APPLYING THE SOCIO-ECONOMIC APPROACH TO IMPROVE EFFICIENCY AND EMPLOYEES' PERFORMANCE IN NGOs

Luciana CHAANINE
ISEOR Research Center
University Jean Moulin Lyon 3
(France)
University of Balamand
(Lebanon)

ABSTRACT:

In a world that is swiftly changing, the survival is no longer for the strongest but to the fittest or to the one who can adapt and cope with all the rapid and radical changes around us. The world of business is facing globalization and technological changes and all the evolving processes that are taking place in all the market. Management approaches are many; however, not all of them are suitable to all organizations even if there are few that can yield positive results wherever and whenever they are applied. SEAM is one of these few approaches that can be used not only when the organization is suffering but also when the organization wants to improve, to grow, to fine-tune the processes. This paper describes how SEAM can be applied in NGOs for a better and efficient employees' performance.

Keywords: SEAM, Socio-economic approach to management, NGO, non-governmental organizations, Qualimetrics, third sector organization.

INTRODUCTION

The main topic of this research is to stress on the important effects that the socio-economic approach can have for the sake of improving the efficiency and performance of employees at an NGO. The socio economic approach can have a great impact on many aspects in an organization like for instance training and therefore it can have a great impact on employee's performance.

In the era of globalization and rapid technological changes, organizations and employees can find themselves unable to cope with the huge transformations that the world is witnessing. Businesses worldwide, and specifically in Lebanon, have suffered from the changeability and unpredictability of the markets. This requires high profile professionals with high qualifications, access to up-to-date information, ability to cope with financial burdens and inconveniences…

A fast-changing and increasingly challenging workplace and environment requires employees to possess the relevant knowledge, skills, abilities, and attitudes to effectively perform. There are huge pressures on both the employee and the corporation to evolve and cope with the changing world of business; however, coping is not enough: it should come as efficiently as possible while saving time and money for the corporation which puts the employee under a lot of pressure.

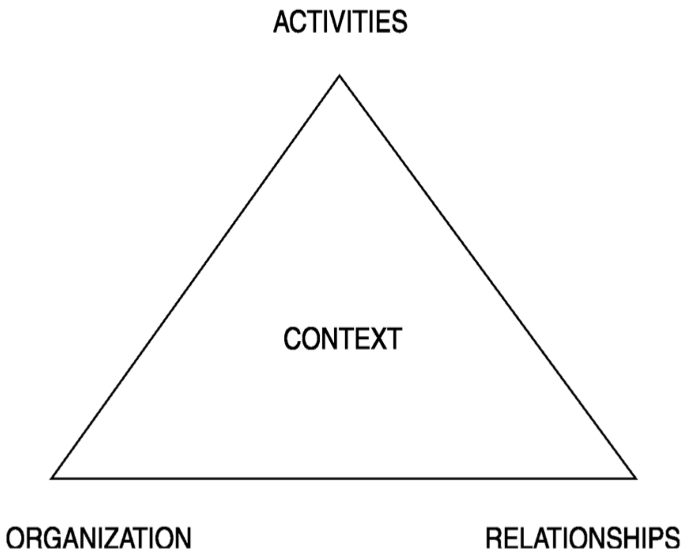
PROBLEM STATEMENT

The past decade has witnessed the outbreak of what has come to be known as the "Third Sector Organizations". A huge growth in both number and the scope of these organizations has taken place all around the world (Lewis, 2004). NGOs or non-profit organizations are a sub-group of third sector organizations. According to Lewis, "NGOs are usually understood to be the group of organizations engaged in development and poverty reduction work at local, national, and global levels around the world" (Lewis, 2004, p. 1).

Trying to do good deeds does not necessarily mean that the non-profit organization or the NGO will guarantee success. It can easily fail to deliver its mission; therefore, it is crucial that while trying to do those good deeds, the organization does that well. The discovery of the non-governmental organizations by experts and organizations took place in the 1980's according to (Charlton & May, 1995); however, the authors believe that these organizations have been operating long before their discovery in the 80's.

The NGO sector is somehow different than the rest of the sectors, and it has been singled out for being different in so many ways when it is compared to the commercial or government sectors (Najam, 1996).

Though very diversified, almost all NGOs share similar things especially in the management department since they all need to manage three areas:



The above figure represents the three inter-related areas of the NGO management challenge as described by David Lewis in his book “The Management of Non-Governmental Development Organizations: An Introduction”. Lewis (2004) explains that all NGOs need to manage these three inter-related areas: one related to the organization and it includes the internal structure and processes, one related to activities that can be projects, developmental activities, workshops…etc and the third one is related to the organization’s relationships that could be with either the government, ministries, public or private sector and other NGOs.

While many experts think that fundraising is the key to success of NGOs, William Berther and Evan Berman in their book entitled “Third Sector Management: The Art of Managing Nonprofit Organizations” think that this is not enough, and that the way you manage non-profit organizations, the strategic planning, staffing and training play a major role in the success of NGOs (Berther & Berman, 2001).

Historically, NGO’s have been reluctant in adopting managerial approaches for several reasons; mainly because they think that the money they have should be spent on projects to help others more than spending it on administrative or developmental reasons. As Smillie terms it, there is a “powerful public myth that development should be cheap” (Smillie, 1995).
However, the subject of NGO management has recently started to get more attention and many managerial approaches have been adopted.
Crawford & Bryce (2003) explain that when it comes to the development context, NGO’s role is to implement the projects they have at hand. It is assumed that the decision making in these organizations is given to the leaders and that the organization has the consensus culture rather than the hierarchical.
As mentioned earlier, the differences that exist require a modified and adopted type of management rather than a strictly traditional type of management. Khang & Moe (2008) proposed the adaptation of the traditional management to cope with non-profit organizations’ realities.
The main problematic is that the organization where the intervention has been taking place has a limited number of availability and the number of students on its waiting list is increasing drastically. With the lack of fund from government, the cost of the education of each child can reach up to $18000 which is a huge burden. Another problematic is the integration of those children within regular schooling systems. This requires shadow teachers and specialized programs which means additional salaries. Another problematic has been the turnover and the aim of recruiting highly qualified employees.

AIMS AND OBJECTIVES

Since the focus would be on managing and developing human resources, and since there is a growing need to change the way people are managed through developing people-management skills, an action-based approach would be the most convenient in the case of the organization. It is not enough to theoretically analyze the points of weaknesses of the center. Instead, a practical intervention would deeply analyze all hidden points and therefore shed lights on practical methods and ways to detect and correct any dysfunctions. The intervention not only highlighted the hidden costs that were passing unnoticed but also categorized the root causes of dysfunctions which can be very helpful on the long run: the taken actions were not only corrective and prescriptive but can also be considered as preventive.

Action research had a major role in doing that since, as a methodology, it is suitable for use in many settings (Jefferson, 2014).

According to Brownlie, Hewer, Wagner & Svensson (2008), management studies have recently shown more interest in "practice" for being an "analytical object". Knorr-Cetina, Schatzki, & Savigny (2001) in their book entitled "The Practice Turn in Contemporary Theory" state that practice theory has been challenging the traditional ways of thinking about sociality and life. The authors believe that the action and interaction that happen within practices constitute knowledge and organize and transform social life. For a better effectiveness, organizations should adopt "practice that is informed by research- based knowledge" (Rousseau, 2007).

Action research can be described as critical and transformational: Critical because the researcher is trying to find reasons for the problems such as power struggle or reasons for unproductivity, and transformational because it would change the practice and the theory (Hendricks, 2013).

Action research is a method that can be described as credible and trusty; it follows a clear and coherent methodology which helps in creating and applying reliable knowledge in social research (Greenwood & Levin, 1998).

And what is better than the socio-economic approach and the qualimetrics intervention-research to integrate management theory and practice for the purpose of operating change processes in a highly complex business world through applying SEAM, which is the outcome of qualimetrics research, in an NGO and try to benefit from its many advantages and where the respondents are not objects in a study or research; they are participants playing an important role. The gap between theory and practice is bridged with SEAM (Bartunek, 2007).

HYPOTHESES

Core Descriptive:

The organization has not reached its full potential, and there are certain obstacles that hinder reaching a status of being fully effective with employees reaching their full effectiveness.

Core Explicative:

Fairly new, the organization has had a good start but in order to reach a sustainable level of good performance, we must approach management with a new approach customized to release the organization and its employees' potentials and nurture present or even create new competences so as to reach a state of a coherent and integrative organization.

Core Perspective:

To see an improvement in the functioning of the organization, the socio-economic methodology needs to be applied so that all the employees and the decision makers get more involved, engaged and empowered. This can be done by applying the SEAM tools that will not only solve current weaknesses and dysfunctions but also work on a preventive level and foresee and anticipate future dysfunctions.

Body of hypotheses

Descriptive Hypotheses	**Explicative Hypotheses**	**Prescriptive Hypotheses**
DH01: Structure of the organization needs to be re-shaped	**EH01**: the working conditions in the organization have been negatively affecting the quality of work **EH02**: working with special needs and their parents and long working hours are creating stress and dissatisfaction for the employees.	**PH01:** restructuring and reorganizing the organization so as to get the utmost of the space. **PH02:** through the competency grid and time management, the actors can identify low-value activities and lessen them which give more room for them to be doing more essential chores and thus create a sense of satisfaction.
DH02: The organization chart needs to be finalized and implemented	**EH03:** a vague and almost-nonexistent organization chart would make it difficult for the actors to know their duties as well as rights	**PH03:** creating a clear organization chart would let each person know his/her responsibilities
DH03: The vague distribution of tasks, rights and responsibilities among employees negatively affects the workflow and decreases efficiency.	**EH04:** distribution of tasks and functions are confusing for employees. Synchronization is not totally satisfying which makes reporting not very clear	**PH04:** working on writing a job description for each employee would facilitate things around and lessen confusion **PH05**: enhance communication and coordination between the different parties

<u>DH04</u>: Lack of the 3Cs within the organization and with the outer world.	**<u>EH05</u>:** the lack of 3Cs create internal problems **<u>EH06</u>:** the relation of the organization with the outside world can be improved since relationships and activities are two of the inter-related areas of management that create challenge for an NGO	**<u>PH06</u>**: integrating the 3Cs: communication, coordination and cooperation can improve the quality of work and its effectiveness. **<u>PH07</u>**: hiring or using a free-lancer with writing skills and marketing background to write sponsorship proposals and reach out to potential donors.
<u>DH05</u>: it is necessary to improve the current presence of the organization: technical presence, online presence	**<u>EH07:</u>** the organization does not have a ready website, and has lost a website and its domain name because of lack of technical know-how	**<u>PH08</u>**: assign someone for website update after creation **<u>PH09</u>**: social media is very important; many actors need to have access to posting, but the best scenario is to have someone dedicated to this so as to create content and gathering info to reach out to the world
<u>DH06</u>: workload, work stress and bad planning of delegation are hindering the reach to a better quality of work	**<u>EH06:</u>** it is not easy to work with children, and it is more difficult to work with children with special needs. The atmosphere is stressful when some of the kids are having a scream attack or disobedience attack. **<u>EH07:</u>** absenteeism is not an issue, but when it happens there are not enough replacements	**<u>PH07</u>**: the atmosphere at work might be difficult to change because it is a fact; however, there could be certain measures to take (music background, a relaxing teachers' room) **<u>PH08</u>**: through the competency grid, each person's chores would be analyzed and then delegation would be made easier.

DH07: lack of strategic planning is not helping the organization to get rid of time-consuming, low-value activities and hence affecting efficiency	**EH06:** strategic planning needs to be improved with updates	**PH07**: a need of effective, efficient decision making, as this would allow having clear objectives for proactive strategies **PH08:** Implementing the socio-economic intervention and conducting an internal and external strategic action plan (IESAP) can help to develop and implement proactive and efficient strategies and get rid of low-value activities
DH08: staffing problems emerging form lack of clear terms upon recruitment	**EH06:** the center is recruiting people with high profile and others who are freshly graduates; because of the non-existence of an HR person, and clear terms upon recruitment and a contract, some employees leave taking with them some of the children, and the center is wasting the time and money spent of training them	**PH07**: HR should be created. A contract must be signed to lessen the turn over or delay it
DH9: lack of clear training itinerary and policies	**EH06**: Quantity and quality of training are not clearly determined and left to be decided individually.	**PH07**: Competency grid would be very helpful to identify the skills of each employee and would analyze the training needs in order to develop human potentials.

RESEARCH METHOD AND RESEARCH QUESTIONS

The Qualimetrics Approach

"A word needs a figure to make sense, and a figure needs a word to make sense." This is the first quotation that greets you upon getting to know the new approach to management. Socio-economic is the fruit of a 29-year work during which Henri Savall developed the approach to be an alternative to the socio-technical systems paradigm. It is through qualimetrics that Henri Savall and Veronique Zardet tried to correct the distortion of images of human and organizational performance created by the manipulation of raw data through statistics.

Qualimetrics approach is neither totally qualitative nor totally quantitative; it is a reconciliation of both as it recognizes that "the essence of information processing is simultaneously qualitative (expressed in key words) and quantitative (key numbers and mathematical processing) in the scientific process of knowledge production" (Savall & Zardet, 2011, p. xxii).

The qualimetric modeling combines the financial with the qualitative and quantitative measurements.

The Socio-Economic Approach to Management

SEAM or the socio-economic approach to management is known for its trans-disciplinary approaches. Despite the many similarities with other management approaches, SEAM has its unique characteristics. It is an action-research or intervention research, but it is more oriented into "promoting organizational change and creating sustainable performance" (Savall, Zardet, & Bonnet, 2008, p. 129).

The diagnostic part of the SEAM based on mirror effect and expert opinion shares many similarities with other approaches but unlike many of these, the diagnosis is not purely psychological and highlights the calculation of hidden costs. Add to this, SEAM links hidden costs and performance to negative behaviors which is different from how other sociological approaches analyzes causes of dysfunctions.

The project part of the SEAM approach integrates all employees in all categories from top management to the last level. Like other approaches, this part can include job redesign but what makes it unique is the fact that it integrates different management tools. Evaluation of the results plays an important part as it allows the organization to assess and discover the reasons of dysfunctions.

There are three main features that make the SEAM an original approach: the fact that it is a comprehensive holistic approach, the fact that it includes both structural and behavioral transformations, and finally the fact that it takes a financial perspective to measure potential and at the same time measures how well the employee relations is improving (Savall, Zardet, & Bonnet, 2008).

In their book "Releasing the Untapped Potential of Enterprises through Socio-Economic Management, the authors Savall, Zardet, & Bonnet (2008) explain how there is a misconception that to compete in a rapidly changing world, enterprises resort to cutting costs for the purpose of preserving their profits. They state that these practices are not enough because of the untapped potential and hidden costs within each organization.

There is a need for new forms and skills of leaderships. The organization will need "strategic targets" to upgrade the performance: lessening the little or novalue tasks, increasing and creating tasks or what the authors call “strategic implementation”.

SEAM enhances learning within the organization whose real competitive edge compared to other organization lies in how fast they learn to reduce the dysfunctions and create potential so that they can develop a proactive plan.

Conbere & Heorhiadi (2015), in their article entitled “Why the Socio-Economic Approach to Management Remains a Well Kept Secret” explains that apparently this approach is about two things “socio” or people and “economic” or finance, but in reality it is about one thing as the hyphen joins these two words into one. The authors compares SEAM to a coin as Savall, the founder of the approach does: two sides for the same coin. The authors state that it is normal for an organization to have dysfunctions because of the need to coordinate the employees and the processes; things become tough when dysfunctions increase since the organization becomes less effective. Another idea stated by the authors is that most organizations would blame individuals and employees whenever something goes wrong at work; the authors explains that most employees would want to do well; the unhealthy system is the one to be blamed. When you respect the employees and make them involve then things will get better and treating people well starts with a good management.

Figure 1: Thematic Periphery

Table 1: Priority Action Plan

Priority Action Plan															
Strategic Axis	Priority Objective	Priority Action	Departments or Persons Concerned					Provisional Planning 2016-2017							Observations
			Researcher	CEO	Supervisor	Steering comr	Actors	N	D	J	F	M	A	J	
Practical Part		Present the Expert Advice, the unstated Ideas and set up the Baskets	x	x		x									
	Hori-Vert Integral Intervention	Coaching the Focus Groups and start implementing the tools	x	x			x								
		Communicate the research findings with the thesis supervisor	x		x										
Theoretical Part	Consolidation of doc B	Modify, enrich and refine the problematic, the research object, the central hypothesis plus the core descriptive, explicative and the prescriptive hypothesis	x		x										
	Consolidation of the body of hypotheses	Modify & enrich the body of hypotheses	x		x										
	Lexicon	Start developing the Lexicon and keep updating it	x		x										
	Consolidation of the bibliography	Develop, enhance and update the bibliographic cards	x		x										
	General outline	Construct the project outlines	x		x										
		Validate the project outlines	x		x										
	Piloting Indicator Folder	Create, Clean-up, Update and revise the piloting logbook and daily diary	x												
Meetings	Meetings with supervisors	e-mail correspondence with the supervisor	x		x										
Presentations	Doctoral Seminar	Presentation of doc B at doctoral seminar	x												

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