

(The Strategic use of International standards: The
Case of ISO 9000 Registered Firms in Kenya. //

BY:

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EDWARD WOOD

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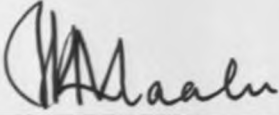
DECLARATION

The management project is my own original work and has not been presented for a degree in any University.

Signed  Date 17/10/02

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The management Project has been submitted for examination with my approval as the university Supervisor.

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CHAPTER ONE - INTRODUCTION

1.1 Introduction

ABBREVIATIONS

KBS	Kenya Bureau of Standards
SGS	Societe Generale de Surveillance
BVQI	Bureau Veritas Quality International
QSAC	Quality System Accreditation Committee
ISO	International Organisation for Standardisation.
QMS	Quality Management System
EMS	Environmental Management System

CHAPTER ONE - INTRODUCTION

1.1 Introduction

Over the last several years, businesses' activities have tended to cross international borders more frequently. Even firms with no international operations are experiencing the impact of globalisation on many markets and industries. Since this trend is expected to continue, more organisations will have to consider global issues in the future in the course of their strategic management processes. Before managers can determine how their management process can most effectively accommodate international issues, they must be fully aware of critical variables that affect their organisations.

Managers face a potent mix of opportunities and challenges. The uneven, but steady trend towards greater economic integration within the globe, and accelerating trade and investment flows both between the developing world and the rest of the world offer entrepreneurs and managers great opportunities for new markets, fruitful partnerships, and sustained growth. However, gaining access to markets demands improved enterprise performance in a number of key areas.

Businesses face the challenges arising from globalisation and are forced to find ways and means of responding to the dynamic changes in the environment or risk collapsing all together. Management is perhaps the key variable among the many that influence enterprise competitiveness. It is management that is responsible for creating competitiveness through the ability to produce ever-higher quality at lower cost.

The central role of quality is not new, having become part of the vocabulary of business since the phenomenal export success of Japanese and other Asian manufacturers in the 1970s and 1980s (Wilson 2001).

Firms must be able to deliver high quality goods and services on time and in the correct quantities – all at competitive prices. Moreover, firms and their staff are faced as never before with a range of international standards, which are increasingly required for access to international and regional markets, and are now demanded, by a growing number of large domestic buyers, including governments. Foremost among these are management systems standards related to quality and the environment. Other standards related to labor, health and safety are also projected to grow in importance. Enterprise competitiveness - so critical to the success of market systems in now requires greatly improved performance in critical areas such as product and service quality, costs, and delivery times - plus conformity to management system standards such as the ISO 9000 quality and ISO 14000 environmental series.

It is said that international standards offer local firms practical solutions to problems arising from globalisation and liberalization (Lai, 1996). They can be used as strategic tool to achieve competitiveness (Lai, 1996).

A standard is a document approved by a recognized body, which recommends voluntary rules and guidelines concerning the characteristics of products, processes or methods. Standards promote trade and commerce by transmitting information in a consistent way and permitting comparisons of products and services. Moreover, standards allow for economies of scale, promote the efficient use of parts and components in production, facilitate the diffusion of technology, and can promote product quality and safety and environmental cleanliness. In contrast, technical

regulations are standards, which are prescribed by regulatory authorities and for which compliance is mandatory. Conformity assessment procedures include a broad range of activities such as inspection, testing, certification, quality and environmental management system registration and are used to determine that the relevant requirements in standards and technical regulations are fulfilled. It is useless to comply with a standard if the costs of demonstrating compliance to buyers are prohibitive (Wilson 2002).

Many standards are ostensibly voluntary and are driven by forces in the market. Failure to comply may hurt one in the market place but on the other hand the standards are not expected to act as non-tariff barriers to trade. Several trends can be noted which have a significant implication on developing countries like Kenya.

The standards represent a reservoir of technological know how and of product, performance, quality, safety and environmental specifications. The standards are backed by international consensus .It is further noted that adoption of these standards may result in strategic benefits. They allow for economies of scale ,promote the efficient use of parts and components in production, facilitate the diffusion of technology, and can promote product and service quality. They contribute to safety and environmental cleanliness..

Though said to be Voluntary standards in real sense are now turning to be mandatory as firms are now finding it increasingly difficult to trade without them. These standards include ISO 9000 Quality management standard, ISO 14001 Environmental management standard and ISO 18001 occupational health and safety Standard.

A rapidly changing economic environment characterised by phenomena such as globalisation and deregulation of markets, changing customer and investor demands and ever-increasing product – market competition has become the norm for most organisations. To compete they must continuously improve their performance by reducing cost, innovating products and improving quality, productivity and speed to market. Firms must perform above average in order to have a competition advantage over their competitors.

Firms can opt for any of the three generic strategies outlined by Michael Porter. These include, Differentiation, Cost Leadership and Focus to achieve this above average performance (Porter, 1985). Each strategy involves a fundamentally different route to competitive advantage, combining a choice on the type of competitive advantage sought with the scope of strategic target in which competitive advantage is to be achieved. Cost leadership, as a strategy, targets low-cost production, differentiation on the other hand aims to uniquely identify the firm along some dimension that is valued by customers. Focus narrows the choice to a particular scope within an industry.

Available literature suggests that open trade rewards those who produce the best product with the best designs at the best price. Further, those wishing to produce at these standards must follow sound quality management practices. Sustainable differentiation can be obtained from adopting and performing a range of activities uniquely impacting those that purchase the product or service (Abassi, 1998).

As tariff and quota barriers to trade in agricultural, food and manufactured products continue to decline, increasing public debate is taking place regarding the impact of product and process standards. Standards are applied to mitigate against health, safety and environmental risks to prevent deceptive practices and to reduce transaction costs. In practice, however, standards can be used strategically to enhance competitive position in individual firms. They can raise or lower the economic efficiency, promote or block competition, facilitate or constrain international trade.

The international Organisation for Standardisation (ISO) issued improved versions of its ISO 9000 series of models for quality management systems in 1994. These have since been revised in the year 2000. The standards cover key areas of quality policy management, leadership, market research, product and process design among other areas. Many companies have widely and universally accepted the standards. The success of the ISO 9000 family of standards is still growing, and the number of countries where ISO 9000 is being implemented has increased. Up to the end of December 2000, at least 408 631 ISO 9000 certificates had been awarded in 158 countries worldwide. This is an increase of 64 988 ISO 9000 certificates, over the end of December 1999, when the total stood at 343 643 for 150 countries. (ISO, 2000).

A significant number of companies in Kenya have adopted these standards and have been assessed for compliance. (Quality systems assessment committee, 1999) Kenya is significantly ahead in the region in this respect (Owino, 2001). However, implementation of these standards comes along with underlying challenges for companies adopting them.

According to Lai (1996), a survey done to establish the benefits associated with implementing ISO 9000 quality systems revealed the standards led to tremendous competitive advantage. On the other hand it is argued that the standards have been developed in an arbitrary manner and further they have been imposed on the developing nations (Biwott, 1999).

Doubts and misconceptions persist about these standards. The surveys that have been carried out have not covered firms operating in Kenya who have been registered. The views existing about the strategic benefits and the barriers to the benefits did not include those of Kenyan firms. Whether Kenyan firms share these views or not is a question to be answered. Further, it is not clear whether the registered firms face any challenges relating to maintaining their registration.

1.2 Statement of the Problem

The background information and available literature suggest that strategic advantages arising from the use of ISO 9000 quality system standards as a strategic tool to obtain competitive advantage may be influenced by factors arising from being located in a developing country besides their being a fairly recent introduction to the Kenyan Scene.

The Kenyan market has been opened up to global competition brought about by liberalization of the Kenyan economy. Quite a sizeable number of firms have adopted and been registered as having complied with these standards.

Surveys carried out in the west like the Mobil oil survey in 1993 reported that adopting these standards have led to certain strategic advantages however the registered firms

have encountered certain challenges that may have impacted on the desired competitive advantages sought after.

In theoretical literature there is a growing consensus that standards can be used to enhance their competitiveness. However despite this consensus it can not be concluded that this is the case in Kenya considering it's level of development and economic challenges. Much of the available literature on the subject is published from developed countries specifically western Europe and Northern America. A study carried out in Canada aimed at reviewing the impact of ISO 9000 on competitiveness revealed that most registered organisations recorded external and internal benefits. Further, the survey revealed a significant majority of firms felt that the standards make them better competitors. While ISO 9000 system standards have been widely accepted around the world, they've' also come with their share of criticism as recorded in the summary of, management systems so far, a study of Canada's experience with the standards commissioned by the Standards council of Canada. From the survey it was reported that implementing and registering to the standard is too time consuming and costly, and they provide no real benefit to users, their clients or the public. Similarly, a review of the development of the standards in Palestine, Abbasi M, (1998), reported some misunderstandings and misinterpretation which tended to confuse those seeking to adopt the standard.

Available literature contains information on research done in Europe and North America and has limited information on Kenya and surrounding countries There is need for information on the extent to which Kenyan Certified firms have been able to gain competitive advantage after adopting the ISO 9000 standard as strategic tool. Further it

is not a guarantee that firms will maintain their registration after achieving it (ISO Survey, 2000). Therefore, there is a need to establish what are the issues facing certified firms in Kenya.

1.3 Objective of the study

The objectives of the study were to

- i. Establish the perceived Strategic benefits arising from registration against ISO 9000 by firms in Kenya.
- ii. Identify the challenges faced by these firms with regards to maintaining their registration.

1.4 The significance of the study

The significance of the study was to establish the benefits that result from the strategic use of standards by Kenya Firms. The study also was to establish what are the factors that may lead to firms not retaining their registration. The Study is useful to the business community as it provides information on the nature of strategic benefits achieved by adopting this standard. The study will reveal the nature of the issues facing the industry with regards to adoption and implementation of the standard. The findings can provide a framework for drawing up support legislation and suitable environment for the business sector. Registration bodies will benefit from this study due as they directly participate in the certification process. And it is in their interest if more firms adopt this standard.

The international organisation for Standardization is responsible for the revision of this standard every five years. Feedback from this survey can form part of the input for the review. (ISO , 2000)

1.5 The Organisation of the Study .

This Study has been organised under five chapters. Chapter one contains the introduction of the study, statement of the problem objective of the study and its significance. Chapter two contains the literature review. Chapter three discusses the research methodology while chapter four contains the analysis, findings and the discussions. The final Chapter is made up of the summary and conclusions of the study.

CHAPTER TWO – LITERATURE REVIEW

2.1 Introduction

Competitiveness is at the core of the success or failure of firms. Competition determines the appropriateness of firm's activities that can contribute to its performance, such as innovations, a cohesive culture or good implementation. Competitive strategy is the search for a favourable competitive position in an industry. (Porter, 1985)

Strategy has been defined by James Brian Quinn as the pattern or plan that integrates an organisation's major goals, policies, and action of sequences into cohesive whole. He goes further to suggest that strategy helps a firm to allocate its resources to capitalize on its relative strengths and mitigate its possible weaknesses, to exploit projected shifts in the environment and to counter possible actions of competitors.

Over the last several years, business activities have tended to cross international borders more frequently. Even firms with no international operations are experiencing the impact of globalisation. This is expected to continue necessitating the need to review the strategies they adopt.

The choice of strategy can improve or erode the position of a firm within an industry. Competitive strategy not only responds to the environment but also attempts to shape the environment.

A firm's competitiveness is the degree to which it can, under free and fair market conditions produce goods and services that meet the level of international markets, while simultaneously expanding the incomes of its citizens. Competitiveness might simply be viewed as the sustained ability to find domestic or foreign buyers for ones

goods and services at profitable prices in a competitive environment. It is a dynamic attribute of firms rather than one that is static in time and space. (Porter, 1985)

Some of the main arguments concerning globalisation and Kenya's position within the global market include; manufacturing in Kenya lacks international competitiveness, the pervasive role of information technology that's is reshaping entire industries and the demand to adopt and implement international standards.

Various studies have been carried to examine the impact of changes on the environment and some of the strategies that various firms have adopted in Kenya in response to these changes.

Studies by Bwibo (2000), Bett (1995) Shimba (1993) shade more light on the turbulence resulting from liberalization and the need for strategic responses, which would guarantee survival of profit and non-profit organisations.

Kombo (1997) argued that the changed environment due to liberalisation and globalisation forced industries to re-look at their operations. Aosa (1992) investigated aspects of strategy formulation and implementation with large private manufacturing companies and observed among other conclusions that environmental turbulence tended to pose challenges to management. Chune (1998) studied changes in business environment in Kenya and how they influenced food companies and observed that a changing business environment is likely to be the norm in the business world and therefore must anticipate influence of the external environment. Similar studies were carried by Abekah (1996) and Karemu (1993).

Every firm is a collection of activities that are performed to design , produce , market , deliver and support its product. All this activities have been represented using a value chain. The firm's value chain and the way it performs individual activities is reflection of its history and its strategy Differences in competitor value chain are a key source of competitive advantage. The value chain activities can be categorised to two types of activities; Primary and Support activities. Within this category there are three activity that play a major role in competitive advantage: Direct, indirect and quality assurance. Direct activities are those that directly result in value creation. Indirect activities facilitate achieving direct activities. Quality assurance ensures the quality of all the activities

The quality movement. Spearheaded by management thinkers like the late W. Edward Deming has had an important impact on the way organisations perform strategic management. The contemporary understanding of quality has advanced far beyond the earlier reliance of post-production procedures (called quality control) to weed out production mistakes. Quality has come to mean an organisation wide commitment to enhance the value of a product or service at every stage of bringing it to the market from perceived customer need to post customer service. (Mintzberg 1992)

The last decade has seen a surge in the focus on standards and quality issues by firms in the world and promises to continue in the years ahead. Thus we see statements such as "Quality is most important strategic issue facing management in the 1990's" (Fortuna 1990) and advertising lines that emphasize a firm's focus on meeting customer requirements through the adoption of international standards. The increased emphasis faced by many firms can be attributed to increased competition. If increased

competition is the primary basis for renewed focus on standards it is important to understand what role the standards play as a strategic tool.

Differentiation is one of way competitive advantage can be achieved. A firm may differentiate itself from it's competitors if it can be unique at something that is valuable or adds value to its consumer or buyer. The use of standards as a differentiation tool has been noted to be a potential source of competitive advantage (Lai, 1996).One such standard is the ISO 9000 quality management standard .It has been found to have the largest impact of any single standard and so far in the world.(Willingmyre,2001).They have impacted strongly on industry and service operations throughout Europe .

An enterprise can remain in business and make profits over the long term only by satisfying the needs for its customers. It is generally assumed customer specifications are contained in the orders they place and as long as this requirement is met the customer will be satisfied. The process is more complex argues Lai, as implied needs may not be included in the order. Additional steps to ensure all known and implied customer needs are identified and incorporated in the value chain need to be taken. Quality awareness must begin when the customer requirements have been identified. This conscious effort must continue through the value chain if the firm is eventually meet the customer needs. ISO 9000 as tool can be used to manage the process leading to competitive advantages for the firm. It can be used to manage marketing and marketing , research ,product design and development ; purchasing; production or provision of services ;verification; packaging and storage ; sales ; installation and commissioning technical assistance and servicing. Since the concept of quality systems is comparatively new , there is confusion between product quality standard and quality

system standard. Product quality standard refers to the characteristics or parameters of the product which must be achieved or met. Quality system standard defines the method of managing Quality in a firm. A quality system helps the firm to plan and consistently achieve product quality as well as understand the customers requirements.

2.2 ISO 9000 Quality Management Standards

International standards have been used, as a tool for Kenyan firms to respond to the changes in the business environment. One of the more popular standard is the ISO 9000 quality management system standard. The ISO 9000 international standard for quality management and quality assurance have been adopted by over 90 countries and are being implemented by thousands of companies in both private and private sectors. ISO 9000 is one series among more than 9,600 international Standards published by the international organisation for standardization (ISO) since it started its operation in 1947. ISO develops standards in all fields. The standards are Market driven. They are developed by international consensus among experts drawn from the industrial, technical or business sectors, which have expressed the need for a particular standard. Regulatory bodies, government, and academia and consumer groups may join them. Although they are voluntary, the fact that they are developed in response to market demands, and are based on consensus among interested parties, ensures widespread use of the standard.

ISO 9000 and ISO 14000 are known as generic management systems standards. This means they can be applied to any organisation, large or small, whatever it's product.

Management systems refer to what an organisation does to manage to its processes or activities. In small organisations the systems may be less complex and may not require procedures and other forms of documentation unlike other large companies. The main aim of the systems is to ensure that time; money and other resources are utilized efficiently. Management systems standards. They provide a framework or a model by which companies can set up an operating management system. Firm, which models against this standard, are said to conform to these standards. (Lai, 1996)

Conformity to these standard is carried out by registration bodies, which are referred to as registrars. Registration is the process of recording details of organisations of assessed capability, which have satisfied prescribed standards. It means to be registered with a certification body. It is the procedure by which a body indicates relevant characteristics of a product, process or service, or particulars of a body or persons, in an appropriate publicly available list. Certification is another word used for registration (ISO 9000:2000).

An enterprise can remain in business and make profits over the long term only by satisfying the needs of its customers. It is generally assumed that the product specifications customers provide when placing orders cover all their requirements. It is also assumed that if these requirements are met during production and verified by inspection, full customer satisfaction will result (Lai, 1996).

Literature by various writers outline that there are benefits associated with adopting and implementing standards. The ISO 9000 series has been applied by many companies globally and has probably reduced waste, rejected production and improved the price quality profits of the company.

Standardisation had and has continued to have a major impact on competitiveness.

These standards were first published in 1987 by ISO having sprung out of the earlier UK standard BS 5750 of 1974. For more than 20 years quality control was practised from textbooks and experiences reported in journals (Gould, R. 1998).

In the 1960s and 1970, Japan became a serious challenge for the global markets due to its emphasis on high quality and low cost products. "Made in Japan" was a household label and synonymous with quality. Shortly thereafter, the British published BS 5750 to encourage British producers to meet this standard and sell their products under the new standard. (Gould, R. 1998)

Thereafter, it was revised to be an international standard. It is said the impact of the standards on the global trade can be reflected in the rise in the number of certificates issued to complying companies, Standing at a figure of a quarter million in 1998 with 54% held in Europe (Gould, R. 1998).

2.3 ISO 9000- the Kenyan context.

There is comparatively little information available in the general standardisation, quality relationship field in Kenya. In keeping with the international business environment and the bold measures taken by the Kenya government on the liberalization of the economy, Kenya through the Kenya bureau of standards adopted the ISO 9000 quality management standards (Rotich 1996).

The Quality system Accreditation committee is the national accreditation committee for quality systems assessors, consultants and trainers at both individual and corporate levels and administers the national scheme for registration of quality systems assessors, consultants and Trainers. The objective of the committee is to promote quality system certification activities countrywide by ensuring orderliness, fair play professionalism and accountability in the provision of requisite services. The quality system accreditation committee is responsible for maintaining a national register for all certified firms, qualified assessors and registrar bodies. Four registrars have been listed to undertake certification activities. These include, SGS Kenya Ltd, Lloyds Register, Bureau Veritas (K) and Kenya Bureau of Standards.

At the close of 2001 close to 100 firms were on record having complied and been certified against the ISO 9000 Series of standards. (See appendix 1)

Survey's carried out by ISO every year reveal many companies have adopted ISO 9000 which they have found to be an effective tool that can make a real contribution to improving a company's practices, performance and bottom line.

The current pattern of demand for ISO 9000 in Kenya is not documented. There remains a lack of knowledge and information despite a sudden demand for them over the last 5 years (Quality system assessment committee, 1999)

In Kenya, the interest in ISO 9000 is on the crest of a wave. The high level of respect for the standards is demonstrated by the considerable publicity given in the newspapers each time a company achieves ISO 9000. They have become the subject of numerous articles and publications. A thriving consulting industry has sprang up. Companies

proclaim their registration on certification on banners, news releases and advertisements (Daily Nation, 2001).

The current strong interest in ISO 9000 in Kenya has come about as a result of several Factors as reported in Newspaper interviews with the management of various companies. "It was a desire to improve the quality of services to our customer", Ed Blagden, General Manager Tibbet & Britten (Nation, 2001), For Subbarao Paniraj, General manager, Coastal bottlers, "it was to create responsibility at each level of the organisation thereby leading to accountability, team work and efficiency, (Daily Nation, 2001). Kenya Bixa, exporters of food colouring, were required by their international Clients to implement the standards if they were to continue to enjoy the continual access to the international market", Raju (Daily Nation, 2001).

Although the standards are voluntary, interest in them appears to be driven by market forces and firms are waking up to the fact that their survival in a competitive market place is by no means mandatory. In Kenya today, purchasers of services and products even the common consumers, no longer base their decisions to purchase by looking at the quality and the end products. More are looking beyond to a guarantee that suppliers have systems to ensure consistency in meeting their expectations. The standards provide a model for achieving customers' requirements.

2.4 Criticisms levelled against ISO 9000.

Available Literature reveals that there have been a number of persistent criticisms of ISO 9000 some real while others are perceived The standards have been criticized from a number of perspectives.

The cost of implementation and registration has been cited as one factor of concern. John Wilson of the World Trade organisations quoting a Deloitte & Touché management consultancy 1993 report cited that the cost of registration to ISO 9000 for firms operating in North America averages \$245, 000 per firm including the costs of re audits by certification bodies. This is prohibitive especially if the associated benefits are not realised within a pre-determined period.

Firms have been compelled to adopt these standards. Firms hostile to any form of regulation signed up for ISO 9000 in the false belief that it would be a suitable replacement. They signed up reluctantly because they felt it was market imperative.

It has been argued that they do not guarantee Quality and they do not have any stated product quality target.(Lai 1996). On the other hand registration firms were perceived to be profiteering while the cost of cost of registration is prohibitive.

Standards have also been seen as barriers to trade. Unless one implements these standards access to certain markets is restricted.

CHAPTER THREE – RESEARCH METHODOLOGY

3.1 Population

This study's population is defined as those companies that have been certified against ISO 9000 Quality management system in Kenya and whose registration was current and registered with the Quality systems assessment committee. The number of firms in Kenya that met this criterion is 80.

3.2 Sampling

The survey method was used in this study. A random sample of 30 was selected randomly. In determination of the sample size, the study adopted the approach suggested by Dixon and Leach (1984). They proposed that adequacy and resource consideration should determine the sample size. By adequacy they meant that the sample should be big enough to enable reasonable estimates of variables obtained to be able to capture variability of responses and facilitate quantitative comparable analysis.

Daniel and Terrel (1975) stated that as a rule of thumb the sample size of 30 or more is adequate to form a representative sample. Due to the time and cost limitations only companies located in Nairobi and its environs were studied. Most of the certified firms are located in Nairobi and sample taken formed a good representative sample.

The firms met the following criteria.

- i. The registration was current, and had not expired
- ii. Their registration was not more than 6 months old.

3.3 Data Collection

Data was collected using a semi –Structured questionnaire served on respondents through drop and pick methods. The exercise obtained detailed information including other supplementary information by probing the respondent and also gave the respondent a chance to give any other information they considered relevant .See appendix (iii) The target of the study was the CEO ‘s of the firms or their appointed management representatives. The management representatives are responsible for the implementation and maintenance of the standards as required by the standard.

The method was chosen because of the time and cost .The questionnaire was divided into three parts.

- Part I Company information .The Overall picture of the company in terms of ownership, number of employees, details of their registrar and scope of registration.

- Part II Questions relating to reasons for seeking registration, benefits enjoyed and the challenges and disadvantages of facing registered firms.

- Part III Respondents were given a chance to air their views on ISO certification and how industry can be motivated to accept them.

The questions format used was both close ended and open-ended. The Open-ended questions allowed the respondent to respond in their own way, freely and spontaneously. Close-ended questions allowed the respondent to select the possible answer that was fitting to their circumstances with regards the question.

3.4 Data analysis.

Data analysis was conducted using Statistical Package for social Sciences (SPSS)

Editing of data was undertaken before data analysis and before proceeding to tabulation so as to;

- : Check if questionnaires had been completed correctly.
- : Code the responses.

The investigation was composed of descriptive statistics. to establish what were the Key challenges, reasons for seeking registration, main benefits, and attitudes . Analysis was done to determine if relationships existed between the above factors and the size, location and industry, which the firms belong to. This was done using chi –square test for relationships. This statistic is used to test the hypothesis of no association and is more likely to find significance to the extent that the relationship is strong. (Agresti, 1996)

CHAPTER FOUR: ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Organisation Profiles and Response rate.

This section aims at outlining the profile of the surveyed companies, thus putting into context the companies' needs and expectations as well as their evaluations and opinions. The population of study was 30 companies in the manufacturing and service industry. All the firms that were given questionnaires responded. So the response rate was 100%. This can be attributed to the fact that this is a pioneer survey in this area leading to a general interest to respond. The use of a research assistant to follow up questionnaires can also be a contributing factor.

4.2 Profile of respondents.

The respondents who were responsible for filling the questionnaires have executive responsibility and are knowledgeable in the area. The table below shows the respondents occupational titles and the frequency of the title of the person that filled the questionnaires. The respondents in titles include: Quality System Auditor, Strategic Development Manager, Quality / Technical Services Manager, General Manager, Director, General Manager – Production, Technical Manager / QMS, Quality Engineer, Senior Engineer, House Quality Assistant, ISO Scientist, Co-ordinator, Quality Assurance, Managing Director, Business Unit Manager, Project Manager, Administrator.

This list is summarised in Table 1: Profile of Respondents.

Table 1: Profile of Respondents

PROFILE OF RESPONDENTS	FREQUENCIES	RESPONSE (%)
Quality System Auditor	1	3.33%
Strategic Development Manager	1	3.33%
Quality / Technical Services Manager	6	23.33%
General Manager	2	6.67%
Director	2	6.67%
General Manager – Production.	1	3.33%
Technical Manager / QMS	7	23.33%
Quality Engineer	1	3.33%
Senior Engineer	1	3.33%
House Quality Assistant	1	3.33%
ISO Scientist	1	3.33%
Co-coordinator, Quality Assurance.	1	3.33%
Managing Director	1	3.33%
Business Unit Manager	1	3.33%
Project Manager.	1	3.33%
Administrator	1	3.33%
Total	30	100.00%

Source: Survey Data.

4.3 Ownership.

Ownership of the firms that were studied were either Local, Foreign or Jointly owned. Majority of the respondents were locally owned. There were 46.7% locally owned firms compared to 36.7% foreign owned and 16.7% Jointly owned.

Table 2: Ownership

OWNERSHIP	FREQUENCY	RESPONSE(%)
Local	14	46.70%
Foreign	11	36.60%
Joint	5	16.70%
Total	30	100.00%

Source: Survey Data.

4.4 Location.

90% of the firms were located in Nairobi while the remaining 10% were in Athi River town just about 25 Kilometres on the environs of Nairobi. An analysis to establish whether location of the organisation influenced the decision to implement ISO 9000 was carried out.

Table 3: Location.

LOCATION	FREQUENCY	RESPONSE.(%)
Nairobi	27	90.00%
Athi River	3	10.00%
Total	30	100.00%

Source: Survey Data.

4.4.1 Location Vs Reason for seeking registration to ISO 9000.

An analysis to establish if there existed a relationship between the location of the firm and reason for seeking registration was done using Chi square analysis. The firms surveyed were located in two areas. Majority were situated in Nairobi (90%) and 10% in the environs of Nairobi. The test for relationship between the location and the reason

why firms sought registration to ISO 9000 brought the following results using a two-tailed chi-square. Alpha was .050

Table 4: Reason for Registration.

FACTOR - REASON FOR REGISTRATION TO ISO 9000	2-tailed CHI-SQUARE	Alpha
Customer Pressure	0.474	0.05
Promotional Tool	0.314	0.05
Corporate Directive	0.414	0.05
Better Management Control	0.271	0.05
Improved Customer Service	0.543	0.05

Source: Survey Data.

The two-tailed chi-square test of relationship show that all the factors given in the table above, including customer pressure and improved customer service show that the chi-square factor is greater than alpha for all the firms. Therefore this means that the reason why firms register to ISO 9000 is not dependent on the location of the company.

4.4.2 Location Vs Benefits of Implementing ISO 9000.

The findings for the test of relationship between location and the benefits of awareness using a two-tailed chi-square test came up with the following findings.

Table 5: Locations Vs Benefits of Implementing ISO 9000.

FACTOR - BENEFITS OF IMPLEMENTING ISO 9000	2-tailed CHI-SQUARE	Alpha
Greater Quality Assurance	0.474	0.05
Organizational Benefits	0.314	0.05
Improved Management Practice	0.414	0.05
Improved Product or Service Quality	0.271	0.05
Improved Customer Service	0.543	0.05
Cost Savings due to efficient resource use	0.632	0.05
Customers perception of firm improved	0.385	0.05
Reduced Complaints	0.294	0.05
Increased Demand for products or service	0.402	0.05
Increased market share	0.564	0.05
Access to export markets	0.853	0.05
Competitive Advantage over competitors	0.624	0.05

Source: Survey Data.

All the above benefits have their chi-square greater than .05 alpha. Therefore the findings show that there is no dependence between maintaining ISO 9000 registration and the location of the company.

4.4.3 Location Vs Challenges of Maintaining ISO registration.

An analysis to establish if there was a relationship between Location and the challenges of maintaining the registration of ISO 9000 was carried out. With the exception of Shrinking of markets affecting company performance and lack of appreciation by Kenyan consumers, which was found to be accepted by the companies surveyed as major challenges facing the companies, the other factors all proved to be of no consequence. The two-tailed chi-square factors for these challenges were found to be greater than alpha of 0.05. These are summarized in Table 6 below

Table 6: Location Vs Challenges of Implementing ISO 9000.

FACTOR - CHALLENGES OF MAINTAINING ISO 9000	2-tailed CHI-SQUARE	Alpha
Surveillance Costs High	0.165	0.05
Management Support is Lacking	0.543	0.05
Supplier Inconsistency	0.474	0.05
Staff Turnover Leading to QM system failure	0.232	0.05
Shrinking Markets affecting company performance	0.543	0.05
Unfair Competition from non certified firms	0.713	0.05
Lack of appreciation by Kenyan Consumers	0.320	0.05
Poor support from registrar company	0.626	0.05

Source: Survey Data.

From the above table it is the chi-square findings are greater than alpha of 0.05. Therefore the findings show that challenges of maintaining ISO 9000 and the location of the companies are not dependent.

4.5 Number of Employees.

The number of employees for the registered firms was also established and relationships between the number and various factors analysed 40% of the firms had less than 100 employees. 33.3% had between 100 and 200 employees. Those with between 201 and 300 employees were 16.7% of the respondents. 3.3% of the respondents had 301 to 400 employees and the same proportion also for the firms with 401 to 600 employees.

Table 7: No. of Employees.

NO OF EMPLOYEES	FREQUENCY	RESPONSE(%)
Less than 100	12	40.00%
100-200	10	33.40%
201-300	5	16.70%
301-400	1	3.30%
401-500	1	3.30%
501-600	1	3.30%
Total	30	100.00%

Source: Survey Data.

4.5.1 Number of Employees Vs Reasons for seeking Registration

The size of the firm measured by the number of employees was also tested for relationship against the reasons why companies seek registration to ISO 9000. The findings was that apart the fact that corporate directive, better management control and improved customer service being positive as to why companies register, the chi-square test for relationship was different. The test finding is that all the reasons given for registering to ISO 9000 were not dependent on the size of the firm given by the number of employees. Summary is given below.

Table 8: No of Employees Vs Reasons for Registering to ISO 9000

FACTOR – REASONS FOR REGISTRATION TO ISO 9000	2- tailed	
	CHI-SQUARE	ALPHA
Customer Pressure	0.168	0.050
Promotional Tool	0.412	0.050
Corporate Directive	0.055	0.050
Better Management Control.	0.228	0.050
Improved Customer Service	0.292	0.050

Source: Survey Data.

From the above results it can be concluded that since the 2 tailed chi-square figure for all the reasons is greater than the alpha (0.5), then the reasons for registering to ISO 9000 is not dependent on the number of employees.

4.5.2 Number of Employees Vs Benefits of Implementing ISO 9000.

By Implementing ISO 9000 companies intent to benefit from certain factors. These factors however from our survey seem not to be forthcoming when measured against the number of employees a company has. The test for relationship using a two-tailed chi-square with an alpha factor of .05 shows that these findings are confirmed. These factors with the chi-square factors are summarized in the table below.

Table 9: Number. Of Employees Vs Benefits of Implementing ISO 9000.

FACTOR - BENEFITS OF IMPLEMENTING ISO 9000	2-tailed CHI-SQUARE	ALPHA
Greater Quality Awareness	0.634	0.050
Organizational Benefits	0.750	0.050
Improved Management Practice	0.978	0.050
Improved Product or Service Quality	0.902	0.050
Improved Customer Satisfaction	0.953	0.050
Cost Savings due to Efficient use of Resources	0.506	0.050
Customers Perception of Firm Improves	0.722	0.050
Reduced Complaints	0.912	0.050
Increased Demand for Products or Services	0.826	0.050
Increased Market Share	0.478	0.050
Access to Export Market	0.572	0.050
Competitive Advantage over Competitors	0.508	0.050

Source: Survey Data.

From the above table the findings are that, since all the benefits of Implementing ISO 9000 have a factor greater alpha (0.05) then the conclusion is that these benefits are not dependent on the Number of Employees.

4.5.3 Number. of Employees Vs The Challenges of ISO 9000.

The chi-square test to find out if there is a relationship between the challenges of maintaining ISO 9000 registration and the number of employees came up with the findings that except for the challenge of supplier inconsistency, all the other challenges were not dependent on the number of employees. These are summarized below.

Table 10: Number . of Employees Vs Challenges of Maintaining ISO 9000.

FACTOR - CHALLENGES	OF2-tailed	CHI-SQUARE	ALPHA
MAINTAINING ISO 9000			
Surveillance costs are high	0.092		0.050
Management support lacking	0.844		0.050
Supplier inconsistency	0.037		0.050
Staff Turnover leading to QM system failure	0.319		0.050
Shrinking Markets affecting company performance	0.618		0.050
Unfair competition from non certified firms	0.296		0.050
Lack of appreciation by Kenyan Consumers	0.586		0.050
Poor support from the registrar company.	0.509		0.050

Source: Survey Data.

From the chi-square factors above, all the challenges apart from the challenge of supplier inconsistency have a chi-square factor of greater than alpha factor of 0.05. That means that all these challenges are not dependent on the number of employees. Supplier inconsistency had a chi-square factor of 0.037. This is less than the alpha factor of 0.05 and hence this means that Supplier inconsistency is dependent on the number of employees. This does suggest that the staffing level of employees does impact on the supplier consistency when it comes to delivery of goods or services. In turn this will impact on the quality system which includes supplier management as a critical factor.

4.6 Nature of Business.

The nature of business carried out by the firms was established and any relationship with other factors analysed. 53.3% of the respondents were in the Manufacturing industry while the other 46.7% were in the Service industry.

Table 11: Industry.

INDUSTRY	FREQUENCY	RESPONSE(%)
Manufacturing	16	53.30%
Service	14	46.70%
Total	30	100.00%

Source: Survey Data.

4.6.1 Industry Type Vs Reasons for Seeking Registration to ISO 9000.

It was also important to measure the relationship between the industry the firm was involved in and the reasons why the company sought registration to ISO 9000. There were two industry divisions that were important. These were the service and the Manufacturing industries. The measurement of relationship using two-tailed chi-square came up with the following results.

Table 12: Industry type Vs Reasons for Registration to ISO 9000.

FACTOR - REASONS FOR REGISTRATION TO ISO 9000	CHI-SQUARE	ALPHA
Customer Pressure	0.391	0.050
Promotional Tool	0.793	0.050
Corporate Directive	0.132	0.050
Better Management Control.	0.045	0.050
Improved Customer Service	0.135	0.050

Source: Survey Data.

From the above table, the reasons why firms seek registration to ISO 9000 show that, only Better management control benefit is dependent on the industry that the firm is involved in. This is because it has a chi-square factor of less than .045, which is less

than alpha factor of 0.05. The others have a chi-square factor of greater than the alpha factor of 0.05.

4.6.2 Industry Involved in Vs Benefits of Implementing ISO 9000.

The benefits of implementing ISO 9000 was measured for relationship with the industry that the company is involved. The findings that came up are summarized in a table below. The test for relationship was done using two-tailed chi-square with an alpha of 0.05.

Table 13: Industry involved in Vs Benefits of Implementing ISO 9000.

FACTOR - BENEFITS OF IMPLEMENTING ISO 9000	CHI-SQUARE	ALPHA
Greater Quality Awareness	0.106	0.050
Organizational Benefits	0.782	0.050
Improved Management Practize	0.865	0.050
Improved Product or Service Quality	0.017	0.050
Improved Customer Satisfaction	0.236	0.050
Cost Savings due to Efficient use of Resources	0.349	0.050
Customers Perception of Firm Improves	0.094	0.050
Reduced Complaints	0.877	0.050
Increased Demand for Products or Services	0.784	0.050
Increased Market Share	0.403	0.050
Access to Export Market	0.788	0.050
Competitive Advantage over Competitors	0.188	0.050

Source: Survey Data.

From the table above the findings show that for all the benefits listed except Improved Product or Service Quality, the chi-square factor is greater than the alpha factor of 0.05.

This means that all those benefits with chi-square factor greater than 0.05 are not dependent on the industry the firm is involved in.

The benefit of improved product or service quality has a chi-square factor of 0.017, which is less than 0.05. That means the benefit is dependent on the industry that the firm is involved in.

4.6.3 Industry Type Vs Challenges of Maintaining registration .

In maintaining ISO 9000, several challenges were found during the survey. These challenges were measured for relationship against the industry the firm is in to find out whether there is any dependence. The findings are given in a table below.

Table 14: Industry Involved Vs Challenges in Maintaining ISO 9000.

FACTOR - CHALLENGES OF MAINTAINING ISO 9000	CHI-SQUARE	ALPHA
Surveillance costs are high	0.012	0.050
Management support lacking	0.929	0.050
Supplier inconsistency	0.205	0.050
Staff Turnover leading to QM system failure	0.750	0.050
Shrinking Markets affecting company performance	0.558	0.050
Unfair competition from non certified firms	0.727	0.050
Lack of appreciation by Kenyan Consumers	0.640	0.050
Poor support from the registrar company.	0.061	0.050

Source: Survey Data.

From the table above, the findings are that except for the challenge of surveillance costs being high, the other challenges have a two-tailed chi-square factor of greater than alpha of 0.050. This means that the challenges listed above except for the surveillance cost being high are not dependent on the industry that the companies are involved in.

Surveillance cost are high ,a chi-square factor of 0.012 which is less than the alpha of 0.05. Therefore it means that the surveillance costs being high is dependent on the industry the firm is involved in.

4.7 Product Markets.

4.7.1 Type of Trade.

75.9% of the respondents were engaged in export trade. The other 24.1% did not engage in export trade. One respondent did not state the type of trade.

Table 15: Trade Type.

TRADE TYPE	FREQUENCY	RESPONSE(%)
Export	22	75.90%
Non-Export	7	24.10%
Total	29	100.00%

Source: Survey Data.

4.7.2 Countries of Export.

The countries, which the respondents dealt with in trade, were varied. However, majority of the firms exported their products and services to Eastern African Countries. They accounted for 44% of the response. 36% exported to Comesa region, 8% exported to various countries, 8% exported to African countries while 4% exported globally. The other 5 did not state where they export.

Table 16: Destination of Exports.

DESTINATION	FREQUENCY	RESPONSE(%)
Eastern Africa	11	44.00%
Comesa	9	36.00%
Various Countries	2	8.00%
Africa	2	8.00%
Global	1	4.00%
Total	25	100.00%

Source: Survey Data.

4.8 ISO 9000 Certification.

4.8.1 Year of Certification.

In response to the year the firms were certified for ISO 9000, 10.3% were certified in 1996, 17.2% in 1997, 6.9% in 1998, 24.1% in 1999, 27.6% in 2000, and 13.8% were certified in 2001.

Table 17: Year of Certification for ISO 9000.

YEAR OF CERTIFICATION	FREQUENCY	RESPONSE(%)
1996	3	10.3%
1997	5	17.2%
1998	2	6.9%
1999	7	24.1%
2000	8	27.6%
2001	4	13.8%

Source: Survey Data.

4.8.2 Scope of Certification.

The scope of certification by the respondents varied. The majority of the respondents' scope of certification was in Manufacturing and this accounted for 50%. Within the Services industry, Paging services and contracting services had 6.7% share each.

Documents delivery, transport, printing and dispatch, Architecture and design, Construction and planning, Handling, distribution and sales of petroleum products, Computer training, Marketing and Manufacturing of Petroleum products, importing and distribution, clearing and forwarding and sales and service each of all these accounted for the 3.3% of the share. Manufacturing firms form the majority of Certified firms, 53.3% while the services make 46.7%.The standard appears to have been adopted readily by the manufacturing sector. This can be attributed to the fact the initial focus of the standards was the manufacturing firms (Lai,1996).However service industries have began to accept them and adopt them as they are generic management tools

4.8.3 Respondents Current Registrar

Three registrars emerged as the major players in the standards certification industry. In the field SGS-ICS leads with 73.7% of the share of respondents. Kenya Bureau of Standards (KEBS) follows it with 16.7%, and BVQI with 10%

N=30

Table 18: Companies' Current Registrar.

REGISTRAR	FREQUENCY	MARKET SHARE (%)
SGS-ICS	22	73.3%
KEBS	5	16.7%
BVQI	3	10.0%
Total	30	100%

Source: Survey Data.

4.8.4 Implementation of ISO 9000.

The respondents' implementation of the standard was done within or with the assistance of others. 56.7% of the respondents were assisted in the implementation by

external consultant. 10% were assisted in the implementation by their registrar and 33.3% used internal consultant either within the firm or from their parent company.

FIGURE 10: IMPLEMENTATION ASSISTANCE PROVIDED BY REGISTRARS

Implementation Assistance	Frequency	Percentage
Not Assisted	17	54.7%
Not Certified	10	31.2%
Assisted	2	6.3%
Not Responded	3	9.8%

Source: Survey Data

Reasons for Seeking Registration to ISO 9000

The second reason why the respondents seek sought registration to ISO 9000 is of the respondents sought registration because of increasing business. 21.3% seek the registration to increase the quality of products/services, and 23.4% have used a consultant/agent to a register and 20% because of improved Customer service. The percentages listed in the table are based on the total respondents who responded to each specific question asked by the final questionnaire.

FIGURE 11: REASONS FOR SEEKING REGISTRATION TO ISO 9000

Reason for Registration to ISO 9000	Frequency	Percentage
Increased Customer Service	14	43.8%
Increased Business	23	71.9%
Improved Quality	7	21.9%
Increased Productivity	2	6.3%
Other Reasons	4	12.5%

Source: Survey Data

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Table 19: Implementation Assistants.

IMPLEMENTATION ASSISTANT	FREQUENCY	RESPONSE(%)
External Consultant	17	56.7%
Internal Consultant	10	33.3%
Registrar	3	10.0%
Total	30	100%

Source: Survey Data.

4.9 Reasons for Seeking Registration to ISO 9000.

There are several reasons why the companies have sought registration to ISO 9000. 13.7% of the respondents sought registration because of customer pressure. 23.3% because it is a promotional tool, 16.7% due to corporate directive, and 73.3% have cited better management control as a reason and 80% because of Improved Customer Service. The percentages reflected in the table are based on the total respondents who responded to each specific question divided by the total respondents

Table 20: Reasons for seeking registration to ISO 9000.

REASONS FOR REGISTRATION TO ISO 9000	FREQUENCY	RESPONSE
Improved Customer Service	24	80.0%
Better Management Control.	22	73.3%
Promotional Tool	7	23.3%
Corporate Directive	5	16.7%
Customer Pressure	4	13.3%

Source: Survey Data.

N=30

4.9.1 Company Vs benefits, challenges and reasons for seeking ISO 9000.

Test of relationships between the factors above was also performed. This was done using the chi-square test. The test brought the following results.

4.9.2 Reasons for Registration to ISO 9000 Vs Company Ownership.

The reason why companies seek registration to ISO 9000 because of customer pressure in relation to the Company ownership, the findings were that, all categories of ownership, that is local, foreign or joined did not agree with that fact. The chi-square test performed with alpha of .05 confirmed that. The same confirmation of the rejection of the relationship was also found in the following factors summarized below.

Table 21: Two-tailed Chi-Square Test to Company Ownership VS Reason for Registration.

FACTOR - REASON FOR REGISTRATION TO ISO 9000	2- tailed CHI-SQUARE Alpha = .05
Customer Pressure	0.829
Promotional Tool	0.616
Corporate Directive.	0.397
Better Management Control	0.932
Improved Customer Service	0.384

Source: Survey Data.

For the factors, better management control and improved customer service, despite the fact that company ownership whether local, foreign or joint the reason why they registered to ISO 9000, the chi-square test findings show that these factors are not dependent on company ownership. It is because these factors have been found out to be existent. These factors' chi- square factors were greater than the alpha of .05 and that means there is no dependence.

4.10 Benefits of implementing ISO 9000.

In Implementing ISO 9000, the firms have cited several benefits. The benefits they have derived vary in degree of importance from “To a large extent experienced to not experienced”. One of the benefit that is derived from implementing ISO 9000 is Greater Quality Awareness among the staff of the company. This benefit, was experienced by 40% of the firms to a large extent.46.7% experienced it, 10% moderately experienced it and only 3.3% did not experience this benefit.

Organizational benefit was to a large extent experienced by 39.3% of the organizations. 42.9% experienced the benefit and 17.9% moderately experienced the benefit.

Improved management practice benefit was to a large extent experienced by 31% of the respondents. 51.7% experienced it and 17.2% have moderately experienced it. Only 3.3% did not experience this benefit.

Improved product of service quality was to a large extent experienced by 44.8% of the respondents. 41.4% have experienced the benefit, 6.9% have moderately experienced the benefit, 3.4% have least experienced the benefit and 3.4% have not experienced the benefit.

The summary of all the benefits experienced and their degree of experience are shown overleaf. The percentages reflected in the tables are based on the total respondents who responded to each specific question divided by the total respondents

Table 22: Benefits of Implementing ISO 9000 Quality Management System.

BENEFITS OF IMPLEMENTING ISO 9000	TO A LARGE EXTENT EXPERIENCED	EXPERIENCED	MODERATELY EXPERIENCED	LEAST EXPERIENCED	NOT EXPERIENCED
Improved Product or Service Quality	44.8%	41.4%	6.9%	3.4%	3.4%
Improved Customer Satisfaction	44.8%	37.9%	10.3%	3.4%	3.4%
Greater Quality Awareness	40.0%	46.7%	10.0%	0.0%	3.3%
Organizational Benefits	39.3%	42.9%	17.9%	0.0%	0.0%
Improved Management Practice	31.0%	51.7%	13.8%	0.0%	3.4%
Cost Savings due to Efficient use of Resources	25.9%	22.2%	33.3%	7.4%	11.1%
Customers Perception of Firm Improves	25.0%	60.7%	7.1%	3.6%	3.6%
Increased Demand for Products or Services	10.7%	28.6%	35.7%	7.1%	17.9%
Reduced Complaints	10.3%	65.5%	17.2%	3.4%	3.4%
Competitive Advantage over Competitors	10.3%	44.8%	24.1%	13.8%	6.9%
Increased Market Share	3.7%	25.9%	44.4%	18.5%	7.4%
Access to Export Market	3.7%	18.5%	55.6%	11.1%	11.1%

Source: Survey Data.

N=30

4.10.1 Company Ownership Vs Benefits of Implementing ISO 9000.

Despite the fact that a large percentage of Local, Foreign, and Joint owned companies have experienced the challenge of greater quality awareness, the chi – square finding is that there is no dependence between experiencing the challenge and company ownership. This was the same for the other challenges like; Organizational Benefits, Improved Management practice, Improved product or service quality, Improved

customer satisfaction, Cost savings due to efficient resource, Customer's perception of the firm has improved, reduced complaints, increased market share, access to export markets and competitive advantage over competitors. The chi – square factors for these are summarized in the Table 23 below.

However, for the benefit that implementing ISO 9000 increased the demand for companies' products or services, the firms had experienced this factor and the chi-square finding for this factor was less than the alpha of .05. This means that the factor this benefit is dependent on company ownership whether local, foreign or joint.

Table 23: Chi – Square: Benefits of implementing ISO 9000 Vs Company Ownership.

FACTOR - BENEFITS OF IMPLEMENTING ISO 9000	2-tailed CHI-SQUARE Alpha = .05
Greater Quality Awareness	0.546
Organizational Benefits	0.585
Improved Management Practice	0.314
Improved Product or Service Quality	0.879
Improved Customer Satisfaction	0.201
Cost Savings due to Efficient Resource Use	0.542
Customers' Perception of the Firm Improved	0.594
Reduced Complaints	0.402
Increased Market Share	0.564
Access to Export Markets	0.541
Competitive Advantage over Competitors	0.062

Source: Survey Data.

All the above factors in summary have the two-tailed chi-square factor greater than alpha of .05 and thus the finding is that these benefits are not dependent on the company ownership.

The benefit of increased demand for product or service was found to have a chi-square of .010 and the companies surveyed had had largely experienced this factor. Since alpha was .05 this factor's two-tailed chi-square factor is less than alpha. Therefore the finding is that the benefit is dependent on company ownership.

4.11 Issues facing ISO 9000 certified firms

There are several disadvantages of having a company become ISO 9000 certified. These disadvantages include: Getting ISO registration is expensive; Implementing ISO is expensive; Too much time is required for implementation; It is unnecessary bureaucratic process; It will not work without management support; It is not appreciated in a third world country.

These disadvantages and the degrees of importance from “ To a large extent experienced to not experienced” are given in Table 25 below. The percentages reflected in the table are based on the total respondents who responded to each specific question divided by the total respondents

Tab le 25: Issues Facing ISO 9000 certified Firms

Issues facing ISO 9000 CERTIFIED Firms	TO A LARGE EXTENT EXPERIENCED	EXPERIENCED	MODERATELY EXPERIENCED	LEAST EXPERIENCED	NOT EXPERIENCE
It will not work without management support	62.1%	17.2%	3.4%	3.4%	13.8%
Too much time required for implementation	24.1%	27.6%	17.2%	20.7%	10.3%
Implementing ISO is expensive	14.3%	14.3%	28.6%	28.6%	14.3%
Getting ISO registration Expensive	13.8%	27.6%	31.0%	13.8%	13.8%
It is not appreciated in a third world country.	3.4%	13.8%	24.1%	17.2%	41.4%
It is unnecessary bureaucratic process	0.0%	3.8%	7.7%	15.4%	73.1%

Source: Survey Data.

N=30

4.12 Challenges in maintaining ISO 9000 registration.

There are challenges in maintaining ISO 9000 registration. The degrees at which these challenges affect the organizations vary in importance. The challenges that were identified include: High surveillance costs; Management support is lacking; Supplier inconsistency; Staff turnover leading to QM system failure; Shrinking markets affecting company performance; Unfair competition by non-certified firms; Lack of appreciation by Kenyan consumers; Poor support from the registrar company.

These challenges and the degree of importance to the firms are given in Table 26 below. The percentages reflected in the table are based on the total respondents who responded to each specific question divided by the total respondents

Table 26: Challenges of Maintaining ISO registration.

CHALLENGES OF MAINTAINING ISO 9000	FREQUENCY	RESPONSE
Lack of appreciation by Kenyan Consumers	18	60.0%
Shrinking Markets affecting company performance	15	50.0%
Unfair competition from non certified firms	13	43.3%
Surveillance costs are high	11	36.7%
Staff Turnover leading to QM system failure	9	30.0%
Supplier inconsistency	4	13.3%
Management support lacking	3	10.0%
Poor support from the registrar company.	2	6.7%

Source: Survey Data.

4.12.1 Challenges of Maintaining ISO 9000 Vs The Company Ownership.

The challenges in maintaining ISO 9000 affected all companies whether local, foreign or joint. Some of the challenges were experienced by others while others did not. The test for relationship using a two-tailed chi-square also identified whether the challenges were dependent on company ownership. The findings are summarized in the table below giving the challenge and the two-tailed chi-square factor. Alpha is 0.050.

Table 27: Challenges in Maintaining ISO 9000 registration Vs Company

Ownership.

FACTOR - CHALLENGES IN MAINTAINING ISO 9000	2-tailed CHI-SQUARE	Alpha
Surveillance Costs are High	0.257	0.05
Management Support lacking	0.356	0.05
Supplier Inconsistency	0.092	0.05
Staff Turnover leading to QM system failure	0.865	0.05
Shrinking Markets affecting company performance	0.521	0.05
Unfair Competition of our certified firms	0.632	0.05
Lack of Appreciation by Kenyan consumers	0.385	0.05
Poor support by registrar company	0.294	0.05

Source: Survey Data.

From the 2 tailed chi-square factor and the alpha factor above, the findings show that all the above factors have a chi-square factor greater than alpha. Therefore the finding is that the challenges listed above are not dependent on company ownership.

Two factors however, the challenge of shrinking markets affecting certified firms and the challenge of lack of appreciation by registrar company was found to be accepted local and joint companies as challenges. The other factors proved negative for all the ownership classes.

4.13 Acceptance of the ISO 9000 quality management system by industry

There are several things that should be done to improve the acceptance of ISO 9000 by the industry. According to the responses that were received, the following were cited. The degree of importance varies. The actions needed to improve acceptance include: -

Training/Awareness Creation; Reduce registration fee; Customer sensitisation; Form an Association of ISO 9000 certified firms; Networking with Industry leaders; Definition of Quality system vis-à-vis customer needs; Government should make it mandatory and enforced; Reduce procedures required; Provide incentives to induce adoption of the standard; Publication of a Quarterly magazine.

These factors are summarized in Table 28 below in order of importance.

Table 28: What should be done to Improve acceptance of ISO 9000.

WHAT SHOULD BE DONE TO IMPROVE ACCEPTANCE	FREQUENCY	RESPONSE(%)
Training/Awareness Creation	15	56.0%
Customer Sensitisation	7	36.9%
Reduce registration fee	6	36.7%
Form an Association of ISO 9000 certified firms	4	22.3%
Government should make it mandatory and enforced	4	18.0%
Publication of quarterly magazine	2	15.4%
Networking with industry leaders	1	11.1%
Reduce procedures required	1	3.4%
Provide incentives to induce adoption of standard	1	3.4%
Definition of quality system vis-à-vis customer needs.	1	3.4%

Source: Survey Data.

4.14 Other standards under consideration for adoption and the reasons.

4.14.1 Other Standards under consideration.

There are other standards apart from ISO 9000 that the firms are planning to adopt. 76.2% of the respondents are planning to implement ISO 14001 standard. 19% are

planning to implement ISO 9001:2000, and 4.8% are planning to implement ISO 18001 standard. Therefore it is evident from the response that ISO 14001 appears to top the list.

These standards and the degree of preference given are summarized below.

Table 29: Other standards under considerations for adoption.

ISO STANDARD PLANNED TO BE IMPLEMENTED	FREQUENCY	(%) RESPONSE
ISO 14001	16	76.2%
ISO 9001:2000	4	19.0%
ISO 18001	1	4.8%

Source: Survey Data.

4.14.2 Why Firms plan to implement other standards.

Firms are responding differently as to why they are planning to implement the quality standards. The reasons given for implementing another system include:

Care for the environment; Ensure required system and processes to support business; Consistent with company policy; It is the way to go; Enhanced customer satisfaction; Effective management of occupational health and safety; To upgrade to the current system; Corporate directive; and Improve quality standards.

These are summarized below in order of importance.

Table 30: Why Firms plan to implement other standards.

WHY FIRMS PLAN TO IMPLEMENT OTHER STANDARDS	FREQUENCY	RESPONSE
Care for the environment	11	47.8%
Ensure required system and processes to support business	3	13.0%
Consistent with company policy	2	8.7%
It is the way to go	2	8.7%
Enhanced customer satisfaction	1	4.3%
Effective management of occupational health and safety	1	4.3%
To upgrade to the current system	1	4.3%
Corporate directive	1	4.3%
Improve quality standards.	1	4.3%

Source: Survey Data.

4.14.3 When Firms are planning to Implement other standards.

The time plan for implementation was spread. Several firms are in the process of implementation while others are planning to implement at an unknown time. The table of implementation period for the planned standards is given below.

Table 31: Period when to implement planned standard.

WHEN TO IMPLEMENTATION OF OTHER ISO STANDARDS	FREQUENCY	RESPONSE
2000	1	5.0%
2001	1	5.0%
2002	4	20.0%
2003	6	30.0%
2004	5	25.0%
2005	1	5.0%
IN PROGRESS	1	5.0%
NOT SPECIFIED	1	5.0%

Source: Survey Data.

CHAPTER FIVE – SUMMARY AND CONCLUSION

5.1 Summary.

In summary the, response rate for the survey was 100%. This survey was a study to determine the strategic use of international standards: the case of ISO 9000 registered firms in Kenya. The objectives of the study were to:

1. Establish the perceived benefits arising from the registration against ISO 9000 by firms in Kenya.
2. Identify the challenges faced by these firms with regards to maintaining their registration.

The study findings came up with the following conclusions in view of the objectives that were being pursued. There were several perceived benefits that are experienced by the firms that are registered for ISO 9000 and adoption of these standards could result to strategic advantages for the firms.

For objective number one of the benefits of registering into ISO 9000 the following benefits were identified and summarized below in order of importance.

Improved Product or service quality

Improved Customer Satisfaction

Greater quality awareness

Organizational Benefits

Improved management practice

Cost saving due to efficient resource use

Customers' perception of the firm improved

Increased demand for products or services

Reduced Complaints

Competitive advantage over competitors

Increased market share

Access to export markets.

The Challenges that firms encounter in maintaining the registration to ISO 9000 were identified as the following in order of importance.

Lack of appreciation by Kenyan consumers

Shrinking markets affecting company performance

Unfair competition by non-certified firms.

Surveillance costs are high

Staff turnover leading to Quality Management system failure.

Supplier inconsistency

Management support lacking

Poor support from the registrar company.

5.2 Conclusion.

ISO 9000 is a quality management system, which if utilized well and all the requirements followed, can lead to enormous benefits. Registered organisations had a positive attitude towards ISO 9000. A significant number felt that the standards make organisations better global competitors. External factors such as the actions of competitors, access to exports markets and customer demand were more influential.

Most registered firms felt that using the standards had resulted to internal benefits, improved customer satisfaction and advantages over their competitors. The benefits though cannot be achieved without surmounting the challenges that go with it. The failure of every system is not in what it cannot achieve but it is how it is implemented.

ISO 9000's benefits can only be attained by proper implementation. There were several observations that were made concerning the systems in Kenya. Some of the issues are generated by concerns that the standard's usefulness cannot be disputed. However its benefits will be watered down if there is no awareness in the business community and the country in general about the standard. The benefits associated to implementation of this standard is influenced by unfair practices by un-registered firms with the registered firms at a disadvantage in terms of the investments made to maintain registration. It is the feeling of the players therefore that either there should be a legislation to make registration mandatory and level the playing ground and or the players form an association to assert themselves and enforce some requirements on the others. The standards however provide a good strategic tool to obtain competitive advantage over firms in the global markets .

The success of any tool is directly dependent on the skill of its users. Organizations failing to gain value from their ISO 9000 registration have used the tool wrongly evidently from the responses. The ISO 9000 standards simply state the mandatory elements required to assure quality in deliverables; they do not specify how to achieve compliance. When ISO 9000 critics point to massive overhead, bureaucratic procedures, unnecessary processes, slow cycle times, etc., they are describing examples of ineffective applications of the standard.

Clients with thorough knowledge of the ISO 9000 standard typically recognize the benefits of a quality system.

The need for greater awareness by industries on the possibility of using the standard as a strategic tool can lead to customers being sceptical of non-registered companies.

5.3 Limitations of the study

There was no pronounced limitations to this study however due to the limited time available for this study, it was not possible to administer the questionnaire through the Open interview method which would have provided more details especially for the open ended questions.

5.4 Suggestions for further Research

Based on the responses from this study it is apparent that more research is required to determine which is the most effective method of disseminating information to the market place about these standards.

It is clear that greater awareness would have a far-reaching effect on the quality of products and the role of the customer in selecting whom to purchase products and services from.

As time progresses, certificates are withdrawn or allowed to lapse. This present survey attempts to show valid certificates only. A study to establish the main reasons for withdrawals from certification or lose of certificates can provide more information on the effectiveness of the standards.

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APPENDIX I - Certified firms in Kenya

Internet <http://www.standardsimpact.org/findings/CQimpact.doc>. **Competitiveness,**
Icsa University Minesota study

ISO REGISTERED FIRMS AS AT DECEMBER 2001

<i>Company</i>	<i>Business Sub-sector</i>
1 Tetra Pak (K) Ltd.	Packaging - food
2 Van Leer E A Ltd. - Plastics Division	Packaging - plastics
3 Caltex Oil (K) Ltd. - Lube plant	Oil
4 Galsheet (K) Ltd.	Steel Products Manufacturers
5 DHL International (K) Ltd.	Coureir - documents
6 Kenya Postel Directories	Telephone directories
7 Mobil Oil (K) Ltd.	Oil
8 Mobil Oil (K) Ltd. - Lube Plant	Oil
9 Caltex Oil (K) Ltd. - Distribution	Oil
10 Magadi Soda Ltd.	Soda Ash miniing & packaing
11 Kenya Shell Ltd.	Oil
12 Coates Brothers E A Ltd.	Ink
13 Atlas Copco Kenya Ltd.	Compressors
14 Standard Chartered Bank	Banking
15 Kenya Petroleum Refineries Ltd.	Oil Refinery
16 Azicon Engineering Ltd.	Cabling
17 Prestige Packaging Ltd.	Packaging - plastics
18 Highland Cannerns Ltd.	Food processing
19 Van Leer E A Ltd. - Steel Division	Packaging - Steel
20 Nation Media Group	Printing
21 Nation Carriers Ltd.	Courier
22 Kenya Bixa Ltd.	Food processing
23 Institute of Advanced Technology	Computers
24 Carnaud Metal Box Ltd.	Packaging - Steel
25 Total Kenya Ltd.	Oil
26 Heidelberg East Africa	Printing equipment and assesories
27 Triad Archtects	Architecture
28 Firestone E A Ltd.	Tyres & tubes
29 Unilever Kenya Ltd.	Food processing / body care products
30 Box Clever Kenya Ltd.	Clearing & forwarding
31 Associated Battery Manufacturers	Battery manufacture
32 Bags & Balers Manufacturers Ltd.	Packaging - bags
33 Total Kenya Ltd. - Service Station Network	Oil
34 Kenya Shell Ltd. - Distribution	Oil
35 Tibbet & Britten Kenya Ltd.	Warehousing/Transport
36 Del Monte Kenya Ltd.	Food processing
	Printing
37 General Plastics Ltd.	Packaging - plastics
38 Vitaplast	Packaging - plastics
39 E A Spectre	Gas cylinders
40 Kaluworks - Mariakani	Steel
41 Mabati Rolling Mills	Steel
42 Silpack Ltd.	Packaging - plastics
43 Premium Drums	Packaging - paper
44 Dodhia Packaging Ltd.	Packaging - plastics

45 East African Packaging	Packaging - paper
46 Bidco Oil Refineries	Edible oils
47 Treadsetters Ltd.	Motor tyres
48 Diversey Kenya	Detergents
49 Sadolin Paints	Paints
50 Alloy Steel Castings	Steelmakers
51 Industrial Plant	Engineering
52 Spinners and spinners	Clothing
53 Inks (K) Ltd.	Inks
54 Multiport International Ltd.	Service
55 Cook 'N' Lite	Edible oils
56 Allpack K Ltd.	Packaging material
57 Kenya Litho	Printing
58 Panafrican Paper Mills	Paper
59 Sampack	Packaging
60 Wartsila NSD (EA) Ltd.	Power Generation
61 Twiga Chemicals	Chemicals
62 General Printers	Printing
63 Gibbs (EA) Partners	Consulting engineers .
64 KBL – TUSKER	Breweries
65 SGS Laboratory	Laboratory
66 GTI	Telecoms
67 Wanjohi Consulting Engineers	Consulting engineers
68 Paging Services Ltd.	Paging services
69 KBL – Maltings	Breweries
70 African marine engineering	Engineering
71 Central Glass Works	Bottle manufacturing
72 Sanpac	Plastics
73 Afromeat	Food
74 KBL – Molo	Food
75 GlaxoSmithKline	Pharmaceuticals
76 General Motors	Motor vehicles
77 Coastal Bottlers	Soft drinks
78 KBL – Kisumu	Breweries
79 Southern Eng. Co. Ltd.	Consulting engineers
80 ASP Co.	Pipe manufacturers

Rev1

Source Quality system Assesments committee (QSAC)

APPENDIX II

LETTER OF INTRODUCTION

RESEARCHER
UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
STUDY UNIT
NAIROBI

As a post-graduate student in the Faculty of Commerce, University of Nairobi, in partial fulfillment of the requirements of the Master of Business Administration (MBA), I am undertaking a study titled "THE STRATEGIC USE OF INTERNATIONAL STANDARDS: THE CASE OF DSO 8000 CERTIFIED FIRMS IN KENYA". The goal is to examine the perceived benefits and challenges of using ISO 8000 and to identify the challenges facing firms.

APPENDIX II - Letter of introduction

As you have been alerted to the purpose of this study, I kindly request your assistance in providing me with responses. Any assistance that you may be able to provide will be appreciated.

The information and data required to carry out academic requirements will be available to your project team.

We appreciate your highly appreciated.

Yours faithfully,

Researcher
UNIVERSITY OF NAIROBI

Researcher
UNIVERSITY OF NAIROBI

APPENDIX II

LETTER OF INTRODUCTION

KIOKO NDOLO
UNIVERSITY OF NAIROBI
FACULTY OF COMMERCE
P.O.BOX 30197
NAIROBI

I am a post-graduate student in the Faculty of Commerce, University of Nairobi. In partial fulfilment of the requirements of the Masters in Business Administration degree (MBA), I am conducting a study entitled **THE STRATEGIC USE OF INTERNATIONAL STANDARDS: THE CASE OF ISO 9000 REGISTERED FIRMS IN KENYA**. The goal is to establish the perceived benefits arising from registration against ISO 9000 and to establish the challenges facing firms with regards to maintaining their registration.

Your firm has been selected to form part of this study. To this end, I kindly request your assistance in completing this questionnaire. Any additional information you feel may be necessary for this study will be appreciated.

The information and data required is purely for academic purposes only and will be treated in strict confidence. A copy of the research project will be available to your company upon request.

Your assistance will be highly appreciated.

Yours sincerely,

Kioko Ndolo
MBA STUDENT

Jackson Maalu
SUPERVISOR

QUESTIONNAIRE

PART I

Please provide answers to the following questions by giving the necessary details in the amount provided.

Interested about the film _____

Company name _____

Company Details _____

Mr. _____
Mr. _____
Mr. _____

(Please be specific)

What is your telephone number _____

APPENDIX III – Questionnaire

If you are interested in the following products, please fill in the details below.

1. _____
2. _____
3. _____
4. _____
5. _____

By what means you reached to our office? _____

By what means you are going to our office? _____

What is your present address? _____

What is your mobile phone number? _____

What is your e-mail address? _____

Signature _____

QUESTIONNAIRE

PART 1

Please provide answers for the following questions by giving the necessary details in the spaces provided .

1. Information about the firm

1. Company name.....
2. Company Ownership
 - a) Local
 - b) Foreign
 - c) Other (Specify)[Tick as appropriate]
3. Which Town is your company located.....
4. No of employees.....
5. Please indicate what industry you are primarily involved in.
 - a)Service
 - b)Manufacturing
 - c)Consulting
 - d)Education
 - e)Other(Specify)
5. Do you export your products or services? Yes..... No..... (Tick as appropriate)
6. To which Country do you export your products or Services.....
7. Which year did you did you achieve your ISO 9000 Certification
8. What is your scope of your certification.....
.....
(Please indicate which activities of your firm are certified) .
9. Respondents current registrar.....

PART 11

10. Were you assisted to implement the standard by;

- | | | |
|----|------------------------------|-----|
| a) | External consultant. | [] |
| b) | Registrar | [] |
| c) | Internal consultant. | [] |
| d) | Other (Please specify) | |

11. Why did you seek registration to ISO 9000

- | | | |
|------|------------------------------|-----|
| i) | Customer pressure | [] |
| ii) | Promotional tool | [] |
| iii) | Corporate Directive. | [] |
| iv) | Better management control | [] |
| v) | Improved customer Service | [] |
| vi) | Other (please specify) | |

For the following questions please tick as appropriate.

12. Which of the following did you feel are the important benefits of implementing the ISO 9000 Quality Management system within your organization? Tick as appropriate option using the scale of

- 1 Not experienced
- 2 Least experienced
- 3. Moderately experienced
- 4. experienced
- 5. To a large extent experienced

- | | | | | | | |
|----|---------------------------|-----|-----|-----|-----|-----|
| | | 1 | 2 | 3 | 4 | 5 |
| i) | Greater quality awareness | [] | [] | [] | [] | [] |

- ii) Organisational benefits
- iii) Improved management practice
- iv) Improved product or service quality
- v) Improved customer satisfaction
- vi) Cost savings due to efficient resource use
- vii) Customers perception of your firm improved
- viii) Reduced complaints
- ix) Increased demands for your products or services
- x) Increased market share
- xi) Access to export markets
- xii) Competitive advantage over competitors
- xiii) Other (Please specify below)

.....

.....

.....

PART III

13. What did you feel are the disadvantages of having the organization become ISO 9000 certified? Tick as appropriate using scale provided in Question 12

- | | | 1 | 2 | 3 | 4 | 5 |
|--------|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| xiv) | Getting ISO registration is expensive | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xv) | Implementing ISO is expensive | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xvi) | Too much time is required for implementation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xvii) | It is an unnecessary bureaucratic process | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xviii) | It will not work without management support | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| xix) | It is not appreciated in a third world country | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i) | Other (Please specify)..... | | | | | |

.....

14. What are the challenges you have faced in maintaining the registration. Tick as appropriate

- i) Surveillance cost are high

- ii) Management support is lacking []
- iii) Supplier inconsistency []
- iv) Staff turnover leading to QM system failure []
- v) Shrinking markets affecting company performance []
- vi) Unfair competition by Non-certified firms []
- vii) Lack of appreciation by Kenyan consumers []
- viii) Poor support from the registrar company []
- ix) Other (please specify).....

.....

.....

.....

PART 111

15. What do you feel could be done to improve the acceptance by industry of the ISO 9000 Quality Management System?.....

.....

.....

.....

16. Do you plan on implementing other standards e.g the ISO 14001 Environmental Management System standard and if so when?.

- i) Standard.....
- ii) When.....
- iii) Why.....

Thank you very much for your cooperation

Name.....Position.....