

THE ROMANIAN REGULATORY AUTHORITY FOR ENERGY AS AN EFFICIENT INSTITUTION IN THE CONTEXT OF ENVIRONMENTAL POLICIES

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Abstract:

In the context of new environmental paradigms for the efficient customization of both traditional and renewable energy systems, the international regulations aim to be effective sources of alignment. The internal marketing and control practices in a big state-owned enterprise are the concepts implemented in this paper into a multi-criterial decision-making model for understanding, observing and accommodate the personnel for reaching high service quality. The best practices for effective policy design are alternatives in an analytic network processes model designed and estimated by the staff in the audit department of the Romanian Regulatory Authority for Energy (RRAE). This model integrates all the national and international regulations at which the Romanian Regulatory Authority for Energy adhered and it determines for every employee criteria of performance to be contained in the individual forms of evaluation, so that the general principles adhered regarding the implementation of the energy efficient systems produce tangible effects.

Keywords: environmental policy instruments, internal marketing, Romanian Regulatory Authority for Energy (RRAE), COSO, Analytic Network Processes (ANP)

JEL Classification: M12, C49, H83

1. Introduction

In order to increase the performance of different energy paradigms in promoting pattern changes in environmental policy instruments, the institutional organisational process need to be conceived as a durable process which implies important collective and individual efforts. The model developed in this paper integrates all the national and international regulations at which the Romanian Regulatory Authority for Energy (RRAE) adhered and identify the measures need to be taken at the level of each and every employee, in terms of individual forms of evaluation, so that all the principles regarding the implementation of the energy efficient systems produce tangible effects. The conceptual instrument considered for the effective alignment is the internal marketing. Internal marketing as a method built the foundation of a multi-criterial decision making model whose alternatives are employees' evaluations forms. This model, designed and estimated by staff in the audit department of the RRAE is developed using the analytic network processes theory (ANP) and the SuperDecisions software.

Internal marketing is a concept defined as promoting the products of an organisation to its employees in order to deliver consistently superior quality services to customers. This implies that the organisation sees and treats its 'employees as internal customers' in order to develop, motivate and retain them for a customer-oriented behaviour (Benoy, 1996, p. 54). This approach has as main goals the satisfaction of internal customers, which is crucial when establishing their commitment to the firm and consequently, when satisfying the clients of the firm. (Caruana and Calleya, 1998). Hence, as Berry and Parasuraman (1991) state, treating employees as customers is the management philosophy of internal marketing. Another model of internal marketing is completed by Gronroos (2007) who divides it into strategic and tactical levels. Within his definition, he includes at strategic level 'the adoption of

supportive management styles and personnel policies', 'customer service training' and 'planning procedures'. At tactical level, he implies activities such as 'ongoing internal training', 'informal internal communications', 'internal market research' and 'internal market segmentation'. (Sargeant and Asif, 1998, p.68). Within the public entities there is generally a normative culture, where the focus is on a correct tracking of procedures, which are more important than the result. Moreover, within this type of organisational culture, the professional, moral etc. standards are elevated and reflect the attitude that the public entity has towards change.

In the realisation of the institutional organisational process, a durable process which implies important collective and individual efforts, a logical and chronological crossing of the following steps is necessary: the analysis of the objectives of the public entity, the designation of necessary activities and the establishment of their content, the creation of compartments, organizational structure and evaluation of its functionality. For improving organizational performance and governance, the Committee of Sponsoring Organisations (COSO) synthesized guidance for the management on how to implement and evaluate the effective enterprise risk management. According to COSO prototype, there are 3 main objectives of the Internal Control System, the efficiency of activities, the precision of the financial reports and the law enforcement and applicable regulations. In Romania, this model was first adopted by the public entities in 2005 and a first review was undertaken in 2015. Specific national legislation pieces (OMFP no. 946/2005, OSGG no. 400/2015, and OSGG no. 200/2016) consecrated the Code for Managerial Internal Audit of Public Entities. This Code includes Standards of Managerial Internal Audit. These standards define a minimal set of management regulations that must be followed by all public entities. Their aim is to create a uniform and coherent managerial internal audit model able to enable comparisons between entities of the same kind or within the same entity, at different moments in time and to make possible the highlighting of its economic activity and evolution. These standards also constitute a reference system, suitable for evaluating the evolution of the managerial internal audit models and the areas and directions subjected to alterations.

2. Regulatory Authority for Energy: an Overview

Regulatory Authority for Energy ('RAE'), is an independent administrative authority, a legal entity, under governmental control, funded integrally from own income, with independent decisional, organisational and functional roles. Its function is to elaborate, approve and monitor the application of the mandatory regulations at national level, necessary for the functioning of the sector and the market of electrical energy, thermal energy and natural gas. The actual form of organisation and functioning has been established in 2012. Between 2009 and 2012, RAE was organised and functioned under direct coordination of the Deputy Prime Minister, being funded by the national budget. Before, its regulatory activity took place within 3 entities: with regards to the sector and market of electrical and thermic energy: Regulatory Authority for Energy (RAE) – 1998-2007, with regards to the sector and market of natural gas: Regulatory Authority for Natural Gas (RANG) – 2000-2007, with regards to the formulation of engineering efficiency policy: Romanian Authority for Energy Conservation (RAEC) – 2002-2009.

In 2007, a singular regulatory authority for energy and natural gas was conceived, as the Regulatory Authority for Energy, (RAE), which took the attributions, budget, financial sources, personnel, rights and obligations from the Regulatory Authority for National Gas, which disbanded (fusion through absorption of RANG by RAE). In 2009, RAE also attained de Romanian Authority for Energy Conservation from the Economic Minister (fusion through absorption of RAEC by RAE).

RAE is led by 1 president and 2 vice-presidents. The president is the representative of RAE as independent administrative authority and legal person. His activity consists on giving orders and making decisions. He establishes the responsibilities, attributions and competences of the vice-presidents of RAE and of the general secretary through internal decisions. The financing of current expenses and the capital of RAE is ensured integrally through own revenues. RAE's revenues come from rates from licenses, authorisations and attestations, annual contributions to economic regulatory operators for electrical and thermic energy and natural gas, but also from other funds offered by international entities. The annual budget and expenses are to be approved by the president of RAE.

The regulatory committee composed of 7 members (RAE president, 2 vice-presidents and 4 other members) was funded to approve the regulations for electrical and thermic energy and natural gas. The members are named or revoked during the meetings of the Parliamentary Committees. The activity of

the Regulatory Committee develops under its own organisational and functioning regulations, approved by the president of RAE.

The Regulatory Committee is assisted by an Advisory Board, composed of 13 members, named as decision of the Prime-Minister, which has as functions to ensure the harmony between the interests of the economic operators from the energy sector and their consumers, to evaluate the impacts of the regulations imposed by RAE and to propose solutions to problems. Its activity develops under its own organisational and functioning regulations, approved by the president of RAE. On their website, RAE makes public the information of public interest and exercises its attributes with respect to transparent, objective, proportional, impartial and neutral principals in the relationship with economic operators. The main attributions are as follows: issues, modifies and withdraws permits and licenses, Issues technic and commercial regulations, ensuring access to electrical energy and natural gas networks, issues and approves methodologies for approving prices and rates, ensures the monitoring of the functioning of energy markets, promotes the production of energy from renewable sources.

In order to fulfil its attributes and competences, RAE realises the following general objectives: the promotion of a safe European internal market of electrical energy and natural gas, competitive and durable from an environmental perspective and of its opening in the benefit of all clients and providers of the European Union and also, the ensuring of adequate conditions for an efficient and safe functioning of the electrical energy and gas networks, as long term objectives (1.GO – Facilitating the presence of European Energy Market at a national level), the development of the competitive and functional regional markets, within the European internal market of electrical energy (2. GO – Regional Integrated Energy Markets), the withdrawal of restrictions regarding border commerce with electrical energy and natural gas energy, in order to satisfy demands and facilitate and easier access of the national market in the European internal market of electrical energy and natural gas (3. GO – Integration of Internal Market in the European Energy Market), the development of a national energetic system which is safe, reliable and efficient, costumer oriented, allowing the promotion of energetic efficiency and the integrating of renewable sources of energy, and also of the production distributed in transport and distribution networks. (4. GO – A safe Energetic System). Other tasks are as follow:

- the reinforcement of an access to the network for the new capacities of production, especially through the elimination of obstacles which prevent the access of new participants to the electrical energy and natural gas market or the use of renewable sources of energy (5. GO – Free entrance in the Energy Market);
- the ensuring of given stimulants to the operators of electrical network / systems of natural gas and to the other beneficiaries of electrical networks / systems of natural gas, in order to grow the efficiency of functioning of transport and distribution systems of energy and for establishing a more rapid integration within the market (6. GO – Correct benefits for the Energy providers);
- The consumer protection, by ensuring effective competitive market, supporting vulnerable clients, imposing quality standards of public services from electrical energy and natural gas sector, by facilitating clients the access to their level of consumerism data in the exchange process of the electrical energy and natural gas provider, and also by informing correctly and competently the consumers (7. GO – Standards for public services in energy);
- The guaranty of economic operators from energy and natural gas sectors to respect their obligations regarding transparency. (8. GO – Transparency).

In 2016, the main objective of RAE is to continually improve the regulatory activity by beneficiating to a maximal level of the available human resources, in order to develop a modern, unitary regulatory framework, easy to access by all participants in the market, from the small consumer to the big corporations in the electrical energy and natural gas sector.

Externally, RAE collaborates with the regulatory authorities of regional states, including through cooperative agreements, with the Cooperative Authority in the Energy Domain (CAED) and European Commission, in order to create harmony to the regulatory framework for the development of the regional market, the regulations regarding border exchanges of electrical energy and natural gas, the management and allocation of interconnection capacities, without facilitating the fulfilment of their attributions and competences.

Internally, RAE collaborates with the Competition Council, with the National Authority for Consumer Protection, with Financial Supervisory Authority, with ministers and other specialised bodies of the interested central and local public administrations, with consumers' associations of electrical

energy and natural gas, with professional associations within electrical energy and natural gas sector, with patronal and syndic associations, including through reciprocal exchanges of information.

Regulatory Authority for Energy has correspondents in all countries that are part of European Union. They have different organisations' forms: commissions, authorities, institutes, agencies and offices. Regardless of their form of organisation, they are independent financial, administrative and decisional entities. These organisations have the same role within their countries as RAE has in Romania, such as:

- Creating predictability on constantly changing markets;
- Liberalisation and deregulation of the markets;
- Ensuring that the gas and electricity markets are transparent and competitive;
- Defending the vital interests of consumers;
- Controlling and monitoring the electricity and gas markets;
- Defining and maintaining a reliable and transparent tariff system.

There are some countries in which their representatives have additional duties attached to their tasks. For example, Germany has in addition to guarantee the deregulation and liberalisation of the markets for post, telecommunication and rail transport. Also, Italy and Bulgaria regulate, control and monitor the water market and Sweden assures a safe and efficient access to district heating.

COSO prototype includes five components of an efficient internal controls system, which are enumerated below. First, is the control environment at organizational management: it sets the bases of the internal control systems by providing a general structure. Second, the risk assessment implies the identification, evaluation and responses of the management regarding the risk that could affect the established objectives. Third, the control activities with regard to the policies, procedures, controls, other practices, which has as role the assurance that the objectives established by the management are attained and the risks are diminished. Forth, the information and communication through which supports all the components of COSO, the communication between employees regarding the controls and the hand in of information in an adequate format and utility time so that the members of an organization could fulfil their duties. The fifth one is the monitoring and implies the supervision of internal controls by the management, the supervision by other external members of the process (internal auditors, monitoring organizations, etc.) or the application of independent methodologies of the type procedures and standard questionnaires completed by the employees in the process.

There are general objectives rendering into specific objectives required to be SMART. Individual objectives measured by performance indicators should embed the whole COSO framework and organisational culture as meta-approach. Therefore, deriving recommendations for an optimal internal marketing approach should be done in accordance with the individual performance regarded in the context of all the meta-approach previously described in detail.

This is the only way in which adjustments are put in accordance with the organisational culture and with the individual objectives. Recognising the specific connections, interconnections among all these conceptual and practical requirements, the internal audit department has rendered the task to deliver recommendations in accordance with all the above mentioned criterions.

While it is hard to keep in mind all the aspects regarding the mission, vision, integration of the company among other similar companies, the formalisation of an ANP Model illustrating all the connections and their intensity weighting offer not only an integrative view, but also, the possibility to assess the importance of the alternative recommendations in an integrated view.

Moreover, performing sensitivity analyses after estimating the model offer the possibility to deliver the best recommendation in accordance with the specific or individual objectives of particular interest. As it can be seen, there are a lot of things that should be reorganized for cultivating a better internal marketing and control approach within RAE. In general, enabling innovations in an entity requires a long process which is developed during a period of time, so that the workers get familiarized with the new working environment and the management changes and develops the initial scheme according to the results acquired up to that moment.

The management realise that they have to implement those solutions that have the greatest impact over developing the organisation's performances. Having in mind that they cannot be enforced all in the same time, prioritizing the problems which are to be solved would be an agreeable idea. The process of prioritization will be performed by using ANP.

For the purpose of this research the following activities were undertaken. Following the research of general and specific legislation that defines and regulates the way RAE is organised and operates it was pursued the observation and analysis of the activities carried out in several departments, several documents, procedures already enforced and results. It was gained access the RAE's organisational chart, Internal Regulation Policy, job descriptions, list of procedures, list of specific objectives for different departments, performance indicators established for fulfilling specific goals, procedure of yearly evaluation of employees' professional performances, individual performance reviews and the audit reports were processed in order to understand the control environment and organisational culture, the issues identified by internal auditors and their recommendations for activity improvements.

There are situations when specific objectives have been defined by taking into account activities undertaken within departments and / or activities specified in The Internal Organisation and Functioning Regulations without taking into consideration quality factors such as the quality increase of certain processes / activities. Also, certain specific objectives are not attached to one or more RAE general objectives. Specifically, although there are defined performance indicators attached to specific objectives, there is not a general calculus formula able to quantify quantitatively or qualitatively. Additional, although there are defined criteria in regards to the professional evaluation of RAE employees, there have not been identified individual objectives measurable by performance indicators able to enable the management to monitor to which extent the specific objectives have been attained.

The departments' specific objectives do not respect under any circumstance the SMART requirements:

1. They are not precise / specific (S). Although departments' specific objectives are clearly defined in accordance with the departments' activities and attributes specified in The Internal Organisation and Functioning Regulations, they do not contain quality elements and therefore can be considered associated activities and not specific objectives;
2. They are not always measurable and verifiable (M). Relevant indicators associated with specific result or performance objectives have been identified and calculus formulas established for them. Although they appear to be quality indicators, they are not measurable by having appreciation criteria attached to them. The performance indicators do not have names, only calculus formulas;
3. Although departments' specific objectives are necessary (A), there has not been established a correlation between specific objectives and available resources. There have not been defined individual objectives for employees or individual performance indicators;
4. Departments' specific objectives do not have fulfilling dead-lines (T). The established terms are "Annual" or "Permanent" without taking into account fulfilling or reporting dead-lines.

Individual objectives do not derive from specific objectives and the first are not accompanied by performance indicators able to measure the extent to which the objectives are fulfilled. These performance indicators are not defined in The Professional Performances Evaluation Review. In RAE, there is not yet a system for reporting the fulfilling of specific indicators. This system should have a monitoring function and be able to inform the middle and upper management about any possible deviation from objective fulfilment, activity risks and mitigate the effects of unforeseen events (Standard 10 – "Performance Monitoring").

Given all above, this paper uses a multicriterial approach to measure the degree of the implementation of COSO at RAE level. These potential solutions at the listed difficulties above are to be prioritised using ANP method.

3. The Model Description for an Efficient Romanian Regulatory Authority for Energy

For sure, determining the structure of a decision problem and implicitly the particular form of the ANP model is a creative process yet subject to the consensual agreement of the experts involved. This process implicates categorising factors that relate to that particular problem. If the model is structured in a form of a hierarchy, transferring influences top-down, the factors are categorised in four levels of hierarchy and in a descending order are as following: goal, criteria, sub-criteria and alternatives. In order to find elements for each level, the context of the problem must be well understood and possible solutions and participants that could help in solving the issue should be taken into consideration. The end result should be a hierarchy that has one level for each of the following: goal, attributes, issues, and

stakeholders. The two main purposes of a hierarchy are to ensure the overall view of existing relationships between elements and to check if the elements present at the same level have similar magnitudes. If feedback connections are appropriately considered a hierarchy can easily be transformed into a network through the removal of the goal cluster.

Elements are different and they take a different cut of problems at different levels. Not necessarily will an element be a criterion for all the elements placed in lower levels. For instance, when one level deals with social problems, the very next level might evaluate political factors in respect to social factors. The way the hierarchy works is such that the elements with a more general character are placed in the superior levels of the hierarchy, while the more particular ones will be at the lower levels. Therefore, the comparison will be more meaningful.

One should know that the comparisons are based on a scale of numbers, where one has to decide how much he or she prefers the chosen answer in relation to the other element of comparison. The scale of numbers consists of numbers between 1 and 9, where 1 means equally important and 9 means extremely important. In the scale of measurement there are three parts: the set of elements, numbers used, and the mapping of elements according to chosen numbers.

The feasible part of this method is that the chosen criteria can refer to unclear or intangible issues. In this criterion relative measurement is used, taken from the standard scales and the normalising process. ANP is a useful tool as it allows comparison between the pairs of elements with an element from the hierarchy. The grading for the comparisons is based on one's standards or experiences. This method perceives decision making as a mathematical science as a result, as it is stated.

There are many strengths and weaknesses of ANP. One of the strengths may be the fact that in order to build a network, it structures a decision problem in many parts. This makes every part of the network seem more important. After figuring the input of a pairwise comparison matrix, one is able to see inconsistencies, but usually the users like the output, since this method has a decrease in bias in decision-making.

Following the theoretical descriptions in the chapters above about the categories and the sub-categories with their correspondences, all the information was organized in clusters with nodes and connections in between nodes. These clusters with their node constituents are listed below.

The clusters that we can find attached to this model are:

1. ORGANIZATIONAL CULTURE SURVEY;
2. COSO;
3. GENERAL OBJECTIVES;
4. SPECIFIC OBJECTIVES;
5. SMART;
6. INDIVIDUAL OBJECTIVES;
7. PERFORMANCE INDICATORS;
8. ALTERNATIVES.

The nodes associated with every cluster represent characteristics of these clusters and it will be presented in the following lines.

The cluster 1. ORGANIZATIONAL CULTURE SURVEY has the next three nodes:

- 1.1. Clear definition and dissemination of objectives and priorities;
- 1.2. Adequate understanding of the organisation's missions;
- 1.3. Adequate matches regarding hiring.

The cluster 2. COSO consists of:

- 2.1. Control Environment
- 2.2. Risk Assessment
- 2.3. Control Activities
- 2.4. Information & Communication
- 2.5. Monitoring Activities

The cluster 3. GENERAL OBJECTIVES has eight nodes:

- 3.1. Facilitating the presence of European Energy Market at a national level;

- 3.2. Integration of Internal Market into the Regional Market;
- 3.3. Integration of Internal Market in the European Energy Market;
- 3.4. A safe Energetic System;
- 3.5. Free entrance in the Energy Market;
- 3.6. Correct benefits for the Energy providers;
- 3.7. Standards for public services in Energy;
- 3.8. Transparency.

The cluster 4. SMART is composed of five nodes:

- 4.1. S – specific;
- 4.2. M – measurable;
- 4.3. A – attainable;
- 4.4. R – realizable;
- 4.5. T – timely.

This cluster is associated especially with general objectives and specific objectives in order to obtain those alternatives that have the greatest impact over organisation. It is connected with general objectives and specific objectives because these objectives require to be SMART. Also, it is interconnected to alternatives cluster because the goal is to obtain prioritized solutions.

The cluster 5. SPECIFIC OBJECTIVES consists of:

- 5.1. Annually improving of added value;
- 5.2. Implementation of internal control instruments for annually improving;
- 5.3. Assuring a good management of the annual terms.

It is derived from the general objectives cluster because these objectives are derived from general objectives and has as derivative individual objectives cluster because these aims are established in accordance to specific goals. Specific objectives are required to be SMART and, consequently, is interconnected to SMART cluster.

The cluster 6. INDIVIDUAL OBJECTIVES cluster consists of:

- 6.1. Improving quality of the job description files;
- 6.2. Improving the process of annual evaluation of performances in a specific time;
- 6.3. Completing of inheritance declarations in accordance with the deadline.

This cluster is derived from the specific objectives cluster and has a derivative cluster namely performance indicators. Likewise, it is interconnected with alternatives cluster in order to obtain realistic solution that will be implemented within RAE.

The cluster 7. PERFORMANCE INDICATORS comprises three nodes:

- 7.1. The progress of the work required;
- 7.2. The number of registered inadequacies;
- 7.3. Respecting project deadlines.

It is interconnected only with alternatives cluster because it is the most specific tool that can be attributed to an employee in order to be monitored.

The cluster 8. ALTERNATIVES consists of six recommendations which represent the nodes from the cluster:

- 8.1. A strategy for 3-5 years;
- 8.2. Reassessment of the general objectives;
- 8.3. Reassessment of the specific objectives;
- 8.4 Integrating performance indicators;
- 8.5. Establishing performance indicators for individual objectives;
- 8.6. The optimal fit of the individual objectives to every employee.

Nodes in this cluster are connected in a complex way with another node in different clusters. For instance, the first node has a direct relationship with nodes in three different clusters namely: general objectives, specific objectives and organizational culture survey. Alternatively, the second node is

interconnected only with general objectives cluster because it refers only to the reassessment of them. The reassessment of specific objectives node is connected with the specific objectives cluster.

The Super Decisions software was used for obtaining a prioritization of the recommendations designed to help RAE to solve their problems identified in this case study.

4. ANP MODEL ESTIMATION

Following the traditional procedure of estimating a model in the consensus mode, all the members of the Audit Department were gathered together in 5 consecutive one hour and a half meetings. In the first meeting, it was presented the skeleton of the model, opinions about its completion were gathered and assembled and all the suggested connections in between nodes and clusters were established in full consensus. In the next three meetings there were evaluated all the pairwise comparisons. Each time, when inconsistency index associated with a decision matrix was above the recommended level of 0.1, the inconsistency report was generated and experts were asked to revise their estimations and deliver a commonly agreed new pairwise comparison. This procedure was repeated with the whole group together until the inconsistency index fall under the threshold of 0.1. At the end of the fourth meeting, the synthetized results were generated and presented to the group. In the fifth meeting there was explained the procedure of the sensitivity analysis and several options were chosen for numerical illustration. The ANP model is shown in Figure 1 below.

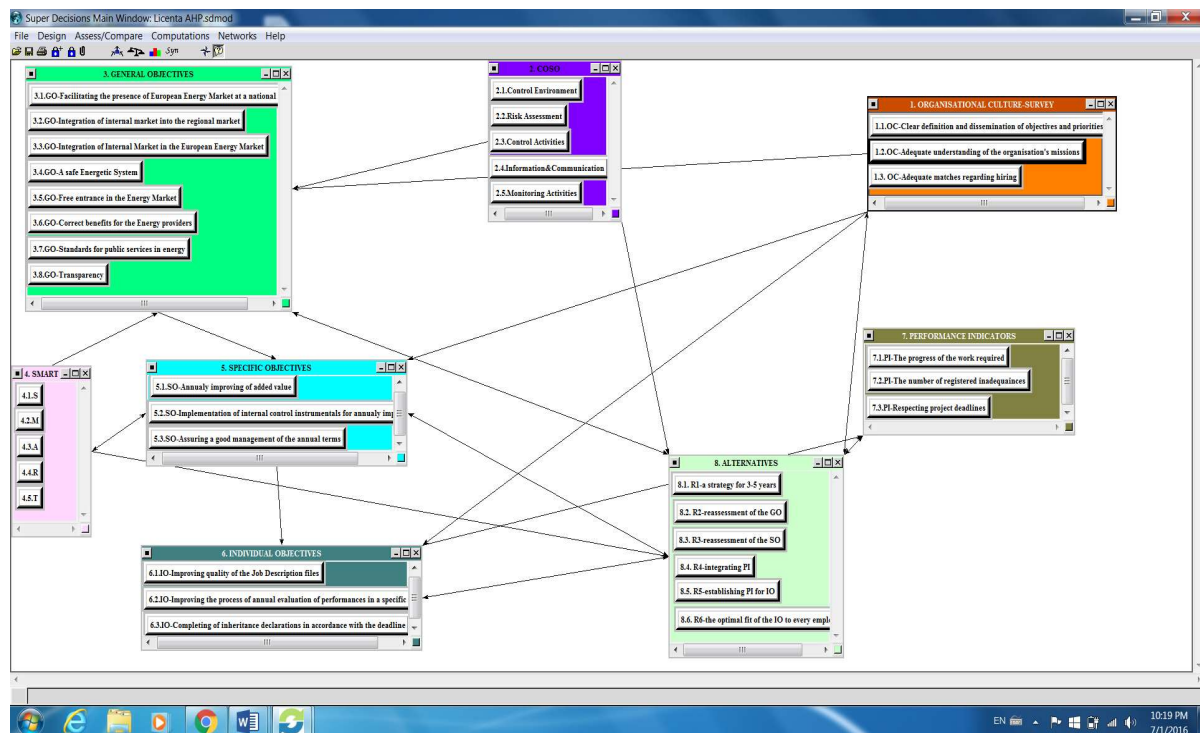


Figure 1: The ANP Model

The synthetized results refer to the comparative weights of importance for the Alternatives. The alternatives are the suggested improvements and these suggested improvements are decided in accordance with all the firm's general and subjective objectives. It is therefore a big step to an integrative way of suggesting improvements, in accordance with all the macro and micro policies at the firm's level.

The specific numbers, as derived from the synthetized model are shown in the Figure 2.

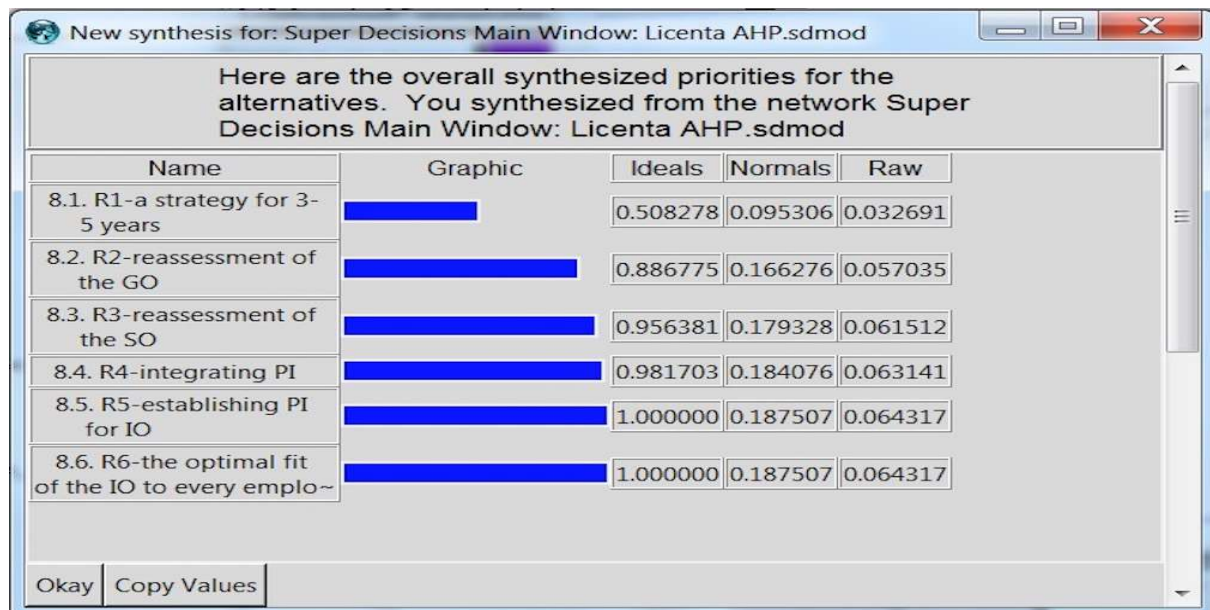


Figure 2: The synthesized ANP Model

The R5 - establishing performance indicators for individual objectives and 8.6 - the optimal fit of the individual objectives to every employee have the biggest weight because they are not implemented yet, and represents an immediately measure that the management has to take in order to solve the issues encountered by RAE. These are the most important because the individual objectives do not derive from specific objectives and the first are not accompanied by performance indicators able to measure the extent to which the objectives are fulfilled. These performance indicators are not defined in The Professional Performances Evaluation Review. In RAE, there is not yet a system for reporting the fulfilling of specific indicators. This system should have a monitoring function and be able to inform the middle and upper management about any possible deviation from objective fulfilment, activity risks and mitigate the effects of unforeseen events.

The last two recommendations have the same value because it was considered that individual objectives cannot be measurable without performance indicators and they have scored with same values because their importance is of an equal extent.

The R4 - integrating performance indicators alternative which refer to integrate performance indicators has a value of 0.184076, which represent an appropriate value towards the last two alternatives which have 0.187507. This happens because this alternative reinforces the previously two measures.

The R3 - reassessment of the specific objectives alternative, reassessment of the specific objectives, has a value of 0.179328. It represents the fourth value on the list of the comparative priorities because these objectives are already established by the management of the organization. They need only to be reassessed because they are not SMART.

The R1 - a strategy for 3-5 years alternative renders the smallest importance because of the timeframe, not being the most urgent thing to do in the present. RAE has already a strategy implemented, but that one is not specific and measurable.

Sensitivity analysis with respect to the main categories – expressed as three nodes – in the ORGANISATIONAL CULTURE SURVEY cluster is best expressed through the rate of change.

The actual values of the alternatives representing the recommendations suggested in the meta-context of the ANP model correspond to a control parameter of 0.5. If the importance of the node 1.1. OC - Clear definition and dissemination of objectives and priorities would be increased by 50% that would correspond to a value of the control parameter of 0.75. The comparative values under these two circumstances are shown in figures 3 and respectively 4.

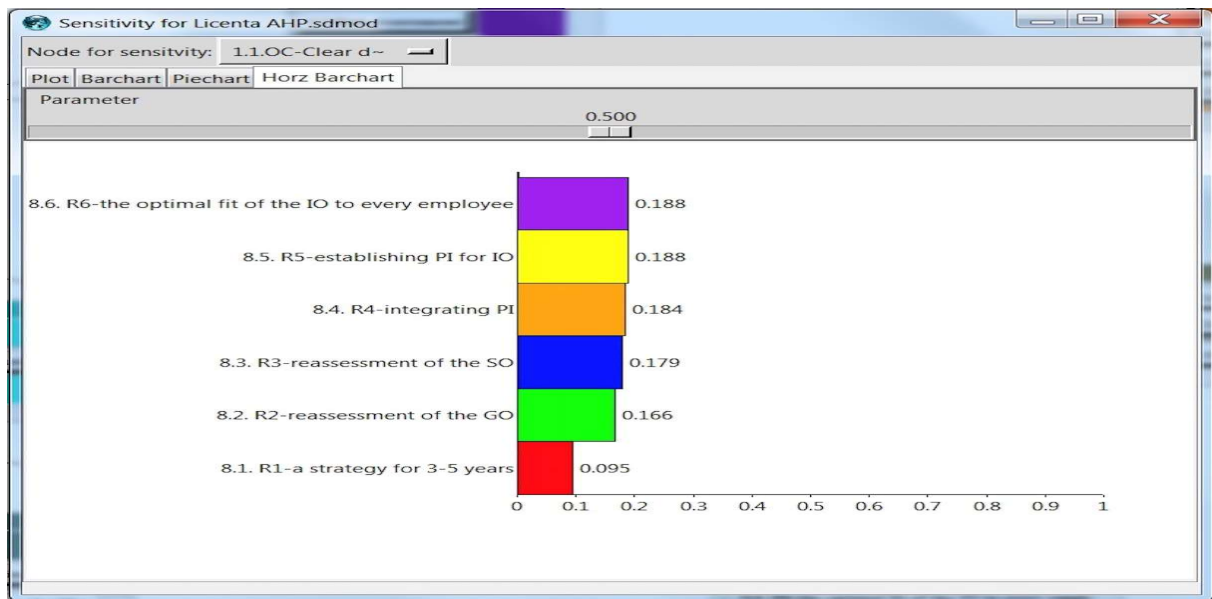


Figure 3: Parameter 0.5 with respect to the node 1.1

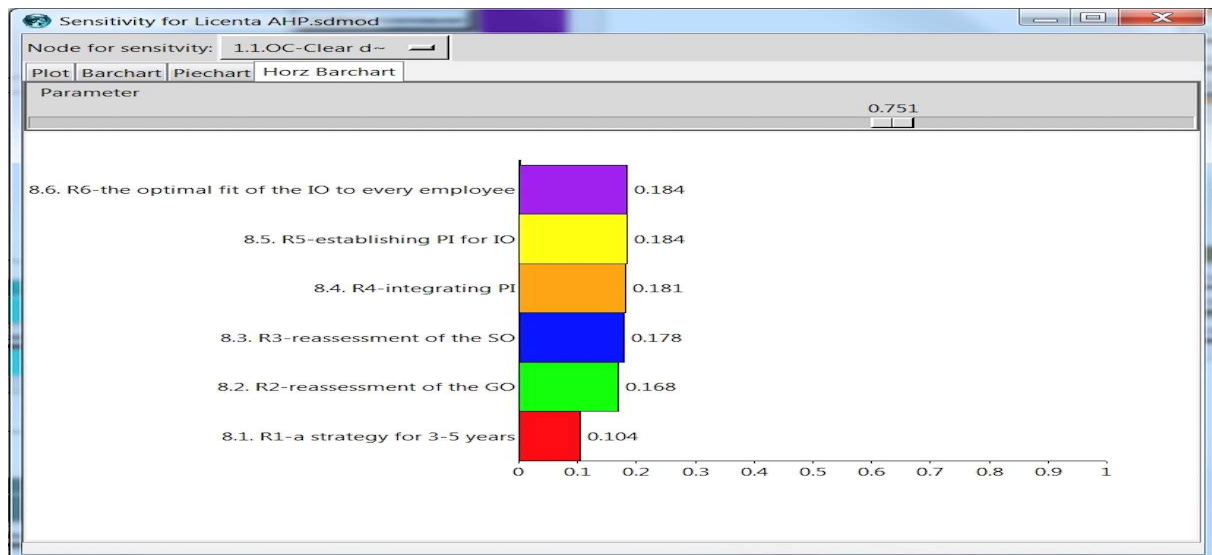


Figure 4: Parameter 0.75 with respect to 1.1

The changes in the weight of importance of the alternatives are shown in the table below and based on this are derived the correspondence rates of change:

1.1.OC-Clear definition and dissemination of objectives and priorities	Current value of control parameter 0.5	50% increase in the importance of the criterion 1.1 corresponding to the control parameter 0.75	Rate of change	
R6-the optimal fit of the IO to every employee	0.188	0.184	$(0.188 - 0.184) / 0.188$	- 0.021
R5-establishing PI for IO	0.188	0.184	$(0.184 - 0.188) / 0.188$	- 0.021
R4-integrating PI	0.184	0.181	$(0.181 - 0.184) / 0.184$	- 0.016
R3-reassessment of the SO	0.179	0.178	$(0.178 - 0.179) / 0.179$	- 0.005

R2-reassessment of the GO	0.166	0.168	$(0.168 - 0.166) / 0.166$	0.012
R1-a strategy for 3-5 years	0.095	0.104	$(0.104 - 0.095) / 0.095$	0.094

Results confirm that the clearer are set the objective the most sensitive is the formulation of a strategy for the next 3-5 years. On the other hand, the R6 -the optimal fit of the individual objectives to every employee and the R5 – establishing performance indicators for individual objectives are less sensitive to the extra time spend for setting more clear the future objectives. The reassessment of the specific objectives seems to be the least sensitive with respect to the extra time for a better formulation of the 1.1 clear definition and dissemination of objectives and priorities. While these results confirm the common perceptions, the particular numerical values give also a much closer numerical sense about the scale of sensitivity.

If the importance of the node 1.2. OC - adequate understanding of the organization's missions would be increased by 50% that would correspond to a value of the control parameter of 0.75.

The changes in the weight of importance of the alternatives are shown in the table below and based on this are derived the correspondence rates of change:

1.2.OC-Adequate understanding of the organization's missions	Current value of control parameter 0.5	50% increase in the importance of the criterion 1.1 corresponding to the control parameter 0.75	Rate of change	
R6-the optimal fit of the IO to every employee	0.188	0.181	$(0.181 - 0.188) / 0.188$	- 0.037
R5-establishing PI for IO	0.188	0.181	$(0.181 - 0.188) / 0.188$	- 0.037
R4-integrating PI	0.184	0.180	$(0.180 - 0.184) / 0.18$	- 0.021
R3-reassessment of the SO	0.179	0.184	$(0.184 - 0.179) / 0.179$	0.027
R2-reassessment of the GO	0.166	0.172	$(0.172 - 0.166) / 0.166$	0.036
R1-a strategy for 3-5 years	0.095	0.102	$(0.102 - 0.095) / 0.095$	0.073

Results confirm that the clearer are set the objective the most sensitive is the formulation of a strategy for the next 3-5 years. On the other hand, the R6 - the optimal fit of the individual objectives to every employee and the R5 – establishing performance indicators for individual objectives are less sensitive to the extra time spend for setting more clear the future objectives. The R4 – integrating performance indicators seems to be the least sensitive with respect to the extra time for a better formulation of the 1.2. OC - adequate understanding of the organization's. While these results confirm the common perceptions, the particular numerical values give also a much closer numerical sense about the scale of sensitivity.

The changes in the weight of importance of the alternatives are shown in the table below and based on this are derived the correspondence rates of change:

1.3.OC-Adequate matches regarding hiring	Current value of control parameter 0.5	50% increase in the importance of the criterion 1.1	Rate of change
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		corresponding to the control parameter 0.75		
R6-the optimal fit of the IO to every employee	0.188	0.182	$(0.182 - 0.188) / 0.188$	- 0.031
R5-establishing PI for IO	0.188	0.182	$(0.182 - 0.188) / 0.188$	- 0.031
R4-integrating PI	0.184	0.179	$(0.179 - 0.184) / 0.184$	- 0.027
R3-reassessment of the SO	0.179	0.184	$(0.184 - 0.179) / 0.179$	0.027
R2-reassessment of the GO	0.166	0.169	$(0.169 - 0.166) / 0.166$	0.018
R1-a strategy for 3-5 years	0.095	0.103	$(0.103 - 0.095) / 0.095$	0.084

Results confirm that the clearer are set the objective the most sensitive is the formulation of a strategy for the next 3-5 years. On the other hand, the R6 - the optimal fit of the individual objectives to every employee and the R5 – establishing performance indicators for individual objectives are less sensitive to the extra time spend for setting more clear the future objectives. The R2 – reassessment of general objectives seems to be the least sensitive with respect to the extra time for a better formulation of the 1.2 adequate understanding of the organization's. While these results confirm the common perceptions, the particular numerical values give also a much closer numerical sense about the scale of sensitivity.

5. Conclusions

The study carried out throughout this paper was set out to explore the concepts of internal marketing and control systems within an organisation, ideas framed around a case study performed at RAE. After an in-depth research on the existing models at other firms and also at RAE, several recommendations on ways of improvement have been established, enumerated below. First is the improvement of the evaluation of individual's professional performance process by setting individual objectives. These individual objectives must fit to every employee. Next, it is needed the evaluation of the performance level for each employee according with the performance indicators and identifying the needs of professional training. Theses should be followed by the determination of the departments' specific and individual objectives by fulfilling the SMART requirements, the setting out measurable individual performance indicators for employees in order to assess employees' professional performances on their own established objectives, the design of a report system and the balance scorecard, for introducing general specific and individual objectives, in order to identify, examine and organise the activities of the personnel. About the design of a strategy for 3-5 years, the most important element of the internal control system implementation is the implementation of COSO Model, with its five key elements: control environment, performance and risk management, control activities, information, communication and monitoring activities. In the process of identifying the disadvantages of the Standard 'Objectives' implementation the following issues are prevalent: specific targets and common functions are not identified and clearly stated, departments' specific objectives do not respect under any circumstances the SMART requirements and performance indicators are not defined, the individual objectives measured by indicators have not been identified.

Overall the recommendations may be implemented depending on the financial and human resources availability and competences and furthermore the top and line managers of RAE must be trained accordingly to provide high quality service and build strong relationships with the customers.

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