



## STRATEGIC IMPULSES URGENCY IN THE ERA OF INDUSTRY 4.0: A MUST TO FIRM PERFORMANCE

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## Research Highlights

The speed of changes in the era of Industry 4.0 has left us no choice but to be agile, adaptive and have dynamic capabilities to keep the firm performance on the track (Gilchrist, 2016). Being adaptive and agile means innovation, the firms must innovate and managing innovation. Studies confirm that only 12% of organizations successfully manage innovation and only half of these do so consistently across time (Kleinknecht et al., 2009). Without any doubts, there are many times when the top managements are having hard time adapting to the situation, especially when inevitable events happen and they must respond at once. This is the part where the strategic impulses are very important, though it is long debated, as Impulse-driven logics are notoriously difficult to identify, isolate and describe (Hunt and Lerner, 2017) and rational decision-making often result in an optimal response of inaction. But it is also undeniable that strategic impulses have given lots of benefits and have lots of business opportunities (Daniel Lerner and Dimo Dimov, 2016). Strategic impulses in the era of industry 4.0 are without any doubt a must to firm performance if the firm wants to survive and increase its performance.

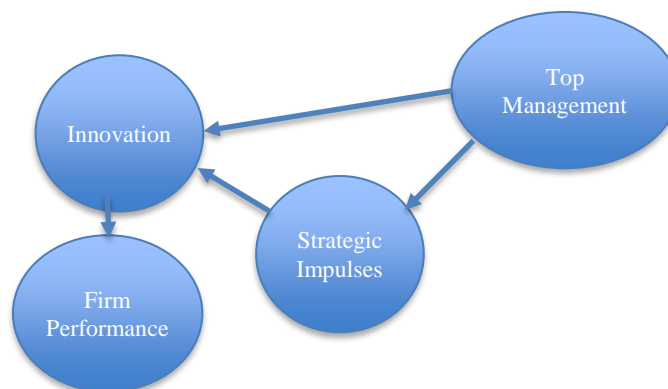
This study proposes three hypotheses :

H1 : The strategic impulses is giving positive impacts on firm performance.

H2 : The Top management must innovate and do strategic impulses in order to increase firm performance.

H3 : Innovation is related directly and positively to firm performance.

## Research Framework



## Research Objectives

Innovation is needed for firms to survive. Innovations must be valuable, rare and inimitable, becoming the sources of competitive advantage (Choi and Cho, 2018). And continuous innovation is a key to the firm performance (Kleinknecht et al., 2009). But as we know, though innovations are very important, the markets are changing continuously and pressing the firms to be extra innovative. Sometimes an innovation has expired though it has not even been released to the market, which is why a strategic impulse is needed to balance this.

The purposes of this research are :

1. To relate the connection between top management, innovation and the strategic impulses to firm performance
2. To analyse the impacts on having strategic impulses to the firms through time.





## Methodology

This is an empirical based qualitative research by using a multi case design. The researcher chose 13 top managers from various types of industries and sizes. Then the researcher did telephone interviews with 13 of them, collecting data on industry 4.0, the firm readiness, strategic impulses, the effects of strategic impulses to the firms and their perceptions on strategic impulses. The research was done in March 2019. The researcher chose the research location in Jakarta, Tangerang and Cikarang. The study case design is very suitable in explaining phenomenas. The unit analysis is manager from various types and sizes of industries (one small, nine medium, three big).

## Results

There has been very little research made on this topic and clearly impulses are not considered a good choice for business doers. Until 2016 where a journal by Lerner and Dimov was issued, leaving a gap for the writer to start the research. Based on the findings of the research, the researcher comes up with some conclusions that strategic impulses are actually beneficial to the firms if they are done in the correct time and for grabbing new business opportunities, not in changing firms' policies or procedures. Any vital decisions must still be taken under firms procedures and rules. When the firms are innovating, the top managements must be responsive to the market and making any strategic impulses needed to pursue business opportunities. By doing this, the strategic impulses will be beneficial to the firm by increasing the firm performance. But to make this work and can be accepted generally, a further research must be done on this subject be able to get the best maximum result to firm performance and have a sustainable advancement.

## Findings

This researcher collected all the data, analysed them by decoding them and found that many firms in Indonesia are not ready for industry 4.0, 6 out of 13 refused any impulsive decisions. It is forbidden for them to do anything based on impulses, everything must be based on procedures and the upper management approval is a must. All of the firms are doing innovation, but only 3 out of 13 are managing innovation. The interesting finding here is that, despite the fact that of all the 6 managers refusing impulsive decisions, based on the 13 managers' experiences, only 3 out of 13 said that the strategic impulses were not beneficial, 2 said that impulses were not always beneficial, 6 said that impulsive decisions were beneficial and 2 said very beneficial. This is a very contradictory result compared to the previous research stating that anyone innovates on impulses are poor performers (Kleinknecht et al., 2009)

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