

# **ADOPTING SEAM TO SUSTAIN AND DEVELOP THE LEBANESE TEXTILE COMPANY: A CASE STUDY OF A LEBANESE LEADING FAMILY BUSINESS**

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## **ABSTRACT:**

Family businesses are widely seen as the backbone of the economy – they create wealth, they provide jobs, they are locally rooted and connected to their communities and they seem to be around for long periods of time. However, family conflicts, incompetent members of the next generation and flamboyant lifestyles are just some of the more frequent criticisms about family businesses. Those problems could lead to the collapse of the company. Managing a family-owned company is a critical and difficult job because of the conflicts that arises between different family members. This research The research will aim to identify the root causes of the hidden management dysfunctions within the Lebanese Textile Company (LTC) and define and develop change projects to address the identified gaps with an ultimate objective to develop the effectiveness and efficiency of the work of the noted family business, in addition to identify and decrease hidden costs.

**Keywords:** SEAM, hidden costs, socio-economic, family business, management, change management

## **INTRODUCTION**

Operating a family business is often considered to be a harsh job because of the complications and frictions arising between different family members and between the succeeding generations. Those complications if not confronted in the proper way, the business might agonize and even die.

The proposed research will focus on change management in general and the adoption of the socio-economic approach to management (SEAM) in particular as a tool for organizational development. The research will be part of an intervention program aiming at sustaining and upgrading the Lebanese Textile Company (LTC).

The purpose of the research responds directly to the identified needs, expressed by the noted company, that are directly associated with organizational development. The expressed needs emphasize the timeliness of this research as

well as its utmost importance to promote and upgrade the productivity of the LTC which is the leading company in the textile industry in Lebanon. The research is substantial especially that family businesses are widely seen as the backbone of the economy – they create wealth, they provide jobs, they are locally rooted and connected to their communities and they seem to be around for long periods of time. Yet, despite the many positive aspects of family businesses, there is also a darker side. Family conflicts, incompetent members of the next generation and flamboyant lifestyles are just some of the more frequent criticisms about family businesses. Hence, the improvement of the effectiveness and efficiency of this business and setting a good succession planning and corporate governance are timely and greatly needed.

It is important to note that in family businesses, the strategic planning part of management in general and the change management process within its context in particular are usually conducted and emphasized; whereas the operationalization of the strategic plan through the definition and implementation of clear activities with well-defined results is frequently delayed or even missed (Nartisa, Putans, & Muravska, 2012). Thus, understanding the underlying main factors leading to the un-operationalization of set change plans is also needed. Moreover, the adoption of the SEAM as an approach for organizational change and development, within the public as well as private sectors, is not yet obvious and properly understood within the Lebanese context.

This research will be undertaken to fill the stated knowledge gaps within the family businesses in particular, mainly in what relates to the adoption of SEAM as a tool of inducing change and enhancing performance and productivity and guaranteeing smooth succession while keeping the legacy. The acquired know-how and techniques through this research can be applied in other public and even private sectors while taking into consideration their context specificity and sensitivity. The findings will be shared with concerned management professionals and academicians through direct exchanges and the publication of related learned experiences.

## **HYPOTHESES**

### *Core hypothesis*

The success of a family business depends basically on the harmony of the family members and the partners of the company in addition to the leisure and the sense of belonging of the employees. And whenever a business exerts more attention on taking decisions that influenced by feelings and is run to respect a family custom and tradition rather than its own needs there is probably going to be some difficulties and failures.

**Descriptive Hypothesis:** in many cases the family business starts with the founder who is in many cases an entrepreneur and views his company as his own baby and an augmentation of himself that guarantees his social influence and power, thus it would be hard for him to delegate authority to other family members, namely his sons. This rivalry is the seed of all the conflicts that arises

between the family members. In addition, a family business is characterized with a lot of centralization where the founder wants to assure his competency in making his company continue its success. This centralization of the decision making process causes a lot of demotivation for the employees, as they feel they are just tools that implement others decisions and visions, and there is always a glass ceiling preventing them from in the company. This demotivation at the employees' side leads to a decrease in the productivity and generates many hidden costs and dysfunctions. In addition, the human resource department is not integrated with the top management and is not recruiting employees to cope with the organization progress and growth, where it is just recruiting personnel in the operation department as the top management is designated to family members. The absence of recruitment in the middle and top management is making the organization miss the opportunity of recruiting skilled personnel. The role of the human resources department is limited to recording absenteeism, and is linked to the old fashion concept of human resource rather than contributing and even leading the organization's development and progress.

**Explicative hypothesis:** the root causes including: *Lack of sensitization*: due to the absence of the appropriate awareness of observing and analyzing the main dysfunctions and the hidden costs resulting from the centralization of the decision making process.

*Lack of synchronization of actions*: the company does not evaluate its day to day activities in a frequent way to check its consistency with strategic piloting.

**Prescriptive Hypothesis:** although the company has managed to be the pioneer in textile's wholesale trading in Lebanon, there is still a mismatch between the organization's structure on one side and the scale of its trade and its large share in the Lebanese market on the other side. There is an urgent need to enhance the organization's structure and strengthen the role of the Human resource department. There is a need to settle clear job descriptions for every single position in the organization, since in many cases it is observed that there is some overlapping between different departments. There is a need to develop, monitor, and evaluate divisional development projects and activities, these will mainly include the development of administrative structure, strategic plan, selection criteria of newly recruited employees, job descriptions, accountability system, code of conduct, capacity building programs, and others.

There is a need to implement a socio-diagnosis and project, in addition to implementing innovative management tools, which should be consistent with the games and codes of ethics.

In addition to that, there is a need to reinforce the communication between departments which allows greater efficiency in decision making which in turn enhance the quality of recruitments.

The proposed action research will study the adoption of the socio-economic approach to management (SEAM) as a tool for the sustainability and development of one of the leading family businesses in Lebanon which is the Lebanese Textile Company (LTC). LTC is considered to be the pioneer in textile wholesale in Lebanon. LTC was established in 1980 in Beirut by two

entrepreneurs. Through out the years, and due to the bad economical situation in Lebanon, many of the direct competitors didn't succeed in surviving and were either bankrupt or were weakened. The company is considered to be a family business, as the top positions in the organization and the main tasks are done by the owners' family members. The family members manage a staff of 200 employees at its different branches, all operating in Lebanon.

## **RESEARCH FIELD**

### *Overview of the company*

LTC is the leading textile wholesale company in Lebanon. It is a family business founded by two entrepreneurs in 1980, originally located in Beirut with one branch and now is found in Beirut and Mount Lebanon with 7 branches.

LTC is committed in providing high quality products at the best prices accompanied with the best customer service to its customers.

### *Research Questions:*

The main questions that this research will answer include; (1) what are the root causes of the hidden management dysfunctions within LTC; and (2) what are the management change projects needed to address the identified gaps and develop and upgrade the work of the noted family business.

### *Synchronization of the three axis of intervention:*

1. Axis of improvement process start up by the diagnostic part through evaluation dysfunctions, then building a socio-economic project piloted by management followed by the implementation process and then evaluation of economic and social results.
2. Axis of permanent management tools: This includes the internal and external strategic action plan, the priority action plan, competency grid, time management, the strategic piloting logbook and the periodically negotiable activity contract.
3. Axis of policy and strategic decisions, includes strategic development of human resources, choice of a management system, strategic choice, organizational and procedural change and technological change.

### *Socio-Economic Approach to Management (SEAM) – As a Tool of Change*

SEAM is a quite recent innovative approach in management. SEAM is the basic intervention model created by Henri Savall, in 1974, in France, and disseminated by his team of associates and their international doctoral students (Boje & Rosile, 2002). Since its creation, SEAM was tested and evaluated through long-term experimentation.

SEAM shares many of the concepts and practices of different Organizational Development (OD) American schools of thoughts, but includes

some applications that make this approach quite different and particular (Conbere & Heorhiadi, 2011). It relates the social aspect of the enterprise with its economic performance. It also considers human development as the main factor for organizational effectiveness in the short, medium and long-term aspects.

Particular differences in SEAM relate to the fact that while examining dysfunctions in an organization, the SEAM process recognizes five types of indicators of dysfunction: absenteeism, occupational injuries and diseases, staff turnover, non-quality, and direct productivity gaps. For each of these, qualitative and quantitative assessments are used to identify the estimated hidden costs. This approach is different from the traditional management approach, since it takes into consideration the cost of the five noted dysfunctions that are not usually included in the financial sheets of the organization. Consequently, while adopting the traditional management approach, organizations make decisions without taking into consideration essential factors that influence their financial status (Savall, 2003). As also highlighted by Savall within this context, the socio-economic interventions included within SEAM can be looked at as a mechanism for examining innovative solutions, while aiming ultimately to reduce the dysfunctions experienced by the organization (Savall, 2007).

SEAM also emphasizes that the effectiveness and efficiency of organizations are directly influenced by their ability to associate classic management methods with the human and social aspect of their overall operation and sustainable performance (Savall, Bonnet, & Moore, 2002). The SEAM process is a transformative process rather than a traditional action research. It consists of conducting several steps as part of several phases and adopting different management tools to achieve the desired changes.

In addition, it is important to note within this context that SEAM interventions are based on the following three major principles (Savall, 2010):

- Generic contingency that allows for the uniqueness of each organization.
- Cognitive interactivity that relates to knowledge creation and can be enhanced through interaction between the organization actors and the SEAM consultants.
- Contradictory inter - subjectivity that emphasizes that actors perceive truth differently, and they all are right, according to their beliefs and perceptions. This principle allows consultants to accept distinctive opinions without having to show who is right or wrong.

In summary, the SEAM approach aims at helping organizations to understand that there is a possibility to transform hidden costs into productive matters that will benefit the organization and its members, as well as helping the concerned actors at the different levels of the organization to design and implement projects to transform hidden costs into added value (Conbere & Heorhiadi, 2011).

In view of the experiences accumulated through the application of the SEAM approach over the past four decades, while targeting private and public organizations in different countries in the world and the documented successes, the SEAM approach will be adopted in this proposed research targeting the Lebanese Textile company which is a leading family business in Lebanon. The adoption of this approach is perceived to be relevant in view of its innovative and experimental nature. Compounded to the above is the fact that the tools proposed to be used through SEAM will respond directly to the expressed needs of the noted division.

## **RESEARCH METHODOLOGY**

### **A. Research Population**

Members of the Lebanese Textile Company across the different hierarchical levels.

### **B. Research Approach**

An Intervention - Research process, transformative and participatory in nature, will be adopted comprising the following main phases:

#### **1. Introductory and Gaining Commitment Phase:**

This phase will consist of meeting with the key executives at the Lebanese Textile Company to introduce them to the SEAM approach while also aiming at gaining their commitment to the process.

#### **2. Design Phase:**

This phase includes:

- A documentary review of all relevant documents available.
- A stakeholders mapping – A mapping of stakeholders relevant to this research will be conducted. The mapping exercise will allow identifying all concerned actors associated with the work of the division as well as their defined and interrelated roles.
- The definition of the list of questions and areas to be investigated and development of related tools.
- The development of a data collection and analysis strategy as well as a concrete work plan for the data collection and intervention phases.

#### **3. Assessment Phase:**

This phase will be an assessment of the current situations. The assessment will be done horizontally and vertically, starting with the leadership team and then moving down the hierarchical flow chart and working with a number of other teams. Within this context, the following will be done:

##### **a. Data Gathering**

- Collection of the data required will be undertaken in order to answer the research questions and to identify the root causes of the hidden dysfunctions as agreed upon at the design phase. Thus, the main areas to be investigated include (Conbere & Heorhiadi, 2011):

- For the assessment of the division context of operation: (i) working conditions; (ii) work organization; (iii) communication-coordination-cooperation; (iv) time management; (v) integrated training; (vi) strategic implementation; and (vii) others.
- For the assessment of the hidden costs and dysfunctions: (i) absenteeism; (ii) occupational injuries and diseases; (iii) staff turnover; (iv) non-quality; (v) direct productivity gaps; and (vi) others.
- For the assessment of the consequences of dysfunctions: (i) excess salary; (ii) overtime; (iii) overconsumption; (iv) non-production; (v) risks; and (vi) others.

Others areas to be investigated will also be identified further to the initial consultations with the company executives and the identification of other related needs to be addressed that not covered by the stated above areas of investigation.

A combination of the following qualitative methods will be used for data gathering and collection:

- Documentation and Secondary Data Review: This will include the review of relevant documents and other related references and material available at the national and international levels.
- In-Depth Interviews. Semi-structured interview guides will be employed in face-to-face interviews with the different key players at LTC.
- Focus group (FG) Discussions. FG discussions will be conducted with the different concerned teams aiming at obtaining the necessary information on the assessed indicators and briefing the concerned on the conducted assessments and interventions on frequent basis.

To ensure the validity of the data collected, a systematic triangulation of data sources and data collection methods and tools will be adopted coupled with seeking frequent exchanges of information with the concerned key officials.

#### b. Analysis and Synthesis Phase

The analytical plan will consist of analyzing the three types of qualitative data: (i) documents data; (ii) Interviews data; and (iv) FGs data. To analyze the collected data an iterative process will be adopted. This process will consist of the following four steps:

- **Data Review**

Before starting the analysis, data gathered from the different sources will be read thoroughly to gain a better understanding of the content. Initial impressions and remarks will be noted and referenced as per the source of the data.

- **Data Organization**

To render the collected data manageable and easy to navigate, the gathered and collected data will be grouped by data collection type, assessment measures, questions asked, and responding groups.

- **Data Coding**

Under each of the research questions to answer, preliminary categories/themes will be identified and coded prior to data review and analysis. These categories/themes and related codes will be then reviewed and refined while analyzing the data taking into consideration the common trends, patterns, and ideas that appear repeatedly throughout the data.

- **Data Interpretation:**

Data interpretation will consist of developing and completing the list of the key categories and themes identified, followed by the identification of similarities and differences in responses from the different target groups. The relationships between the different categories/themes will be also examined to determine how they are connected.

The results of the analyzed data will be fed back to the top management and other participants as deemed appropriate while using the mirror effect. This will be done with a view to validating preliminary findings and testing tentative conclusions and/or recommendations.

c. **Change Management Phase**

This phase will consist of identifying the necessary changes and ways to implement these changes aiming at decreasing the prevailing hidden costs and under performance. This will be achieved through the specification and implementation of change projects at the management as well as other actors within the organization different levels.

d. **Monitoring and Evaluation Phase**

This phase will aim to assess the effectiveness of the change process through the development and adoption of proper monitoring and evaluation plans and tools.

## TIME LINE FOR INTERVENTION

<b>Name</b>	<b>Task</b>	<b>Start Date</b>	<b>Duration (days)</b>	<b>End Date</b>
	Learn Social Science Research Method	Nov-16	5	19-Nov-16
	Proposal and Presentation	Jan-17	19	21-Jan-17
	Learn SEAM Method	Jan-17	7	29-Jan-17
	Rewrite Proposal	Feb-17	60	31-Mar-17
	Quantitative Research Methodology and Design	Apr-17	29	30-Apr-17
	Conduct Quantitative Research + Tools	May-17	44	15-Jun-17
	Qualimetrics Principles and Practices	Jun-17	6	25-Jun-17
	DBA Preparations	Jul-17	9	30-Sep-17
	Research Engagement in Organizations + DBA Thesis	Oct-17	30	31-Oct-17
	DBA Preparations	Nov-17	90	31-Jan-18
	Strategic Management Control	Feb-18	27	28-Feb-18
	DBA Preparations	Mar-18	90	31-May-18
	Advances in Socio-Economic Interventions	Jun-18	29	30-Jun-18
	DBA Preparations	Jul-18	9	30-Sep-18
	Publishing Techniques I	Oct-18	30	31-Oct-18
	DBA Preparations	Nov-18	90	31-Jan-19
	Publishing Techniques II	Feb-19	27	28-Feb-19
	DBA Preparations	Mar-19	90	31-May-19
	Doctoral Conference Participation	Jun-19	29	30-Jun-19

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