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ISO Certification, Financial Constraints, and Firm Performance in Latin American and Caribbean Countries

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Abstract

We employ *World Bank Enterprise Survey* data collected in 2006-2010 for 21,852 firms from 31 Latin American and Caribbean countries to investigate determinants of the adoption of *International Organization for Standardization (ISO)* certification, the relation between ISO certification and firm financial constraints, and the effect of ISO certification on firm performance. We find that ISO accreditation is positively related to firm size and firm age. Exporters and foreign firms are more likely to adopt ISO certification. We document that ISO-certified firms exhibit significantly lower level of financial constraints and higher labor productivity and lower cost of sales than non-certified firms.

JEL Classification: G32; L15; L25

Keywords: ISO certification; Financial constraint; Firm performance; International standard; Latin America; Caribbean countries.

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