Standards and Certifications for Services

A conceptual overview and typology of standards and certifications

Standards

A business standard is defined as an established norm, a formal requirement detailing material, technological or service content, as well as functionality and performance. Standards may also address in-house scientific testing processes, working conditions and other societal or environmental issues in the outside world (European Commission, 2016). From a company's perspective, standards are important for efficiency, as they detail technical functionality and other requirements that are already tested, set, implemented and recognized by the market. They can also be detailed as preferred or mandatory requirements defined in regulations. A further advantage is that standard definitions represent somewhat foreseeable and stable reference points across time and geography. The inclusion

GRETE RUSTEN

of accepted international standards may facilitate trade operations in different countries simply because the various parties in the production system are referring to the same specifications rather than different variations depending on which country they are operating in. Standards therefore represent a common terminology for the delivered products between the company and its customers. In some cases, standards can also be implemented for internal purposes, such as the coordination of agreed actions across units. Examples of standards structuring internal arrangements are backup systems and routines to ensure that everything will operate effectively without unexpected minor or larger incidents. Standards may also refer to internal defined performance and incentive levels for staff performance evaluations.

Standards concerning service products may refer to a more interactive process with deliveries by individuals and therefore differ from standards linked to products, which are often based on fixed technical specifications (European Commission, 2016). A service standard specifies the requirements to be fulfilled concerning the service and the supporting organizational arrangements, which thereby ensure that the defined service level is reached. Examples are public procurement initiatives where the standards not only define the requested delivery, but also provide the details to exclude and select relevant potential candidates who are invited to take part in the bid. Standards may even involve award criteria related to the competition for the contract. The published selection criteria and methods that are openly available to all parties in the procurement represent a standardized procedure that improves transparency. Standards may also include the details of contracts and performance clauses, which are also relevant reference points for monitoring, controlling and auditing a service delivery to ensure correspondence with the contract agreement (Rainville, 2017).

Certifications

A certification scheme is a formalized process using examinations by a third party to ensure that organizations, professionals, products or services meet the defined standards. The certification tool also represents a systematic approach for handling, monitoring or improving performance.

There are five different types of certifications. First, professional certifications that are earned by individuals based on qualifications verified by educational institutions, which represent either accredited bodies approved by the authorities or non-accredited bodies, such as a broad range of courses that provide voluntary certificates (Farashah et al., 2019). In some cases, professional certificates can be an officially required permit to practice, such as authorization and certification for health-care personnel, lawyers and various categories of technical personnel. Second, mandatory certifications may also refer to organizations such as airline or shipping companies where the certifications represent formal approval of all aspects of their normal operations as well as routines for handling outliers. Examples of mandatory certifications for organizations are verifications concerning the security of information and communications technology and other areas of protection of vital infrastructure. Third, there are also several mandatory certificates and labelling practices that authenticate the performance or content of products and services. One example is the use and transport of chemicals under the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) developed by the United Nations. This standard also includes routines along with the defined labels used for the identification of chemicals during transport, in workplaces or areas of consumption (SCHC-OSHA Alliance, 2010). Another variant of mandatory certificates includes energy labels that help consumers to make informed decisions concerning the product's energy efficiency. Several forms of precautionary actions, processes, documentation and control related to these schemes depend on various forms of expertise to deal with these matters. Fourth, certifications can also be in the form of a voluntary management tool that aims to increase awareness, target actions or boost performance. They may even represent a proactive action that places the company in a favourable position related to future market demand or regulative requirements. An illustrative example of management certification procedures for a service company could be a bank that aims to address its sustainable business practices, including its premises, inventory, energy use, transport, waste, working conditions and procurement. In addition, the practice may also concern the composition of the bank's portfolio of clients and investments. Fifth, a certification can be used for branding purposes, such as developing a green image, but

GRETE RUSTEN

it must be supported by open and reliable documentation of sustainability practices to be trustworthy. For example, eco-labels should contain life-cycle declarations, information in the form of self-declarations and quantifiable measures of products content, emissions and use of energy verified by a third party.

Certifications can also be used to communicate defined safety and quality requirements on delivery or represent the contents for proof of tested compliance with required specifications. They may even be included as part of the public procurement procedures, with technical specifications that are objective and transparent through valuation by a third party. This form of pre-qualification is also used to save time spent on the arrangements of proposed service. Certifications can also be used as an award criterion for an assignment or as a requirement to be met within a defined time by the supplier who has been awarded the contract.

Institutional framework

The certification process with its various procedures and tasks involves consultants dealing with advice and implementation, monitoring, accreditation and auditing. The service production system behind this scheme is performed on different geographical scales including international organizations that together with national standardization bodies are engaged in the development of standards through various working groups and board representations. Service standards and certifications are developed on an international level by organizations like the International Organization for Standardization (ISO). At the European level, the European Standardization Organization and similar organizations in the European Union/European Economic Area as well as national standard organizations act on behalf of these international holders of standards and certifications or as organizations that are holders of their own standards and certifications. The latter also includes accreditation bodies that ensure the provision of reliable certifiers and methods that are internationally accepted. There are standard certifications with holders in different sectors and specialized certifications dedicated to specific product categories, services or industries.

Standards and certifications are implemented in practice through various forms of service expertise. International and national organizations,

public, private and non-profit organizations and commercial actors provide technical, management and legal competence during different stages of the production process from identifying needs and risks to implementation and training to audits and accreditation (Rusten, 2016). The expertise may also involve rendering advice for cases of damage and disputes. Certifications are voluntary, well-established domestic and international proof of licence to operate diffused through trade by various players of the economy. Certifications in the ISO family include ISO 9001, which covers quality management issues, and ISO 14001, which covers environmental management. Some programmes include open listings of the certification holders either on their websites or in public registers. Other certification organizations have closed lists in which the certification information is only available to paying members. These latter forms of certifications are often used for identification and pre-screening the qualifications of potential suppliers (Rusten, 2016).

Many of the largest companies hold one or several certifications. For small and medium enterprises in general, including the many companies within services, the attention around implementing certifications appears inconsistent because many organizations may not see the certificates as relevant to their business. The slow uptake by these organizations can also be explained by the costs of engaging the necessary expertise for the implementation. It may even be a capacity or competence issue because some smaller companies have far less available administrative resources to incorporate these systems.

Standards and certifications can be a tool for greening services

Voluntary certifications involve transparent performance indicators that can be useful for internal management purposes, such as building awareness, identifying and prioritizing efficiency measures and finding ways to reduce a company's negative environmental impact. Several critics have referred to environmental certificates as a form of greenwashing. They claim that these tools have rather limited environmental effects because the companies set their own targets for improvement (Rondinelli and Vastag, 2000). However, with much higher attention around sustainability issues among policymakers and the industry, the attention around environmental certifications has also increased due to wider geographical uptake.

GRETE RUSTEN

For example, the ISO's 2020 survey reports that for ISO 14001, there was an increase of 12 percent, with 348 000 certificates awarded in 2019. However, the major reason for this increase was the growth recorded in China (ISO, 2021).

Green businesses have increasingly become an important target for investors. To what extent green certificates have a competitive advantage will depend on how well they are embedded and integrated with innovative environmental practices and the deliveries of products and services that represent a green difference. Several businesses are now seeing greening their services as a business opportunity and have added green certifications to their public offerings as a market strategy.

More predictable environmental criteria represent important conditions for the market to make the economy greener. For example, this may concern green public procurement in which criteria standardization makes it easier to have a mutual understanding of the quality of the delivery and developing ways of measuring environmental factors. The data documenting the environmental effects will in turn become important for the evaluation of status and future actions to be initiated by individual firms, industry and policymakers.

Conclusion

Standards and certifications are qualified tools for a large diversity of business activities. Thus, businesses will purchase knowledge and service expertise, specialized management advice, auditing, control and legal services linked to standardization and certification issues for in-house purposes to maintain quality and efficiency or use these labels and forms of documentation for strategic communication with stakeholders.

GRETE RUSTEN

References

European Commission (2016), "Commission staff working document: tapping the potential of European Service Standards to help Europe's consumers and business", COM 358 final, Brussels: European Commission.

Farashah, A. D., Thomas, J., Blomquist, T. (2019), "Exploring the value of project management certification in selection and recruiting", *International Journal of Project Management*, 37 (1), 14–26.

International Organization for Standardization (ISO) (2021), "The ISO survey of management system standard certifications −2020 – explanatory note", https://isotc.iso.org/livelink/livelink/fetch/-8853493/8853511/8853520/18808772/0._Explanatory_note_and_overview_on_ISO_Survey_2020_results.pdf?nodeid=21899356&vernum=-2 (accessed 22 October 2021).

Rainville, A. (2017), "Standards in green public procurement – a framework to enhance innovation", *Journal of Cleaner Production*, 167 (20), 1029–1037.

Rondinelli, D., Vastag, G. (2000), 'Panacea, common sense or just a label. The value of ISO 14001 environmental management systems', *European Management Journal*, 18 (5), 499–510.

Rusten, G. (2016), "The structure, strategy, and geography of green certification services", in Jones, A., Ström, P., Hermelin, B. Rusten, G. (Eds.), *Services and the Green Economy*, London: Palgrave Macmillan, 51–73.

SCHC-OSHA Alliance (2010), "Info Sheet #3: What is the GHS?", https://www.schc.org/assets/docs/ghs_info_sheets/schc_ghs_fs3_what_is_the_ghs.pdf (accessed 22 October 2021).

BRIAN TJEMKES AND OLIVIER FURRER