

ICT, Smart Systems, and Standardization

Kai Jakobs

RWTH Aachen University, Germany

INTRODUCTION

According to the definition adopted by the International Organization for Standardization (ISO) a standard is a document, “established by consensus and approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for activities or their results, aimed at the achievement of the optimum degree of order in a given context” [ISO, 2015]. The fact that standards are established ‘by consensus¹’ distinguishes them from legislation. Typically, the use of standards is voluntary. However, through legislation they may become mandatory (e.g. many health and safety standards) or ‘quasi-mandatory’ (e.g. Harmonized European Standards).

Standards – in a very general sense – have been with humankind for quite some time. About 4,000 years ago the first alphabets emerged, enabling new forms of communication and information storage. Around the 7th century BC the Lydians invented the first coin-based currency; it established the basis for easier inter-regional trading. The advent of the railroad in the 19th century resulted in a need for technical standards, e.g. those that enabled compatibility between individual parts of technical artifacts, defining e.g. the width of railway gauges, the diameter of screws, etc. This was once more reinforced when mass production generated a demand for interchangeable parts. In parallel, the invention of the electric telegraph in 1837 triggered the development of standards in the field of electrical communication technology. In 1865, the International Telegraph Union – to become the International Telecommunication Union² (ITU) in 1932 – was founded by twenty nation states. The other major international standards setting bodies, the International Electrotechnical Commission (IEC) and ISO, were founded in 1906 and 1947, respectively.

In the field of Information and Communication Technologies (ICT) international standards are the major mechanism to ensure interoperability between systems. Frequently, ICT standards also describe a commonly agreed platform upon which innovations can be based. Moreover, standards in general are a valuable means of technology transfer. They have also been used as policy tools – for example, they are a major pillar of the European Single Market. Standards’ potential economic implications must also not be under-estimated. A new standard may be used to extend a market, or even help open up a new one. Intellectual Property Rights (IPR), mostly patents, also play a major role here. That is, standards must also be considered as strategic tools for firms.

The above suggests that standards are not just technical documents but that they may have ramifications well beyond technology. Accordingly, they should no longer be considered as pure ‘public goods’, i.e. as something that is non-rival and non-excludable [Deneulin & Townsend, 2007]. Rather, these days standards are typically seen as impure public goods, or club goods; they are non-rival and excludable, just like e.g. satellite TV, cinemas or private parks (see also e.g. [Hawkins, 2009]). This is largely due to the frequent incorporation of IPR into standards.

Against this background, this chapter will first briefly look at the links between standards and standardization, innovation and economics. It will then offer a brief description of the complex ‘web’ of

Standards Setting Organizations (SSOs) in the ICT sector. Subsequently, a flexible tool to describe the characteristics of an SSO will be discussed. It can be deployed by firms to identify the SSO that is best suited for a planned standardization activity. This will be followed by the description of a typical standards setting process. These are only parts of the fairly complex task of standardization management, which will be described next. The subsequent section will briefly discuss national standardization strategies. Finally, some likely future research directions are sketched.

BACKGROUND

Some Brief Economical Aspects

Not so long ago standardization and innovation were considered as almost mutually exclusive (see e.g. [Hemenway, 1975], reported in [Farrell & Saloner, 1985]). This has changed by now. In fact, close links between standardization and innovation may often be identified. Today, standardization is no longer considered an impediment to innovation. However, the unqualified claim that ‘standards foster innovation’ does not fully reflect reality either. Swann & Lambert [2010] observe that standards do both – enable and constrain innovation – but that the enabling aspect is much more important. Specifically, they note that “... *standardization does constrain activities but in doing so creates an infrastructure to help trade and subsequent innovation. Standardization is not just about limiting variety by defining norms for given technologies in given markets. Standardization helps to achieve credibility, focus and critical mass in markets for new technologies*” (p. 370).

That is, especially in the field of ICT many standards describe a commonly agreed platform upon which innovations can be based and marketed. Accordingly, standards may be, and indeed are, used as strategic tools. For example, a new standard can extend a market, or even help open up a whole new one (just think what GSM did for mobile communication). On the other hand, backing and subsequently being locked into a ‘wrong’ technology (i.e. one that does not get standardized) may well ruin at least smaller companies.

What’s more, “*Standards are not only technical questions. They determine the technology that will implement the Information Society, and consequently the way in which industry, users, consumers and administrations will benefit from it*” [CEC, 1996; p. 1]. That is, those that develop ICT standards today at the same time shape much of the ICT environment we all will use in the future. And if they do their job properly, i.e. if they develop standards that meet the needs of all stakeholders (including e.g. individuals, communities, businesses, and governments) society at large stands to benefit.

From a macro-economic perspective, DIN [2004] finds that “*standardization contributes to GDP growth at the rate of about one percentage point per annum*”. This is in line with a number of similar studies from other countries. Blind [2013] reports that the contribution of standards to the growth rate in different countries was equivalent to 0.9% in Germany, 0.8% in France and Australia, 0.3% in the UK and 0.2% in Canada. Adopting a micro-economic perspective, ISO [2011, 2012] did a number of studies in companies from different business and countries. Based on Porter’s value chain [Porter & Kramer, 2011] these studies show that the implementation of standards can provide economic benefits to firms between 0.5% and 4% of their annual revenues.

By now, participation in standards setting has become a major strategic tool for many firms. Frequently, a firm’s aim will be to influence the process for its own benefit. This holds particularly – though by no means exclusively – for large companies. Other potential motivations include e.g. networking, intelligence

14 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:
www.igi-global.com/chapter/ict-smart-systems-and-standardization/263593

Related Content

Educational Management Leadership: High School Principal's Management Style and Parental Involvement in School Management in Israel

Maciej Brzozowski and Ilan Ferster (2017). *Educational Leadership and Administration: Concepts, Methodologies, Tools, and Applications* (pp. 1-21).

www.irma-international.org/chapter/educational-management-leadership/168998

Appreciative Inquiry as a Positive Approach to School's Leadership Development and Organizational Change: Croatian Case Study

Maša Magzan, Dunja Anić and Petra Pejić Papak (2019). *Predictive Models for School Leadership and Practices* (pp. 120-142).

www.irma-international.org/chapter/appreciative-inquiry-as-a-positive-approach-to-schools-leadership-development-and-organizational-change/211263

Information Overload

Tibor Koltay (2021). *Encyclopedia of Organizational Knowledge, Administration, and Technology* (pp. 1805-1816).

www.irma-international.org/chapter/information-overload/263655

Enabling Andragogical Leadership: Skillset, Toolset, Mindset, and Frame Conditions

Matthias Teine (2023). *Handbook of Research on Andragogical Leadership and Technology in a Modern World* (pp. 75-97).

www.irma-international.org/chapter/enabling-andragogical-leadership/322973

Lin Gao: Empowering Chinese Female Coaches with a Platform Economy

Lin Gao (2022). *Women Community Leaders and Their Impact as Global Changemakers* (pp. 52-58).

www.irma-international.org/chapter/lin-gao/303975