



ISO AND SERVICE ORGANIZATIONS

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Abstract:-ISO 9000-Quality Standards are generic .They are adopted by number of services organisations in Pune. The paper is based on the primary data collected from service industries dealing in logistic, utility services and management consultancy, and transportation, automobile services in Pune industrial belt. The objective of the paper is to explain the intentions effects and advantages enjoyed by service industries in Pune.

Keywords:service industry, ISO, objectives, merits.

INTRODUCTION

Service sector is occupying major role in the economic development of India. Statistics shows that 45% of population is engaged in the service sector, contributing to 30 % of the gross domestic product. Therefore it was interesting to judge the effects of ISO quality standards on this sector also. Service sector includes all non-manufacturing organizations except industries such as agriculture, construction and mining. Service industries include services provided for education, transportation, management consultancy, hotel and catering services, telephone, banking and insurance, logistic services, amusement, health, legal consultancy, engineering, real estate etc. Companies in Pune were assessed dealing in logistic, utility services and management consultancy, and transportation, automobile services i.e. testing, sale of automobiles etc. They have to their credit strengths like Flexibility in time and timely customer service,, good infrastructure and trained faculty, good customer base etc.

OBJECTIVES FOR ADOPTION OF STANDARD

These organizations wanted to adopt ISO quality standard to fulfill the following intentions;

- ❖ Customer satisfaction
- ❖ Improvement in quality work
- ❖ Retaining the customers
- ❖ Increase in reputation-national and international
- ❖ Systematic approach
- ❖ Employee development
- ❖ Standardization of work procedures.

The average time taken to complete the formalities in relation with the certification was 10 months. There was no major change to be made in order to implement the ISO standard except in case of ARAI, wherein the machine testing methods had to be changed and training had to be provided to the employees.

Most of the companies are operating on democratic principles. Only 20 % organizations are authoritative. Various policies in the organization are transmitted through group meetings with the managers, joint meeting of managers and laborers and through one to one contact in most of the organisations.50% organizations along with this also conduct group meetings through labour unions and also meetings with managers. Before adopting the

standard each employee was made aware about the need for ISO certification and there was no initial resistance from the employees to adopt this international standard.

The effects on adoption of the standard

The effects on adoption of the standard are as follows :

Effect On Coordination Of Activities And Communication Process

All the units agree that the adoption of the ISO quality standard has resulted into better coordination and communication.

Effect on documentation

The policy manual was written for obtaining the standard. Thus the goals and policies of the units were documented.

Effect On Achieving New Markets

Due certification 75% organizations have achieved new markets. But it has not resulted in any foreign collaboration; all the units agree to this. But for 25% organizations as they were the sole units all over India to provide such services, it already had the entire market share.

Effect On Operations

Because of adoption of the standard, performance standard has improved and made the service units more systematic. This is the experience of all the organizations.

Effect On Labour Cost

Improvement in the performance standards has directly resulted in reduction in labour cost. Labour cost decreases by 20-30% in case one of the organisation due to location wise picking of the material and also due to reduction in employment. In 25% organizations there is no change in this cost and some of them could not specify on this issue.

Effect On Service Cycle Time

The service cycle time has definitely reduced. In 20% there is reduction by 5-10%. The 20% claims that cycle time is reduced by 10-20%, and for others there is no change related with this matter.

Effect On Inventory Cost

As far as inventory-carrying costs there is no change in any of the service industries cost.

Effect on cost of providing service

Cost of providing service remains constant even after the adoption of the standard. It is not increasing at all.

Effect On Overhead Cost

As regards effect on the overheads 60% of the units are of the opinion that the overheads have risen by 0-10%, and for remaining organizations there is no change in the overheads. Even though they have to pay the cost related with the audit and the other preparations, the benefits derived out of it are much and therefore they do not wish to calculate the cost separately. Other overheads are constant for all the units.

Effect On Profitability

One of the ways to measure the success of the industry is profitability and adoption of the standard has played an important role for this. Some of the organizations are benefited as they have increased the profit range by 0-10%, one of the organisations is benefited as it has resulted in increase of the profit by 10-20% and two units have not measure this element. Even though numbers of factors are responsible for increase or decrease of the profit or loss, units are of the opinion that implementing ISO standards has definitely improved the efficiency of the process and therefore has resulted in increase of the profitability.

Effect on labour force

There was no reduction in the labour force for majority units but in case of one of the organisation due to mechanization that was implemented before the adoption of the standard the labour force was reduced 10-20%.

Effect On Attitude Of The Employees

In case of 80% of the units the employees are enthusiastic in maintaining the quality, and in 20% industries i.e. in Dynamic they are very enthusiastic in maintaining the quality. All the units agree that the employees are more quality conscious.

Effect on working environment

The employees in all the units feel that adoption of the standard has created challenging environment for them.

Effect On Implementation Of Safety Measures

Safety measures have been used more extensively and the use is made compulsory when the standard was implemented. This is the experience of all the organizations.

Merits enjoyed

- ❖ All the organizations agree that adoption of ISO 9001 has increased their reputation
- ❖ There is increase in customer confidence and satisfaction
- ❖ There is increase in home market
- ❖ Process monitoring has initiated
- ❖ Process Planning has improved
- ❖ There is improvement in data collection
- ❖ Responsibilities are fixed
- ❖ There is increase in competency and effectiveness of the employees
- ❖ Processes have become system dependent rather than person dependent
- ❖ It has acted as the base for adoption of new standard.

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