

Chapter 4

Informal and Individual Practices of the Environmental Scanning in Organizations

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ABSTRACT

This study was carried out with the purpose of understanding how the environmental scanning practices are performed in organizations when it occurs informally and individually. Environmental scanning seeks to gather information from the external organizational environment in order to identify threats or opportunities. Although there are several approaches that bring these practices as a systematic and collective process in organizations, it is possible to identify these activities occurring individually and informally in companies. Through semi-structured interviews with 10 professionals of different hierarchical levels, it was observed that activities related to environmental scanning are carried out on an individual basis and without the knowledge of the organization. Although the practices of scanning the environment have been identified, difficulties have been encountered regarding to information transfer, trust in information, information sharing and sensemaking. In addition, because they are not institutionalized practices, they may be discontinuous and not controlled by the organizations.

INTRODUCTION

Information is one of the most important assets in the organizations. Companies are changing and evolving their processes in a way to access and interpret external data - transforming it in strategic advantage. The organizations need to manage information from the external environment to keep competitive in their markets (Kumar, Subramanian & Strandholm, 2001). Environmental scanning is the “collection and use of information about events, trends, and relationships in an organization’s external environment, the knowledge of which would assist management in planning the organization’s future course of action” (Bhardwaj & Kumar, 2014, p.1).

DOI: 10.4018/978-1-5225-3012-1.ch004

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This research aims to investigate whether it is possible to observe the practices of environmental scanning - and the management of weak signals – and how it occurs in companies that do not have this institutionalized practice. Some of these information, collected from external environment and internally managed by organizations are known as weak signals (Ansoff, 1975). Weak signals are mostly inaccurate, unreliable, incomplete and fragmented, which individually are hardly worked (Mendonça, Cardoso, & Caraça, 2012). In the meantime, when analyzed together, may contain strategic potential (Caron-Fasan & Janissek-Muniz, 2004; Holopainen & Toivonen, 2012; Zwicker, Trevisani & Cunha, 2006). However, to transform weak signals in strategic information in the organizations is necessary to perceive, to observe, to collect and to manage them. The weak signals are the raw material to the processes of environmental scanning. The main advantage of working with environmental scanning in organizations is the ability to detect - in advance - threats and opportunities that may affect the business environments.

In research of Brazilian studies about this subject, environmental scanning is defined as a process that serves as a “pickup” of the changes that may occur in the environment where the organization operates (Silva & Bicca, 2012). This is the observation of a set of factors that can be both external and internal, with potential to compromise or even positively influence the performance of an organization (Blanck & Janissek-Muniz, 2014). This alert should occur early enough, so that the organization is able to follow the trend and turn it into business opportunity, if confirmed (Silva & Bicca, 2012). It is, therefore, the establishment of a formal process in the organization, which seeks to achieve the management of weak signals captured from the environment.

However, many organizations still have lack the ability to capture, interpret and act based on the mixed signals that are scattered in the environment (Day & Schoemaker, 2006). Much of this difficulty stems from the uncertain and imprecise character of weak signals (Caron-Fasan & Janissek-Muniz, 2004), which are a major source of forward-looking information (Ansoff, 1975). This perception of weak signals as incomplete and inaccurate information makes it more complex to establish a relationship between these signals and the needs of decision-makers, which, according to Zwicker, Trevisani and Cunha, (2006) require complete and accurate information. In this way, some authors are working with the development of methods for the amplification of the weak signals, decreasing then the identified bias. Among these studies, it is possible to mention the scenario technique (Schoemaker, 1995), collective sense-making (Lesca, 2003) and discussions with experts (Rowe & Wright, 1999). In all cases, there is the need to perform the capture of the weak signals as well as sharing it with other members - so there is a collective interpretation of it, which should collaborate in the organizational decision-making process.

Despite the importance of environmental scanning institutionalized practices in the decision-making process, empirical evidence shows how these processes still show weak and even non-existent in large part of the organizational context. In a survey conducted in 2003, Fuld shows that 97% of organizations do not have a system for management of weak signals. Day and Schoemaker (2005) demonstrate an understanding of the managers about their environmental monitoring capabilities - which fall short of actual needs. Mayer (2010) shows that executives consider the environmental scanning concepts as complex and difficult to understand. In addition, Janissek-Muniz (2015) presents a number of critical factors that hinder the implementation of such processes in organizations, which include issues that affect the collectivity such as: lack of shared interest, degree of acceptance and commitment on the part of the team, lack of consensus among participants in the collective selection, employee resistance to sharing culture, lack of a formal process to identify and share collected information, among others.

Facing this scenario, it is understood as relevant the comprehension of environmental scanning practices which may occur in organizations in a non-procedural, not institutionalized and unsystematic way.

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