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## ENTERPRISE RESILIENCE AND VOLATILE, UNCERTAIN, COMPLEX, AND AMBIGUOUS REALITY

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### *Abstract*

It has become an imperative for any enterprise to determine a “must-have” attribute to ensure enhanced performance efficiency, particularly in this era of highly volatile, uncertain, complex, and ambiguous (VUCA) business environment. It is no wonder that this task has attracted numerous contributions from researchers and business practitioners that attempt to investigate on various factors influencing successful performance and survival of an organisation. In this regard, the present study advocates for a consideration of the resilience approach, which has been demonstrated to be the most efficient. This paper also is an attempt to compile the notable research reported on resilience attribute of an enterprise undertaken as a prelude to search for newer and deeper avenues of future research. By employing content analysis of the academic and expert texts database, this paper determines the features of a resilient enterprise in VUCA conditions in the context of the digital evolution and develops a conceptual understanding of resilience under such circumstances. This would aid in the development of an effective enterprise functioning suitable for various situations. The findings of the study clearly demonstrate that even in VUCA conditions, an enterprise can effectively operate and develop, with the right understanding and consideration of trends.

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**Keywords:** Resilience, VUCA reality, enterprise, adaptability, agility, sustainability.



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## 1. Introduction

In the 21<sup>st</sup> century the boundaries around the enterprises are shifting and most of the old rules cannot be applied to make a company effective and efficient in the current chaotic, turbulent, and rapidly changing environment driven by continuing digitalization. Some academics and practitioners apply the term VUCA to describe today’s business world. The term can be traced back to the military world. Previous studies mostly defined VUCA conditions as “...a world order where the threats are both diffuse and uncertain, where conflict is inherent yet unpredictable, and where our capability to defend and promote our national interests may be restricted by materiel and personnel resource constraints” (Yarger, 2006, p.17). Later the term was applied to organisational settings. Table 01 demonstrates various readings of the acronym components by different scholars.

**Table 01.** Deciphering the VUCA acronym

Acronym components	Horney, N., Pasmore, B., & O’Shea, T. (2010)	Codreanu, A. (2016)	Dhir, S. (2019)
Volatility	the essence, pace, bulk, importance and movement of change	sudden, extreme and multi-layered fluctuations in economy, socio politics, geopolitics	the increasing size, pace, and nature of the changes being faced by organizations
Uncertainty	the lack of predictability of issues and events	the incapacity to read the present through the lenses of past, because past experience and best practices no longer provide solid indicators for identifying solutions for the present, or for the future	the lack of information, or the inability to predict issues and events of the future
Complexity	the confounding of issues and chaos that surround any organization	inherent difficulty in mastering if not at least understanding the current intricacies underlying the external and internal environment of states and organizations	the interconnectedness of interacting forces affecting organizations
Ambiguity	the haziness of reality and mixed meaning of conditions	the inability to provide “yes/no” solutions and, hence, the multifariously valid alternatives	unclear causal relationships and difficulty in teasing out issues

Source: author based on Horney, Pasmore, & O’Shea (2010); Codreanu (2016); Dhir (2019).

To survive and to prosper in this complicated environment companies have to look at arising opportunities. To achieve this goal in Johansen and Euchner the VUCA acronym is suggested to be read

positively as Vision, Understanding, Clarity and Agility (Johansen & Euchner, 2013). Table 02 gives an overview of the VUCA acronym positive understanding by different scholars.

**Table 02.** Flipside of the VUCA acronym

VUCA components	Definition
Vision	The formation of corporate values that will motivate employees to responsibility and productivity Result orientation is one of the most important tasks of any company. This will help introduce innovations and innovative solutions to existing inefficient business. The creation of common values significantly increases the efficiency of all employees, their intangible motivation to achieve the strategic objectives.
Understanding	Understanding that daily change is the status quo in an organization. Understanding what is happening to people, what their hopes, expectations, fears and desires are. Constant exploration of new ideas, opportunities, and search for constructive criticism. Giving trust to others.
Clarity	Applying simplification to look in the very the heart of the problem. Using system thinking to consideration of problems from a global point of view.
Agility	The speed and flexibility of processes that can help to improve business efficiency. Large-scale long-term tasks have given way to mini-projects and small systems in which the formulation of tasks, the search for productive solutions and the evaluation of performance are circled within the boundaries. Efficiency and conciseness allow reducing time and financial expenses for development and implementation of projects. Agile-approach is built on the importance of personal and professional communications.

Source: author based on Codreanu (2016) and Schurig, Rabitsch, & Ramsauer (2014).

Johansen and Euchner (2013) argue that understanding and clarity are necessary prerequisites while agility is seen as the tangible result. Karre, Hammer and Ramsauer (2019) name agility as a critical success factor for companies and their management operating under volatile and uncertain market conditions.

Other researchers suggest other approaches to deal with VUCA conditions of business environment, namely flexibility as a reactive approach (Ramasesh, Kulkarni, & Jayakumar, 2001; Chryssolouris, Georgoulas, & Michalos, 2012) and transformability that influences the capacities of a company's structures and processes to adapt (Wiendahl et al., 2007). According to Jari and Lauraeus (2019) "key issues in modern VUCA management are agility (a response to volatility), information knowledge management (a response to uncertainty), restructuring (a response to complexity), and experimentation (a response to ambiguity)" (p.105).

## 2. Problem Statement

Yet, despite a considerable number of literature, that is concerned with VUCA environment, problems relating to the core attribute any enterprise needs to achieve excellence under the conditions of volatility, uncertainty, complexity and ambiguity require further research. In view of this, the paper seeks to conceptually examine the new and emerging enterprise orientation in the literature – enterprise resilience

– in the attempt to prove that this approach to enterprise functioning has goals of providing benefits to people and the environment under normal and extreme operating conditions and could yield the best results.

### **3. Research Questions**

This paper aims to bring to bear the resemblance between the current remedies for an enterprise to survive in the VUCA world and the properties of the resilience concept. It does this with the view of re-focusing discussions of successful enterprise strategy on an effective use of the resilience theory to achieve the desired organisational productivity.

### **4. Purpose of the Study**

The study of enterprise resilience is complicated by some constraints, e.g. a common approach to measuring enterprise resilience that has not yet been developed. There are also no generally accepted definitions, metrics and methods of quantitative description of such aspects as the ability to withstand economic shocks (resistance) and the ability of an enterprise to recover to pre-crisis levels (recoverability). Thus, the purpose of the article is to determine the features of enterprise resilience in VUCA conditions in the context of the evolution of modern technologies and to further develop a conceptual model of a resilient enterprise under such circumstances.

### **5. Research Methods**

The paper achieves this purpose by reviewing literature on the enterprise resilience and its attributes; and further goes on to draw a conceptual link among them to buttress the point that resilience is an opportunity for a company to face challenges of the VUCA environment and remain profitable. The methodology of content analysis was applied to determine the features of the resilience concept and examine their intercorrelations with various ways research articles suggest negotiating VUCA conditions and prepare for the future of work. Thus, this research paper is conceptual in nature and the methodology of data collection is through secondary sources like expert websites, practitioners' blogs, academic books, research journals etc.

### **6. Findings**

The data analysis is described in this part of the paper. It is then followed by a discussion of the findings. The research questions are related to the findings. The analysis of the data was conducted to identify, describe and investigate the relationship between enterprise resilience and the characteristics that various academics and practitioners suggest surviving in VUCA conditions. Data were obtained from 15 academic articles on the topic of VUCA world and 15 research papers on enterprise resilience (n=30). Themes that emerged from the papers on VUCA were compared and contrasted to the themes generated from the papers on resilience. In the current study, the data were analysed in four stage process. Firstly, relevant texts were selected for each of the questions and placed in new subtexts or files, for VUCA and resilience research separately. Secondly, the content categories were defined. Next, actual sentences or

quotations from VUCA research were allocated to relevant categories/themes, which included relevant material from the papers on resilience. And, finally, the sentences or sections of text were processed descriptively, to generate a coherent representation of the content.

Issues, under the following themes, were identified, described and analysed:

- Current remedies for an enterprise to survive in the VUCA world;
- The properties of the resilience concept.

Table 03 summarizes the insights of academic research, but includes some additional remarks of the business practitioners and experts. Especially the highly frequent strategic ways to cope with the turbulent VUCA conditions and their corresponding resilience traits are clarified and defined in this table.

**Table 03.** Comparative account of content analysis results

Strategy to apply in the VUCA reality / Resilience attribute	VUCA Research Domain	Enterprise Resilience Domain	Concurrence*
AGILITY (able to make and implement decisions at required speed)	+	+	15/15
ADAPTIVE CAPACITY (able to reorganise for change)	+	+	15/15
PROACTIVE APPROACH (able to anticipate changes and risks based on right thinking beforehand and using the foresight tools and various metrics)	+	+	14/11
SELF-LEARNING (the ability to learn from adverse events improving company's capacity and thus, evolve)			9/12
SECURITY (able to protect systems and teach people to remain aware of threats and how to react when a threat is realized)	+	+	8/10
COMMUNICATION (able to supportive and clear communications among key stakeholders)	+	+	7/10

*\*Number of papers scale, where the first component denotes mentions in the papers on VUCA environment and the second one is about mentions in the research on the resilience concept.*

Source: author.

The whole spectrum of resilience attributes also includes other indicators, e.g. relevance, reliability, and trust (Newnham & Crask, 2015). But the ones that are reported in the table are the most relevant to the VUCA environment. This clearly demonstrates that resilience, which is defined by guiding standards organizations, including the British Standards Institution (BSI) and the International Standards Organization (ISO) as "... an organization's capacity to anticipate and react to change, not only to survive, but also to evolve" (ISO 22316:2017) can be named as a "must-have" attribute of any enterprise operating in the chaotic VUCA reality that has become the "new normal" of today's business world.

## 7. Conclusion

This paper presents a comparative account of results that emerged from the content analysis of academic discourse on the topics of VUCA business environment and enterprise resilience. The review

conducted in the course of this research on the VUCA literature presents the resilience approach as capable of providing “a shield towards VUCA situations” (Acharyulu, 2019, p.29). In view of this, the paper advocates for the consideration by scholars and practitioners of how to effectively develop and measure the resilient ability of an enterprise to meet the demands of the current unstable and unpredictable environment challenging organisations with “digital transformation, increasing regulatory pressure, and constant threats that disrupt business such as cybercrime, terrorism, natural events, and market volatility” (Tapscott, 2018). Although the generalisability of the research results is subject to certain limitations, this paper still attempts to contribute academically and practically to the discussion of solutions to the enterprise facing turbulent VUCA conditions.

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