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Editorial

Business Research in the VUCA World (Volatility, Uncertainty, Complexity and Ambiguity)

Abstract

The purpose of this issue is to invite articles on the VUCA theme (Volatility, Uncertainty, Complexity and Ambiguity), relevant to various crises. For example, the COVID-19 health crisis across the globe has affected many occupations leaving a double folded impact. VUCA is an opportunity for a few business organisations to realise their worthiness and an opportunity to revive their strategies to sustain themselves. VUCA is also an opportunity for business leaders to examine their abilities and leadership skills. Unpredictable environments give rise to more opportunities. Leadership skills can be mastered in the VUCA environment, as managers get ready to restructure and rethink the way of conducting business. This issue has accepted six articles from various fields of studies, which includes Leadership, Entrepreneurship, Human Resource Management, Marketing, Consumer Behaviour and Services Marketing. All the articles underwent a sequence of the review process and then were finalised for publication. This issue is rich in new ideas and gives opportunities for readers to access new information. All the articles have also contributed to a larger social impact, contributing to various stakeholders.

Keywords: Business Research, VUCA Acronym, Agility, Sustainability, New Normality

1. Introduction

This issue of Ushus Journal Business Management is on “Business research in the VUCA World”. This theme is trending in the management circle because though business across the globe has developed in leaps and bounds there are still disruptions that lead to a business failure affecting the stakeholders. It has to be

understood that both new entrants and incumbents face a variety of threats due to Volatility, Uncertainty, Complexity and Ambiguity. Moreover, VUCA is associated with various aspects of business and its applicability is present in various industries. Vision statements which are the guiding force for any business, are failing and collapsing as the world changes rapidly creating an unimaginable impact. This impact on the business may be a positive outcome or it might be a negative outcome depending on the forces, which stimulates the impact. In this regard, business managers and policymakers across the world face unexpected issues from political, social, economic, technological, internal, and external forces. Four cornerstones are known as Volatility, Uncertainty, Complexity and Ambiguity (VUCA) that influence the modern business environment (Welbourn, 2015). Business research based on the VUCA acronym is trending in some management circles and has also become a strategic tool to analyse the issues in business to propose better strategies for smooth functioning. Businesses have to take efforts to focus on efficiency-based strategies which will help in controlling the rampant negative implications on the business functions. These elements are the hallmark characteristics that affect the business in various aspects related to Human Resources, Marketing, Finance, Investment, Insurance, Accounting, Supply chain and the entire organisational structure itself. The basic task of any business does not change; however, the business managers have to accomplish a decent success in the world market encapsulated by new ideas and creative thoughts keeping in mind the VUCA elements. The antidote for any affected business due to the VUCA impact has to be explored and solutions have to be driven to reshape the business to the normal phase. Research models can embrace the business units to combat the VUCA complexities. The issue aims to explore the VUCA acronym (Volatility, Uncertainty, Complexity and Ambiguity) in various contexts and has invited articles from various disciplines related to Human Resources Management, Marketing, Supply Chain Management, Finance, Insurance, Banking and so on. These elements affect the business world in several ways. The impacts of VUCA elements on businesses depends on various internal and external factors. For example, the COVID-19 pandemic has caused several disruptions to the global economy and has caused

an unbelievable impact. These disruptions are rapid, unpredictable, paradoxical and tangled and have affected not only the business environment but also caused psychological consequences. The able business leader's doubt their leadership skills and abilities as they seem to be obsolete in managing the disruptions (Anat Garti, 2021). This issue on "Business Research in the VUCA World" will provide an opportunity for the readers to come across various perspectives of the contributors and will help them realise the importance of framing strategies to manage the VUCA impact successfully. The articles received for this issue have been reviewed and more knowledge has been added to the existing topics, which are presented below.

2. Leadership in the VUCA World

The article by Dr Ramakrishnan entitled "Leading in the VUCA world" embraces the shortage of leadership qualities to manage the COVID-19 pandemic and suggests the skills and qualities of a successful leader to survive and sustain the VUCA impact. VUCA factors have felt their importance in pandemic times, as the impact and consequence are unpredictable (Sinha & Sinha, 2020). Likewise, the businesses are witnessing unforeseen and unadaptable changes regularly. Business managers have to be smart and flexible and no longer allow the firms to be laggards; rather they have to set up a new phase to be creative, intelligent, agile and passionate. Fast changes in the business markets have given rise to a new leadership known as "VUCA Leadership" which stems from the military and army after the cold war to face unforeseen circumstances. Though VUCA has been explored for many decades there is still relevance and areas, which remains unexplored. One of the areas is leadership skills and qualities to manage the VUCA disruptions. VUCA leaders are abnormal as they are agile, understanding, clear and focused (Nadler, 2020). These qualities help the leaders to be prepared as they have many alternative plans based on "out of box thinking approach". Moreover, leaders should not just respond to the whirl of events rather they must be agents of change amid chaos ("Leadership Skills in an Uncertain World," 2018). Business managers frame a flexible plan and work accordingly without being

rigid and traditional. They are flexible to adapt to the changing environment and have the potential to train the employees to be agile. The success of a firm in unforeseen situations depends on the perfect organisational climate and culture where employees work unitedly helping each other to overcome burdens. VUCA environment will test the quality of leadership where potential leaders will have the ability to resolve conflicts, plan and distribute work accordingly and constantly communicate the organisational values to the employees to maintain focus and determination (Carlos Pérez-Vallejo, 2020). VUCA leaders communicate the changes to the employees beforehand and keep them informed about the work strategies now and then without any delay. Crisis communication has to be clear, transparent, relevant and meaningful. This crisis communication should be perfect to communicate the brand values to the stakeholders and hence communication in the VUCA world is not an easy task; it stems from practice, experience and smartness. Equally supporting the employees to be emotionally stable and balanced is one of the most important roles played by the business leaders of the VUCA environment. Thoughts and emotions of the business leaders will help the organisations to be emotionally perceptive and will help the management in developing an empathetic culture.

3. VUCA and Human Resource Management

The article titled *“Occupational-Related Stress among University Faculty Staff in Kwara State, Nigeria: Outcomes on Goal Achievement”* by Martins Olanrewaju ATUNDE and team highlights occupational stress of faculty members in educational institutions. The educational system is very challenging as it deals with imparting knowledge to the student community and working for the development of society. Teachers in the educational system face new challenges, as there are drastic changes in economic uncertainty, accountability, and globalization, emerging technologies, new teaching methods and so on. For example, the COVID-19 pandemic has created pressure on educational institutions where teaching and learning have taken a new avatar on the online platforms. The UN’s report mentions that preventing a learning crisis from becoming a

generational catastrophe requires urgent action from all (De Giusti, 2020). Teachers have undergone special training and development to transform traditional offline teaching to online teaching during the pandemic. Engaging the student community in the online platforms using digital tools and technology is a challenge, which the teachers face. COVID-19 is also an opportunity to test the capabilities of the educational institutions to determine if the educators are creative, flexible, innovative and nimble to facilitate knowledge sharing in a potential way rather than being ambiguous (Di Pietro, Biagi, Costa, Karpiński, & Mazza, 2020). However, the COVID-19 pandemic amplifies unwillingness, vulnerability, negative option and fear; teachers have slowly prepared themselves to be more vigilant, understandable, committed and agile. This unexpected pandemic has created pressure on the teaching faculties where they spend more time on the online platforms to facilitate teaching smoothly (Weeks, Johnston, Mase, & Roy, 2020), (Waller, Lemoine, Mense, Garretson, & Richardson, 2019). On the other hand, teachers have other pressure concerned with quality research, patents filing, the copyright for models, research projects along with their administrative work. Henceforth, the educational industry is subjected to VUCA and teachers have to be emotionally strong to cope-up with the changing demands and upgrade themselves to be successful. The authors of this article have concluded that the predominant risk factors contributing to the stress level of teachers are mainly organisational, role-related and physical/environmental. The educational industry is changing and the management has to frame suitable strategies to keep the teachers satisfied and comfortable, as they are responsible for developing society. Teachers have to be given training on how to adapt to the changing environment and to extend support to be psychologically fit and consistent. Thus, the article on occupational-related stress among University Faculty highlights the various stress factors present in the educational industry, which becomes a major hurdle in achieving the end goals is suitable and relevant for this issue.

4. Investment decisions in the VUCA world

The article titled “A Study on Factors Influencing Investment Decisions of Retail Investors in VUCA World” by Mr. Gowtham Ramkumar and Dr S Chitra, mentions the risk and challenges faced by retail investors in the VUCA world. Investments are dangerous but can be optimized if the investors are smart to respond to the changing environment. Retail investors face risk not only due to external factors but also due to one's factors such as lack of knowledge, lack of opportunities, overconfidence, cognitive dissonance and other psychological biases. However, investors have become highly knowledgeable as they use analytical skills and better plant their investments with gut instinct (Rockafellar, 2001). It has become equally difficult for companies to attract investors in this turbulent business market. A report published by Mckinsey rightly says that there are many CEO's and CFO's who have a one-to-one meeting with investors in explaining and making the investors understand the firm's values and perks of investing in their company. However, all these efforts fail and go nowhere, as they do not know the needs, expectations, and demands of their investors. A mistake that these firms commit is that they concentrate and respond only to intrinsic investors who create long-term values and enhance the firm's profitability position and do not respond to the demands of other investors (Palter, Rehm, & Shih, 2008). The risk involved in investment is a never-ending debate as it is bound with uncertainty. However, in the VUCA environment, investing landscape becomes highly troublesome due to various inflexibility factors. The most daunting challenge, which the investors face, is the fast spread of information affecting the investment patterns. Investors in the VUCA world have to be keen in considering ten important factors such as a clear investment roadmap, evaluating the market, considering a mix of investments, the art of diversification, alternative plans, rebalancing portfolio, assess frauds and so on. Apart from these factors, the confidence, attitude, perception of the investors play a major role in being successful in investments.

5. Consumer behaviour, purchase pattern and customer services in the VUCA world

Millions of consumers across the world have started to shift their purchase pattern from offline to online in the light of COVID-19. An article authored by (Cesar Brea, Sanjin Bicanic, Yue Li, 2020) states that there has been a sudden demand for products such as toilet papers, canned vegetables and food items and so on and there is a shortage in the supply chain. Uncertainty can also arise because of the quick changes in consumer's attitude, behaviour, personality and cognition. Global companies which were not active on the online platforms have now started to be hyperactive as they tend to make use of the uncertain crisis as an opportunity to reap profits and this trend will continue for few more years. However, not all the products are available on online platforms as per the needs and demands of the consumers. Thus, COVID-19 can be an example to demonstrate the shift in consumers' purchase pattern leaving marketers and brand managers in a nightmare. This vague situation has been unpredictable and marketers find it difficult to strategies their marketing plans and budgets. An article by Mr. Badal Soni and Ms. Arpitha Reddy talks about the Uncertainty in Consumer Behaviour concerning Factors Influencing Consumer Purchase Decision of Smartphones in the City of Bengaluru. This article concludes that it is very essential for firms to take efforts to understand the changing needs and demands of the consumers. It is true and believable that consumers have become smart in this digital world and they are choosier and more rational. Gone are the days where consumers were vague and ambiguous but nowadays, they can explore various data sources from which they collect the product and service details and analyse the same before engaging in the purchase process. Companies dealing with consumers have to learn to cope up with the rapid changes as the rise of unpredictable consumers have become common (The Newyork Times, 2008). Marketers and retailers have learnt the art to manage uncertainty but successful ones are those who have the grip of the changing trends. However, there should be the delivery of values to the consumer to keep them satisfied and loyal (Business of Fashion & McKinsey&Company, 2021). An article by Irene Rwehika and Joseph Magali discusses the customer care services in Tanzania where the authors say that, business organizations selling products should be

ready to listen to customer complaints. Certain damaged products should be replaced which will enhance better customer delight. This provision has to be given before service and after service which is very essential to scale profits and goodwill.

6. Entrepreneurial survival in the VUCA landscape

The term venture capital is characterised by high-growth, high-risk and high potential to grow. Entrepreneurial contributions to economic growth and development are enormous and is useful for various purposes. Entrepreneurship is needed for several reasons, which will include forward-thinking innovation, creative ideas, research, and usage of funds for a purpose. The entrepreneurial business has improved the socio-economic conditions of the people and has been one of the reasons for the nation's growth. Social entrepreneurship has gained popularity, which has led to new transformations and has improvised society (Martin, 2015). Entrepreneurship has also been a reason for a structural change in a nation's industrial base (Peter F. Drucker, 1984). Women have been a pillar of support in enhancing the entrepreneurial industry. An article by Takupiwa Nyanga and Andrew Chindanya titled "From Risk Aversion to Risk Loving: Strategies of Increasing Female Entrepreneurs in Masvingo Urban, Zimbabwe" has focussed on the risk involved in an entrepreneurial business owned by women entrepreneurs. The article states that women entrepreneurs are more risk-averse when it comes to introducing a new business or expanding an existing business to the world. The authors have also rightly mentioned that women entrepreneurs have grown in leaps and bounds in the past decade, however, not proportional to the size of the women population. Though risk aversion has been a major barrier amongst women entrepreneurs, there are still many opportunities, which can be scaled with keen determination and poised leadership skills. Moreover, the VUCA landscape is not a cakewalk for women entrepreneurs; there are smart strategies, which can help the women entrepreneurs escape from the VUCA impact. Smartness here is quality education, networking skills, ability to progress into the global markets, quality production and innovative thoughts infused with business ideas.

Summary

The dynamic and fast-changing nature of our world is best described as VUCA and this indeed is the new normal. However, though these factors affect business organisations, there are a few underlying megatrends, which will reshape the future. The very first megatrend is digitization, which has integrated all the global networks and has magically facilitated trade. The very first telegraph machine was invented in 1838; Foughty years later, the telephone was invented. It took forty years to invent the television and yet another forty years to invent the silicon integrated chip in the 1960s. It has taken less than forty years since then to invent the classic smartphone! Digitization is rapidly increasing, providing opportunities and threats to business organisations and has fundamentally changed the working pattern of society. Individuals and business organisations, which are adapting to these changes, will succeed in the future and those who are not capable to adapt to these changes will be obsolete and considered unworthy. Agility, resilience and sustainability should be the new mantra to cope up with the new normality. Research conducted by KPMG recently in the COVID-19 pandemic mentions that strategic priorities have drastically changed. KPMG interviewed 100 successful Chief Executive Officers (CEO's) and concluded that an effective way to meet the needs of the stakeholders is to be a purposeful leader and practice purposeful leadership. Adding to this, Deloitte has listed the 21st-century leadership requirements, which are 1. Leading through agility and ambiguity, 2. Leading through influence, 3. Managing on a remote basis, 4. Combining humans and machines, 5. Ability to lead more quickly (Arkenberg, 2019). Business leaders have to position their organisation at the right time to fit the VUCA landscape if not, it may lead to an organisational failure (Bartscht, 2015). Business organisations have to train their employees to be smart and knowledgeable to take independent decisions. Being knowledgeable in the VUCA world is a must because knowledge will lead to actions to govern and run an organisation in a smooth way (Levine et al., 2017), (Reilly, 1998). Managers have to spend sufficient time to learn, unlearn and re-learn and should be knowledgeable to face the stiff competition to gain a competitive advantage. Technology becomes of primary importance to face disruptions and hence managers should enhance the technological capabilities to recover the lagging firms (Berry, 2006). A planned strategic framework with the help of

leadership skills and qualities will help business organisations enjoy new normality (Horstmeyer, 2020). The lens of VUCA will be used by organisations to explore and experiment to find better solutions for business problems. Organisations failing due to the VUCA impact will have an opportunity to learn from the failures and to self-train leaders in core competencies to manage the business disruptions. Moreover, VUCA will motivate the leaders to gain the best from the failures and will help them bounce back with more resilience and the ability to grow continuously (Suhayl Abidi, 2015), (Abidi & Joshi, 2019). Unpredictability and uncertainty have become hallmark factors in the business landscape though there are robust intelligence tools and technologies available to predict. Business organisations face VUCA challenges and frame decent strategies to withstand the negative impact. Business organisations facing the VUCA effect will also get an opportunity to frame strategies, which are a mix of efficiency, innovation and control and survive the worst. Business research aims to find strategies to enhance the profitable position of the firm for which there is a need to analyze the various uncertainties. Various suggestions and recommendations mentioned in various research articles will help many associated stakeholders. Thus, business research in the VUCA world is never ending and has many opportunities if explored in new dimensions.

Issue editor

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