

The Role of Standards in Company Management

Anca Cristina Stanciu

“Ovidius” University of Constanta, Faculty of Economic Sciences, Romania

anca-cristina.stanciu@365.univ-ovidius.ro

Abstract

Standardization as an approach and the application of standards both at the macroeconomic and microeconomic level represents in the current period of development an imperative to ensure competitiveness but at the same time a condition that allows participation in certain markets. With increased development among industrialized countries, internationally accepted norms or standards are needed to support this trend. This paper supports and argues the idea that organized standardization has now become an important element of infrastructure needed for the healthy growth of industry and commerce in all countries of the world. The international standards of ISO contribute to benefiting consumers, businesses, governments and society as a whole.

Key words: standards, management, development, competitiveness

J.E.L. classification: L15, L21, M10, M11, M14

1. Introduction

The adoption of standards for any type of company, regardless of size or object of activity, is currently an indisputable strategic option. Of course, the most important role is played by international standards issued by worldwide organizations, in particular we are referring here to ISO (International Organization for Standardization), although equally important are the standards harmonized with those of the mentioned structure, such as the national branch or company ones.

By using the current series of standards, companies can manage the contracting system in a more efficient way, both in terms of quality assessment and avoiding conflicting situations regarding specifications and quality. (https://www.unido.org/sites/default/files/2009-04/Role_of_standards_0.pdf)

Starting with the 1990s, when the ISO 9000 series standards were launched in the business environment, they aimed to harmonize the interests and practices of companies regarding the application of quality management systems.

The implementation of quality systems inspires the confidence of clients in contractual situations. An even greater number of companies not only implement quality systems in their own activity, but also insist that their suppliers of materials, components and subassemblies have certified quality systems. (<https://www.creeaza.com/afaceri/comert/merceologie/Standardizarea-si-rolul-aceste594.php>)

At the level of an organizational entity, its management must guarantee the fulfillment of the requirements related to products and services expressed by the market, customers and society, related to the protection of human life and the environment, the quality of products and services or the achievement of commercial success.

For these reasons, this paper argues the necessity of reporting to standards and introducing their use in the management of any type of company. The main advantage offered by the use of standards issued and promoted by ISO is to offer technical and economic solutions agreed by international consensus. (https://www.unido.org/sites/default/files/2009-04/Role_of_standards_0.pdf)

Standards must align for a company the mission, business objectives, and organizational leadership, and be implemented consistently across the organization. Standards are what a business aspires to, but they don't guarantee performance.

2. Theoretical background

Standards exist in almost all aspects of our actual business environment and even life. The today globalized world cannot exist without norms and rules, in fact standards, which are supporting cooperation, trade, health, safety, and economic development. (<https://www.ispatguru.com/standards-and-their-importance-for-the-organizations/>)

The main goal of standardization is to facilitate the normal development of activities in all areas of the economy, both nationally, regionally and internationally.

By adopting standards of any level and harmonizing technical regulations, all the actors involved will feel favorable effects. Producers can adapt their technical conditions and reduce production and marketing expenses, by referring to a unique set of rules. Consumers benefit from a wide range of products that comply with recognized quality and safety requirements.

Also, the use of standards creates the conditions for the free movement of products and services, in accordance with the provisions of the Agreements negotiated within the World Trade Organization (WTO), regarding technical barriers to trade.

The free movement of goods is based on the prevention of new barriers to trade, mutual recognition of the results of conformity assessment procedures in the regulated field and technical harmonization, access to technologies and good management practices.

Companies should be interested in projects that ensure the development or adaptation of standards as well as their subsequent implementation; these actions would result in the optimization of their own production processes, along with cost reduction and profit growth. (<https://www.standardsboostbusiness.org/organizations.aspx>)

The best results can be obtained by promoting those norms or standards that follow the level of quality throughout the supply chain, as it offers a certain flexibility in monitoring compliance with the specified requirements. Quality management of the supply chain can result in a reduction of the time to market and easier access to foreign markets. The adoption and application of standards ensures companies reduce risks in research and development activity, thanks to experiences based on already verified technical elements, which can result in a substantial reduction in costs. (<https://www.standardsboostbusiness.org/organizations.aspx>)

The own standards define how that company acts, which, in turn, builds trust in its brand. For example, they can be guidelines that describe quality, performance, safety, terminology, testing, or management systems. Another gain consists in the fact that they can comply with authoritative agencies or professional organizations and be enforceable by law, such as required for financial planners (<https://www.thehartford.com/business-insurance/strategy/accelerate-growth/empowering-employees>)

The updated international standards of management systems, which have incorporated the high-level structure of the management system, provide an opportunity for organizations to use management systems to achieve better business performance (Roncea, 2018).

The organizations that will reap the most important fruits from certification in accordance with the new standards ISO 9001:2015, ISO 14001:2015, ISO 27001:2013 and ISO 45001:2016 are those that have a Leadership that thinks constructively, that sees changes as a way to gain a competitive advantage. By recognizing the potential of the new standards, leaders access a powerful tool that supports not only the improvement in the field of management systems but also the general success of their business. The shift from management responsibility to leadership and commitment is probably the most significant and far-reaching change contained in the new standards, although the actual impact will depend greatly on the type and level of management existing in each organization (Roncea, 2018).

3. Research methodology

The current work is mostly based on the observation of the way of reporting to standards in the entrepreneurial behavior of companies. The research methodology is mainly qualitative; this paper looks at the various modalities in which different types of companies act in the field of quality assurance using like reference elements standards and practicing methods that are commonly used in the field, for the benefit of the consumers.

The research also presented an important documentary component that concerned the series of standards issued by ISO.

4. Findings

Standards are in fact documents that stipulate, with a recommendation character, requirements and norms that target the personnel, processes or products of an organizational entity. (https://www.unido.org/sites/default/files/2009-04/Role_of_standards_0.pdf)

We can mention as essential goals of standardization: compliant use; interchangeability; variety reduction; compatibility; protecting against factors affecting the health and safety of consumers; environment protection; better use of resources; better communication and understanding; technology transfer and removal of trade barriers.

The importance of standards in the management activity is perceived differently depending on the situations in which the different beneficiaries find themselves, thus:

- for producers: rationalization, reduction of waste and costs;
- for customers: the price-quality ratio;
- for merchants: streamlining of orders, better negotiation conditions;
- technologists: improvement of research and development activities.

(<https://www.standardsboostbusiness.org/organizations.aspx>)

Traditionally, the standards refer to products, inspection and control activities, but lately some have been developed that have as their object management aspects, such as the management of stocks, information, distribution or those of the system, such as management systems of quality (ISO 9000 series) or environmental management systems (ISO 14000 series).

Each business has these characteristics and they are referred to as company standards which define how the company acts and, in turn, builds trust in the brand. These standards can comply with authoritative agencies or professional organizations and be enforceable by law, or they can be voluntary rules established to create confidence among clients.

(<https://www.thehartford.com/business-insurance/strategy/accelerate-growth/empowering-employees>)

The most successful sectors of the U.S. marketplace recognize that standards and conformance are business tools that should be managed right alongside their quality, safety, intellectual property, and environmental policies. In addition, standardization and conformity assessment activities lead to lower costs by reducing redundancy, minimizing errors, and reducing time to market. (<https://www.standardsboostbusiness.org/organizations.aspx>)

In reality, the standard does not guarantee performance, but the assessment of conformity, which represents the company's awareness of the need to adapt to consumer requirements. Thus, the voluntary adoption and application of the recommendations from the standards represents the attention paid to customers and their needs, which can become profitable for the company at the same time (<https://www.standardsboostbusiness.org/consumers.aspx>)

In the opinion of BSI Group (British Standard Institution), the key elements of standards to benefit a business are:

- to maintain fundamentals, speaking about the 9000's ISO series, the recommended one to use is BS EN ISO 9001
- to secure supply chains and keep business going- (BS) ISO 28000
- to protect data and keep vital information safe with (BS) EN ISO/IEC 27001
- to nurture and inspire employees and staff with (BS) EN ISO 45001 for health and safety, and (BS) ISO 45003 for psychological wellbeing
- to prioritize responsible business -(BS) EN ISO 26000
- to outline a sustainability framework/- (BS) EN ISO 14001.

(<https://knowledge.bsigroup.com/articles/the-benefits-of-using-standards>)

If at the beginning the standards aimed at the application of management systems were mainly used to manage the control of non-compliant products, over time, they began to address the processes related to the manufacture of products and especially the prevention and identification of deviations, as aspects as important as inspection the product. Currently, the management system considered good has a much more comprehensive approach to the organization and the interested

parties. These aspects require a different approach and the inclusion of leadership within management systems.

Maximizing the benefits of the new standards will require the existence of leadership at the level of the entire organization.

Successful organizations make use of standardization as a strategic tool to ensure the marketability of their products. Standards thereby have a positive impact on the productivity of the organizations.

5. Conclusions

In the current economic context, there is an opportunity to modernize the management systems and to integrate them into the business systems of the companies in order to obtain a better performance of the business, an opportunity that should not be wasted.

There is no improvement without change. Changes will be necessary for these new, different and vast approaches to be applied. But at the same time there will be fear of change and significant opposition.

Thus, we can say that there are three types of advantages offered by the use of standards by a company, regardless of the category in which it falls: improving the level of productivity and performance, supporting research and development activities and facilitating contractual relations.

Anyway, understanding the context of the organization is used to establish, implement, maintain and continuously improve the management system.

Also, it is recognized that regarding the application of quality standards, leadership is crucial because management systems have evolved in such a way that they play an increasingly important role in corporate structures and beyond.

6. References

- Roncea, C., 2018. *The meaning, role and importance of LEADERSHIP within the new standards for management systems based on Annex SL – High Level Structure*. SRAC CERT[online] Available at: <<https://www.srac.ro/ro/stiri/semnificatia-rolul-si-importanta-leadership-ului-cadrul-noilor-standarde-pentru-sistemele-de>>(Accessed on May 2022)
- United Nations Industrial Development Organization, 2006. *Role of standards A guide for small and medium-sized enterprises*. Vienna. [online] Available at: <https://www.unido.org/sites/default/files/2009-04/Role_of_standards_0.pdf>(Accessed on June 2022)
- * * * *Standardization and its role* [online] Available at: <<https://www.creeaza.com/afaceri/comert/merceologie/Standardizarea-si-rolul-aceste594.php>> (Accessed on June 2022)
- * * * *Standards and their importance for the Organizations* [online] Available at: <<https://www.ispatguru.com/standards-and-their-importance-for-the-organizations/>> (Accessed on June 2022)
- * * * *Value of standards for organizations* [online] Available at: <<https://www.standardsboostbusiness.org/organizations.aspx>> (Accessed on June 2022)
- * * * *Setting Company Standards Business owner`s playbook* [online] Available at: <<https://www.thehartford.com/business-insurance/strategy/accelerate-growth/empowering-employees>> (Accessed on June 2022)
- * * * *Value of standards for consumers* [online] Available at: <<https://www.standardsboostbusiness.org/consumers.aspx>> (Accessed on June 2022)
- * * * *What are the benefits of using standards?* [online] Available at: <<https://knowledge.bsigroup.com/articles/the-benefits-of-using-standards>> (Accessed on June 2022)