



UN-ESCWA
UNITED NATIONS ECONOMIC & SOCIAL COMMISSION FOR WESTERN ASIA



for REGIONAL
INTEGRATION

Role of Standards in Promoting Innovation and Competitiveness of SMEs in World Market

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Trends in World Economy

- Liberalization and growth of trade
→ *Globalization of markets*
- Increased industrial integration
→ *Sub-contracting and links between SMEs and global production chains*
- Shorter product life-cycle
→ *Need for “innovation” and creativity*

Trends in World Economy (continued)

- Competitiveness: Ability to increase income despite challenges of global market competition
- Innovative and creative strategy to benefit from compliance in global market
- ➔ *Clean technologies and environment friendly production processes*

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Definition of a “Standard”

According to ISO 8402:

- “Documented agreement containing technical specifications, or other precise criteria, to be used consistently as rules, guidelines, or definitions of characteristics to assure that materials, products, processes and services are fit for their purposes and functions”

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Types of Standards

- Technical and process standards
- Quality management
- Environmental management

ALL standards are voluntary

- Technical specifications are mandatory

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Advantages

- Optimize economic solutions: reduce risk, error and waste
- Protection of people's health and safety
- Protection of the environment
- Stabilize quality
- Facilitate interchangeability, interoperability and compatibility
- *Facilitate integration into global production chains*
- Reduce difficulties in multiple solutions production and maintenance
- Facilitate assessing comparability, conformity and legal cross-border contracts
- *Facilitate international trade*

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Quality standards

- Quality: Key solution in competitive market
➔ *Customer satisfaction in local and export markets*
- Concept of Total Quality Management (TQM)
- Concept of “quality standard”,
e.g. ISO 9000

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Quality imperatives

- Increasing competition: Global market
- Rising consumer expectation: Ready to pay more
- Production integration: Large corporate customers
- Rapidly expanding technologies:
Extending what is possible
- Economic advantages: Product, people and environment

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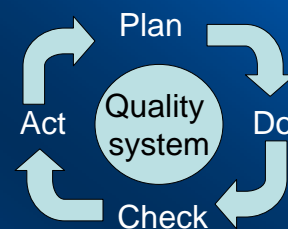
Concept of Total Quality Management

- Management philosophy and an approach centered on quality and on customer satisfaction
- Based on the involvement of ALL personnel
- Aiming at a long-term success through continuous improvement and innovation
- Achievement of ALL managerial objectives, applied to all processes within a firm, including services to internal customers as well as external customers
- NO unique way or practice, but basic elements

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TQM Golden Rules

- Say what you do
- Justify what you do
- Do what you say
- Document what you did



Deming Quality Loop

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ISO 9000

- TQM a philosophy
- ISO 9000 to be applied
- ➔ *Certification*
- ALL types of businesses
- Formulate a set of requirements to each aspect
- Appropriate documentation to be checked

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ISO 14000

- Environmental management standard
- Continuous improvement in environmental performance
- To enhance compliance with environmental laws, rules and regulations
- Reduce risks, losses and accidents to environment, health and safety
- Reduce cost of compliance and accident, reduce cost of insurance

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ISO 14000 (continued)

- Enhance integration in global market
- Gain satisfaction of aware customers, suppliers and investors
- Improve administrative performance
- May lead to savings in materials and energy
- Reduce waste and cost of waste treatment

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Challenges facing SMEs

- Lack of resources, particularly human resources
- Lack of understanding of legal implications and standards
- How to integrate concern into products and processes
- Rare adoption of any management standards
- ➔ *Need for external support and favorable government and business environment*
- Expensive call on external support, particularly to comply with quality and environmental management standards

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Summary and conclusion

- Conformity to standards may increase cost of production
- Higher cost may be offset by innovative approach and practical benefits
 - Lower cost alternatives
 - More aware customers → Wider market
- Role of supportive business environment

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Thank you