

MBA III Semester
CP:302 : VUCA MANAGEMENT
(Volatility, Uncertainty, Complexity & Ambiguity Management)

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Syllabus of VUCA Management (Adikavi Nannaya University)

Course Outcomes:

The study of this paper will enable students to:

1. Comprehend the volatile, uncertain, complex and ambiguous nature of the business environment.
2. Understand the impact of VUCA environment on the business organizations.
3. Chalk out the strategies to fight back/ manage the VUCA world.

Unit-1:

Introduction to Volatility, Uncertainty, Complexity, Ambiguity[VUCA]- Significance - Challenges in Business-Digitalization, Globalization - Social Inclusion.

Unit-2 :

Sensitivity analysis- Capital Expenditure Decisions Under Risk & Uncertainty - Introduction to Financial Derivatives- Turnaround Strategies [Only Theory].

Unit-3 :

Merger Strategies, Acquisitions/Takeovers, Joint Ventures, Strategic Alliances[Theory Only], Restructuring- Challenge of Business Sustainability.

Unit-4 :

Crisis Management-Types, Strategies-Talent Management-Triple Bottom Line Approach [People-Social Bottom Line, Planet-Ecological Bottom Line, Profit-Economic Bottom Line].

Unit-5 :

Issues of VUCA in Product Management-Pricing-Promotion-Distribution – Strategic Leadership – Developing Core Competencies.

This paper is all about challenges in business and how to manage the challenging business

Unit-I

Topic - I: Introduction to VUCA

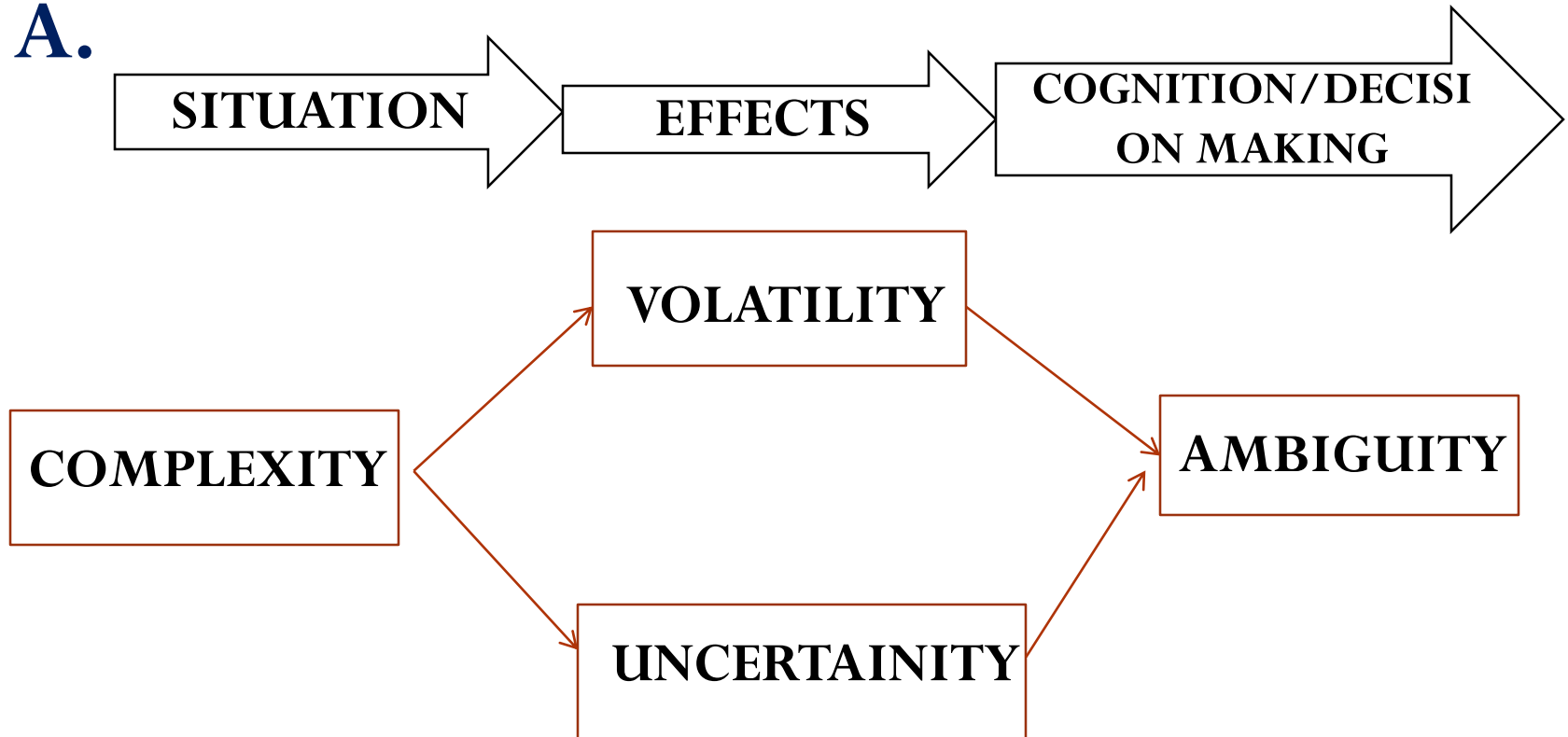
1. The VUCA concept was introduced by the US Army War College in 1987 drawing on the leadership theories of 'Warren Bennis' and 'Burst Nanus' to describe the difficulties sustained by its armed forces in their operations.
2. The strategic business leaders adopted VUCA concept to describe the chaotic, turbulent and rapidly changing business environment that has become the 'New Normal'.

V U C A:

- ❖ **Volatility** stands for the sudden extreme and multi-layered fluctuations in the economy.
- ❖ **Uncertainty** is the inability to predict future or outcome due to incomplete information.
- ❖ **Complexity** can be defined as a situation where interconnectedness of parts and variables is so high that it becomes very difficult to connect cause and effect.
- ❖ **Ambiguity** stands for a situation that cannot be resolved according to a rule or a process.

VUCA Models:

A.

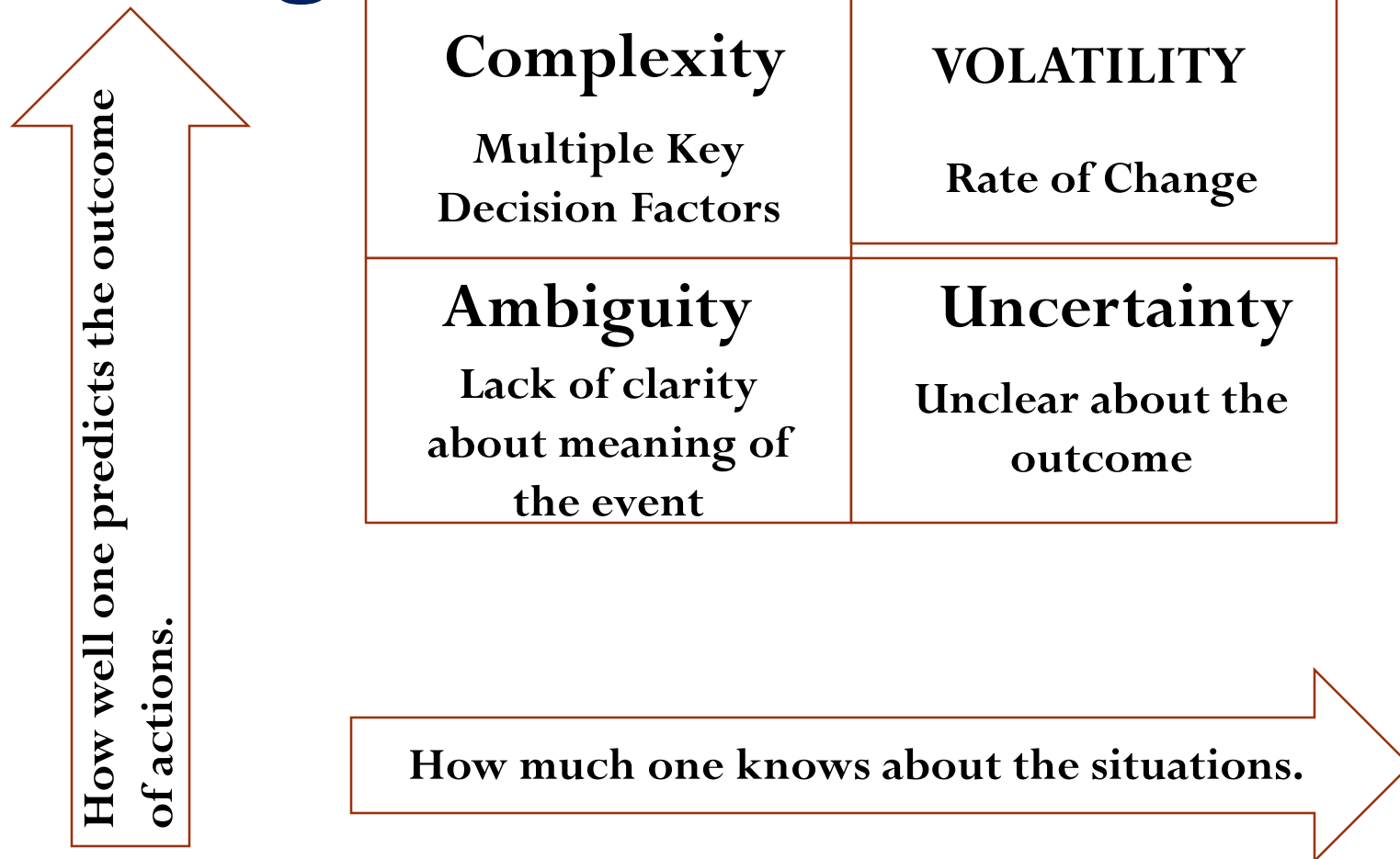


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❖ The VUCA phenomenon is a consequence of our natural world, which can be conceptualized as a complex system, whereas volatility and uncertainty are observable properties. In decision making processes this could lead to situations of **ambiguity**.

VUCA Models:

B. Diagram 1:



❖ Diagram 2

| VUCA Category | Certainty of outcome | Situational Awareness | Quick Description |
|----------------------|-----------------------------|------------------------------|----------------------------------|
| Volatility | High | High | Rapid rate of change |
| Uncertainty | Low | High | Difficult to predict the outcome |
| Complexity | High | Low | Multiple key decision factors |
| Ambiguity | Low | Low | Lack of clarity |

Counter Mechanism to VUCA:

- ❖ V = Vision
- ❖ U = Understanding
- ❖ C = Clarity
- ❖ A = Agility

Objectives / Significance of VUCA:

- ❖ Promotes pragmatic approach in planning
- ❖ Enriches organization's competencies
- ❖ Manifests employee talents
- ❖ Develops strategic leadership

Topic – II: Challenges in Business

- ❖ Business comprises all profit seeking activities and enterprises that provide goods and services necessary to an economic system.
- ❖ Challenge is a difficult task or a problem that is difficult to resolve.
- ❖ The business world is confronted with a plethora of challenges.

1. Designing Vision
2. Managing Survival & Growth
3. Earning Target Profit
4. Achieving Productivity
5. Encountering Competition
6. Managing Change
7. Managing Innovation

Cont...

8. Attaining & Retaining Talented People.
9. Integrating the incongruent Claims of stakeholders.
10. Providing Customer Satisfaction
11. Managing Finances
12. Managing the VUCA Environment - the Challenge of Discontinuity.

Topic - III: Globalization

It is a process of developing the world into a single integrated economic unit.

Globalization is considered at two levels:

- ❖ At the micro level it is the globalization of the business firms.
- ❖ At the macro level it is the globalization of the world economies.

Objectives of Globalization:

1. To strive for proper utilization of resources
2. To increase living standards
3. To create wider markets
4. To explore untapped markets
5. To knit the world into a village

Scope of Globalization:

1. Globalization of Production
2. Globalization of Markets
3. Globalization of Investment
4. Globalization of Technology

Challenges of Globalization:

- ❖ Unbalanced distribution of benefits
- ❖ Financial Volatility / Corporate vulnerability
- ❖ MNCs global dominance / MNC onslaught
- ❖ All pervasive competition
- ❖ Replacement of traditional of indigenous products
- ❖ Human insecurity

Topic - IV: Digitalization

- ❖ Digitalization is the conversion of analogue information into digital information.
- ❖ Digitalization is the adoption of digital technology by an organization / industry.

Cont...

❖ Digitalization is popularly called with a prefix of E or e to traditional functions – such as – e-business, e-commerce, e-markets, e-trading, e-learning, e-banking, e-tailing [retailing], e-health care, e-society, e-governance, etc.,

Application Areas of Digitalization:

1. Digitalization of Business
2. Digitalization of Banks
3. Digitalization of Indian Railways
4. Digitalization of Government Services –
Digital India Programme

Impact of Digitalization (Positive):

- ❖ Economic Impact
- ❖ Social Impact
- ❖ Business Impact

Challenges of Digitalization:

- ❖ Loss of control over the customer relationship
 - Prosumerism
- ❖ Employee Resistance
- ❖ Financial Commitment
- ❖ New Expertise
- ❖ Organizational Culture - Wetware

Topic - V: Social Inclusion

- ❖ Inclusion is the degree to which an employee is accepted and treated as an insider by others in a work system.
- ❖ It is the degree to which an employee perceives that he or she is an esteemed member of the work group through experiencing treatment that satisfies his or her needs for belongingness and uniqueness.

Context of Inclusion in India:

Preamble of Indian Constitution:

Liberty

Equality

Justice

Fraternity

Social inclusion in Indian Companies

Indian companies present a mixed picture of social inclusion.

