

# THE IMPACT OF ADJUSTMENT MANAGEMENT ON UTILITY PROVIDING COMPANIES

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## ABSTRACT

*The assurance of a life's quality at an ever higher standard determines a raise and economic development to measure. In the process of development, of its effects, in the impact of the Management of Change on the services companies has its special place and role, revealed in this paper.*

*A certain existing organizational structure will not always and necessarily be something so bad in itself, but its altering gets a certain vital significance. Adjusting an organizational culture takes time and shall only be carried out when it is necessary. Old practices are very often outdated and, within the competitive business environment, this would negatively affect the organization and that is why the continuous adjusting by the latest requirements related to the most recent organizational structures becomes a must.*

## Adjustment of the Organizational Structure, a Natural and Necessary Process

The adjustment of the organizational structure may be complicated. Two aspects at least should be taken into account before attempting to alter a certain organizational structure: the difficulty related to the altering of the existing culture and the difficulty to evaluate that existing culture.

Although many organizations admit that they do need deep changes related to certain ineffective practices they currently use, the very well known management expert Peter Drucker doubts whether the true values, the basic profound ones of the culture had in view, would be responsible for such changes. In his opinion it should be of greater importance to direct managerial efforts towards modifying those unproductive behaviors and procedures, instead of trying to change the organizational culture itself. Moreover, Drucker argues that the behavioral altering would only function if it can be based on the already existing culture.

The second aspect refers to the difficulties that may appear while exactly evaluating the current organizational culture. The very big differences in perceiving the organizational culture make the process aiming to strictly identifying it much more difficult.

For example, while developing a certain study, the employees were required to identify the culture of their organization, by using the following cultural categories:

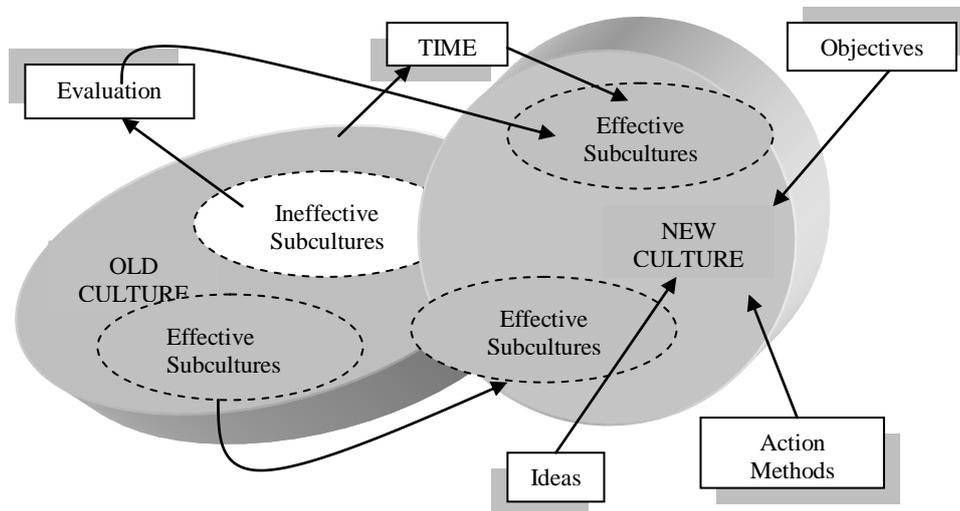
- Hard and ruthless culture, (a world of individualities taking risks and getting fast feedback, no matter if their actions have been correct or not);
- Culture of the type: rigorous work and action (peaceful relaxed environment and action represent here the basic rules; the employees take very few risks, all

their actions having a very rapid feedback; this culture encourages them to succeed by maintaining a certain low-risk climate with their activity);

- The “rely on your company” culture (a world with decisions of great interest, where years may pas before the employees learn whether their decisions have been applied or not and what where the results; where the involved risk will be high, while the environmental feedback is slow);
- Process-like culture (a world of weak or almost inexistent feedback, where employees may only very hard evaluate what they might have accomplished; but in exchange they focus on „how it is accomplished“).
- Employees identified the culture type of their organization as follows:
- 40% of them – culture of rigorous work and action;
- 30% of them – “rely on your company” culture;
- 20% of them – hard and ruthless culture;
- 10% of them – process-type culture.

It is obvious that such a varied perceiving of the culture makes difficult its rigorous identifying. This might also be due to the fact that large complex organizations may include, at the level of their various organizational structures, certain various subcultures.

Besides the existing effective subcultures (*image 1*) several other forces and factors take part within the process for adjusting the culture of a certain organization, like: mission, vision and the objectives of the organization that should offer a clear and well defined direction for the new culture, the means for evaluating and identifying the unproductive subcultures, the appropriate action methods in view to a certain efficient translating of the old culture into the newly intended one, the innovating ideas and, last but not least, the pressure from the factor “time”.



**Image 1 Forces for Adjusting the Organizational Culture**

Beyond all the difficulties described above the adjusting of a certain organizational culture is feasible and in extreme circumstances for certain organizations it is essential.

The key elements for succeeding in the culture changing mainly focus on:

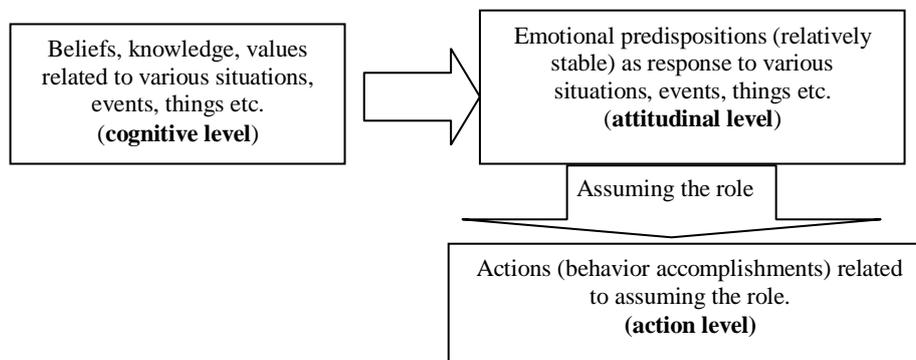
- understanding and evaluating the old culture at first; a new culture cannot be developed until both of the managers and employees have understood where they started;

- granting support to those employees who have ideas for a better culture and who, at the same time, are willing to act according to their ideas;
- identifying the most efficient subculture within the organization and using it as an example from which the employees may learn;
- understanding that the culture adjusting is not the goal itself, but it represents the means for obtaining the intended growth of the work efficiency;
- elaborating of a new vision does not solve the problem on the spot; but the vision of a certain new culture offers the guiding principles for the adjustment; within such a process no miracles happen by night; significant changes within the culture of a certain organization may be achieved within 5-10 years.
- identifying of new action methods is essential; a certain new culture would live on new actions and not just on words.

In order for the adjustment process to succeed (as an organizational events progression) it is necessary to make the steps described below:

- Involving all employees in the adjusting process;
- Planning the activities that are going to sustain the translation;
- Putting into practice the planned elements;
- Evaluating the results obtained following the transformation;
- Implementing the adjustment (maintaining the need for making changes aiming to continuously improving the quality).

At the same time, the succeeding of the adjustment process (as a psychological process) depends on the way the transformation is sensed both at individual level and at the level of the whole group (organization), in this order: (*image 2*) at cognitive level, at attitudinal level and at the level of action (behavior).



**Image 2 Main Elements on Which the Adjustment Succeeding Depends**

Any comprehensive adjustment program of a certain organizational culture is somehow a difficult test for that certain organization, the efforts related to the above-mentioned process being huge, not only from their complexity point of view, but also considering their wide extending.

#### **Aspects of the Altering Process as an Adjusting to the Dynamics in the Utility Market**

A certain characteristic of the utility market is its diversity. Variety within the utility market is determined by at least two elements: the various service categories and the various methods of the competition's actions.

The variety of categories within the groups and classes of services and utilities generates a certain relatively complex structure of the market for utilities and services.

Thus, we may talk about the business utility market, the communication utility market, the financial utility market, the educational utility market, the holiday and entertainment, cultural and sports service and utility market etc. and then, related to business utilities and services we may relate to the research utility market, IT service and utility market, professional utility market, while within the last one mentioned before we might have the legal utility market, the architecture service and utility market etc.

Diversity within the competition acting methods makes it possible for us to practically meet all the above-mentioned types of competition, starting with competitors getting close to the perfect competition (monopolistic competition), up to the monopolistic competition.

Diversity of services and utilities has also influences upon the categories/variants and the number of indicators used in describing them. A certain **large** number of indicators would generate certain methodological problems in evaluating and comparatively analyzing the dynamics of the various service/utility categories.

Another characteristic of the service and utility market would be that it only includes services and utilities related to goods. Public utilities satisfying a significant part of the utilities demand, both for the population and for enterprises, are non-market utilities for which there is, in fact, no market. We must emphasize that certain types may be found both within the public utilities category and within the category of market utilities.

For example, educational utilities get both the form of public utilities (the public education financed from the budget) and the form of market utilities (the private education), a certain market of education utilities existing subsequently, within which both beneficiaries and the private education institutions participate as agents, on one hand, as well as the state, on the other hand, by the state education institution. Therefore, although public education is a non-market utility, it participates by its offer within the education utility market, influencing the equilibrium price formation (the yearly school tax applied by the private education institutions).

Another characteristic of the utility market is represented by the difficulty of the quantitative evaluations related to its structure and dynamics. Due to intangibility of the utilities, their evaluation is very often achieved by quality terms, these referring both to the utility itself and to its consequences or effects.

For example, medical utilities, like education utilities, are especially difficult to evaluate. In case of these utilities, direct quantitative references may relate to the intensity in accomplishing the utilities (number of hospitalized persons, number of hospitalizing days within a certain period of time, number of doctors for 1000 inhabitants etc. – for the medical utilities – and, respectively, number of pupils and /or students by various educational levels and forms, number of graduates – in case of educational utilities). If we want to evaluate the quality of the medical act, its effects, things become more complicated. It is very difficult to elaborate a certain methodology, unanimously accepted, to quantitatively express the actual health condition of the population or the real knowledge level of a certain population category.

This characteristic is not valid in case of such utilities that, by their nature, are especially expressed by quantity point of view. For example, in telecommunication services and utilities it is quite easy to express quantitatively both the intensity (traffic) and the quality of the utilities/services (the average duration for the remediation of damages, the number of damages etc.). The same things we may say related to transportation services and utilities.

Systemically, the market may be deemed as a subspace of a certain economic space containing all the material and informational flows between two or several economic agents. Certain relations (reports) arise within the above-mentioned subspace,

interdependence reports between the involved economic agents, one of the most important being that of competition.

Competition represents the reports occurring between economic agents, their rivalry within the market in view to satisfying, at the highest possible extent, their economic interests and/or requirements/needs.

Generally, the fundamental market types are as follows: markets of perfect competition, markets of imperfect competition and markets of monopolistic competition.

The market of perfect competition is characterized by excluding any kind of intervention from outside. In such markets products are sold at equilibrium prices resulting following the free confrontation between offer and demand. Equilibrium occurs when, at the market price, the demand is equal to the offer, while the balance stability is guaranteed only in the situations in which the demand and offer do not alter.

The markets of imperfect competition are characterized by not satisfying one or several premises for perfect competition. Among the main market types of imperfect competition one may differentiate: monopoly, monopsony, oligopoly and oligopsony.

The market of monopolistic competition is a variant of the market of perfect competition, except that the offered/available products are not homogenous, which makes possible the occurrence of circumstances and/or situations favorable to some of the economic agents that compete in the market had in view, on condition that the other premises (atomicity, accessibility, fluidity, transparency and mobility) stay unaltered.

All along its historical development, the complexity of the economic universe has grown more and more, both from the viewpoint of the actors involved and from the point of view of the relations between them. Along this historical evolution, although they existed in a form or another even in the ancient times, utilities and services became a clearly shaped sector relatively late.

The Romanian economic environment is now in a transition state that has to be accelerated. During the period from the moment of liberalizing the market of utilities and services a certain regulations plan has been adopted, similar to the measures adopted by the market within the European Union.

Aiming to gaining a prosperous and relaxed market economy, a certain basic infrastructure is required, like, for example a correct and reliable legal system, a legal system, that should observe and support the rights of all individuals, no matter their financial and political power.

### **Towards a New Organizational Culture of the Service and Utility Providing Companies**

Subsequently to its deep transformation, the company aims to building a market corporatist culture, based on efficiency, active implication within the social life, healthy commercial practices.

The **Mission** and **Vision** of the Company make the basis for the Adjustment Program.

The **Mission** establishes the fundamental objective of the company, defining the goal had in view: the *COMPANY* takes to provide services/utilities that meet the requirements and demands of the legal customers and consumers in Romania. The Company shall develop its activity so that it produces dividends for the shareholders and becomes a respected member of the Romanian society.

The **Vision** establishes the goals of the company and describes its short time and average-time objectives: the *COMPANY* takes to become the first service and utility provider in the top of preferences in Romania. Its customers/clients shall appreciate the services and utilities provided by the *COMPANY* as excellent, while its employees shall

consider their company among the first 5 best employers in Romania. Finally, the *COMPANY* shall reach the level of the level of Central European operators, being so comparable from their operational and profitability efficiency viewpoint.

Thus, in order to become a successful company, it has to establish its own priorities. The company's strategy describes as main priorities: the reducing of costs, the improving of service/utility offers, the improving of their relations with the clients/customers, the adjusting of their relations with the regulatory institutions and the building of a competent team.

Its new strategy describes the methods for reaching its intended priority objectives. Among these, the company's restructuring related to its business fundamental orientation(s), to introducing performance indicators, to introducing a payment system depending on the performance, to implementing a performant financial system, to implementing operational systems with support function, like the invoicing system, the management system for customer relations, the management system for service/utility requests, the management system for damages, investments in the network etc. are all had in view.

It is considered that the adjusting of the organizational structure according to the exigencies of the market economy will confer the company the capacity to face both the pressures from the external environment and the requirements for internal adjustment, which will subsequently generate the increasing of its performances and the strengthening of its position within the market of telecommunication services and utilities.

### **Conclusions**

The present and future dynamics of the service and utility market is characterized on one hand by dynamism and on the other hand by strong structural alterations which have an influence upon the performances of the involved economic agents. The employees' capacity to adapt, to get accustomed according to the market's requirements and demands is vital in these circumstances.

Therefore the utility and service providing companies must create their own dynamic culture oriented towards results with fast feed-back and having the capacity to permanently adapt to the market evolution, if they aim to having something to say in that market.

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