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Managerial hyperopia: A potential unintended consequence of foresight in a top management team?

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ABSTRACT

In this paper we explore the phenomenon of managerial hyperopia. Hyperopia is a metaphorical term adopted from ocular science referring to long-sightedness—a condition of being able to focus clearly on that which is far away but not that which is nearby. Managerial hyperopia describes a managerial approach that focuses with acuity on that which is far off (temporally, spatially or cognitively) whilst failing to interpret and manage that which is close at hand. Hyperopia is pathology of a managerial approach that habitually favours the long term to the extent that the short-term is marginalised. Hyperopia is thus distinct from far-sightedness, or foresight, which is an understanding of that which is to come about. As a response to environmental flux, the emergence of managerial hyperopia contradicts existing theory which predicts short-sighted managerial responses. Based on longitudinal empirical evidence from a single qualitative case study we argue that managerial hyperopia can emerge from an over-emphasis on foresight activities in a top management team in a period of time considered as turbulent. Further, we suggest that without counterbalancing operational attention, goal-oriented foresight activities may compound this and unintentionally lead to detrimental organizational performance in the here and now.

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1. Introduction

Corporate foresight attempts to reduce the potential detrimental impact of short-term managerial focus with longer-term search for new opportunities [1–4]. Such corporate foresight activities are often deployed by managers to make sense of events [5,6], heighten peripheral awareness and sensitivity [7] or avoid peripheral blindness [8,9]. The rationale of using foresight mechanisms is that they can generate managerial insights about complex, ambiguous and changing

situations in the present which aid preparation for immanent and future potentialities [10,11].

However, the tendency of managers experiencing complex changing or turbulent environments is to over-privilege that which is close at hand – the ‘tunnel vision’ effect [12] – especially if turbulence has a detrimental impact on (expected) profitability and tenure [13]. Over-privileging that which is close at hand is understood as ‘managerial myopia’ [14–17]. Managerial myopia potentially leaves organizations exposed to longer-term environmental shifts, surprises and jolts [18–20], disadvantages them in relation to more perspicacious competitors, or erodes any product or cost advantage that they hold—the ‘suboptimal equilibria’ effect [14]. To avoid negative effects of managerial myopia, foresight generating approaches, such as scenario planning, are intended to support explorative organisational learning [1], thus, representing a counterbalancing force against short-termism tendencies of managers [21]. By doing so, it is argued that foresight approaches help overcome an inward-looking decision-making emphasis.

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Additionally foresight approaches lead to a transformation of the old and familiar in a new way or make visible the seemingly unseen for the first time [22,23].

However, in addressing the challenges of complex changing and turbulent environments, is there a risk that a managerial focus on the search for foresightful insights, through techniques such as scenario planning, might create unintended and potentially harmful consequences for an organisation?

In this paper we explore this concern empirically through a longitudinal in-depth case study of a top management team (TMT) exhibiting an ongoing focus on foresight and sense-making to try to cope with environmental flux. By analysing the activities and organisational context of the TMT over a fifteen month period, we argue that managerial hyperopia was constitutive of their approach.

Managerial hyperopia is understood as the condition of having an acute focus on that which is far off whilst failing to interpret and manage that which is close at hand [24]. Hyperopia is a highly under-developed concept in the strategic management literature and completely absent from the foresight and scenario planning literature. It is however more extensively explored by the consumer marketing community, where tension between 'myopic' and 'hyperopic' purchasing behaviours is a recurring focus of research [79–83]. Consumer marketing authors describe a myopic consumer preference as favouring short term necessity over all else whereas hyperopic preference concerns a fixation on avoiding regret over the long term regarding purchasing decisions [84]. Whilst seen as emerging from deeply engrained habits, recent research highlights the potential for consumers to overcome both myopic and hyperopic tendencies under certain conditions [85]. Consumer marketing research on hyperopia has focused on temporality, entitlement and income protection as mechanisms to overcome self-control dilemmas [85], with decisions regarding the near future being more influenced by feasibility constraints whereas the distant future is influenced by goal achievement with no obvious short-term sacrifice [84].

With a dearth of studies addressing managerial hyperopia in strategic management generally and concerning foresight and scenario planning activities specifically, a main contribution of this paper is the exploratory development of managerial hyperopia within the context of foresight and scenario planning practice [25]. By examining the evolving views, activities and context of a TMT with a strong predilection for foresight mechanisms during environmental flux we seek to extend our understanding of hyperopia as an organisational deviance that results in unanticipated suboptimal outcomes [26].

The consumer marketing literature highlights the importance of being able to envisage and make sense of different future environmental states as an enabler to hyperopic decision making [85]. Drawing on this view, to aid our development of understanding of managerial hyperopia we start by exploring the literature related to the nature of the environment, environmental scanning and TMT learning through scenario-planning activities.

This body of literature is used to develop an initial theoretical framework representing an explanation of how foresight approaches might mitigate short-term managerial focus and activity in response to environmental flux. We then explore longitudinal empirical data and findings from our case

study, including an evaluation and revision of our initial theoretical framework to reveal the significance of the findings relating to an apparent hyperopic managerial approach. This is followed by a discussion of managerial hyperopia and the implications of our findings for corporate foresight theory and practice.

2. Theoretical underpinnings

Given the lack of management studies on hyperopia, we start our exploration of hyperopia by reviewing a range of literature related to organizational and managerial responses to environmental change. As will be explained later, we examine a time period in the case study organisation's existence in which its external environment, as perceived by the TMT, was in a period of unprecedented flux, rather than the previously perceived munificent nature [27]. Accordingly, we synthesise ideas from environmental scanning, scenario-planning, myopia and managerial learning literature into an initial theoretical framework which was used to initially organise and evaluate our empirical findings (see Fig. 1). To explain its origins, throughout the literature review sub-sections below we identify the componentry incorporated into our initial theoretical framework.

2.1. The organization–environment relationship

The organization–environment relationship is one of the key preoccupations of foresight and strategic management [28–32]. However, the nature of the organisation–environment relationship is problematic. Activities of managerial investigation, interpretation and sensemaking of environments are complex in themselves [33,34] as is the nature of 'the' environment [35]. The environment can be considered as complex, organization-specific [34] and constantly unfolding [36], implying that there is no deterministic, singular, pre-ordained future awaiting an organisation [33]. Managerial choices and the actions of external institutions, local and non-local, intended and unintended, all contribute to this complex changing situation [37]. However, due to such continuous flux managerial knowledge is always incomplete [38,39]. Therefore, the managerial challenge is to continually engage in foresightful sensemaking activities to understand the latency of change [11].

Construct set 1. Environment as continuous state of flux requires interpretation on-going.

2.2. Environmental scanning, flux and short-term tendencies

Environmental scanning is a key foresight and strategic managerial process [40] concerning specific search and random viewing of information to support such sensemaking about the unfolding world [41]. Environmental scanning can be a process that is irregular, periodic, or continuous [42], and the insights it yields are related to managerial power, position and the transcendence of functional-responsibility [30]. The effectiveness of environmental scanning has been explored and contested from various perspectives. Hambrick [30] has questioned the effectiveness of any environmental scanning process on the grounds of an impossibility of consistency in an

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