

Strategic Impulses: an Opportunity or a Threat?

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Abstract: *The function of any firm was to create something new that aided as impulses for the motion of the market economy [1]. Impulses talk about humans' spontaneous action when facing dynamic happenings in life. This paper reviews the strategic impulses the TMTs do and decide to keep the firm performance updated and well performing. Dynamic changes occur continuously and it is essential to be able to adapt every time through continuous innovation, whether in hard – planning innovation and soft planning innovation. Though the strategic impulses are important, but it is long debated, as we can see that Impulse-driven logics are notoriously tricky to identify, isolate and describe [2] and also rational decision-making may often result in an optimal response of inaction, while impulse-driven action represents the opposite extreme, an individual logic of 'act before you think.' Therefore, impulse-driven entrepreneurship thusly considered suggests a breakdown in governing logic, a failure to think things through, or even foolishness [2]. The unpredictable results of Strategic impulses have left the top management in doubts whether the Strategic impulses are actually an opportunity or a threat*

Index Terms: *strategic impulses; opportunity; innovation; firm excellence.*

I. INTRODUCTION

A. Research Background

Strategic Impulses are vital because sometimes when a sudden change happens in the market, IT development and new innovations from the competitors, the firm needs to act fast to be able to face the problems. While the firm has very long procedures in making even a straightforward decision. But still, to survive and maintain the firm performance, innovation as a result of adaptation to a change is a must. Innovation impulses from external sources like competitors suppliers, customers, or universities can consequently be conceptualised as the key factor of a firm's search strategy, which has been exposed to have a considerable influence on innovative performance [3]. Leaders' capability and enthusiasm to intellectualize and implement a strategy for opportunistic expansion delivers for a first mover advantage to help capitalize on a market opportunity [4].

While the research result has shown that organizations which innovate on impulse are poor performers [5]. Multiple studies have been made since presuming entrepreneurs to be assessing chances before finalizing to follow them, exploring the limits by considering less careful, more impulse driven logics of action and the setting of chances in the informal economy [6]. By identifying the opportunity, we will not waste time, be proactive and innovative and be the

first to rule the markets by having strategic impulses.

The benefits of this study are to find the pattern on how to ensure that strategic impulses will be beneficial to the firms instead of ruining them. This paper is written on empirical based research on a qualitative study to obtain the results.

B. Research Purposes

To be able to identify an opportunity is a very critical step in the entrepreneurial process. The prospective entrepreneur must be able to distinguish between an idea and an opportunity [7]. Firms' innovation activity is needed for firms to survive. Innovations must be valuable, rare and inimitable, becoming the sources of competitive advantage. [8]

Therefore the purposes of this research are :

1. To relate the connection between opportunity identification, innovation and the strategic impulses to the firm excellence.
2. To analyse the impacts on having strategic impulses to the firms through time.

C. Research Benefits

An opportunity is a gap present in the market by those who presently work for it. It presents the potential to serve clients better than they are being served at present [7]. Opportunity must have the potentials of being durable, timely attractive, and is attached in a product or service which creates or adds value for its buyer or end user. Opportunity recognition is unique to the study of entrepreneurship and new business development (Hills & Lumpkin 1997:1).

The research benefits are as follow :

1. To show that impulse – driven logics are giving positive impacts to the firm performance, especially in a business opportunity first in being the first to rule the markets resulting in firm excellence.
2. To express the needs for strategic impulses to be implemented in the firms' strategies to pursuit possible business opportunity.

D. Research Methodology

This paper is based on empirical based qualitative research by doing a telephone interview with 15 managers from various sizes and types of industries. The writer did not give any guidance during interviews to avoid bias. The area of research is concentrated in Jakarta, but to provide a clear understanding about the topic, the writer chose two firms outside Indonesia, one in Singapore and one in Sidney, assuming that the firms have implemented the industry 4.0.

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II. LITERATURE REVIEW

A. Exploring Opportunities

The capability to recognise and getting advantage of the opportunity is known as entrepreneur competence (7). For Tilley and Young (2009), sustainable entrepreneurs are real models for generating social and environmental wealth because they can sometimes reconcile different concerns such as social and ecological concerns with financial purposes [9]. Transition and market economies differ concerning the generosity in providing innovation impulses. There is evidence based on a sample from 13 European countries that firms search differently in market and transition economies, which has implications for innovation performance [3].

By adopting a more accommodative stance, non-deliberative, impulse-driven behavioral logics can also be the “seed corn” of nascent-stage venturing. Building on emerging literature that seeks to address the boundaries of rational entrepreneurial action, to develop a complementary amendment to the top-down, deliberate logics perspective. The new theory offers several exciting pathways for future research and theory-building [2]. Since action based on incomplete knowledge and without the benefit of defined rules is necessary to advance under conditions of uncertainty, and considering individual time and resource constraints, would-be founders have little choice but to act somewhat more on impulse than other economic agents. The higher the rate of doing a/activity, the greater the potential for creative discovery, effective learning, and advancement [10].

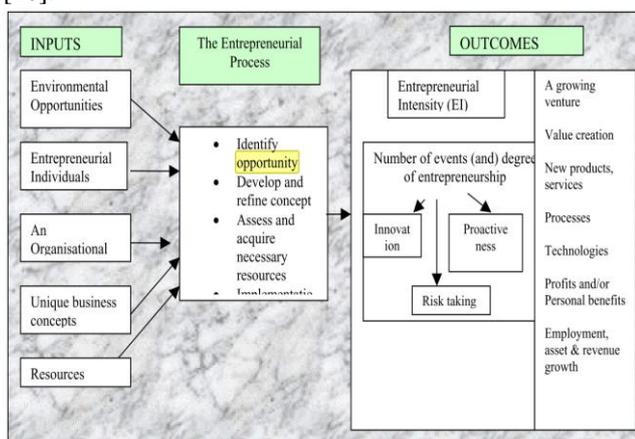


Fig.1 An Input-Output perspective of the Entrepreneurial Process [7]

B. Implementation

Success depends upon firm’s capabilities for finding, absorbing and exploiting customer impulses. But the search patterns that rely exclusively on customer impulses are not the most promising ones. Firms need to be able to assess them and/or combine them with internal knowledge for maximum innovation success [3]. It is important to note that impulse-driven action might mistakenly be classified ex-post as effectuation. Based on the established theoretical logics for explaining action, effectuation may appear to be the best fitting and allows the sense-making of impulse-driven work

[2]. Initiative/action is needed to carry out the vision to commit to the pursuit of the opportunity. Vision without action is of little value [7]. This initiative is what the writer refers to as strategic impulses.

III. METHODOLOGY

A. Research Strategy

1) Data Collection Techniques and Data Sampling Technique

This research is empirical research using the qualitative method. The study was done through telephone interview to 15 managers of various sizes and types of industries using multi-case design. Respondents were asked about their conditions and experiences in their organizations. In the end, the respondents described their opinions and all the given information would be noted and analysed later. The topics of the questions were about innovation, impulses and the effects of both of them to the organizations. Since the unit analysis is manager, two managers are coming from the same firm but in a different division. This research also includes two firms locating in Sydney and Singapore, where two of them are assumed to have implemented industry 4.0, which means innovation. The data was collected from February 2019 to March 2019.

2) Data Analysis Technique

The telephone interview was noted down, and some of the respondents sent the answers through Whatsapp application and email. The transcript of the responses were organized categorically, reviewed and coded. The case study design is adopted in this qualitative research to explain phenomena, deriving an explanation of different patterns of doing strategy from the different practices in each case study. This interpretation of the data also revealed the different patterns of continuity and change in strategic activity that was uncovered [11]. Case study research design has been very useful in explaining complex social phenomena. The single unit (holistic) multiple-case analysis will be applied by collecting facts from several interviews then cross-case conclusions will be drawn from the study. The writer is the CEO of a foundation in the education industry, a former finance manager and a certified tax consultant. The writer wrote her role in the qualitative study because it is interpretative research so biases, values, and also judgments of the researcher can influence the result. When the writer’s role is written, readers will be aware of those influences and it is considered as positive.

3) Unit Analysis

The unit analysis is the managers in the organizations, so each respondent represents his/her division. The managers are the right choice because they are the ones who are implementing all the firm policies and become the first defend mechanism when something goes wrong or need immediate action. Construct validity is achieved by establishing a chain of evidence in the data collection process. The chain of evidence was provided, from the note to the matrix of the result. The

causal relationship among its constructs builds its internal by doing pattern-matching and explanation building in the data analysis process. External validity is achieved by using replication logic in multiple-case studies so that the findings can be generalized.

B. Model Framework

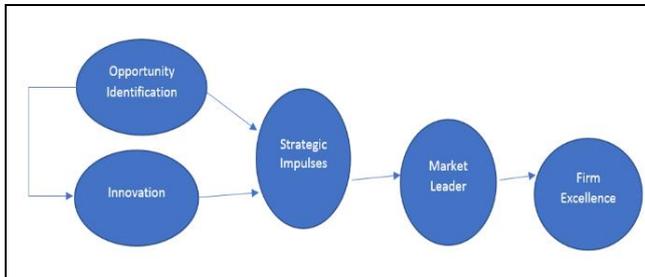


Fig 2. Research Framework

IV. RESEARCH FINDINGS

A. QUALITATIVE FINDINGS

Table 1. Respondents' Information Summary on Industry 4.0

No	Respondent	Job Title	Industry	Size	Industry 4.0
1	Resp A	Logistic Manager	Logistic	Big	No
2	Resp B	Accounting Manager	Building Equipment	Medium	Yes
3	Resp C	Project Sales & Manager	Office Furniture	Big	Yes
4	Resp D	Sub Branch Manager	Banking	Medium	Yes
5	Resp E	Supervisor Purchasing	Service	Big	Yes
6	Resp F	General Manager	Logistic	Big	No
7	Resp G	Marketing Manager	Logistic	Medium	No
8	Resp H	Senior Software Developer	Regulatory Technology	Medium	Yes
9	Resp I	Manager	Stevedoring Non	Small	Yes
10	Resp J	Export and Import Manager	Ferrous Iron Manufacture	Medium	Yes
11	Resp K	Sales Manager	Book Publishing	Medium	Yes
12	Resp L	Accounting Manager	Leasing	Medium	Yes
13	Resp M	Sales Manager	Publishing	Medium	Yes
14	Resp N	Head of Human Capital & General	Property	Medium	No

15	Resp O	Services Head of Study Program	Education	Medium	Yes
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Table 2. Qualitative Findings on Innovations.

No	Question	In a year, how many times does your firm do innovation?
1	Resp A Big	-
2	Resp B Medium	Minimum 1.
3	Resp C Big	Once every 3 – 4 months
4	Resp D Medium	More than once
5	Resp E Big	One time
6	Resp F Big	Minimum 1x
7	Resp G Medium	1x
8	Resp H Medium	Big innovation, maybe 2-3 times a year, for medium / small innovation, at all times. (depends on the market)
9	Resp I Small	4 – 5 times
10	Resp J Medium	At least once a year, because if we do not innovate, we will lose from our competitors.
11	Resp K Medium	Around 6 times
12	Resp L Medium	No special target
13	Resp M Medium	More than 3 times
14	Resp N Medium	-
15	Resp O Medium	2 – 3 times

Table 3. Qualitative Findings on Innovations Failure

No	Question	Has the company ever experienced product failure?
1	Resp A Big	No
2	Resp B Medium	Yes
3	Resp C Big	Yes
4	Resp D Medium	Yes
5	Resp E Big	I don't know
6	Resp F Big	Yes
7	Resp G Medium	No
8	Resp H Medium	Yes
9	Resp I Small	Yes
10	Resp J Medium	Yes
11	Resp K Medium	Never
12	Resp L Medium	Yes
13	Resp M Medium	Never
14	Resp N Medium	-
15	Resp O Medium	Yes

Table 4. Qualitative Findings on Reasons for Innovations Failure

No	Question	In your opinion, what is the cause of the product failure?
1	Resp A Big	-
2	Resp B Medium	Lack of information speed, resources readiness to balance the innovation development.
3	Resp C Big	The market is not ready

4	Resp D	Medium	Internet connection	m	with smaller impacts.
5	Resp E	Big	-		With meeting : New significant
6	Resp F	Big	It was still during the trial period, there were adjustments needed.		problems, having wide impacts to other divisions or the company
7	Resp G	Medium	-		Can be decided spontaneously:
8	Resp H	Medium	Changing of market trend/target from the company.		decisions that will not disadvantage the company, relating to your division.
9	Resp I	Small	Many things, one of them is human error	3	Resp C Big
10	Resp J	Medium	Lack of information received		Cannot be decided spontaneously: Decisions relating with other divisions.
11	Resp K	Medium	Never		In the Banking System, there are clear procedures that must be followed.
12	Resp L	Medium	Usually, because it's a new financial product, the risk rate has not been measured	4	Resp D Medium
13	Resp M	Medium	-		Not relating to private matters for sure
14	Resp N	Medium	-	5	Resp E Big
15	Resp O	Medium	Human resources		Impulsive decisions are usually for operational only, where the decisions can be taken responsibilities and having the least potential risk.

Table 5. Qualitative Findings in Experiences on Impulses

No	Question	Based on your experience, do you think acting on impulses beneficial to the company?	
1	Resp A	Big	Beneficial
2	Resp B	Medium	Not beneficial. There are many uncovered negative impacts which will cause troubles in the future.
3	Resp C	Big	Very beneficial.
4	Resp D	Medium	If not based on procedures, it is usually not beneficial.
5	Resp E	Big	Not beneficial
6	Resp F	Big	Can be beneficial and not beneficial
7	Resp G	Medium	Not beneficial
8	Resp H	Medium	Mostly the decisions taken for the company's sake are beneficial.
9	Resp I	Small	Some of them yes
10	Resp J	Medium	Not always beneficial
11	Resp K	Medium	Beneficial
12	Resp L	Medium	Not always beneficial, but the risk of financial loss can be minimized by analysing the potential risk right after the decision has been made.
13	Resp M	Medium	Beneficial
14	Resp N	Medium	Based on context
15	Resp O	Medium	Beneficial

Table 6. Qualitative Findings on Perceptions

No	Question	What are the things that can be decided on impulses?	
1	Resp A	Big	Nothing. Because my company requires approval for every decision.
2	Resp B	Medium	Without meeting: smaller things

6	Resp F	Big	Decisions not relating to business and the company.
7	Resp G	Medium	Decisions relating to his/her jobs and with low risk potential, or any urgent decisions, the decisions which cannot be taken on impulses are non urgent decisions and having high risk, out of authority, and without good consideration.
8	Resp H	Medium	Things that do not influence or disturb the firm products' performance, like buying important spare parts.
9	Resp I	Small	Decisions that will not change the company's procedures or having wide/direct impacts to other divisions, if in sudden can be decided without meetings. But this condition must be minimized because if there are many impulsive decisions, that means that standard operating procedures are not working.
10	Resp J	Medium	Things that do not have high risk and violate the company's principles.
11	Resp K	Medium	If the decision is only for internal use, not affecting the company.
12	Resp L	Medium	Decisions relating to customer service or long term strategy.
13	Resp M	Medium	As long as it concerns his / her authority.
14	Resp N	Medium	Operational, the things that must not be based on impulses: rules, company's policies, vision and mission.
15	Resp O	Medium	

Table 7. Qualitative Findings on Strategic Impulses.



No	Question	Do you agree that strategic impulses are needed to increase firm performance?
1	Resp A	Big - Disagree. Industry 4.0 gives a fast result on the information, not acting on impulses. A strong strategy is needed to run the company without ignoring the importance of all aspects. The technology works, humans work.
2	Resp B	Medium Really agree, because the recent start-up models appear due to the complexity of today's problems. Especially for the millenials who are really fast, straight to the point. But i think deciding on impulses must still need to consider some important mandatory aspects before being decided. A fast and accurate decision can also increase the staff productivity because they can do other things, not wasting time waiting for decisions.
3	Resp C	Big Disagree, because in facing industry 4.0 we need a good strategy relating to digital era with very long time (minimum 6 months).
4	Resp D	Medium Disagree. It is impossible for a revolution to be big spontaneously.
5	Resp E	Big Really agree. Because during emergency, deciding on impulses is really needed to help the company reduce loss or increase profit.
6	Resp F	Big Agree, but still on the basic decision making standard.
7	Resp G	Medium Agree, because in fast changing world like right now, it is often that opportunity only comes once. At this moment, if the decision is not taken fast, that opportunity will be taken by the competitors which will finally cause a financial loss.
8	Resp H	Medium Agree when it is beneficial to the company.
9	Resp I	Small Hmm... I think impulsive here doesn't mean without careful consideration.
10	Resp J	Medium Agree, because industry 4.0 requires speed in giving respond and making decisions. As long as it doesn't violate the company's standard, the team should be allowed to make impulsive decisions.
11	Resp K	Medium Disagree. Industry 4.0 is changing the world business, so every decision to face industry 4.0 must be discussed first and making plans, not by impulsive decisions.
12	Resp L	Medium Really agree, because the speed in industry 4.0 really requires innovation and creativity.
13	Resp M	Medium -
14	Resp N	Medium -
15	Resp O	Medium Based on capacity, scales and changes done

B. DISCUSSION

Based on the findings of this research, the writer has

become aware of the two new variables that must be examined more through another analysis, vital role and proactiveness. The essential role is related to strategic impulses, and the proactiveness is relevant to innovativeness. The strategic impulses were proven to be advantageous to firm performance when the decision made is not vital for the firm, which means it will not change the structure or even the firm policy.



Fig 3. Strategic Impulses related to Vital Roles of the Firm

Quadrant 1 shows that when the decision is not vital for the firm, the strategic impulses will be beneficial to the firm, the firm can pursue business opportunities and in longer tenure, the firm will not only increase its performance but also will excel as seen in Quadrant 2. Quadrant 4 shows that any decisions made that are vital to the firms are considered threats, and the more impulses used in the crucial role in the firms will put the firms in risk.

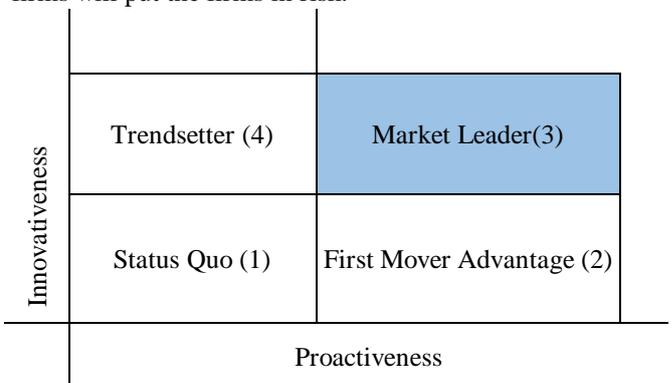


Fig 4. Innovativeness related to Proactiveness.

When the writer analysed the data from the research and the previous research during the literature review, the writer realised that not only innovativeness that is crucial to the firm, but also proactiveness. Innovativeness as stated in the literature review is different from proactiveness, where proactiveness doesn't mean new findings or better ways, it can even mean imitating other firm's innovation. But being proactive means the firm has to be the first to move using strategic impulses. No time to relax or have a long tiring meeting for a critical decision to be implemented at that very moment. So the firm will save any unnecessary time and be the first to enter the market as

seen in Quadrant 2.

Quadrant 1 shows the typical medium and big firms that are too careful and do not want to risk any chances of failing or losing. They keep themselves in the status quo, believing that their loyal customers will not change their choices. There are so many examples of these kinds of firms which in the end shut down their firms or even sold to other firms.

Whereas in Quadrant 4, the rate of innovativeness of the firms are very high but is not balanced with the proactiveness, the implementation of Strategic impulses is low. Then the firm will only be the trendsetter, imitated by other firms who are more proactive and enter the market first, maybe even with lower price because they do not need to spend resources on innovations.

But the balance in innovativeness and proactiveness as seen in Quadrant 4 will result in a very positive advantage to the firm; the firm will become the market leader. And being the market leader means firm excellence.

V. CONCLUSION

The strategic impulses taken will be beneficial to the firm as an act of proactiveness relating to innovativeness. The firm will always be the first mover to enter the market. The higher the rate of innovativeness and proactiveness, the firm will be the market leader. In longer tenure, when the firm manages innovation and has its own loyal market, the firm will experience what the writer refers to as firm excellence. This research is beneficial for the top management teams, to be able to act on strategic impulses on non-vital decisions to pursue business opportunities. This is very important because, in this era of industry 4.0, changes happen in a flash, the firm must be able to reach the market first and be the market leader. This research is also beneficial for the public because the public has assumptions that whatever done on impulses are not good, but the trend has changed now. Everyone, especially the firms, need to acknowledge that now.

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