

Tadeusz SOROKA

Wyższa Szkoła Zarządzania Ochroną Pracy w Katowicach

University of Occupational Safety Management in Katowice

CONDITIONS FOR CREATING A PRO ACCOMMODATIVE ORGANISATION

Summary. The need to adapt the organisational structures of corporations to changing market conditions require costly measures. The highest costs are incurred in the area of redundant fixed assets and excess employment. The article presents the conditions for building the structure of a pro-accommodative organisation which combines the features of an industrial corporation with those of the organisations which flexibly adapt to the market. In this article we are presented both advantages as well as disadvantages of such an organization. These features should be verified in the course of empirical research.

Keywords: organisational structure, restructuring, flexibility, adaptation, market, competition, flexible business environment, core, pro-accommodability, level of pro-accommodability, cost-driving assets.

WARUNKI TWORZENIA ORGANIZACJI PROAKOMODACYJNEJ

Streszczenie. Konieczność dostosowania struktur organizacyjnych korporacji do zmieniających się warunków rynkowych wymaga kosztownych działań. Największe koszty są ponoszone w obszarze zbędnych środków trwałych oraz nadmiaru zatrudnienia. W artykule przedstawione zostały warunki budowy struktury organizacji proakomodacyjnej, która łączy cechy korporacji przemysłowej oraz elastycznie dopasowującej się organizacji do rynku. W artykule zostały przedstawione zarówno zalety, jak i wady takiej organizacji. Cechy te powinny być zweryfikowane w trakcie badań empirycznych.

Słowa kluczowe: struktura organizacyjna, restrukturyzacja, elastyczność, dostosowanie, rynek, konkurencja, elastyczne otoczenie biznesowe, rdzeń, proakomodacyjność, poziom proakomodacyjności organizacji, zasoby kosztotwórcze, zasoby kosztotwórcze.

1. Formulation of the problem

In order to adapt to new conditions of the fast-changing market, enterprises are forced to go through restructuring processes. In order to keep or get back their competitiveness in this increasingly fast-changing environment they need to carry out restructuring almost continuously. Not infrequently are these processes very difficult, costly and painful to employees. R. Borowiecki differentiates two types of restructuring processes. One of them applies to the entire economy, the other one – to enterprises.

“Macro-restructuring consists in a reconstruction of the structure of economy as a whole which, as a result, leads to a change in the proportion of creation and distribution of national income and is oriented at achievement of long-term economic goals. The features of macro-restructuring include: leading role of the state, subjecting structural changes to a specific program of economic development and using the mechanisms of an economic and financial system to control restructuring processes” [2].

“Micro-restructuring refers to the lowest and the most basic unit of national economy, i.e. an enterprise. The key objective of the process is to adjust the enterprise's operation to the changes taking place in the environment, and thus to adapt its functioning and development to the requirements of the market and the macroeconomic situation. The tools used to centrally control micro-restructuring are the parameters of economic and financial system whose role consists in combining the innovative operation of an enterprise with general industrial policy of the state” [2].

“In order to achieve and maintain their high level of competitiveness, Polish enterprises need to carry out continuous internal restructuring that consists in combining the innovative operation of an enterprise with general industrial policy of the state and which includes improvement and marketing of new products and services; development, identification and implementation of new technologies, know-how, introducing modern economic and financial solutions, incentive systems and management accountancy, improvement of the systems of enterprise administration and management, administering production, service, marketing and sales processes, as well as the processes related to the use of material, financial, human and information resource, in such a way so as to be able to obtain considerable profits from sales of products and services and ensure high financial liquidity and continuous development of the company” [3].

Restructuring involves a necessity to incur additional costs as well as reduced performance of the firm, in particular during the first stage following implementation of changes.

At the moment we are witnessing a very serious crisis in the hard coal sector. It is a global crisis. Cheap hydrocarbon fuels have caused an excess supply of hard coal, leading to a massive drop in its prices.

”The largest coal manufacturer in the United States and the largest private coal company in the world fell victim to the dropping prices of that raw material” reports the Bankier magazine in the article on the petition for bankruptcy and relief filed by the management board of Peabody in Chicago. Polish coal companies are also facing serious problems. Without governmental help it will be impossible to restructure the sector. The opportunity, available during the period of prosperity, for carrying out proper restructuring that would ensure higher competitiveness of the companies operating in the sector had been wasted. The share of overhead costs in those companies amounts to 60-70%. As a result the possibility for carrying out a evolutionary (gentle) restructuring process would not bring desirable results. Strong resistance of trade unions, unable to resign themselves to the reduction of miners' remuneration, is yet another unfavourable factor.

The objective of this article is to develop such a model of organisation that would be able to adapt to the changing conditions of the environment, in particular to the market, without the necessity for carrying out a costly and painful restructuring. Let us call such an organisation a pro-accommodative one.

In such a case pro-accommodability of an enterprise would mean its ability to keep its competitive position in the changing market without the need for introducing radical and expensive organisational changes.

2. Restructuring strategies

The necessity to restructure an enterprise most usually has its source in the situation in which the company has found itself. Every restructuring process results, during the period of its implementation, in the increase of the company's costs of operation and its deteriorated performance. A necessity for restructuring leads also to undermined credibility of the company among its business partners, and in particular among lenders and suppliers of materials and services. It should be kept in mind that most restructuring factors have an impact on the company's level of risk.

A strategy of evolutionary changes which do not shatter the processes implemented so far and the purpose of which is to improve the company's performance may be an exception from the situations referred to above. Introduction of the Lean Manufacturing method or other methods and techniques of improving an organisation might be of help here. The said methods are increasingly common and belong to the set of tools available to the management team in a growing number of enterprises. Such changes are positively perceived by both internal and external stakeholders. Such a restructuring usually does not require excessive financial expenditures and does not involve any additional risks.

In practice majority of enterprises prepare and implement, from time to time, a restructuring program. This happens as in the case of heavy industry (mining, shipbuilding, steel industry, etc.). Global recession and decomposition of competitive markets force a necessity for a dramatic cost reduction. Failure to do so may result in a loss of competitive advantage and, as a result, in a collapse of a company. Additionally, enterprises, in particular Polish ones, implement restructuring processes most usually when they:

- a) do not have sufficient funds for carrying out the restructuring process,
- b) are running out of time for carrying out the restructuring process without losing their share in the market,
- c) do not have experience in carrying out restructuring processes.

Table 1 presents classification of restructuring strategies based on the factors which determine them.

Table 1

Classification of restructuring strategies based on the factors which determine them

Restructuring factor	Restructuring strategies
Crisis stabilisation	<ul style="list-style-type: none"> • mastering the situation • cash management • assets reduction • short-term financing • cost reduction
Change in leadership	<ul style="list-style-type: none"> • change of the leader • change of the management team
Support of the interest groups	<ul style="list-style-type: none"> • communication
Change of the company's strategy	<ul style="list-style-type: none"> • redefinition of core business • disinvestments • reorientation of distribution channels • downsizing • outsourcing • investments
Company organisation changes	<ul style="list-style-type: none"> • structural changes • personnel changes • communication changes • changes in effectiveness of personnel teams • new terms and conditions of employment
Changes of processes	<ul style="list-style-type: none"> • improvement of sales and marketing • cost reduction • improvement of quality • response time improvement • improvement of communication and control systems
Financial restructuring	<ul style="list-style-type: none"> • new sources of financing • reduction of assets



Source: [5].

3. Accommodative organisation

The concept of accommodative organisation has been used in literature. Table no. 2 presents a classification of organisations based on the level of their social responsibility. Among the different types of organisation there is an accommodative one. An accommodative organisation is an organisation whose management team accepts and applies ethical responsibility. The model of accommodative organisation applies to the area of organisational culture, and in particular to the relation between the corporation/enterprise's management team and employees' expectations. Those relations are not always connected with the company's position in the market. They are rather the effect of maturing of the organisational culture, of changes in employees' awareness and sometimes also of the impact of the changing socio-political and economic environment.

Table 2

Corporation's reactions to social expectations

Degree of social respons.  	Proaction Take social initiatives
	Accommodation Accept ethical responsibility
	Defense Do only what is legally required
	Obstruction Fight all the way.

Source: [4].

4. Sustainable organisation

As opposed to the concept of an accommodative organisation, in literature and in practice we can also encounter such term as sustainable organisation. Table no. 3 presents components of sustainable organisations. A sustainable organisation allows a long-term, efficient management and it applies in particular to the key systems which provide services to patients/clients (health service, social insurance, etc.), that is to the area where there is no traditional market.

CQI (The Chartered Quality Institute) has developed a model of sustainable organisation as a method of fulfilling clients' needs in such a way so as to ensure their satisfaction in the long run.

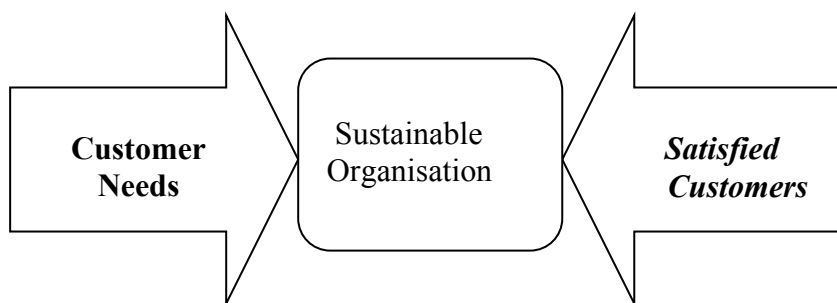


Fig. 1. A Model of Sustainable Organisation
 Rys. 1. Model organizacji zrównoważonej
 Source: Own study.

Table 3

Seven components of sustainable organisations

Organizational Identity Vision; Mission; Values; Branding; Messaging; Strong Leadership	Financial and Other Systems Administration Budget; Cash Flow Analysis; Audit; IRS Reporting
Long-Range Strategic Plan Goals; Objectives; Benchmarks	Long-Range Fund-Raising Plan Needs and Resource Assessment; Donor Cultivation; Grant Writing
Annual Operational Plan Objectives, Activities & Timelines; Staffing; Program Needs; Committed Resources	Board Development Plan Needs Assessment; Evaluation; Recruitment; Orientation; Maintenance/Team Building
Staff Development and Organizational Culture Needs Assessment; Evaluation & Review; Training; Team Building	

Source: <http://www.advocatesforyouth.org/publications/publications>.

5. Pro-accommodative organisation

The models of accommodative and sustainable organisations presented above do not ensure the required functioning of a stable entity in changing market conditions. The solution to the problem might be a pro-accommodative organisation due to its ability to adapt to changing market conditions. Such organisation is composed of two elements:

- a) core
- b) flexible business environment.

The core is composed of the elements which determine the organisation (Fig. 2), presents exemplary areas which may be the elements of a pro-accommodative organisation's core. Selection of these areas depends on the enterprise's strategy. For example a network enterprise does not need to build its own channels of distribution. Instead, it may use outsourcing. Selection of areas should be determined on the basis of a crash test consisting in estimation of the costs of individual areas and in testing them in extreme market conditions. In the case of a market slump a large part of variable costs changes into fixed costs which make the organisation unable to compete in the market. In Fig. no. 2 dark colour has been used to mark the core of a pro-accommodative organisation in which selected management functions are performed. The presented functions are merely suggestions. In practice the core can be shaped differently, depending on the adopted priorities.

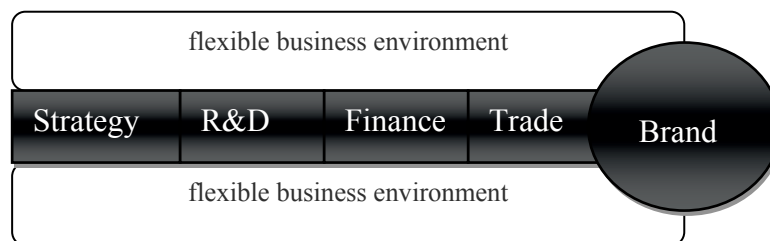


Fig. 2. A Model of Pro-Accommodative Organisation

Rys. 2. Model organizacji proakomodacyjnej

Source: Own study.

Flexible business environment may include:

- a) Equity affiliates:
 - In which the pro-accommodative organisation holds a majority stake.
 - In which the pro-accommodative organisation holds a minority stake.
 - Where the pro-accommodative organisation belongs to a group of entities operating in accordance with the *keiretsu* principles.
- b) Outsourced entities.
- c) Entities related on the basis of cooperation contracts.

6. Conditions for creating pro-accommodative organisations

A pro-accommodative organisation should have no cost-driving resources or their volume should be considerably limited and optimized. Not every organisation can be transformed into a pro-accommodative one. The right model of organisational structure should be selected first of all on the basis of economic calculation.

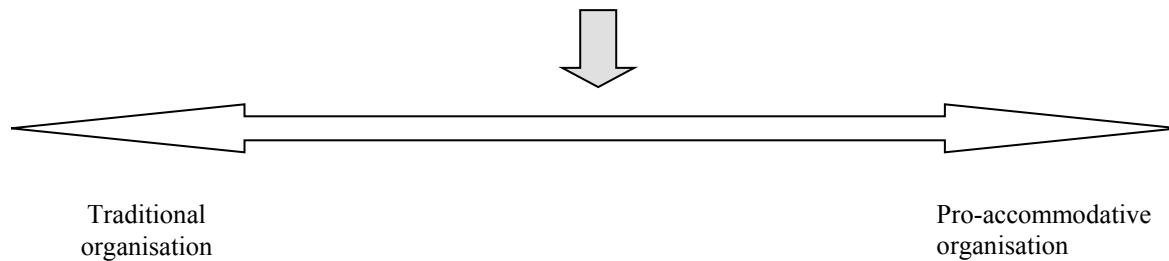


Fig. 3. Establishing the level of organisation's pro-accommodability

Rys. 3. Wybór poziomu proakomodacyjności organizacji

Source: Own study.

Figure No. 3 presents the level of organisation's pro-accommodability. The level of pro-accommodability will be defined as a share of pro-accommodative organisation in the entire structure of an enterprise. The share should be expressed in percentage. In practice it will be difficult to precisely determine the share. Certain brackets should be assumed, or the level of pro-accommodability might even be defined descriptively, e.g. as low, medium and high.

Advantages of a pro-accommodative organisation:

- Flexibility in adjusting the size of the organisation to the market.
- Relatively low costs of organisation's operation.
- Low costs of organisational changes.
- Better use of resources.
- No social problems caused by restructuring processes.

Disadvantages of a pro-accommodative organisation:

- a) Low market value of the organisation.
- b) Low credit standing of the organisation.
- c) Low effectiveness in the area of services.
- d) Difficult branding.
- e) Limited availability of resources.

It should be kept in mind that not in every field would the pro-accommodative organisation model be economically justified. The pro-accommodative organisation model would not be useful in the case of services. In services the relations between the service provider and the client have a continuous character. The service provider should be prepared to provide its services in a complementary manner. Exclusion of any part of services and referring a customer to another service provider will result in decrease of customer's satisfaction and, as a result, in the loss of company's share in the market.

The success of a pro-accommodative organisation depends on the competence in managing the relations with the entities from the so-called flexible business environment.

7. Conclusions

A pro-accommodative organisation may be an antidote against costly and socially difficult enterprise restructuring processes. The core of an organisation built on the basis of the priorities set by the entrepreneur generates organisation's own costs which in this case are low since they include few, selected managing functions. Such an organisation has no or very limited cost-driving resources. The model of a pro-accommodative organisation should be used in the sectors which are subject to frequent and considerable changes of economic conditions resulting in a necessity to take radical organisational actions.

The drawback of a pro-accommodative organisation is a limited availability of resources which may be more expensive in the period of economic prosperity. Limited resources, in particular human resources, make the organisational culture poor and result in absence of the factors which might shape that culture.

The aim of this article is to develop a business model adaptive to the changing market. This model should be tested in practice to diagnose in detail the characteristics and dependencies.

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Omówienie

Organizacja proakomodacyjna może stanowić antidotum na kosztowne oraz trudne społecznie procesy restrukturyzacyjne przedsiębiorstw. Rdzeń organizacji konstruowany według przyjętych przez przedsiębiorcę priorytetów generuje koszty własne organizacji, które w tej sytuacji są niskie, gdyż obejmują wybrane, nieliczne funkcje zarządcze. Organizacja ta nie ma lub ma ograniczone zasoby kosztotwórcze. Model organizacji proakomodacyjnej powinien być stosowany w sektorach, które podlegają częstym oraz znaczącym zmianom koniunkturalnym, powodującym konieczność radykalnych działań organizacyjnych.

Wadą modelu organizacji proakomodacyjnej jest ograniczona dostępność zasobów, które w okresie koniunktury mogą być droższe. Ograniczone zasoby, w szczególności zasoby ludzkie, powodują, że kultura organizacyjna jest uboga i brak jej czynników, mogących ją kształtować.