
8. Standardizing services: transnational authority and market power

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INTRODUCTION

When asked in 2007 which fields of standardization will be the most active in the coming years, Alan Bryden, former Secretary General of the International Organization for Standardization (ISO), was straightforward in stating that ‘one of our biggest challenges is precisely how to address the service sector’ (interview with the author). While standards supposedly lead to greater rationality and coherence in distinct industries and services, all of them also give rise to ongoing struggles in complex configurations of power involving multiple actors including multinational corporations, organized interests and state regulators. This chapter relies on global political economy approaches that uncover the power relations exercised on a transnational basis in the area of service standards. It assumes that the process of globalization is not opposing states and markets, but a convergence of processes involving both of them, with new patterns of formal and informal power and regulatory practices arising at the intersection of the two. Of these, standards are a key aspect.

The availability, provision and use of services all rely on social constructs with intrinsic limits as to the extent to which they can be disembedded from society. Some rely on public services, others raise concerns of consumer protection or relate to security matters involving liability issues for users and providers alike. Yet both the ambivalent status of the private and public actors involved in the setting of standards, and the tendency to blend physical measures with societal values, are likely to reinforce the commodification of services and their disembedding from societal concerns. Thus service standards reflect the development of a form of *transnational hybrid authority*, which undermines the functional differentiation between the different spheres of society, and reinforces the potential of political capture in the deliberative process of regulatory practices in contemporary capitalism.

The chapter begins with some background on the service sector, service standards, and, more generally, the international standardization in goods and services. It then fleshes out a theoretical framework for analysing

service standards as a form of transnational hybrid authority, with a particular emphasis on how the rise of standards impinges upon bureaucratic practices and state law. Finally, the chapter examines the emerging power of service standards in the ISO context and at the European level.

OFFSHORING SERVICES AND THE RISE OF STANDARDIZATION

The significance of the service economy is a prominent feature of the shift towards a so-called knowledge-based global economy. Services now account for around 75 per cent of GDP and employment in the advanced economies of the OECD, and for more than 50 per cent in developing countries and emerging economies. The significance of services goes beyond their growing share in the economy and their close connection to technology and knowledge. It is also closely related to an expected surge in their internationalization resulting from sustained regulatory reforms triggering global integrated models of services outsourced to affiliates and client companies on a worldwide basis. Services previously provided by the state in the form of public utilities and social services can now increasingly be supplied on a global commercial basis.

The institutional environment enabling a globally integrated supply of services has gradually emerged with the establishment of the General Agreement on Trade in Services (GATS) in 1995 and the adoption in 2006 of a new EU directive (2006/123/EC) on services in the internal market. Negotiations are also underway at the World Trade Organization (WTO) and new initiatives for highly ambitious preferential trade agreements such as the Transatlantic Trade and Investment Partnership (TTIP) and Trans-Pacific Partnership (TPP). Despite such developments supporting the internationalization of services, sectoral coverage remains narrow and no upsurge of total trade in services has apparently taken place for the last two decades. As Tables 8.1 and 8.2 show, it continues to represent around 20 per cent of world trade. Yet a significant shift has occurred in the distribution between developed and developing countries. During the same period, developing countries have almost doubled their share in the world trade of services to reach more than 30 per cent in 2010.

If we look at foreign direct investments (FDI), the overall share of services has not considerably changed either. According to figures presented with some caveats by UNCTAD (Table 8.3), their share increased by less than 10 per cent over the last 20 years, of which trading and finance still count for more than half. However, here again it is worth noting an important shift in composition: while developing countries accounted for less than 20

Table 8.1 Exports and imports of goods and services, 1990–2012 (US\$ at current prices and current exchange rates, in millions)

	1990	2000	2012
Total trade in services	831 345.2	1 521 347.0	4 425 784.8
Total trade in goods	3 443 139.8	6 431 490.3	18 214 680.9
Share of services (%)	19.4	19.1	19.6

Source: UNCTAD, UNCTADSTAT2013.

Table 8.2 Share (%) of developing/developed/transition economies of services exports, 1990–2012 (US\$ at current prices and current exchange rates)

	1990	2000	2012
Developing economies	18.1	23.1	30.4
Transition economies	2.0	1.6	2.9
Developed economies	79.9	75.3	66.7

Source: UNCTAD, UNCTADSTAT2013.

per cent of all FDI inward flows in services in 1990–92, they now account for more than 40 per cent, with the share of business services having almost doubled. Consulting, accounting, auditing, customer relation centres, all belong to these new types of business services easily established in developing countries and attracting massive volumes of foreign direct investments. Interestingly, sectors such as health or education, although often making headlines, remain marginal in comparison, with worldwide inflows of \$391 and \$814 million, respectively, in 2009–11. Certainly data on services are notoriously complex to gather, let alone data on their international trade. A recent joint OECD/WTO initiative has attempted to address this issue by producing data disaggregated by the value added in the exchange of goods and services consumed worldwide. According to these figures, the service sector contributes over 50 per cent of total exports from countries such as the United States, the United Kingdom, France, Germany, Italy, and even close to one-third in the case of China.

Against this background, it is obvious that the offshore diversification of services represents a powerful and significant trend (Graz and Niang 2013). The shift began in the 1980s with outsourcing contracts in data processing and call centres at the bottom of the value chain. Today, it has

Table 8.3 Estimated world inward FDI flows, by sector and industry, 1990–92 and 2009–11 (US\$ millions)

Sector/industry	1990–1992			2009–2011				
	Developed economies	Developing economies	Transition economies	World	Developed economies	Developing economies	Transition economies	World
Total	134419	39779	1530	175728	729143	613772	82593	1425507
Primary	10215	4211	911	15337	43994	75884	14733	134611
Manufacturing	37422	14457	279	52158	161241	155722	14528	331491
Services	77605	17918	208	95732	475660	369913	52830	898403
of which: Trade	16735	2474	22	19232	61126	51463	13803	126392
Finance	25745	2575	15	28335	194735	77595	9322	281652
Business activities	17107	4257	130	21494	154803	149066 ^a	18029	321898 ^a
Share of services (%)	57.7	45.0	13.6	54.5	65.2	60.3	64.0	63.0
of which in trade and finance (%)	54.7	28.2	17.9	49.7	53.8	34.9	43.8	45.4
of which business activities (%)	22.0	23.8	62.4	22.5	32.5	40.3	34.1	35.8

Notes:

a. A considerable share of investment in business activities is in Hong Kong (China), which accounted for 37% of developing economies and 17% of the world total during 2009–2011. Hong Kong (China) data include investment holding companies. Data should be interpreted with caution. The world total was extrapolated on the basis of data covering 79 countries in 1990–1992 and 116 countries in 2009–2011, or the latest three-year period average available. They account for 83 and 90 per cent of world inward FDI flows respectively in the periods 1990–1992 and 2009–2011.

Source: Adapted from UNCTAD, *World Investment Report 2013*.

moved into much more advanced sectors with activities such as legal, fiscal or medical services, financial consulting, and all sorts of other services enabled by information technology, from the entertainment industry to security-related activities. Although it was still embryonic then, UNCTAD already emphasized ten years ago how the outsourcing of services had reached a tipping point: ‘the cutting edge of the global shift in production activity [gives] rise to a new international division of labour in the production of services’ (UNCTAD 2004: xxv). Companies have not been shy of innovating in many areas to increase their internationalization, but at the same time, many of them have become aware of the difficulties that need to be overcome.

Conventional explanations of the barriers to internationalization of services focus on various factors hindering trade transactions in this area. A particular instance is the fact that some service activities cannot be stored and thus require direct co-production between clients and suppliers. Similarly, the more services tend to be immaterial, the harder it is to provide them at distance. Moreover, most firms providing services are SMEs and are thus more likely to face additional difficulties to project their activity at an international level. More generally, cultural barriers, distinct legal frameworks and the weight of institutions are time and again identified as additional hindrances to the internationalization of services (OECD 2000; World Trade Organization 2012).

In the light of this observation, it is important to understand the influence of mechanisms that go well beyond intergovernmental cooperation and trade transactions. Indeed, a greater global integration in the supply of services hinges upon a number of informal, non-state processes challenging national regulatory arrangements. It is in this context that international voluntary standards come into play.

The promise of a knowledge-based economy is largely made on the assumption that, as services become intertwined in manufacturing processes on a global scale, expertise and innovation enabled by a standardization of such high-skilled services will pervade the economy as a whole. As Boden and Miles (2000: 258) point out, ‘the service economy is not merely an economy in which service sectors are quantitatively dominant. It is one where “service” is becoming a guiding principle throughout the economy’. The ability to develop a global market of services is not just a matter of technology or economic logic. It also supposes an ability to define the gradual decomposition of complex work into sequences of more simple work. The more fragmented the nature of the labour and consumption processes, the more requirements to codify them. This is why services are often described as intrinsically resisting relocation (Dossani 2006: 245). Intangible and interpersonal services, such as teaching, consulting,

health and personal services, are conventionally seen as the most difficult services to move offshore, industrialize and standardize. According to Blind, it is precisely 'because of the intangible nature of services and the information asymmetries thus caused between management and service provider, [that] the need to introduce quality standards for each stage of the service production is especially high' (Blind 2004: 167).

According to research inspired by the French regulation school, the uncertainty inherent in the intangible and relational nature of many service activities should not be apprehended as a problem of information asymmetry distorting the price mechanism, but as the logical consequence of the actual conditions in which wage relations and forms of competition are implemented in a post-Fordist regime of accumulation. Uncertainty as to the quality and usefulness of a service goes to the heart of what a service is – its pronounced relational and immaterial component. Understanding the potential of standardization enabling a globally integrated supply of services thus presupposes a focus on the contested nature and the great diversity of labour processes involved in services. According to Du Tertre (2013), production of the service always goes hand in hand with a 'social relation of accessibility', defined as a 'historic and institutional construct' characterized by considerations such as geographical proximity, temporal synchronization, and cultural and social understanding.

From this perspective, the internationalization of services with high relational and intangible contents is rather unlikely, contrary to those non-service activities whose logic remains close to manufactured goods. Such a restrictive hypothesis with regard to the internationalization and standardization of services would imply that the nature of the service is the main determining factor in its propensity for standardization. In our view, however, this hypothesis is too restrictive. It does not fully do justice to the great variety of responses that international standardization is likely to provide to the immaterial and relational dimensions of many types of services and the issues involved in terms of transfers of authority on a transnational basis. By linking the global marketplace to distinct national economies, service standards can respond in various ways to the conflicting understanding of quality and security uncertainties. On the one hand, they can promote a broadening and deepening of minimal market rules; on the other, they can include a number of provisions with the aim of defining a number of socially or environmentally based specifications likely to be crucial for the production or usage of distinct services. In Polanyian terms, they relate to overlapping moments in which disembedding and re-embedding forces diverge in their response to the role of market mechanisms in society. This prompts us to explore further the

extent to which international standards reflect a distinct form of market power in the reorganization of the global economy towards services.

THEORIZING THE POWER OF INTERNATIONAL STANDARDIZATION

The power of standardization epitomizes one of several new forms of non-state authority that have evolved over the past decade in the global political economy. The scope of international standards pertains not only to their potential worldwide reach, but also to the broader organization of the capitalist system (Murphy and Yates 2009). The rise of international standardization as a privileged form of devising technical specification typically encroaches upon two core issues which give rise to social struggles in capitalism: the opposition between labour and capital, and the separation of the economy from the state. Thus standards intervene in the struggle between capital and labour in various ways. Workers may look to technical standards to ensure a safer workplace (for example, standards on machine safety or maximum noise pollution) or to obtain quality guarantees on the goods which they purchase. In contrast, entrepreneurs, merchants and financiers will equate standards with risk reduction, technological progress, strategic competitive behaviour and profit. With regard to the separation between the economy and the state, the voluntary market-oriented dimension of standards may reinforce free market claims to keep economic constraints and appropriation separated from politico-legal coercion.

At the same time, the authority conferred on standard-setters by state agencies and intergovernmental agreements may narrow down the conventional Weberian view of state autonomy. The larger scope of standards in the organization of transnational markets substitutes, to a certain extent, the role of bureaucracies in the foundations of authority and the domination of modern states in capitalism. A central assumption of Weber's analysis of modern state power is that any legal rational form of domination relies on functional differentiation in order to exercise its power and claim to legitimacy. To a large extent, such a functional differentiation was understood as constituting the basis of the state bureaucracy. The supposed autonomy of the bureaucracy was identified as a guarantee against state capture by ruling elites or otherwise by all sorts of organized private and associative interests. In contrast, Weber's disenchanting view on modern life and capitalism highlights on numerous occasions how the search for efficiency through rational calculus leads to the darker side of bureaucratization and reification of human activities (Weber 1995; 2004).

However tricky the analysis of the ‘iron cage’ of modern bureaucracy and capitalism may be (see, for example, Löwy 2013), standardization challenges the conventional Weberian legal-rational view of organizing state bureaucracies along distinct functional tasks typical of the rationalization of modern societies. Support for industry-based and flexible, market-friendly voluntary standards is, indeed, often made on the basis of such claims as the lack of knowledge and expertise attributed to regulatory practices on the part of state agencies. Standards are therefore identified as valuable instruments, based on rational calculation, to clamp down on cumbersome intergovernmental regulatory agreements. From a more critical perspective, standards display a ‘technical authority’ belonging to the rise of global hybrids, the power of which resides in a sustained ambiguity between technical and societal issues, and an intertwining of private and public spheres that reinforces a de-politicization and de-territorialization of authority (Porter 2004; Best 2012).

According to Hibou, this reflects the extent to which the governance of modern societies is driven by a neoliberal bureaucracy which ‘seeks to transform a complex reality into abstract categories, norms, and general rules . . . formulated from the perspective of the market and the corporation’ (Hibou 2012: 37). Yet rather than demonizing standards as instances of a reified homogenization and dehumanization of social life across the globe (a neoliberal ‘iron cage’), standards remain inherently contestable and politically contested (cf. Merk, this volume). Battles regarding standards are not confined to technological choices underpinning monopolistic rent-seeking behaviour in high-flying cases such as the DVD format war between Blu-ray (Sony and Disney) and HD-DVD (Microsoft and Universal). They also convey social values, influence people’s day-to-day work experience and contribute to defining the private/public divide – as the 2013 decision of the ISO to develop a standard for occupational health and safety demonstrates.

From this standpoint, standardization looks like a comprehensive process that plays out in various normative contexts and on different levels of governance in order to provide structural coupling between fragmented social systems. It constitutes one of the pillars of a ‘global law without a state’. Kessler and other system theorists stress that the concept of functional differentiation should thus help us identify ‘structures and processes that are constituted on a global level and thus—by definition—escape the logic of the inter-state system’ (Kessler 2012: 78). Yet, far from coupling fragmented and differentiated social systems into a tentative world society, the proliferation of standards and their growing influence first of all, and far more likely, work to undermine the functional differentiation of politics. The wide range of very distinct actors promoting standards

reinforces the lack of distinction between an authority founded on scientific knowledge, technical expertise and market power, on the one hand, and an authority built upon a formal mandate and establishing procedures for delegating the sovereign power of political subjects, on the other. This leads rather to a *functional in-differentiation*, in which the authority of non-state actors, founded on their expertise as well as on their market power, intermingles with the authority claimed by professional civil servants. The decline of the functional differentiation born with modern state power gives way to undifferentiated private and public bodies in charge of setting rules on issues indeterminately related to the sphere of hard science or societal values. This clearly challenges the assumption made in most of the literature on the regulatory practices of non-elected bodies and private actors, which underestimates their ability to capture the state (Egan 2001; Majone 2001). As capture relates to a control of resources, access and the capacity of actors to durably modify the environment of their practices for their own benefit, non-elected bodies and private actors can take advantage of this by setting and certifying standards. Standards definition, implementation and monitoring may thus well be privileged vehicles for exercising structural power.

The rise of non-state actors as standard-setters reflects a new form of transnational authority in international relations, which I have elsewhere referred to as the rise of global hybrids (Graz 2006a). Global hybrids are instances of a form of authority that blurs the different nature and legitimacy of subjects involved in it, pertains to objects undermining the distinction between science and society, and pursues a fragmentation of social space so that the endogenous logic of territorial sovereignty gives way to an exogenous logic emanating from transnational capitalism.

The distinction between the private and public spheres in which standardization practices take place may, therefore, be seen as located on an *institutional continuum* that defines *who* can standardize. Both market mechanisms and policy choices affect the agents involved in the field, although they do so in different ways. Technical specifications belong to the private sphere of economic activities governed by market constraints, and affect social and technological change from that angle. They nonetheless remain related to the public sphere of political action directed at the general interest of society – for instance, by determining a certain level of risk or by setting principles of liability. Hence, even in the narrowly circumscribed field of technical specification, norms relate as much to capital accumulation and technical progress as to social improvement or the various instruments of the welfare state.

Whereas the private/public nexus of the actors involved in defining standards can be located on an institutional continuum, a second dimen-

sion maps out a *material continuum* delineating what can be standardized. This dimension covers the relation between human beings and nature, for so-called technical specifications range from natural and invariable physical measures to constructed and historically bound societal values. This sheds light on the increase in scope of international standardization. If standards were initially confined to 'physical' standards like screw thread, they are now covering more 'societal' topics and so-called generic issues. Corporate social responsibility standards, quality and energy management system standards, occupational health and safety guidelines are emblematic in this regard. Applied to the standardization of services, this aspect raises questions about what a service standard actually is. In other words, do service standards concern the material support enabling service provision (protective equipment used in the leisure sector, the IT interface of a call-centre, etc.) or do they concern common intangible aspects of services (like billing, complaint redress, information provisions)?

Summing up, the growing integration of services is a prominent feature of a worldwide knowledge-based economy. This process rests on formal and informal regulatory practices of a wide range of non-state actors. Among them, service standards are likely to play a crucial role. They reinforce the deterritorialization of regulatory practices in contemporary capitalism. Their significance can be situated along an institutional and a material continuum blending private and public actors, as well as physical measures and societal concerns. The remainder of the chapter provides an overview of the institutional setting of service standardization within the ISO environment and the European Union.

PRODUCING AND STANDARDIZING SERVICES ACROSS BORDERS

The entry into force of the WTO Technical Barriers to Trade (TBT) Agreement and the revision of the Sanitary and Phytosanitary Measures (SPS) Agreement in 1995 validated a formal devolution of power to international standard-setting organizations. Unlike the loose provisions regarding technical regulation of the old GATT, the TBT and SPS Agreements, like some provisions of the General Agreement on Trade in Services (GATS) and the 'plurilateral' Agreement on Government Procurement (GPA Article VI:2b), grant international standards a major role in harmonizing the technical specifications of goods and services traded on the global market. State regulation in this domain must comply with 'legitimate objectives'. With regard to goods, such concerns are related to health, safety and environmental issues. In contrast, as we have

seen, conflicting understandings of market uncertainties about quality and security are the major issues in the sphere of services; they encompass a wide range of expectations regarding, in particular, competence and professional skills, the capacity to deliver and business continuity, data protection and privacy, and consumer protection and information, as well as larger societal and environmental concerns.

Since the WTO is not a standard-setting body, its promotion of regulatory convergence is made by prompting its members to use international standards. GATS article VI:4 thus assigns to the Council for Trade and Services (through its Working Party on Domestic Regulation) the largely market-inspired task to develop ‘any necessary discipline’ to ensure that such regulation by states is not ‘more burdensome than necessary to ensure the quality of the services’. Article VI:5b specifies that in this respect, ‘account shall be taken of international standards of relevant international organisations’. The WTO in this regard considers that cooperation in regulation affecting trade in services would have much to gain from improving ‘regulators’ understanding of, and confidence in, standards and requirements with which they may not be familiar’. Yet existing provisions still grant a wide range of international bodies the ability to define standards affecting the internationalization of services. The following overview of the ISO and the European institutional frameworks will show us how standards can affect the demand and supply of services worldwide.

As the world’s largest developer and publisher of international standards with a membership of over 160 mixed private and public national standardization bodies, the ISO represents a core arena for assessing current developments of service standardization. The move into the standardization of services began in 1995 with a Committee on Consumer Policy (COPOLCO) workshop in Beijing. Lawrence Eicher, then ISO Secretary General, emphasized that the manufacturing industry was already changing with the move towards generic management system standards, and, from there on, ‘the emphasis could change even more to take into account the needs of the burgeoning service industries’. Six workshops were held in the following years with various focuses, such as tourism, exhibition management, banking and insurance, engineering consultancy, as well as multi-sectoral methodological issues for developing service standards. In 2001, a new working group was established to draft a guide on the use and development of service standards from a consumers’ perspective (ISO/IEC Guide 76:2008, Development of service standards – Recommendations for addressing consumer issues).

According to the UN international classification system, 27 technical committees have been set up so far to develop service standards at ISO,

with 348 international standards published and 193 under negotiation by the end of 2011. These are still few compared to the 220 or so technical committees and more than 19 000 international standards of the ISO. Moreover, standards labelled as belonging to services include domains far removed from what is usually understood as services, such as transport infrastructures, laboratory techniques and construction engines. The broad inclusiveness of the UN classification system highlights the uncertainties in defining and classifying service standards, which can never be taken for granted. Cross-border service providers also rely on more generic standards, which may indifferently be applied in the production and exchange of goods and services. Among the most widely used are the quality, environmental and information security management system standards ISO 9000 (with more than one million certificates since 2012), ISO 14000 and ISO 27000 series, as well as the guidance on conformity assessment provided by the ISO 17000 series or the ISO 31000 guidelines and principles on risk management. As a result of the size of its market and its dependence on global value chains, China is in the top ten countries for six out of the seven standards covered in the yearly ISO survey of certifications in such domains and is the uncontested leader in the number of certificates issued to ISO 9001 and ISO 14001 (International Organization for Standardization 2013). While some developments have taken place in domains epitomizing core intangible and relational features of services, such as personal financial planning used in countries with individual funded pension schemes (ISO 22222: 2005) or the vocabulary and service requirements for market, opinion and social research (ISO 20252: 2006), those standards remain marginal in terms of the global service economy. Obviously, large parts of the economy, such as in finance and insurance, use instruments developed within their own sectors. For instance, Basel III for banks and the European Solvency Directive II for insurance recognize internal company models as valid prudential standards of self-regulation. Such sectors are highly organized and internationalized and face complex regulatory issues. Fearing to be blamed for the economic crisis, they have joined forces to keep sufficient leeway to ensure the autonomy gained by self-regulation even if such a shift to private authority has been seriously challenged (Helleiner and Pagliari 2011).

Why has so little progress been made in the ISO, two decades after the launching of the institutional process? The autonomous regulatory environment of sectors as large as finance, accounting and insurance is a first answer. A second is the lack of public support, which is often the driving force behind transnational private authority. A further explanation is provided by the large number of private actors and industrial consortia setting specifications directly sold on the consultancy market for company

and individual certifications. A case in point is the Capability Maturity Model Integration (CMMi) developed by the Software Engineering Institute (SEI) that includes a detailed management model of over 700 pages with quantified capability and maturity targets. This is a widely used standard setting market access for business processing services such as those offshored to India (Graz and Niang 2012). In any case, quality issues pertaining to relational and immaterial services prompt the development of standards that encroach upon the business operating procedures to deliver such services. In the ISO, the latter are understood as management system standards (MSS) and require dedicated procedures. A final explanation therefore is that such requirements hinder the development of ISO service standards in many domains. Overcoming this difficulty will only be possible by setting ISO standards based on a very narrow understanding of procedural and generic aspects of services. In turn, this will impair the ability to set standards affecting more substantial issues such as the co-production of services and related to societal values and cultural contexts.

More developments are taking place at the regional level, especially in Europe. The European Union is a prime example of the public support enabling both service integration and international standardization. In 1985, Council Resolution 85/C 136/01 on a 'New Approach' to technical harmonization and standardization instigated a completely new regulatory technique and strategy. The resolution was a response to the growing role of the European Court of Justice in solving conflicting regulatory policies in the internal European market, especially since the 1979 *Cassis de Dijon* case securing the principle of mutual recognition in the absence of harmonized legislation or technical standards. It was also an early move towards the completion of the Single Market by devising procedures to avoid turning technical specifications into structural impediments to trade. Although member states were suspicious about seeing regulation in this domain transferred to the European authorities, they did acknowledge the threat of a race to the bottom in public purpose standards, should standardization remain in the national domains whilst market integration was deepening.

The New Approach provides a framework for the harmonization of EU public law only on the general and essential requirements of goods and services traded on the European market. This concerns in particular the fields of health, the environment, safety and consumer protection. Depending on the sectors affected, technical specifications, performance criteria and quality requirements are either based upon mutual recognition of national standards, or delegated to European standard-setting bodies. In most sectors, the procedure for monitoring standards is a

matter of business self-regulation, since products put on the market are granted a presumption of conformity, solely based on the declaration of the manufacturer (the CE marking). Thus, the European New Approach has done more than strengthen the importance of voluntary standards in the Single Market. By avoiding costly third party testing and certification, and providing the procedural means for a simultaneous adoption of European standards as international ones (through the so-called Dresden and Vienna Agreements), the EU has also included third countries in its standardization system. This has led to a powerful strategic positioning of European standards in the global market (Vogel 1995; Egan 2001).

The European Commission was well aware that the emergence of an increasingly dense and extensive European standardization complex with global reach could also support the 2000 Lisbon Agenda. Services were a core feature of the plan to make the EU 'the most competitive and dynamic knowledge-based economy in the world'. Service standards were given new emphasis after 2005 and the adoption of Directive 2006/123/EC on services in the Internal Market, the so-called Bolkestein Directive, eventually agreed upon at its second reading in December 2006 and fully implemented since the end of 2009. At the centre of this directive lies a horizontal approach to the harmonization of different regulations at European level, which aims to minimize the limitations on the free movement of services and service providers by discrimination based on nationality or local residence. The controversial 'country of origin' principle that prompted the so-called Polish plumber controversy has now been substituted for the formula 'freedom to provide services'. The service must conform to the regulations of his or her 'place of establishment'. But, in order to further unify the internal market for services, the Directive sees the promotion of quality as a key objective. To this end, it explicitly encourages the work of professional independent or community bodies of standard-development and certification (such as CEN, CENELEC and ETSI) in order to develop voluntary quality marks and labels (Preamble 102 and Article 26).

Actually, in 2003 DG Enterprise and Industry of the European Commission had already awarded a first programming mandate (M340) to European standardization bodies in the field of services to identify priority sectors of intra-community trade in services. Issues were to include horizontal cross-sectoral generic standards and vertical sector-specific standards, as well as service providers or end-users. A second programming mandate (M371) in the field of services was published in 2005. Half a dozen European standardization bodies responded with 11 projects.

The CEN Horizontal European Service Standardization Strategy

(CHESSS) is the largest project responding to EU Mandate M371. It includes a consortium of national standards bodies led by the British Standards Institution (BSI), with those from Spain (AENOR), Germany (DIN), Denmark (DS), Estonia (EVS) and the Netherlands (NEN), as well as Capgemini, one of the world leaders in IT services consulting and management. Its final report published in 2009 examined the feasibility of taking a generic approach to European service standardization across multiple service sectors, as opposed to a sector-specific approach (CEN/Cenelec Management Centre 2009). By taking a generic approach, it seeks to establish the underlying principles for an ongoing programme of European service standardization capable of facilitating the delivery of services across the EU, unimpeded by national borders. The topics expected to be included in a future single horizontal standard are confined to the design of the service, information provision to customers, billing, complaints and redress, as well as innovation and review.

Unsurprisingly, the report points out the likely difficulty of involving a wide range of stakeholders. This clearly bodes no good as far as the expected deliberative quality in the production of such a standard is concerned. It is worth noting, however, that throughout the modules, significant differences exist with regard to the approach to horizontal standards. Some favour multiple horizontal standards as opposed to a single horizontal one; others prefer horizontal standards completed by vertical standards; while still others remain sceptical about the capacity of any generic standards to deal with the distinctiveness and diversity of the service economy. By and large, it remains unclear whether such a generic approach will be successful. The interest in a single horizontal generic standard with a certification scheme is clearly an attempt to promote services standards on a par with the worldwide achievement of the ISO 9000 series. Standards supporting a globally integrated supply of services would narrow down their specifications to sheer managerial procedures excluding substantial definitions of what is involved in co-producing relational and intangible services. Only such substantial vertical standards are likely to have emancipatory potential with detailed expectations regarding labour processes, environmental impacts and consumers' protection.

The ten other projects responding to EU Mandate M371 address the specificity of distinct markets of services. AFNOR, the French national standardization body, a pioneer in setting national standards in well-defined service sectors, initiated those projects in consultation with some European partners, in particular from the Netherlands and Denmark. The recommendations identify a number of service activities likely to be standardized at various levels, whether European standards per se, or at a lower level, guidance materials and so-called workshop agreements

(CEN/Cenelec Management Centre 2009). The advantage of a vertical and sectoral approach is seen in the ability to better address the distinctiveness of services in sectors of activities highly relational and immaterial. However, the ambiguous mixture of private and public actors involved in standardization processes privileged by this approach remains important. Similarly, the issues concerned do not clearly distinguish between societal or more strictly technical objects of reference. A proper differentiation of actors among stakeholders and issues spanning physical measure to societal values, as well as clear-cut incentives to mitigate representation biases would be necessary to ensure a fair, substantial and thorough representation in standardization processes.

A swifter development of service standards at the national instead of the European level and fears concerning barriers to intra-EU trade in services have prompted the Commission to initiate a reform of the European standardization system, known as the ‘standardization package’. A better inclusion of service standards in the regulatory framework is one of its key objectives. As a result, the entry into force in 2013 of the new regulation on European standardization (1025/2012) extends the New Approach to services and forces European national standardization bodies to notify services standardization activities. This clearly supports further developments at the European level. Moreover, the new regulation reinforces the support granted to European stakeholders and SMEs. However, the new regulatory framework has not overcome the divide between supporters of vertical sector-specific standards such as AFNOR and advocates of horizontal cross-sectoral generic standards such as the BSI. This probably explains the compromise reached in the new Mandate M517, addressed by the European Commission to the European standardization bodies in January 2013. The objective is still to foster the standardization of the generic attributes of services. Yet, in contrast to a single, all-inclusive horizontal service standard, the target is now “‘narrower’ horizontal service standards for particular aspects/parts of a full service provision’.

CONCLUSIONS

The picture emerging from the ongoing institutional developments at the European and worldwide ISO levels suggests that the transnational hybrid authority of international standards in the service sector is likely to have a growing influence on the regulatory environment of the economy and society at large. Such developments remain, however, more difficult than commonly expected, and are supported by two sets of competing

profiles. Those in favour of horizontal standards endorse the development of generic specifications cutting across distinct sectors and disembedding transnational markets thanks to narrow definitions of requirements such as transparency and quality. In contrast, supporters of vertical standards claim that the internationalization of the service economy should remain embedded in concrete market practices, labour processes, and, arguably, the biosphere and society at large. In their view, services can only be standardized according to the specificity of the production configuration in which they are provided and the context of their usage.

These conflicting claims reflect opposing types of relationships between standards and society at large in globalizing the delivery of services. International standards can be used either as driving forces for broadening the domain of market self-regulation, or as alternative instruments for embedding markets within society. The direction in which the balance will tilt depends on the degree to which public and associative actors increase their awareness of the comprehensive political implication potentially raised by standards and claim a fairer and more substantial role in standardization processes. This would be one additional avenue of what Selwyn (this volume) refers to as a 'labour-led' social upgrading. It is also subject to the differentiation of issues likely to be appropriate for such alternative tools of market organization. In the meantime, the ambivalent status of actors involved in standardization processes and the tendency to intermingle physical measures with societal values are likely to reinforce a commodified understanding of services standards disembedded from societal concerns.