

# COVID19 IN THE BUSINESS ENVIRONMENT: THE IMPACT ON ORGANIZATIONAL PERFORMANCE

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## ABSTRACT:

In continuation for our IDBA thesis at Lyon III University, we suggest a research proposal to complement and pursue our research efforts in searching for performance measures and indicators in organizations that we have started in the first cycle of intervention three years ago. As we have explored in our previous research, performance indicators should measure the input and the output of performance simultaneously. We suggest to continue our research with the evolution of the work in organizations amid the pandemic and the new strategies and practices that have been put in place. As a result, we launch a second cycle of a socio-economic intervention in order to identify the emerging dysfunctions, to study the way these have affected the workflow and generated hidden costs, and to help actors put in place new projects to better manage the uprising new situations and hence be more vigilant and ready.

**Keywords:** Performance Measurement, Socio-economic Intervention Research, emerging dysfunctions, pandemic

## A) MOTIVATIONAL BACKGROUND AND PROBLEM IDENTIFICATION

The main problem I have been studying for years, and going from my occupation as an internal intervener and brand manager in a pharmaceutical company in Lebanon, has long been the measurement and monitoring of performance for continuous improvement. So the Key Research Question is the following: What impact did the sanitary crisis have at the level of organizational management and performance improvement?

In addition, the emergence of a new era due to the “work-from-home” trend amid the recent pandemic has raised new research questions about performance measurement and monitoring: Therefore, our research lies in the study of the following sub-questions:

- What are the major transitions the organizations have underwent amid the era of remote work and how did company deal with them?
- How is performance improvement monitored from distance?

- What new performance practices can emerge from this transitional era in the pharmaceutical industry?
- How is performance improvement sustained in times of crises?

For this purpose, we have been conducting a second cycle of a socio-economic intervention research in a Lebanese pharmaceutical company in order to consult the evolution of organizational performance after adopting the remote work strategy in the aim of social-distancing, and that might continue to take place in some ways due to the certain benefits it has brought for the people and the company.

The **Core Hypothesis** is the following: The organizational management in the time of crisis brings strategic re-orientation and improves performance through internal communication and an agile mindset for change.

**Object:** Organizational Management in the Remote Work trend and the role of management control in making the organization vigilant with a sustainable performance improvement

**Field:** The perimeter of the research is the pharmaceutical industry

We present the object of the research as the performance management in organizations, the field as the pharmaceutical industry, and the subject as the practical and perceptual transitions emerging in organizations in the midst of the COVID-19 pandemic.

## B) LITERATURE REVIEW

Management Control is the route implemented by managers to safeguard the efficient and effective use of resources towards improving human behavior and attaining organizational strategic goals (Sedliačiková, 2011). For instance, a good fit management control system requires a course of collective, financial and tactical development (Cappelletti, 2016). In other terms, social assets can be defined as the strategic stimulation of the human potential (Cappelletti, 2010).

Old school definition of management control for small or medium enterprises is very little formalized, usually being held in the financial accounting department, and serve the proper administration of the company. Recently, the process acts as a financial and economic knowledge of the company image, while representing the company's management as a guide for work in progress and the future strategy of the company. Management control system plays a critical role in managing the expansion of the early-stage startup. (Davila, Foster, & Jia, 2010). Nevertheless, and according to Bocci (2004), it is mandatory to differentiate between performance measurement, evaluation, and appraisal. For instance, performance measurement is the major process used to evaluate performance externally and internally to the organization. "*We measure performance to evaluate the performance of the organization inside, to evaluate the performance from outside, to manage the performance*", (Bocci, 2004, p. 20).

**Our theoretical Framework revolves around the following dominant theories:**

- 1- Crisis Management : Sanitary crisis
- 2- Management Control, Performance Management, and Sustainability
- 3- Evolution and Survival of companies: Strategic re-orientation through internal communication

#### 4- Organizational Discontinuity Theory, Strategic Shock and Discontinuous Change

In the face of a competitive and complex market, performance measurement systems especially for Medical representatives need to be more specific to the industry by detecting the dysfunctions happening in the management system and which is interrupting the cycle of the prescription drugs at some stage of the cycle. Simultaneously, some dysfunctions are the same in all companies disrupting the same categories of management. Therefore, the performance indicators set following the detected dysfunctions and their attributed socio-economic projects can be generic and hence serve different performance models in the pharmaceutical selling industry. The generic aspect of our intervention research could be subject to future interventions in pharmaceutical companies. We would also like to study the effect of the virtual work on the organization on different levels by reviewing the Organizational discontinuity theory (Manheim et al., 2012), the boundaries and effects of virtual work on performance.

### C) METHODOLOGY

The methodology applied is the socio-economic intervention research, where I will be in close contact with a real start-up in order to come with actionable knowledge.

*“To act correctly it does not suffice if the engineer or the surgeon knows the general laws of physics or physiology. He has to know too the specific character of the situation at hand. This character is determined by a scientific fact-finding called diagnosis”* (Lewin, 1945, p. 204). In social sciences, and in analogy with other fields of science, theory and reality are complementary. Action research aims at linking theory to practice and tackling concrete facts rather than questioning the abstract. Lewin says that social status quo is *“always to be derived from the relation of the concrete individual to the concrete situation”* (1945, p. 41).

By definition, *“Intervention research consists in helping to design and implement appropriate management models, tools and procedures in the field, on the basis of a more or less well-defined transformation project, with the aim of producing both knowledge that serves action, and management science theories of a more or less general nature”* (David, 2002, p. 10). The socio-economic intervention research is a participatory approach that adopts the **Qualimetrics** methodology. This intervention research was conceived by the ISEOR team lead by Henri Savall in France in the early 1970s. It implements change within all levels of the organization. The socio-economic intervention research is a *“Pragmatic Oriented Action Research”* (Cappelletti & Baker, 2010). This means that it is the type of research that is based, in the midst of the course of activity, on practical rather than theoretical considerations.

The socio-economic intervention methodology has **three main characteristics**: the group work, the double-loop intervention, and the interaction between different personnel. **First**, the socio-economic intervention relies heavily on **teamwork** and collective steering along with the individual involvement. It is a holistic approach that involves all personnel in the change process and integrates people of different levels and functions in the projects' implementation. **Second**,

the socio-economic intervention research is a **double-loop** research bridging the gap between theory and practice. As a matter of fact, the intervener is the researcher, whom at one time is present in the field interacting with the players, observing events, and steering the communication between different functions. **Third**, the socio-economic intervention is a highly **interactive** process happening between two researchers, two practitioners, or between researchers and practitioners (Savall & Zardet, 1987, 2008; Salmeron, 2016).

In our research, we suggest action research as a general methodology in order to be in close contact with a real start-up and examine closely the critical success factors that have been considered. More specifically, we choose the socio-economic intervention-research with its Qualimetrics approach. We would like to observe and intervene inside companies in order to learn and participate in the proper steering and organizational management.

**Table 1: Intervention Timetable.**

<b>Date limit</b>	<b>Intervention Objective</b>
November 2020-Feb 2021	Company's Consent + <i>Horivert</i> Diagnosis
March 2021- May 2021	Hidden Costs calculation
July 2021	Mirror Effect and Expert Opinion
August 2021-December 2021	Distribution of Project groups+ Economic Balance + Implementation
January 2022	Evaluation

## **COMPANY PROFILE AND INTERVENTION DESIGN**

### **Application of the socio-economic intervention research**

Being a player in the pharmaceutical marketing and commercialization of medical products, our research objective is to look closely at the dysfunctions in the Prescription Drug Cycle that are forming a stumbling block when attempting to improve performance. By applying the socio-economic intervention research methodology, we get the opportunity to detect hidden costs through the reveal of dysfunctions that might be the cause of ineffective performance and translation of the organizational efforts into concrete results.

### **Choice of the intervention site and the position of the intervener-researcher**

Scholar Practitioners add practical knowledge especially when it comes to organizational management. As Mike Beer (2011) said “...*relevant knowledge is not necessarily actionable, but actionable knowledge is always relevant*” (p. 149). I have occupied the position of Brand Manager in this company for six years before leaving Lebanon in October 2020 due to the emerging crisis. Having been an insider to the organization for a long time, I can say that I have access to hidden realities that Erving Goffman (1959; 2002) refers to as the “*backstage*” and Donald Schon (1995) describes as the “*swampy lowlands*” of organizations. Gummesson (1991) describes the standpoint of **insider researchers** for being “*preunderstanding*”, which means they already have an

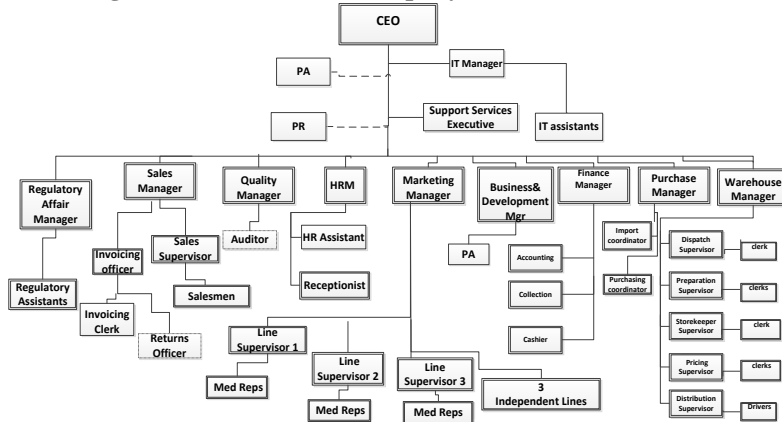
idea of the field's status-quo and have a pre-judgment of the situation before the launching of the research study and their role of researcher begins. This hermeneutic position is very critical for it confronts managers-researchers with several difficulties by being familiar with the situations, keeping the space for analyzing and criticizing the events, and inducing change to take place. Insider researchers also need to be aware of the **organizational politics** and act accordingly for the change to be smooth and achieve its goal of performance improvement within the organization (Coghlan, 2001; 2019; Buchanan & Badham, 1999). We talk a lot about change in this research since the organizational environment has witnessed a lot of change and complexity through this pandemic, at both the internal and external levels. The environment has not only become complex, but more wicked, hanging constantly and getting more complicated especially in the Lebanese context with the economic meltdown and the state failure of managing the emerging situation .

In our intervention research, we are conducting it online and through an internal intervener who is organizing everything on site: The Quality Manager who has gained knowledge in the Socio-economic intervention research in the last three years. Therefore, we can say that we two interveners: one who is external and cooperating from distance (myself from France), and another who is internal and present on sit (Quality Manager). I will be visiting the company this summer also and we will hold several meetings between the different actors at the horizontal and vertical levels as well as with the steering committee.

### **Company profile**

Company X still hasn't taken the shape of a well-structured company: the business has been growing tremendously and the owners have started in recent years to think about ways to organize and structure the business. As a result, the company's CEO has started to feel the urge of structuring an organization and give it a more professional form other than the family aspect that it has taken in its early years. X imports products from many European countries like Switzerland and Germany. The company was established in 2006, so it has been on the Lebanese market for the past eleven years. In a very high pace, this company has gained important market share in most of the products that it has been promoting and some of them are considered today as market leaders. The company includes different departments where operations are conducted to promote prescriptions and distribute the drugs.

**Figure 1: Organizational Chart of company X.**



Company X has been constantly growing and its market share is increasing year after year. Many changes and improvements have been implemented to cope with the dynamically growing field of the pharmaceutical market in Lebanon. In the past couple of years, many changes in existing departments have been introduced and new departments have seen the light like the Human Resources and Quality departments. Nevertheless, continuous improvement is a long process where change should always be put into practice and at a higher pace. The organizational activities can be divided into nine departments: Executive Management, Business and Marketing Development, Quality Assurance, Finance and Accounting, Logistics and Warehouse, Human Resources, Regulatory Department, Sales and after-sales services, and Information Technology. The total number of employees has decreased from 108 in 2020 to 90 in the beginning of 2021 due to the immigration of Lebanese people. This number includes nine managers and fluctuates more or less with the turnover of personnel. For companies consisting of more 100 employees in size, the socio-economic intervention research requires a whole year (Zardet & Voyant, 2003). Therefore, our intervention research has started in January 2021 and will last an entire year, so the evaluation will take place in January 2022.

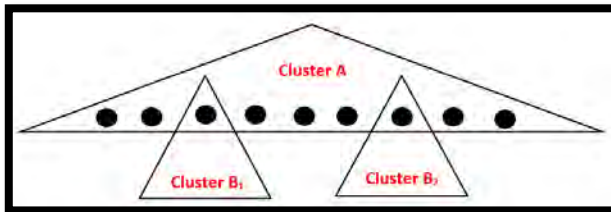
Our central hypothesis in this intervention research as already stated is to demonstrate that there has been a shift in the perception and practice of organizational performance. We will work on revealing these changes and understanding, as well as studying their effect on the management of performance and its improvement. The Socio-Economic Intervention Research, with the implementation of its tools, facilitates the conception of new indicators for performance evaluation by allowing the actors to participate and contribute to the generation and implementation of the key performance indicators. Moreover, it changes the mindset of managers by allowing them to see the whole picture for assessing the quality of their performance through a diversified set of indicators (QQF). We are interested in the creation of value under all circumstances, and we try in this study to make the best out of each situation, including the new trends we've been seeing as a results of governmental strategies to limit the spread of the coronavirus.

## Applied intervention research

Trying to change a culture is explosive, therefore you have to put negotiation into place and try to move gradually. According to Schein (1996b), *“Either you manage the culture, or it manages you”* (Denison et al., 2012). If you want to understand why some companies have a toxic culture, underperform relative to their potential, and eventually collapse, look no further than the quality of their leadership teams. In fact, the management of the corporate culture influences the performance outcomes through four coordinates: mission of the company and the strategic goal congruence, adaptability to the business environment and the ability to cope with internal and external changes, involvement of all employees in the change process, and finally the consistency in a sustainable system. Negotiation is central in the socio-economic intervention research and hence change is transformative and holistic.

In our research, we are **external intervener** but having good knowledge of the company structure and culture being a former brand manager there. The intervention research has started with a meeting with the CEO of the company where we presented the Socio-Economic Intervention Research methodology and **took his consent** to proceed with the intervention as per the Horivert process and following the three axes of change. Then the CEO formed the **steering committee** with five board members: the Sales Manager, the Quality Manager, the Regulatory Affair Manager, and the HR Manager. The Quality Manager is like a second intervener who is internal and acting on site to bring this intervention together, helping us to implement change into the mindset of the upper management. He has been the driver of change in the field and in the meetings of the steering committee. The socio-economic intervention research follows the Horivert model as shows the figure below

**Figure 2: Horivert Clustering of Company X.**



At the **horizontal** level, and on a period of two months, we have conducted the interviews with **Cluster A** including the CEO and the seven managers from all different departments of the company. Normally, the number of managers is 9 but because of the immigration wave of the Lebanese skills abroad, the HR and the IT managers have left and the company still hasn't replaced them. The interviews conducted were semi-structured of one-hour length each and hence we have been taking notes for the statements of all interviewed heads of departments. Some of them were conducted by the Quality Manager and others by the external intervener at distance via the Zoom platform. The overall number of interviews conducted eight (7 managers and the CEO). After data collection, we are categorizing the witness statements following the socio-economic six themes of dysfunctions: Working Conditions, Work Organization, Time

Management, Communication-Cooperation-Coordination, Integrated Training, and Strategic Implementation. Then we will set two meetings: one for the **mirror effect** and another for the **expert opinion** presentation and discussion. Afterwards, we will conduct two meetings for the managers and then the steering committee decides on the projects and initiatives to solve some dysfunctions presented and discussed.

As for the **vertical** part of the intervention diagnosis, it included two clusters that we named B<sub>1</sub> and B<sub>2</sub>. The CEO of the company, along with the steering committee, decided to cascade the intervention vertically in the two departments of marketing and the Warehouse & logistics due to the need of work organization in these two units and due to the changes that have been observed in the way operations are taking place amid the sanitary measures.

- **Cluster B1** is the cluster belonging to the Marketing Department including 30 persons: Marketing Manager, four line managers/supervisors, and 25 Medical Representatives divided into five lines.
- **Cluster B2** entails the Warehouse Department which includes 18 persons: the Warehouse Manager, 7 employees as clerks for pricing, order preparation, and stock control, one delivery officer, and 9 drivers.

The vertical interviews consist of qualitative and secondary quantitative data collection that allows the calculation of hidden costs. The dysfunctions collected in the field are categorized into themes and subthemes. Each subtheme encompasses different key ideas, each one emerging from a single or several field note quotes enunciated by the interviewees. The repetition of the same key idea in different witness statements defines the frequency of the idea as well as its degree of validity.

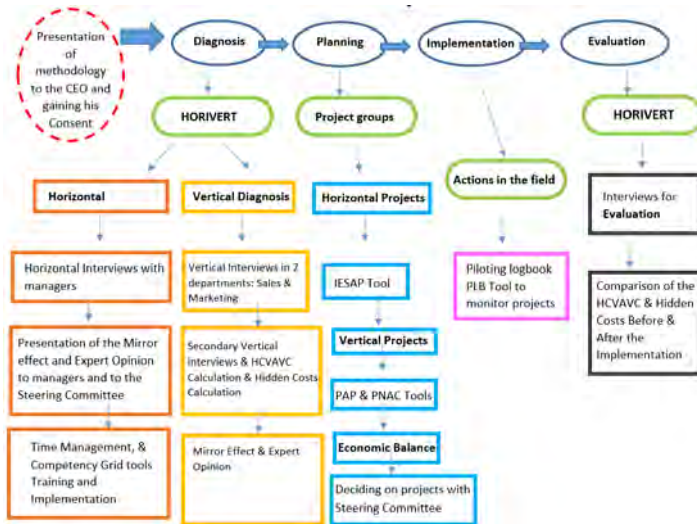
The Mirror Effect and the Expert Opinion usually take place twice during the intervention research: first time after the end of the horizontal diagnosis, and the second time at the end of the collection of dysfunctions and their associated hidden costs. After the horizontal diagnosis, the mirror effect and the expert opinion are presented to the interviewed managers during a group meeting for steering of ideas. The mirror effect is a presentation of the stated quotes in the field with their relevant pivotal ideas, key ideas and themes. The mirror effect permits the confrontation of ideas between the actors themselves from one side and between the practical ideas and the theoretical ideas from another side. They are classified within the six themes of dysfunctions and according to their degree of importance and urgency that's why it is called *hierarchical mirror effect*. As for the **Expert opinion**, it is formulated by the intervener to put in place the dysfunctions and root causes that have not been stated by the participants and that the intervener notices and analyzes from the field and from personal experience and knowledge (Savall & Zardet, 1987b; 2008).

## D) RESULTS AND CONCLUSION

In results of our socio-economic intervention research, we expect to calculate the hidden costs engendered by the dysfunctions that we collect in the intervention site. As we know, the socio-economic intervention research follows the four stages: diagnosis, planning, implementation, and evaluation.

**Figure 3: Steps of the Socio-economic Intervention Research.**





In the figure above, we have summarized the socio-economic intervention process that we will follow in our research. After organizing the data, and using the socio-economic tools, we help the interveners in the build-up of new projects to reduce the dysfunctions detected and recycle the hidden costs into added value. In our case, we are still in the diagnosis phase, and we will be presenting preliminary diagnostic results in the conference. More specifically, at this stage, we have interviewed the managers at the horizontal level and we are in the vertical diagnosis phase. By the end of this year, we would have contributed to the project development based on the dysfunctions and hidden costs that impact the most the creation of value in the commercial function. These results could be useful for all types of industries and businesses that have been impacted by the pandemic and whose commercial function has been operating from distance. We stay curious and open during to the inductive results, projects, and strategic directions and decisions of the company that are constantly dynamic during our intervention research due to wicked problems and constant change taking place in the world, on the market, and specifically in our Lebanese intervention site.

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