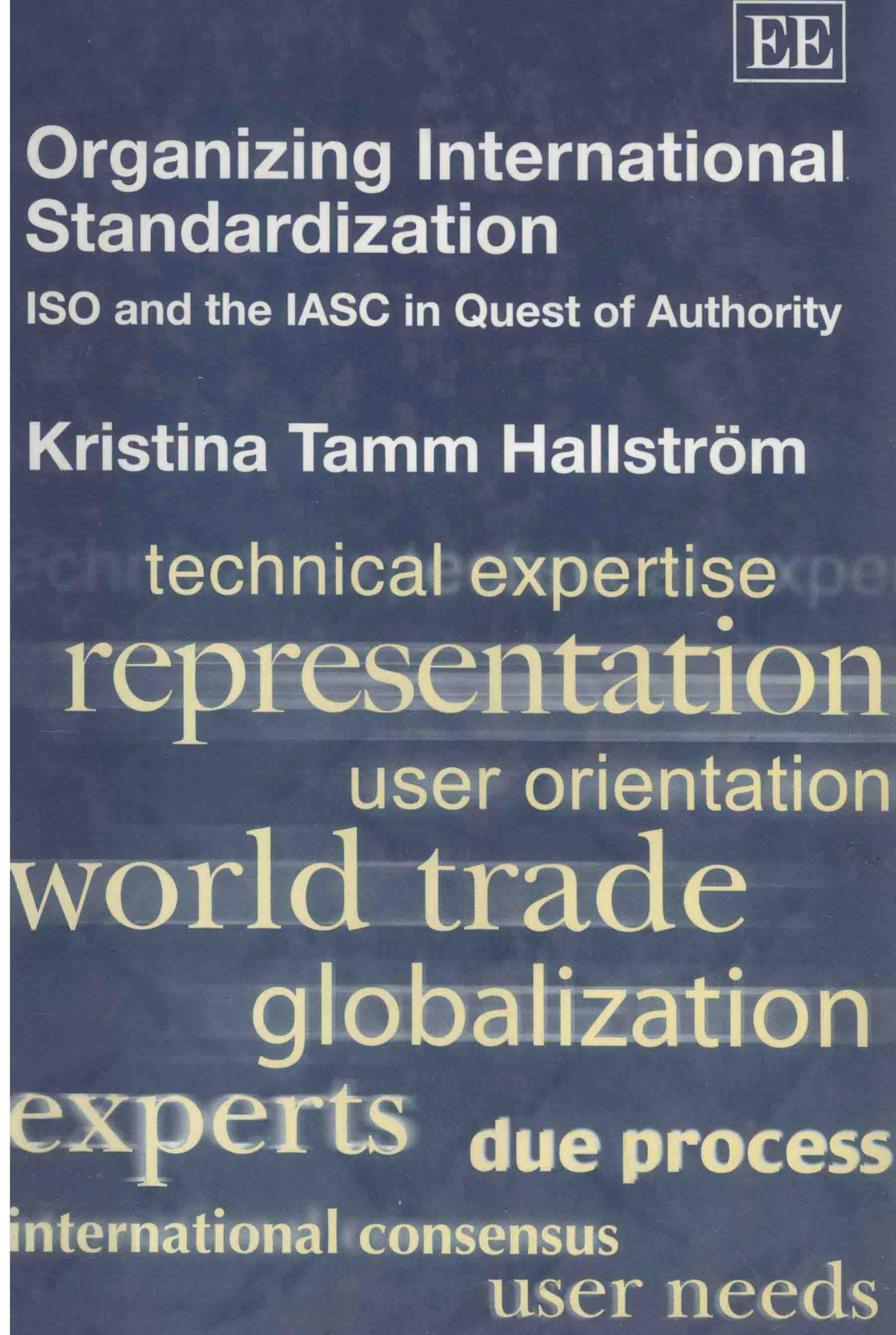
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Organizing International Standardization
ISO and the IASC in Quest of Authority
Kristina Tamm Hallström
technical expertise
representation
user orientation
world trade
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experts
due process
international consensus
user needs

Organizing International Standardization

ISO and the IASC in Quest of Authority

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Kristina Tamm Hallström

Contents

1. The Growing Practice of Standardization

During the 20th century work practices on standardization changed in several ways and became increasingly complex. This complexity is illustrated in this chapter by a discussion of a number of aspects of developments up to the beginning of the 21th century. Standards came to fill a growing number of functions. Standardization organizations were established on national, European and international levels, standards were created in more and more areas, a growing number of people and organizations took part in and were committed to working on standardization, the demand for standards grew strongly, the number of organizations that worked on activities that were related to standards rose. All these changes affected the conception and spreading of standards.

The description of the developments in the 20th century forms a background to the research problems that I shall discuss in this book. The problems concern the complexity that characterized work on global standardization and the demanding work of standardization organizations to establish authority. The research question is defined in the final section of this chapter.

DEVELOPMENTS DURING THE 20TH CENTURY

Standardization Organizations on National and International Levels

Since the beginning of the 20th century, standardization organizations have managed to expand on many geographical levels and in a great number of different areas. During the first decades of the century several standardization organizations had already been established at the national level. The following organizations are such examples, named according to their designation in the year 2000:

British Standards Institution (BSI)	1901
Deutsches Institut für Normung (DIN)	1917

American National Standards Institute (ANSI)	1918
Schweizerische Normen-Vereinigung (SNV)	1919
Standardiseringen i Sverige (SIS)	1922
Norges Standardiseringsförbund (NSF)	1923
Den Danske Standardiserings Kommission (DS)	1926
L'Association francaise de normalisation (AFNOR)	1926

In the beginning of the 20th century, there were also discussions at an international level and a number of international standardization organizations were founded such as the International Electrotechnical Commission (IEC) in 1906. After World War II, several international standardization organizations, as well as a number of other international non-governmental organizations, were established (Loya and Boli 1999). One such example is the International Organization for Standardization (ISO), founded in 1947.

Moreover, the EU had interest in standards. European standardization organizations existed since the 1960s, for example, the European Committee for Standardization (CEN) for general areas, and the European Committee for Electrotechnical Standardization (CENELEC) for electrotechnology.

By the end of the century, the work on international standards was particularly dominant and important. In several cases it meant that standardization work previously carried out at a national level was transferred to European and international working groups. Much national standardization work constituted, instead, of preparatory work for the decision-making process at an international level and of translating European and international standards.

Adding to the complexity, there was not always one single standardization body active in a specific area, or at a specific geographical level. In the 1990s, for example, it was, not unusual for different technical committees from different standardization organizations to work independently from one another on similar projects. Also, the work on standardization in different working groups could overlap or be contradictory (Salter 1995).

At the end of the 20th century, the field of telecommunications could be described as fragmentary and complex, since there were a number of standardization organizations within the same geographic and technical area that worked on similar projects and to a degree competed with one another (Genschel 1997). This, in turn, meant that a company that failed to gain influence in one standardization committee could turn to another committee and attempt to influence standardization work more successfully there. Seen from the perspective of standardization organizations, this situation of competition meant that it was not self-evident that they succeeded in attracting experts to their committees or that they succeeded in gaining

acceptance of their standards among users. The situation, however, was quite different during the early part of the 20th century. At the time, the international committee CCITT[1] was regarded as having a natural monopoly in the area of standardization for telecommunication (ibid.). This monopoly-like situation slowly began to dissolve in the 1970s when many different standardization organizations and technical committees were established. This led to an unclear hierarchy between the standardization organizations on different levels.

Broadening of the Standardization Scope

During the 20th century, there was also an increase in the number of fields that were considered suitable for standardization. Some facts concerning ISO can serve to illustrate the expansion of the standardization areas that took place more generally. At the end of the 1990s, ISO consisted of close to 80 members, all being national standardization organizations. At that time ISO had more than 200 technical committees, each of which was responsible for the creation of standards in different technical areas, e.g. optics, toys, industrial fans and medical equipment, quality management and environmental management systems, among others.

Most of the early standardization projects, both national and international, concerned standardizing industrial products. Standards were necessary in order to create functional coordination. In Sweden, the building, electrical, mechanical and metallurgical industries were traditional standardization areas. Discussions of standards often followed the technical development and the supply of new products such as computers, fax machines and cell telephones. None of these products could function by themselves but had to be coordinated with the technical system of which they were a part.

Standards were also seen as a way of creating a common language – a way of achieving mutual understanding. There was a need for standardized definitions of products that were supplied and demanded in order for actors in a market to understand each other and to make exchange. The use of standards was therefore a way to create markets for different products and to make effective market exchange possible.

An official of the Swedish Standards Institute (SIS) used the light bulb as an example to illustrate different types of standards concerning a product standard and different motives for such standards:

> Until now we have mostly standardized industrial products. When you standardize a product the first thing you discover is that you must know what you are talking about. You must determine terminology and definitions. Then you must be aware of what sizes you need. You standardize dimensions. Take the light bulb for example. For you it is obvious that you go to the store and then buy it there. When

> you come home it fits. That's one type of standard. But then it is not certain that you want to have the same strength of lamp all the time. You must limit the variation, e.g. 25 Watts or 60 Watts. Then you must know that it shines, functional requirements for standards. One requirement is that it shines for a number of hours and that has to be standardized. Or how strongly it shines, and has qualitative properties. Then, finally, how can you be sure that the bulb that you bought fulfils these requirements? Well, you must have testing methods so that you can compare a bulb from whatever manufacturer and that they are tested in the same way. So, it is dimensions, sizes, variants, functional qualities, properties and then testing methods. That's what you standardize. (interview with an official active in SIS during the 1970s and 1980s)

In the example with the light bulb it becomes clear that not only dimensions of products in different areas must be specified in the form of standards but terminology, functional demands and testing methods for the product also. Sometimes one and the same standard contains several of these specifications. This, in turn, means that the number of pages in a standard can vary greatly. Some standards are, for example, composed of a single page. Others consist of between 20 and 30 pages, but there are also standards that consist of several hundred pages. What is common for most standards is that they are considered necessary in order to make technical products function together, and to make market exchange possible. It should be possible for products to be coordinated with other products, which in the light bulb example means that the light bulb must fit and function when a consumer comes home and puts it into a lamp socket that is connected to an electric circuit. The product should also be coordinated on a market so that the consumer and the producer understand each other and so that the consumer can also compare different products in order to make a rational decision.

Another official of SIS especially emphasized the importance of standards for the market to function:

> As soon as there is a need for a market – seller and buyer wish to agree – it is good to have the same reference document: which measures one talks about and which products one buys. That's why it can be practical. If it is only you and I who trade with one another then maybe it's not necessary, but at some point there is a limit where one wants to know that one can buy the same product from different sellers. As soon as there are more parties it becomes practical. (interview with an official active in SIS during the 1990s)

In the 20th century, many standards were established for definitions and functional demands for different products, but also standards for activities were developed. This concerns quality management and environmental management – ISO 9000 and ISO 14000 – which became major standardization areas in ISO in the 1990s. An ISO 9000 standard can serve as an example. ISO 9000 could be described as a number of structural elements

of an organization that together made up a quality system. The structural elements pointed at aspects of the production process that were important to consider from a quality point of view. Above all, it was assumed in ISO 9000 that high quality would follow if all routines and structures in the production process were carefully thought through.

The reasoning was that a company that used ISO 9000 could function more efficiently and increase its profits. ISO 9000 had an efficiency goal that was presented when these standards were marketed. ISO 9000 could lead to rationalization for the individual company. ISO 9000 was also marketed as a way to facilitate communication and exchange and render them more effective in a global market. The use of ISO 9000 standards was thus seen as a way to achieve social coordination. A Swedish standardization official expressed it as follows:

> What is the driving force? What is a standard needed for? For me ISO 9000 is one of several tools to make fair competition possible. I see ISO 9000 as a natural part of the fact that one wants to have a global market, where I in Sweden can deliver products to a company in Japan, and the people in Japan don't know me and don't know what kind of things I make. And so one has arrived at this with ISO 9000, a quality control system. Great, say the Japanese. (interview with an official of SIS)

The references to the market, especially global commerce, were commonly used in connection with standardization during the second half of the 20th century, both for product standards and management standards like ISO 9000 and ISO 14000.

It was common for both quality management and environmental management standards that they were formulated in extremely general terms, i.e. they were aimed at many different kinds of production processes and work organization. According to a quality auditor from a Swedish certifying organization, they began issuing ISO 9000 certificates to companies with industrial production at the end of the 1980s, but during the 1990s they also began working on other types of activities:

> Simply everywhere. We began working in companies in the paper industry, chemical companies, software companies, technical consultants, manufacturing industry, paint industry, a little in different types of companies. But gradually it has become service companies and such, so it fits all organizations. (interview with a quality accountant at SIS Certifiering)

Not only was ISO 9000 generic, the actual definition of a standard made by SIS was also generic, which can be seen in the following statement:

> Standard: a document established in mutual agreement and stipulated by a recognized body which for general and repeated use gives rules, guidance or

> properties for activities or their results with the purpose of achieving the greatest possible order in a specific connection. (SS - EN 45020)

The generic character of the definition reflects the standardization organizations' potentials to constantly broaden their areas of activity. There seems to be almost no limit for what areas could become subject to standardization. There also seems to be other rationalization motives than technical coordination and mutual understanding in markets – such as efficiency – that could be used to explain the need for standards. These motives could obviously be placed in the all-embracing objective in the above definition – to achieve the greatest possible order in a particular connection.

More People Become Experts

The number of individuals engaged as experts increased considerably during the last decades of the 20th century. Some facts about ISO can, once again, illustrate the changes. Generally speaking, there were relatively few administrators and technical advisors working in standardization organizations. At the end of the 1990s, there were 155 full-time employees at ISO's headquarters in Geneva who were engaged in routine administration, coordination of the work in the technical committees, as well as publications and some translations (Loya and Boli 1999). Their work was financed through ISO's budget where 80 per cent of the proceeds derived from membership fees and the remaining 20 per cent from the sale of standards and publications (ibid.).

The greater part of the work on global standardization was, however, not performed by administrators and technical advisors, but by the staff of the secretariats of the technical committees and by individual members in the international working groups within each technical committee. In fact, standards were discussed and formulated in international working groups consisting of experts in the field. It was customary that the experts in the working groups met each year for a number of intense weeks for this technical work which often went on for several years. The secretariats of ISO's technical committees and subcommittees were conducted on a voluntary basis by several member organizations. At the end of the 1990s, the volunteers working in these secretariats corresponded to a full-time staff of about 500 people (ibid.). It was, however, estimated that together with experts in international working groups more than 30 000 individuals were active in the standardization sector at the global level at this time (ibid.).

Taking a closer look at which people participated and were engaged as experts and what their professional backgrounds were, certain facts could be

distinguished. At the beginning of the 20th century engineers were the strong driving force in the work on standardization. The picture has changed since then. At the end of the century it was no longer solely the concern of engineers, but also that of a multitude of people from various fields and different organizational levels. An official at SIS described how standardization work had changed in the final decades of the 20th century:

> The demands are greater today. It's no longer just of technical interest. It has begun to be of interest in strategic reasons. Partly there are other types of projects, partly there are other types of people that participate. It's not just technicians, not just designers, but it can be people from the marketing side who may need to get involved. It can be quality control people, who are a totally new group. They are not technicians sitting with nuts and bolts, but people on other levels. But what we also want are decision makers to participate and see it as a possibility to influence their markets. That's what's happening, that change. (interview with an official at SIS)

So there were many different groups who saw themselves as interested parties in the work on standardization, not only engineers but also people from the marketing side and quality control. It was not self-evident who were most suitable as experts. Neither was it certain that competent people who were considered suitable by a standardization organization at all wished to participate in these working groups. Their participation as experts depended on their own – or their employer's – interest in contributing with knowledge, time and money.

When a standardization body received a project proposal to develop a standard it sent out an inquiry to those who could possibly be interested in participating and financing the work. Condoms, for example, were standardized by ISO – a project initiated by Sweden. A person who worked for SIS at the time talked about which motivating interests were part of this international standardization project:

> The interested party concerning condoms was the Swedish development aid organization, SIDA, which gave the money and wanted to include a knowledgeable person who made demands. Then there were the people who do the testing which was Apoteksbolaget, and then some manufacturers. As CEO you cannot influence the technical content, and my colleagues who headed trade journals didn't have any influence either. And they should not. Those experts who sit in the committees can: they should relate what is to be in the standard. Then it is the standardization expert that the standardization body puts at their disposal who should say how it should be formulated, codified and documented. And then it is the Swedish Standards Institute that establishes, publishes, prints, distributes and sells it. (interview with a former CEO of SIS)

In the example, people from the aid organization SIDA, the Swedish state owned pharmacy Apoteksbolaget, and manufacturers were named as major experts in the project group that standardized condoms. Through their backgrounds and organizational affiliations, these people had different views on what was a good standard.

There is also an ISO-standard for carrots. When SIS described the international carrot standard in a brochure it also became clear that there were many groups that were potentially interested in the shaping of different vegetable standards:

> There is, then, an ISO-standard for, as an example, carrots. But it does not concern the shape, color, taste or characteristics of carrots. It gives, however, simple and tangible recommendations for how one harvests, handles, stores and transports these vegetables. And similar standards naturally exist for tomatoes, peppers, potatoes or cauliflower. (SIS 1999a)

It is advantageous for a company that transports vegetables according to a certain method for its own method to be established as the international standard. If the method was chosen as an ISO-standard its value would be likely to increase since an ISO-standard could be respected by most of the vegetable industry and perhaps even be perceived as the best method. This would then be likely to increase the company's value. Similar benefits can function as an incentive for different organizations to participate in standardization work to influence it in a certain direction.

The purpose of mentioning these examples of standards here is to point to the various kinds of people who participate as experts in standardization projects and who might have conflicting interests.

Standardization Officers with a Reactive Role

Together with experts in the area, people with an administrative function from the standardization body itself also could take part in a standardization project. People from standardization organizations should, however, have a reactive role, in other words they should only respond to initiatives that came from interest groups in society. The standardization organizations were not supposed to take the initiative for new projects or supply experts. In practice, however, personnel from standardization organizations may both initiate projects and participate as experts in the standardization work itself. An official at SIS described the role of standardization organizations as follows:

> It is wrong to believe that officials decide what shall be standardized. We can have ideas and we openly take part in discussions, seminars, debates, and it is clear that we have opinions and say 'that is strange' etc. Or 'you should have thought of this' etc. For example: 'If I was affiliated with the chemical industry in

> Sweden I wouldn't sit passive...' etc. In other words, then, you're taking on their role, but for us making standards is not an end in itself. On the contrary, it's important that there is a motive for them. (interview with an official of SIS)

Another official from SIS talked about an example of an unsuccessful standard that was a project initiated by the standardization organization itself:

> When you are in the middle of it you see what's going on. Then you have to try to provoke interest. A typical case, which unfortunately never succeeded, was when we said we should try to establish an international standard for clothing and shoe sizes. Then we had to get the interest of the ready-to-wear clothing industry, shoe manufacturers and others – retailers and such – in each country for this project. We succeeded with this and then we sat down with some experts and made up two, in our opinion very good, standards for shoe and clothing sizes. But, unfortunately, they have never been used. You who are out buying clothing know that it's impossible to know what size you get – different systems – the English, French, German, American, and there are different sizes in all of these. (interview with an official at SIS)

This official stressed that it was crucial to define a motive for a standard and that this was often done from the point of view of the user, which seems reasonable. In the clothing example, however, it became evident that there could be several types of users: clothing manufacturers who adapted their production to certain size standards, distributors who bought clothing with different sizes, and the consumer who purchased clothing from retail stores. The user needs could therefore be heterogeneous. What also became clear in the clothing example was that it was not always the factual, but the potential, imagined user need that was the prime driver for a standardization project. A conclusion that can be drawn is that what might seem obvious – to ensure that user needs were the basis of a standard – was not an obvious task in practice.

More Comply with Standards

The number of individuals and organizations complying with standards has greatly increased over the years. The interest in standards not only came from those who themselves took part in the work on standards but was more general. Many firms and organizations that had not themselves participated as experts in working groups, chose to adjust to standards. The number of ISO 9000 certificates issued can be seen as a measure of this trend. A firm could function on the basis of the ideas of the ISO 9000 series without being formally certified. ISO 9000 standards were voluntary, but despite this, many chose to seek formal approval of their adaptation to ISO 9000 from an accredited certifying body. The first version of ISO 9000 came out in 1987

and over 95 000 organizations in more than 86 different countries had already been certified by the middle of the 1990s (Mendel 1996). Just a few years later it was estimated that over 200 000 certificates had been issued globally (STG 1989/1999).

The fact that so many complied with the standards without being forced to could be viewed as an indication that the standard-setting body was doing a good job producing standards that were genuinely good. Moreover, the increasing compliance could also be an indication that free choice was inherently attractive, in other words that advice and recommendations leaving room for individual action were perceived as especially attractive not least in comparison with more traditional compulsory rules (cf. Rose and Miller 1992). If standards could be justified based on ideas of rationality and efficiency – as with ISO 9000 – this could also make them seem especially interesting to comply with – a choice that those following a standard should make for their own benefit (cf. Boli 1999).

Yet another explanation for high compliance could be that individuals and organizations felt forced to follow them, i.e. that compliance was often not particularly voluntary in practice. Returning to ISO 9000 standards as an example, in many business situations they were perceived as voluntary only to a very limited extent, for example when a buyer required that a supplier be ISO 9000 certified (Furusten and Tamm Hallström 1996, Mendel 1996). Another situation where ISO 9000 was not perceived as completely voluntary was when a supplier felt general pressure to adjust to ISO 9000 from customers in the environment (Walgenbach 1997). A quality auditor active in a Swedish certifying organization described the constraint that many firms perceived concerning ISO 9000 in the following way:

> It can be perceived as a constraint that ISO 9000 certification feels more or less obligatory although it is voluntary, and develops in a free market. Their customers begin to think that they should have it, they start hearing from many sides that they should have it, and no matter how good you are and how voluntary it is, it feels like a constraint. (interview with a quality auditor at SIS Certifiering AB)

Thus, sometimes it was the customers who made demands on their suppliers, but it could also be a question of norms and behavior patterns that were conveyed and strengthened via trade associations, trade journals, consulting firms and certifying organizations. These actors can be seen as a type of 'third party' in relation to standardization bodies and those who follow standards.

A type of third party that became increasingly important during the 1990s were certification organizations and both ISO 9000 and ISO 14000 were major standards as concerns certification. Indeed, certification meant a great deal for how users of standards perceived ISO and its standards in the areas

of quality and environmental management. For a standard-setter such as ISO, certification bodies functioned as a support. They supported and participated in the dissemination of the standards. A Swedish quality auditor maintained that third party certification had won considerable confidence in many countries. He argued that the essence of the certification activity lay in its strength that as an outsider – a neutral party – it could judge the quality system of others, while the organization itself was often blind to its own defects and unsuitable at making judgments on its own activities:

> We naturally think that an impartial third party certificate is the best way. Our system has gained confidence in Sweden and in many other places. If problems arise the certifying body has to get on the ball so that it gets even better. But a third party has better possibilities to express itself about a system than somebody who is sitting in the middle of it and becomes a little blind and doesn't see the company's problems and weaknesses. (interview with a quality auditor at SIS Certifiering AB)

In addition to certification bodies constituting third parties, many other actors had similar functions. There were, for example, a growing number of organizations offering consultation about how to implement ISO 9000 standards. Yet others were educating and influencing opinion on the importance of these standards. Thus, standards were not compulsory and even if there were no laws that forced organizations to comply with them, standards were often perceived as only partially voluntary. This could be explained by the fact that different organizations with supportive functions to standards – third parties – influenced the freedom of choice. The limited freedom of choice together with the rational way of justifying standards could in turn explain why so many complied with standards.

The discussion of the increased compliance with standards and possible explanations for this development will continue, as the central theme of the book is to analyze two standard-setters in their efforts to achieve compliance with their standards. However, before the precise research question is presented, some further characteristics of the developments during the 20th century will be given.

Standards as a Compliment to and Substitute for Laws

Until now, standards have, above all, been described as something alongside legislation, as voluntary agreements initiated and developed by industry. The motives have above all concerned the need, where required, to coordinate technology, create mutual understanding in markets and improve operating efficiency. Initiatives for developing standards did not, however, always

come from industry and they were not only justified by the need for rationalization.

In most countries governments had the responsibility for regulation in areas that were considered especially important. Usually, such rules came about through legislation. Sometimes, however, rule-setting in areas of government responsibility was delegated to standardization organizations. This occurred in some countries in the accounting field.

The interest in regulating accounting had already begun in the mid 19th century in connection with the expansion of railroads (Wallerstedt 1996). These investments in infrastructure were expensive. The railroad projects were not always conducted in a way that was satisfactory and secure for the financiers. Many, at that time, felt a more general need for the establishment of explicit rules for how the accounts for projects and businesses were presented. The purpose of accounting regulation was not so much a question of coordination, at least not at the outset. It was mostly to protect citizens and other stakeholders. The development of accounting was also very much bound to property rights; accounting regulation was seen as an instrument to secure property rights.

Around 1900, governments in certain countries took full responsibility for rule-setting in the accounting area (e.g. France, Germany). In other countries, an accountancy profession took on this responsibility (e.g. the USA, the UK). Professional accountants assembled in national accounting organizations to formulate accounting standards, e.g. the Institute of Chartered Accountants in England and Wales established in 1880, the American Institute of Certified Public Accountants from 1887 and The Swedish Institute of Authorized Public Accountants founded in 1923.

The conception of a need for regulation in the accounting field became stronger during the 20th century, not least in connection with the great financial crises like the stock market crash of 1929. In many countries, the governments took an increased interest in regulating business activities through accounting rules for the purpose of establishing a fair basis for taxation. In the final decades of the 20th century, coordination of financial transactions in the capital market also became a dominant motive for accounting standards in parallel to the rise of multinational corporations and financial transactions across national boundaries.[2]

Returning to the EU and its interest in standardization, the EU took an interest in accounting regulation with the aim of creating conditions for an efficient flow of capital within its internal market, to protect the interests of share holders and to harmonize accounting conditions in the member states to create a basis for fair competition (Flower 1994). Such interest began in connection with the Treaty of Rome of 1957, but was accentuated by the end