

**In the Wake of Deregulation
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Abstract

Several initiatives have been taken towards European integration since the end of World War II. These include deregulation at national levels and the liberalisation of cross-national trade. However, does deregulation automatically mean less rules for organisations to follow? This paper argues that rules are being codified in a number of other ways and by organisations other than national governments. Firstly, many national rules tend to be re-regulated at a supranational level. Secondly, various forms of organisations for international co-ordination within particular fields tend to be established at times when new steps are taken towards European integration. These organisations vary both in form and in the rules they produce. This study examines two forms of organisations: network organisations and professional associations. Although not verified empirically, it is argued that the rules codified by these organisations fill a non-regulated vacuum that seems to occur in the wake of deregulation. It is suggested that this new type of regulation is a response to a perceived increased complexity and ambiguity among organisations that operate on international arenas. Thus, if the rules of the game are not set by governmental organisations, it appears that the players set rules of their own.

Introduction

Since the end of World War II the international community has struggled for European integration. An important step in this direction was taken when the European Committee (EC) was established in 1947. This step has been followed by several others, such as the establishment of the European Council in 1949, the Coal and Steel Union in 1952 and the European Economic Community in 1958. The greatest impetus in this regard, however, has probably come in the 1990's with the establishment of the Single European Act (1992), the European Union (1995), and the European Monetary Union (1999).

In the last decade, in parallel with the European integration debate, issues such as internationalisation, liberalisation of world trade, and deregulation have become more important for governments and organisations operating on international as well as domestic arenas. This development has been emphasised by companies operating internationally but also by governments and international governmental organisations such as the UN, the World Bank, the World Trade Organisation (WTO), and the OECD. The same issues were also supported by international non-governmental organisations such as the International Chamber of Commerce (ICC), Union of Industrial and Employers Confederations of Europe (UNICE), and their member organisations in different nations.

Although these organisations differ in their purposes, in what they do and how they do it at least one aspect unites them in their emphasise on international integration: during the last decade they have all emphasised the deregulation of national trade barriers. Deregulation has been an important factor in the creation of a common European market, and even a world market where the idea has been to enable firms to compete on more or less equal terms.

The deregulation endeavour suggests that the number of rules to be followed by organisations should decrease. This may be true in many areas if by rules we mean norms codified by governmental bodies into coercive rules (Hydén, 1997). However, norms can be codified in other ways by actors other than governmental organisations, and still be powerful in regulating organisational activities. Thus, codifiers other than governmental organisations might very well make explicit manifestations, such as standards, in order to regulate particular fields. It would be reasonable to believe that the more integration between nations in Europe, the less complex it would be for organisations to do cross-national business since there would be fewer rules to follow. Deregulation suggests that fewer rules should be codified and controlled by national regulating bodies. If such rules are fewer today, does this mean that different fields are less regulated or perhaps just regulated in other ways? Are national borders no longer seen as market borders, for instance? As will be argued in this paper, in the late 1990's an increase can be seen in what could be interpreted as alternatives to the national rules that have disappeared. This may be understood as organisations still experiencing a need for some kind of regulation to co-ordinate interchange between different actors. When national governments have withdrawn from the regulation business, other organisations, governmental or non-governmental, seem to step in and develop other manifestations that fulfil the same purpose as the state rules controlled by nation-states. These new regulating bodies do not have the legislative authority that states have. Consequently, they have to anchor their authority in other ways, or risk being marginalised.

The question raised in this paper concerns whether it can be verified that a correlation exists between the foundation of European cooperation organisations and various moves towards more European integration. The aim is to determine whether or not such organisations produce rules, and if so, what they consist of and what regulating power they have.

This paper is organised as follows. Firstly, the possible shift in regulation from the national to the supranational level is discussed. Secondly, a population of 87 international organisations established in a purpose to co-ordinate activities in different fields is investigated to find out when they were founded. This is followed by a closer examination of three forms of organisations, and their regulating capacity and regulating activities are discussed. In the final section, it is argued that international standardisation, in different forms, may have taken over the role that

used to be played by national regulating bodies. It is suggested that this may be the result of an increased complexity and insecurity many organisations experience in the vacuum they believe will occur in the wake of deregulation.

Governmental Deregulation and Supranational Re-regulation

Conventionally, by rules we mean manifestations that have legal sanctions connected to them, that is, if they are broken, a prison sentence, or fines or damages may be imposed. Such rules are formally coercive and are also primarily created and maintained by public authorities. For example, rules and laws that formulate conditions for trade, labour markets, and job security, etc. regulate and structure certain aspects of the environments of organisations since organisations cannot ignore them because of their legal authority. This section will discuss what seems to have happened in the construction of these types of rules after the great deregulation endeavours of the 1980s and 1990s.

Firstly, it is important to remember that the present situation is a result of long negotiations and discussions that started after World War II. The discussions concerning the Single Act, for instance, started in 1979, but the common market was not formally established until 1992 (c.f. Fligstein, 1995). The starting point in 1979, however, was preceded with other discussions. Consequently, over the years politicians, government officials, and practitioners from different nations, companies, industries and professional organisations have negotiated how to deregulate national regulations concerning, for instance, trade barriers, national law, product and technical standards, and working rules. These discussions continuously result in EU directives for the harmonisation of regulations among the member nations of the European Union and nations that have joined the single market through the European Economic Space (EES) agreement. However, as will be argued below, they also seem to result in supranational governmental regulations.

These changes in the institutional conditions in Europe have affected national authorities and their role in regulation (Jacobsson, 1993). In the 1970s and 1980s, they were the primary rule setters, but after the EES agreement and the establishment of the Single Act, regulation seems to have become denationalised in many areas. Consequently, it seems that national regulation has been replaced by a supranational (Moravscik, 1991) system of regulation; national authorities tend to act more like organisations which scrutinise and control whether organisations operating in their nations have to adapt to international rather than national regulations. The construction of rules, it seems, has moved from national to supranational arenas. For this reason, one can question whether the wave of deregulation at the national level has led to a more deregulated international market where organisations can act more freely.

The rules might have changed slightly, and the regulators might have moved from, for example, Stockholm, Helsinki or London to Brussels, Strasbourg or Geneva. However, this development can also be a sign of an ongoing deconstruction of nation-states as important arenas for organisations to identify themselves with, and the major marketplace for their products and services. One aim of the EU, and especially the common market, is to make the atmosphere for interchange less complex between organisations in different geographical locations in Europe. Instead of numerous rules justified by single nation states, one set of common rules is now

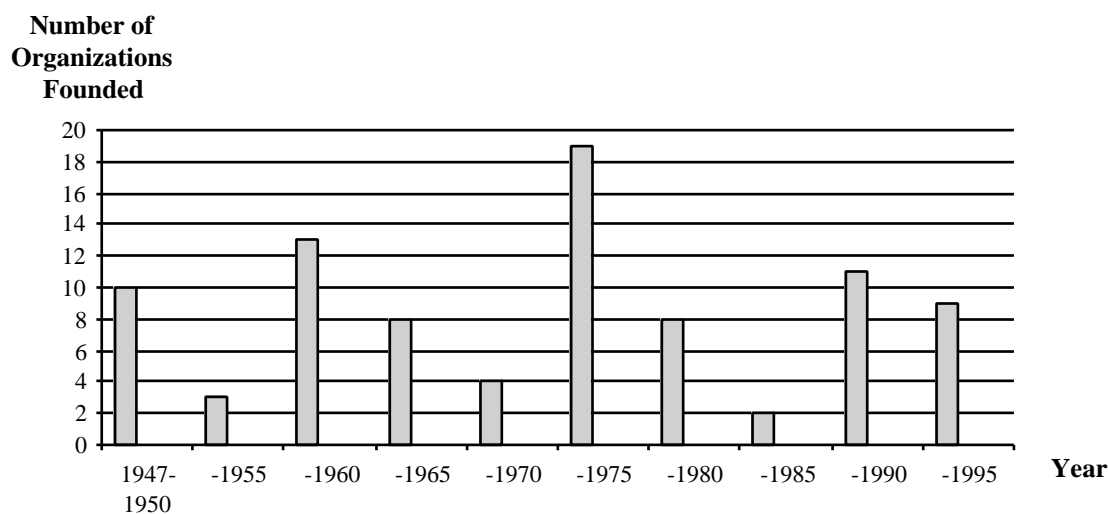
meant to apply to any organisation that has its base in a nation that has signed the Single Act. Thus, the deregulation endeavour may have resulted in fewer national rules in areas where supranational re-regulation has been possible, but is this the same as organisations experiencing the regulation they have to adjust to as less complex? This question will be discussed below based on what may be a parallel development to political and governmental initiatives taken towards increased European integration, namely the establishment of European non-governmental coordinating organisations in the post World War II period.

European Integration and the Rise of International Non-Governmental Organisations for Coordination

In Europe, a great number of organisations have been established with the specific purpose of being co-operation organisations of various kinds for companies, industries, professions, individuals and nations. To some extent, the existence of such organisations means that coordination of activities in the field is not only left to state-controlled rules and free markets. In this study, a sample of eighty-seven of these international organisations was selected to analyse whether particular trends concerning the relation between moves toward increased European integration and national deregulation could be observed. The study is mainly conducted from a Swedish contra European point of view, but studies from a broader perspective would probably yield similar results since the organisations comprise members from different nations.

The population was selected on the basis of whether an organisation fulfilled the following criteria: Do they have Swedish members? Are they non-governmental? Is membership voluntary? Do they mainly operate in Europe?

Table 1 Trends in the establishment of international non-governmental organisations in a population of 87 selected organisations



Source: Yearbook of International Organisations 1995 vol. I & II

As shown in Table 1 above, peaks in the establishment of organisations occur around 1950, 1960, 1975, 1990 and 1995. It might be a coincidence, but around these years important moves toward European integration were taken, first by the European Committee, and later by the European Union.

The first peak occurred around 1950. At that time, several incentives for European integration were taken. In 1947, the European Commission was founded on behalf of the United Nations to rebuild the European economy. Two years later, in 1950, the European Council was founded with the intention of promoting European unity economically, socially, culturally, legally and administratively. Moreover, the European Coal and Steel Union was founded in 1952. The second peak came about 1960, possibly as a consequence of the establishment of the European Economic Committee (EEC) which was founded in 1958. The third peak at around 1975 may be explained by the EEC being extended in 1973 when the UK, Ireland and Denmark joined. The fourth peak began around 1990 and has continued. It might be a consequence of the more recent changes on the European scene, such as the establishment of the Single European Act in 1992, the European Union in 1994, the extension of the Union in 1995, and the establishment of the monetary union in 1999.

The development of European integration from the foundation of the European Council in 1949 to the existing European Union and the European Monetary Union, has taken place with the aim of promoting cooperation and exchange between the European countries. The deregulation of national trade barriers and of rules relevant to work flow has been important in this grand exercise. Consequently, if the trends shown in Table 1 are valid, this may mean that when institutional circumstances in the environment change - such as when decisions are taken concerning national deregulation and international integration - international organisations have been established to, in one way or another safeguard the interests of certain groups in different countries. Is there a co-variance here, or are the patterns shown in the table merely a coincidence?

When the systems in which various forms of organisations move are de-nationalised and then integrated at supranational levels, it could be expected that the need for international non-governmental organisations for co-ordination in particular fields would decrease. The fields are enlarged from national to cross-national arenas where the same rules are supposed to be followed by actors at different geographical locations. In this way, international exchange between organisations would be less complex and the need for other co-ordination in particular fields would be little. Still, in contrast to what could be expected different groups obviously go together and found international organisations. Is this just a coincidence, or is it also possible that they, for instance, are afraid of losing contact with the regulators. In the national arenas, they were closer to the regulators; they were familiar with the system of regulation, knew how to take positions, and knew what strings they had to pull to make their voice heard in the regulation processes. At the supranational level, local national actors are peripheral, except for a few business giants that are important actors not only in their home nations but also on the European scene. If other organisations want to be involved in the supranational regulation, their positions on their home markets are of little help. Perhaps they see the establishment of co-ordination organisations for organisations in similar positions in different nations as one way to make their voice heard in the supranational regulation processes. Another possibility is that business firms, whether they are large or small, perceive the European integration endeavour as rather abstract and immaterial. After the establishment of the Single Act and the common market in 1992, all organisations in Europe are now supposed to compete on equal terms on the same European markets. What does this mean for single organisations? Have their situations really changed? For example, will UK accounting firms compete with Danish or Belgian firms for the same customers, or will universities in Finland, Sweden and Ireland be competitors in attracting the same categories of students to their programmes? A change is supposed to have taken place but many organisations in different fields might perceive this supposed new situation as quite complex and difficult to comprehend. These competitors may experience a need to come together and construct rules for how this supposed-competition-on-free-markets-situation should be organised.

The next section looks at how such co-ordination is organised. When the population of organisations mentioned above was analysed to divide the organisations into different groups, two major categories appeared: network organisations and associations for professionals. Both categories of organisations produce different kinds of rules for the organisations and individuals who choose to join the network or become members in the association. Below, a few organisations representing both categories are studied to examine what kind of activities of regulating character they engage in.

Network Organisations

Various kinds of network organisations in Europe have been founded with the aim of either sharing information or establish exchange between their members. The field selected here to study of how such co-ordination can take place is higher management education in Europe, a field that does not usually come up in discussions on deregulation. The fields that first come to mind are most often the financial sector or the airlines industry. Nevertheless, deregulation and international integration have taken place in many areas, and higher management education has

been chosen as an example of an area that receives little attention in these kinds of discussions. Since other fields could have been chosen, this case is to be seen as an illustration of possible patterns in many fields.

From Regulation by the Pope to International Standards and Institutional Contracts

In the Middle Ages, higher education in Europe was controlled by the Pope, who only gave university rights to a few seats of learning, such as Paris, Padua and Oxford. Thus, students who wanted to be educated had to go to these places. Over time, the Pope's regulating power has come to an end and the number of students going abroad and the internationalisation of higher education has gradually increased, both in research and through the international exchange of students and teachers. Today, many students study abroad for varying lengths of time. Amdam (1995) discusses the case of Norway, and shows, for instance, that the number of Norwegian students studying abroad increased from about 1,700 students in 1951 to about 7,800 in 1991. Consequently, if this trend has been observed in other countries, it can be argued that the internationalisation of higher education has increased dramatically over the last fifty years, with a peak in the last ten or fifteen years.

The internationalisation activities that prevailed until the mid 1980s in academia can be described as quite ad hoc and local. In Sweden, for example, it was rather difficult to combine studies abroad with certain study programmes and exams at particular national universities. Strict regulations in national systems of rules stipulated the conditions for higher education at universities and business schools. Although the rules were national, it was equally difficult for students to take courses at different universities in their own country, and to get credit for them at other national universities and take the results with them. Each university had its own rules, and courses in, for example, marketing or organisation theory were rarely considered equivalent between different universities. This meant that no competition existed between different programmes at different universities. To some extent, competition existed in attracting students, but the admission system was national and the National Agency for Higher Education (UHÄ) placed the applicants at different universities according to a strictly regulated ranking system. A national admission system is still in operation but the rules for how the programmes are funded have changed. Moreover, the daily procedures at the universities in Sweden used to be funded based on a planned capacity among the staff to provide education for a certain number of students. Today, university departments are paid according to the number of students that take their degrees. This means that competition between national actors has increased in so far as it is believed to be more important to attract the brightest students who are most likely to take their degrees quickly. These students are good investments for the university since their pay-back time is relatively short.

The situation on the international scene has changed even more where several international incentives have been introduced to organise and standardise the exchange of students, and teachers, to enable more of them to go abroad for limited periods. Today, through different forms of exchange programmes, it is possible for students to spend a semester or two at universities abroad where the courses they take can be treated as equivalent to courses that could have been taken at the home university. This is both a way to deal with possible international competition and to market the programme at national markets.

The most impressive initiative in this regard is the ERASMUS programme, which was established in 1987 on behalf of the EEC "to support the European activities of higher education institutions and to promote the mobility and exchange of their teaching staff, students and administrators" (www.erasmus). This programme has been running continuously since then and has increased gradually over the years. Moreover, from 14 March 1995, a larger programme, SOCRATES, covering all education in Europe from kindergarten up to and including doctoral studies is applicable to the 15 member states of the European Union and the countries connected through the EES - agreement (Iceland, Liechtenstein and Norway). The ERASMUS programme has been incorporated into the SOCRATES programme and covers the highest levels of education. The aim of these programmes is articulated as follows (*ibid.*):

[ERASMUS and] SOCRATES seeks to integrate [...] mobility [mainly of students] into a wider framework of co-operation activities which aim at developing a "European Dimension" within the entire range of a university's academic programmes. While student mobility retains a position of central importance within the programme, improved incentives will now be available to encourage universities to add a European perspective to the courses followed by students who do not participate directly in mobility. New emphasis is consequently placed on teaching staff exchanges and transnational curriculum development.

Since the autumn 1997 universities have been eligible to sign a three-year institutional contract with the Commission. Although the ERASMUS programme is organised by EEC, which is a governmental (or rather supranational) organisation, it is still a relevant example of how non-governmental organisations may contribute to the regulation of fields that officially have been deregulated. First, the ERASMUS programme is not a norm codified by governmental agencies into coercive rules; it is a voluntary political programme which is joined by signing a contract. Formally, a contract involves state sanctioned rules. However, in this case, what the universities sign is more of a declaration of support for the physical mobility of students and teaching staff and the joint curriculum for university studies at various levels, whilst adding European modules and integrated language courses. Universities are often state-owned, but this does not automatically make them governmental regulating bodies since, at least in Sweden, they have a history of being independent organisations with their own identity, hierarchy and rationality (cf. Brunsson and Sahlin-Andersson, 1998). Moreover, not all parts of the programme need to be joined; the parts each university agrees to join are regulated through this contract where they agree to adapt their curricula, teaching methods, language of instruction and administrative routines to the programme directives.

In this regard the ERASMUS programme can be seen as providing a structure for student and teaching staff mobility in Europe. To participate in the programme, and to receive financial support from the European Commission, universities have to follow the standards connected to it. This is what local universities commit themselves by signing the contract. The system of rules is voluntary and only directed at those who sign the contract, and only for an agreed period of time. This means that universities and business schools are not forced to follow the rules manifested in the programme and are still allowed to create their own rules as long as they do not clash with the directives for higher education provided by national governmental organisations. Nevertheless, the standards for higher education agreed

to follow by signing the contract are international standards, and as such, probably have a higher potential to regulate the field internationally.

The ERASMUS programme marks a change during the last decade in the regulation of European higher education. However, as will be shown below, institutional contracts are not the only way of co-ordinating higher education internationally.

Standards for Membership in Networks

In the field of management studies, two international organisations have been selected whose members include seats of learning in different countries. The regulation produced by these organisations is only directed at their respective members. One is CEMS (Community of European Management Schools) which was established in 1988, and the other is EDINEB (Educational Innovation in Economics and Business Administration), established in 1993. Both have similar objectives in so far as the member institutions' curricula should be adjusted to each other's. Nevertheless, two distinct differences exist. Firstly, the membership requirements differ. CEMS has the express purpose of being made up of fifteen *leading* Western European schools with only one business school per nation being allowed. This school thereby becomes the one actor that is considered to have the best reputation and highest quality education in that country. New members are elected by the members, and therefore, the association is not open to everyone (Ahrne, et al., 1998). EDINEB is different since it is open to any academic institution where economics and/or business administration are taught. To acquire full membership in EDINEB, the educational institution has to implement (www.edineb):

innovative educational methods and... [must be] willing to collaborate with the other member institutions in the EDINEB network, in achieving common objectives.

Moreover, unlike CEMS, EDINEB is not exclusively a European organisation. It was founded in the Netherlands, but it welcomes members from all over the world.

The second difference between these networks is that CEMS offers a collective master's degree. This has not yet been offered by EDINEB, even though the primary goals specified by the network include the adapting of the local educational programmes to each other. The pronounced intention of EDINEB's objectives is to strive for the development of institutional support through exchanges, dissemination of information and improved communications and publications. It also emphasises the development of partnerships between universities and the promotion of research and development regarding educational matters in economics and business administration. CEMS, does likewise, although it emphasise exclusivity and has gone further in the implementation of co-operation strategies in so far as a standardised master's degree has been established and can be taken at each member institution.

International Competition and Voluntary Regulation Replace Coercive National Rules

If the establishment of CEMS and EDINEB is representative of the development in the field during the last decade, it could be argued that the room for voluntary regulation has increased. The strategy chosen in this regard was standardisation, but of different kinds and promoted and produced by different actors. Standards are not authorised by their coerciveness as are, for example, laws, and are not produced and controlled by governmental organisations and not directed at everybody (Brunsson and Jacobsson, 1998). Still, they are rules for those who choose to follow them.

Differences exist in the standards promoted by the organisations discussed above. The activity of greatest general importance is the ERASMUS programme, which is

produced and promoted by the EU. One of its' characteristics is that it is constructed and promoted by a group of experts and is meant to be open to all kinds of institutions in Europe providing higher education. The standards agreed upon are regulated in the institutional contracts, whose content is standardised but can be negotiated. On the other hand, the membership organisations CEMS and EDINEB, are established by a group of practitioners and are directed only at members. The standards for international co-ordination are regulated in the requirements for membership. This is a standardisation made by practitioners for themselves to follow. Signing the institutional contract and joining the ERASMUS programme and becoming a member of CEMS and EDINEB are voluntary, but the universities who do this have to follow the rules concerning, for example, curricula, teaching methods, and language of instruction. These rules probably have the potential to regulate the activities in the field internationally. When national rules are deregulated, the power of the nation-states to regulate the field decreases, at least when it concerns the curricula taught at the national seats of learning. They still have the power to control the funding, however, which is not yet regulated internationally.

All the activities analysed above have clearly been undertaken with increased European integration in mind, but they signal interaction of different kinds. The CEMS initiative encourages elite institutions to interact and provide top students with the best possible education, in order to prepare them for a career in an integrated Europe. EDINEB was founded for a similar purpose but has no pronounced emphasis on elitism. However, the purpose in both cases was probably not only to prepare students but also to profile their respective member institutions. Membership in international networks is probably important since competition between different seats of learning has increased in Europe following the deregulation and integration. It is now easier for students to study almost anywhere they choose, for short or for long periods. To convince students to choose a specific programme, one strategy has obviously been to offer them the opportunity to do one or more semesters abroad as part of the programme, or to take an international degree - such as the CEMS master's degree. The ERASMUS initiative has a wider purpose, namely to support the European integration as such.

It is worth noting that the networks analysed here are not the only existing forms of co-ordination of international exchange between different seats of learning. Other networks, such as research networks, networks for lecturers, and less formalised student exchange systems also work as an interrelation between two parts, one in each country. This means that the standards set up by the co-ordination organisations examined in this study do not incorporate all actors in the international field of higher education. Consequently, these standards do not apply to the field as a whole. If one organisation does not meet the requirements, or does not like the prerequisites of the network, it is free to choose another form of international co-ordination of such as student exchange.

The two forms of rules discussed here, i.e. institutional contracts and requirements for membership in networks, are not new or unique forms of co-ordinating activities between certain actors. The case of higher education may thereby be representative of forms of regulation that are emphasised in other fields as well. However, this is not studied explicitly here. Instead, the next section focuses on another type of organisations that promotes rules for particular groups of actors identified above as the second type of organisation in the population of non-governmental international organisations, namely international associations for professionals.

The international co-ordination of professions appears to be on the increase, and not only in traditional categories of professions. Professionals such as lawyers, auditors and physicians have long been organised nationally in, for example, the national lawyers associations and the like. Members of these organisations are individuals who must satisfy certain membership requirements, such as having a particular university degree and professional experience. International co-ordination is not a new phenomenon in these traditional professional areas; for instance, a Nordic association was established for auditors as early as in 1932, and the *International Accounting Standards Committee* (IASC) was founded in 1973. Another international organisation called *International Federation of Accountants* (IFAC) was founded in 1977 and a European organisation, *Fédération des Experts Comptables Européens* (FECE), was established in 1987. The latter replaced two already existing similar organisations (Frick, 1995). All these international organisations emphasise, as expressed by IFAC, that their aim is to (*ibid.*):

initiate, co-ordinate and guide efforts that have as their goal the achievement of international, technical, ethical and educational guidelines for the accounting profession

Moreover IASC's charter states that its purpose is to develop and publish international accounting norms and to promote improvements and harmonisation of rules and procedures.¹

National and international organisations are often interlinked. An example of this is the Swedish Association of Lawyers which is regulated by Swedish and European Law. Nevertheless, its ethical rules and articulated code of conduct are also regulated by its membership in a European organisation for Lawyers, *Conseil des Bureaux de la Communauté Européenne* (CCBE).

A similar structure of organisations operating on national, European and global levels also exists for management consultants. At the national level, there are organisations such as the *Swedish Association of Management Consultants* (SAMC) established in 1992, and sister organisations in many countries.² These associations organise management consultants nationally and are open for membership to both individuals and consulting firms. SAMC, in its turn, represents one European (FEACO, *Fédération Européenne des Association de Conseils en Organisation*) established in 1960, and one global organisation (ICMCI, *International Council of Management Consulting Institutes*) established in 1989. Membership in FEACO is only open to organisations while ICMCI only has individual members. ICMCI is run from the US and has developed an international standard for professional management consulting, called the Certified Management Consultant. Although it is international and governed by ICMCI, national organisations (such as SAMC) are responsible for certification in their own countries. Obviously, a global striving exists to promote the "professionalisation" of management consultants.

It also seems that international trends for professionalism can be found in other areas. One area directly connected to the deregulation of markets is the stock

¹ IFAC's charter §2a, in "The FAR International Omnibus, 1992", p., 287).

² Information taken from SAMC and SAMC's charters.

exchange. The Swedish stock exchange, established in 1919, was deregulated in 1993. Before that, it was regulated by politicians and national law. However, focusing on the Swedish organisations, the Swedish stock exchange, as in the cases discussed above, is a member of the recently established (1995) *European Federation of European Stock Exchanges* (FESE), and of a global organisation, *Federation Internationale des Bourses de Valeurs* (FIBV), established in 1961. Within these organisations, professional codes of conduct are developed and the member organisations express a willingness to conform to these codes through their membership.

Consequently, important organisations - such as the professional organisations that operate nationally, within Europe, and internationally - exist to produce, diffuse, and protect standards and codes for professionalism in different professions (cf. Meyer, 1994; 1996). This means that the professionals themselves rely on others in order to uphold their professionalism in society. Another aspect noteworthy is that it also seems that there is a growing tendency to develop professionalism in more areas than traditional - such as audits, lawyers and physicians - since management consultants and financial analysts have begun to develop standards for professional status. Also professionalism is not limited to the national arena, since the striving towards international co-ordination through the establishment and work of international associations has long been evident. Only a few areas that to some extent are related to professionalism in business have been observed here. However, international associations of a similar kind for other professional groupings, such as nurses, architects, teachers, and nuclear engineers are probably also on the rise.

Deregulation, Network Organisations and Associations for Professions

Several stateless and voluntary regulative initiatives have been taken in the field of higher education and professions that in one way or another are related to business life. The first case was an example of an area that has been deregulated in the last decade and where new forms of rules to deal with this new situation have been established. In the latter case, signs can be seen of a rise in the striving for international professionalism in non-traditional areas. Also, professionalism in these fields seems to have been denationalised quite some time ago. Co-variance may be at hand between the establishment of international associations and political moves towards European integration. In the accounting field two international organisations IASC - founded in 1973 - and FECE - founded in 1977 - were established at about the time (1973) when the EEC was expanded and the UK, Ireland and Denmark joined. Then IFAC was established in 1987, and in the field of higher education the ERASMUS programme was launched the same year. The year after CEMS, followed by EDINEB in 1992, were founded. All these organisations were founded at about the time when discussions on the Single market had started. During this period professional associations in the field of management consulting were also established: ICMCI in 1989 and SAMC in 1992. When the European Union was established in 1995, FESE emerged in the stock exchange field. This might very well be considered a coincidence, but the possibility of a co-variance cannot be excluded.

If we believe in these observations, it seems that the paradox arises where the great impetus towards deregulation has been replaced, or at least complemented, not only by supranational rules but also by standards provided by network organisations and

professional associations. Consequently, international standards seem to appear in fields where the denationalisation of state sanctioned rules has occurred.

Standardisation in the Wake of Deregulation

The activities observed in this paper show similar patterns in several aspects: they appeared in the same period of time; they were undertaken for the purpose of co-ordination; they were emphasised when governmental deregulation strategies were realised; and they suggest an order based on the regulation of interchange between members of certain networks or associations. Although the argumentation so far has been concentrated on the possible rise of stateless regulation as a consequence of governmental deregulation, this rather hypothetical argument cannot be proved by the analyses made in this study. No observations, for instance, have been made on the conditions in these cases prior to this study. The possible change from one order to another, in other words, is not confirmed; however, neither was the hypothesis undermined. Therefore, the possible increase in standardisation cannot be proved to have taken place as a response to governmental deregulation, but it can at least still be argued that it has appeared in parallel.

The purpose here was to examine what this possible new order consists of and to attempt to analyse why it has appeared. Consequently, the question of why it has appeared still needs to be answered. Since a co-variance between increased standardisation and deregulation cannot be verified, this final section will offer possible explanations for why the form of standardisation observed here has appeared.

The standards observed concern the order of co-ordination between members of international organisations of various kinds. In that respect, they promote interaction between certain groups of actors. However, they may also have a symbolic value since they are established to signal belonging to networks and international interaction between elite institutions (CEMS), or just interaction between international partners (EDINEB). The institutional contract may also have a symbolic value for single contractors since they thereby signal their international exchange profile. There is also a symbolic value in the international standards for professionalism since actors who fulfil the requirements then have a powerful argument in pronouncing their expertise. This may be more important the less institutionalised the profession is. However, in the case of consultants and financial services different organisations for co-ordination might very well exist, nationally as well as internationally. To some extent it may be appropriate to describe these arenas as markets for accreditation, where different suppliers compete in order to deliver legitimacy for their clients. This differs from the more established professions such as the legal and medical professions, where normally only one body in each country co-ordinates and maintains the codes of professionalism. On such markets, it might be important to be connected to the highest rated association or network.

Nevertheless, since standards are voluntary, they differ from coercive rules; however, concerning the regulation of activities, they might very well be coercive for those who choose to sign the institutional contract (ERASMUS), join the network or for those who are members in professional associations. If standardisation of this kind appears in many areas, this either indicates a kind of social co-ordination

neglected in social science this far, as a new kind of co-ordination is on the rise, or a continuous striving to be modern.

Is standardisation a form of social co-ordination neglected in social science? Probably not, since the phenomenon of standardisation is an important topic in contemporary economics, political science, and law. However, the focus in these studies has primarily been on technical standards, such as standards for products and technologies, and how the development of better standards will lead to societal betterment. This means that little effect has gone into understanding what standardisation as a social phenomenon actually represents.

Is standardisation a new kind of co-ordination? Empirically, it is not new since we have developed standards for interaction in terms of language, and to support the exchange of goods, services and experiences as long as man has existed. However, the analyses above might indicate that a change is taking place in the world of ideas. During the last decade, a trend has been seen in the Western society where hierarchical structures for societal co-ordination are being replaced with co-ordination through markets (e.g. Forssell and Jansson, 1996). This is particularly evident in the public sector but also in private firms where winds of decentralisation have blown, and the establishment of various forms of internal markets has occurred, during the last few decades. The notion of deregulation is connected to the marketization of social co-ordination since rules are believed to prevent true and fair market relations from being established. This argumentation suggests a shift from hierarchy to markets in the ideas on how society and organisations should be co-ordinated. However, as argued in this study, hierarchic control of rules shows signs of having moved arena, from the national to the supranational, and from governmental to non-governmental organisations. It is therefore possible that rather than disappearing rules are re-regulated by someone else and societal co-ordination not totally left to free market mechanisms. However, if so, why did this response take the form of standardisation?

One possible explanation is that the European integration project, along with deregulation, challenges established beliefs of order. Organisations and individuals may therefore be keen to experience disorder. Things are no longer what they used to be. How can widely institutionalised modernistic beliefs of rationality then be achieved? The borders of the nation-states are opening up when more regulation turns supranational. The markets are no longer local due to deregulation and continuously improved communication technologies. Organisational structures are more bound up in networks and become virtualised (Hedberg, 1997). Consequently, many former beliefs of order are challenged, and many people are likely to feel uncomfortable in what the emerging new order will bring. How should objectives, plans and budgets be set, and how should decisions regarding strategies be made if disorder prevails in society? One explanation for voluntary regulation could be a desire for a new order. Modernity does not suggest that organisations live in disorder; instead, the notion of being modern implies striving for accountability, rationality in terms of cause and effects, growth and efficiency (e.g. Strang and Meyer, 1994). Therefore, when times are changing, that is when the former order is deregulated and the boundaries of the playground becomes unclear, a new order might be desired to help make sense of the new situation.

Consequently, it seems that neither anarchy nor free market mechanisms are the forces for co-ordination of social activities in a deregulated Europe. Instead, supranational re-regulation and stateless and voluntary standardisation seem to

appear as the new order in the wake of governmental deregulation. This can be interpreted as meaning that we are moving from hierarchic co-ordination of society to standardisation, that is, from harder rules to softer. However, it would be too early at this stage to confirm that this really is the case.

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