

# Hallington utilities services essay sample



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## Executive Summary

Hallington Utilities Services is electricity distributing company in Ontario Canada. In the 1990's, the electric industry was deregulated in order to reduce the cost of electricity to consumers. The entry of more suppliers is believed to increase the competitive atmosphere in the industry. Incidents such the E-coli outbreak in Walkerton as well as the power brownouts in California resulted to more stringent government regulatory policies in generation, transmission, distribution whole sale marketing in the power industry which put pressure to generators and distributors in Ontario to improve their services, among which is Hallington Utilities Services (HUS). There is a perceived pressure in Hallington from the government towards privatizing the company in response for the need to improve their efficiency and services. Because the Hallington Board had initially entertained this idea, the rumors of reorganization led to a series of other problems that is currently plaguing the company which in turn aggravates the situation. Among the problems that the HUS CEO have identified is the fear of downsizing and the growing rumors about union drive among employees.

With the initial assessment of HUS newly appointed human resource manager, Marion Forbes, HUS is beleaguered with other internal organizational problems that needs to be addressed so that it can effectively respond the demands of its external pressures. Among these identified problems are the following:

- The employees are suffering low morale. Because of rumors about the impending downsizing and consequently the job instability, employees

are dejected and demoralized. This has a direct impact on the commitment towards the organization and productivity of employees in work.

- Job descriptions and responsibilities are outdated and unclear.
- There is no clear career path for employees. Forbes described a Hay system of compensation, which is based on the whims and caprices of the authorities. And there are no rewards for solid performance, hence employees are not motivated to work harder or aim higher. Incidentally, the lack of career path system also included the lack of performance management systems. In the case of the latter, the company lost a bright employee with great potential because he got stuck in a clerical job.
- There is lack of proper recruitment system resulting to the hiring incompetent employees i. e. George who has drinking problems, and mismatch of skills.
- There is lack of proper grievance system for resolving conflicts. The former officer handling conflicts make unrecorded arrangements i. e. sweetheart deals to resolve conflicts, which not only address the issues involved but it also breeds a perception of favoritism among employees.
- Declining health and safety measures for the employees. Health and safety incidents had increased by 17% according to Lance Durban, manager of the labor relations.
- There is clear lack of communication between management and employees. This is one of the major problems of the company as manifested by the employees' hopeless worries about the issues of

downsizing. Lack of communication leads to lack of coordination which is reflected in the formulation of training programs. The human resource generalist, Janet Poklecki is acting on her own and been designing a training program, without conducting a needs assessment or consultation with the people what training do they need. While she may be very competent in creating training programs, there could be a mismatch in the training needs of the personnel.

- The remuneration system lacks proper policy and transparency. Because employees directly approach the officer in charge in payroll for possible increases, this gives us a hint that Mr. Bob Brown seemed to have the freedom and authority to change or manipulate remuneration packages and benefits based on his own whims. His sudden changing of programs when Forbes approached and rather crabby and defensive style of communicating insinuates the he seemed to be engaged in some anomalous activities.
- Finally, another major problem that had been identified by the Union vice president was the mantra of management. Too much emphasis is given on the privileges of management and less on service quality. And management is not results oriented, but rules oriented.

## Analysis

In consideration of the external environmental pressures that the company is currently at, the human resource management headed by Marion Forbes can start analysis of the interconnected activities of the department in the context of the organization as follows:

## Planning and Analysis

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Embarking to any form of endeavor entails planning. At this point, the current disunity within the organization requires the human resource department to step up and initiate the planning the process for the whole organization. The objectives and mission must be established first through planning before management can commence with organizing and staffing because these set as parameters of how other functions will be carried out. Planning sets the direction of the whole organization and sets the standards for monitoring and controlling activities. At this point, the issue of “privatization” should be finally resolved. While privatization will indeed help improve the organization for additional capitalization, the current problems within the organization cannot be addressed by it because the problems that arise are not really financial in nature. Management should abandon the plan for privatization and make it clear to employees that such option had been purged with finality.

### Recruitment and Staffing

The objective of recruitment and staffing is to provide the organization with an adequate supply of qualified manpower for its operations. Job analysis is the foundation for recruitment because it identifies what needs to be done and who are right people to do it. At the moment, while the HUS employees are worried about downsizing, the HR generalist is busy recruiting, which is an apparent contradiction. What the HR department should do is to rationalize the different functions of employees in the organization by detailing the job specifications and updating the job description, responsibilities and accountabilities of the personnel. If there are no existing

personnel fit for a particular job, that's the only time it can entertain the recruitment of applicants for job openings.

### HR Training and Development

One way to ensure that the organization has sufficient supply of qualified workers is through training. Continuous training and development among employees should also be conducted in order to keep them abreast with the latest skills, technology and trends for their particular expertise. At the moment, HUS approached the development of training program incorrectly. Training programs are being prepared by Janet Poglecki “ on her own” without conducting a needs assessment survey, coordinating with specific units that needs training and proper approval from the right authorities. While the initiative is very much appreciated, the effort could be useless. Training and Development initiatives must be in parallel to the company's business strategy, must be based on the business environment, and the company's goals and resources and should provide a road map to guide specific training and development activities. One simple training program, which should have been included in the employee orientation program that had been identified in HUS is administrative procedure of filling up forms for the company's benefit program. However, a more important orientation training program needs to be prioritized which will be discussed in the recommendations section.

### Compensation and Benefits

Compensation is the principal reason why people go to work. People are paid money, incentives, and other benefits, which they use to satisfy their

personal needs. HUS currently has no systematic compensation system. This makes the compensation system vulnerable to fraud and manipulation. The HR department must develop and refine the basic wage and salary systems of the company by establishing and defining pay grades and pay grade levels and corresponding positions to it. Moreover, incentive programs such as profit sharing and productivity rewards should also be established to boost motivation of employees to work and aim higher.

### Health, Safety, and Security

Health, safety, and security are of employees are imperative concerns of the company especially because it is engaged in electrical distribution and involves personnel with perilous works in the field. Aside from the general standards provided by the Occupational Safety and Health standards in order for companies to be more responsive to health and safety concerns, HUS should also consider the more detailed standards set by the Ontario Energy Board that oversees the power industry. Aside from the conventional safety concerns i. e. sanitation, proper waste management, etc, the company should also expand its focus on health and safety which includes substance abuse (alcoholism, drug addiction) among others. The HR department can initiate counseling programs geared towards employee's wellness in order to promote good healthy lifestyle.

### Employee and Labor/Management Relations

The HR department plays a critical role in effectively maintaining harmonious relations between management and employees so that both can work effectively for the progress of the organization. At the moment, the lack of

communication between the management and employees creates a sense of hostility and antagonism between them which destroys unity within the organization. The lack of communication creates a sense of distrust and disloyalty among employees. Moreover, the policies that places greater emphasis on the privileges of management rather at the expense of compromising if not negating the welfare of employees is disastrously generating disunity that can eventually disintegrate the whole organization.

Incidentally, the management especially the CEO is so worrisome about unionism when instead he should be more open and welcoming to such idea because it would help the company shape their policies better because it can represent a voice of the employees. Unions should be viewed not as enemies to be suppressed but entities with which management can capitalize so that they can better address the needs and respond to the rights of workers in policy making.

### Conflict Resolution

Because of the malevolence and disunity that conflicts among employees cause to the organizations, a policy for conflict resolution needs to be clearly established in the company as an element in the general disciplining of the workforce. . Such policy should include a declaration for the treatment and respect of the human right of all people and the explicit proscription of certain misconducts. An autonomous grievance committee representing all sectors that have a stake in the organization must be established where victims can lodge complaints. The committee must be able to independently make decisions and execute appropriate actions to address the case.



First an informal dialogue can be made between the opposing parties with a representative from the grievance committee acting as a mediator. This dialogue will serve as a channel for the victim to air her or his objection to the conduct or behavior of the offender. The dialogue can help settle the issue through reconciliation without involving any administrative or criminal case arising. If proven inadequate however, a formal procedure for the resolution of the case can be made. In which case, an administrative case will be filed which will involved the conduct of proper investigation and the adjudication of disciplinary action to redress the aggrieved and penalize the offender. Moreover, the administrative action of the company does not preclude the victim to file separate criminal and civil charges against the alleged perpetrator in the court of law.

### Recommendation

Hallington Utilities Services is one such company that traditionally views the Human Resource Department as a functional department that handles all administrative needs of the people in the organization, which basically includes record keeping and maintaining employee data, processing benefits and compiling and submitting government mandated reports. With the advent of globalization marked by tougher competition, the human resource department had expanded its role in the overall mission and vision of the organization. With the more rigorous governmental regulations, the HR department has a tactical role in the operations of the organization in terms of compliance to different local, national and international standards i. e. compliance with equal employment opportunity, health and safety, among others. Because of which, there is greater emphasis on the involvement of

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the department in the management decision making. Finally, in addressing the problems of the HUS, it is recommended that the strategic function of HR be stressed and implemented. This highlights the role of the department in effectively utilizing the people in the organization to provide a competitive advantage for the organization to compete. The strategic role of HR puts emphasis on the very people that make up the organization as valuable resources that embodies important organizational investments.

### Redesign of the organizational structure of the company

At the moment, the apparent rationale for the organizational structure of HUS is function. The organization is primarily divided into functions that only converge under the CEO. This results to poor communication among functional departments, sluggish reaction to changes, a very centralized decision making, lack of whose accountability problems that are difficult to establish, personnel having inadequate understanding of organizational goals and objectives as well as restricted management guidance. In order to emphasize the strategic and comprehensive role of the HR department in the organization, the position of the HR manager will be raised to the level of the director reporting directly to the CEO. This will help the HR director to enhance its coordination with the personnel of the other major departments. Because of the growing strategic role of information technology in practically all organizations, the information systems department will also be at the level of the director. The HR department will be further divided to Finance and Administrative services. And finally, the compensation and benefits unit will be moved under the finance department alongside the accounting department. See proposed chart below:

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## Adoption of organic structure of organization

In order to decentralize the decision making and promote and adaptive learning, the two additional department were upgraded to the level of director namely, human resource and information system, who along with the others directors will form the management steering committee. This committee which is low formalization and centralization will be regularly meet with the CEO to advise the CEO on decision making on areas that will have general impact on the whole organization. In such a set up, adherence to the chain of command is flexible and self control is emphasized. A flat organization on the top management level highlights the importance of training and acculturation, which are responsive and cost effective for service companies like Hallington whose environment is dynamically changing especially considering the government deregulation program.

(Boone, L. E and Kurtz, D. L., 2006)

## Emphasis on Participative Management

The organizational set up presented is design to promote a participative approach in decision making. Every director will be able to air his/ her voice to every major decision that the company will undertake especially when the unit under him will be affected. Moreover, participative management also means the establishment of strategic goals and objectives with the consultation of the all the people. Advocating the Goal-setting theory, employee performance is improved through the evaluation of the fulfillment or progress in the achievement of specific goals. (Arnold et al, 2005)

Management can involve employees in the formulation of company mission

and vision through proper consultation and channels to be established. For instance, strategic planning can start through meetings at the roots - from individual units, to the departments to the management steering committee. The union can also be a channel through which employees can be directly consulted about policy issues. Collective bargaining meetings can be regularly held through which employees can air their sentiments and other concerns that management needs to consider in making policies.

Participative management ensures the commitment of employee because if individual goals are aligned with the general goal of the company, employees will push employees to act on it, take responsibility and take initiative and enthusiasm to solve problems faced by the company.

Moreover, participative management empowers employees by permitting them to expand their scope of decision making and thus provides them opportunities to vociferously use their knowledge, skills, and ingenuity. (Jackson & Frigon 1996)

Aside from planning the mission and vision and strategic direction of HUS, among the policies that need to be prioritized and developed through a democratic consultation of all employees are the following:

*Performance management system.* A standard career path that ensures growth or promotion of employees through merit promotion and training will be established. The process includes defining the job (descriptions, responsibilities and evaluation criteria), performance appraisal; giving evaluation feedback. Key performance indicators needs to be identified to make evaluations and promotions realistic, transparent and goal oriented.

*Compensation and benefits.* After abolishing executive perks and privileges, a performance based remuneration scheme will be established. This can be in the form of profit sharing and contribution reward. The latter pertains to rewards to employees who give a significant contribution to the company. This not only helps in enticing employees to actively participate in the organization's business, it establishes a sturdy culture of continuous improvement and helps empower employee through active participation. (Magee, D. 2007)

Aside from remuneration, other incentives can include health/medical benefits, common policies adopted to support work family balance of employees, subsidized cafeterias, health and wellness programs like counseling, etc.

*Training and development.* Aside from individual improvement of every employee that ultimately benefits the organization, training and development is also considered a retention strategy for organizations. While the three common training needs of organization are management training, team building and information technology skills, a needs assessment study needs to be conducted in order to customize the training programs to the real needs of employees. Companies can also implement continuous training and education of employees through its job design. (Sessa V., and London, M., 2006). This can be achieved by fluidity of work design, job rotation and job enlargement. In this way, personnel can be comprehensively oriented to the operations of their individual departments and the whole organization.

## Adoption of a culture that is results oriented and not rule oriented

The establishment of this culture is reflected on the organizational policies and emanates from leadership in management. Adhering to the Equity theory, workers needs to be fairly treated by the company. Instead of downsizing, HUS can eradicate the conventional perks and privileges that distinguished executives from ordinary workers such as executive parking and fringe benefits i. e. trips. This will help reduce cost and prevent the perceived unfair focus by management on executive privileges that demoralizes and alienates the employees. Instead, the company can focus on allowing everyone to participate in discussion on business matters while to gather ideas from workers. Ideas that have been adopted for the improvement of the company should then be rewarded profusely. One such idea is the elimination of the restricted overtime allotted to field workers so that they can better address the needs of the clients. HUS service men should be on call 24 hours so that any power failure can be served. It goes without saying that the management applies a culture of commitment to excellent service and a culture committed to the welfare of its people.

## Improvement of Communication through the development of HUS information system

Communication plays a central role in all organizations. It plays a key role to implement participative management. Constant communication with staff is also vital so that management can immediately address misconceptions of distrust and inequality among employees that currently troubles the company. At this end, HUS can capitalize on the utility of information

technology to improve its communication process. Information technology is not the strategy per se. Critical in investing on information technology is to align and integrate its utility in the over all business plan or strategic vision of a company. HUS can use the stage model approach to IS strategic planning. (Hinton, 2005) At the moment, HUS can be considered a small new user. Information system will be focused on the computerization of its administrative functions in order to eliminate inefficiencies in its transaction processing system. A personnel management system can be developed to automate the facilitation of human resource functions including updating of personnel profile, administering employee benefits, among others.

The development a strategic information system i. e. computerization of all administrative (i. e. personnel) and financial operations (accounting, payroll, budget, etc) for the whole organization will be handled the information systems department. This expanded strategic role of information technology is illustrated and complemented by one higher level step of the department in the organizational chart in order to enhance its capacity in executing its role. The development of an information system shall be a priority in order to facilitate the consultation among employees.

## Conclusion

Privatization, downsizing and unionism are not the problems of HUS. They stem from the company's inability to effectively utilize its people that will provide their competitive advantage. Marion Forbes should approach the internal human resource problems in HUS comprehensively by highlighting the strategic function of HR in relation to over all business strategy of

Hallington. This can be started by reorganizing the company to have an organic structure. This will facilitate a participative management in the company, which in turn be used to address the current policy deficiencies of the organization such as the lack of a performance management system, and compensation system, among others. The strategy also calls for the greater integration of information technology in the business operations for greater efficiency in its administrative and financial operations and to improve management employee communication and coordination.

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