Introduction

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Foresight is a unique and highly valued human capacity that is widely recognized as a major source of wisdom, competitive advantage and cultural renewal within nations and corporations.

(Chia 2004: 21)

Strategy has traditionally been described as being concerned with the long-term development of the organization (for example, Chandler 1962, p. 13; Andrews 1971, p. 29). This suggests that strategy making is, in essence, a future-oriented process. Many scholars of strategic management seem to concur. In his seminal book on competitive strategy, for instance, Porter offers a set of analytical techniques for predicting the industry’s future evolution (1980, p. xxii). Similarly, in his articulation of a resource-based view of corporate strategy, Barney also identifies the future as an important determinant in building a competitive advantage. For Barney, firms that wish to generate above-normal returns for the implementation of product market strategies must have more accurate expectations about the future value of acquiring resources from factor markets, which are needed for strategy implementation (1986, p. 1239). Hamel and Prahalad also argue that successful, industry-leading companies compete for the future by identifying tomorrow’s opportunities in the present and developing capabilities to exploit them (1994a, 1994b). If strategy is concerned fundamentally with the future, then it stands to reason that strategic foresight is an essential managerial competency. Indeed, Ahuja et al. argue that all major theories of competitive advantage assume that managers must have some degree of foresight. If they didn’t, the argument follows, differences in firm performance could not be distinguished from luck (2005, p. 795).

The notion of strategic foresight is not novel. It has been long recognized as an important attribute of managing. As early as 1916, Henri Fayol, one of the earliest proponents of management theory, argued that: ‘The Maxim, “Managing means looking ahead,” gives some idea of the importance attached to planning in the business world, and it is true that if foresight is not the whole of management at least it is an essential part of it’ (1916/1949, p. 43). Barnard, in his classic treatise on the functions of the executive, also suggests that the ends of an organization always refer to the future, ‘and implies foresight in terms of some standard or norm of desirability’ (1938, pp. 200–201). The philosopher Alfred North Whitehead, in a lecture at Harvard University in 1931, also drew attention to the importance of foresight to commerce. He proffered that the business mind of the future would require a further endowment beyond the practical routines of business praxis; it would require a philosophical power of understanding the complexities of society (Whitehead 1933, p. 123).

While strategic foresight is assumed to be a valued managerial competence, it appears that it continues to be an enigma to many strategic managers and scholars. Questions remain about what it is, whether it matters and what practices and processes lead to its cultivation. For example, tensions continue to exist over whether the raison d'etre of
strategic foresight is prediction, preparation or both. The aim of this introduction is to initiate what we believe is an important conversation about strategy and foresight that continues on for 29 engaging and insightful chapters and, we hope, beyond.

**What is strategic foresight?**

Foresight is defined by the *Oxford English Dictionary* as ‘the ability to predict and prepare for future events and needs’ (Soanes and Hawker 2005, p. 393). For many management scholars, predicting the future is a desirable objective of strategic planning practice (Wiltbank et al. 2006). This is also reflected in companies where a predictivist perspective on foresight manifests itself in the form of their forecasting competence (Makadoc and Walker 2000, p. 854). Forecasting has been identified as one of the essential aspects of an economic organization’s strategic planning processes (Makridakis and Wheelwright 1989). It is indispensable for predicting consumer demand characteristics, the future value of firm resources, establishing new operations and making substantial and often irreversible investments (Barney 1986; Makadok and Walker 2000). Forecasting normally consists of extrapolating data from past patterns and projecting it into the future using sophisticated statistical and econometric models. In the short term, forecasting techniques and the estimation of uncertainty are fairly reliable (Makridakis 1990, p. 60). But forecasting has an Achilles’ heel that manifests itself in two significant limitations that can impair foresight. First, the consistent accuracy of forecasts can create a false sense of security. When there are sudden shifts in the business environment, forecasts can fail, making whole strategies obsolete; and, as a former strategic planner for Royal Dutch/Shell points out, it is at these times that they are needed most (Wack 1985a, p. 73). Second, while relatively accurate in the short term, in the medium to long term as political, economic, social, technological, natural and legal trends interact in unpredictable and novel ways, forecasting accuracy begins to diminish as environmental complexity and uncertainty increase. Endogenous and exogenous factors having deleterious influences on forecasting accuracy can stem from illusions of control (Durand 2003), changing patterns over time, the actions of people influencing future events, a new technological innovation or the failure of an existing one, sudden global financial fluctuations, changing elasticity of demand, barriers to entry becoming diminished or natural disasters (Makridakis 1990). The consequence, as Watkins and Bazerman (2003) suggest, is that some of the best-run companies with thoughtful managers and robust planning processes get caught unprepared by disastrous and unanticipated events. Uncertainty, they argue, can result in high probability – read predictable – events sometimes not occurring, and low probability events coming to pass.

Perhaps it was for reasons such as these that led Drucker to quip: ‘Prediction is not a worthwhile managerial activity’ (Drucker 1992, p. 98). Some scholars have gone so far as to argue that a move towards non-predictive strategy may be necessary (Wiltbank et al. 2006). Prediction, however, has its place in strategic planning. But it doesn’t necessarily constitute strategic foresight in itself, because the forecasting and statistical techniques that it relies on cannot always account for seemingly random asymmetries or discontinuous change. The second element comprising strategic foresight, preparation, thus demands the difficult-to-quantify, dynamic properties of any given set of complex circumstances, particularly where social systems and markets are concerned, to be understood. This often necessitates a qualitative, soft systems approach.
To reinforce forecasting techniques and increase preparedness, many companies have turned to scenario planning. In Bain’s annual survey of management tools, for instance, they found that since their survey began in 1993, corporate usage of strategic planning increased from 83 per cent in 1993 to 88 per cent in 2006 and scenario and contingency planning increased from 38 per cent in 1993 to 69 per cent in 2006 (Rigby and Bilodeau 2007). Unlike forecasting, scenario planning is designed to analyse how uncertainties might play out in the medium to long-term future. They help organizations to prepare for a range of possibilities in the future.

Scenarios are alternative stories about how the world could evolve. They do not try to predict the future, but to understand the complexity and unpredictability of future organizational environments. They find their roots in the work of Herman Kahn and the militarily-oriented RAND Institute in the 1940s, and their commercialization in companies such as Royal Dutch/Shell, IBM, Corning and General Electric can be traced to the 1960s. Unlike forecasts, they are focused ‘less on figures and more on insight’ (Wack 1985a, p. 84). While scenario planning has had numerous successes, most notably Royal Dutch/Shell’s anticipation of the 1973 oil crisis, scenarios are not a panacea for failures in organizational foresight. Scenarios can be vulnerable to a range of information processing limitations and cognitive biases (MacKay and McKiernan 2004a, 2004b).

Indeed, in preliminary research into futures studies undertaken by the Hart–Rudman Commission into the National Security of the United States in the 21st century, the Commission found that 70 per cent of the 20 futures studies they looked at were either directly or indirectly modelled on the Royal Dutch/Shell ‘intuitive logics’ approach (see Wack 1985a, 1985b). In their review of the 20 futures studies, the Commission argues that several flaws limit the perspicacity of the planning approach. First, present challenges and concerns relevant to the 1990s tended to be focused on, such as challenges to national sovereignty, failed states, the uncertain impact of technological development and the information revolution rather than possible asymmetries arising in the future (1999, p. 20). Second, possibilities that could produce ‘startling emergent behaviour’ are overlooked by an emphasis on present concerns. The inability to pick up ‘weak signals’ (see Ansoff 1975, p. 21), the Commission suggests, may stem from the static caused by group behaviour. Furthermore, relying on experts, as with the Delphi technique, they propose, can diminish rather than augment weak signal reception (p. 19). They thus conclude that when dealing with the future, interrelated trends must be considered, human error in judgement must be acknowledged and uncertainty has to be accepted (p. 20).

The Royal Dutch/Shell account of their scenario planning successes, Mintzberg suggests, may well be more attributable to a talented group of planners and receptive managers being at their best in practice, rather than the planning approach itself (1994, pp. 249–50). Moreover, he argues that overly-formalized, rational strategic planning rooted in analysis does not necessarily connote synthesis (p. 13). This notion is not unique to strategic planning, but can be found at the centre of many philosophical debates in science. Toulmin, in Foresight and Understanding, for instance, argues helpfully that there is nothing wrong with prediction and its surrogates such as the calculus of corroboration and statistical significance tests, but what is predicted must be made sense of. In this endeavour, he advocates conceptual innovations, logical perspicuity, mathematical command, scrupulous honesty, speculative imagination, experimental inventiveness and ingenuity all as legitimate forms of scientific enquiry (1961, pp. 112–15).
In sum, strategic foresight requires a broad church. In this pantheon, ends such as prediction and preparation, as well as means such as forecasting and scenarios have their place. By integrating these different perspectives, ‘deep understanding’ (Tsoukas and Sheppard, 2004, p.2), which is predicated on a capacity to ‘re-educate attention’ (Chia 2004, 21) towards the nuances of a complex world can be cultivated. But does strategic foresight really matter?

**Does strategic foresight matter?**

Planning procedures, Loasby argued some 40 years ago, should be designed to illuminate the existence and implications of uncertainty rather than obscuring it (1967, p. 308). This may well require a philosophical disposition conducive to the cultivation of foresight and deep understanding of past patterns, present circumstances and the possibility of a radically different future. One of the lessons elicited from chaos theory is that prediction, and its ever-present partner prescription is only possible if there is full knowledge of the interrelationships between all of the variables in dynamic systems (Thiétart and Forgues 1995). In practice the reality may be quite different. In a world where the ability of the human mind to compare all the requisite information needed to make sense of a complex and uncertain world is limited (Simon 1997), management tools and techniques may well be only as effective at generating strategic foresight with deep understanding as the quality of the practices, processes and strategists within organizations permit. Turner suggests that strategic foresight is when the precautions that managers, organizations, industries or societies develop are culturally adequate (Turner 1976, p. 380). We suggest that in today’s world for strategic foresight to be culturally adequate, it must combine the strongest elements of both prediction and preparation, infused with deep understanding.

In many industries the rules of the game are reconfiguring at ever-increasing rates (Ilinitch et al. 1996). Cultivating deep understanding of the complexity (for example, Brown and Eisenhardt 1997; Boisot and Child 1999; McKelvey 1999), uncertainty (for example, Courtney et al. 1997) and hypercompetitive (D’Aveni 1994) conditions that many organizations and industries face, presents enormous challenges for strategic managers and scholars.

Some commentators suggest that the best way of dealing with an uncertain future is to ignore it (for example Hamel 2000, p. 118). Strategic agility, flexibility and resilience, the argument follows, are the best way to cope with uncertain times (Prahalad et al. 1998; Hamel and Valikangas 2003; Skordoulis 2004). A sole reliance on agility, flexibility and resilience for dealing with changing market demand, competitor behaviour, or product innovations, however, has a significant shortcoming; it assumes that strategic adjustment is economical and quick. Large, complex organizations, unlike small, nimble organizations unencumbered by significant capital endowments (financial capital excepted) frequently have millions if not billions of dollars invested in assets including research and development facilities, supply networks, production plants and distribution channels, not to mention the contractual and social obligations to their stakeholders. Changing direction can be a costly and time-consuming affair for many organizations. Organizational resilience is undoubtedly an ingredient in the overall strategic foresight recipe. But, for every turn of the corporate rudder there must first be months and even years of preparation. To paraphrase Einstein, flexibility without foresight is thus blind, while foresight without flexibility is impotent.
Other commentators emphasize a more rigorous approach to analysing uncertainty. McKinsey consultants Courtney, Kirkland and Viguérie, for instance, suggest that there are four levels of uncertainty. They include level one uncertainty where the future is clear enough and strategy can be formulated using traditional strategy tools and single point forecasts. Level two uncertainty is where there is a finite range of alternative futures that can be analysed using a limited number of discreet scenarios and contingency plans. Level three is where a range of different futures are possible. In level three a number of probable scenarios can be developed. Level four uncertainty is true ambiguity. In level four uncertainty it is difficult to identify the variables that will shape the future. To develop strategy, organizations can develop a number of carefully crafted scenarios that give managers a wider perspective on the range of possibilities and that allow them to test the robustness of their organization’s strategies (Courtney et al. 1997).

Incorporating a more rigorous analysis of uncertainty into the strategic planning process and paying closer attention to this context when formulating and implementing strategy is a step towards developing strategic foresight. However, analysis of intelligence failures in government and industry (Wilensky 1967), as well as predictable surprises that broadside companies, continue to be responsible for the demise of some of our most reputable corporations and celebrated business leaders (Watkins and Bazerman 2003; Bazerman and Watkins 2004).

In sum, strategic foresight clearly matters. A corporation cannot survive indefinitely without some contemplation of its long-term future any more than a glass canoe can expect to navigate rapids without first scouting them out. What is needed is not less thinking about the future in a turbulent, uncertain and complex world, but more. This necessitates a research agenda that both conserves received wisdom from the past that has relevance for understanding the future today and also challenges traditional dogmas and paradigms constraining the cultivation of strategic foresight for tomorrow.

The objective of this Handbook is to catalyse new thinking and to suggest new directions for cultivating and researching strategic foresight. The idea for the Handbook finds its origins in the British Academy of Management (BAM) Special Interest Group (SIG) on Strategic Foresight, and the Strategic Foresight Caucus at the Academy of Management (AOM) Conference in the United States. Many of the contributions in this book began their intellectual journey at either the BAM or AOM conferences. To meet its objective, the Handbook draws together a collection of research papers contributed by both established and emerging scholars in the field of strategy and foresight. In so doing, it seeks to highlight the latest developments in the field. This Handbook hopes to make its contribution to theory and practice by stimulating disciplined, rigorous and imaginative inquiry into the relationship between strategy and foresight.

Overview
The Handbook is organized into four parts: Probing the Future: Cultivating Strategic Foresight (Part I), Foresight and Organizational Becoming: Strategy Process, Practice and Change (Part II), Shaping the Future: Strategizing and Innovation (Part III), and Responding to the Future: Intuition, Inertia and Strategic Flexibility (Part IV).

In Part I, Bill McKelvey and Max Boisot (Redefining strategic foresight: ‘fast’ and ‘far’ sight via complexity science) present a theory of strategy-finding processes against a contextual backdrop of scientific realism’s transcendental causality. Using complexity
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science as an analytical vehicle, they argue that the process of finding strategy stresses ‘fastsight’, or the speed at which emergent complexity can mobilize social networks that can improve external seeing, and ‘farsight’, or the processing of focused information from the firm’s environmental context. The authors suggest that who looks, how quickly they look and where they look for information is paramount in the strategy-finding processes of firms.

David Seidl and Dominik van Aaken (Anticipating critique and occasional reason: modes of reasoning in the face of a radically open future) present different notions of the future. The authors problematize approaches to strategic foresight by arguing that they are frequently based on a simplistic concept of the future, which limits their usefulness. The authors articulate helpfully the concept of a ‘radically open future’. In their conceptualization, they propose a future that might develop in ways that transcend current concepts of the future. This raises questions, they postulate, about reasoning and communicating emerging developments. They therefore advance notions of ‘anticipating critique’ and ‘occasional reasoning’ introduced by philosophers Paul Feyerabend and Helmut Spinner as commensurate modes of thinking about a radically open future.

Ajit Nayak (Strategic foresight) argues that to cultivate strategic foresight, analysis needs to be combined with imagination and practical wisdom. To understand foresight, he suggests, traditional assumptions underpinning forecasting approaches to understanding the future, such as intentional action, control and individual autonomy, must be eschewed by both managers and educators in favour of attention to existential experience and philosophical capabilities that incite wonder and coalesce in deep understanding. The author suggests that this forms the basis for understanding notions of precognition and peripheral vision, which are concepts closely associated with strategic foresight and which also links in closely with Part IV.

Jan Oliver Schwarz (The symbolism of foresight processes in organizations) portrays foresight activities as processes of structural learning and communication. The author argues that rather than valuing foresight activities for their prognostic accuracy, they should be valued for their symbolic contribution to generating ‘memories of the future’. It is these memories, generated through communication and learning processes, that allow an organization to prepare itself for an unpredictable future. Understanding foresight in this way also provides a criterion for evaluating the mental dexterity of the corporation and its ability to cope cognitively with exogenous surprises.

Coping with exogenous surprises implies a sensemaking component to strategic foresight. Robert Bradley MacKay (Strategic foresight: counterfactual and prospective sense-making in enacted environments) argues that there is an over-reliance on retrospection and the future perfect in sensemaking frameworks. To refine the sensemaking concept, the chapter draws on research into subjunctive reasoning processes such as counterfactual and prefactual thinking, as cognitive mechanisms that people use to facilitate sense-making processes. These involve asking ‘what ifs’, ‘if thens’, and ‘if onlys’, particularly after a surprising event. Subjunctive reasoning involves both retrospective sensemaking into the past and prospective sensemaking into the future. The chapter concludes by suggesting that prospective sensemaking helps to extend sensemaking frameworks and contributes to our understanding of how strategic foresight is cultivated.

Subjunctive reasoning has strong resonance with concepts of modal narratives in disciplines such as history and philosophy. Charles Booth, Peter Clark, Agnès Delahaye-
Dado, Stephen Procter and Michael Rowlinson (Modal narratives, possible worlds and strategic foresight) advance suggestions for a philosophical system that underpins notions of strategic foresight. To do this, the authors discuss concepts of modal narratives including their philosophical and methodological underpinnings. Further, they explore their schemata and advance ways in which they are organized, such as temporal branching and possible worlds. Strategic foresight, they suggest, involves asking questions about strategic options open to managers. These questions require consideration of possibility, impossibility, contingency and necessity. They go on to discuss the implications of these concepts for scenario and strategy development.

Thomas Durand (Scenarios as knowledge transformed into strategic ‘re-presentations’: the use of foresight studies to help shape and implement strategy), argues that at the heart of strategic management is strategic foresight. Foresight, the author suggests, helps to integrate blocs of knowledge that are the product of organizational activities into representations of potential futures. This ‘digestive’ process contributes to both strategy formulation and implementation by mediating the complexity of the knowledge base and uncertainty of the future that strategists must deal with.

In the final chapter of Part I, George Burt (Researching the organization–environment relationship) probes the epistemological and philosophical debates surrounding the relationship between the organization and its environment. Identifying four distinct perspectives on the ‘environment’, the author connects them with patterns of organization and management behaviour. He then goes on to discuss the consequential implications for the design and methodological approaches adopted by researchers. Specific insights are elicited from the literature for those that assume a social constructionist epistemological and methodological disposition when researching how managers make sense of and interpret their experiences and enact their environment.

Part II leads with Elena P. Antonacopoulou (Strategizing as practising: strategic learning as a source of connection). Antonacopoulou draws attention to the dynamics of strategizing practice by highlighting the role of learning in the integration of the multiple endogenous and exogenous forces affecting the practice of strategy. For Antonacopoulou, learning can be conceptualized as the cause, context and consequence of strategizing practice.

Miguel Pina e Cunha, João Vieira Da Cunha and Stewart R. Clegg (Improvisational bricolage: a practice-based approach to strategy and foresight) develop the emerging practice-based approach to researching strategy by infusing it with concepts of foresight. Specifically, the authors illustrate how strategic exploration can be integrated with strategic exploitation in the everyday work of the strategist. From the perspective of strategy praxis, foresight becomes an exploratory practice that prepares the organization strategically for shifting market dynamics.

The implications of political practices in organizations for strategic foresight are a neglected area of inquiry. Christoph Dörrenbächer and Mike Geppert (Micro-political strategies and strategizing in multinational corporations: the case of subsidiary mandate change) turn to micro-political strategizing and strategies in MNCs. The authors argue that the quantitative research bias in the study of MNCs has resulted in the neglect of micro political issues. To begin filling this gap, they investigate mandate changes in subsidiary management, which, they argue, helps us to understand the micro processes underpinning organizational change and the development of strategic foresight.
David Weir, Craig Marsh and Wilf Greenwood (How organizational DNA works) study the operational supervisory management processes and mechanisms in a uniformed public-order organization to develop the organizational DNA analogy for organizational change and stability. The authors demonstrate that focusing on the decision-making processes of first-line operational managers can be a fertile research area for understanding how inherently conservative, traditional and bureaucratic organizations resolve the paradox between maintaining their essential *raison d'être* in their core activities while simultaneously *becoming* and evolving into the future.

Ian Colville (Making sense of organizational becoming: the need for essential stabilities in organizational change) amends notions of organizational change that view it as a constant process of becoming. While sympathetic to recent suggestions that organizational change is an ongoing process, the author argues that essential stabilities are also fundamental in our understanding of organizing. Applying a sensemaking perspective, the author proposes that process perspectives must also address the interaction of stabilities and change when (fore)seeing organizing and organization.

Ahu Tatli and Mustafa F. Özbilgin (Agency in management of change: bringing in relationality, situatedness and foresight), in an attempt to both clarify the notion of agency in the change management literature, and to consider it in all of its complexity, reframe the concept using relational, situated and foresight dimensions. The authors argue that agency, as portrayed in the literature, underplays the role of foresight, which, they suggest, is an essential attribute.

Julie Battilana and Bernard Leca (The role of resources in institutional entrepreneurship: insights for an approach to strategic management that combines agency and institution) investigate the process by which institutional entrepreneurs eschew institutional pressures while mobilizing firm resources for organizational change projects. While the discursive practices and the enabling conditions that facilitate the diffusion of institutional entrepreneurial projects have been studied, the authors advance this perspective by injecting the role of agency and resources in the emergence of institutional entrepreneurship.

Part III commences with Laura A. Costanzo and Vicky Tzoumpa (The role of middle managers in enabling foresight). The chapter argues that there are relevant actors, such as middle managers, who, in the wake of organizational downsizing, rather than being claimed to be an expensive organizational burden are increasingly deemed to play a significant role with regard to the processes of facilitating learning both within and outside of their team. Knowledge is generated from a constant learning and unlearning process. It is argued that this process is powerful, as it equips the firm’s management with the capability to generate new insights into the future and sense arising market opportunities. In doing so, the firm is better prepared both to take advantage of the new market possibilities and to face the emerging challenges and threats emerging from the external environment.

C. Marlene Fiol and Edward J. O’Connor (Hollow at the top: (re)claiming the responsibilities of leadership in strategizing) begin with an exploration of the dynamics of strategizing in turbulent environments. They argue that for organizations to survive in competitive environments, innovation must be at the core of strategizing activities. Sporadic innovation, however, will result in bursts of activity, but may not lead to organization-wide innovation unless it changes the organization’s competencies and...
cognitive paradigms. While innovation is fundamental to an organization’s future, the authors maintain, a balance must be struck between innovation and focus so as not to create either strategic drift or self-destructive rigidities.

Jonathan Sapsed (Visions and innovation strategy) clarifies concepts of vision by differentiating it from other established terms such as strategy, forecasting and planning. To demonstrate what visions are, what they are not, and their tactical and strategic uses, he presents a number of case studies of firms entering the digital media industry in the 1990s. In instances where vision was absent in the digital media innovation strategies of some firms observed, the author brings empirical evidence to bear on explanations for why this occurred.

Constantinos Markides and Wenyi Chu (Innovation through ambidexterity: how to achieve the ambidextrous organization) contribute to innovation theory by debating issues pertaining to ambidexterity in diversified companies operating in organizational environments characterized by high uncertainty. By integrating non-structural elements, such as culture, values, incentives, mindsets and strategic foresight with more traditional notions of resource allocations between divisions in diversified firms, as well as the structural design of organizations, the authors adopt a multi-perspective approach to studying ambidexterity and innovation theory.

V.K. Narayanan (Fast cycle capability: a conceptual integration) extends Bower and Hout’s (1988) conceptualization of fast cycle capability by integrating a fragmented literature related to organizational speed by identifying strategic decision making, new product development and primary value chain activities as the key elements determining the permeation of fast cycle capability throughout the organization. The authors point out that while managers have little control over the characteristics of the external environment, they can influence organizational and technologically related factors that can enable fast cycle capability. On this premise, they develop a model of fast cycle capability and relate it to environmental, organizational and technological factors.

C. Annique Un and Alvaro Cuervo-Cazurra (Interactions with customers for innovation) emphasize a customer focus for generating innovations and superior foresight into emerging marketplace trends. The authors differentiate between the types of innovation the firms aim to achieve, such as new product discovery, new product development, product improvement, and product versioning, arguing that each type of innovation has distinct challenges in creating knowledge for the generation of product innovations and fulfilling customer needs and preferences.

In the final chapter in Part III, Faith Hatani (Organizational innovation of the Toyota Group) studies organizational innovation at the interfirm-network level. Drawing on research into the reorganization of the Toyota Group between 1994 and 2004, the author argues that designing interfirm organizations, such as the Toyota supply network, can be accomplished through orchestrating knowledge-sharing processes and structural changes through the creation of an innovative formation that recombines existing resources. The case study suggests that the dominant adaptively rational model of coherent, flexible and progressive coordination through a core firm’s strong leadership, acquisitions and mergers is not the only way of re-engineering a firm for the future.

In Part IV, Marta Sinclair, Eugene Sadler-Smith and Gerard P. Hodgkinson (The role of intuition in strategic decision making) analyse intuition from an information processing perspective. Drawing on dual-process theory in social cognition and cognitive
psychology, the authors suggest that a critical competence for effective strategizing and decision making is the ability to switch between analytic and intuitive modes of cognition.

Continuing with a cognitive perspective, Rodolphe Durand (‘Un) great expectations: effects of underestimations and self-perception on performance), echoes the call by Starbuck and Mezias (1996) for research into the accuracy of perceptions. The author suggests that while foresight permeates everyday strategic activity, and foresight is closely linked with individual and organizational perception, pessimistic estimation is understudied in the management literature. To advance research in this neglected area, the author endeavours to refine our understanding of how underestimations of events, forecasts or environmental trends can manifest as a lack of organizational foresight.

Moving from the cognition of the strategic manager to the cognition of the organization, Stelios C. Zyglidopoulos and Stephanie W.J.C. Schreven (Strategic foresight and the role of organizational memory within a punctuated equilibrium framework) address the relationship between foresight and organizational memory through their presentation of a punctuated equilibrium conceptual model. They identify four factors linking strategic foresight to organizational memory. The first two factors are cognitive. They include speculative imagination and structural understanding. The second two factors are structural. The authors suggest that depending on whether an organization is experiencing a period of punctuation or convergence, the development of strategic foresight can be augmented or constrained by organizational memory.

In some quickly changing environments, prediction becomes very difficult. It is in this turbulence that foresight is exercised through preparation and strategic flexibility. Andrés Hatum and Andrew M. Pettigrew (Adaptation, inertia and the flexible organization: a study of the determinants of organizational flexibility in an emerging economy), focus on issues of adaptation, organizational flexibility and inertia in an Argentinian context. In the chapter, the authors highlight the importance of such attributes as the centralization and formalization of decision-making processes, the level of macrocultural embeddedness within the organization, environmental scanning and the strength of an organization’s identity as determinants of a firm’s flexibility when responding to a changing environment. In highly volatile environments, the authors suggest, predicting future changes in the external environment can become impossible. Sensemaking and enactment processes thus become paramount, but these can be modified by the heterogeneity of the dominant coalition.

For organizations to be flexible strategically, they must have the option of developing different capabilities. Swapnesh K. Masrani and Peter McKiernan (Addressing path dependency in the capabilities approach: historicism and foresight meet on the ‘road less travelled’), challenge the commonly held notion in the capabilities approach, that the development of new capabilities are path dependent on existing capabilities. The chapter suggests that the emphasis in the empirical literature, particularly in resource-based perspectives on strategy, on the development of capabilities being driven entirely by existing technologies is erroneous. The chapter takes the position that organizations must consider several strategic capability development routes including the default ‘do nothing’. The authors support their claims with empirical case evidence, which also suggests that, in some instances, technological resources are not a major determinant in the choice of development routes from an option set.
Extending this capability theme, Taman H. Powell and Howard Thomas (Dynamic knowledge creation) argue that hypercompetition, process improvements and innovation speed quickly erodes competitive advantage generated through market positioning and resource-based approaches to strategy. Drawing on examples from consulting, the authors extend these views by linking them with knowledge creation processes in organizations. They suggest that competitive advantage in contemporary organizational environments need to be continually created by focusing on these knowledge creation processes rather than trying to predict future market positions or fortify existing resources.

In the final chapter, Gregory Vit (Foreseeing the problem of conformity in strategy teaching, research and practice) investigates the paradox in the teaching and researching of strategy and foresight. He argues that while many academics and practitioners are engaged in cutting-edge approaches to strategy and foresight, much time continues to be allocated by academics and consultants to building legitimacy for dominant strategic management models which are frequently flawed and inaccurate. Implicit in his argument is a timely call for novel approaches and processes to the teaching and researching of strategy and foresight that reflect the current reality of business and management.

References

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