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# The Link between Standardisation and Business Development

By Rishan Singh

*University of KwaZulu-Natal, Durban, South Africa.*

**Abstract** - By simple definition, the term 'standardisation' refers to the process of using a set of rules or procedures as a reference point or standard. A business, on the other hand, can refer to any company, institution (including research, scientific and academic), hospital, society or organisation whose objective is to provide services or sell products to communities and/or society while making invaluable contributions to humanity and the economy, at large [Rishan Singh, definitions in context of essay, 2011]. The evolution of businesses rely heavily on finances acquired from banks, external organisations, including the government, and consumer expenditure.

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# The Link between Standardisation and Business Development

Rishan Singh

**B**y simple definition, the term 'standardisation' refers to the process of using a set of rules or procedures as a reference point or standard. A business, on the other hand, can refer to any company, institution (including research, scientific and academic), hospital, society or organisation whose objective is to provide services or sell products to communities and/or society while making invaluable contributions to humanity and the economy, at large [Rishan Singh, definitions in context of essay, 2011]. The evolution of businesses rely heavily on finances acquired from banks, external organisations, including the government, and consumer expenditure. However, in order for a business to form international and national links with associate and other businesses, universal standards are implemented [R. Singh, personal writing, 2011]. When a product or service conforms to a set of specifications or requirements (standards), it is said to have all the essential features [8]. This essay shows the link between some standards and their impact on the prosperity of business, society and the economy.

In the world that we live in, we encounter people from different cultures who have different business backgrounds, ideas and ethics. Business ethics are usually for the benefit of businesses with the interest of the public in mind. While some smaller business owners run businesses for the sake of making money and the personal satisfaction of being called an entrepreneur, larger business owners and employees are pressured into providing high quality products and services that satisfy the standards required by smaller businesses (such as sole traders, close corporations, and partnerships). However, small and large businesses work together to sustain the development of each other [R. Singh, personal writing, 2011].

Communities throughout the world are attracted to selected services and products that businesses advertise in various media resources [R. Singh, personal understanding and writing, 2011]. Advertising is fundamental to large businesses like Nestle, Coca-Cola, Tiger brands, Old etc., so as to promote their products to consumers, however, the impact of their advertisements are envisaged at different degrees in different parts of the world. For example, say Ola screens a Magnum advert internationally to attract

consumers to purchase their new flavoured ice-cream, depending on the countries that it is broadcasted in; the advert would have a different impact on the society in those countries. It is something like wine: Californians may like red wine, while South Africans may prefer sparkling white wine. However, statistically, Ola would have an idea as to which countries provide the most revenue to their business and the production planner would instruct the supply chain manager to manufacture a smaller quantity of their new ice-cream to those countries where it is not that widely sold. In this way, Ola would develop a standard for the quantity of that particular ice-cream to be supplied to manufacturers and supermarkets. This will reduce costs to Ola by producing and supplying only adequate quantities to supermarkets [R. Singh, personal deductions, 2011].

Supermarkets rely on consumers for business development [R. Singh, personal deductions, 2011]. Therefore the business communication between supermarkets and Ola will allow for Ola to develop profitably because the public will purchase more of the ice-cream that they like in specific parts of the world where they are supplied in adequate quantities [R. Singh, personal understanding and writing, 2011]. This cause the world economy to become enhanced and gain confidence [8].

This scenario applies to any product or service that is marketed through advertising. Say if banana farmers in the South African South Coast of Durban are in search of a pesticide to enhance their banana production, they would rather purchase it from a business that can guarantee environmental, food and health safety because these features in pesticides contribute to environmental governance [8] and user-friendliness [R. Singh, personal writing, 2011]. The latter adjective allows for pesticides to become more widespread and established in the international markets. It also allows for such pesticides to become available to other farmers through business associations [R. Singh, personal understanding, 2011].

Business associations and proper advertising of products and/or services enhance business profiles if customers pay with cash and if such customers continue to increase in individual businesses. Advertising in any form of media, is a 'manipulative technique' because it attract customers to purchasing products. Sometimes adverts are so overwhelming that it results in customers buying on credit and it can even



inspire the poor or less fortunate to overspend their budgets. This behaviour by consumers result in financial crisis's in businesses [R. Singh, personal writing, 2011]. This was the case with the Global Financial Crisis in 2008, which was caused by people buying on credit in many businesses globally [8].

When good customers who purchase goods on credit are unable to pay their debts within 120 days of notice, they are handed over to attorneys. Business owners often have accountants and/or bookkeepers (depending on the size of the business one is working in) employed to handle the process of credit control [R. Singh, personal writing, 2011]. However, the Global Financial Crisis in 2008 also prompted businesses to employ people from different accounting firms to form alliances and to make the process of tackling the credit crises worldwide more effective, in an attempt of sustaining the economy [8]. In general, many accountants of larger businesses are from different specialist and professional backgrounds which increases their ability to give input in a single sector of business with objectivity. The subjective aspect of their inputs arise from the unfortunate circumstance that their knowledge is unable to be used synchronistically (in the case of collaborations between members of the same company) to contribute toward the development of a single business because their inputs are compartmentalised into sectors that promote the holistic development of a business [R. Singh, personal writing, 2011].

Business accounting diversity is beneficial to the global economy if the number of accountants who form part of the International Standards Committee in different businesses increase [5; R. Singh, personal writing, 2011]. This makes various accounting operations and procedures within such committees more transparent to economists and the general public nationally and internationally. This allows greater stability of the foreign exchange prices far and wide (R. Singh., personal deduction). In addition, in order to reduce the inflation of our oil and water prices, the International Federation of Accountants (IFAC) has suggested that accountants undertake Continuing Professional Development (CPD) courses through various professional bodies so that their attitudes, ethics and professional values are tapered to fit the ethical framework of professional accounting standards. The values of the accounting ethical framework include (1) becoming independent and having the confidence to do what is right, and (2) to demonstrate leadership of being sensitive to the needs of their clients, stakeholders and the public while maintaining professional competence and judgement [5]. It is integral to believe that the success of all businesses rely on these ethical values of accountants, auditors and bookkeepers because it allows business professionals, economists and

accountants to pass judgement on financial information to the economy and public with a great degree of certainty i.e. the ethical framework contributes to global business practices with great benefits to the economy and the society [3; R. Singh, personal writing, 2011].

The emergence of the global financial crisis, in 2008, prompted private and public business stakeholders to adhere to international standards so as to overcome the drastic drift in the world economy. This was enhanced by the standards provided by the International Organisation for Standardisation (ISO) that helped the business community, e-business, health, innovation, measurement, safety and sustainability [8]. Therefore accounting standards allow businesses and accountants in different parts of the world to cope with financial crisis's, when they do occur, by allowing economists to reproduce high quality data that can be utilised by the financial markets, such as the Johannesburg Securities Exchange, with a high degree of confidence [R. Singh, personal writing, 2011]. The confidence and timely reporting of financial data, gives the community and the economy assurance that it is legitimate viz. it has been passed through the process of standardisation [8; R. Singh, personal writing, 2011]. However, this information may be broadcasted (advertised) at different time intervals in different parts of the world, and this may cause the business spirit of some international and local investors to dampen [R. Singh, personal writing, 2011]. The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) has therefore suggested that webcasting facilities be made available to all major business holders so that there would possibly be improvements in financial broadcasting and reporting in different countries. In addition, attempts are currently being made to include international financial interpreters and analysts on the FASB so as to inspire certainty in financial reporting by showing the public its synchronisation and unionisation [8].

However, during the Global Financial Crisis, harmonization required input from the public of other countries such as Asia, Europe and America, if it wanted to be successful. This caused the IASB and FASB to accept advice, suggestion and input from the government, regulators and society of those countries. In addition, the IASB and FASB used suggestions that were published in their paper entitled 'Reducing Complexity in Reporting Financial Instruments' to enhance global confidence by developing common solutions to communicate effectively and reduce the complexity in financial instruments [8]. The communication between both boards helped return confidence to the marketplace because investors, creditors, auditors, and others rely on credible, transparent and comparable financial information [R. Singh, personal writing, 2011].

The International Accreditation Forum, Inc. has recommended that all accreditation certificates be recognised in all parts of the world [9] so that people from different countries can work together in similar or same businesses or give input into the governance of other businesses in different parts of the world [R. Singh, personal writing, 2011]. This is not beneficial to the prosperity of the economy, if the businesses involved in such collaborations do not prosper in large numbers. Therefore this type of colleagueship is worthless to participating businesses and to society [R. Singh, personal writing, 2011].

In terms of trading, accreditation enables suppliers to have their products or services exported and imported to and from countries without health, safety, and environmental hazards between economies [9]. Individual businesses benefit because conformity standards, like the Metric System (SI units), have to be 'accredited' (or adhered to) by standard operation procedures (SOPs), like those in food and health laboratories [9; R. Singh, personal writing, 2011]. These SOPs ensure that the, testing and calibration, results provided by those laboratories to the scientific community, are accurate and reliable [R. Singh, personal writing, 2011].

Hence, accreditation provides global confidence among buyers and regulators in that the products of a business are technically compatible, high in quality and safe (e.g. biodegradable/recyclable products). This facilitates the free exchange of commodities without technical barriers that would otherwise increase costs for importers and consumers [9].

In small and large businesses the ability to listen, read and write English influences many strategic aspects of business decision-making. Ever since the evolution of the English language, since the 12th century from Ireland, it has become the official standard language for travel, shipping and commerce in the United States, Canada, India, the Middle East, Australia and Hong Kong. There are, however, a large number of countries where there are numerous native languages e.g. in South Africa there are 11 official languages (excluding sign language); as well as specialised businesses that require a knowledge of English to communicate effectively with other professionals in the business. These businesses include computing, engineering, science, technology, medicine, and law. In these specialities, English is needed because professionals are required to understand what said at presentations and meetings so as to ask intelligent questions about the content of the presentation (listening). Also in order to maintain proper records of statements and annual quarter reports, business professionals like lawyer and consultants, use writing styles that are unique to other professions (writing). Moreover, they require English proficiency to read policy

changes, to interpret them and to critically reflect back those changes (reading) [2]. Therefore, the wider the vocabulary of English in business professionals, the greater their ability to describe important ideas [2]. Some business leaders also use tonality and body language to enhance their point about particular ideas to the people listening e.g. of adjectives of tonality and body language are voice control, body language, and empathy [2].

Entrepreneurs need to learn English in order to land jobs in business because English is required to communicate clearly with contacts and potential clients, in most countries because it is an internationally recognised language. Although English is considered to be a language of greater intelligence and professionalism, linguistically no language is superior to another [7]. However, aspirant entrepreneurs should note that it is crucial for them to be able to converse in the language of the country that they decide to work in e.g. a South African working in Spain would make more invaluable contributions to the prosperity of the business he/she is working in, if he/she knows Spanish and English. This makes English as a standard language important to entrepreneurs, but is of a greater value if known with the language of the country one is living in [R. Singh, personal deduction and writing, 2011]. Furthermore, since English is a universal language, website advertisements of products and services in English attract many customers and enable even small business owners to sell their products to people around the world [6]. This means that English communication contributes towards the establishment of businesses in the international business arena [R. Singh, personal writing and conclusion, 2011].

For all forms of advertising, well-written products and service descriptions in English will therefore be vital for attracting new customers and keeping them up to date on new product and service offerings [6].

In businesses throughout the world, the most crucial and 'introverted' standard is the International System of Units (SI) which ultimately involves knowledge that is acquired through the scientific study of measurement (metrology) [1]. SI units are used in trade and commerce and it attempts to ensure that the public, employees or owners of businesses and the economy speak the same numerical language [Rishan Singh, personal writing, 2011]. In general, it is used as an internal control for individual businesses and it is utilised for conveying financial and statistical information relating to product design, manufacturing, marketing, and even labelling [4]. The Metric System (SI) is therefore considered an objective tool since it measures global significance in all aspects of business and at the same time it contributes enormously to global infrastructure in terms of providing precise, accurate and traceable measurements [1; R. Singh, personal writing, 2011]. In

the United States, for example, labelling products precisely is pivotal if the product is to find its place in the global marketplace. In the United States the precise labelling of products is achieved by manufacturers developing standards for labelling different products, in individual businesses according to who will be the ultimate buyer [4]. This avoids the unnecessary wastage of money in making unwanted labels. This means that food, beverage, clothing and other retail stores will have labelling requirements that are different compared to non-consumer products, like those in wholesale trade [R. Singh, personal writing, 2011]. The difference between wholesale trade and retail trade is that wholesale trade involves numerical communication between manufacturers [R. Singh, personal deduction, 2011] e.g. Unilever packaging 50 litres of a dishwashing liquid for sale to another manufacturer for use in producing another product. This allows the manufacturers to familiarise themselves with each other's metric unit standards and for the consumers in the United States to relate metric quantities to equivalent inch-pound quantities by familiarising themselves with the units displayed on product packaging labels as endorsed by the Fair Packaging and Labelling Act (FPLA) [example adapted from 4]. Therefore, it is very important to be familiar with the metric system of units in order to expedite global business and consumer activities [4]. In other words, if a litre of petrol costs R 10.50 in South Africa, the amount in the United States, United Kingdom, Australia, and other countries has to be calibrated to the corresponding value per litre of petrol in order to sustain corporate development, governance, and the world economy [R. Singh, personal deduction, 2011].

SI units are used objectively, but there are some countries where its usage has become prejudiced. These countries include: Taiwan, India, Japan, China and Hong Kong [R. Singh, personal writing based on reports using unstandardised SI units, 2011]. This severely highlights the need for measurement standards to become universal and this view is supported by the Bureau International des Poids et Mesures (BIPM) [1]. The BIPM [1] emphasises the economic benefits of using metrology because of its advanced nature 130 years since its inception, when the first reference standards were the metre and kilogram. The advances in metrology, and government investments, instil standardised operations in business and the economy by enabling metrologists to record data about standards effectively, by comparing the current scientific, technical, commercial, and social applications with those 130 years ago [1; Rishan Singh, personal deductions, 2011]. This permits precise and traceable measurements to be recorded. Hence, the BIPM has estimated a clear and large techno-economic benefit of approximately 40 million pounds in United Kingdom investments for metrology, with returns of over 5000 million pounds [1].

In order to buy and sell commodities between different countries, consumers need to have a full understanding into the importance of SI unit conversions. SI unit conversions sustain the economy e.g. between reserve banks around the world. And it enables excellent business communication among entrepreneurs in different countries e.g. a boutique owner who makes and sells bridal outfits, would report measurements in metres which is the universal SI measurement that is understood throughout the world. Furthermore, say if one had to pay for a product using the MoneyGram method, the Foreign Exchange of banks would be able to provide the exact exchange value inclusive of the commission. This is an example of standardisation as well because by reporting the commission value to customers the bank sustains its development by reducing the financial losses to the business, by making such transfers, while meeting the needs of customers [R. Singh, personal writing, 2011].

SI units are also used in other fields such as Biology, Chemistry, Electrotechnology, Metallurgy and nanotechnology. In scientific laboratories, metrologists calibrate laboratory equipment [1], like the weighting scale, pipettes and biurets [R. Singh, personal writing, 2011], that measure physical quantities of solids and liquids [1]. Metrologists also certify masses and volumes that lie outside standard measurements. This is particularly important in order to obtain precise measurements [1] of the resultant, needed compound when performing titrations and precipitating important medicinal compounds such as aspirin and panado [R. Singh, personal writing, 2011]. Therefore metrologists aid scientists to acquire technical standards that are used to, test, calibrate and inspect laboratory equipment as well as, provide researchers with proper results for reporting to the public and private sectors [1]. In contrast, the periodic table, which is a tabular grouping of elements, like sodium, calcium, magnesium, silver, gold, copper, lead, tin, lead, nickel and many others, according to their proton (atomic/weight numbers), is also a universally accepted standard for chemists and allied chemistry professionals. The periodic table, in addition to SI units, allow scientists from different countries to understand each other's scientific results at conferences and within research publications; especially when reporting on new and innovative discoveries [R. Singh, personal writing, 2011].

In order for a business to operate legally, it has to be accredited by an organisation which can provide consumers with confidence, that the products available for purchase are safe and secure [9]. This implies that accreditation assures consumers that the products sold, and services rendered, by a business, have conformed to certain professional standards. For example, if one purchases a new laptop and the instruction manual says 'Brand demonstrates corporate social responsibility and has a certified environmental management system',

the consumer will be satisfied if he is a business professional and understands the value of environmental management system. Therefore consumers are more prone to purchase advertised products because advertising ensures consumers that a particular business is reliable. Thus it can be assured that accredited businesses would achieve greater profit margins compared to those who sell the same product needed by that person, but is not accredited [R. Singh, personal writing, 2011].

Therefore governing and sustaining a businesses' development (whether a commercial firm, a theatre stage, trade or even buying and selling) depends on the way it markets itself, both nationally and internationally, while conforming to standards. The marketing process of businesses can either be detrimental or fruitful to the economy, depending on how a business chooses to procure consumers to buy their products or utilise their services e.g. advertising as discussed above. Advertising, people buying on credit, metrology, the periodic table, and accreditation have all contributed in some way to the global financial crisis. Accreditation, however, has had a great influence on consumer expenditure especially when standards have been advertised, including on the internet. Industrially, extroverted qualities such as the sociability of staff members and reliability of service delivery can also have an impact on business success e.g. if Debonaires allows for a 60 minute delivery time for pizzas to their consumers in South Africa, then all Debonaires stores should utilise such a rule as a standard globally. This allows Debonaires to prosper by attracting more customers through their reliability of service delivery [R. Singh, personal writing, 2011].

Standards also contribute to design excellence and adherence to proper and optimal procedures in business. The great pyramids of Egypt is an example of metrological standardisation used on a huge scale, and even though this sort of developments encourage business suppliers to formulate their own standards to indicate to other suppliers, and even customers, that a product or service provided by them meet the proper requirements to perform in the manner it was intended for, in life there are impediments. English, a language barrier, is not a universal language to all businesses restricting business communication and reporting among members working in the same and/or similar businesses in different parts of the world. This causes the quality, safety, and customer protection of interactive trading to be lost [R. Singh, personal readings and writing, 2011].

In many ways, implementing standards in businesses have contributed positively to the economy and the business world, and have influenced or been influenced by, society. Some qualities are not standards but can be considered standards for the sake of doing

proper business; its evolution and advancement. In general, English communication is a general confounder to many countries where business is done using native languages and also because this is a major contributor to fraud and tax invasion. The idea of standards is tainted in similar businesses due to international competitiveness in order to achieve personal growth at the expense of the economy and possibly even the society [R. Singh, personal writing, 2011]. In spite of this, overall, the hypothesis that there is a strong link between standardization and business development still holds true, and aspirant business professionals and management students should be aware of this at all levels of entrepreneurship. As far as is known, standardisation is important for business and economic development by allowing people to work cooperatively and in a coordinated manner, but its effects on society are quite different in that it aims, in some ways, to alleviate poverty and crime in the world we live in.

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