

Corporate Governance in IDOM: An Example of a Corporate Polity

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1. Introduction

At present there is a wide consensus on liberal democracies as the most desirable among all different political regimes. These are characterized by a commitment to liberal values, above all, to the rule of law, and the regular holding of free and fair elections among the members of the citizenry. Despite their limitations, liberal democracies are considered to come closest to the ideal of self-rule through the wide participation of citizens in a government legitimized by their choice and consent.

Within the realm of business and the economy, one finds an increasing demand for a corporate democracy to complement the political democracy of states (Gates 1998). It is believed that giving employees an ownership stake would enhance their motivation and commitment to the firms in which they work, inexorably leading to improved corporate performance. Employee ownership and participation in the governance of companies would defuse many instances of labor-management conflict. It would also broaden the distribution of wealth—a lot more would be able to benefit—and promote a more equitable distribution of the same—those who benefit would do so more equally—. All of these factors would provide for greater cohesion not only in the corporation but in civil society as well.

In the *Politics*, Aristotle presents us with two kinds of regimes wherein the many in a given constituency rule: democracies and polities (Pltcs 1279a-b). We have democracies when the majority that governs pursues their own particular interests, and on the contrary, we have polities when the many that participate in governance seek the good of all, the common good. Next we shall examine an example of a corporate polity, through the case history of IDOM Engineering Consultancy.

2. The Associational Commitment at IDOM Engineering Consultancy

The Guggenheim Museum rises on the banks of the Nervión River in Bilbao as a titanium-clad sea monster—according to some—or a marooned sea-going vessel—according to others—that has thrust its bow against the Salve Bridge. This unique creation by the American architect Frank O. Gehry has indisputably put the city on many a tourist's itinerary and has certainly served as an effective economic catalyst for a region which, in the 1980s, was reeling from the decline of its steel mills and shipyards. Shortly after its inauguration in October, 1997, corks were popping at a party not too far away at the headquarters of IDOM Engineering Consultancy, the project managers for the construction of the museum. Apart from the obvious, a major cause for celebration was the absence of any death or major casualty during the five years that IDOM took charge of the building project. Much was owed for this to the concern, or one could almost say the obsession with safety that Rafael Escolá, IDOM's founder and first president, had bequeathed to the firm.

IDOM began its existence as DOM, an acronym for *Dirección de Obras y Montajes* (“project management and installations”) in 1957 (Cardenal and Vilallonga 2004: 65). Escolá was then a middle-aged engineer who had just been hired as a consultant to set up a cold strip rolling steel mill worth a billion pesetas for a company called Basconia in Etxebarri, near Bilbao. His previous experience consisted in working for a construction firm called *Edificios y Obras, S.A. (EOSA)*, where he took charge of both technical and commercial aspects, and however briefly as director of *INAR*, an academy for Engineering and Architectural students in Madrid (Cardenal and Vilallonga 2004: 42, 49). In answering Basconia’s call for an independent consultant, Escolá took a first step towards fulfilling his dream, that is, engaging in the practice of engineering as a liberal profession. At that time practically all engineers in Spain were employees either of state or of privately-owned companies.

By temperament, and later on, by conviction, Escolá had always greatly valued the autonomy or independence that came with the practice of a liberal profession, even for engineering (Escolá 1993: 8-10). He felt greatly attracted by the idea of not having bosses, or at least, of not working for them, in the sense of having to please them in order to advance in one’s own career. Often, this entailed being unduly diplomatic or calculating both in one’s words and deeds, for fear of upsetting superiors. Being one’s own boss, he thought, one could offer a better service to clients, with whom one would have no choice but to deal directly; one would have to sell his ideas to them and not to any other intermediary. The professional independence of an engineer would then be better safeguarded and possible conflicts with the commercial or financial interests of third parties kept at bay. Even then, the independent professional should know when to seek advice and to the extent possible, keep in close contact with others in a similar situation. Partly for this purpose, Escolá co-founded with Mario Romero ASINCE, the Spanish associations of engineering consultants, in 1975 (Cardenal and Vilallonga 2004: 206).

Yet this idyllic vision immediately vanished as soon as Escolá realized that he could not do the steel mill project alone and that he would be needing help. What was available then was a group of specialists who more or less tried to coordinate their activities; but what Escolá needed and wanted was a team specialized in project management. He himself had to create that team. Apart from himself, the first team member whom Escolá drafted was Luis Olaortúa, then a 25 year old engineering senior who in due course would succeed him as the head of IDOM. Despite not having finished his studies yet, Olaortúa would already figure as Escolá’s co-author in the cold strip rolling steel plant project. This was a consequence not so much of Escolá’s generosity as his original vision and desire of sharing the authorship, reputation and merit of an enterprise with his collaborators (Cardenal and Vilallonga 2004: 91). Olaortúa, together with the few others who would join DOM in its initial stage, simply received payment for services rendered from the proceeds of Escolá’s honoraria as an external contractor for Basconia. There was no labor contract and therefore, there were no employees. Strictly speaking, there was no engineering consultancy firm yet; there was only an independent engineering consultant —Escolá himself— who availed of the help of a team composed of a few young engineers or engineering students, draftsmen and so forth, in meeting the requirements of an external contract.

So pleased was Basconia with the results of its working relationship with Escolá that many other contracts followed after the steel mill was finished in 1959. Escolá's team started to gain quite a reputation in the Bilbao area that several important consultancy projects were offered to him. That same year DOM was inscribed in the Register of Patents and Trademarks with Escolá as the sole proprietor and a book value of 100,000 pesetas (Cardenal and Vilallonga 2004: 65). This situation would continue for a couple of years more, with Escolá working as an independent consultant together with a sixteen-member team that depended on his earnings. At that time, DOM won the tender for the lighting installations of the San Mamés football stadium, home of the Bilbao Athletic Club, among its projects. In 1961 DOM already booked sales amounting to 1.25 million pesetas (Cardenal and Vilallonga 2004: 92).

Two important events occurred in 1962, ushering in the second stage of DOM's trajectory. First was a change of name, with the addition of an "I" which stands for "*ingeniería*" (engineering) to the trade mark or brand (Cardenal and Vilallonga 2004: 92). The other was IDOM's transformation into a firm that offered engineering consultancy services. Albeit reluctantly, Escolá had to abandon his dream role as a freelancer and assume that of an entrepreneur. With the fees he charged clients as an external contractor he had to hire people, pay them salaries and shoulder general operating expenses. However, he did not fully renounce to his objective and settled into the practice of engineering as a "semi-liberal" profession instead (Cardenal and Vilallonga 2004: 72). As sole owner and manager of IDOM, he avoided naming other superiors and shunned all forms of hierarchy within the firm. His motto seemed to be "let each one do his thing" in order to assure the greatest amount of professional freedom possible. He reckoned that, instead of being appointed to a position, workers should gain the prestige and honor they deserved from their colleagues for the quality of the work they carried out.

Reality checks did not take long in coming, nonetheless. Some projects required the close coordination of a great number of members of the team. But since they had no regular office hours, sometimes clients could not contact the persons they needed, much less receive proper service. The lack of punctuality was also rife. It then became necessary to implement a minimum of formal systems of authority, schedules, norms and regulations to allow for work in common. "An engineer who works for a firm should submit himself to the rules and to whatever his superiors may indicate to him", Escolá would later on write in his ethics manual for engineers (Escolá 1987: 182). Some balance had to be struck between legitimate personal and professional freedom, on the one hand, and order in the business organization, on the other.

At this moment it became utterly clear in Escolá's mind that, unlike other business ventures that delivered goods, an engineering consultancy firm had nothing else to offer its clients but the engineers themselves. IDOM's final product was not some raw material transformed by the incidence of capital and labor; there was no raw material in the first place, aside from the engineer's creativity, the means of production were virtually inexistent and the capital needed reduced to a minimum (Cardenal and Vilallonga 2004: 92-3). Meditating on this fact Escolá decided on 1 January 1962 to distribute the ownership of IDOM among the engineers who had already worked for at least four years in the firm. Olaortúa was the first to qualify in 1963, and since then whatever yearly increase in the value of the firm was proportionally divided among the different co-

owners and co-workers. Shares in the firm took the form of “shares in value” (*participaciones en valor*), which reflected the yearly increments in IDOM’s value. Escolá had devised a system for the yearly valuation of IDOM as a whole and for calculating the “shares in value” that were to be distributed, also on a yearly basis. Half of the “shares in value” was to be destined to IDOM’s former owners —until 1963, it was Escolá alone— in proportion to their “ownership shares” and the other half was to be distributed among the new owners, in proportion to their salaries. Granted that from the legal viewpoint, Escolá continued to be the sole proprietor of IDOM, the distribution of these “shares in value” had to be consigned to purely private agreements (Cardenal and Vilallonga 2004: 94). IDOM was on its way to becoming a “corporate polity”, an organization in which all worker-members took part both in its ownership as well as in its management or governance.

Aside from Escolá’s own particular vision of the engineering profession and of an engineering consultancy firm, the distribution of “shares in value” among his professional colleagues at IDOM was also largely motivated by trust that he had in people. He liked to say —and acted accordingly— that everyone was trustworthy, unless proven otherwise. And even when there was sufficient cause for disappointment, he did not lose trust rashly, giving the other person a chance to make amends instead (Cardenal and Vilallonga 2004: 82-84). In the early days of IDOM, for example, a young administrative clerk was given the responsibility of working as a cashier. Once, however, the young man decided to take some money from the till in order to buy himself a pair of shoes, saying that he would pay back at the end of the month. But instead of so doing when the day arrived, he opted to take out more money for other purposes. These small thefts went on for months until the clerk was finally discovered. The office manager then recommended that the employee be dismissed, but Escolá suggested that he be given a chance to redeem himself. The clerk was asked to return the money he had stolen in small installments and was allowed to keep his job.

Escolá even went further in building an atmosphere of trust in IDOM. He refused to take other people’s failings all too seriously. “Even in cases in which a person may objectively do us wrong, we have to open for him a credit line of time and trust”, he wrote (Escolá 1987: 83). He was also very wary of judging other people’s intentions, since these cannot be fully gleaned from the observance of their actions alone.

Escolá’s ability to confide in other people made him an excellent listener (Cardenal and Vilallonga 2004: 84-5). The IDOM pioneers, most of whom were fresh out of engineering school, warmly recall the weekly meetings in which Escolá would consult them on how best to go about the technical and operational issues confronting the firm. He was a master of the art of “management by listening”. By earnestly listening to his collaborators, they engaged in a shared deliberation and decision-making process. Because of this, it was difficult to pinpoint in retrospect who the original author of a proposal concerning the firm was, for everyone had a chance to participate; neither was this, in truth, very important. By confiding in his colleagues despite their youth and inexperience, by listening to them and allowing them to participate in decisions, Escolá ensured that responsibility over IDOM fell squarely on each and everyone’s shoulders and not on his alone.

This style of operating and managing that Escolá had instilled in IDOM since the very beginning made that no one working there ever considered himself just a mere employee: “There are no bundy clocks. Everyone knows the difference when asking for permission for something important or for something urgent. However, I don’t think we’ll ever get back to the point—in 1962— when people left work simply to play football. Perhaps that was just an excessively youthful interpretation of the principle of ‘working without fetters’”, Escolá said in his memoirs (Cardenal and Vilallonga 2004: 86).

For all of the above-mentioned reasons, the distribution process of ownership and participation in management in IDOM did not stop with the inclusion college graduates or professionals. Absolutely everyone working in the firm who complied with the requisite conditions ought to be given a chance to join as a full fledged member of the corporate polity. This is exactly what happened in 1965, when IDOM experienced a second founding moment, and non-college graduates among its workers were welcomed into the fold. It was also the year in which the first version of the “associational commitment” (*compromiso asociativo*) in IDOM was drafted and adhered to (Cardenal and Vilallonga 2004: 94-96). The first people to avail of this opportunity to become part-owners of IDOM and somehow participate in its management were Juan Mario Pero-Sanz, who started working in the firm at the age of fourteen, and Ana Zubiaur, a secretary. This move was completely coherent with Escolá’s idea—later shared by the young engineers working with him—that IDOM’s output did not depend on the contribution of the college graduates alone; the efforts of the clerical and support staff were also vital. The logical conclusion, therefore, was that they too should be allowed access to the ownership of the firm.

The first “associational commitment” in IDOM was written over a couple of week-ends in Muñatones, a small country inn (Cardenal and Vilallonga 2004: 95). It was a private agreement in which the “founding fathers” decided that IDOM should always be the collective property of its workers, regardless of their professional qualifications. Hence, there would never be “external owners” nor would there be a basis for a distinction between “mere employees” and owners. Should an IDOM co-owner and co-worker decide to leave the firm, he ought to sell his shares back to IDOM.

This change certainly brought with it significant consequences. From then on, the signatories of the “associational commitment” would no longer be receiving salaries, but “retributions from current earnings”, an expression that does not connote any difference in classes among workers (Cardenal and Vilallonga 2004: 98-100). Aside from these “retributions”, co-owners and co-workers would also be receiving “complements” based on performance or job evaluations and personal circumstances, such as family size or number of dependents.

How did the signatories of the “associational commitment” actually share in the management and governance of IDOM? With the coming into effect of this foundational document, Escolá ceded all his political rights over IDOM to the newly-constituted board of directors (Cardenal and Vilallonga 2004: 102-3). The directors, however, were conscious that their role consisted above all in representing their fellow workers and owners in seeking the good of the firm. Reserved for the general assembly of co-owners and co-workers of IDOM were the rights to approve any modification in the rules affecting the value or the distribution of ownership, and that of confirming whoever has

been nominated by the board as president. The distribution of ownership and the participation in the management and governance of the firm did not translate into an egalitarian regime for IDOM, nonetheless. The fulfillment of executive roles had to be limited to a few—a president, a managing director, and a head for each territorial group—mainly for practical purposes. An engineering consultancy firm needed a certain agility in its decision making, lest business opportunities be lost due to prolonged consultations and deliberations. Thanks to a culture of reciprocal trust, co-owners and co-workers of IDOM could delegate certain powers to executives and directors, and these, in turn, making use of that same trust, could also delegate specific tasks to other members of the firm.

Given the benefits of participation in any human enterprise, it's perfectly understandable for everyone to desire it in theory. What's not so easy is to go ahead with participation down to its last consequences, which includes a willingness in the founder to give up his privileges and be just one more among the other members of the group. In the case of Escolá this would not have been possible were it not for the confluence of three conditions (Cardenal and Vilallonga 2004: 97). First was his extremely high regard for the value of human work, definitely in a place above financial capital; second was his acute sense of justice, of giving each person his due; and third was his detachment from power and material things—of course he knew of their importance, but he did not have his heart in them—. If only he didn't have the care over a score of families that depended on IDOM for their welfare, Escolá would most certainly have chosen for himself the career path of a freelance engineer.

With its "associational commitment" first written in 1965, IDOM embarked on putting into practice a different relationship between capital and labor (Cardenal and Vilallonga 2004: 107-110). In essence it could be understood as Escolá's version of "the third way": one found between liberal capitalism, in which owner-capitalists always held the upper hand in relation to workers, and socialism, in which labor unstintingly acquired a predominant stake over capital providers on surplus value. Its similarities with the principles of Church Social Doctrine lie in plain view, although Escolá himself was hesitant to claim such a filiation for his invention (Pontifical Council for Justice and Peace 2004). However be the case, the fact is that IDOM to date has never experienced any labor unrest, not even during the times in which the economy underwent serious recessions and offices had to be closed and workers laid off.

Inevitably, IDOM's corporate culture did not agree with many conventional business terms, and substitutes had to be found more in keeping with its homegrown ideas (Cardenal and Vilallonga 2004: 110). Escolá even came up with an equivalence table for this new lexicon: IDOM was an "engineering firm", not a "business"; there were "people working in IDOM", not "personnel"; these "begin to form part of IDOM", and are not "hired"; they occupy a "functional level", rather than belong to a "category"; for their efforts they receive a "retribution", "shares in value" and "retribution to shares in value", instead of a "salary", "stocks" or "shares", and "dividends"; and finally, co-owners and co-workers or IDOM are called to a "consultation", not a "votation".

Long before laying down an organizational credo became fashionable, IDOM already had its own which could be summarized in the following statement: "In works of engineering, the human person is everything, and the firm is but a means to carry out an

activity” (Cardenal and Vilallonga 2004: 111). In the realm of ends, the people who worked in IDOM occupied the first place, and in consequence, whatever referred to their care or attention, formation, evaluation and retribution was top priority. Next came the clients, who were the beneficiaries of the service that IDOM provided. And only in third place were profits considered. The hierarchy of goods was then clearly established: first, people, then, service, and last, profits. The belief was that if the people in IDOM were enthusiastic with their work, if they were united amongst themselves and disposed of the means necessary for their development, they would be able to offer their clients a great service, and the firm would stand on solid financial grounds. Escolá’s affirmation that “we value the human person more than the engineering firm” did not at all ring hollow in IDOM (Cardenal and Vilallonga 2004: 112).

Although from the viewpoint of internal corporate culture and practice, issues regarding IDOM’s identity as a work community may have been resolved, not the least with its “associational commitment”, from a legal perspective, it very much continued to be a “strange animal” (Cardenal and Vilallonga 2004: 106-108). On the one hand, it could not be a “partnership” (*asociación profesional*), as was often found among medical doctors, lawyers and architects, because according to Spanish law at that time, only university degree holders could form part of such an association. On the other hand, neither was it a “joint stock company” (*sociedad anónima*), because apart from its special way of understanding the relationship between labor and capital, members did not have to contribute or invest financial capital initially to join; their main capital was their work, not their money. And thirdly, neither could IDOM be considered a cooperative in the strict sense, since not all members enjoyed full political rights over the firm. Instead of every owner-worker having a direct hand in the management and governance of the firm, such powers were delegated to the executive committee and board of directors. Owner-workers reserved certain rights, however, as previously mentioned.

There has never been a perfect fit, therefore, between IDOM’s corporate culture, as laid down essentially in its “associational commitment”, and its juridical status or legal figure. After all, the “associational commitment” was simply a private agreement between the firm and the person concerned. That’s why between 1967 and 1971, IDOM adopted the legal figure of an “atypical joint stock company” (*sociedad civil de carácter atípico*); and when tax laws changed thereafter, such that engineers no longer paid their dues through their professional college but directly to the state, it reverted into a loose body of “engineers in the free exercise of their profession” distributed among ten territorial groups (Cardenal and Vilallonga 2004: 115). It was clear in everyone’s mind, however, that this wasn’t going to be a permanent solution. Once more, when tax and operational pressures increased in 1974, IDOM finally decided to turn itself into a “joint stock company” (*sociedad anónima*), with the majority of the territorial heads as incorporators. Escolá and the core group had resisted from the very beginning for IDOM to become a “joint stock company” (*sociedad anónima*), for they reckoned that that would put in jeopardy the very substance of their “associational commitment”. So in order to reduce this risk to a minimum, the incorporators of IDOM, S.A. agreed to sign a public document before a notary in 1984 by which they became mere fiduciaries of the firm, and declared that assets in fact belonged to the signatories of the “associational commitment” (Cardenal and Vilallonga 2004: 116-117).

Since then, the *status quo* has been maintained, with IDOM externally being a “joint stock company” (*sociedad anónima*), although internally, the “associational commitment” guides its functioning. This dual system has held on throughout the firm’s soul-searching during the first half of the decade of the 1990s, when it considered implementing structural and strategic changes to better respond to the needs of an evolving market (Calvo and Ricart 1995). Until then, IDOM had been organized into territorial groups so that its professionals could work closer with clients, but industry trends seemed to be pointing towards the direction of organizing the consultancy according to areas of technical expertise. By the end of this period the board of directors had decided to adopt a matrix-like structure, in accordance not only with territorial groupings and areas of technical expertise (industrial engineering, civil engineering, architecture and construction, energy, the environment, and so forth), but also with the necessary general support functions (legal, financial, marketing and learning departments). These structural modifications undoubtedly introduced their own share of challenges in internal communication, the coordination of activities and the widening of the firm’s international outreach (Prado and Ricart 1996).

In 2000, IDOM’s “constitution” once more underwent a revision which introduced the figure of the “member” (*socio*), different from that of the mere “associate” (*asociado*) (IDOM 2000). While stating clearly that there are no qualitative differences between members and associates in terms of property rights in IDOM, nevertheless, members have a greater hand than associates in management and oversight. In order to become a member, one first has to become an associate. Just like the associates, therefore, members come from all the ranks of workers in IDOM; but a longer tenure (twelve years) and a greater commitment to its corporate philosophy and involvement in its management is required of them. Members are also expected to possess certain moral authority and professional prestige both within IDOM and externally. Individually and through their assembly, members are entrusted with the advisory and supervision of the IDOM Board and Executive Committee, naming their constituents and exercising the right to introduce items in their respective agendas.

There are two major reasons for which we think that the corporate governance regime in IDOM qualifies as a corporate polity. The first refers to the level and degree of participation among its workers, both in the ownership as well as in governance of the firm. And the second derives from the establishment of the corporate common good as the guiding light for the whole of IDOM’s operations.

IDOM as a service-provider has no other assets to offer its clients apart from the work of its professionals. In the beginning, it did not even count on any financial capital and its “means of production” were negligible. However, the service it gave did not depend solely on the work of the engineers and other university graduates then in association with Escolá; its delivery would not have been possible without the collaboration of the support staff, composed of draftsmen, secretaries, administrative clerks, and so forth. In other words, IDOM’s output resulted just as much from the work of the engineers as from the work of the other members of the firm who had not received a college education. If that work were the “property” or the means through which IDOM was able to satisfy its clients’ needs and thereby earn an income, it was but logical that everyone who contributed to it be accorded a “share in ownership”.

Granted that there was hardly any capital in IDOM but work, and everyone who contributed to it was entitled to a share in ownership, then the separation between owners or (financial) capitalists and workers within this context had no reason for being. Everyone who worked in IDOM could become a part-owner according to the “associational commitment” precisely because of his work. In consequence, workers would no longer be receiving a salary from an employer in exchange for their labor — they would no longer be employees— but instead, they would be receiving a “share in value” from the work they carried out in conjunction with others. There would hardly be any distance between workers and the fruits of their labor: “There is no employment contract between us [...] Neither are there two parties, one which hires and pays the other” (Cardenal and Vilallonga 2004: 261).

The share in ownership and the participation in profits in IDOM, however, are not egalitarian but proportional. As Escolá himself explained, “Some time back, I went down a road that led me to distribute 90 per cent of the property among you from the 100 per cent that I owned. You don’t have to thank me for it because you’ve earned it. But logically, some of you have already earned much and others still not as much [...]. Those who do not have much yet [...] may experience the tendency to diminish the importance of these shares in value in IDOM. To these I say, ‘Get rid of that tendency!’ I would have nothing of egalitarianism when it comes to this, because those who have spent their lives in IDOM would consider it utter foolishness. The time and effort they have put in it make them see IDOM as something very much their own and no one has the right to take that away from them” (Cardenal and Vilallonga 2004: 260).

Not all workers are given an equal share in ownership or receive the same income. As explained earlier, a worker’s income in IDOM depends on his professional level, the tasks he carries out, the scope of his responsibility, his job objectives and accomplishments, seniority and a family allowance (Alcázar and Melé 1996: 4). Part of the income is given in cash and another part is destined to increase a worker’s “share in value”.

There is also a proportionality in the involvement of different workers in the management and governance of the firm. Although all signatories of the “associational commitment” have an equal say in approving or rejecting the modifications regarding the ownership structure of the firm and its valuation, as well as approving or rejecting the presidential nominees presented by the board, they do not enjoy the same power and authority in the rest of the matters concerning the firm. In these other issues the votes of associates are weighted according to the number of years transpired since they signed the “associational commitment”. As explained earlier, members have more “political rights” of control and oversight although they share the same “economic rights” of ownership as associates (IDOM 2000).

Positions of power and authority in IDOM, however, are not conceived as objects of ambition from which one could take advantage of the work of subordinates for his own benefit. Rather, they are above all perceived as opportunities —demanding no small amount of self-sacrifice— to serve others. The first point of Escolá’s testament upon leaving the presidency in 1979 reads: “You should see in whomsoever carries out executives functions ... just one more among the people in this engineering firm who tries his best to fulfil an assignment entrusted to him. Thank him for the service that he

renders to you. He does so even when he goes about the arduous task of evaluating each one and determining that person's retribution: someone else has to do it since it wouldn't be logical that each one set his own income. Responsibility is a heavy burden and giving orders is never pleasant, much less when it is not one's professional goal; I am certain that those who do so right now would very much rather work exclusively as engineers. Help them to fulfil their executive function without compromises. They should truly govern and make whoever does not obey see the damage he inflicts on the rest of the group. If you make governing too difficult for them, or if they themselves were to become too soft and not concretize whatever they have to concretize, I assure you that in spite of everyone being excellent professionals and human beings, IDOM would disappear in a few years (and if you weren't all that good, in less than a year)" (Cardenal and Vilallonga 2004: 258-9).

If Escolá had insisted so much in building an atmosphere of trust in IDOM, all the more so with respect to those who govern: "one should always think that they wish one well, and that what they say corresponds exactly to what they think, and nothing more. As for them, they should always behave this way and appear to do so" (Cardenal and Vilallonga 2004: 259). It certainly helps to know that executives and directors are not attached to the prerogatives of their position —like Escolá himself, they would simply prefer to be working as engineers—. It is only out of necessity that they assume the job of governing IDOM, and they try to do so with a spirit of service, for the good of the whole.

Proof of the detachment of those who govern from their executive positions is that Escolá, in his lifetime, witnessed the voluntary and peaceful handover of the reins of power in the firm twice, first, to Luis Olaortúa in 1979, and later, to Felipe Prósper in 1995. Furthermore, those who feel a greater attraction to wield power than to exercise their engineering profession normally end up leaving IDOM in due time, by some natural process of self-selection (Alcázar and Melé 1996: 11). Participation in the management and governance of IDOM is likewise facilitated by the autonomy or independence of the different territorial groups (*agrupaciones*). In his testament Escolá admonished them "never to make a common fund, since that would induce each group not to fight its own battles and depend instead on a centralized economic organization. Keep you independence, but neither should you be aloof when one of the groups is having difficulties and deny it your help, albeit at the cost of your own savings. Otherwise, the rest of the groups would treat you with the same indifference. Everyone could have a hard time, sooner or later: when your turn comes, you would then wish you had been more generous with your help to the others in the past" (Cardenal and Vilallonga 2004: 262).

In this regard, Escolá was talking from experience, not from mere theory. Between 1967 and 1968, the Bilbao group experienced severe cashflow problems (Cardenal and Vilallonga 2004: 132-134). As an initial measure, workers had to renounce to part of their monthly retribution in order for the office to survive, but later on, it also became necessary to let go of a fourth of the 100 workers in the office. 23 of the redundant workers were afterwards relocated at other IDOM groups while the remaining two made monthly trips to the Bilbao office to collect the difference between their unemployment checks and what would have been their normal retribution. In the end, the Bilbao group

was saved, thanks to the help it received from the workers themselves and the assistance from the Zaragoza and Barcelona offices.

In this same vein, the Gijón group, a decade later, had to be closed down due to the coal mining crisis in the region, but half of its engineers were relocated to other offices and half granted generous severance payments (Cardenal and Vilallonga 2004: 127-130). Nevertheless, the workers of the Gijón office before it closed sent Escolá a moving letter expressing their thanks and their pride in having formed part of IDOM (Cardenal and Vilallonga 2004: 213). This mutual help among IDOM workers and groups was part of a tradition that stretches back to the early 1960s, when there was no money for the two extra months' pay nor for the Christmas bonus (Cardenal and Vilallonga 2004: 131). The executive committee tried to keep everyone informed of the situation—lest he or she spend that money beforehand—; and when finally, the financial problems were overcome, there was great joy and relief for all.

What indicators could we cite in support of the idea of the common corporate good as the primary aim of those who govern in IDOM? We could begin by eliminating what could be its strongest contender, that is, wealth maximization. As Escolá himself confessed, “We never really earned much money, and because of that, we had to make maximum use of profits, directing as much as possible to reserves” (Escolá 1993: 16). Coupled with the zeal that IDOM guarded its independence, never were there attempts to source capital externally and all growth had to be organic.

Certainly, one could earn a lot more money outside IDOM, if that's what one were after. As one engineer admitted, regarding the system of retribution through “shares in value”: “In practice, it doesn't mean much money until one has been in the firm for about fifteen years, but we're proud of it: it's one of the pillars of our identity as an ‘association of professionals’ in the long term, although in the short term, it may not seem like it. Moreover, it's one of the reasons for which people, in the long term, identify their personal interests with those of the firm” (Alcázar and Melé 1996: 5). Others do not share such a rosy view and think that “shares in value” aren't that valid an incentive, either in the short or in the long term. For one, they are very widely distributed and they benefit most the more senior members of IDOM, regardless of their performance and contribution to the development of the firm. Instead, these other members welcome the introduction in the mid 1990s of another variable component in the pay package, related to performance and the fulfilment of objectives, rather than mere “shares in value” (Alcázar and Melé 1996: 10).

Another limit to the amount of money that IDOM professionals take home comes from Escolá's absolute prohibition that they accept anything aside from their honoraria: “in order to preserve the independence we now have with regard to external proprietors and with regard to financial and commercial entities, it is necessary that you reject whatever invitation to accept anything other than your professional fees. The day that you think you could accept some other form of payment (over and above our project cost, and so forth) since it wouldn't affect your independent judgment anyway, you would have crossed the threshold over to a different kind of engineering firm and you would have lost the main kind of clients that we now have” (Cardenal and Vilallonga 2004: 259). Escolá was uncompromising in his belief that this was the cost of IDOM's professional independence and ultimately, of its prestige or good name.

If people remain in IDOM despite opportunities to earn greater wealth elsewhere, what other things of value could the firm offer them in exchange? First is the chance for continued professional development, inasmuch as IDOM has always been conceived from the very beginning, by Escolá and his associates, as a place for lifelong learning. No doubt this feature of IDOM's corporate culture was heavily influenced by Escolá's own personal experience, having been director of the INAR Academy for engineering and architectural students and an associate professor, first at the school of engineering in Bilbao, where he taught "Complementary installations to factories" between 1959 and 1964, and later on in Saint Sebastian, where he took charge of the subject of "Engineering ethics" between 1984 and 1992. He had also written scores of books and monographs related to engineering and character formation, including *Deontología para ingenieros* ("Deontology for Engineers") which has since then undergone many editions and translations. Between his forays into the academe, he also put up a "graduate school of engineering" within IDOM itself in 1968 (Cardenal and Vilallonga 2004: 163-166). During the 25 years that this school was operational, over 300 young engineers went through the program and it served as an excellent recruitment channel, albeit serendipitously, for the firm itself, which always had the first choice among the graduates. The school likewise fulfilled the function of some sort of informal "placement agency" where many different firms in need of engineering professionals would come to hunt for talent.

Despite the understandable difficulties of intergenerational conflict between the seniors and the juniors in IDOM, Escolá always insisted on what both parties stood to gain from a symbiotic relationship. The senior engineer would certainly be obliged to put his ideas in order and to clarify concepts since he would have to put things down in writing for a junior partner, but then again he could count on the help of this younger person for tasks which may seem more tedious or repetitive. The younger engineers would engage in a process of "learning by doing" under the seniors' tutelage, but at the same time, they could contribute youthfulness and vitality to the older partners' problem-solving scenarios. A fulfilling professional career is very much a possibility within IDOM, as the experience of Pero-Sanz bears out (Cardenal and Vilallonga 2004: 170). As earlier mentioned, Pero-Sanz began working in IDOM in 1961, at the age of fourteen, and became one of its first non-professional associates. He then compatibilized his work with engineering studies until he graduated in 1972. At that time he received an offer which bettered that of IDOM. Two years later, however, Pero-Sanz returned to IDOM because Escolá told him that he was needed.

This emphasis in IDOM on life-long professional development even above profit maximization as a better way to contribute to the corporate common good seems to contradict its very high turnover rates, which at times reached the alarming figure of 50 per cent (Cardenal and Vilallonga 2004: 167-169; Escolá 1993: 30-32). The threat to IDOM by such a drain on its human capital was clear. Some executives suggested including a clause in the contracts with clients, prohibiting them from making job offers to IDOM professionals. Because of his love for freedom Escolá felt inclined to oppose such a move from the outset. Yet what carried the day was typically an engineer's argument, based on the quantification of processes. Escolá calculated that since half of the engineers eventually leave IDOM—a fourth in the short and another fourth in the medium to long terms—, they'll have to take in 200 in order to be able to keep at least

100. The solution, therefore, lies in creating a huge flow of engineers in and out of IDOM. That way, an individual's right to seek a better job opportunity would be safeguarded while IDOM would be able to keep the engineers it needed. At the same time, the firm would also be able to contribute to the common good of society by providing well-trained engineers for the job market.

Just in case the message in this respect wasn't sufficiently clear, Escolá wrote down in one of IDOM's corporate documents, "If the opportunity to pursue further studies were to arise which would entail a part-time dedication to work, the interested party will be advised independently of the convenience or inconvenience that such a move would mean for IDOM" (Cardenal and Vilallonga 2004: 168). Furthermore, instead of retaining people through clauses in their contracts, Escolá was of the opinion that IDOM should enrich their job profile, present them with tasks that are attractive and challenging, provide them with a nurturing environment, and so forth. In other words, the firm should only resort to means that fully respect a person's freedom to choose his place of work.

Notwithstanding IDOM's interest in the continuing formation of its professionals and the respect it shows for their choice of place of work, there are some discordant voices in the practical application of such principles (Alcázar and Melé 1996: 8-11). One engineer thought that a number of senior engineers had been allowed to get left behind and out of date in their knowledge and skills, due to excessive "protectionism", tolerance and complacency. If the firm had really considered their full professional development in the first place, then it should have prodded them to seek it, either within IDOM or without. Some other engineers expressed their opinion that IDOM's policy of separating technical or professional expertise from management positions or positions of authority may be responsible for the feeling of dissatisfaction that push people out of the door. When one begins at IDOM as a young engineer and is told that his overriding purpose is to develop his technical expertise, usually he has no problem accepting that. But as one approaches middle age —say, between 35 and 40— a person often finds himself confronted with a choice between his love for engineering and a certain desire for power. Those who choose the latter and see their strategic options in IDOM severely limited pack their bags and go.

Leaving is never an easy decision, all the more so in IDOM. A signatory of the "associational commitment" who leaves IDOM is obliged to sell his "shares in value" back to the firm. He is then reimbursed the nominal value of his shares, multiplied by a progressive coefficient depending on the number of years spent in the firm (Alcázar and Melé 1996: 9). If he had spent more than eighteen years in IDOM, he would recover the full value of his shares. However, if the financial status of the firm recommends a delay in the payout, the sale is put on hold and the person concerned has to wait.

Apart from the churn rate of around 50 per cent among professionals, another potential trouble sign in IDOM comes from the proportion of signatories of the "associational commitment" with respect to the total, which in 1996 stood at a little more than half, or 280 out of 500 workers (Alcázar and Melé 1996: 1, 9). These associates include professionals, such as engineers, and members of the support staff, composed of secretaries, draftsmen and so forth. Whereas in the beginning, a couple of years were enough for one to take part in the "associational commitment", the time requirement has been raised to a minimum of eight years. The proportion of associates with respect to

the other workers in IDOM is, of course, closely related to the turnover rates and proper career planning. The attrition rate among workers until the first three or four years is quite high, although it falls sharply afterwards. In this respect, IDOM behaves much like other professional consultancy firms where recent graduates simply earn their wings to spread them out to fly elsewhere.

Nonetheless, this essential element of IDOM's identity —its retention rate— has been undergoing certain revision in recent years. A former president explained that only those truly committed to the “philosophy” and development of the firm should form part of the “associational commitment”, and with this in mind “there are many associates who shouldn't be here” (Alcázar and Melé 1996: 9). Another executive remarked that membership in the “associational commitment” should depend on the strategy that IDOM wishes to pursue. If it wanted to be a high value-added service firm, then perhaps associates should be limited to university graduates only, but if the offer basically consisted in the work-hours of project managers, draftsmen and so forth, then the current set up may be adequate.

What one may draw from all these considerations concerning the professional development opportunities, the turnover rate and the proportion of associates to the total number of workers in IDOM is that the firm sets very high levels of professional demands and commitment, thereby constituting an extremely selective work environment. Definitely, IDOM is not the ideal working place for everyone, not even for the majority, without the least demeaning one's technical expertise or professional competence. The firm has a well-determined set of values requiring an almost unconditional commitment, turning it into quite an exclusive work community.

IDOM mirrors the Aristotelian ideal of a corporate polity not only because of the participation of its associates in ownership and management, but also because of their earnest desire to seek the corporate common good in the first place. This means paying attention, above all, to the full development of workers. However, apart from a professional or technical dimension, as we have just considered, this also entails a distinctively human or ethical one, pertaining to the practice of the virtues. Throughout this narration we have seen how Escolá and those who joined him as well as their successors fostered the growth of human virtues in the IDOM work environment: a love for freedom together with the assumption of attendant responsibilities, professional competence and a continuous effort to improve, honesty and truthfulness, a desire to help others and to be of service, teamwork, generosity and magnanimity towards the faults and defects of others, candor or a trusting attitude and so forth. And all this has been achieved without neglect of the discipline imposed by running a business in the form of an engineering service firm.

IDOM as a whole and each and everyone of its members bears the mark of trustworthiness as the following story reveals (Cardenal and Vilallonga 2004: 131-132). In 1965, the consultancy sector was undergoing rough sailing and IDOM's treasury was unable to meet its monthly obligations towards workers. Given its short credit record and low capitalization, any loan it could obtain from the bank would be insufficient. Escolá and Olaortúa then asked for an appointment with Joaquín de la Rica, the managing director of *Turbos Forjados*, a client firm. They explained their predicament to de la Rica and asked for 300,000 pesetas as advanced payment for future services. After making

the pertinent consultations, de la Rica handed out the sum to Escolá and Olaortúa, who then were able to pay workers. Although because of its youth, IDOM still did not enjoy a good credit standing before banks, it already had a sterling reputation of trustworthiness among its clients. For a professional services firm, that is an invaluable asset.

None of this is to mean, of course, that IDOM as firm or any of its constituents is perfect. It never made such claims in Escolá's time nor has it since then. That's precisely the reason behind the following lines in Escolá's farewell letter: "I ask pardon from all of you for the roughness of my character and for the lack of patience with which I have so often dealt with many of you. To those who have known me, I'd like you to know that you're what I value the most. I thank you for this mix of respect and trust that you have always shown me—I hope that you don't change in the future—with such good humor, besides. I have worked with you for almost 40 thousand hours (and I intend to add up 4 to 5 thousand more, if I don't die earlier). During all of this period, aside from earning a living, I have been able to fulfil my professional aspirations to such an extreme that, if today, I had to begin again, I would not doubt in choosing to work with you again, you who have been my collaborators, work mates and friends. I hope that when you reach the age of 60, all of you could say something similar" (Cardenal and Vilallonga 2004: 251).

3. The more the merrier?

Aristotle raises the issue of the advantages and disadvantages of having a multitude govern by citing Homer, who "says that 'it is not good to have a rule of many', but whether he means the corporate rule, or the rule of many individuals, is uncertain" (Pltcs 1292a). That is, it wasn't really clear whether Homer referred to a government of various individuals who acted in unison (corporate rule) or to a multitude of individuals each of whom advocated his own manner of governance (rule of many individuals). Aristotle himself felt quite inclined to favor the rule of many over the rule of the few. "For the many, of whom each individual is not a good man, when they meet together may be better than a few good, if regarded not individually but collectively, [...]. For each individual among the many has a share of excellence and practical wisdom, and when they meet together, [...] they become in a manner of one man, [...] with regard to their character and thought. Hence the many are better judges than a single man [...] for some understand one part, and some another, and among them they understand the whole." (Pltcs 1281b).

Aristotle expressed his confidence in that, precisely because of their number, although the individuals in themselves may not possess a high degree of excellence, they end up complementing each other and make up for each other's deficiencies and even faults. "If people are not utterly degraded, although individually they may be worse judges than those who have special knowledge, as a body they are as good or better" (Pltcs 1282a). Indeed, in unity there is strength, for even the small excellences all add up. That's why "the many may urge their claim against the few; for, when taken collectively, and compared with the few, they are stronger, and richer and better" (Pltcs 1283b).

There are two kinds of government by the many, democracies and polities. Polities may be represented by IDOM Engineering Consultancy, beginning the time in which its

associational commitment was formalized in the early 1960s. In IDOM an authentic culture of ownership and participation even preceded the legal mechanism through which “shares in value” were distributed among the qualifying workers. IDOM’s corporate culture was put to the test several times by the inevitable vagaries of economic life and its constituent members always rose to the occasion clearly sacrificing their individual interests for the good of all in the organization.

Relatively, Aristotle had little to say about polities in contrast to democracies. He even used a generic name to refer to them —“constitutional government”— because “one man or a few may excell in excellence; but as the number increases it becomes more difficult for them to attain perfection in every kind of excellence” (Pltcs 1279b). Most of his comments on polities were reserved, instead, for the “mixed rule” —a combination between an oligarchy and a democracy— which represented for him the best attainable political regime not in theory, but in practice.

In IDOM, board and executive committee membership was limited to a certain class of workers —some professional, and indirectly, property qualification was required— and was not subject to universal suffrage. Even here it becomes clear that the governance in IDOM did not exactly fit into the democratic mold.

One way of classifying “rules of the many” focuses on the manner in which the legislative, the executive and the judicial powers of the state were exercised (Pltcs 1317a). Because of this, IDOM, which is a polity or a constitutional rule, may mimic a democratic regime. Take for granted the manner in which IDOM’s head is subject to confirmation by the vote of the members of the associational commitment, or the way in which this same assembly could choose to approve or reject proposed changes in the valuation and distribution of “shares in value”.

4. Conclusion

IDOM Engineering Consultancy exemplifies a corporate polity because through its “associational commitment”, workers had a chance to participate in the ownership and in the governance of the firm. For extraneous reasons, IDOM’s legal status does not strictly correspond to its internal practice, which is guaranteed only by private agreements. Neither does every IDOM associate vote on equal footing with the rest on all governance issues. There is no doubt, however, that the common good of the firm takes precedence over the particular interests of its constituents, as proven by their willingness to sacrifice personal gains during periods of crisis. Likewise, there are sufficient proofs of the respect and support of the firm for the professional and moral growth of its members.

Aristotle looks kindly on the rules of the many, insofar as the multitude could water down individual faults and magnify individual excellences. Nonetheless, he still insists on differentiating democracies, which strive after particular interests, and polities, which pursue the common good. Compared to democracies, he hardly expounds on polities.

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