

Linking Business Strategy through HR in VUCA Times

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Abstract

In the current business environment today, leaders need to deal the challenges faced in their organizations due to the pandemic. There are demanding questions arising concerning our capacity to deal with human resources by linking it with business strategy. Based on a literature review and blend across a range of literature covering management, organization, leadership, and HR identifies VUCA – Volatility, Uncertainty, Complexity, and Adaptability i.e how in VUCA scenario, the business strategy can be linked to HR functions. This suggests that a new kind of people and their thoughts are needed with how HR is aligned with Business strategy in the VUCA world. It focuses on the VUCA model as a framework that may help talent management professionals identify and develop the leaders that a business requires now and in the future. An extensive review of existing literature was conducted. The review provides VUCA-related strategies considering Vision, Understanding, Clear & Adaptability. The paper provides a better knowledge of how HR is aligned with a company strategy that leaders and business managers can adopt to manage in a highly unstable and complicated environment. Future researchers will benefit from the overview of existing knowledge from the scientific literature on this issue.

Keywords: VUCA, Strategy, Human Resources, volatility, uncertainty, complexity, ambiguity, vision, understand, clarity, adapt, strategic leadership.

Introduction

The COVID-19 pandemic is the most serious threat the present generation has ever faced. This pandemic has had a major impact on the business, and it's hard to anticipate when things will return to normal. VUCA and Corona virus are not terms that most people were familiar with. When the name "Corona virus" was first coined, it was solely used in a medical or academic context. And today, this is a widely

used word among the public, who have observed firsthand how terrible it can be. COVID-19 has unquestionably turned the globe into a VUCA environment. According to the sources, executives and academics frequently use the abbreviation VUCA to describe the dynamic environment, which refers as volatile, uncertain, complex, and ambiguous. In the words of Joe Depinto – CEO, 7-Eleven “*Disruption is as great as we have ever observed and seen it. We are perceiving*

and seeing all aspects of VUCA.” (7-Eleven: The Original Disruptor, 2017). We have witnessed, 2020 is considered as an important case of how VUCA has evolved.

The emergence of the Covid-19 pandemic in the start of 2020 causes several paradigm adjustments throughout industries, ranging from individual to organizational, personal to professional (Howe et al., 2020). Because vision is more important in chaotic times, in the VUCA, volatility may be countered through vision. Employees who have a clear vision of where they want their companies to be in the next few years may concentrate on volatile environmental changes such as economic downturns or new market competition, for instance, by making business decisions to mitigate turbulence while keeping the vision in mind and sharing information through training, facilitation, meetings, and one-on-one engagement.

Uncertainty can be alleviated by gaining a better grasp of the situation. It can be countered with understand. An employee's not only use their capacity to pause, look, and answer but also acquire skillset to observe and listen beyond their technical & functional areas. They must be able to communicate with all employees at all levels in their company, as well as develop and demonstrate cooperation and collaboration skills. Complexity can be countered with clarity. Clarity, the deliberate effort of making sense of the chaos, can be used to combat complexity. In a VUCA world, chaos

comes fast and hard. Employees who can tune in to all the minutiae connected with the chaos quickly and clearly can make better, more informed business judgments.

Finally, ambiguity can be mitigated through agility and the ability to communicate across the organization, and the ability to move swiftly to implement solutions can all help to reduce uncertainty. We've combined how the aforementioned factors contribute to the organization's success and how employees are evolving into stronger VUCA leaders and managing in crucial situations with Human Resource support.

Literature Review

The term VUCA was coined by the United States Army War College to describe the increasingly volatile, unpredictable, complex, and ambiguous multilateral world that emerged after the Cold War was over (Kinsinger & Walch, 2012). VUCA was later used by strategic business leaders to define the "new normal" of a chaotic, volatile, and fast-changing corporate environment. Your business strategy revolves around your Product, Customer, People, and Processes, to put it simply. We need to identify “Are your Human Resources aligned to your business strategy? Mostly Human process interventions are seen purely as a Human Resources function and many executives and managers believe that this is the primary role of Human Resources. Human Resources has two important roles in an organization - one is administrative, and the

other is strategic. In the modern world, the Human Resource Management is majorly about strategy. Human Resources, when correctly aligned, adds to a successful strategy and the improved bottom line. Human Resources must retain a strong administrative basis and leverage it to gain a seat at the strategic planning table. Human Resources must reconcile what it does now with what it needs to do to add value to the organization in order to obtain full participation in strategy formulation.

Human Resource must monitor, guide, and verify its worth as an ongoing strategic unit once the shortfall has been identified. Continuous monitoring and evaluation of Human Resource strategic role expansion will show whether it is beneficial to the bottom line or not. The effectiveness of strategy development, implementation, and future competitive success is ultimately determined by the organization's employees. An HR-aligned strategic strategy ensures that an organization's workers, skills, and competencies contribute to the fulfilment of its business objectives (Huselid, Jackson, & Schuler, 1997).

In the VUCA acronym, the letter "V" stands for "volatility" i.e. It denotes the nature, speed, volume, and degree of change, and it does not follow a predetermined pattern (Sullivan, 2012 January 16), making it unpredictable, dramatic, and quick. Turbulence is a phenomenon that has occurrence more frequently than in the past. Digitization, connectivity, trade liberalization,

global rivalry, and other business model developments are also causing volatility in the current senior year (Reeves & Love, 2012).

Uncertainty, is represented by the letter "U" in the VUCA acronym, highlights the lack of predictability in issues or any events, (Kinsinger & Walch, 2012). No one can say with certainty when a pandemic will finish or when a remedy will be available. Because of this ambiguity, leaders find it difficult to work on past challenges and occurrences as predictors of future outcomes. This makes forecasting and decision-making quiet challenging (Sullivan, 2012).

The "C" in VUCA emphasis on complexity. As Human Resource thought leader John Sullivan notes (2012), there are numerous causes and mitigating factors (in both inside & outside of the organization) involved in a problem. When this layer of complexity is added to the insecurity of change with the lack of historical predictors, makes decision-making even more challenging. In current pandemic times, it is affecting all aspects of life — including health, corporates, businesses, the economy, and social life — in complex ways. It also causes uncertainty, which can lead to ambiguity regarding the last letter of the VUCA acronym.

Ambiguity refers to a lack of clarity about an event's (Caron, 2009), or, as Sullivan puts it, the "causes and the 'who, what, where, how, and why' behind the things that are happening (that) are ambiguous and difficult to establish." (Sullivan, 2012). Ambiguity in the VUCA

paradigm is described as the "inability to adequately perceive risks and opportunities before they become lethal" (Kail et al., 2010). There is no "best practice" that leaders may adopt to deal with the issues related to uncertainty. The frustration that comes when segmented triumphs fail to add up to comprehensive or long-term success, according to Kail, is a symptom of organizational ambiguity.

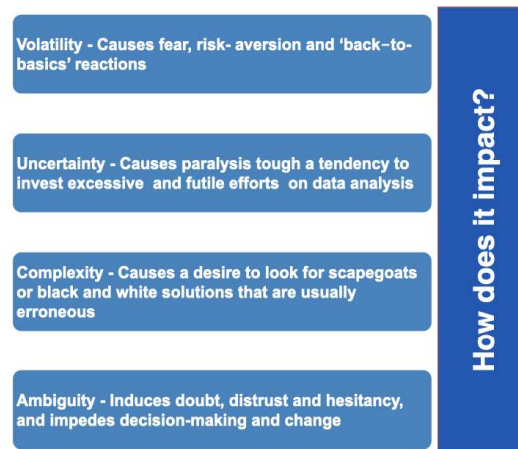
In a VUCA environment, HR must become a strategic partner and involved in the organization's important decision-making (Beatty & Schneier, 1997). In addition to being a strategic partner, HR must be viewed as a change agent, identifying organizational and leadership needs and working to align employee potential and capabilities to organizational goals. To recruit and retain employees and affect business, HR must discover unique ways to engage and enhance expertise. (Nazir, 2017)

The VUCA model can be seen as the continuum of skills leaders can develop to help make sense of leading in a VUCA world. Human Resource and talent management professionals can use the VUCA model as a "skills and abilities" blueprint when creating leadership development plans.

VUCA Model redefined to Vision, Understanding, Clear & Adaptability:

In the VUCA world, human resource has a pivotal role to play in taking a lead role for

Image 1: How VUCA impacts?



organizations. This is because the kinds of challenges and impacts (*Image1*) organizations face are such that many innovative solutions must come from human resources. However, human resources must keep pace and would require a significant step up to align with business strategy.

The key role human resources for creating paradigms:

- Establish and shape the future culture of an organization that encourages innovation.
- Execution with speed and agility by hiring high-quality talent and facilitating quick decision making.
- Acting as an anchor by building and reinforcing organization purpose, culture, and values by creating & sustaining the core team.
- Simplifying the structure and processes of the organization.

- Collaborating structure and culture with a strong emphasis on internal & external communication.
- Creating a learning environment that is relevant for business, including various employee engagement and involvement.
- Managing vision, understanding, clarity, and adaptability through human process intervention.

Vision

Volatility can be countered with ‘vision’ in the VUCA model. Vision is the most essential thing in turbulent times. Leaders who have a clear & strong vision of the future know where they want their companies to go, for example, through making business decisions that keep the organization's vision in mind while dealing with turbulence or pandemics. In the words of Jesse Stoner “*Vision makes work meaningful*”. Vision constantly inspires and guides change-makers, but it never actually implements or operationalizes anything. The ability to think forward is the attribute that most distinguishes leaders from individual contributors.

The more clarity in vision, the greater the vitality. A vision can be made into reality once it is followed by action. The building of a formidable team is a key leadership move. In order to succeed in business, no single skill set is sufficient. A visionary leader and HR work together to identify talent and hire people with complementary talents who can help the company flourish. A tremendous deal of discipline is required before any action can be

converted into reality, and this is where HR comes in handy. Even in the face of hurdles and disappointments, discipline compels you to stick to your objective and course. This may necessitate the leader taking responsibility for the actions and decisions of the team. A visionary leader brings a vision to life by painting a clear picture of the goal that must be accomplished, and HR assists them in developing a detailed strategic plan for the future.

The company's goals are outlined by the leader, and HR defines the precise responsibilities of each essential team member. The leader keeps the crew updated on their progress along the trip. While maintaining focused on the overall goal, the leader celebrates modest triumphs with the team. Effective leaders in the current pandemic are not allowing change to cloud their vision. However, they have started revising their strategy to achieve that vision. In this time of change, leaders should stick to their core values and should breathe their own DNA's core purpose and ambition. They need to keep amending their strategies to match the situation with the support of HR, but they must always keep their vision and mission in mind. Some of the exemplary performance of visionary leaders with HR support in industry by introducing new products and inclusive growth:

1. Changing customer demand and identifying their needs is an important factor for visionary leadership, and meeting those needs is an action aspect, e.g., a computer that's half desktop or half notebook. An

operating system that runs entirely on the Web. A completely redesigned office suite, a small, attractive Wi-Fi-enabled portable device, and a useable QWERTY invisible keyboard.

2. Growing inclusive is the most impressive way to reach out to the masses in a volatile scenario. *Ashirwad* is India's most popular packaged flour brand. ITC has taken the lead by leveraging the strengths of its network of village-based Internet kiosks to provide best-in-class products for middle- and high-income families. ITC is well-positioned to reliably and cost-effectively buy numerous varieties of high-quality wheat thanks to its network, which is mostly made up of farmers in 40,000 villages across ten states. A percentage of the proceeds from each pack of Ashirwad goods is also donated to water conservation efforts by ITC. With HR's help, this effort has already employed 26,000 people, made irrigation possible on 31,000 acres, and established soil moisture conservation techniques on over 37,000 acres.
3. In pandemic times, using live streaming, video conferencing, and other communication collaboration software like Teams, Zoom, and Slack to stay connected with team members working remotely was a powerful shift that was completely aligned with HR.

Understanding

Uncertainty can be countered with understanding and an HR professional can stop, look, and listen to people. Both HR and business leaders must learn to look and listen outside their functional and operational areas of competence to make sense of the volatility and lead with vision in a VUCA environment. This necessitates HR communicating with employees at all levels to foster and demonstrate cooperation and collaboration abilities. The concept focuses on:

- Individualized consideration: the extent to which the leader listens to and responds to each follower's problems and wants, acting as a mentor or coach (Walia, 2015)
- The degree to which the leader challenges assumptions, takes risks, and solicits feedback from followers is referred to as intellectual stimulation.
- The degree to which the leader articulates a vision that is appealing and motivating to the followers is known as inspirational motivation (Walia, 2015).
- Idealized influence refers to the extent to which a leader serves as an example of ethical behavior, inspires pride, and earns respect and trust.

Some of the exemplary performance by leaders in the industry towards understanding are

1. Creating IDEA Generation Platform: I-LAB concept in ICICI Bank, gives its

employees an opportunity to submit their ideas for the growth of an organization, which are further vetted by seniors and implemented, resulting in cost reduction and increased productivity. Leaders and HR professionals discuss each idea with their subordinates to understand their needs on a regular basis.

2. Australian Fashion Week launched its first ever live fashion shows since the COVID-19 pandemic began. The runway shows featured established names like “Romance Was Born” and “Zimmermann”, as well as emerging-stage designers who understood the need of hour.

Clarity

Complexity can be countered with ‘clarity’. The deliberative task of clarity is to make sense of the chaos that is not only fast but disruptive in a VUCA world. Better, more educated business decisions may be made by leaders who can swiftly and clearly adjust into all the finer aspects and details related to the pandemonium. Most employees in the current pandemic have questions regarding job security with income stability and HR intervention plays a key role. The leaders with HR support need to be clear in their communication with employees with openness and honesty. Byju's has exhibited one of the exemplary performances by leaders in the industry towards clarity. Byju attained the “*decacorn*” status in the online learning space, having clear communication for students and providing their online platform to the existing

students by spending hours on online education at home because of the coronavirus outbreak. With the clear information, ‘Classrooms of Tomorrow’, empowered students and provided an active learning environment.

Adaptability

Finally, ambiguity can be countered with ‘adaptability’ which refers to the ability to communicate effectively throughout a company and move promptly to adopt critical essential solutions (Kinsinger and Walch, 2012). In the VUCA model, vision, understanding, clarity, and adaptability are not mutually exclusive. Instead, they have linked factors that assist managers in becoming stronger VUCA leaders. It has been envisaged that in order to make an organization function effectively, an organization needs leaders who understand their both internal and external customers, have a clear approach, and are able to adapt to unforeseen situations and develop excellence.

In current environment of rapid change and complex challenges, the ability to solve problems has become more crucial. To deal with the significant changes brought on by pandemics, HR must be flexible and agile, and leaders must adapt their strategies based on the new situation, reevaluate all environmental and competitive forces, or amend or adopt a new strategy to meet their objectives by becoming adapters or innovators. They can be Adapters prefer a problem-solving style that is more adaptable, logical, and organized, and they are

more likely to find a solution to an issue by working within the existing framework rather than creating a completely new one. On the other hand, innovators prefer a less structured, more unusual, and inventive approach to problem-solving, and are more prone to seek solutions by thinking outside the box. One seeks to improve things, while the other seeks to innovate. A leader knows where his team is in this dimension by checking adaptability on four scales:

1. Openness to new ideas.
2. Adaptation to situations.
3. Handling of unexpected demands.
4. Changing or adapting strategy.

Some of the exemplary mentions about adaptability are;

1. When Eureka Forbes debuted AquaSure, a water-storage purifier, through its regular distributor-dealer channel in rural regions, sales were slow. The product was later sold in collaboration with Basix, a microfinance organization. Sales increased by 20%. Eureka Forbes capitalized on Basix's network of loan officers, who act as a link between the company and rural communities, giving customer intelligence as well as promoting the purifiers to the self-help organizations with which it interacts on a regular basis.
2. The telemedicine trend is on the rise. Patients can consult physicians remotely without ever having to visit a hospital or

clinic, and companies are developing products and services to meet the demands of these groups.

It has been explored that the organization has showcased and excelled in challenging situations as they have focused on the VUCA Model on an individual basis with HR support. HR needs to step up in the following key areas as significant transformation (Exhibit2) is required in mindsets and capabilities across four areas:

1. HR talent profile

Coaching leaders and getting coached brings the opportunity to evolve from functional skills to deep business understanding and agility. HR assists in encouraging the advancement of line leaders to C-Suite positions and filling the skills

Image 2: HR Key Areas



and will gap by stretching projects and co-owning business results, as well as cross-pollinating talent between HR and Business.

2. Use of data and technology

Analytics plays a crucial role in talent retention e.g., pulse tracking, predictive models and early warning systems facilitate an individual-level understanding of employee needs and helps in customizing various intervention i.e. flexible reward, learning need, moving from EVP to IVP (Employee Value Proposition to Individual

Value Proposition) and strong technological focus moving from back-end systems to omnichannel employee engagement

3. Learning and Development

Rapid re-skilling to adapt to changing business needs and develop internal leaders by focusing on soft skills and competency enhancement by using MOOCs, and Wikis/Vlogs.

4. Building a distinctive culture

A distinct culture is key in the VUCA world to building a sustainable organization and HR plays the culture ambassador role. The culture initiatives go beyond the buzzwords by addressing the key rigid behaviors. This will help in aligning with C-Suite leaders to uphold the culture with the support of HR.

Conclusion

Quoting "The greatest danger in times of turbulence is not the turbulence; it is to behave with yesterday's reasoning," Peter Drucker reportedly stated. Whatever changes occur in the business environment, a well-prepared firm with HR support will be able to navigate the VUCA dynamics with ease. HR plays a critical role in developing a strategy for dealing with and managing the difficulties. The effectiveness of strategy development, implementation, and future competitive success are ultimately determined by an organization's people, not its product or service. Human Resources will contribute to the financial bottom line if they are appropriately aligned with the business plan. Why is this the case?

Because strategic human resource management entails the creation and implementation of internal practices that assure an organization's success.

Things That Human Resources Must *Start Doing* to Meet the VUCA Environment is developing employees including leaders in a focused approach of the VUCA model. There are various opportunities for HR to step up and play a crucial role in helping organizations & leaders to transform and succeed in the VUCA world. The nature of challenges organizations face in the VUCA world is that a significant number of solutions is provided by HR. As HR can step up and provide various solutions, it helps organizations to lift the stature and impact of the various organization functions. Human Resources must plan for unforeseeable opportunities during the current pandemic. The following are some of the actions that should be performed to prepare for complete surprises and the VUCA environment:

1. Create a vision and Make sense of the world.
For many businesses, sense-making is more crucial.
2. Understand one's own and others' values, beliefs, and intentions i.e. recognize one's own values, beliefs, and goals, as well as those of others. This refers to the ability to know what you want to be and where you want to go at all times, even if you're open to different routes to get there.
3. Seek clarity about yourself and long-term relationships with optimal solutions. In order to succeed in turbulence, leaders must

be able to use all aspects of the human mind, focusing on cognitive minds with cognitive, social, emotional, spiritual, and physical intelligence.

4. Work on your adaptability, buoyancy, and agility. This refers to the ability to maintain a steady balance and pivot quickly to take advantage of opportunities.
5. Develop and engage social networks. In the VUCA world, the best leader is the one who harnesses leadership from everyone.

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