Some Epistemological, Ethical and Theological Aspects of SEAM

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Abstract: The language of the Socio-Economic Approach to Management (SEAM) can be confusing to outsiders. In this paper we look at SEAM in the light of the development of ontology and epistemology over the past several decades. SEAM interventions involve an interpretive approach based on social constructionism, using quantitative and qualitative data. Each intervention is treated as a case, in the style of Robert Yin's positivistic case studies. The research data base is mined using traditional positivistic means for theory development. SEAM is based on the proposition that traditional accounting is not designed to show the hidden costs organizations face. This leads to two ethical issues: One is whether it is ethical not to pronounce in clear prophetic terms the flaw that is inherent in traditional accounting. The other is the questionable ethical stance of organizations that work solely for profit and not for the development of the actors within the organization. Theologically, SEAM is based on implicit religious values of love and respect for all human beings.

When we first encountered Socio-economic Approach to Management (SEAM), based in the Socio-Economic Institute of Firms and Organizations Research (ISEOR), we found many parallels between SEAM and traditional Organization Development (Conbere & Heorhiadi, 2011). The more we engaged in learning SEAM's approach, the more we could understand the theoretical and practical perspectives of SEAM's founder and followers. Teaching research and ethical aspect of OD additionally to the theological background of one of the authors helped us draw some connections between these disciplines and SEAM. Conversations with Henri Savall, Marc Bonnet, Michelle Peron and Vincent Cristallini reinforced our understanding SEAM's ideas, values, and beliefs. In this paper, we propose some epistemological, ethical and theological aspects of the Socio-Economic Approach to Management that are implicit in the SEAM process of organizational change, but which may not be apparent when one first encounters SEAM. To mention the obvious, we examined the SEAM phenomenon through the eyes of American researcher-practitioners.

EPISTEMOLOGY

SEAM introduces several new terms that require definition, such as *generic contingency, Qualimetrics,* and *contradictory inter-subjectivity.* For a stranger, these terms are somewhat difficult to grasp at first, unless one uses an epistemological lens. Yet, even one who is familiar with epistemology might be somewhat confused. The reason for confusion is based in language. In the social sciences in the first part of the 21st Century, scholars have not agreed upon vocabulary for ontology, epistemology and methodology. Therefore, it is necessary to offer our definitions before we comment on the SEAM terms. Let us acknowledge upfront that we begin with the American experience of research in the social sciences.

Ontology refers to one's belief about the nature of reality. The accepted research ontology of the first part of the 20th Century was objectivism, the belief that reality is unchanging and can be accurately discovered if using the right tools. A second ontology, social constructionism, shaped interpretive research. Social constructionism is the belief that human meaning is created by societies, and thus there is no one true human meaning. Each society creates its own, true understanding of human meaning.

Epistemology refers to how one knows what one knows about reality. In the first part of the 20th Century, research in the social and natural sciences was based on the scientific method, and was called *positivism*, *natural science* and/or *empirical*. The mindset among many researchers was that this mode of research was the only research that merited the title science, and this mindset is still prevalent in some parts of Europe. A second epistemological approach was interpretive research, also known as qualitative research, in which the goal was to discover and understand the meaning of a text, culture, phenomenon or case. Interpretive research has a different set of assumptions than positivism. Positivism is based on the belief that a researcher can be neutral and does not have an impact on what is being studied. Thus, the researcher can manage bias so that it will not have an effect on the data collection and analysis. A study subject or object can be dissected into parts, which enhances the process of receiving valid information about the research topic. A definition of positivism from an American research text book is that positivism is "the epistemological doctrine that physical and social reality is independent of those who observe it, and that observation of this reality, if unbiased, constitutes scientific knowledge" (Gall, Gall & Borg, 2007, p. 16). The goal of positivistic research is to predict or control in order (one hopes) to be able to improve the world in some way. The heart of a positivistic research is to have or develop a theory, and then to test some hypothesis that comes from the theory.

Interpretive research, which is often called qualitative research, is based on the belief that neutrality is impossible because the researcher will inevitably have some impact on subjects of the study. Thus, a researcher's bias is inevitable in interpretive research, and therefore it needs to be included in the narrative of the description of the research, so that the reader can assess the extent to which bias led the researcher to certain results and conclusions. In fact, a researcher's bias can be a strength, helping the researcher to understand the studied phenomenon. Interpretive research implies a holistic approach, which means that a researcher must always study a topic in context. Denzin and Lincoln (2000) wrote that qualitative research "involves an interpretive, naturalistic approach to the world. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or to interpret, phenomena in terms of the meanings people bring to them" (p. 3). The goal of interpretive research is understanding. The value of understanding is parallel to the common maxim about history; if one does not understand history, one is doomed to repeat it. In history, there is no sense of accurate prediction or control, but the usefulness of history is nonetheless clear. The heart of interpretive research is to resist allowing theories to shape how one collects and analyzes data, because such theories limit ones openness to the world being studied.

We want to make a note about the terms *quantitative* and *qualitative*. Some authors use quantitative and qualitative to describe epistemology, so for them quantitative research is synonymous with positivism and qualitative is synonymous with interpretive research. Some researchers use these terms to describe methodologies and/or methods. Because both epistemological approaches may use quantitative and qualitative data, we prefer to use "positivistic" and "interpretive" research to define epistemologies and "quantitative" and "qualitative" to define methods of data collection.

In the second half of the 20th Century in the United States, the positivistic and interpretive research approaches clashed. Many positivistic researchers were adamant that only positivistic research produced real science. In the social sciences, many researchers rejected positivism as legitimate for social science research, causing by this the "Epistemology Wars." Today in the United States, social scientists in general are willing to accept that both positivistic and interpretive research have value. Schools of business and management however are often less open to interpretive research.

We found the attitude that positivistic research is more legitimate still persists in some European countries. Last year, we heard an "old school" sociologist in a former Soviet nation describing interpretive research more as an art rather than real science. We suspect that in France, there was more resistance to anything that did not look positivistic, especially when it came to management research. Therefore the fact that the SEAM researchers were developing a new approach to research that started with qualitative methods, by collecting information about human perceptions through interviews, had to generate some resistance from French positivistic researchers. However, we make a claim that SEAM approach is a complex theory-building research done in the post-positivistic epistemology within a social constructionist ontology using both qualitative and quantitative methods of data collection and analysis (using the SEAM language, *qualimetrics*). Let us explain our claim.

Essentially three major activities are happening at ISEOR. The first is that intervener-researchers go into organizations to help organizations change. The intervention itself has elements of interpretive and positivistic research. When intervener-researchers collect data from top executives in the horizontal intervention, they are using a social constructionist lens in which truth is socially constructed. The intervener-researchers use interpretive methods for data collection and analysis. Data are gathered by interviews, analyzed for themes, and presented back to the participants. There is no pretence that the intervener-researchers will find the exact truth, and discrepancies between participants are ignored, since each person brings his or her own truth. This leads to the concept of c*ontradictory inter-subjectivity,* which refers to the fact that actors perceive truth differently, and they all are right, according to their beliefs and perceptions. *Contradictory inter-subjectivity* draws on the ontological belief that truth is socially constructed, and therefore is not an objective and unchanging fact.

The second activity is the collection of research data from all SEAM interventions. Each intervention is a case, documented in detail, including quotes as well as numbers. There are now over 1300 cases on file in the SEAM database. Accumulation of cases over years allowed ISEOR researchers discover patterns in organizations that now they can be applied to other organizations. This leads to the third important activity, which is the development of theory about socio-economic interventions in organizations. Theory building is a valid part of both positivistic and interpretive research. In this instance, the theory is refined through the analysis of the SEAM database.

What SEAM represents here is perhaps the best example of organizational change research influencing theory, which then shapes how organizational change agents do their work. The cycle is constant, has been at work for over 30 years, and is very effective. In SEAM, the scholar-practitioner divide has been overcome. In SEAM language, the cycle is called *cognitive interactivity*, which is an “interactive process (between intervener-researcher and company actors) of knowledge production through successive feedback loops, with the steadfast goal of increasing the value of significant information processed by scientific work” (Bono & Savall, 2007, p. 422).

However, the SEAM research does not match the mental model of research that some management researchers demand. There is no hypothesis testing, no sample drawn randomly from a larger population, no inferential statistical analysis and generalization to the larger population. How can the research be valid in a positivistic sense? Such research is valid if conducted within the positivistic case study methodology.

In the United States, Robert Yin began writing about positivistic case studies in the 1990s. Case studies are useful for examining “a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not easily evident” (Yin, 2007, p. 18). Most case studies are interpretive in nature, and a researcher examines a case in order to understand a phenomenon in its context. Yin had a different case study design. According to Yin (2009), case studies benefit “from the prior development of theoretical propositions to guide data collection and analysis” (p. 19), and “for case studies, theory development as part of the design phase is essential” (p. 35). While Yin does not describe his approach to case studies in epistemological terms, clearly he is describing a positivistic research approach that uses qualitative and quantitative data.

The value of the positivistic case study is the ability to develop and test a theory to see if it is supported. One case study cannot prove that a theory is valid, thus study replications are needed. In traditional positivistic studies, a researcher generalizes by having a sample of a population, and then through inferential statistics applies the findings to the larger population. However in complex and changing situations, like human organizations, it can be impossible to create samples that can be generalized to a larger population. The organizations in their unique contexts are too complex. Therefore Yin’s (2009) suggestion to avoid statistical generalization and instead use analytical generalization makes great sense. Essentially, analytic generalization means having a theory, then testing it through multiple case studies, and lastly seeing if the theory is supported. At some point, through replication, one can claim that the theory seems to be valid. This is what happens in ISEOR. Each consulting case can be viewed as the opportunity to test the theory, developed from analyzing the previous cases. Below is the chart that illustrates how practice informs research, which in turn helps build theory, which can be applied to practice; and the cycle starts again.

We make one more argument to show that while SEAM research lies within the social constructionist ontology, it is a legitimate positivistic research for management sciences. Collecting data across organizations over 30 years allowed ISEOR researchers to find commonalities among organizations and as result, to predict what is likely to be present in next organizations. Prediction and control (improving the organization) is characteristic of good positivistic research. So, every time the researchers go in a new organization they may predict the nature and amount of certain variables and see if the actual intervention yielded their prediction. They also may find new unique elements to the organization. In SEAM language, this is called *generic contingency*, which is the principle that allows for the uniqueness of each organization, and "postulates the existence of invariants that constitute generic invariants" (Savall, 2010, p. 2). We would say that generic contingency and analytic generalization are parallel concepts.

Practice

Intervener-researchers collect and analyze data, learn from actors and share learnings with actors (*cognitive interactivity)*, share findings with research data base

Theory

Research reinforces and/or challenges theory, making it more and more robust analytical

Research

Ongoing data from practice allows researchers to make generalization to theory *(generic contingency)*

Figure 1. The Practice-Research-Theory Triangle

Ethical aspects of SEAM

Ethical issues arise from two core concepts of SEAM - hidden costs and the way the organizational profit is calculated. The first issue arises from the fact that SEAM is based on the conviction that traditional accounting does not include all of the factors that lead to profit and loss in organizations, and thus, traditional accounting yields inaccurate results (Savall, 2010). SEAM identifies these missing data as hidden costs, and then corrects the accounting problem by adding hidden costs to the organizational accounting system. Thus, SEAM challenges the accuracy of traditional accounting as taught by business and management schools, as it leaves out some of the human elements that shape organizational profit and loss.

The ethical issue is how to respond to misleading and inaccurate accounting. What does one do in the situation when the financial underpinning of decision-making processes are based on flawed and inadequate accounting? The ISEOR approach has been to quietly demonstrate the legitimacy of the socio-economic validity of SEAM. It may take long time before a new, yet proved, practice will spread, since it is hard to believe that one of the fundamental aspects of management is inadequate. It is easier for others to dismiss the challenge than to do the work to either disprove the SEAM approach to accounting or to change one's accounting practice. We see two obvious responses to the practice of flawed accounting. One is to quietly demonstrate that the SEAM practice is valid and traditional accounting is not. The other is to be more prophetic, publicly naming flawed accounting as inadequate and challenging its use. To date champions of SEAM have chosen the quiet demonstration route. Henri Savall believes it is possible to change people's belief system through practice. In fact, the more important ISEOR's values are, the more they emphasize the practices. As Savall told us, "Visible values are volatile. First make people do, and then they discover values through the practice" (personal communication, January 17, 2011). By using a different accounting system that provides a better scope of actual and hidden costs, people change their values and beliefs about what is right. The ethical question for us becomes when and if a more prophetic stance is needed.

The flawed accounting leads to another ethical issue. Most organizations do not recognize the value of human potential in measuring actual and potential profit and loss. The value of employees are measured by their salaries, not by their input in the organization's profit. This practice comes from Marxist and then neo-classical economics, in which the calculation of value is a function of two factors, capital and labor. Neither of these economics considers human potential, which is bigger than hours of work, as it involves creativity, creation, idea generation, etc. And because the human potential is not taken into account and subsequently not developed, it turns into hidden cost.

As result, contemporary business and management theory treats people as a disposable commodity. Even the term *human resources* reflects the nature of this commodity. The idea of human resources leads to two ethical implications. The first implication is that when there is an economic crisis, the quickest solution is to reduce resources or diminish the workforce. Reduction of resources is done by firing people, an act that is masked by euphemisms such as *laying off*, *down-sizing* or most cynical of all, *right-sizing*. So ironically, people, who did not make the choices that led to poor organizational performance, are fired, but the leaders who made poor decisions and failed to manage well, stay. People in power tend to keep their power, regardless of ethical issues or justice.

Perhaps this sounds too harsh. Yet, in the United States, one can find many examples that prove the fact. For example, the leaders of the banking industry made choices that brought on national financial crisis, led to hundreds of thousands of people losing their homes, and whose leaders receive multi-million dollar bonuses. Editorial writer Bob Herbert wrote,

> Income and wealth inequality in the U.S. have reached stages that would make the third world blush. As the Economic Policy Institute has reported, the richest 10 percent of Americans received an unconscionable 100 percent of the average income growth in the years 2000 to 2007, the most recent extended period of economic expansion.
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> Americans behave as if this is somehow normal or acceptable. It shouldn't be, and didn't used to be. Through much of the post-World War II era, income distribution was far more equitable, with the top 10 percent of families accounting for just a third of average income growth, and the bottom 90 percent receiving two-thirds. That seems like ancient history now. (*Bob Herbert, New York Times, March 25, 2011)*

Such distribution of wealth is, we propose, only possible if human beings and human potential are not highly valued, but rather treated as resources to serve those in power. If the purpose of business is to only to earn money, and by corollary, the purpose of managing is to earn money for self and business, then societies will never grow and develop. SEAM, however offers a different premise about the purpose of business, which is to earn a profit and to work to maintain a healthy society. The human being has a place in the purpose of business – and any business whose work hurts society is ethically unacceptable. Perhaps, for an American, this statement might seem very French. Yet these ideas are based in the Judeo-Christian values, which leads us to the theological aspects of SEAM.

THEOLOGY

We will discuss the theological aspects of SEAM through the Christian tradition, because this is the tradition with which we and the developers of SEAM are most familiar. We believe that one would find similar theological support in Judaism and Islam.

In Europe, prior to the Scientific Revolution, theology was positioned as the Queen of the sciences. This meant that the other sciences were given a theological context. Simply put, all creation was from the deity, and was sacred because it was the deity's gift. The lesser sciences, such as physics, astronomy or biology, existed to help humans understand and be stewards of creation. This stewardship included caring for nature and human beings. In the years since the Scientific Revolution, this context has been lost for science, and theology was separated from the natural and social sciences.

Once theology provided a moral and ethical setting for science. One can argue that the Church overstepped its role in resisting scientific discoveries, as in the case of Galileo, and so the Church lost its right to gauge the merit of the findings of science. We agree with the argument but see the missing piece of contemporary science, which is the context in which researchers do science. Implicit in SEAM is its theological context, although this may be hard to see until one talks at length with the founders of SEAM.

The heart of the Biblical message is that human beings are important, not because of their achievements, but simply because they are. In the language and imagery of Christian baptism, all are brothers and sisters in Christ. Thus, the proper relationship with one's fellow human beings is a relationship of love, as in brotherly or sisterly love. We may dislike and disagree with our fellow human beings or we may object to their actions. But the unavoidable command of the Gospels is we are required to love all people. No matter how much people try to avoid it, this is the command: "Love one another as I have loved you" (John 13:34). This applies to work life as well as the rest of life. Pope John XXIII (1963) wrote in *Pacem in Terris,* concerning the integration of faith and action,

> In traditionally Christian States at the present time, civil institutions evince a high degree of scientific and technical progress and possess abundant machinery for the attainment of every kind of objective. And yet it must be owned that these institutions are often but slightly affected by Christian motives and a Christian spirit. One may well ask the reason for this, since the men who have largely contributed—and who are still contributing—to the creation of these institutions are men who are professed Christians, and who live their lives, at least in part, in accordance with the precepts of the gospels. In Our opinion the explanation lies in a certain cleavage between faith and practice. Their inner, spiritual unity must be restored, so that faith may be the light and love the motivating force of all their actions. (151-152)

The call for the restoration of faith and practice supports our theological conclusion: the premise that the purpose of business is solely to make money is profoundly unacceptable, since this purpose leads to treating people in a non-loving manner. The fact that theological claims are kept separate from business does not mean the claims are not valid. If an employee is human capital, to be used or disposed when not needed, then the management behaves at best amorally, and at worst, immorally. The founders of SEAM do not write this, but it is the inescapable outcome of their work.

What does love look like in the workplace? It is not the love to which Jack Welch referred when he suggested to show the top 20 percent of employees they are loved, while telling the middle 70 percent what they need to do to get into the top 20 percent, and managing out the bottom 10 percent of performers. In our understanding, love at the workplace means respecting the person as he or she is, and developing the person's potential to the extent possible. The belief is that human beings are by nature creative participants in their work, much in line with the ideas of Abraham Maslow and Douglas MacGregor, both of whom placed utmost attention to the human side of business. When a person is put into a job that is mind-numbingly boring, damage is done to the human spirit and human potential is thwarted. When the abilities of the person are respected and called out, the person becomes a different employee, and through the development of the person's potential, both the person and the organization develop. Here is where theology and business meet. Developing human potential leads to better profits.

We do not mean to be naïve here. Respecting and nurturing employees does not mean putting up with anything. Rather it is an approach that starts with concern for the good of the person. When an employee is not performing well, this is exactly the task of the evaluation of employee skills, and the Personally Negotiable Activity Contract: to develop the employee's potential and while potential is being developed, to change the expectations about the employee's work.

What we do claim is that the SEAM approach to organizational change is shaped by a profound belief in the value of every person, and as such is implicitly and deeply in harmony with the teachings of Christianity. Developing organizational capacity without harming the actors is a rare and courageous approach to change. Many change agents might say they do this, but we suspect that the words usually do not match the practice. In SEAM, words and practice match. Uncommon as it may be to proclaim, SEAM is based on the practice of love for all people in the organization. No one to date has researched the extent to which such love is a key factor in the success of SEAM. It is research that would be worth seeing.

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