UPGRADING CORPORATE GOVERNANCE REGULATIONS TO FOSTER SUSTAINABILITY: AN INTERVENTION RESEARCH PROCESS IN SUPPLY CHAIN RESILIENCE

Rony SAAB
ISEOR Research Center
University Jean Moulin Lyon 3
(France)
University of Balamand
(Lebanon)

ABSTRACT:

Governance and management are factors of performance in any operation, and particularly in supply chain. Through the application of the Socio-Economic Approach to Management research methodology (SEAM) to investigate the impact of approach to governance and management in a logistics business, it was established that a socio-economic approach to governance as well as management is a requirement for sustainability.
Traders and transport providers worldwide aim to optimize the process of planning, implementing, and controlling the efficient and effective flow as well as storage of goods, services, and related information from point of origin to point of consumption.
The improvement of supply chain governance and management relies not only on equipment and hardware for sustainable performance but also on human development and improvement of personal and social performance.
A group of transport providers, Shipping Lines Companies (SLC), will be taken as a case study in influencing efficiencies in shipping and other forms of logistics, using SEAM methodology with heavy emphasis on change management and governance for sustainable growth. This study also shows that corporate governance, which encompasses socio-economic approach to management to a growing extent, is applied to a broad form of monitoring of corporate activities which are inclusive of the societal impact as well as the impact on the natural environment.
In this paper, we will examine and elaborate key elements of governance and sustainable management, mainly socio-economic governance and socio-economic management, moving from theory to practice as a condition for sustainability. The result is a framework of theory and practice for sustainability.

Keywords: governance, management, supply chain, sustainability, socio-economic approach to management

INTRODUCTION

Organizations face increased pressure from their stakeholders to incorporate further corporate responsibility and sustainability aspects in their constituents' business practices. Such socio-economic governance, relying on improvement of personal and social performance, ensures sustainability in supply chain management practices and corporate growth.

In the broadest sense, governance is the practice of leadership supporting decision-making that defines expectations, grants power, or verifies performance. The practice of corporate governance is a set of processes, customs, policies, and laws affecting the way a corporation is directed, administered, or controlled. (Eric & Annie, 2014). In the opinion of Al-Haddad et al. (2011), corporate governance essentially entails the way and manner through which the parties interested in the welfare of the organization, that is the stakeholders of the organization, make an attempt at ensuring that those who manage the organization and other insiders are constantly taking the right measures or adopting the right mechanism in a bid to protect the interest of the stakeholders. These kinds of measures are essential as a result of the separation of ownership from the management of the company, which is increasingly crucial as a feature of modern corporations. While Al-Haddad et al. (2011) and Eric & Annie (2014) both see corporate governance as a tool of control over the firm or organization, only Al-Haddad et al. (2011) iterates the fact that the motive for corporate governance frameworks within any organization is the protection of stakeholders. In the opinion of Fontaine (2006), stakeholders refer to groups of individuals that are crucial to the success and survival of the organization or company. Fontaine (2006) also defines stakeholders as any group or a set of individuals that are affected by or affect the achievement of the objectives of the organization.

Corporate governance traits include leadership, vision, high moral and ethical standards, professionalism, aptitude and experience, personal qualities, sustainable active contribution, assuredness, courage and inquisitiveness, commitment to organizational principles and values, and objectivity. All those traits are exercised through a socio-economic management that lives up to and consistently performs within those mentioned set of traits and guidelines.

Organizations in both western and eastern societies tend to be infected by a system of destructive beliefs that is called a virus (John Conbere, 2012). Such has been visible through many interactions with Lebanese and Georgian organizations for the last 15 years. The socio-economic theory of organizations (Savall, 1973; V., 2006) has named this virus as TFW, in reference to the promoters of these ideas that allowed the virus to grow and dominate: Taylor, Fayol, and Weber. Be it a family business where the founding fathers are mainly the decision makers or a fully fledged organization with standard governance and management guidelines, the results with this virus are almost the same with the belief that some actors are superior to others, and often this belief is prevalent in leaders. This belief of superiority creates in people arrogance and the tendency to exploit people in the workplace resulting in selfishness, egocentrism, non-cooperation, a technocratic approach, and destructive organizational inner politics (John Conbere, 2012). All tend to fall into the TFW virus if no rigorous and consistent socio economic governance is in place. The causes of many problems and hidden costs in organizations are due to the lack of cooperation between people and the condescending behavior of management towards their employees (Cristallini, 2011).

With respect to supply chain, Habib (2014) iterate the fact that the management of supply chain enables business organizations in competing in the dynamic international market. Habib (2014) also notes the fact that the management of supply chain aims at incorporating or harnessing activities within and across organizations in a bid to provide the customer with value. This cuts across both the profit oriented and non-profit organizations, with the aim of providing the society with value by producing high quality output in the form of products of services. In an attempt to describe what supply chain management entails, Rouse (2010) is of the opinion that supply chain management flows can be divided into three main flows. These are product flow, information flow, and finance flow. While the product flow encompasses the transportation of goods from a supplier to a customer, including any returns from customer or service needs, the information flow encompasses the transmission of orders and the updating of the delivery status. Rouse (2010) also points that the financial flow encompasses credit terms, payment schedules, as well as arrangements on consignment and title ownership. These description by Rouse (2010) provides a holistic description of what is entailed in the process of supply chain management.

In order to manage supply chain growth from a socio-economic plateau, supply chain management must ensure that local and international practices comply with stakeholders' expected codes of conduct in social and environmental wellbeing while sustaining profitability. This is achieved by creating a strategic fit between sustainable performance and the continually changing supply chain risks. Such a strategic fit is referred to as "supply chain resilience", defined as "the capacity for a supply chain to survive, adapt, and grow in the face of turbulent change" (T. J. Pettit, 2010). This resilience is anticipated to oblige certain forms of supply chain management socio-economic governance, which entails the structures and processes by which sustainable supply chain constitutes power sharing while shaping managements' individual and collective actions.

With respect to sustainability, Kuhlman & Farrington (2010) are of the opinion that sustainability may be referred to as the maintenance of the well-being over a lengthy, or an indefinite time period. Although this largely encompasses the environmental aspect of the triple bottom line, it is crucial to note the fact that the environment and sustainability are not synonymous. However, in the opinion of Rosano (2008), however we choose to define sustainability, one thing is certain, which is the crucial need for human society to confront the challenges it faces will end up changing the pattern with which we all compete, work, and live. Also, it will have implications at an extraordinary level for both organizations as well as the individuals who lead them. In the opinion of Rosano

(2008), the work processes, competitive strategies, organizational models, and leadership methods are all going to be affected.

A group of transport providers, Shipping Lines Companies (SLC), will be taken as an example where a socio-economic approach to management intervention will demonstrate one exemplary aspect of moving from theory to practice as a condition for sustainability. Using SEAM methodology with heavy emphasis on change management and governance for sustainable growth, we will showcase how consistent socio-economic governance would result in a consistent socio-economic management, limiting the TFW virus within an ever-changing supply chain risk, thus reaching more supply chain resilience and ultimately organizational sustainability.

This paper contributes to research in the fields of supply chain management sustainability through exemplifying notable SEAM findings as a result of resource accumulation of learning processes over time referred to as cognitive interactivity (Henri Savall, 2011), which includes knowledge production between the intervener-researcher and the actors-employees inside the organization. The following section discusses a brief literature review and theoretical background of the proposed framework, then findings in the SEAM intervention process in order to showcase the move from theory to practice as a condition for sustainability.

THE CONTEXT

Supply chain: resilience and sustainability

A supply chain is generally conceptualized as a network of companies from suppliers to end-users, which have the intention of integrating supply/demand via coordinated company efforts (R. Frankel, 2008). Such company efforts are driven by certain factors that are classified into (H. Mann, 2010): external to the business such as legislative and environmental drivers, internal to the business such as financial drivers, internal business process drivers, and the drivers related to the customer. These drivers represent a risk and a potential to affect positively or negatively the company’s economic, environmental, and social performance output.

In the opinion of Rouse (2013), a supply chain can be referred to as the network of all individuals, resources, organizations, technology, and activities that are involved in the process of creating and selling a product, spanning from the delivery of the source materials by the supplier of the material to the manufacturer of the product, all the way through to its final delivery to the end user. The supply chain aspect entailed in acquiring the final product from the manufacturer of the product to the consumer of the product is known as the distribution channel (Rouse, 2013). While Frankel (2008) and Rouse (2013) both lay emphasis on the fact that supply chain is a network and that it focuses on movement from the supplier to the manufacturer, and then to the end user, Frankel (2008) fails to recognize the hoslistic nature of the components of this network, unlike Rouse (2013) who acknowledges the fact that the network entailed in supply chain encompasses individuals, resources, organizations, technology, as well as activities. Rouse (2013) also states the fact that Supply

Chain Management (SCM), or the management of the supply chain of an organization, entails the oversight or the overview of information, materials, as well as finances as they move in a process from the supplier to the manufacturer to the wholesaler to the retailer and finally to the consumer. Rouse (2013) also emphasizes the fact that the three major flows involved in the supply chain are the flow of products, the flow of information, as well as the flow of finances. Supply Chain Management entails the coordination and the integration of these flows both among as well as within companies.

A supply chain management literature is described in three main components (triple bottom line): the natural environment, society, and economic performance (C. R. Carter, 2008). This paper will address two main components; these being society and economic performance.

Sustainability on the other hand has been recently noticeable in the field of supply chain management by researchers and practitioners such as (M. E. Pullman, 2009) and (T. J. Pettit, 2010) who proposed that sustainability must be addressed as a competitive priority that should be manifested, in part, through the supply chain management practices, such as supplier selection and retention decisions, cost benefit scenario, and constant attention to bottom line. Such governance practices are geared to capture economic goals that may often come to odds with social management goals. Such tradeoffs ought to be accounted for and overcome by socio-economic governance and management practices that SEAM intervention tends to manage on each level of the organization while aiming for constant and long-term benefits.

With respect to the definition of sustainability, Mason (2016) defines it as the study or the examination of the way via which natural systems function, maintain their diversity, and produce or generate all that they require for the ecology to remain balanced. Sustainability in supply chain can be classified into three types. These are economic, social, and environmental sustainability. Economic sustainability in supply chain can be defined as the ability to support a specified level of economic production indefinitely (Thwink, 2014). In the opinion of Goodland (2002), economic sustainability can be defined as the maintenance of capital. Therefore, economic sustainability in supply chain can be seen as the coordination of supply chain activities in a way the aids the maintenance of capital. In the opinion of Thwink (2014), social sustainability can be defined as the capacity of an organization or entity to operate at a definite level of social wellbeing indeterminately. Social sustainability activities in supply chain entails product and process aspects that impact on the safety of humanity, their welfare, and the protection from harm (Mani, 2015). Environmental sustainability in supply chain refers to the ability to preserve rates of renewable resource harvest, pollution formation, and non-renewable resource exhaustion that can be continued indefinitely (Thwink, 2014). In the opinion of Lamm & Dimas (2016), environmental sustainability entails investigating the processes and practices of business in terms of people, planet and profit, and looking for ways to create a beneficial impact in each of these areas.

With respect to theories of sustainability and sustainable supply chain, one of the theories of sustainable supply chain management is the stakeholder theory.

According to the stakeholder theory, the actions of companies tend to affect both internal and external parties (Touboulic & Walker, 2016). Corporate social responsibility refers to the responsibility for a business to meet the expectations of its stakeholders. In order to ensure their survival on a long term and preserve their license to operate, organization must take into consideration the broad network of actors and/or stakeholders into their strategy.

A key theory of the environmental aspect of sustainable supply chain management is the Resource Based View (RBV). According to this theory, the sustainable competitive advantage of a firm emanates/arises from its resources that are valuable, rare, inimitable, and non-substitutable, as well as the exclusive way they are exploited via core capabilities (Barney, 1991). Another theory is the Natural RBV theory, which holds that a combination of environmental and social challenges that exist with business capabilities constitutes a source of competitive advantage (Hart, 1995).

With respect to resilient supply chain, Melnyk et al. (2015) define supply chain resilience as the capacity or the ability of a supply chain to jointly resist disruptions while at the same time recovering operational capability after the occurrence of the disruptions. According to Melnyk et al. (2015), resistance capacity refers to the ability of a system to reduce the impact of an obstruction by either completely evading it (avoidance) or by reducing the time taken between disruption onset and the beginning of the recovery that occurs from that disruption. On the other hand, recovery capacity can be defined as the ability or the capacity of a system to return to functionality immediately a disruption occurs. The process of recovering the system is characterized by a phase of stabilization, which is brief, after which a return to a consistent state of performance can be sought after. The steady of state performance that is achieved may or may not have a need for the original performance levels, and depends on several factors of disruption and competition.

Supply chain: corporate governance and seam

Practice of corporate governance is defined as a set of processes, customs, policies, and laws affecting the way a corporation is directed, administered, or controlled. (Eric & Annie, 2014). Along the practice, the board of directors need to respond to the pressure of a constant changing environment and challenges organizations face throughout their lifespan, with a usual rise and decline of sales, budgetary capabilities, global market demand and supply, social and political effects, and always unexpectedly scrapping previously set budgets and expectations. Directors should focus on eight areas that result in generating the most value: (Salo, 2013) 1) strategy, 2) risk management, 3) tone at the top, 4) measuring and monitoring performance, 5) transformational transactions, mergers, acquisitions, partnerships, joint ventures, 6) management evaluations, compensations, and succession planning, 7) external communications, and 8) board dynamics. Usual boardroom issues are the role of the board vis-a-vis management, industry, market knowledge, flow of information, risk management, strategy and influence on management, leadership, and collective wisdom sharing with management on strategy and decision-making judgments.

Accountability and due diligence usually allow proper follow-up on performance and governance.

Corporate governance overseas has to deal with agencies performing the work on behalf of the principal through delegation of authority and control. This separation of ownership from control usually requires a contractual corporate governance. Many agencies tend to have more than one contractual obligation, thus representing other principals with different governance requirements. Corporate Governance 3 theories:

- Agency theory: Self-interested board of directors bring value to themselves, with board director acting as an agent on behalf of shareholder, having different agendas for shareholder and board director; overseeing operations and governance is difficult and expensive as to what the board director is doing on behalf of the shareholder. (Eisenhardt, 1989)
- Say on pay: There is a rule in corporate law that entitles shareholders to have the right of vote on the remuneration of board directors. In a corporation the board directors tend to overpay themselves as a matter of general management; the effect of this policy is usually determined by proxy votes. (Suing about say on pay, 2013)
- Stakeholder theory: The stakeholder theory defines different groups of interest that sometimes compete, while desiring the same end, which is to receive some type of benefit. (Morgan, 1994)

A board collectively possesses the transformational influence that establishes the value-based climate through which ethical values, ethical conduct, legal compliance, and social responsibility significantly influence employees' attitudes and behaviors as well as shareholders' perception (Arjoon, 2006). This socio-economic governance that aims for sustainable improvement both socially and economically is the responsibility of the board, on the governance part, and the responsibility of the management exercising the socio-economic management change. Such governance and management approaches will be tested using the socio economic approach to management.

The socio-economic approach to management is based on a set of values and a belief system about management that is different from traditional management premises. Traditional management features a fragmented analysis of organizations that is based on incomplete financial data and insufficient attention to the persons involved. SEAM factors both people and finances into analysis. Moreover, SEAM insists that the primary cause of employees' poor productivity is with the way employees are managed, bringing us back to the TFW virus. Management that focuses on reducing hidden costs and developing human potential quickly leads to increased profit and development of new opportunities (Henri Savall, 2011). SEAM begins with the leaders of the organization, assessing what is not functioning well, and correcting these dysfunctions. The interventions combine the diagnosis and correction with the introduction of management tools, assessment of hidden costs, and political and strategic aspects of the change process. All will be discussed and elaborated in this paper. At the heart of SEAM is the dual emphasis: reduce hidden costs and then develop the human potential of all the employees.

THE METHOD

Using SEAM approach which places heavy emphasis on change management and corporate governance that is aimed at sustainability, we will showcase how consistent corporate governance would result in a consistent socio-economic management, limiting the TFW virus within an ever-changing supply chain risk, thus reaching more supply chain resilience and ultimately organizational sustainability. The implications of this would mean improving time management, accountability and reward system, and organizational performance and agility. The organization would gain new competencies in integration and collaboration while encouraging employee engagement and personal development.

Supply chain management uses polycentric mechanisms deployable in multilayered institutions and supply chains to improve the fit between knowledge, action, and socio-economic contexts in ways that allow firms and supply chains to respond more adaptively at appropriate levels. The SEAM change process is described as a trihedron. One axis is the cyclical improvement process, one is permanent management tools, and one is periodic political and strategic decisions (Savall, H., Zardet, V., & Bonnet, M., 2008). This trihedron complements supply chain sustainability through the combination of all three into a systemic intervention that is designed for the whole organization rather than a part, weaving together the elements of repetitive and cyclical improvement processes, training in management tools, and work on political and strategic tasks (John Conbere, 2012).

Deploying the SEAM intervention process starts with the cyclical improvement process where the intervener-researcher enters the organization, gathers information through interviews at the organization's horizontal and vertical structure, teaches management tools, feeds back information through a mirror effect form for transparent reflection of current performance, promotes dialogue to achieve change through a steering committee, executes change through the creation of initiatives or baskets, and assures sustainability through the permanent management tools and periodic political and strategic axis.

A qualitative methodology through gathered opinions on the organization and working conditions, identified organizational dysfunctions, established description of the organization of the service and the workshop, validation of the first dysfunctions identified in a group meeting and steering committee, and discovering the dysfunctions that are not spontaneously cited, is integral to spotting the TFW virus and enhancing socio-economic management. Organizing the dysfunctions into themes helps to identify them throughout the interview. These are categorized into six themes: working conditions, work organization, communication-coordination-cooperation, time management, integrated training, and strategic implementation (Henri Savall, 2011). A quantitative intervention is undertaken, mainly a financial research aimed at calculating hidden costs such as waste of time, work disruption, and turnaround time. Also the impacts of wages, overtime, and non-production losses are all part of the quantitative measures. Starting with data collection, this was gathered from middle and upper management on the horizontal scale of Shipping Lines Companies organizational chart. All 7 line managers were interviewed for one hour each in addition to their chief finance officer and chief executive officer. Using SEAM diagnostics, the qualitative data were first collected through interviewing these personnel to identify dysfunctions according to the six themes. These themes are usually cascaded into more elaborated sub-themes whereby dysfunctions are highlighted from the interviews and grouped according to their relevant sub-themes. Around 120 dysfunctions were identified along with the witness statements from the interviewees, which are statements or answers to a theme or sub-theme.

HOW IT WENT: A CASE STUDY

Using the SEAM intervention process in SLC Lebanon, one of the major issues was found to be the indication of a TFW virus.

In the opinion of Hazelbaker (2014), the TFW Virus can be referred to as a metaphor that is utilized in the process of representing the notion that has been formed from the application of the work of Frederick Max Weber, Henri Fayol, and Taylor. It is particularly characterized by the separation of conception, maximal division of labor, and the execution in the workplace and depersonalization of jobs. Proof of the existence of the virus can be seen in depersonalization and submission that occurs in the workplace (Conbere et al., 2014). Depersonalization refers to a key element of the virus. In the opinion of Cristallini (2011), depersonalization is the perception or the view of the worker as a machine, or simply another piece in the puzzle. Depersonalization refers to the effect of not possessing individual approaches to work, while treating those in the workplace or at the office as though the individual is not important; another resource to be utilized that is capable of being replaced and interchanged with any other worker. On the other hand, with respect to submission, one of the essential or crucial concepts that underlies submission is the fact that individuals engage in a trade of their freedom for money. Essentially, they tend to engage in the selling of their work and a part of that agreement is the fact that they make their desires to be subservient to the needs and desires of the organization within which they work. In the opinion of Cristallini (2011), a symptom of the virus is the fact that submission is based on the assumption that the individual complies with the requirements, as a result of the fact that it accepts the principle of subordination, it is docile in nature and it waives his aspirations and his freedom.

Showing in the table below, information was gathered on the horizontal management level, and later from the vertical departmental level, related to the six main themes discussed earlier, which cascaded into further elaborated sub-themes and was documented into organization-specific witness statements from which dysfunctions are derived.

The first hint to the TFW virus was present in the “work organization-interest of the work-autonomy on the job” sections 2.3 and 2.4 and their subsequent dysfunctions. Specific witness statements “no SOPs and KPIs result in organizational and task malfunctions” and “managers lack authority to manage employee performance” where both usual feedback an intervener-researcher typically receives in any consultancy interview, not just SEAM. Such statements, however, do not really crystallize the presence of the TFW virus since there is an opposite effect stating that management is not in fact autocratic, brutal, and exploiting employees. The second hint came from another theme, the three Cs, section 3.2 “relationship to neighboring services and its subsequent dysfunctions”. This time the witness statement came with a higher frequency from the horizontal level with concerned managers in regards to the statement “employee personal interest affects intra-company communication”. Again, loose-ended behavior is the opposite of oppression and an invitation to chaos, so no direct link to the TFW virus. The third hint was found in the last theme, “strategic implementation”, sections 6.2 and 6.3 which relate to the authors of the strategy and breaking down and organizing strategic implementation. Again on the horizontal level, managers with a high frequency stated that “there is no strategy implementation plan; guidelines have to be put in place”. In other words, it started to become evident that managers have no clear management guidance to properly set the guidelines for how the organization should function. Again, the TFW virus is not visibly present in this scenario.

Theme	Code	Sub-Theme	Dysfunctions
Working Condition	1.1	Layout and arrangement of the premises	lack of clear company-structures create choas on the customer service level
	1.2	Equipment and Supplies	inefficiencies in managing employees, supplies, and equipment affect company performance.
	1.6	Working Hours	wrong work scheduling results in no or unpaid holidays.
Work Organization	2.1	Distribution of tasks, missions and functions	No SOPs and KPIs result in organizational and task malfunctions
	2.2	Regulation of absenteeism	
	2.3	Interest of the work	
	2.4	Autonomy on the Job	managers lack authority to manage employee performance.
	2.7	Organization Chart	shortage of employees leads to missing tasks covered randomly
Communication /Coordination /Cooperation	3.2	Relationship to neighboring services	employee personal interest affects intra-company communication
	3.3	3C between the network and the head office	employee attitude sometimes results in loosing clients
			no protocol for sending emails and general IT guidelines result in extra work
Time Management	4.2	Planning Scheduling of Activities	absence of anchor clients results in volatile and unstable company performace
			Poor planning and time managing of tasks leads to overloaded work
	4.4	Factors disturbing time management	rate guidelines need to be put in place
Integrated Training	5.1	Adequacy of training-job	there is no training and what has been done already is not enough.
	5.2	Training Needs	The Sales need much more to learn.
	5.3	Available Competency	Lack of competency in staff and management affects quality of work
			Training replacements is needed
Strategic Implementation	6.2	Authors of the Strategy	absense of authority and responsibility result in no management ownership and accountability.
	6.3	Breaking Down and organizing strategic implementation	
	6.4	Tools for strategic implementation	no strategy implementation plan, guildelines and targets have to be put in place
	6.6	Means for strategic implementation	To get more sales revenue a different commission structure needs to be
	6.8	Mode of Management	Organizing and staffing the sales force is needed

Figure 1. Data Collection – Shipping Lines Holding Horizontal Interviews (© ISEOR 1997, 2009)

From the above it is evident that corporate governance at the board level needs to be looked upon, checked if it exists, clarified, and cascaded properly using the right channels and matrices. In the opinion of Tusiime (2011), the size of the board, the composition of the board, as well as the independence of the board structure are all attributes that work together in determining how effective a board is in monitoring the management of an organization in a bid to enhance performance. In emphasizing the importance of corporate governance at board level, Ogbechie & Koufopoulos (2010) are of the opinion that corporate governance practices that are effective are very essential in the achievement and the maintenance of confidence and public trust in the organization, which is critical to the sector, industry, as well as the economy within which the organization operates. Thus, poor corporate governance may result in the company's failure, which can in turn lead to a run on the company, as well as a negative impact on the stakeholders of the company.

In order to assess the corporate governance at the board level using the right channels and matrices, a Mirror Effect (Savall, H., Zardet, V., & Bonnet, M., 2008) report was established and discussed with all parties involved, being the interviewees with their executive management, to agree on what has been said earlier and gain approval and notice that the dysfunctions are rather real. Using the same meeting in addition to a second similar meeting, unspoken dysfunctions are revealed and validated with the management while emphasizing major issues and pivotal dysfunctions that need attention. These are organized in an Expert Advice whereby we facilitate to reveal such major dysfunctions and make sure that the organization is in line and in acceptance with their existence.

Corporate governance, to a growing extent, is applied to a broad form of monitoring of corporate activities which are inclusive of the societal impact as well as the natural environment (Berrone, 2015). This extra responsibilities that companies tend to take on largely in response to demands that arise from stakeholders are capable of creating tension, as well as, priorities that are conflicting among the traditional roles that shareholders possess, the boards of directors, as well as the chief executives as it requires their ability to shoulder corporate responsibilities in ways that are new (Berrone, 2015).

A typical example can be seen in the fact that over the last decade, there have been shareholders who have actively taken a stance on corporate issues like destruction of rainforests and other habitat, labor rights, sustainability in the management of supply chain, as well as the reporting on environmental and social measures. As a result of these, companies have designed measures and policies that are both environmental and social in nature, implemented management systems that drive sustainability, and put in place structures that will help to monitor these issues up to the board level (Berrone, 2015). Corporate level leaders have also commenced the shaping of the visions that make sustainability a part of the strategic directions of companies.

The change in priorities at the level of shareholders, board of directors, as well as managerial levels are as a result of the diversities that occur in the time horizon, as well as the expectations of tenures that are relatively short-term for CEOs as opposed to the consequences of their decisions in the long term (Berrone, 2015). While stakeholders like the general public as well as the natural environment may attempt to hold companies responsible for outcomes that may occur at some point in the future that is distant, companies as well as their leaders are often judged at a quarterly or annual basis (Berrone, 2015). This disparity in temporal view point has crucial implications for the role that corporate governance plays in monitoring the triple bottom line of a company (economic, environmental, and social outcomes). These diversity in the way shareholders, boards, as well as executives behave regarding the triple bottom line, in comparison to their classic roles which are defined in accordance with the agency theory with an emphasis on financial outcomes, are evident from current research (Berrone, 2015).

A mirror effect sample on a work organization theme in the table below shows the dysfunction under which sub-theme, its frequency, and all supporting witness or interviewee statements:

Distribution of Tasks, Missions, Functions No SOPs and KPIs result in organizational and task malfunctions. *(Very Often)* “I am the focal point, I do everything” “I work everything: operations, counter, booking, sales; I sell for all companies” “We have no standard operating procedures and no key performance indicators”

Figure 2. Mirror Effect Table (© ISEOR 1997, 2009)

All three hints related to the TFW virus were emphasized indirectly on board level using the steering committee meeting review, where initiatives to be taken inside the organization are presented, communicated, and explained along with their root cause. Such initiatives are placed into actionable projects called baskets aimed to reduce or eliminate the major dysfunctions. The outcomes were identified using the SEAM Pyramid and the table of hidden costs. To explain the virus, an emphasis on improved management performance and agility is raised,

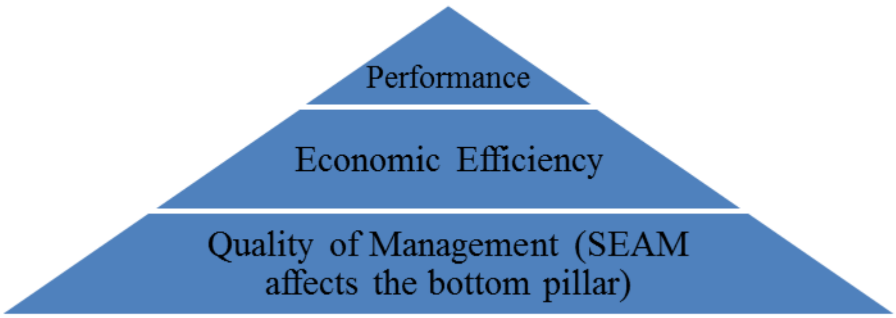

Figure 3. SEAM Pyramid (© ISEOR 1997, 2009)

For instance, the above pyramid shows that the performance driver is not from the middle but rather from the bottom, being the quality of management. Board level convincing has to happen by pursuing one business unit / independent company of the holding to apply the vertical intervention. This has started and initial data have been collected to be used in identifying the root causes of dysfunctions and associated hidden costs which are not accounted for in the firm accounting and finance system (Boje, 2003). Afterwards, data treatment will be conducted with imputation of witness sentences by category of dysfunctions using both the mirror effect and expert advice. Relatively, calculating the impact of dysfunctions will start through measuring the hidden costs such as overlapping tasks, overtime, traffic and queuing orders, non agile organization, slow decision making, and poor management of employees' performance. While the main reasons for dysfunctions were identified in the work organizations, coordination cooperation, and strategic implementation, the impact results in over wage or under wage, non-creation of potential, risk, non-production, and waste of time were highlighted in a hidden cost report.

OVERVIEW TABLE OF HIDDEN COSTS BY INDICATOR AND COMPONENT

	OVER-SALARY	OVER-TIME	OVER-CONSUMPTION	NON-PRODUCTION	NON-CREATION OF POTENTIAL	RISKS	TOTAL
ABSENTEEISM	N.A.	N.A.	N.A.	6,100 $	N.A.	N.A.	6,100 $
OCCUPATIONAL INJURIES & DISEASES	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
STAFF TURNOVER	3,500 $	N.A.	N.A.	2,500 $	N.A.	N.A.	6,000 $
QUALITY DEFECTS	4,500 $	15,100 $	N.A.	10,500 $	N.A.	N.A.	30,100 $
DIRECT PRODUCTIVITY GAPS	2,900 $	14,800 $	N.A.	6,000 $	35,400 $	N.A.	59,100 $
TOTAL	10,900 $	29,900 $	N.A.	25,100 $	35,400 $	N.A.	101,300 $

Figure 4. Hidden Cost (© ISEOR 1997, 2009)

The report above shows that a major dysfunction is the result of organization strategy ownership. Management's lack of authority on implementing the organization's strategy results in no performance accountability. These effects have a financial loss to the organization, and therefore change has to happen. Change from the top attacks the TFW virus, which results in socio-economic governance sustainability, which promotes ownership and accountability for the management.

The current lack of management empowerment at the middle level, line-manager autonomy, ability to hire and fire, and taking ownership on tasks and objectives proved that the TFW virus exists at the intersection of all three major themes that SEAM investigated. The results were clear that even though the virus was not clearly visible in any of the 3 themes, it was routed at the center of them all when combined and interconnected. Such findings were (Savall, 1973) (V., 2006) visible in betrayal of confidentiality and discretion, overlapping authorities that promote non-participating management, secrecy and intrigue both from board level as well as down the vertical level sometimes over passing the management in charge, lack of organizational flexibility and work-life balance, and finally manifested preferences and differential treatment. The results are clearly shown in the figure below:

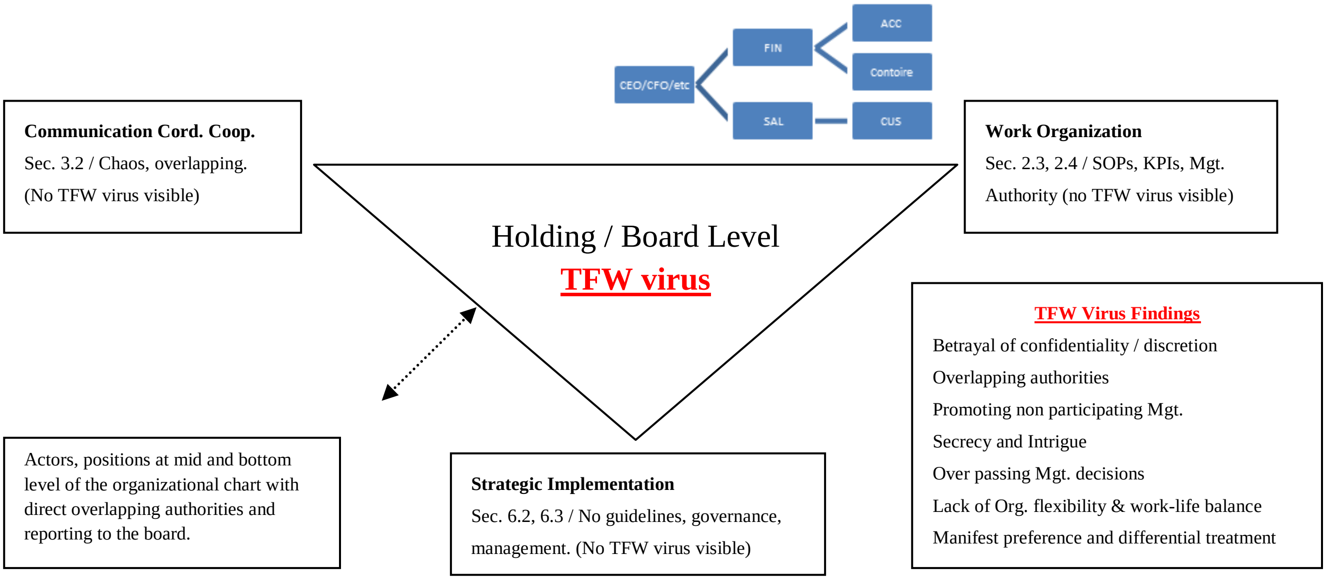

Figure 5. SLC showcasing the TFW virus (DBA dissertation Saab R. 2016)

CONCLUSION

It has been established earlier that the board collectively possesses the transformational influence that establishes the value-based climate through which ethical values, ethical conduct, legal compliance, and social responsibility significantly influences employees' attitudes and behaviors as well as shareholders perception (Arjoon, 2006). This socio-economic governance that aims for sustainable improvement both socially and economically is the responsibility of the board on the governance part, and the responsibility of the management exercising the socio-economic management change. This transformational theory is applicable in all supply chain management conditions and throughout all three board theories being Agency, Say on pay, and Stakeholder theory. In that point we know now that change is possible and can happen but still faced with sustainability shortcomings. How do we insure sustainable managerial guidance for setting priorities to create a governance mechanisms and strategy for improving supply chain resilience and sustainability? SEAM still has an insurance policy to adapt by using its change process described in the trihedron. Using the cyclical improvement process, through the permanent management tools, periodic political and strategic decisions (Savall, H., Zardet, V., & Bonnet, M., 2008), the tools axis would ensure permanent synchronization and stability by applying tools such as; piloting logbook that combines all pertinent indicators – qualitative, quantitative, and financial – that the management team uses to direct staff and the activities in their zones of responsibility (Cappelletti, 2009). The periodically negotiable activity contract, PNAC, to formalize those pertinent indicators and translate management applied strategy into measurable biannually agreements between managers and employees. An Internal External Strategic Action Plan, IESAP, which is a strategic tool derived from the top strategy and executed by the management as per organizational governance policies. And finally a priority action plan, PAP, updated annually by stakeholders on both governance and management levels in order to achieve sustainability and organizational strategic objectives. The process axis would ensure stimulation of the tools and creation of a permanent movement in the management. And the policy axis would ensure permanent support and socio-economic governance for the movement resulting in constant socio-economic change management. Therefore, periodic assessment of the supply management governance and capabilities as well as resilience of the supply chain is necessary to ensure organizational sustainability.

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