



# The Wedding the Carp and the Rabbit: A Realist Stand for an Ontology of Social Facts and Organizational Objects

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# **The Wedding the Carp and the Rabbit: A Realist Stand for an Ontology of Social Facts and Organizational Objects**

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## **Abstract**

The paper wishes to define and defend a moderate version of realism which we call modal realism. The difference between ontology and epistemology is first pointed out and we focus on the ontological side. We think it is often neglected because ontological issues are often assimilated to epistemological ones. We try to fill this gap in literature by defining an ontological level of reasoning. We then offer a test for the opposing camps in ontology: that of constructionism and that of realism by taking an example that can be interpreted both ways: the controversial merger of Snecma and Sagem into Safran, a French conglomerate. A merger raises ontological questions, merging being in itself an ontological process of two becoming one. Dwelling on the importance of this ontological issue, we then offer a presentation of modal realism. We once again depart from the merger case to show how this realism allows for a flexible and dynamics vision of reality, accounting for the “vague” and multilayered dimensions of social objects. It proposes a scale of beings, relations and combinations via “layered dimensions” in a modal ensemble. Throughout the example of the different levels of commitment, we hope to present a thorough description of modal realism as a matter-of-fact approach aimed at capturing the subtle dimensions of social objects such as organisations.

**Keywords:** realism, constructionism, ontology, modal realism, merger

## **The Wedding the Carp and the Rabbit:**

### **A Realist Stand for an Ontology of Social Facts and Organizational Objects**

*“You don’t know much and that’s a fact.”*

The Duchess, *Alice in Wonderland*.

#### **Abstract**

The paper wishes to define and defend a moderate version of realism which we call modal realism. The difference between ontology and epistemology is first pointed out and we focus on the ontological side. We think it is often neglected because ontological issues are often assimilated to epistemological ones. We try to fill this gap in literature by defining an ontological level of reasoning. We then offer a test for the opposing camps in ontology: that of constructionism and that of realism by taking an example that can be interpreted both ways: the controversial merger of Snecma and Sagem into Safran, a French conglomerate. A merger raises ontological questions, merging being in itself an ontological process of two becoming one. Dwelling on the importance of this ontological issue, we then offer a presentation of modal realism. We once again depart from the merger case to show how this realism allows for a flexible and dynamics vision of reality, accounting for the “vague” and multilayered dimensions of social objects. It proposes a scale of beings, relations and combinations via “layered dimensions” in a modal ensemble. Throughout the example of the different levels of commitment, we hope to present a thorough description of modal realism as a matter-of-fact approach aimed at capturing the subtle dimensions of social objects such as organisations.

## Introduction

Organization science has for a long time been presented as having a practical orientation. In this regard, organization science is legitimate because it happens to be useful in real life, no matter the rigour of the concepts. Since the science is action oriented, there is no real need for a thorough theoretical ground. In a more advanced vision of organisation science, it emerges from a combination of other disciplines, older, with a thorough theoretical background. In this option, epistemological questions are raised in relation to these disciplines: most of the tools are borrowed from them, in a pragmatic orientation. Their concepts can always be used as a theoretical backbone, should a scientific justification be required. However, when taking this epistemologic/pragmatic stand, one may forget that these other disciplines such as sociology, psychology or even economy have themselves borrowed some of their foundations to other fields of knowledge, among which ontology. Ontology has been called “the science of being” since Aristotle, we understand it as a scientific description of ontological structures of the world such as properties, objects as congeries of properties, eventually facts. Another approach would be to recognize that organization science offers specific issues for ontology and epistemology. This is our approach and we believe it may raise new issues and fill a gap in literature.

Indeed, we believe that some of the issues that are now increasingly vivid (because organization needs a scientific legitimacy and concepts to assess its independence) are often mistaken for epistemological questions, whereas it is a matter of ontology. Namely, when one asks: “does  $\square$  exist?”, what is at stake is not the truth value of “ $\square$ ” but the existence of “ $\square$ ”. To let epistemology take the helm is to examine first the means to have access to objects, even before specifying their modes of existence. We believe this is what may happen to the debate around critical realism (Mir & Watson, 2001; Kwan & Tsang, 2001) if nothing is done to put ontology back in its place.

If not, ontology is reduced to a series of presuppositions which can hardly be combined. Therefore, it seems more judicious to start with the criteria of admission of entities. This stand is what we call: “realism”. One could even say that organisation science is one of the last one to realize it deals with existants (properties, general and particular, objects...) although, by tradition, theoreticians are often out in the field, in direct contact with reality, where they fully weight the “being” of facts, matters and practices. We argue, in this paper, that because we, as practitioners, deal with specific issues, we target a systematic knowledge in order to optimize

the rationality of the decisions. The idiosyncrasy of each field and situation does not mean that there is no way to relate it to a more general vision: this does not mean one forgets about the relative position and the singular discourse of an actor. It means that in addition to this level of analysis, another scale can be needed to evaluate the nature of the questions raised. Both levels are combined to be comprehensive about “what is at stake”. Finally, the compelling nature of action does not imply that metaphysics have no say on such things.

As a consequence of this realist position of ours, the one initial assumption in this paper is that ontology differs from epistemology. We are aware that in most research papers in organization science, scholars take an opposite stand. To give a brief overview of this tradition, they follow Berger & Luckman (1996 (1966)) who claim that “society is a social construction” with both objective and subjective sides. Because they focus on the “sociology of knowledge” (Berger & Luckman, 1996: 256), they assume that reality is a “social construction”.

Ontology is reachable only via epistemology which builds its objects such as organizations and mergers. Gergen (2001), von Glasersfeld (2001; 2005) have about the same position to look at social sciences issues. Lincoln (1985: 139) sees these issues as requiring epistemic constructs because they are “emerging”. Hacking (2001) has adopted a more nuanced stand on social constructionism, even in social issues where it seems to have found its turf. Le Moigne (2007) compares constructionist epistemologies, and from his comparison, one may adopt a more nuanced position about constructionism: some constructionists would admit that there are ontological questions independently of epistemology and prior to it, whereas others would deny all ontology, since epistemology presides to the construction of all “social facts” and there is no going beyond these representations.

Using his linguistic and philosophical background, Searle (1998 a; 1998b) has successfully argued against the Berger & Luckman theory by admitting an ontological foundation to most epistemological issues. His main argument, which we shall try to illustrate in this paper, is that one cannot look at the truth value of anything without first having in mind its nature of existence: is it a fact, a perception, an impression, an imagination, a hypothesis? To us, a fact exists by itself and can be comprehensively known. As we shall see, however, facts are combined in multiple layers, and some of them are vague, an ontological complexity which constructionists (as opposed to positivists) often account for effectively even though they would not confer them existence beyond representations. We do confer different degrees of existence, some of which are beyond representation (Livet & Nef, 2008).

Throughout this text, we accordingly attempt to demonstrate that an ontology of social facts is useful in organization science just as in any other science. More specifically, we believe that a realist point of view is an approach which takes into account the being of social facts *per se*, whereas constructionism attempts to reduce the realm of social facts to mere construction, thereby denying the necessity of an ontology of social objects as existants<sup>i</sup>. We consider that this type of constructionism is a problem in management science and in organisation theory, especially given the present battle between neo-realist positivism and social constructionism<sup>ii</sup>. We believe that this social constructionism trend may have been caused by the domination of positivism and naïve realism in management science. It has been the tool for much needed critics when too many positivist papers were only concerned with the internal coherence and pertinence of their models and never put to question the concepts they were dealing with. However, this positivist domination may never be really shaken by theories which only offer a criticism of their facts and interpretations and not build other pictures of reality which offer a rich vision of organizational *realia* without shadowing their material. As a result, positivism and constructionism reinforce each other and they turn a deaf ear to intermediate positions to which real life facts have given rise to.

We argue that an ontology of social facts may offer an elegant way to reconcile “the field” and varied interpretations of the multiple “fields” that can be an object for research. This is also an answer to those who argue it is possible to deal with these problems by opting out of “ideological feuds”.

To prove our case, we first offer a test for the opposing camps of constructionism and realism by taking an example that can be interpreted both ways: the contested merger of Snecma and Sagem into Safran, a French conglomerate. We then offer a presentation of modal realism and we still use the merger case to show how this realism allows for a flexible and dynamics vision of reality, accounting for the “vague” and “multilayered” dimensions of social objects. Vagueness and layers are the basis of what would be a new type of epistemology for organization science and for management in general.

By showing the shortcomings and the pitfalls of a constructionist vision of the Safran case-study, we attempt to speak for the realist stand which we define in a more faithful version than that usually put to trial in the post-modern tradition. Through this paper, not only do we take a stand in favour of realism, we also attempt to draw the limits between each camp, that of realism and that of constructionism, since these two theories often assume confusing shapes when transferred from metaphysics to organization science (Fleetwood & Ackroyd, 2004) via other disciplines also dealing with social objects.

## **The Snecma-Sagem merger into Safran from a Constructionist point of view**

In this first part, we focus on the case of the merger of two French-based conglomerates, Snecma and Sagem into Safran.

Generally speaking, the study of mergers is a good topic for ontology because merging is in itself an ontological process of two becoming one. We suggest that the Safran case-study, recently produced by the merger of Sagem and Snecma (two French groups present in the aeronautics, electronics and defence industries) can be a good illustration of the necessity to take have a clear vision of such social objects as organisations, industry sectors, competitive groups, key resources and identity.

The reason for the choice of this particular merger is that one of the authors has been an inner observer of part of the course of events and has later co-authored a case-study about it (Castañer & al., 2007). Therefore, the analysis of the merger, although succinct, is based on various sources of information: direct observation, interviews, archives and a large press review.

Throughout the initial presentation of the merger, we assume a moderate constructionist stand, insisting on the discursive nature of most of the information. We adopt this view on things because criticism generally goes the other way round (Mir & Watson, 2000), and it is seldom the case that a moderate approach of realism is finally assumed. We then go into the definition of a moderate version of realism and we try to explain how it can offer clear and at the same time flexible notions to use, immune from the usual accusations against realism and its positivist generalizations.

Since the goal of this presentation is to illustrate the debate constructionism versus realism, only a broad overview of the facts and keys issues is first presented to understand the main issues which are then presented as illustrations to constructionist arguments. This constructionist is finally put to question.

### **The Merger of Snecma and Sagem into Safran**

The Merger between Snecma and Sagem was announced on October the 29<sup>th</sup> 2006 and the deal was met with considerable surprise both within the two organizations and outside, by market analysts and experts of the two sectors, plane engines for Snecma and electronic devices for Sagem. Cost-synergies were the main alleged cause for the merger. Some 700 millions euros cost-synergies were alluded to for no sooner than year 2008. The State floated some of its shares of these firms in its privatizing process and it gained 800 million euros whereas the stock-market prices were plummeting. Sagem lost 12 %.

In the following months, Sagem absorbed Snecma, which was twice its size in market capitalization. This urged some people to say that the merger aimed at getting at Sagem's nest egg at its detriment. Others replied that, in a time of patriotic efforts in favour of French capitalism, it was an effort to reach critical size not so different from the external growth tradition of both groups.

The two firms were the produce of nearly a century of mergers and acquisitions, and they were flagships of the French industrial heritage. They were both engineers firms, and they were both involved in the Defence industry, one of the reasons why the State has had so much influence on their fate. Snecma story goes back to 1904 when Gnome and Rhône were created. Its story is central in the epic of French aircrafts and airlines throughout both in war and peace. In the year 1974, it became international when a partnership was concluded with General Electric (GE) to build the CFM 56, an engine for middle-size civil airplanes which soon became a classic for aircraft manufacturers in the world.

The firm had a tradition in aeronautics, and it progressively acquired some rivals and partners, mostly in France. So far, the recent acquisitions, managed by Jean-Paul Béchat, the CEO, had been successful because the targets were part of the same business and because they were quite small in comparison to the holding. There was also a long tradition of cooptation in an industry where cycles lasted 15 to 25 years (life of an engine), most of the targets had had lasting ties with Snecma, and traditionally, engine manufacturers use their prestige to rule over component manufacturers.

At the time of the merger, the industry was growing a 2 to 3% a year due to diversification but a lot of investments were presently required to adapt to electronic changes in the command controls of planes as well as operating systems. Snecma had also entered new markets such as Russia, China and India, where important costs were involved, due to the delocalization of parts of the production. These moves had been urged by the rapid consolidation of the industry as well as that of partners in the value chain<sup>iii</sup>. The end of a cycle of growth was



predictable in the coming years, so Snecma was in a position to study alliances, partnerships and possibly mergers.

Sagem was created in 1924 by a young engineer, Marcel Môme. It specialized in cables and telephone, then SAT worked with Airbus and the plane industry. In 1984, the firm was bought by its employees in one of the largest employee buyouts (in French RES, rachat d'une entreprise par ses salariés) in French history. This influenced a lot the culture of the firm, based on participation and empowerment. Yet, Sagem has had to adapt to worldwide competition and the domination of Nokia, Motorola and Samsung. Mass market electronics was the playground for ferocious cost competition, and Sagem was only ranking 15 in terms of market size. Although its operating profits were only 5-7% a year, some said that Sagem had been merged with Snecma because it had a stash of cash and grim prospects in the mobile phone industry. This would be a unique occasion to begin restructuring and delocalization would be a good way to get rid of some of the less profitable divisions such as mobile phone manufacturers. This move had been anticipated by agreements with a Chinese partner, Ningo Bird.

As a result of the merger, the firm was present in 30 countries and employed some 56 200 people. Its turnover was 10,4 million euros in 2004 and its REX 7,7. Of the CA, 42 % came from propulsion, 22 from communication, 24 from airplane equipment and 21 from defence and security. 61 % came from Europe, 20% from North America, 9 % from Asia and 10% from the rest of the world. The group was now said to weight the critical size to be protected against "foreign hostile takeovers", since at that time, a lot of energy was devoted to the defence of French national champions in the name of "Economic Patriotism". A communication expert group, l'Agence Nomen, had been hired to work on a new common identity for the group and it had picked a new name, Safran, out of some 4250 suggestions from employees. This communication strategy was lambasted in the press after it had been the focus of attention to the detriment of actual descriptions of the impact of the merger within the firms. It did not appeal to employees, who claimed their identity remained that of their original firms or even the specific sites where they worked. It did little to attract investors, judging by the stock price of Safran in the market. To sum up, this merger, with all its mishaps, seems fit to illustrate a constructionist approach of organizations.

## **The Birth of Safran, from a Constructionist Point of View:**

There are many implicit references to constructionism in the initial presentation of the merger we gave. However, most of the arguments should be made explicit and related to specific theoretical stands. To do this, we imported a rather thorough model which we found in the literature on ontology. Fin Collins (1997) gave seven constructionist arguments in his book *Social Reality*: We first list key issues concerning the merger to then examine how they fit with Collins's constructionist arguments. We adopt this method because realists are often accused of neglecting empirical facts in favour of theory so they would fit better in the model.

- One issue is the importance of the official announcement of the merger: Hitt, Freeman and Harrison (2001: 384) says the definition of a merger is when companies combine to form a legal entity. *Once you decide to merge two groups into one, it becomes one group. Experts in communication have been hired to build a brand image for it but the main point is that it exists as a moral person on paper. Then the new "group" is no less craftily built than the two previous ones, even though it may be less legitimate because it is new. All organisations are made of "narrative matter" and fictions (Barry & Elmes, 1997) at least initially (Kahane, 2000).*

In Collins, the first of the large argument is that the nature of the rules of action (from Wittgenstein, thought shapes reality, gives it meaning, informs it). The problem is that, in this approach, it begins difficult to define the identity of an organization in addition to the "bundle of contracts" (Coase, 1927) and the brand.

- Another issue is that of the difference in points of view: financial analysts disagree with economists. Here is a short series of quotes from the press: Thierry Breton, the then Minister of Economy was quoted saying that "*there (was) no industrial logic to the deal*", popularizing the expression: "*the wedding of the carp and the rabbit*". Yet, other articles had pointed out, from an engineering point of view, the need for synergies as the plane industry was changing through technological innovation: "electronics pervades all crafts and trades" (July 2004). To this argument, a London broker opposed that of the plurality of options for the merger: « *a merger with Thales would have made much more sense in our view* ».

Collins's second argument is that of cultural relativity (standards vary from culture to culture, they are idiosyncratic). One may not only point out the differences between professions but the differences between the national press and the international press

coverage (Vaara & alii, 2006)<sup>o</sup>. However, these last authors point out the lack of objective information on mergers rather than the impossibility to reach a unified view of the event. They argue that such a common ground would be much needed for people to understand important strategic decisions and be able to react.

- A third issue is that of managerial leeway. *In the press, some critics echoes what is known in management literature as “the principal/agent” divergence of interests. Managers, especially Jean-Paul Béchat, the CEO of Safran, were accused of hubris. Some said that he feared to lose control of the group in favour of one of its shareholders and partner, General Electrics. Amihud and Lev (1981; 1999) and Lane, Cannella and Lubatkin (1998 ; 1999) have had heated debates on this question. The conclusion of this debate seems to be that, even though compatibilities do exist between scientific approaches, some assumptions remain incompatible, such as the definition of value creation in strategy and finance.*

Collins’s third large argument is that of rational relativity (standards of truth and reality vary). However, if different assumptions on the same facts may lead to different conclusions about the legitimacy of a decision, we may as well consider that this is all a matter of power of negotiation between groups and experts.

- Yet another issue is that, in the heat of the debate, no one seems to share the same definition of what is at stake in the merger: *If all actors have different ways of referring to things, therefore the best way to have them agree on the merger is to issue communication statements even though every one disagrees with their content. Dissent may be voiced but it is part of one large sum of assumptions and opinions. Agreement and “sensemaking” (Weick, 1995) emerge from coalitions and compromise. As a symbol of this “identity building process” the name of the group, Safran, has been chosen in a democratic way after an employee consultation (although it is difficult to understand what were the actual proceedings). Some authors believe that the failure of many mergers might be avoided if they were planned in a more integrative way (Larsson & Finkelstein, 1999) and if they were planned in the long-run in terms of strategic resources (Capron, 1999). Comprehensive matrices could take into account strategy, organisation and human resources and combine short and long term interest of the firm.*

Collins’s fourth and last large argument against realism is that of linguistic relativity (languages cuts an otherwise continuous substratum into entities that can be defined in a conceptual way). The argument for Safran is as follows; either these entities can succeed

in reflecting reality, and matrices are efficient to plan a successful merger, or the entities remain conceptual entities and they fall short of their official duty, which explains the difficulty in successfully implementing mergers. However, the parade to misunderstandings in mergers does not seem to depend only on the quality of translation and of planning and communication tool.

Large arguments defend a specific vision which implies that social facts are built as objects of collective processes. They can also be consensual agreements allowing classification, explanation or conceptualisation, despite the artifice of the device. The four arguments, that of the nature of the rules of action, of cultural, rational and linguistic relativity, interestingly, are often combined in constructionists discourses although their assumptions as well as their conclusions hardly match. Indeed, let's imagine the following argument by a constructionist : the merger is a construct because it was made to exist by managerial decree even though there is no common identity to it, due to the relativity of actors' ties, thoughts and language. One may reply: either the construct has been made, and it is a reality because it was born, or it has no existence, and it will never have one because it should have existed before it was born artificially, either the construct is made of cultural contents, or it is only a cognitive and linguistic issues since organisation culture is a mere artefact. Reductionist questions take their toll as to the ability of constructionism to determine the nature of the "construction". As we shall see, this "large based" argumentation is not easily compatible with the narrow based constructionism, since large arguments adopt an external, objective point of view, whereas narrow arguments stem from a subjective, contextual point of view.

Whereas the large approach arguments focus on the logic of interpretation, the narrow arguments stem from the very nature of action, the object of research as opposed to the structure of research. In the case of the narrow arguments strictly speaking, they can be combined or used separately. Their combinatory nature comes from their cognitively based approach. Their point of view is that of the subject and his or her oriented position whether they are the observed or the observer. These arguments also echo important questions raised by the merger.

- *The question of managerial responsibility is raised: managers who fight and hide information are only acting according to their feelings. They react to a specific situation and they may be protecting the firm from external threats. Practitioners in management have often criticized scholars for neglecting situational idiosyncratic data which their absence on the scene made them unable to collect.*

This phenomenological argument (action is laden with subjective meaning) is the first narrow argument raised by Collins. We could answer to this, however, that although precious information was gathered via an insider experience (Van Maanen, 1988 ; Becker, 1998), the distanced analysis of the accumulated material and the sharing of arguments with outsiders undoubtedly added to the understanding of the situation. Therefore, it seems exaggerated to conclude that because one acknowledges the richness of direct experience (sensations and emotions), there is no going beyond this level of analysis.

*Another interesting issue is that of the historical context of the merger: to really understand what is at stake, this specific merger should be related to other mergers that have happened in the past and that have founded definition of a proper or improper merger. There is a historical dimension to this merger: it has been decided in a context of denationalisation by the French state. This vexed debate alone can be a lens of interpretation. The Snecma-Sagem merger can also be defined as one of the “diversification” type, the ones which were criticized for their lack of success after the 1990s. According to Hitt, Freeman and Harrison (2001: 385), the volume of M&A had been growing relentlessly in the past few years : the 80s “merger mania” (55 000 M&A at a total value of \$ 1,3 trillion) had been followed by the “merger compulsive” 90s which lined up twice as many M&A for a total of \$11 trillion. This tidal wave implied that M&A were then managers’ favourite growth strategy. Because financial performance were seldom improved and because some 70 percent of M&A failed to improve firms financial performance (in 2001), in the 2000s, the dominant opinion was that few acquisitions produced very high returns for the acquiring firm. Accordingly, their use was moderated and legitimated by specific goals: economies of scale and scope as well as market power. They are used in all regions of the world, as a major global phenomenon in consolidating industries, such as aircraft industries and electronics.*

This issue is directly related to Collins’ hermeneutical argument: social facts can be interpreted only if related to other facts. A merger can be understood only relatively speaking, and such a thing as “a merger” does not exist. However, if the main question is to range the Safran merger in the series of successful and failed mergers in past and present history, it is still necessary to take into account the specific nature of this merger which cannot be reduced to its hermeneutical context just as it has been necessary to take the past mergers for what they were to derive a hermeneutical context out of them.

- A last issue that can be raised about the merger is that of the value creation. From an overall managerial point of view, the merger is justified if it followed by value creation via growth, risk reduction and profitability (Grant, 1998: 370). *However, from*

*an organisational point of view, value creation may have a more specific meaning. It is less concerned with outside stakeholders and more interested by the well-being of the firm as a whole and of the employees individually. Success is a controversial issue depending on the way people build the criteria by which to judge the issue of a merger. One may consider that focusing on success and performance is a way to interpret facts that belongs to a set of conventions which are part of the dominant market ideology. If one defined success differently, then what is considered a priority in this merger (the respect of shareholders interests) may not be a priority and things may be looked at from a different perspective.*

The convention argument (social facts are built up by convention) is the last one Collins has called upon in his list of constructionist arguments. Although it may be true that organisational theory is forced to contest the conventional definition of success in management to dwell upon more qualitative aspects, the different dimensions of a merger seem to be sufficiently related to allow for judgement. In the conventional definition of success, therefore, there still is room for interpretation and evolution of the norms. Indeed, it is sometimes necessary to admit the reality of such notions as value creation, performance and competitive advantage (Durand, 2002) to reach a meaningful dimension and contest their omnipresence. This is why one may trace specific conventions for specific fields of analysis for which they are befitted. Generally, although there is a tension between strategizing and organizing (Jarzabowski, 2006), these two dimensions are still related and inter-dependant.

The narrow arguments focus on specific aspects of human action, which means they insist on the observed instead of the observer. The three of them, the phenomenological, the hermeneutical and the convention arguments, are compatible because they build a world of representations which nature can be qualified as cognitive, a mixture of sensations, feelings, knowledge and learning and cultural norms. We admit that a good deal of what we experience is biased by these specific cognitive orientations, but we do not see the point in reducing the whole matter of thing to mind matters. Even though we shall not resort to breaking a chair, we offer a solid and matter-of-fact approach to social facts in the following section as a credible alternate solution to what seems to us a disembodied, paradoxical and unreasonably sophisticated way to account for realia.

## **Realism versus Constructionism: the case for an ontology of social facts**

In this second part, we use a critical point of view on realism to prove the case of a solid approach to social objects and facts that make it possible to present them in distanced and minute way so that they can be discussed. To prove our case, we have so far inverted the usual pattern of criticism, that of realism by constructionism. As we have shown in the first part, the criticisms addressed to realism does not prove that constructionism is the fittest method to adopt for strategy and organisation issues. More specifically, if we follow constructionism in its utmost assumptions (both explicit and implicit), we are missing of a steady ground to judge actions and make a difference between degrees of reality. We tried to make the point that an ontology was a must by illustrating each of the constructionist arguments with one issue taken from the Safran case. By showing that no clear solution can be found, in our view, without referring to an ontology of social facts, we did not however, pretend that this ontology had to correspond to universal criteria of truth value.

This moderate version of realism is often disregarded in social sciences in general because most people have this criteria in mind when they think of realism (Berger & Luckman, 1996 (1966) ; Le Moigne, 2007), just as some tend to believe that, because it has a history in Medieval Philosophy, its foundation is the existence of a Supreme Being. Let it be clear that, as far as we are concerned, our main goal is to find the best ways to account for social facts and realia. It is not our intention to carry the debate into further dimensions although we are aware this could be done. However, we believe it could be done as well from other points of view and our focus here is the reality of social objects. This is why we think it is necessary to present the advantages of a moderate realism as regard to social objects in more detail.

Moderate realism is, to us, a modal version of realism. This means that its goal is not to reduce reality to the only objective facts and truths that they think can be universally admitted. They, on the contrary, try to typify objects and facts by looking at their degree of reality. Three dimensions can be pointed out: modal realism admits possible worlds, as opposed to the one real world. It is open to “vagueness”, which allows for changes and idiosyncrasy. Last but not least, modal realism can distinguish different layers of reality within a given social realm, the number and the combinatory nature of layers is often a key to the degree of reality of social facts.

First, we show that a common ground exist between moderate constructionism and modal realism, and we look at the notion of possible worlds. We show that moderate realism and

moderate constructionism have the common problem of defending themselves against more radical stands they are often assimilated to. Then we go into two important dimensions of modal realism: vagueness and multi-layerism.

### **Possible Worlds and Common Ground With Moderate Constructionism**

When insisting that there is a common ground between moderate constructionism and modal realism, we have to options to qualify this posture: “constructive realism” or “modal realism”. The two are defensible. The reason why we have chosen “modal realism” and not “constructive realism” is because we want to insist on the notion of “possible worlds”, which we hold on as an interesting option to analyse situations. To be specific, “possible worlds” in modal realism are all the possibility of different and incomplete combinations as opposed to the one present situation. Modal realism offers a good model for trees of decision and prospective hypothesis because of their combinatory nature. It is also its advantage over moderate constructionism in their common effort to make sense out of the complexity of social facts.

Moderate constructionism is more embarrassed, we think, to face naïve realism approaches, because it offers only a critique of the reality naïve realism conveys. Instead, modal realism reduces a “naïve realist” version of a given social whole to one of the “possible worlds” option. It can even offer a whole series of “naïve realistic” possible worlds with which this one world can be combined. They may all capture one aspect of reality, but by lining them up and comparing them, it is visible that they each have oversimplified versions to offer, centered, for example, on a given proposition. If we go back to the Safran merger example, some naïve realist versions would offer a set of propositions which dependant variables may focus on market shares, governance or degree of trust. The nature of these assumptions create “possible worlds” with an inner law that corresponds to certain scientific criteria. If only because it is so far away from real social objects, these “possible worlds” must be taken into consideration, regardless of their influence on decision-makers, which would introduce a political dimension to the argument (Pettit, 2004). In itself, a “possible world” is full of information.

This proves that in the realm of naïve realism, some notions remains incomplete which ends up in an unfaithful version of social objects. There is a more sparing way to deal with these interpretation than to show how each of them is a mere construct and deconstructing their picture of the world: one may consider them as partial interpretation that may pave the way



for more accurate versions, keen on sticking to social facts. This option is especially useful when dealing with very complex objects in a subtle way.

The notion of “possible worlds” makes a major difference between moderate realism and moderate constructionism (Le Moigne, 2007). Apart from this point, we may, however, find a common ground.

Indeed, to better understand the opposition between realism and constructionism, we need to have a clear vision of what they may agree on. The key oppositions are, in fact, rather few if one assumes a moderate position. To make this clearer, we present a vision of realism and constructionism from a philosophical point of view as opposed to more ideological matters, even though history and schools of thought need also to be taken into consideration (March, 2007).

As we shall see, the philosophical approach provides a distanced look on managerial realities and facts belonging to the organisational field and its environment. The specific advantage of philosophy is the fact that, although it can understand key notions in management, such a merger, synergy, competitive advantage, it refers to these concepts just as it refers to other concepts to describe social objects. Organizational life is also a social object, and it no more, no less interesting. In organisation science now, some splits have endured and make it difficult for each camp, realists and constructionists, to exchange their tools and concepts. Camps have emerged and they both stand their ground. We believe an outsider view may be useful to go back to social facts with no a priori orientation. When looking at a merger and describing it, a philosophical approach is parallel to and complementary with ethnography since they both try to make out dominant patterns in a diverse, complex, multifaceted reality. To do so, they must provide the micro-processes underlying facts, something hard constructionists would never do, since they argue facts are mere fictions.

### **Moderate versus Radical Versions: A Common Battle**

A distinction should be made between a non constructive, static version of realism (naive realism) and a constructive, dynamic version of realism. In particular, there is a case for critical realism, as to its approach to “facts” and “matter”. The necessity to draw a line between facts and fiction is a necessity to be able to send warnings about managerial discursive trends and information from the media. Some aspects of realism, such as absolute truth value of “propositions” are relaxed. In order to fit the idiosyncratic nature of specific case-studies., modal realism makes a difference between the truth of the propositions and the

truth of the discourse composed of the propositions; whereas the first is non contextual, the second is obviously contextual : namely, it admits a discursive dimension, but this dimension is grounded on its own parts: propositions.

However, the layered nature of reality does not imply that there is no inner coherence to isolated realms of social facts, and that these facts and objects stand in isolation. The compatibility between rules and realms is one of the key issue for organization scholars. This is why a relaxed version is open to constructionism because it allows for some parts of reality to be constructs, this is one of the reason why various criticisms can be addressed to varied situations and social structures. Therefore, both moderate realists and moderate constructionists have common “foes”. Indeed, in a similar way, a difference should be made between weak social constructionism and strong social constructionism in their approach to realism. From a weak constuctionnist point of view, “*realism is produced by the way we speak or think about it, and by the way we explain it to others, by the concepts we use to encompass it*” (Collins, 1997: 2)

From a strong social constructionism point of view (Bruno Latour and Philippe Descola seem to be part of that school of thought), reality as a whole is a social construction, the separation between natural and cultural realms is arbitrary and what we call “natural” is no less a construct than what we call cultural (Collins, 1997). There is yet another difference: according to strong constructionism, everything is social, even what is denoted by scientific concepts (mass, gender, sun...). They pretend that even the rhetoric of case-study analysis is a special kind of story meant to convince that “people have been there”, just as photo-reportage takes its legitimacy from direct and durable contact with the field of action. Most authors dealing with constructionist epistemology (Berger & Luckmann, 1966 ; Gergen, 2001 ; Hacking, 2001 ; Lincoln, 1985 ; Le Moigne, 2007) take a stand situated between these two extremes.

We therefore conclude that the major difference between constructionists and realists stems from the fact that constructionists do not need to defend a coherent version of reality in addition to their analysis of constructs. Therefore, our next step will be to expose the approach of real objects by realism. It creates a scale of beings, relations and combinations via “layered dimensions” in a modal ensemble. Two key aspects of this modal realism are vagueness and degrees of reality this is why we define modal realism as not necessarily implying the existence of *possibilia* but as considering reality as a choice between a lot of models (vagueness) and not as only one level (multi layerism).

## Vagueness

We have an answer for ontological realists who think our approach to facts is a wolf in sheep's clothing, namely constructionism undercover because it is modal. We think one notion can help make a difference between modal realism and constructionism in addition to possible worlds: the notion of vagueness. Modal realism takes a stand in favour of real vagueness. Usually we say that to be a realist is to admit an ontological vagueness (not only an epistemic vagueness). To constructionists, social objects are never "vague", they are always fictional, and this is why some parts of the fiction are inconsistent. They even use these inarticulate aspects as part of their demonstration.

This is why the question of "vagueness" is central to what we call "modal realism", because it is a way to deal with the content of "being" in its definition. What are the criteria for "truth value" and "facts" if "truth value" and "facts" do not correspond to either a constructionist or a positivist stand (the universality of the truth-value, the importance of measurement and the assessment of the validity of construct via the test of propositions through independent variables and dependant variables) ? We have two answers to give and we believe they bring more nuances than the social constructionism epistemologic stand of Berger & Luckmann (1996) for instance.

- even though some facts have some truth value, they can be false: propositions (or sentences), as truthbearers, have to say so, but facts make truthbearers true — and so they are truthmakers. We say that some facts obtain. If a fact *f* obtains and is expressed by a sentence *s*, then *s* is true: *f* makes *s* true. This may mean that they belong to local realms and that their main features cannot be decontextualized. These are, in particular, due to the complex nature of social objects which not even the most sophisticated of the construct will transform into a clear entity: *"The specific vagueness of social facts derives from the constitution of quasi-classes of activities which remain open"* (Livet & Nef, 2007: 35)
- even though some facts can be obtained in one situation, they may not always be because the compatibilities are subject to change and causalities may be multiple. This does not mean that anything can be said of anything. This does not mean either that facts are only a matter of opinion, a stand which may prove more dangerous for researchers than for the so-called "powers" they attempt to denounce as illegitimate. Modal realism is an attempt to discriminate the various degrees of reality in specific situations.

Therefore, instead of being a less clear vision of realism, modal realism is in fact saving a lot of arguments around the nature of reality and the ability to generalize from one case to another. For example, it is possible to admit that commitment exist, although it can only be indirectly measured (through indirect and indirect effects) and although it is very hard to draw a line between effects and co-emerging events and although the observable signs of commitment may be different from one firm to another. This is a happy compromise between a dismissal of these aspects because they are intangible and a locked-up definition of “commitment” according to a set of propositions prior to exploration of the field. Indeed, it is difficult to change quasi-classes of activities but in the social realm of facts, it is necessary to take into account recursivity<sup>iv</sup>. That way, the changes in the object of analysis can be taken into consideration as part of this same object, because there is a dynamic vision of it. We absolutely need this dynamic vision because in fact the basic elements of ontology are micro-processes. These micro-processes combine multiple layers of reality, and this is what we shall presently show.

### **Multi-Layerism: Layers and Combinations of Layers**

Though multi-layerism, we also have an answer for constructionists who think modal realism is in fact ontological realism, despite what it says, because it is only concerned with legitimating notions that are like clay pigeons. Far from trying to legitimize these “fakes”, we even think it is not enough to show that they are mere construct which could be done without. On the contrary, we try to understand how, given the nature of these objects, they can be part of the social fabric and change in nature. To be more specific about such a notion, let’s take the concept of commitment in organisational issues. We think it is multilayered. Constructionists would say it is an instrument of domination in organisations (Alvesson et Willmott, 1993). However, there are situations where commitment is beneficial for the “committed” and has a positive and democratic orientation. Where constructionism is unable to enter into more details inside this important dimension of organizational life, we propose a side section of commitment in the Safran merger and we show that the absence of some commitment dimensions may explain the difficulties of the operation and its moderate success.

If, for example, we take the degree of commitment within an organisation, we may consider that there are many dimensions to commitment, and that facts and discourses move and revolve around this issue. A constructionist might point out that the problems of the Safran

failure was the discrepancy between over-enthusiastic speeches in the media by CEOs and the actual attitude of people within the group (surprise, then doubt and passive resistance). Namely managerial discourses insisted on the quality of commitment as a token for success, whereas employees were hostile to or at best not favourable to the merger. We propose a more specific mapping of the different degrees of commitment and their combination.

In the constructionist version of the merger, no proper theory of commitment is offered. Constructionists may well say they can offer an ad hoc description of commitments too. Unfortunately, they are by principle at odds with giving such a description, because a theory of commitment would require of them a modal apparatus (since commitment is linked to virtual processes) which they reject. Yet, in such case as that Safran, we believe a theory about commitment is necessary because a merger implies different types of commitment. There is a complete explicit commitment, that of the contract and official agreement, but this implies a series of implicit commitments, both complete and incomplete. The explanation for a totally or partly failed merger lays on misunderstandings in the commitment. A social ontology is eager to provide a picture of commitment mechanisms, so that, in analysing a merger, one may fully take into account this dimension. If such an analysis is done before the merger begins, it can be a basis for advice, although the complexity of the social field makes it impossible to be predictive. It can also be used as an explanatory tool in the aftermaths of the merger, and this is what we provide as an illustration of our demonstration in favour of modal realism.

We offer an analysis of commitment which is based on a concepts such as networks, virtual loops, etc., a series of tools which is also in use in semi-constructionism or methodological constructionism. This use is one of the reasons why we in no way mean to oppose constructionism and a realism which would be in perfect symmetry with it. To us, there is a common ground, only we combine these parts in a different way. For example, we admit that by combining an “epistemic assumption” and a “teleologic assumption” (le Moigne, 2007), constructionists may come around with interesting descriptions in such complex social issues as mergers and organizations. We just use different tools because our assumptions are different (social facts exist by themselves regardless of the knowing subject and they can be known). The merger implies an interaction between two collectives since a merger supposes a series of commitments at different levels relating two collective bodies (and the individuals composing these collective bodies). One must therefore combine an ontology of virtual processes (underlying the various types of commitment) and an ontology of social objects such as organisations. This may illustrated by some insights into the Safran merger.

First, a personal notion of commitment exists: implicit commitment in one's own name (I borrow something and I know I will put it back after use) or personal commitment by induction that may make become explicit afterwards (I borrow something and I put myself in a position to put it back by an act of conscious willpower) or personal commitment with the initial condition that it must be anticipated by its author (I borrow an object because I know that I will be able to give it back and the reason why I need to give it back is because I know others may need it too). This is a virtual loop, where the other is implicitly present. In the Safran case, the commitment of both top managers of the two merging firms implies that they have taken the step to merge because they could anticipate a positive return for their employees. They borrow the representative power of these people because they are convinced that this is what they would have decided to do in majority.

Then, a notion of interpersonal commitment can be combined with the personal type of commitment: implicit and incomplete interpersonal commitment (mutatis mutandis, and it will be so next times, I can borrow something from someone and we both anticipate that I will give it back). In the Safran case, although nothing has been word has been said about the possible consequences of the merger, it is agreed that the decision has been motivated by the tacit agreement that the expected returns will be superior to the trade-offs for the stakeholders. You may also have implicit and complete interpersonal commitment (if someone else lets me take something, it is because he or she knows that I must give it back). In the functional definition of jobs, it is agreed that people within the organisation will work together in an organised way. Therefore, employees from Snecma will be cooperating with employees from Sagem once they will be part of the same group, Safran.

Another version of this type of commitment is explicit and incomplete interpersonal commitment (I tell someone I will give back the thing I am borrowing but the reason why he or she believes me is because that is what I usually do and not because I said I would). In the Safran merger case, a success can be expected because Jean-Paul Béchat, for one, has conducted a number of acquisitions in the past that were deemed successful. However, even within Snecma, different coalitions exist, some of which are not convinced that these mergers were a good thing for the group. For example, the divisions which are geographically distant from the headquarters may feel less committed towards the group than the employees working Avenue du Général Marcel Vallin.

You also find explicit and complete interpersonal commitment (someone else expects me to give the thing back because I said I would). This could involve a network relation, since other people may have been witness to this promise. The lender may be indirectly aware of the

commitment of the borrower to return the object. In the merger case, the managers from both groups have agreed with union representatives that there would not be immediate firings due to industrial and commercial synergies. These agreements may even have been stated on paper to remain as a warrant for future action. In the past, especially during massive strikes, workers in Snecma Moteurs (the largest factory) have been able to block activity. In the past, Sagem employees were part of the decision, since they were considered as both employees and shareholders of their group. This tradition is still vivid in the group, and it implies that there is a strong control of managers' decisions. This may become a trial for managers since the word of the manager is at stake.

The last type of commitment is explicit commitment (the other person is not sure I will give the thing back to I declare I will and by this declaration, I intend not only to announce what I will do but I word out a second degree commitment, I am giving my word by advance in addition to the thing I will be giving back later). In the Safran merger case, statements in the media by managers were meant to reassure stakeholders and employees as to the consequences of the merger. These statements were a public commitment. Some of them claimed that the stock-market would soon come to realize the potential of the merger, and they became problematic as the prices kept plummeting. This contradiction by facts became a factor of destabilization for the managers, especially Jean-Paul Béchat. A scandal developed when he was suspected of concealing information, which harmed his legitimacy already impaired by fights at the top of Safran. This discrepancy between facts and commitments may have caused the departure of older managers and the arrival of an older experimented manager; Francis Mer, who was famous for keeping his word.

The realist interpretation of social objects and social facts present a vision of reality that is multi-layered. It can combine five different types of commitment, and it can show that because in some cases, some types of commitment are lacking, the conditions for a happy conclusion are not met. Time and evolution may act as processes to complement or to wither some dimensions. Instead of insisting on the context, we may be led to take into account changing networks within the "social object" at the center of the analysis, Safran as an organisation. Virtual loops and networks pave the way for "vagueness": the classes of actions marked by commitment remain open just as degrees of commitment can complement each other. This implies that modal realism takes into consideration facts, words, but also the implications they convey. What would otherwise be classified either as discourses or as facts becomes part of the social process of organizing and meanings are necessarily interpreted in minute details, especially in situations that differ from routine. In the case of a new

organisational being created as the result of a merger, this means that its institutional being is made of the network of actual processes and virtual relationships which condition the differences we make between the various degrees in ontology. The more unusual the situation, the less common interests the parties have, the more important it is to have a common ground to settle the issues at stake.

## **Conclusion**

We have attempted to reach a conclusion concerning the issue of the long lasting controversy of realism versus constructionism. We believe that this debate in management science should be referred to a tradition external to its own debate, that of metaphysics and ontology. Constructionists accuse realists of being interested only by simplistic phenomena, of which they give an even more simplistic image. Surely, mergers do not belong to the category of simple phenomena. However, we consider that realists have an advantage over constructionists, specifically when the merger is not working. We have shown that the commitment dimension is central and that to describe it, an ontological analysis effort is necessary. When one must depict processes, most of which are virtual, only a kind of realism admitting different types of alternatives in addition to the actual world is an option. Indeed, if a is committed to b to do c, a must anticipate the consequence of not doing c, measure the possible reaction of b once c has been done, etc. It is not enough to consider the action: a does c and the conventional tie between a and b about doing or not doing c.

In its approach, modal realism could be accused of being profligate with “being” in its definition of objects and relations, since we seem to suppose they each have a certain degree of reality, beyond discourses, where moderate constructionism may consider that there is no need to look for a reference for these concepts since they refer to nothing. We value imagination and incomplete references and we try to set limits between different degrees and dimensions of reality, since they combine in real life. In fact, our realism is modal because it is an attempt to take into consideration not only the essence of any given fact, but its combination with other facts which may be real or imaginary representations. This works since our modal modelling is combinatorial.

This bears social and political implications. Through this text, we hope to have provided a convincing demonstration that an ontology of social facts not only exists but also should become a central issue for investigation in the following years. Indeed, not only does it offer ground for academic investigations, it also points out to new avenues for better understanding



of social issues and maybe ground for fair rules and regulations, a necessity that was clearly stated as soon as 1956 by Talcott Parsons (Parsons, 1956 in Stern and Barley, 1996). We believe there is a lot we can get to know, and that's a fact.

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<sup>i</sup> For that matter, it could provide a fictionalist ontology since it is nevertheless peopled with social objects.

<sup>ii</sup> To make the difference between the two clear: the neo-realist positivist says "no need to worry about ontology; mathematics will do" whereas the social constructionist says "what is social is a construct and any construct is fictional, therefore only fictions exist in the true sense of the word" – we can notice that this last stand is a metaphysical assertion, whereas the positivist's position is only dismissive.

<sup>iii</sup> These are suppliers, such as steel manufacturers, and clients, such as airline companies.

<sup>iv</sup> The fact that, for example, people react to judgments and categories because they are able to understand it, which is not the case with objects.