Strategic Agility in B2B vs B2C Organisational Context

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Abstract
This study examines the processes of organisational learning and strategic agility in 28 UK businesses of different sizes and types, including B2B, B2C, and hybrid B2B-B2C companies. The research applies the Market Intelligence Accumulation and Transfer Model (MIATM) 3.0 to understand the organisational context that enables or hinders learning processes and subsequent evolution through strategic agility. The findings reveal that certain B2B companies, particularly those in the ICT consulting services sector, along with smaller entrepreneurial firms, exhibit higher levels of agility, speed, and scalability in responding to market disruptions. These companies demonstrate alignment between leadership and organisational context, fostering an empowering culture that enables employees to act as learning agents and effectively translate intelligence into strategic actions. In contrast, employees from traditional B2C companies face challenges in adapting to market changes due to more centralized decision-making structures, limited knowledge sharing, and a focus on transactional relationships. The study underscores the importance of organisational context in facilitating individual learning and shaping organisational strategic agility actions. It emphasises the need for an empowering and flexible organisational culture that encourages knowledge sharing, collaboration, and continuous learning. Leadership plays a crucial role in fostering a sense of purpose, engaging employees, and facilitating dialogue. Additionally, organisations need to be open to external signals, promote cross-departmental information flow, and be willing to question and unlearn long-held routines when necessary.

Keywords
Organisational learning; dynamic capability; MIATM model; VUCA

1. Introduction
Organisations operating in volatile, uncertain, complex, and ambiguous (VUCA) environment cannot always plan where a new strategic action will begin, let alone plan the strategy itself [1]. Uncertainty about the state of the environment means that one does not understand how components of the environment might be changing, and how to respond to the mixed meanings of these changing conditions as analogical to the current economic state of flux, due to geopolitical risks, economic sanctions, technology boom, climate crisis and post-Covid recession [2]. Thus, scholarly interest in agility has been continuously rising [3, 4, 5, 6]. This study aims to uncover diverse learning by doing as a foundation of agility practices taking place in a B2B vs B2C companies operating in the UK. Organisational learning is at the core of the dynamic capability view [7]. Dynamic capabilities (DCs) are formed by different types of learning processes feeding one into another: sensing, new relevant
information, sharing and sense-making along with relevant actors, and shaping/changing or creating new daily routines/products/processes learning processes, which ultimately results in new capabilities for long-term resilience and success [8]. Agility represents a key dynamic capability in changing environments [9,6]. It refers to a capability of sensing and responding to new situations/market changes by integrating and reconfiguring resources in a timely manner while reducing complexity and tapping into potential opportunities [3, 10, 11]. Its role in business model renewal [12] has been acknowledged. Agile firms are able to create dynamic portfolios of products, services or business models in order to outmanoeuvre competitors [13,14,15]. Agile firms also integrate knowledge from around the world to fuel continuous innovation and adaptation, which links agility to the dynamic capability view [16, 17].

Despite the increasing importance and academic interest in organisational learning for agile capabilities development, there is a scarcity of research on the micro to macro link between organisational learning as a micro foundation of dynamic capabilities such as agility and organisational evolution during VUCA times [18; 19; 20]. Eisenhardt et al. (2010, p. 1263) define such micro foundations as: “the underlying individual-level and group actions that shape strategy, organisation, and, more broadly, dynamic capabilities”. Barney and Felin (2013, p.145) add that “individuals and their interactions are central for understanding organisations and social systems”. However, researchers suggest that a more precise examination of the organisational learning capabilities as building blocks of DCs formation is needed and that organisational learning capability should be evaluated from a DCs perspective [22]. Moreover, recent studies highlight the interrelationships between agile capabilities, seen as dynamic capabilities, organisational learning, and firm performance should be clearly understood [20], especially in B2C vs B2B context [23]. The scope of the investigation is to understand if organisational leadership and context empower employees to spot, share, make sense, and act on market signals/opportunities or threats that can evolve into actions which enable organisational change, growth, and better customer value through opportunities capture.

Currently, there is a scant scholarly understanding of how individual knowledge can contribute to organisational absorptive capacities, how it could be developed, retained, and transferred [24], and the organisational and managerial processes and operating model / context underlying DCs formation which enable agility in diverse B2B vs B2C context [25;7; 26;27]. Thus, we adapted and applied the MIATSM (the market intelligence accumulation and transfer model) of Atanassova and Bednar (2022), built on the original model of Atanassova and Clark (2015), and propose that the new marketing intelligence accumulation and transformation model MIATM 3.0, built on the DCs foundation, is an actionable and comprehensive model to study, understand, and guide the development of the processes of knowledge acquisition, transfer, and capabilities creation relevant to a firm’s resilient and competitive operations development to deal with the changing environmental conditions. We also argue that the model is actionable in comparing and showcasing differences, and detecting flaws in learning, and capability development processes and context in both B2B and B2C organisations.

Our investigation particularly focuses on uncovering how organisational context (resources, actors, structure and systems, culture) impacts and shapes the processes of an individual to organisational level learning and follow-up strategic agility actions development during VUCA times. The research aims to contribute to the understanding of dynamic capabilities formation in diverse organisational contexts, specifically in the B2B and B2C sectors. The study proposes a comprehensive model called MIATM 3.0, which builds upon the existing MIATSM model and incorporates contextual components and Pisano's assets, paths, and processes framework. The MIATM 3.0 model serves as an actionable guide to study organisational context and learning processes.
Our research consists of three phases / processes aligned with the MIATM model. The first phase involves developing an understanding of the organisational background, market dynamism, triggers of organisational learning, and prior knowledge. The second phase focuses on the processes of absorptive capacity and individual learning at the operating capability level. It examines the ability to recognise and absorb new external information proactively, as well as the organisational conditions, which enable or hinder these learning processes (paths and assets, such as resources, actors, structure and systems, organisational culture). The third phase explores the assimilation and transfer of learning within the organisation, as well as the process of capturing value from that shared learning by exploiting the learned knowledge in the form of changes to operating practices or complete removal/renewal. Research on DCs shows that DCs can be measured through the changes in operating capabilities [18].

2. Methodology

To collect data, interviews were conducted with employees from 28 diverse B2B and B2C organisations operating in the UK. The aim was to understand whether employees were provided with the capabilities, context, and resources to explore and learn from external market signals and initiate and apply this learning to develop agile and resilient operations. Due to the heterogeneity of the studied population, the interviews lasted between 40 to 60 minutes each and were conducted in English by experienced academic researchers. The research sought to identify the features, sources, and organisational context that facilitate or impede the development of dynamic capabilities. The interviews were semi-structured and conducted in English, following the framework of the MIATM model. Data analysis involved coding and thematic analysis, examining each construct of the model separately to identify patterns and themes.

The coding was performed with the aim of identifying the themes, and patterns, underlying the phenomenon and its constructs, as depicted in the MIATM model. In such a way, the reliability and validity of the study were ensured by providing categories to look for when analysing the collected data, thus, preventing misunderstanding, oversimplification, or incomplete understanding. The analysis examined each construct of the model separately – organisational background and prior knowledge, market dynamism and triggers of the processes of learning, then individual learning at an operating level, sense-making and transfer to dynamic/strategic capability organisational level and the
contributing context, and lastly how the three routines developed over time and enabled operational evolution, organisational excellence (micro to macro level) and/or valuable, rare, inimitable, non-substitutable (VRIN) resources development. Something was considered dynamic capability if it changes, creates, or extends organisational operating capabilities by creating or extending VRIN resources and abilities, as per Eisenhardt and Martin, 2000; Helfat and Peteraf, 2009’s recommendation. The credibility of data was ensured by applying simultaneous data collection and analysis, prolonged engagement and in-depth understanding of the studied organisational context. Member checks and respondents’ validation were performed if needed, to ensure that their views and behaviour are correctly understood.

2.1. Participants selection

We interviewed ten participants (9 B2B and 1 both B2C and B2B) from knowledge-intensive companies operating in dynamic industries, such as ICT knowledge-intensive business and finance services, consulting, education as these are companies “where most work can be said to be of an intellectual nature and where well-educated, qualified employees form a major part of the workforce” [30]. The existence, survival, and development of knowledge-intensive enterprises highly depend on knowledge development, management, and application. As discussed in the prior knowledge section, the greater the prior knowledge / already developed absorptive capacity, the greater the ability to identify and exploit new unmet needs and opportunities or threats. Two entrepreneurial, small companies have been included in the sample of knowledge-intensive companies, as they are recognised as better than the larger companies in their learning-by-doing approaches, entrepreneurial mindset, flexibility, and quick learning/unlearning and adaptation capabilities [31; 32]. Their experiential learning or “learning by doing” approach to business is acknowledged as the most significant core competency concept for small companies [31;32] and is by nature “accidental”, experimental, and largely depends on informal communication with customers and stakeholders. Participants from 18 traditional industries businesses (2 B2B and 14 B2C; 2 both B2B and B2C) have been interviewed, as well, to ensure comparability of the results, as traditional larger companies are often accused of over-reliance on already established and successful routines and are often criticised for being unable to adapt due to their complex organisational structure, bureaucracy, and hierarchy [30].

It is believed that studying companies/cases where change intensively occurs through learning and adaptation, and companies where changes do not occur or occur gradually and not so intensely and intentionally will be both beneficial.

3. Findings

The findings of this study contribute to the understanding of the role of organisational context in enabling individual learning and shaping organisational strategic agility actions. Our study highlights the importance of considering the interrelationships between flourishing organisational context, learning, agility, and firm performance in both B2B and B2C companies. By adopting the MIATM 3.0 model, organisations can gain insights into their learning processes, identify areas for improvement, and develop strategies to enhance their capability for strategic adaptation in VUCA environments [11].

The findings revealed that employees in dynamic organisations, particularly pertaining to B2B knowledge-intensive sectors, demonstrate an ability to adjust operations and seize new opportunities. They deploy networking, entrepreneurial mindset, experimentation, and learning-by-doing approaches, supported by quick communication, internal information flow, ownership, autonomy, and calculated risk-taking. In contrast, employees in traditional B2C industries, primarily in larger hierarchical organisations, find it challenging to cope with change initiatives. They exhibit resistance to new initiatives, relying on existing routines and efficiencies, and feeling that change prevents them from doing well their daily jobs. Leadership played a crucial role in either impeding or enabling proactive behaviour and quick action.

The study highlighted two types of leadership practices: defensive and ambidextrous. Defensive leadership was reactive, risk-averse, pulling back and postponing strategic initiatives, while ambidextrous leadership managed contradictory demands, explored change as an opportunity for
sustainable competitive advantage, and fostered a supportive and empowering organisational climate. The organisational context and leadership practices emerged as key factors enabling or blocking proactive learning and desirable change.

In summary, the research underscores the importance of organisational learning, adaptation, and the development of dynamic capabilities in today’s business environment. It proposes the MIATM 3.0 model as a framework to study organisational context and learning processes. The findings highlight the significance of leadership and organisational context in facilitating or impeding proactive behaviour and agile transformation. By understanding and addressing these factors, organisations can enhance their ability to learn, evolve, and respond effectively to market dynamics, ultimately ensuring their survival and success in a rapidly changing business landscape. Therefore, we group findings in our discussion by type of organisational context and leadership into “dynamic leader” that were B2B companies and “non-dynamic delayer companies” that were primarily B2C companies and discuss organisational context and leadership practices that enable or block proactive learning and desirable change as identified through the lens of the MIATM model 3.0.

3.1. Dynamic leaders

Dynamic leader companies displayed a high level of alertness to new information and a drive for adaptability. These companies had incorporated knowledge accumulation and transformation systems and practices into their organisational operating models. Specifically, B2B tech companies, as well as finance and consulting businesses, had organised their work routines around knowledge accumulation, collaboration, communication mechanisms, and quick action.

The participants from these dynamic leader companies emphasized the importance of constantly monitoring and adapting to rapidly changing environmental conditions. They recognized that their competitive advantage lay in their learning routines, their ability to quickly detect external changes, and their agility in reconfiguring old practices and capabilities in response to emerging opportunities and threats. The participants spoke about the need to develop efficiency, effectiveness, and agile capabilities to deliver value to customers rapidly and at scale.

The triggers for learning and adaptation varied among the companies. For some, the fast-paced change of technology, moving to cloud operations, adopting new technology/software, and remote working were the main drivers of change. Others pointed to the COVID-19 pandemic and the post-pandemic reality as major drivers of change, forcing them to work remotely and experiment with new software and collaboration platforms and work practices.

The participants from dynamic leader companies were well aware of their companies’ mission, vision, and organisational goals. They felt a strong alignment between personal purpose and organisational purpose, and they took pride in their involvement in the requisite exploratory learning necessary for the creation of new products, processes and solutions. For example, a software developer at ICT company A says that the company has already adopted: “agile/scrum methodology to manage workloads in small iterations. This helps manage daily ops and project work whilst buying in stakeholders as they see the project plan as well which helps manage expectations.”

Recognition and absorption of new information were crucial for these dynamic leaders. They actively sought and applied insights from the market, constantly monitoring the environment, competition, and customers. They used various sources such as education conferences, forums, internet, social media, and discussions with key opinion leaders to stay updated on industry changes and technological trends. Accountant auditing and consultant company medium dynamic KIBS, also shares that: “The organisation has deep knowledge in multiple industries .... And the competitive advantage is the use of technology and special skills to analyse data and provide an accurate insight of our client needs. If you can’t adapt, then you won’t grow”.

Assimilation and sense-making were important processes for these companies. Internal sharing and sense-making activities were driven by middle management/project managers. The companies encouraged collaborative exploration and discussions, with an emphasis on evaluating information based on previous experiences and making assumptions for the future. A software developer at a bank says “...new understanding emerges through research. We make sense of the information essentially by putting it into practice.”
The use of agile practices, such as daily meetings, sprint reviews, and revisions, helped teams iterate products, deliver projects faster, and provide more customer value. For example, A COO of digital transformation company says that: “Creating functional and service delivery teams based around these technologies. The aim is to build internal knowledge and capabilities.”

The structure and systems used for information sharing varied among the companies, but they all utilised various software tools and platforms for communication, collaboration, and data analysis. The resources and knowledge-sharing mechanisms included agile ceremonies, meetings, databases, and team discussions. Another Software developer at a medium software company shares that they use various platforms for collaboration and knowledge storage: “Intranet, snap, teams, outlook (email), yammer, virtual meetings", and for data analysis the research department use AI”.

The participants from dynamic leader companies reported numerous gains from their learning and adaptation efforts. They were able to develop and adapt products, create new ways of working, establish partnerships with leading companies, and adapt their operational models to meet changing consumer needs. They displayed ambidexterity, effectively managing their daily operations while responding to new trends and changes. They maintained long-term relationships with stakeholders and entered successful partnerships to broaden their capabilities.

Overall, participants from dynamic leaders showcased strong dynamic capabilities and a commitment to continuous learning and adaptation. The participants from such companies demonstrated the ability to sense and respond to external changes, leverage their knowledge and experiences, and collaborate effectively to stay ahead in their industries. Their efforts resulted in intangible benefits such as reputation, efficiency, relationships, and a flourishing internal culture of learning. These companies serve as examples of how organisations can thrive in dynamic and uncertain environments by prioritising learning, agility, and continuous improvement. Some examples of DCs developed are discussed below. For example, a marketing agency employee shared that they have been able to sense and take action on their customer changing behaviour and preferences through market sensing and adaption lately, thus not only developing a new desired paperless experience for their customers but also in such way optimising their internal processes and cutting delivery time and costs.

Another example is a medium dynamic KIBS, software company that was able to develop two software systems in parallel while undertaking their daily operations, which showcase an ambidexterity capability.

Respondents from dynamic businesses, ICT, financial and consulting, education reported also VRIN resources developed through collective learning such as high reputation, trust and collaboration, and establishment of value-creating partnerships.

3.2. Non-dynamic delayers

The non-dynamic delayers were primarily from traditional large and medium businesses, pertaining mainly in the B2C sector, such as transportation, retail, hospitality, FMCG, banking, and intergovernmental institutions. These companies were highly disrupted by the COVID-19 pandemic and had to adapt to government regulations and changing consumer behavior. However, the participants from those companies showed disengagement and lack of understanding of the importance of learning and adaptation to the fast-paced market environment. They focused on making their existing operations more efficient and did not actively engage in information detection, learning, and adaptation.

The participants from non-dynamic delayer companies viewed organisational leadership and management as responsible for delivering and making sense of external signals and information. These companies had a hierarchical top-down structure, and the employees preferred to follow management’s prescriptions and make gradual adaptations as directed. They believed their competitive advantage lay in their well-established presence, reputation, know-how, skills, products, relationships, expertise and well-established successful routines. The participants had an inward focus on existing practices, efficiency, and improving individual performance KPIs. The participants expected that their managers will inform them of any changes as they are usually doing, and relied on top-down communication flow.

The recognition and absorption of information in these non-dynamic delayer companies were primarily focused on internal information related to targets, personal KPIs, processes, and practices.
Employees were not actively involved in sensing and making sense of external information. They relied on management to provide them with the necessary information for their daily work tasks. Some companies even hired external consultants to monitor and make sense of the dynamic market environment. A security sergeant in a food program for deprived communities, said that, because of the particularly uncertain environment, they had to hire external consultants to monitor and make sense of the dynamic environment:

“Industry is very dynamic and changeable. Company hires external consultant to deal with the fast past market changing signals and information, subject matter experts (SME) to monitor developments in this field” “The SMEs evaluate and break down the new information before staff are trained in it.”

Although the security sergeant thinks also that it is essential to adapt, they outsourced these activities to a third party external company. The security sergeant in the IGO food programme also says that their expectations are that the external consultants will bring their employees up to speed with the required knowledge and skills, based on the environmental analysis they produce. Following this further, an employee at Utility business says:

"Changes that my environment is now facing are stable because the pandemic is ended and there is no need for a sudden change of pace in the industry. We detect changes when my managers advise us or convene a meeting to inform us.”

The assimilation of information in these companies followed a top-down approach, with information being shared through meetings, announcements, emails, and work chats. The responsibility for information dissemination and storage varied among the companies, but it was primarily managed by the organisational leadership. The participants did not exhibit a proactive approach to assimilating external information and focused on their individual job functions.

The general manager (GM) of printing and packaging also employs top-down information flow and sharing within their organisation.

“Information more often comes from the hierarchy, from other related stakeholder like the traders and the local banks. Information is given to employees and with instruction and their previous knowledge, they act accordingly.”

The non-dynamic delayers companies exhibited a clear focus on preserving their existing business models and optimising established operating routines. They were resistant to change and risk-averse, relying on hierarchical decision-making and gradual adaptations, largely lead and exemplified from the leadership. These companies lacked the awareness, vigilance, vision, leadership involvement to spot and leverage emerging trends and were more focused on maintaining efficiency and stability.

Overall, the non-dynamic delayers companies lacked a culture of learning, collaboration, and customer and market orientation.

The customer service associate in a financial institution: "No, as I lack the authority to do so; but, even if I did, the procedures and existing standards are highly accurate and useful, and I would prefer to follow the plan provided.”

The participants from non-dynamic delayr companies relied on top-down information flow, were inward-focused on established routines, and do not put a priority on adaptation to the volatile and uncertain market environment. The findings highlight the key role of the leadership in enabling flourishing and open-minded organisational culture, and in enabling employee involvement in sensing, learning, and adaptation processes.

4. Conclusions, Recommendations, Limitations

The research findings suggest that organisational leadership should focus on developing an empowering and flexible organisational culture that encourages knowledge sharing, collaboration, and continuous learning. Leadership plays a crucial role in fostering a sense of purpose, engaging employees, and facilitating dialogue. Additionally, organisational employees need to be encouraged to be open to external signals, promote cross-departmental information flow, and be willing to question and unlearn long-held routines when necessary. We identified two opposite types of leadership practice, respectively. The first one taking a defensive position, being risk-averse, and pulling back by postponing strategic initiatives. And the second one ambidextrous - successfully managing contradictory demands - daily routines and exploring change as a source of opportunity to achieve
sustainable competitive advantage. The focus in such companies is on discovering opportunities to redefine and reinvent their business model and operations, and even shape their industry in response to the market dynamism.

Further research can explore additional factors that influence organisational learning and strategic agility in different contexts, such as industry-specific characteristics or geographical variations. Additionally, comparative studies between B2B and B2C companies can provide further insights into the unique challenges and opportunities faced by each sector in developing and leveraging organisational learning for strategic agility. Overall, this study highlights the importance of organisational learning and strategic agility in navigating VUCA environments and offers valuable insights for academics, practitioners, and policymakers.

It emphasizes the need for organisations to probe for insights from a wide array of stakeholders, including peer companies, partners, customers, competitors, and other market players. This trial-and-error learning process requires leaders to cultivate a culture where mistakes are tolerated and even encouraged at times. Failure to do so can lead to organisational obsolescence and a state of "functional stupidity," which refers to a lack of reflexivity, reasoning, and justification within the organisation.

Our study has also practical implications for managers on more traditional hierarchical businesses, who need to enhance external focus, learning and agility in the face of unprecedented market uncertainty. The MIATM model 3.0 can serve them as a diagnostic tool to identify barriers and gaps in organisational learning and capability development. Our findings have important theoretical implications in uncovering the micro-foundations of agile operations through DCs learning and capability development in diverse B2B vs B2C context that were not clearly understood [16]. Our study showed clearly that vigilant learning from external events gives companies an edge and generates value during volatile times. Hence, employees should be encouraged to develop and exploit sensing and learning by doing adaptation capabilities that are less tailored to the firm’s current operations and more tailored to future trends and uncertainties.

Nonetheless, the study has limitations, including the reliance on interviews with only one person per company, which may limit the generalizability of the findings. Future research should consider a more comprehensive perspective and examine the leadership team, employees, and context together to better understand learning and adaptation processes in uncertain environments.
5. References


