analysed the fit between organizational structures, management orientation, knowledge orientation and the values of the ISO 9000 standard. They postulated that the more mechanistic and explicit knowledge-based organizations would enjoy ISO certification, while the more organic and tacit knowledge-based organizations would experience tensions arising from the lack of fit. Thus, conceptually, the standard would work best in mechanistic and routine knowledge-based settings. Creativity-oriented strategies would find the standard quite dysfunctional, while control and operation-based strategies would be likely to benefit the most from the certification.

Some organizations are faced with two conflicting imperatives. The structure tends to be more mechanistic (such as in public universities), but the knowledge is more tacit. The standard will cause the processes to be agreed, defined, structured, approved, monitored, and yet the quality of education will not be fully assessed, as many tacit elements are not subject to easy explicitization. The standard tends to fit in and also intensify the mechanistic nature of these organizations but also seeks to explicitize the processes. Teaching processes have been structured and standardized much to the chagrin of educators and pedagogues in universities. Universities suffer the growing incompatibility of the standard and the tacit knowledge of this sector (Abdullah and Ahmad, 2009; Hazman and Sarina, 2008).

The latest version of ISO 9000 indicates that the standard is constituted by eight principles (ISO 9000: 2005). Thus, it is very possible that certified organizations may not implement these principles in similar extents and may exhibit varying patterns of implementation by paying extra attention to some principles that are in line with their corporate strategies (Lee et al., 2009). In this connection it can be stated that the managers of organizations should carefully design ISO 9000 implementation strategies, as the lack of alignment between the ISO 9000 quality system implementation patterns and environments negatively affects the performance outcomes. With a well-developed strategy for the implementation of ISO 9000 quality systems, the implementation of the standard can be better aligned with the environment of organizations so as to accomplish competitive advantages and optimal performance.

Generally speaking, private sector organizations are seen to be less mechanistic than their public sector counterparts (Donaldson, 2001). Lee et al. (2009: 653) analysed the implementation and performance outcomes of ISO 9000 in service organizations and showed that managers in organizations ‘must realize that ISO 9000 is capable of generating a competitive advantage only if top management is fully commitment to the program implementation from a strategic perspective’. The most important factor is the way certification is perceived by top/senior management, as this is classified as the most influential factor for implementing the standard. If certification is perceived in a negative way, top management will not implement the standard; accordingly, if the standard is perceived positively, top management will provide full support to ISO 9000 certification. This is evidenced through the fact that top management acts as a driver of the implementation of quality management systems through
the provision of necessary resources and as a key to continuous improvement through the creation of values, goals and systems to satisfy customer expectations and to improve organization performance (Chin and Choi, 2003). Brad (2008) investigated hidden/less tangible dimensions of the ISO 9001:2001 standard for better understanding the potentials for designing and implementing highly mature quality management systems. His research showed that a large number of conflicts and barriers could affect the performance of a quality system. A mature quality management system should include innovative vectors of intervention from the early phases of their planning and designing processes. In order to achieve the true value associated with quality management system, it should be made consistent with an organization’s strategic directions and should not stop at ISO 9000:2000, and the identified barriers should be reduced or eliminated in order to have an effective implementation; this, in turn, will result in the expected outcome in time (Magd, 2008). Furthermore, in enhancing the level of the true value of the standard and its effective implementation, instruction by professional organizations/institutions on the true meaning of the standard and the new changes as well as on how these changes can impact organizations is strongly recommended (Magd, 2008).

3. Maintenance of Quality Management Systems during the Post-Certification Period

This period is important if an organization wants to continuously improve and reap the long term benefits of having a quality management system in place (Nanda, 2005). There is evidence in literature that the perceived benefits of ISO 9001 quality management systems do decrease in time (Casadesus and Karapetrovic, 2005). The researchers stated that there was no evidence to prove that certified organizations experienced progressively increasing beneficial outcomes from ISO 9001 certification. In fact, the results of their study indicated that, on the contrary, organizations appeared to experience declining benefits in time. Those investigations show how important is correct maintenance of quality management systems during the post-certification period. During this period, activities such as management reviews, corrective and preventive actions, internal and external audits, collection and analysis of data, measurement of performance and continuous improvement are of key importance.

Ab Wahid and Corner (2009) investigated critical success factors and problems in the maintenance of ISO 9000 quality management systems in service organizations. The results showed that people who comprised top management, other employees, the reward system, team work, continuous improvement, the understanding of the ISO 9000 itself, and measurement of performance and communication were all critical success factors for ISO 9000 maintenance and for successful results brought by a quality management system. Continuous improvement of processes, people and systems are also very important factors for a sustainable quality management system. It is useful to apply other methods and tools to achieve the demanded quality. For

Organizations that pursue ISO 9000 certification willingly and have a positive attitude towards it are more likely to report improved organization performance than organizations that pursue ISO 9000 certification in a reactionary mode due to customer pressure. Terziovski and Power (2007) analysed the impact of continuous improvement approach to ISO 9000 quality management systems benefits and arrived at several important conclusions. The key finding was that organizations that sought ISO 9000 certification with a proactive approach driven by a continuous improvement strategy were more likely to derive significant benefits, as a result. They also found that organizations could effectively use ISO 9000 quality management system as a means of promoting and facilitating quality culture, where the quality auditor is an important player in the process. The strongest positive association was found between a continuous improvement strategy and improved business performance.

Internal and external quality audits help improve quality management systems and increase the motivation for quality work. As stated by Nanda (2005), at the quality system maintenance stage, internal quality audits must be utilized not merely to verify adherence to the defined quality management system but also to explore opportunities for continuous improvement. The audit and inspection processes that the certification entails help further the homogenization and standardization of organizational processes (Power, 2003). Certified organizations want auditors not only to issue a certificate but also to share their own experiences and give suggestions for improvement. The original equipment manufacturers (OEMs) require auditors of QS-9000 to identify opportunities for improvement in their audit report. This adds value and benefits the auditee’s customers (Reid, 2004). There exist great differences regarding the required conditions for certification. The differences primarily depend on the auditors, but also on the certification bodies (Pokinska et al., 2006).

Quality auditors are in powerful position to increase the ability to unveil conformity and thus increase the value of certifications. The main reason for conducting audits is to obtain factual input for management decisions, but the vast majority of audits only produce data for use in granting a certificate, for improving documentation or for enforcing conformity. Most auditors have been exposed to conformity auditing where the sole objective is to establish if a specific requirement has been met. They invariably do not provide data for making managerial decisions concerned with staff development, technology, growth, product and processes, because these decisions are based on current performance and often all the audit reveals is current conformity, not current performance.

There are a number of approaches generally used in conducting internal and external quality system audits, and not all of them are successful. Effective is processes-based auditing, during which the auditor seeks to establish the results an organization desires to achieve, determines whether these results take into account the needs of the customers and the interested parties and then examines the way that
processes are managed to achieve these results and improve performance. Therefore, the auditor takes into consideration every requirement in the ISO 9001 standard. If it is revealed that the organization satisfies the customers and other interested parties and applies the eight quality management principles in its activities, there is no sound basis to report nonconformities (Kaziliūnas, 2008).

In general, quality audits bring value-added in the attempt of increasing process efficiency and effectiveness (Pivka, 2004). Dereli and Baykasoglu (2006) came to the same conclusion. According to their studies, the process of the implementation of ISO 9000 quality systems is a cybernetic system where the feedback part is quality auditing, and an effective auditing can therefore improve and accelerate the process of the development of a mature quality system. Furthermore, quality auditing may be regarded as a point of departure for creating innovation within organization (Lin and Wu, 2006).

Conclusions

To conclude, whether the ISO 9000 quality management system is an achievable goal to many service organizations, especially in the public and non-profit sectors, remains a matter for discussions. From the strategic perspective, managers in service organizations must realize the necessity to plan quality management systems from the early stages of their implementation. Public sector companies, especially those which are involved in massive public record keeping, would well fit the quality management system based on the ISO 9000 standard.

There is an interesting relationship between the reasons for the implementation of ISO 9001 quality management systems and the corresponding performance outcomes. According to various pieces of research, organizations maximize their benefits, if they achieve ISO 9001 quality system implementation based on internal motivations. Organizations that pursue ISO 9000 certification willingly and have a positive attitude towards it are more likely to report improved organization performance than organizations that pursue ISO 9000 certification in a reactionary mode due to customer pressure.

Very important is the appropriate maintenance of quality management systems during the post-certification period. During this period, activities such as management reviews, corrective and preventive actions, internal and external audits, collection and analysis of data, measurement of performance and continuous improvement are of key importance.

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KOKYBĖS VADYBOS SISTEMŲ DIEGIMAS PASLAUGŲ
ORGANIZACIJOSE

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Santrauka

Remiantis literatūros šaltiniais straipsnyje analizuojamas kokybės vadybos sistemų,
attinkančių ISO 9000 serijos standartus, diegimas paslaugų organizacijoje ir
šių sistemų teikiana nauda. Tyrimas rodo, kad kokybės vadybos sistemų (KVS)
veiksmingumas ir teikiana nauda labai priklauso nuo sistemos diegimo planavimo,
diegimo būdo bei tinkamos įdiegto sistemos priežiūros. Siekiant sistemos veiksmi-
gumo būtina numatyti sėkmės faktorius jau pirmos KVS planavimo fazėse. Planuojant
KVS reikia atsižvelgti į organizacijos pobūdį, jos paskirtį, strateginius tikslus, veiklos
suderinamumą su ISO 9001 standarto reikalavimais. Pastebėtas įdomus KVS veiksmingumo
ir KVS diegimo priežasčių sąrašas. Veiksmingesnės ir tei-
kiančios daugiau naudos yra KVS, kurios diegiamos remiantis vidiniais motyvais, o
ne dėl išorės jėgų spaudimo. Siekiant nuolatinės naudos įdiegtą KVS būtina tinkamai
priežiūrėti.