

# ISO Certifications: Trends & Scope in Pakistan

Muhammad Naeem Anjum Imran Ullah

Pakistan Institute of Quality (PIQC), 1/2 Km, (Defence-Kahna Road), Lahore, Pakistan

## Abstract

The purpose of this research paper is to investigate the trends and scope of ISO Certifications awarded in Pakistan, based on survey and literature review during last decade from 2004-2014. This research is descriptive & exploratory in nature. Data source for the study is ISO Survey of Management System Standard Certifications – 2014 and literature review on ISO Certification from Pakistan's context. Analysis of data is carried out using statistical tools i.e. SPSS, Excel. The analysis of data shows that the number of certifications awarded over a period of time represents continuous positive increasing trends & wide scope for adoption of ISO in Pakistan in most of industrial and business sectors not limited to exports only. Increasing trends are predicting good future of ISO certification in Pakistan and a great business opportunity for certification bodies and career opportunities for professionals. It also depicts commitment to Quality Management Practices & organizational competitiveness. It could have long lasting effects on import and export sectors also and new investments in Pakistan. Negative impacts could be financial challenges for smaller firms as they could invest on these certifications to compete in market. This paper could be very useful for students and researchers to further investigate in this area and a knowledge sources. On the basis of ISO Survey (2014), it could be asserted that there is a strong potential for positive trends & scope of ISO certifications in Pakistan in coming years in different business sectors.

**Keywords:** ISO, Certifications, Trends, Quality Management, Competitiveness

## 1. Introduction

With the invent of Globalization, spread of information technology & internet, changing business practices, popularity of e-commerce, organizational competition & elimination of trade barriers had opened a new era of International trade with access to global markets. Torres, R (2001) defined globalization as a process of rapid economic integration among countries driven by the liberalization of trade, investment and capital flows, as well as technological change. However opportunities arising from this trade also accompanied by a number of challenges for sellers of products and services and their buyers. Most important of which are quality of product and services, socio-economic factors, environmental & regulatory compliance and fulfilment of customer requirements. (Abidi et al., 2007)

ISO (International Organization for Standardization) with a portfolio of 19500 international standards and membership of 163 out of 206 countries all over the world come forward to provide solutions to the challenges faced in international trade. ISO was created with the aim for development of product and service standards which are accepted all over the world by each member country (Ferguson, 1994, pp. 22-24). ISO standards make a positive contribution to the world we live in. They facilitate trade, spread knowledge, disseminate innovative advances in technology, and share good management and conformity assessment practices ([www.iso.org](http://www.iso.org)). It also helped organizations to redefine their priorities by acquiring competitive advantages in international trade through customer satisfaction and consistent/reliable product quality (Withers and Ebrahimpour, 2000). ISO certification was found to be necessary condition to support organizational competitiveness and market objectives (Stevenson and Barnes, 2002). Nicolau and Sellers (2002), analysed market trends and public reaction to quality winners. They found higher level of confidence of traders on certified companies.

ISO 9000 is one of the well-known premier Quality System Standard published by ISO in 1987. This International Standard represents a global consensus on the state of the art in the subject of that standard. Its focus is on improving organizational efficiencies by improving quality of products and services, customer focus, fulfilment of legal requirements (Franceschini, 2002). Also potential economic benefits associated with this standard makes it surprisingly popular initially in the developed countries especially in Europe where 37779 certificates were issued in first year of launch in 1993. (ISO Survey, 2013). Popularity of ISO 9000 standard in European countries continuously increasing with passage of time and it was considered as a foundation for more advanced TQM practices (Kochan, 1993; Port, 1993). It indicate strong evolution trends and benefits achieved by these developed countries. According to the ISO Survey, 2014, a total of "483710" ISO 9000 certification were awarded in European. Looking at Sustainable benefits and trends of ISO 9000 in developed countries worked as benchmark for developing countries. Enormous number of companies all over the world adopted ISO 9000 in developing countries. To further strengthen and enhance the capacity and contribution of developing countries, ISO has also launched an action plan 2011-2015 (ISO.Org) for the developing countries.

## 2. Literature Review

The whole essence of this research is to get an understanding of the current trends and scope of application of ISO

9000 certifications in Pakistan in all business sectors. In order to get complete understanding of the theory and practice, various studies were analysed and reviewed.

Shahab & Tian (2006) studied ISO 9000 Certification trends and scope in Pakistan. This study was most relevant to my topic however it is outdated i.e. conducted 9-years ago. In these 9-years a lot has happened and an updated study is required to fulfil the gap. Worldwide Evolution of ISO 9001 and 14001 Certified Companies: an Exploratory, Comparative Ten-Year Study was conducted by Blenio et al (2012). However this study was conducted in global context for ISO 9000 and 14000 standards few years back.

Shafiq (2012) studied implementation of quality management systems and business excellence frameworks in Pakistani textile companies. This study is relevant to identify ISO 9000 certification trends in Pakistan. However it was focused on textile sector only and did not provide overall current scenario of ISO 9000 certifications in Pakistan. ISO 9000 & 14000: Evolution & diffusion of standards, their benefits to elaborate different research works was studied by Inaki & Olivier (2013). This research was conducted in international perspective. Azeem & Naseem (2014) studied impact of ISO 9000 in pharma and beverage sectors. This study was very specific to only two sectors and need for a comprehensive country wide study was there.

Sik & Medi (2015) studied The Effectiveness of ISO 9001 Implementation in Food Manufacturing Companies. They focused on impact of 9001 on food manufacturing sectors in context of Indonesia. Durai & Dr.V.B studied, A Study on ISO 9001 Quality Management System Certifications; Reasons behind the Failure of ISO Certified Organizations Roger G.Schroeder (2008) ISO 9001 Certification has a major impact on worldwide quality practices. McAdam and Canning (2001) argued the importance of ISO registration in enhancing firm's chances of gaining work. Pan (2003) studied ISO 9001 & ISO 14001 implementation in Far East Countries, namely in Taiwan, Japan, Hong Kong and Korea. The study involved investigating firms' motivation for certification, their implementation experiences and the benefits received. Isabel (2009) studied, the diffusion of ISO 9000 and ISO 14001 certification, cross sectoral evidence from eight OECD countries.

Many other empirical studies are conducted on similar topics all over the world and in Pakistan as well as in above literature review. However all these researches were conducted in some particular context, geographical locations, and specific business sectors, type of certifications & time and duration? Due to these reasons, there exists a wide scope for further studies and analysis & need for new research originated from below facts.

### **3. History of ISO 9000 Certifications in Pakistan**

In Pakistan, First ISO 9000 certification was awarded in 1994. AGE was the first company who achieved this milestone followed by Caltex and Philips Pakistan (Shahab & Tian, 2006). Initially it started very slow however later on from 1995 and onward it moved on at fast speed. Initially export oriented organizations and firms adopted ISO 9000. However very shortly, many other organizations adopted this standard voluntary owing to its unique economic benefits (Azeem & Naseem, 2014). This process was also facilitated by Government of Pakistan by providing financial incentives for organizations in 1997 up to Jun 2000. Recently it was launched in 2014 by Government of Pakistan to achieve National Vision 2025 (www.pec.gov.pk). Under this scheme small to medium sized organizations are given handsome amount of incentive to obtain ISO certifications not limited to ISO 9000. After WTO regime, European Union is also investing in Pakistan to support economy and development of sustainable quality products through Trade Related Technical Assistance (TRTA-I & II) programme in collaboration with national institutes and bodies i.e. Ministry of Commerce, Ministry of Science and Technology, Ministry of Food and Agriculture, Ministry of Livestock and Dairy Development, Ministry of Industries & Production and Intellectual Property Organization of Pakistan, as well as technological institutions and Competent Authorities operating under the aforementioned Ministries (www.pec.gov.pk).

This particular scenario attracted international certification bodies and professionals. As a result cost of development and implementation of management systems to achieve certifications got further dropped. This opportunity was exclusively utilised by all industrial and other business sectors. During this period, Certification trends and scope of sectors involves was found surprisingly very high than expectations (ISO Survey, 2014). It was found that number of certifications was increased from 56 in 1997 to 1034 in 2000, including 611 achieved in 2000 only.

As per current statistics, a total of "26476", ISO 9000 certifications were awarded from 1994 to 2014 including 2512 certification in 2014 only. In Asia region, Pakistan stands at second number after India with respect to number of ISO 9000 certifications. (ISO Survey, 2014).

## **4. Driving Forces for Positive Trends and Scope of Certification in Pakistan**

### **4.1 Impact of Globalization**

Over the last decade, there observed tremendous growth in international trade due to globalization and trade liberalization. There were a number of challenges for Pakistani trade due to international buyer requirements for Compliance to Quality and other standards. Pakistan share its part in international export and imports with its

limited resources. To make profitable trade and compete in international market, improved and consistent Quality is a mandatory for competition (Economic survey 2014-2015). This forced organizations and firms for adoption of ISO programs and Certifications & later on found to be a key success driver.

#### **4.2 Role of Pakistan Government & National Bodies**

Owing to increasing global challenges and opportunities, Government of Pakistan had taken highly appreciated steps in nineties, to support Quality and Standardization in Pakistan. Under Ministry of Science and Technology, it established Pakistan Standards Institute (PSI), Central Testing Laboratories (CTL), Metal Industries Research and Development Centre (MIRDC), and Pakistan Standards and Quality Control Authority (PSQCA). PSQCA started working in 2000, it consist of three integrated Components, namely Standards Development Centre (SDC), Quality Control Centre (QCC), and Technical Services Centre (TSC). PSQCA is a member of International Organization for Standardization (ISO), International Electro-technical Commission (IEC), and International Organization of Legal Metrology (OIML). PSQCA adopted 15000 ISO Standards & 6000 IEC standards as Pakistan Standards and enforced in Pakistan ([www.psqca.gov.pk](http://www.psqca.gov.pk)).

PNAC was established in 1998 under Mistry of Science and Technology after signing WTO in 1995. The accreditation services of PNAC were launched during the year 2001. PNAC achieved a milestone of Mutual Recognition Arrangement (MRA) with International Laboratory Accreditation Cooperation (ILAC) and Asia Pacific Laboratory Accreditation Cooperation in 2009 & MLA status in 2013 ([www.pnac.org.pk](http://www.pnac.org.pk)).

All of these governmental initiatives helped to build a strong foundation for Quality Systems and provide guidelines and assessments to implementers.

#### **4.3 Role of Educational Institutes**

During this era, a number of institutes started higher level educational programs on Quality Management, ISO awareness & implementations, auditing and inspection. From government side, Punjab University of Lahore launched programs on Quality Management and established a separate institute under name of Institute of Quality and Technology Management ([www.pu.edu.pk](http://www.pu.edu.pk)). Institute is offering professional courses, degree programs at graduate and master level up to PhD in Quality. From private sector, PIQC was the first in pioneers in Pakistan who come forward under his excellence Dr.Kamran Moosa. It started with short courses on ISO and Quality and later on in collaboration with Superior University of Pakistan, it launched Degree programs on Quality and related subjects ([www.piqc.com.pk](http://www.piqc.com.pk)). This helped to develop a new force of locally trained professionals in field of Quality. These professional after completing their studies become one of the key success factor for ISO implementation in their organizations.

#### **4.4 Role of Certification Bodies**

Pakistan National Accreditation Council granted accreditation to below five Certification Bodies which are mainly involved in certification services across Pakistan ([www.pnac.org.pk](http://www.pnac.org.pk)) as,

- SGS- Pakistan
- Bureau Veritas Pakistan
- Certification Services Pakistan Pvt Ltd
- TUV Austria
- ACS Registrar Pakistan

However as per PNAC Official, there are other 37-independent certification bodies operating in Pakistan under international accreditations like UKAS. All they played a vital role in proliferation and growth of ISO in Pakistan

#### **4.5 Role Played by ISO itself**

ISO itself remain very active regarding awareness of certifications and associated benefits across the globe during last decade and its different programs are working as exclusive guidelines for implementers. It had published magazines, books, videos, fact sheets, success stories ([www.iso.org](http://www.iso.org)) on these topics. All these helped to create awareness, interest and helped for better implementations.

### **5. Significance**

This research is significant for being one of the early initiative towards investigation of ISO 9000 Certification trends & scope in context of Pakistan over a period of ten years from 2004-2014 because it will develop understanding with respect to phenomenon under study and provide empirical justifications. Results of research will be helpful as;

- Identify gaps and opportunities in various business sectors for certifications.
- Knowledge and data for students and researchers for further study
- Evaluation and analysis of links between variables

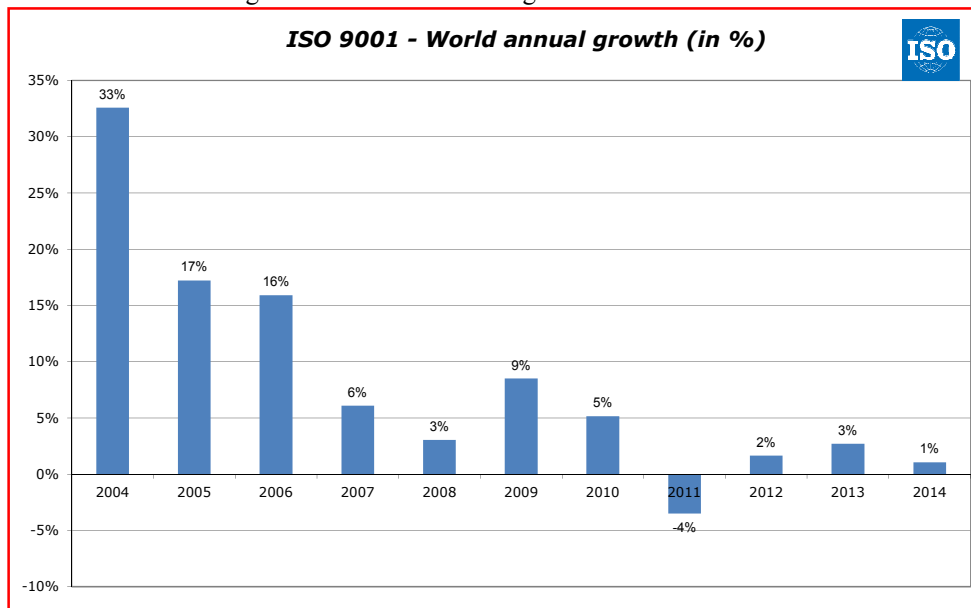
- Baseline for further research in future dimensions and new horizons
- Helps managers in decision making regarding certifications
- Helps policymakers in making new corporate policies for their organizations
- Useful source of information for employees and customers
- Source of information for ISO and other international accreditation & certification bodies.

## 6. Data Analysis & Results

### 6.1 International Context

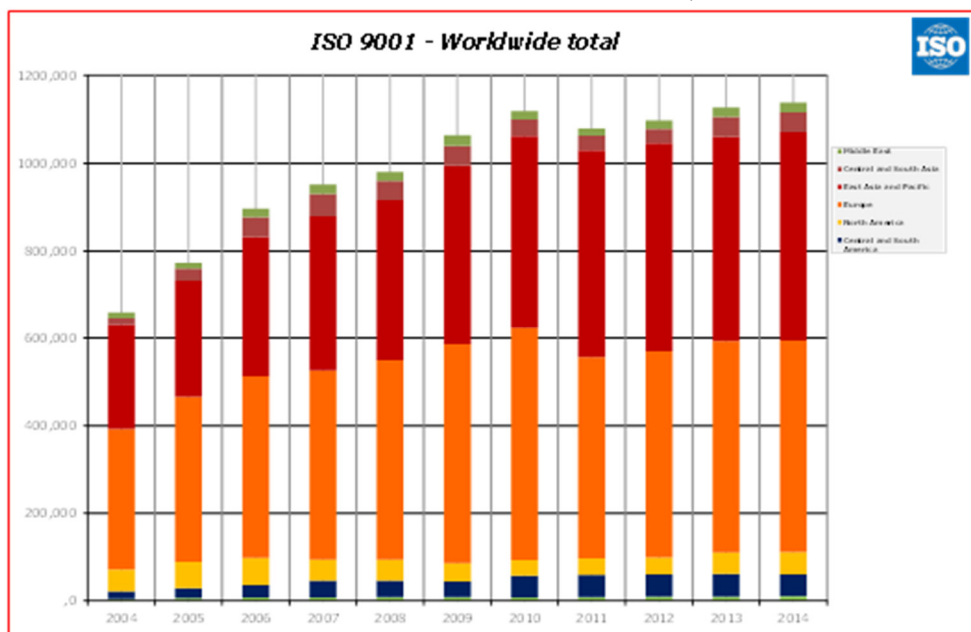
During last decade, there observed high saturation in ISO certifications internationally. In 2004 highest growth of 33% observed as compared to 81% in 1995 (ISO Survey, 2014). Due to saturation effect trends of ISO getting reduced every year in International Context. ISO has launched a number of programs to sustain and improve these trends ([www.iso.org](http://www.iso.org)).

Figure 1: Worldwide annual growth of ISO 9001 during last decade from 2004-2014.



Source: ISO Survey (2014).

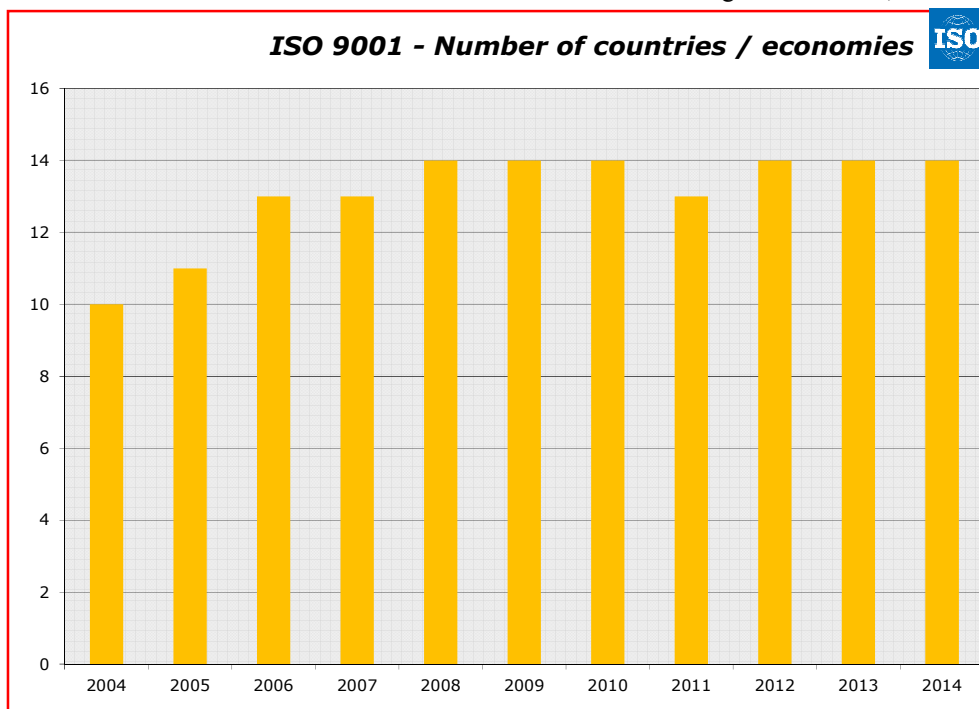
Figure 2: Worldwide total no. of ISO 9001 certificates in last decade, 2004-2014.



Source: ISO Survey (2014).

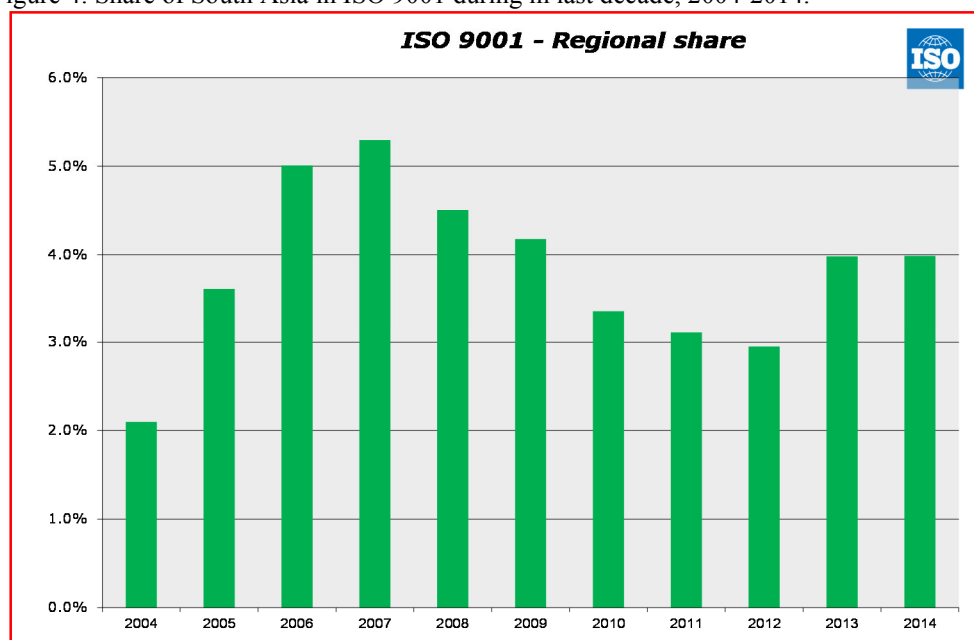
## 6.2 Regional Context

Figure 3: South Asia-Total no. of countries involved in ISO 9001 during in last decade, 2004-2014.



Source: ISO Survey (2014).

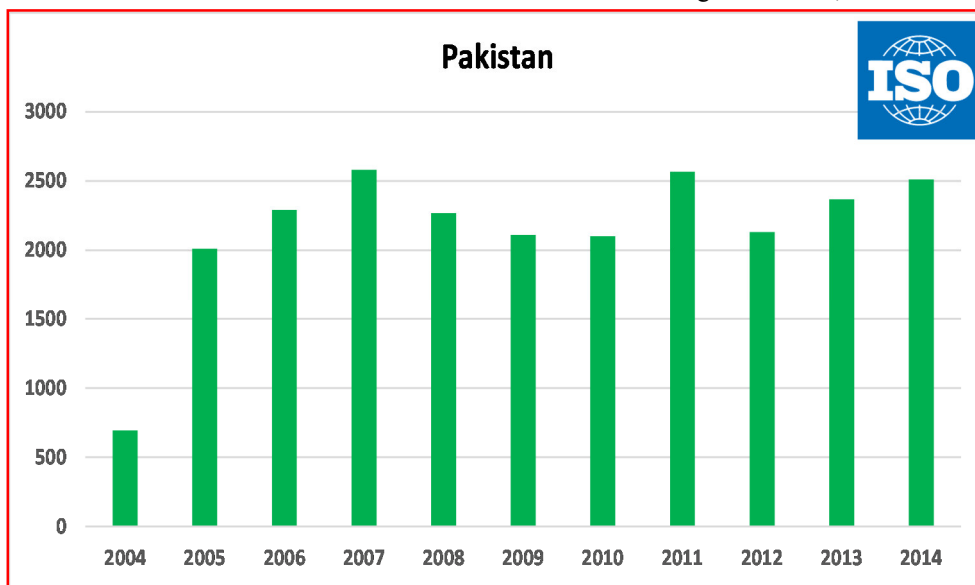
Figure 4: Share of South Asia in ISO 9001 during in last decade, 2004-2014.



Source: ISO Survey (2014).

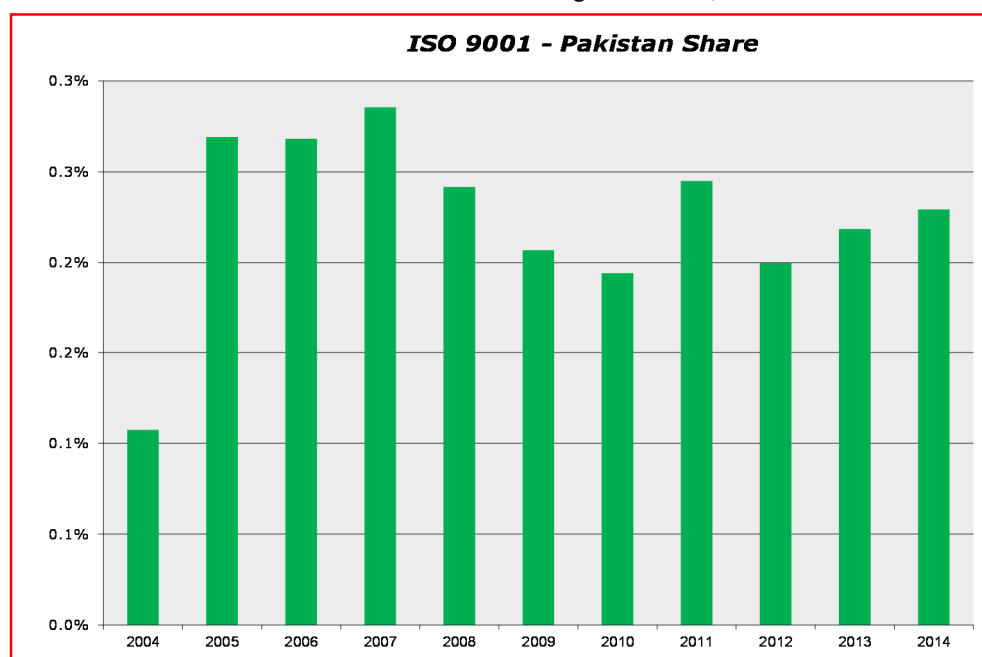
### 6.3 Pakistan's Context

Figure 5: Total no. of ISO9001 certificates awarded in Pakistan during last decade, 2004-2014.



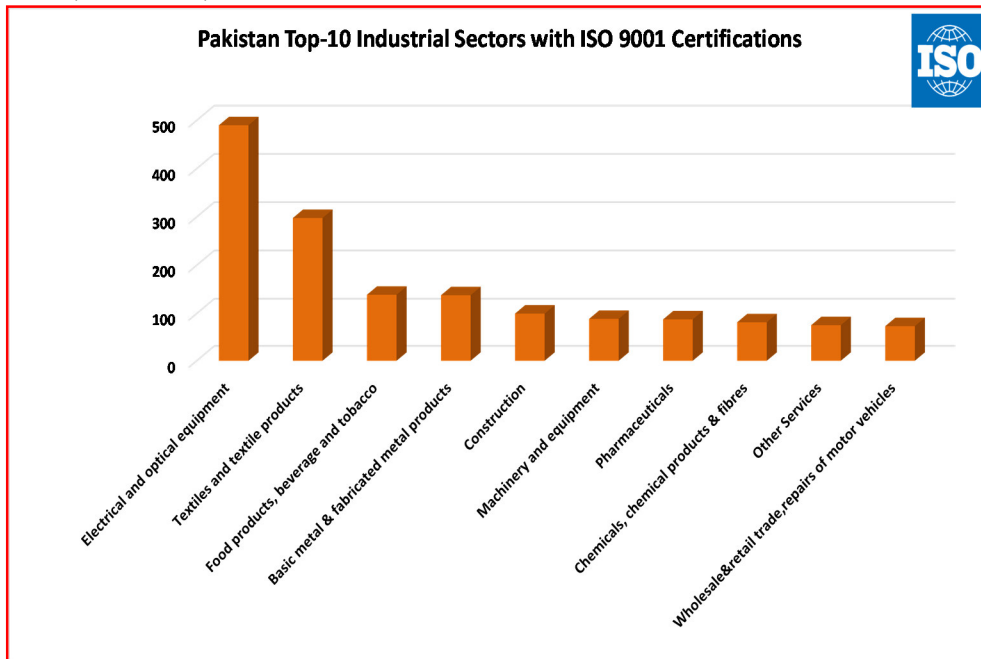
Source: ISO Survey (2014).

Figure 6: Pakistan's share in ISO9001 certifications during last decade, 2004-2014.



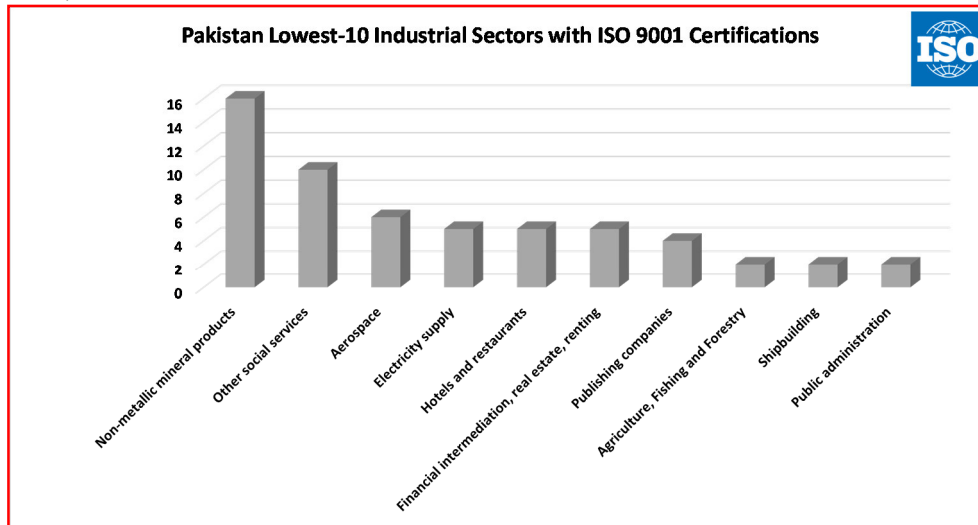
Source: ISO Survey (2014).

Figure 7: Trends of ISO9001 certifications in top-10 industrial/business sectors of Pakistan during last decade, 2004-2014, based on number of certificates awarded.



Source: ISO Survey (2014).

Figure 8: Trends of ISO9001 certifications in least-10 industrial/business sectors of Pakistan in last decade, 2004-2014 based on number of certificates awarded.



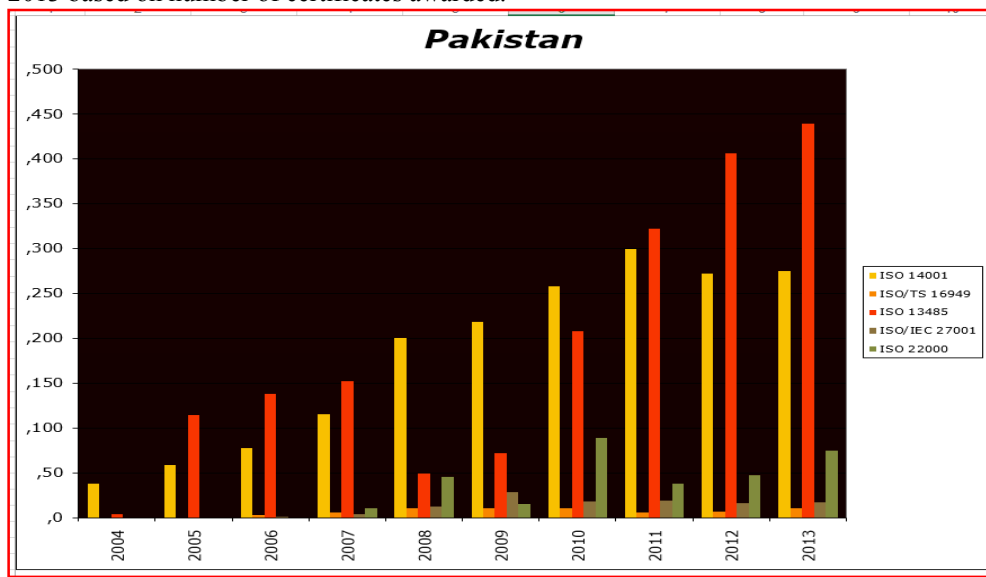
Source: ISO Survey (2014).

#### 6.4 Trends & Scope of other Management Systems in Pakistan:

With increasing numbers and awareness to ISO 9001, also paved way for other ISO management system certifications. There exists a huge potential for all ISO certifications. With passage of time, increasing competition and empowerment of regulatory agencies, focus on these certifications is increasing. Trends during last decade are as,



Figure 9. Trends of Other Management Systems Certifications in Pakistan in last decade, 2004-2013 based on number of certificates awarded.



Source: (ISO Survey, 2014).

## 8. Ethical Considerations

This study is not undermining any other personnel or previous or future researches. The purpose of study is made clear and simple to be easily understood by the readers to avoid any ambiguity at any end.

## 9. Conclusion

This study is one of the recent works on this topic in Pakistan. On the basis of survey results and interpretations in graphic form developed in international, regional and Pakistan's context shows exclusive engagement of ISO certification with different business sectors in all regions during last decade, 2004-2014. Due to early adoption, there observed low growth and saturation effect in developed countries. However when comparing to developed countries, Pakistan is far behind in implementation of ISO and quality management practices. Pakistan's share in ISO certifications is less than 0.3% during last decade and there are more than ten business sectors with least number of ISO certifications.

However in few business sectors, ISO Certifications growth rate found highly satisfactory in Pakistan during last decade i.e. 2004, 2005, and 2006 with growth of 33%, 17% and 16% respectively. Government of Pakistan had launched incentive scheme in 2014 for SME's to achieve its National Vision 2025. Under this scheme handsome amount of financial support is offered to organizations for adoption and implementation ISO certifications and improvement of quality of products and services to comply with international trade requirements and ensure sustainable & inclusive business growth. This incentive scheme is blessing in disguise for organizations seeking ISO certifications without own investment. As a consequence, it is asserted that there could be good future for ISO Certification and positive trends and scope of application is expected in SME's and other business sectors in coming years. Financial Support form Government of Pakistan & Potential opportunities in all business sectors of Pakistan are available for ISO, Certification bodies, professional involved in this process. Since support from Government is very clear with financials, expectations for positive trends and expansion in scope of application is very predictable for coming years.

## References

- ISO Survey (2014). [Online] Available: <http://www.iso.org/iso/iso-survey>. (April 19, 2016).
- Peixe, Blênio César Severo, et al. "Worldwide Evolution of ISO 9001 and 14001 Certified Companies: an Exploratory, Comparative Ten-Year Study." *International Conference on Industrial Engineering and Operations Management*. 2012.
- Franceschini, F., M. Galetto, and P. Cecconi. "A worldwide analysis of ISO 9000 standard diffusion: Considerations and future development." *Benchmarking: an international journal* 13.4 (2006): 523-541.
- Malik, S. A., & YeZhuang, T. (2006, June). ISO Certification: The Trend and Scope from Pakistani Industry's Perspective. In *Management of Innovation and Technology, 2006 IEEE International Conference on* (Vol. 2, pp. 766-771). IEEE.
- Fatima, Mahnaz. "Impact of ISO 9000 on business performance in Pakistan: Implications for quality in developing countries." *The Quality Management Journal* 21.1 (2014): 16.



- Heras - Saizarbitoria, I., & Boiral, O. (2013). ISO 9001 and ISO 14001: Towards a research agenda on management system standards\*. *International Journal of Management Reviews*, 15(1), 47-65.
- Sumaedi, S., & Yarmen, M. (2015). The Effectiveness of ISO 9001 Implementation in Food Manufacturing Companies: A Proposed Measurement Instrument. *Procedia Food Science*, 3, 436-444.
- Nicolau, J. L., & Sellers, R. (2002). The stock market's reaction to quality certification: Empirical evidence from Spain. *European Journal of Operational Research*, 142(3), 632-641.
- Pakistan Economic Survey (2014). [Online] Available: <http://www.finance.gov.pk/survey> (April 21, 2016.)
- List of ISO Certification bodies in Pakistan. [Online] Available: [www.pnac.org.pk/index.php?PageId=95](http://www.pnac.org.pk/index.php?PageId=95). (April 19, 2016)
- Government of Pakistan, Certification Incentive Program (2014). [Online] Available: <http://www.pc.gov.pk/wp-content/uploads/2015/05/Certification-Incentive-Programme-for-SMEs.pdf>
- Corbett, C. J., & Kirsch, D. A. (2001). International diffusion of ISO 14000 certification. *Production and Operations Management*, 10(3), 327-342.
- Khan, Z. (2008). Cleaner production: an economical option for ISO certification in developing countries. *Journal of cleaner production*, 16(1), 22-27.
- Malik, S. A., Li-bin, L. U., Ye-zhuang, T., & Xiao-lin, S. U. N. (2007, August). Continuous Improvement Practices in Asian Developing Countries A Comparative Analysis between Chinese & Pakistani Manufacturing Industry. In *Management Science and Engineering, 2007. ICMSE 2007. International Conference on* (pp. 692-697). IEEE.
- Saleem, I., Siddique, I., Khan, M. U., Akmal, A., Sultan, S., & Khan, M. S. M. (2011). Impact assessment of ISO 9000 series on the organizational performance: Empirical evidence from small and medium enterprise (SME) sector of Pakistan. *African Journal of Business Management*, 5(26), 10885-10892.
- Awan, H. M., & Ishaq Bhatti, M. (2003). An evaluation of ISO 9000 registration practices: a case study of sports goods industry. *Managerial Finance*, 29(7), 109-134.
- Malik, S. A., Iqbal, M. Z., Shaukat, R. A. Z. I. A., & Yong, J. (2010). TQM practices & organizational performance: evidence from Pakistani SMEs. *International Journal of Engineering & Technology*, 10(4), 26-31.
- Institute of Quality and Technology Management. [Online] Available: <http://pu.edu.pk/home/department/66/Institute-of-Quality-Technology-Management>. (April 19, 2016)
- Pakistan Institute of Quality (PIQC). [Online] Available: <http://www.piqc.edu.pk/> (April 19, 2016)