

Lost in Perception

A case study of how constituents perceive strategic responses

Abstract

The organizational environment has become increasingly complex as organizations face demands and pressures from many different constituents at the same time. Organizations also need to demonstrate that they are legitimate actors that pursue goals in a socially acceptable manner. The problematic nature of legitimacy raises the importance of strategic considerations in meeting the expectations. Thus, many researchers have focused on understanding the relationship between institutional complexity and organizational responses in order to clarify strategic considerations. Oliver presented a model that outlines available response strategies and tactics for organizations faced with external pressures (Oliver, 1991). However there have been inconsistencies in how strategies are perceived. Since it is constituents who grant legitimacy it is also their point-of-view that matters when strategic responses are perceived. However, perception as influenced from the point-of-view remains to be an unexplored issue. Given the above, our aim with the study was to understand how constituents perceive strategic responses formed by a focal organization and where divergent perceptions come from.

The study took place in Hungary in the public sector where we found a water-supplying subsidiary, controlled by a Municipality owned Holding. This organization was surrounded by five important constituent groups that exerted demands and pressures on it. We used an abductive five-step approach to study this phenomenon by first gathering data on the pressures the focal organization was facing and then analyzing it to identify strategic responses. Thereafter we moved onto investigating the constituents and gathered data on their perceptions of the strategic responses. As a last step we analyzed the perceptions and categorized them into strategy-tactics to see how constituents differed based on their point-of-view and compared it to the focal organization to observe differences.

We were able to determine response strategies on both a strategy and tactic level and as a result of our analysis we created a model that assessed the constituents' point-of-view. As a matter of fact, our findings show that strategies do change according to the point-of-view. Furthermore, the findings indicate that shared perceptions heavily rely on the degree of institutional ties and the inherent institutional logics. When we looked upon perceived positivity and negativity, the findings also justified the existence of the previously suggested inconsistency regarding the Manipulation strategy. However, contrary to those studies, our findings show that the Compromise strategy is subject to the same type of inconsistency as Manipulation. Taken these findings into account we derived managerial implications for strategic considerations.

Key words: *Perception, Point-of-view, Constituents, Strategic Responses, Inconsistency*

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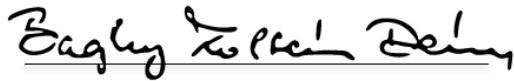
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1. Introduction

1.1 Background

The organizational environment has become increasingly complex as organizations face demands and pressures from many different constituents at the same time. Constituents are stakeholders that have the ability to influence organizations and exert pressure through rules, regulations, norms and social expectations (Pache and Santos, 2010). Organizations also need to demonstrate that they not only meet efficiency and financial targets but also that they are legitimate actors that pursue goals in a manner that is socially acceptable. The need for this demonstration comes from the fact that legitimacy is attributed to an organization by its constituents. To identify what is socially acceptable; organizations need to understand the social norms, values and expectations that constituents expect them to act in line with. However, the problematic nature of legitimacy increases as social values change over time and differ between constituent groups, which can result in contradicting expectations (Ashford and Gibbs, 1990).

The problematic nature of legitimacy, which partly comes from institutional complexity, raises the importance of strategic considerations. It is important that organizations respond to pressures, but at the same time it is also important that organizations understand how constituents perceive their responses. These should serve strategic considerations, where conscious and deliberate actions are made to achieve a specific goal (Greenwood et al., 2011), which in the case for the organizations is a better acceptance of their responses. Thus, many researchers have focused on understanding the relationship between institutional complexity and organizational responses in order to clarify strategic considerations. Oliver presented a model that outlines available response strategies and tactics for organizations faced with external pressures (Oliver, 1991). The model consists of five different strategies that have three accompanying tactics. Oliver theorized that these response strategies range from passive Compliance to active Manipulation.

1.2 Problem discussion

However, Oliver's (1991) typology has been criticized as it has been argued that in certain contexts one response strategy can be seen in many different ways depending on who the interpreter is. Many attempts to expand on Oliver's findings have been conducted since. One such is Goodstein (1994) who introduced the role of subjectivity in the evaluation of the responses; by distinguishing among the response strategies that are perceived as negative and positive by the organizations. By doing so, he highlighted that the point-of-view is important. Point-of-view refers to the given stance from which the party is looking at the response; which significantly influences how responses are interpreted and perceived. According to Milliken, Martins and Morgan (1998), it is necessary to consider the point-of-view that influences perceptions. Yet, no further studies have been conducted to understand how the point-of-view can actually alter these different perceptions.

In addition, Ingram and Simons (1995) highlighted two grey areas with Goodstein and Oliver's work, namely the lack of generalizability and consistency in the perception of responses. They did so by challenging the classifications provided by Oliver (1991), highlighting a thin line in how strategies can be classified. This was partially addressed by Etherington and Richardson (1994) who found that inconsistency is connected to the point-of-view taken. They justified that Manipulation can be interpreted as either positive or negative, depending on the given point-of-view. This means that the inconsistency relating to responses can be managed if we understand more about perception.

However, perception remains to be an unexplored issue so far and it is important to conduct further empirical and conceptual studies as well as to understand the observer's perspective (Clemens and Douglas, 2005). We argue that it is important that organizations understand how constituents perceive their response strategies, since they are the ones that grant them legitimacy. If organizations understand how their responses are perceived they can align their actions with how they want to be perceived.

1.3 Purpose of the Study and Research Question

Given the above, our main aim was to understand how constituents perceive responses that are formed by a focal organization. We hope to understand how the point-of-view influences the interpretation of strategic responses by contrasting perceptions. By observing differences amongst the responses within several dimensions, we inevitably partly address the aspect; where divergent perceptions come from in this specific case.

We used this opportunity to address the gap identified as the lack of consistency in response perceptions by previous studies. We aimed to assess all strategies included in Oliver's typology (1991) to see whether Manipulation was the only problematic as previous research supposed. Thus, in order to explore perceptions further we will address our aims with the question:

“How do constituents perceive strategic responses formed by an organization and where do divergent perceptions come from in this case?”

Organization in this question refers to a focal organization where we will study their strategic responses arising from multiple pressures. Constituents refer to the surrounding stakeholders that exert pressure on the focal organization. Perception in our case is how constituents and the focal organization term the strategic responses according to the strategy-tactics framework introduced by Oliver (1991). Thus we study perceptions through the type of strategy-tactic chosen according to Oliver's (1991) typology. We took dimensions such as the positivity, relevance and associated willingness of the response together with how it met interests and adhered to norms, as determinants of the perceived strategic responses. How we identified and defined these strategic responses will be elaborated on in chapter three.

1.4 Thesis Disposition

This thesis is structured into nine chapters. The first chapter describes why it is important to look at how constituents perceive strategic organizational responses. In chapter two we present a framework (Oliver, 1991) that describes different response strategies and tactics, which we can use to categorize responses, for the reason of comparing perceptions in the end. We also present the difficulty in categorizing responses into strategies, since there is a very thin line amongst them and how this plays a role in the constituents' view. The third chapter presents how we intend to study this phenomenon. We will first gather data, from interviews and documentation, from the focal organization to identify strategic responses and data to assess how the focal organization perceives these responses. Then we will gather data on how constituents perceive these responses, with the help of surveys. In chapter four we describe what kind of data we were able to gather from the focal organization, and which kinds of responses we were able to find from these. Chapter five categorizes these responses based on Oliver's (1991) framework. Chapter six presents the survey data gathered from constituents. Chapter seven uses the data in chapter six to categorize the constituent's responses. In chapter eight we discuss and compare the perceptions of the focal organization with that of the constituents' and discuss how the different perceptions impact how responses are perceived. The final chapter presents our conclusions and suggestions for further studies.

2. Theory

2.1 Institutionalization Fostering Legitimization

Formal organizations can be described as entities that are coordinated and controlled according to a common agenda. These entities are embedded in a larger institutional environment. Meyer and Rowan (1977) argued that organizations adapt procedures and practices that are considered to be rational within this institutional environment. This adaptation fosters a paradoxical chain of events, where formal organizations make their practices and procedures converge, becoming highly homogenous organizations (DiMaggio and Powel, 1983). This constitutes the basic principle for institutional theory, built on the assumption that organizational structures are adaptable and can be shaped by the external environment and constituents. According to Scott (1987) constituents pressurize organizations into adapting or behaving according to institutional rules. In fact, literature provides many examples of how the institutional environment can constrain organizations (Meyer and Rowan, 1977). By conforming, organizations undergo a process called institutionalization (Meyer and Rowan, 1977).

A growing number of researchers have linked institutionalization to legitimization, since institutionalization supports specific practices and procedures that are considered to be appropriate (Goodstein, 1994). Constituents grant legitimacy in case the organization conforms to their socially constructed values, norms and expectations. Legitimation is also the process, which yields the justification of the organizations' right to exist (Suchman, 1995). Thus, by pursuing legitimacy the organization gains valuable support from constituent groups (Ashford and Gibbs, 1990). In a successful case the organization will be perceived as meaningful, predictable and trustworthy. However, organizations that aggressively pursue legitimacy may run the risk of decoupling, which results in being perceived in the opposite way, as manipulative and illegitimate. This in turn threatens legitimacy (Ashford and Gibbs, 1990), exposing the organization to claims such as negligent, irrational and unnecessary (Suchman, 1995).

2.2 Managing Legitimacy

Disregarding the way legitimization is pursued; its intention will remain to persuade the constituent about organizational adherence (Ashford and Gibbs, 1990). However, practices related to legitimization vary depending on whether the management is in the phase of extending, maintaining or defending its organizational legitimacy. In fact, accounting for various expectations from many constituents is troublesome and can significantly limit the organization's ability to act rationally (Brunsson, 1982).

To remain rational and preserve legitimacy, organizations have to internally interpret the different pressures from constituents. Thornton (2004) and Thornton and Ocasio (2008) found that such translation occurs through the usage of various institutional logics. Thornton and Ocasio (1999) define institutional logics as social constructs in a material and symbolic sense that guide or constrain behavior. These logics constitute and represent the legitimacy of goals and provide the guiding frame for a cohesive behavior (Scott, 1994). Previous researches have

demonstrated that such logics are not exclusive but often coexist, which could result in the failure of understanding them perfectly; hence the risk of irrational responses increase (Battilana and Dorado, 2010; Pache, 2007). Considering that the responses will be assessed by constituents, it can hurt the organization if a response is deemed irrational. All these considerations increase the need for having a strategic thinking when formulating the exact type of responses made.

2.2.1 Strategic Responses and Oliver's Typology

Many researchers attempted to identify how organizations should formulate responses in a strategic way (Pache and Santos, 2010). Kraatz and Block (2008) developed a model, which introduced an adaptation strategy that balances and removes institutional pluralism. However, their model lacked certain aspects, as it did not explain the determinants of the strategies well. On the other hand, Oliver (1991) did explain the determinants while addressing the implications of complexity, by outlining strategic organizational responses to external demands. Oliver predicted strategic responses by bringing together insights from both the institutional and resource dependent perspectives. Oliver's work remains to be the most referred article within its field, with the theoretical framework often termed as the key concept in understanding and studying the relationship between institutional pressures and firm strategic responses (Goodstein, 1994; Pache and Santos, 2010). Due to the wide acknowledgement of Oliver's work that was grounded in the institutional perspective, we have chosen to use Oliver's typology (1991) as the foundation of our study.

According to Oliver (1991) organizations cope with contradicting logics in seven different ways: Acquiesce, Compromise, Avoid, Defy and Manipulate. Each strategy can be executed by the help of various tactics, which differ depending on degree of resistance (see Table 1).

Strategic Responses to Institutional Processes as identified by Oliver (1991)		
Strategies	Tactics	Examples
<i>Acquiesce</i>	Habit	Following invisible, taken-for-granted norms
	Imitate	Mimicking institutional models
	Comply	Obedying rules and accepting norms
<i>Compromise</i>	Balance	Balancing the expectations of multiple constituents
	Pacify	Placating and accommodating institutional elements
	Bargain	Negotiating with institutional stakeholders
<i>Avoid</i>	Conceal	Disguising nonconformity
	Buffer	Loosening institutional attachments
	Escape	Changing goals, activities, or domains
<i>Defy</i>	Dismiss	Ignoring explicit norms and values
	Challenge	Contesting rules and requirements
	Attack	Assaulting the source of institutional pressure
<i>Manipulate</i>	Co-opt	Importing influential constituents
	Influence	Shaping values and criteria
	Control	Dominating institutional constituents and processes

Table 1 - Strategic Responses Identified by Oliver (1991)
(Starting from most passive to most active)

Acquiesce

According to Oliver, Acquiesce can be observed through Habit, Imitation and Comply, generally aiming at providing more legitimacy and social support. Habit is considered non-strategic as it is primarily based on the replication of historically observable and accepted responses. This also means that the nature of such acts is unconscious, which is amplified in case the constituent prescribing the pressures has obtained a long-term status of social fact. Imitation on the other hand can be both deliberate and unintentional. Compliance however is

considered more active than the previous two as it implies a full consideration of the effect of the response, consciously adopting the values prescribed by the constituents.

Compromise

However, the notion of contradiction creates conflicting pressures that are better handled by Compromise, as Oliver argues. These tactics are more active in promoting organizations' self-interest and consequently lead to partial adherence. In such cases, organizations might try to Balance, Pacify or Bargain. All these tactics present a slight resistance to pressures. By Balancing, organizations aim to adhere to multiple institutional pressures. They do so by achieving parity amongst multiple stakeholders, thus implicitly creating resistance. Pacifying differs in the sense that it exerts an explicit but minimum level of resistance towards demands. It will still focus on satisfying external prescriptions but deviate on a minimal level. Bargaining is again less passive than the previous two tactics, where organizations openly negotiate with referents, embodying a higher degree of strategic considerations.

Avoid

Avoidance by nature rules out the possibility of adherence either by Concealing unwillingness, Buffering away from pressures, or simply Escaping. Oliver states that Conceal resembles Acquiesce when considering the communicative, however it can be distinguished from it by the degree of actual conformity that takes place at the organization. Basically organizations here pretend to adhere to pressures, while they are actually not intending to do so. Buffering is highly related to public approval and scrutiny, where organizations might try to detach or decouple their activities from external contact. The usage of such tactics should be highly strategic as they can easily harm legitimacy and social support. Finally, Escape is a dramatic solution by which the domain exerting pressure is left overall by the organization. Such action is taken only if the pressure significantly alters company goals, activities or domain.

Defy

Defiant strategies embody absolute rejection of institutional expectations. Oliver concludes that Defy as a strategy is used solely in cases where organizations believe that the cost of active unsteadiness is low, the gap between internal and external interest is too wide, and where sufficient rationality can be demonstrated anyways. Defiance can take three forms: Dismiss, Challenge and Attack. Dismissal, or in other words ignorance, is a tactic response to cases where external enforcement is perceived as low or when objectives diverge dramatically with requirements. In such cases, the organization simply decides to neglect the pressure. Challenge is a more active departure, by going explicitly against the prescriptions, especially in cases where organizations believe the rationality of their decision can be well demonstrated and defended. Attack differs in degree of aggressiveness and intensity from the previous two strategies. Such organizations will try to assault, minimize or denounce values and pressures pressed on them by referents. Organizations choose to do so if they feel their autonomy is challenged, when values and norms are organization specific and when external pressures are deliberately negative in nature.

Manipulate

Manipulation is the only strategy, according to Oliver, which aims at changing the pressures or exerting some power over institutional referents. It is a form of opportunistic behavior where organizations try to Co-opt, Influence or Control. Co-opting refers to the act of creating institutional links with the aim of persuading outside interests. Influence is more directed towards values, beliefs or definitions and criteria of common practices. Control, by comparison, specifically aims at overtaking external constituents that induce pressures, and it is more likely when institutional expectations are weakly promoted, localized (Oliver, 1991).

2.3 Extensions of Oliver's work and Strategic Responses

A number of studies aimed at testing partially or entirely Oliver's findings (Etherington and Richardson, 1994; Goodstein, 1994; Ingram and Simons, 1995; Milliken et al., 1998). These studies have managed to expand the knowledge base of institutional theory by improving the understanding of organizations' choice of strategic responses (Clemens and Douglas, 2005).

Goodstein (1994) explicitly drew on the framework developed by Oliver, by urging scholars to integrate the aspects of strategic choice and its complexity when studying pressures and responses. In accordance, the main contribution of Goodstein's paper consists of a model that aims to predict the type of strategic response used, based on the degree of strength of the institutional pressures and the positivity or negativity of the perceived effect of responsiveness. According to this model Acquiesce and Manipulation should be used when the pressure has positive effects on the organization. The former strategy should be adapted to strong, while the latter to weak pressures. To the contrary, Compromise, Avoidance and Defiance should be taken for pressures that are considered negative. Again the first two strategies should respond to strong while the last to weak pressures (see Model 1).

Framework for Predicting Strategic Responses to Institutional Pressures by Goodstein (1994) – From Focal Organizations' View			
		Perceived effects of responsiveness	
		Positive	Negative
Strength of institutional pressures	High	Acquiescence	Compromise/Avoidance
	Low	Manipulation	Defiance

Model 1 - Predicting strategic responses by Goodstein (1994)

Contrary to the passive-active scale classification, which was defined by objective criteria of the strategies, Goodstein introduces the subjectivity in categorizing and understanding these responses. By sorting them according to perceived positivity or negativity by the organization, Goodstein inevitably introduces the role of perception while assessing the responses, yet in a limited way. Since Oliver (1991) justified the importance of strategic consideration, we strongly believe that the role of the point-of-view taken in altering perceptions, should be

expanded on and considered as a vital part of the strategic evaluation of responses. Though we argue that the strategic consideration in Goodstein's model is missing, as only the organizational interpretation of the responses is presented in the model. This way it neglects what the constituents might think of the same responses. In fact, subjectivity raises the importance of which point-of-view the organizations or constituents take, constituting a strategic dimension (Milliken et al., 1998). Based on this, we find the model of Goodstein critically important to our study as it brings the discussion about responses forward. This extension points to a previously neglected aspect under subjectivity, however leaves the issue unaddressed to its full prospect, as the perception of the different constituents is never discussed in contrast.

Fellow researchers (Ingram and Simons, 1995) highlight two grey areas with Goodstein's (1994) and Oliver's (1991) work; namely the lack of generalizability and consistency in response perceptions. They do so by challenging the classifications provided by Oliver (1991) in her original work. Ingram and Simons (1995) problematized around strategies, which were the root cause of the lack of generalizability and consistency. They differentiated Compliance into "Real" and "Symbolic Compliance", the latter fitting under Avoidance. With this move, they drew a connection between Acquiesce-Comply and Avoid-Buffer. This relationship points to the problem of inconsistency as a new dimension in how responses are perceived. Yet, we argue that this new dimension is not unrelated to the issue of subjectivity identified by Goodstein (1994). It is important to stress that Ingram and Simons (1995) highlighted early that Manipulation was deemed to be an unobservable strategy in their case study, due to lack of data. We believe this phenomenon is connected to the inconsistency in responses interpretations, based on the presence of different perceptions, as clarified by Etherington and Richardson (1994).

Etherington and Richardson's (1994) study changed the institutionally based perspective that Oliver (1991) used, to a combined view of both institutions and organizations (Clemens and Douglas, 2005). However, this combination was achieved by comparing archive to survey data. This means that only surveyed organizations took place actively in the study, while constituents were never directly contacted. Their opinions were only inferred from documents and thus they did not directly evaluate organizational responses. Nevertheless, contrary to the previous papers discussed above, Etherington and Richardson (1994) managed to look at all five strategies.

Furthermore, they elaborate on the problem of matching the different perceptions of responses, to handle inconsistency. They term lobbying as Defy, contrary to Oliver and Goodstein's classification of Manipulation. However, they never elaborate on the concrete factors on which this reasoning is based. Thus, the possibility of continuous inconsistency amongst perceptions is left opened. A key input of their study was grouping Compromising and Manipulation together as active-positive strategies. As such they integrated Oliver (1991) and Goodstein's (1994) work and showed that the results depended on the point-of-view taken when studying the responses. Thus we can conclude that perception was responsible for the

identified inconsistencies. From our perspective, this finding is crucial, as it justifies the importance of strategic consideration and draws a clear relation to the concept of perception.

2.4 The Ambiguity Surrounding Perception

The concept of perception has been elaborated on by Clemens and Douglas (2005), who also highlighted the importance of continued research on this topic. Clemens and Douglas (2005) argue in their paper that the difference in interpretation can be explained by contrasting the perception taken by the studies. While Oliver (1991) focuses on the responses solely from the institutional perspective, the case studies are based on the organizational perspective only. To put it in another way, when a constituent exerts pressure and the organization makes a response, the organization might think that they have chosen a response that fits into the category of Acquiescence, while the constituent might see the same response as Manipulation (Clemens and Douglas, 2005). This means that the inconsistency identified amongst the papers and the concept of subjectivity, as introduced by Goodstein (1994), can be managed jointly. By comparing constituents and organizations on the same strategic responses, differences in perceptions can be revealed. So far this remains to be an unexplored issue (Clemens and Douglas, 2005). Clemens and Douglas (2005) stresses the importance of conducting further empirical and conceptual studies as well as to understand better the position of Manipulation and the importance of the observer's perspective. Hence, the above neglected fields constitute the research gap of this study.

In conclusion, we aim to explore the potential differences in the interpretations of the strategic responses. This requires a true investigation of the constituents' perception, which none of the previous studies have done. We aim to identify a set of different strategic responses within a given environmental context, later comparing the perception of the constituents and the responding organization. We believe that each strategy should be contrasted, as the previous studies reveal an inconsistent pattern in the classification of tactics and perception of strategies.

3. Methodology

In the sections below we will explain an overview of the research approach and elaborate on the choices we made.

3.1 Study Approach Overview

What we want to study is “*How do constituents perceive strategic responses formed by an organization and where do divergent perceptions come from in this case?*”

To do this we need to understand the strategic responses that are formed by the organization and how the constituent groups perceive these strategic responses. This means that first collect data on a focal organization and analyze that data to understand the responses. After that we ask selected constituent groups how they perceive these responses. Hence, the method that we have selected contains several rounds of data gathering and analysis.

To give an overview of what we did we have decided to illustrate it in five phases (see Figure 1). In order to understand strategic responses that are formed by an organization we selected a focal organization with a suitable setting (presence of different constituent groups) in phase one. Then we gathered data on the pressures the focal organization is faced with in phase two. Ultimately we moved on to identify the strategic responses to these pressures in phase three.

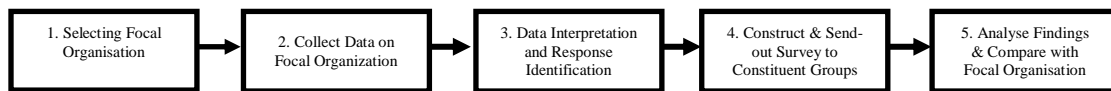


Figure 1 - The Five Phases

After the identification of the responses we moved forward to investigate the constituents. In phase four we gathered data in a standardized way so that the type of retrieved information is the same for all constituents. Finally, in phase five we analyzed the data to see how constituents differ based on their point-of-view and compared with the focal organization to see how constituents differ from them.

3.2 Research design

We used a case study to investigate this phenomenon. Merriam (1995) described case studies as a study about a specific field focusing on an organization. We selected a focal organization with accompanying constituents, which represent our case study. We decided on a case study since it allowed us to gather rich data that came from many sources (Yin, 2003) and we wanted to explore a specific phenomenon in a special context. In addition, our research question was formulated around a “how” - “*How constituents perceive strategic responses formed by an organization?*”-; which further justified a case study (Ghauri and Gronhaug, 2005). Our purpose with this question was to extend theory with empirical evidence supported by this case study (Eisenhardt and Graebner, 2007). We intended to use an explorative approach to see if we could identify new patterns or relations in how constituents perceive strategic responses based on their point-of-view (Hair et al., 2007).

Since prior research on this phenomenon is modest we decided to take a qualitative approach. A qualitative approach is useful when the aim is to discover, gain insights and construct explanations (Ghauri and Gronhaug, 2005). Given that we want to gain insights into how constituents perceive an organization's strategic responses and explain the role the point-of-view plays in this setting, the qualitative approach served us well. Moreover, in the first three phases we were in need of rich data, which we were able to get by using a qualitative approach, as it is more flexible and exploratory. Since we went through many different steps and phases of analysis, separately for the focal organization and the constituent groups, the qualitative approach let us use different ways to collect information. Thus, we were able to gather data in less structured ways (in-depth interviews) as well as more structured ones (standardized survey).

In addition, research is often deductive or inductive, where deductive refers to the usage of theory as a base that leads to observations and findings, while inductive is used for the reverse (Bryman and Bell, 2007). There is a third option, namely abductive, which uses an interchangeable process (Jacobsen, 2002). Our design is built around iterative phases where we collect information, analyze it, find more information and analyze again. The reason for this was that we first wanted to identify the strategic responses formed by the focal organization. Only when we knew the specific responses, could we move on to ask constituents about these responses. Thus, a part of analysis had to be done to move on to the next data-gathering phase to assess how constituents saw responses. Such iterative phases fit best with an abductive design. It gave us more flexibility in going through the steps, so we could tailor the design after our findings along the way. Figure 2 illustrates such an iterative design. It means that every step can be revised, modified and built upon, which grants the desired flexibility.

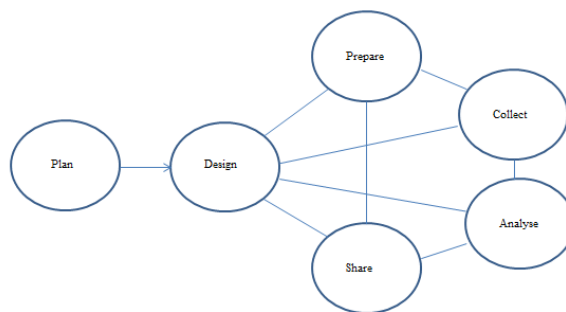


Figure 2- An Iterative Design

3.3 Phase 1: Selecting Focal Organization

In phase one we identified a case that fulfilled the necessary criteria. The case had to be in a context where the focal organization has a set of different constituents who exert pressures and where legitimacy is of vital importance.

We saw the public sector as suitable, since public owned organizations are also adhering to multiple pressures, while profitability is not simply enough as the primary stakeholders are the public, raising the importance of social considerations. In addition, the public sector in

Hungary has undergone major structural changes in the utility sector, especially water supply providers. Water supply providers in Hungary are often controlled by Municipality owned Holdings. This is a very interesting setting for our case study, since the regulatory changes and presence of different owner groups mean that there are several different sources of pressures on the providers. We found one such subsidiary under a Municipality owned Holding group in the city of Miskolc, Hungary.

In order to find out if this specific case met all of our criteria, we decided to do a pre-study where we would interview the water supply provider and its constituents. Yin (2009) proposes a careful investigation beforehand to ensure that the outcome is the one expected and risks are minimized. A pre-study is also necessary if specific knowledge is needed (Patel & Davidson, 2011). We wanted to make sure that the water supply provider experienced pressures from surrounding constituents and that the constituents were connected to the water supply provider, thus a pre-study was useful. Consequently, twelve in-depth interviews were conducted during three days in mid-March (see Table 2).

On the first day the interviews took place at a local conference where the constituents and the water supply provider were present. This granted us the opportunity to gain a wide overlook of the parties from many different standpoints and identify the different groups. During the preceding days we continued to conduct more interviews with people from other constituent groups. The pre-study lasted on average seventy minutes per interview, and we were able to inquire about general information such as the market situation, current changes and challenges. We were also able to cover the structure of the different constituents, strategic goals and performance.

Group	Represented Party	Interview date	Interview length
Focal Organization	MiVíz	2014-03-13	60 min
Municipality	Municipality	2014-03-13 2014-03-17	70 min
Monitoring Committee	Chairman	2014-03-13	90 min
Holding	Holding Board	2014-03-13 2014-03-14	90 min
Sister Subsidiaries	Mivikő and MiHő	2014-03-13	45 min
Auditors	Auditor	2014-03-14	70 min

Table 2 - Pre-study Interviews

During the interview we learnt about the public actors in Miskolc. The Municipality is managed by the Mayor and Public Assembly who holds and executes ownership rights over the Holding Group. Hence, the Municipality have power over the Holding as they hold the ownership rights. The Holding along with its Board of Directors supervises the operational activities of the Holding Group and its Subsidiaries, with the owner interest in mind. The

Monitoring Committee (MC) is a supervisory body that is responsible for ensuring compliance from the Holding towards the Municipality, by overseeing the lawful execution and responsibility of the Holdings asset management. Moreover, the Holding's financials are overseen by Auditors, who are the primary and first hand independent observers and monitoring agents of the Holding Group. They play a vital part in the supervision of the financial processes and they approve and provide assurance for the reliance of the accounting books. The Holding operates seven different subsidiaries, where MiHő and Mivikő are two Sister Subsidiaries (SS) who also operate in the utility sector. These SS collaborate with the water-supplying provider, MiVíz, when it comes to purchasing. They also have overlapping business units, which means that they are connected by several operational aspects to MiVíz. Finally, the Public represents the citizens of Miskolc.

We learnt about the situation and extreme pressure that the utility sector is under, due to structural changes. All of this started in 2011 after the government announced the aim of restructuring the public energy-providing sector. In accordance, several laws have been issued as an attempt to limit price-creating mechanisms and restructure the industry. Following the restructuring, forty-eight water-providers remained functional from the previously operating 400 (MiVíz Subsidiary Manager, 2014-03-13). The changes resulted in a chain of pressures that primarily affected MiHő and MiVíz (Holding Board, 2014-03-14). MiHő is the Holding subsidiary responsible for public heating supply, while MiVíz is responsible for public water supply. One of the more significant changes was that the price setting right of the Municipality was taken away and given to the state (Mayor, 2014-03-13). This resulted in decreasing revenues for MiVíz. The Holding has been traditionally financed in a cash-pull system, meaning that excess liquidity generated subsidiaries, primarily from MiVíz, could be redistributed amongst the loss-generating organizations (Holding Law Cabinet, 2014-03-14). With the current changes, the state not only brought cross financing under stricter scrutiny, but ceased the further possibility of having a cash-pull system as well.

As a result of the above-mentioned changes, MiVíz faces many different forms of pressure from different actors. These pressures include the changes in price regulation, public and state scrutiny, the ownership of assets, reinvestment and sustainability opportunities, the funding system, activity outsourcing and company structure or leadership reorganization. Based on this information we supposed that sufficient amount of reactions should have been made by MiVíz to manage these pressures. Moreover, alongside the potential presence of responses, six different constituent groups were identified and contacted during the pre-study interviews. The identified constituent groups that are exerting pressure on MiVíz are: the Municipality, Holding, the MC, the SS, the Auditors and the Public¹. Overall, as a result of the pre-study we concluded that the presence of a changing organizational environment and many constituents made MiVíz a suitable candidate for this study; hence it served as our focal organization.

¹Due to problems with acquiring the necessary answers from The Public as constituent groups, they were later excluded from further research.

3.4 Phase 2: Collect Data on Focal Organization

After we had selected the focal organization we had to decide when to start the data collection and identify strategic responses, thus we proceeded into phase two. Phase two included only the focal organization, MiVíz. During this phase we decided which kind of data to collect, how to collect it and from where we needed to get it.

As noted earlier we needed rich and insightful data that would help us identify strategic responses, both outspoken ones and non-outspoken ones. Eisenhardt and Graebner (2007) recommend interviews, while Yin (2009) agrees for this but goes one step further and recommends in-depth interviews. Such interviews allow the researcher to get a deeper understanding of the context and the interviewees' opinion. We therefore used semi-structured in-depth interviews that allowed us to gather a deep understanding and cover many different aspects. Semi-structured interviews are more open in character than structured interviews, where all questions are already defined. During a semi-structured interview it is allowed for the researchers to come up with new ideas during the interview as a result of the respondent's answer (Ghauri and Gronhaug, 2005). Since we wanted to understand both outspoken and non-outspoken responses we needed to have a less structured interview template. The interview template that we used covered themes around pressures, which MiVíz was facing (see Appendix 5). During the interviews we asked about how they managed the market regulations and how their collaborations with identified constituent groups were. Even though the market regulations remained to be the most significant pressure the different constituents had different opinions on how they wanted MiVíz to respond. We led MiVíz employees into a discussion where they clearly elaborated on the different expectations. To clarify and compare statements from interviews we also chose to ask for documentation and reports. According to Patton (1990) it is common in qualitative studies to rely on both interviews and document analysis. Different sources of data is also recommended by Ghauri and Gronhaug (2005) who argue that they improve accuracy of judgment and provide a holistic context, which is necessary in a case study to increase reliability and validity (Ghauri and Gronhaug, 2005).

Nevertheless, the qualitative in-depth interviews stand for the main source of data and were conducted between March and April. In order to limit the potential bias in the interview data we selected participants as Eisenhardt and Graebner (2007) recommend, by asking knowledgeable people within the subsidiary whom to interview. This way we got the internal perspective rather than just selecting people randomly and risking biasness. The only thing we insisted on was to interview people from different levels in the hierarchy to get richer data. In total we interviewed ten different people from seven different departments. On average the interviews lasted ninety minutes.

Most of the interviews took place at MiVíz' HQ. We also aimed to have different settings throughout our interviews with recurring employees to enrich our insights with complementary information. The settings included the company HQ during working hours, conference centers during industry gatherings and restaurants during lunchtime. We recorded all interviews with our cell phones, which we later transcribed into written form.

Complimentary notes were also gathered during the interviews. The interviews were most of the times conducted in Hungarian while the transcriptions were translated into English.

In between the different rounds we also used the time for gathering written documentation to support the interview data. When necessary we also asked interviewees to clarify certain statements, by follow-up over email. The internal documents we received were minutes, conference papers, email correspondence, propositions and action plans. Furthermore, we also gathered annual reports and other types of external documents (for full list of documentation see Appendix 4).

3.5 Phase 3: Data interpretation and response identification

After gathering all the necessary data, we proceeded to phase three, during which the findings were analyzed and actions categorized according to Oliver's (1991) typology.

As most interviews and documents were in Hungarian, we first had to transcribe the data. This was done in two different ways based on the type of data. Recorded interviews were translated word-to-word and transcribed into written form during the same day, as Ghauri and Gronhaug (2005) suggest. On the other hand, due to the length of the written documents, they were first filtered for relevant information and later translated into English. After all the translations were completed we could proceed with the analysis.

After processing the data, we were interested in identifying MiVíz's strategic responses. In order to identify the end responses we were looking for, we constructed a method to evaluate the complex set of data we retrieved. Based on the gathered data, we tried to understand how the organization reacted to different events. We first identified twelve events that triggered reactions. Under such events we mean a certain phenomenon in the environment that initiated a reaction within the focal organization that mobilized organizational resources. After this the reactions were matched with the corresponding event(s). In total, twenty-six reactions were identified and connected to the suitable event. Some reactions were outspoken and clearly identifiable, while others were less concrete. The less concrete reactions were often those that were continuous or happened at several occasions, hence not directly linked to a specific event, rather reactions that were helping them deal with the problematic situation. After these steps had been finalized we had to decide how to clearly distinguish the responses from the reactions. Since it is very hard to identify what a response really is, we constructed a definition.

As in every study, categorization is problematic and our study is not an exception. We therefore constructed a method that worked for us in defining responses. We decided to treat the following reactions as responses only if they fulfilled all of the following four characteristics: (1) the reaction has a clear starting point that is initiated by an outside force, and this is set after the 31st of December 2011 (Date of Issuance of the Law on "*Public Water Supply*") as this law initiated the changes on which responses were made (2) the reaction is visible to constituents so that they can interpret it (3) the reaction is not complementary to other ones, to ensure that they are separable (4) and the reaction has been finalized or has

progressed into a state where significant effects can be felt so that analysis can be executed on it. As the interviews were centered on the changes arising from industry reforms condition (1) was automatically met. However, some of the reactions failed to meet the remaining conditions. Consequently, in case the reactions were complementary to each other we decided to merge them, while in case the reactions were not visible or were not in a progressed state we dropped them. Finally, after all the conditions were applied to the twenty-six reactions, twenty-two responses remained. Nevertheless, it is important to note that the definition of responses is a complicated task and more than one suitable definitions could be constructed.

Due to time limitation we faced in conducting our study and managing complexity of the analysis we decided to choose ten responses for further examination. We could not ask the constituent groups to evaluate all twenty-two responses, thus we clustered them according to their similarity. This left us with nine different clusters: responses related to a group, warning, lobbying, individual development, networking, breaching, reintegration, contact with public and lastly a group with vague responses (see Appendix 6). For the purpose of our study it makes sense to look at different types of responses rather than similar ones, thus we made sure all clusters were represented.

Furthermore we extended the categorization by further labeling the clusters based on the original scale defined by Oliver (1991). Three categories were created – passive-adherence, active-resistance, unrecognizable – that were adapted to the clustering. The distribution showed that four of the clusters would fit as passive, three of the clusters would fit as active and two would be unrecognizable. Due to the exploratory nature of the study we found it important to represent all categories in further analysis. Nevertheless, we do realize that by selecting a few responses we are allowing the data to be biased. We still think that this is the best solution, as we cannot conduct a study with all of the twenty-two responses and we argue that we will get richer data by choosing more diverse responses rather than similar ones (see Appendix 6, process illustration by Figure 3). After assessing their similarity we were able to reduce the number of responses to ten.

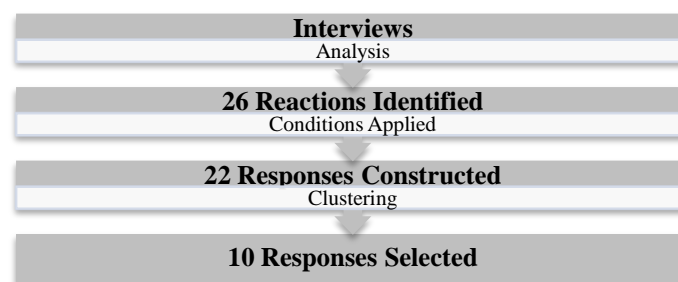


Figure 3 - Process of Response Selection

We wanted to understand how constituents perceive strategic responses that MiVíz form but also wanted to see how these are in relation to MiVíz and not only compare amongst constituents. Therefore we needed a standardized measure to compare perceptions. For this we used Oliver's (1991) typology that is outlined in chapter two. This typology fits well since it talks about responses to pressures on both a strategy and a tactic level. Although, it is worth

mentioning that categorizations are always related to a risk of biasness and inherent difficulty. As Oliver (1991) only gave a limited explanation for the different strategies and a few researchers have attempted to extend or elaborate on the typology, it was at times difficult to interpret our findings. To increase the quality of this study and reduce risk of biasness we chose to conduct all categorizations independently. Once we had categorized all the responses we moved on to display our answers to the other research partner. In cases where we disagreed we discussed and brought up different pieces of evidence that could lead us into the correct categorization.

3.6 Phase 4: Construct and Send Out Survey to Constituent Groups

After we had analyzed and identified pressures and responses we were ready to proceed to phase four. We aimed to gather data on constituents' perceptions of the identified responses. In order to do so, we decided on a solution where we could approach constituent groups in the same manner, asking the same questions, not risking internal validity by biasing them. We therefore decided that the best way to approach constituents was with a standardized survey (Kelley, Clark, Brown and Sitzia, 2003). Due to the time limitation a survey was the most suitable option, as it can be distributed over distance and sent in parallel to each other.

As a first step we needed to construct the survey. It needed to be constructed in a way that in the end it made us able to categorize answers according to Oliver's (1991) typology. We built the survey from scratch by using the ten different responses, which we had identified in phase three. For each response we had to design a set of questions. The questions that we included were key to our categorization; hence we spent a lot of time on constructing these. Nevertheless, we faced limitations, since too many questions can reduce number of submissions. We believed that five questions per response, a total of fifty questions, were the maximum that people would be willing to answer. It was therefore a trade-off when considering which questions to ask and the formulation of the questions became vital. We decided early to ask open-ended question to ensure that the response could not be yes or no.

To make sure that the survey worked as planned we conducted a small pre-study by sending it out to two persons, one from the Holding and one from Mivikő (SS). After getting their answers we saw that no modifications to the survey were necessary. The information we derived through the pre-study were enough to categorize according to Oliver's (1991) typology. In order to accommodate our constituent groups we translated the survey into Hungarian (see Appendix 9). The Hungarian version of the survey was sent to the previously interviewed people from each constituent group. We also asked them to distribute the survey further through e-mail within the constituent group. This we asked, since we wanted to reduce the biasness and get diverse answers. In total twenty-five surveys were sent out over email.

3.7 Phase 5: Analyze Findings and Compare with Focal Organization

After sending out the surveys we proceeded to the fifth phase where we had to analyze and compare findings. We were able to collect twenty surveys through our contact persons. The fact that we did not receive responses from all of the planned respondents compromises our internal validity. The risk with using a survey is that it is hard to control for the number of

submissions, due to their voluntary basis. Other than sending reminders urging the respondents to submit their answers, this type of risk cannot be handled.

We applied the same process as for phase three, where we analyzed and categorized each of the answers according to Oliver's (1991) typology for all the responses separately. Once this had been done, we discussed together and agreed on how the respondent's answers could be categorized. After the categorization we continued by comparing the findings within the constituent group to see if they were agreeing or disagreeing. In the case where internal differences were found we decided to go with the response that most of the respondents had agreed on within the group. If all of them differed or if there was a tie, we concluded that it was impossible to identify a group perception.

We continued by identifying trends amongst the constituents to see which responses were most controversial. After this we analyzed them from a holistic perspective by comparing the focal organization's perception with the constituent groups. The focal point-of-view was observed with the previously identified trends in mind. We proceeded by introducing perceived positivity and negativity into the response evaluations to see whether previously identified trends could be altered or if new ones emerge. Before drawing the end conclusions, we revisited the uncategorized responses to see how well they fit or contradict the newly identified trends. Lastly, based on the overall findings, we problematized on previous research and compared the results in order to clarify our contributions.

3.8 Quality of Method Used

The quality of how the five phases were executed determines the validity and reliability of this study. We therefore want to end methodology with discussing the quality of the method through reliability and validity (both internal and external).

3.8.1 Reliability

Reliability is used to determine how well the study can be replicated with the same results (LeCompte and Goetz, 1982), hence it assesses if the evidence is independent of the person using it (Ryan et al., 2002). This study is of qualitative nature and a case study means that there are many contextual aspects to consider that might differ from case to case, reducing reliability. We aimed to improve reliability by explaining our theoretical framework, the methodology and the way we analyzed our results, so that further similar studies in different contexts are possible to extend our results.

3.8.2 External Validity

External validity measures the degree of generalizability that the study provides (Bryman and Bell, 2007). External validity refers to how generalizable the results of the study are to the general population. Given that we use a case study approach, generalizability is suffering and can be described as low, since we cannot prove that our findings are transferable to other context. However, we have tried to increase generalizability by choosing multiple constituent groups, instead of using only one. We also have to bear in mind that our aim was to expand the current theory and not to generalize.

3.8.3 Internal Validity

Internal validity measures the extent to which the study portrays the reality (Miles and Huberman, 1994). Based on the methodology and research context this study should have a high internal validity due to many sources of data (interviews, documentation and surveys) from different areas. Nevertheless, we acknowledge that there are four aspects that might reduce the internal validity.

The first aspect relates to the biasness and objectivity. It is hard to achieve complete objectivity when using a qualitative stance due to unconscious influences by social and cultural backgrounds (Flick, 2011). Therefore we could have categorized responses or analyzed the constituents' views incorrectly. This problem was primarily present in data gathering and categorizing phases. We tried to remedy these challenges by conducting as many interviews as possible in pairs and in English, as well as designing a categorization method that overcomes this problem. Since one of the authors is Hungarian we could overcome the language barrier. We recorded every interview and double-checked the accuracy of the statements. For the analysis we always did it first individually and swapped thereafter so that we could compare if we both had the same understanding.

The second aspect relates to our dependency on the data. As we could not interview everyone a limitation will always remain in the data gathered. By interviewing people at different positions, in different settings and collecting documentation, we were able to reduce this type of risk.

The third aspect that could limit internal validity is the fact that interviewees may not grasp the concepts presented or the questions asked in the intended way. Therefore, we tried to clarify the questions that we asked as much as we could, without revealing the theoretical background. We also made sure to express the questions in a similar manner to every interviewee.

The forth aspect was that we conducted our study at one specific point in time. A longer time period or different points in time could have revealed different perspectives. This is applicable to both interviews and surveys. Changes are often perceived as radical at the beginning but as time goes on people get more accustomed to it. If we were to use this analogy it could have influenced how people talk about different actions taken or how constituents perceive different aspects.

In the following chapters we will present the empirical findings and corresponding analyses according to the different phases we have presented. As phase one concerns the selection of the study's subject, which we already presented, chapter four continues from phase two. Please note that due to confidentiality reasons the real name of the interviewees and survey respondents is not displayed throughout the following chapters (see Appendix 3 and 7).

4. Empirics Part I – The Focal Organization

This section will focus on the focal organization, MiVíz, which is the water-supplying subsidiary. We will display the strategic responses that we found in the header of each paragraph and underline it in the text to highlight the findings.

MiVíz' aim is to keep the ability of renewal and development, while remaining effective and efficient and providing a high level in supplying water. The Subsidiary is led by Lajos Üszögh, who has been in place since 2011 September. Our research at MiVíz identified changes that started with the restructuring of the utility market, but more specifically the issuance of the law on “*Public Water Supply*” on the 31st of December 2011 (see Appendix 2). The law significantly changed operations for public water supply providers and introduced new requirements that MiVíz had to adhere to. The biggest impact was due to the ownership transfers as the law states that all water supply providers have to be owned either by the state or the local Municipality. The first governmental decree that specified how the changes should be executed was issued on the 27th of February 2013. As MiVíz operates within the frames of a Holding structure (see Appendix 1), the number of expectations was already multiplied. As we had anticipated, the changes resulted in many different pressures that consequently led to different responses (Subsidiary Manager, 2014-04-22).

4.1 Responses of the Focal Organization

4.1.1 Written Warning

One of the early responses that we identified was the immediate written warning from MiVíz to the Holding. After a thorough scrutiny of the imposed legislation and its consequences MiVíz identified a new prescription that their current processes did not fulfil. At the time neither MiVíz nor the Holding fulfilled the prescription, which meant that they risked being sanctioned, which was reinforced by the internal law department that stated: “*If we would not have done this they WOULD have fined us!*” (Law Department, 2014-04-22). Since MiVíz and the Holding are tightly interconnected MiVíz had to contact the Holding for approval to change on-going processes. Consequently, the legal advisor of MiVíz sent a formal written warning (Documentation 1, 2014-04-23).

- “*We often signal what changes the new legislation has created and which issues need more attention. Whenever the situation requires, we send a written warning.*” (Law Department, 2014-04-22)

- “***Do these documents only inform the other party about the existence of a problem or do they demand actions?***” (Interviewer)

- “*They only inform, especially in the case of the Municipality, unfortunately relating to other parties as well.*” (Law Department, 2014-04-22)

The issue was addressed after MiVíz received an answer from the Holding (Documentation 1, 2014-04-23). When asked about how the answer corresponded to the interest of MiVíz in satisfying all pressures, another employee commented the following: “*We operate based on*

orders. If we get an order we must execute it, it is not our competence to deal with its nature in any of the cases.” (Service Division, 2014-04-22).

4.1.2 Action Plan

The governmental decree, its modifications and the newly extended rights of MEKH put excess pressure on MiVíz. In order to keep track of all the changes the legal advisor of MiVíz created an action plan for all the employees (Documentation 2, 2014-04-23). In several of our interviews with MiVíz employees, they referred to the plan as of “*great help*” and a “*vital tool for organizing their work*” (Finance Department, 2014-04-22), while another highlighted that this is “*a usual procedure in such cases*” (Service Division, 2014-04-22)

4.1.3 Joint Work Group

One of the actions that we found in the action plan was the asset valuation and categorization, prescribed by the state. Due to the ownership transfers to the Municipality, MiVíz assets had to be listed and categorized. The law precisely stated three different categories for the assets, which had to be decided upon by the involved parties. The categorization and evaluation was due by the 31st of December 2013. In order to manage the workload and match the interests of all parties, a joint work group, that included four people from MiVíz and four people from the Municipality, was set up (Documentation 4, 2014-04-23). The people involved in the group were recruited from MiVíz’ financial and mechanical department and the asset management department at the Municipality. Throughout the process, the work group was continuously informing and negotiating with the three affected parties: The Municipality, The Holding and MiVíz. Since this had large effects on the balance sheets of the parties the negotiations were though, yet diplomatic (Documentation 3, 2014-04-23). Furthermore, both MiVíz and the Municipality reached consensus on the importance of expert insight, thus their suggestions were not questioned (Documentation 4, 2014-04-23). Several of the interviewees had been part of this working group and described the cooperation in the following way: “*I think it was a correct cooperation all the way. It was obvious that we have a mutual aim and when we have a mutual aim it is easier to cooperate. I saw it from both parties that they wanted to execute tasks as smooth, efficient and effective as possible.*” (Finance Department, 2014-04-22) and “*The Holding and the Municipality was following the progress with full oversight. We had to run-down and report about everything. They mainly participated in the asset transfer though. Cooperation was very smooth. If there was a problem, a lawyer was asked to consult with other water supplying provider. They supported the work with maximum effort.*” (Service Division, 2014-04-22).

After the categorizations finished, the group designed the technical details of the asset transfer. When all details were set the work group handed in a contract draft for the Holding Board and after their approval to the Municipal Public Assembly (Documentation 4, 2014-04-23). The final contract stated the type of assets to be transferred without additional tax burden, though with sever equity fall for MiVíz, keeping the operation of the assets by an asset management agreement. In retrospect the working group was assessed as a very good solution as was stated during one of the interviews “*A fruitful construction was created. This serves not only the interest of MiVíz but of the Municipality as well. I think this was the most optimal operating solution that we could have chosen.*” (Service Division, 2014-04-23).

4.1.4 Postponing Asset Audit

The conditions for asset valuation and categorization contained an additional duty to be executed until the 31st of December 2015. This additional obligation prescribed a second mandatory evaluation of the assets by an independent party. MiVíz estimated the cost of this to be around EUR 590,000. The cost of this revision and the long deadline resulted in a decision to postpone the asset audit. By postponing this procedure they were hoping for state funds to become accessible, which they could apply for. Additionally, they feared problems of meeting some of the requirements, which was stated during the interviews: *“Actually valuation did not take place before. It would even not have made sense as it should be finished by the 31st of December 2015, and in 2013 we could not have met the prescription of the law, as those were introduced only in May 2013.”* (Service Division, 2014-04-23). However, MiVíz revisited this issue: *“Although, there are no funds to apply for at the moment, I am scared to wait much longer. The process must be initiated in early 2014, as this process is so long and the bidding has to be executed on time to choose a subcontractor”* (Service Division, 2014-04-23). Consequently, in the beginning of 2014, MiVíz initiated processes to bring in a subcontractor.

4.1.5 Policy Mitigation

Another change that MiVíz had to go through was the revision of their internal regulations for general and public procurement. Following the reorganizations that took place at the Holding in 2011, several operations were modified within the Holding group. Certain services and internal regulations had been centralized to utilize synergies and strengthen the cohesion of the members, while promoting transparency as well (Documentation 6 and 7, 2012-04-23). As a part of this maneuver, internal regulations for procurement have been centrally defined. The initial round of interviews revealed that the process of centralization was not well accepted in the beginning. Especially subsidiary managers felt that their *“little kingdoms”* have been threatened. Consequently, when MiVíz informed the Holding Board about the required changes, the Holding was not keen on granting special exception to MiVíz. Nevertheless, guidelines for the execution of the revision were included in the governmental decree and MEKH also provided its own suggestions. This led to long negotiations according to one of the interviewees *“Here we had a long pre-negotiation with the Holding. The Holding itself has its own procurement policy while the MEKH issued suggestions.”* (Law Department, 2014-04-22)

After several rounds of negotiations between MiVíz’ law department, the subsidiary manager, the Holding CEO and the procurement organizations, a joint decision was formed to pursue the centralized regulations. At the end MEKH was successfully convinced to accept the centralized procurement regulations prescribed by the Holding. However, contrary to the request of MEKH, MiVíz decided to send the general procurement and the public procurement policy mitigation guidelines separately but at the same time (Documentation 6, 2014-04-23). Even though this was followed by an approval from MEKH for the general procurement policy regulations, no reference was made to the public procurement policies. Until now no additional request had been required and MiVíz assumes that this meant the approval of both policies. When asked about this, interviewees tried to validate their

behavior by explaining that: *“They asked for two policies, business and procurement. Both have been approved.”* (Law Department, 2014-04-22) and they now believe that *“...at least according to the lawyers at the company, that the public procurement policy has been approved as well. That is our standpoint. (...) Whether this /public procurement policy/ has been forgotten or simply missed we do not know, but we take it as approved!”* Thus, the organization considers the conditions as properly met and adhered with (Service Division, 2014-04-23).

4.1.6 Investment and Maintenance Reductions

While most of the new prescriptions touched upon technical issues, functionality had been affected harshly as well. Following the redistribution of price setting rights, first strict limitations were introduced for fees charged for services delivered. This meant immediate upper caps established towards customers, while energy costs for the company increased. In the meantime, a cost reporting system was set up, requiring all organizations to provide extensive data towards MEKH. The purpose of this step was explicitly stated; *“the state plans to introduce one single unified price level nationwide”* (Finance Department, 2014-04-22). Thus, in order to make the future price as reasonable as possible, they needed to acquire more data. Additionally, to make the data more transferable they requested an accounting separation by operating branches. Later during 2013 overhead cuts were initiated, having utility prices severely cut in several rounds further increasing the financial burden of MiVíz. As a result of the changes the drinking water and other branches became loss generating. Even though wastewater management remained to be highly successful, cross financing has been banned by the new law, thus internal profit redistribution is not an option. The Holding exerted further financial performance pressures, as MiVíz traditionally had been used as a buffer in their cash-pull system amongst the subsidiaries. As a consequence of the pressure to keep liquidity MiVíz had to reduce maintenance costs and investments, which was also explained by one of the interviewees: *“Keeping liquidity, demands sacrifices from the company. Primarily maintenance costs were reduced but the bigger loss was the cut backs in reconstruction and renovation that were necessary to keep liquidity on company and Holding level as well.”* (Finance Department, 2014-04-22). MiVíz was aware that these reductions would influence their quality level on a long-term perspective and they saw it as a risky move, yet one that had to be done: *“In order to remain alive the only thing we could do was to cut back maintenance and development costs. This is indeed a risk factor.”* (Finance Department, 2014-04-22).

4.1.7 Invoice ad

Following the overhead cut announcement, a new decree was issued regulating changes in the invoice design. The decree defined in detail what the new invoice should look like by regulating font type, size, color and text content. This regulation was prescribed for the entire energy sector, not only water. Consequently, MiHő, the Holding's other subsidiary responsible for heating supply were also required to inform the public on the changes. Using the synergies of the Holding, an informative advertisement was published in the city's weekly newspaper, MiNap. After seeing the successful action, MiVíz decided to do the same and asked for approval from the Holding: *“We were thinking that as soon as the invoice format is*

finalized we issue an advertisement in MiNap, with a little explanation, exactly how MiHő did. We consulted with the group leader and it has been approved. However the process probably has not been finalized yet, as we have not been told to proceed with execution.” (Marketing Department, 2014-04-23). As soon as MiVíz gets approval to proceed to execution they will send in the invoice ad to the newspaper. The execution is scheduled to take place in the near future.

4.1.8 Network

The restructuring and price regulations enforced by the state have imposed sudden pressures not felt before and demanded certain continuous responses from MiVíz' side. In order to cope with the pressures and to have a better overlook on the ongoing processes, the SM of the water supplying company took action early. To meet the exposed demands and to acquire better insights he decided to extend his network and leverage it. As he explained it to us during one of our lunch meetings he considered deep personal relationships vital, as „*politics are everywhere*” and „*reciprocity is always to be kept in mind*”. After the first law was issued, he contacted other parties in his network who were affected by the changes. He approached other subsidiary managers who are leading water-supplying providers. In addition, leveraging his former role as a politician, he reached out to parliament members and municipality politicians with the intention to learn vital information beforehand, achieve increased negotiation power and smooth interest collisions (Subsidiary Manager, 2014-04-23).

4.1.9 Lobby

Another continuous response from 2011 and onwards was cooperation with a lobbying institute, executed together with one of the largest advocacy groups in Hungary, MaVíz. MaVíz is in contact with most of the water supply operators and collects information on a national scale. MiVíz saw that most of their competitors provided information to MaVíz and decided to do the same. It was seen as a standard and an expected task. MaVíz collected MiVíz' feedback and opinion on the changes in the decrees, however MiVíz did not notice any real benefits from it and they said that they had no hope that it would make a difference. One of the interviewees said “*MaVíz made a law proposition for parliamentary representatives to bring it into the parliament. Whether this will happen or succeed that we do not know.*” (Subsidiary Manager, 2014-04-22). Most of the interviewees were skeptical and doubtful whether the lobbying activities helped serve their cause.

4.1.10 Collaboration

The only way in which MiVíz acknowledged that they had benefitted from MaVíz was that it allowed for them to meet with other similar market operators. Even though they were competitors they all faced similar challenges. Coming together they received information and shared it among themselves. Occasionally MiVíz and other operators could agree and form united opinions. These collaborative meetings serve both as information gatherings but also as learning opportunities. As a result of this process they decided to form strategic collaborations to have higher negotiating power against subcontractors. This was important since they faced decreasing revenues. It was also a way for them to form new alliances with other providers so that they could influence their subcontractors to reduce the costs. (Subsidiary Manager, 2014-04-23).

5. Analysis Part I – Response Interpretation of the Focal Organization

The responses identified above are collected and categorized according to the framework developed by Oliver (1991) and data gathered from interviews and documentation. During this phase the responses are categorized (see Table 3) from MiVíz' perspective according to the description in methodology. A thorough explanation of each categorization is provided below.

MiVíz Response Categorization – Phase 1	
<i>Response</i>	<i>Categorization</i>
<i>(1) Written Warning</i>	<i>Compromise – Balance</i>
<i>(2) Action Plan</i>	<i>Acquiesce – Habit</i>
<i>(3) Joint Work Group</i>	<i>Compromise – Bargain</i>
<i>(4) Postpone Asset Audit</i>	<i>Compromise – Pacify</i>
<i>(5) Separate Procurement Policy Mitigation Submission</i>	<i>Compromise – Pacify</i>
<i>(6) Maintenance and Investment Reductions</i>	<i>Acquiesce – Comply</i>
<i>(7) Invoice Ad</i>	<i>Acquiesce – Imitate</i>
<i>(8) Network Extension</i>	<i>Manipulate – Co-opt</i>
<i>(9) Cooperation With Lobbying Institutes</i>	<i>Acquiesce – Imitate</i>
<i>(10) Collaboration</i>	<i>Manipulate – Co-opt</i>

Table 3 – Response Categorization (MiVíz' point-of-view)

5.1 Written Warning Perceived as Compromise-Balance

The written warning follows a Compromise-Balance strategy-tactic (Oliver, 1991). Since the written warning was informative in tone we could immediately exclude Defy and Avoid as the willingness to inform constituents about the pressure signals a cooperative behavior. Furthermore as the intention was to inform the Holding about the necessary changes their aim was never to disobey or change the demand, thus we can also exclude Manipulation. Left with Acquiesce and Compromise we had to clearly define the elements that could differentiate this response from one of the categories. MiVíz was originally trying to fully comply with the given regulation. However as one of the employees noted the owner interest is always essential, as it determines whether regulatory intention is met or not. This clearly indicates a need to pair the two interests that requires more active participation from MiVíz than simply

Acquiesce. Therefore we concluded that the strategy used for this response was Compromise, as their aim was to manage to balance the different demands they faced. Since it had been regulated in law and overseen by MEKH, they could not resist in any ways on their account. The only way for them was to try to work with the Holding, hence the written warning. One can therefore say that MiVíz aimed to adhere to multiple institutional pressures and acted thereafter. The reason for excluding Pacifying is that MiVíz never exerted any level of explicit resistance, in the end they just acted as it was advised. Bargaining is also excluded, as they never negotiated openly with the Holding or MEKH.

5.2 Action Plan Perceived as Acquiesce–Habit

The legal action plan follows the Acquiesce–Habit strategy-tactic (Oliver, 1991). The fact that MiVíz instated an action plan for how they were going to deal with all of the new requirements showed no sign of resistance; therefore we can exclude Compromise, Avoidance, Defy and Manipulate. Within Acquiesce we categorized the tactic as Habit due to the fact that MiVíz employees mentioned it as a standard tool in such a situation. In addition, they never mentioned that the legal plan was adapted based on a similar observance; hence we excluded imitation. It could not have been Comply either, since the legal action was never anything that they had to do or adhered to; it was something that they initiated.

5.3 Work Group Perceived as Compromise-Bargain

The joint work-group follows the Compromise-Bargain strategy-tactic (Oliver, 1991). The work group was created with two objectives; to categorize and evaluate assets. It consisted of people both from the Holding and MiVíz, recruited from different departments. The formation of the group proves that it was a somewhat active choice from MiVíz' side, which means that we can exclude Acquiesce. MiVíz showed no sign of trying to change the pressures or go against what had been decided. They neither indicated any signs of avoiding the demanded changes, thus with this in mind we can also exclude Manipulation, Avoidance and Defiance. Therefore we categorized the work group formation as Compromise, which makes sense since the group's aim was to work closely with the referents to achieve the best solution. One could argue that the tactic used was Balance since the joint group had to find a suitable solution for all included parties: the Holding, the Municipality and MiVíz. However, we term this as more of a Bargaining tactic, as MiVíz not only observed the negotiation process but actively participated in it. This means that they not only took others' demands into consideration, but also presented their own insights. As all of the parties added their own contribution to the overall outcome, Pacify and Balance could be closed out.

5.4 Postponing Asset Audit Perceived as Compromise-Pacify

The decision to postpone the audit assessment follows a Compromise-Pacifying strategy-tactic (Oliver, 1991). This was viable as there was no imminent time pressure, since it had to be executed only by the end of 2015. Postponing the second asset valuation was a strategic choice from MiVíz' side for two reasons. They feared that they would not meet the requirements but most importantly they wanted to see if the state would issue support funds, as they did not have the capacity to finance this. The postponed execution and rejection to suffer further costs imply a resistance, thus Acquiesce can be ruled out. Nevertheless, the fact

that they revisited the issue when time started to run out signals that the resistance was of minimum level, hence we termed it as Compromise–Pacify.

5.5 Policy Mitigation Perceived as Compromise-Pacify

The separate procurement policy submission follows a Compromise-Pacifying strategy-tactic as well (Oliver, 1991). This response demonstrates some implicit resistance, since the organization tried to Balance the pressures from the Holding and MEKH. The fact that there is some kind of resistance rules out Acquiesce as a strategy. There is no indication that MiVíz tried to change pressures or actively defied the requirement since they submitted it, which means that we can cancel out Manipulation, Defiance and Avoidance. A more suitable strategy is Compromise, as they submitted the required documents. However, the tactic that MiVíz followed was Pacify, since they showed slight resistance by sending the two documents separately, despite the request of MEKH. MiVíz also accepted the lack of response from MEKH as acceptance, which signals that this move served their personal interest.

5.6 Maintenance and Investment Reductions Perceived as Acquiesce-Comply

Reducing maintenance and investment expenditures to improve the cash flow follows an Acquiesce-Comply strategy-tactic (Oliver, 1991). The response in itself shows no level of resistance. Instead it demonstrates full obedience with the pressure, even though it does not serve MiVíz' interest. It is a consciously and carefully assessed choice to reduce these expenses, which signals that the tactic cannot be Habit. During interviews it became clear that this was an action that they internally decided on to be able to meet the demands from the Holding. Moreover, no benchmarking of other operators took place, thus we can rule out Imitate and conclude that MiVíz applied a Comply tactic.

5.7 Invoice Ad Perceived as Acquiesce-Imitate

The planned advertising to inform the public about the changes in invoice design follows an Acquiesce-Imitate strategy-tactic according to Oliver (1991). The response shows no sign of resistance rather the marketing department wanted to find the best way to achieve their objective. MiVíz marketing department explained in the interviews that they got the idea from their SS, MiHő, who informed the public by advertising in the municipality newspaper. Since they explained that they got the idea from MiHő the tactic is evidently Imitate.

5.8 Network Perceived as Manipulation-Co-opt

The network extension follows a Manipulation-Co-opt strategy-tactic (Oliver, 1991). The SM expressed that his objective behind networking was to change the pressures and if possible exert some power in relation to constituents. He especially hoped to learn vital information early in time, initiate cooperation with external parties and achieve smooth interest collision. The explicit statement of this signals a Co-opt tactic, as the aim is to strengthen institutional linkages. Influence and Control can be closed out, as the degree of intervention from MiVíz is low.

5.9 Lobbying Perceived as Acquiesce-Imitate

MiVíz' cooperation with lobbying institutes follows an Acquiesce-Imitate strategy-tactic (Oliver, 1991). The reasoning behind categorizing MiVíz' response as Acquiesce refers to their passive stance. During interviews they expressed that they cooperated with MaVíz, as it is a standard in the industry and was expected of them. This can be seen as an act of reaching legitimacy, hence Acquiesce. In fact, they stated that their membership was acquired because most utility providers are members of MaVíz. All this represents a strategic choice that is based on others' actions, thus we categorized this as Imitate.

5.10 Collaboration Perceived as Manipulation-Co-opt

Following the same logic as above, collaborative responses would fall into the category of Manipulation-Co-opt (Oliver, 1991). As soon as MiVíz realized the opportunity to form collaborations in order to reduce incurred costs they brought in strategic considerations. An active attempt to change pressures by increasing their negotiation power is a form of Manipulation. By setting up collaborations institutional links were created to persuade others and in this setting they benefitted from gaining and comparing information. This corresponds to the definition of the Co-opt tactic.

Having assessed how the focal organization looks upon its own responses, we can now turn to the different constituent groups and how they answered our survey.

6. Empirics Part II – Constituents’ Perception on MiVíz’ Responses

This chapter will present how constituents perceived the responses. We will go group by group and mention their aggregated view on a group level. If the groups were divided internally and there was no majority view, we chose not to categorize their view.

6.1 The Municipality

The first constituent group we investigated was the Municipality. According to the law, the Mayor holds and executes ownership rights over the Holding Group by the authorization of the public assembly. Furthermore, the Municipality Office coordinates information exchange and negotiation processes jointly with the Holding and subsidiaries through the Asset Management department. The Mayor or Municipality cannot give direct orders, as the Municipality owned Holding handles all operative tasks by contractual agreement. Nevertheless, the contract explicitly states that the interest of the owner is the most important aspect to be taken into account. Thus, the Municipality as constituent is of vital significance. Furthermore, Law CCIX that was issued in 2011 (see Appendix 2), appointed the Municipality as the “responsible party for operation” in relation to MiVíz. This relation could be sensed very well in their survey answers.

The Municipality’s view on the responses were the following (Members 1-3, 2014-04-28 to 2014-04-29):

- The written warning was highly appreciated by the respondents. The response was termed as “*suitable*” and it was pointed out that MiVíz “*must signal problems towards the owner*”. Furthermore, it was highlighted that the owner expects such actions, as “*it is the company that possesses the up-to-date professional knowledge by which the owner can decide*”. This expectancy is reflected in internal regulations and norms, as highlighted by one of the respondents.
- Regarding the action plan, two different groups of opinions could be extracted from the respondents. A smaller part of the group elaborated very briefly on the response, only stating that it is either a “*good behavior*” or a “*suitable response*”. On the other hand, the majority highlighted that “*such step is very usual*” in these situations. Many of the respondents also problematized on the fact whether the action plan instructs other than MiVíz employees.
- The work group creation was seen as a “*necessary*” and “*good step*” by many, however a clear dilemma was also evident in the answers. Many were not able to define its uniqueness even though they clearly stated that it served the group’s interest and adhered to internal regulations.
- The postponement of asset audit was highly praised by the respondents. Almost all of them highlighted that it is highly appreciable that MiVíz made its decision based on several factors. One of them even stated that the step “*especially meets Municipality*

interest”, while still adhering to state regulations. Nevertheless, none of the respondents saw signs of non-adherence.

- Regarding the policy mitigation and their submissions, the majority of the respondents were neutral towards the response itself, yet they highlighted that *“Full adherence would have been better.”* One of the respondents was also very negative and termed the step as *“unacceptable”* and feared possible consequences.
- Not surprisingly, as the terms of the Law CCIX stated that the Municipality was the “responsible party for operation”. All of the respondents were uncomfortable with the investment reduction. Most highlighted that *“it is a highly unacceptable response”*, while some even questioned how MiVíz interpreted the new law: *“In my understanding cross-financing is forbidden only for other activities but not for this”*.
- The invoice ad was seen as a tool that *“serves municipality interest”* and *“helps to inform customers, improves service acceptance and also improves social and community reputation”*.
- Network extension was defined as *“very important to the owner and useful”*. The majority commented on its active usefulness in forming alliances or bonds with other parties. In fact, one of the respondents explicitly stated that *“information gathering not only serves owner interest but that it is also not against any state regulations”*.
- The respondents favored lobbying, yet not so much elaboration took place from them, besides viewing it as *“appropriate”* and something, which *“adheres to regulatory expectations”* in line with other parties’ interests.
- Collaboration was one of the responses where the respondents were not on the same line. Some of them thought that it was showing great resistance, whereas others thought it was a very common choice. There was no majority to be found among the respondents for this latter case, thus we could not classify it.

6.2 The Holding

The Holding is governed by a Holding Board who is in direct contact with Holding executives. Together the Holding Board and the Holding ensure that the most optimal and economically viable solutions are carried out precisely. The Holding controls seven subsidiaries that offer public services to the public in the Municipality. The Holding have a special status, as they must approve every decision with a value over 163.000 EUR, granting direct supervision over subsidiaries. More concretely, the Holding lay down the frames of cooperation, give emphasis on execution aspects, receive proposals from the subsidiaries and approve them. They continuously request run-downs over operating and execution plans, financial reports and investment projects. The subsidiaries possess freedom over operational matters; nevertheless the Holding are still monitoring all other issues. The Holding CEO is in direct consultation with the Subsidiary Managers and being in charge of making sure decisions are executed on subsidiary levels.

The Holding's view on the responses were the following (Members 4-7, 2014-04-27 to 2014-04-30):

- The written warning was termed as an *“expected and usual response”* that *“fully complied”* with internal norms and outside pressure according to the Holding.
- Similarly, most respondents referred to the action plan as “an efficient response”. They did not see any deviance regarding this response.
- The work group was mostly considered as *“a good approach”* where *“the Municipality and the Holding were both involved”*. Many of the respondents emphasized that multiple interest had to be taken into account for MiViz during the process.
- The postponement of asset audit as it has been expressed by Holding members *“served the interest of the group”* and *“took into account several aspects”*, similarly to the work group.
- The policy mitigation was of huge controversy in the Holding. Even the mildest opinion highlighted that *“the MEKH decision had to be clarified”*. Nevertheless, the majority felt the response was uncomfortable and challenging current norms, one of them stressing that *“MiViz showed resistance towards the Holding when adapting the group policy”*.
- Investment reduction was termed as *“logical and justified”* due to the law prescriptions, while *“reasonable and acceptable”* for the Holding on a short-term basis at least.
- Invoice ad, lobbying and collaboration was surprisingly similarly interpreted by the members as they *“serve public interest”*, at the same time the responses were considered to be *“good”* and *“adhering”* to the Holding's interest.
- Lastly, networking was positively interpreted by the members but emphasized active participation of MiViz. *“With good parties involved and professionals the cooperation can influence positively the change processes at the end”* and *“it builds on communication with external parties”*.

6.3 MC

The next constituent group is the MC, which consists of four members, being responsible for ensuring compliance from the Holding towards owner interest. They continuously oversee the lawful execution and responsible asset management of the Holding and the subsidiaries. In certain cases meetings are held together, but the main channel of communication between the parties takes written form. Furthermore, run-downs are requested every month over work plans in written and oral form.

The MC's view on the responses were the following (Members 8-10, 2014-04-29 to 2014-05-01):

- The MC were divided when it came to their opinion on the written warning. Some saw it as a typical and neutral response whereas others as a highly resistant response that ignored pressures and constituents.
- For the action plan the monitoring committee agreed to a larger extent that it was an *“expected and usual response”* that served the interest of the Holding but not in any unique way.
- The work group was deemed as a non-resisting strategy, *“logical and backed by professional considerations”* following the law. Furthermore they said that it was a suitable response that served the interest of the Holding and met their expectations.
- When asked about the postponement of the asset audit they said it was a reaction to various pressures from different constituents. This resulted in them deeming MiVíz' response as trying to find a middle way and adhering to all the constituents pressures. The MC in general considered it to be a “risky” move, yet they understood why MiVíz did it.
- On the policy mitigation the respondents had different opinions, and no majority vote was possible to be derived. For example, one of the MC members thought MiVíz was forced to do it, another that MiVíz was intentionally doing it, while the last member saw that they were trying to find a way that was best for them considering all the different pressures they had.
- Reduction of investments and maintenance was considered to be very similar to the postponement of the asset audit.
- The invoice ad was termed as a *“necessary but operative step”* that was *“good in matching expectations”*.
- They applied the same logic to networking, lobbying and collaboration. Some of the respondents considered the response as highly positive, some considered it to be a balance between pressures and some were more negative in opinion and stated that they believed MiVíz was doing it to foremost serve their own interests.

6.4 SS

Out of the seven different Holding owned subsidiaries MiHő and Mivikő are the ones that are facing similar types of pressures as MiVíz. MiHő is a heating service provider and Mivikő is a subcontractor to MiVíz that operates the wastewater services. Due to their similar positions they were affected directly as well as indirectly by the changes. They were chosen as the next constituent group to include complementary insights to the study.

The SS' view on the responses were the following (Members 11-16, 2014-04-28 to 2014-04-30):

- The written warning was termed by MiHő as *“evidently necessary in cases like this”*, while Mivikő emphasized that it *“corresponds to internal regulation”*.

- Regarding the action plan the respondents highlighted that it is “*necessary and usual in such cases*”.
- The work group was considered to result in “*active negotiations*” between the organizations and it served the interest of the constituents.
- MiHö stated that the postponement of asset audit happened “*in a situation where the party was unsure and where there were a lot of questions to take into account*”, while Mivikö only emphasized the lawful adherence, which meant that no majority was found.
- MiHö interpreted the policy mitigation as “*any attempt to use freedom given by the laws is of acceptance*”, while Mivikö’s interpretation was stronger: “*It is not a suitable response*”, again no majority was found.
- In the case of reduced maintenance both parties noted that MiVíz was probably not willingly executing the task, but doing it to serve the interests of the Holding.
- In the case of the invoice ad both parties strongly emphasized that it was “not a unique” response and MiHö mentioned that they had done it before
- Over networking and collaboration the members elaborated on their “*non-uniqueness*” and being “*a usual response*”. A sharp contrast can be noticed between some of the interpretations of the group members.
- Cooperation for lobbying again differed greatly in interpretation. MiHö noted it as a “*well-formed usual response*”, while Mivikö said that it is “*not enough*” still MiVíz “*willingly does it*”.

6.5 Auditors

The Auditors are independent parties that work to ensure that organizations are maintaining accurate and honest financial statements. In case something is not correct they inform the SMs so that they have a chance to correct the error. During run-downs they report to the Holding Board. The reason that we included Auditors as a separate constituent group was due to their heightened role arising from the public ownership where continuous (and not periodical) supervision is needed by law. In addition, as such parties are obliged to be neutral and follow solely the will of the law, they are the closest in representing state opinion. As a result they are the least biased towards MiVíz from the constituent groups.

In general there were not many response where the auditors differed internally. The Auditors’ responses to the survey were the following (Members 17-20, 2014-04-27 to 2014-05-02):

- The written warning seemed to be what the Auditors had expected, based on their responses. All of the Auditors emphasized that the change had to happen if it was stated in the law and that “*public interest is above all*”. The fact that MiVíz sent the warning and tried to make the Holding change means that they took action and did what was necessary. In their mind this response did not show any form of resistance. According to the Auditors the response was not unique.
- Regarding the action plan the Auditors did not have that much to say. In general all of them thought that it was a good solution to manage the situation and did not contradict

any rules or regulations. However all of them agreed that it was “*not a unique response*”, since it is commonly used.

- For the work group formation the Auditors are not such big supporters, as they see it as a possibility for MiVíz to influence the Holding and Municipality. However they say that the law must be adhered to, but this set up does not serve state’s interest. They also think that MiVíz was happy with this solution and used the opportunity to their advantage.
- In the case of the postponed asset audit the auditors say that “*Better later than never*”, acknowledging that at least they did comply even though they did it at a later stage. The major concern of the Auditor is that the law is met. Furthermore they say that they can understand why MiVíz would wait with initiating the audit, since they faced lack of funds, risked not fulfilling the requirements and had a lot of other things to prioritize.
- When asked about the policy mitigation the auditors explained that this was a response, which they deemed to be resistant in nature and not correct. In their opinion MiVíz seemed to be rejecting the expectations and ignoring the possibility of contacting MEKH to follow up.
- Reductions in investments and maintenance is something which the Auditors did not really support as it endangers quality. Yet they wrote that they partially understood the reasons behind it, since MiVíz “*had no choice*” and were under pressure from the Holding to show better results. However, they mention that this is only a short-term solution, since the quality will get compromised in the long-term. This was one of the responses where a small internal disagreement could be observed, as some Auditors considered it “*too risky*” and others as “*acceptable*”. Nevertheless, if we look at the majority of the responses we can see that they acknowledge that it is a response that MiVíz had to make to stay viable and live up to expectations from constituents.
- The Auditors fully support invoice ad as a response and believe it is a good one, since it does not hurt any rule or regulation. It aims to inform the public on changes initiated by the state and as such it serves their interest. For this reason the Auditors are very positive and deem MiVíz’ response as conforming to the pressures.
- When it comes to networking the Auditors understand that the SM has to do this and they know that it is frequently done by other SMs as well.
- Under lobbying activities the Auditors state that “*any step against state interest is not acceptable*” and they believe that these actually hurt the states interest. MiVíz’ response is not at all in line with what they expected but they think that it benefits MiVíz.
- The collaboration response was supported by the Auditors who said that it is a result of market mechanisms and as such it becomes a frequently used strategy among many utility service operators, not only MiVíz.

When we knew how the constituents saw the responses we could move on to categorize them.

7. Analysis Part II - Response Interpretation of Constituents

First we conducted the response categorization of the constituents based on their survey answers. The categorization followed the same clear rules, as applied before for the focal organization. Thereafter, we aimed to identify trends from the survey answers to extend the practical usage of the categorization done before.

7.1 Categorization of Responses According to Constituents Perceptions

We found Acquiesce to be the most frequent strategy amongst constituent interpretations, where adherence was always explicitly stated. We distinguished between tactics based on the formulation of the answers. Whenever the constituents referred to the prevalence of the response either due to it being a standard practice or a strategic consideration taken from another organizations, we saw that as signs of Habit or Imitation. We differentiated between Habit and Imitation based on whether it was a conscious decision or unconscious, which Oliver (1991) mentions as a distinguishing factor. Comply was one of the most common tactics for Acquiesce. That we found by looking for cases where they acknowledged that MiVíz experienced some pressure and chose a response that showed that they conformed to the pressure (Oliver, 1991).

Compromise, similarly to Acquiesce, was also based on explicit adherence. However, we identified certain characteristics in the answers that differentiated it from the former category. The differentiation was based on whether the constituent believed that it was a more active response, as that signals Compromise and not Acquiesce (Oliver, 1991). We termed the answer as Balance whenever MiVíz tried to simultaneously adhere to more than one pressure or more than one constituent. Pacify was connected to a small but explicit resistance where the pressure was adhered to at the end. Bargain on the other hand was taken for active negotiation, where the pressure was ultimately accepted.

Avoidance was the most rarely identified view on the responses. We had to define a clear difference between Conceal and Buffer from the answers. We found that for both tactics the respondents saw MiVíz as willingly not doing enough, yet for the former tactic there was no social harm (Oliver, 1991). Based on the survey answers we did not identify Escape.

Whenever answers termed the response as a rejection of institutional expectations and were negative in formulation, we saw them as an interpretation of Defy. Dismiss was taken whenever the respondents referred to MiVíz as neglecting the prescriptions and pressures. Challenge was selected where the answers reflected MiVíz' open resistance in communication or where internal norms were not followed. However, we did not identify Attack, as MiVíz never openly assaulted the constituents, according to the answers.

Some of the answered revealed that the constituent viewed the response as Manipulation. In these cases they mentioned that the aim behind the act was to build institutional links, which according to Oliver (1991) is related to Manipulation. In the cases of Manipulation we were only able to identify the tactics Co-opt and Influence. We distinguished between them by

looking for whether the constituent believed that the response would result in changing outside interests or whether it was intended to influence deeper values and beliefs. The former refers to Co-opt while the latter to Influence according to Oliver (1991). Control was not identified in any of the surveys collected.

The outcome of the categorizations is displayed in the table below (see Table 4).

Response	Municipality	Holding	Monitoring Committee	Sister Subsidiaries	Auditors
<i>Written Warning</i>	Acquiesce-Comply	Acquiesce-Comply	-	Acquiesce-#	Acquiesce-Comply
<i>Action Plan</i>	Acquiesce-Habit	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Habit	Acquiesce-Imitate
<i>Work Group</i>	Acquiesce-#	Compromise-Balance	Compromise-#	Compromise-Bargain	Manipulate-Influence
<i>Postpone Asset Audit</i>	Compromise-Balance	Compromise-Balance	Compromise-Balance	-	Compromise-Pacify
<i>Procurement Policy</i>	Compromise-Pacify	Defy-Challenge	-	-	Defy-Dismiss
<i>Investment Reduction</i>	Defy-Challenge	Compromise-Balance	Compromise-Balance	Compromise-Balance	Compromise-Balance
<i>Invoice Ad</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Imitate	Acquiesce-Comply
<i>Network Extension</i>	Manipulate-Co-opt	Manipulate-#	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate
<i>Lobbying</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	-	Defy-Challenge
<i>Collaboration</i>	-	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate

Table 4 - Response Evaluations by Constituents

7.2 Identifying Trends

Considering all the above findings we aimed to assess the survey findings further to identify trends that could aid analysis for our research question. We integrated the results into Model 2 at the end of this section. In order to find trends we compared all constituents and their views on four dimensions, which was in line with how they had answered: relevance, internal norms, interest met and willingness. With relevance we refer to how relevant the constituent saw the response. Internal norms refer to whether the constituent viewed the response as adhering to internal norms or not. The third dimension refers to whether the constituents saw the response as meeting their own interests. The last one referred to the constituents' view of how willingly MiVíz did something. All of these dimensions gave valuable input outside of the strategy-tactic categorization that we already had done. We were also able in the end to derive some trends from these findings.

For Acquiesce, relevance of the response proved to be a differentiating factor amongst tactics. For Comply relevance was mostly high, for Habit it was mostly low, while for Imitate it

varied equally. Adherence to internal norms and interests were met with the exception of a few cases. Unwillingness in these situations was also very rare.

Strategy	Tactic	Relevance	Internal Norms	Interest met	Willingness
Acquiesce	Comply	High	Yes	Yes	Yes
	Habit	Low	Yes	Yes	Yes
	Imitate	Varies	Yes	Yes	Yes

Table 5 – Findings On Acquiesce

Regarding Compromise with the exception of the tactic Pacify, relevance was always high. Adherence to internal norms was also mostly met, with very few exceptions. Here, interest seemed to be the differentiating factor for respondents. Bargain always met the interests of the constituents, while Balance varied and Pacify always failed to meet them. Furthermore, an interesting trend was that when interest was not met for Balance then the organization was not willingly executing the response. Also Bargain was the only tactic where the organization was always acting willingly. When the constituent thought that MiViz was not willingly doing something there was a higher risk that their interests were not met.

Strategy	Tactic	Relevance	Internal Norms	Interest met	Willingness
Compromise	Balancing	High	Yes	No	No
				Yes	Yes
	Pacify	Low	Yes	No	No
	Bargaining	High	Yes	Yes	Yes

Table 6 – Findings On Compromise

For Avoid, only three answers were retrieved thus we do not find the number of data points sufficient for drawing general conclusions.

Defy was never a strategy that served constituents' interests or adhered to internal norms. The differentiating factor proved to be willingness, as Challenge seemed to be understood as a non-pleasant act for the organization, while Dismiss was on the contrary.

Strategy	Tactic	Relevance	Internal Norms	Interest met	Willingness
Defy	Dismiss	High	No	No	Yes
	Challenge	High	No	No	No

Table 7 – Findings On Defy

Finally, Manipulation for both identified tactics was also highly relevant and adherence to internal norms also took place here. We can conclude that the constituent's interest were more easily served for Co-opt, and varied for Influence. The responses were considered to be executed willingly by MiViz all the time.

Strategy	Tactic	Relevance	Internal Norms	Interest met	Willingness
Manipulation	Co-opt	High	Yes	Yes	Yes
	Influence	High	Yes	Yes	Yes

Table 8 – Findings On Manipulation

Since we were able to find trends that were consistent for the strategy-tactics we were able to construct a matrix that contained three of these aspects. On the vertical axis we put relevance (i.e. how important the response was seen to be for the constituent) and on the horizontal axis we put degree of cooperation (i.e. the extent to which the constituent views the response as cooperating with their interests). Degree of cooperation was based on an observation we tracked from the survey answers. A clear logical relationship was apparent between interests served and perceived willingness of MiVíz. Whenever the constituents thought that MiVíz was willingly executing a response, there was a higher chance of their interests being served. Thus, we decided to group these factors and created perceived degree of cooperation (PDC), which is featured in our model (see Model 2).

There was one exception to this grouping under Defy, where interests were not served for the constituent yet they perceived MiVíz to be willingly doing the response. Despite this limitation we saw that it was not a problem, since perceived cooperation can vary and in these cases the observed strategy-tactic is under varied. Consequently, whenever they felt that MiVíz was not willingly executing the response there was a higher chance that their interests were not met.

However, the exception of Defy-Dismiss must be noted. The factors were always interrelated and served differentiation amongst tactics, yet Dismiss was the only case where actual contradiction was identified. Willingness of execution met a failure in interest served. This can be explained by the nature of Dismiss itself as dismissal serves organizational interest while it does not serve the constituents' interest. We lifted the contradiction by looking at adherence. Defy was the only strategy where the constituents reported a failure in meeting internal norms, by which we could conclude that perceived degree of cooperation was low. Thus, for the case of Defy we extended the application of PDC.²

As variance was identified twice before, for the cases of Compromise-Balance and Manipulation-Influence we decided to have three categories on both axes; high, varied and low. The model depicts the point-of-view of the constituents, thus it can serve as a complementary model to the one designed by Goodstein (1994), which is based on the focal organization's point-of-view.

²This was later reinforced by our findings under perceived negativity as Defy was the most negatively connotated response by constituents.

Perceived Relevance of Response	Perceived degree of cooperation		
	High	Varied	Low
High	Acquiesce – Comply Compromise – Bargain Manipulation – Co-opt	Compromise – Balance Manipulation - Influence	Defy – Dismiss Defy - Challenge
Varied	Acquiesce - Imitate	-	-
Low	Acquiesce - Habit	-	Compromise - Pacify

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8. Analysis Part III

As we presented in the previous chapter, from the survey answers we were able to assess how constituents viewed MiViz responses, both on a strategy level (the five strategies that Oliver (1991) uses to classify responses i.e Acquiesce) and on a strategy-tactic level (the five strategies and the accompanying tactics that Oliver (1991) uses to classify responses i.e Acquiesce-Habit). Our findings are displayed in Table 9.

Response	Municipality	Holding	Monitoring Committee	Sister Subsidiaries	Auditors	MiViz
(1) Written Warning	Acquiesce-Comply	Acquiesce-Comply	-	Acquiesce-#	Acquiesce-Comply	Compromise-Balance
(2) Action Plan	Acquiesce-Habit	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Habit	Acquiesce-Imitate	Acquiesce-Habit
(3) Work Group	Acquiesce-#	Compromise-Balance	Compromise-#	Compromise-Bargain	Manipulate-Influence	Compromise-Bargain
(4) Postpone Asset Audit	Compromise-Balance	Compromise-Balance	Compromise-Balance	-	Compromise-Pacify	Compromise-Pacify
(5) Policy Mitigation	Compromise-Pacify	Defy-Challenge	-	-	Defy-Dismiss	Compromise-Pacify
(6) Investment Reduction	Defy-Challenge	Compromise-Balance	Compromise-Balance	Compromise-Balance	Compromise-Balance	Acquiesce-Comply
(7) Invoice Ad	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Imitate	Acquiesce-Comply	Acquiesce-Imitate
(8) Network	Manipulate-Co-opt	Manipulate-#	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt
(9) Lobby	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	-	Defy-Challenge	Acquiesce-Imitate
(10) Collaboration	-	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt

Table 9 - Response Evaluations

Table 9 tells us how each constituent group perceived the responses (1-10). The column to the far left corner tells us how MiViz themselves perceived their own responses. In case the constituent group members disagreed and categorization could not be done, the strategy-tactic or tactic has been left blank. The table shows that MiViz'and the constituents' perceptions differ for some responses and are more similar for other responses. We can for example see

that on a strategy level there are more similarities than if we look on a strategy-tactic level. Moreover, we can also see that constituents differ in how they perceive the responses.

8.1 Theoretical Implications

Table 10 shows us which constituents had a similar perception as MiVíz. We used light blue to illustrate where the constituent and MiVíz had the same perception only on a strategy level and dark blue when they perceived responses similarly on both a strategy and a tactic level. Out of all constituents the Holding and the Municipality stood out as the two, who perceived MiVíz responses in a very similar way to MiVíz. This we see, since they have the most light and dark blue colors in the table (six out of ten). It is interesting to note that the Municipality were the group that perceived MiVíz responses most closely to how MiVíz perceived them. The Municipality perceived three responses in the same way as MiVíz on a strategy-tactic level, and three on the same strategy level as MiVíz. The Holding perceived six responses in the same way as MiVíz on a strategy level, but none of these were the same on a strategy-tactic level. This can be compared to the Auditors who had the least shared perceptions with MiVíz.

Response	Municipality	Holding	Monitoring Committee	Sister Subsidiaries	Auditors	MiVíz
<i>(1) Written Warning</i>	Acquiesce-Comply	Acquiesce-Comply	-	Acquiesce-#	Acquiesce-Comply	Compromise-Balance
<i>(2) Action Plan</i>	Acquiesce-Habit	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Habit	Acquiesce-Imitate	Acquiesce-Habit
<i>(3) Work Group</i>	Acquiesce-#	Compromise-Balance	Compromise-#	Compromise-Bargain	Manipulate-Influence	Compromise-Bargain
<i>(4) Postpone Asset Audit</i>	Compromise-Balance	Compromise-Balance	Compromise-Balance	-	Compromise-Pacify	Compromise-Pacify
<i>(5) Policy Mitigation</i>	Compromise-Pacify	Defy-Challenge	-	-	Defy-Dismiss	Compromise-Pacify
<i>(6) Investment Reduction</i>	Defy-Challenge	Compromise-Balance	Compromise-Balance	Compromise-Balance	Compromise-Balance	Acquiesce-Comply
<i>(7) Invoice Ad</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Imitate	Acquiesce-Comply	Acquiesce-Imitate
<i>(8) Network</i>	Manipulate-Co-opt	Manipulate-#	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt
<i>(9) Lobby</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	-	Defy-Challenge	Acquiesce-Imitate
<i>(10) Collaboration</i>	-	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt

Table 10 - Response Evaluations by Constituents Highlighting Shared Perceptions

	Light blue stands for responses that were considered to be the same on a strategy level as MiVíz
	Blue stands for responses that were perceived exactly the same as MiVíz both on a strategy and tactic level

This justifies the fact that the point-of-view plays indeed a vital role in the perception of the strategic responses. In order to understand what forms these perceptions (which strategy chosen and which tactic chosen) we want to look more closely at what shaped the perception of our constituents.

8.1.1 Institutional Ties and Logics Matter

The above findings show that constituents that have a closer connection to MiVíz have more similar perceptions to MiVíz. This was evident as The Holding and The Municipality showed that they shared similar perceptions with MiVíz, whereas the Auditors did not share the same perceptions to the same extent. We believe that one of the reasons for this is that the Municipality and the Holding are involved in many of MiVíz' decisions. During our interviews at MiVíz the hierarchal order between the Municipality, Holding and MiVíz' became clear. The Municipality applies a centralized ownership through the Holding. Since they are the owners they are part of developing the norms, rules and decisions for MiVíz. For this reason MiVíz became highly dependent on them and therefore it is realistic that they would also have the same perception. This also explains why the number of shared perceptions decreased as we move further in Table 10. As we move further to the right within Table 10, we observe less and less shared perceptions, which means that the constituents groups to the right have a more divergent perception when compared to MiVíz. Consequently, as the Municipality and the Holding are the most closely related to MiVíz, often involved in the decision making processes, it is not surprising that they shared the same understanding with MiVíz, more often than any of the other constituent groups. Thus, we can identify institutional ties, the degree of the relationship towards the focal organization, as a crucial factor that influences the perception of the constituents.

However, if institutional ties were to be the strongest factor in shaping constituents' perceptions than the Holding should be having the most shared perceptions. However, this is not the case as it is the Municipality who had most. The contrast is bigger if we further distinguish between the strategy-tactic and the simple strategy level. As we saw in the surveys it was the different internal logics of the constituents that created this phenomenon. It became evident that the Municipality are driven by a social-logic, whereas the Holding is driven by an efficiency-logic. As MiVíz has a long history as a public organization they are more prone to adapt to the social-logic, hence the Municipality's and MiVíz' views coincide better. This matches to the findings of Thornton and Ocasio (2004)

To derive a deeper understanding we decided to combine the above findings with the aggregated level of perceived positivity and negativity, as the factor seemed to explain inconsistencies in perceptions.

8.1.2 Perceived Positivity and Negativity on an Aggregated Level

One of the most important determinants of perceptions we found was the perceived negativity and positivity. As we can see in the table below, constituents considered the responses mostly positive. Although, there were a few cases where constituents perceived the response to be negative.

Response	Municipality	Holding	Monitoring Committee	Sister Subsidiaries	Auditors	MiVíz
<i>(1) Written Warning</i>	Acquiesce-Comply	Acquiesce-Comply	-	Acquiesce-#	Acquiesce-Comply	Compromise-Balance
<i>(2) Action Plan</i>	Acquiesce-Habit	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Habit	Acquiesce-Imitate	Acquiesce-Habit
<i>(3) Work Group</i>	Acquiesce-#	Compromise-Balance	Compromise-#	Compromise-Bargain	Manipulate-Influence	Compromise-Bargain
<i>(4) Postpone Asset Audit</i>	Compromise-Balance	Compromise-Balance	Compromise-Balance	-	Compromise-Pacify	Compromise-Pacify
<i>(5) Policy Mitigation</i>	Compromise-Pacify	Defy-Challenge	-	-	Defy-Dismiss	Compromise-Pacify
<i>(6) Investment Reduction</i>	Defy-Challenge	Compromise-Balance	Compromise-Balance	Compromise-Balance	Compromise-Balance	Acquiesce-Comply
<i>(7) Invoice Ad</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Imitate	Acquiesce-Comply	Acquiesce-Imitate
<i>(8) Network</i>	Manipulate-Co-opt	Manipulate-#	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt
<i>(9) Lobby</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	-	Defy-Challenge	Acquiesce-Imitate
<i>(10) Collaboration</i>	-	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt

Table 11 - Response Evaluations of Constituents by Perceived Positivity and Negativity

	Green strategies signal positive
	Pink strategies signal negative
	Blue strategies signal neutral interpretations

From our findings there are three distinguishable patterns. First of all, policy mitigation stands out, because it was the only response that was perceived negatively by the majority of the constituent groups. It is interesting to note here that not even the previously identified logic or institutional tie mattered. Even the closer constituents, such as the Municipality and Holding, perceived the policy mitigation response as negative. Secondly, we also found that there is one constituent group that stands out in comparison to the others, namely the Auditors, who seem to be more prone to perceive MiViz' responses in a negative way. This could be explained by their type of profession, as they are bound to have a critical stance. This again corresponds with the previously identified degree of institutional ties. Also the Monitoring Committee shows a small sign of this, which logically could come from their supervisory stance that they are taking. Thirdly, we saw that there are some relations that can be drawn based on the strategy-tactic level. Turning to the strategies themselves, we can see that Acquiesce was always seen as positive, while Defy always as negative. However, Manipulation and Compromise could be seen both as positive and negative. Therefore, the table above proves that the perception of different strategies can change according to which point-of-view we take. Moreover, the difference in perception can be seen from two different standpoints.

Response	Municipality	Holding	Monitoring Committee	Sister Subsidiaries	Auditors	MiViz
<i>Written Warning</i>	Acquiesce-Comply	Acquiesce-Comply	-	Acquiesce-#	Acquiesce-Comply	Compromise-Balance
<i>Action Plan</i>	Acquiesce-Habit	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Habit	Acquiesce-Imitate	Acquiesce-Habit
<i>Work Group</i>	Acquiesce-#	Compromise-Balance	Compromise-#	Compromise-Bargain	Manipulate-Influence	Compromise-Bargain
<i>Postpone Asset Audit</i>	Compromise-Balance	Compromise-Balance	Compromise-Balance	-	Compromise-Pacify	Compromise-Pacify
<i>Policy Mitigation</i>	Compromise-Pacify	Defy-Challenge	-	-	Defy-Dismiss	Compromise-Pacify
<i>Investment Reduction</i>	Defy-Challenge	Compromise-Balance	Compromise-Balance	Compromise-Balance	Compromise-Balance	Acquiesce-Comply
<i>Invoice Ad</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Imitate	Acquiesce-Comply	Acquiesce-Imitate
<i>Network</i>	Manipulate-Co-opt	Manipulate-#	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt
<i>Lobby</i>	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Comply	-	Defy-Challenge	Acquiesce-Imitate
<i>Collaboration</i>	-	Acquiesce-Comply	Acquiesce-Comply	Acquiesce-Habit	Acquiesce-Imitate	Manipulate-Co-opt

Image 1 and 2 Response Evaluations of Constituents by Perceived Positivity and Negativity

The first standpoint shows that there is a difference in how constituent groups perceive certain responses, even though both of them still term it as the same strategy (see Image 1). We see that the Municipality perceived networking as Manipulation and positively. However when another group, the Auditors perceived another response as Manipulation they perceived it negatively. Although, the strategies are the same the tactics are not, which could be the reason for this. Clearly there is a very thin line, and as soon as the tactic moves from Co-opt to Influence it is perceived as negative. We can observe the same thing for Compromise. The Municipality perceived postponing asset audit as positive, whereas Auditors as negative. The similar trend was seen in this case, as when the tactic became more resistant in nature (move from Compromise-Balance to Compromise-Pacify) it was more likely to be perceived as negative.

The second standpoint proves this further by showing that even though MiViz perceived two different responses as the same strategy-tactic, constituents still can perceive them both as positive and negative (see Image 2). MiViz perceived networking and collaboration as Manipulation-Co-opt. All constituents perceived these responses in a positive way, even though they would term the response differently when it comes to strategy-tactics. However, for the asset audit postponement and the policy mitigation responses this was not seen consistently, even though MiViz perceived both as Compromise-Pacify. The constituents perceived policy mitigation as negative and asset audit postponement as positive.

Overall, our findings on Manipulation are consistent with that of Clemens and Douglas (2005). They also argued that Manipulation can be both positive and negative based on the point-of-view. In fact, our study shows at least on this case level, that Clemens and Douglas (2005) were indeed correct. Even though Etherington and Richardson (1994) did group Manipulation and Compromise together before as both active-positive strategies, this type of inconsistency in perceiving strategies has not been pointed out before. As it seems, both Manipulation and Compromise varies in terms of positivity and negativity when perceived by the constituents. We can therefore conclude that Compromise and Manipulation are both strategies that can be seen as positive and negative depending on the tactic, thus they deserve great attention.

8.2 Strategic Considerations – Implications for Managers

Our last findings on Manipulation and Compromise can lead to an interesting discussion. We showed that both Manipulation and Compromise under certain circumstances can be considered to be positive by constituents, however they can also be negative. The finding for Compromise contradicts the suggestions of Goodstein (1994). According to his model an organization should use Compromise when the perceived outcome of the response for the organization is negative, however the pressure is so high that they must comply. Yet, as we have shown constituents do not evidently understand Compromise as a positive response. Thus, in the case of high pressure Compromise might not be a good answer from a strategic point-of-view for the organization. In fact, this consideration was already integrated into our model presented earlier.

Perceived Relevance of Response	Perceived degree of cooperation		
	High	Varied	Low
High	Acquiesce – Comply Compromise – Bargain Manipulation – Co-opt	Compromise – Balance Manipulation - Influence	Defy – Dismiss Defy - Challenge
Varied	Acquiesce - Imitate	-	-
Low	Acquiesce - Habit	-	Compromise - Pacify

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Since perceived degree of cooperation was constructed from the interest served and perceived willingness of MiViz, it is correlated on an aggregated level to perceived positivity and negativity. As we investigated the role of tactics as well, contrary to Goodstein, we provided a more complex set of picture. This helped our model to distinguish between Compromise and Manipulation, matching the findings under the final analysis.

However, Goodstein based his model on the focal organization's point-of-view, while we based our model on the constituents' point-of-view. Consequently, both models suffer from a limitation; namely that inconsistencies in perceived views are still not matched. For instance, if the focal organization perceives a response as Compromise it is not evident that the constituents perceive the same response as Compromise as well. This problem is not addressed by any of the models since neither is comprehensive enough to cover both views and take care of the inconsistency.

One way managers can manage inconsistency is by considering the previously identified institutional ties, as a tool for strategic considerations. As we have seen, the more interactions and deeper relations the organizations has with the constituent, the higher is the chance of having the same perception on responses. This means that organizations should anticipate that constituents that keep a loose relationship with them would more likely perceive the degree of cooperation low, even if the focal organization itself thinks it was high. By complementing the models with this aspect, jointly they can help managers maneuver in the complex set of strategic responses.

9. Conclusions

This case study sought to fill the gap on how constituents perceived strategic responses by looking at a Hungarian water-supplying Subsidiary controlled by a Municipality-Holding. Turning back to our research question “*How do constituents perceive strategic responses formed by an organization and where do divergent perceptions come from in this case?*” we have derived the following conclusions on this specific case.

We saw there were great differences in how constituents perceive MiVíz responses both on a strategy and tactic level. However, if we only look at a strategy level we saw more shared perceptions. The most common response strategy was Acquiesce and Compromise among constituents, which signals that MiVíz created responses that answered well to their expectations.

Furthermore, we saw that the constituents’ perception depended on their institutional ties with MiVíz. The constituents that had a closer level of interaction shared a more similar perception as that of MiVíz. Hence, our conclusion is that institutional ties influence how constituents perceive strategic responses formed by organizations. Nevertheless, institutional logics can distort the perception, even in the case of close institutional ties. Institutional logics was in this case an even stronger determinant.

Moreover, most response strategies were seen in a positive light. However, there were some exceptions, where MiVíz’ responses were seen in a negative light. In fact, Acquiesce as a response strategy was always seen in a positive light and Defy always as negative. However, Manipulation and Compromise varies in terms of positivity and negativity when perceived by the constituents. We can therefore conclude that Compromise and Manipulation are both strategies that can be seen as positive and negative depending on the tactic, thus the tactics deserve great attention. As soon as the tactic became more resistant in nature (move from Compromise-Balance to Compromise-Pacify) it was more likely to be perceived as negative. This proves that the perception of different strategies can change according to which point-of-view we take.

Limitations and Further studies

The major limitations with our study are related to response identification and categorization. Identifying responses is tricky, as there is no general rule on how to define them. Therefore we had to come up with our own rules, which can make the identification biased. Categorization of these responses can also be said to present a problem since Oliver (1991) only gave limited input into each strategy and tactic. This also presents a risk of biasness. Furthermore, there will always be an inherent risk with labeling that is hard to overcome, on which we elaborated in chapter three. In addition, we selected our case based on certain criteria, which means that the same findings might not hold in a different market where regulations and pressures are less dominating. In relation to this, we also believe that there are certain country specific aspects that are capable of influencing the study result.

Because of the inherent complexities with identifying strategic responses we suggest that studies should focus on understanding response strategies further, so that they can be more easily defined. A generalized definition of strategic responses is needed to extend the research on the perceptions of strategic responses. Moreover, as we have shown, contrary to how previous studies suggested, Manipulation was not the only strategy that suffered from inconsistency in perceptions. This phenomenon should be studied further, particularly as not all strategies and tactics were covered by this case study. In fact, we have to mention that as this case study is based on a public actor in Hungary, thus certain limitations apply in comparison to the private sectors in other countries. We consider this to be the reason why Avoidance, Defy-Attack as well as Manipulation-Control were not identified. Thus, other case studies might extend on these strategies.

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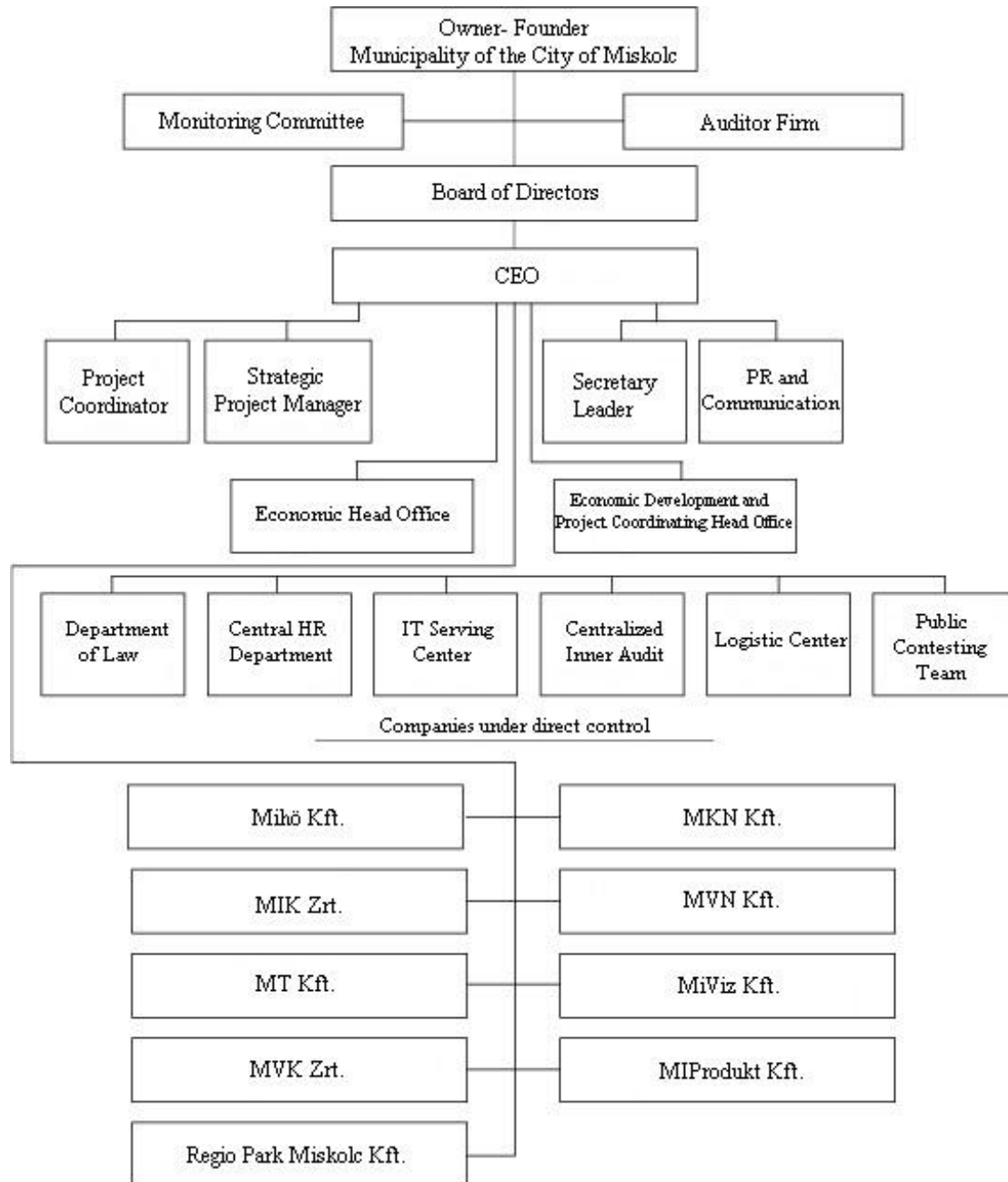
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11. Appendices

Appendix 1 - Organizational Chart of the Miskolc Holding Zrt.



Appendix 2 - The Hungarian Market

History about Hungary	<p>Central-Europe has been the historical melting point due to its geographical position, leading to unique political and social structures (Polageorgis and Overbaugh, 2011). The democratic transition of the region started only in the late 80s, liberating the national economies of Central-European countries (Csafor, 2006). However, the general acceptance of market economy in the early 1990s was not without an uncritical attitude towards capitalism, thus profit remains to have a dubious meaning (Csafor 2008). This resulted in suspicion towards international utility providers. The state of Hungary decided in 2010 to freeze the energy prices for all operators on the market and initiate negotiations with international operators to buy back these operations. By regulating and decreasing utility prices the state of Hungary was able to force out international utility providers.</p>
The Fundamental Law of Hungary	<p>A new constitution was adopted in 2011, which took effect on the 1st of January 2012. In addition, 859 new laws were accepted by the parliament, setting a new record and several “crisis-taxes” were launched.</p>
Law CCIX on “Public Water Supply” on the 31st of December 2011	<p>The law significantly changed the functioning of public water supply companies and introduced several new requirements MiViz had to adhere to. The biggest impact was due to the ownership transfers as the law states that all water supply companies have to be owned either by the state or the local municipality. Due to the ownership transfers the assets of the company had to be listed and categorized. The law precisely stated three different categories for the assets: 1) those that must stay with the supply companies, 2) those that must be transferred to the new owners (state or municipality) and 3) those that freely could be decided upon by the involved parties. The categorization and evaluation had to be finished by the 31st of December 2013.</p>
“Magyar Közlöny issue 223” (Governmental Decree on Price Regulation issued on the 27th of February 2013)	<p>In early 2013, the government announced the aim of restructuring the public energy providing sector. In accordance, several laws have been issued as an attempt to limit price creating mechanisms and in October 2013 the government revealed the intention of making the sector a non-profit oriented one at the end of this process (www.net.jogtar.hu).</p>

Appendix 3 - Interview Tables

#	Represented Party	Position	Date
1.	Municipality	Mayor	2014-03-13
2.	Municipality	Vice-Mayor	2014-03-13
3.	MiViz	Subsidiary Manager	2014-03-13
4.	Holding	Board Member 1	2014-03-13
5.	Holding	Board Member 2	2014-03-13
6.	Mivikö	Subsidiary Manager	2014-03-13
7.	MiHö	Subsidiary Manager	2014-03-13
8.	Monitoring Committee (MC)	President of MC	2014-03-13
9.	Holding	Board President	2014-03-14
10.	Holding	Law Cabinet	2014-03-14
11.	Auditors	Law Cabinet	2014-03-14
12.	Municipality	Public Assembly Member	2014-03-17
14.	MiViz	Subsidiary Manager	2014-04-22 2014-04-23
15.	MiViz	Law Department	2014-04-22
16.	MiViz	Finance Department	2014-04-22
17.	MiViz	Finance Department	2014-04-22
18.	MiViz	Service Division	2014-04-22
19.	MiViz	Service Division	2014-04-22
20.	MiViz	Service Division	2014-04-23
21.	MiViz	Environment Protection Department	2014-04-23
22.	MiViz	Marketing Department	2014-04-23
23.	MiViz	Service Division	2014-04-23

Appendix 4 - Full List of Documentation

Document Number used for referencing	Type of Document	Title Hungarian	Translated Title English	Dates Received
Document 1	E-mail Correspondence and Written Warning	Az írásos figyelemfelhívás e-mail kommunikációja	Communication of the written warning in e-mail	2014-04-23
Document 2	Personal Plan (.xlsx)	Egyéni Végrehajtási Terv	Individual Execution Plan	2014-04-23
Document 3	Email Correspondence from the work group	A munkacsoport e-mail kommunikációja	Communication of the work group in e-mail	2014-04-23
Document 4	Minutes from Work Group Gatherings	Munkacsoport tárgyalási jegyzetei	Minutes January 2013, March 2013, October 2013	2014-04-23
Document 5	Presentation Material (ppt)	“Előttünk a holnapután!”	The day after tomorrow is ahead of us	2014-04-23
Document 6	Policy Document (pdf)	“Szervezeti és Működési Szabályzat”	MiVíz -Organizational and operative policy 2013	2014-04-23
Document 7	Annual Report 2013 (pdf)	MiVíz – Eves jelentés 2013	MiVíz – Annual Report 2013	2014-04-23
Document 8	Yearly Business Report (pdf)	“ MiVíz – 2013. Évi éves beszámoló üzleti jelentése”	MiVíz – Yearly run-down business report of the year 2013	2014-04-23
Document 11	Proposal for the Monitoring Committee Assembly for the 28 th of February 2013 (.doc)	MiVíz – “Előterjesztés a MiVíz Kft. felügyelőbizottsága 2013. Február 28. Napján tartandó ülésének 7.) napirendi pontjához”	MiVíz – Proposal for MiVíz Monitoring Committee’s assembly on the 28 th of February 2013 to the 7 th	2014-04-23
Document 12	Proposal for the Monitoring Committee Assembly for the 27 th of February 2014 (.doc)	MiVíz – “Előterjesztés a MiVíz Kft. felügyelőbizottsága 2014. Február 27. Napján tartandó ülésének 7.) napirendi pontjához”	MiVíz – Proposal for the MiVíz Monitoring Committee’s assembly on the 27 th of February 2014 to the 7 th item on the agenda	2014-04-23

Appendix 5 - Interview Template with Discussion Themes

1. What changes has your department gone through?
2. What is your view on the changes that happened after the law on “*Public Water Supply*” on the 31st of December 2011?
3. What is your view on the changes that had to be done in relation to the Governmental Decree on Price Regulation issued on the 27th of February 2013?
4. When were these changes initiated at your department?
5. What steps did the changes require?
6. How were these steps designed?
7. In what progress are these steps currently in?
8. Have these steps been related to the Municipality, Holding, MC, SS or Auditors in any way?
9. Throughout the execution of these steps how was your communication and cooperation with the before mentioned groups?
10. How did your department and personally you feel about these steps?
11. How would you evaluate the outcome of the step?
12. Did the market changes or your steps affect any operational practices? In case yes, how?
13. Did the market changes or your steps affect your finances? In case yes, how?
14. Did the market changes or your steps affect the competitive stance of the company? In case yes, how and what steps have been initiated in accordance?
15. Did the market changes or your steps affect any ways in how you had to operate together with the Municipality, Holding, MC, SS or Auditors?

Appendix 6 - Responses and List of Clusters

Event	Response	Comments	Cluster
Asset Categorization and Valuation	Formed a work-group	Required by law but they managed to negotiate well in MiViz interest. a. Draft towards the Holding b. Approval from Holding c. Draft towards Municipality d. Declared by Municipality e. Contract signed	Cluster 1
Cross-Financing	Written warning	Law department sends out warnings (informative warnings).	Cluster 2
Cost-reporting	Did not meet response criteria	Quarterly, yearly, monthly.	Did not meet response criteria
Price change	Did not meet response criteria	Used their price increase on December 31st 2012	Cluster 3
Rolling Report	Did not meet response criteria	Have to send annually for the 15 upcoming years. Will start this year. Not doing it yet.	Did not meet response criteria
Business policy issued for revision	Statement on website		Cluster 4
Acquisition rule negotiation	Did not meet response criteria	Mac approved Holding rule	Did not meet response criteria
CEO merger strategy	Did not meet response criteria	CEO approach of strategic responses a) with private b) with regional c) with other municipality	Did not meet response criteria
CEO merger strategy	Collaboration between municipality owned	Negotiation together with other municipalities (purchase power strengthening)	Cluster 5
CEO merger strategy	Provision plan		Cluster 6
CEO merger strategy	Collective contracts redefined		Cluster 6
CEO merger strategy	Reintegrating outsourced activities		Cluster 8
CEO merger strategy	CEO Networking	CEO trying to make friends within politics or uses his friends to get info and tries to influence them.	Cluster 7
Funds possible to get	CEO quick action to get fund	They worked all night to prepare application for state funds (2013), received 422M FT fund for investment (reinvestment of 3 drinking areas).	Cluster 7
Regulations on invoice	Invoice ad	Marketing department. Have not been done yet.	Cluster 4
Liquidity issue	Reductions in maintenance and investments		Cluster 8
Liquidity issue	Initiation of cross party negotiations		Cluster 5
Liquidity issue	Secondary asset valuation has not been done	Conscious decision not to pursue! Now they have changed their mind	Cluster 9
MEKH provision	Updating IT database	(new IT system from July)	Cluster 6
MEKH provision	Lobbying to get funds channelled, as they like.		Cluster 3
MEKH provision	Internal evaluation system to back the rolling report		Cluster 6
MEKH provision	Schedule list and prioritization of what to be done		Cluster 6
MEKH provision	Checklists to handle modifications		Cluster 6
MEKH provision	MaViz lobbying		Cluster 3
MEKH provision	Collaborative approach amongst water companies		Cluster 5

Appendix 7 - List with Submitted Surveys by Constituent Group

#	Represented Party	Respondent	Date
1.	Municipality	Member 1	2014-04-28
2.	Municipality	Member 2	2014-04-28
3.	Municipality	Member 3	2014-04-29
4.	Holding	Member 4	2014-04-30
5.	Holding	Member 5	2014-04-27
6.	Holding	Member 6	2014-04-30
7.	Holding	Member 7	2014-04-29
8.	Monitoring Committee	Member 8	2014-04-30
9.	Monitoring Committee	Member 9	2014-04-29
10.	Monitoring Committee	Member 10	2014-05-01
11.	Sister Subsidiaries	Member 11	2014-04-28
12.	Sister Subsidiaries	Member 12	2014-04-28
13.	Sister Subsidiaries	Member 13	2014-04-28 2014-04-28
14.	Sister Subsidiaries	Member 14	2014-04-29
15.	Sister Subsidiaries	Member 15	2014-04-29
16.	Sister Subsidiaries	Member 16	2014-04-30
17.	Auditors	Member 17	2014-04-29
18.	Auditors	Member 18	2014-04-27
19.	Auditors	Member 19	2014-05-01
20.	Auditors	Member 20	2014-05-02

Appendix 8 - Survey

Survey – Please during the fill in try to elaborate on your answer in as much detail as possible. Thank you!

MEKH issues a set of new conditions that were not present before, however MiViz must abide now. After investigating the consequences of the new provisions, MiViz identifies one that is not adhered to and could lead to potential fines. As a result, MiViz decides to send written warnings in the forms of letter to the Municipality and the Miskolc Holding Zrt.

<p><i>How do you term the relevance of the action taken and do you think it is a unique action?</i></p>	
<p><i>Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?</i></p>	
<p><i>Does this action hurt or serve the interest of the party you represent?</i></p>	
<p><i>Is this action in line with your personal expectations?</i></p>	
<p><i>Do you think MiViz is comfortable with the above action?</i></p>	

A new law on the functioning of public water providers is issued, followed by a governmental decree that is modified multiple times. In addition, the power of MEKH increases and several new requirements are issued with stricter supervision. This means the sudden pressure of many requirements with various deadlines. As a result, an employee in the law department of MiVíz decides to create an Action Plan gathering all activities with corresponding deadlines.

How do you term the relevance of the action taken and do you think it is a unique action?

Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?

Does this action hurt or serve the interest of the party you represent?

Is this action in line with your personal expectations?

Do you think MiVíz is comfortable with the above action?

Due to the new regulations the price setting right is taken away from the municipality and exerted by the state. Furthermore, in order to back up water supply excess amount has to be bought from the Regional Water supplier, which is sold on a higher price. These factors make the Drinking Water branch loss generating. Even though, other branches are profit generating, cross-financing is not an option as the law explicitly forbids it. As a result, MiViz decides to reduce maintenance costs and bring investment and reconstruction expenditures to minimal.

How do you term the relevance of the action taken and do you think it is a unique action?

Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?

Does this action hurt or serve the interest of the party you represent?

Is this action in line with your personal expectations?

Do you think MiViz is comfortable with the above action?

MEKH prescribes new requirements for procurement and starts a general revision procedure. All water supply companies are asked to send in ONE JOINTLY APPLICABLE procurement policy guideline for public and other procurement activities. MiVíz decides to send a general procurement and a public procurement policy guideline separately BUT at the same time to MEKH. MEKH sends back the approval of the general procurement policy guideline, but no reference is made to the public procurement policy guideline. As a result, MiVíz assumes that both are approved and takes the issue as settled.

<i>How do you term the relevance of the action taken and do you think it is a unique action?</i>	
<i>Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?</i>	
<i>Does this action hurt or serve the interest of the party you represent?</i>	
<i>Is this action in line with your personal expectations?</i>	
<i>Do you think MiVíz is comfortable with the above action?</i>	

A second round of asset valuation by 2015.december.31. is expected from MEKH. This is laid down during the course of 2013. This evaluation differs from the previous round, since now it has to be made by an independent party (auditor). The cost of this evaluation is estimated around 20 million FT. MiVíz assumes problems of meeting requirements prescribed in the law, furthermore they anticipate the probability of acquiring fund money to ease expenses. As a result, MiVíz decides to postpone the execution of the procedure. However, by the beginning of 2014 MiVíz revises its position and initiates early procedures in order to start the bidding for the audit work.

<i>How do you term the relevance of the action taken and do you think it is a unique action?</i>	
<i>Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?</i>	
<i>Does this action hurt or serve the interest of the party you represent?</i>	
<i>Is this action in line with your personal expectations?</i>	
<i>Do you think MiVíz is comfortable with the above action?</i>	

A new law prescribes the obligatory categorization of all water-supply assets, transferring most of the ownership rights to the municipality, while leaving some of them to the subject of negotiation. As a result, a joint work group is set up consisting of employees from MiVíz (finance and technical department) and the Municipality. The work group started the categorization and adopted it to the municipality database for feasibility reasons.

<i>How do you term the relevance of the action taken and do you think it is a unique action?</i>	
<i>Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?</i>	
<i>Does this action hurt or serve the interest of the party you represent?</i>	
<i>Is this action in line with your personal expectations?</i>	
<i>Do you think MiVíz is comfortable with the above action?</i>	

Due to the pressures and continuous requests from different parties, the CEO decides to extend his network of relationship and use it. The network would consist of other water supplier CEOs, politicians, municipalities. He anticipates the outcome to be: early acquisition of vital information, joint collaboration resulting in higher negotiation power towards the state, smoothing interest collisions.

How do you term the relevance of the action taken and do you think it is a unique action?

Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?

Does this action hurt or serve the interest of the party you represent?

Is this action in line with your personal expectations?

Do you think MiViz is comfortable with the above action?

A nation-wide regulation of utility prices takes place in December 2011 forcing MiViz to adjust and significantly drop their service fees. As a consequence revenues decrease and activities that had been profitable become loss generating. The enforcement in the law gives MiViz little opportunity in opposing to this change other than through their membership in Mavis. This allows MiViz to send in their opinion on the price change where they could explain how negatively it had affected them, providing the potential to change state decisions.

<i>How do you term the relevance of the action taken and do you think it is a unique action?</i>	
<i>Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?</i>	
<i>Does this action hurt or serve the interest of the party you represent?</i>	
<i>Is this action in line with your personal expectations?</i>	
<i>Do you think MiViz is comfortable with the above action?</i>	

In early fall 2013 the state launches a new requirement through a governmental decree, where it is stated that the energy invoices have to follow a specific layout. This requires changes in format, colors and fonts, which must be presented to the public in an appropriate manner. In order to reach all the affected parties (citizens) and clarify new changes, MiViz decides that a good way to spread the news about the change in format is an informative issue in the weekly newspaper, Minap.

<i>How do you term the relevance of the action taken and do you think it is a unique action?</i>	
<i>Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?</i>	
<i>Does this action hurt or serve the interest of the party you represent?</i>	
<i>Is this action in line with your personal expectations?</i>	
<i>Do you think MiViz is comfortable with the above action?</i>	

Changes and modifications affect not only MiViz but also their neighboring competitors. Being 48 companies on the market they have a stronger position than before and even though they are still competitors they still face the same pressures. Therefore, MiViz have at times been in contact with similar water subsidiaries to discuss if they face the same difficulties or if there is anyone who is not in the same position. These collaborative meetings serve both as information gatherings but also as learning opportunities. However, the main purpose of these meetings is to create a joint force to negotiate better with their suppliers in taking down costs, thus improving financial results.

<i>How do you term the relevance of the action taken and do you think it is a unique action?</i>	
<i>Is this action in line with internal norms & rules, set by the subsidiaries, holding and municipality?</i>	
<i>Does this action hurt or serve the interest of the party you represent?</i>	
<i>Is this action in line with your personal expectations?</i>	
<i>Do you think MiViz is comfortable with the above action?</i>	

Appendix 9- Survey in Hungarian

1. A MEKH kiad számos új feltételt amik korábban nem voltak jelen, viszont a MiVíznek mostantól ezeknek is meg kell felelnie. Miután megvizsgálják az új rendelkezéseket, a MiVíz azonosít egy feltételt, aminek jelenleg nem felelnek meg, így ezért a jövőben bírsághatóvá válhatnak. Válaszlépésként a MiVíz folyamatos írásos jelzéssel él a Holding és az Önkormányzat felé, és egyeztetéseket kezdeményez.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

2. Egy új törvény jelenik meg a víziközmű-szolgáltatók működésének szabályozásáról, amit számos kormányzati rendelet és módosítás követ. Továbbá, a MEKH jogköre megnő és számos új intézkedést bocsát ki, amiket szigorúbb ellenőrzés alá von. A rendkívüli nyomásgyakorlás következtében az elvégzendő feladatok és határidők száma hirtelen megugrik. Ennek eredménye képpen a MiVíz a kollégák munkáját segítő Intézkedési Tervet állít össze.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

3. Az új törvények következtében az energiaárszabályozás átkerül az önkormányzatoktól az államhoz és az eladási árakat befagyasztják. Továbbá, a megfelelő mennyiségű ivóvíz készlet fenntartásához további mennyiséget kell vásárolni a regionális vízművektől, rendkívül magas áron. Ezek együttesen az ivóvíz szolgáltatási ágazat veszteségét okozzák. Habár más szolgáltatási ágazatok nyereségesek, a keresztfinanszírozás lehetőségét a törvény tiltja. Ennek következtében a MiVíz úgy dönt, hogy a karbantartási költségeket minimalizálja, valamint a befektetés és rekonstrukciók kiadásokat is leszállítja.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

4. A MEKH új beszerzési szabályzat elkészítését írja elő és az engedélykibocsátás részévé teszi azt. Minden víziközmű-szolgáltatót megkérnek, hogy küldjék be az EGYSÉGESÍTETT beszerzésre és közbeszerzésre egyaránt vonatkozó szabályzataikat. A MiVíz úgy dönt, hogy a beszerzési és közbeszerzési szabályzatot KÜLÖN, de EGYIDŐBEN küldi be a MEKH részére. A MEKH a beszerzési szabályzatot jóváhagyja, bár a közbeszerzési szabályzatra értékelést nem bocsát ki. A MiVíz ugyanakkor feltételezi, hogy közbeszerzési szabályzatuk is megfelelő, így további intézkedéseket az üggyel kapcsolatban nem terveznek.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között léfektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

5. A vagyonértékelés második változatát 2015. december 31-ig kéri a MEKH. Ezt a 2013-as év során szabták meg. Ezen értékelést az előzőektől eltérően már egy független alanynak kell kiviteleznie. Az értékelés költségeit a MiVíz 20 millió Ft-ra becsüli. A MiVíz úgy vélelmezi a törvényi előírások maradéktalan betartása túl nehézkes lenne, valamint a költséget esetleges pályázati forrásból is fedezni lehetne. Ennek következménye képp az értékelés elhalasztása mellett döntenek. Ugyanakkor, a 2014-es év elején újragondolják a pozíciójukat és elindítják a pályáztatáshoz szükséges folyamatok előkészítését.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

6. Az új törvény előírja a víziközművagyon kategorizálását és tulajdonjogának átadását az önkormányzatoknak, míg egyes vagyonelemek tulajdonjogát egyéni megállapodáshoz köti. A folyamat részeként, felállítanak egy közös munkacsoportot a MiVíz és az Önkormányzat képviselőit ellátó szakemberekkel. A munkacsoport megkezdi a vagyonelemek kategorizálását és hozzáigazítja az Önkormányzat adatbázis szabványához a későbbi könnyebb kezelhetőség érdekében.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

7. A nyomásgyakorlás és a folyamatos új elvárások eredményeként, a tagvállalati vezető úgy dönt kapcsolati hálóját kiterjeszti és kamatoztatja. A háló magába foglal más víziközmű vezetőket, politikusokat és önkormányzatokat. Eredményként az alábbiakat várja: rendkívül fontos információk gyorsabb beszerzését, együttműködést ami az új folyamatokban a társaság és a tulajdonos Önkormányzat eredményes érdekérvényesítését, az állam és az érintett felek közötti érdekegyeztetést eredményezhetné.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

8. Az elmúlt évek változásai során országos árfelfúvást tapasztalunk, arra kényszerítve a MiVízet, hogy ne emelje árait. Ezt követően a rezsicsökkentés részeként az árakat leviszik, így a MiVíz eredményessége csökken és egyes ágazatok veszteségesé válnak. A MiVíz lehetőségében áll a MaVíz érdekképviselői rendszerén keresztül kifejtenie elégedetlenségét a helyzettel. A MiVíz úgy dönt kihasználja ezt a lehetőséget.

Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?	
Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?	
A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?	
A lépés egybevág-e az Ön személyes elvárásaival?	
Ön szerint a MiVíz készséggel hajtja végre a lépést?	

9. 2013 őszén a kormányzat rendeletben írja elő a számlakép megváltoztatását. A változások érintik a formai követelményeket, színeket, betűtípust és a feltüntetett információk mennyiségét. Annak érdekében, hogy a lakosság valamennyi tagját megfelelően informálják a változásokról a MiVíz úgy dönt magyarázó közleményt bocsát ki a város hetilapján, a Minapon keresztül.

<i>Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?</i>	
<i>Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?</i>	
<i>A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?</i>	
<i>A lépés egybevág-e az Ön személyes elvárásaival?</i>	
<i>Ön szerint a MiVíz készséggel hajtja végre a lépést?</i>	

10. A változások nem csak a MiVízet, de minden víziközmű céget érintenek. A megmaradó 48 cég pozíciója a koncentráció következtében erősebbé válik. Habár egymás versenytársai azonban a változások során ugyanazon nyomásgyakorlásoknak kell eleget tenniük. A MiVíz kapcsolatot teremt más, hasonló helyzetben lévő víziközmű szolgáltatókkal, hogy felmérje a kialakult nehézségek azonosságát. Az együttműködést információ-csere találkozók és tapasztalat megosztások testesítik meg. Ugyanakkor, a találkozók lényege, hogy megvitassák a lehetőségét egy-egy közös összefogásnak a költségek csökkentése érdekében (pl.: energiabeszerezés).

<i>Hogy ítéli meg a válaszlépés súlyát és mennyire tartja egyedi lépésnek?</i>	
<i>Hatásköri túllépést nem eredményez-e a válaszlépés a szervezetek valamint az Önkormányzat között lefektetett normáknak és szabályoknak?</i>	
<i>A fenti lépés ellentmond vagy megfelel az Ön által képviselt csoport érdekeinek?</i>	
<i>A lépés egybevág-e az Ön személyes elvárásaival?</i>	
<i>Ön szerint a MiVíz készséggel hajtja végre a lépést?</i>	