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journal homepage: www.elsevier.com/locate/techforeBuilding new social capital with scenario planning[☆]Trudi Lang^{*}, Rafael Ramírez

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ABSTRACT

Practitioners have observed that scenario planning contributes to building new social capital. In scenario planning terms, new social capital can provide access to new information, novel strategic options and unprecedented collaborative opportunities. However, there is no description or explanation in the literature as to how scenario planning can build new social capital. Reporting on research into the scenario planning process of two organizations, we find that scenario planning generates new social capital through learning with the conceptual future, which is a direct investment in building new shared systems of meaning – the cognitive dimension of social capital. This then enables the structural and relational dimensions of new social capital to emerge as by-products. The building of new social capital provides another purpose for scenario investments and another quality criterion by which to assess the value of these interventions. The insights of the research will be of interest to: scenario planning scholars; leaders interested in how to purposefully design and conduct scenario planning if a core intent is to build new social capital; and scholars interested in the cognitive dimension of social capital and its creation.

1. Introduction

Scenario planning has been observed in practice to contribute to the building of new social capital. Galer (2004a, 2004b), reflecting on scenario planning interventions concerning the transition from apartheid in South Africa, wondered whether a major outcome of this work was the novel networks and the new myths supplied by the scenarios that supported change over the long term. Adam Kahane, the Mont Fleur Scenarios facilitator also working on that transition, observed that the scenario planning process seemed to build a “cross-sectoral network of trusting relationships – what Robert Putnam calls social capital” (Kahane, 2004:35). He felt these relationships had contributed significantly to the peaceful political transition in South Africa.

The premise of social capital is that investing in social relations produces beneficial returns, “enabling individuals and social groupings to achieve outcomes they could not otherwise achieve, or could only do so at extra cost” (Burt, Coleman, and Putnam as cited in Nahapiet, 2008:582). The research we report on here suggests that when derived from scenario planning, the social capital which is generated can: facilitate access to, and the flow of, new information; create a shared appreciation of a strategic situation (Adler and Kwon, 2002; Lin, 2001; Sandefur and Laumann, 1998); increase solidarity or common interests (Sandefur and Laumann, 1998); generate novel strategic opportunities

or options (Nahapiet, 2009); and present new opportunities for collective action (Adler and Kwon, 2002).

An organization's ability to create new social capital over time has been found to be positively correlated with its success (Maurer and Ebers, 2006). The building of social capital is particularly important in turbulent (Emery and Trist, 1965) or hyper-velocity (Bourgeois and Eisenhardt, 1988) environments within which scenario planning is used (Ramirez et al., 2008). The process of creating new social capital enables actors to reach out to others to create common ground on which to address turbulence together (Emery and Trist, 1965). Collaboration, or “working together” (Heckscher, 2007:2), was proposed by Emery and Trist and their students (e.g. Ramirez and Selsky, 2016) as a good approach to turbulence, particularly as further independent action (such as through competition) might well exacerbate it. With turbulent or hyper-velocity environments becoming more salient (Rigby and Bilodeau, 2007), finding direct and quick ways to produce new social capital is strategically of great importance.

In this paper, we report on research into the building of new social capital in three scenario planning case studies – that of the European Patent Office (EPO) and two rounds of scenario planning carried out in The Open University (OU) in the UK. The first OU scenario planning round (OU1) was carried out in 2002–2003, followed by a second round (OU2) conducted two years later as part of the university's ongoing

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strategic planning. The facilitators and the process for the two OU rounds were different, so the cases provide a useful comparison within the same organization.

Our intention in reporting on this research is twofold. First, we seek to provide an explanation about how leaders and scenario planning facilitators can purposefully design and conduct scenario planning processes when a core interest is in forming new social capital. In doing so, we propose that building new social capital is an additional quality criterion with which to assess the value of scenario planning investments.¹ Existing quality criteria are centred on fostering strategic insights. In contrast, we draw attention to how scenario planning can impact the building of relationships – both intentionally and as an unintended by-product. This is important for two reasons. One, in turbulent environments, it is important to reach out to others to better understand what is causing the turbulence, and find ways together to calm it. This places an emphasis on creating new social capital, representing a quality criterion that has not been explicitly discussed in the scenario planning literature. Second, scenario planning often represents a significant investment of resources and having new social capital as another outcome of the work increases the return on that investment.

Second, few studies have explored the cognitive dimension of social capital, particularly its role in forming new social capital (as noted by Bartsch et al., 2013; Maurer and Ebers, 2006; Nahapiet, 2008). Cognitive social capital refers to the resources that create shared systems of meaning among a group. These include language and frames of reference that enable groups with new members to communicate and work together. Our research finds that scenario planning is a direct investment in bringing about these cognitive resources, enabling the structural (networks) and relational (quality of relationships) dimensions to emerge as by-products, which the literature suggests is how social capital is created (Ostrom and Ahn, 2003). We thus seek to contribute to further understanding the cognitive dimension of social capital and its formation.

This paper is organized as follows. We first review the scenario planning literature in the light of addressing turbulence to show the importance of proactively building new social capital in this context. We also explore the social capital literature to conceptualize how scenario planning may build new social capital. We move on to operationalize scenario planning and social capital for our research and outline the three cases and the research methods we employed, before presenting the findings. Finally, we discuss our findings in light of the relevant literatures on both scenario planning and social capital, and conclude with considerations for designing scenario planning interventions when the purpose is to build new social capital.

2. Literature review²

2.1. Scenario planning and turbulence

Scenario planning, like social capital, has a rich practical and conceptual history. With increasing turbulence in the environment in the late 1960s, private firms started to look for alternatives to single-point forecasts. Scenario planning was adapted for business-planning purposes from its earlier military and public policy applications.

In addressing turbulence, scenario planning made learning about uncertainty and its link to leaders' mental models explicit. Faced with not being able to rely on forecasts, leaders looked to scenario planning

to help them engage with uncertainty and question their assumptions about how the dynamics of their industry could shape the future. The expected outcome was the generation of new strategic insights and options, and for leaders to be better prepared for uncertainty (Chermack and Coons, 2015; Wack, 1985a, 1985b). Scenario planning has since been claimed to be of help in: framing and transforming the framing and the perception of an issue or problem (Ramirez and Wilkinson, 2016); gathering insights on a strategy and the assumptions behind it (Schwartz, 1996; Wack, 1985a); glimpsing what possible futures might look like (Bunn and Salo, 1993); improving the quality of strategic conversations (Bradfield et al., 2015; Van der Heijden, 2005); better appreciating ambiguity (Sutcliffe and Weber, 2003); influencing decisions (Phadnis et al., 2016); helping to make research 'interesting' (Ramirez et al., 2015); and improving organizational learning (Burt and Chermack, 2008; de Geus, 1988).

To make sense of a situation characterized by uncertainty, people using scenario planning reach out to others – particularly in the intuitive logics tradition (Bradfield et al., 2005), which is the scenario planning tradition used by the organizations we researched, the EPO and OU. The intent in those cases was to see things from different perspectives (Wright and Cairns, 2011), to identify weak signals (Schoemaker et al., 2013), and to engage people in an improved strategic conversation (Van der Heijden, 2005). To do so, experts, stakeholders and 'remarkable people' – those with a unique perspective across a range of fields (Van der Heijden, 2005) – were involved, along with leaders of these organizations. This was done through conversations, interviews and workshops, although online platforms now present ways of reaching out to an even greater number of people (Raford, 2015). As a result of this reaching out process, social capital has been observed in practice to form as a by-product (Galer, 2004a, 2004b; Kahane, 2004).

The foregrounding of accessing new information and making sense of it in scenario planning may be because the traditional focus of strategy has been neoclassical, where the way to deal with turbulence is to compete more quickly (Selsky et al., 2007). Well known scenario planner de Geus (1988:71), for example, said that "[t]he ability to learn faster than your competitors may be the only sustainable competitive advantage". Thus, the focus of scenario planning has been less on how to build relationships that can deliver a range of benefits – social capital – and more on the information that can be accessed and made sense of to help organizations compete better and more quickly.

However, in a networked world with increasing volatility, a systems-based view of strategy – the socio-ecological perspective – draws attention to collaboration being as important as competition (Ramirez and Mannervik, 2016; Ramirez and Selsky, 2016). Collaboration with dissimilar others can create common ground so as to collectively shut out and/or move on from the turbulence (Ramirez et al., 2008). The formation of new social capital contributes to the creation of this common ground. This moves social capital building from being a by-product of scenario planning, that some practitioners were aware of, to possibly being a central, clear and rigorous reason for undertaking the work. Despite this, there is no detailed description or explanation in the literature about how to build new social capital with scenario planning. We seek to address this gap, to assist scholars and practitioners who are interested in addressing turbulence in this way.

2.2. Cognitive social capital

The term social capital can be traced back to an article by Hanifan in 1916, where he discussed its value in the context of encouraging community participation in rural schools in the United States. According to Woolcock and Narayan (2000), the concept was then picked up by urban sociologists in the 1950s (Seeley et al., 1956), an exchange theorist (Homans, 1961) and an urban development scholar (Jacobs, 1961) in the 1960s, and an economist (Loury, 1977) in the 1970s. However, the concept really got traction in the 1980s and 1990s with

¹ We thank Kees Van der Heijden for suggesting to us that the building of new social capital in effect provides a new quality standard for evaluating scenario planning investments.

² A full literature review of the relationship between social capital building and scenario planning is beyond the scope of this paper but is available in the first author's unpublished doctoral dissertation: Lang, T. (2012). *Essays on How Scenario Planning and the Building of New Social Capital are Related*. DPhil: University of Oxford.

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