

Unveiling Hidden Costs: Socio-Economic Approach to Management (SEAM)



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“Organizational dysfunctions act as a dripping faucet wasting organizational resources. The problem with the dysfunctions is not that they cannot be fixed, but rather that they are hidden.” [1]

Hospitals constantly work towards improving their financial performance with the optimum efficiency possible. Seldom do hospitals conduct root cause analysis in order to determine the underlying causes to their poor financial performance, in line; turning a blind eye to a key contributor on the resulting financial performance which is the employee. Considering the aforementioned, organizational change which factors employee’s empowerment to generate better financial performance is a taunting reality to achieve in the context of Lebanese hospitals.

Innovative solutions are data driven; this is why SEAM has been proven to be effective. [1] According to the SEAM Institute, the Socio-Economic Approach to Management (SEAM) is a method to managing organizational change through the development of an organization’s top management. The key to SEAM’s effectiveness is calculating hidden costs that normal accounting overlooks, working with the whole organization, and developing human potential in the organization. [1]

SEAM is based on a set of values unlike traditional management. Traditional management is presented by an unsystematic examination of organizations that is based on financial data without sufficient consideration of realizing the people involved. [2] Instead, the socio-economic approach features both finances and people involved into the exploration. Having this in mind, the socio-economic

approach enforces the notion that employee’s performance is induced by the manner they are managed. [2] Therefore, any poor productivity begins with the way of management is set. In the context of Lebanese hospitals setting, hidden costs are abundant. The socio-economic approach may serve as an approach to enhance hospitals work environment and financial outcomes. **Nowadays, one of the biggest challenges facing hospitals is retaining experienced, skilled, and motivated workforce. The poor staff satisfaction reality and high employee turnover is due to the poor work environments and the absence of effective retention practices.** [3]

Deficiencies in a service process introduce a cost either to discrepancy or repetition of work. High employee turnover leads to deficiencies in service process due to dilution in experienced employee outlook. Such service examples include the need to re-contact a customer in order to verify either an order, or providing an incorrect service, or providing a substandard service, or even over servicing or providing more than what is required. [4] All which contribute to being hidden costs to an organization that may be manifested by the loss of prospective customers as well as by the cost of recruiting and training new employees; such costs are not directly accounted for by hospital information software or humble ledgers.

In conclusion, SEAM introduces that change has to be done at the top management level of organizations, assessing any dysfunctions in order to identify and reduce hidden costs, all while developing human potential of all the organizations employees.

References:

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