Saudi Arabia industrial sector: quality accreditation

The majority of developing industrialized countries tend to impose protective customs taxes on their domestic products to insure the survival of their industrial sector. Clearly, such protective efforts eventually lead to closed markets that engender an environment for poor quality products.

However, recent developments in globalization and international commerce have indicated an interest in developing a global market that is open to fair competition based on quality and price. Achieving this goal mandates a major reduction, or even cancellation, of import taxes imposed by the receiving countries.

This approach has been keenly pursued under the umbrella of the World Trade Organization (WTO). Despite the appeal of protected markets, many industrializing countries were confused about the rewards offered from membership of the WTO. Nevertheless, many countries have joined the WTO and many others are pursuing this goal.

Saudi Arabia experienced such a dilemma when joining the WTO. As a relatively significant action undertaken by the Saudi government before joining, import taxes have been reduced from 13 to 5 per cent since the year 2002. This step has put additional pressure on local Saudi businesses who are already suffering from fierce competition exerted by foreign companies. Attracting additional high-quality products from international manufacturers to the Saudi markets will pressurize the entire Saudi industrial sector to raise its quality standards to an international level whilst maintaining competitive pricing policies.

The Saudi food industry

In particular, the food industry in Saudi Arabia seems to be the sector most influenced from international competition. According to the 2003 statistics in the Saudi Factories Directory, the food industry forms 16 per cent of the entire Saudi industrial sector. The sector has 566 productive food factories, that employ 52,474 workers; with assets equivalent to $5.2 billion. This is all the more significant when one considers the non-agricultural nature of the country. Accordingly, the Saudi food industry is reliant upon processing and packaging of imported raw foods from other agricultural countries. In spite of the tariff protection provided by the Saudi government, imports of processed food and beverages to the Saudi market have shown steady increases in recent years. The significant reduction in its share of the domestic market, because of foreign food imports, indicates the level of competition that the Saudi sector is now competing with and, consequently, suggests that there are rigorous quality requirements the industry must comply. In contrast, the rising export of Saudi food indicates the success of the industry. Intuitively, such success may be attributed to the high quality standards and accomplished marketing policies adopted, especially in consideration of the fierce competition in the international market.

In addition to the vital role of quality assurance in the food industry as a safeguard for consumer health, applying quality assurance will also protect the domestic food industry from international competition. There has been a positive association reported by food manufacturers for food safety and the quality measures employed. Increased cases of food poising were also found to result from lower quality standards in food handling and processing. Moreover, sacrificing quality measures in any food related company could lead to significant harm to its brand identity and standing, if not leading to its bankruptcy. In the longer term, enduring additional operational cost to maintain quality will provide a better status in terms of domestic sales and offer an opportunity for exporting.

Food safety is an aspect of food quality, which has become a significant issue in the last
During the last decade, the Saudi industry, including the food sector, has taken the quality issue seriously. Lately, pride in accomplishing good quality has grown among Saudi businesses; to the extent that most firms usually show their achieved quality marks in their advertising campaigns and on the labels of their products. The three quality-related accreditation marques that have gained most popularity among the Saudi industry are:

1. The King’s Prize for the Ideal Factory. This prize covers quality assurance and its application in any full-scale factory. It recognizes the level of technology employed, the extent of Saudi workforce employed, and the volume of exports. Granting of the award is preceded by rigorous assessment and comprehensive evaluation.

2. The Saudi Quality Sign. The sign is granted based on the conformity of locally produced products to Saudi pre-set standards that are the equivalent to, if not exceeding, the European and American standards. This sign is award by the Saudi Arabian Standards Organization (SASO). It focuses on the technical aspects of the product rather than the quality measures or the quality system used in the production facility.

3. ISO 9000. Due to its global application and international recognition, ISO 9000 registration is the most popular and the most sought after quality certification within the Saudi industrial sector. This is consistent with the observed international trend; namely that an increasing number of companies achieve ISO 9000 accreditation. Its popularity increased after its major revision in the year 2000 – that redefined its role and guidelines for the food industry. Achieving ISO 9000 certification, however, is not a guarantee of exceptional quality, since it only represents the minimum quality standards required.

"Lately, pride in accomplishing good quality has grown among Saudi businesses."

During the last decade, as political and consumer concerns have increased. A person's health is linked to the type and quality of food consumed. Therefore, consumers are less likely to discriminate between domestic or imported food products, as long as it is nutritionally safe and satisfies their personal taste. Moreover, this strong relationship between health and nutrition makes food products somewhat resistant to financial and origin barriers. Thus, food quality and safety will be the most decisive factors in an open global market.

Quality accreditation

In any industry, the desire to gain professional accreditation and quality awards always serves as motivation to improve quality to a higher standard. Additionally, businesses tend to use their quality awards and registrations for marketing, as proof to customers of the excellence of their products. Generally, advocating competition in a quality-oriented environment has proven to be healthy and beneficial to the national economy.

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Raising quality awareness

The food industry sector in Saudi Arabia appears to be struggling to survive in a market that is about to be wide open to international competition. Currently, almost US$2 billion worth of processed and manufactured food products enter the country. Additionally, Saudi’s efforts to join the World Trade Organization (WTO) exerted more strain on this industry in terms of adherence to stringent quality standards and lower product cost. The readiness of the food industry in Saudi Arabia to compete and survive in such circumstances can be, to some extent, sensed by its exploitation of universal and contemporary quality standards. In the future, maintaining competitive product cost in an open market is one dimension of quality that needs to be addressed to fully assess the standing of the Saudi food industry. It is also recommended to provide this industry with an organized body, such as a specialized quality association, to elevate quality awareness and maintain advanced knowledge of contemporary quality procedures.

To facilitate the competitiveness of the Saudi food industry, careful examination of the local commercial judicial system need to be carried out to develop a new code of penalties specific to this industrial sector and ensure its compatibility with the strategic outlook set by the aforementioned organizing body and the quality awarding authorities in the country. □

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