“[A] strategy that incorporates aspects of multiple social orientations would likely ensure acceptance and buy-in by a larger proportion of employees. This buy-in may be especially important in organizations undergoing large-scale changes, such as mergers, re-structuring, and technology system implementation.”

Optimizing Results Through Socially Balanced Strategies

By Paul Eder and Everett Marshall

> We tend to think we can separate strategy from culture, but we fail to notice that in most organizations strategic thinking is deeply colored by tacit assumptions about who they are and what their mission is.
>
> —Schein (2004)

While facilitating a recent strategic planning meeting with a client, we observed a common but intriguing interaction. Participants had very different perspectives as to the direction the organization should adopt in its plan. Some participants advocated that, as an auditing organization, the plan needed to have an aggressive stance against ineffective and unsanctioned practices. They called for seeking out greater authority to eliminate negative practices in the organizations they audited. Other participants advocated for a more cooperative approach that involved developing strategic partnerships with their stakeholder organizations to guide them down the right path so that major problems could be corrected prior to any audits. Who was right and who was wrong? Couldn’t both arguments be right? In the end, we worked with the group to ensure that the final plan addressed the concerns of both parties, and the participants, as a whole, were thankful that the plan reflected both major perspectives.

In the situation described above, the participants on both sides of the argument viewed their strategies to be rational and reflecting the most common sense—and if implemented properly, it is possible that both of the suggested strategies were rational. Nonetheless, rational decision-making is in the eye of the beholder. An individual assumes other decision-makers should act according to the same type of rationality as he/she uses (Van Lange, 1992). In the example, the participants actually viewed each other’s suggested strategies with disdain until we helped to bridge the divide between their perspectives.

This dilemma illustrates the importance of understanding social value orientation (SVO) and its implications for organizational functioning. SVO refers to preferences in situations that differ based on the outcomes for oneself and the outcomes for others (Kuhlman, Brown, & Teta, 1992). In social interactions, people generally have a predisposition to behave according to one of five main SVOs that are commonly distinguished:

» **Altruism:** Acting out of care for the well-being of others
» **Cooperation:** Acting out of desire for the joint well-being of self and others
» **Individualism:** Acting out of care for the well-being of the self
» **Competition:** Acting to maximize differences between the outcomes of the self and others
» **Aggression:** Acting to disrupt the outcomes of others

Organizations as Social Entities

Organizational researchers have long suggested that employees and other stakeholders ascribe anthropomorphic traits to organizations and view organizations as

Figure 1: Socially Balanced Strategy Framework

	Altruism	Cooperation	Individualism	Competition	Disturbance
Definition	Looking out for others	Working with others toward common goals	Looking out for self	Distancing oneself ahead of others	Making waves
Internal	How can we make our employees' lives better?	How can segments of our organization partner with each other to achieve joint goals?	How can we tap into the initiative, drive, and innovation of our employees?	How can we instill *healthy* competition among employees?	How can we eliminate ineffective employee behaviors, attitudes, and work processes?
External	How can we make our customers' and stakeholders' lives better?	How can our organization partner with external entities to be more productive and efficient?	What attributes of other organizations can we leverage to achieve results?	How can we distinguish ourselves from other organizations?	What prevailing industry attitudes and behaviors do we want to change?

social actors via their norms, policies, precedents, and procedures (e.g. Eisenberger et al., 1986; Levinson, 1965). Consistent with this view of organizations as social entities, SVO can apply to organizations as well as individuals. Members of an organization interact in the context of their personal SVOs, and collectively, the organization has an SVO in the way it portrays itself internally to its members and externally to customers, stakeholders, and the general public.

As social entities, organizations are able to structure strategies that would align with any SVO. For example, an altruistic strategy could involve giving back to the community. A cooperative strategy may include initiatives to promote corporate partnerships. An individualist strategy would encourage an organization to seek out the markets with the highest profit potential. Competitive strategies emphasize aspects of an organization that lend it an advantage over other similar organizations. Aggressive organizational strategies would focus on creating a disturbance in the way things are typically done both within the organization and in the marketplace.

The organization's orientation is largely impacted by the SVO of executives who make the final decisions regarding organizational direction and by the SVOs of non-management employees who must do their best to carry out those strategies. Nonetheless, organizational strategies could also reflect the SVOs of neither executives nor employees. For example, a few executives may unilaterally implement a strategy without input from other members of the leadership team, or a newly hired executive may be asked to implement an existing strategy. Whenever an organization's projected SVO is not aligned with the SVOs of executives or employees, organizations will face a variety of challenges in ensuring the strategies are achieved.

A Socially Balanced Strategy

We recommend that executives adopt a Socially Balanced Strategy that considers the implications of the five major SVOs for organizational members and external stakeholders. It is likely that neither party in the example above would have found it easy to support the other's strategy if the organization chose to adopt only one or the other. However, since the final strategy incorporated elements of both proposals, it became more acceptable to all participants. In sum, a strategy that incorporates aspects of multiple social orientations would likely ensure acceptance and buy-in by a larger proportion of employees. This buy-in may be especially important in organizations undergoing large-scale changes, such as mergers, re-structuring, and technology system implementation.

In *Figure 1*, we illustrate questions that organizations may wish to consider to ensure a Socially Balanced Strategy that has maximum impact both internally and externally. Note that we have labeled the fifth SVO as "Disturbance" instead of "Aggression" as the latter term may have an overly negative connotation that could detract from the usefulness of this category for strategy-making.

Integrating Each SVO into Strategy

The most successful strategies are those that can attain the most buy-in from leaders and employees throughout the organization. Our experiences have led us to view buy-in as, in part, a by-product of the match between employees' and organizations' SVOs. When a match does not exist at any point of the organization's hierarchy, we refer to this as a "social gap." Social gaps can occur between organizational strategies and organizational members (executives and non-management employees) or between management executives and non-management employees. *Figure 2* presents a simplified view of five pathways from organizational SVO to social and organizational impact. It is important to note that *Figure 2* represents a situation where an organization approaches its strategy from the perspective of one dominant SVO. When an organization opens the door to aligning its strategy with multiple SVOs, it increases the chances of achieving the positive impacts represented by Pathway 1.

Our experiences have shown that Pathway 1, involving an SVO match between the organization, management executives,

Figure 2: Potential Impact of SVO Matches and Gaps

Organization	Management	Employees	Social and Organizational Impacts	Pathway #
SVO associated with organization strategy	Management SVO matches organization	Employee SVO matches management and organization	Organization will be aligned to achieve best possible results with a lower risk of social tension	1
		Employee SVO differs from management and organization	Employees will lack buy-in into important initiatives, putting a potential strain on achievement of results	2
	Management SVO does NOT match organization	Employee SVO matches organization but NOT management	Lack of leadership buy-in to organizational approach will lead employees to question their true strategic direction	3
		Employee SVO matches management but NOT organization	Organizational members will act without due attention (maybe with open resistance) to organization's stated strategic priorities	4
		Employee SVO differs from both management and organization SVOs	SVO mismatch throughout the hierarchy will lead to trust breakdowns and limit the potential for achieving organization's desired results	5

and non-management employees, is most likely to result in maximum social and organizational impact. The other four pathways often lead to varying degrees of unintended consequences.

As an example of the success achieved via Pathway 1, our company recently conducted an effectiveness evaluation of a training organization with a mission to educate investigators who work in a social justice field. The organization has a very clear altruistic/cooperative orientation. It focuses on ensuring social justice by working with the members of its stakeholder organizations throughout the United States to provide the best possible educational experiences. Our evaluation demonstrated that the organization's training program was achieving tremendous results in improving the timeliness and quality of investigations.

In the second pathway, the organization's orientation matches that of executives, but there is a social gap between the executives and employees. In this scenario, employees are being asked to carry out a strategy that is misaligned with their orientation. Despite the social power of the executives being aligned with the strategy, there will likely be inefficiencies in mission accomplishment due to lack of employee buy-in.

In a recent business process improvement effort, our company worked with an HR organization that was revamping the procedures associated with its administrative tasks. This effort included members from a supporting administrative office. Although the executives of the HR and administrative offices were aligned in their efforts to promote internal cooperation, the employees of both organizations maintained a competitive relationship with each other. The administrative workers viewed the effort as attempting to strip them of some of their main duties, and they viewed the current alignment of labor as essential for maintaining necessary third-party oversight of the HR workers. The gap between the cooperative orientation of executives and the competitive orientation of employees led to a tense effort to retrieve all the needed information from employees to make the initiative a success. Accordingly, this effort involved very detailed change management plans to guide the needed changes.

Pathway 3 shows a situation in which employees are aligned with the organization's projected SVO, but there is a social gap between executives and the organization. The executives in this scenario may spend time trying to enact their preferred strategy to the detriment of the stated organizational strategy. The employees have the desire to be consistent with the organization's strategy, but the lack of leadership alignment makes this more difficult.

In the strategic planning example we described at the beginning, the tension between the cooperatively and aggressively oriented participants was reflective of the disconnect between the parent organization's general aggressive orientation and the desire of the leadership of the planning organization to adopt a role involving more strategic partnership. In some circumstances, this situation may have devolved due to lack of leadership buy-in into the parent organization's strategy, but the adoption of a strategy that reflected the orientation of the parent organization and the leaders of the planning organization allowed the organization to circumvent some of these problems.

The fourth pathway represents a situation in which employees and executives are aligned with each other against the stated orientation of the organization. This situation may lead the owners of social power and social impact in the organization to operate in open resistance to the organization's strategy.

A few years ago, our company was working with a public defense agency responsible for certain commercial environment scanning activities. The organizational policies governing these activities had an external individualist orientation, reflecting ways in which the organization could act to ensure it could capitalize on available commercial resources. However, the policies predated years of technological advancement, and managers and employees viewed a number of them as obsolete. Instead of conducting the scanning activities as prescribed, the managers and employees adopted an internal cooperative approach of using new technology to ensure that all members across organizational silos had needed information at the right times. While effective, the processes put into place did not maintain all of the safeguards prescribed by the policies. In this situation, our role was to help the organization bridge the gap between the obsolete, but intended, orientation of the organization and the effective, but not all-inclusive, orientation of organization members.

In Pathway 5, the organization, its executives, and its employees are all aligned differently on SVO. In this situation, there are many obstacles against exercising an organization's strategy as the numerous social gaps will potentially deter the motivation of all performance stakeholders.

In a clear example where this pathway led to an organizational stalemate, our company worked with a public sector organization looking to restructure. However, the strategy for re-structuring was put into place by a new organizational leader who was looking to drastically disrupt the status quo of the organization. This disruptive strategy did not sit well with management employees throughout the country who viewed any restructuring as potentially threatening to the collaboration and partnerships that had been forged between field offices and local stakeholder entities. Employees, on the other hand, feared that any disruption would interfere with the competing internal claims on business processes that people in different roles had developed to capitalize on the current organizational structure. In the end, the employees and managers managed to drag the process out long enough so that the changes could not be implemented before the executive sponsor had left the organization.

The examples described above demonstrate many ways in which organizations can be impeded by social gaps between organizations and their members. So how does an organization ensure that it does not alienate employees and managers based on social gaps? The simple answer is to approach strategic planning from the perspective of many SVOs. Executives can choose whether or not to address a specific SVO in any final plan, but it is still important that implications of multiple SVOs be considered. Below we highlight specific strategic approaches that address each SVO in its relation to both internal and external stakeholders. Although we highlight specific examples under each category, it is important to note that many of the examples could be reframed to reflect the perspective of many different orientations.

Internal Altruism. The relationship between individuals and their organizations is often viewed as give-and-take. Employees form global perceptions regarding the organization's care about their well-being, and these perceptions, in turn, drive employees to give back to the organization through improved work performance and a reduction in negative behaviors (Eisenberger et al., 1986; Eder & Eisenberger, 2008). Internal altruistic strategies would focus on making employees' lives better in anticipation that this betterment will lead to increased productivity. For example, our company is currently helping organizations implement employee wellness initiatives that focus on improving the health and well-being of employees. These initiatives, although altruistic, have the potential to yield many benefits for the organizations' bottom lines, such as reduced absenteeism and lower costs for employee health care.

External Altruism. An external altruistic strategy focuses on providing benefits to key stakeholder groups. Many organizations have policies related to corporate social responsibility, which involves doing meaningful things for society that also lead to benefits for the organization (Porter & Kramer, 2006). For example, many organizations provide paid time off for community service. Such efforts are good for the community, but if implemented strategically, they can also positively raise a company's profile or facilitate a company's entrance into new markets.

Internal Cooperation. Organizations must leverage partnerships among separate organizational offices or separate individuals to drive results. Our company often helps organizations that suffer inefficiencies due to a structure that leads employees to work on similar tasks in hierarchical silos. Employees in one silo are unaware of the beneficial and similar work of other employees working in the same organization but a different silo. Although silos are often very resistant structures, internal cooperative strategies are designed to break down silos to ensure offices within an organization are contributing positively toward joint goals. We have found that for these types of strategies to succeed, it is essential that they be implemented in conjunction with a change management plan that ensures key stakeholders across silos know how to contribute and with whom they need to interact at all times.

External Cooperation. Organizations should also consider the potential benefits of forming partnerships with key stakeholders outside of the organization (e.g., to increase market presence or to supplement capabilities). An organization does not always have the internal capacity to drive results on its own. Leveraging key partnerships can improve an organization's competitive position. For example, in the age of Walmart, it is difficult for many organizations to compete on price against the retail giant. Accordingly, organizations like Toys "R" Us, Inc. form partnerships with toymakers to develop products to be sold exclusively in their stores. Although a toymaker could generate money at Walmart or Toys "R" Us, they recognize that the special deals with Toys "R" Us are needed to ensure the continued presence of multiple retail outlets for their products.

Internal Individualism. Organizations can capitalize on the unique attributes of their human capital in many ways, including the provision of focused training, identification of developmental opportunities, and emphasis on a culture that empowers employees to think innovatively. Through internal individualist strategies, the organization is able to leverage the motivation, ingenuity, and talents of its employees to drive success. For example, our organization has worked with a number of organizations in the public and private sector to identify training plans to increase the effectiveness of their leaders.

External Individualism. An organization can also focus on ways in which it can capitalize on forces and products outside of its direct influence. For example, an entire cottage industry has arisen around the creation of "Apps" for Apple's iPod and iPad. The App-developers have leveraged the unique attributes and product line of another organization (Apple) to generate revenue streams for themselves.

Internal Competition. Competition and internal rivalries can breed perceptions of organizational politics (Ferris & Kacmar, 1992). However, the absence of healthy competition can breed boredom and discontent. A strategic approach to internal competition can ensure that an organization is in the driver's seat in determining the types and delivery mechanisms for individual and group rewards. Organizational intervention can ensure the competition improves organizational performance rather than hindering it (e.g., team awards for innovation).

External Competition. This is perhaps the easiest category to understand. A capitalist economy thrives on the idea of competition. External competition, in the traditional sense, focuses on how an organization can outwit, out-produce, and outmaneuver its industry competitors. In the public sector, organizations also compete for a variety of outcomes, such as the Baldrige National Quality Awards, program funding, and their public standing in comparison to peer organizations.

Internal Disturbance. Often organizations must drive fundamental changes in culture to speed up processes, eliminate negative behaviors, or simply replace one workflow with another. For strategies invoking internal disturbance, it is essential to have internal buy-in or the status quo will prevail. In one organization, our company worked to develop several change management strategies to eliminate rivalries between different organizational factions. These strategies included the development of key organizational messages for all factions and the development and facilitation of training efforts to help each faction understand the expected ways to behave in interactions with one another.

External Disturbance. External disturbances allow an organization's unique competitive advantage to shine the most. This is perhaps the most difficult category to strategize around, but it is perhaps the most rewarding. Sometimes these strategies must be long term, as in the development of new energy sources, but other times these changes can appear relatively quickly. For example, the success of *Avatar* over the winter of 2009–10 has led to a renaissance in movie studios trying to capitalize on the use of 3-D in filmmaking. In our work, our company strives to help HR organizations attain and maintain a strategic foothold in a field where much of the work is often considered transactional or tactical. The evolution of the strategic HR role has been relatively slow, but most public and private sector organizations are beginning to understand its strategic importance.

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Implementing a Socially Balanced Strategy

While many of the examples discussed above relate to actions and results well beyond the timeframe of a strategic planning session, organizations can gain tremendous insight by employing the Socially Balanced Strategy Framework during the planning process. As discussed above, the consideration of multiple SVOs during planning does not necessitate the inclusion of all possible SVOs in a final strategic approach. Executives may determine that a particular SVO is irrelevant to the business or that an internal or external focus on a specific SVO is not warranted. We define below three possible approaches executives may take to address SVO in developing and carrying out organizational strategies.

1. **Holistic Approach.** In the holistic approach, an organization ensures that its strategic plan addresses internal and external facets of all SVOs. Planners use the Socially Balanced Strategy Framework depicted in *Figure 1* as a guide to ensuring multiple SVOs are

explored and addressed in the final strategy. At the past two strategic planning meetings for our consulting organization, we have used SVO assessments as inputs into the planning process. In the first meeting, we assessed each individual's SVO to understand how social biases may impact our discussions with each other. At the next meeting, we went a step further by developing a pre-planning survey, comprised of ten questions that tapped into the dimensions outlined in *Figure 1*. The responses to the survey were used to guide a discussion about strategic actions that needed to be added, maintained, or modified.

2. **Targeted Approach.** In a targeted approach, executives narrow the strategy to focus on the SVOs that are most important to gaining buy-in in their organization. For example, executives could assess the workforce to determine the dominant SVOs of the employees responsible for carrying out the plan. Based on this assessment, the executives would then craft the language of the strategy to match the SVOs of the employees.

3. **Re-Framing Approach.** How can executives ensure social balance if a strategy has already been developed? Executives can map organizational goals and initiatives against the categories in *Figure 1*. Where gaps exist, decision-makers can determine whether the organization needs to address additional SVOs to ensure maximum employee buy-in.

Conclusion

Strategic planning poses a great challenge for many organizations, and encompasses a number of aspects that fall outside the scope of this article. However, careful consideration of the five major SVOs and their contributions to a Socially Balanced Strategy can be of great benefit to strategic planners. A properly executed organizational strategy that incorporates aspects of many SVOs may lead to increased productivity and innovation, improved employee engagement, and reduced time required for change implementation. An organization that focuses on one SVO while failing to consider the strategic impact of other SVOs runs many risks, including increased executive and employee withdrawal and resistance to change. A good strategy does not have to incorporate all SVOs, but the decision to exclude an SVO or an internal or external focus from a strategy should be a result of conscious, strategic decision-making rather than a failure to consider the options.

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