

# Strategic Implications of ISO Certification and Quality Awards on Organizational Excellence in Indian Manufacturing Sector - A Review

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**Abstract:** As Charls Darwin said “it’s neither the strongest who survives nor the most intelligent-but those most responsive to change” the paper examines the Indian manufacturing companies adapting to change and there are many companies who still need to awake for this changing time. The competitive advantage is reflected in offering superior products or services at a lower cost. Cost-based and differentiation-based business strategies are prerequisite for growth and survival of business organizations in today’s turbulent, dynamic and complex business environment. Global competition is also characterized by increasing dynamics of innovation related to all the facets of the product life cycle. This paper examines the various strategies adopted in organizations to achieve organizational performance excellence in Indian manufacturing industry. It aims to dig deep into the literature to find the evidence as how ISO certification and quality awards have positively contributed in accomplishing the goals of the organization. The study not only states that human resource practices emphasis on quality improvements in productivity but also sustain and be competitive in the fast growing Indian economy. History is evident as people play a vital role in providing quality and are heart and soul of the organization. The study also indicates that there is a significant difference between ISO certified and non certified companies under adoption of new technology, cost of non conformance, participation and quality management systems, quality awards, and statistical quality control techniques. The objectives of the paper are to highlight the excellence of quality award strategy and also the benefits derived from implementation of ISO 9001, ISO 14001 and ISO 18001 standards.

**Keywords:** Quality Management Systems, ISO 9001, ISO 14001, ISO 18001, Quality Awards, Human Resource Management

## 1. Introduction

As indicated by ISOS Prefixed by ISO, alludes to the International Organization for Standardization, which was set up in Geneva 1947 as a non Government, non Political organization to build up a typical arrangement of guidelines in assembling, exchange and correspondences. It is made out of the national norms foundations and associations of more than 163 nations around the world. The ISO distributes a great many specialized principles, however the ISO 9001 quality administration arrangement is the most acclaimed set of gauges majorly affecting universal exchange. Liberalization of Indian economy has given way to import markets from foreign countries. As a result of that Indian manufacturers have to build a competitive edge on foreign companies to have a healthy competition in domestic markets. Therefore the quality of the goods and services produced in India has to be world class.

Many firms have touched base at the conclusion that viable TQM execution can enhance their focused capacities and give key points of interest in the commercial center as a result are going for ISO certification. There are many methodologies utilized for the usage of TQM in the business. These methodologies are either in light of number of National Quality Awards (NQA's) as created by the legislatures of different nations or on the premise of structures as given by different researchers. Quality Management Systems and the Environmental Management Systems are the business practices that on effective implementation may benefit the companies and can observe a positive impact in the organizational performance.

There is a major boost in the growth in the TQM is the promotion of quality awards models. With the existence of extensive literature on ISO 9000 standards, there is still much of an argument pertaining to the ISO standards effectiveness on the organizational performance, competitiveness and operations strategy. Companies that are certified with ISO standards advocate an inter-functional employee involvement by providing training programs. Training is a form of educating the employees in the ever changing quality environment that promotes returns on investment. Moreover training correlates collection and valuation of quality process information related to ISO standards initiates quality control and policies that encourage employees to improve the processes. Non ISO certified companies rather chase small goals and are usually geared up for short term returns [4].

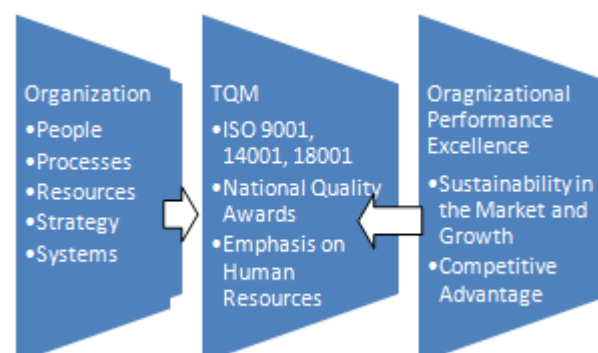


Figure 1: Framework used for the study

## 2. Quality Awards and ISO Standards in India

The practice of accolades given to organizations is a means of appreciating and encouraging the performance and best practices resulting in better products and services, high degree of customer satisfaction and achieving a world class excellence through a framework based on a set of core quality management principles and practices. The human resource emphasis in quality improvement covered by the quality awards are leadership, people management, employee satisfaction. Quality is a composite dimension that results due to a combination of people, methods, infrastructure and tools & techniques [6].

The quality awards have speeded the process of TQM implementation in many countries and gained importance of using quality control tools and improve the performance of the organization [8]. The quality gurus like Deming, Juran, Crosby, Feigenbaum, Taguchi and Ishikawa have introduced various concepts in quality with respect to producing a world class goods and services. Some of them stated are Continuous Improvement, reduced variation from the standards, robust design, cost of quality, zero defects, cross functional management, strategic approach to quality can give rise to competitive advantage thus satisfying the customers to attain sustained growth leading to profitability of the organization.

The higher degree of these concepts is prevailing in the twentieth century has paved a breakthrough development in the quality management practices like quality control and quality assurance. Deming has stated that "Everyone doing the best is not the answer. It is necessary that people know what to do." [1]. It is the responsibility of the top management of the organization to commit resources continuously and support continuous improvement.

India's enthusiasm about TQM came to fruition by years of sacrificial commitment of one Japanese Professor yoshikazu tsuda, welcomed by confederation of Indian industry (CII) to acquaint TQM with Indian assembling industry. He was the guide doled out by Japanese union of researcher also, engineers that is dependable of the advancement of TQM in Japan and the world over. The resonating accomplishment of a few Indian assembling and administration firms lately has constantly been connected to great practices to quality administration. On the off chance that you consider the auto-part fabricates in India, a large number of them won the Deming Grant for quality, the biggest number outside Japan. So also, India has the biggest number of CMM Level 5-guaranteed Software Company on the planet. With such worldwide acknowledgment in quality, these two areas of our industry could contend universally.

Guide for execution phases of TQM Indian organizations appear to be in the top picks rundown of the Deming Awards (named as the Nobel Prize in the universe of assembling) of Japan. The Japanese Union of Scientists and Engineers (JUSE) Started the Deming prize in 1951. At first, this prize was open just to the Japanese industry, yet in 1985 it was open tossed open to whatever is left of the world. From 1998 onwards, Indian organizations began figuring in the Deming prize rundown, with Sundaram Clayton's brakes

division guaranteeing the respect to start with. Deming Grand Prize is the most noteworthy respect in quality granted to an organization for magnificence in Total Quality Management. This prize given to organizations for exhibiting rehearsing TQM in territories of creation, client benefit, security, human asset, corporate social responsibility, environment.

Malcolm Baldrige National Quality Award instituted in 1987, European Quality Award and European Quality for Quality Management instituted in 1991. These quality awards have indeed motivating to gain core competence for the organization. Considering the huge number of quality awards available, the paper focuses on internationally accepted quality awards.

Organizations that apply for the Baldrige Award are judged by an independent board of examiners. It serves two main purposes: (1) to help organizations assess their improvement efforts, diagnose their overall performance management system, and identify their strengths and opportunities for improvement and (2) to identify Baldrige Award recipients that will serve as role models for other organizations. According to baldrige performance excellence programme, Quality awards recipients has increased from 69 in 2011 to 114 in 2016 Recipients are selected based on achievement and improvement in seven areas, known as the Baldrige Criteria for Performance Excellence:

- Leadership: How upper management leads the organization, and how the organization leads within the community.
- Strategic planning: How the organization establishes and plans to implement strategic directions.
- Customer and market focus: How the organization builds and maintains strong, lasting relationships with customers.
- Measurement, analysis, and knowledge management: How the organization uses data to support key processes and manage performance.
- Human resource focus: How the organization empowers and involves its workforce.
- Process management: How the organization designs, manages and improves key processes.
- Business/organizational performance results: How the organization performs in terms of customer satisfaction, finances, human resources, supplier and partner performance, operations, governance and social responsibility, and how the organization compares to its competitors.

Winning a Quality Awards bring name and fame to the organization and acknowledged with world –wide recognition, increased customer satisfaction reason which they spending more and more time, efforts and money to it. Moreover focus on the National Awards instituted in India also emphasis the need to achieve competitiveness in manufacturing and services. The awards recognize the accomplishments of the companies and the award winners serve as a benchmark for other organizations in planning to implement TQM practices. The performance of the organization improves drastically by in-company quality awards [30].

Quality award based framework is used by many organizations to their benefits to assess and benchmark their level of TQM practices in the organizations. They are meant mainly for organizations seeking recognition in the new markets. Based on the quality awards framework the Critical Success Factors (CSFs) which are having the highest importance could be listed out and the top management can emphasis on the factors like Strategic planning, process management, and be customer oriented to accomplish their quality goals.

The benefits of ISO 9001 narrowed down to three most frequently analyzed by researchers are improved efficiency, improved customer satisfaction and continuous improvements in the relationships with employees. Other benefits analyzed are improved consistent product/service quality, brand image, improved market share in global arena. The three main benefits of ISO 14001 are environmental performance, efficiency of the system, and profitability [7].

As indicated by the late insights from ISO, now there are more than a million overall associations affirmed to the ISO 9001 standard. As the drive for confirmation has developed definitely and an expansive populace of associations got affirmed, it makes the ISO field subjected to a beam of question, as have each one of those guaranteed associations get to be world-class and how far these quality frameworks have been compelling and esteem including. The market is getting inflated and has become highly competitive and aggressive in the late years, with the developing number of customers, guaranteeing organizations what's more, and specialists. This development began to soak now a days, with a probability that the non specific and adaptable structure of ISO 9001 may be abused for getting guaranteed rapidly without really meriting it. The guaranteeing offices everywhere throughout the world have a weight to create or maintain their market. The ISO advisors, who could be procured alternatively by the associations, are under a weight to survive. Such swelling and weight turned into a reason for worry to start a review on the viability of guaranteed associations [9]. The very purpose of going to ISO certification could be aligning the processes/systems for gaining competitive advantage and sustainable growth.

### 3. Managerial Implications if ISO Standardization and Quality Awards

In the field of quality management, over a period of time ISO standards have literally set international benchmarks specifically for Indian manufacturing organizations. In this era of rapid development ISO certification has become a commercial tool as well as an internal management system. This study has many managerial implications where the key indicators for ISO standards such as continuous improvement programs, technology management and imbibing quality culture in employees. It has a positive impact on cost of production and access to multi tier markets leading to sustainable growth of the organization. It triggers the discussion among employees and top management to build core competencies and improve the financial performances of the organization. The quality of a product or service is directly linked to the performance of the people who produce it and also depends on the culture of the people

towards producing the world class quality. The concept of Total Quality integrates even the human resources and their competence of all business functions on exceeding the customer expectations. On the aspects of quality awards, it is evident that every organization implements TQM practices and adopt the quality awards framework for their processes to be efficient and competitive with world class manufacturing.

### 4. Conclusion

The blend of Quality Awards, ISO Standards certification (9001, 14001, 18001) and the emphasis on Human Resources play a vital role in achieving Organizational Excellence in companies aiming to enter new markets/global markets. Though ISO certification is necessary to enter Global markets or any new markets, it is essential to approach certification in a way to bring real benefits to organization in gaining competitive and achieve sustainable growth [3].

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