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## Forward looking analysis: Investigating how individuals ‘do’ foresight and make sense of the future

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## ABSTRACT

The purpose of this paper is to contribute to the growing field of foresight process theory. Scanning the environment and assessing uncertainty are among the most important managerial activities in strategizing and decision-making. Although their significance in the strategy process is well documented, there is limited research on how uncertainty captured is analysed and interpreted by individuals without any formalised processes in order to anticipate the future. This paper examines how analysts from a professional service company, which specialises in forward-looking analysis, develop foresight, and how they determine the potential impact of their judgements. Within this in-depth inductive case study, firstly we explore forward-looking analysis as a foresight process. Secondly, we investigate how sensemaking takes place within forward-looking analysis. Thirdly, we advance the knowledge on the relationship between foresight and sensemaking; and specifically we show with empirical evidence that prospective sensemaking can be both ‘future perfect’ (Weickian) and ‘future oriented’ (post-Weickian).

## 1. Introduction

Making sense of uncertainty is part of every manager's daily routine. The process of anticipating the future is generally described as foresight (MacKay and Costanzo, 2009; Tsoukas and Sheppard, 2004). Miles et al. (2008) cite Coates's definition of Foresight, which is a ‘purposeful process of developing knowledge about the future of a given unit of analysis or system of actors’. From a more practical perspective, Gavigan et al. (2001) suggest that foresight ‘involves bringing awareness of long-term challenges and opportunities into more immediate decision making’. From the seminal work of Ansoff (1975), it is well recognised that triggering events in the external environment create uncertainty about the future (Peter and Jarratt, 2015). Vecchiato and Roveda (2010) observed that the ‘literature on strategic foresight focused on how to design methodological approaches and organizational processes for anticipating the likely evolution of drivers of change’, as academics and practitioners have developed a large number of prescriptive: i) signal scanning methods (Carbonell et al., 2015); and ii) foresight methodologies (Popper et al., 2008). Nevertheless, we still know very little about how, in practice, the signals from the environment that are attracting the attention of managers and decision makers, are ‘processed’, without using formalised techniques (such as scenario planning, Delphi, roadmapping, etc.), in order to create foresight about the future (MacKay, 2009).

This article answers the recent calls, by Rohrbeck et al. (2015), to enhance our understanding of how individual foresight shapes perception, and how this is linked to prospective sensemaking; and by Piirainen and Gonzalez (2015) to develop the theory of foresight. Synthesising the works of Slaughter (1995) and Hideg (2007), we conceptualise individual foresight to be the activities undertaken by individuals to foresee the future; individual foresight can occur both as part of a participatory process and as an isolated individual process. Moreover, individual foresight can be performed either with or without the use of standardised foresight methods/tools (such as horizon scanning, scenario planning, etc.).

Positioning our research within foresight theory, we consider Piirainen and Gonzalez' (2015) pyramid of foresight theory the starting point. Piirainen and Gonzales have identified three levels of foresight theory: i) epistemology of foresight; ii) theory of foresight process and impact; and iii) foresight as development and application. In this paper, we focus on the second level as our research contributes to the understanding of the foresight process. Although, there are theoretical models of organisational scanning and capturing weak signals (Schoemaker et al., 2013), there is limited research on how individual managers foresee the future without using formalised foresight methodologies. To address this gap, we build on recent studies (Sarpong, 2011; MacKay and Tambeau, 2013; O'Brien, 2015), and have

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investigated how analysts in a professional service company produce forward-looking analysis (FLA). We conceptualise FLA as the process individuals follow to produce foresight without any standardised methodology. In this paper, we untangle the sequence of activities of 'looking forward' under conditions of uncertainty, when no established foresight method is used.

Inductive analysis of the data led us to realise that FLA is ultimately a sensemaking process. Hence, on a second level, we examined how sensemaking about the future takes place within FLA. Sensemaking focuses on the interpretation of uncertainty and explanation of how managers make sense of unexpected triggering events (Maitlis and Christianson, 2014). Focusing on future sensemaking, we draw on the literature to debate whether this is a backward or forward-looking exercise (Gioia et al., 2002; MacKay and Parks, 2013; Maitlis and Christianson, 2014; Sandberg and Tsoukas, 2014; Weick and Sutcliffe, 2001).

This paper makes two contributions: i) we contribute in the field of foresight process/theory (Oner, 2010; Piirainen and Gonzalez, 2015) as undertaken by individuals; we have identified five distinct activities in this process, explored their interlinks, and determined that 'developing system of relationships' is the most influential activity in the FLA process; ii) we contribute to the understanding of the relationship between foresight and prospective sensemaking (Aaltonen and Holmstrom, 2010; MacKay and Parks, 2013; Rohrbeck et al., 2015), as we show that prospective sensemaking can be both of the Weickian view of 'future perfect', which is retrospective (i.e. envisioning an expected future and then look backwards into how this could emerge), and of the post-Weickian view, which makes sense of the future by looking forward into it in a future-oriented manner.

The structure of our paper is as follows: the next section presents a literature review starting with foresight theory, foresight process, sensemaking and individual foresight. The final section of the literature review presents the relationship between individual foresight and prospective sensemaking, after having introduced prospective sensemaking. The following section presents the methodology, which explains how data were collected and analysed. Afterwards, we present the analysis of the data as a multi-layered process, which firstly identified the activities, and then revealed the sequence and interrelationship of the activities within the process. The next section includes two discussions that address our research questions: i) FLA as a process of individual foresight and ii) sensemaking as an element of the FLA process. The paper ends with our concluding remarks.

## 2. Literature review

### 2.1. Foresight theory

A growing number of articles have pointed out the lack of a theory of foresight (Hideg, 2007; Marien, 2010; Mermut et al., 2009; Oner, 2010; Piirainen and Gonzalez, 2015). Hideg (2007) suggests that foresight praxis is practiced in the absence of theory, driven by practical needs. Thus, the existing literature on the theory of foresight includes various definitions of the concepts and multiple tools of practicing it, in an organised and standardised format. Slaughter (1995) suggested that foresight is a human activity of looking into the future, which becomes a social activity when the future is shared among different members of an organisation. Thus, some authors (see for example Miles et al., 2008) consider foresight to be a participative process among members of one or more organisations. However, it is now recognised that foresight also can be an individual activity (Rohrbeck et al., 2015) either in the form of individual effort to make sense of the external environment and the future, or in the form of individuals making sense of the future in collaboration (Konkola et al., 2013). Apart from distinguishing between individual versus participatory foresight, there is another variation in the terminology: corporate versus strategic foresight. Although there is not a commonly accepted definition of each term, corporate foresight

stands for an organisation's overall ability and efforts to detect change and anticipate the impact and outcome in order to strategise accordingly (Rohrbeck, 2010). While strategic foresight is used interchangeably with corporate foresight, it is more associated with the use of standardised methods or strategy tools, such as scenario planning (Heger and Rohrbeck, 2011).

Karlsen et al. (2010) explored the ontology of foresight, and observed that in social science. This could range between realism, empiricism, positivism and postmodernism, depending on how the future is perceived. Hence, the same authors conclude that foresight is 'some kind of temporal (operation of fantasy) or self-conscious reflexivity, in which meaning is reconstructed from the process of interpretive feedback', with reference to Weick and Sutcliffe's (2001) notion of sensemaking. Pina e Cunha (2004) proposed that foresight should be considered as subjectivism against objectivism, which leads to thinking about the future as invention or as prediction. Cunha's conceptualisation of foresight links it to the various foresight methodologies that can be applied, varying from quantitative to qualitative.

According to Kuosa's (2011) review of future studies,<sup>1</sup> there are several taxonomies for classifying futurists' work, depending on which dimension of the work is considered. The taxonomies concern: i) the focus of producing foresight; for example, Linstone (2007) separates between technical, organizational and personal; ii) the outcome of foresight, such as Inayatullah's (1990) typology of predictive, interpretive, critical and action learning; and iii) the process for foresight, for example, Amara's (1984) division into expert evaluation, scenario based and structural modelling, and Mannermaa's (1991) paradigms of description, scenario and evolutionary futures research; and iv) philosophical underpinning, such as Bell's (1996) division into subjectivist, realist and critical. Futuring work tends to vary, depending on whether the analysis is based on quantitative or qualitative data and whether multiple alternatives are being considered.

Recently we have observed that the 'practice turn' (Corradi et al., 2010; Jarzabkowski and Spee, 2009) in organisation studies has influenced research on foresight, with studies researching how environmental scanning is done at micro level (Bowman and Ambrosini, 2000; Sarpong, 2011; MacKay and Tambeau, 2013; Müller-Seitz, 2014). Burt et al. (2015) have conducted a micro-level study of the impact of a strategic foresight tool (scenario planning), and have determined that its use can be associated with future hyperopia.<sup>2</sup> Another recent study (Bowman, 2015) found that the same foresight tool is equivalent to a simplicity process<sup>3</sup> (Colville, 2009). Most practice studies in strategic foresight have examined the use of formalised strategic foresight tools (Peter and Jarratt, 2015). Sarpong et al. (2013) explain that strategic foresight should be viewed beyond episodic strategy events (e.g. strategy workshops using strategy tools) as a continuous everyday managerial activity, which incorporates reflexivity in practice. Hence, there is a need to examine foresight beyond events where formalised methods are the contextual background. There is scope for investigating the foresight process at an individual level, as we have set out to do in this article.

### 2.2. Foresight process

According to Miles et al. (2008), there are several conceptualisations of foresight, and hence several descriptions of the foresight process. The main difference between most of these is how the assessment of uncertainty is used. Popper et al. (2008) has classified 33 analytical foresight methods into three categories: quantitative; qualitative; and

<sup>1</sup> Future studies is defined as the field of social inquiry whose aim is to 'discover, invent, propose, examine, and evaluate possible, probable and preferable, futures' (Bell, 2002).

<sup>2</sup> Managerial hyperopia: the condition of focusing the far future without being able to 'see' the nearby one (Burt et al., 2015).

<sup>3</sup> Simplicity is the combination of complex thoughts and simple action which combines sensemaking, organising and storytelling (Bowman, 2015).

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