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Dr. Neha Singh
Department of Management
Studies, Technocrats Institute
of Management, Bhopal
Madhya Pradesh, India

Strategy building in VUCA world and its influence on Human Resource management functions

Neha Singh

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Abstract

According to literature it was in the year 1987 when the Army War College of the United states first used the term VUCA. It is mentioned in the book Leaders: The Strategies for Taking Charge which is on the leadership theories of Warren Bennis and Burt Nanus. It was actually applied by the Army College to describe the world as constantly changing and complex. The world that we live in today has become extremely unpredictable and is constantly altering itself. Considering the sudden and unexpected situations the world has to go through in previous few years, every element of an organization is impacted. Since the VUCA world is extremely chaotic and uncertain, this paper aims to discuss the impact it may have on the Human resource system in an organization and how it may also challenge the managers and policy makers to establish a strong organizational culture which includes a strong employer – employee relationship which must contribute to the organizational growth.

Keywords: VUCA, strategy, Human resource, organizational structure

Introduction

In these ever changing Modern world Human resources has become all about strategizing. A correctly aligned HR leads to a successful strategy which in turn leads to a better administrative structure and system. It is vital for an HR management to sketch the progress of its organization by planning what is to be done now and what needs to be done in future to add value to the organization. After identifying the shortfalls Human resource must monitor and verify its worth as the strategic unit of the organization. VUCA is basically an short form that stands V for volatility, U for uncertainty, C for complexity and A for ambiguity. It has become challenging for Human resource professionals to adapt to such practices and methods that navigate with the complexities of the environment in order to ensure business productivity the HR professionals must act as change agents, absorbers and communicators and work to manage the relationship between culture and technology. Uncertainty makes it difficult to plan long term goals therefore precise forecasting of complex situations is much needed by professionals. Employees who have a clear vision of what they want for their company may concentrate on a volatile environment and put in order for instance an upcoming market competition or a financial downfall or any such drastic situation.

Review of Literature

VUCA is not a historical term and was initially coined by the Army College of United States to describe the world as constantly changing and complicated in nature. It is mentioned in the book Leaders: The Strategies for Taking Charge which is on the leadership theories of Warren Bennis and Burt Nanus. Whilst searching about the term, you get to study about the research of Das and Codreanu according to whom this VUCA world puts forward all the challenges to existing and upcoming companies to remain competent in the stir of advanced technologies, shifted business models, limited time to adapt to changes and most importantly the requirement to revise the system of performance management over and over again. And according to Supriya Sharma and Tina Singh VUCA environment demands that HR Managers should keep away from traditional and outdated styles of leadership in such a disruptive environment. A more inclusive style of leadership is required to counter the challenges of VUCA times. According to a research by Anubha Walia things that Human

Corresponding Author:
Dr. Neha Singh
Department of Management
Studies, Technocrats Institute
of Management, Bhopal
Madhya Pradesh, India

Resources must start doing to meet the challenges of VUCA environment is developing employees including leaders in a focused approach of the VUCA model.

Elucidating VUCA: The four defining characteristics of VUCA are volatility, uncertainty, Complexity and ambiguity. Let us understand them in detail

Component name	Definition	Example
Volatility	It is characterized as sudden and unforeseen changes in the environment with imprecise duration.	Huge fluctuation and instability in economic matters like inflation or change in interest rates
Uncertainty	Lack of predictability in occurrence of events and issues with lack of much previous knowledge about them	A sudden occurrence of a pandemic which disrupted the entire working system Eg. COVID 19
Complexity	It's a scenario of having many interconnected factors but the amount or nature of the problem is too vast to process.	A sudden collapse of an entire industry eg. Bitcoin
Ambiguity	It refers to lack of clarity or dilemma regarding a situation.	Information security

VUCA impact on HR Functions

This is the era of technological revolution. Even corporate decisions have become mechanized and are ruled by computer technology, artificial intelligence and robotics and they are constantly laying challenges to human intelligence. As the organizations continue to function in this VUCA world the Human resources of the company are particularly influenced. Now the standard HR processes will not work in this volatile environment. There is a continuous force of environmental factors, Globalization, technological changes, society and demography on decision making. HR needs to play a crucial role and act as the change agent of the organization. HR function has become to support the departments that are more functional and bring in employees who are technologically sound and have the capability to implement solutions faster and quicker using technological advancements.

Suggestive measures for HR professional to adapt with VUCA world

It is the HR who plays the strategic role of giving track to the future of the organization. The influence of VUCA has resulted in pushing the HR to alter their methodologies in following ways:

1. A scenario planning approach needs to be used considering the uncertainty that disregards the traditional approach.
2. HR needs to become more data and technology driven.
3. Decision making has to be faster under VUCA therefore need to accelerate leadership management.
4. A rigid and inflexible corporate system will limit the performance therefore a flexible corporate culture is needed which is also proactively updating itself.
5. Only technology and capital do not make a good business but a competent workforce, thus the HR needs to create a learning environment in the company.
6. HR needs to be fully aware of needs of the organization and changes in job role should be brought whenever there is a requirement.

Conclusion

There is a quote by Peter Drucker that says, "The greatest danger in times of turbulence is not the turbulence it is to behave with yesterday's reasoning". A similar theory needs to be applied to survive in the VUCA world. HR needs to ditch the traditional and obsolete methods particularly in a turbulent world. Much more comprehensive style of leadership will be required to respond to the challenges presented in VUCA times. They require developing all those skills which are necessary according to the short term and long term goals of the organization. All those strategies which were considered sure shot in past need to be

reconstructed as per the changing environment. VUCA shouldn't be considered a threat rather should be considered an opportunity to renew thoughts for further advancements.

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