



# The Corporation Culture in Times of Crisis

## A Case-Study in a Romanian Utility Company

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**The built of a new oil field in early years (~1900)**

# Electrica Distributie Muntenia Nord, the company in numbers

- 29,765 km<sup>2</sup> operation area
- 1,300,000 distribution customers
- 3,300,000 inhabitants in the area
- 3400 km of 110 kV lines (mainly overhead lines)
- 122 HV/MV substations and 91 MV/MV substations
- 9662 MV/LV substations
- 7.1 TWh/year distributed energy (about 14% market share in Romania)



**The company covers 6 Romanian counties in SE with relatively important towns and various industrial activities (oil production&refineries, steel rolling mills, shipyards), agriculture, tourism, tertiary industries.**

# 1898

## • The creation of the company – First period of existence (1898-1914)

The Company was created in **1898** as a joint-venture, mainly with German capital, and built the same year the Sinaia Hydropower Plant. Sinaia, the birth-place of the company, was also the summer residence of the Royal Family, of the new independent (from 1877) Romanian Kingdom.



Prin grația lui Dumnezeu și voința națională, Rege al României,  
*La toți de față, și viitori sănătate:*  
Tribunalul Ilfov, secția comercială.  
No. 1.321. — 1898, luna 13  
Tribunalul compus din:  
D. Em. Miclescu, membru, ca președinte;  
D. G. C. Tabacovici, supleant.  
Deschizându-se ședința la orele legale, și fiind la ordinea zilei cercetarea cererii de autorizare făcută de delegați societății române pentru întreprinderi electrice și industriale, s'ați prezentat d-ni N. Zanné și Sc. Varnav, delegați societății, asistați de d. avocat C. Hagi Theodorachy.  
Foișii ministerului public ocupat de d. procuror Voinescu.  
D. Hagi Theodorachy care a se da societății autorizarea legală de a funcționa, fiind îndeplinite formele legale.  
D. procuror conchide la admitere, dacă actele și formele sunt făcute în condițiile legale.  
Tribunalul,  
Având în vedere cererea Societății ro-

mercial;  
Sentința cu dreptu de apel.  
Dată și citită în ședință publică, la 13 luna 1898.  
Em. Miclescu, G. C. Tabacovici.  
p. Greder, Caragoni.

2) Capitalul primitiv al societății, împărțit în 5.000 acțiuni, a lei 500 (său mărđ 400) fie-care, adică lei 2.500.000 este subscris în întregul său de către subsemnați contractanți, în proporția următoare:

Theodor Rosetti	lei	15.000	său	30	acțiuni.
Tache Ionescu	"	15.000	"	30	"
I. G. Poenaru-Bordea	"	15.000	"	30	"
Sc. Varnav	"	15.000	"	30	"
N. Zanné	"	15.000	"	30	"
Jeschek & Comp.	"	425.000	"	850	"
Breslauer Disconto Bank	"	375.000	"	750	"
Electricitäts Actien-Gesellschaft	"	625.000	"	1.250	"
Deutsche Gesellschaft für Electricische Unternehmungen	"	1.000.000	"	2.000	"
Total lei 2.500.000					său 5.000 acțiuni.

3) Conform art. 132 și 134 din codul comercial, 30% din capitalul sumei indicate s'a depus de către subsemnați, fie-care pentru partea care i'privesco, la Banca Națională, precum se constată din recepsele alăturate la prezentul act, și anume:

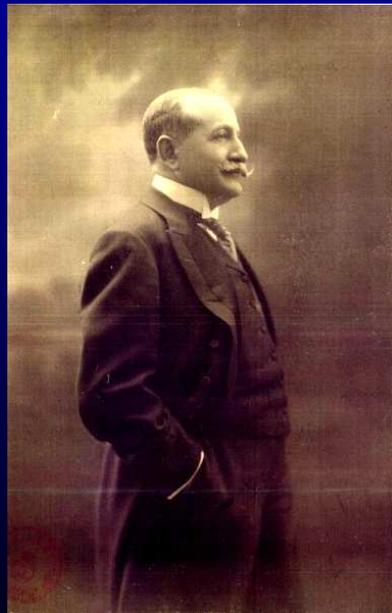
No. 8.503 din 2 luna 1898, de lei	4.500	pe numele d-lui Theodor Rosetti;
" 8.504	"	" Tache Ionescu;
" 8.505	"	" I. G. Poenaru-Bordea;
" 8.506	"	" Sc. Varnav;
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" 8.508	"	" Jeschek & Comp.;
" 8.509	"	" Breslauer Disconto Bank;
" 8.510	"	" Electricitäts Actien-Gesellschaft;
" 8.511	"	" Deutsche Gesellschaft für electricische Unternehmung.

In total lei 750.000

# First shareholders

*Motto:* "When you must fulfill your duty, never start by counting.  
You just search your mind and hart and start" (Tache Ionescu)

Although the german capital had 95 % shares, the romanian participations were also notable. Take Ionescu (1858-1922) one of the great political minds of Romania, highly honoured as diplomat in Serbia and Greece, was among the founders

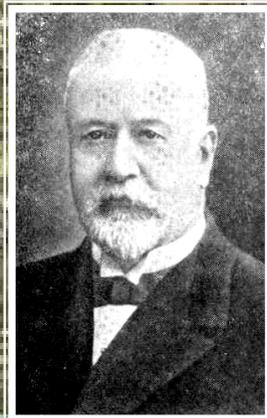


Take Ionescu

<p>NOI CAROL I, Prin grația lui Dumnezeu și voința națională, Rege al României, <i>La toți de față, și viitori sănătate:</i> <i>Tribunalul Ilfov, secția comercială.</i> No. 1.321. — 1898, Iunie 13 Tribunalul compus din: D. Em. Miclescu, membru, ca președinte; D. G. C. Tabacovič, supleant. Deschișându-se ședința la orele legale, și fiind la ordinea zilei cercetarea cererii de autorizare făcută de delegați societății române pentru întreprinderi electrice și industriale, s'a prezentat d-ni N. Zanné și Sc. Varnav, delegați societății, asistați de d. avocat C. Hagi Theodorachy.</p>	<p><i>Em. Miclescu, G. C. Tabacovič.</i> <i>p. Greșier, Caragoni.</i> scris în întregul său de către subsemnați contractanți, în proporția următoare:</p> <table border="0"> <tr> <td>Theodor Rosetti . . . . .</td> <td>lei</td> <td>15.000</td> <td>sau</td> <td>30</td> <td>acțiuni.</td> </tr> <tr> <td>Tache Ionescu . . . . .</td> <td>"</td> <td>15.000</td> <td>"</td> <td>30</td> <td>"</td> </tr> <tr> <td>I. G. Poenaru-Bordea . . . . .</td> <td>"</td> <td>15.000</td> <td>"</td> <td>30</td> <td>"</td> </tr> <tr> <td>Sc. Varnav . . . . .</td> <td>"</td> <td>15.000</td> <td>"</td> <td>30</td> <td>"</td> </tr> <tr> <td>N. Zanné . . . . .</td> <td>"</td> <td>15.000</td> <td>"</td> <td>30</td> <td>"</td> </tr> <tr> <td>Jeschek &amp; Comp. . . . .</td> <td>"</td> <td>425.000</td> <td>"</td> <td>850</td> <td>"</td> </tr> <tr> <td>Breslauer Disconto Bank . . . . .</td> <td>"</td> <td>375.000</td> <td>"</td> <td>750</td> <td>"</td> </tr> <tr> <td>Electricitäts Actien-Gesellschaft . . . . .</td> <td>"</td> <td>625.000</td> <td>"</td> <td>1.250</td> <td>"</td> </tr> <tr> <td>Deutsche Gessellschaft für Electriche Unternehmungen. "</td> <td>"</td> <td>1.000.000</td> <td>"</td> <td>2.000</td> <td>"</td> </tr> <tr> <td colspan="4"></td> <td colspan="2" style="text-align: right;">Total lei 2.500.000 sau 5.000 acțiuni.</td> </tr> </table> <p>3) Conform art. 132 și 134 din codul comercial, 30% din capitalul sumei indicate s'a depus de către subsemnați, fie-care pentru partea care îl privește, la Banca Națională, precum se constată din recepsele alăturate la prezentul act, și anume: No. 8.503 din 2 Iunie 1898, de lei 4.500 pe numele d-lui Theodor Rosetti;</p>	Theodor Rosetti . . . . .	lei	15.000	sau	30	acțiuni.	Tache Ionescu . . . . .	"	15.000	"	30	"	I. G. Poenaru-Bordea . . . . .	"	15.000	"	30	"	Sc. Varnav . . . . .	"	15.000	"	30	"	N. Zanné . . . . .	"	15.000	"	30	"	Jeschek & Comp. . . . .	"	425.000	"	850	"	Breslauer Disconto Bank . . . . .	"	375.000	"	750	"	Electricitäts Actien-Gesellschaft . . . . .	"	625.000	"	1.250	"	Deutsche Gessellschaft für Electriche Unternehmungen. "	"	1.000.000	"	2.000	"					Total lei 2.500.000 sau 5.000 acțiuni.	
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# Sinaia Hydropower Plant

Elie Radu



- The early stages of the design were started by Elie Radu (1853-1931) a leading Romanian engineer with studies in Belgium and Germany, that became member of the Academy in 1927.



Sinaia Hydropower Plant was the largest power plant installed in the country (1 MW electrical power installed), and the first in the three-phase (50 Hz) system. Also, it had the highest generated voltage, 3 kV.

# Sinaia Hydropower Plant

- The equipment was Austrian and German (Voith turbines and Lahmeyer generators), top technical solutions of the age, developed by the German engineer Oskar von Miller and the inventor Wilhelm Lahmeyer.

A Thermal Power Plant of the society was put in operation in Campina in 1907 (40 km from Sinaia) and the first Romanian overhead line interconnecting two power plants was also made, at 10 kV. One of the designers was Nicolae Vasilescu-Karpen, subsequently named rector of the new Bucharest Technical University

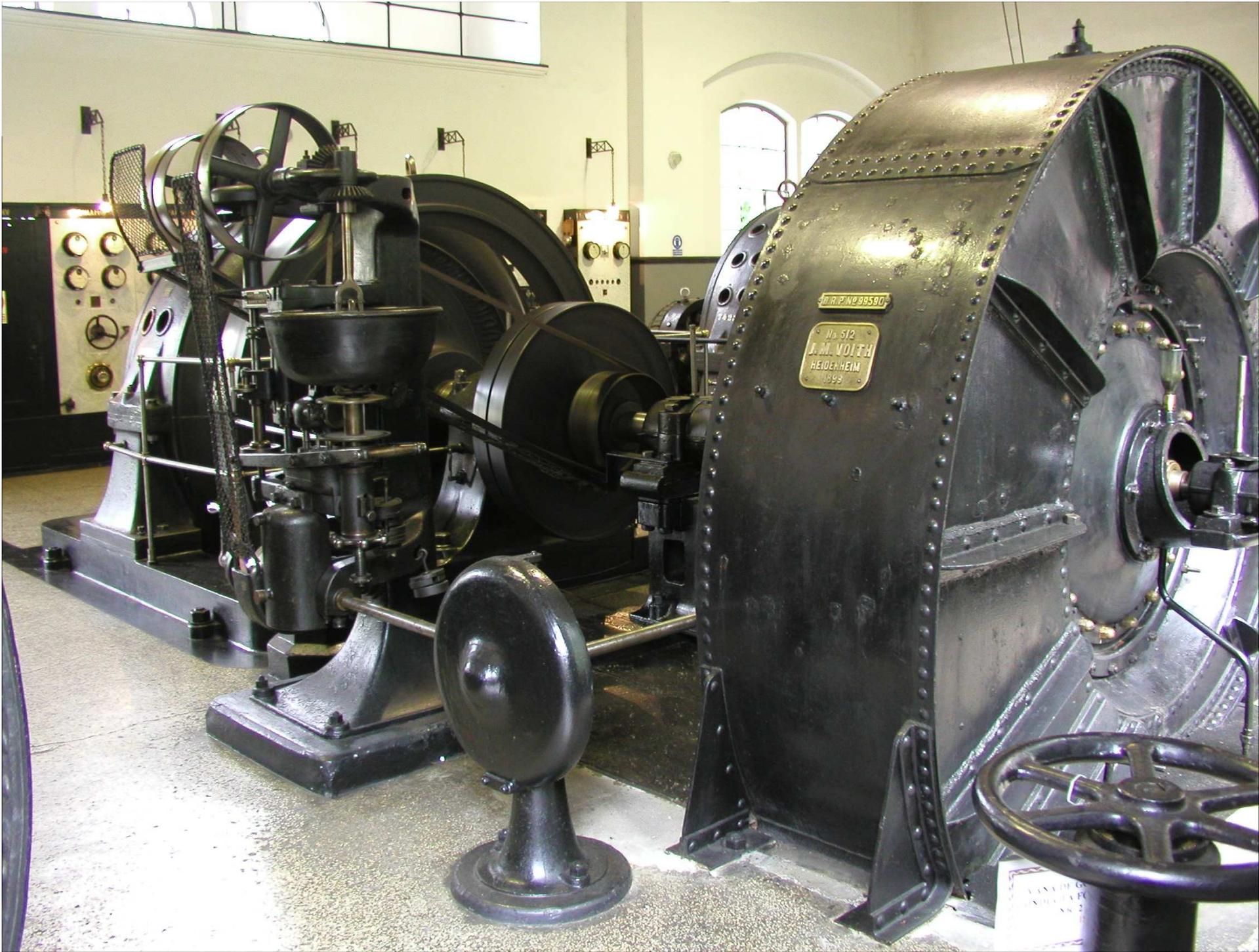
# Engineers & Gentlemen

- The engineers of the age were "upper-class" and acted like that. They had an elite "corporation culture" near to that of the landlords;
- In their vision, the Power Plant was a version of a modern castle;
- The solid technical training of some of this founders made the difference, but we can't speak of an organizational culture in today's terms. In any case, they were highly educated persons, far above the average, therefore, this first period in company's history, can be named as an "engineers & gentlemen" one.

Picture from 1900



2009



# Power Museum – since 1998

- Operational at full capacity after 110 years, with the original equipment
- It is the only “functional museum” at this level, permanently connected at the Power grid, at least in our country.



# "ELECTRICA" – a brand since 1902



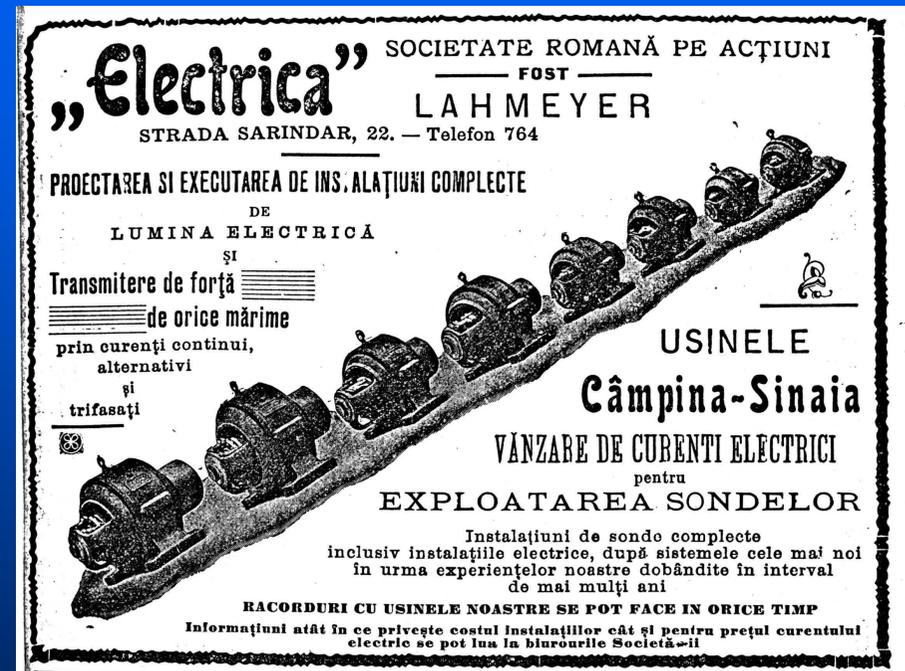
- At the beginning of WWI, the company had already extended 25 kV networks
- In **1930** built the first 110 kV network, with 2 overhead lines and 110 kV/MV substations. After the WWI, Electrica knew further technical development
- **1931** lost its independence, **being taken-over** and absorbed in a larger business, with different power and oil facilities.



6/0,4 kV Substation

# Building an identity in Electrica Distribuție Muntenia Nord

- The employees made appeal to the stories and professional traditions of “old Electrica” and, in 1999, after the centenary, “Electrica” became the name of the national power distribution and supply company
- In 2001-2002 the first privatisations took place, therefore a distinct identity for Electrica was a necessity.



Press advertising before WW I

# The concept of “Organizational Culture”



- The “organizational culture” concept is rather new the first research on this subject being achieved in the seventies and eighties of the XX century
- It is widely accepted, like a definition of the organisational culture, as an aggregate of values, beliefs and major meanings accepted and shared by the members of an organisation
- In the context of the progress of the so called “global society” local traditions and companies values tend to become more and more important for the people, once with the dilution of national and economical borders between countries or even distances between continents

# Why do we need cultural values in a power distribution company?

- First, as insiders in a company with a long history, we assert that an organizational culture is always present, it does exist, only we don't know if it works for us! An old company needs a solid culture, able to build the consensus over the generations about the working, commitment, carriers, authority, control and reward.
- A strong culture may be a line of defence against a hostile take-over. We appreciate the organisational culture as a line of defence of good professional practice, after seeing the collapse faced by firms in the transition process in the, sometimes, dramatic changes of laws, owners

- A strong culture proves valuable in smaller crisis, like severe climatic disturbances, severe storms, floods, river banks erosion, when the big number of failures needed a response with professionalism and dedication.
- The culture becomes valuable by itself and even if the company disappears, its identity and values will remain somehow in the public conscience as a "legend", continuing to have influence on the social climate.

**The economical crisis is an unwanted opportunity to decisively test this values.**

# Employees opinions through internal polls

## Maslow pyramid – theory and criticism

- Maslow pyramid is a widespread theory of the perception of needs – published in 1954, amended in 1970 (before death!)
- First observations were based on studies of Abraham Maslow on rhesus monkeys
- In brief, the needs are grouped in:
  - Physiological needs, the two basic levels
  - Social needs, the intermediate level, like belonging to a group, love, friends, family
  - The personal level, the top levels of the pyramid or the self-actualization layer



Abraham Maslow pyramid of needs

# Maslow pyramid – theory and criticism

- It's not suitable a simplistic criticism of Maslow's ideas
- However this "Pyramid" was criticized by different authors, himself feeling the necessity to revise his theory
- The most common criticism of his methodology:
  - He studied and concluded about self-actualization on a small number of people (declared by himself as self-actualizing persons)
  - He limited the self-actualization process only for 2 % of the population
  - The theory seems to assert the idea of putting lower needs before higher ones, but definitely this wasn't the case for many individuals in the history (artists or scientists alike)



Abraham Maslow pyramid of needs

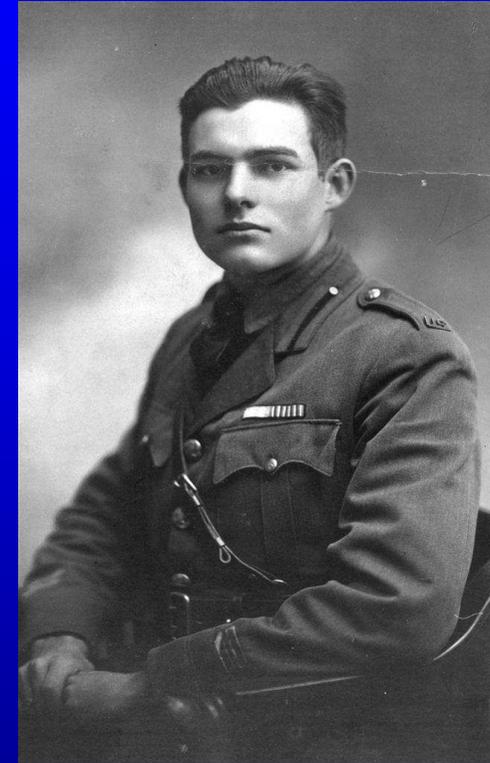
# Criticism of the theory through examples

Three personalities often mentioned in the criticism of Maslow's theory:

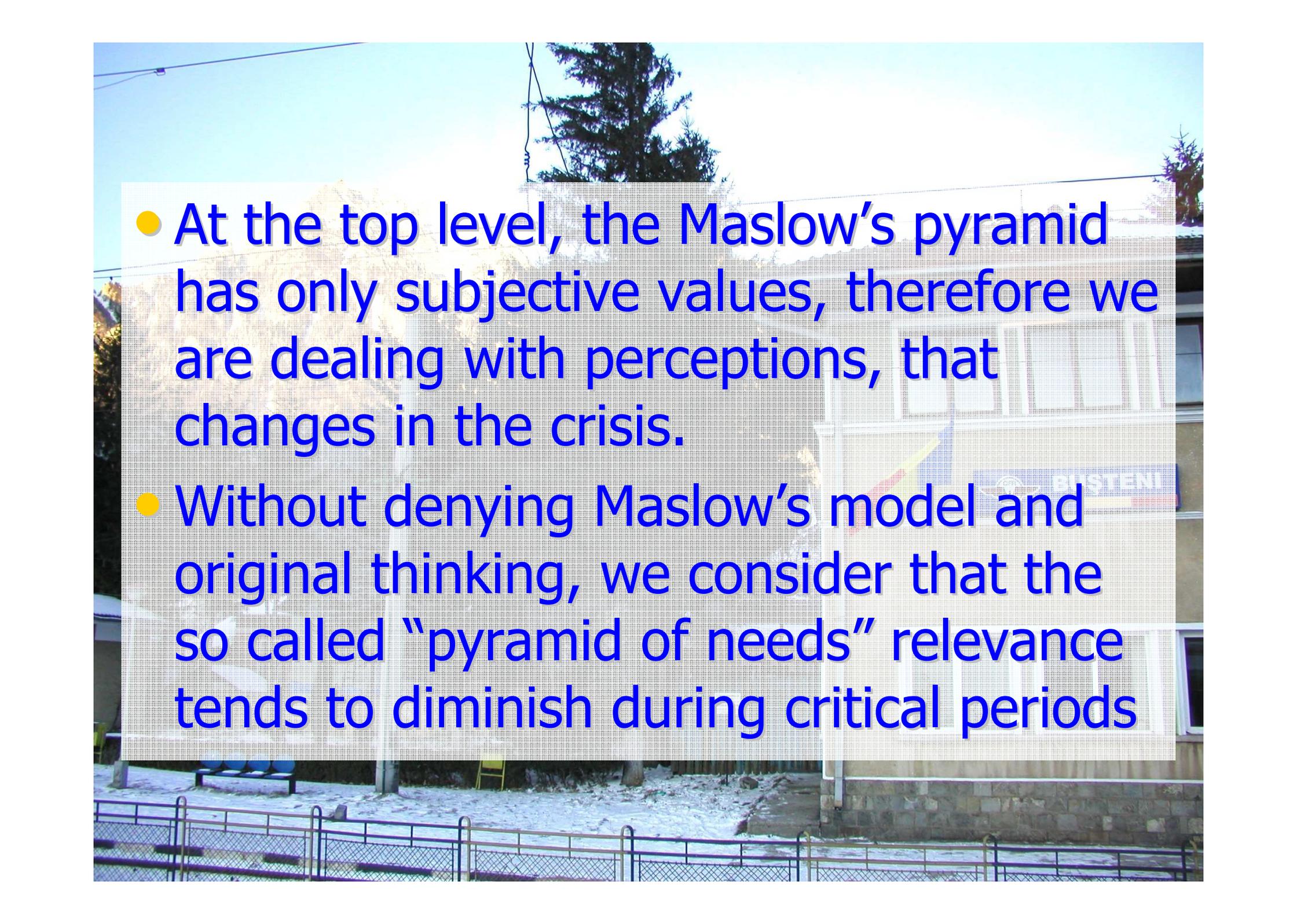
Honoré de Balzac – his life was an endless crisis caused by debts and bailiffs!



Vincent van Gogh – too well-known as a case!



Ernest Hemingway – when he became successful, he ceased to be creative...

- 
- At the top level, the Maslow's pyramid has only subjective values, therefore we are dealing with perceptions, that changes in the crisis.
  - Without denying Maslow's model and original thinking, we consider that the so called "pyramid of needs" relevance tends to diminish during critical periods

# Comments on the opinion poll

The poll focused mainly on some organisational climate aspects, the perception on the work conditions and safety training and activity. The population sample was formed of 1139 employees, Male/Female proportion was 79 to 21%. We present below the most relevant results:

-As a consequence of the personnel ageing, and lacks of performance in the public medical care, 74% ask for the firm involvement in their **health monitoring and support** (we can call it an anxiety on the second layer of Maslow's pyramid!)

-Only **21 % of the employees are ready to leave the company for a salary sensibly better** (raised by 30-35 %).

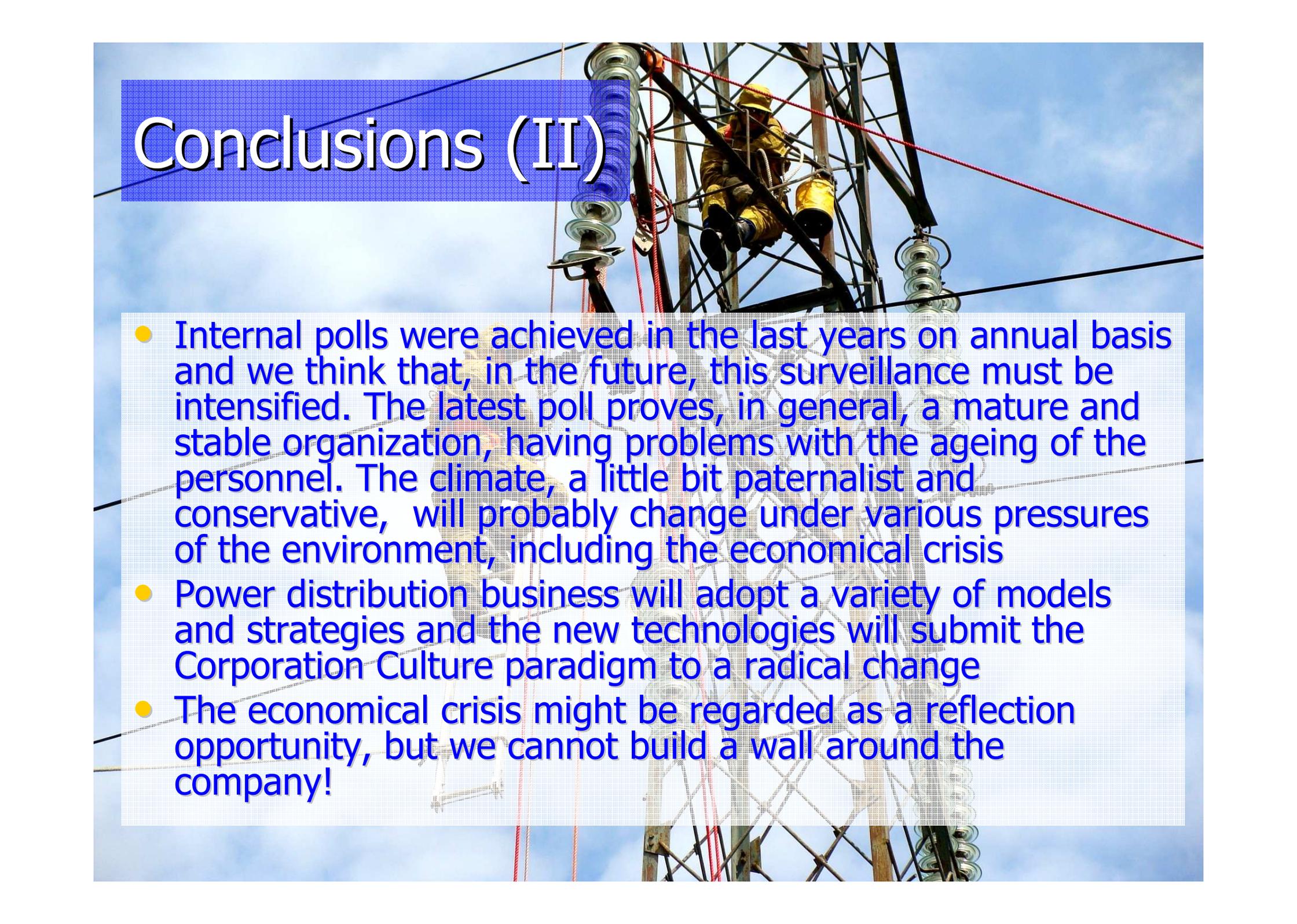
However, 47 % are simply considering this possibility, but 31% are reluctant about such a step

-Positive responses on items concerning work conditions and safety training

# Conclusions (I)

- The reporting to tradition as an argument for the firm's reliability and expertise has the signification of a behaviour that aims to obtain customers' and partners' confidence and fidelity, in the market economy.
- Internally, the professional tradition is valued by the appeal for commitment into the firm's activity, and contributes to the the personnel self-esteem
- Electrica Muntenia Nord Company has a history of more than 110 years of activity and that can be considered a resource for a strong organizational culture

# Conclusions (II)



- Internal polls were achieved in the last years on annual basis and we think that, in the future, this surveillance must be intensified. The latest poll proves, in general, a mature and stable organization, having problems with the ageing of the personnel. The climate, a little bit paternalist and conservative, will probably change under various pressures of the environment, including the economical crisis
- Power distribution business will adopt a variety of models and strategies and the new technologies will submit the Corporation Culture paradigm to a radical change
- The economical crisis might be regarded as a reflection opportunity, but we cannot build a wall around the company!

*Natura ne dă exemplul cel mai bun de regenerare.  
Noi îl urmăm!*



**or attention!**

