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The Development of a Social Psychological Model of Strategy Implementation

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This paper focuses on the implementation of strategy in global organizations. The article expands this process by introducing the social-psychological principles of implementation, rather than only utilizing economically-rational command-and-control strategic implementation. It is the authors' contention that a social psychological orientation to strategic implementation is an appropriate model for global organizations.

Introduction

Bourgeois and Brodwin (1984) reviewed and characterized five models of strategy implementation. Since then, the literature on strategy implementation has advanced little beyond articulating how somewhere between 50% and 80% of strategy implementation efforts fail (Ashkenas and Francis, 2000; Beer and Nohria, 2000; Carlopio, 1998, 2003; Jonk and Ungerath, 2006; Raps, 2004). This paper focuses on the second of the five models of strategy implementation discussed by Bourgeois and Brodwin (1984), the Change Model, and expands it well beyond their narrow and unsophisticated treatment of it. It is shown that when the change model of strategy implementation is based on social psychological principles, rather than on more confined economically-rational command-and-control notions of change and implementation, the Change Model both explains the high strategy implementation failure rates and suggests ways to increase success rates. A competency-based view of resource allocation in the firm is examined and is proposed as a foundation for developing effective means for strategic implementation. The paper then examines Bourgeois and Brodwin's (1984) five views of strategy implementation illustrating some of the shortcomings in each model. The conceptualization of the Change Model and of the implementation process itself is discussed and then we examine how the application of social psychological principles leads to a more robust and useful strategy implementation model.

The Social-psychological Change Model of Strategy Implementation

The social-psychological strategy implementation process described in this paper is based both on practical, real-world experiences and on scores of research studies conducted over the last twenty years. The process is a modification and extension of the classic diffusion of innovation model proposed by Rogers (1995) and is based on the assumptions that organizations do not change, people do and that strategy implementation is a complex, social-psychological process. The strategy implementation process begins in an organization after some individual or group conducts, either formally or informally, an internal and external assessment and concludes that there are new strategic directions

or initiatives that promise benefits or are necessary. This can be a fast process. For example, the CEO unilaterally decides that the organization needs to reposition itself or must discontinue a product or service line. On the other hand, this decision-point may be reached after months of consideration and input from many people. This pre-implementation process starts when people become knowledgeable and aware of internal and external opportunities and innovations. The second stage is a process of matching and selection, trying to find the right pairing of solution and problem. The third stage is the decision phase. Once this decision-point has been reached, the implementation process can begin. The next two phases are implementation and then confirmation. This organizational-level process is depicted in Exhibit 2 and is adapted from Roger's (1995) classic model of the innovation process.

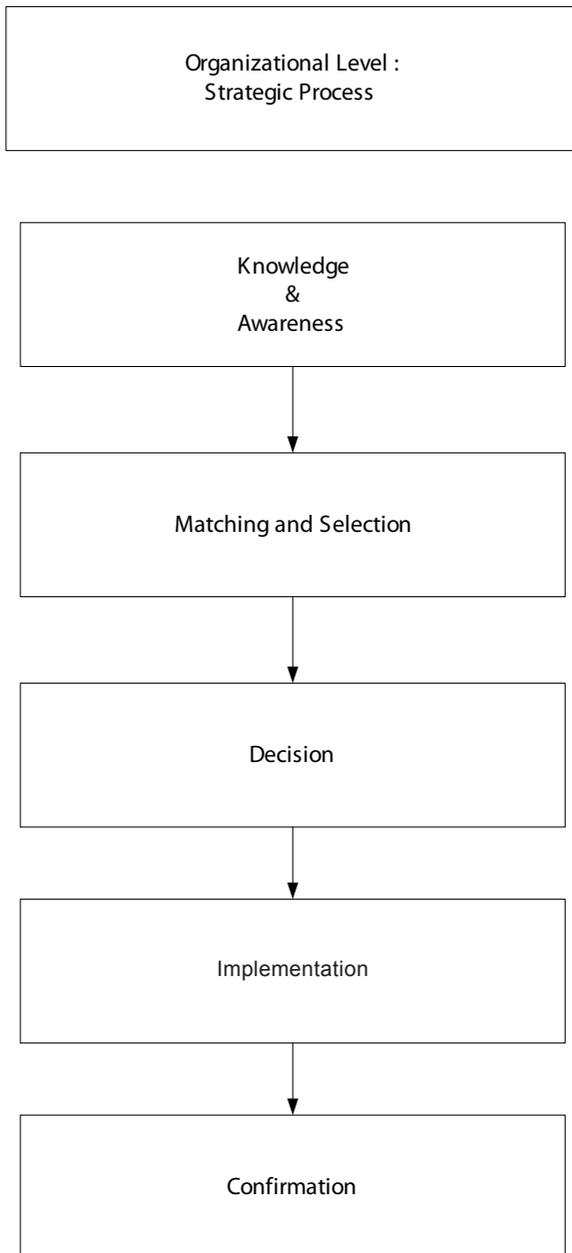
Most people are pretty good at the first stage Exhibit 1 of gaining knowledge and becoming aware of market and strategic trends, the latest technology or organizational innovation. We are also relatively unbothered by the next two stages where we sort through the alternatives, find some that seem to make sense to us and offer potential advantages and then decide on a specific course of action. In fact, we seem to do this part of the sequence repeatedly, with frightening regularity. We are reasonably good at identifying strategic opportunities and deciding upon the needed changes. We are not very good at implementing these strategic initiatives or at capitalizing on them while remaining open to future adopting innovation and change.

One reason many organizations are not successful at strategy implementation is that managers do not realize the implementation process itself is almost a repeat at the group and individual level of the entire macro-level cycle. It is a kin to a fractal, a nested pattern within a pattern. Within the macro-level implementation stage (on the left of Exhibit 2) a similar version of the entire process repeats itself at the micro-level (on the right of Exhibit 2). Although it is represented visually, in Exhibits 1 and 2, as a simple linear process, it is not. There are multiple, iterative feedback and feed-forward loops between all the phases.

Actual strategy implementation (as opposed to formulation) occurs as we move out of the macro, organization-level mental exercises (i.e., strategy development/formulation and organizational preparation) to the point where we begin to put the strategy to use. This is where we begin to see a major divergence between the pre-implementation, strategy formulation processes often involving senior managers and strategists at the organizational level, and the social psychological model of the strategy implementation and execution processes of groups and individuals at the more micro, departmental and more operational levels. The formal organizational, social and technical structures and policies, as well as the social system's informal norms and communication structures, make this a complex social change process not a decision event.

On the right-side of Exhibit 2, we see the group/individual level stages of the strategy implementation process. In the first of these phases, we move back to the knowledge and awareness stage where we began, only this time at a different level of analysis. Whether

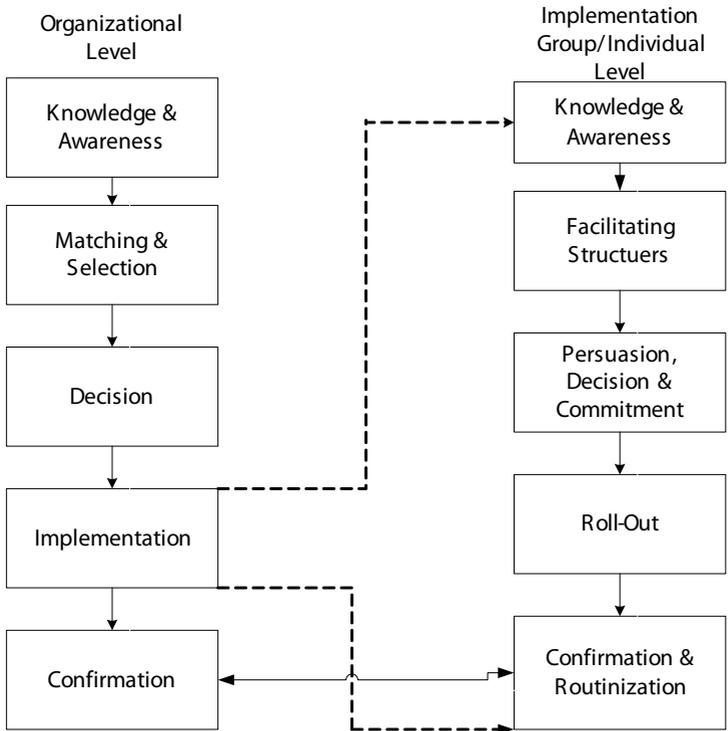
Exhibit 1. The Organization Level Social Psychological Model of the Strategy Implementation Process



we are changing individuals, groups or entire organizational systems, awareness of the need to change is a necessary first step. We begin to move from knowledge and awareness of the external organizational environment (at the industry level of analysis) and our internal strengths, weaknesses and opportunities at the organizational level of analysis, to a more micro and local kind of knowledge and awareness. Our initial, organizational-level strategic decisions must be linked to more local issues and eventually translated into operational plans and activities. At this point the affected people and parts of the organization must also become aware and knowledgeable about the changes. The first step in this process involves communication. Social psychology has a great deal to say about communicating for successful strategy implementation.

If communication is going to be effective it must come from a credible, trustworthy source (Lui and Standing, 1989; Myers, 2008; Swaen and Vanhamme, 2005). Research in social psychology also suggests that while difficult, complex messages are best comprehended and recalled when they are written, messages with simpler, easier content are more persuasive when they involve more personal interaction (e.g., videotaped or face-to-face;

Exhibit 2. Social-Psychological Model of the Strategic Implementation Process



Myers, 2008). Another social-psychological concept, social facilitation, also has implications for strategy implementation communication. Social facilitation or arousal strengthens the dominant (i.e., prevalent or more likely) response in the presence of others (Myers, 2008). This implies, for example, that if you have to communicate something about a new strategy to people who are predominantly positively predisposed to the new strategy, you should do so in a large group because the resultant social facilitation will strengthen the prevailing positive response. If, on the other hand, the majority of people have a negative attitude, or are predominantly hostile towards the new strategy, the concept of social facilitation suggests you should communicate to them in much smaller groups to avoid stimulating this unwanted dominant attitude.

Social psychology also suggests that the way a question or an issue is posed or framed, among many other factors, can influence people's decisions and expressed opinions. Individuals' responses to questions vary with their circumstances and other factors, and the order and wording of questions has been shown to affect people's attitudes, beliefs and answers (Kahneman and Krueger, 2006; Myers, 2008). For example, in one study most people reported being in favor of cutting "foreign aid" but also reported they were in favor of increasing spending "to help hungry people in other nations" (Simon, 1996). The phrasing may have influenced their responses.

This is related to the well-known work of Tversky, Hanneman and colleagues regarding the heuristics and biases approach (Kahneman and Tversky, 1996; Tversky and Kahneman, 1986, 1991). These researchers have for years illustrated that people do not always behave rationally in response to choices and when making decisions. For example, people have been shown to not always know what they will like and to often make systematic errors in predicting their future experience of outcomes. Because of this, people often fail to maximize their experienced utility (Kahneman and Thaler, 2006). "Since the 1970s, researchers have shown that people value giving up something they possess more than they do acquiring the same item they do not possess" (Kahneman and Novemsky, 2005, p. 50). This may help explain why people are reluctant to change their behavior and implement a new strategy. They do not want to give up their current strategy, and associated beliefs and behaviours, as they value them more than the possibility of the new strategy.

Strategy implementers can learn from these types of social-psychological studies that rational, logical communication can not always be counted on to elicit rational, logical responses. Explaining the benefits of a new strategy, for example, is not enough to persuade people to adopt it and to exhibit the new behaviors required. These studies warn strategy implementers that they must carefully consider how they craft and send their communications. The choices and options they present to stakeholders, as well as how those choices are framed, will significantly impact peoples' attitudes, decisions and behavior.

After this knowledge and awareness stage, one must consider the structures that facilitate change. These are the "levers" referred to by Bourgeois and Brodwin (1984). The Social-Psychological Change Model underscores that the micro-level systems and structures

are needed to make the changes happen: changes to reporting relationships, creation of working groups and steering committees, changes to reward systems and performance indicators, creation and modification of communication systems and procedures, securing resources, working with unions, and the identification and alignment of change agents, sponsors, champions and project managers. This is, perhaps, the most critical of all of these individual/group-level phases. There are many things that have to happen at this point. Unfortunately, they are not always intuitively obvious, nor are they sequential or even always predictable. The objective of this set of activities being referred to as facilitating structures, is to put in place the enabling systems, processes and procedures that will stimulate, support and reinforce new behaviors.

Another important set of facilitating structures highlighted by social psychology has to do with various leadership roles. The idea of social position, or social roles, has a long and infamous history within social psychology. From Philip Zimbardo's prison experiment in the 1970's to their recent partial replication (Reicher and Haslam, 2006), and from the significant positive impacts of social role quality on multiple well-being outcomes in women with heart failure (Plach, 2008) to the importance of the role of integration managers in successful mergers and acquisitions (Ashkenas and Francis, 2000), we consistently have seen evidence of the power and importance of social roles to organizational and individual success. Leadership behaviors, as well as the roles of project sponsors and champions for example, have been shown to be critical to successful innovation, employee commitment and technology implementation (Ashkenas and Francis, 2000; Becker and Eveleth, 1995; Jedd, 2005; Savery, 1994; Zeffane, 1994). From these studies, strategy implementers are reminded that various leadership roles (e.g., project sponsors and champions, and integration managers) are critical to project success and that:

top management must support the effort, but not define the procedures to be used, the technical specialists involved should provide expertise and resources but not be in charge of the implementation, and that

end-"users" and those at the "coal face" should manage the implementation, and must ensure coordination with both top management and technical personnel.

Another set of basic social psychology constructs that can act as facilitating (or inhibiting) structures for strategy implementation are organizational culture, conformity and behavioral norms. Laboratory experiments such as Sherif's classic studies of autokinetic phenomena (in which social norms influenced peoples' distance estimates), Solomon Asch's conformity experiments (in which people conformed to the majority's wrong perceptual judgments) and Stanley Milgram's obedience experiments (in which people gave what they thought were potentially lethal electric shocks to a stranger because the experimenter said they had to as part of an experiment on learning and memory), as well as real-world examples such as Hitler and Nazi Germany and the more recent experiences in Abu grab Prison in Irac, have illustrated culture's consistent and lethal power to create and perpetuate norms to which people will conform.

Research has illustrated that peoples' perceptions of the relative advantages of an innovation (e.g., a new strategy, some new technology or a new product), its compatibility with the existing culture and norms, its perceived complexity and other related factors will directly impact the likelihood of technology implementation success (cf. Carlopio, 2003; Rogers, 1995; Tornatzky and Klein, 1981; Zaltman, Duncan and Holbek, 1973). From these studies, strategy implementers are reminded of the importance of formal organizational structures, policies and procedures, as well as informal social aspects of culture and norms regarding change and risk, to strategy implementation success. If appropriate elements of an organization's structure and culture are not aligned with a new strategy and the new behaviors required, strategy implementation will be doomed to eventual failure.

Once these facilitating structures are in place, built upon a solid base of knowledge and awareness, we move our focus on to the persuasion, decision and commitment process. Here we focus on encouraging those affected by and responsible for executing the new strategy to also make the decision to adopt the changes and new behaviors. This is our main goal, reaching the point where the individuals and groups involved with executing the new strategy actually decide to take on the new behaviors required. What we are involved with is a social-psychological persuasion process that began with adequate knowledge and awareness, was supported and stimulated by numerous facilitating structures, and flows through the process of selling the idea and cost justification to the point where we finally reach individual and group decision and commitment.

Of course, social psychology has a great deal to say about the persuasion process. Robert Cialdini (1985, 2001) for example, has identified, researched and popularized some of the fundamental principles of persuasion and influence. Social psychology also has a great deal to say about the process of commitment. Personal commitment is the situation in which an individual is committed to a course of action, or to a decision, because they have given their word. In this case, the motivating factors are our personal and social considerations tied to our self-image as reliable individuals who can be counted on to meet our obligations. An individual is committed when they are bound by their words or acts. Research in social and organizational psychology suggests that at least three characteristics bind an individual in this sense: visibility, irrevocability and volitionality of behavior (Mowday, Porter and Steers, 1982; Myers, 2008; Salancik, 1977). If our words and deeds are public and observable, we will more likely be bound by them as we know that others have been witness to them (i.e., visibility). If our words and deeds are not easily reversed or somehow discounted, we will more likely be bound by them as we can not reason away the acts to reduce our cognitive dissonance (i.e., irrevocability). Finally, if we have entered into those behaviors or verbally committed ourselves of our own free will (i.e., we were not coerced), we will more likely be bound by them as they are identified with us via our choice (i.e., volitionality).

The implications of this for helping successfully implement strategy are profound. Once people make a public commitment to something, they tend to stick with it. If, for example, you illicit a public statement from someone willingly in support of the new

strategy or initiatives, they will tend to behave consistently with this public commitment or they will experience significant cognitive dissonance (i.e., discomfort). Similarly, asking someone who does not support an idea to speak in favor of it has been shown to affect their commitment and behavior. In this way, attitudes and behaviors form a self-reinforcing pattern. I said I would do something, I did it, and this further reinforces my self-image as a reliable individual and affects my attitude as well.

During the strategy implementation process, commitment to change is the outcome toward which we are working. If we try to implement strategy, but do not attend to the types of social-psychological issues outlined in this paper, we will likely not get commitment. We may get either begrudging compliance or resistance. In the case of compliance, employees behave correctly by obeying directives and conforming to rules, procedures and objectives. They do not, however, become committed to the new strategy or initiatives.

Eventually, the required changes are rolled-out over time (i.e., installed), systems are converted and people make any needed incremental adjustments. This is the stage that most people equate with implementation. The preparatory work is done and as many social-psychological, people-related issues are dealt with as possible. It is now time to execute plans, to activate any facilitating structures not yet in action and to manage the transition process from the present state to the desired state. This is the phase in which many major changes actually take place. Many implementation activities carry on into this stage, while the activities in this roll-out stage flow seamlessly into the confirmation stage that follows. There are no clear-cut boundaries between any of these stages. Nevertheless, there are several issues that need to be considered by this point such as planning for evolution, adjustment and reinvention as well as planning for project termination.

Before specifically addressing planning for evolution and termination, it is important to look at the process of project planning more generally. Social psychology has some interesting things to say about planning. Basically, research suggests we are overconfident in many of our decisions and judgments across a broad range of situations and when evaluating the quality of our performance on a range of social and intellectual tasks (Brewer and Hewstone, 2004; Dunning, Heath and Suls, 2004; Ehrlinger et al. 2008; Muir, 2007). For example, we are subject to the “planning fallacy”; we furnish overly optimistic estimates of when we will complete future projects (Buehler, Griffin and Ross, 1994; Dunning, Heath and Suls, 2004; Roy, Christenfeld and McKenzie, 2005). We are also not good at estimating the cost of projects (Mizell and Malone, 2007). We are overly optimistic about our ability to predict the stock market (Du and Budescu, 2007) and about our performance at work, in education and learning, and regarding our health and health risks (cf. Dunning, Heath and Suls, 2004; Kahneman and Lovallo, 1993).

The implications of these studies for strategy implementation are compelling. As strategy implementers they expect that they can also fall prey to these common errors and biases. They should expect that we will underestimate the costs of our strategy implementation projects. They will more than likely overestimate our ability to complete projects and

take on more than we are able to complete. Certainly, the before-mentioned research evidence consistently pointing to 50%-80% failure rates in strategy implementation and change management projects suggests this may be the case.

Conclusion

As we have seen, social psychology informs strategy implementers on a number of issues ranging from communication to persuasion, planning and commitment. Social psychology also reminds strategists that even after sound strategic decisions have been made based on extensive analysis, people and organizations will not necessarily be ready, willing and able to change and successfully adopt new strategies quickly and efficiently. As the Social-Psychological Change Model suggests, strategy implementation is a social-psychological process that takes place over long periods of time. Individuals and systems often must undergo significant change, learning, adaptation and growth in order to successfully execute a new strategy. Failure to recognize and act on these fact, contributes to our consistently high strategy implementation failure rates. Recognition of these realities, and the application of sound social-psychological principles to the process, is likely to significantly help us in our strategy implementation efforts.

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