

Globalization and The Role of Standardization

By

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In his book *The Lexus and the Olive Tree* (1999), Thomas Friedman states understanding Globalization is one of the most important issues that must be understood by policy makers and executives all over the world. As stated by Mr. Friedman:

Globalization is “The One Big Thing” people should focus on.
Globalization is not the only thing influencing events in the world today, but to
The extent there is a North Star and a worldwide shaping force,
It is this system.

This evening I invite you to consider the following comments and reflections on the significant relationship between Standardization and Globalization. From my perspective, the process of Standardization is one of the most critical elements at work in the field of Globalization.

Globalization has been at work for the past several hundred years, however, in recent decades, Globalization has been dramatically accelerated by various technologies. Each year I share with my students at Catholic University that I believe engineering, science and technology dominate the world today, in particular, in the fields of information and communications. I urge my students to think *Globally* because I believe it is critical to think globally in order to survive in the 21st Century, and being a “good engineer” is just not good enough to survive. Because of Globalization, every nation is currently conducting a historic review of political, economic, technological and cultural models that exist in their respective countries.

I have been working in the field of Standardization since 1975 when I left the federal government to become in-house counsel for a corporate group in Washington, and subsequently,

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President and Chief Operating Officer of a second corporate group. The Boards of Directors in both corporate groups requested me to become an advisor to each organization's engineering and technology committees to assist the engineers in development of technology standards necessary for the companies to grow and develop global markets, and to ensure the engineering committees did not inadvertently violate public policies and/or legal issues associated with standardization activities.

For more than two decades, I traveled throughout North America, Europe and Asia as an advisor to the industry's engineering committees. During this period, I had the opportunity to witness first hand the significance of human resource management when dealing with significant engineering, science and technology issues.

Some companies excelled at the management of human resources in the field of technology development, and they are successful industry leaders in global markets today. Other companies failed miserably in this management area and subsequently had to leave the industry.

There are three issues I invite you to consider this evening concern the relationship between Standardization and Globalization: (1) the mystery of standardization, (2) the critical relationship between standardization and Globalization, and (3) the strategic significance of human resource management standardization activities in the field of Globalization.

The Mystery of Standardization

There is a significant mystery and lack of awareness associated with the field of standardization. My conclusion is based upon experience working with more than 200 corporations from around the world, government executives in various departments and agencies in the United States and other countries, the White House Office of Technology, Congress, university faculty and graduate university students.

For example, there are approximately 420 schools of engineering in the United States, and yet, only 4 schools of engineering offer a graduate course in the field of standardization. To the

best of my knowledge, no university school of business, public policy or economics in the United States offers a course in the field of standardization. I have been teaching at the Catholic University School of Engineering since 1999. During this 12 year period, only 3 graduate engineering students demonstrated any understanding of standardization.

When discussing standardization issues with executives in the private and/or public sectors, it is common for many executives to demonstrate a lack of awareness or understanding of the critical nature of standardization.

In short, standardization is an activity that functions at the DNA level of development. It is not on the “radar screen” for most individuals or organizations in either the private and/or public sectors. I personally doubt more than 1-2% of individuals in a company, industry or national economy have a basic understanding of standardization.

The Relationship between Standardization and Globalization

IEEE, one of the largest professional engineering societies in the world today, with more than 100,000 members worldwide, has estimated approximately 500,000 standards exist in the world today as the foundation for the global economy, and it takes approximately 2 billion dollars (US) to maintain these standards. Considering that most standards need to be reviewed at least once each five years, and amended as necessary, that is an enormous amount of work undertaken by private and public sector individuals and organizations. Nevertheless, globalization demands a high quality of performance throughout the world in products and services, and the international groups that create standards for such products and services must maintain a very strong commitment in order to provide necessary solutions to very complex issues.

Please keep in mind that Standardization is one of the most critical components for the foundation of Globalization. My impression from reviewing the proposal to ISO to create a Human Resources Management Committee is that this group has identified an important need to create a

global “best practices” standard for Human Resources Management that will impact virtually every corporation and/or organization in the world today.

The Strategic Value of Human Resource Management Standardization Activities

The first and most important issue concerning Human Resource Management is whether there is a specific need to create a new international standard that sets forth “best practices” which can be applied globally. Standards are created to address specific needs. Standards are much too expensive to be created in the absence of specific needs.

In a recent Wall Street Journal report on *Leadership for Human Resources* (Monday October 24, 2011, pp R1-7), the Editor noted “*Most Bosses don’t spend a lot of time thinking about how to manage their employees. They go with their gut, managing as they always have. And in doing so, they may be leaving a lot of performance on the table.*” Clearly the need to create a new international standard in the field of Human Resource Management is necessary.

What is the strategic value of Human Resource Management standardization activities?

The term “strategic” can be defined as follows:

“A [strategic] strategy is a long term plan of action designed to achieve a particular goal, most often “winning”. . . . Strategy is about choice, which affects outcomes. Organizations can often survive -- indeed do well -- for periods of time in conditions of relative stability, low environmental turbulence and little competition for resources. *Virtually none of these conditions prevail in the modern world for great lengths of time for any organization or sector, public or private. Hence, the rationale for strategic management.*” (See <http://www.en.wikipedia.org/wiki/Strategic>, emphasis added)

I believe there are at least two significant strategic values related to development of a new ISO Standard for Human Resource Management. **First**, creation of a new ISO Committee for Human Resource Management standards has resulted in development of a “think tank” of global experts that, as a group, will be able to develop a new, global understanding of specific needs and possible solutions that can be used to significantly improve management of human resources globally. Every successful individual and organization that I know of has an insatiable drive to

improve what they do. Creation of new “think tanks” to collectively discuss and resolve complex issues is the only way to go.

Second, a new international standard that offers significant methods and “best practices” on how to improve management of human resources, standards which balance flexibility with global diversity, are bound to have an impact on virtually every corporation and organization in the world today. As stated in the proposal to ISO to form the standards committee for Human Resources Management:

(1) The primary employment interest of organizations is to: identify, hire, and maintain talented workers; foster an environment that motivates employees to deliver their best efforts in pursuit of organizational objectives; and establish resilient and effective procedures that facilitate these aspirations.

(2) Standardization is seen as a remedy to the bureaucratic inefficiencies that emerge from activities where self-conscious risk aversion can often overwhelm the flexibility needed in the modern marketplace.

My belief is that only corporations or other organizations that understand bright, talented people who can solve complex global problems are the corporation’s most critical asset necessary to survive the 21st century. Satisfying the needs of these individuals as employees must be given the highest priority by corporations and/or organizations that expect to survive.

Tomorrow when the new ISO Committee establishes a preliminary work program, I invite the Committee to select only those proposals from presentations made today that are based on performance concepts. Indeed, I believe the Committee should establish the goal of creating the best, most comprehensive standard for Human Resource Management available in the world today, a standard based upon performance concepts from the first sentence to the last sentence of the standard. Finally, I believe the Committee needs to accept the responsibility of maintaining the new standard, as necessary, in a world driven by the dynamic changes of Globalization. I wish you the very best in the decades ahead. I anticipate your work will make a valuable contribution, on a global basis, to the successful resolution of significant Human Resource Management issues.