Academic Libraries' External Environment and Environmental Scanning by Managers of Central Libraries of Islamic Azad Universities of Iran

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Introduction

Academic libraries such as other libraries and information centers and organizations operate within the context of two environments- internal and external. Both of these environments are interconnected. Whilst, internal context of library consists organizational structure and functions and the way they are configured in pursuit of specified organizational objectives; each library operates in complex and changing external environments, which frequently produces new challenges which must be controlled to ensure the library’s future survival and success. Their impact is a two-way process. Changes in the external environment affect the organization’s internal environment, whilst decisions made at managerial level will impact upon both the external and internal environment (Bryson, 1990).

Finally, one of the major and important tasks of a manager is the environmental scanning to acquire information and use it to determine the role of the library in its environment, its influence and image, and the services it provides.

The external environment of an organization may be viewed as a source of information, resources, or variation (Choo, 1993b). External environment is not a collection of other systems and organizations, but it is an active environment. Changes, events and trends in the environment continually create signals and messages. Organizations detect or receive these cues and use the information to
adapt to new condition. Dill views the environment as a source of information, and suggests that the best way for analyzing the environment is to treat the environment as information which becomes available to the organization, or the organization may get access via search activity (Dill, 1962). Because information allows management to improve its strategic planning, tactical implementation of program and it’s monitoring and control; in messy environments, having access to timely and relevant information can give a firm competitive advantage. Information perspective indicates that, when managers suppose that the environment is unpredictable, they feel uncertainty, and this situation occurs, when they feel that they have no information for accurate decision-making (Hatch, 2006); (Dill, 1962).

Another perspective views the environment as a source of resources upon which the organization is dependent. Munificence, or scarcity of resources; Concentration, or the extent to which power and authority in the environment is widely dispersed; and interconnectedness, the number and pattern of linkage among organizations in the environment, are three structural characteristics of the environment that affect resource dependence (Choo, 1993b). To survive, organizations require resources. Typically, acquiring resources means that the organization must interact with others who control those resources (Pfeffer and Salancik, 1978).

The third perspectives based on ecological view in organization studies, developed principally by Hannan and Freeman, and Aldrich. This point of view tries to explain why certain forms (or species) of organizations survive and thrive, while others languish and perish by using evolutionary biology rules (Hannan and Freeman, 1977), (Hannan and Freeman, 1989), (Aldrich, 1979).

A firm’s competitive position, financial success, and even survival depend on its ability to scan, understand and adapt to environmental conditions (Ebrahimi, 2000). In many of related studies, the External environment serves as a great source of strategic information (Daft et al., 1988), (Duncan, 1972), (Lawrence and Lorsch, 1967) and (Tung, 1979). In order to success in formulating the strategy for future, managers and decision-makers need to collect, interpret and utilize information from the external environment. A manager does this importance by environmental scanning. Environmental scanning is the activity of gaining information about events and relationships in the organization’s environment, the knowledge of which would assist management in planning future courses of action (Choo, 1993a); and has been the subject of extensive research such as Aguil, 1967; Collins, 1968; Fahey and King, 1977; Culnan, 1983; Daft et al., 1988; Choo, 1993a; Sawyerr, 1993; Kumar & Yauger, 1994; Litschert, 1994; Yasai-Ardekani & Nystrom, 1996; Boyd & Fulk, 1996; Elenkov, 1997; Martinsons, 1997; Ebrahimi, 1997. (Ebrahimi, 2000).

This article reports on how managers of academic libraries of Islamic Azad University (IAU) perceive environmental sectors as important, variable and complex; and how they scan environment. We examine how their perceptions of environmental uncertainty and perceived strategic uncertainty affect amount of scanning activity.

**Conceptual Framework and Research Questions**

In the most general sense, an environment can be defined as everything which surrounds a system. Duncan, defines the environment as “the totality of physical and social factors that are taken directly into consideration in the decision-making behavior of individuals in the organization” (Duncan, 1972). The external environment comprises all of those forces and events outside the organization that impinge on its activities (Palmer and Bob, 2002). Past research found that perceived importance is itself the most important predictor of scanning activity (Boyd, 1989). Kefalas and Schoderbek found that executives in a dynamic environment (Farm machinery) did more scanning than those in a stable environment (Meat packing) (Kefalas and Schoderbeck, 1973). Burns and Stalker
indicated that when the external environment was stable, the internal environment of the organization was generally characterized rules, procedures and clear hierarchy of authority- a typical bureaucratic structure (Burns and Stalker, 1961).

Uncertainty is inherent in the environment and Duncan found that the level of perceived uncertainty increases with the complexity and the rate of environment change (Duncan, 1972). In this study we measure the perceived importance (PI), Variability or rate of changes (PV) & complexity of academic libraries environment from managers viewpoints. Then it was accepted Daft, Sormunen and Parks definition of environmental sectors(Daft et al., 1988), and divide external environment of academic libraries of IAU into six sectors as Choo: Customer, Competitor, Technological, Regulatory, Economic, & Socio-cultural (Choo, 1993a; Choo, 1993b).

Then, the amount of scanning was measured based on Hambrick's study (Hambrick, 1979), by analyzing the manager’s level of interest in keeping abreast of trends; the frequency with which information comes to the manager’s attention.

Resesarch Objectives

This study attempt to achieve the following objectives

1. To determine important, variable and complex sectors in the external environments of library which were perceived by managers.
2. To determine the amount of scanning that managers do on each environmental sectors of the target libraries.
3. To determine the PSU and PEU of each environmental sectors and their relation with the amount of scanning.

Research Questions

Q1: Which sectors of the external environment of academic libraries of IAU are perceived to be important by respondents?

Q2: Which sectors of the external environment of academic libraries of IAU are perceived to be Variable by respondents?

Q3: Which sectors of the external environment of academic libraries of IAU are perceived to be complex by respondents?

Q4: Which sectors of the external environment of academic libraries of IAU are scanned mostly by respondents?

Q5: What is the rank of each sectors of the external environment of academic libraries of IAU by applying perceived strategic uncertainty (PSU)?

Q6: What is the rank of each sectors of the external environment of academic libraries of IAU by applying perceived environmental uncertainty (PEU)?

Research Hypothesis

The perceived strategic uncertainty (PSU) for each sector was calculated by adding the perceived variability (PV) and perceived complexity (PC) values of each environmental sectors and multiplying the sum by the perceived importance value (PI) of that sector for formulating the hypothesis.

This study hypothesized that:

H1: Perceived strategic uncertainty (PSU) of an environmental sector positively correlates with the amount of scanning (AMS) in that sector.
Then, perceived environmental uncertainty (PEU) was measured by summing the variability and complexity values across the six environmental sectors and the second hypothesis was formulated as follows:

H2: Perceived uncertainty (PEU) of an environmental sector positively correlates with the amount of scanning (AMS) in that sector.

**Methodology**

In the context of this research, the analytical survey method is used.

*Population and Data Collection*

The study population consists of managers of library and information centers of large and very large unit of IAU[1]. All units of IAU are more than 232 units. Of 94 selected units 33 were large and 61 very large, whose library and information center managers convene population of this study.

*Data Collection Instrument*

Data were collected by mail questionnaires which were sent to everyone of the managers identified; and personal interviews via telephone to check validity of results from the mail questionnaires. From the population of 94 managers, 85 returned questionnaires, giving a response rate of 90.42%. Chronbach's alpha was accounted for examining the reliability of questionnaire, that was equal to.922 (= .92) and therefore the reliability of the questionnaire was confirmed. Based on Saaty and Shih approaches “no matter how a structure is validated, group participation with knowledgeable people is a good way to ensure its logicality and completeness” (Saaty and Shih, 2009). Thus, the questionnaires were reviewed by fifteen experts in the field of Library and Information Science and Management. In order to prepare the items in the questionnaires, the items in the previous researches were used as a valid pattern such: (Duncan, 1972), (Hambrick, 1979), (Farh et al., 1984), (Daft et al., 1988), (Boyd, 1989), (Choo, 1993a; Choo, 1993b), (Auster and Choo, 1994) and (Ebrahimi, 2000).

*Measurement of Variables*

In this study we were measured the following variables:

1. Environmental Sectors

In order to measure perceived environmental uncertainty, the external environment is divided to six sectors, as defined by Daft, Sormunen and Parks and Choo: Customer, Competition, Technology, Regulatory, Economic, and Socio-cultural Sectors (Daft et al., 1988) & (Choo, 1993a; Choo, 1993b).

a) Customer sector refers to those companies or individuals that use the services offered by the respondent’s library and information center, and include companies that acquire information materials and products of library.

b) Competition sector includes the companies, products and services, and competitive tactics: companies that make substitute services and compete with respondent’s library, and competitive actions between the respondent’s library and other organizations in the same industry.

c) Technological sector includes the development of new techniques, innovation and methods in offering information services to customers, and general trends in research and science relevant to the respondent's library.

d) Regulatory sector includes governmental legislation and regulations, community policies and political developments at all levels of government.

e) Economic sector includes economic factors such as rate of income for
individual, rate of inflation, unemployment rate, and economic growth rate.

f) Socio-cultural sector comprises social values in the general population, the work ethic, Islamic-based ethics, and other demographic and cultural trends.

2. Environmental Uncertainty

In organizational research, perceived environmental uncertainty is often analyzed using Duncan’s two dimensions of environmental complexity and variability (Duncan, 1972). A complex environment requires that numerous environmental factors be taken into account in decision-making. A variable environment is one in which these factors change frequently and rapidly (Choo, 1993a). In this study the measurement of perceived environmental uncertainty is based on Duncan’s two dimensional model: The Simple-complex dimension is the number of environmental factors taken into consideration in decision-making; the static-dynamic dimension is the degree to which these factors remain the same or change continually over time (Duncan, 1972). Following Duncan’s model, Daft, Sormunen and Parks, and Choo also used complexity and variability (Daft et al., 1988) and (Choo, 1993b); and Revilla, Prieto & Prado used dynamism and complexity to measure the perceived environmental uncertainty of chief executives (Revilla et al., 2010). The perceived importances of environmental sectors were used to formulate perceived strategic uncertainty. Finally, the perceived environmental uncertainty and perceived strategic uncertainty were measured by these formulas:

\[ \text{PEU} = \text{PV} + \text{PC} \]

\[ \text{PSU} = \text{PI} \times (\text{PV} + \text{PC}) \]

The following questions are asked for taking respondent approach about perceived importance, perceived variability and perceived complexity:

Respondents assessed the relative importance, variability and complexity of each of the six defined environmental sectors by answering the following questions:

Q1: How much important to your organizations (libraries) are trends and events in each environmental sectors?

Q2: What is the rate of change taking place in each environmental sector?

Q3: What is the complexity level of each environmental sector?

By using a five-point ascending scale labeled from 1= Not important to 5= Very important, for Q1; using a five-point scale labeled from 1= Low to 5= High, for Q2; and using a five-point scale labeled from 1= Low to 5= High, for Q3 respondents answered.

3. Amount of Scanning

Although Hambrick (Hambrick, 1979; Hambrick, 1982) measured environmental scanning using frequency, level of interest, and hours spent scanning, this study similar to Choo (Choo, 1993a; Choo, 1993b), (Sawyerr, 1993), (Boyd and Fulk, 1996) and (Ebrahimi, 2000) used only frequency and level of interest as:

1. How frequently does information about each environmental sector come to your attention?
2. To what extant do you keep yourself informed about developments in each environmental sector?

Results

Both descriptive (mean, standard deviation, standard error and so on) Profile of respondent managers’ statistics were applied to reach valid findings. The nature
and application of these statistical tests and methods are detailed out where results are offered. Data collected were analyzed using the statistical software package Statistical Product and Service Solutions (SPSS).

Of the 94 managers of library and information Center of IAU, 85 managers returned completed questionnaires (90.42%). The distribution of respondent is similar to that of the study population: 30 respondents from large units and 55 from very large units. As for educational background, approximately 40% have bachelor, 40% master, and 10% have Ph.D. degree. On the whole, 85% of respondents’ educational field was library and information science and 15% was in other fields.

**Perceived Importance, Variability and Complexity**

*Answering the Research Questions*

For answering the questions 1 to 3, the mean responses and their standard deviations are calculated and shown in Table 1. As a group the respondents perceive the customer sector to be the most important (mean= 4.67), variable (mean= 4.32) and complex (mean= 4.26), followed by the technological sector respectively (mean= 4.14 for (PI), 4.08 for (PV) & 3.99 for (PC)). The socio-cultural sector is placed next in importance (mean=3.99) and variability (mean=3.95) and is followed by economic sector (mean=3.89 for PI and 3.8 for PV); and the competition sector (mean=3.88) is placed next in complexity and is followed by socio-cultural (mean=3.81) and then economic sector (mean=3.75). In importance approach, the regulatory and competition sectors are perceived less important (mean=3.59 & 3.52). In variability approach, also competition and regulatory sectors are perceived less variable (mean=3.73 & 3.52). In complexity approach, regulatory sector is perceived less complex (mean=3.58).

Table 1: PI, PV, and PC of environmental sectors, and calculated PSU and PEU (mean response scores and Standard Deviations)

<table>
<thead>
<tr>
<th>Environmental Sectors</th>
<th>Perceived Importance</th>
<th>Perceived Variability</th>
<th>Perceived Complexity</th>
<th>Perceived Strategic Uncertainty</th>
<th>Perceived Environmental Uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
</tr>
<tr>
<td>Customer Sec.</td>
<td>4.67</td>
<td>0.564</td>
<td>4.32</td>
<td>0.680</td>
<td>4.26</td>
</tr>
<tr>
<td>Competition Sec.</td>
<td>3.52</td>
<td>0.717</td>
<td>3.73</td>
<td>0.681</td>
<td>3.88</td>
</tr>
<tr>
<td>Technological Sec.</td>
<td>4.14</td>
<td>0.742</td>
<td>4.08</td>
<td>0.774</td>
<td>3.99</td>
</tr>
<tr>
<td>Regulatory Sec.</td>
<td>3.59</td>
<td>0.660</td>
<td>3.52</td>
<td>0.647</td>
<td>3.58</td>
</tr>
<tr>
<td>Economic Sec.</td>
<td>3.89</td>
<td>0.724</td>
<td>3.8</td>
<td>0.768</td>
<td>3.75</td>
</tr>
<tr>
<td>Socio cultural Sec.</td>
<td>3.99</td>
<td>0.732</td>
<td>3.95</td>
<td>0.770</td>
<td>3.81</td>
</tr>
</tbody>
</table>
**Amount of Scanning**

For answering the 4th questions the mean responses are calculated and shown in Figure 1. Figure 1 shows the mean amount of scanning of each environmental sector by the managers. As discussed earlier, two measures of the amount of scanning are used: the frequency with which information comes to their attention, and their level of interest in keeping informed about that sector. By Both the frequency and interest measures, the customer (mean=4.32 & 4.29), technological (mean=4.07 & 3.89) and socio-cultural sector (mean=3.95 & 3.88) are scanned most frequently, followed by economic (mean=3.8 & 3.68), competition (mean=3.71 & 3.78) and regulatory sectors (3.51 & 3.48).

**Rank of each sector of external environment by applying PSU and PEU**

For answering questions 5 & 6, by applying PSU and PEU formula the mean was accounted as showed in table 1, Figure 2 & Figure 3. As a result, the customer (mean=40.07 for PSU and 8.58 for PEU), technological (mean=33.41 for PSU and 8.07 for PEU) and socio-cultural (mean=30.96 for PSU and 7.76 for PEU) sectors are seen to be the most important and uncertain by two accounted items (PSU & PEU), and the economic (mean=29.37), competition (mean=26.78) and regulatory (mean=25.49) sectors are seen to be less important and uncertain by PSU, and the competition (Mean=7.61), economic (Mean=7.55), and regulatory (Mean=7.1) sectors are seen to be less important and uncertain by PEU.

**Test of Hypotheses**

**H1: Perceived Strategic Uncertainty and the amount of scanning**

By implementation of PSU (mean’s shows in Fig.2) formula we calculate the PSU value for each sector and then we calculate Correlation (Pearson’s correlation coefficients) of PSU with Frequency of information coming to attention and Level of interest in keeping informed. Results are presented in Table 2. All the correlation coefficients are positive and statistically significant (P ≤ 0.01). The correlation coefficients between PSU and Frequency of information coming to attention range from 0.339 to 0.745, with an average value of 0.574. The correlation coefficients between PSU and Level of interest in keeping informed range from 0.648 to 0.796, with an average of 0.727.

Table 2: Correlations between PSU and amount of scanning (Pearson’s correlation coefficients)

<table>
<thead>
<tr>
<th>Environmental sector</th>
<th>Amount of scanning</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Frequency of information coming to attention</strong></td>
<td><strong>Level of interest in keeping informed</strong></td>
<td></td>
</tr>
<tr>
<td>Customer Sec</td>
<td><strong>559.</strong></td>
<td><strong>757.</strong></td>
<td></td>
</tr>
<tr>
<td>Competition Sec</td>
<td><strong>339.</strong></td>
<td><strong>706.</strong></td>
<td></td>
</tr>
<tr>
<td>Technological Sec</td>
<td><strong>540.</strong></td>
<td><strong>683.</strong></td>
<td></td>
</tr>
<tr>
<td>Regulatory Sec</td>
<td><strong>644.</strong></td>
<td><strong>648.</strong></td>
<td></td>
</tr>
</tbody>
</table>
H2: Perceived Environmental Uncertainty and the amount of scanning

By implementation of PEU (mean= 7.76, 7.55, 7.1, 8.07, 7.61, 8.58 as shows in Fig.3) formula based on previous research and Duncan’s definition (Duncan, 1972), first PEU value and then Correlation (Pearson’s correlation coefficient) of PEU were calculated using information frequency and the level of interest in keeping informed. Results are presented in Table 3. All the correlation coefficients are positive and statistically significant (P ≤ 0.01). The correlation coefficients between PEU and Frequency of information coming to attention range from 0.607 to 0.770, with an average value of 0.682. The correlation coefficients between PEU and Level of interest in keeping informed range from 0.650 to 0.811, with an average of 0.758.

Table 3: Correlations between PEU and the amount of scanning (Pearson’s correlation coefficients)

<table>
<thead>
<tr>
<th>Environmental sector</th>
<th>Amount of scanning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency of information coming to attention</td>
</tr>
<tr>
<td>Customer Sec</td>
<td><strong>770.</strong></td>
</tr>
<tr>
<td>Competition Sec</td>
<td><strong>607.</strong></td>
</tr>
<tr>
<td>Technological Sec</td>
<td><strong>738.</strong></td>
</tr>
<tr>
<td>Regulatory Sec</td>
<td><strong>613.</strong></td>
</tr>
<tr>
<td>Economic Sec</td>
<td><strong>691.</strong></td>
</tr>
<tr>
<td>Socio cultural Sec</td>
<td><strong>675.</strong></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

Findings

Findings of this research indicate that library managers scan the external environment. Customer, technological and socio-cultural sectors are seen to be the most important and uncertain by respondents. On the other hand, Customer and technological sector determined as importance, variable and complex sectors. Positive correlation between PSU and the amount of scanning, and between PEU and the amount of scanning was accepted.
Discussion

Today’s managers face a business environment that is increasingly complex and turbulent. Findings of previous researches approve this, and indicate that change is a fundamental part of corporate life everywhere, and corporate should foster closer relationships with environmental elements to be able to remain and survive. From an information perspective, every change and development in the external environment creates signals and messages that managers may need to heed (Dill, 1962). Some of the signals would be weak (difficult to detect), many would be confusing (difficult to analyze), and others would be spurious (not indicative of a true change) (Choo, 1993a). Manager’s act as a processing system that give these signals, then process, interpret ,and use it as a base of organizational goals and objectives. Results of this study shows that in external environment of library and information center of IAU, perceived strategic uncertainty and perceived environmental uncertainty of each environment sector, strongly correlate with the amount of scanning on that sector. In the field of, library and information center that act as a service base organization, managers who scan the environment, customer, and technologic sector are perceived Important, Variable and complex. The great mean value of competition sector in the field of complexity shows the complexity of this sector and numerous factors in the field of information services. Prior research has shown that environmental uncertainty has important implications for the firm’s environmental scanning efforts, and result of this study also approve the previous research’s results such as: (Daft et al., 1988), (Boyd, 1989), (Choo, 1993a; Choo, 1993b) & (Ebrahimi, 1997; Ebrahimi, 2000).

Finally, Environmental scanning is an important organizational effort aimed at understanding, accurately interpreting, and predicting the firm’s external environment, and this is true when environment is uncertain as is the case today in library and information center of IAU. This study has presented a test of the linkage and correlation between selected dimensions of the external environment and environmental scanning behavior. And the results show that customer and technological sector are uncertain sectors, and managers need to focus more on them.

References


Islamic Azad Universities (IAU) are non-profit universities in Islamic Republic of Iran and scattered in many cities.

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