Socio-economic approach to management

Guest Editor
Henri Savall

CONTENTS

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CONTENTS
continued

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Comparison of socio-economic and other transorganizational development methods

David Boje and Grace Ann Rosile

Keywords Social economics, Organizational development, Postmodernism, Management

The purpose of this article is to compare and contrast the socio-economic approach to management (SEAM) with 15 large system change methods. All 16 of these methods are part of the transorganizational development (TD) gameboard (see the Web site at http://web.nmsu.edu/~dboje/TDgameboard.html). Based on this comparison, the paper suggests that SEAM is broader-based, more integrative, and more postmodern (more multi-vocal and power-conscious) than most other TD methodologies.

Theatrics of SEAM

David Boje and Grace Ann Rosile

Keywords Social economics, Management, Theatre, Postmodernism

The purpose of this article is to explore the similarities and differences in the socio-economic approach to management (SEAM) method and postmodern approaches to theatre. Neither metaphorical nor managerialist, SEAM's perspective allows that the organization is theatre. Introduces the terms "metascript" and "metatheatre" to describe how SEAM's approach accomodates the multiple perspectives and simultaneous multiple stages populated by the "spect-actors" (Boal, A., *Theatre of the Oppressed*, translated by Charles A. and Maria-Odillia Leal McBride, Theatre Communications Group, New York, NY, 1979, originally published in Spanish as *Teatro de Oprimido*, Ediciones de la Flor, Buenos Aires, 1974) of the Tamara-esque postmodern organization theatre.

An updated presentation of the socio-economic management model

Henri Savall

Keywords Social economics, Management, Change management, Performance, Costs, Decision making

This article presents the socio-economic model founded and developed by the author since 1973. It focuses on the fundamental hypothesis of the socio-economic approach to management (SEAM) and demonstrates how the model is a system-wide approach to change management.

Postmodernism and the socio-economic approach to organizations

Michel Péron and Monique Péron

Keywords Postmodernism, Social economics, Management

This article brings out the numerous connections that can be established between the socio-economic approach to management (SEAM) considered as an architecture and the postmodern movement. The authors analyze the contribution of SEAM to the postmodern management approach, through the process of the construction and reconstruction of managerial discourses within the framework of socio-economic interventions. They tackle the controversial issue of pessimism vs optimism in postmodern approach to conclude that SEAM is a tool and a method, which makes it possible to better control order and chaos so as to create positive change.

Organizational transformation through the socio-economic approach in an industrial context

Véronique Zardet and Olivier Voyant

Keywords Work organization, Sociotechnics, Social economics, Industry, Management, Organizational change

For more than a century companies' organizational variables have been studied and researched. Historically, the practice is to focus on the precursors in the management sciences field, Frederick Winslow Taylor, Henri Fayol and Max Weber, the founders of the classical organization theory school. The objective of this article is to determine if the fundamental principles of this school are still present and an integral part of industrial companies today, and if so, to assess their impact. The paper then demonstrates how the socio-economic approach, which was created in 1973, goes well beyond the socio-technical and organizational-development approaches to change management, by taking into better account the economic and strategic dimensions of leadership management.

Enhancing the efficiency of networks in an urban area through socio-economic interventions

Marc Bonnet and Vincent Cristallini

Keywords Networks, Organizational development, Urban economy, Social economics

The research scheme presented here has been implemented in a city with over 250,000 inhabitants. The purpose of the article is to present the SEAM method in an urban setting, considered as a transorganizational field. The main hypothesis behind this research scheme is that any neighborhood is not organized enough to create networks which deliver efficient services, thus resulting in many dysfunctions and even violence in the city.

Dysfunctions in owner-manager succession process in family firms and how a SEAM intervener-researcher can address them

Dominique Besson and Slimane Haddadj

Keywords Succession planning, Family firms, Intervention

Most succession processes prove to be dysfunctional, resulting in high hidden costs. This article shows how a socio-economic process can help the actors prevent those dysfunctions, while dealing with the creation of new forms of power.

SEAM-less post-merger integration strategies: a cause for concern

Anthony F. Buono

Keywords Mergers and acquisitions, Integration, Strategy

Most merger and acquisition strategies are still dominated by financial analyses, legal considerations and power plays by dominant groups as individuals jockey for position and influence. Rather than focusing on the inherent dysfunctions that can emerge in the combined organization due to the informal power held by organizational members – low productivity, poor quality, reduced commitment, voluntary turnover, and related hidden costs and untapped potential – far too many companies seem to meander through the post-combination integration process.

Managing the unmanageable: how can SEAM give back to employees and work situations their anthropological original substance?

Georges Trepo and Fabien de Geuser

Keywords Performance, Social sciences, Economics, Management, Employees

Attempts to explain the sources of the basic assumption of the socio-economic approach to management (SEAM): the existence of hidden costs and performance. These are due to the heterogeneity of situations and to the presence of multiple contradictions in these situations. Aims to show how SEAM can help to both spot these two dimensions and to shed light on the operational difficulties for managers to cope with them.

International dissemination of the socio-economic method

Henri Savall

Keywords Diversity, Dissemination, Management theory, Social economics, Networks

The socio-economic approach to management (SEAM) model has been experimented in over 1,000 companies and organizations in 30 countries in Europe, Africa, Asia, and America. The key success factors for the dissemination of SEAM are both individual and institutional. They rely on the diversity of actors, trans-generation, and a variety of networks. At this stage, the dissemination process of SEAM brings to light unexpected synergies. This process is based on methodological principles such as generic contingency and cognitive interactivity.

Introduction

About the Guest Editor Professor Henri Savall received a multidisciplinary education: his fields of interest include accounting, finance, political sciences, linguistics, economics, economic history (he wrote his PhD first thesis in economics on Bernacer, a Spanish economist forerunner of Keynes, "G. Bernacer: l'hétérodoxie en science économique (G. Bernacer, heterodoxy in economics)", 1975. Following the completion of a second thesis (1974) on socio-economic performance subsequently published in France (Enrichir le Travail Humain: l'Evaluation Economique, *1975), in Spain* (Por un Trabajo mas Humano, *Madrid), 1977 and in England* (Work and People: An Economic Evaluation of Job Enrichment, *Oxford University Press, New York, NY, 1980). He authored* Reconstruire l'entreprise (Reconstructing the Firm), *1980, and co-authored with Professor Véronique Zardet several books among which are:* Maîtriser les Coûts et les Performances Cachés (Controlling Hidden Costs and Performances), *1987;* Le Nouveau Contrôle de gestion (A New Approach to Management Control), *1992; and* Ingénierie stratégique du roseau (Strategic Engineering of Reed), *1995.*

Henri Savall created the Socio-Economic Institute of Firms and Organizations (ISEOR), operating in association with the University of Lyon and Lyon Graduate School of Business. Its core objective is to explore and demonstrate the compatibility between social and economic performance within firms and organizations. His research methodology goes by the name of "intervention research" as it goes beyond traditional action research. He supervises one of the largest research team in France (125 senior and junior researchers) and conducts twenty intervention- researches or so in which he gets directly involved in various companies and organizations. Inside the University of Lyon he set up the "Ecole Universitaire de Gestion Innovante" (Academic School for Innovative Management), the post-graduate diploma and PhD in management, as well as various diplomas stemming from ISEOR researches. He is president of François Perroux Society and of the doctoral research committee of the International Association of Strategic Management (AIMS). So far, over 1,000 intervention researches have been conducted on change management in 30 countries in Europe, Africa, Asia and America. Among his major fields of interest rank high research methodology, critical analysis of knowledge creation in social sciences with special insistence on the scientific observation of managerial situations and phenomena. A book written in collaboration with Véronique Zardet on this issue has gone to press. H. Savall was an expert with the National Foundation of Management Education, the National Agency for the Improvement of Working Conditions, the General Commissioner for Planning and Development and the Department of Trade and Industry.

Henri Savall (together with the Professor Véronique Zardet) has been awarded a prize by the Academy of Social Sciences (Institut de France, Académie des Sciences Morales et Politiques) for his work as his socio-economic approach to management got international recognition through a joint publication with ILO, Geneva. Henri Savall has been for 25 years editor of the Revue Sciences de Gestion (Journal of Administrative Science), *Paris and Lyon.*

Several reasons can account for the decision to devote a special issue of *JOCM* to the socio-economic theory of organizations (socio-economic approach to management or socio-economic approach to management (SEAM) model).

It constitutes an innovative theory in the field of organizational change since it contributes in linking together the social dimension of change and the economic dimension.

Such a theory is not widely known in the USA although it has been applied in 30 countries in Europe, Africa, America and Asia.

It consists in a new approach based on experiments conducted in very different cultural contexts: the fundamental principle of SEAM methodology goes by the name of "generic contingency" which simultaneously addresses transferable generic knowledge and respects the specificities of each organizational context.

We deem it necessary to clarify in the present issue the basic concepts of the socio-economic theory and more especially its linkage with post-modernism. In fact these concepts are always present explicitly or implicitly in the overall framework of this number.

The very fact that the theory we present today took its origin in France before being implemented in other countries, gives it a specific touch when compared with management theories of Anglo-Saxon inspiration for the most part.

This special issue has been edited with a view to providing the reader with various insights into SEAM model in different fields. Some of the articles aim to present the socio-economic theory and its model of international dissemination and to position it in comparison with others (socio-technical approach, organizational development, post-modernism, sociology and anthropology of organizations). Others allow to illustrate the way the method is implemented in various contexts: industrial firms as well as the public sector in a trans-organizational context. Other articles analyze the relevance of this theory as regards specific problems such as successions or mergers and acquisitions.

The articles have been arranged so as to enable the reader to progressively discover the theory and its applications:

· The journal starts with two articles by David Boje and Grace Ann Rosile, aimed at positioning the SEAM in relation to other methods of transorganizational development methods and to the post-modern approach to "organizational theatre".

· A detailed presentation of the socio-economic theory of organizations (SEAM model) is given by Henri Savall, the founder of the method. He takes stock of the progress of his theory 25 years after its inception, while capitalizing on the data base stemming from over 1,000 cases of change actions.

· An article by Michel and Monique Péron aims, then, to clarifiy the contribution of such a theory to post-modernism, by showing how the method does not only consist in deconstructing the discourse but also in reconstructing the organization while turning towards the situation favored by the actors as a whole.

· An article by Véronique Zardet and Olivier Voyant underscores the value added of the socio-economic theory compared with socio-technical theory

as it integrates the economic and strategic dimensions to the conduct of organizational change. The article is illustrated with various applications in industry.

· A current challenge to organization theories is posed by their application to macro-organizations and organization networks in the case of public management problems. An article by Marc Bonnet and Vincent Cristallini presents an application of socio-economic theory in an urban area.

· Sucession issues are particularly tricky examples of problems linked to the exercise of power within firms. An article by Dominique Besson and Slimane Haddadj shows how this issue has been dealt with in the socio-economic theory of organizations.

· As for mergers and acquisitions, when financial and strategic logics prevail, paying insufficient attention to human potential entails numerous dysfunctions. Anthony F. Buono explains how the socio-economic method enventually enables to conduct differently such organizational changes.

· The heterogeneity and contradictions existing in management situations may seem insurmontable in the eyes of sociologists and anthropologists. Georges Trepo and Fabien de Geuser, in their article, put forward the challenges set by the socio-economic theory with a view to overcoming the contradictions between economic logics and the actor's logics.

· A concluding article by Henri Savall shows how ISEOR lab disseminates the socio-economic theory in a wide variety of organizations and conceptualizes in return the lessons drawn from knowledge transfer in different cultural contexts.

Henri Savall
Guest Editor

Comparison of socio-economic and other transorganizational development methods

David Boje and Grace Ann Rosile

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Abstract *The purpose of this article is to compare and contrast the socio-economic approach to management (SEAM) with 15 large system change methods. All 16 of these methods are part of the transorganizational development (TD) gameboard (see the Web site at http://web.nmsu.edu/~dboje/TDgameboard.html). Based on this comparison, the paper suggests that SEAM is broader-based, more integrative, and more postmodern (more multi-vocal and power-conscious) than most other TD methodologies.*

Introduction

The purpose of our article is to situate the evolution of socio-economic approach to management (SEAM) among various other transorganizational development (TD) approaches, such as socio-technical systems, appreciative inquiry, reengineering, various network models, as well as the more postmodern theatrical and narrative approaches to large system change (see Figure 1). SEAM has been validated through experimentation in 1,000 companies (with 50,000 field interviews), accumulating grounded theory for more than 26 years, in 30 countries on four continents.

What is TD?

TD began with a piece done by Culbert *et al.* (1972) at UCLA. TD can be defined as follows:

> Transorganizational development is a collective story that is being shaped and co-constructed among the network of [organizational] participants. Each stakeholder [organization] is negotiating the meaning of the collective story. Each story is a fragment, a perspective on the whole. Some are problem based, issue based, solution based or just fantasy based. Each is a candidate to become the dominant collective story (Boje, 1979; Boje and Wolfe, 1989).

The focus of the TD gameboard (see Figure 1) and Web site[1] is to explore the game of TD, the ways in which particular approaches to large system change become insular, with their own academic places, teams of apprentices, and devoted disciples. The TD gameboard is therefore a tongue in cheek attempt to call for interdisciplinary research and practice. TD, for example, is said to be a game of attracting disciples, then getting dissertation projects published that

1. Alinsky/Cortez COMMUNITY ORGANIZING	2. Emery PDPD (Participative Design for Participative Democracy); Search Conference	3. Davis & Weisbord Future Search Conference; Sociotechnical Systems Models	4. Savall SEAM (Socio-Economic Approach to Management)	5. Argyris, Torbert, Reason ACTION RESEARCH/ SCIENCE/ INQUIRY
16. Collins CRITICAL THEORY SOCIOLOGY OF OD	*TDGameboard (website, http://web.nmsu.edu/~dboje/Tdgameboard.html). © David M. Boje, Ph.D. New Mexico State University September 16 1999; Revised July 15 2002*			6. Cooperrider & Srivastra & Gergen APPRECIATIVE INQUIRY
15. Chisholm NETWORK ORGANIZATIONS				7. Hammer & Champy REENGINEERING
14. Boal; Boje, Rosile & Saner POSTMODERN THEATRE (Aristotle & Burke organization IS theatre approach)				8. Goffman FRAMEWORKS (Metaphoric approach to theatre)
13. Debord; Best & Kellner SPECTACLE THEATRICS	12. Culbert et al. (1972); Boje, Wolfe & Motamedi; Cummings TRANS-ORGANIZATION DEVELOPMENT	11. White & Epston; Barry; Boje & Rosile; Kaye, Boyce RESTORYING & NARRATIVE THERAPY	10. Senge, Schein & Boisot LEARNING ORGANIZATIONS; KNOWLEDGE NETWORKS	9. Owens OPEN SPACES

Note: Interested parties can get more information about the consultants/authors mentioned in this figure at: http://web.nmsu.edu/~dboje/TDgameboard.html

Figure 1.
TD Gameboard

validate one's method as superior to all opponent methods. The downfall is a lack of comparative study of the approaches. There are rules to the TD game:

(1) develop a TD system change model;

(2) defend from all other models on the TD gameboard;

(3) launch a training seminar for consultant instruction;

(4) build a following of Phd consultants;

(5) conduct research to confirm your model's findings;

(6) loop up to game rule 1; or

(7) attend deprogramming classes.

The authors have been trained or self-taught in the 16 methodologies in Figure 1 (but were more anti-square 7, which is included since it has been highly disseminated).

In July 2000 on our trip to Lyon, France, we first met with Henri Savall, the founder of ISEOR[2] and SEAM. As we conducted our interviews there in Lyon in 2000, 2001, and 2002, we continued to explore what we see as important similarities and differences between SEAM and alternative TD change methodologies. The contribution of our article, is that the hypothesized differences we will explore could become the subject of future comparative research projects. We begin with a brief description of SEAM (and direct

readers to articles by Savall (2003), Zardet and Voyant (2003), Bonnet and Cristallini (2003), and Péron and Péron (2003), in this issue, who are ISEOR professors, and other authors in the issue, who, like us, do comparative research on SEAM).

What is SEAM?

SEAM[3] is the basic intervention model created by Henri Savall, in 1974, and disseminated by his team of associates (professors Veronique Zardet, Marc Bonnet, Michel Péron, and their international doctoral students) (see Savall, 1975). SEAM links economics, accounting and a special STS approach to large system change. It is a long-term commitment; no firm enters into a SEAM contract without an up front three to five-year commitment. This long-term contract makes SEAM unlike most other methods on the TD gameboard (with the exception of some long-term action research projects (square 5 in Figure 1)). Unlike other TD methods, SEAM bridges a qualitative interview and observation method of the social with a quantitative, accounting (hidden cost) and economic/financial analysis of the firm's strategy (i.e. it is socio-economic and interdisciplinary).

SEAM combines research and intervention. Qualitative data from semi-structured interviews and field observations are transcribed from field notes and entered into a computer data base that grows with the passing of years (see Savall (2003) and Zardet and Voyant (2003) in this issue for a fuller description of the SEAM method, and the Bonnet and Cristallini (2003) paper that demonstrates a more transorganizational application). SEAM is both micro and macro, connecting external environment strategic factors to the internal/local working conditions as well as policy changes, including changing the rules of the game between workers, unions, management, suppliers, and communities.

There are five key phases in a SEAM intervention. First is the negotiating phase, with many meetings over a period of three to eight months (for large enterprises) to establish the initial dialog between SEAM and the firm's management, and come to agreement on access to informants. Second is the listening phase in which SEAM intervener-researchers spend two to six months collecting qualitative verbatim field notes which (each week) are entered into a computer retrieval and storage database. This data is also the basis for identifying root causes of financial problems (dysfunctions) and hidden revenues (stemming from dysfunctions) which are not picked up in the firm's accounting and finance system. Besides listening to key informant concerns, the intervener-researchers works jointly with interviewees to translate problem-saturated accounts into root causes ("What does this problem affect?", "Who is affected?", "How frequently?" and "What are the costs?"). In these interviews, the intervener-researchers listens, but also enrolls the interviewees as a co-researcher into translating issues into economic and financial language that executives can understand. The third phase is the

mirror effect in which qualitative research data and hidden cost/hidden revenue quantified data is fed back to stakeholders (explained below). Fourth is the experiments phase, when a series of iterative field experiments are proposed, negotiated, and enacted to resolve hidden cost problems and exploit hidden revenues. Fifth is the evaluation phase (also on going) to quantify results. During all five phases copious notes are made by intervener-researchers on stakeholder behavior, reactions, and ongoing theatrics (see Boje and Rosile, 2003).

History of SEAM: how did this method emerge?

Savall decided to go his own way in the 1970s and build something unique in OD scholarship. As an economist and organization theorist, he believed "effectiveness and profitability were being obtained to the detriment of quality and human potential". There is a hypothesis that Savall worked out in his dissertation research:

> For example, when we decided to demonstrate between 1973 and 1977, that the new forms of work organization (such as the semi-autonomous groups advocated in the socio-technical approach) are more efficient and effective than classical organization (Taylor-Fayol-Weber) we realized that the existing accounting methods could not measure and compare the economic performance of the various work organization modes experimented within firms. As early as 1973 I had devised a model to assess hidden costs that was published in my book *Job Enrichment* (1974-1975). *At that time I only envisaged my model as a simple hypothesis and not as a theory*. I had to check whether this hypothesis could be adopted by the firms which agreed to finance our research to try to validate it (Savall interview, 2001).

Savall also told us:

> The importation of ideas and methods of management from abroad has caused deep disappointments in the companies and, to a lesser extent, in certain theorists and researchers in sciences of management: brutal performativity, excessively specialized organization Fayolism-Taylorism, or their opposites: psycho-naive other-worldliness, autonomies [that are] not concerted (Savall interview, 2001).

SEAM PhDs are more than process consultants, they consider themselves qualitative researchers, and financial researchers; in short, intervener-researcher, who carefully collect and code qualitative interviews into a text-retrieval computer system to persuade clients to commit to major interventions. This means that PhD candidates are trained at ISEOR to do semi-structured interviews and observation studies as part of their training. They learn an immense typology with 2,000 thematic codes that extends (4) and (5)'s levels of sub-categories from Savall's (2003) "An updated presentation of the socio-economic management model" article in this issue:

(1) working conditions;

(2) work organization;

(3) communication-coordination-cooperation;

(4) time use;

(5) training; and

(6) strategy.

One of the unique areas of SEAM is the mirror effect. Since it differentiates SEAM from other TD methods, we will give a brief overview. The SEAM intervener-researchers also learn the Socratic method, to negotiate interview situations as opportunities to instruct by asking questions, and to become a co-investigator with the interviewees in order to jointly work on ways to translate socio-problematics into economic language and costing.

The mirror effect. The mirror effect is SEAM terminology for the feedback event, to process the three to six months qualitative research data, and hidden cost/performance quantitative data (e.g. for a 15,000 person company, the report can be over 1,000 pages of transcribed field notes ordered by SEAM concepts). On the day in which this mountain of data is presented back to the people who generated it, each page of field note data is presented on transparency to the stakeholders (in large firms the report is segmented for several presentation events). For each of the 2,000 possible SEAM variables in the mirror effect meeting, there are several to scores of fieldnote statements being reviewed for each variable theme, organized by type of stakeholder (e.g. executive, manager, or worker). At the end of each section of variables, comparisons and contrasts are made between what various types of stakeholders said in the interviews and meetings. In addition, the accounting information about the immediate and long term financial impact of hidden costs and hidden potential revenues are presented.

The mirror effect has a triple meaning. First, it means the workers and the executives/managers mirror (represent) the problems and dysfunctions differently; there is image and counter-image in the same organization.

Second, numbers in accounting charts and tables and in financial reports and audits create instead of reflect or "mirror" reality. Behind the illusion of the mirrored representation is the politics of accounting and the social construction of the hyperreal. Lehman and Tinker (1996) argue that in order to democratize accounting and develop a more emancipatory and progressive accounting agenda it is necessary to reformulate "environmental accounting as part of its instrumental *modus vivendi* perpetuating the terrible slide into subjectivism and anthropocentrism where humanity is seen as capable of controlling and measuring nature" (Lehman and Tinker, 1996, p. 2). Taboo topics (areas the client does not want recorded in field notes), are brought out in the mirror effect event, and from time to time, these may be unwillingness to confront ecological and non-sustainability issues; other times they have to do with ethics or privileged groups treated inequitably.

Third, the emic (insider) terms and categories of problems/dysfunctions are mirrored into the etic (intervener-researcher terminology) system of the 2,000 SEAM thematic variables. Savall calls this, "facilitating the identification of the ideas by the actors . . . i.e. the words they resort to" (Savall interview, 2001) with

the SEAM vocabulary in a dialogic validation process between actors in the client system and SEAM intervener-researchers. Table I gives a summary of the etic and emic aspects of the mirror effect. The mirror effect as an event, also helps produce information that helps bring convergent and divergent thinking about problems and dysfunctions into relief. Rather than demanding consensus, SEAM assumes that there is a multiplicity of views which coexist in hybridity.

The SEAM intervener-researcher asks stakeholders to respond to the list of fieldnote quotes organized along theme categories and sub-categories, and cross indexed by type of stakeholder (executive, manager, worker, vendor, or customer). The interactivity between intervener-researchers and company members is critical in SEAM: In a large firm, this means an exhaustive review of several hundred pages of field transcript. The intervener-researcher asks people to comment on each transparency, "is this an accurate quote from the interviews?". People challenge and validate interview and hidden cost/revenue data. For example, somebody said, "I am really isolated; if I have to go any place; it seems a long way away". We wrote in our field notes, "the distance between the nearest reception desk and the window poses a communication problem" (a sub-variable of the communication-cooperation-coordination theme). Another person said, "Sometimes you get the feeling it's a state secret; it's work, work, work". Another said, "It's always like that; we are not always put in the picture and we make fools of ourselves when we are not aware of something". The intervener-researcher then indicates how they assigned the utterance to their SEAM categories. Then the intervener-researcher asks, "Do you agree with the categorization and typification of the problem?". Changes are proposed and validations are made. At the end of each grouping of variables, intervener-researcher point out the silences, where certain types of stakeholders did not report a problem, while others did report particular problems and dysfunctions.

What is the difference between SEAM and other TD approaches?
Unlike TD other approaches in the TD gameboard (Figure 1), SEAM's sociological analysis is interpenetrated with an economic/financial one, i.e. it is

Academic intervener-researcher (etic) SEAM typifications	Client's natural manguage (emic) typifications
Utterances sorted into language modelled along grounded theory SEAM variables and sub-variables ($n = 2,000$ categories)	Quotes from stakeholders ordered by type of stakeholder, collected in individual an group semi-structured interviews and from field observations
ISEOR computerized system of multi-project data entry and retrieval	Information collected and feed back in mirror effect meeting that is the diagnosis of dysfunctions and hidden costs and hidden performances on one firm

Table I.
Etic and emic
typification and
utterance
negotiation

a socio-economic theory and praxis. This primary difference in the SEAM approach and other TD gameboard methods includes extensive financial and accounting audits of hidden costs and performance revenues that are not picked up in the usual corporate accounting and financial information system reports. Unlike action research (AR; square 5 in Figure 1), the basis of most other TD methods, SEAM uses qualitative data gathering (not survey research) in combination with quantitative financial studies. Péron and Savall (2001, p. 5), for example, also critique AR for "carrying out some field observations, without any desire on the part of researchers to commit themselves in the running of the firm or meddle with the company's stakes"; AR is too neutral, which they say is impossible for any intervener-researcher. Unlike appreciative inquiry (square 6 in Figure 1), which does not like to deconstruct problems or spend months in the field, and eschews gathering problem-saturated data (too negative and divisive), or pointing out differences in stakeholder ideologies and hegemony (also divisive), SEAM considers detailed and extensive problem/dysfunction analysis complete with accounting and financial data, quite essential to its methodology. SEAM is also not a deconstruction approach, in the Derrida sense of that word. Rather Savall says, his "critical analysis" of decision theories of "neo-classical or Keynesian inspiration" is based on the idea that "decision may be irrational" and has been basing his critical analysis on psychoanalytic, sociology, and political theory (Savall interview (2000)). His critical approach is a critique of classical economics, "decisions taken according to economic rationality models are marred by mistakes due to hidden costs neglected in decision making" (Savall interview, 2000).

Another principal difference, is that the research across client projects is generative in its continued refinement of grounded theories of SEAM (i.e. the 2000 SEAM qualitative variables change in specific accumulated content over time). No other TD method benchmarks against an accumulated dataset that like N-VIVO allows systematic comparison and data entry and retrieval, as well as thematic variable tags. As stated above, the computer database includes data on over 1,000 enterprises, with projects in over thirty countries, and 2,000 variable themes (in N-VIVO terms, nodes and trees for qualitative data retrieval). In short, the retrieval system is a multi-faceted, relational category database used to steer a systemic diagnosis using qualitative research methodology. This is what Savall calls "evolutive utterances" (Savall interview, 2001), since the intervener-researcher and system actors work to locate key problem areas and deconstruct root causes of system dysfunction and atrophied revenue potential. It is evolutive in the sense, that by maintaining a multi-project, multi-researcher database, utterances of past projects can be contrasted with current client utterance patterns.

There are long-term three to five year contract relationships negotiated between ISEOR and clients. This is not a weekend workshop (square 9 in

Figure 1) or a quick-fix reengineering approach (square 7 in Figure 1). SEAM is a careful and methodical diagnosis followed by what they call the mirror effect event, then iterative experiments to effect transformations in the dysfunctional relationship between social and economic. The firm goes through an extensive external and internal strategic and action planning initiative training in the first years. Policies and the allocations of training resources as well as areas of participation are re-negotiated among the stakeholders of the firm as each new experiment is initiated.

Savall decided in the mid-1970s, for example, that the STS approaches (i.e. squares 2 and 3 in Figure 1) were lacking in two areas: the technical tended to dominate the social, and the economic situation of the firm tended to be assumed to be a grand all-inclusive variable, such as "turbulence" or domain "complexity." SEAM, in contrast to the Emery (square 2 in Figure 1) or Davis and Weisbord (square 3 in Figure 1) methods, does not use either a search conference or future search conference lab as the mainstay of the intervention. Rather, two to six months of intensive, daily field observation and semi-structured individual and small (cross-sectional and homogeneous) group interviews are conducted parallel with joint conduct of hidden cost/revenue accounting/financial studies (hidden in SEAM, means hidden from the corporate accounting and financial reporting system that is not equipped to monitor them). SEAM is similar to Lou Davis' version of environmental socio-technical systems method, in that both do action research (square 5 in Figure 1) field data gathering as part of the interorganizational system diagnosis[4]. According to Savall:

> The socio-technical approach is incomplete for the economic component is absent from the socio-technical system. In the socio-economic theory I propound, the economic dimension is not perceived only as a constraint but as a leverage. The economic motivation in its fuller sense (short-term immediate result) + (creation of potential in the medium and long term) is a powerful prime mover of human and social dynamics in the organization and its environment (Savall interview, 2000).

SEAM is incommensurate with reengineering (square 7 in Figure 1). ISEOR pointed out in their careful measurement of socio-economic relationships across projects using SEAM, that there were significant hidden costs to reengineering that were not being accounted for when it was the fashionable consulting method of the 1990s. ISEOR did not get sucked into the reengineering fad; they remained skeptical of an intervention that was premised on destroying the social capacity of the firm (and its collective memory) in order to reap what reengineers saw as temporary and short-term gains.

There is the kind of careful process variance analysis one finds in squares 3 and 7 in Figure 1 (and early versions of square 2; somewhat in squares 12 and 15 in Figure 1), but with a broader strategic focus on the firm and its economic situation. In the implemented demonstration experiments clients learn how to explore and understand hidden cost accounting as well as more macro

economic issues that are affected by the mismanagement of social performance. The process of diagnosis begins with employees, managers, and customers having to explore areas of common and divergent ground. As in survey research (and this is not that), there is a reporting back of finding. But these are findings which compare the narratives (and coded utterances) of managers, employees, and customers, pointing out disparities. A key area is exploring taboo topics, what people are not saying or refuse to go on the record saying. The approach is therefore both critical and confrontive. As in action research initiatives, there are cooperatively designed and executed interventions. The approach is much more inter-disciplinary and cross-disciplinary than most others on the TD gameboard. The implementation changes accounting, strategy, HR, and quality practices. From a postmodern point of view, more hegemonic aspects of socialization and control that are increasing hidden costs as well as keeping them hidden get deconstructed as part of the approach. With a postmodernist on board the SEAM team know the postmodern consulting language, but they translate this language into management terms, such as taboo topics, scapegoat practices, and hidden costs.

What are the postmodern aspects of SEAM?

It is inter-disciplinary, more a rhizomatic understanding of the interplay of disciplines that have been kept separate. Three articles in this issue develop the postmodern aspects of SEAM. First, Péron and Péron (2003) argue that the dash in socio-economic is a postmodern move, this holds what are generally considered opposed academic disciplines in juxtaposition. They conclude that SEAM is an optimistic, not a critical theory or pessimistic postmodern project. Second, Georges Trepo and Fabien de Geuser (2003), point to how SEAM helps in "managing the unmanageable" by sustaining the heterogeneity and incompatibilities of organizations in counter-position to the simple SEAM main variables in the four-leaf clover. Finally, we (Boje and Rosile, 2003) offer a second installment to this issue, where we point out the ways in which SEAM is commensurate with postmodern theatrics (square 14 in Figure 1), restorying (square 11 in Figure 1) and counter-posed to Goffmanesque theatrics (square 8 in Figure 1).

SEAM therefore moves from a functionalist operating corporation (or NGO) to a more socio-economic, and we think postmodern position. It is not a critical postmodern (Boje *et al.*, 1996) or critical theory position (square 16 in Figure 1), but is an affirmative, optimistic postmodern perspective (Rosenau, 1992).

As Savall explains, he is not a Marxist or critical theorist: "I refused to be under the ever-growing Marxist influence during the 1970-1985 period in French economic universities" (Savall interview, 2000). At the same time Savall believed that he could develop a "liberal vision of the working class problem" that did not succumb to "ultra liberal" trends prevalent in France during this same time period (Savall interview, 2000).

In looking at his more affirmative postmodern (Rosenau, 1992) organization, there are several points to be made:

> The postmodern organization may be defined as that comprising a networked set of diverse, self-managed, self-controlled teams with poly-centers [many centers] of coordination that fold and unfold according to the requirements of the tanks. Likewise, these teams are organized in flat design, employees are highly empowered and involved in the job, information is fluid and continuous improvement is emphasized throughout (summary of Boje and Dennehy, 1993/2000).

This is the type of flexible and de-centered working organization that can be implemented over time with SEAM. The postmodern organization acts out fragmented and contrary scripts (script here is the story acted out in action). Yet, the value I see in SEAM is that with the historical, comparative and deep investment in qualitative data collection, it should be possible to trick just such fragmented patterns of organizing.

Finally, there is a postmodern linguistic aspect to SEAM. That is, there are changes in the language games, in the signs and symbols that socially construct the relationship between social and economic (see mirror effect above). SEAM is built on collecting and reshaping utterances. Utterances are coded by the clients and intervener-researchers, and entered into a computerized text-retrieval program with some 2,000 codes. The work of 30 years has gone into refining and evolving (evolutive utterances), the coding schema to trace the accumulating classes of information collected for qualitative analysis.

Notes

1. TD gameboard (Web site: http://web.nmsu.edu/~dboje/TDgameboard.html).

2. The Socio-Economic Institute of Firms and Organizations (ISEOR) research center, a research center in the field of management, was founded in 1976 by Henri Savall, a professor at the University of Lyon. Interventions are carried out by the ISEOR research center in many companies around the world. They consist in active participation and experimentation within chosen organizations, resulting in a computerized database that is used to benchmark 2,000 SEAM qualitative variables in on going ground theory research. ISEOR is a collaboration with Lyon II University, affiliated universities, and client companies, governmental, and non-governmental organizations (NGOs) (Web site: http://www.iseor.com).

3. Disclaimer: SEAM terms and concepts in this article are Copyright 1999 ISEOR. All rights reserved on each of the schemas and texts. Please contact ISEOR directly.

4. The first author is familiar with the Davis (1979) STS method, since he taught the courses during Davis' sabatical while at UCLA in 1984.

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20

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Theatrics of SEAM

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Abstract *The purpose of this article is to explore the similarities and differences in the socio-economic approach to management (SEAM) method and postmodern approaches to theatre. Neither metaphorical nor managerialist, SEAM's perspective allows that the organization is theatre. Introduces the terms "metascript" and "metatheatre" to describe how SEAM's approach accomodates the multiple perspectives and simultaneous multiple stages populated by the "spect-actors" (Boal, A.,* Theatre of the Oppressed, *translated by Charles A. and Maria-Odillia Leal McBride, Theatre Communications Group, New York, NY, 1979, originally published in Spanish as* Teatro de Oprimido, *Ediciones de la Flor, Buenos Aires, 1974) of the Tamara-esque postmodern organization theatre.*

"Organization *is* theatre", says Henri Savall, the founder and director of the socio-economic approach to management (SEAM), during a personal interview conducted in July 2001 in Lyon. One year later, the present authors (Boje and Rosile) are again in Lyon, at the ISEOR campus. We are in an ISEOR seminar room on a Saturday morning with 18 SEAM doctoral students and five of Savall's key faculty at the Institute. We have just spent 90 minutes offering our interpretation of the relationship of SEAM and theatrics. We explain that we theorize organizations narratively; and for us, theatrics provides a contextual frame for our narrative approach to organizational change which we call "restorying" (Rosile, 1998a, b, c; White and Epston, 1990).

The storied organization is Tamara-esque theatre, with simultaneous multiple stages (Boje, 1995). SEAM does not ignore, gloss over, or totalize this variety. Instead, SEAM incorporates what we call "metascript" and "metatheatre".

Since the purpose of this article is to explore the theatrical aspects of the SEAM methodology, we begin by offering a bit of the theatrics of our own research of this topic, by taking you, the reader, back to that seminar room that sunny Saturday morning in Lyon. The present authors had concluded their talks, frequently drawing on Savall's English-speaking faculty for translations. As we conclude our comments on theatrics, we are surprised to discover that Savall has unobtrusively begun a flip-chart drawing to address the issues being discussed. Ever the showman, in his quiet style Savall dramatically reveals that he is still Comedien Français as in his youth, but for a different audience in academia these days. As he paints a drawing to deconstruct our presentation with his theatrical intervention, he evokes a bit of silent theatre. In his trademark bowtie, he resembles Charlie Chaplin for a moment. His

performance is ironic and humorous. The silent theatre is a pregnant pause in the dialog and rhythm of the event.

Then Savall (2002) begins:

> There are people who are the stars of organizational theatre. There is an off stage and an on stage, and those who work to perfect what takes place on the stage. There is a director, and there are people who think they can be better directors. There are people on the sidelines who want to replace the stars, who think they can do a better job. With so many directors and also spectators seeking to displace actors and become the new stars, the metascript becomes increasingly chaotic.

We are theatre therapists to organizations. SEAM methodology scribes the fragments of the metascript and presents a deconstruction of the script variations and incongruities in the "mirror effect" intervention (see Boje and Rosile, 2003). Then after the variations (of the metascript) are presented to organizational members, the rescripting intervention is jointly produced.

How do we view SEAM in the context of organizational theatrics? In organization studies, theatre is either a metaphor or an actuality. In a previous issue of the *Journal of Organizational Change Management (JOCM)*, Oswick *et al.* (2001) and Kärreman (2001) conclude that followers of Goffman (1974) take a metaphoric approach (e.g. Harvey, 2001; Mangham and Overington, 1987; Rosen, 1985; Clark and Mangham, 2001; Meisiek, 2002) while followers of Burke (1937, 1945, 1972) take a more literal approach, theatre is not a metaphor (Kärreman, 2001, p. 106; see studies by Czarniawska, 1997; Mangham and Overington, 1987; Pine and Gilmour, 1999; Somerset *et al.*, 2001).

We believe that Savall's quote, with which we began this paper, reflects the more Burkian perspective inherent in SEAM. Before proceeding with this analysis, however, we will address another use of theatre in organizations. This third perspective is helpful because it demonstrates something which SEAM is not.

To the above metaphoric/actual dualism, we add a third alternative trend: theatre as an organizational change tool. In our symposium for the 2001 Academy of Management (Boje, 2001a), panelist Georg Schreyogg (2001) presented theatre as a change technology (see also Schreyogg and Noss, 2000). In Germany, France, and even in the USA, firms hire consultants who employ professional actors and playwrights to enact theatre as a technology of change. In this approach, the professional actors recreate conflict situations and craft object lessons to address problems identified by senior executives. The consultants may interview organizational members for dialogue, and may incorporate ongoing organizational issues in the plots. These theatrical productions may be employed to suggest alternative perspectives on problems, or to model problem resolutions or specific behavioral responses desired by management. Performances typically would be discussed and processed by managers and employees, sometimes using focus groups, following these theatric events. We view this as a managerial use (Alvesson and Willmott,

1996) of theatric technology, employing theatre professionals to aid the expert consultant and top management in their strategies to control organizations.

Of the three approaches described above (metaphoric, actual, and managerialist), we suggest that Henri Savall's Burkian perspective offers a less metaphorical, less managerialist, and, we contend, a more postmodern approach to diagnosing and intervening in the organization which is theatre. Saner (1999, 2000) pursues theatre as a postmodern intervention which is off-Broadway or even off-off-Broadway when compared to more traditional relationships between consultants and clients. By off-Broadway, Saner means consulting is a form of postmodern theatrical intervention. We turn now to a more detailed exploration of the "postmodern theatrics" (Rosile *et al.*, 2001) of SEAM.

SEAM is theatric method

SEAM assumes organization is theatre. It does not approach theatre as a metaphor. Rather, the purpose of the diagnosis stage of this intervention is to research the "metascript"[1] of the organization, and to use qualitative narrative research methods (Boje, 2001b) to reproduce samples of the organistic metascript in the "mirror effect" (see Boje and Rosile, 2003). In theatrical terms, SEAM's mirror effect explores the many different scripts which populate an organization simultaneously, that collectively constitute its metascript.

What is metascript? SEAM juxtaposes the senior executive's script against many alternative, more marginalized scripts, so that the metascript is a multiplicity of contending and fragmented scripts. Executives are directors who line up characters (human and non-human alike), in an antenarrative (Boje, 2001b). An antenarrative is a pre-narrative bet that a story can be told that will enroll stakeholders in ways that transform the world of action. Corporate directors, managers and other script-creators mobilize plot-scenarios in the course of which theatre emerges on multiple, real corporate stages (as in Tamara, Boje, 1995). Indeed, many directors offer characters roles, themes, dialog, and ways of playing (paraphrase of Latour, 1996, p. 172).

SEAM consultants meticulously record comments of executives and non-executives in individual and group interviews that we (the authors) believe constitute fragments of the metascript. Scribing and translating the metascript is the starting point for SEAM. And a co-reading of the collected fragments of metascript is the point of the mirror effect event. These comments comprise what we view as a script. For example, in a SEAM diagnosis in an alarm company (Cristallini, 2001, p. 171), seven consultants collected quotes from 480 people. We consider that this data comprises a "metascript". Data (or "script lines") were also collected using field observations of company meetings and work process behaviors. To coordinate the multi-consultant interviewing and observations, field interviews were entered into a computer data base over a period of six months. This yielded 2,500 pages of what we would consider to be mostly metascript.

SEAM assumes that over time the organization's script becomes overlayered and fragmented with the many script writers and script editors in organizations. Further, as in Tamara (Boje, 1995, *TAMARA: The Journal of Critical Postmodern Organization Science*, 2001) the organization is assumed to be a multiplicity of stages on which different plays are acted out by organizational members (actors) simultaneously. Since organizational theatre is multiple and simultaneous, actors in one part of the organization do not see the performance of other groups of players first-hand. Rather, they hear stories of performances at meetings, and experience various other presentations and stagings of events they did not attend. The actors of the organization therefore pursue stories of theatric performances from room to room, office to office, branch to headquarters, in a Tamara-esque networking[2].

As in Tamara, SEAM's postmodern perspective of organizations recognizes the modernist false dualism in the distinction beween actor and audience (see also Boal's (1979) concept of "spect-actor")[3]. Actors may choose not to behave (to become part of the audience of spectators), or to behave differently (to improvise), to slant their interpretation and even resist the script. SEAM's extensive interview process collects the lines of dialog which reveal the hidden conflicts, taboo topics, and dysfunctional dynamics in mostly unwritten (and often conflicting) scripts. In these ways SEAM acknowedges that the organization is not only metatheatre, the organization is also metascript.

As the firm enacts and networks a Tamara-esque simultaneous and fragmented multiplicity of theatre, the metascript becomes less and less coherent (perhaps it never was so). Piecemeal revisions may result in a metascript that "de-energizes" organization stakeholders (Cristallini, 2001). In postmodern terms (see Péron and Péron, 2003) the metascript may contain a dialectic of scripts that are in opposition, yet do not totalize. As Trepo and de Geuser (2003) point out, we manage and work in under-organized worlds of contradiction and heterogeneity.

In our terms, the metascript never ceases to emerge, adapt, and dissolve; it does this without the interference of a cadre of directors and script revisionists. By definition, metascript can not stand still. We can hypothesize that it is more homogeneous in more bureaucratic organizations, with fewer authorized directors and editors and more structured and formalized rehearsals. However, even in bureaucracy there is Tamara-esque simultaneous performance, within the divisions of labor and divisions of hierarchy. Further, as in less bureaucratic organizations, even bureaucratic metatheatre has a "drift effect", Any originary script (and we doubt there was) drifts in its editions, revisions, and fragments, to become a monstrous collage that while continually con-scripting in a panoptic embrace, does not necessarily meet needs of actors or spect-actors.

If we return to Savall's theatric performance at ISEOR, his intervention was to write the word "asthetics" onto a chart he sketched on a flip-chart (see Figure 1); he also sketched his "SEAM field and SEAM theatre".

SEAM Field

© ISEOR (1998)

According to Savall (2002), SEAM incorporates a range of considerations, from emotional to financial. SEAM avoids the traditional separations of categories like aesthetic, physiological, psychological, sociological, and economic. Action in the organizational theatre incorporates all these in its inquiry and analysis.

Next, we propose seven elements of metatheatre, which we refer to as the "septet" (septet means seven items).

SEAM's relations to the septet: the poetic elements of metatheatre

In our septet, we propose a postmodern reinvention of Aristotle's (350 BCE) dramatic elements (of *Poetics*). Aristotle's poetic elements are also the root of the Boal's (1979) *Theatre of the Oppressed* theatric method. Boal builds upon Freire's (1970) *Pedagogoy of the Oppressed*, and reinterprets Aristotle's *Poetics* to fashion a postmodern poetics of theatre. Boal's methodology is widely used around the world. This approach, and its application to organizations, was the focus of an organization development and change division of the Academy of Management's conference symposium (Boje *et al.*, 2000). In that event, Malbogat, director of Toronto's Theatre for Social Change, put on masks and portrayed characters that consultants and academics would likely encounter (for example, the sloth, the aggressor, the sniveler, the conniver, and the crazy-maker). The purpose was to demonstrate how the various masked characters typically engaged in oppressing others.

How does SEAM relate to Boal's methodology? During the diagnosis phase, SEAM consultants spend two to six months scribing the metascript in extensive organizational interviews. As do most reserachers, they aggregate data and show trends. However, they also highlight diverging comments explicitly, thereby revealing potential oppressions, and metascript incongruities. They do this with SEAM's mirror effect (see Boje and Rosile, 2003), which explicitly presents diverging and converging clusters of actual utterances of organizational actors. This focus on divergences in comments (script fragments) prevents the glossing over of differences, and the forcing of a

falsely uniform theatrical-picture of the organization. We view the SEAM mirror event as a metascript process that allows SEAM to do what Boal does – to reveal oppression, conflict, and power.

Although the metascript is not a written text, yet it has, we hypothesize, a "septet" of theatric elements – character, plots, themes, dialogs, rhythms, and spectacles and frames – and these affect individual and organizational performance (Boje, 2003). A brief explanation of these elements follows:

(1) *Character*. Characters are recruited, seduced, coerced into new roles and relationships. There are starring roles, understudies, and supporting roles. SEAM involves both horizontal and vertical actors in the organization (the simultaneous horizontal and vertical interventions (HORIVERT) concept) as well as customers.

(2) *Plots*. There is never one script, always a multiplicity of scripts. There is never one plot, there is a network of plots (and emplotments). Emplotment is Ricoeur's (1984) term for "grasping together" characters, themes, events, dialog, etc. into a hermaneutic spiral of three mimetic moments (see Boje, 2001b, chapter on plots). Plots are discarded, invented, and disseminated for a new inter-plot-ment in unwritten intertextualities. The collective metascript itself is a system of inter-scripts (i.e. scipt lines in one script reference lines in another; scripts do not have to be written). Plots, for example, are organizational plans seeking real-izability and real-ization, but they can also de-realize when characters stop engaging in them. Plots have champions (starring characters) supporting characters, antagonistic characters, and non-included characters yet to be seduced or conscripted. The metascript is a system of communication, coordination, and control (SEAM's 3Cs) among the various characters.

In SEAM, plots may be viewed as part of narrative organizational strategies (Barry and Elmes, 1997). To plot a revision to a metascript is to attempt to real-ize a transformation in all the seven septetic elements of theatre. SEAM carefully constructs its changes as experiments. With thorough documentation of the subtleties of hidden costs and the loss of potential performance, SEAM clients gain a more accurate sense of how a strategic change (plot change) is affecting organizational performance. SEAM experts have demonstrated that their comprehensive form of cost analysis could have revealed the hidden costs of many reengineering efforts, which ultimately failed (Savall and Bonnet, 1987).

(3) *Themes*. Never singular as in Aristotle's view, but "mega" as in Freire's (1970) radical variation of action research. Freire's "theme analysis" is jointly co-enacted by the researchers and the Brazilian peasants in his project narrative. Themes emerge in discussions by the peasants with researchers. In some cases, themes are presented theatrically, as with Boal's approach to theatre. SEAM assumes a multiplicity of themes. In

SEAM's mirror phase, intervener-researchers reveal the actual utterances of organizational actors, so they can negotiate with organization members to co-produce the diverging and converging categories of comments. This highlights the multiplicity of perspectives and themes simultaneously present in the organization theatre.

(4) *Dialogs*. Not one dialog, but contending dialogs exist, which do not conquer each other and do not present a totalization. Themes and plots are expressed in dialog, and dialog can be more or less scripted. For, example a McDonald's restaurant has highly scripted dialog for not only its employees, but also for managers and customers (Boje, 2003). SEAM intervener-researchers are trained to record verbatim comments of organizational members. These comments are not forced into totalizing categories, but rather, are mirrored in their complex and contradictory natures, as described above under "themes".

(5) *Rhythms*. There is not one rhythm as with Aristotle's *Poetics* (350 BCE), but a pan-opoly of rhythms. What are organizational rhythms, planning rhythms, and controlling rhythms? Rhythms are recurring patterns in fields of action and discourse. Rhythms in organizations are part of the self-organizing system of complexity and chaos effects; scripting attempts to channel rhythm. SEAM follows a "chrono-biological" rhythm, which is, according to Savall, "the change music, the harmony of change for the actors, and the. . .biological rhythm" (Savall interview, 2001).

(6) *Spectacles*. For Aristotle (350 BCE), spectacle was the least important of the six poetic elements of theatre. For us, spectacle is the most important. Spectacles multiply, in that they accumulate as theatric expressions of corporate image and consumer advertising. We prefer Debord's (1967) conceptualization of spectacle to Aristotle's (although Aristotle is not totally abandoned by us-we retain the cathartic effect). Corporate spectacle is designed to instruct the mass of consumers in scripts of happiness through consumption (Boje, 2003; 2001c, d) in what Firat and Dholakia (1998) term "theatres of consumption". For Nietzsche (1974), spectacle is the theatre of addiction; spectators are unaware they have become actors in spectacles scripted by a collective of power brokers. Foucault (1979) in his chapter on the carceral, notes something Nietzsche has missed, that the powerful are as conscripted by spectacle as the minions[4]. It is important to remember that while the metascript is a carceral, it is not a dialectic. We do not transform corporate spectacles into some theatrical space we could call non-spectacle. Rather, the spectacles are rescripted into just another spectacle to be incorporated into the metascript. There is not vacation from corporate spectacle, just substitution of one more consumer spectacle for another.

SEAM recognizes that the essential component of spectacle is power. SEAM's Savall is neither a Marxist nor is he a "critical postmodernist".

The SEAM approach is spectacle, is more Goffmanesque, with its front stage official corporate spectacle and the backstage intrigue of scripts that want to be realized, but are not yet. "Managers will have the formal power intact; but what SEAM demonstrates, is that they don't have actual power. But all the actors in the organization have hidden power. So it is important to acknowledge the existence of conflicts within the organization ... To overcome and transcend this conflict ... it is necessary to (establish) a leadership/management which negotiates with each, each and all the persons who are the actors within the organization ... It is impossible to get lasting financial performance ... without management based on negotiation ..." (Savall interview, 2001).

(7) *Frames.* Burke's (1972, p. 23) unfinished project was to extend his "Pentad" (his interpretations of Aristotle's six poetic elements) by adding one more, called "frames". Burke's pentad corresponds to Aristotle's poetic elements as follows (Burke, 1945, p. 231): plot = act; character = agent; spectacle = scene; theme = purpose; dialog = agency; and also rhythm = agency. What are frames? They are competing points of view, and contradictory ideologies (Burke, 1937). In organizations, the official ideological frame conflicts with unofficial aspirants (new frames). For example, the marginalized ideologies of workers, unions, or environmentalists juxtapose the official ideology of the firm and its corporate executives (Boje, 1995). To transform the organization's metascript is to intervene in the network of frames and make one frame more pronounced, and/or introduce some new frame. SEAM embraces frames which other perspectives may view as contradictory or irrelevant (see Figure 1). Further, these frames are interpreted with economic cost data. However, these data are supplied by the organizational members, not by the SEAM experts. "... we bring them these new tools, and they calculate hidden costs, not us, we don't do it by ourselves" (Savall interview, 2001).

All seven theatric elements (the septet, above) are constituents of the metascripting dynamics of managing organizational change, in what we have been developing as the metatheatrics of organizations. We have suggested how each of these septetic theatre elements relates to SEAM methodology. We conclude by summarizing five ways that the metatheatric elements of SEAM shape SEAM'S organizational change approach. First, SEAM is metatheatric: it assumes a multiplicity of each Septet-element (e.g. not one but many plots), and not one but many theatres of organization. Second, in assuming organization is theatre instead of organization as theatre, the SEAM approach is more compatible with the Burke and Boal approaches and our Septet interpretations of Aristotle, rather than the Goffman metaphoric sociology. This leads to the third point, that SEAM is not only theatrical but also postmodern. Oppressions (expressed as loss of potential) and conflicts are not glossed or finessed, they

are uncovered, highlighted and negotiated. Fourth, SEAM has made a conscious choice to challenge Fayol's management approach as incomplete. While organic, Fayol's approach is, for Savall, more sociological than economic. Savall's "théâtre de SEAM" extends the socio-economic by supplementary inclusion of the psycholanalytic and of the aesthetic (see Figure 1). SEAM's expanded frame includes human, technical, social, and economic costs, including also the hidden and potential costs. Finally, SEAM accomodates a view of organizations as theatric spectacle. Aristotle thought spectacle was only something that bad poets did when they wrote bad theatre. In contemporary postmodern theatres of capitalism (Boje, 2003) the septet elements have become fused into one element, the spectacle. Corporations produce and distribute spectacles (not products) for mass consumption.

In sum, SEAM intervenes into what we call the "theatres of capitalism" (Boje, 2003). SEAM is not metaphoric theatre, nor a performance staged by professional actors reciting lines scribed by consultant's visions of senior managers' frames of manageralist ideologies. SEAM is not application of theatric terminology to corporate behavior. Rather, SEAM fights fire with fire. SEAM meticulously collects (what we assume to be) metascript from alternative viewpoints (i.e. executive, workers, technicians, and customers) in order to confront the organization with the "mirror effect". Changes to the metascript are proposed as SEAM "experiments", suggesting an off-Broadway (Saner, 2000) phase of the organization theatre. Add to this the surprise of daring to calculate the hidden costs of the metatheatric dysfunctions, and we see in SEAM a way to cast the spotlight backstage, and ultimately, to relate theatre to economic performance.

Notes

1. During our 2001 interview with Henri Savall at the EGOS conference in Lyon, France, the term "metascript" was first mentioned. We continued our interview with Savall about metascript at the June 22 2002 session at ISEOR institute in France. Metascript, is a concept he uses, but has not written about.

2. Tamara-esque means the network of simultaneous theatre stages that comprise any organization. People performing their theatre scripts in one room, are not present in another corporate room. The spectators and actors split and go to various room, in the networking that occurs each day. They rely on storytellers to tell them what went on in theatres that did not attend.

3. In modern theatre, the percenial arch is a sacred boundary between actors authorized to be on the stage, and the spectators who are imprisoned in their theatre seats. In postmodern theatres, such as the Tamara play (Boje, 1995), actors invade the space of spectators, and vice versa. The spectators become spect-actors (Boal's spectators and actors), and since there are a multiplicity of simultaneous plays going on simultaneously in up to a dozen rooms, the audience literally fragments, chasing actors and the many stories, from room to room. This is Boje's image of what organizations are, quite theatrical, with a networking of many simultaneous stages of theatrical action.

4. We are indebted to Rickie Moore of ISEOR for making us aware of the con-scripting aspects of metascripts in organizations. Executives are as trapped as workers in a carceral sense.

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An updated presentation of the socio-economic management model

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Abstract *This article presents the socio-economic model founded and developed by the author since 1973. It focuses on the fundamental hypothesis of the socio-economic approach to management (SEAM) and demonstrates how the model is a system-wide approach to change management.*

Presentation of the socio-economic theory of organizations: socio-economic analysis, management and interventions

The fundamental hypothesis of the socio-economic theory of organizations
The bio-systemic model of enterprises and organizations operation. The socio-economic theory of organizations consists of integrating social and economic variables according to the following model.

There is an inevitable on-going interaction between the organization structure and the employees' behavior. This interaction is both a driving force, essential to the production of goods or services, as well as the cause of dysfunctions. In other words, it is an explanation of the differences between the observed operations and the operations expected by the actors, who have specific and conflicting objectives.

The organization structures include the physical, demographic, technological, organizational and mental structures. The behavior of actors is influenced according to internal social and economic events by individuals, department, various socio-professional categories, affinity groups (religion, community of practices, lobbies or political parties) and the organization taken as a whole. All this results in intergroup influence on the observed behavior.

Interactive frictions between different kinds of structures and behaviors are causes of multiple dysfunctions classified in six categories: working conditions, work organization, communication-coordination-cooperation, time management, job training, implementation of the strategy. These dysfunctions result in wasted resources (loss of value added) which can be spotted by means of five symptom indicators: absenteeism, work accidents, personnel turnover, lack of quality (products and services) and direct productivity losses. These indicators represent so called "hidden costs" because their impacts on economic performance are neither measured in monetary units

nor taken into account in the organization management decision. These hidden costs or loss in value added are very high ($1,000 to $5,000 per capita and per year; see Table I) and significantly impact the company sustainable performance both in terms of immediate results (short term) and creation of potential gains (medium and long term).

The model of analysis of the dynamic working of an organization can be represented by a four-leaf clover as shown in Figure 1. The relative

Activity sectors[a]	Hidden costs per capita and per year (€)	Percentage of the payroll (%)
Industries		
Electronics	46,000	220
Metallurgy	18,000	80
Glassworks	38,000	150
Household appliances	12,000	50
Services		
Banking	18,000[b]	45
Maintenance telecommunications	16,000[b]	40
Town councils	8,000[b]	35
Supermarkets	9,000[b]	40

Notes: [a] Inter-company comparisons are not significant. [b] Under-estimated within the time allowed

Table I.
Hidden costs are high
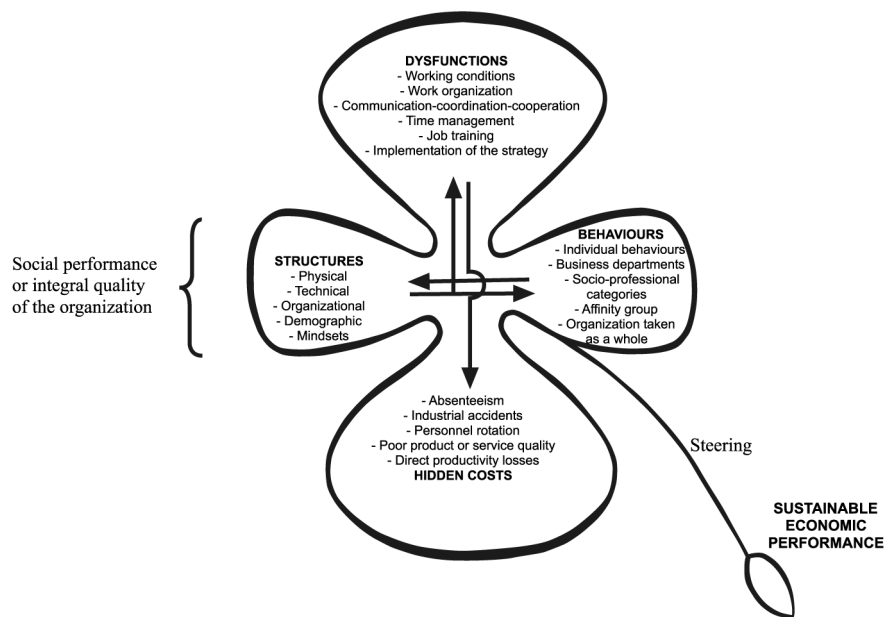
Figure 1.
Socio-economic model of sustainable dynamic working of the organization

degeneration (atrophy) of structures and behaviors leads to bloated dysfunctions and hidden costs, which handicaps the sustainable economic performance. The atrophy may be absolute (deficit of a public or private organization) or relative (insufficient profit of profit-making organizations).

The absolute or relative atrophy of the sustainable economic performance of the organization cuts down strategic forces and impairs the organization capacity to negotiate its survival and prosperity with and within its environment. As time goes by, the present economic degeneration retroacts on the level of social performance of organizations. It leads, in turn to the maintenance or increase of economic performance atrophy during the following phase. Such a perverse dynamic takes the shape of a regressive spiral. Voluntary intervention alone will allow to reverse the trend into a progressive spiral (see Figure 2 and the section on socio-economic intervention).

Sustainable economic performance demands dynamic balancing in time of the social performance/economic performance duality. This duality refines the socio-economic performance of new organizations (the couple dancing together). Social performance designates the organization capacity to meet the needs of the internal and external actors, i.e. its stakeholders (managers, personnel, shareholders, customers, suppliers, and public and private institutions).

The ideal level of shareholders' satisfaction is called ortho-functioning (the opposite of dysfunctions) and corresponds to the integral quality level within the organization. The latter can be measured by the level of dysfunctions observed in the six areas of social dysfunctions.
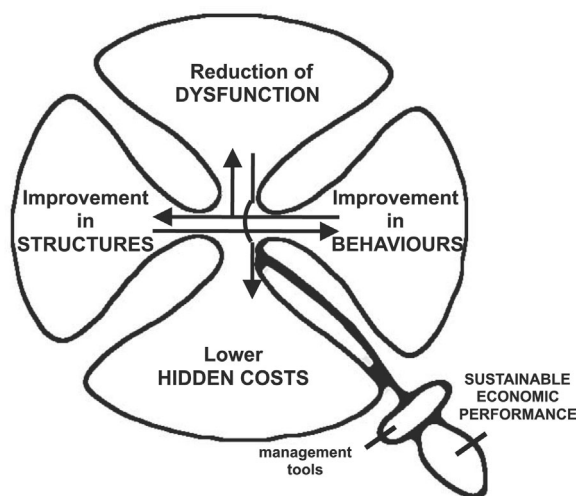
Figure 2.
Socio-economic
performances following a
socio-economic
intervention

Underlying principles of the socio-economic theory of organizations. In an organization the division of labor and the specialized skills of actors (individual and group) provoke actors' scattered behaviors under multiple forms: search for autonomy and lack of coordination in the accomplishment of one's work as well as absenteeism or staff turnover. This propensity of actors to escape is legitimate and natural. It causes a centrifugal movement. The metaphor of professional life, thus offers us the theatre of a symphony to be played but by soloists.

Now the effective and efficient production process of good or services demands the cooperation of a set of actors working in coordination. This implies an integration movement which represents a centripletal and unnatural artifact. Thus the firm is submitted to a permanent dialectical movement of contradictory (centrifugal and centripetal) forces (see Figure 3).

This vital or biological movement provokes alternating conflicts and tensions and cooperation which generate permanent cycles of fluctuations, sources of organizational pathology or even of pollution of the organizational system structure ↔ behavior.

The activity productive of goods or services, commercial or non commercial, is efficient and effective but when there exists a certain level of cohesiveness between teams of actors and of consistency in actions. The sustainable socio-economic performance level depends on the degree of cohesion and consistency
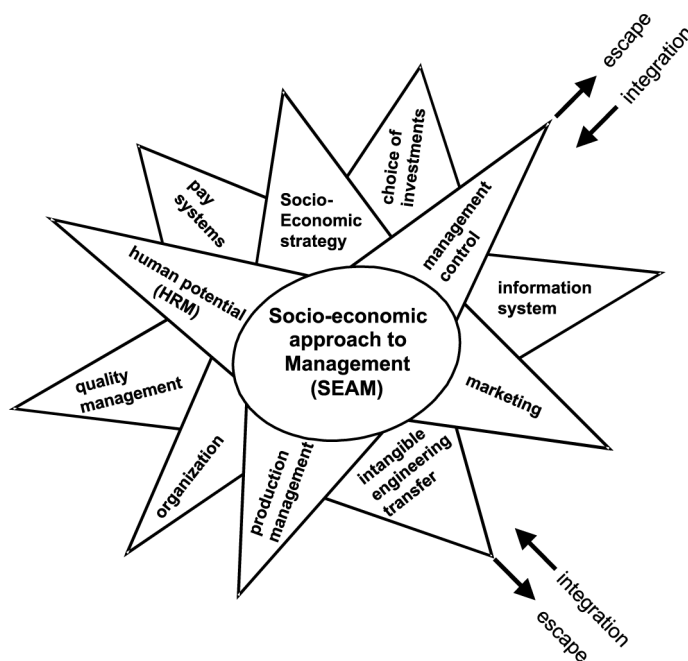
Figure 3.
The SEAM star

of the organizational system. Both are permanently submitted to deterioration by the dialectical movement escape/integration of the actors. The attainment of a performance level does not thus result from a spontaneous state of actors' consensus but, on the contrary, from the organization steering.

In fact, the SEAM model gives an important part to the actors' strategies. All actors have informal powers which they can use, either to contribute to or to detract from the organization's economic performance. The lack of periodically negotiated contracts is related to an underestimation of the state of conflict within the organization. Denying conflict, which is implicit in management theory and in practice, subsequently impacts economic performance.

The lack of dynamic integrated functional and operational human resource information systems (SIOFHIS). The accounting budgetary and financial steering tools are not very well adapted to preventive action, or to organization learning. Consequently, these systems must be supplemented and improved with an information system that takes the socio-economic dimension of the organization into account.

SIOFHIS means that an organization is considered as a functional operational information system which brings about a performance when those informations are assimilated by men and stimulate their action. An organization generates a large amount of non stimulative information which entail hidden costs and are not conducive to economic performance. One of the lever for improving the organization steering is, therefore, the increase in the stimulating information ratio (SIOFHIS principle). The second lever of organization steering and its subsequent performance is the development of synchronization practices of actors in activity processes (synchronization principle). The third steering lever is the cleaning up lever which rests on the following analysis: the organization is a living being which suffers from natural pollution as years go by. Thus the structure $\leftrightarrow$ behavior system loses part of its efficiency and efficacy if it is not periodically cleaned up. The discovery and implementation of those three levers in our intervention-researches led us to experiment with management tools whose common characteristic is to allow developing stimulating information, synchronization and cleaning up.

The process which allows to set up those management tools to develop the socio-economic performance of organizations, goes by the name of socio-economic intervention.

The socio-economic intervention
The conception of an organization (structures) does not guarantee the result of its activities. It is the quality of its steering (behavior) which determines its hidden cost/performance level and consequently the level of sustainable economic performance. The attraction exerted over 30 years by the self-organization concept led to discredit the concept of steering which, thus, had to be rehabilitated in the theory of organizations.

In fact, the classical theories (Taylor, Fayol, Weber) as well as alternative theories such as socio-technical systems (STS), insist on the job design factor; they however offer stable and static forms. Now, intervention researches conducted by ISEOR allowed to discover that the job-design model is less determinant as regards performance levels than the variations in job-design. Therefore, the organization change process is the very source of an increase in performance. The quality of the steering of the organization is the key factor of success as regards the improvement in socio-economic performance.

Socio-economic steering includes three levers:

(1) SIOFHIS;

(2) synchronization; and

(3) cleaning up (see the previous sub-section).

In order to improve the socio-economic performance of private companies and public organizations, it is necessary to intervene via the training process which transforms the organization and enables it to become pro-active, i.e. to influence its environment rather than only be reactive.

This intervention consists of implementing three synchronized types of actions.

The transformation process axis (see Figure 4, axis A). It begins with a diagnosis, which consists of the mirror effect of the dysfunctions, a calculation of the hidden costs and an expert's opinion on the unexpressed and root causes of the dysfunctions. This diagnosis enables the actors to become aware of the
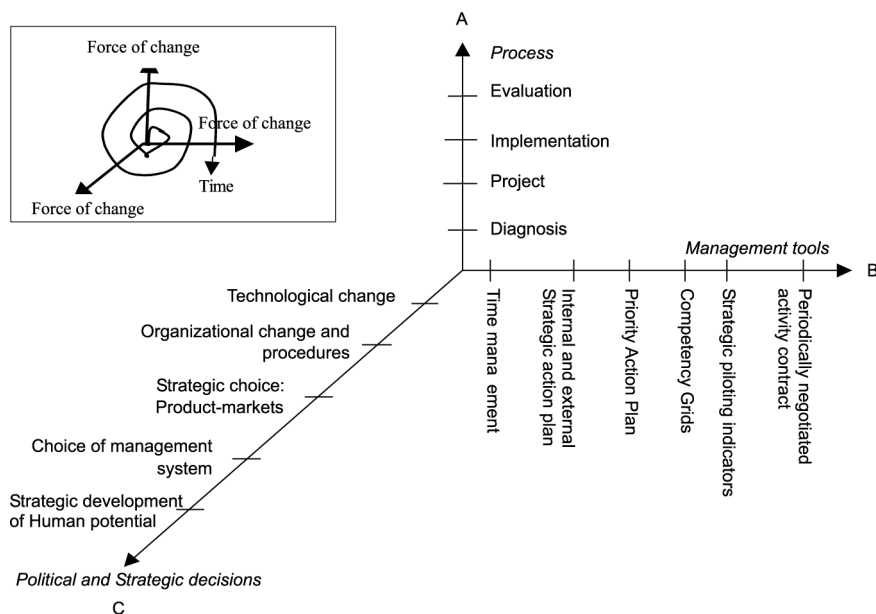
Figure 4.
Synopsis of the three dynamic forces of change

impact of social factors on economic performance. This diagnosis is achieved in a two- to four-month period, through interviews by two to seven intervener-researchers, depending on the size of the organization.

The next step is a socio-economic project, which links, in a coordinated and joint-participative way, the team of actors and researchers to the development of prevention oriented "processes" to eliminate the dysfunctions. The implementation decision as regards this project is taken on the basis of economic balances, where the material and immaterial investment costs of the solutions are weighed against the expected performance, in particular, in terms of reducing hidden costs and enhancing hidden potentialities. After completion, a socio-economic evaluation of the project is made, analyzing the qualitative, quantitative and financial results, thus making it possible to validate the true meaning of the method and to determine the amount of progress which remains to be achieved.

The socio-economic management tools (see Figure 4, axis B). The socio-economic management tools present the following characteristics:

- they facilitate responsibilizing collaborators and stakeholders and the concerted taking of initiatives;
- they stimulate internal and external communication and the actors' implication;
- they develop decentralized economic vigilance (self regulating management control);
- they maintain team-work practices (cohesion);
- they facilitate the periodical evolution of job-design; and
- they maintain the periodical cleaning up of dysfunctions, hidden costs, and of actions which get polluted during the life of the organization: structures and behaviors.

The axis of management tools contains six interconnected tools:

(1) The internal and external strategic plan takes into account not only the external environment but also the internal resources strategies among which the human potential plays a pivotal role in the organization.

(2) The priority action plan, consists of not only unfolding and explaining the overall strategy of the firm down to the operational teams level, but above all makes all the actors join together in the implementation of the preventive actions against possible dysfunctions.

(3) The time management tool makes it possible to balance routine operations, focused on the short term economic performance, with development operations, which is directed towards the long term value added creation. This tool also makes it possible to "clean up" the dysfunctional activities and to reinforce concerted delegation and coordination of the actions.

(4) The competency grid (scale of skills) of a team helps develop skills and polyvalence and thus reduce the team vulnerability. The skills grid is developed side by side with the priority action plan. It is based on the corporate training manuals. This tool enables the management to be associated with the development of the careers of their collaborators.

(5) The strategic piloting indicators controlled by each executive constitutes a kind of radar which enables to check and measure the activities, the immediate results, the dysfunctions and the creation of potential. It constitutes a decentralized tactical and strategic vigilance tool.

(6) Periodically-negotiated activity contracts commit each member of the hierarchy including supervisors, to negotiate with every subordinate the individual and team objectives, as well as the means and the development indicators of the improvement actions of the socio-economic performances. This tool is consistent with the priority action plan and allows the hierarchy to distribute bonuses each semester.

All these tools help reorient the part played by the executives and the management team, further laying more emphasis on the development of the human potential, instead of solely focusing on the short-term economic goals (sustainable economic performance principle).

The political and strategic decision axis (see Figure 4, axis C). Every private and public organization must take political decisions and select strategies which are aligned with their strategic ambition together with the operating rules of the organization. These decisions taken by the management team influence the actions aimed at preventing dysfunctions. The solutions defined during the operation improvement process (process axis) are implemented by using socio-economic tools (management tool axis). The socio-economic intervention helps the actors of the company speed up the policy and strategic decision-making process. It also challenges these same actors to be consistent in their choice.

The dynamic force of change which allows to increase the "sustainable survival/development capacity" of the organization progresses in a spiral (or snail shell) movement from zero point, i.e. the point where the three axes intersect. As time goes by, the socio-economic intervention alternately mobilizes the three axes and move on along each of them. These axes constitute the three energetic forces of change.

HORIVERT method: an architecture to organize space for all the actors involved in the change process
It is necessary to irrigate the entire company, taking into consideration the interaction between the change actions, initiated both at the top and at the various organizational levels (departments, services) or else, the change actions are not likely to succeed, or they might remain stuck in one level of the

company, without any real possibility for expansion. Simultaneously, with the change process implementation, coordinated training is established for all levels of management, the groups are brought together in small clusters, cascading down from the top; they appropriately apply and adapt the socio-economic management tools to their department (see Figure 5).

Chronobiological planning to organize time
An organization is subjected to biological rhythms which take into account activity fluctuations and events due to the dual environment of its internal and external actors. To be successful an action depends on the relevance and efficiency of the way its constituent operations are organized. Any change action includes two key-factors to ensure success: it must facilitate the learning process and smoothly progressively reduce any resistance to change of actors which is, besides, spontaneous and legitimate. ISEOR intervention-researches made it possible to establish that the efficiency and efficacy of the socio-economic intervention depended on the degree of compliance with the chronobiological rhythms induced by the order which is followed when carrying out the various technical operations linked with the intervention, by the intervals between meetings during this process, by the alternation between team-work (steering groups, "assessment/training" groups, focus-groups) and individual work (customized assistance to the handling of SEAM tools, diagnostic interviews) as well as by the time allowed for the sessions (one to two-and-a-half hours) in order not to hinder the usual activity of the actors in their day-to-day responsibilities by the exceptional extra work stemming from the change action.

The socio-economic intervention is adapted to the specific biological rhythms of every enterprise. These rhythms must be adequate enough to ensure the action progress while being compatible with the pulsation of the
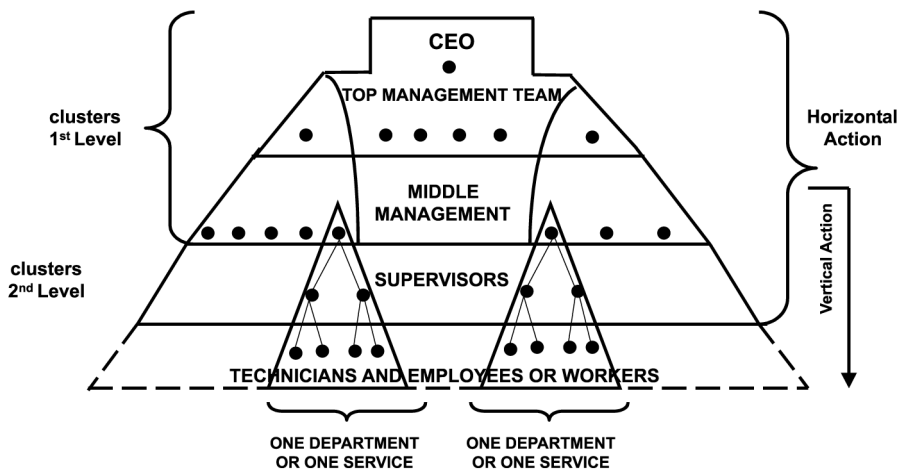
Figure 5.
The HORIVERT model

enterprise and its activity rate. The implementation of SEAM method over a year is schematically organized as shown in Figure 6.

Model foundation and construction

Necessity to go beyond traditional approaches
We began by developing our socio-economic theory of organizations (1972-1973) during a period known for having experienced many conflicts, social disputes (strikes) and economic clashes (oil crisis), not just in France, but also abroad. This deep seated evolution of the traditional demands, led to the adoption of new national and international social legislation as well as to new geopolitical and economic rules.

It is in this context of major upheavals and econommic crisis that it appeared necessary to us to revisit the most widespread organizational models, in order to identify the inadequacies and to underscore the lack of alignment with the problems encountered in today's real work world. The traditional models do not sufficiently integrate the conflicts *per se* and their after-effects within organizations.

Criticism of Taylor's organization theory (cf Savall, 1989, p. 16 sqq.). Initially (1973, 1975), we focused our criticism on the so-called "scientific organization" or Taylor's organisation theory starting from a macro-economic vision. The division of labor pushed to the limits leads to considerable economic and social waste. The potential profits that an excessively fragmented division of labor could generate are swept away by the costs of the dysfunctions it generates. Now these costs which we call hidden are not taken into consideration in accounting documents nor in the strategic decisions of organizations.

Thus the dichotomy between those who create and those who execute whether it be at the top of the company (strategic implementation decision) or at the level of the workshops (partitioning between methods services and manufacturing services) is a permanent source of high hidden costs, as is the rejection of initiative and non-wage incentives.

The social harmony resources of this Taylorian system are far from being obvious. Taylor confuses the concepts of exchange equality and the degree of
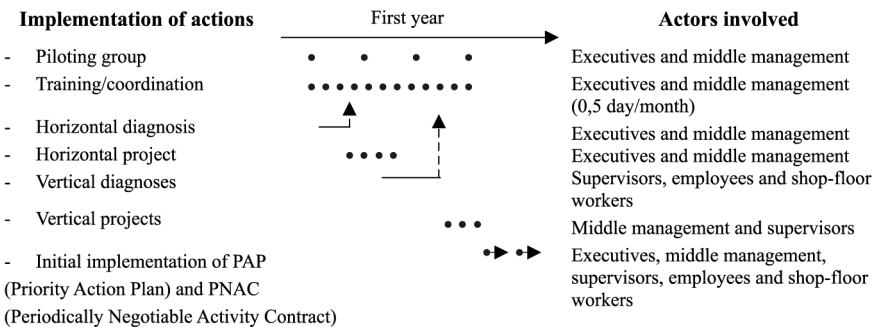
Figure 6.
A carefully-designed development of the action pace: the chronobiology of the process

freedom of the different actors in economic life and tends to side with the Marxist criticisms aimed at the inappropriate appropriation of the surplus of capital.

In terms of the organization of work, Taylorism leads to the dehumanization of work and to technological hegemony, despite the good intentions re-asserted by Taylor in front of the House of Representatives where he had been summoned to justify himself.

The "behaviorist" and socio-psychological approach. The school of human relations or of "behaviorism" contains, for the most part, innovative ideas in terms of management, in reaction against the traditional school excesses, in terms of decentralization and hierarchical responsibilities. However, the human aspect also highlighted, tends to be a bit too exclusive when compared with some positive contributions of Taylorism.

Although the contribution of the psychologists and the sociologists is not negligible, the socio-psychological viewpoint appears to be much too limited, because it totally excludes the economic factors from the modelling of Man's behavior on the work place.

The socio-technical approach (cf Savall, 1989, p. 59 sqq.) This approach is derived from the preceding one, but with a better integration of the technical element in the analysis of the behavior of man at work. It initially appeared to be more satisfactory because it was better adapted to the recent evolutions in industry and was much more operational, so much so, that we had envisioned developing the concept of a socio-economic-technical system. From 1973 to 1977, our intervention-researches helped demonstrate the effectiveness and the efficiency of the new organization models suggested by the socio-technical approach by developing financial tools to measure economic performance compared to the new models of organizational development, in relation to scientific management. But our reflection and the results of our research led us to go much beyond the socio-technical theory. At this point, we quickly established the need to dissociate ourselves from a viewpoint that was too technical, and where the economic aspect was totally missing or would only play a minor role since it would at best be considered as a merely exogenous variable both restrictive and "negative".

In the socio-economic theory that we propose, the economic dimension is not perceived solely as a constraint in the negative sense, but as a powerful and positive level. The economic motivation in its broadest sense (immediate results in the short run, value creation in the medium and long term) is an essential element in the human and social dynamics in the organization and its environment. Admittedly, the socio-technical approach attaches importance to the physical, technological and organizational structures, but it does not take into account the demographic and mental structures, like in our more complete socio-economic model.

The socio-technical approach is based on the implicit assumption that structures determine behaviors, whereas our theory highlights the many

possibilities of feedback of behaviors on structures through a strongly interactive approach.

The experiments we have conducted between 1973 and 1977 showed us that new models of organizing work proposed in the socio-technical approach, were not necessarily more effective than traditional organizations, because it is the dynamic of the progressive evolution of the organizations which involves economic and social performance variations, and not the static structure of this or that type of organization. The key success factor is thus not the organization: it is the quality of the steering of the activities and of the actors of the company, i.e. the quality of its management, which constitutes the root of the performance.

Criticism of organizational development. The organization development methods which we have studied or which we find within firms are not concentrated on the organization as a whole, but on all the participative levels, from the board of directors to the shop floor. From this perspective the development of the organization is only partial and fragile. Therefore we have created and developed our method of simultaneous horizontal and vertical interventions (HORIVERT), which make it possible to irrigate the entire company and effectively implement an overall organizational development integrating the economic and strategic aspects of organizational steering.

Model construction based on an incremental approach of successive experiments (1973-2002)
The opposition, universities/practitioners is not appropriate any more, as we enter the third millennium. The development of scientific knowledge is shared between academics and businesses experts. The contribution of practitioners concerning not only the dissemination and application of knowledge but also of its production is essential. Management sciences suffer from an absence of scientific observation. Our method of intervention-research aims to improve the quality of information to be processed. This type of consultancy constitutes a scientific observation technique. This legitimizes the presence of the intervener-researcher within the organization, because prejudgments are therefore eliminated which could inhibit the observation of the researcher or distort the data gathered by the researcher. Any development in scientific management research methods requires, in our opinion, tools and action plans which enable the researcher to obtain a quick overview of the situation that he proposes to describe, to explain and to model.

The term research-experimentation that we sometimes also use, clearly points out to the existence of explicit assumptions (though provisional) at the start of the field research, as well as the desire of the researcher to transform the object observed, in order to better understand it, while testing on and with the object the knowledge acquired during the intervention-research. This term also indicates our desire to express knowledge, structured as flexible rules. It is in this sense that our research method is connected to the applied sciences, with in

the field of physics, world-known researchers such as Charpak or de Gennes (Nobel Prize French physicist), being in very different fields from social sciences, close to our methodological practices. The characteristic of the experiments in the management disciplines leads us to refute the validity and the interest of the experiments carried out exclusively in "laboratory", "*in vitro*", because they do not try to reproduce or to analyze life-size concrete situations but "seek to act in a controlled way based on some *per se* variables", through assumption (Avenier, 1997).

Our researchers and the company actors co-create contextual know-how, through the observation of the way organizations actually function. As a result, the ISEOR could capitalize on an inheritance of structured knowledge which can be transmitted or transferred. It is the core of our model. In the field of management change and organizational development, research related to our interventions facilitates an in-depth observation of the situations analyzed. The creation and the clarification of observation methods concerning the conducted actions and the roles played within the organization, constitute a fundamental point for the quality of the researches of our team. We realized, for example, that the existing accounting methods are incapable of measuring and comparing the economic performance of the various models of work organization tested within the companies. Our objective at ISEOR is twofold: we want at the same time to help companies improve their socio-economic performance and to build new concepts, tools and methods which constitute as a whole the socio-economic theory of organizations.

The socio-economic approach to management has been implemented in many industrial or service companies and branches of industry (electronic, metallurgy, chemistry, domestic equipment, agro business, banks, telecommunications, consumer goods, hospitals, and public services, etc.). It led to the creation of a data bank, gathering the results of more than a thousand intervention-researches, constantly updated by the contribution of our team and the research they keep conducting every year in new activity sectors.

To check the "universal" applicability of our method, we conducted experiments in 30 countries on four continents, from Angola to Venezuela including Brazil, Canada, the USA, Mexico, Portugal, Romania, Tunisia as well as China (see the paper by Savall in this issue, "International dissemination of the socio-economic method", pp. 107-15).

Contributions and advantages of the model
The model's contributions are twofold: practical and theoretical.

Contribution to the management practices of organizations
With its "bio systemic" base, the socio-economic theory of organizations creates a model that integrates the various disciplines of analysis within the organizations. As an example:

- it integrates human resources and financial management by calculating the costs of the dysfunctions related to a lack of quality management;
- it integrates marketing, sales and strategy through the use of strategic vigilance indicators at every departmental level within the company (external environment internalization principle); and
- it integrates the operations and production management with organizational development, in a participative way, by involving the actors in the defining of solutions for staff reductions and process improvements within the company (technological appropriation principle).

The analysis of the interactions between various management dimensions of the business exceeds the usual methodology of the "business plan", which does not actually integrate the company's social system, nor the fundamental concept of human potential which constitutes the essential motive force behind the operation and development of the organization thanks to the alternation of conflictual and cooperative behaviors of individual or collective actors (teams).

Figure 3 demonstrates this concept of integration in the shape of a star whose points (specialized management domains) signify the forces pulling the organization, while socio-economic management helps integrating the contributions of the different management domains into decision systems.

Contribution to organization theory

This socio-economic model provides a consistent and comprehensive architectural model which constitutes an overall frame of references allowing to integrate or locate the different organizational theories. In particular one can note:

- the taking into account of some sociological and socio-technical theories of organizations, related to an analysis of the economic performance in both the short and the long term;
- the comprehensiveness of the change management methodology is organized in a logical way, which creates a higher level of awareness and implication for all of the players in the socio-economic intervention;
- the integration of the management of managerial knowledge or know-how, by organizing the creation and the dissemination of information related to management practices within organizations; and
- the contribution to post-modern management approaches, through the process of deconstruction and reconstruction of managerial discourses within the framework of the socio-economic intervention.

The socio-economic theory of organizations is threefold: it includes an innovative method for the permanent management of organizations, a method for controlling change within organizations and a method of dissemination throughout wider areas composed of extremely different actors and organizations (see Savall, 2003).

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Postmodernism and the socio-economic approach to organizations

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Abstract *This article brings out the numerous connections that can be established between the socio-economic approach to management (SEAM) considered as an architecture and the postmodern movement. The authors analyze the contribution of SEAM to the postmodern management approach, through the process of the construction and reconstruction of managerial discourses within the framework of socio-economic interventions. They tackle the controversial issue of pessimism vs optimism in postmodern approach to conclude that SEAM is a tool and a method, which makes it possible to better control order and chaos so as to create positive change.*

Given the broad range of subjects with which the postmodern adjective is associated – from architecture to recipes (the *New York Herald Tribune* recently published a very serious article on the postmodern preparation of cucumbers), continuing on to psycholinguistics, one could even be tempted to qualify the term "postmodernism" as a polysemous hotchpotch and in conclusion, although this word has been around a long time, we are continuously trying to understand its significance and its roots.

Postmodern ideology does not stop, that's true, and it crosses and re-crosses the Atlantic, pulled by the currents of art and architecture towards our continent, and then sent back via a wave of philosophical linguistics (a structuralism in distress), only to be once again returned. Rojot (2002), in an article devoted to the analysis of postmodernism in management, clearly demonstrates that a common definition of postmodernism is impossible.

The socio-economic approach to management (SEAM) is an architecture, and it is from this architecture that postmodernism takes all its meaning. SEAM's principal concepts are based on the refusal to consider rigidity in any form, in other words, the traditional approaches or paradigms are rejected, as well as the golden rules of modern art or the decomposition of minimalist architecture, without subscribing to avant-garde discourse. In the field of management, ISEOR does not conform to fad. Postmodernism seems here to reflect a freedom of expression, creativity and innovation.

Socio-economic management methods can be compared to Picasso's representation of man, where he looks at two aspects of man, from the same postmodern vision. In this situation, one can envision trying to rebuild or even

to recreate a company starting from deconstruction, brought to light by hidden costs and instrumentalised through key statements, through the mirror effect (see Boje and Rosile, 2003) and search for dysfunctions, and on the other hand, inventing a new man based on these fragments.

From the perspective of cubism, Nous (1991) made a similar observation when he wrote that "totality is reconstituted only in its fragmented perceptions", emphasizing that this element of rupture is increasingly present in the writing of contemporary music, ending in the abandonment of the traditional structures.

In fact, the concept of postmodernism goes back to the 1950s, when it was used in the creation of a new trend in US poetry, which tended to be chaotic in contrast to the more formal traditional style. But SEAM avoids these two extremes because it is not connected with the aesthetic movements in an apocalyptic way.

Occasionally in the USA, one reads that postmodernism is connected with anarchy and is reflective of a general decadence. It could be considered the reflection of a society in decay. It is a documented fact that the word postmodernism first appeared as graffiti, as a threatening biblical message on a wall in a devastated city, in the first scene of the film *Jubilée* (1977) produced by Darek Jarman, reflecting a feeling of general disintegration. However, one can also interpret it, as a message of hope, as if it was a new beginning of the world, as a reaction against the loss of confidence in the social and economic structures, for this was just after the Second World War, a period in which progress was a fundamental belief. It should be pointed out that ISEOR was created in the 1970s, which was a time filled with doubt, uncertainty and a degraded social climate, when it was necessary to learn how to work differently, to produce differently, and to manage differently. The socio-economic model is not subversive at all by nature, but has brought us closer to the optimistic and constructive interpretation of postmodernism.

Postmodernism encourages one to think about difference, not necessarily as a dramatic change, but to visualize change as a series of small ruptures which inevitably lead to progress. The conception of ISEOR is contrary to the ideology of change. Remember the title of one of the works published by Savall and Zardet (1995). The title speaks for itself. During a storm the reed bends, but does not break. Dialogue or discourse is a key element in the socio-economic model of a company. This dialogue is the element that avoids the fracture that the lack of communication, coordination and co-operation entails throughout all the levels of the company (operational or management), defined as a network of interactions. This is why the socio-economic approach drives one to adopt more dynamic communication systems and to negotiate arrangements. SEAM adopts an interactive contractual approach to decision makers and access to information. This is why SEAM leads to a new form of postmodern organization, and not to postmodern anarchy.

In other words, the researchers at ISEOR do not think in terms of archaism, classicism, or traditionalism. In the presentation of the socio-economic method, when we explain its genesis, we even take into account methods or theories which are not necessarily in keeping with our own concept of management (see Savall, 2003) such as the Taylor approach, Fayol, or the tenants of social psychology. In fact, when the founder of ISEOR was presented with a sufficiently complete and complex detailed chart of the existing models, and asked the question "where are you located?". He could only reply, "everywhere and nowhere". One can talk about standard postmodernism in this same way, refusing to categorize it as dictionaries do.

Our perspective is the optimistic branch of postmodernism, and adopts the perfectly timeless position of eclecticism. In essence, Savall began by following the precepts of one of the first, if not the first postmodernist in human history, Potamon of Alexandria, at the beginning of the second century BC. He recommends borrowing, from various philosophies, the doctrines that appear to be the best; however, without trying to make them reconcilable or to solve contradictions. Cousin in his treatise *Du Vrai, du Bien et du Beau* (Cousin, 1837), built a whole philosophy based on this principle, which might appear as basically incoherent, but is not incoherent in terms of evolution.

Indeed, there are changes in historical circumstances or scientific advances which force one to abandon old systems, without them being irreparably condemned as obsolete in their totality. Postmodernism can only be understood when one looks at it from a historical perspective. It is from this perspective that one can best analyze what anti-modernist Jürgen Habermas wanted to express when he titled an article "Modernity: an unfinished project" (Habermas, 1981), published in the "Revue critique". The management of change to which the socio-economic approach is related, seems to create a modernity carried by change, in perpetual forward motion. The constant accumulation of renewed or updated knowledge generated by the ceaseless back and forth between the laboratory and the "real world" leads ISEOR to think in terms of going beyond, and of development, not about abolition. In contrast with Lyotard (1979) we believe postmodernism does not mean an impossible "exit from the modern".

As Nous stated in the preface to *La Modernit*é (Nous, 1991), postmodernism can be summarized with "a new definition of the strategies of modernity". Without having to go as far as Milan Kundera, we could assert that the prefix "post" does not have any significance. In an interview with Le Monde (2001), he declared, "That today the only modernism meriting this word, is the anti-modern modernism". The philosophical approach of ISEOR is not to link the concept of modernity to the concept of social breakdown, but to benefit from the ideas of evolution and progress, even in situations of crisis and by not dualizing the qualitative and the quantitative.

The socio-economic approach, without eliminating any form of theorization, remains essentially pragmatic and positivist. As Lyotard (1979) wrote:

"Pragmatism induces a perpetual post modernism". This brings us closer to a non-Lyotard definition of modernism, as new successive modernities. Any idea of rupture can be cast aside, whereas one might advisedly call to mind that of the multiplier effect of change, due to the numerous potentialities of creative actions.

We do however retain from Lyotard (1979) that "the criterion of operativity is technological, it is not relevant to judge something as true and correct". Therein, lies undoubtedly, a fundamental observation to understand what could make up a postmodernist approach of a company. One cannot question the predominance of a strategic central axis in the technical-economic impulsion nor leave in the dark the incidence of technical transformations. Therefore, in the socio-economic approach, the potential of the workforce is not considered as a means of implementation of all strategic decision-making processes, but as a strategic element of the whole: human resources are essential.

The socio-economic method is also socio-cognitive. Knowledge is co-created interactively. The participative character of the socio-economic intervention-research process implies that the intervener-researcher is not just a simple observer, but is also associated with the operations of the company on all the levels, and is not kept out of meetings where essential information is communicated, and where the real decisions are made.

The cross-fertilization of knowledge also seems to us to be an integral part of the postmodern analysis in management. Through his own work, Henri Savall has demonstrated on several occasions, how a non-stop process of exchange has been created between academics, consultants, experts and students in management science, succeeding in the legitimization of a model of knowledge.

The SEAM approach is consistent with affirmative postmodern perspectives for instance in the texts of ISEOR's founder. Savall and Zardet (1987, p. 237) write: "the expert gives an account of what he does not know, but seeks to know". The student is thus introduced to the intervention-research process, which is to say, to the interchange in scientific knowledge creation.

For almost 30 years, ISEOR has undertaken, on the one hand, to increase the dispersion of information by setting up a database which is continuously updated, and on the other hand to obtain the means of endorsing the relevant data. From a postmodern perspective a dynamic collective memory is in dialectic relation with local knowledge created through intervention-research.

The theoretical approach was developed parallel to ISEOR's research in the company; it is characterized by the observable links with the object studied – the organization – as a prescriptive theory, distant from any abstract model. It is also from this perspective that our approach differs from everything that the popular postmodernist could consider as a pessimistic vision. One of our initial postulates is that theories which propose tools like we do (strategic action plans, priority action plan, competencies charts, periodically negotiable activity

contracts, etc.) are not condemned to pessimism. After the first stage of deconstruction, the tools, which we propose to implement in a company, actually guide us to speak about the constructive process "the eighth step of resitution" (Boje, 2000, p. 22). SEAM is both research and intervention because it is not just an explanation: the knowledge acquired through interaction must be interpreted as a tool to help with internal rebuilding.

The SEAM approach comes close to contemporary postmodern theory because of the variety of contesting discourses accommodated by the model. One variety of discourse is the official company discourse which is promulgated to some extent by the top management and relayed by its managers, and constitutes the legitimation of the metanarration of the firm. Without being attacked head on, it will be blamed and compelled to change because of the intervention- research. Another variety of discourse is uncovered in small informal and heterogeneous discussions (including the tacit speeches of the unvoiced comments) in the first phase. These narratives are subsequently articulated by the team of intervener-researchers, in their report, and this report, now a multivocal metanarrative, becomes the expert's opinion.

Postmodernism is a way of thinking which sticks close to the reality of our society, of becoming, without defining, or explaining. It tries to be a reflection of the trends that it is creating and which are changing at the same time. As well, it is advisable, first to analyze these trends and determine if their role is one that builds cohesion, or is destructive. The points most easily targeted are obviously those that question most intensely the pre-established order: rejection of rules, trends, taboos, etc.

Whether in the fields of art, politics, science, or society as a whole, one is part of a perpetual breaking up and questioning. From the nineteenth century the belief that, "in the beautiful, there is the ugly", has evolved into a period where neither beautiful nor ugly exists, where all is leveled to the encephalogram plane.

The organization is perpetually becoming. SEAM studies the companies from an organic perspective. Companies are matter, with fragmentation, change and/or destruction.

The positive and the negative are merely complementary aspects of an entity; neither of them must be preferred over the other, but taken into account like the elements of an unstable body ready to recompose in a different way, to give rise to another reality. It is this dynamic aspect, this kind of current of consciousness or of experience that postmodernism brings out. All the elements in a chart, as notes in a piece of music, contribute to the creation of the whole. Nothing can be solved without recognizing the complexity. Order and chaos can exist in succession or simultaneously. They are part of this living reality, perhaps even festive, where anything is possible without license, those from which other forms of order and chaos will be invented, where new rules and

new data will be unceasingly created, managed and integrated. SEAM is a tool and a method that makes it possible to control better these various aspects within a company.

On the strategic level, SEAM takes into account the interaction of the physical or mental structures on the behaviors such as the working conditions, time management, the implementation of the strategies, the bureaucracy, the reluctance to change, without privileging any of these factors. At the same time, the company's future also depends on its relative competitive position and its economic situation. SEAM must also study and intervene, at the same time in areas such as productivity, competitiveness, cost reduction and maximization of profits at the same time respecting human resources and the work itself. All of the structures required to support the company's activities must be identified – physical, technological, demographic, organizational and mental – as well as the various behaviors of the groups, the individuals or the community.

On a methodological level, the diagnosis must be based on both academic research and on the real world experimentation, with the help of adapted tools, bringing the remedies and corrections which are necessary to the good functioning of the organization, or moreover, to the life of the company. It is a difficult step because it must consist of a series of strategic decisions or movements and of timely pauses and determinants, at the same time to establish the direction, creating a trajectory made up of a series of points, understanding that these points are not identical, neither in time nor in intensity, and they are simultaneously constructed and deconstructed. The dysfunctions revealed by the diagnostic clearly show that it is necessary to solve the dualities according to the Derrida (1994) principle.

For example, SEAM by its very name, starting with the dash that joins the words sociology and economics in a spectral space, resituates the dichotomy which seems to separate the two terms. In what way can sociology and economics be blended, if not in this undefined space expressed by the dash? It is here that the various actions of socio-economic management can best be implemented in a concrete way. One should not merely replace one center by another, but resituate, as much as possible the binary oppositions in a dynamic self-destructing and reconstructing.

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Organizational transformation through the socio-economic approach in an industrial context

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Abstract *For more than a century companies' organizational variables have been studied and researched. Historically, the practice is to focus on the precursors in the management sciences field, Frederick Winslow Taylor, Henri Fayol and Max Weber, the founders of the classical organization theory school. The objective of this article is to determine if the fundamental principles of this school are still present and an integral part of industrial companies today, and if so, to assess their impact. The paper demonstrates how the socio-economic approach, which was created in 1973, goes well beyond the socio-technical and organizational-development approaches to change management, by taking into better account the economic and strategic dimensions of leadership management.*

Introduction

For more than a century companies' organizational variables have been studied and researched. Historically, the practice is to consider just the precursors in the management sciences field, Frederick Winslow Taylor (1911), Henri Fayol (1916) and Max Weber (1922), the founders of the Classical Organization Theory School. The objective of this article is to determine if the fundamental principles of this school are still present and an integral part of industrial companies today, and if so, what the impact is. Then, we will demonstrate how the socio-economic approach, which was created in 1973 by Henri Savall and the ISEOR (France) team and has been applied in more than a thousand companies, in 30 different countries, on four continents, makes it possible to study and to dramatically transform the organization of work and companies' structures. The impact of the transformations on the socio-economic performance is evaluated based on a large company database.

Research problem and methodology

The socio-economic method, used to implement these organizational transformations, is presented in Savall (2003).

Problem description
The detailed and thorough observation within companies and organizations reveal that the theoretical principles of the classical organization theory school were deeply anchored in the companies' organizational structures throughout the twentieth century. Our specific interest here is in industrial companies, but without losing sight of the fact the ISEOR team's work is made up, half of industry, with the other half in the services sector and with non-profit organizations (see Savall, 2003; Savall and Zardet, 1987, 1992, 1995). How and to what degree are the classical organization school's fundamental principles still clearly visible in organizations? What is the impact on employee satisfaction, on the social performance, not only on the companies' economic performance? How does one introduce the transformations and adequately explain these principles and the consequences that they generate? How does one reconcile the new expectations, in terms of producer, consumer and citizen (Savall, 1975)?

Has it been validated that these principles are null and void today ? Has it been invalidated that these principles of the classical organization theory school are null and void today?

Our research hypothesis can be summarized as follows: developing change management methods that transform the organizations structure and job design will improve socio-economic performance. We take for granted transformation in the mindset of the leaders, whose training has been dominated by the ideology of the classical organization theory school (Fayol, Taylor, and Weber).

The case studies
This article is the result of the authors' experience over several decades using SEAM methodology. However, for our current purposes, we have limited the observations to four typical situations:

(1) Company A is a European industrial bakery created in 1975, with whom we began to work in 1984. It manufactures and sells brioche and Viennese bakery products to large and medium size businesses. In 1984, the company had approximately 300 employees, one production site, and an integrated marketing team in all the after-sale services.

(2) Company B is a company which belongs to one of the leading European groups in consumer goods distribution. It manages the marketing, delivery and all of the after-sales services for non-food products in hypermarkets. Although this company is predominantly service-oriented, there is an important technical aspect for its 1,500 employees. Work with this company began in 1997, and was focused on setting up a customized compensation system to improve employee motivation. An in-depth intervention-research that was conducted in the repair centers, ended up in the questioning of the organization of work as a key motivator of economic performance.

(3) Company C is a high tech company, which is a subsidiary of a global leader in the metallurgy business. It has approximately 4,000 workers, divided between headquarters and various factory locations. Facing an increasingly intense globalization of customers, suppliers, competitors and institutions, the company wanted to learn how to manage the change process through the transfer of "management engineering" (Péron and Savall, 2001, p. 2). Our research intervention started in 1999, specifically targeting the development of a pro-active strategy implemented throughout the company and producing socio-economic impact.

(4) Company D is a service company of seven electrical engineering units located in several European countries; it is headquartered in Belgium. The organization is made up of 350 salaried workers, whom the director considers to be change-drivers. Since 1995, we have worked with the workers on management innovation and to unleash untapped potential impacting productivity within the organization.

In all the companies, the socio-economic method is applied throughout the entire company. Thus the diagnosis of the dysfunctions and hidden cost/performance relate to six categories: work conditions, work organization (division of labor), time management, communication-coordination-cooperation, job training and strategic implementation (for a definition, see Savall, 2003). However, in this article, we are only going to focus on the analysis of the work organization variable and its consequences.

Work organization indicates the macrostructures (how the company defines its work flow process chart, its economic business units, determines the missions, how roles are distributed between functions and operations), as well as the microstructures (how work within the business units is organized, distributed, and structured).

When considering the macrostructure or the microstructure, two issues in the four case studies caught our attention: the specialization of the organization and the customer-supplier relations.

The primary work organization concepts: dysfunctions and hidden costs

Savall's founding works on the socio-economic analysis of organizations (1974-1975), showed that the "new forms of work organization" which were seen in north European industrial companies in the 1950s, classified as the socio-technical systems (STS) approach of the Tavistock Institute, were equally sources of social and economic performance, much greater than traditional organization.

The innovation of this work is largely based on the economic assessment of this type of change, *vis-à-vis* the idea that new organizations would be humanly preferable, but economically more expensive. The conclusion of the author's

first works was that a new form of organization is not automatically more expensive or less expensive than a traditional organization. However, it would be less costly if the company simultaneously sets social and economic performance improvement objectives.

Traditional organizations have not disappeared. We assume that the principles of scientific management and administration are not null and void and not forgotten by today's contemporary managers. Next, we give Savall's criticism of Taylorism and Fayolism.

The principle of work specialization

Taylor (1911) and Fayol (1916), in their sphere of study, both preached the principle of work specialization. Over 1,000 diagnoses were carried out by our team (ISEOR) and show that this principle breaks down on multiple levels:

(1) Specialization by function and by profession in the company: Fayol preached separation of major company functions, which gave rise to specialized disciplines (production, marketing, human resources, finance, etc.).

(2) Functional specialization was then reinforced with product specialization within specialized departments, in particular in production and marketing. So in companies with several production sites, the tendency is one of specialization by site and/or by product. For example, traditionally, a site is equipped with a production function without the marketing function, and has the responsibility for the manufacturing of a family of homogeneous products.

(3) Finally, the specialization principle is extended to the work sites and departments. First it results in the slicing of the manufacturing process, second into specialized job tasks. The principle splits up the administrative, marketing, research and development process, which is the cause of numerous dysfunctions.

Moreover, as soon as the company has two geographically separate entities, the group and headquarters' concept appears, with specialized holding company functions.

Another cause of dysfunction resulting from the specialization principle is the matrix organization which is just more slicing which we consider as another source of dysfunction combining functional specialization and product or market specialization.

We shall thus analyze the negative effects of functional specializations.

The downsides of specialized functions

Many industrial companies are still governed by scientific management principles that established in dogma the separation of the planning, execution and control functions. It is built on the ideology according to which external

control is more effective than internal one (local). However, our experiments show that the specialization of the functions introduces multiple dysfunctions and increases costs of coordination between the specialized functions.

Thus, the immediate and local productivity of the factory workers is countered by the product quality defects that must be controlled downstream. The work planning underestimates the production constraints, owing to its being made without interacting or coordinating with the manufacturing department.

For example, the slicing of sales organization within company B condemns simultaneously the customers and the sales people to dissatisfaction and inefficiency. The impact of having sales people specialized by hi-fis, video cameras, video tape recorders, or television sets is an absence of networking in the sales process (the television sales people cannot prescribe video tape recorders). Second it causes periods of overtime and layout resulting in dramatic shifts in sales figures. For example, in 1998, a very strong increase was recorded in television sales due to the World Cup soccer matches. At the same time, hi-fi systems fell 40 percent. In the absence of multiskilling and job redesign, the pressure of the World Cup matches got even stronger on support activities (inventory control, merchandising, warehousing, etc.) which were compromised. On the national level, the task specialization impact was estimated at €8 million per annum, calculated according to the following formula: 28 percent concerning the lack of work coordination, 72 percent regarding the work organization shortcomings and work conditions dysfunctions. In other words, in order for the organization to make each sales person more productive, it requires 40 percent of them to work, full-time, controlling the failures in their mode of operating.

Although less surprising, the observations made within company D give us insight into resistance to change by specialists. Five years were required in order for the founder-owner to obtain meaningful activity and reliable performance indicators from the management services department. By measuring the past, present and future meaninglessly, specialists showed their mischievious ingenuity. They gradually developed their workload by cranking out indicators and new analyses, which reduced the management quality of the company: the more their meaningless measures, the more the company steered out of control. Many risky outcomes for the company and repeated requests to hire more indicators, in the management services department should have convinced the owner of specialists' weaknesses, due to over-specialization. Consequently, SEAM was implemented to systematize meaningful performance indicators extended to all top management and subsequently to the entire staff.

Specialization effects of factory sites
For the last 20 years, company A had experienced strong growth: it grew from 300 salaried workers in 1984 to 3,500 in 2001, hiring more people and buying

more firms. In 1986, the company decided to build a second factory in eastern France (1,000km from its first site). Then it purchased, thanks to an opportunity, a third site very close to the second and subsequently decided to specialize sites 2 and 3 by product line. In the two years that followed, they experienced many specialization dysfunctions that can be summarized as follows:

- customers are extremely dissatisfied having two persons to deal with for one supplier;
- as soon as a delivery dysfunction occurs, such as an error in the delivered quantities, or defective merchandise, it creates unnecessary transactions (discussions, internal invoicing, cancellations, credits, etc.) between sites 2 and 3 (Zardet, 1987); and
- the coordination costs become quite high because each site refuses to take responsibility for its customers, because they deliver products manufactured by other sites (Pasquier, 1993).

Measurements of hidden costs show that the extra expenses created by the specialization of the sites reach 10 percent of the revenue for the two sites and cancel out the supposed economies of scales benefits which drove the specialization decision.

Specialization effects of job design
The study of this problem is extremely old, since the human relations school has been in existence since the middle of the twentieth century (e.g. Lewin, 1948, Mayo, 1933; Likert, 1967; Argyris, 1970). Still, the damaging effects of specialization have to be analyzed, especially from a human perspective.

Our research, even today, shows that work specialization is the dominant form of organizing manufacturing, marketing and administration, and has important measurable economic consequences:

- Work specialization creates absenteeism and staff turnover due to a lack of interest in the sliced-up work. The difference between the employees' goals and aptitudes, and the work content has changed immensely over the last thirty years. The work organization has evolved much less quickly than the general level of education and initial training. Thus today, one frequently finds employees who have a university diploma doing repetitive work, which is not very complex, and watch their knowledge degrade. Absenteeism in this type of organization, regularly reaches 10 percent and even up to 15 percent.
- Work specialization is largely paradoxical in terms of product quality: the producing agent, who knows only a very small link in the production process, cannot imagine the impact of his work on the finished product, and less on the customer. Extensive experiments have shown that the costs of non-quality are increased when quality control is entirely

dissociated from the manufacturing activity (see Savall, 1975; Bonnet, 1987).

· Work specialization creates a progressive and major dichotomy between the dignified and routine tasks of an activity. Thus, company B wished to enhance the technicians work by eliminating the tasks of packing the repaired equipment. (1 hour 40 minutes per technician per week), and the telephone contacts with the customers, etc., to assign them to repair broken articles. Officially, this enhancement will help to increase the centers' economic performance, through a better use of workers with strong technical qualifications. Unofficially, it is a question of yielding to the trade union pressure, whose principal activity is to preserve and develop the technicians' privileges. On certain products, technicians repair 13 apparatuses in one day compared with the eight envisioned as the standard ten years ago. For each apparatus exceeding the standard, the technicians receive a premium of €15, that is to say, on the whole several million euros of premiums are paid out as follows: 9 percent of the people receive 50 percent of the bonuses (the best "bonus hunters", a nick-name created by the employees, can obtain up to €3,000 per month), whereas 85 percent of the workers make less than €800 extra per year. The direct consequences of this mode of operation are: the compensation system becomes obsolete with the passing of time; a feeling of injustice develops and becomes a de-motivator for certain categories of personnel, those who are responsible for the more routine tasks.

The specialization of the organization of work, whose initial justification more than 100 years ago was the need to industrialize the manufacturing processes with a division of labor, endures in a radically different context and creates multiple hidden costs related to the employees' social behavior (absenteeism, turnover, etc.) and to the complexities of the required coordination.

In fact, the strong interdependence of the tasks demands a preventive organization, which clearly specifies the interactions between the job design, the functions, and the sites which is rarely carried out. This involves hidden costs that negate the expected positive economic effects of specialization.

In addition, specialization creates a partitioning, which deteriorates internal customer/supplier relationship and has negative repercussions on external customers.

Negative repercussions of customer/supplier relationship
The cause and effect links between specialization, the breaking down and deterioration of the internal customer-supplier relations constitute a proliferation of the dysfunctions estimated at a cost of €4.5 million at one of the production sites of company C. The major failures identified within this company can be recapped as follows:

- The many partitions between sites, services, teams and people in charge make it more difficult to identify the responsible representatives and generate the unavailability of services between them (e.g. the services manager is obliged to spend 30 minutes on the phone per day, to find the right person).

- The isolation of everyone creates an absence of inter-departmental systems, contributing to the lack of synchronization and to increased misunderstandings, resulting in conflicts (e.g. the services managers spend on the average, one hour per week to justify their actions to colleagues).

- In fact, certain tasks are not taken on in a responsible manner or remain unfinished in manufacturing, maintenance (routine and preventive), quality management, as well as in the organizing of services activities. The direct consequence is a deterioration in the working conditions, an increase in time wasted, and in rework (e.g. the machining services manager estimates that his operators spend about 2,000 hours per year repairing the defective products coming from the other services).

At the end of the process, the company is faced with the following dilemma: should these economic non-performances be invoiced to the external customers or impact the bottom line profitability of the company? In an increasingly chaotic global context (the terrorist attacks of September 11, 2001 in the USA) resulted in a dramatic drop in air travel, estimated at 20-30 percent; the US iron and steel industry's economic crisis which resulted in an increase in customs duties, up to 30 percent on imported steel), the company was forced to deal with its own disrupted cost of organizational non-performance. It is the same for companies A, B and D which are also exposed to evolution of the mercantilist system (known as "globalization") and which is regularly exposed to the political decisions of the other countries and the economic alliances or agreements (the North-American Free Trade Agreement, the Association of Integration of Latin America, the Center-American Common Market, the Community of the Caribbean, the European Free Trade Association, the Association of South-East Asian Nations, etc.). In such a context, mass production, the lever used by the Classical School to lower costs of production seems to be outdated. The organization of work has no choice except to use mass production, but it must also better manage and develop a sense of responsibility and accountability, teamwork, multiskilling, job enrichment through a reduction in the slicing of work into meaningless elements.

Transforming work organization

Transforming work organization is to change the structure and behavior system from one form to another. The concepts and the results presented hereafter are designed to improve the organization of work, but also the mindset of the managers, of the trade unions, and even of the employees.

Concerning this last point, two observations struck us. First, there is a very strong ideological attachment to splitting up the work process, while at the same time we have shown its destructive effects on a socio-economic level. Second, pragmatic realities of the field, on a daily basis are incompatible with intellectual recognition, and increased participation.

The principles of socio-economic organization of work

The four primary principles of "the socio-economic organization" of work (Savall, 1975) are:

(1) entrust a workgroup/team with the production of a good or service, as complete as possible (from A to Z);

(2) allocate, on all hierarchical levels, responsibility and autonomy, which are sources of job satisfaction for state of the art work;

(3) create customer oriented teams; and

(4) develop multiskilling within all teams.

These four principles are based on the lessons learned from criticisms addressed to scientific management organizational practices, as well as from the STS (Emery and Trist, 1969; Davis, 1957). However, the socio-economic design of the organization of work highlights the following key points:

· Two categories of actors – two targets – are simultaneously targeted in any organization. First, internal, the company members, be they executives, middle management, garden workers or clerks, and second the external actors, customers and other partners. A socio-economic organization thus seeks to simultaneously improve the company's performance, to the benefit of the firm itself, its personnel, and its external partners (stakeholders as a whole).

· The economic performance is studied as much as the social performance. Thus the responsibility and autonomy are considered as a type of tool to control the performance of the people and the teams, through management reports, with indicators relating to productivity and quality.

· The hierarchy preserves a legitimacy in this form of organization. In essence, the delegation of authority, decision making, loan approval, and sign-offs are devices to facilitate discussions or coordination between the employees and management, and to a certain extent a form of external control on the team to ensure periodically, that the company's strategy is being implemented and that the results in terms of economy, marketing, human resources etc. have been reached. However, the pedagogical role of supervisors is much more developed compared with supervisors' traditional role.

· The economic performance of such an organization, since it increases, does not benefit exclusively the company and its shareholders, but also the personnel, on all the levels, in the form of additional compensation.

- All work groups have customers (external or internal) with whom they develop a marketing oriented relationship, thus allowing a break with the task oriented organizations, where the actor no longer knows for whom, or why they work.

Concrete applications on the evolution of organizations
Reduce the functional specialization via collective responsibilities. Company D has consistently progressed and not just experienced one remarkable year. Each year the marketing performance has dramatically improved (it has increased five times since 1987). One notices at the same time, a significant increase in the payroll; it has more than doubled in ten years. Within this framework, and after studying its most profitable activities, the company wanted to take a closer look at the increase in the general sales administration and overhead costs (non-billable expenses with external customers) particularly focusing on the financial management function. It proved that the financial management was, over the years, more and more isolated from the firm's operations. In order to reduce this functional and operational gap, work was re-allocated, the missions and the responsibilities were redefined, enabling everyone to "clean-up" their act:

- Finance management must support top management and the operations managers by creating four financial indicators: revenue per person; net income per person; cash-flow per person; and the standard cost for one hour of work. For the first time since 1987 (in 2002), the company obtained for each subsidiary and their related services, these four indicators. This result enabled management to dramatically reduce the number of production indicators and to broaden its business portfolio at the same time. In addition to the production indicators, they conducted audits to help operations management in their missions. In addition, they were able to make the operations management more aware of the economic impact, starting with the new collaborators evaluating the workgroup disorganization, the unprofitable training (i.e. more than €40,000 at the beginning).

- Operations managers are the prescribers of costs and margins, and they must therefore support finance managers by becoming internal financial (cost and revenue) controllers (Savall and Zardet, 1992). They are responsible for the reliability of the information transmitted to finance managers, respecting the costs for each project and must make decisions using socio-economic analysis.

Reducing site specialization and restraining headquarter's role. Company A grew quickly in 15 years: from 300 people in 1984 with only one site, to over 3,500 people in 2001, with nine sites and a headquarters office. However, the company was structured on the basis of several principles implemented to counteract specialization dysfunctions:

- *Renunciation of the economies of scale principle:* each site has a limited size of 350 workers. When this threshold is reached, the company develops, repurchases or creates another site, in order not to incur additional costs related to an increased complexity.

- *Renunciation of the principle of minimization of the costs by the series effect:* all the bakery factories are multiskilled to produce all the products, in the same way for all the pastry making factories. The objective is to give to each site-subsidiary company complete autonomy and responsibility for all its activities, production, marketing, accounting, social and logistic.

- *Renunciation of the principle of specialization of the sites on the only function of production:* the sites are "full exercise sites", i.e. they cover the whole gamut of functions. Thus, each subsidiary company has complete autonomy, but the company defined a standard structure for the sites. Each site has, whatever its size (even 50 people), all the vital functions: purchasing, manufacturing, marketing, research and development, quality, finance, data processing, and human resources. When a site is created from scratch, it includes all the departments; the executives are recruited two years before the opening when hiving off a new site, and the technical staff is recruited and trained four months before. In addition, each site has its own national or international marketing area.

  In corollary, this synchronized decentralization between the group and the sites leads to a weakening of the specialized functions at headquarters. They have a primary inter-site communication role and are responsible for all strategic projects.

  Headquarters are relatively small: approximately 40 people for 3,500 employees; this is approximately 1 percent.

  Each manufacturing facility is managed by a two-person team made up of the managing director (marketing or production manager) and a co-director (who has complementary skills and experience to the managing director). The company expects them to manage the business, whether they held degrees or not.

- *Renunciation of the principle of centralized trade negotiations.* Although the distribution customers impose a centralized annual negotiation (a purchaser of each key customer negotiates all the general conditions of sale with the suppliers), Company A decided to decentralize the negotiation with the customers and the suppliers to the production facilities. Thus each plant manager is responsible for one or two key client accounts (Carrefour-Promodes and Leclerc) and one or two key suppliers (chocolate, flour, butter, etc.) and he does this for the whole group. Therefore, headquarters do not handle these negotiations, but someone from each site.

Reduction in work specialization through the implementation of production lines integrating different professions. When the specialization of work harms the cohesion and the performance of the company, "the integration" of the separate elements constitutes a fertile path.

Company A has applied this principle to all of its services. Thus, the production was formerly separated into four sections: kneading, cooking, packing, and equipment maintenance; each was managed by a supervisor. The hidden costs were evaluated at €10,000 per person per year. These costs came from absenteeism in packing, the lack of responsibility and accountability of the cooking sector regarding finished product quality, chronic preventive maintenance delays, and breakdown service repair delays (Pasquier, 1993).

The integration of the four sectors consisted of setting up production line teams. Each team is managed by just one supervisor who is responsible for all of the different production functions from A to Z (from kneading to packing). The maintenance staff is also integrated into the teams and each has a technician in charge of the regular preventive equipment maintenance, breakdown services, and training of the operators on the basic maintenance operations.

Every morning management reports display the results of the day before: line productivity; quality; and product losses. The greatest resistance, which management had to overcome came from the engineering department, made up of people with more training and expertise than the production personnel. They did not want to report hierarchically to a line manager. But the objections were finally overcome when the technicians understood their new training role for line operators.

A similar example in company A relates to sales management: territories existed for the sales people, but the customer dealt with various people depending on whether it was an invoice, a claim, or a credit etc. An administrative person was responsible for each sales territory, interfacing with the secretaries, communicating between the customers and the sales representatives, keeping and budgeting travel expenses. It took three years for the transition to become effective: the secretaries had to learn accounting; the technicians with a two-year university degree did not want to use a word processing system at the beginning. The company is successful today – not an easy feat with 3,500 workers, and not a single secretary in the company. Indeed, the secretarial activities are integrated into each workstation.

Socio-economic evaluation of new organization forms
The socio-economic organization of work involves measurable impacts on performance evolution:

- *Economic performance:* integration involves a drop in absenteeism and staff turnover, fewer and less severe industrial accidents, increased direct productivity, due to a reduction in time wasted on material handling and on tedious or routine tasks. With respect to the customers, the

improvement in the service quality is noticeable, the response to customers is faster, and the reception and handling of customers is personalized. Lastly, the marketing image of the company is improved.

- *Personnel satisfaction:* functional integration develops qualified jobs, enriches jobs of workers, employees and the middle and higher management, increases compensation due to higher qualifications, while entailing a greater implication and interest in the work, as well as improved communication-coordination-conciliation. The human resources image of the company is thus improved, enabling the company to better attract employees.

- *Transformation of the supervisors' and middle managers' role:* contrary to the STS school which forecasted a progressive abolition of Supervisors, our research interventions show the importance of a revitalization of the control role through the transfer of personnel of tasks of execution and through the addition of new tasks of facilitation, training and informing the personnel and technical assistance. One observes as well that a vertical push of blue and white collars workers' job enrichment and employee leads to that of the supervisors, which involves in its turn that of the middle management then of the top executives (Figure 1).

"Functional slipping" indeed is a universal dysfunction which involves many hidden costs: an activity or task that should have been dealt with on level "N", is actually taken on by the higher hierarchical level $n + 1$. Thus the entire organization "implodes" resulting in a weakening of work at all levels (time 1). The socio-economic organization leads to a vertical push of the work on all hierarchical levels, which changes the organizational structure over time (time 2).
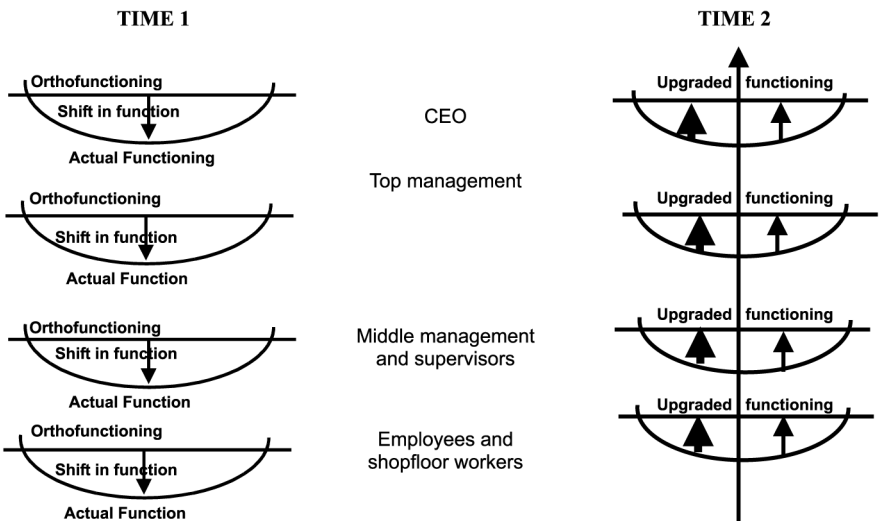

Figure 1.
"Organizational face-lift"

Conclusion

The classical school of the organization remains extremely vivid as regards the structural principles of companies. To evaluate the hidden costs stemming from excessive specialization allows an awakening of the leaders, whose ways of thinking were forged around the classical school, sometimes revisited under fashion and fad approaches such as reengineering or certification. One of the fundamental contributions of this research is to show the inaccuracy of certain concepts long considered as dogmas in managerial decision making, such as the experience curve, economies of scale, and functional separations. In essence, hidden costs make possible to show that the expected profits are often cancelled out by the consecutive dysfunctions due to the routine application of the classical, bureaucratic organization concepts.

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Enhancing the efficiency of networks in an urban area through socio-economic interventions

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Keywords *Networks, Organizational development, Urban economy, Social economics*

Abstract *The research scheme presented here has been implemented in a city with over 250,000 inhabitants. The purpose of the article is to present the SEAM method in an urban setting, considered as a transorganizational field. The main hypothesis behind this research scheme is that any neighborhood is not organized enough to create networks which deliver efficient services, thus resulting in many dysfunctions and even violence in the city.*

Introduction

The research scheme presented here has been implemented in a city with over 250,000 inhabitants. The purpose of the article is to present the SEAM method in an urban setting, considered as a transorganizational field. The main hypothesis behind this research scheme is that any neighborhood is not organized enough to create networks which deliver efficient services, resulting in many dysfunctions and even violence in the city.

The main hypothesis behind this research scheme is that any urban area is not properly managed because of the high degree of centralization of most administrations (e.g. education, employment, police, health care, etc.). Hence, the actions and decisions do not match with the local initiatives taken by actors who work in the field and who are not organized enough to create a transorganizational network.

Difficulties to overcome in building effective networks

Chisholm (1998) has analyzed the challenge of creating effective networks that require the involvement of organizations of different sectors (e.g. public, private, labor and education), and on different levels (e.g. local, state, federal, basic and higher education). He observes that work toward apparent solutions by one organization of the network usually fails, because it does not take into account the other interconnected constituents.

Chisholm proposes a specific approach to action research in order to enhance the efficiency of such loosely-linked organizations, through a total system building process. This consists of three main principles of action:

(1) Creating clarity about goals and the roles each actor can play in order that they can assess the outcomes of their actions.

(2) Members have to experience and learn from critical events to develop the system towards its vision.

(3) It is necessary to design experiments that focus on establishing a network at an ecological level. Constituents, therefore, need to engage in discussions about how to use a higher level system to understand and deal with a large problem.

However, our criticism is that Chisholm's approach is more focused on action research findings than on management consulting, as he does not propose concrete tools which might create value added when carrying out interventions. In fact, most management consultants are lacking appropriate tools to embark on innovation networks, whilst there is an urgent need for assistance and facilitation.

Let us now examine ISEOR's proposed innovative intervention method, which can result in value added when diagnosing in an urban area. The socio-economic approach to management was created in 1974 by Henri Savall (see Savall, 1980), who also established the ISEOR research center (www.iseor.com). This approach is based on studies into the compatibility between the social and economic objectives of the organization. It considers any organization as a network of conflicting actors, who have their own logics of action, their own backgrounds and their own objectives. These conflicts within the network organization result in dysfunction costs that managers are not aware of, hence the concept of "hidden costs and performance", which accounts for poor effectiveness of organizations, companies and networks.

The socio-economic intervention aims to improve the socio-economic performance of the network organization through the implementation of a participative process (see axis A, Figure 4 in Savall (2003)) and the creating of a new management tool enabling improved cooperation of all the stakeholders.

Participative project in the neighborhood
The improvement process was carried out as described in the following sub-sections.

Diagnostic – "mirror effect"[1]
A total of 107 interviews took place with the key players involved in the area's activities – inhabitants, under-privileged young people, unemployed people, tradespeople and shopkeepers, managers of the area's different associations and societies, doctors, the police etc. Notes were taken during the interviews and the highlighted issues were ranked under various themes of dysfunctions as described by the interviewees. This resulted in the creation of a narrative of

1,345 statements from those witnesses. These were entered in the computer database for sorting and retrieval. Here are three examples of these quotes:

> There's a gang of youths who destroy everything. They vandalised the social centre.

> The school doesn't care. They abandon the kids after badly targeted education programmes have raised their hopes.

> The level of security has decreased in the area and shopkeepers have closed their shops.

During the presentation of these quotes in a meeting where all the interviewees had been invited, the participants mentioned that this reflected the actual situation of the problems to be solved, but that it was the first time they could benefit from a document gathering the comprehensive picture of all the interactions, as opposed to many reports previously made in the same neighborhood, but focusing more particularly on more specific problems, such as drug addiction, or need for housing renovation, etc.

The mirror effect also consists in calculating the financial consequences of the dysfunctions. An example of such "hidden costs" is presented in Table I, which is part of seven pages of hidden costs calculated in this neighborhood. Bringing evidence of the sheer amount of such costs resulted in remarks made by the participants about the importance of financial resources wasted in

Inventory of costs	Yearly financial evaluation ($)
Thefts	
Schools (junior and elementary)	5,000
Swimming pools	5,200
Shops	60,000
Firms	8,000
Damage to equipment	
Cultural associations	10,000
Training centres	6,000
Municipal swimming pool	1,200
Public buses	27,800
Public trains	30,000
Broken shop windows	2,000
Damage to buildings	
Vandalism in apartment blocks	27,000
Vandalism in houses (graffiti and the cost of removal)	13,000
Intoxication and alcoholism	
Medical intervention	50,000
Alcohol rehabilitation	27,000
Education failure	
For schools	96,000
For families	Evaluation for qualitative impacts only
School absenteeism	107,000

Table I.
An inventory of examples of hidden dysfunction costs in a municipal area

dysfunction costs, as opposed to very little investment made in preventive actions.

This analysis shows the cost of the dysfunctions which were measured in the entire report has a cost breakdown of $9,000 per year, per local inhabitant. The short term hidden costs facilitated the calculation of the more long term costs. An example might be a person who had never undertaken any professional training and who was not in stable employment at 30 years of age. The future costs of non-integration into the workforce are very high – alcoholism or drug abuse, futility of further training, delinquency, etc. This excludes the cost of the loss of the corresponding opportunities that this person could have brought to society and their local area had the appropriate interventions been put into place for him.

Following the diagnosis, a presentation of the results in the form of the "mirror effect" was made to the mayor and power brokers of the city. During two neighbourhood meetings and one at the city meeting council meeting, we observed the following phenomena:

- A number of key players from the same neighborhood had never met, apparently ignoring each other's existence. It was also a "revelation" to the mayor to discover the existence of a career guidance counsellor, in addition to an organisation fighting illiteracy.

- The participants present at the meeting were astounded by the total amounts revealed by the costs of dysfunctions that had been calculated. They took cognizance of the fact that the costs were something in the order of ten times the likely cost of preventive measures that could be taken to eliminate the disadvantages of the area.

- The key players who had always perceived each other as opponents discovered that they had an interest in constructive dialogue. This was borne out by the example of the teachers who were in dispute with the police authorities. The latter had denounced their role *in loco parentis* because the teachers failed to tackle the problem of young drug dealers because they could not "betray" certain disadvantaged youths for whom they were responsible.

Project implementation and evaluation of results
During another meeting the impact of the final interventions were presented. This covered, for example, the putting in place of a youth training course for the area during the summer. The training was funded with $10,000 from the municipal authority. It resulted in the outcomes on the principal dysfunctions operating the year before the preventive actions shown in Table II.

This evaluation demonstrates that the work of the trainers and educators recreated a social core and community spirit to the area. In partaking in the training, young people of the neighborhood understood the value and use of

equipment in the sporting arena. Greater understanding and involvement of the keyplayers in the city was also noted in the evaluation of results.

All the participants understood the outcome of this project: to allow a stronger consensus on the necessity of re-evaluating municipal funding for the following years. This phenomenon illustrates the main principles of socio-economic management in that the qualitative, quantitative and financial evaluation of actions allowed innovative social experiments to be protected.

The municipality noted that the allocated funding had resulted in the budget being reduced relatively by the reparation of vandalism consequences in the area. The biggest part of the subsequent effects was always made up of "positive externals" that is to say, that actions funded by the municipal authority profited not only the inhabitants of the area (reduction in theft for example) but also the budgets of other key players who were not directly dependent on the municipal authority. This was the case in particular, for the national police force, who could reduce the need for interventions (e.g. theft) in the neighborhood, thereby resulting in an increased budget and time devoted in the fight against drug abuse by the local assembly. This example demonstrated to the participants the need for better co-ordination of the networks for co-operation due to the multiple effects/impacts of an action on the whole system. In this example, the municipal authority would be able to propose to the police force continued relief of these costs due to this type of action, on condition they once again reinforce the importance of the fight against drugs in the future. In the absence of a specific contract, the action taken by the authority brought positive outcomes demonstrated in hidden performance.

Management tools: an example of an indicator table for a pilot project plan

An analysis carried out by the intervener-researchers on the root causes of dysfunctions, showed that it was not the lack of finance for pilot actions which was the cause of dysfunctions, but more so the lack of synchronization of actions between the key players operating in the neighborhood and in the city. In order to initiate experiments to address this situation, a project theme has consisted of proposing a network map of the roles of the key players and decision makers in the area of social integration. The participants drew up an inventory of their roles and functions to facilitate social integration which was

Reduction in thefts in the area ($)	6,000
Reduction in the need for police ($)	11,500
Intervention (480 hours gained during the summer)	
Vandalism of building reduced ($)	6,500
Reduction in psychosomatic illnesses ($)	5,200
Total of evaluated indicators ($)	27,200

Table II.
Outcomes on the principal dysfunctions operating the year before the preventive actions

not yet accomplished. This participative process consisted of meetings aimed at comparing the part each of the key players was playing in several processes that had been progressively identified.

Inventory of the role of social integration of the main network players
Following 107 interviews and four meetings, it has been possible to list the network players in the neighborhood (see Figure 1):

- *Community associations:* the organizations which were responsible for leisure activities, particularly for the young people of the neighborhood, such as the training interventions for young people.

Processes \ Keyplayers	1 Occupation	2 Understanding Constraints	3 Compensation for Loss of Education	4 Birth of Project	5 Advisory Services	6 Professional Training	7 Return to employment and Social Integration
Community Associations	■	□	□	—	—	—	—
Trainers	◧	◧	◧	—	—	—	—
Sports Clubs	■	■	□	—	—	—	—
Municipal Police Force	—	◧	—	—	—	—	—
Fire Service	◧	◧	□	—	—	—	—
New Work Experience Organisations	◧	□	—	□	■	◧	—
Careers Advisory Service	—	—	□	■	□	□	□
Re-Integration Businesses	■	■	■	◧	◧	■	◧
Citizens Advice Bureaus	◧	□	■	□	□	◧	■

Legend:

■ Services regarded as strong in this area

□ Poor action in this area

◧ Quite strong action in this area

— No action in this area

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Figure 1.
Map of the impacts or the role the keyplayers funded by the municipal authority on the re-integration processes

- *Trainers:* they were responsible for conducting leisure activities and communicating on an individual basis with the young people of the neighborhood as their parents were often neglectful.
- *Sports clubs:* these were mostly football and basketball clubs that used the sports complex under agreement with the municipal authority. The sports coaches were responsible for the team's activities, training them and motivating youth to participate in local sporting competitions.
- *Municipal police force:* as well as their role in traffic control, they were also responsible for maintaining law and order in the city and in the neighborhood. An important part of their activities was to ensure the presence of a local surveillance patrol. This presence in the area had the objective of preventing delinquent behavior by youths, and engendering an aura of security for the local inhabitants.
- *Fire service:* their activities in the area merits special mention, because in addition to their usual activities in fire fighting and medical assistance for injured inhabitants, they organized special security training. These courses had the objective, not only of training the young people, but above all, creating contact between the authority figures in the local community and young people experiencing difficulties.
- *New work experience organizations:* the municipal authority had co-funded training organizations that favored the long-term unemployed, which included many of the young people of the neighborhood.
- *Careers advisory service:* co-funded by the municipal authority and the State, these had the task of assisting the young people and the unemployed in choosing a profession or trade, and were in contact with businesses and training organizations.
- *Re-integration businesses:* made up of enterprises co-financed and funded by national organizations and by the municipal authority to assist young people and the unemployed of the area to re-integrate them into employment, e.g. a plaster works which had been created in the area of building renovations. This integration business hired people who were considered non-employable by the wider business community. They recruited drug addicts, for example, and then assisted them in overcoming their addication by providing meaningful work, in addition to appropriate therapy.
- *Citizens Advice Bureau:* the municipal authority made an effort to attract the above mentioned network organizations into the city and the neighborhood and in involving them in the management of certain issues, consequently there was heavy investment in their infrastructures. Some of the enterprises recruited young people from the area on a part time basis, others on a full time basis. In certain cases, this afforded the young unemployed people the opportunity to abandon delinquency.

List of reintegration processes. During six months of participative research, seven principal processes were uncovered (see Figure 1). The main outcome was the measurement of the co-operative actions between the municipality and the key network players. The identification of these seven processes was inspired at the time by field observation, using inductive research methodology. The evaluation of the lack of fulfillment of these seven processes reveals how the network is under-organized:

(1) *Occupation:* it consists of preventing the negative impact of idleness on delinquency and on psychosomatic illnesses. During result presentation meetings, a vision shared by the key players in the neighborhood that the community associations, the sports clubs and the training organisations had a strong impact at this level.

(2) *Understanding constraints:* many of the young people had never been employable due to lack of aptitude and formal education. They also, for example, did not have good time management skills, they did not keep themselves clean and presentable and lacked social skills. For these particular issues, it was possible to critically evaluate the strong impact of the sports clubs. Young people learned how to respect daily time and social constraints not only because they were tutored in theses subjects, but because the instructors and groups leaders acted as role models.

(3) *Compensation for loss of education:* the participative process of mapping the network map made it obvious that the training organizations working in this neighborhood were not the catalysts for the young people. In effect, the employment integration organizations like a plaster works played a contributing role in training youngsters, such as using a computer software package to calculate the dimensions for plaster work.

(4) *Birth of the project:* it would have been useless to advise people to follow a particular level of training or education route if they were not part of the project. The birth of the project represented, for many disadvantaged people, the opportunity to re-discover their self-esteem. In the experimental study, the participants understood that the enterprises and the trainers had a role to play in the project.

(5) *Advisory service:* it is not sufficient to solely carry out social integration training for a person viewed as socially and educationally excluded. That will not find them employment and profit from the opportunities offered in business and community. In the neighborhood, several young people had the project to become sports trainers, which was not always realistic. However, the training integration organizations and the careers advisory team persuaded the young people to re-focus their project, and for example for some of them to consider a job in a local sports club.

(6) *Professional training:* the groups playing the most important role in the professional training process were the enterprises cooperating with the

training organizations who helped them formalize their knowledge-base and structure it pedagogically. In this domain, the actions of the municipal authority were limited to contracting and funding the enterprises, and the trainers, while putting facilities at their disposal.

(7) *Return to employment and social integration:* three principal groups played a role in this neighborhood: businesses, sports clubs and community associations. The last two groups received funding from the municipal authority. One suggestion put forward by a manager of one of the associations was that account should be taken of the advantages of this contribution and its effect on the various training processes to which it contributed, e.g. ensuring that a better service was provided as opposed to the hidden costs which existed in his organization.

Use of the map of key players/processes. The network map of key players/processes was an important indicator of how activities were managed in the community. In effect, it allowed better detection of the training gaps in certain processes. The key one being, notably, the careers advisory service, which was provided principally by one organization in the community, but which did not have access to all categories of people who were experiencing difficulties or disadvantages. It was obviously useful for the inhabitants and other key players in the neighborhood to have a better knowledge and understanding of this organization, in order to make better use of the services provided. Another use of the map was to highlight the multiple skills of certain key-players involved in training activities in the area. It was possible to observe that the role of the companies in charge of social integration was particularly valuable, in addition to it showing in a practical sense the totality of the seven identified processes. In this way the municipal authority could better understand the importance of the contribution of this key-player. They played a primary role, which nevertheless was shown to receive much weaker share of funding in the area and in the community as a whole. Elsewhere it was judged as useful to re-structure the cooperation between the training businesses and the other key players, which would have other positive effects on the various services. A primary example, was the need to improve the co-ordination between the careers advice organizations and the companies in charge of social integration – the quality of this coordination was an objective shared by the two groups contrary to their funding status.

The neighborhood experiment also demonstrated that the indicator was not been used as a centralized management tool, but more often, as a platform for democratic dialogue. We can give the example of the choice of advisory models used with disadvantaged young people: the municipal authority choice of imprisoning juvenile offenders had a perverse effect, in that the young offender became more aggressive on release from prison. The authorities therefore had to be firm and set behavior boundaries for the young people against which transgression would not be tolerated. The chosen option was to reinforce

discipline by means of a personal training mentor, complemented by the municipal police. The role of the mentors which was funded by the municipal authority was to supervise the reparations of damage which the young people had made to buildings and to shopkeepers, allowing them to benefit from proper equipment and supplementary money.

Conclusion

The narrative which has been presented is one example of the implementation of the ISEOR model in the context of networks and transorganizational settings. It has also been applied in cases such as synchronization of the actions aimed at overcoming illiteracy in a nation, preventing work injuries on building sites involving dozens of companies.

In those examples, the main principles of the ISEOR model have been applied such as the mirror effect, the calculation of hidden costs, the participative projects teams and the socio-economic management tools.

Note

1. For more information regarding the "Diagnostic – 'mirror effect'" section, see Boje and Rosile (2003) (this issue), comparing SEAM to other methods.

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Dysfunctions in owner-manager succession process in family firms and how a SEAM intervener-researcher can address them

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Abstract *Most succession processes prove to be dysfunctional, resulting in high hidden costs. This article shows how a socio-economic process can help the actors prevent those dysfunctions, while dealing with the creation of new forms of power.*

Many firms are directed by an owner-top manager. He/she is often the creator or a direct descendant of the creator. Since many of these firms were created during 1950s and 1960s, the question of the succession currently appears as the current owner-top manager is getting in on age. The crucial issue is the choice between a family successor and an external one, possibly one of the firm's current managers.

The succession process often proves difficult. It frequently creates or emphasizes dysfunctions and hidden costs that can be explained by two main reasons. First, the current owner-top manager very often identifies him/herself with the firm itself; he/she is reluctant to anticipate and organize his/her succession since it means accepting to resign (death process) and let a new firm's identity emerge. Second, the current owner-top manager wants a close member of his/her family to take over from him/her (typically, a son or daughter). This solution often comes up against the lack of management skills of these family members. More, there is a deep and often painful interplay between family history and personal considerations and business issues. Despite his/her having the required skills, a family member may not be interested by the succession. This can be so hard to accept for the owner-manager that he/she actually cannot be able to psychologically realize it.

What is specific to family business, particularly but not only in small- to medium-sized enterprises (SMEs), is the fact that these issues cannot be easily expressed. As they directly concern the psychology of the actors they are more

or less consciously dissimulated. In terms of the socio-economic approach to management (SEAM) they are deep taboos. So they create many specific dysfunctions and hidden costs.

Through two briefly summarized examples, it is shown that an intervener-researcher using the SEAM can successfully help to address the dysfunctions in the succession process. Some general considerations are subsequently developed on the intervention methodology of the SEAM intervener in succession process[1].

Two examples of family implications in succession process and socio-economic action to address them

The two examples we briefly describe directly concern the central issue of family business: the interference of the intra-family conflicts with the world of the company. Many professional and power-related conflicts at a high level in the top management team can be explained by very ancient family history issues. As these examples show it, it can occur in medium or big size firms.

First case

It was a big firm of more than one thousand people on the payroll. The succession process concerned the second generation. Four cousins were concerned by the succession, as they were heirs of the two founder brothers.

The two brothers were very different with respect to their individual characterization: one was identified as a self-made man, the other one as "the intellectual of the family". The intellectual presented a high level of expression skill, and had carried out completely successful studies when young. But he was not the most efficient and the most accepted manager within the firm. So there was a permanent taboo in their professional life. The brothers' opposition due to family history was implicitly expressed through professional conflicts. The efficient manager criticized the intellectualism of the other brother, and by extension intellectual factors and issues in the work of the intervener-researchers and of the executives.

Thus there was a kind of anti-intellectualism "small terrorism" in the management style of some firm's executives. Particularly, one of the brothers, the intellectual one, was said to know better how to pass on ideas and contents of the socio-economic management and that was that. The criticism coming from the "efficient brother" was that the intellectual brother's approach of SEAM was but theoretic and that he didn't know how to apply SEAM in concrete situations. This resulted in the creation of two clans in the firms: the executives who followed the intellectual brother, and those who followed the efficient one.

When the succession time came closer, these problems became more acute. The taboo question was: were the children of all the interested parties to be integrated within the firm? In the professional discourse of the two top managers, a lot of things were not said. The reasons of what was said and what

was not said, what could be legitimately expressed and what couldn't, were to be found in the family background. Thus the temptation was to reach a kind of trade-off by excluding the next generation in the succession process. It was a tacit trade-off. It was never made explicit.

Thus a source of a priori and misunderstanding and obstruction was emerging from all concrete professional opportunities of conflict. Some of the family members, as we learnt later, were to resort to psychoanalysis.

The role of the SEAM intervener-researcher in this case consisted of acting as an intermediary, without having been explicitly asked to do it. The psychoanalytic feature of the problem explains why no clear demand was ever expressed in front of the external consultant. Within the framework of this intervention a pretext would have to be imagined to help finding a solution to this state of affairs. In the SEAM conception of intervention and role of consultant, this situation is the only occasion when the intervener-researcher takes the initiative to deal with a demand that has not been clearly expressed. In order to facilitate the dialog over the hidden issues due to taboos, the socio-economic intervention techniques were used: individual interviews of every member of the family and the written proceedings thereof, mirror effects sessions, expert advices, etc.

Second case
This case takes place in a very big firm, of over twenty thousand people.

In this case, the problem is not a conflict between family members, but between the latter and top managers. There was a threat of seeing the salaries upper executives and technical managers getting to the top and trying to take over the power of the family, or to displace it, through the succession process itself.

The remarkable point was that the threat was implicit. This subject was taboo in the family, as it concerns the identity and the future of the firm. The affective weight was too high for the family members for the threat to be expressed between us in an explicit manner.

The SEAM intervener-researcher's main responsibility was to bring it: when the intervener-researcher made it explicit, the members of the family recognized their awareness of such a situation and their apprehensiveness. More, it became clear that the stake of this situation was the succession and the permanency of the family firm. The too heavy affective component of the situation created an escapist behavior from the part of the family members in their exchanges, and thus an impossibility to organize an appropriate response. They needed a facilitator to collectively take the threat into clear consideration.

Who is implied in the succession process?
In these two examples, the family history and the psychological issues interfering in the succession process imply family members of two generations

and firm's top executives. But generally speaking the implied actors can be quite various: non family shareholders, particularly employees (often managers), shareholders, bankers or private loaners, customers, suppliers, and, last but not least, the salaried employees at various hierarchical levels and status, sometimes through unions. The complexity of the problems is also increased by the different status of the family owners, who can be employed in the firm or not.

In SMEs, the family psychological issues are often more "simple" in their structure. The dysfunctions are provoked by "evident" issues for the owner-director (often, a son or nephew is considered as the successor since his birth). But that would not signify that the problems are easier to solve, as the psychological implications can be extremely strong.

Despite the diversity of the actors implied and the problems generated, it is to be emphasized that the fundamental clues are often located in the relationship between family members, within or out of the firm, on one hand, and between family members and top executives, on the other hand.

The role of the SEAM intervener-researcher in these cases
In the summarized cases above, the main intervener-researcher's role concerns speech facilitating and intermediation between people at stake. In term of intervention methodology it is a mediator role. We can also precise it with respect to the content of the intervention.

SEAM methodology and mediator role
The SEAM method is based on interviews of managers. The main idea is that it's better if sensitive points, goals, alternatives and problems are expressed by managers themselves and not by the expert. The intervener-researcher first enhances the expression and clarification by managers of the key points. He/she asks members of the management to give testimony of what they have done. It is more effective when told directly by them. The intervener-researcher records that and then he/she publishes the proceedings. It's a kind of narrative work. The intervener does not situate him/herself as an expert who would have ready-made solutions for the problems. If he/she acted this way, he/she would confiscate the actors' speech. Any solution would be an illusory one.

The facilitating issue is in fact double. It is first a mirror that permits every actor as an individual to develop an "assisted monolog". The sequence of interviews and the use of proceedings enhance the clarification by a back-and-forth process. Second, the collective exchanges are facilitated by the intervener-researcher as a mediator. Instead of speaking directly to each other, which could be aggressive or psychologically painful, the people at stake can develop an assisted dialog.

In succession matters, this role is very important. As showed our two the cases, the succession implies psychological dimensions of identity and

permanency, of him/herself and of the firm. The affective weight is often too important to easily emerge in speech. To directly and honestly exchange upon business matters is already difficult, but when family, identity, and survival dimensions occur it becomes quite impossible.

These two dimensions of the facilitating role of the intervener go through the basic SEAM methods, particularly the identification of the dysfunctions and the calculation of the hidden costs. They are objective data (as opposed to subjective ones), or mirror "facts".

The intervener doesn't act only methodologically. He/she also acts upon the content of the speech. More precisely, he/she acts upon its structure.

Acting upon the content of speech: power frame and metagoals
In his/her speech facilitating action, the intervener-researcher has to formulate official agenda, and to look for sensitive points in this agenda. These points often are metagoals. They are goals that cannot be clearly defined or expressed. They generally rely on taboos. They involve intermediary goals that often are obscure or contradictory. As the metagoals are not expressed, it is impossible to handle them and consider them as object of discussion and decision. The intervener acts in order to make the metagoals clear in the mind of the participants. The costs they create, which were so far hidden, can thus be addressed.

The speech facilitator role of the intervener is made more difficult by the fact that the taboos often create contradictions in the top-manager discourse. Through these contradictions, the metagoals can appear.

Let us develop an example[2] to illustrate the metagoal concept.

A company was owned by a 62-year-old CEO. The socio-economic intervener-researcher was making interviews with him, within the expert advice framework. During these interviews, the CEO said he had to prepare his succession. But at another moment of the interviews, he said also that he was looking for somebody complementary to him. What does it mean? On the one hand, he said "I want to leave", on the other hand he said "I look among the board members for somebody with complementary skills to mine". It was contradictory. If he looked for a successor, he ought to look for somebody with the same kind of skills as him, and not a complementary person.

This contradiction creates a lot of hidden dysfunctions. His explicit goal was to organize his succession, but his hidden goal was to be helped in improving his management capacity, and not to find somebody to be trained in order to be able to replace him in the short or medium term, and to develop the firm. The hidden goal was to integrate a complementary top manager. The metagoal was to stay as CEO and maintain his top manager power over the firm.

He expressed that during the SEAM expert advice session. That would not have been possible if the mirror effect of the SEAM framework had not taken place before. The mirror effect is the result of the building of mirror facts,

which came from the review of the goals, the calculation of cost of goals and dysfunctions, and so on. Due to this mirror effect, this CEO realized that there was a contradiction, and his attitude changed. Primarily, he did not think he would resign before 70 or so. In this vein, the goal was to find a complementary manager to help him. But during the interviews, he realized the complexity of the question, and his contradictory will.

In order to permit a painless succession process, the work of the socio-economic intervener-researcher was to change the power framework. Instead of considering the succession as a loss of power for the current CEO, the intervener, through calculations of the goals costs, through expert advice, permitted to widen the power of the CEO, looking for new opportunities in the firm development, new products, new markets. They were development actions that allowed the integration of new senior managers without any painful succession process. Instead of a sharing of power issue, it was a process aimed at gaining power, increasing it, and integrating new people in this increased power.

The important point is that the discovery of hidden goals and metagoals doesn't come from the intervener-researcher, but from the actors themselves. The intervener is first a speech facilitator, and sometimes an intermediary actor between managers. The speech facilitation comes through the building of the mirror facts, though the expression of the goals, by calculation of all the costs, and through this process by the expression of often unformulated metagoals.

This example emphasizes the essential role of the socio-economic intervener-researcher in a succession process. He/she facilitates a "change of frame" of the owner-director: what the latter is reluctant to accept in one given perspective becomes attractive in an other perception of the development of the firm.

In this method, hidden costs and dysfunctions are a way for the family owners to discover they do not have the power. Without hidden costs calculation they will not realize they do not have all the power. The socio-economic approach is thus based upon the idea that power has not to be shared, but enlarged. If the owner-managers do not take into consideration that all the stakeholders participate to the power, they get involved in conflicts and generate dysfunctions.

By increasing power for everybody, it becomes evident that new sources of power do exist in the firm for its development. From the point of view of the family owner-manager(s), the increase of power permits a winner-winner approach to the succession. For the other stakeholders, specifically the managers, it is also very important. They can understand that power is not given or delegated: they have to construct their own power, by adding their skills to the management team for the firm development instead of destroying their opportunities in a looser-looser conflict in the succession process.

To sum up, it can be said that the SEAM intervener-researcher is a structural agent in the organizational narratives. He/she does not place

him/herself as the center of the process, but enhances the capacities of reflexivity by the firm's main actors. This explains why he/she can be so helpful in succession processes.

Notes

1. We describe examples following testimony of Henri Savall during exchanges at ISEOR; our discussion of dysfunctions is also based upon our cases analysis and a wide survey currently in progress. A special thanks to Michel Péron for his real time translation during the exchanges and the corrections on the first draft.

2. This example has been related by Marc Bonnet during exchanges at ISEOR.

Further reading

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SEAM-less post-merger integration strategies: a cause for concern

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Abstract *Most merger and acquisition strategies are still dominated by financial analyses, legal considerations and power plays by dominant groups as individuals jockey for position and influence. Rather than focusing on the inherent dysfunctions that can emerge in the combined organization due to the informal power held by organizational members – low productivity, poor quality, reduced commitment, voluntary turnover, and related hidden costs and untapped potential – far too many companies seem to meander through the post-combination integration process.*

The overarching reason why firms enter into a merger or decide to acquire another company is the belief that the combination will allow the new entity to attain its strategic goals more quickly and less expensively than if the firm attempted to do it on its own (Haspeslagh and Jemison, 1991). The poor performance of combined firms, however, continues to raise questions about the efficacy of this strategy, as it appears that less than one-third of mergers and acquisitions actually achieve the operational, financial and strategic objectives suggested in pre-combination feasibility studies (cf Coff, 2002; Elsass and Veiga, 1994; Lubatkin, 1983). Most merger and acquisition (M&A) strategies are still dominated by financial analyses, legal considerations and power plays by dominant groups as individuals jockey for position and influence. Rather than focusing on the inherent dysfunctions that can emerge in the combined organization due to the informal power held by organizational members – low productivity, poor quality, reduced commitment, voluntary turnover, and related hidden costs and untapped potential (see Savall (2003)) – far too many companies seem to meander through the post-combination integration process.

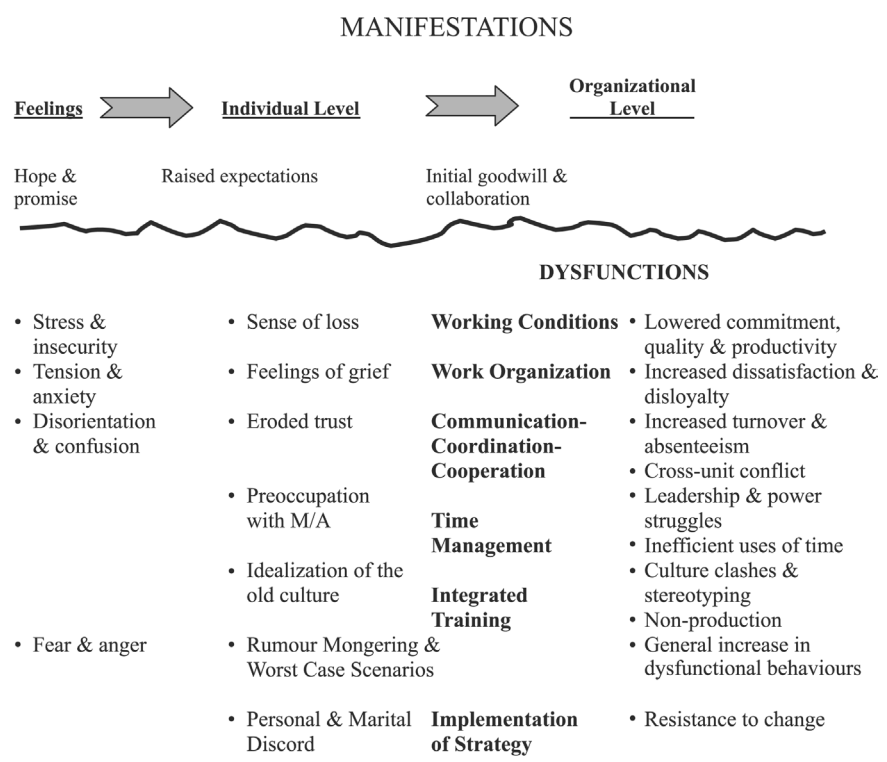## The socio-economic approach to management (SEAM) in M&A
The SEAM approach to organizational analysis underscores that there is an inherent difference between what may be intended in a particular situation and the actual experience of key stakeholders – including employees, managers,

customers, shareholders and suppliers (Savall *et al.*, 2000, 2001). The realization that organizational members readily draw on and exercise their informal powers to accelerate or thwart the pace and direction of change raises a number of challenges for M&A-related integration efforts. Of course, the idea that the human side of mergers and acquisitions must be attended to – from timely and informative communications, to helping organizational members deal with the concomitant stress and anxieties associated with the combination, to sensitizing them to the culture clashes that inevitably emerge when two autonomous firms come together – is not a novel idea. A growing number of researchers and practitioners have been raising such concerns for the past 20 years. Yet, far too many organizations continue to treat the merger and acquisition process as an engineering exercise, as a series of rational decisions rather than a far more chaotic set of events that readily affect people's lives and future prospects (Ashkenas and Francis, 2000). Pre-combination transition planning teams continue to be disbanded too early, many of the insights that are generated through systematic due diligence assessments of acquisition targets or merger partners fall into a literal interorganizational void due to time pressures and internal politics, and post-combination integration orchestration falls well short of expected efforts (cf Buono and Bowditch, 1989; Buono and Nurick, 1992; Haspeslagh and Jemison, 1991; Jemison and Sitkin, 1986; Marks and Mirvis, 1992, 1998).

Most observers of the M&A process readily agree that the personal, interpersonal, group and intergroup dynamics that follow the combination of two firms are significant determinants of merger success or failure. Yet, while an organization development approach to post-combination planning and integration emphasizes the human dynamics associated with such strategies, this focus is often at the expense of the economic realities accompanying the change. The hybrid nature of the SEAM approach – the integration of social *and* economic factors – provides a unique and needed approach to post-M&A integration.

As illustrated in Figure 1, a growing body of research and consulting experience documents the reality that such combinations – even those that are suggested to be friendly combinations – have far-reaching and often dysfunctional effects on those involved. Based on over two decades of experience in studying and working with companies going through the merger and acquisition process, I have found that while initial reactions are frequently characterized by good will and a cooperative spirit, and senior management talks about the promise of the combined entity, the reality is often in stark contrast to such lofty promises. As suggested by the SEAM framework, the experience of organizational members is often far removed from what is initially intended by senior management. In fact, a merger or acquisition can sufficiently transform the structures, cultures and employment prospects of one or both the organizations that they cause organizational members to feel

MANIFESTATIONS

Feelings ⟹ **Individual Level** ⟹ **Organizational Level**

Hope & promise   Raised expectations   Initial goodwill & collaboration

DYSFUNCTIONS

- Stress & insecurity
- Tension & anxiety
- Disorientation & confusion

- Sense of loss
- Feelings of grief
- Eroded trust
- Preoccupation with M/A
- Idealization of the old culture

Working Conditions

Work Organization

Communication-Coordination-Cooperation

Time Management

Integrated Training

- Lowered commitment, quality & productivity
- Increased dissatisfaction & disloyalty
- Increased turnover & absenteeism
- Cross-unit conflict
- Leadership & power struggles
- Inefficient uses of time
- Culture clashes & stereotyping
- Non-production

- Fear & anger
- Rumour Mongering & Worst Case Scenarios
- General increase in dysfunctional behaviours

- Personal & Marital Discord   **Implementation of Strategy**
- Resistance to change

Figure 1.
Manifestations and dysfunctions of the M&A process

stressed, angry, disoriented, frustrated, confused, and even frightened (Buono and Bowditch, 1989; Buono *et al.*, 1985; Buono and Nurick, 1992). Referred to by some observers as the "merger syndrome" (see Marks and Mirvis, 1992, 1998), these reactions fester under the surface of the combination and reflect high levels of anxiety and stressful reactions, heightened self-interest and preoccupation with the combination, cultural clashes, restricted communication and crisis management orientations, creating problems at both the individual and organizational levels. SEAM analysis can help managers focus on the resultant hidden costs and "post-merger drift" (see Pritchett, 1987) due to these dysfunctions.

Most early M&A planning, however, emphasizes horizontal actions, focused on the upper echelons of the organization and basic changes in organizational structure. While such initiatives are important for the overall success of the combined entity, vertical actions – focused on key individuals and work units – tend to be guided by shortsighted decisions. Clearly, an integrated emphasis on both dimensions – the simultaneous horizontal and vertical interventions (HORIVERT) method suggested by SEAM analysis – would go a long way toward ameliorating many of the resulting dysfunctions and hidden costs associated with such large-scale change. A key dimension of the HORIVERT

approach in M&As lies in the mirror effect that is produced by the reporting of detailed field notes, juxtaposing top-level executive quotes and perspectives with those from middle managers and employees. HORIVERT facilitates the analysis of what might be thought of as the "hierarchy gap," when the perceptions and foci of senior-level management are often quite different from the attention and focus of middle managers, supervisors and employees. While senior-level executives may have previously worked through the stress and conflicts associated with such change, turning their attention to the next strategic moves, lower-level organizational members are still mired in the anxiety, confusion and anger that typically accompanies the initial stages of a merger or acquisition (see Marks and Mirvis, 1992).

As an illustration of these dynamics, SteelCo, as part of its diversification strategy, acquired a petrochemical company (Petro) and focused its initial energies on capturing short-term, financial gains (see Buono and Bowditch, 1989). Based on initial diversification planning, the positions of the technical experts, engineers and scientists at Petro were not threatened. In fact, SteelCo had largely acquired the firm to secure the expertise of these highly skilled, technical employees. During the post-combination aftermath, however, SteelCo's senior management focused on attaining immediate costs savings, consolidating basic functional areas and support groups – human resources, finance, legal – without communicating their intended strategy to the organization or reaching out to the target's technical core. In SEAM parlance, in their effort to attain short-term cost savings the executives ignored the long-term hidden costs inherent in the acquisition. Petro's technical staff interpreted the changes and terminations in other sections of the company as "a sign of things to come" and began bailing out of the company. Even the scientists who were willing to "give SteelCo's management a chance" found themselves under significant pressure from colleagues and coworkers to exit the firm. By the time SteelCo's executives realized what was happening, they found themselves in control of the petrochemical company but without the core of technical professionals that made Petro a desirable acquisition target. A similar outcome has been found in the recent acquisitions of investment banks by the large commercial banks in the USA. After paying peak prices for these houses, the bigger banks failed to retain the key investment bankers themselves, in essence the individuals whose talents made the acquisitions enticing in the first place (Atlas, 2002). As SEAM suggests, economic performance has both a short-term, immediate set of outcomes and longer-term possibilities and potential gains. If organizations become too focused on capturing immediate results, they can inadvertently undermine their ability to capture long-term possibilities. Given the stress and anxiety associated with these large-scale changes, however, most managers think about getting them over with rather than attempting to understand how to do them better (Ashkenas and Francis, 2000).

As firms attempt to capture the "softer" synergies related to their M&A plans, SEAM analysis becomes increasingly important. As reflected in Figure 2, managers face increased challenges as they move from financially-based, "hard synergies" – the visible costs and savings involved in the combination – to capture the "softer" synergies involving the transfer of core competencies and best practices and investing in their human resources (see Coff, 2002; Eccles *et al.*, 1999). The untapped potential and hidden costs in mergers and acquisitions (non-production, non-creation of potential gains, wasted time, overwages in SEAM parlance) will continue to linger unless senior-level management emphasizes the need to minimize the dysfunctions associated with the types of dynamics highlighted in Figure 1.

In his assessment of USAir's acquisition of Piedmont Airlines, for example, Marks (2003) points to USAir's poor reservation system and customer service, noted to the point where customers deemed the airline "Useless Air". Yet, rather than engage in an analysis of the relative disadvantages and costs associated with maintaining USAir's system rather than building on Piedmont's capabilities, which were noted to be much better, power politics between the two companies prevented the combined airline from taking full advantage of such operational synergies. Thus, as Marks (2003) underscores, even when companies look to the "softer" synergies illustrated in Figure 2 corporate staffers from acquiring organizations, armed with their charts of accounts, reporting cycles and planning approaches, tend to impose their
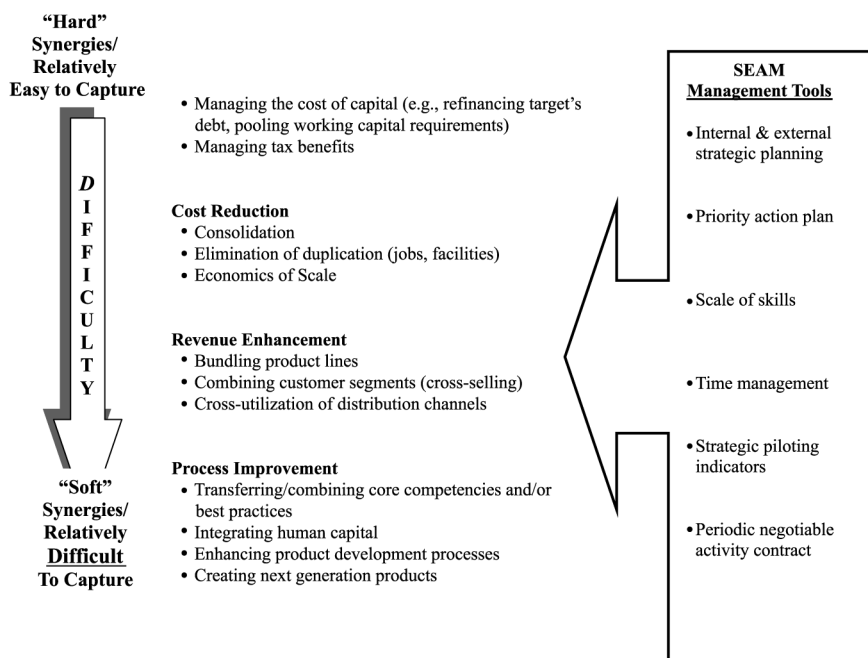
Figure 2.
Illustrative M&A synergies

systems on target firms rather than engage in a true joint diagnosis and
analysis of the situation. SEAM analysis forces recognition of the resultant
hidden costs inherent in these tendencies, revealing the dysfunctions that
underlie traditional accounting methods and financial assessments.

On the surface, most companies talk about the importance of human capital.
SEAM, in contrast, emphasizes human potential because human beings cannot
be considered as other resources – organizational members are free to spend or
withhold (e.g. non-production, non-creation of potential gains) their energy
according to the quality of the informal and formal contract they have with the
company (see Savall, 1980). This distinction is important since a true
commitment to developing this key resource is often more talk than effort, a
reality that is influenced by the inaccuracy of traditional accounting reports.
This is where SEAM analysis, with its focus on developing a set of practices
that integrates the different disciplines – management, marketing, accounting,
finance – into a coherent and interactive whole is clearly needed (see the SEAM
star in Savall's presentation of the SEAM model in this special issue).

As part of the acquisition strategy between two computer network
companies (see Buono, 1997), for example, key objectives included integrating
product lines, assimilating technology across the two companies, and
consolidating a joint vendor base. This operational focus was supported by a
concerted effort to:

- retain key talent;
- involve organizational members from both companies in the planning and
  implementation process through a series of interlocking transition teams
  (priority action planning);
- use focus groups to uncover key concerns and provide training and
  insight into acquisition-related dynamics;
- support the combination with post-acquisition integration ceremonies
  and team-building activities; and
- use post-acquisition training workshops focused on the lessons learned
  from the acquisition to enhance the core competencies of the management
  team.

The SEAM method's diagnostic orientation (diagnosis, project planning,
implementation, assessment), cost analysis and mirror-effect reporting process
readily facilitates this type of integrated strategy. Management in the acquiring
company quickly realized that the nature of the desired synergies required
truly collaborative and cooperative relationships across the two organizations.
Rather than focusing solely on short-term reductions in costs and achieving the
"hard" synergies in acquiring another company, SEAM-based analyses provide
a clearer indication of the strategies and tactics necessary to capture the longer-
term, "softer" synergies inherent in true operational integration efforts.

Reflecting on this acquisition through the lens provided by the SEAM approach, the strategy included:

- efforts to ensure that organizational members from both firms were aware of the activities and tasks (and related costs for non-performance) necessary for the implementation of the strategy;
- regularly scheduled meetings that focused on piloting the progress of post-acquisition integration initiatives (strategic piloting indicators);
- interviews and focus groups that allowed a fuller analysis of the gap between executive and manager/supervisory/employee perspectives on the change (mirror effect reporting process);
- priority action planning that attempted to integrate short-term objectives (e.g. coordinate product specifications across product lines) and longer-term gains (e.g. integrated next generation products) while minimizing potential dysfunctions (e.g. "we" versus "they" tensions); and
- HORIVERT interventions that attempted to integrate actions at the top management team.

Conclusion

Mergers and acquisitions by their very nature create significant upheaval in the lives of organizational members. The disruption caused by combination-related stress and anxiety, culture shocks and tensions, and job loss, relocation or realignment, among a host of other difficulties, obviously entails a number of dysfunctions and human costs that can trigger a series of negative reactions on the part of organizational members. A SEAM-based analysis during M&A planning would focus attention on these problems and the hidden dynamics and costs reflected in Figure 1, uncovering potential problems in working conditions, work organization, time management, communication-coordination-cooperation dynamics, training needs and strategy implementation. By focusing on these factors, managers can begin to ameliorate the inherent dysfunctions festering under the surface, creating a stronger foundation for the combined organization to achieve the type of critical operational synergies summarized in Figure 2.

The good news is that a growing number of companies is beginning to focus on the post-M&A integration period much more systematically, appointing highly visible and well respected integration managers to shepherd the two firms through what is often turbulent and unchartered territory as they attempt to function as a single entity (see Ashkenas and Francis, 2000). As suggested by the SEAM approach, today's mergers and acquisitions demand an overarching management style based on teamwork, involvement and empowerment, a training and development orientation, and high levels of communication and negotiation. Since these interorganizational strategies require a level of consultation and collaboration that goes well beyond typical

patterns of management and organization (see Buono, 1991; Kanter, 1988), the time has come for managers to:

- understand the hidden costs involved in combining organizations;
- assess the gap between the experience of organizational members and the strategic plans of senior-level managers; and
- balance short- and longer-term dimensions of performance.

There are, of course, a number of approaches that can facilitate this type of analysis – ranging from action research models and sociotechnical systems analyses to appreciative inquiry, learning organizations and stakeholder management. Yet, while these methods focus on social and technical interfaces and dialogue interventions across different groups, they lack the attention to the financial-oriented disciplines associated with organizational change in general and M&A integration strategies in particular. By integrating the social and economic realities inherent in mergers and acquisitions, SEAM provides a highly useful basis for intervention planning. The time has definitely come to ensure that SEAM-less M&A integration efforts become a vestige of the past.

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Managing the unmanageable

How can SEAM give back to employees and work situations their anthropological original substance?

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Abstract *Attempts to explain the sources of the basic assumption of the socio-economic approach to management (SEAM): the existence of hidden costs and performance. These are due to the heterogeneity of situations and to the presence of multiple contradictions in these situations. Aims to show how SEAM can help to both spot these two dimensions and to shed light on the operational difficulties for managers to cope with them.*

The socio-economic approach to management (SEAM) addresses the issue of the over-simplification of work situations by management tools. It tries to show that many "costs and performance factors" are "hidden" and that through a more multi-disciplinary perspective we could re-integrate this "dark side of the moon".

We would like in this article to shed more light on the origins of this "dark side". Our explanation is based on the association of heterogeneity and contradictions. We will explain that there are two main "simplifications": "simplification" of situations and "simplification" of man.

We will try to show that epistemologically, it seems very difficult to re-integrate these dimensions in management tools. But we would also like to stress the fact that simplification is a necessity. It reduces anxiety and this defence is essential to life and work.

Since the appearance of "complexity" as a concern, we have more intensely realized how theories, models and representation over-simplify reality. But this concern has been mostly academic with little or no impact on how firms are run. If the issue of complexity is to be analysed and diagnosed, there must be a sufficient effort to design new models and new tools that address the problem directly for managers.

SEAM addresses these last two issues, elaborates a theory of complexity and builds appropriate tools to act in this context. Furthermore, it avoids a simplistic and over optimist view of complexity: SEAM also insists on the conflictual and non-totalized dimensions of situations (Savall and Zardet, 1995, p. 35).

We shall redefine the link between complexity and conflictuality and its role in the SEAM approach. We will propose a theoretical framework linking these two concepts. This framework is based on the concept of heterogeneity.

We start from one basic assumption: most models oversimplify human beings and we ask the question: how can we create management tools that don't do that?

This is exactly what SEAM aims to achieve: start from human beings as they are (complex, ambivalent, unpredictable) and build a methodology which enlightens all the various aspects of work situations. Its hypothesis is that many of these aspects are ignored or "hidden" (especially health and social climate) by ordinary accounting and reporting tools (Savall and Zardet, 1992). SEAM aims therefore to "experiment with new management methods allowing improvement in compatibility between economic and social objectives of companies" (Savall, 1997). SEAM postulates that if we cannot find a "balance" between these two objectives, we shall create hidden costs. Our point here is to show how a balance is hard to build, both epistemologically and practically, because, and this shall be our postulate, the two objectives are different in nature (heterogeneous) and are therefore in a dialectical relation (contradiction).

We shall therefore examine how SEAM helps us to understand heterogeneity and contradictions.

Heterogeneity and multiple logics

System theorists have insisted that the analytical perspective misses the continuity of the world which is composed of interrelated systems (see, for instance, von Bertalanffy and Chabrol, 1973). They have enlightened us to the different systemic effects of these interrelations. Yet we think that they did not give enough importance to the fact that inside these different systems co-exist elements which are often very different in nature, structure, and function. These differences generate what we could call "heterogeneity", precisely understood as the co-existence of different logics.

We identified three levels of heterogeneity:

(1) heterogeneity of the situation;

(2) heterogeneity of the relation between the employee and his task; and

(3) the internal heterogeneity of human beings.

Let us take them one by one:

(1) *The idiosyncratic nature of each and every management situation.* Management situations mix extremely different elements like men, machines, temporalities, spatial constraints, etc. Girin (1983) qualifies these as heterogeneous, incoherent (i.e. without an their internal logic) and confused (i.e. impossible to understand and analyze in their totality).

(2) *Work cannot be totally prescribed.* As many researchers have shown (i.e. Savall, 1980; Trepo, 2002, and most ergonomists; see Cazamian, 1996), the employee never performs exactly what he is supposed to. It is not only due to a badly-conceived prescription but to the fact that man cannot be entirely reduced to its functional role. We are not only

machines. There will always be a difference between the prescription ("what is asked from the worker") and what it takes for the worker (Hubault, 2000). This gap materializes the difference between man and machine or, in Marx's terminology, between alive work and dead work.

(3) *Human ambivalence and internal conflict.* Even if human beings are rational within their own representations of the situation, their own objectives (i.e. bounded rationality of, for example, March and Simon, 1958; Trepo, 2002; Jensen, 1998), they are also ridden with ambivalence and internal conflicts. These conflicts are great classics in psychoanalysis: liking and resentment, love and hate, want and dread, etc.

Thus managers have to face heterogeneity issued at these three different levels.

Heterogeneity and contradictions

Heterogeneity means for us the coexistence of different logics. But this co-existence can be of different types: logics can be in a complementary, an antagonical or a dialectical (contradictive) relation one with the others:

- Complementarity is the easiest case to understand. An example could be found in the simple cooperation of two different people. For example, SEAM will cost short duration absenteeism (less than two weeks) which reflects people reactions to the work situation (social logic). Thus two logics, social and economic, can be brought together and the social logic costed in the economic logic.

- Antagonism is a kind of symmetrical opposition between logics. Both logics are of the same nature but in an opposite sense. In this perspective, each one is fighting for his share of a limited pie (budget, compensation, promotion, etc.). This type of zero-sum game has been well studied by Crozier and Friedberg (1980) or Pfeffer and Salancik (1974).

- In fact we believe that these two kinds of relation exist at the same time: logics are both complementary and antagonistic, defining a dialectical relation that we could also call contradiction.

    Using the above example, physical and visible absenteeism can be only partly managed, i.e. reduced to zero or close to it (without talking about people being mentally absent). The social/human logic is different and partly in contradiction with the financial logic.

Working is therefore dealing with these two concepts: heterogeneity and contradiction.

We believe that the hidden costs on which SEAM relies are the symptoms of the heterogeneous dimension of situations and of the dialogical relation between logics. The hidden costs expresses the difference of nature between these logics and the fact that there will always be some thing which cannot be integrated.

Managing the un-managable: the narcissistic wound

But hidden costs are the only consequence of heterogeneity and contradictions. The latter makes complete control or even mastery impossible. This creates a strong paradox for managers whose mission is precisely to master situations. This paradox generates what Fiol and de Geuser (2002a, b) have called, after Freud, a narcissistic injury. Managers are highly paid for, and symbolically associated through their status with an ideal of mastering situations. This narcissistic wound is violent and can be very traumatic for managers.

The narcissistic injury creates, classically, two kinds of anxiety: depressive and paranoid. In the first one (depressive anxiety), the person does not feel adequate nor competent. In the second one (paranoid anxiety), world and people are seen as hostile.

Faced with these two anxieties, defence mechanisms are triggered to resist.

Georges Devereux, founder of ethnopsychanalysis can help us to understand how managers can build these defence mechanisms. Devereux (1967) studied social scientists. He explained in a book called *From Anxiety to Method* how these researchers are suffering because their research "object" is also a subject and therefore, as we have said, cannot be entirely integrated in a single model. The object is resisting all systematization and all theoretical reduction. Counter-transference makes the researcher anxious. This anxiety is similar to the one generated by the manager's narcissistic injury.

Devereux explains that there are two different ways to cope with these anxieties. Either by simplifying the "object" or by simplifying the researcher. In the first, the researcher only considers a part of his object. He will consider him as a mere "homo oeconomicus" for instance. In the second way, he "simplifies himself": he will only use standardized and customary research methods.

Devereux's analysis first shows the great importance of methods and tools. Research methods have two roles. They contribute to the creation of knowledge (the main action of researchers, we hope) but they also reduce anxiety. This second function is called "ataraxic" by Devereux. We can see the paradox of these methods: both productive and destructive. They produce knowledge but at the same time, they over-simplify the object and/or the researcher. They are therefore in a dialectical relation.

We believe that these two defence mechanisms apply to managers: they either "simplify" situations or deny their internal cognitive and emotional complexity:

(1) *Simplification and homogenization of situations.* To simplify situations, managers deny heterogeneity and contradictions. They push a single criterion and repress others. Thus everything is measured and evaluated in money. Everybody and everything has a price. Homogeneity is therefore built through a strong mediation: financial evaluation.

Another example could be the fact that managers state that speed and quality could go together while in fact most studies has shown that they

are antagonistic. We could also talk about the concepts of corporate culture or identity which denies heterogeneity.

(2) *Simplification of the manager himself by denying one's subjectivity and complexity*. While the real job of managers is to treat the unpredictable, the non-routine, be inventive and resourceful, there is a tendency at present to standardize everything as much as possible. Managers, as a result, deny, repress their humanity, their values and their subjectivity. They let tools, procedures and "decisions rules and routines" decide for themselves. They become, paraphrasing Marx, mere servants of the "management machinery". Psycho-somatic disorders may result. Physical somatisation is also part of this simplification: the manager somatises his fear by transferring on his body his impossibility to find an answer to the diverse. "What is impossible becomes then unbearable" (Hubault, 2002). Health is an essential but often forgotten issue that SEAM takes into account.

The peculiarity of this simplification of the work of the executives compared to that of other employees, is that is initiated by managers themselves. Managers decide to simplify and mechanize their work in order to cope with their anxiety. It is a defensive answer to an environment which does not allow them to live and work healthily.

This defence mechanism makes managers confuse the situation with its simplified representation. Any management action is situated in this dialectic between being positive and proactive (producing the result) but at the cost of a simplification. It would be better accepting this contradictory nature of management practices and not transforming it in simple antagonisms or denying contradictions. If one "forgets" the defence mechanism, one forgets that the material on which one acts is greatly reduced by this mechanism.

If we define tools as a realized "theory in practice", the biggest challenge is that management tools and methods are still built on a non-contradictive representation of world and man, denying conflicts, contradictories objectives, and heterogeneity.

SEAM aims to remember that some heterogeneity and contradiction dimensions have been hidden but at the same time, it wants to be useful and therefore keeps methods simple.

How to manage the unmanageable?
We don't mean to say that managing is impossible but simply that total situation mastery is an omnipotent fantasy. Pointedly, SEAM states that many management tools are over-simplifying and should be corrected by taking into account hidden costs and performances. But it is a dangerous illusion to think that that these instruments could be sufficiently enlarged to integrate the totality of the anthropological variety of mankind and situations.

We are very close to the existentialist perspective of absurdity: it is absurd to try to manage something which is unmanageable. But this constant struggle could well be the source of human dignity.

The question is therefore, for us, to understand how managers use their instruments and how they recognize (or don't recognize) the fact that there is always a simplification. We are therefore urging for an ergonomical approach of management.

In order for SEAM to further elaborate its theory of management and produce "relevant" (Johnson and Kaplan, 1987) and "ergonomical" management tools, we would like to highlight four principles of a "contradictive and heterogeneous management of the un-manageable":

(1) *There is a difference between work and result*. We all wish to minimize the deviation between goal and achieved results (the performance gap). But this does not mean that we should minimize the difference between actual work and prescribed work. This gap could be thought has a resource to be managed in order to minimize the performance gap.

We should therefore be sure that this distinction is recognized and instrumented in our management systems.

(2) *The tragedy principle*. The tragedy of management is that there are no total or perfect solutions to heterogeneity and contradictions. People will always have different logics, temporalities, nature, etc.; so do machines, capital, etc. Therefore all the "compromises" (Hubault, 2002) elaborated locally and contingently will never eradicate these differences and gaps. Managers are only building some answers and not some total solutions (which etymologically dissolve the problem).

This tragedy principle results in the narcissistic injury: the impossibility to manage and the impossibility for tools to be entirely "representative".

(3) *The principle of operational empathy*. This means that we should understand and try our best to "see" the different logics and recognize their place and existence. These logics are extremely personal and therefore difficult to totally understand.

Yet we believe that working together provides us with a kind of tacit, direct and immediate knowledge of these logics which are "felt" more than really analyzed. We call this way of approaching logics an operationnal empathy, which is very near to the clinician practitionners' perspective (i.e. Schein, Dejours, Kets de Vries, etc.). SEAM insists on this necessity of collaborating with their clients in order to understand them. Knowledge is created through a collective action and not (only) for a collective action.

(4) *The ethical principle: the status of what lies beyond the simplification*. The ethical principle means that we should pay attention to what is ignored

by our management tools, by taking into account what will always be forgotten, what will always be hidden. It could also be called the ecological principle. This principle is based on the tragedy one: there will always be an over-simplification and therefore some aspects of the situation will be neglected by management tools. What is the status of these forgotten aspects? How do we take into consideration human aspects of performance, environment aspects, family aspects, etc. This ethical principle is the one on which rests the SEAM seminal assumption about hidden costs. There will always be some hidden dimensions and we should give a status to these dimensions.

Conclusion

We tried in this paper to explain why SEAM is right in saying that there are some "hidden" costs and performances. But we wanted to shed light on the fact that these reductions are essential for managers who desperately need these simplifications in order to cope with the anxiety created by the complexity of their work. We therefore believe that trying to build some perfectly "true and representative" tools is not only a fantasy but also a mistake.

Nevertheless, SEAM is very right to denounce the dramatic issue of the poor anthropological representation of man in management and we would like to insist on the necessity of considering heterogeneity and contradictions as inherent to these work situations. SEAM has opened up the way but we still need a strong epistemological work on what is the real nature of management work.

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International dissemination of the socio-economic method

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Abstract *The socio-economic approach to management (SEAM) model has been experimented in over 1,000 companies and organizations in 30 countries in Europe, Africa, Asia, and America. The key success factors for the dissemination of SEAM are both individual and institutional. They rely on the diversity of actors, trans-generation, and a variety of networks. At this stage, the dissemination process of SEAM brings to light unexpected synergies. This process is based on methodological principles such as generic contingency and cognitive interactivity.*

The Socio-Economic Institute of Firms and Organizations (ISEOR) initial training program for consultants dates back to 1980 and our present degree-awarding program to 1989. More than 1,000 consultants have so far benefited from the latter. These experiments made it possible to work out and evaluate a dissemination model which we are currently applying within a context testifying to a speedier transfer of the socio-economic approach to management (SEAM) at the international level.

It represents a model for engineering the intangible, which can be used to transfer innovative knowledge. The diversity of the actors involved in the dissemination process and alternation in geographical locations which organize the dissemination process time wise and space wise constitute its two major dimensions.

Diversity of actors

The ISEOR intervention-research team could typically train consultants and then let them apply our method within firms and organizations. The risk would be that these consultants may not be in a position to meet the unavoidable objections of company actors who show the usual signs of their resistance to change *vis-à-vis* innovative concepts, methods and tools. The mere training of consultants does not actually transfer to them all the experience acquired by ISEOR intervener-researchers during their numerous intervention-researches within organizations.

Diversity criteria

To avoid such a problem which could not but lead to the failed application of our method within firms, the ISEOR training sessions are carried out with groups of different actors. Three diversity criteria are taken into consideration:

(1) *a socio-professional criterion:* variety in the fields of competence and responsibility levels of the actors trained;

(2) *a generational criterion:* variety in age spread and in professional experience; and

(3) *an institutional criterion:* this collective type of variety concerns the various kinds of organizations or institutions which are represented in each group of trainees.

The latter is thus composed of firm or organization managers with, at their side, one or two executives who will play the part of internal advisers regarding the change process in their firms, and of professional consultants as well as academic ones. The represented organizations are private companies, public services, professional associations, consulting firms and higher education institutions.

Impacts of individual and institutional diversity
The variety of "characters", e.g. managers, top executives, middle executives, senior consultants, junior consultants just starting in the business, facilitates the acquisition of new knowledge, which is often hindered by skeptical types of behavior. The variety of actors, indeed, increases diversity in points of view and prevents their opposing the same idea all at the same time; the risk of a standstill is thus reduced.

The generational variety corresponds to longer or shorter professional experiences. The more experienced actors often feel like rejecting the whole model since they have already acquired concepts, work and action methods that look efficient to them. On the contrary, junior executives and consultants do not share such an experience and often prove more enthusiastic when it comes to acquiring new methods. The dialogue between those two generations of actors creates some sort of pedagogical dynamics that facilitates the acquisition of new knowledge.

Every actor, individual or institutional, brings back in his/her own professional environment, the results of the interactive debates within the group of trainees, which facilitates the implementation of the method by every actor in his/her organization. In fact everybody goes back with some firmly held conviction which he/she spreads out within scope of his/her responsibilities in his/her private company, his/her public service, his/her consulting firm, his/her university, his/her professional association. Thus professional consultants will not have to face insuperable objections when implementing the socio-economic method in any given firm.

By-products of the dissemination model: unexpected synergies and exchange network creation
Our reliance on the diversity of actors and institutions is a key success factor regarding the strong and rapid dissemination of our socio-economic

management method. Experience showed that such a diversity did generate unexpected by-products having no direct links with socio-economic management. Multiple synergy networks have been set up between different actors, e.g. inter-institutional linkages between private companies, public services, management practitioners and academic researchers. Another positive impact is the improvement in inter-generational cooperation. Preparing for their first job, 23-year-old postgraduate students are thus seated side-by-side in the classroom with company managers, aged 50 or so who are there to conceptualize their professional experience while preparing a dissertation or even a PhD. Thus the dissemination model worked out to meet the needs of the socio-economic method largely contributes to bringing together universities and professional circles, between private companies and public institutions, between youngsters and experienced adults. We meet here again with the idea that the dissemination model, as well as the intervention model or the socio-economic management model generate, and consolidate the social linkage.

Space and time organization in the dissemination process
The space and time organization in the dissemination process rests on two principles aimed at increasing its efficiency and its efficacy: the balance/alternation principle as far as transfer is concerned and that of target-area upsizing.

Balance and alternation in knowledge and ability transfer
Groups in training meet in four sessions of two-and-a-half days, at two- to three-month intervals. These sessions alternatively take place at ISEOR (Lyon-Ecully, France) and on the site of each group in training. For example, as for the international dissemination of our method, it concerns Michigan (USA), Merida and Mexico City (Mexico), Casablanca (Morocco), Ho Chi Min Ville (Vietnam), Lisbon (Portugal), Mons (Belgium) and so on. Site alternation helps reach a psychological and sociological equilibrium in exchanges between ISEOR trainers and the actors trained. It precludes any ascendancy of the transmitter or the receiver of the transfer, a source of dysfunctions and rejections, and renders more efficient the acquisition of knowledge and competences of the group in training.

Such a geographical alternation also allows the expansion of additional modes of transfer. When groups in training come to ISEOR, visits of companies and public services, which are currently implementing SEAM, are organized. The testimony of executives and workers we meet during the visits increases the socio-economic management concept credibility and consequently reinforces the transfer pedagogy. Participating to ISEOR annual colloquium, where we present ten completed or ongoing socio-economic interventions cases, produces the same effect.

Upsizing target areas

When sessions are held on the site of the group in training (USA, Mexico, Morocco, Vietnam, Portugal, Belgium) conferences are organized and aimed at sensitizing external actors who participate and belong to the same type of organizations as the trainees: company managers, union leaders, politicians, civil servants, consultants, professors, students, without forgetting journalists. These complementary activities on the fringe of training properly speaking, create favorable surroundings for socio-economic management ideas, methods and tools. It will "protect" its initial implementation in companies and local administrations, in their always fragile starting phase. Gardeners know very well that they must turn over and hoe the earth around the plants they grow to prevent their being stifled by weeds (cf the pervading skepticism issue). The different actors within the group in training get convinced and rather enthusiastic, during the sessions thanks to their interactivity with the ISEOR researcher-trainers. When the latter leave, it is necessary to prevent the apathy that might take a firm hold among the actors under the influence of local environment, which would turn hostile through lack of sensitization.

The International Labour Organization (ILO) granted its label to socio-economic management and interventions, by means of a book distributed in UNO member countries, co-edited by the ILO and ISEOR in 2000 and simultaneously published in French, English and Spanish. Presently the ILO also supports the ISEOR dissemination model by promoting experimental training groups of different actors and institutions in various countries.

Conceptual analysis of the dissemination model: a generic knowledge creation laboratory

Disseminating is not only conducive to enhanced value for socio-economic management research, but also a *sui generis* research object in order to develop relevant and efficient knowledge in the field of intangible technology transfer. Thus the dissemination of the socio-economic management and intervention model has been considered throughout our researches as a change process which had to be observed in a kind of laboratory.

In order to improve dissemination efficiency and efficacy, one has to examine the characteristic phenomena and develop "generic knowledge" suited to this objective.

Generic knowledge production

When developing their intervention-researches in the fields of socio-economic management and then of intra-organizational socio-economic interventions, as well as their dissemination in transorganizational areas, the ISEOR team brought to light the concept of generic knowledge production in management. Generic knowledge is constituted by a relatively stable hard core, with a strong semantic base, surrounded with a periphery easily adaptable to different

human, social and economic contexts. The socio-economic management concepts, methods and tools represent generic knowledge developed thanks to numerous cumulative intervention-researches whose characteristic is to enable organizations to improve their socio-economic performances, whatever their size, their activity sector, their legal status in one given country or in different countries, as exemplified within 30 countries in which the model has been implemented. These concepts, methods and tools share the distinctive feature of being quite easily adaptable to extremely different organizations, because they do not induce any standardized concrete solution, but only structuring principles for solutions worked out with and by the actors themselves, within the context of their organizations (generic contingency principle).
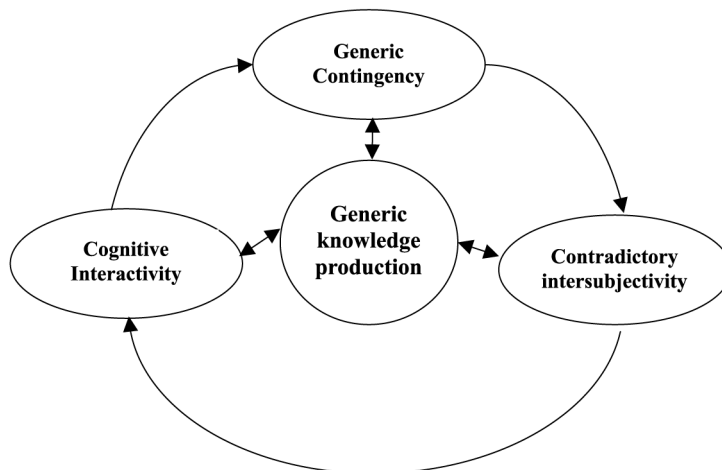
The generic knowledge production system rests on three concepts we have created:

(1) generic contingency as explained above;

(2) contradictory intersubjectivity; and

(3) cognitive interactivity.

Those are the three pillars of the laboratory that made it possible to develop socio-economic management and interventions, then their dissemination (see Figure 1).

The cognitive interactivity principle implies that knowledge is not carried by one given actor but results from the interaction between two or several actors. Knowledge development demands cooperation between actors. What one actor brings constitutes a contribution to knowledge but not fully-fledged knowledge.

The contradictory intersubjectivity principle first acknowledges that objectivity is unattainable in economic and social sciences. So as to avoid the

Figure 1.
Generic knowledge
production system (1/2)

difficulties entailed by subjectivity in organizational operations, the contradictory intersubjectivity principle consists in building up some common ground for or hard core of generic knowledge the actors are in a position to recognize, share and take over, starting from the subjective and contradictory statements of the actors.

An example is to be found in the socio-economic diagnosis method (see Boja and Rosile, 2003); the simultaneous horizontal and vertical interventions (HORIVERT) method more generally illustrates the three principles of contradictory intersubjectivity, cognitive interactivity and generic contingency.

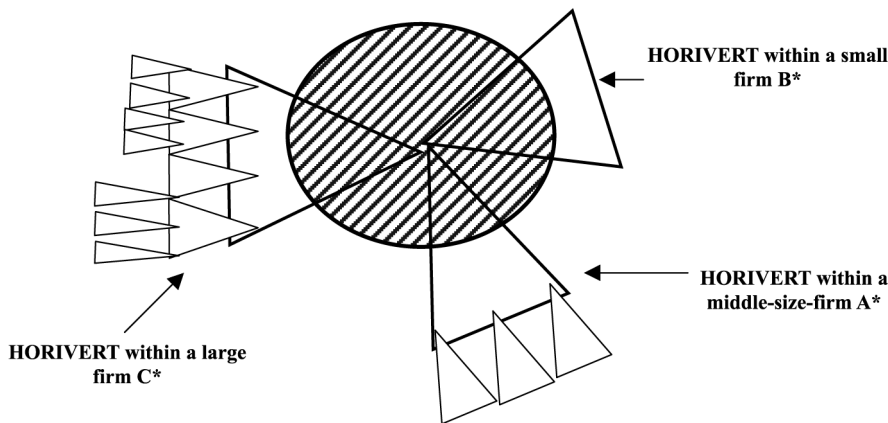*Transorganizational HORIVERT: an architecture of dissemination*
Figure 2 synthesizes the generic knowledge production system in the case of socio-economic management and intervention dissemination.

The group in training made up of a mix of actors and institutions can be considered as the summit of a multi-HORIVERT architecture whose different clusters are to be found within the organizations taking part in the dissemination.

The concrete actions and tools for the improvement of socio-economic performances vary with each firm, but their construction and utilization principles are shared. The latter represent generic knowledge taken over by the group in training. Figure 3 shows an example of transorganizational HORIVERT.
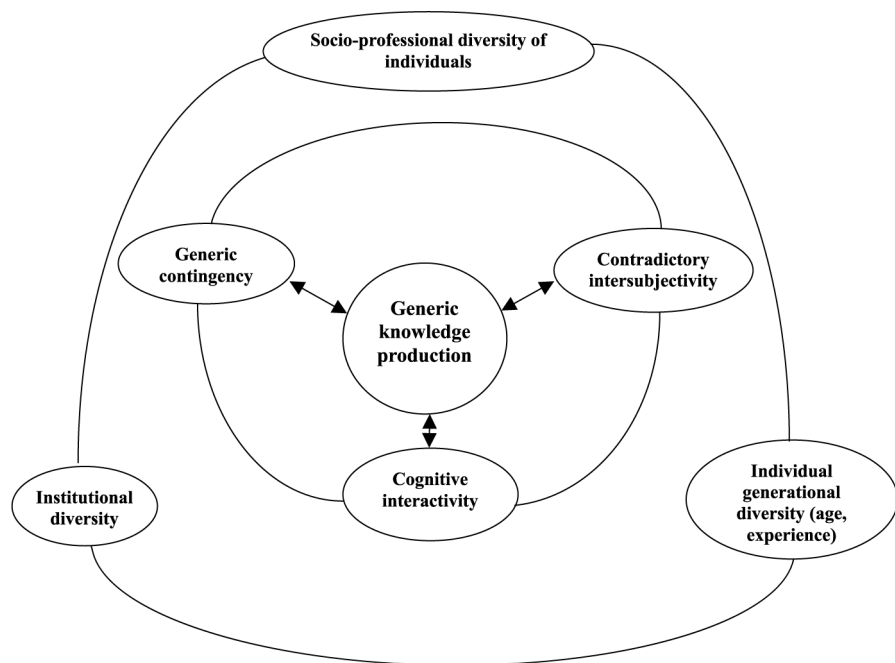
Figure 2.
Generic knowledge
production system (2/2)

Figure 3.
An example of
transorganizational
HORIVERT

Note: * HORIVERT process impulsed (activated) within each organisation by professional and internal consultants, with the participation of their respective leaders

Conclusion

My earlier researches concerned the macro-economic sector (1969-1973); then, with the ISEOR team, I reoriented my researches so as to go deeper into the analysis of the way organizations were operating and its performances worked out (particularly economic value added creation). Our current researches bring us back to the meso- and macroscopic levels of the economic and social sphere, considered as transorganizational areas in which the socio-economic performances of an activity sector, a region or a nation can be improved if complex mechanisms, dynamics and architecture are better grasped.

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Book reviews

Damned Lies and Statistics: Untangling Numbers from the Media, Politicians, and Activists
Joel Best
University of California Press
Berkeley, CA
2001
ISBN: 0-520-21978-3
US$19.95

Intended for the lay reader, *Damned Lies and Statistics* does an excellent job of illustrating the pitfalls of failing to exercise critical thinking skills. While somewhat chilling in his value-neutral presentation of such emotional subjects as child abuse, violent crime, and homelessness, Joel Best makes a compelling case for the importance of separating values and emotions from the seemingly straightforward tasks of enumeration and analysis. Alas, he spends far more time describing the problems than offering practical solutions.

Best implores us not to accept statistics mindlessly, but points out that we are products – and apparently perpetrators – of an innumerate society. Innumeracy, a concept akin to illiteracy, results in uncritical acceptance of most big numbers ("A million, a billion, a trillion, what's the difference?"). Our society, Best asserts, has fetishized statistics to the extent that we believe them to be magical numbers, daring not to question them. Consequently, we tend to equate numbers with facts. To be fair, this is not entirely the fault of a gullible populace. The media also bear some responsibility for this sad state of affairs.

Best points out that, while some statistics are "born bad," others are "mangled" by innumerate reporters. The cycle begins when innumerate social activists unwittingly feed bad statistics to the innumerate media, who compound the problem by offering "mutated" – a completely different concept from mangled, by the way – statistics to a naÏve and innumerate public. Reporters often just write whatever people tell them, because it's easier than doing independent research when they have deadlines to meet. To further complicate the problem, the media frequently report dueling statistics without bothering to provide any contextual information about their sources.

We generally rely on statistics to identify – and suggest the relative priority of – social problems such as global warming, AIDS, child abuse, etc. However, in stark contrast to government's obsession with economic statistics, it does not collect or publish much about social indicators, which means that much available data is produced by interest groups. So it is extremely important to question the numbers we hear bandied about. Best quite logically ventures that activists have a propensity to overestimate their numbers in order to make their causes seem more urgent. Not surprisingly, those with an interest in

preserving the status quo usually manage to counter with smaller numbers, perhaps by defining the problem more narrowly.

In addition to identifying activists among the naïve producers of bad statistics, Best also nails the cynics. Cynical researchers – knowing that they "can prove anything with statistics" – can easily design surveys to produce the results they want. For example, with contentious issues such as abortion and gun control, activists commonly frame questions to elicit whatever response will "prove" their point. Particularly when measuring diverse attitudes, it would be refreshing to hear the debate focus more on the gray continuum rather than the black and white extremes. Also, when discussing difficult social issues, in addition to how the questions themselves are framed, interpretation is another big piece of the puzzle. Obviously, interpretation is more than just a statistical problem but this book does not offer any detailed solutions other than to preach awareness.

Best asks us to remember that, between the polarities of naïve acceptance and cynical rejection of statistics, lies the opportunity for thoughtful, critical analysis. While statistical presentations inevitably oversimplify the complex realities of social problems, thoughtful critics trouble themselves to ask questions in order to assess the limitations and usefulness (if any) of the numbers at hand. (In a telling example, Best describes the almost hysterical response to a statistic seeming to suggest that white males were disappearing from the US work force.) Just as we question the validity of unnamed sources in news reports, we should also question the validity of unexplained statistics.

Best advises us to be aware of the limitations of "organizational practices." Statistics are not politically neutral, but reflect the character of the organization that creates them. Statistics are not facts; rather they represent a series of choices about how to define, count, compile, and present data. These data frequently derive from – and reflect – political conflicts, which can lead to a high stakes effort at manipulation. For example, data derived from the US Census have serious financial implications for the States, in addition to their use in apportioning a finite number of Congressional seats.

In an enlightening chapter, Best discusses the dynamic he calls "Stat Wars". In a phenomenon that has virtually nothing to do with the numbers themselves, some people feel compelled to defend their guestimates by challenging the motives of anyone who questions them. The best known example from the past decade, which Best discusses at length, was the rancorous debate about attendance at the ambitiously named "Million Man March" on October 17, 1995 in Washington, DC. The author wisely admonishes that, rather than assuming that those who disagree with us have nefarious motives, we might begin by asking how the competing numbers were calculated.

In a list evocative of the seven deadly sins, the book explains several causes of bad statistics:

(1) Guessing!

(2) Unclear definitions!

(3) Unsound data collection methods!

(4) Convenience sampling!

(5) Transformations!

(6) Compound errors!

(7) Inappropriate comparisons!

And while the "Dark Figure" may sound like a character from the Harry Potter series, the term actually refers to the unknown number of uncounted instances of crime, homelessness, or other social problem. Amusing, yes, but such mysterious terms don't make statistics any more accessible to the innumerate public. The book warns ominously that mutant statistics take on a life of their own. (cue horror movie soundtrack). It would almost be funny if it weren't so unfortunately true.

To combat the evil forces of bad statistics, Best offers a few sensible questions to help us identify the good ones: "Who created this statistic? Why was it created? How was it created?". It is our responsibility as consumers to learn to recognize good statistics. First, they are based on more than guesses. Beyond that, they employ clear definitions, reasonable measures, and good samples. How are we to know when this ideal state has been achieved? Unfortunately for lay readers (i.e. most people reading the daily newspaper), asking the right questions will not always bring them closer to satisfactory answers.

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Executive Coaching: Practices and Perspectives
Edited by Catherine Fitzgerald and Jennifer Garvey Berger
Davies-Black Publishing
Palo Alto, CA
2002
368 pp.
US$49.95

Executive Coaching: Practices and Perspectives is an excellent and timely text consisting of 16 chapters written by 20 contributors, the editors also being contributors, providing a wide breadth of information and references. It provides a rare opportunity to shadow many experienced coaches from diverse backgrounds and learnings. I applaud the editors for what is a very successful attempt to weave many different "essays" into a coherent book. The writing styles and approaches are different for each of the chapters resulting in many practices and theories, and many modes of learning for the reader. Executive

coaching is still a fairly new profession and this book provides a wide variety of perspectives not typically shared among peers.

Although titled *Executive Coaching*, it indirectly explores the diversity of individual and organizational learning and change with a keen appreciation for the complexities of the human mind. For executive coaching, as in organizational development consulting, one size does not fit all. The diversity of approaches from the respective authors reflects the strength of belief in their own methods when dealing with the complexity and diversity of the human mind; and reveals the many barriers to individual learning and ultimately organizational learning. In many ways the book is about organizational development and organizational learning brought to an individual level.

Most of the contributors have psychology backgrounds; however, the editors have made a good attempt to look at executive coaching from a variety of lenses, with a noticeable influence of Carl Jung and Robert Kegan. As an organizational development consultant and executive coach, I find some bias toward the need for a psychology or psychotherapy background in some of the chapters. Does one need a degree in psychology to have an understanding of a variety of perceptual views through intentional, behavioral, cultural, and social dimensions, for example? I don't believe so.

There are many issues that emerge when we have conversations at personal and sometimes intimate levels. Do we dare go where no non-psychotherapist has gone before? I believe the human psyche is much less fragile than most psychotherapists, and even psychologists, might have us believe. And as organizational change consultants, how much damage have we inflicted because we dared not to tread, or even look, in those heretofore-protected domains?

Where is the line drawn between learning and repair, or between personal growth and cure? The authors have drawn their lines and they are in different places. I do believe, when coaching Executives, it is essential to have a greater depth of knowledge and abilities as an observer and guide.

I believe executive coaching can increase the potential for profound change. Peter Senge, in his book *The Dance of Change*, describes profound change as "organizational change that combines inner shifts in people's values, aspirations, and behaviors with 'outer' shifts in processes, strategies, practices, and systems ... In profound change there is learning" (Senge, 1999, p. 15). W. Edwards Deming (1986) said, "Nothing changes without personal transformation".

Executive coaching allows us to further shift the learning paradigms of our clients. We are beginning to apply to individuals what we have applied to organizations. Coaching appears to be the natural progression to double-loop learning at a personal level, in addition to the organizational level, and further progression to triple-loop learning. Double-loop learning is a concept developed by Chris Argyris and Donald Schon based upon the work of Gregory Bateson. The term "triple-loop learning" was used by William N. Isaacs, in *Taking Flight: Dialogue, Collective Thinking, and Organizational Learning*:

"Double-loop learning encourages learning for increasing effectiveness. Triple-loop learning is the learning that opens inquiry into underlying 'whys'. It is the learning that permits insight into the nature of paradigm itself, not merely an assessment of which paradigm is superior" (Isaacs, 1993).

Effective coaching includes the practice of dialogue at a one-to-one level. This "third" level of learning can be called transformational learning. As such, this book could be about transformational learning.

A noticeably missing piece was a chapter on distinguishing coaching from therapy, and addressing some of the boundaries to be considered and what resources the executive coach should have available in assessing and dealing with those boundaries.

Another missing piece was the role our body plays. Recent studies suggest a more holistic approach is needed in our learning - the integration of language, emotions and the body. I am referring to more than the traditional concept of "body language". Albert Einstein said, "My primary process of perceiving is muscular and visual". Richard Heckler, a psychologist and director of the Rancho-Strozzi Institute, says in his book *The Anatomy of Change*, "An education that connects us with our body would teach us the difference between what we are experiencing and what we are thinking and fantasizing about" (Heckler, 1993, p. 12).

Full awareness goes beyond what we are thinking. The body can reflect what we are thinking and feeling and the body can support what we desire to think and feel. Stuart Heller, mathematician, operations researcher, and psychologist, says in his book *Retooling on the Run*, "To make a change in any part of you, you have to change all of you" (Heller, 1994, p. 10) and "Your results are a function of the way you organize and use yourself. By studying your patterns of reaction, belief, tension, feelings, and posture, you learn how you both hinder and help yourself" (Heller, 1994, p. 17).

What follows is an attempt to share some details about this richly filled book. Although the book is divided into five parts, all the chapters in the book address perspectives, practices, issues, and situations. As a result, the titles of the parts provide a limited guide to the content and context of the chapters within:

- *Part I: executive coaching perspectives*. Chapter 1, "A coach's lessons learned", provides principles for thinking about a client's issues; principles for taking action with a client; and paradoxical guidelines for the moving the coaching conversation forward; and some lessons learned. Chapter 2, "Leadership and complexity of mind", is a beautiful chapter providing some lenses for viewing the client. Based upon the work of Robert Kegan, it focuses on two aspects: The movement from subject to object – the basic process for becoming more complex (learning); and Orders of mind – five qualitatively different ways of constructing reality (meaning making), which develop from less to more. Useful strategies are included for working with clients using these lenses. Chapter 3, "The

coach as a reflective practitioner", provides a model for meaning making for both the client and the coach; and maintaining a balance between advocacy and inquiry. Insights are provided on the distinctions between being an intuitive practitioner and a reflective practitioner, with a model for enabling that shift.

- *Part II: executive coaching practices*. Chapter 4, "Understanding and supporting development of executives at midlife", is a very rich chapter using a Jungian psychological type based framework for facilitating changes in midlife. The chapter explores the shifting between sensing and intuitive types, thinking and feeling types; and the stages that occur during these shifts. The author also includes some very detailed strategies for nurturing those shifts. Chapter 5, "Breaking the boundaries", is a brief chapter that focuses on the psychotherapist-coach. This chapter moves significantly into the realm of psychotherapy and advocates a "long-term ongoing relationship (typically eighteen to twenty-four months)". The authors state, "We believe that this psychological understanding permits deeper and more lasting behavioral change". This was the shortest chapter and left me with a limited appreciation for the need for psychotherapeutic expertise in order to effectively coach executives. Chapter 6, "Coaching senior executives for effective business leadership", is written as a tutorial with scripts and focuses on transformational learning, utilizing the work of Robert Kegan on adult development theory. The reader is guided from meaning making, through building new perspectives, to developing action.

- *Part III: managing coaching in organizations*. Chapter 7, "Initiating executive coaching in your organization", is a mini handbook for managing a successful executive coaching program within an organization, from screening and matching coaches to measuring results. Chapter 8, "Executive coaching and business strategy", focuses on moving from the personal to the broader organizational picture; and linking a variety of coaching frameworks to the business. This chapter provides another piece that could go into a handbook for managing a successful executive coaching program. I find that linking executive coaching with business strategy is challenging and this chapter only scratches the surface. Chapter 9, "Using executive coaching in organizations", focuses on the hard lessons learned (mistakes) and covers a wide range of situations from both the client and the coach's perspectives. Chapter 10, "Coaching from the inside", is another mini handbook for managing a successful executive coaching program within an organization only using coaches who are employees of the organization.

- *Part IV: executive coaching issues*. Chapter 11, "On seeing the forest while among the trees", addresses the need to blend interpersonal skills and management skills, and to relate it to strategy. Included is a limited

discussion of what constitutes "strategy" and strategic thinking. I particularly liked the inclusion of being creative and adaptive, along with being able to effectively navigate, as characteristics of strategic thinking. Chapter 12, "Love and fear in executive coaching", offers some unique views from both the coach and the client's perspectives. Issues covered include control, the need for certainty, and the power of language in influencing others. Many of the issues are covered in other chapters, however, the author takes a sensitive approach with a strong focus on the awareness of fear and exercising authority (again, from the client and the coach's perspectives) based on love, delight, trust, and joy. Chapter 13, "Failure and negative outcomes", provides key factors contributing to failure and negative coaching outcomes – both in clients and in coaches, with emphasis on the need for awareness. This chapter goes deeper than the lessons learned in chapter 9, in that the author reflects upon several failed coaching engagements.

- *Part V: special coaching situations*. Chapter 14, "The isolated executive", is addressed from a Jungian perspective. Useful strategies are provided for dealing with extraversion and introversion particularly when being at odds with extraverted or introverted individuals or organizational culture. Chapter 15, "Coaching entrepreneurs", addresses "the dramatic transition toward professional management (increasingly systematic procedures and more formalized structures);" and how this is at odds with an entrepreneurial executive who used to living and controlling chaos. I recently consulted with an entrepreneurial executive, and interviewed his subordinates, and I found this chapter to be very informative. It effectively addresses what is needed for a powerful executive to move from an extraordinarily successful doer and manager to a leader. Chapter 16, "Coaching across countries and cultures", starts off with a lovely Chinese saying: "A frog in a well only sees his piece of the sky". The authors suggest that differences in perspective can be substantial and challenging even when coaching takes place within a single national culture, and that coaching across cultures can be especially complex. I found this to be a significant chapter in that it starts to address the concept of cultural views and worldviews.

I highly recommend this book to anyone involved with coaching and executive development. In addition, it offers many insights to any organizational change consultant wishing to search deeper in the psyche of an organization. Many organizations, and individuals, are struggling to find ways of breaking free of traditional thinking and modes of operation to enhance continuous learning. At a minimum, these insights may help forge better partnerships with clients and help facilitate greater awareness, reflection, and ultimately learning.

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Primal Leadership: Realizing the Power of Emotional Intelligence

Daniel Goleman, Richard Boyatzis and Annie McKee
Harvard Business School Press
Boston, MA
2002
ISBN: 1-57851-486
US$26.95

As organizations increase in complexity and feel threatened by competitors, the need for effective leadership increases exponentially. *Primal Leadership* offers a possible solution to the current leadership dilemma. It attempts to show how leaders can behave in a way that: optimizes follower performance; increases commitment; creates an environment that nurtures organizational citizenship; and "generate[s] the emotional resonance that lets people flourish" (p. xi).

While I believe that the authors wrote this as a guide for the practitioner, scholars will find many examples of leadership successes and failures.

This book is a sequel to Daniel Goleman's seminal works *Emotional Intelligence* (Goleman, 1995) and *Working With Emotional Intelligence* (Goleman, 1997). Similar to the original works, this book includes a discussion of what emotional intelligence means and the role the brain plays in behavior. The book is divided into three sections.

The first section, entitled "The power of emotional intelligence", introduces the reader to the underlying principal of "primal leadership" and an overview of the dimensions of emotional intelligence. "Great leadership works through the emotions" (p. 3), claim the authors. A failure to understand and work within this framework will doom performance to less than optimal results. The positional power of leaders vest them with an emotional grip over their follower, and provides an opportunity to cause either exemplary or disastrous performance. When "leaders drive emotions positively" (p. 5), everyone will operate at their best. Alternatively, if the leader drives negative emotions, the "leader spawns *dissonance*, undermining the emotional foundations that let people shine" (p. 6). Dissonance has the ability to "emotionally hijack" (p. 13) the follower, which means that leaders, through their behavior, can divert

followers' attention away from the important work of the organization. "The emotional art of leadership includes pressing the reality of work demands without unduly upsetting people" (p. 13). Therefore, the authors argue that leaders must avoid dissonance and strive for resonance.

The authors propose that one can create resonance through the use of EI competencies, defined as self-awareness, self-management, social awareness and relationship management. Our brains are "wired" to respond to emotionally intelligent behavior. People tend to do their best work when they feel good about themselves. Therefore, a key job for leaders is to make sure that people feel good about themselves or at least avoid making them feel the opposite.

The final part of this section identifies six approaches or styles of leadership: visionary; coaching; affiliative; democratic; pacesetting; and commanding.

The authors suggest that effective leaders use at least one style predominantly but also have the skill to switch to other styles when the situation warrants. According to the authors, two of the styles, pacesetting and commanding, create dissonance and should be used sparingly.

Section two, entitled "Making leaders", is where the authors present the path for leadership development and change. They identify some of the inherent problems in leadership, such as leaders not always being aware of what they need to know or hear. Followers sometimes avoid telling leaders the "bad news". This is particularly apparent when leaders have behaved poorly and constructive feedback is necessary, but no one is willing to step forward. This problem is more pronounced as leaders rise in the organization. According to the authors, the higher leaders are on the organizational chart, the less accurate information they will have about their own performance. How leaders rank themselves is very different from how those lower in the organization rank them. Discrepancies need to be resolved through feedback or other means such as the development of self-awareness. Unfortunately, leaders tend to avoid developing such mechanisms since it is a commonly assumed that change is not possible (pp. 95-6).

The authors affirmatively answer the questions "Can I change" and "How can I change" and discuss the role of the brain in the change process. They emphasize how to "attack" the correct part of the brain (the limbic brain) that enables the change process to occur. One of the strengths of the book is the description of why most leadership training does not work: most training addresses a part of the brain that does not enable long term change. The authors do a good job describing the complexities of neuroscience in terms a lay person can understand.

The book suggests that sustained change and growth can be self-directed. The path offered is similar to a strategic planning process that is directed toward the self. Of course, none of this will occur if the leader is not motivated to change. The authors tell us that "changing habits is hard work" (p. 116) and

leaders need to "re-wire" that part of the brain where habits are "hard coded". Once the leaders are convinced that they can change, the first step is to develop a clear vision of what they want to be, which the book labels the "ideal self" (p. 125). Comparing the realities of current behavior with the ideal targeted behavior is the objective. Since self-delusion is a common self-protective occurrence, installing feedback loops is important in order to expose leaders to the data needed. The authors suggest a 360-degree mechanism be employed, followed by a formal goal-setting process (p. 144), similar to Locke and Latham's (1994) ideas presented in *Goal Setting Theory*. The goals are oriented towards closing any "gaps" that exist. They believe that if this is handled properly, the appropriate brain-center will enable accomplishment of the change (p. 144). This process may take months since the part of the brain under "revision" is very slow to change. The authors also offer techniques to enable the process such as visualization and integrating the change process with one's daily activities as a means to promote continuity. In addition, having a group of supporters in the process increases the probability of success.

Section three, entitled "Building emotionally intelligent organizations", brings together the personal outcomes of the process and organizational change. Many examples of how emotionally intelligent leaders affect an organization are presented.

The book's ideas are supported in the leadership development literature. For example, the introduction of The Center for Creative Leadership's (CCL), *Handbook of Leadership Development* (McCauley et al., 1989) describes a very similar change process to that advocated in *Primal Leadership*. The literature also supports the connection of the emotional brain with leadership processes. James N. Farr (1998), in *Supra-Conscious Leadership,* describes the role the mind plays in how we react as leaders and describes self-awareness as a key process in implementing a behavioral change. There is an interesting dichotomy between *Primal Leadership* and *Supra-Conscious Leadership* in that the former discusses the role of the brain while the latter discusses the role of the mind.

One of the failings of the book is that it has a formulaic feel. The message offered is follow the emotional intelligence path and apply it to leadership and you and your organization will improve. I fear that some may believe that reading a book like this will make this happen.

In fairness, the authors include warnings about the difficulty of the change by describing the ongoing practice needed to "automate" the new behaviors (p. 158). They also tell us that the process is a "bumpy ride"; however, I don't believe they go far enough. There is no mention that others may not trust the change and may be suspicious of the leader's new persona. Colleagues and staff members may be so attached to "how things were" that they may try to resolve the perceived gap the change brings. This may be likened to the tug and pull of the driving and constraining forces identified in Lewin's force field analysis

(see Segal, 1997). Extreme reactions may even result in unconscious sabotage of the leader's success. Some staff may never believe or accept the new behavior as real.

Similarly, the book discusses little about the internal or psychological struggle leaders may face when they try out new behaviors. Even with supportive relationships, the book suggests that leaders may experience internal turmoil for a while as they press against their "safe zone". A thorough discussion of this issue is missing.

It is also curious that the book suggests that leadership styles should be situationally chosen. Yet, the solution offered promotes a single solution, emotional intelligence, while encouraging a leadership style of the caring, nurturing leader who makes followers feel good about themselves.

The book also seems to defeat a key message by implying that change may only last for a limited period, possibly only for a few years (p. 140). Why would someone embark on such an endeavor without the possibility of this new behavior being permanent?

While I am critical of some of the issues not discussed in the book, I believe it does make a contribution and exposes leaders to different ideas about how their emotional demeanor influences followers. The book presents a path for successful leadership, albeit a little too simplistically. Its greatest strength is the many examples that contrast good and bad leadership outcomes and how emotional intelligence can serve leaders and their followers. Unfortunately, I don't believe it goes far enough.

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