

**PERCEPTION OF SUCCESS ON  
IMPLEMENTATION OF ISO 9001 : 2008  
AND ITS INFLUENCE TO  
ORGANIZATIONAL COMMITMENT IN  
SABAH ELECTRICITY SDN. BHD. (SESB)**

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**SCHOOL OF BUSINESS AND ECONOMICS  
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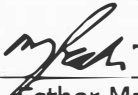
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PERLAKSANAAN ISO 9001:2008 DAN  
PENGARUH KEPADA KOMITMEN ORGANISASI  
DI SABAH ELECTRICITY SDN. BHD. (SESB)**


**IJAZAH : MASTER OF BUSINESS ADMINISTRATION**

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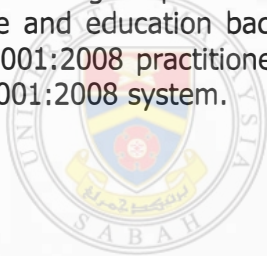
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## ABSTRACT

### **PERCEPTION OF SUCCESS ON IMPLEMENTATION OF ISO 9001:2008 AND ITS INFLUENCE TO ORGANIZATIONAL COMMITMENT IN SABAH ELECTRICITY SDN. BHD. (SESB)**

The main objective of this study is to examine the influence of implementing ISO 9001:2008 to the employees. This study is investigating of employees' perspective on the success of implementation of each element or clause in the ISO 9001:2008 and its influence to organizational commitment. Definition of organizational commitment being adopted was by Allen and Meyer (1990). Primary data was collected by using questionnaires. Samples of 250 employees were targeted particularly from head quarters, Wisma SESB, Kota Kinabalu, Sabah. However, only 142 participated in this study. Data collected was analyzed by using the Statistical Package for Social Science (SPSS). This research used nine (9) hypotheses. The result indicated that there was a significant relationship between the perceived success of implementation of ISO 9001:2008 elements and organizational commitment. These variables were able to explain 20.2% variance in organizational commitment amongst the employees in SESB. Nevertheless, the relationship between organizational commitment and variables of success of ISO 9001:2008 being implemented was not moderated by job level, years of experience and education background. It is hoped that this research will benefit the ISO 9001:2008 practitioners and those who are planning to get certified with the ISO 9001:2008 system.



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## **ABSTRAK**

*Objektif utama kajian ini adalah untuk mengenalpasti pengaruh pelaksanaan sistem kualiti ISO 9001:2008 kepada pekerja. Kajian ini adalah berdasarkan kepada perspektif pekerja ke atas kejayaan pelaksanaan setiap elemen atau klausa di dalam sistem kualiti ISO 9001:2008 dan pengaruhnya terhadap komitmen organisasi di kalangan pekerja. Definisi komitmen organisasi diadaptasikan oleh Allen dan Meyer (1990). Data prima diperolehi melalui soal selidik. Sasaran bagi sampel adalah 250 orang pekerja daripada pekerja SESB yang bertugas di Ibu Pejabat, Wisma SESB, Kota Kinabalu, Sabah. Hanya 142 orang yang telah member maklum balas. Data yang dikumpul telah dianalisa dengan menggunakan program Statistical Package for Social Science (SPSS). Kajian ini merangkumi sembilan (9) hipotesis. Keputusan yang diperolehi menunjukkan terdapat hubungan yang signifikan di antara kejayaan pelaksanaan elemen ISO 9001:2008 ini dan telah menunjukkan 20.2% varian dalam pembolehubah komitmen organisasi pekerja di SESB. Namun demikian pembolehubah moderator iaitu peringkat jawatan, jangka masa pengalaman dan latarbelakang pendidikan tidak mempunyai kesan terhadap hubungan di antara kejayaan pelaksanaan sistem kualiti ISO 9001:2008 dan komitmen organisasi di kalangan pekerja. Adalah diharapkan kajian ini dapat memberi manfaat kepada pelaksana ISO 9001:2008 dan mereka yang berhasrat untuk melaksanakannya.*



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# CHAPTER 1

## INTRODUCTION

### 1.1 Overview

The concepts of total quality management (TQM) and the ISO 9000 are no longer new to the Malaysian Industries. Even though the ISO 9000 family of quality standards was launched in 1987, the Malaysian industries only realized the benefit when some of the firms were awarded "registered firm" in 1988 according to Idris *et al.*, (1996).

The ISO 9000 Quality System is a dynamic and comprehensive set of standards for a companywide quality system. It is conceived to help companies effectively document the quality system elements needed to maintain an efficient quality system, as well as to improve total quality in all business for the benefits of producers and consumers alike as mentioned by Hirefoudar (2006): 1 in his study on employee's issues in the implementations of ISO 9000 quality system in manufacturing companies in Malaysia.

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies), Standards Malaysia (2009)

In Malaysia, ISO 9000 was renamed as MS ISO, Zainon (2001 : 5) Malaysian Standards (MS) are developed through consensus by committees which comprise of balanced representation of producers, users, consumers and others with relevant interests, as may be appropriate to the subject in hand. To the greatest extent possible, Malaysian Standards are aligned to or are adoption of international standards. Approval of a standard as a Malaysian Standard is governed by the Standards of Malaysia Act 1996 (Act 549). Malaysian Standards are reviewed periodically. The use of Malaysian Standards is voluntary except in so far as they are made mandatory by regulatory authorities by means of regulations, local by-laws or any other similar ways.



The Department of Standards appoints **SIRIM Berhad** as the agent to develop Malaysian Standards. The Department also appoints SIRIM Berhad as the agent for distribution and sale of Malaysian Standards, Standards Malaysia (2009)

In this study, the researcher uses new ISO 9001, version 2008 – model of quality assurance system in design, development, production, installation, and servicing replacing the ISO 9001, version 2000 which was cancelled, Standards Malaysia (2009)

The scope under MS ISO version 2008 remains unchanged with that of version 2000. Nevertheless, the 2008 version has detailed out and improved on work process that was outlined in the 2000 version, Standards Malaysia (2009)

Organizational commitment in recent years has become an important concept in the understanding of employees' behavior in the workplace. It reflects the extent to which employee's identity with an organization and is committed to the goals. Theory predicts that highly committed employees should be motivated to attend and facilitate organizational goal attainment (Mowday *et al.*, 1982).

According to the model by Meyer and Allen (1991) organizational commitment is composed of three components. There are affective, continuance and normative commitments. Each components reflects a psychological state that has implications to continue or discontinue membership in the organization, the nature of these states differs.

Conversion to an ISO 9001:2008 quality management system environment results in significant changes in organizational commitment in the employees. For the purpose of this study, the researcher will attempt to explore the elements of ISO 9001:2008 and organizational commitment in SESB.

## **1.2 Problem Statement**

Previous researchers conducted on the impact of ISO 9000 implementation to the organization revealed many positive results such as performance and profitability.



What about the influence to the individual's commitment? Literature assumes that application of quality management system improves performance but at the individual level this may not be true and it may enlarge the job scope, require more knowledge and skill.

Experienced of ISO 9001:2008 being successfully implemented in Sabah Electricity Sdn. Bhd. (SESB) may result in the improvement of employees' commitment and performance. However, the reaction of employees is likely to vary from one organization to another depending on the perceived degrees of the success of ISO 9001:2008 being implemented. After being implemented, the researcher wants to study how it is expected to influence the employees' attitude and behavior in SESB.

The attitude and behavior of employees in the organization is critical in achieving the ISO 9000 registration and maintaining the certified quality system (Cheng and Tummala, 1998). This agrees with Jasni and Hazman (2003) findings that the perceptions and roles of the employees in the implementation of ISO 9000 play a major role in the perceived outcomes. Therefore, the research question is "to what extent does the employees' perception on the success of ISO 9001:2008 elements (i.e. quality management system, management responsibility, resources management, product realization and measurement, analysis and improvement) being implemented affect the employees' commitment and to what extent the relationships between the five independent variables and employees' commitment are moderated by job level, experience and education background.

### **1.3 Research Questions**

This study attempted to answer the following research questions from the employees' perceptions:

1. What is the relationship between the employees' perceptions on the success of ISO 9001:2008 elements being implemented with the employees' organizational commitment?

2. To what extent the employees' perception on the success of Quality Management System being implemented influences their organizational commitment?
3. To what extent the employees' perception on the success of Management Responsibility being implemented influences their organizational commitment?
4. To what extent the employees' perception on the success of Resource Management being implemented influences their organizational commitment?
5. To what extent the employees' perception on the success of Product Realization being implemented influences their organizational commitment?
6. To what extent the employees' perception on the success of Measurement, Analysis & Improvement being implemented influences their organizational commitment?
7. To what extent The Job Level moderates the relationship between the success of ISO 9001:2008 elements being implemented with the employees' organizational commitment?
8. To what extent Experience moderates the relationship between the success of ISO 9001:2008 elements being implemented with the employees' organizational commitment?
9. To what extent Educational Background moderates the relationship between the success of ISO 9001:2008 elements being implemented with the employees' organizational commitment?

## **1.4 Research Objectives**

The main objective of this research is to examine the perception of employees' of the success of ISO 9001:2008 elements being implemented in SESB and its influence on organizational commitment. This study attempts to:

1. Assess the employees' perception on the success of ISO 9001:2008 elements namely quality management system, management responsibility, resources management, product realization and measurement, analysis and improvement being implemented.
2. Assess its correlation between the successes of ISO 9001:2008 elements being implemented and organizational commitment by the employees.
3. Assess the impact of employees' job level, experience and education background on the relationship between the successes of ISO 9001:2008 element being implemented and organizational commitment by the employees.

As a whole, this research is concerned with the perception of employees from ISO 9001:2008 in SESB on the impact of ISO 9001:2008 implementation to the organizational commitment. The elements of ISO 9001:2008 being studied here are the clauses of the standard requirement as specified in the ISO 9001:2008. The effect of the moderating variable to the relationship between the independent variables and the dependent variables would also be highlighted.

## **1.5 Scope of the Study**

The researcher was using cross sectional for this study where the respondent was given a set of questionnaire to be completed and a ball point pen as a token. The focus of this study is on the commitment of the employees towards their organization and how the implementation of ISO 9001:2008 could affect the employees' organizational commitment. This study was conducted among all level of employees in Sabah Electricity Sdn. Bhd. (SESB) particularly in the Head

Quarters, Wisma SESB, Kota Kinabalu, Sabah. Generally all the employees in Head Quarters are directly involved with the quality system.

### **1.6 Significance of the Study**

The study would be useful for SESB to determine the perception of success on implementing of ISO 9001:2008 in SESB and also will be able to use the findings of this study in its influence on organizational commitment. This study would enable the management of SESB to objectively clarify the success factor of ISO 9001:2008 elements being implemented in their establishment. The management would have a bigger insight and knowledge of the awareness of ISO 9001:2008 implementation on their employees. This eventually will help to promote the mutual understanding between management and the employees as well as to strengthen the corporation within the organization.

Management in SESB can use the result of the study as consideration to determine the critical elements of ISO 9001:2008 that contribute to the success of implementation. They can also use the findings of the study to determine the way of approach in implementing the system to ensure that there is an organizational commitment from the employees.

ISO 9001:2008 is new in SESB, the changes will bring in attitude as well as behavioral change. Therefore, management needs to see whether any new change will have positive or negative effect on employees' attitude. This study would also benefit SESB in their administrations such as organizational commitment of future projects. Execution and implementation of projects, which would involve change in the company's policies, might result in changes in employees' attitudes and perception. With this study, SESB would be able to handles the situation better.

### **1.7 Definition of Terms**

A brief definition on the terms in this study is given below.

### **1.7.1 Organization Commitment**

Organization commitment is the strength of attachment of an individual to his or her organization (Arnold *et al.*, 1998).

#### **a. Affective Commitment**

Affective commitment is the psychological attachment a person towards his/her organization (Meyer and Allen, 1991).

#### **b. Continuous Commitment**

Continuous commitment is as person's perception of the cost & risk associated with leaving their current organization (Allen and Meyer, 1990).

#### **c. Normative Commitment**

Meyer and Allen (1991) define that normative commitment is a feeling or moral obligation or responsibility towards an organization.

### **1.7.2 ISO 9001:2008**

ISO 9000 comes from a non-governmentally run organization established in 1947 – the International Organization for Standardization (ISO)- and is a combination of national standards from 100 countries (Mohammad Talha, 2004)

The International Organization for Standardization (ISO) developed a set of quality standards, ISO 9000, as a model for quality assurance standards in design, development, production, installation and service. ISO 9000 is a series of internationally accepted guidelines as to how companies should set up quality assurance systems. Focusing on procedures, controls, and documentation, the standards are designed to help a company identify mistakes, streamline its operations and be able to guarantee a consistent level of quality. The standards are not specific to products or services, but apply to all processes. They are generic and therefore can be used by manufacturing and service organizations (Kantha, 2004).

According to Praxiom Research Group Limited (2009), ISO 9001:2008 is a new version replacing ISO 9001:2000. It introduces changes intended to improve consistency with ISO 14001:2004 (ISO, 2008a).

There are five major clauses in the ISO 9001 which are Quality Management System, Management Responsibility, Resource Management, Product Realization and Measurement, Analysis & Improvement. Each major clause has sub-clauses.

**a. Quality Management System (QMS)**

- i. General requirements
- ii. Documentation requirements

**b. Management Responsibility**

- i. Management commitment
- ii. Customer focus
- iii. Quality policy
- iv. Planning
- v. Responsibility, authority and communication
- vi. Management review

**c. Resource Management**

- i. Provision of resources
- ii. Human resources
- iii. Infrastructure
- iv. Work environment

**d. Product Realization**

- i. Planning of product realization
- ii. Customer-related processes
- iii. Design and/or development
- iv. Purchasing
- v. Production and service operation



- vi. Control of measuring and monitoring devices

**e. Measurement, analysis and improvement**

- i. General
- ii. Planning
- iii. Monitoring and measurement
- iv. Control of non-conforming product
- v. Analysis of data
- vi. Improvement

**1.8 Organization of the Study**

This study comprises of five chapters, which explains the study in details from introduction to conclusion. The content of each chapter is as follows:-

- Chapter 1 - Explaining the topic of study, research problem, objectives of study, scope of study, significance of study and brief explanation on the company's background
- Chapter 2 - Brief explanation of company's background
- Chapter 3 - Discussions on literature review and previous study related to the topic
- Chapter 4 - Explaining the research framework of the study and research methodology applied
- Chapter 5 - Explaining the result of the study
- Chapter 6 - Discussion on the result and the conclusion of the study

## **CHAPTER 2**

### **COMPANY BACKGROUND**

#### **2.1 Overview**

Sabah Electricity Sdn. Bhd. (SESB) is a company 80% owned by Tenaga Nasional Berhad with the remaining 20% owned by the Sabah State Government. The company is solely responsible for the generation, transmission and distribution of electricity in the state of Sabah and the Federal Territory of Labuan.

As Mac 2010, the company had staff strength of 2326, comprising of senior management staff, executives and non-executives. As at 31 March 2010, SESB had a customer base of 425,304.

SESB has successfully obtained ISO 9001:2008 certifications by SIRIM on 20<sup>th</sup> August 2009. This recognition was received from Certification Panel of SIRIM QAS International Sdn. Bhd.

##### **2.1.1 Scopes of Certification are:-**

- a. Provision of Quality Management Support & Customer Services related to Generation, Transmission & Distribution of Electricity,
- b. Planning, Engineering, Construction, Installation, Testing, Commissioning & Maintenance Services of Electrical Power Generation, Transmission & Distribution facilities.

#### **2.2 SESB's Business**

##### **2.2.1 The Business Description**

The business description of SESB is Generating, Transmitting, Distribution and sales of electricity in Sabah and Federal Territory of Labuan, with a view to promote and encourage economic development to the area.