



STRATEGIC MANAGEMENT - MANAGING STRATEGY IN A VUCA WORLD

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INTRODUCTION

Strategic management in a changing environment is one of the challenges that organisations are facing today. New business models are emerging day by day which are disrupting markets and this is a challenge for the organisations being steady and planning to stay ahead in the competition is intense.

In such an unpredictable and fast moving environment, the businesses are striving to maintain operational excellence and making strategic decisions keeping the future in view.

OBJECTIVES

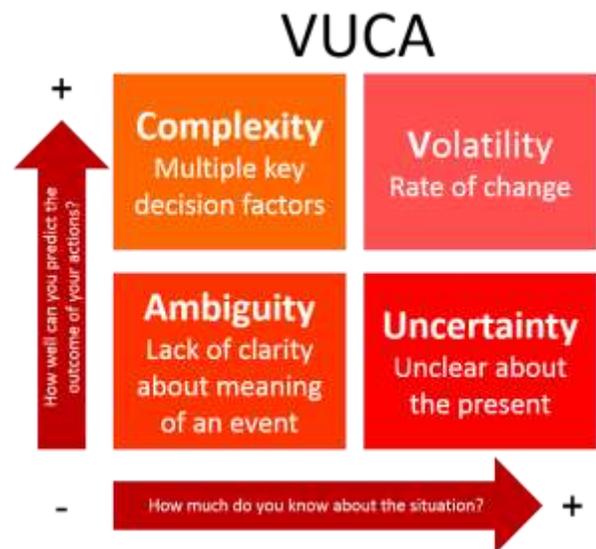
- To relate the strategic management with the VUCA World.
- To determine the impact of VUCA on strategic decisions.

What is VUCA ?

VUCA is first used in 1987 to describe or to reflect on the terms like volatility, uncertainty, complexity and ambiguity of the present conditions and

situations, drawing on the leadership theories of Warren Bennis and Burt Nanus.

The capacity for VUCA leadership in strategic and operating terms depends on a well-developed mindset for measuring the technical, social, political, market and economic realities of the environment in which people work. Working with the elements of VUCA serves as a base for survival and sustainability in this complicated world.





Volatility

This refers to the different situational social-categorization of people due to specific reactions that arise during that specific situation. When people react/act based on a specific situation, the public divides them into different groups.

Uncertainty

It refers to situation where the availability or predictability of information in events is unknown. It frequently occurs in volatile environments that are complicated in structure that involves unanticipated interactions that are significant in uncertainty.

Complexity

Complexity refers to multiple components that are interlinked in a system. While conducting research, the scholars should consider the complexity. Even though it is a controlled environment, the results are unknown because of non linear interactions with different groups and categories.

Ambiguity:

Ambiguity refers to something that is unclear even though the proper information is provided. It is quite similar to uncertainty but they have different factors. Uncertainty is when relevant information is unavailable and unknown, and where as in ambiguity, relevant information is available but the overall meaning is still unknown.

STRATEGIC MANAGEMENT

Strategy

It is a plan of action get a desired future, such as achievement of a goal or solution to a problem.

Strategic management

Strategic management is a continuous process that evaluates and controls the businesses as well as industries in which an organization is involved; It sets goals and strategies to meet all existing and potential competitors; and starts reevaluating strategies regularly to see how it was implemented and checks for replacement.

Strategic Management gives a broader perspective to the employees of an organization so that they can better understand how their job fits in the organizational plan and how it is related to other organizational members. It is the art of managing employees in a way to increase their ability of achieving business objectives. Employees feel satisfied and they get more committed as they can co-relate themselves with each organizational task. They will be

able to understand the reaction of environmental changes on the organization with the help of strategic management. So, the employees can judge the consequences of such changes on their own job and can effectively face them. The people in the organisation must do appropriate things in appropriate manner to be effective as well as efficient.

Role of Strategic Management:

One of the major role of strategic management is to inculcate different functional areas in the organization so that these functional areas harmonize well. Another role of strategic management is to keep a continuous eye on the goals and objectives of the organization.

STRATEGIC MANAGEMENT IN VUCA WORLD:

Traditionally, strategy is about making long-term plans and implement actions making sure there are appropriate resources that are needed for realizing those plans. These sort of definitions of strategy might have worked for a long time, but it doesn't really work anymore in today's volatile, uncertain, complex and ambiguous (VUCA) world.

To get indulge in this VUCA world we need to combine the emergent and deliberate approaches in a complementary way.

This type of combo is already seen in practices, methodologies and concepts. There are four macro-ideas where the strategic management can be related to VUCA. They are

- Build a solid foundation in a volatile world
- Experiment and decide quickly to face uncertainty
- Collaborate with complexity, promote self-organization
- Draw outlines in an ambiguous world

Each of them doesn't exist in isolation and between them there is no definite boundary.

BUILD A SOLID FOUNDATION IN A VOLATILE WORLD:

Volatility refers to the speed of change in an organisation or market or in the world in general. It is associated with fluctuations that are taking place in demand and it is well-documented in the aspect of industry dynamism. The more volatile the world is, the more and faster things change.



A highly volatile environment expects for a strategy approach that allows you to refer through the strategy process in short periods that generates quick results. It means that ideas are quickly tested and that there is a short implementation with the obtained feedback, so that plans can be adjusted as soon as needed. Only in this case, a strategy approach is able to match the pace of an industry. It is this characteristic of the strategy process that is highlighted in approaches that focuses on learning, agility, trial and error, experimentation, temporary advantages and adaptability.

EXPERIMENT AND DECIDE QUICKLY TO FACE UNCERTAINTY:

The enhancement of uncertainty of economic environment, the way the organisations trying to minimise the risks and to capitalize on the opportunities is getting correspondingly important.

Strategic uncertainty mainly represents the future uncertain trend or the event that can be unpredictable in the real business. Suitable strategic decisions play a key role that helps the strategist in gathering information and analysing it to break the uncertainties in business.

So, in one case it is possible to identify those clear trends such as market demographics that helps in defining the potential demand for future products and services. By doing the right analysis, these can be known. The uncertainty that remains after the best possible analysis is termed as residual uncertainty.

COLLABORATE WITH COMPLEXITY, PROMOTE SELF ORGANISATION

Companies that operates in this competitive environment that desires to create a benchmark in the business model. It enables the development of systemic thinking, which is the process that involves solving problems, complex sets of concepts and specific theories to seek solutions to complex problems.

It plays a major role in companies while determining strategies to achieve long term goals.

Basic strategies to deal complexity

1. Avoidance of Complexity:

Complexity can be avoided by taking some preventive measures and using sort of methods like modularization and standardization of products and services.

2. Mastering Complexity:

Unavoidable complexity can be controlled by appropriate methods like organizationally regulations or flexible processes.

3. Reducing Complexity:

Focused measures should be taken to reduce existing complexities by reducing variety of products.

DRAW OUTLINES IN AN AMBIGUOUS WORLD

People in organisations confront multiple situational requirements, developing goals and responding them with communicative strategies which do not minimise ambiguity.

Strategic Ambiguity is essential in organisations that

- Promotes unified diversity
- Facilitates organizational change
- Amplifies existing source attributions and preserves privileged positions.

People want to look out for the power of evolutionary process that includes experimenting and testing of many ideas and concepts. But if we don't create outlines and structure, there is no scope for higher levels.

So, free access of information to all kinds of people in the organization helps in contextualization reducing ambiguity and uncertainty.

CONCLUSION

Strategic management needs to be flexible so that it can respond to the ever-changing VUCA circumstances. It needs to be firmly grounded which serves as a reliable base for building and growing the organization so that the organization can withstand in the challenging circumstances of VUCA.

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