*How to organize foresight in general and trend spotting in microcredit organization*

**Introduction and general overview**

The simplest and most comprehensive definition is that Foresight is the ability to anticipate events before they happen (H. Tsoukas, J. Sheppard, Introduction, Futures 36 (2004)). Foresight is not only relevant for imagining or anticipating possible futures, but most important for purpose of acting upon present and creating the future as present unfolds. Corporate foresight is a method which aims to make the organization detect as early as possible irregular and unexpected changes in environment, interpreting the effects these may have on their organization and articulate how organization will respond to those changes in order to have the best chance to survive in the long term (Bengt Wahlström). Several large enterprises have established *corporate foresight* groups and strategic planning processes, which analyze the long-term prospects of business environments, markets and new technologies, and their implications for corporate strategies and innovation (Ruff, F. 2006).

Depending on history, branch and institutional set-up, diverse labels are used to describe *research-based activities* in industry and business that pursue a *future-oriented perspective* on the *broader business environment*, including markets and society, to support *strategy and innovation processes* in the company. Historically, *external* and *internal* forces have driven the establishment of *foresight* activities in companies. The *external* forces promoting the establishment of corporate foresight comprise advances in science and technology, while *internal* forces comprise branch-specific capacity building in innovation and research. (Ruff, F. 2006). External forces are first of all related to differentiated set of concepts and practices dedicated to support new modes of governance in innovation and policy-processes on sectorial, regional and transnational levels (Barré, 2001; Rader, 2001; Coates *et al.*, 2001; Smits, 2001; Zweck, 2001; Martin, 2002). Second, with the progress of management science and the exploration of new methods for *strategic management*, especially in big multinational companies, the ideas of ‘weak signals’, ‘early warning’ and ‘early detection’ promoted long-term and anticipative thinking (Ansoff, 1975; 1984; Krystek and Müller-Stevens, 1993; Liebl, 1996). Third, the proliferating field of ‘futures research’, with new concepts (*e.g.*, scenario planning, modelling) and new topics beyond the traditional scope of companies (*e.g.*, global challenges, change of values, knowledge economy) also had an impact on the corporate world (Schwartz, 1991; Morrison and Schmid, 1994; Coates *et al.*, 1997; Glenn and Gordon, 1999; 2000; Davis, 2002).

A general *internal force* in industry and business that promoted forward thinking about innovation and technology was the *increasing knowledge and research intensity of value creation* in many branches. Other internal forces are branch specific and directly or indirectly related to *changes in the business model* and *internal organization* of industries and companies, which promoted a need for strategic intelligence. Furthermore *long-term developments in the business environment*, in *markets* and *society*, have to be taken into consideration. *A broader view of the market environment*, including societal factors, has to be taken into account if a company wants to look into the future. Secondly, to accept and learn about complex and dynamic environments, foresight dedicated to innovation has to concentrate on an ‘*outside-in*’ *perspective.*

The simplest and most comprehensive definition is that trend spottingis the identification of new trends. Overall, according to Bengt Wahlström there are three levels of trendspotting related to the organization and those are:

* The in world (The organization's information about the surrounding world from its own data and business systems – (Business intelligence) and the organization's image of the surrounding world, which among other things, is affected by the organization's history and culture
* The near world (The organization's surrounding world in terms of external stakeholders such as customers, competitors, suppliers, owners, etc.) - Competitive Intelligence
* The surrounding world is what may be referred to as everything else and is mainly unexpected surrounding and is where one can find head start for and Conclusions and inspiration from how other organizations manage their surrounding world

Since we are always have limited time 80% of time should be dedicated for short time intelligence and competitive intelligence based on key words, while 20% focusing on unexpected.

Furthermore, from the organization’s point of view trend spotting maybe seen as combination of risk management and corporate foresight. It is important to know how we work so the topics of trends are well adjusted in the organization. Risk management is a lot about rationality and measurability, while trend spotting is much more to describe things. Risk management is short term as is the trendspotting, while corporate foresight is about long term. It is about to discover unexpected change in business environment. Trend spotting is try to catch the unexpected to get the head start. Corporate foresight is more focused on bigger picture in the distance future while trend spotting is more about try to use trends to solve challenges in the near future. Trend spotting is combination between risk management on one hand short term and corporate foresight on the other hand is long term. (Bengt W.)

According to Bengt W. there are four different ways for trend spotting in organizations:

• **Private Trend spotting** - The employee finds no point in the organization. Engaged in private matters and Trend spotting.

• **Anarchist Trend spotting** - The employee feels isolated in a decentralized decision-making organization and do Trend spotting only within his or hers own area.

• **Trend spotting in principle** - all the employees think the same in the organization n and do Trend spotting only after confirmatory information

• **Targeted Trend spotting** - The organizational environment works well and the working tasks are stimulating. The Trend spotting widens, but not at the expense of the task-related spotting.

Furthermore, there are four types of organizational approach to the surrounding world

• **The prospecting organization** reflects a high level of initiative with regard to the surrounding world, which is seen as changing and containing opportunities. The organization develops new products and takes new initiatives

• **The analyzing organization** is more careful. It is concerned with maintaining a stable course of activities, but occasional innovations on the periphery if the surrounding world permits.

• **The defending organization** perceives the surrounding world as analyzable and stable and the management is determined to protect what is has. The organization is focused on maintaining traditional markets and is focused on internal efficiency and not on potential opportunities in the surrounding world

• **The reacting organization** moves along, more or less accepting what comes from the surrounding world. This organization will react to seemingly random changes in the surrounding world

**Foresight and trend spotting in microcredit organization**

Microfinance in Bosnia and Herzegovina appeared after the war in the country ended in 1995, as an alternative solution and special subsector of the financial system oriented to the reconstruction, revitalization and poverty alleviation. (<https://link.springer.com/chapter/10.1007/978-3-319-45029-2_9>)

After the end of the war until present, micro-credit sector, together with banking sector, in international and domestic public, was often perceived as an example of positive business development experience in the financial sector. I wasn't rare case that microcredit organizations (MCOs) from Bosnia and Herzegovina win the world awards, and a prominent business magazine Forbes among one hundred of the most successful microfinance institutions around the world in 2007 included five organizations from Bosnia and Herzegovina.

Beginning of microcrediting in Bosnia and Herzegovina is linked to the Local Initiatives Project (LIP), established in 1996 as a part of the assistance of the World Bank provided for the postwar recovery and economic reconstruction of Bosnia and Herzegovina. The main development goals of the LIP project were:

(1) Provide access to credit for the micro - entrepreneurs who were affected by the consequences of the war and had no access to credit from commercial banking sector, and

(2) Assistance in the development of independent, financially viable microfinance institutions that will provide loans to entrepreneurs with low incomes on permanent basis.

First of all, in recent years some banks entered into the market of micro-credit organizations additionally sharping already sharp competition in the sector. (*Alem Mujkovic, February 10, 2010)*

As of 30.09.2017, the total headcount of the microcredit system was 1 399, which is up by 148 employees or 12% compared to 31.12.2016. As of 30.09.2017, the balance sheet total of MCOs amounted to KM 485.6 million. The balance sheet total at the end of the third quarter of 2017 was up by KM 45.5 million or 10% compared to the balance as of 31.12.2016. Compared to the end of the previous year, as of 30.09.2017, the microcredit portfolio saw an increase of 7% (KM 27.4 million) and also recorded a slight improvement of quality indicators of the active loan portfolio (Federal Banking Agency, 2017).

Since its introduction on Bosnia and Herzegovina market, microfinance sector has recorded steady growth. Over the period of more than twenty years its targets have changed and profiles of its clients for the most have become almost the same as the ones large banks have. Since its participation in financial sector in the country is significant it is important for the organization to undertake more serious actions related to foresight and trend spotting in order to be prepared for unexpected future.

The microcredit organization in question is focusing its trend spotting activities based on three levels already described above. As Competitive Intelligence is focusing on the organization's external environment, with keywords like competitors, customers and current markets whose objective is to facilitate decision-making at different levels - strategic, tactical and operational, it is for the most part focus of its actions. In order to evaluate trend spotting activities in this organization we will compare it to the necessary trendspotting steps described by Bengt Wahlström.

1. Chose keywords and surveillance zones (i.e. competitors, customers, new markets)
2. Collect materials from various sources (i.e. social media, web sites, science and sometime just simply talking to people)
3. Evaluate and make selection of collected material (focusing 80% of time to expected and 20% to unexpected)
4. Analyze the selected material ( and answer the questions like what happens, why does it happen, who or what is affected)
5. Present and distribute the analysis (who is target audience, organizational culture)
6. Make decisions or take action based on analysis (whether it should be developed or liquidated)
7. Evaluate the results (what can be measured, can it influence decision making, did we gain new information)

This practice should involve actors from inside the organization as well as external consultants contributing its insights on the overall economic situation and its movements. The type of organizational approach in this particular case is mixture of the prospecting and reacting organization. Furthermore, activities should be based outside-in’ perspective since it is necessary to evaluate organization’s near world since it is where the key questions in this particular case are.

Microcredit sector at this point is facing big uncertain future and at this point the main weakness of organization in question definitely is the fact that it does not put necessary time and effort into foresight and trendspotting. The process is now on very low grounds and is not undertaken adequately and is mostly based on collecting materials and discussions related to the whether it should be developed or liquidated, and not paying so much attention on the step related to answering the questions like what happens, why does it happen, who or what is affected. It is important for the organization to anticipate events before they happen and they will be more prepared to engage with whatever may happen. This can be done through strategic planning, scenario thinking, visioning and planned emergence.

Having all this in mind foresight and trend spotting in our microcredit organization should be organized in more serious manner and more time should be dedicated to it. The head start for this and the key words should be related to clients and competitors and definitely finding new markets and products, since in near future it may lose its position in financial sector. At this point it may be difficult to evaluate results, but in my opinion efforts related to of new products and approaches targeting specific clients are measure of success. Apart from external actors and managers and decision makers within the organization, this process should definitely include staff members working directly with clients and are the ones that can hear and know clients’ need from the first hand and are familiar with market movements on micro levels.

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