



IMPORTANCE OF STANDARDIZATION FOR SMEs

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Abstract: SMEs play an important role in the economy. They represent about 95% of all operators in Europe and provides 55% of total employment in the private sector. There are clear, tangible benefits for SMEs in using standards. They can use established standards in the development of new products in order to reduce the resources spent on research and development and improve their ability to innovate. They can also employ best-practice guidelines to increase efficiency, improve safety and measure performance. And by proving they adhere to standards, they can win new customers and retain existing ones by demonstrating the quality of products. The potential benefits for SMEs far exceed the cost of accessing and using standards.

Keywords: SMEs, standard, benefit, strategy

INTRODUCTION

In general, statistical definitions of a small to medium sized enterprise (SME) use one or other of three defining measurements; number of employees, turnover, or the size of the balance sheet. SMEs provide products and services that the big competitors don't for one reason or another. Perhaps it is because the market place is too small. SMEs deliver what no one else seems to want to deliver, and in many cases, they do it very well.

The globalization of business has increasingly drawn SMEs into global value chains through different types of cross-border activities. Many entrepreneurs are recognizing the opportunities that this process offers and gaining access to global markets has become a strategic instrument for their further development. Access to global markets for small businesses can offer a host of business opportunities, such as larger and new niche markets; possibilities to exploit scale and technological advantages; upgrading of technological capability; ways of spreading risk; lowering and sharing costs, and in many cases, improving access to finance. Gaining access to global markets can help prospective high-growth firms realize their potential and is often an essential strategic move for SMEs with large investments in intellectual property.

Standards offer a vital competitive edge to small and medium-sized enterprises (SMEs). They make life easier and safer, they create a level playing field on which to compete, they allow access to state-of-the-art technology – strengthening innovation capacity, and they help the most effective allocation of resources in the toughest of times.

In most standardization activities, companies have the lead. Standards are especially important for companies when they are linked to their products.

Standards enable companies to:

- demonstrate the quality of products and services (using test methods laid down in standards);
- give clients confidence: the product (and or the production method) meets accepted requirements;
- be allowed to bring products onto the market because conformity to standards may be a means to demonstrate conformity to legal requirements;
- be successful with products, because they meet customers' wishes and are compatible with other products.

THE EUROPEAN SMES STANDARDIZATION STRATEGY

SMEs drive economic development by creating a valuable source of employment; SMEs account for 60-70 percent of employment in OECD countries. In developing countries, this number is often much.

A competitive environment requires the simplification and harmonization of processes, regulations, and standards with domestic, bilateral, regional, and international practices. Disparate regulations and methods of administration create onerous burdens on companies that attempt to compete internationally. The implementation of proper standards requires a sound legal and regulatory framework, a harmonized system for accreditation, certification and inspection, and an advisory capacity for higher companies.

This involves active capacity building efforts within government agencies and SMEs. Public-private partnerships can support the simplification of procedures by identifying particular requirements that limit market access and by underlining the need for predictability in the business environment.

Standards contribute substantially to building the internal market in the major European markets and allow producers and consumers to benefit from elimination of technical barriers to trade and meet safety requirements, standards always guaranteed. With a common standard for all European countries, a product may enter a much wider market, with development and testing costs much lower. The European SMEs standardization strategy includes sectoral standardization, horizontal standardization, as well as generic standards related to quality and quality management systems.

The strategy proposed by the European standardization bodies has the following features:

- it takes into consideration real identified needs of the society, industry and public administration;
- it indicates sectors in which SMEs standardization would be more appropriate;
- it identifies difficulties related to SMEs standardization and solutions for overcoming such issues;
- it identifies new standardization projects in new sectors.

The European Committee for Standardization (CEN) plays the main role in coordinating the efforts towards services standardization at European level, with regard at both sectoral and horizontal standardization activities.

CEN Horizontal European Service Standardization Strategy (CHESSS) is based on the believe that "a good service is a good service" independently of the concrete nature of service in cause, addresses a number of topics that European standardization experts consider to be main horizontal issues:

- safety in delivery of services;
- the assessment of customer satisfaction;
- complaints and redress systems;
- billing and innovative metering practice;

The European economy barriers for SMEs to implement standardization strategies (identified by UNECE-United Nations Economic Commission for Europe):

1. Lack of entrepreneurial, managerial and marketing skills
2. Bureaucracy
3. Lack of accessibility to information and knowledge
4. Difficulties accessing financial resources/Lack of capital
5. Lack of accessibility to investment (technology equipment and know-how)
6. Non-conformity of standardization, lack of quality awareness and lack of mutual recognition schemes
7. Product and service range and usage differences
8. Language barriers and cultural differences
9. Risks in selling abroad



10. Competition of indigenous SMEs in foreign markets
11. Inadequate behaviors of multinational companies against domestic SMEs/Lack of government supply-supporting programs
12. Complexity of trade documentation including packaging and labeling
13. Lack of government incentives for internationalization of SMEs
14. Inadequate intellectual property protection

THE BENEFITS OF USING STANDARD

There are clear, tangible benefits for SMEs in using standards. They can use established standards in the development of new products in order to reduce the resources spent on research and development and improve their ability to innovate.

They can also employ best-practice guidelines to increase efficiency, improve safety and measure performance. And by proving they adhere to standards, they can win new customers and retain existing ones by demonstrating the quality of products. The potential benefits for SMEs far exceed the cost of accessing and using standards.

European and International standards provide access to bigger markets. Expenses arise from adaption to standards but expenses of adaption are only temporary whereas benefit should be durable.

Standards bodies are therefore working on ways to increase awareness of the benefits of standards. The solution here is more education and communication, through the methods outlined earlier, which can highlight the benefits of involvement. Standards bodies are also investigating the best ways to improve existing communications with SMEs.

For SMEs to take full advantage of standards, they need to be able to get hold of the relevant standard easily. Standards bodies already make them readily available, but access could be improved if SMEs had a better understanding of where to start in their search, and if existing search processes were further simplified.

From different studies result that implementation of standardization strategy for SMEs may provide a number of benefits, among which:

- stimulating competition;
- removal of barriers in trade;
- facilitation of contracting, monitoring execution and pricing;
- improving the quality of services;

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- increasing protection of consumers (standards including security related provisions)
- raising confidence and satisfaction of consumers due to their improved capacity to compare alternative offers;
- raising productivity and competitiveness of SMEs.

SMEs fear that European standards will increase the regulatory and administrative burden. Related to this, European products and services standards will not be added to national ones, but will replace them and generally will provide a more comprehensive and transparent framework.

In Romania products and services standardization is regarded with reluctance. Service providers enjoy the power to provide customers with low quality services, giving fictional justification for their under-performance and no redress to customers affected by it.

Romania should be interested, therefore, in accelerated formulation, adoption and implementing of standards for SMEs. More than this, there is an opportunity for the national standardization body, professional organizations, consumer representatives and other stakeholders to play an active role in influencing choice making at European level.

CONCLUSION

There are five stages in the standardization process that companies can benefit from being involved in: understanding the benefits, accessing standards, using standards, feeding back in order to improve standards or establish new ones in the future, and influencing the development of standards.

Impact of standardization strategy on the SMEs:

- *Good strategy*
 - is adapted to the given situation of the company/sector
 - ensures information advantage by means of monitoring standardization activities
 - reduces costs
 - secures existence and development of the company
 - gives access to new markets
- *Missing strategy*
 - causes unnecessary costs
 - can lead to market exit due to unexpected adaption costs
 - can hamper commercialization of new products

Standards are a way of opening markets to SMEs, enabling them to absorb the know-how that exists within standards, which in turn helps them to innovate.