

PROBLEMS OF ALBANIAN FIRMS CERTIFICATION WITH ISO 9001 : 2008 STANDARD DURING 2009 – 2011

PROBLEMATIKA E ÇERTIFIKIMIT TË FIRMAVE SHQIPTARE ME STANDARTIN ISO 9001 : 2008 PËR PERIUdhËN 2009 – 2011

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PËRMBLEDHJE

Problematika e çertifikimit të firmave shqiptare me standartin ISO 9001 : 2008 (që është edhe standarti më i kërkuar edhe në bazë të ligjeve shqiptare për cilësinë dhe prokurimet publike) është e madhe, në një kohë që përmirësimi dhe mirëmbajtja e cilësisë janë parakushte për përballimin e krizës dhe arritjen e avantazhit konkurrues.

Qëllimi i kërkimit: Evidentimi i problematikës së çertifikimit të firmave shqiptare me standartin ISO 9001 : 2008

Metodat: Pyetësor, vizita në firma private.

Rezultatet: Pjesa më e madhe e firmave në studim nuk njohin standartet dhe procedurën e çertifikimit. Pjesa më e madhe e firmave nuk kanë të konsoliduar sistemin e komunikimit brenda dhe jashtë kompanisë, nuk kanë të shkruara procedurat e prodhimit dhe të tregtimit të produktit apo shërbimit, nuk bëjnë përzgjedhjen e furnitorëve, etj, që janë disa nga elementet kryesore të Standartit ISO 9001 : 2008

Përfundimi: Pjesa më e madhe e firmave shqiptare janë ende të papërgatitura për çertifikimin me standartin ISO 9001 : 2008 dhe kjo është një nga problemet kryesore të biznesit për të arritur avantazhin konkurrues

Fjalët kyçe: ISO 9001 : 2008, çertifikim, standart, firma shqiptare.

SUMMARY

Problems of certifying Albanian firms with ISO 9001 : 2008 (which is one of the most required standards by Albanian laws for quality and public procurement procedures too) is increasing, while improving and maintaining the quality are preconditions for crisis management and competitive advantage achieving.

Aim of the research: Evidence of Albanian firms' certification problems with ISO 9001 : 2008 standard

Methods: questionnaire, visits in private firms.

Results: Most of the firms doesn't know standards and certification procedure. Most of firms have not consolidated internal and external communication system, haven't written goods and services production and commercialization procedures, doesn't make suppliers' selection, etc, which are some of the main elements of ISO 9001 : 2008 standard.

Results: Most of Albanian firms are still unprepared for certification with ISO 9001 : 2008 standard and this is one of the main business' problems for competitive advantage gain.

Key words: ISO 9001 : 2008, certification, standard, Albanian firms.

INTRODUCTION

The International Organization for Standardization, widely known as ISO, is an international standard-setting body composed

of representatives from various national standards organizations, which promulgates worldwide proprietary, industrial, and commercial standards, important especially

for firms in developing countries like Albania, helping them to be competitive in local and international markets. In short terms ISO certification will benefit Albanian firms managing quality of processes, procedures and the quality system, while in long term will benefit in gain of a sustainable competitive advantage. The study is based on work with private entities in their efforts to improve quality management, procedures and practices in their operation. The object of study is to determine the problems of Albanian firms with certification ISO 9001: 2008 for the period 2009 to 2011 and provide recommendations for improving the current situation.

The aim of this study is to show level, procedures, and deficiencies in the certification process of Albanian firms with Standard ISO 9001: 2008. The method of conducting the research: A questionnaire about TQM and CA has been undertaken during 2009 – 2010 (Total Quality Management and Competitive Advantage of Albanian Firms. E. Ceko. 5th Alb-Shkenca Meeting, Tirana, 2 – 5 September 2010). Later, between 2010 – 2011, the questionnaire with the some of these firms was developed about ISO 9001 : 2008 (65 firms from which 21 construction companies, 16 agribusiness, 13 semi finished products manufacturers, 7 service industry and 9 wholesale and retail firms). Besides that, important information has been collected by meetings and discussions with specialists of Standards Directorate of Albania, Accreditation Agency, Ministry of Economy, Chamber of Commerce and Industry of Tirana, Institute of Statistics of Albania, Bank of Albania, from daily newspapers, different internet pages, etc. After processing of the material some conclusions are defined and under that base some recommendations are given. The data obtained from questionnaire and interviews are worked to draw conclusions and recommendations. The survey has been conducted to clarify situation, level of knowledge and obstacles to ISO standards, especially ISO 9001 : 2008 among Albanian firms, since these standards have been strongly required by foreign partners of Albanian

firms in case of partnerships, joint-ventures and other types of cooperation between them. From the study will benefit directly Albanian companies interested on ISO certification process and procedures, local and foreign quality consultancy firms, public entities related with quality, decision makers and generally public too.

Background on ISO standards

Customer satisfaction, profitability and market leadership are driven in large part by delivering quality products and services to customers. Today, more than ever, there is a worldwide trend towards increasingly stringent customer expectations regarding quality. Accompanying this trend has been a growing realization that continuous quality improvements are often necessary to achieving and sustaining excellent economic performance. One roadblock to providing quality products and services was the definition of what "quality" meant to different customers. Different countries, industries and governments all had varying quality systems that suppliers had to adopt in order to deliver goods around the world. A single worldwide standard was needed to simplify international standards. This gave rise to ISO - the International Organization for Standardization. Located in Switzerland, ISO is the specialized international agency for standardization and the source of ISO 9000. Established in 1947, it is comprised of the national standards bodies of 140 countries, working together to produce more than 13,000 International Standards for business, government and society.

The object of ISO is to promote the development of standardization and related world activities with a view to facilitating international exchange of goods and services and to developing cooperation in the sphere of intellectual, scientific, technological and economic activity. The results of ISO technical work are published as international standards (12)

There are several ISO family standards one of them is ISO 9000, which related to quality management systems and designed to help organizations ensure that they meet the needs of

customers and other stakeholders. (13). ISO 9000 deals with the fundamentals of quality management systems (14) including the eight management principles (15) on which the family of standards is based. ISO 9001 is one of the standards in the ISO 9000 family. ISO 9001 deals with the requirements that organizations wishing to meet the standard have to fulfill. Third party certification bodies provide independent confirmation that organizations meet the requirements of ISO 9001. Over a million organizations worldwide (16) are independently certified, making ISO 9001 one of the most widely used management tools in the world today.

ISO 9001, Quality Management Standard, is the internationally recognized standard for the quality management of businesses. It applies to the processes that create and control the products and services an organization supplies, prescribes systematic control of activities to ensure that the needs and expectations of customers are met and is designed and intended to apply to virtually any product or service, made by any process anywhere in the world.

Implementing a Quality Management System will motivate staff by defining their key roles and responsibilities. Cost savings can be made through improved efficiency and productivity, as product or service deficiencies will be highlighted. From this, improvements can be developed, resulting in less waste, inappropriate or rejected work and fewer complaints. Customers will notice that orders are met consistently, on time and to the correct specification. This can open up the market place to increased opportunities. This is the reason the study focuses on ISO 9001 : 2008.

There is not any information about any other study conducted on quality management and ISO standards in Albania, while (by information I have) similar studies has been conducted in New Zealand, Australia, Japan, Germany, etc (13, 15).

RESULTS AND DISCUSSIONS

According to ISO 8402 "Total Quality Management relies on the cooperation of all members of the organization, it focused on

quality and customer satisfaction, achieving long-term business success and profitability of members of the organization and society" (1). By this definition, quality is the key element for achieving the client's competitive advantage, but only 27.6%, 18 of subjects interviewed stated that there are strong links between quality and competitive advantage.

Quality and competitive advantage are related with what customers are willing to pay. According to Peter Drucker: "quality is not what the producers decide on the product / service, but what customers get/are willing to pay. Better fulfilling the needs/desires of the client is substance/essence of quality. A capable and modern enterprise not simply meets the needs/pleasures of customers, but predicts which will be needs/pleasures of customers of the future "(10, 11), while the question of whether predictions made for the clients' wishes responded positively to the future only 12.3%, 8 subjects responded positively.

For a continuous quality improvement, to gain competitive advantage and to succeed in the market (according to ISO 9001: 2008) requirements to be met are: "focus (the client), fulfillment of normative references, knowledge of terminology / definitions of quality, application of quality management system, knowledge of managerial responsibilities, resource management, product realization / performance measurement, analysis, and continuous improvement "(2), while only 9%, 6 of the subjects mentioned these requirements during meetings.

Seeking ISO 9001 : 2008 requirements needs some stages to be performed. Any entity that enters into the path of building a quality management project should passes through the stages below:

1. Appointment of project managers
2. Team establishment
3. Set out QMS requirements
4. Study the conditions for a SMC
5. Determination of differences between current and desired conditions
6. Detailed plan creation for the project

7. Enforcement / regular monitoring of the plan
 8. Internal audit execution
 9. Implementation of corrective measures
 10. Assessment of the system (10).

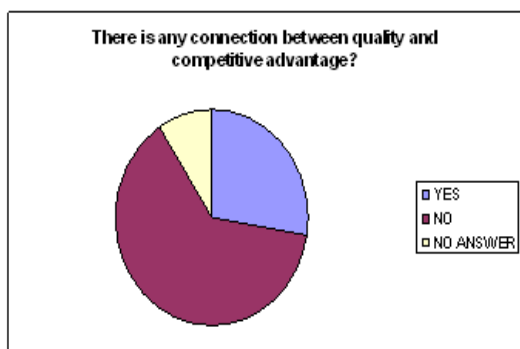
Question	Yes	No	No answer
There is any connection between quality and competitive advantage?	18	41	6
Do you predict future desires of clients?	8	57	
Can you list ISO 9001 : 2008 requirements?	6	46	13
Do you have appointed a project leader?	4	61	
Do you have a project team?	4	61	
Do you have defined QMS requirements?	9	50	6
Do you carry out feasibility study for SMC)	9	50	6
Do you determine the differences between the current situation and what we expected from the application of SMC?	9	50	6
Do you have a detailed project plan?	3	48	14
Do you have conducted a preliminary internal audit?	-	65	
Do you have conducted a verification of necessary corrective actions?	-	65	
Do you have carried out a system evaluation performed by the company executives?	-	65	
Do you have vision, mission, strategic objectives, operational objectives and action plan?	16	43	6
Do employees know the firm's strategy?	-	43	22
Do you apply for certification for achieving competitive advantage?	9	54	2
Do you have done a request for certification?	15	43	7
Certification process has begun as a result of contact from the certification's firm or consultants?	43	15	7
Do you have a business plan?	45	16	4
Have you integrated the requirements of SMC in the business plan	13	32	20

Table 1. Questionnaire for problems during ISO 9001 : 2008 certification process.

In fact, at the initiation stage of the certification, only 12.3%, 8 of subjects have had appointed director of the project, 6.2%, 4 of them had created a team, 9%, 6 of firms have defined QMS requirements, these 9%, 6 firms have had conducted feasibility study for SMC conditions, these 9%, 6 firms have had determined the differences between current and desired conditions, only 4.5%, 3 of them have had created a detailed plan for the project and knew the exact procedure of execution and its

monitoring, none of the firms have had conducted an internal audit. Thus, firms enter the stage of consulting without preparation. For firms entering into the process of standardization ISO 9001 : 2008 requirements and stages of quality management project should be integrated in a business strategy. Firms should have formulated a strategy, "which brings added value, leadership, empowerment, partnership, adequate information on time, continuous improvement and innovation, and quality

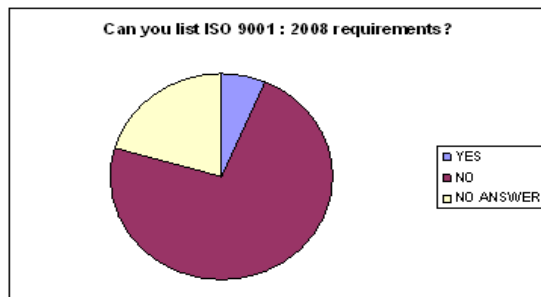
Implement strategies, organization for quality improvement, cost reduction and manufacturing cycle time, increase the number or volume of products produced without flaws, the variance reduction product / service, reduction of time machines that do not work, reduced employee absenteeism, increased on-time product tracking from the manufacturer to the consumer, etc"(8). Only 24.6%, 16 of the managers in question, answered positively about the existence of the vision, mission, strategic objectives, operational objectives and action plan, while for recognition of the firm's strategy from the part of employees responded: "they were not able to indicate how the strategy is made known to workers".



Graphic 1. Perception for connection between quality and competitive advantage.

Firms' business strategy and application for standards should be focused in competitive advantage, which is based on competence as a "very deep skill that brings to the company unique values transmitted to the client, penetrating the markets, product diversification and it does not to create value in a time of competitors and leading to the predominance performance"(9), while contacts with firms in the study indicate that the largest part of their standard applies for participation in competitions (tenders and public procurements) of various public and private entities 83% (54 firms), to improve the management of the organization 9% (6 firms), to improve the management of customers and suppliers 4.5% (3 firms), to improve the image of the organization (two subjects didn't respond). So firms generally do

not seek application of the QMS and ISO 9001: 2008 for achieving competitive advantage market, but for other purposes (may be considered only 13.5% (6 + 3 firms).



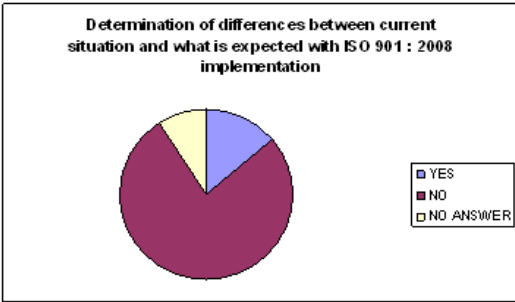
Graphic 2. Knowledge about ISO 9001 : 2008 requirements.



Graphic 3. Appointment of a project leader and project team.

About 69% of firms (45 of them) have a business plan, but only 20 % (13 of them) have integrated the SMC requirements into the business plan, so, the business plan itself doesn't serve for improving business performance, but for applying for credit (it seems like should be).

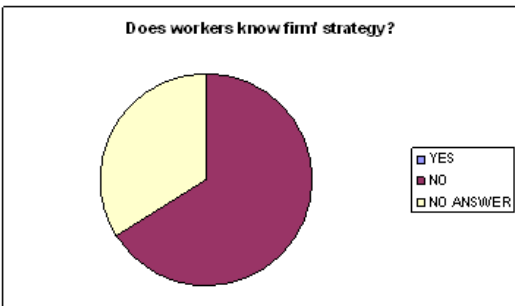
By information taken from chambers of commerce and industry, firms applying for ISO 9001: 2008 are operating mainly in construction and food industry, the sectors that contribute mostly to the local economy (agriculture / agribusiness with 22% construction 20%) and it actually shows a lack of diversification of the economy.



Graphic 4. Determination of differences between current situation and ISO 9001 : 2008 implementation.



Graphic 5. Existence of vision, mission, strategic and operational procedures and action plan.



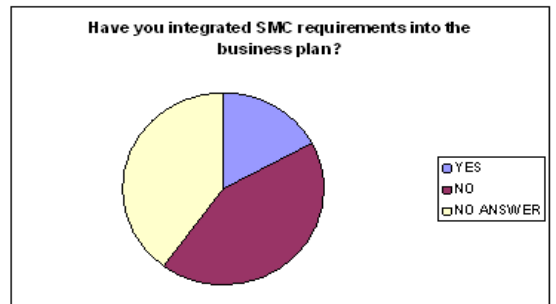
Graphic 6. Knowledge of workers with firm' strategy.

From contacts with entities providing consultancy and certification services and public bodies that monitor and control this activity (3, 4, 5, 6, 7), it appears that market for ISO 9001: 2008, service consulting, certification, maintenance and recertification is regulated by law, but there is a lack of practical application of laws. Consultancy for ISO standards has been provided in majority by unlicensed individuals and from some non-

specialized consulting firms. Certification is performed only by foreign entities and only one of them is accredited to / by the Accreditation Department of Albania.



Graphic 7. Existence of business plan in the firm.



Graphic 8. Integration of SMC requirements into the business plan.

From contacts with individuals and consultancy firms operating in standards / certification market, looks that maintenance process of standards (mainly ISI 9001 : 2008) has been realized mainly by individuals and less by consultancy firms. The validity of the certificate is 1 - 3 years. Certification firms in Albania are: Italian subjects - 4, Greek - 2, English - 2, Austrian - 1, German - 1 and Turkish - 1, so occasional certificates are issued by an Irish subject and a Kuwaiti too. Cost of consulting, certification, recertification and maintenance process depends on the number of employees and sector where the firm operates. Generally, cost of certification for number of workers varies between 15 to 50 Euros. Construction, food industry, wholesale and retail trade activities are sectors in which consultancy individuals and firms are providing

certification packages with higher prices than in other sectors. The average cost of consultancy is 2000 - 7000 Euro, the average cost of certification 1500 - 6000 Euro, average maintenance costs is 1000 – 1500 Euro and recertification costs from 1500 to 3000 Euro. These are somewhat higher costs for private sector in Albania, but not sufficient payments to entities providing consultancy and certification services because this amount isn't enough for office management, staff payments and conducting work operations.

About starting the process of certification should be noted that subjects generally have had applied as a result of advertisement and direct contacts from certification firms and not as a result of their initial application to be certified.

The process of certification can be divided into several stages which are:

- Consulting
- Certification
- Recertification
- Maintenance.

Consultancy stage lasts usually 3 - 6 months, depending on the sector where the operating entity seeks certification, the size of the firm, its personnel training, etc., but in practice has been observed the consultancy period was even shorter than three months. The main problems of consultancy stage are:

1. Lack of cooperation between the firm and consultant (believe that the consultant should do everything)
2. Fair of change between workers
3. Lack of communication between staff
4. No communication with consultants
5. Poor firm's pre - preparation
Fictitious quality manager and / or quality representative
6. Fictitious consultancy
7. Not complete quality documentation
8. Etc

The main problems of certification stage are:

1. Certification has been required to participate in tenders and public procurements

2. There are deficiencies in the procedures required by the standard
3. Fictitious selection of suppliers
4. Fictitious staff training
5. Fictitious customer questionnaires
6. Certification bodies are not accredited in Albania
7. Etc.

The main problems of maintenance stage are:

1. Failure of maintenance stage
2. Fictitious internal audits
3. Fictitious or no training at all
4. Fictitious selection of suppliers
5. Fictitious customer questionnaires
6. Etc

The main problems of recertification stage

1. Firms' requirements for price discounts
2. Quality documents not reviewed
3. Etc.

Local media in several occasions has reported that in Albania there are some international institutions involved in the process of building a quality infrastructure like IFC, a project supported by the Dutch government in cooperation with the EBRD and a project supported by the Swiss government (mainly for the agribusiness sector), which have available and relevant funds to this issue, mainly focused for training and certification, but there is a little information to the public about these projects and there is not any public information or any record on how many subjects have been supported and have benefited from these funds. By working with the 65 subjects included in questionnaire during the period 2009 - 2011, I have had the occasion to hear only about four subjects who have had the chance to benefit from these projects.

CONCLUSIONS

Since most of private entities in Albania aiming ISO 9001: 2008 certificate for participation in competitions and tenders, there is little chance to achieve and maintain competitive advantage in the market, because the goal is not the focus of

the client. Because of this, private entities are experiencing lack of basic values especially on: style / and the work culture, employee integrity, customer care, creativity, continuous improvement, etc. There is a lack of strategic planning, quality management, process control and management processes too.

In Albania by law, there is an organized and clearly defined system of standards, quality, certification and auditing, but there is a lack of practical application of the law and the criteria for the classification of entities performing certification and auditing. There is only one accredited entity to conduct quality audits and certification process in Albania.

Main problems during the stages of consulting, certification, recertification and maintenance, clearly evidenced are: (1) lack of cooperation between the firm and consultant (believe that the consultant should do everything), (2) poor firm's pre – preparation, (3) fictitious quality manager and / or quality representative, (3) fictitious consultancy, (4) fictitious selection of suppliers, (5) fictitious staff training, (6) fictitious internal audits, (7) quality documents not reviewed, etc.

There is no or very little information about donor projects and funds available about quality management improvement in Albania, besides the facts that several foreign organizations and projects exist.

RECOMMENDATIONS

Creating conditions for Albanian firms to apply & maintain total quality management principles, ISO 9001 : 2008 and to gain a sustainable competitive advantage, remains the main task of public and private sector for the short, medium and long term.

Changing the mindset for quality certification is an immediate requirement for private sector in Albania

There is an immediate need for creation, organization and maintenance of a clearly defined system for standards, quality, certification and auditing in Albania, based in the law (law exists).

There is an obligatory demand to practice criteria for classification of entities performing certification and auditing, accreditation of them too, as a major positive, institutional and structural change which serves as incentives for the application of total quality management and ISO 9001 : 2008 to gain competitive advantages for Albanian firms in their operations both domestically and internationally.

An integration of ISO 9001 requirements in the business plans of firms will be one of the greatest achievements of the private sector in Albania, because its ensures there is a basis for improving the quality of systems, processes, procedures, products and services.

Main problems during the stages of consulting, certification, recertification and maintenance might be eliminated or reduced in a increasing cooperation between public and private sector interested in quality management improvement, working closely with consultancy firms and other entities like Accreditation Department, Standards Department, Chambers of Commerce, etc.

Divulagation of information about donor projects and funds available about quality management improvement in Albania will increase number of private firms applying for certification with ISO standards.

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