

THE ROLE OF INTERNATIONAL ORGANIZATIONS IN INTERNATIONAL ECONOMIC RELATIONS IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

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ABSTRACT

The research problem addresses the question, whether activities of global organizations towards quality have been significantly shaping international economic relations (IER), in line with the paradigm of sustainable development. The paper's aim is to characterize and evaluate to-date activities of the top three global organizations in the shaping of products' quality aspects in international trade and to determine the organizations' ex ante role. Apart from the introduction and summary, the paper is divided into four parts. The first three parts characterize these global organizations whose activity has direct and indirect influence on both the quality and safety of products in international trade, namely: ISO, FAO, and WHO. The fourth part is a presentation of these organizations' expected role in the shaping of international economy in the future. Final part gives a summary and conclusions.

Key words: global organizations, IER, product quality, sustainable development

INTRODUCTION

Representatives from newly emerging economic streams (e.g. new institutional economics, sustainable development economics, economics of moderation) stress that we are in urgent need of institutions stabilizing long-term development of the world economy [Mączyńska 2010]. According to Kołodko [2014] these should be inclusive institutions. We are convinced that such institutions are embedded in broadly understood quality (of products, processes, organizations, innovations, etc.), i.e. they are rooted in quality. "Given the above, a question arises whether activities of global organizations towards quality so far have indeed, through institutions, been regulating products turnover in global trade, in line with the paradigm of sustainable development?"¹

A thesis has been put forward, that society's growing expectations related to the improvement of the quality of life² will strengthen the role of these global organizations (present, and emerging in the future), in the develop-

¹ The three-sphere framework of sustainable development stands for growth that is sustainable in the economically, socially, and ecologically [Kołodko 2014].

² The quality of life is a complex category which includes the shaping of appropriate proportions of generating, satisfying, and fulfilling economic, social, and natural needs, as well as self-fulfillment [Skawińska et al. 2016]. This paper limits the constituents of the above category to quality, health, and safety of products (goods and services), the quality of environment, and health of the society.

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ment of IER, which will focus on activities that have direct and indirect impact on the improvement of product quality³ and the well-being of entities in world trade. In this paper, the term International Economic Relations shall be understood in its narrower sense, equating international trade in finished goods and services. In its broader sense, the term means also forms of capital exchange (tangible, financial, know-how), technological progress, as well as other aspects of international economics [Bożyk 2008, Budnikowski 2017].

The purpose of this paper is to characterize and evaluate the top three global organizations which have impact on product quality, including its safety for the consumer, in IER, and determination of the ex ante role of these organizations. It is an attempt to describe how the quality of products, currently described by means of different parameters, standards, or norms by global organizations, influences the quality of life of the society, and consequently the degree of sustainable development.

To achieve the goals of the paper we used desk research, deduction, visualization, and description.

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION

The International Organization for Standardization (ISO) is an organization composed of various national standards' organizations founded in London in 1946. As a rule, each country is represented at ISO by only one organization, usually an NGO. However, some countries are or were represented by government organizations, e.g. the Polish Committee for Standardization up until 1994. Consequently, ISO is somewhere between the state and private sector. ISO's work is coordinated by its Central Secretariat based in Geneva, Switzerland. Each member state has one vote.

ISO members, representing 162 countries (as of 2015) are divided into three categories. The categories have different rights and obligations, reflecting the ability to participate in strategy-creating processes and developing standards by participating in the works of ISO structures. Member bodies (119) have voting rights. The other two categories: correspondent members (38 countries) and subscriber members (5 countries) have the status of observers. However, correspondent members can use ISO standards and promulgate the Organization's published works. International ISO standards create a network of regulations which apply to the society, safety and security, the quality of processes, goods and services, ones which support internal and international trade, environment protection, etc. They are based on collective experience and knowledge of previous generations, as well as new advances in science and world technology. They are used in the work of various ISO Technical Committees (www.iso.org/structure.html). According to ISO's website data, the main goals of this organization are:

- creation of international standards, and other documents,
- update of earlier set standards,
- sales of current standards,
- promulgation of international standards' problems by publishing books, organizing conferences, running scientific research, etc..

ISO activities are funded from membership fees which are aligned to the GDP of membership countries. Additional revenue comes from the sales of published materials in the form of standards, textbooks, guides, compendiums, and periodicals informing about current and planned work of the organization.

Membership countries' organizations and enterprises are encouraged to apply ISO standards and other documents which promote the free flow of goods and services, which reduces transaction costs in domestic and international trade. The importance of ISO standards for the economy is significant, as supported by different papers. For example, 8.2 billion GBP worth of GDP growth in the UK in 2013 was directly tied to different

³ Quality, understood as excellence, has been considered in literature both from an objective perspective, and a subjective perspective in accordance with the sustainable development agenda). In that work, Authors stress that an organization must to take into account both aspects, if it is aiming at sustainable development [Hamrol and Mantura 2006]

ISO standards [The Economic Contribution 2015]. The use of ISO standards Canada in the years 1981–2014 increased revenues by ca. 91 billion USD [Getting Aligned 2015]. ISO standards are of strategic importance for companies, serving as road maps that help resolve the most pertinent problems. The application of these standards helps companies to:

- reduce cost of operations by improving business systems and production processes;
- improve consumer satisfaction by increasing product and process safety and quality;
- access new markets by ensuring product and service compatibility;
- reduce environmental footprint.

Out of many standards, management standards have significant impact on company and corporation image and market share. One of the first ones was ISO 9001 – Quality Management Systems – Requirements [Manders 2015]. On the other hand ISO 14001 – Environmental management system has positive impact on the environment, its protection and use by companies [de Vries et al. 2012]. National governments use ISO standards to solve issues related to safety and security, health, environment protection, international trade, and many other problems. Since its founding, up until the end of 2015 ISO has published 21,133 standards, and 1500 in 2015 alone (Table 1).

Table 1. Breakdown of ISO standards as at the end of 2011, 2013, and 2015

Specification	2015	2013	2011
Number of standards in total, and by sector			
Number of standards implemented in 2015	1 505	1 103	1 208
Total number of standards	21 133	19 977	.
of which (%)			
Engineering technologies	27.2	27.3	25.2
Material technologies	22.6	22.9	17.8
Electronics, ITT	17.6	17.0	16.2
Transport and distribution	10.7	10.6	11.3
Infrastructure, science, services	9.1	9.2	16.1
Agriculture and food processing	4.7	5.7	3.5
Healthcare, safety, environment	4.0	4.1	5.5
Construction	2.5	2.4	4.1
Special technologies	0.8	0.8	0.6

Source: Own compilation on the basis of ISO on-line reports.

Currently, as many as 82 standards addresses different different aspects of management, according to ISO's website data. Over 20,000 ISO standards apply to nearly all problems and issues of current economic activities and consumer lives. Therefore the Organization appointed a Committee on Consumer Policy. Its role is to provide opinion on draft standards, in particular in sectors strongly tied to consumer rights, like safety of means of transport, toys, medical equipment, cleanliness of the atmosphere, water and soil quality, quality of food, and many others.

As is apparent in the above table, the share of engineering technological, material, and ITT standards is increasing, the share of standards related to transportation shows a slight decrease, with the highest decrease visible in infrastructure, science, and services.

On the other hand, in 2015 over 1.5 million companies had at least one implemented certified management system. The above data undergo continuous change: some companies implement management systems, other, due to financial reasons, or after such systems have been permanently entrenched in the organization, decide not to recertify them. The most popular management standards in companies relate to organization management in terms of product quality (ISO 9000-R⁴), environment quality (ISO 14000-R), employee safety (ISO 18000-R), IT services quality (ISO 20000), food safety (ISO 22000-R), corporate social responsibility (ISO 26000-R), continuity of operations (ISO 22301), risk management (ISO 31000-R), and energy management (ISO 50001).

Direct and indirect influence of ISO on sustainable development and IER is obvious. ISO is commonly embraced, and influences business efficiency operations at micro-, mezo-, and macro-levels. Moreover, it increases the quality of life of societies and drives demand. It also stimulates the supply of goods and services by helping enterprises to access markets. It also influences environmental protection by the regulations' network quality in globalization processes. Consequently, it shapes IER towards sustainability.

However, the effectiveness of ISO impact is limited, since enterprises or corporations use many of the standards on a voluntary basis. Following are the key drawbacks in ISO's operations [Douglas et al. 2003, Zalewski 2008]:

- high costs of implementation, maintenance, and recertification of management systems;
- lengthy implementation time and necessity of frequent standard update;
- high workload imposed on employees with tasks ensuing from the developed system;
- feigned standard implementation (e.g. driven by PR effects).

Some standards, like ISO family 13040 on air cleanliness (emission of contamination) were ignored by many companies and even whole countries. Despite many world conferences this problem is far from being solved. While the United States of America signed an applicable agreement – COP21, in June 2017 they withdrew from it.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Food and Agriculture Organization of the United Nations, FAO was created on the initiative of 44 countries. The signing of FAO's founding agreement in the form of its constitution took place on 16 October 1945 in Quebec, Canada. The organization is headquartered in Rome, Italy. According to FAO's website data, main goals this organization's are to:

- improve the production and distribution of agricultural, forestry and fishery products;
- improve the nutrition of people; fight hunger and malnutrition;
- improve living conditions of people in rural areas;
- enable required financing of agriculture and food production;
- sign agreements on international trade in agricultural products;
- fund scientific and research projects and provide technical assistance;
- check impact of agriculture on the environment;
- collect and disseminate information about the condition and achievements of agriculture in member states.

⁴ The symbol R stands for a family of standards.

Table 2. Current themes FAO

Animal husbandry and fisheries	Social problems
Animal health and husbandry	Indigenous peoples and migrations
Livestock production and environment	Agricultural institutions
Fishery	Children’s work in agriculture
Global food situation	Fair employment
Food chain crisis, food loss, malnutrition and famine	Family farming and city farming
Trading in food	Social protection
Sustainable food and farming	Agricultural ecology
Agriculture vs. development and resilience to disasters	Corporate responsibility for the environment
Support of development processes	Engineering
Perspective studies – climate change and biodiversity	Biotechnology
Climatically intelligent agriculture	Mechanization
Resources	Assistance in investments
Energy and water	Technical cooperation programs
Genetic resources and seeds	

Source: Compilation on the basis of FAO’s website data.

Many of these goals have not lost their currency during more than 70 years of FAO’s existence. Earlier goals and objectives, however, had to be modified, as with the scientific and technical development of recent years new challenges are emerging [FAO of the UN, 2015]. The topics FAO is currently addressing are, in a short form, given in Table 2. They are discussed at length on the Organization’s website.

At present, FAO has 194 regular members, along with the European Union (as a member organization). Each member has one vote. However, there are two more associate members (Faeroe Islands and Tokelau), which have no voting rights nor functions in the Organization. FAO operations are financed from membership fees, but also from grants from the United Nations, and many other international organizations.

The outcomes of FAO’s work are published jointly with OECD in the form of annual reports on the farm and food situation in the world [OECD-FAO] and discuss, e.g. innovation in family farming (2014), or change of climate, agriculture, and food safety (2016). The reports present forecasts over a 10 year horizon.

Conclusions ensuing from these studies are used to draft guidelines for member countries. Furthermore, FAO undertakes, coordinates, and implements or participates in implementation of many different global and regional programs aimed food quality and safety in the world. Since 1960s, on UN’s initiative, FAO runs the World Food Programme. The Programme’s aim is to provide food assistance to developing countries, and countries suffering from natural disasters. It should be noted that FAO runs also many projects to protect the environment and water resources. In addition, it promotes various initiatives focusing on new farming technologies (like city farms illuminated with computer controlled LEDs).

In the implementation of its program and guidelines, and in the area of providing information, FAO works hand in hand with global financial (e.g. IMF) and trade (e.g. WTO) organizations. Consequently, it influences trade from the quality and safety perspectives. Thereby, it shapes international economic relations (volume and structure of trade turnover) towards sustainability.

Despite its undoubtedly multiple successes, FAO is claimed to be too weak in its fight against the behavior of transnational corporations (e.g. the matter of aspartame or cotton cultivation system in India controlled by Monsanto), which put pressure and lobby towards reaping their own benefits at the expense of the quality of life of societies. In the future, FAO should focus more on sustainable development.

WORLD HEALTH ORGANIZATION

In 1946, the United Nations convened a World Health Assembly in New York, where 61 countries ratified the constitution of the World Health Organization (WHO). At present, WHO has 194 member countries, and addresses health matters, coordinating them within the UN. Each member has one vote. WHO's key overriding goal is for all people to have the best possible health. Consequently, it has indirect influence on IER. According to WHO's website data, this organization has the following tasks:

- tighten cooperation between countries in the area of healthcare and eradication of epidemics of contagious diseases;
- ensure medical care to the people all around the world and reduce infant mortality;
- set standards and norms related to ingredients in medicines and food quality;
- draft healthcare policies based on scientific knowledge;
- provide technical support to countries;
- monitor and evaluate global and regional health trends.

In 2007 WHO developed a 6-point action plan: 1. Promote development. 2. Improve health safety. 3. Strengthen healthcare systems. 4. Use research, information, and scientific proof. 5. Expand partnership cooperation. 6. Improve performance. It should be noted, that in 2007 in Geneva, Switzerland, during the 60th World Health Assembly, WHO outlined an action plan to improve workers' health. In addition, a Macroeconomy and Health Committee was appointed to evaluate how health influences economic development.

The Organization is financed primarily from member countries' membership fees, subsidies from non-governmental organizations, the pharmaceutical industry, but also from foundations, voluntary contributions from governments, other UN organizations and the private sector.

Out of dozens of programs and projects ran by WHO we should point to these which have special impact on the economy and IER processes. These include: impact of the environment on health, nutrition, social determinants of health, strategy planning, innovations, trade vs. health. The problems and challenges that appeared in the early 21st century led the organization to define new priorities and health programs, and to start a structural and strategic management reform. Pursuing its goals, WHO works together with other international organizations, like FAO and ISO on product the normalization of products, services, management, and best hygienic and production practices. What serves as a good example of the above is trilateral coordination of activities focusing on public health (WHO), intellectual property and innovation (WIPO), and trade (WTO). Since 2010 WHO has been introducing comprehensive reforms to address existing problems and undertake new health challenges in the 21st century.

Despite WHO's undeniable successes, the global society has not reached health safety yet. In many countries access to health care is insufficient, outbreaks of epidemics happen and are difficult to eradicate. Since the Organization is financially more dependent on funding from external sources, which is higher than membership countries' fees, WHO is often accused of yielding to the pressure of chemical, pharmaceutical, food, and other multinational corporations.

As WHO is focused on the health of society, in the paradigm of sustainable development the Organization's importance will be increasing with respect to International Economic Relations. Furthermore, it should be remembered that with an increasing number of new products posing unknown risks, there is a need of developing and implementing new health and safety regulations.

EXPECTED ROLE OF GLOBAL ORGANIZATIONS IN THE SHAPING OF INTERNATIONAL ECONOMIC RELATIONS TOWARDS SUSTAINABILITY

Studies show that formal, i.e. administrative and legal institutions influence the improvement of products' trade quality (objective perspective). Nearly commonplace global organizations responsible for product quality have potential to generate such products, improve them, apply and control in international economic relations. However, sustainable development of the well-being in IER requires an engagement network and social capital. It is founded on values, mutual norms, trust, cooperation, loyalty, and solidarity.

Between global organizations there exists a network of multilateral connections which shapes economic relations. Their purpose is to govern the flow of international capital, goods and services, as well as technologies, thereby reducing tensions connected with international turnover, especially during economic downturn. Some organizations work out ways and instruments mitigating the imbalance of the flow, with guidelines of their application (WTO, OECD). Other play an important role in adjusting countries' balance of payments (IMF, WB), or normalize and unify, thereby assisting in the trade of goods and services (ISO). Still other are to protect against economically aggressive behavior of corporations which is a threat to the health and life of the members of the society (WHO, FAO). However, there is plenty of room for improvement in the effectiveness of their operations. This point was also addressed by John Paul II in his encyclical *Sollicitudo rei socialis*, stating that the mechanisms governing the operating methods of international organizations should be reviewed and corrected, while the framework of economic and social interdependence should be based on social solidarity [Mazurek 2004].

The characteristics of the three global organizations discussed in this paper show that they have a lot of causative force to influence international economic relations, although their impact is much stronger, but remains "hidden". What is required are changes in the management of these entities to drive sustainable development. Following are some proposals put forward by experts in this area, as regards global organizations in general. The proposals apply also to the three organizations discussed in this paper [Stiglitz 2004, 2007, Bożyk 2008, Kołodko 2014].

1. Better use of the potential of instruments at the disposal of global organizations in the development of products' quality aspects.
2. Improvement of quality and transparency of formal institutions created within these organizations.
3. Enhancement of international rule of law. Specifically, following the rules of developing sustainable competitiveness, corporate social responsibility, counteracting corruption, sticking to commitments, etc.
4. Change in the mindset of people managing these organizations and accepting weaker members as equal partners in negotiations, in the development of programs, strategies, etc.
5. Ensure observance of sustainable development rules by all entities in the IER chain by programs, strategies, and legal institutions.
6. Social focus of international organizations as the foundation of the new IER paradigm.

It should also be noted that the activities of the three presented organizations apply to the same links of the product quality chain in IER. Moreover, the organizations' competencies – expressed in sustainable development indicators – overlap [GUS 2015]. On the other hand, some important indicators are not included in the objectives of these organizations, specifically these pertaining to the quality of world trade, e.g. consumption models and waste management. Consequently, there is a need to establish an international organization that monitors and coordinates the activities of the existing global organizations with respect to product quality.

In the future, these entities' impact on sustainable development should be based on a social initiatives towards quality, sustainable consumption and on global monitoring of natural and social environment. What enables their development is the digital economy and knowledge-based society.

CONCLUSIONS

The paper attempts to find an answer to the question, whether the operations of global organizations towards the improvement of the quality of goods and services in international trade are sufficient to exert expected impact on sustainable development. In the presented characteristics of the three global organizations connected with product quality in international economic relations, we show their goals in the context of sustainable development. In addition, we also point to some limitations existing therein. So far, the organizations approached product quality by evaluating its attributes from an objective perspective. On the other hand, the sustainable development concept requires also a subjective approach to quality. Literature fails to highlight such studies or their results.

Global organizations' drive towards sustainable development in international economic relations so far has been reflected in eliminating differences in administrative and legal solutions of national economies, and in the development of different forms of their cooperation. In line with this, the organizations still accept some instruments of endogenous and exogenous policy used in world trade by less developed countries.

Desk research shows that, first, the studied global organizations have positive and growing impact on international economic relations; second, in the future, product quality will determine more and more international trade turnover (volume, structure, directions), thereby increasing the role of these organizations *ex ante*. This poses a challenge to create a global quality organization, which, by coordinating functions, goals, and principles, as well as methods of their implementation in already existing organizations will drive the effectiveness of the latter's operations. Global organizations' activities in international economic relations in their drive towards sustainable development requires them to take a subjective approach to quality in the future. This will require more pressure on ethics, norms of reciprocity, trust, etc. in cooperation and collaboration.

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ROLA GLOBALNYCH ORGANIZACJI W MIĘDZYNARODOWYCH STOSUNKACH GOSPODARCZYCH W KONTEKŚCIE ZRÓWNOWAŻONEGO ROZWOJU

STRESZCZENIE

Problem badawczy pracy sprowadza się do pytania, czy dotychczasowa działalność organizacji globalnych na rzecz jakości istotnie kształtuje międzynarodowe stosunki gospodarcze (ang. IER), zgodnie z paradygmatem zrównoważonego rozwoju? Celem pracy jest ocena dotychczasowej działalności najważniejszych trzech organizacji globalnych w kształtowaniu jakościowych aspektów obrotu produktów w handlu międzynarodowym i określenie ich roli *ex ante*. Strukturę pracy stanowią oprócz wstępu i zakończenia cztery części składowe. Pierwsze trzy spośród nich zawierają charakterystykę organizacji globalnych, których działalność dotyczy w sposób bezpośredni i pośredni jakości produktów oraz ich bezpieczeństwa w handlu międzynarodowym. Są to ISO, FAO, WHO. Treść czwartej części zawiera określenie oczekiwanej roli tych organizacji w kształtowaniu międzynarodowych stosunków gospodarczych. W zakończeniu przedstawiono podsumowanie i wnioski.

Słowa kluczowe: globalne organizacje, IER, jakość produktów, zrównoważony rozwój