



The Use (and Abuse) of ISO 9000 Certification Marks in Promotional Materials in Malaysia

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Abstract

As commerce becomes complex and global, businesses, customers and even regulators become reliant on the quality certifications or badges for simplifying their choices. Some disquiet has surfaced within the International Organisation for Standardisation (ISO) about the rampant misuse of the quality certification marks. This study looks at how Malaysian firms have fared in the use of the ISO 9000 certification marks in the promotional materials. Seventy two advertisements appearing in 3 national dailies were collected and studied for compliance with the guidelines on the use of certification marks. The sampled firms generally have not observed the ISO guidelines. The extent of non-compliance of the guidelines is arguably serious. The lingering questions about the disconnection between quality and ethics are likely to continue from the evidence adduced here.

Keywords: Ethics, Quality, Certification marks, Governance of quality, Ethics of quality, ISO 9000

1. Introduction

Global commerce has not only increased but has become greatly integrated (WTO, 2000). Future growth will depend on the prospects for further and freer flow of goods, services, labour and capital between countries to optimize global value creation. The traditional business models are slowly giving way to new value chains where a constellation of global suppliers seamlessly integrate to serve the customer. These emerging global economic networks of value creation are

made possible and sustained by network of audit and certification intermediaries of all kinds (Durbin, 2000; Powers, 2000). As businesses are seeking partners from places and countries whose standards are not well-known, the ISO 9000 international standards play a role akin to that of the generally acceptable accounting standards – a baseline quality systems standard that allows supplier evaluation worldwide. It provides a quick reference and benchmark in international business with reference to the management systems of the suppliers or intermediaries. This is reflected in the increasing global uptake of ISO 9000 certification. Between 1993 and 2005, 776,608 businesses were certified (www.iso.org, 2006) and the certification continues to rise steadily with globalisation of trade and commerce (Barnes, 2000; Stevenson & Barnes, 2001). The Asian region is reported to have among the highest rates of growth in ISO 9000 certifications. With large multinationals, trade and professional associations setting certification to ISO 9000 standard as a business requirement, many more firms are seeking certification. Malaysia as an export oriented economy continues to witness increased ISO 9000 certification. Exporting firms must, in many cases, obtain the certification to enter certain markets like European Union (Karapetrovic, 1999; Stevenson & Barnes, 2001). There were 3195 firms certified to this standard by the end of 2001 (Hazman, 2000; ISO, 2002b). By far the manufacturing sector has the lion's share of the certifications but the service firms are slowly catching up, as the suitability of ISO 9000 for this sector becomes apparent.

Alongside the impressive growth in certification, there is also a growing chorus of criticism and cynicism about the certification and its value (Dick, 2000; Langford, El-Tagani & Marosszeky, 2000; Stevenson & Barnes, 2001). Many surveys have reported that firms have sought certification just to keep up with the Joneses (Acharya & Ray, 2000; Lipovatz *et al.*, 1999; Tang & Kam, 1999). The reported impact of ISO 9000 certification on organizational performance is, at best, mixed (Curkovic & Pagell, 1999; Stevenson & Barnes, 2000; Siu, 2001). But these criticisms have focused on the goals, the approach and the method of ISO 9000. The certification process, the certifying agencies and the use of the certification marks have not been examined. This paper examines the extent to which the ISO 9000 firms observe the standards i.e. ethical in displaying their certification mark in the promotional materials. This study goes beyond the usual question of the value or benefits of certification to the ethics in displaying the badge of quality certification to the customers.

2. The research problem and objective

As the ISO 9000 certification becomes more of a trade and business requirement in support of the global networked economy, the spotlight is on, not only the value of standard, but the entire governance of this quality certification (Jacques, 1993, 1999; Nayebpour & Koehn, 2003, 46-47). Adding to this list of misgivings about the value of ISO 9000 certification is the issue of how certification to this standard is regulated including how it is communicated to the general public (ISO, 2004; Anon., 2003). The liberal and, often, mischievous use of the certification marks tends to convey an inaccurate picture of the extent and nature of the certification (Fukuda, 2001). Fukuda (2001, 9) observed that the,

“Continual proliferation of the marks of conformity, including misuse and misleading use of them, in the global economy has significantly increased the need to respond to such questions and to provide a clear and rational basis for the use of the marks of conformity”.

How serious is this misuse? This problem is particularly serious as the general public is not very knowledgeable about the nature of the ISO 9000 certification (Clark and Moreland, 1997). In Malaysia, the misperception of ISO 9000 certification is broad and serious (Hazman, 2000). Most, if not all, customers cannot distinguish between product and organization certifications. This confusion further compounded by registrars like Standards and Industrial Institute of Research Malaysia (SIRIM) or British Standards Institute (BSI) which are mainly product certification agencies. In fact, these bodies are better known as product standards agencies than for organizational certifications. The problem is growing in tandem with the rising certifications and the consequent use of the certifications marks in the promotional materials.

The primary research question of this study is how rampant is the misuse of the ISO 9000 certification marks in Malaysia? The specific research objective is to determine the extent of non-compliance of the ISO guidelines on the use of certification marks and to examine the specific types of non-compliance.

3. Background to the study

As a matter of standard practice, most registrars have guidelines for their clients to observe in including the use of certification marks in their promotional materials and also on their product packages (cf. www.dnvcert.com, www.vca.gov.uk, www.vca.goc, www.ul.com, www.advantica.com). Most registrars issue guidelines to their clients about the rules to observe when including the ISO 9000 certification marks in their promotion materials. The firms are generally disallowed from placing the certifications on products. When the certifications marks are placed, organizational certification, the ISO 9000 model, the registration number and the scope of certification must be included. Given that ISO 9000 standards are only applicable to organizations, any association with product certification is

incorrect and therefore firms are discouraged from placing the certification marks on their products. The adherence, however, is not very well monitored by the registrars and action taken to correct wayward firms. Violations can be observed on a daily basis in the mass media and also on the products. This calls into question the ethics of the firms involved and more importantly, the regulatory role of the registrars.

ISO has developed guidelines and registrars require certified firms to adhere to standards in using the certification marks (ISO, 1998). Although ISO has taken some steps to ensure that the certification marks are understood accurately, the surveillance and action are left to the registrars and agencies certifying the registrars. The ISO's Committee on Conformity Assessment (CASCO) is working to tackle this problem (Fukuda, 2001). ISO members are studying a draft document (ISO/IEC 17024) aimed at greater control of the registrars and their certification activities. However, the draft does not contain any drastic measures beyond reiterating ISO's commitment to see greater vigilance on the part of the registrars.

3.1 *Quality and ethical behavior*

Quality and total quality management has not explicitly, comprehensively and forcefully addressed the question of ethics (Ahmed and Machold, 2004). Although at the philosophical and theoretical level, ethics can be seen as an integral part of quality (Chen *et al.*, 1997; Raiborn & Payne, 1996; Ishikawa; Deming), in practice this is not apparent as evidenced by the regular media reports of questionable practices. The definitional domain of quality speaks mainly of the need to serve the requirements of the customer. In fact, trust and fair treatment of the internal customers are important pillars of Deming's and Juran's quality edicts. The commitment to and adoption of quality initiatives does not automatically and naturally result in greater ethical stance of the firm (Nayebpour & Koehn, 2003, 44). In fact, Nayebpour and Koehn (2003, 44-47) submitted that TQM, for instance, can cause ethical problems by legitimising the primacy of one constituency – the customer over all else. Ahmed and Machold (2004) argued that the definitional domain of quality does not clearly incorporate ethics. Quality champions who fall short on the virtues of justice, liberty, care, no harm, voice, benefit, equity and transparency are likely to fall prey to the temptations of modern corporate capitalism (Ahmed & Machold, 2004). The corporate scandals in the post-Enron period in almost all countries have called into question the value of corporate governance badges issued to these corporations. If this disconnection continues to grow, the superficiality of quality and quality certifications will also grow in tandem. Quality, in the final analysis is about openness, integrity and accountability to customers, regulators and the society at large.

The mischievous use of certification mark highlights a serious dichotomy between quality and ethical probity. The resulting disquiet is likely to invite greater state regulation of the registrars and the firms. This development will take ISO 9000 out of the realm of voluntary market-based regulation to statutory regulation.

3.2 *Conflicting duality*

The control over the firms certified as conforming to the ISO 9000 requirement is an inherent part of the registrars' responsibility. The registrars have a dual role to play in the certification business. They are businesses that trade in certification services. There is always a nagging feeling that these two roles do not mix well. For instance, SIRIM has revealed that it has revoked ISO 9000 registration for private companies but these revocations have been due to the failure of the management to maintain the certified quality system rather than their mischievous use of the certification marks (Shahrum, 2002). Some registrars, through organizationally linked firms, provide training and consultancy services to the very firms they certify (Jacques, 1999). In the absence of strong professionalism among the registrars, the governance function is likely to take a back seat to profits (Seddon, 1996). It also raises questions of whether the registrars can in practice chastise their clients for non-compliance of the guidelines in the use of certification marks. Contractually, the registrars can penalize their clients who have violated the rules on the use of the certification marks including withdrawal of the certification or refusal to continue the certification. Their role is akin to the role played by the auditor's vis-à-vis the auditee in the corporate financial scene. Can the regulatory role be carried out alongside the business role? The recent corporate debacle in the US and Europe is a timely reminder of what can result when private profit clashes with social purpose. The credibility of the registrars and the agencies that accredit the registrars will eventually be diminished if firms continue to misuse the certification marks.

4. **Research method**

To ascertain the extent of abuse of the ISO 9000 certifications marks data was collected on all the advertisements that appeared in The Star, The News Straits Times (NST) and The Sun (the main English dailies in Malaysia) between October 2002 and January 2003. The exclusion of other vernacular newspapers does not affect the generalisability as most advertisements tended to appear in the English dailies. The study could be viewed as dealing with the population rather than a sample as all advertisements that appeared in the stated newspapers were collected for analysis. The congratulatory advertisements following the issuance of the certificate by a registrar were excluded from analysis. Repeat advertisements for the same product or services were not included as separate units and therefore subsequent

advertisements were disregarded. All advertisements that met the above stated criteria were selected for analysis. A total of 72 advertisements were identified and collected for analysis.

4.1 Evaluation criteria

To determine the extent of abuse, the ISO guidelines on the use of the ISO 9000 certification mark was used to evaluate the extent of adherence or non-adherence of the firms in including their certification marks in their advertisements (ISO, 1998). The ISO guidelines require that the certification mark must have the following features; the applicable ISO 9000 model – ISO 9001, ISO 9002 or ISO 9003 (this is not applicable for the ISO 9001:2000 version), the registrar, the certification number, the scope of certification if it is not company-wide and firm certification. The outcome of the evaluation was recorded on a dichotomous nominal scale of yes or no. This scoring was deemed sufficient as compliance or non-compliance is a fairly determinate question. However, to establish the extent of overall compliance, a Non-Compliance Score was computed with a score of 3 given when compliant and 0 if not. This Non-Compliance Score is an unweighted index that does not discriminate the relative seriousness of the non-compliance. The scores were summed to arrive at an overall, albeit, a crude metric of compliance to enable overall analysis. The compliance score, which ranges from 0 to 15, were categorised for easier analysis on the following basis.

5. Results

A profile of advertisement in the dailies sampled is provided in Table 1. Most of the advertisements (79%) were extracted from The Star newspaper with The New Straits Times contributing about 14% of the 72 advertisements collected. By industry, manufacturing and electronic firms led the way with about 66% (47) of the advertisements whilst there were 17% (11) from the educational institutions, 11% (8) from professional service firms and 7% (5) from property firms. Reflecting the profile of certified firms in general, a majority (65%) of the advertisements were from the goods sector while balance was from the services sector.

It is a requirement that the advertisements carrying the ISO 9000 certification mark state clearly the model to which the firm was certified. Table 1 shows the distribution by ISO 9000 models. Of the 72 advertisements sampled, the models stated in 3 (4.2%) advertisements cannot be clearly identified while another 3 (4.2%) advertisements did not state any ISO 9000 model. Eighty one (81%) percent of the advertisements had certifications marks for ISO 9001 or ISO 9002 standards. Close to thirty percent displayed ISO 9001:2000 certification marks. One advertisement even displayed ISO 9000 as the model in their advertisement which is grossly inaccurate. SIRIM QAS is by far the most active registrar with other foreign registrars contributing significant balance of the certifications. In the case of 11 advertisements, the researchers could not identify or the registrar's names were not included in the advertisements.

5.1 Extent of non-compliance

Seventy nine percent (79%) of the advertisements carried the name of the registrar as required (see Figure 1). Eleven percent of the advertisements did not name the registrar and in the case of another 10%, the registrar's name could not be identified from the advertisements. The guideline also requires that the registration number issued to the firm by the registrar be displayed. Only 58% met this requirement and in 10% of cases it could not be ascertained if the number was stated. Only 3 (4%) of the advertisements actually stated that the certification is for the organisation and not the product. The overwhelming majority did not pass this test. Since organisations are allowed limit the scope of certification to parts of the organisation, the scope must be stated. None of the advertisements carried any statement indicating the scope. It is unlikely that all the 72 firms involved had the whole business certified. Such misrepresentation is mischievous at best and fraudulent at worst. Ninety two percent (92%) had stated the model of ISO 9000 the firm was certified to. This is one requirement most firms have complied with. One firm had wrongly stated ISO 9000 as the standard when in fact this refers to the ISO 9000 guidelines only and no firm can be certified to this guideline. Six of the advertisements carried no reference to the ISO 9000 model. This is most basic of requirements in using the certification mark in the promotional materials. The 6 advertisements that did any display the relevant ISO 9000 model the firm was certified to, is a serious violation of the terms of the use of the certification mark.

5.2 Non-compliance scores

The preceding section describes the extent of non-compliance to the specific requirements. An overall index was developed to show the overall compliance. The lower the score, the higher the extent of non-compliance to the requirements and vice-versa. The Non-Compliance Scores (NCS) scores have been categorised for easier analysis and understanding. Figure 2 shows the overall NCS. About 44% of the advertisements sampled fall under the very high to high levels of non-compliance categories. Fifty one percent showed moderate levels of non-compliance while none observed all the requirements. The level of non-compliance is serious as this relates to a requirement that is contractual and misleads the customers or buyers.

6. Discussion

The results of this study show that the advertisements meet only the most basic of requirements, that is to state the

model to which the firm is certified. Even then some errors were observed. The level of non-compliance rises sharply when examining the information on the scope of certification and the type of certification. The Non-Compliance Score indicates the total assessment of an advertisement in terms of all the requirements. It is a summary statement of the level of non-compliance. That about half the firms (as seen through their advertisements) fall in the very high to high non-compliance groups is worrisome to say the least. With the certification on the rise, more such occurrences are likely.

Why such a worrisome level of non-compliance? It is possible that the firms have not been sufficiently alerted to the proper use of the ISO 9000 certification mark in the promotional materials by the registrars. In the haste to secure and complete the certification and to proceed to the next client registrars may have glossed over the “petty” details of the rules to observe in the use of the certification marks. The generally less critical and less vocal nature of the Malaysian consumers may have indirectly encouraged a careless attitude among the firms and the registrars. In more litigious societies, the registrars and the clients may have been more careful and vigilant of their conduct. The intense competition in the ISO 9000 registration/certification market may also offer an added explanation for the lax surveillance. The registrars, being client friendly, may be less inclined to exert their authority on misbehaving clients. This state of mind does not encourage the registrars to censure clients when their use of the certification mark is inconsistent with the guidelines provided. In the event of any censure, this is done privately, thus lowering the ‘cost’ of mischievous use of the ISO 9000 certification mark.

The level of non-compliance must also be viewed from the standpoint of the consumers or the public. The Malaysian public is not knowledgeable about the meaning and the method of the ISO 9000 certification. The misuse of the certification marks can only compound the ignorance of the public by making them believe that the products and services are certified safe, clean and healthy. There is widespread believe that ISO 9000 certifications provide assurance about the quality of the product. This misconception is serious in the case of universities and colleges that also have been certified and misuse the certification. Most, if not all, colleges have only been accorded ISO 9000 certification for some programmes, campuses or functions. Yet the certifications marks are liberally used without qualification to suggest that the college offers third party accredited quality of education when in fact not all programmes or campuses or functions are within the scope of certification. The potential for miscommunication is enormous especially in the context of complex services where customers routinely use quality proxies to make up the mind. Without the knowledge of the scope of certification and the distinction between organisational and product certification, the consumers can be easily mislead.

The quality certifications play a key role in the domestic and global commerce by providing international benchmarks that reduce uncertainty about the otherwise less known players. The weak governance of quality certification in any region or country is bound to cause uncertainty, not reduce it. If the business minded ISO 9000 quality registrars are not equally mindful of their regulatory role in maintaining the certification, other forms of control may have to be considered. Perhaps the current market based self-regulation may not be as ideal an instrument for Malaysia as it is in other regions. The government may have to step in to protect the value of such certifications from declining any further.

7. Conclusion

The globally networked economy requires international quality standards and certification to facilitate trade and commerce between different countries and regions (ISO, 2003). The governance of quality certifications is an implicit requirement to sustain the international standards. There are already some disquiet about the role and conduct of the ISO 9000 registrars (Fukuda, 2001). The business role of the registrars can overshadow their regulatory role. The evidence from this study, albeit only looking at surveillance over the use of the ISO 9000 certification marks, raises serious questions about the present modality of quality governance in Malaysia. The registrars have a duty to ensure that the ISO 9000 certification continues to demand and maintain business management and conduct that is inspiring to facilitate the exchange in a globally networked world. If the present system is proving problematic, the market-based self-regulation of quality certification must be reviewed to put quality back in quality certifications. The Enron episode and other similar debacles must serve as a reminder of the importance of quality intermediaries and the even greater importance of maintaining integrity in the role.

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Table 1. Profile of the advertisements

Elements	No	Percent
Newspaper		
Star	57	79
New Straits Times	10	14
Sun	5	7
Industry		
Education	12	17
Manufacturing	30	42
Electronics	17	24
Property	5	7
Professional services	8	11
ISO 9000 Model		
ISO 9000	1	1.4
ISO 9001:1994	12	17
ISO 9002:1994	32	44
ISO 9001:2000	21	29
NOT STATED	3	4.2
CANNOT BE IDENTIFIED	3	4.2
Registrars/Certification Agencies		
SIRIM QAS	21	29
AJA	6	8
BM STRADA	10	14
LRQA	6	8
OTHERS	18	
NOT STATED	7	10
CANNOT BE IDENTIFIED	4	6

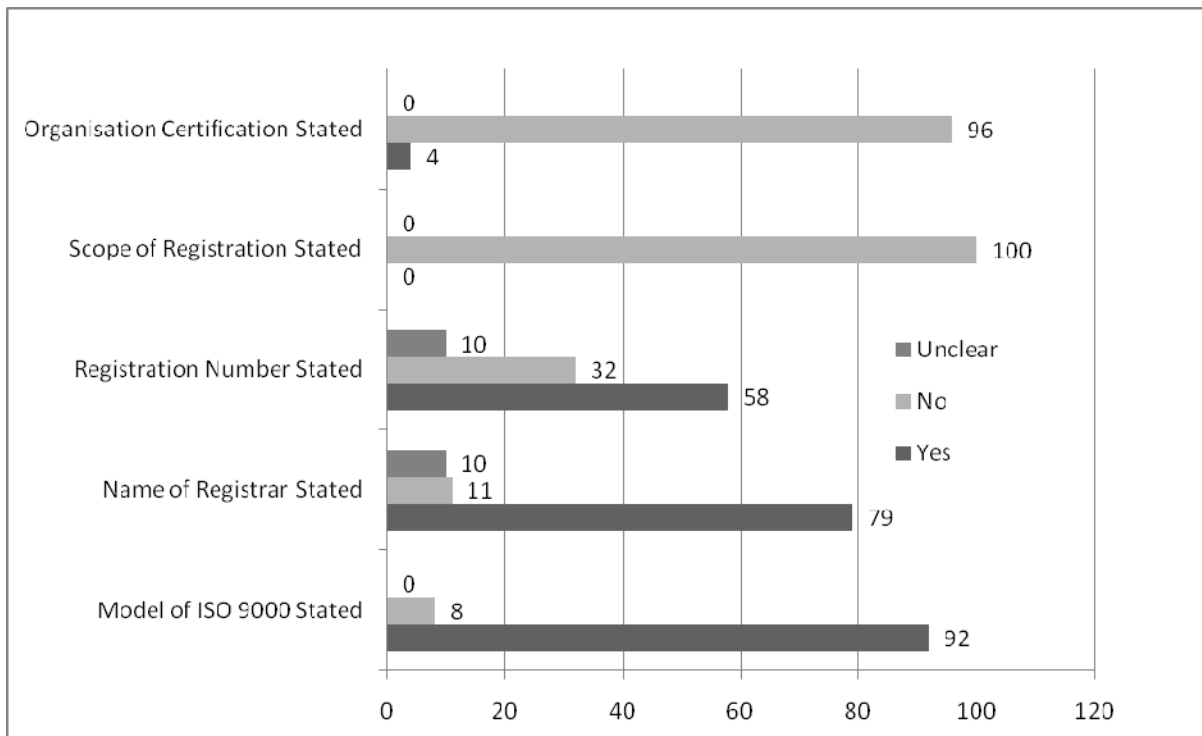


Figure 1. Compliance with the ISO Guidelines

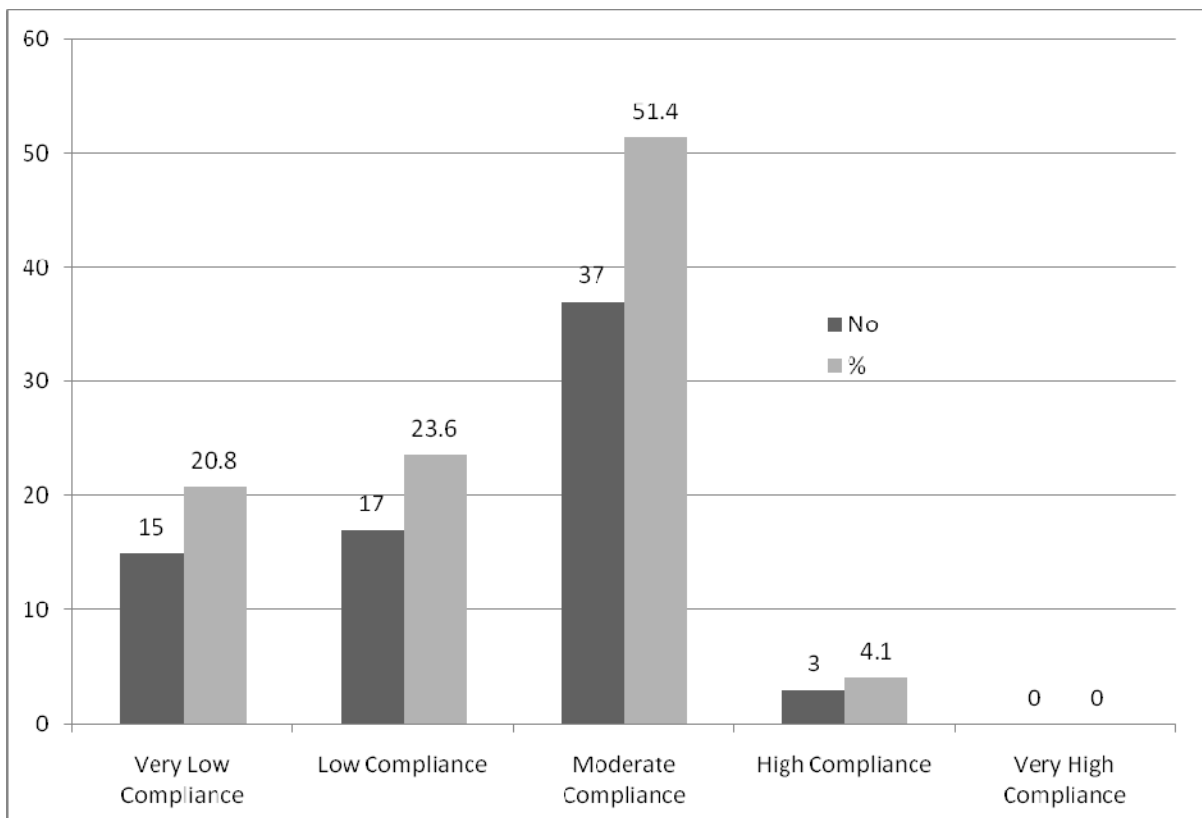


Figure 2. Non-Compliance Score (NCS)