Global Worries on VUCA Factors

What is the issue?

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Many government and business organizations across the globe are seriously de-stabilized due to VUCA factors.

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What is VUCA?

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- The world is experiencing a crazy spin of events because too many uncertainties have plagued it.
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- Most organizations exist by adapting to complexities and by behaving flexible because they operate in multiple countries.
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- VUCA is an acronym used to describe the state of business, political, societal and ecological world.
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- VUCA stands for Volatility, Uncertainty, Complexity and Ambiguity.
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What are the instances of VUCA across the globe?

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- **Volatility -** Brexit is a good example of the VUCA world, Britain’s exit from the European Union took the world by surprise.
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- A consequence of this political factor has affected economics, commerce, regulatory system and emotional perception of the people at large.
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- Syria’s war shows no sign of stopping, Syria can be described as several interconnected wars, and it’s not government-versus-rebels narrative it started out as part of Arab spring in 2011.

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- The US pressure on Turkey to deal with the ISIS will actually make Turkey more vulnerable to attacks from terrorist groups.
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- Brazil is unable to address its growing fiscal deficit.
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- The war between North Korea and South Korea, and the political instability in many parts of world has increased volatility.
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- **Uncertainty -** In present world, Mergers, acquisitions and takeovers have reached a peak globally because firms are seeking to position and reposition themselves.
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- Making systematically-sound strategic decisions under uncertainty requires mature strategies in a framework for determining the level of uncertainty surrounding strategic decisions and for tailoring strategy to that uncertainty.
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- Management techniques were always based on assumptions about the future, and the use of planning is a major tool of management control.
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- **Complexities -** Globalization has pushed the boundaries of doing business, which has only created a wide gap between developed and underdeveloped markets, increasing the competition from new entrants.
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- The biggest fact today is that the start-ups are giving competition to established businesses in many sectors; bigger and established players are dumbfounded due to creativity and innovation from smaller firms.
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- Organizations today need 24×7 innovative pool of employees, those who can just keep innovation pumping at all levels of business.
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- **Ambiguity -** Too much of information keeps pouring in from everywhere, creating more and more ambiguity.
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- Customers have a lot of information and they are confused about what to buy, how to buy, from where to buy, at what price to buy.
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- Globalization has paved way for a growing number of multichannel at all levels, from governments to citizens, and each is stumbling with their own set of priorities and responsibilities.
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What are the impacts of VUCA on the society?

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- The geographical, political, ecological, economical changes are too much of a burden on business organizations.
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- Local businesses have fragmented the business world and multinationals have a tough time fighting them.
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- Everything has become complex: marketing, sales, pricing, operations, R&D, a firm’s infrastructure, supply chains, buyer behavior, big data systems, economic models, getting finances … everything is challenging.
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- Due to random organizational structures, the authority and responsibility lines have becomes blurred, which creates a big leadership challenge.
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- Due to blurring responsibilities of managers, internal complexities keep growing in organizations.
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- Employees get busy playing the blame game and politicizing the work atmosphere.
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- The same is with governments blurring responsibilities gives way to non-transparency in systems.
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Source: Financial Express

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