

1.0 INTRODUCTION

The development of Quality Management system (QMS) can be traced back to the late 1950s and early 1960s. In 1987, the International Organization of Standards (ISO), the ISO 9000 series of five related standards about quality management was introduced for the first time. Since then, the ISO 9000 series have been accepted by many nations as quality assurance tool. The certificate can be considered as evidence of a commitment to quality and it is supposed to facilitate exchange among both different firms as well as different countries. The ISO 9000 standards series is now widely accepted as a minimum standard for a quality system for companies (Marquardt, 1992).

Research in the early 1990s conducted in Scotland (Witcher, 1993) and Northern Ireland (Taylor, 1995) found that the main reason why organization implemented ISO 9000 was due to external pressure from customers especially European Unions countries. Raynor and Porter (1991) have found that the primary push for certification in the UK was the perception of customers. In this case, only 10 percent of the respondents cited improvement in quality as a reason. Some extremists (Kircshner, 1993; Brown, 1994) even argued that ISO 9000 series has little to do with quality and that it can be a bureaucratic nightmare if it is taken out of context. This is also supported to a certain extent by Lamprecht (1993). However, Wong (1998) has identified some major reasons for

certification as customer requirement, good management practice, competition from competitors who are certified and instructions from Head Office to fulfill. In sum, the most common reason found among studies done so far is that ISO 9000 series is a tool to have a quality system in place.

1.1 Purpose of the Study

While many studies have reported better business performance arising from certification (Heras et al., 2002; Chua et al., 2003) few actually measure the impact on individual performance. The purpose of this paper, therefore, is to investigate the impact of ISO 9000 system implementation from employees' perception in three big industries in Malaysia: Government sector, Finance and manufacturing industries.

1.2 Research Objective

The research objective is to examine the impact of ISO 9000 system implementation on four independent variables: Employees' satisfaction, organizational commitment, employees' motivation and job-related stress and furthermore to examine the relationship among these variables. Employees' perception before and after implementation will be compared.

1.3 Significance of the Study

The management of human behavior is a very difficult function in view of human subjective nature. No one in this world exhibits exactly the same behavior like another. The same research conducted at different locations may yield totally different results. Though the same research has been conducted somewhere else, it is important to conduct it in Malaysia as it may generate different results. Many factors could affect the study such as social contacts, cultural background, standard of living, living and working environment, nation development and different educational level.

Generally, human resource is viewed as organization most important asset. To retain good employees is a big challenge to the company nowadays. Hale (1998) stated that 86% of employers were experiencing difficulty attracting new employees while 50% of them claim experiencing difficulty in retaining their employees. Even when unemployment is high, organizations are particularly concerned about retaining their best employees. Furthermore, there is significant economic impact for organization to losing any critical employees especially given the knowledge that is lost when employees leaving to company (Hale, 1998).

Employee retention is usually associated with job satisfaction, motivation and organizational commitment. Employees with high job satisfaction and high

motivation tend to be committed to the company and subsequently stay for long in any particular company. (Steers & Porter, 1983) stated "managers have the responsibility to create a proper climate in which employee can develop to their fullest potential. Failure to provide such a climate would theoretically increase employee frustrations and could result in poorer performance, lower job satisfaction and increased withdrawal from the organizations.

Motivation is basically the determinant of employees' behaviors and attitude. Organizations are vitally interested in understanding how employees can be motivated towards their jobs. Unmotivated employees will lead to low job satisfaction, poor performance and high turnover. It is critical for employer to understand the needs for motivation to their employees. It is hoped that this study would shed some lights to certified organizations on the impact of ISO 9000 on employees' motivation.

Job-related stress is defined as a situation where the mismatch of situation's demands and individual coping abilities occurred. Stress is a contributing factor to organizational inefficiency, high staff turnover, absenteeism because of sickness, decrease quality and quantity of work, increase medical cost, and decrease job satisfaction (Wheeler & Riding, 1994). A survey by Northwestern National Life revealed that 40% of Americans perceived their jobs as stressful (U.S. Department of Health and Human Services, 1999). Seyle (1976) stated the necessity of considering and investigating job stress causes as

performance declines under stressful situation. By being able to identify employees' stress level and courses of stress, next course of actions can be taken which will help the company to take a better stress management approach.

Therefore, it is hoped that the study would provide some realistic ideas to organization especially companies which plan to get certified in the future to consider, to including human aspects in its process. The lessons learnt would be of advantage to the consultants who involved in human resources management and organizational development study.

1.4 Scope of the study

The study is done on three industries in Malaysia: manufacturing and finance industry and government sector. Manufacturing and finance industry were chosen because they are two major industries in Malaysia which contributed to Malaysia 2002 GDP of 30% and 11% respectively (PWC, 2003). The government sector, on the other hand was chosen because of its different nature of activities compared two the other two industries. It is also important to conduct the survey on three different industries as generally these industries are different in nature. ISO 9000 implementation is expected to have greater impact on manufacturing than banking industry as the standard series are focusing on quality control. Finance industry on the other hand is tightly governed by Banking and Federal Act (BAFIA) and almost working according to optimal environment.

The impact of ISO 9000 on government sector is yet to be approved.

1.5 Limitation of the Study

There are other factors which may influence employees' perception towards their job such as higher pay increment, the introduction of new employee benefit, better working place, etc. Measuring employees' perception towards job satisfaction, organizational commitment, motivation and stress based solely on ISO 9000 could thus be misleading. Due to the time frame and the scope of the study, to have a control sample is then not possible.

The results of the survey are based solely on a self-reported questionnaire. Therefore, there is possibility of employees not responding to the questions sincerely or not sure how to answer, thus distorting the result. In addition to that, the small sample size may not be representative of the entire industry. Another limitation is there is no similar study performed in Malaysia before to compare the result, hence reducing the confidence in the result.

1.6 Organization of the Report

The report is organized into 5 chapters. Chapter 1 is the introduction covers the background of the study, purpose and objective of the research and significant of the research followed by scope, limitation and organization of the text. Chapter 2 comprises of Literature Review on ISO and establishes its

relationship on employees' job satisfaction, organizational commitment, motivation and job-related stress.

Chapter 3 outlined the Research Methodology. Hypotheses are developed in this chapter. Chapter 4 presents the research results with summary of statistics of respondents, analysis of the measures and testing of the result. Chapter 6 concludes the study. It also provides recommendation to the company and suggestion for further research.