Dominance Of Vuca In Shaping Hr Strategies

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Abstract—— The emergence of VUCA (volatility, uncertainty, complexity, ambiguity) world has reshaped the business models. The acronym VUCA is used as an abbreviation that sums up the ever changing and dynamic business environment. And the impact can be seen in various aspects of business. Consequently, the VUCA dynamics have profoundly influenced the shaping of HR strategies. This paper revolves around the influence that VUCA dynamics hold on the business environment and various aspects of a business, particularly covering the Human Resource strategies framed by organizations. It reflects how VUCA world necessitates the paradigm shift in HR strategies and leads an imperative change from traditional HR practices to a more agile, dynamic, flexible, adaptive and progressive model. The paper analyses the HR strategies of some leading companies and observes how these companies are reengineering their HR strategies and fostering change. The paper concludes that Human Resource of any organisation should not be less than a strategic partner and must contribute in initiating and facilitating change.

Indexed terms—— VUCA world, HR strategies, workforce flexibility, diversity and inclusion, talent acquisition

I. Introduction

Corresponding to the unfolding dimensions of technological revolution, the industry is witnessing artificial intelligence, robotics, digitalization and machine learning as the foremost drivers of growth and development. These fast pacing drivers of industrial growth have made the business environment highly dynamic. As a result, agility within the organisation has become the need of the hour. All this dynamism has led to the emergence of VUCA.

VUCA is an acronym used to describe the current business environment which is characterized by volatility, uncertainty, complexity and ambiguity. In general terms, VUCA defines the unpredictable and incalculable feature of the current business environment.Coming from the US army and used afterwards in the business glossary, the acronym VUCA reflects the major issues encountered to investigate risk analysis: Volatility, Uncertainty, Complexity and Ambiguity(Hernandez Santibanez and Mastrolia, 2019). The acronym VUCA appears to offer a way to understand the dynamic and constant change that characterizes the world nowadays (Hernandez Santibanez and Mastrolia, 2019).The acronym VUCA breaks down itself as: [4]

Volatility: Volatility represents the erratic and rapid changes occurring in the business environment. This volatility shows that the businesses should be agile and adjustable to match up these sudden shifts, marketdisruptions and technological advancements to stay competitive in the industry. A volatile situation can

be defined as one that is unstable or unpredictable; it does not necessarily involve complex structure, a critical lack of knowledge, or doubt about what outcomes may result from key events. (Bennett et.al, 2014) [2]

Uncertainty: Fast pacing technological advancements have led to unpredictable future trends. It is essential to gauge uncertainties and make appropriate decisions in response to it. A volatile situation is one in which change is likely, but that change may come quickly and at varying magnitudes; an uncertain situation, on the other hand, is not so volatile——in fact, there may be no change inherent in it at all. (Nathan Bennett et.al, 2014) [2]

Complexity: The recent phases of industrial revolution have witnessed multifaceted dimensions of people, processes, technologies and market that interact differently under a complicated system. The dependencies and relatedness among all the variables working around in a business environment make it difficult to manage all at once by the business houses making it troublesome. A complex situation calls for a uniquely distinct response that is utterly separate from those necessitated by the other components of VUCA. This highlights the danger of not properly understanding and defining firm challenges. (Bennett et.al, 2014) [2]

Ambiguity: Ambiguity means lack of clarity. It makes it difficult for the organisation to interpret situations accurately ultimately leading to making vague decisions. Ambiguity characterizessituations where there is doubt about the nature of cause-and-effect relationships. (Nathan Bennett et.al, 2014)[2]

What makes it practicable to sustain into this VUCA world is the resilience, flexibility, proactive leadership, robust strategies and adaptive thinking of the organisation.

The concept of VUCA gained attention during the fourth industrial revolution spurred by rapid technological advancement, market disruptions, reengineered processes, multifaceted data, globalization and change in employee temperament, stakeholder's perspective and customer perceptions.

HR Strategy: Human resource strategies are those plans of action that involve human resource centric solutions to resolve organizational matters. It is a plan that outlines how a company manages and handles its manpower to provide pillars of support to its organizational goals. Strategic means that HR activities should be systematically designed and deliberately connected to an analysis of business and its context (Schuler et al., 2001) [15]

It involves talent acquisition, training and professional growth opportunities, career planning, performance management, compensation management, compliance and risk management etc.HRM strategy is concerned with managing people (through recruitment, development, appraisal, compensations, and work systems) in order to achieve the overall organizational objectives (Edralin, 2008). [16]

As stated by McEvoy & Buller (2013) The concept of HRMstrategy concludesthat individual HR functions, if viewed in isolation, tend to lack congruency in most organizations. Hence, the statement implies that it is necessary to align HR strategies with the organisation. [17]

II.   Literature review

Jaroslav Vrchota and Petr Řeho,2019 in their study "The influence of a human resource strategy to the function of human resource processes in small and medium sized enterprises (SMEs)" discussed about the importsnce of human capital in today's competitive era.

Nathan Bennett et.al, 2014 in their paper "What a difference a word makes: Understanding threats to performance in a VUCA world", have given a more clear picture of the acronym VUCA and the concept of VUCA world.

MihaelaMinciu et. al. 2019, in their paper "The Opportunities and Threats in the Context of the V.U.C.A World", highlighted that the businesses must adapt their strategies frequently depending upon the new situation that arises in its environment.

Hernandez Santibanez and Mastrolia, 2019 in their study have discussed about the contract theory in VUCA world. He has highlighted that the concept was initially used in the US army, and that it is essential to understand VUCA to analyse the issues that come forward in investigation of risk.

Subir Roy Chowdhury, 2017, in his study, Changing Role of HR in VUCA times, has expressed that now the significance of HR is not just confined to a business function but to a business partner.

Saba Parween et. al. 2019, in the study 'Positioning the future of Human Resource Management in a VUCA World', has highlighted the influence of technology, artificial intelligence, millennial workforce etc in the current business environment.

BurcuTaskan et al 2022, in their study "Clarifying the conceptual map of VUCA: a systematic review", has given a holistic model to gain the conceptual clarity of the acronym

Raj Dhillon & Quynh Chi Nguyen, 2020 in their paper titled "Strategies to Respond to a VUCA World" discussed the strategic responses of a business to VUCA world. They have stated that vision, values and culture are important drivers of business environment.

DrRadhaRaghuramapatruni et. al.,2017 in the paper "the straits of success in VUCA world" has discussed about the importance of good leadership to combat the challenges ensuing in the VUCA world.

McEvoy & Buller, 2013 in the paper "Human resource management practices in mid sized enterprises" have discussed about the similarities and differences between HR practices of large and mid sized firms. It has been suggested that even in mid sized enterprises, the Human resources should be more strategic than operational.

III. Objectives of the study

1. To identify the challenges faced by companies because of emergence of VUCA.
2. To analyze the impact of VUCA on HR strategies.
3. To study the HR strategies of leading companies.

IV. Research methodology

The paper follows a exploratory approach. It is completely qualitative in nature and thus follows a descriptive methodology.

Secondary data have been collected to analyze the existing studies of VUCA world and thus the paper is strongly supported by existing literature. Also, the HR strategies of a number of companies have been reviewed from company website, published articles, blogs and previous case study researches.

V.   Discussion and Analysis

5.1 As discussed earlier, the term VUCA is an acronym used for Volatility, Uncertainty, complexity and Ambiguity, the business landscape encounters several challenges and unpredictable conditions in the fastpaced world. These challenges are listed as:

Volatility: Volatility refers to rapid and erratic changes and instability. The challenge that comes forth is that the market, technologies and industries can shift anytime. There can be drastic changes in market preferences, consumer behavior, supply and demand of manpower, supply chain system etc. In response to it the companies need to be agile and adaptive to such changes which can hamper the organisational stability. For instance, the outburst of the COVID 19 pandemic led to major disruptions in every industry.

Uncertainty: Uncertainty refers to lack of predictability. In recent times, it is a tedious task to predict future trends, technological advancements and economic shifts which are crucial for the planning in a business. The traditional forecasting methods have become obsolete and less reliable often leading to poor decision making, inappropriate resource allocation and capitalisation, over and under investment, inaccurate planning and pretermitted opportunity.

Complexity: Complexity refers to interconnectedness of systems. The drivers of development in current business world such as digitalization, technological advancements, artificial intelligence, etc., have created intricate interdependencies among each other. Companies must manage to adapt their functionality in accordance with these complex ecosystems.

Ambiguity: Ambiguity refers to lack of clarity. Generally the impact of changes remains unclear until it is actually seen. The companies tend to fall on risk of making wrong decisions. Such a scenario arises when the information provided is incomplete or ambiguous, subsequently making it difficult to interpret industry trends and market situations. In instance, digitalization, can be considered ofcreating complex new business models which are ambiguous for traditional business houses.

5.2 When the impact of VUCA world is converged towards the human resource, several other challenges can be seen that can hinder the functioning of HR strategies that are to be implemented. The challenges, their impact and coping mechanisms associated with the HR strategies are discussed further——

i-   Talent acquisition and Retention: Fluctuating talent demands are results to rapid changes in market conditions. At one stance there would be high surge towards a particular talent, at the other, there would be complete shortage of employees of that particular skill set. Gig working, freelancing and moonlighting can be seen as major impact of the erratic changes in current labour market. However, creating talent pool with the business can help fix the concerns associated with agility.

ii-   Skill Gaps: Any skill set which is highly demanded among the big corporate houses can be of no use in another few years. This is the response of fast changing technology and rapid changes in the business environment. These skill gaps can be bridged by anticipating future skill requirements within suitable time or else they may face severe skill shortages and over investment in wrong areas.

iii-   Employee engagement: Companies are becoming more and more globally connected, that has made continuous shift in technology, process and culture very common. These transformations every now and then can be overwhelming for the employees. Hence, it is very necessary to keep them engaged within the business, so that they can respond optimistically towards continuous adjustments.

iv-   Workforce flexibility: The emergence of remote work, digital methods and tools has transformed the workplace completely. Employees should be offered enough flexibility to adapt to this new work culture. Mental health, employee well being and work life balance are a few other sensitive issues

that must be supported through providing enough flexibility to workforce. "Today's organizations are no longer defined by fixed workplaces, nine-to-five working hours or by a set of homogenous employees. Organizations are becoming boundary-less and often, location agnostic. Operational and business models are being turned on their heads with the advent of enterprises like Uber, Airbnb, Etsy and Amazon" (Raghuramapatruni andKosuri,2017) [18]

v- Diversity and inclusion: Currently employees are operating in diverse global markets, and hence, fostering inclusive environment has become a pronounced need of the hour. Companies must focus on equitable and inclusive workplace. If ignored, it can lead to loss of employee morale and damage to organisation's identity in global market.

vi- Performance management: Traditional performance metrics have become obsolete in the current VUCA world. Misaligned performance expectations, difficulty in assessing employee contribution and recognizing and awarding efforts are the major impact consequent to the issue. The current performance management system shall be more adaptive to current scenarios and must operate with the support of continuous feedback and agility rather than rigid performance management techniques.

5.3 HR strategies of some leading companies are discussed further:

Infosys

Infosys is a global leader in consulting and digital services. Recently, Infosys has revamped its business strategies which are discussed further:

Back-to-basics: The BTB focuses on re-mapping the employee's journey from the initial stage and understanding what they expect in hybrid world. The employee lifecycle is analysed using the PEP (purpose, engagement, power) framework to understand what is their purpose of life, what ignites them to engage with the company and granting them power of choice. [11]

Level up experience: Experience is the most valued intangible gain of an employee. The organisation focuses on making each day and each touchpoint a wonderful experience for them. All this is done through efforts such as celebrating each milestones and offer adequate rewards and recognition to increase employee engagement and lower down attrition rates. [11]

Do more human in HR: The company focuses on augmenting human capabilities with technological solutions. It is the era of HR-tech ecosystem and the company believes that instead of technology superseding human efforts, they must work together under a friendly landscape. The role of HR must never be depreciated with technological advancements. [11]

Razorpay

Razorpay is one of India's leading fintech company, offering payment processing and financial solutions to other companies. Some of its HR strategies are:

Selective recruitment and hiring: The company states that effective talent management is initiated by strong recruitment and selection process. Also, it states that innovative recruitment channels such as social media and professional networks can help create multifarious and heterogeneous talent pool. [12]

Handling layoffs with empathy: Sometimes, layoffs are necessarily required in the company, yet efforts should be made to lower the impact of it upon employee's morale and to maintain a positive relationship. One such effort is maintaining a transparent communication within the organisation. [12]

Focusing on employee retention: Mobility has increased in the labour market. Hence, lowering the attrition and preserving the best talents with the company is an essential task to be focused on. Offering competitive compensation, providing appropriate growth and development opportunities and conducting timely employee survey are a few techniques used to foster a work environment where employees feel more connected or engaged. [12]

Navigating compliance: compliance between HR and legal requirements is vital to help maintain a connected, fair and inclusive work environment. Liberal policies and appropriate consideration of legal terms of minimum wages, anti-discrimination and work hours must be adhered. [12]

Tata Motors

Tata motors, a part of Tata group, is India's leading automotive company. When looking into its human relations, it is seen that the company believes that their human resources are the one that drive them to realize their future vision. Some of its HR strategies are:

Strengthening the talent pipeline: Talent on demand is a strategy through which employees are trained to create a pipeline that can be used when that particular skill set is demanded in the market. Also innovative recruitment techniques are used, such as, Gorillaz Programme, to invite bright minds. [13]

Accelerating changes with engagement: A robust performance management methodology is used to measure the performance of both employees and organisation. This has collectively improved employee lifecycle, appraisal system, compensation and reward structure, making the employees feel more fairly treated, secured and engaged with the organisation. [13]

Up skilling to drive product leadership: to built capacities across management tiers different learning modules are used for capability enhancement, management development and management skill development. learning priorities of each employee is individually recognized and customized courses are built to enhance their abilities and prepare for future challenges and advancements. [13]

Wipro

An Indian multinational company, Wipro, is an information technology, consulting and business process service provider. The company highlights a few strategies that HR function should be inclusive of to make human resource its strategic partner:

Separate HR operations from HR strategies: Through this the company focuses on defining roles clearly within the organisation. The strategists must focus on diagnosing and developing strategies, while the one concerned with operations must focus on the full-fledged implementation of those strategies. [14]

Harmonize HR policies and standardize lean processes: Variation between processes and policies can hinder the functioning of the organisation, which consequently makes HR the enforcers rather than a strategic partner. Hence, the customer centric processes shall be made more standardized and the policies, more harmonized. [14]

Identify outsourcing opportunities: HR functions should identify opportunities to outsource processes and services to cut costs, mitigate compliance risks and access technology. An assessment should be made to target processes that can be done by a third party in a better and less costly way. [14]

Table1

Current Focus	Future Focus
The "What" of Leadership	The "What" and "How" of Development
Horizontal Development	Horizontal and Vertical Development
HR/Training Companies, own Development	Each Person owns Development
Leadership Resides in Individual Managers	Collective Leadership is Spread throughout the Network

Source: Centre for Creative Leadership [19]

Viewing VUCA as an opportunity for development and greater collaboration, rather than a risk to be mitigated as indicated in Table 1 Raghuramapatruni and Kosuri(2017) further mention, 'We are moving from a world of problems, which demands speed, analysis and uncertainty to solve in a world of dilemmas, which demands patience, sense making and an engagement with uncertainty.'

VI. SUGGESTIONS AND CONCLUSION:

The dominance of VUCA (volatility, uncertainty, complexity and ambiguity) in the current erratic business landscape has reshaped the Human Resource strategies of several industries across the globe. The HR strategies of now should be focusing on agility, flexibility, continuous learning and innovation to navigate the unpredictability in the environment. The paper highlights as to how the human resource can become strategic partners in the business rather than simply carrying a transactional function. The Human Resource is the most vital asset of a business organisation and if handled and channelized appropriately, it will help the business in sailing through the VUCA world.

The paper highlights challenges associated with HR in the VUCA world, such as talent acquisition, employee retention, skill gaps, workforce flexibility, diversity and inclusion. The impact these challenges hold on the business are also discussed. Moreover, the coping mechanism is also highlighted in the paper.

The research also analyses the current HR strategies of four major companies of India, Infosys, Razorpay, Tata Motors and Wipro, to observe that these companies are focusing on more of employee engagement, training on the basis of anticipated changes, more connectivity of employees in the strategy building, creating talent pools and pipelines and remapping the framework to understand employee behavior and associated purpose.

The suggestions that can be marked are that not just the big corporate creatures but also each firm of the industry should prepare itself to maneuver through the arising unforeseeable changes in the ecosystem and to alleviate risks. The companies must start looking at their human resources as strategic partners who not just implement strategies but also diagnose and build them to handle the challenges coming forth. This not just helps understanding the issues from the core operational level, but also engages the employees with the organisation and strengthens capabilities, creating a wide talent pool for the business.

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