

THE CONNECTION/LINK BETWEEN THE VUCA WORLD AND THE NEED FOR ORGANIZATIONAL CHANGE

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ABSTRACT

The totality of unpredictable situations that managers of organizations increasingly face in their work requires a new approach adapted to the VUCA business environment (a volatile, uncertain, complex and ambiguous environment). Whereas until recently every organization operated according to a clear rules-based algorithm, today this is no longer possible due to the restrictions, constraints, threats and opportunities offered by the VUCA world.

Thus, this paper, following a systematic analysis of the most relevant articles and publications in the field, aims to present the relationship that exists between the VUCA business environment and organizational change processes, in order to increase the efficiency of organizations' activity. Following the research of the main connections, the results suggested that in the planning of organizational change models more attention should be paid to the skills, competences, tools and techniques demanded by the VUCA world for the successful conduct of business.

KEYWORDS: *challenges, organizational change, VUCA.*

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1. INTRODUCTION

Today's world is constantly changing, often forcing organizations to update their strategy in order to manage the totality of change.

Organizations today operate in a turbulent environment (Frynas, Mol, & Mellahi, 2018; Araujo, Morais, & Reis, 2021) marked by chaotic changes, lack of certain standards or models that can be followed step by step, often being difficult to meet the previously established plan for a project (Nowacka & Rzemieniak, 2022). Depending on the evolution of the field in which it operates, adaptation and change are key elements that ensure the survival and development of an organization, which must adapt both its operations to the constantly changing environment and its organizational structures according to new operational models (Král & Králová, 2016).

Thus, the process of organizational transformation is influenced by the VUCA environment, respectively: unpredictable, rapid changes that makes it almost impossible to predict future events based on previous experiences, cause-effect relationships that are difficult to understand that are challenging for managers of organizations, complex decision-making processes because of turbulence that affects all levels of organizations (Tudorache, Ispas, & Barsan, 2020). The VUCA world requires that within organizations there should be a particularly strong correlation between all employees in order to create a common direction so that when an unforeseen situation arises, dynamic and intelligent solutions can be adopted quickly.

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Innovation in the VUCA world is closely related to proactive actions, training and motivation of employees to be prepared for change and adaptation to the demands and constraints of an ambiguous and turbulent business environment (Popova, Shynkarenko, Kryvoruchko, & Zéman, 2018). Moreover, a high level of volatility requires flexibility from employees so that they can accomplish all their tasks successfully.

VUCA is a combination of elements acting on the environment in which an organization operates, responding to the new world by emphasizing the urgent need for change and innovation. In both today's and tomorrow's world, creating a capacity adapted to a complex business environment among managers of organizations is vital for the survival and development of companies.

2. VUCA ENVIRONMENTS AND THE PROCESS OF ORGANIZATIONAL CHANGE

The process of organizational change appears because normally an organization faces certain situations that represent either a need, a problem, a dysfunction that constitute either symptoms or even causes of events (Cummings, 2015; Král & Králová, 2016) that could have endangered the activity of the whole company or a structure within it. The appearance of the concept of VUCA world is linked to the end of the Cold War, the term being used to describe an uncertain, challenging world in which adversaries are asymmetric, the US military having to find ways to respond quickly and effectively to enemies (Millar, Groth, & Mahon, 2018). The effects of the VUCA world on the processes carried out within organizations are strictly related to the four components: volatility, uncertainty, complexity and ambiguity.

Volatility refers to the volume and speed of appearance of changes, for which there is no known cause (Sullivan, 2012; Steven, Javidi, & Normore, 2016) and cannot be predicted in a rational way (Beabout, 2012; Nowacka & Rzemieniak, 2022). Basically, volatility refers to the totality of events which hinder activities from proceeding according to previously established planning.

Some of the main factors that cause the occurrence of this component include: digitalization, innovations in business models, global competition (Brodnick & Gryskiewicz, 2018). The totality of changes emerging in organizations are disruptive forces that often cause anxiety and fear among employees, because when the status quo is affected employees at all levels try to reach a form of stagnation again, safety in the new context, being affected in a negative way productivity (Steven, Javidi, & Normore, 2016).

The next component, uncertainty refers to the lack of predictability (Van Wynen & Niemandt, 2020), the lack of awareness and understanding of events and problems that arise (Kingsinger & Walch, 2012), the lack of a sense of control and the existence of uncertainty about future events (Nowacka & Rzemieniak, 2022). The consequence of such situations resulting from unstable conditions is a lack of confidence in certain models developed for predicting future outcomes (Cook, 2015). Uncertainty affecting organizations also directly influences the duration of the planning process (Transformative Leadership in the VUCA World, 2020). When organizational plans are affected because of events that disrupt the synchronization of activities arise confusion and lack of clarity (Steven, Javidi, & Normore, 2016)

Complexity is determined by the interaction of many forces, issues, situations that cause chaos and confusion throughout the organization (Sullivan, 2012; Steven, Javidi, & Normore, 2016). There are many reasons, conditions that lead to the occurrence of certain events often the specific causes and effects of these events are unclear (Baltaci & Balci, 2017; Van Wynen & Niemandt, 2020). The higher the complexity of the environment, the greater the number of factors that can produce effects on the organizational environment, thus increasing the difficulty in leading the organization to success (Steven, Javidi, & Normore, 2016).

Ambiguity, the last component refers to the misinterpretation of information (Van Wynen & Niemandt, 2020) and the mixed, misunderstanding of conditions because of confusion about the cause-effect relationship (Caron, 2009). Ambiguity also refers to the multitude of variants that exist

about how to act on a situation (Stensaker, et al., 2014) leading to "blindsiding" organizations that are not able to become agile (Nowacka & Rzemieniak, 2022). Between the four components there is a cause-effect relationship where each component depends on the other, one category cannot exist without the other, and the more unknown the results of actions, the more difficult the VUCA world becomes to understand (Figure 1).

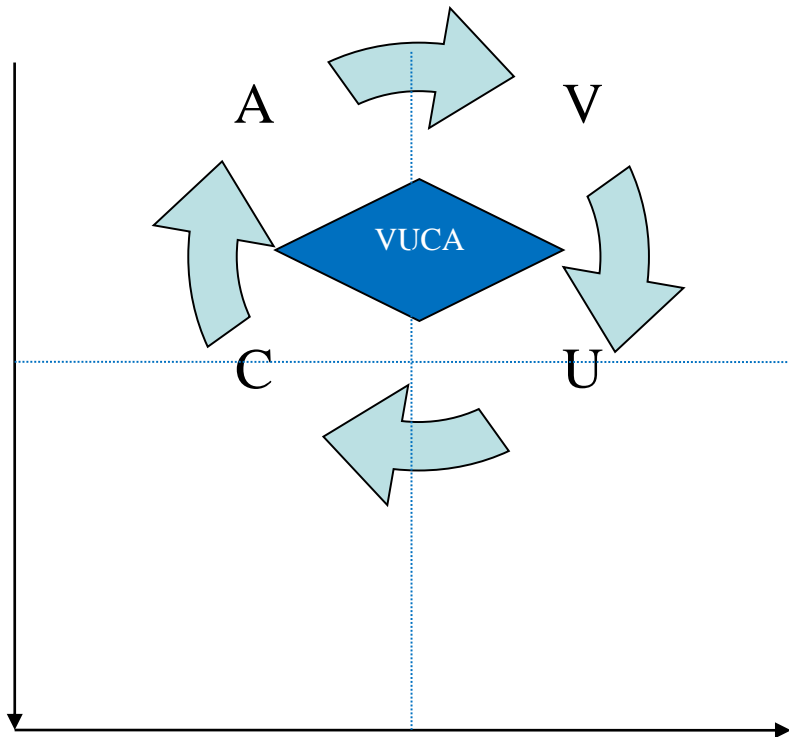


Figure 1. The relationship between the four components of the VUCA world

Source: adapted from Nowacka & Rzemieniak (2022)

According to Bennett and Lemoine (2014) each component of the VUCA world can be an advantage to organizations depending on how challenges are managed by their leaders: volatility creates profit, opportunities (Warwick-Ching, 2013), uncertainty is an opportunity (Hemingway & Marquart, 2013), simplifying IT complexity is a huge opportunity (Boston Consulting Group, 2013), ambiguity equals opportunity (Amerasia Consulting Group, 2013).

At the same time, the manager of an organization aware of the totality of the situations that surround them respectively of the effects that these situations can have on the business will understand the critical events and will act quickly, communicating in a simple and transparent way, managing in an agile way all the resources (Breen, 2017).

The ways to respond effectively to the four components are diverse. In terms of volatility, managers of organizations need to have the vision of the whole project (Nowacka & Rzemieniak, 2022), to be agile, so as to direct resources in the most effective way, creating some flexibility to manage future situations (Bennett & Lemoine, 2014).

Uncertainty demands that feedback from each stakeholder to be taken into account, because this can be the answer to an uncertain situation, thus encouraging the simple flow of information that leads to quick decisions (Nowacka & Rzemieniak, 2022). Complexity involves restructuring information within organizations to be in line with data coming from the external environment (Bennett & Lemoine, 2014), so that every process carried out within the organization is understood correctly by employees regardless of the chaos that may appear. Ambiguity can be reduced through intelligent experimentation, as organizational leaders can identify the best response strategies for situations that arise where old business rules no longer apply (Bennett & Lemoine, 2014). Over time many

researchers have focused on studying the main drivers of organizational change, which are: evolution in technology, rapid degradation of equipment, knowledge explosion, working conditions, changes in the nature of the workforce (Popa & Burdus, 2014) (Table 1).

Table 1. Sources of change

Evolution in technology	→	The totality of intelligent equipment and technologies used in organizations to carry out activities as effectively as possible produces a series of changes in the sense that employees must assimilate a series of technical information and managers must acquire new skills to understand the whole ensemble;
Rapid degradation of equipment	→	Product lifespans have been decreasing more and more in recent years, so managers of organizations must have the ability to "change" by reducing the production cycle, the design period;
Knowledge explosion	→	In the VUCA world is very high because of the frequency of changes that occur, so it is necessary to create working algorithms through which knowledge can be quickly disseminated to all members and ideas can be valued in products or services, by case; The knowledge explosion phenomenon requires managers to develop their ability to work and lead people who work with data and information and not just those who create products and execute works;
Working conditions	→	Improving working conditions from avoiding possible accidents that may occur until motivating employees brings about a number of transformations in organizations;
Changes in the nature of workforce	→	From one generation to the next, more and more emphasis is being placed on the use of intellectual rather than physical effort, which has led to a number of changes in the recruitment and selection process.

Source: adapted from Popa & Burdus (2014)

In the VUCA world, organizations need to be prepared continuously to manage possible risky situations or opportunities that may arise, so the way organizations act by updating systems, procedures, methods only when an unexpected problem arises is not sufficient.

means of communication, blockchain technology, payment systems, as well as big data platforms for adopting the best and efficient decisions.

If before the pandemic started in 2020, in China organizations did not have such a well-developed online system for managing remote work, no strategic plan to easily manage unpredictable events (VUCA events), now most organizations have started to update their management system to the new reality. The pandemic generated by SARS-CoV-2 virus was one of the most significant crises of the 21st century that mercilessly affected the whole mankind and implicitly the corporate environment and business world (Nowacka & Rzemieniak, 2022).

In the new world, the COVID 19 world, the concept of the VUCA world was used as a priority (Lavie, Weinstein, Segal, & Davidson, 2021), since organizations had to adapt from day to day to new conditions and continue their work in a reality marked by uncertainty, with no one knowing how the pandemic would evolve or when it would end. Considering that until such a situation organizations were able to manage their risks within a restricted system, when faced with a situation where the response had to be just-in-time most of them became 'fragile' because up to that point investments were only directed in cash and not in people and capacity development (Worley & Jules, 2020).

There are many theories in the literature which argue that often the process of organizational change brought about by the emergence of certain novel situations becomes intuitive and accepted by all members of the organization (Staudenmayer, Tyre, & Perlow, 2002). However, it is becoming increasingly evident that in some cases the problems that arise lead not only to the transformation and adaptation of the organization to the new context, but also to disaster, with many organizations sometimes having to discontinue or close down because they have not managed the process of organizational change correctly.

Managing businesses according to certain static models in the VUCA world will disappear faster and faster, as managers of organizations need to be able to find completely new models that apply point in time at the level of a unit, rather than at the level of the whole organization thus creating faster and more dynamic information and data cycles in (Millar, Groth, & Mahon, 2018).

In the VUCA world most managers no longer relate to old experiences as they are no more a source of information for current organizational processes, thus innovation should be seen as a part of the management process and not just an activity that is only encountered in certain contexts.

The VUCA environment is a business environment that demands that managers of organizations be agile, flexible, open to change, experimenting, as in an uncertain and ambiguous world the process of learning is continuous. The process of organizational change needs to take a different, innovative approach so that every unforeseen situation that may represent an opportunity or threat should be managed as correctly and realistically as possible.

4. CONCLUSIONS

The VUCA world is an environment of change, so the pressures on managers regarding the organizational transformation process are increasing. Whereas in the past most organizations only updated their strategy or processes when a problem situation arose, this is no longer effective. Every organization needs to have a plan for managing crisis events, given the rapidity of changing information and realities from day to day.

In the process of organizational change, more attention should be paid to the specific aspects of the VUCA world, respectively the information flow within a company should be as clear and simple as possible, avoiding all complex relationships and links. Employees of organizations must be constantly trained so that they can successfully manage even the most unpredictable and ambiguous situations that arise. Managers of organizations must also have the necessary skills and competences to be able to quickly diagnose new situations, rapidly find solutions to problems and set new objectives adapted to the context, while showing flexibility, creativity and analytical thinking.

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