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| Assignment name: | Assignment 1 |
| Tutor: | Dr. James Ang Wee Jin |

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1. Article clarifies and expands on the work of Rohrbeck's framework (was not comprehensive, confusing, overlapping with other components and overlapping with corporate foresight's potential antecedents and outcomes (e.g., culture and organisation).

It proposes a more sophisticated eight-components framework (made up of six primary components and two supporting components).

Fernani argued the importance of developing corporate foresight capability in an VUCA environment as a dynamic capability of the firm with futures studies. Corporate foresight becomes necessary as firms being aware of the unstable environment (direct effects) and respond differently (firm-level orientations moderators). Scenario planning, a foresight exercise was discussed. Corporate foresight was argued as a requirement for firms to deal with VUCA environment through incentives from dynamism and complexity. Emphasis was made – goal of corporate foresight is not for rightness

Corporate foresight has proved to positively influence organisational outcomes, such as learning, innovation, performance, creativity to develop competitive advantage. The components of corporate foresight were introduced.

There is call for further research opportunities, including the perspective of measurement and investigation of corporate foresight as a dynamic capability, perspective from strategy and management and addresses previous research on environmental uncertainty and anticipatory and future-relevant management inquiry (Fernani, 2022).

2.

| Concept | Definition | Significance |
|---------------------|---|--|
| VUCA environment | <p>Volatile Uncertain Complex Ambiguous</p> <p>Environmental instability, closely aligned with the contingency theory of firm in a competitive environment (<i>digital economy</i>)</p> | <p>Recognising and understanding the need for co-creative and collaborative work beyond organisational needs (Pangaribuan et al., 2020).</p> <p>May affect employees' confidence on effectiveness of planning.</p> <p>Leaders must prepare firms to be agile to respond speedily to remain relevant (Sarkar, 2016)</p> |
| Corporate foresight | Integrates, enriches and expands the dynamic capabilities framework due to its prevalence or | Affect important organisational outcomes, including learning, creativity, innovation and performance via a |

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| | <p>emergence of a VUCA environment</p> <p>Participatory process involving internal and external stakeholders (<i>People and network</i>) to achieve organisational outcomes</p> | <p>mechanism to create corporate advantage – evaluation of a range of possible futures.</p> <p>Better performance due to identification of new business opportunities (Rollwagen et al., 2008; Vecchiato, 2012) and re-configuring firm's resource base</p> |
| Resource-based View of the Firm | <p><i>Internal school of thought</i> of firms' competitive advantage is based on its valuable, inimitable, non-substitutable resources (Barney, 2001). Importance of assets or practices for competitive advantage (Wernerfelt, 1984).</p> <p>E.g., technological assets</p> | <p>The capability, resources, and competence for effective decision making. Reliable and adequate knowledge and competitive resources is required for corporate foresight.</p> |
| Dynamic Capabilities Framework | <p>A form of measurement and investigation of corporate foresight.</p> <p>Internal capability of the firm – flexibility to adjust and re-optimize competitive resources.</p> | <p>Improvement heuristically through learning by doing (building experiences through practice) – cumulating value over time (Dosi et al., 2000; Eisenhardt & Martin, 2000)</p> <p>Perspective unlocks research theoretical advancement in corporate foresight</p> <p>Investigating into whether dynamic capabilities and corporate foresight allows a firm to change its resource base. Shown to affect resource configuration (Stadler et al., 2013)</p> |
| Absorptive Capacity | <p>One of the moderating mechanisms for corporate foresight capability,</p> | <p>Higher absorptive capacity firms are more able to recognise value and exploit</p> |

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| | <p>distinguishing between two different firms in the same environment.</p> <p>Ability of the firm to be firm-level aware, recognise, assimilate and use external knowledge (Lane et al., 2006; Wang & Ahmed, 2007). Depends largely on prior knowledge (Cohen & Levinthal, 1990). Increases when there are benefits from environment to assist in absorption of capabilities, creating value</p> | <p>knowledge relevant to their business (Cohen & Levinthal, 1990), and are more knowledgeable about the importance of foresight in complex and dynamic business environments (Fergnani, 2022).</p> <p>Allow firms to imitate environment and competitors for competitive advantage and survival.</p> |
| Environmental Dynamism | <p>Volatility of environment, extent to which firm faces predictable or uncertain environment (<i>Figure 1 - Environmental Dynamism spectrum</i>).</p> | <p>Contingent external factor that directly negatively affects corporate foresight capability (Fergnani, 2022).</p> <p>Directly affects foresight capability (<i>Figure 2</i>)</p> |
| Environmental Complexity | <p>Difficulty with gather information to understand the environment (Fergnani, 2022) due to interconnectedness and sophistication of interacting paradoxical components of the system, not necessarily involving dynamism (Bennett & Lemoine, 2014)</p> | <p>Impedes the development of corporate foresight capability; motivated to implement dynamic procedures and techniques (corporate foresight capability) to deal with difficulty in assessing impact of environmental changes in the future (Jissink et al., 2014; Rohrbeck, 2010).</p> |
| Scenario Planning | <p>One of many methodologies for corporate foresight</p> | <p>Makes individuals challenge their beliefs in the external environment, making them more prepared to external events regardless of scenarios (Vecchiato, 2019), increase innovation and increased organisational learning.</p> <p>Evidence that scenario planning is related to</p> |

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| | | performance in firms and managers' assessment. |
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Figure 1 - Environmental Dynamism spectrum

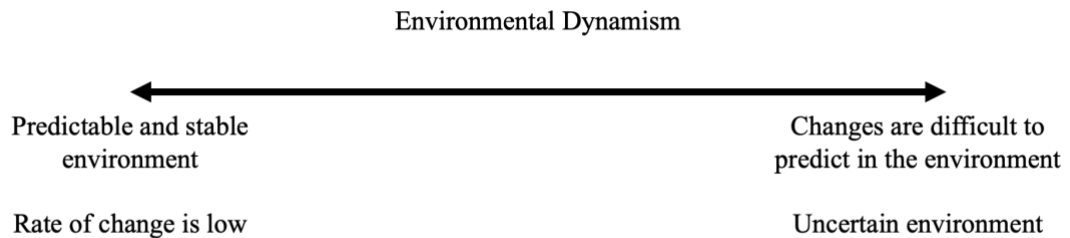
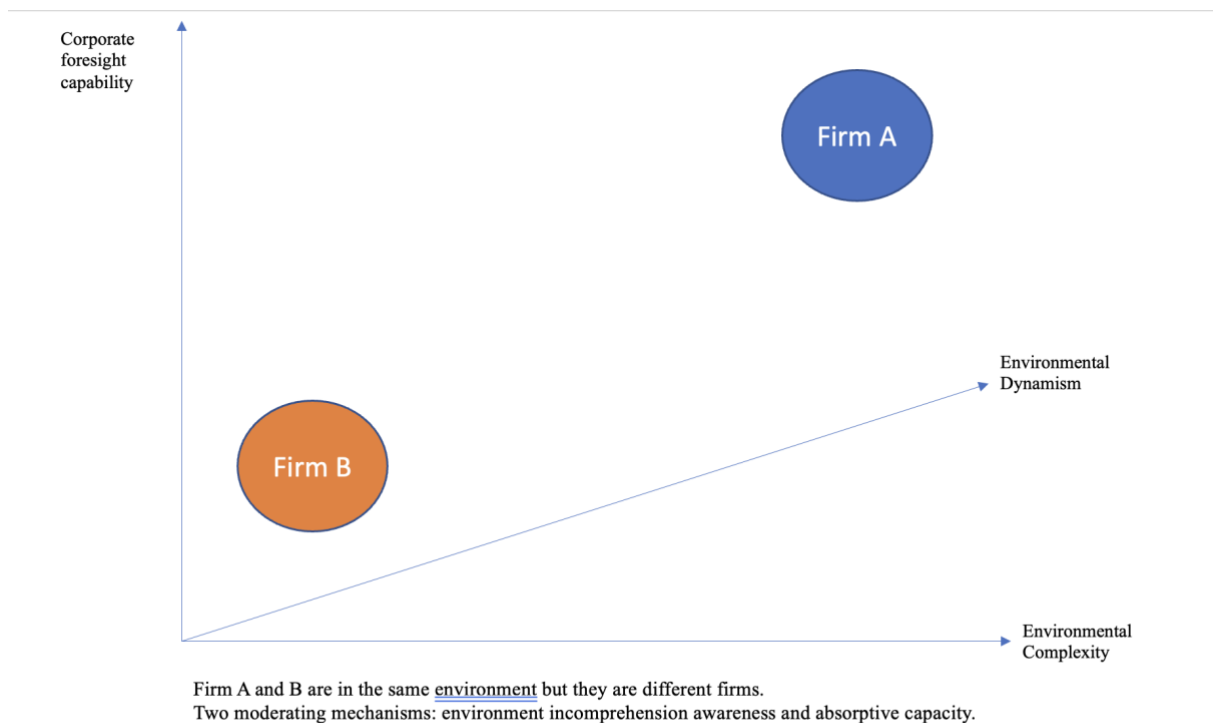


Figure 2 - Direct cost of foresight capability



3. One of the moderators of corporate foresight capability – environment incomprehension awareness

3.1. Usefulness of foresight and scenario planning in businesses

Fernani brought in futures studies, a previously underexplored area in strategy and management studies to deal with the current dynamic and complex environment. This is essential for employees in businesses currently to remain flexible and adapt to changes in the VUCA environment. Fernani illustrated benefits of corporate foresight capability such as: performance, innovation, and organisational learning are critical to organisational

success and strategic growth for competitive advantage. There were discussions on the macro-economic environment and how corporate foresight is relevant, such as on political events, economic downturns, pandemics and technological advancements. However, there were no clear indication of how corporate foresight were put into practice in recent events such as the US-China tensions, Covid-19 pandemic and advancements in artificial intelligence.

There were good discussions about corporate foresight on both organisational-level and individual-level outcomes and that corporate foresight enhances the dynamic capabilities framework.

3.2. Limitations and issues of foresight and scenario planning for businesses

Pervasiveness to underperform in empirical testing if wrong measurement framework is used. This may results in problems in the framework used.

Downplays other important factors having a role in corporate strategic management such as enterprise architecture and systems thinking (Simon et al., 2014)

Although the goal of corporate foresight is not on righteousness of predictions, there are unpredictable unknowns-unknowns such as (occurrence and timing) pre-onset of Covid-19 pandemic that firms are unable to quickly respond to.

The activities and exercises, including scenario planning could be costly and time-consuming, employees may not find scenario planning necessary because of the volatile environment. How much cost and time required to build the required resources and corporate foresight capabilities? Does the benefits (*not that measurable – using frameworks discussed in paper*) outweigh the costs? Is that enticing enough for corporate managers to adopt (rather than myopic view)?

Lack of corporate citizenship emphasis as driver of corporate foresight throughout all hierarchy of the organisation.

There is no clear direction as to how corporate foresight in firms could be developed other than its triggers and moderating factors, hence, there are no clear systematic steps firms can take.

The area of research is still relatively new – future-oriented firm capability. The resources mix of companies are unique and differ even between companies in the same industry, and across different industries. Resource-based view of the firm require frameworks such as SWOT analysis. Emphasis have been placed on the internal capabilities of the firm. Are we seeing changes in the oil and gas industry, using this framework?

Other strategic frameworks consideration of other plausible models were not well-discussed.

- Mediation Model comprises of five exogenous constructs (Asmai et al., 2022):

- Environmental scanning
- Scenario planning
- Knowledge creation
- Culture
- Formal organisation
- Endogenous construct of dynamic capabilities
- Mediator construct of organisational learning capability

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