SEAM IN KINGDOM OF SAUDI ARABIA
CASE OF A TELECOMMUNICATION COMPANY

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ABSTRACT:

The study aims to introduce SEAM (socio economic approach to management) into a multi-activity family business and based in the Kingdom of Saudi Arabia (KSA). It aims to help the cooperation in minimizing the hidden cost and to highlighting the untapped potential that are not expressed in the company’s financial statements. This provides the upper management with less than accurate information to base their decision on. Moreover, the study will introduce the SEAM tools into to better the effectiveness and the efficiency of the actors then develop a comprehensive internal and external strategy that will lead the company to more success and even better social awareness.

Keywords: SEAM, intervention, dysfunction, hidden cost, human potential

INTRODUCTION

This paper aims to study the socio economic approach to management in multi-activity Company. It takes the case of CONTEC as a study model. It is particularly interesting to assist this company in dealing with the diversity of its activities that it is involved with, especially when it is growing to be ranked between the top 10 companies in the Kingdom of Saudi Arabia (KSA) for the past few years. These changes brought a lot of challenges that the company is currently trying to overcome. The study will introduce a new approach to management, unique methodology and a variety of tools that will assist in making the operation of the company smoother and more effective. The study will calculate some of the hidden cost and the untapped potential in different business units. The study will discuss some of the dysfunctions in the company and offer technics that if used periodically, could minimize the effects of those dysfunctions before they get inherited into the new organizational changes.

Contec is particularly interesting as a consulting case because it represents an especial model that combines being a family owned business style, involved in a diversity of projects and has very special human resources operation system. Moreover, Contec operates in a unique work environment be it the rules and regulations of the country where it is operating, to the general internal diversified work environment. Contec is a challenging case in a lot of measures, from the
number of personnel, to the diversity of activities to the geographical spread to the management style.

LITERATURE REVIEW

Action Research

“If you keep doing what you’ve been doing, you’ll keep getting what you’ve been getting” Bass (1985). This statement not only challenges the status quo of any social organization, but also it encourages creativity, exportation of new ways of doing things and creation of new opportunities to learn. Savall and Zardet (2011), Lewin is the father of action research. In 1948, Lewin raised the idea that social practices could only be understood and changed by involving the practitioners themselves throughout an inquiry. McGinty (2006) said that action research is a practical approach to professional inquiry in any social situation. McKernan (1991) suggests that Lewin considered action research to be a form of rational management or social engineering.

According to Richard Sagor (2000), action research is a disciplined process of inquiry conducted by and for those taking the action. The primary reason for engaging in action research is to assist the “actor” in improving and/or refining his or her actions. In 1986 Carr and Kemmis describe action research to be about; improvement of practice, improvement of the understanding of the practice and improvement of the situation of the place of the practice.

On the other hand, as much as the action research is highly regarded in the modern world of research it is not without limitations. Waters-Adams (2006) stated that the reflection of reality from the actors is limited, and the researcher can only seek the views of others to collect the data. In that sense the action research is limited to the epistemological necessity for the collaboration in the interpretation of data. Carr and Kemmis (1986) noted that AR (Action Research) is a critical educational science; in a sense that the more you gather data from the actors in the organization, the nearer you could get to useful information. Practices could only be understood and changed by involving the practitioners themselves throughout an inquiry. The aim of the practitioner research, however, is to solve a problem already identified from the outside. Moreover, Waters-Adams (2006) noted that the results produced by the action research cannot be generalizable. Waters also stated that the analysis within action research is about possibilities, not certainties. It is not about why things have to be as they are, but rather what possibilities for change lie within a situation. The more important limitation to action research is that actors might find the procedure time consuming and adds to their own practice responsibilities (Bailey, 1999; Hine, 2013, Wong, 1993). In addition, the researchers are themselves an interested party in the research, which might affect the validity of the collected and analyzed data (Waters-Adams, 2006). This idea is second by Brown (2002), who suggested that researchers and actors should distance themselves from the situation being researched, to be able to attain an objective view point.

Carr and Kemmis (1986) stated that, “The twin assumption that all ‘theory’ is non-practical and all ‘practice’ is non-theoretical is entirely misleading...
‘Theories’ are not bodies of knowledge that can be generated out of a practical vacuum”. This theory is also expressed by Johnson (2012), who said that action research is a way to fill a gap between theory and practice. Osterman and Kottkamp (1993) said that Action research is an effective means to ensure professional growth and development. Furlong and Salisbury (2005) noted that action research stimulates change in thinking and practice, as well as it promotes self-improvement and self-awareness. Moreover, String (2008) noted that action is especially based on the value that generalized solution is not appropriate for all work situations. Finally, Hine (2013) observed that “Through repeated cycles of planning, observing, and reflecting, individuals and groups engaged in action research can implement changes required for social improvement”.

**SEAM**

In France, a new tradition has evolved, the Socio-Economic Approach to Management (SEAM). This movement is based in the Socio-Economic Institute of Firms and Organizations ISEOR. The Research in ISEOR, began in 1973. According to Conbere and Heorhiadi (2011), the SEAM process is referred to as Intervention-Research and is a more transformative process than traditional action research. SEAM shares many of the beliefs and practices of American Organizational Development, but adds some premises and practices that make this approach quite distinct. The importance of SEAM is derived from its beliefs and principles.

For instance, one of the important principles of SEAM is that it resists the idea of laying off people. Not only it is believed that is a bad for the moral of the employees but also when the economy is better it will be very costly to employ new people. Moreover, it contradicts with the ethical principle of treating employees with dignity and love. On the other hand SEAM believes that uncovering the untapped potential in any organization is a better approach than the downsizing because it gives the employees a feeling of belonging rather that treating them as human capital and it increases profitability. Another SEAM important concept is that it engages the organization actors themselves, instead of waiting for an outside consultant or group of consultants to dictate the changes in the organization.

Savall and Zardet (2008), believe that “A cost is said to be hidden when it does not explicitly appear on the company’s information system, such as the budget, financial accounting, and cost accounting, or in the usual ledgers and logbooks”. Hidden costs include “absenteeism, industrial injuries and occupational diseases, staff turnover, non-quality, and direct productivity gaps” (Savall, Zardet, & Bonnet, 2008, p. 49).

The intervention begins with the commitment of top management and modeling of new practices, and then moves on to extend the intervention to the rest of the organization. After the first intervention with the upper and middle management a “mirror effect” takes place where all the analyzed data is exposed to the top management. In Levin’s language, this is the “unfreeze” stage of the top management where the feelings of shock and surprise will be mixed up. At this point, actors in the intervention need to believe that their well-being is the
priority in this possess and that their long term interest is the main concern of the intervention.

Seam sees that different people see truth differently and for a change to be effective it has to involve the actors in the organization. The cost of the dysfunctions is not included in the balance sheets of the organization, or in the loss/profit accounting of the budget, that means that the management is taking decisions based on incomplete data. Showing the effect of the hidden cost will have a lot of indication about the return on investment. Different sectors of business get affected differently with the application of the SEAM. For instance, Savall (2003) mentioned that in the electronics manufacturers there are hidden costs of €46,000 per capita per year (220% of payroll).

The Seam lay between the two schools of management. The British which put more emphasis on the changing behavior and the French approach that emphasis the changing structure. Seam believes that the change should include both. On the other hand the SEAM method assumes that the employees are central to the current and future performance of the company, and they give (or withhold) their say and energy in service of that pursuit. (Worley and al, 2016). SEAM is concern about the way that the employee are treated and valued which is very much imbedded in the culture of Contec, the company that is the subject of this study. Because, one of the main principles of the company is “no layoffs”, the company believes that this principle is from the core of its Islamic teaching. Islamic teaches that workers should be given proper and just wages on time. Exploitation of any person is not allowed in Islam. Allah says, {To the Madyan people we sent Shu`aib, one of their own brethren. He said: “O my people, worship Allah; you have no other god but Him. Now has come unto you a Clear (Sign) from your Lord. Give just measure and weight, nor withhold from the people the things that are their due; and do no mischief on the earth after it has been set in order: that will be best for you, if you have Faith.} (Al-A`raf 7: 85) Workers should also be paid on time. It is reported that the Prophet (peace and blessings be upon him) said, "Give to the worker his wages before his sweat dries.” (Ibn Majah) These extracts are among a lot of others that promotes fairness, dignity and proper job description.

METHODOLOGY

Presentation of the Company

Osotimehin et al. 2007 argues that the telecommunication sector functions in any economy has a strategic role that aims at promoting economic growth and has important linkages with other sectors. A lot of discussions are based on the fact that the development of a modern nation to its full potential in the modern economical world can never be achieved without reliable telecommunications infrastructure (Teller et al., 2007; Osotimehin et al., 2007). Most of the developed economies such as U.S., Japan and China had regulated their telecommunication sectors to allow more investment. This key action resulted not only in improving telecommunication capabilities but also increased foreign investment, which lead to a boom in private sector development, then naturally more employment opportunities and better education and training facilities got
also developed (Osotimehin et al., 2007). According to World Business Console for Sustainable Development (WBCSD) (2015), “Business is a major driver of socio-economic impact – and socio-economic impact is a major predictor of business success”. Moreover (WBCSD), states that the growth of people in the company is the most important matter, because it influences the customers happiness and the healthy relationship with all the stakeholders. As a result, more companies are now interested in measuring their socio-economic impact to reduce cost and risk, and to create opportunities.

CONTEC is a Saudi company that was founded in 1995. The company includes over 2000 employees now, it has branches all over KSA, and it has sister companies in many other Arabic countries. The mother company was created in Lebanon; its activities were mainly focused on telecommunication including hardware and software installation. CONTEC followed on the founder company footsteps. But unlike the mother company, CONTEC activities became much more diversified in nature and in size.

CONTEC is a family business owned company, this family environment can very much be sensed of the ease in the interaction between the upper management and all the body of the company. This approach can even dictate some of the organization’s policies, for instance the limitation in terminating the services of the employees.

CONTEC is classified as a class 1 company in the KSA. Due to the saturation of the market in term of installing big telecommunications projects, the company developed an interested in the construction and maintenance market which dictated a lot of changes. Currently the company is going thru a major merge and organizational restructuring, which is putting additional stress to the day to day work and responsibilities. The company’s aim is to be a leader in providing turnkey projects in procurement, construction and solutions. CONTEC has a solid platform; it has customers in Saudi organizations in government, banking, telecom, manufacturing and distribution.

**Intervention & Research Protocol**

The methodology that will be followed is created to maximize the knowledge and the familiarization about the company and the actors involved. It is important to note that the company is involved in different activities and that it’s organizational chart in very horizontal. The study will be particularly interested in the engineering business unit. But in the first phase of the intervention there will be meetings conducted with the upper and the middle management, of different divisions in the company. During those meetings more information about the nature of the activities of the business and the day to day challenges that are being faced studied deeply. Moreover, these meetings will allow the collection of a lot the data needed, while a kind of trust and familiarity will be built in the process that will help in the following phases of the study. The second step will be treating the data collected during these first interventions, and present it in, what is called, a mirror effect meeting. Treating the data is mainly studding it, and categorizing it into the six main dysfunctions of SEAM, time management, strategy implementation, training integration, work condition, work organization, communication, coordination, cooperation. The mirror effect meeting will generate the different baskets that will address the pivotal ideas and
will work on finding solutions to those ideas by the actors in the supervision of the researcher. At this point some of SEAM’s tools will be presented in parallel to the basket treatment. A third phase of the study will be launched, which is the vertical intervention phase. It will involve again the upper and middle management and add to it the lower management and the subordinates of one of the business unit in the company. The collected data will be treated and presented in a second mirror effect meeting. With the difference that those interviews will focus on the department and on finding the hidden cost of each dysfunction that is found. At this stage a lot of unique data will be presented and a lot of dysfunctions would be discussed in the baskets. Those baskets are supposed to generate some customized solutions that will fit the actor’s needs and wants. Those solution would be presented to upper management to take the appropriate decisions. Those decision would help the company to be more effective and efficient in the day to day work. Should the company choose to go forward in the study; the recommendation stage will follow to introduce more of the SEAM tools and to explain how to take advantage of the findings and how to actually implement the SEAM approach to management in the company.

CONTEC is a well-known company in the local and national community, and that is an important element that attracted me to study CONTEC. At first approach the CEO was very open to the idea and immediately arranged for a series of interviews with key people in the company to familiarize me with the details of all the businesses that take place in the company. The first interview with the Chef Financier Officer was done back in January 2015, he gave the overview of the company with all the details possible at the time. In February, 2015 a presentation in Balamand University, Koura, Lebanon, was conducted about CONTEC, the business activity of the company and the different options where we could conduct the study. At the time, Dr. Bonnet and the ISEOR representative advised to go forward in studying the engineering department. The ISEOR representative encouraged to start with the horizontal intervention and gave some advices on how to conduct the meeting. Another meeting with the ISEOR representative was held in the King Khalid airport in Riyadh KSA, he gave the guidelines on how the horizontal interviews should be conducted and how the mirror effect will follow it.

The horizontal interviews took place during the month of March and April 2015, around 12 interviews were conducted with the upper and middle management. Each interview took around one to two hours, and a thorough explanation about the responsibility of the interviewee was presented and all the dysfunctions that he sees in the company in general and particularly in his department. During the interview, an effort was made to talk about all six dysfunction groups; notes were taken on the spot to register all the ideas that were discussed.

At the moment a thorough analysis of the information is being conducted according to the seam methodology. After having collected all the witness sentences from the upper and middle management in the company a categorization and a sub categorization process is being done. This process is supervised closely by the ISEOR representative via emails and phone calls in the past several weeks. The second step in the study will be to gather all the information that was collected and categorized to create a document that will serve in presenting the ideas in the mirror effect meeting. This meeting is
supposed to include the CEO and all the people that were interviewed. The aim of this meeting is to clarify all the dysfunctions that were detected. Some of the ideas will need to be addressed and clarified on the spot and eliminated from the list, and others will have to be studied deeply and it will constitute the main subject of research. In an advanced stage, the vertical intervention will take place, this intervention will be addressed to the lower management level and its subordinates, some interviews will be conducted on one to one bases and others will be in the form of focus group meeting.

EXPLORATORY FINDINGS

Although the intervention is still a work in progress, a lot of interesting finding will be discussed here. As it was mentioned earlier most of the upper and middle management got interviewed, and a lot of data has been collected. All witness sentences are grouped under the six categories of dysfunction: Work organization, Work Condition, Communication-Coordination-Cooperation, Time Management, Integrating Training, Strategy Implementation. In general, some of the categorizes where richer in comments and in witness sentences others were merely touch on by the actor’s interviews, in the following some of the important issues that were revealed during this first interventions

**Horizontal Diagnosis of Dysfunctions**

| Working conditions | “Adjusting the seating together will let us lack decision making process”
|                                 | “We need to give the ladies proper seating arrangement”
|                                 | “HR should do orientation to make people comfortable”
|                                 | “The company could offer memberships like health clubs”
|                                 | “Brunch use to be nice motivation but doesn’t have clear schedule and do not exist anymore”
|                                 | “We should create a culture of multitasking”
|                                 | “You need to improve friendship among employees with sports”

| Work organization | “My religious background don’t allow me to lay off people”
|                                 | “Delays in decision making, be it hiring, training or other, lead to penalties”
|                                 | “We need to have a company policy book”
|                                 | “Bonuses are not clear”
|                                 | “Need to find protocols for the exceptions”
|                                 | “We don’t have enough incentives to motivate people”
|                                 | “How do I like you I will pay you?”

| Communication, cooperation, consultation | " the communication level is less than the standard of the communication”
|                                 | “Miscommunications lose a lot of time”

Communication problem because of lack of transparency”  
“we have to improve the reporting:- timing, systematic-quality”

| Time management | “My first major problem is Efficiency”  
“No R& D, cause management is too busy in the day to day operation”  
“I have a lot of time limitation”  
“We don’t invest time properly”  
“If I am working 80% of my time means I am useless”  
“The company resources are not fully utilized”  
“We lack creativity and innovation” |
|------------------|----------------------------------|

| Integrated training | “We have major lack of training that is preventing us from giving promotions”  
“Communication and time management skills training is needed”  
“Training does not exist unless it is needed”  
“Problem in accepting the training” |
|---------------------|-----------------------------------------|

| Strategic implementation | "Too many organizational changes 4 to 5 from 2010.”  
"Family business orientation no lay off.”  
“we lack the concept of strategic planning”  
“not 100% strategy implementation” |
|---------------------------|--------------------------------|

It could be seen from the preliminary reading that a lot of work needs to be done concerning the Communication, Cooperation and Coordination, the work organization, time management and the training offered. On the other hand, the work conditions seem to be more satisfying to some extent but the strategy implementation need a lot of attention from the management team and have different conceptual views that differ from one person to another. The general atmosphere is that the actors in the company are willing to do its best to promote the social responsibility and to get the company into a better and more beneficiary position in the market. This attitude can be sensed in all the different departments and encourages further study.

Horizontal Project

After conducting the 14 interviews with steering comity and with middle management, a mirror effect presentation was presented. The fields quote notes were classified by category of dysfunction. From this categorization, the pivotal ideas immersed. Six baskets were suggested and they were all adopted by the CEO who assigned a steering comity member to each basket.
Basket one was Social/ professional environment, the pivotal ideas of this basket were

1- Staff is feeling a gap in the social relation with the management
2- There is a lot of personal touch among different levels of management.
3- Staff is not acting as a team.

This basket was a little late to start, the head of the basket started applying very good ideas but without the focus groups and within his department alone. It took some efforts to transfer the activity of this basket to include the whole company instead of one department. It was decided that the brunches once a month on campus will be organized, a Facebook page will be created to help socializing and bringing people closer, a discussion about creating an employee lobby to approach some big retails and banks to cut a deal for Contec employees. Many other ideas are being discussed while some are already in the execution stage.

Second Basket is the internal Communication, Cooperation and Coordination to deal with the miscommunication, the transparency, the cooperation and coordination between different department, transition of information timely and quality wise. Four meetings were done to discuss these issues, a code of conduct was pulled and is being revised, and email protocols were discussed. After a while people didn’t attend the meeting of this basket especially that it was the end of year holiday, so it was stopped and the problems that were identified without solution were noted.

The third basket was work flow and bureaucracy, it was meant to deal with the ERP software not used properly and there is too much signature and delays to the procedures. The baskets was very late to start but at last a big meeting, that includes a representative from each department was present, was conducted and a lot of issues in details were tackled like the exit reentry and the vacation application, the work flow signature process.

The forth basket was the integrating training; a lot of employees expresses the importance of training and the lack of training in the company. This basket gathered the entire department and started the project of making a list of the employees in every department, studying the history, mentioning the career advancement of the actor then the training needed. The aim is getting the training needed for all the company then sort it and decide the priority of the training in the company. This project is being worked on the different department in the company, still no concret data was not relayed and the project is a little late at this stage.

The fifth basket is the strategic orientation. Although it is getting a lot of attention, this basket is related directly to the CEO, he is the head of the project but very minimal progress was done here. The aim at this point is to get every department involved in shaping the internal and external strategy of the company. Some communication was done in this concern but no focus group meeting was scheduled yet.
**Vertical Diagnosis of Dysfunctions**

The interviewed started by the head of the department then the middle management to include 3 other managers, field notes were gathered and categorized by type dysfunction. In the following, some statements in each category.

<table>
<thead>
<tr>
<th>Working conditions</th>
<th>“We are physically far from each other”</th>
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<tbody>
<tr>
<td></td>
<td>“Brainstorming problem, because we have space limitation”</td>
</tr>
<tr>
<td>Work organization</td>
<td>“Shifting Job, to a call center, Network, Software developer.”</td>
</tr>
<tr>
<td></td>
<td>“We work from 8 to 12 midnight”</td>
</tr>
<tr>
<td>Communication, cooperation, consultation</td>
<td>“Problem in the Internal communication, I sent tickets and emails but nothing is done.”</td>
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<tr>
<td></td>
<td>“No time frame set from missions with other departments”</td>
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<tr>
<td>Time management</td>
<td>“We have overlapping vacation because of overlapping timing”</td>
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<tr>
<td></td>
<td>“Some employees are not organized.”</td>
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<tr>
<td>Integrated training</td>
<td>“Waist of resources we have to train people well and put them in the right position”</td>
</tr>
<tr>
<td></td>
<td>“We are discovering the project and we are learning during the project.”</td>
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<tr>
<td>Strategic implementation</td>
<td>“I set the strategy with in my area”</td>
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<tr>
<td></td>
<td>“No strategic feedback”</td>
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</table>

**Vertical Diagnosis of Hidden Costs**

Calculating the hidden cost is the clearer method to catch the attention of the upper management about how much they are spending on hidden cost. Cost that is not reflected in the any of the financial statements generated from the accounting or finance department in the company. In this phase of the intervention some of the hidden cost was calculated with actors and here is some of the figure. It is important to note at this point that the hidden cost of the department is still work in progress and what is expresses in the following is an preliminary attempt to quantify the effect of each dysfunction in this department.

- Hiring less qualified people 108,000 Saudi Riyals
- 3 C with Finance 86,400 Saudi Riyals
- Hiring and training new comer 60,000 Saudi Riyals
- Total 254,400 Saudi Riyals per year = 67,840 US Dollars
- Other quantified cost is related to increasing the performance
- Understaffing is costing the department 20% of the performance.
Hiring the bad people is costing 50% of the performance

Lack of training is costing us 70% of the performance

Lack of social interaction is costing 5 to 10% of the performance

**DISCUSSION**

Although the study still ongoing, it was nothing less than an eye opener for all the company’s management body till now. From the first time the CEO was approached with this new concept of socio economic approach to management, he was very interested, gave way for the study in the company, and was fully supportive.

Upon presenting the first mirror effect, a direct discussion about the matters on hand started and a lot of new information and new issues started to emerge. Being on one table all the steering comity with CEO, with all the problems staring at them in the eye. The CEO discussed all the problems and assigned a member to lead each basket that was proposed. And our journey began. For me it was like deja vu experience, where I was told by my supervisor that they will start stating the unsaid problems and the taboos and more core reasons will start to emerge. And I can see that exactly happening in front of my eyes. It was the turning point where I turned into a complete believer in the SEAM methods.

After that, the basket began smoothly for some more then the others, but working with all the actors was very enriching for me and for them. After the self-assignment time management and competency grid work shop, new reactions were noted and a lot of educational stage began. In the following I’ll share some of the most remarkable reactions that I was faced with. One manager didn’t know that what he is prioritizing is not even in his job description and should be delegated to make way to more important tasks. A lot of actors expressed their surprise during filling up the time management grid; they felt that they are not spending enough time to strategizing and that they should make space for that. One manager was surprised how little he spends on his job versus regulating emergencies and answering the interruption from others. Moreover, filling the competency grid was a little difficult for the actors, but when it was filled, they said it was very useful to see all the competencies of the subordinates in one sheet and very helpful for the decision making after that.

As a researcher I found the procedure self-enriching. Where you expose the findings and customize the solution as the actors and the culture of the company needs and allows. In my case I am running the intervention in a slightly special environment I could even say a unique one. I face some challenges that need some creativity and being part of this culture for so long I was able to pull it all the time. The main problem I am facing is the resistance of some actors to believe in the new approach and that goes back to two main factors. One this particular intervention is a research and not a consultancy, which gives it a bit less attention from some top managers in the company. Second, some managers don’t see the big picture rather the picture is revealed very slowly and based on need to know information, which make them feel they are losing control to
something very young and very ambiguous for them. But on the other hand, other managers are feeling the importance of new and innovative ideas that they believe will be very useful for them. In particular the hidden cost approach, it is a new and very practical way to see the effect of each action on the revenue of the department. More tools and discussions are coming CONTEC way and I will have more to say about the acceptance and the changes that it is will bring to the company.

CONCLUSION

In conclusion Contec is a very good candidate where introducing and implementing SEAM could benefit the company in different aspect. Contec is very well known for its respect and loyalty to and from the company to the actors, and strive toward innovation and agility. In fact, the preliminary first interventions were very positive in a lot of aspect. A lot was learned about the company and a lot was discussed in terms of the expectation of the intervention. The intervention is benefitting greatly the company be it on the self-awareness of the actors toward their own personal education or their awareness toward developing the priority plan that will contribute to better the effectiveness culture in Company as a whole.

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