ABSTRACT

Organisations having traditional set up of quality standards would find it difficult to comply with international quality requirements. To overcome this problem, the International Organisation for Standardisation (ISO) devised a set of standards called ISO 9000 for companies doing business in European Union. Even though the preparation to acquire ISO certification involves plenty of management and employee time and calls for substantial investment, the benefits (both internal and external) achieved are significant and commendable. Since more than 6000 companies in India are ISO 9000 certified as of 2000, it is right time to know the real impact of ISO 9000 in Indian industries.

The main objective of this research work is to study and analyse the impact of ISO 9000 certification on productivity in Indian industries. Also, this research gives focus to other related aspects like the effect of size and type of industries, the number of years after ISO certification, and the comparison of productivity levels between national and international counterparts of the organisation. The variables of productivity measurement in terms of Key Performance Areas (KPA) have been identified using Performance Objective-Productivity (PO-P) model. A preliminary questionnaire has been designed and a pilot study has been conducted to develop hypotheses for analysis.

The structured questionnaire has been designed and administered to about five hundred randomly selected ISO certified Indian industries. The responses received have been analysed using Statistical Package for Social Science (SPSS/IX). General descriptive statistics including mean and standard
deviations have been employed for analysing the importance of the measures of productivity. Thurston Case-V method has been employed to rank the reasons for going in for ISO certification.

Results of the paired t-test indicate the positive impact on the productivity measures due to ISO certification. Pearson's correlation coefficient suggests a statistical significance of relationship between the productivity measures and the overall productivity. From the results of one-way ANOVA, it has been concluded that the size of the firm does not have any impact on the change in levels of productivity. Results of two-sample t-test show that the change in productivity level with respect to all direct measures of productivity does not vary significantly among manufacturing and service industries. The productivity levels with respect to the number of years after certification are found to be insignificant.

The indirect measures that contribute towards productivity improvement and their relationship with change in levels of the overall productivity have been tested using Pearson's correlation coefficient. The result shows that the overall productivity is having significant positive correlation with the market share and negative correlation with warranty claims. The effect of size and type of firm on indirect measures of productivity does not show any significant difference due to ISO certification. A two-sample t-test performed comparing the national and international counterparts shows that the productivity levels of Indian industries are significantly different from their counterparts at the international level. The findings of this study lead to the conclusion that the ISO 9000 certification has made a positive impact on the productivity levels in Indian industries. Therefore, it is recommended that the Indian industries should go in for ISO which in turn helps to improve their quality and their productivity to achieve a commendable recognition and increase their demand in the global market.