WHY DO FIRMS ENGAGE SO RARELY IN DELIBERATE FORWARD-LOOKING SEARCH?

MANY FIRMS ARE AFRAID OF

- Being hit unprepared by disruptive change
- Missing the next big thing
- Lacking the agility to respond
SO WHY IS THE SHARE OF FIRMS THAT ARE FUTURE PREPARED DECREASING?

OUR QUESTION AND APPROACH

What is influencing the extent to which firms engage in forward-looking search (strategic foresight)

RQ

Past performance data from 2010 – 2014
Survey data from 2013 - 2014

Data

Tymen Jissink
René Rohrbeck
Eelko Huizingh
OUR CONSTRUCTS AND HYPOTHESES

External determinants
- Market turbulence (Han et al. 1998)
- Technology turbulence (Citrin et al. 2007)

Forward-looking search
(6-items, own scale)

Primary survey (1) data
(N=108)
(1 wave collected in 2013-2014)

Internal determinants
- Past performance vs. aspiration (Chen 2008)
- Transient slack (Chen 2008)

Objective secondary data
(collected for the years 2007-2014)
OUR CONSTRUCTS AND HYPOTHESES

External determinants
- Market turbulence
- Techno. Turbulence
- Competitive intensity

Forward-looking search
(6-items, own scale)

Internal determinants

Past performance vs. aspiration
(Chan 2008)

Transient slack
(Chan 2008)

Controls
- Firm size
- R&D activities

Controls
- Typical development cycle time
- Business activity scope
- Industry

Primary survey (1) data
(N=108)
(1 wave collected in 2013-2014)

Objective secondary data
(collected for the years 2007-2014)

FINDINGS (1/2)

<table>
<thead>
<tr>
<th></th>
<th>Model 4 (Joint model)</th>
<th>Model 5 (Interaction model)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance below aspiration $t-1$</td>
<td>-.012 (.082)</td>
<td>-.060 (.077)</td>
</tr>
<tr>
<td>Performance above aspiration $t, t+1$</td>
<td>-.068 (.121)</td>
<td>-.135 (.115)</td>
</tr>
<tr>
<td>Slack resources $t, t$</td>
<td>-.001 (.072)</td>
<td>-.103 (.070)</td>
</tr>
<tr>
<td>Transient slack $t$</td>
<td>.185* (.064)</td>
<td>.133† (.060)</td>
</tr>
<tr>
<td>Performance expectation $t, t+1$</td>
<td>.182† (.037)</td>
<td>.151† (.035)</td>
</tr>
<tr>
<td>Market turbulence $t$</td>
<td>-.105 (.101)</td>
<td>-.150 (.098)</td>
</tr>
<tr>
<td>Technological turbulence $t$</td>
<td>.167* (.104)</td>
<td>.259* (.099)</td>
</tr>
<tr>
<td>Competitive intensity $t$</td>
<td>-.157* (.079)</td>
<td>-.145† (.082)</td>
</tr>
</tbody>
</table>

Interaction effects

Market turbulence * transient slack | -.111 (.071) |
Technological turbulence * transient slack | .362** (.060) |
Competitive intensity * transient slack | .232** (.056) |

$R^2$ | .189 | .322 |
$F$-Value | 2.209* | 2.399** |
$N$ | 108 | 108 |
FINDINGS (2/2)

Firms do more forward-looking search only if they are in a technological turbulent or competitive intense environment AND have abundant slack resources.

CONCLUSION

Past performance: matters less
• If bad: less forward-looking

Performance expectation: positive
• Forward-looking to avoid uncertainty and grasp opportunities

Slack resources: only transient matters
• Uncommitted resources to explore the future

Environmental forces matter:
• Market: not sig., Technology: +, Competition: -

Both Internal & External Factors: interactions significant!
• Transient slack: *Tech & *Competition: positive interaction
Thank you for your interest!

Tymen Jissink
René Rohrbeck
Eelko Huizingh