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VUCA World and its impact on Human Resource Function: A roadmap for HR Leaders to navigate the current challenging times

¹Supriya Sharma, ²Dr. Teena Singh

¹Manager (HR), RR Site, NPCIL

²Professor, New Delhi Institute of Management

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ABSTRACT

VUCA, historically introduced by the US Army War College to describe uncertain and multilateral world after the Cold War, has found its way into the business lexicon and strategic discussions. This paper aims at discussing the impact on Human Resource Management function in a VUCA world and developing a roadmap for HR managers to lead the organizations through the environment which is marked by chaos and uncertainty. This paper presents a review of latest research on how HR can establish a strong organizational culture in a VUCA world and empower employees to contribute to the organizational growth

1. Introduction

Celebrating New Year 2020, management scholars and thinkers were discussing the fast-paced speed with which the world was changing and formulating strategies to develop leadership styles for business leaders. No one anticipated that the world will slip so fast in the shadow of COVID-19 pandemic that will change the very way we think and operate and will leave us defining the "new normal". As businesses were shut down and people

were locked up, a total gear-shift was seen in the way organizations faced the challenges of the VUCA world we are living in which gave a hope that human grit is way stronger in navigating any ambiguity of survival.

As, Dohney, Nagali, & Weig (2012) remarked almost a decade ago that across many industries, a rising tide of volatility, uncertainty, and business complexity is roiling markets and changing the nature of competition; researchers and business leaders have long asserted that we now live in a 'VUCA world'. Given the rapid changes taking place on social, economic, political and technological fronts in the current environment, COVID-19 pandemic has emerged as a perfect example of a VUCA landscape (Nangia & Mohsin, 2020).

Organizations have adopted digitization at an unprecedented pace to keep their activities up and running during the lockdown induced by the pandemic. The "Human" aspect of the Human Resource function has slowly taken a backseat while HR executives all over world rolled up their sleeves to devise strategies to be a partner in these unprecedented organizational changes. Recruitment, on-boarding activities, induction training, employee work monitoring, business meetings, all got digitally transformed almost overnight. The current paper aims to understand the term VUCA and its impact on the Human Resource function to prepare a roadmap for HR leaders to navigate the current environment.

2. Objectives Of The Study

- To study the impact on Human Resource Function in a VUCA world
- To propose a framework for HR leaders to navigate through a VUCA world

3. Review Of Literature

According to Das (2015) and Codreanu (2016), the VUCA world poses all the challenges to modern companies to remain competitive in the wake of advanced technologies, shifted business models, lack of time to adapt to changes and necessity to revise performance management systems.

In order to paint a vivid picture of what exactly a VUCA world entails, following table illustrates the four components of VUCA with relevant examples.

Table 1. *Defining components of VUCA*

Component	Definition	Example
Volatility	The nature, speed, volume, magnitude and dynamics of change. The situation is unstable and may be of unpredictable duration. However, it is not an unanticipated situation as knowledge about a similar challenge was already predicted.	A share price fluctuation for an organization following a change in its leadership, or after an internal scam has been exposed.
Uncertainty	The lack of predictability of issues and events. Despite the lack of much information, the basic causes and likely effects of the events are known and the outcome generally results in a substantial change.	A sudden launch of a similar yet superior product offering by a close competitor.
Complexity	The confounding of issues and the chaos associated with it. Some information is available or can be predicted. But the volume or nature of the problem can be overwhelming to process.	Starting business in other countries and have to deal with all different kinds of regulation and tariffs.
Ambiguity	The haziness of stark reality! Herein, the causal relationships are unclear. The situation is unprecedented and one must brace himself to face the unknown.	Deciding to launch product that is new and outside of our competencies.

Source: Raghuramapatruni. R & Kosuri.S.R (2017)

Jain (2019) states that fast paced technology development is responsible for volatility, uncertainty emanates from unpredictable business models whereas complexity is an outcome of multi-dimensional exposure constant thriving of need for innovation is central to ambiguity. Need for realignment of internal HR processes in a complex business environment is imperative for effective business functioning (Sharma and Sharma 2019). Organizational executives and managers are focusing on creating a sustainable competitive advantage instead of a general competitive advantage (Hamadamin&Atan, 2019; Hitka et al., 2019; Pearse, 2017; Saridakis et al., 2017). Researchers explain this tendency referring to the fact that a sustainable competitive advantage is more appropriate for the VUCA world because it means that an organization succeeds in recruiting and retaining human talents, has an effective environmental policy, and demonstrates economic growth (Almada& Borges, 2018; Gandhi, 2017; Jones, Harrison, &Felps, 2018).Kimura (2019) and Jarrah, Karadsheh, Naser, and Alhawari (2019) are of the view that modern organizations need to be agile or rely on the collaboration of empowered talents in order to succeed.

Hamid (2019) has opined that the promotion of diversity, the recruitment and selection of talents oriented toward innovation, performance management, training and development are some of the useful HR strategies to build competitive advantage in a VUCA environment.

Kimura (2019) and Jarrah, Karadsheh, Naser, and Alhawari (2019) also support this idea: to succeed, modern organizations need to be agile or relied on the collaboration of empowered talents. Thus, the task of HR managers is to ensure employees are highly interested in promoting a company's success through high-quality performance, proactivity, innovation, and flexibility (Holbeche, 2015). In this case, they can lead organizations to a sustainable competitive advantage.

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4. Research Methodology

This paper is exploratory in nature and qualitative data has been collected from various primary and secondary sources. Extensive literature review have been conducted from various sources such as journals, research papers, organizational reports, government reports, media reports and articles available on web. The newness of the topic has led the authors to approach the topic qualitatively while trying to collate the breadth of the conceptual resources available that can enrich future work on pandemic driven impact on the Human Resource function.

Exhaustive literature review has been done by researchers to define and understand various aspects of VUCA environment. However, there is a lack of consolidated research to illustrate the current pandemic driven impact on the human resource function in Global and Indian Economic landscape. After reviewing the existing literature, An effort has been made to assimilate the knowledge body on the topic in the current paper.

5. Discussion

VUCA environment induced by COVID-19 pandemic impacted the following facets of Human Resource function on a broader landscape:

- **Compliance of Government instructions and mandates:**

Governments throughout the world imposed lockdowns to contain the spread of the COVID-19 cases. In India, out of 1074 Central and State laws tracked by AvantisRegtech, 272 changes in these laws were captured just in the first 40 days of the lockdown (Chikarmane G. & Agrawal. R., June 2020). HR Managers played a critical role in liaising with Government Authorities to fulfil all mandatory requirements stipulated by the Authorities.

- **Adapting to remote work arrangements:**

Remote working came at its own price for HR Managers as they combatted the limited resources to make employees effectively work remotely. Also, a balance was needed to be struck between maintaining discipline while working remotely and invading personal space and time of employees.

- **Safety of employee and their families:**

Necessary measures have to be taken to ensure the safety of employees and their families. Medical insurance schemes to disseminating necessary information, HR Managers were expected to be ready with solution as soon as the problem arises.

- **Talent Management Activities:**

Talent management activities of hiring and firing required a careful approach as decisions needed to be made in terms of current and future requirements. Unpredictability of the business models and societal environment in a nonlinear and asymmetrical manner has made it exceedingly difficult for the HR managers to draw strategic plans.

- **Performance Management Activities:**

Remote working or operating with reduced workforce posed a challenge of managing employee productivity in the VUCA environment. Many industries saw a sharp decline in employee productivity which further declined organization revenues and growth statistics.

- **Employee Engagement Activities:**

HR Managers were challenged to continue their employee engagement activities remotely while maintaining necessary flow of communication and boosting employee motivation. Lockdowns and remote work arrangements has had adverse effect on employee motivation and perceived job

stability. According to McKinsey Employee Engagement Report, June 2020, 78% employees of surveyed employees indicated that their organization has responded well to the crisis appropriately.

Singh and Sorum (2018) found that performance management, talent acquisition, diversity, and digitalization are some of the HRM strategies that increase a firm's competitive advantage whereas Delery and Roumpi (2017) and Latukha, Lisina, and Panibratov (2019) found training, development, and performance management practices as most important HR strategies. Buller and McEvoy (2016) state HRM can change an organization's competitive potential because professional human resources are the key to sustainable organizational performance. Jain (2019) states that HR managers are responsible for finding the balance between using human talents and innovative technologies to achieve the advantage. The strategic role of HRM is to translate an organization's strategies and goals into practices to make human resources focused on flexibility and innovation (Zawawi & Wahab, 2019). According to Sasmal (2019), exponential HRM is the only strategic push in the VUCA world in the areas of staffing on demand, attracting talents, and developing the human economy for firm's success. Finally the existing available resonates with the ever important role of HR as the central point organizational change and Sharma and Sharma (2019) highlighted that HR professionals must harness the power of human capital to bring about organizational transformation which is all the more true in today's world of disruption.

6. Conclusion And Recommendations

“Challenges are gifts that force us to search for a new centre of gravity. Do not fight them. Just find a new way to stand.”- Oprah Winfrey

The existing literature highlights the importance of HR in a VUCA world and based on the gaps identified in literature there was no consensus in the role of HR in the VUCA world especially in a pandemic situation. The Human Resource function is operating in a VUCA landscape influenced by a pandemic outbreak and it is going to stay longer than we anticipated. However, the authors would like to bring to the fore that VUCA environment demands that HR Managers avoid traditional and outdated styles of leadership in such a disruptive environment. A more inclusive style of leadership is required to counter the challenges of VUCA times. Developing ability to adapt according to both short-term and long-term goals of a business will be the key to navigating the current environment. Strategies that are anchored in the long-term vision but also dynamically managing the short-term goals are necessary to maintain the relevancy of Human Resource function. Seen from this perspective current VUCA world can be an opportunity for further advancement and greater collaboration, rather than a threat to be alleviated.

The facets of HR function impacted by the current VUCA world requires the HR Managers and Leaders to adopt strategies that are aligned to embrace the 4 challenges of the VUCA world effectively. Each element of VUCA world is unique and requires appropriate response to accommodate the ever-changing scenario with the underlying imperative that the power of Human Capital will need to be leveraged to handle the numerous challenges caused by the disruptions and it can be managed successfully through an agile HR system to brave the tide of unknown disruptions.

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