

The Strategic Execution in VUCA World through the Perspective of Complexity Theory for Malaysian Government Link Companies

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ABSTRACT

Dynamic and rapidly changing nature of world can only be described by the term VUCA. Speed, agility, flexibility and many other words which are initially used only to describe the ability of an athlete has become the frequent terms for reflecting the capability of the leadership and employees in an organization which takes the organizations towards the heights of success. This paper looking at the interconnectivity between VUCA view and Complexity Theory in Malaysian Government Link Companies by exploring latest literature reviews. Complex adaptive systems are explicitly incorporating features in its theoretical paradigm that reflect the dynamic and complex nature of innovation process, and self-organization in the context of business and social organizations.

Keywords:

VUCA, leadership, complexity theory,
Malaysia Government link company

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1. Introduction

Complexity theory was initially applied in the field of natural science such as non-equilibrium thermodynamics, chaos theory, fractal geometry, catastrophe theory, and also in the field of artificial science like cellular automata, and networks science [1]. Complexity theory has become increasingly important when several leading authors in the field of management science like Anderson [2], Eoyang [3], Lewin [4], and Stacey [5], and others have contributed to incorporating these approaches into human social science, or organizational theory [6]. The last few years have witnessed the application of complexity theory in the studies of organization resiliency and its determinants, such as business sustainability, innovation, adaptation and learning [7-10]. Therefore, this article adopts complexity theory as its theoretical approach to understand the innovation dynamics. Owing to the dynamics interactions, the complex systems seeks for the changes, and this give the effect of non-linearity,

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uncertainty and unpredictability in complex systems. As a result, the system's component alone cannot explain the whole system.

Horney [11] noted that the term VUCA was coined by US Army War College in order to describe uncertain, complex, and ambiguous, multilateral world which resulted from the end of the Cold War and to change the security environment of over the last twenty years. The core purpose of this term lies in focusing on leadership and strategy through enhancing the skills which are required to act effectively in a very dynamic world. Also according to Raghuramapatruni and Rao Kosuri [12], the world was moving in a different direction which required speed, patience, analysis, problem solving skills, and sticking with the uncertainty in order to solve the problems into a world full of dilemmas than that of just revolving around the problems. The term 'VUCA' which stood for characteristics such as Volatile, Uncertain, Complex and Ambiguous needed a different orientation and a skill set which best suited to the concerned concept.

2. The application of VUCA in Malaysian Government link companies

VUCA has been proved to be the most thrilled challenges to the leadership, strategy execution, and planning process in the organization. As per the report of Innovation People (2013), it has been shown that more than average number of firms emphasized on changing the programs for people working in top management due to the increased volatility, uncertainty, and complexity in the organization [28]. Furthermore, the same study has shown that with the changes in initiatives the employees often lose their confidence and failed to focus on the end outcomes of the projects.

According to Abdullah *et al.* [13], Government Linked Companies (GLCs) in Malaysia were the backbone of its economy as it played a vital role in major sectors such as transportation, energy, telecommunications, construction, oil and gas and financial services. The GLCs are of much importance, therefore in VUCA environment, the leadership to create, share and access knowledge and explore connected networks, efficient transfer of and access to knowledge, maintaining accountability and transparency is required which would further enhance the quality and thereby performance of the organizations. Development of strategies and their execution is also concluded as one of the major challenges in the dynamic environment of VUCA. Learning through training and development and continuous infusion of diversity in the organization at all stages of operations provides a vital character to the strategy execution process [14]. At the same time, alignment of the all the events and activities within the organizations and among each and every member of organization is crucial as the short-term objectives of a single entity contributes to the long-term goals achievement for any organization. Similarly, the nurturing aspect in strategy execution adds a catalyst factor i.e. leaders and managers nurture the vision and motivate the employees to strive for excellence.

3. The perspective of VUCA and Challenges

In an organization, there exist dilemmas which are unsolvable, unanticipated, and messy problems faced by leaders. Managing such dilemmas requires the leaders to think deeply, and to act more smartly. According to Bawany [15], in a VUCA world, recognizing dilemmas helps the leaders in saving from "analysis paralysis" of problem solving through examining the level of problem and other tensions associated to it. Bereznoy [16] has further mentioned that if the management waited for long, they could not be able to identify the issues and challenges. Additionally, while moving towards the aim of the study and its major focused towards corporate governance and board of members'

engagement in strategy execution from growth and sustainability, the challenges with strategy execution were ascertained in a VUCA world.

VUCA has increased the challenges of the strategy formulation, leadership, planning process, being connected all the time, shortages of skills, high workload, adoption of updated technologies and execution manifold times. The need for rapidly changing business environment in globalised markets requires a frequent rebalancing, technological advancements, changing demographic trends, new customer needs and disruption of existing business models, complicating the strategic planning and its execution. Such organizational structure requires effective leaders and CEOs who determine majority of the implications for a sound decision making, high confidence, and ready adaptability in this VUCA world [11]. Alternately Bennett and Lemoine [17] proposed that VUCA conditions rendered useless efforts to understand or plan in organizational structure. Moreover, managers can identify the differences among each of these challenging situations in VUCA and allocate scarce resources to take the advantage of the unpredictability in market. However, both ideologies require effective management and planning in order to perform better.

VUCA environment was ever changing and therefore to walk with this type of environment was indeed challenging. A report by Capgemini [18] has shown that technology offered opportunities along with opening possibilities and promoted efficiency, while its very disruptive nature also posed a near-constant threat to established business. Just a few years, mobile drastically changed the way the old approach of work, while its long-term impact and integration into the workplace remained to be seen. The opportunities that are wearable, immersive and other emerging technologies provided are even hazier, leaving R&D to try and make sense of when a shift in technology might happen and, if so, how the workplace can benefit from analysing future uncertainty as shown in Figure 1. Winning in the ever-changing world is never all about changing the technology and requirement of new software but it also revolves equally around leadership which is able to redefine the role of business [19].

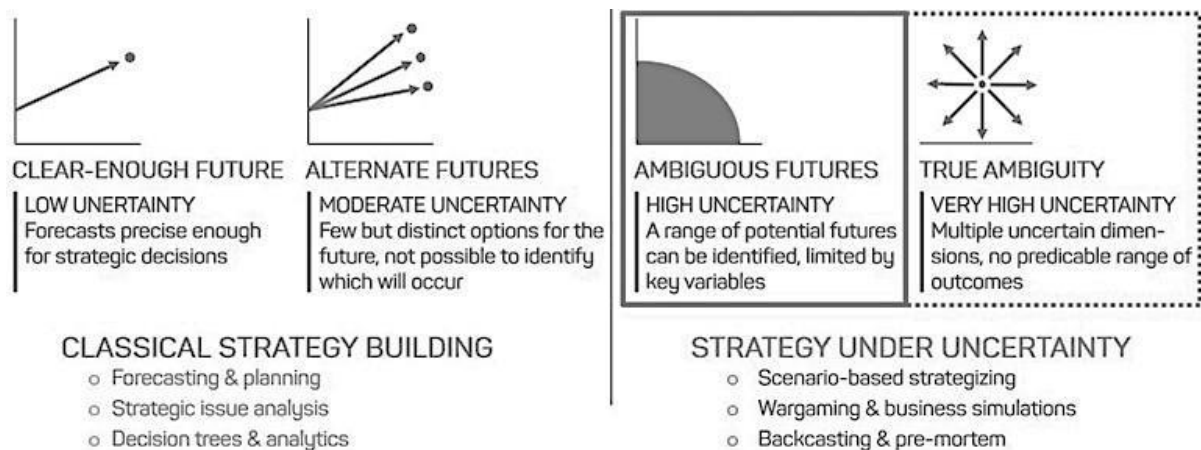


Fig. 1. VUCA uncertainty environment

Traditionally the role of a leader was to anticipate change, identify opportunities, make strategies, motivate employee, solve issues and to take effective decision, but due to the dynamic nature of VUCA the role of leaders has changed. VUCA organisation focused on three different aspects of leadership which were indispensable for any leader in a VUCA business such as clear vision, collaborative and agility in nature. While highlighting the required type of leadership in the

organization, Raghuramapatruni and Rao Kosuri [12] have shown that in VUCA World, the leaders should be focused towards horizontal (competencies) development and vertical (developmental stages) development both, all individuals should be included in their own and organizational growth, collective leadership, and taking innovative steps for the betterment of the employees and organization. In a VUCA environment, a leader was required to be capable of harnessing the knowledge, skills, experience and problem-solving skill of each and every employee in the organization along with promoting and supporting in internal networks, inter-connection and inter-dependency in the organizational culture. Cousins [19] has emphasized that a leader should always look for the creative ways for retaining the employees and to achieve organizational growth. All of these requirements in terms of agility, innovation, diligent, intelligence, having quick problem-solving skills, globalised and connected, integrity, value and knowledge to technology, and such other skills in leader seemed to be a great challenge in VUCA world.

4. A review of VUCA effectiveness in organization

Report written by Denmark *et al.*, [20] on leadership role in maintaining VUCA supported the significance and organization's reliability on senior leadership teams to succeed and handle complex business environment in times of the phenomenon. Nearly 69% of the organizations surveyed in their report depended heavily on top management during VUCA. In such situations, leader's anticipation of the required changes during the phenomenon along with effectively building the right team helped organization to manage change successfully. Organizations during VUCA required effective sensors which can be maneuvered with dexterity just like smart cars reacting in bumpy terrain. Correct leadership approach with efficient prediction and anticipation along with usage of technology help organizations to have a smooth ride in a bumpy and dynamic business environment.

Leadership strategies to maintain VUCA requires an inspiring vision with a sense of meaning. They must provide their people with a sense of meaning to the responsibilities they carry out, connecting and aligning the responsibilities with their values. Building of partnerships and sustainable relationships are the next strategy, leaders work into to address challenges rose by VUCA over going into competitions and individualism. Leaders convert themselves as anchor of the organization by being grounded, rooted and centered, approaching changes in a clam and peaceful manner and thus becoming a stronghold for their followers [21]. Most importantly, as highlighted earlier in the section, leaders through their potential, flexibility, intuition, resilience, perspective on the change and its remedy along with optimist approach enable them to maintain VUCA and its challenges through innovation result, as shown in Figure 2 [22]. In short, it is the strategic leadership, which is requirement of the hour, where through strategic thinking leaders make use of the above skills to act based on the dynamicity of the situation. Besides these, organizations also play a crucial role in helping leaders maintain VUCA world and its challenges through investment in dedicated and efficient business analytics wing, enabling leaders to predict business trends in a shorter period and with comparatively lesser effort (Horney et al., 2010). Besides, business analytics enable them to organize their vision using the information and making others believe and understand the shared vision. Other steps to be taken by organizations include enabling their leaders to participate in external webinars, workshops and forum portraying latest trends within the industry and encourage their employees to develop skills through enrolling in Massive Open Online Courses (MOOCs), thereby staying ahead of the market realities [23]. Furthermore, organization should encourage their leaders to train the next awaiting employee through active participation in change initiatives and building a dynamic culture which is comfortable in questioning the status quo. Dynamic culture can

be built through ensuring a climate of positive stress which in turn helps increase motivation and performance at workplace.

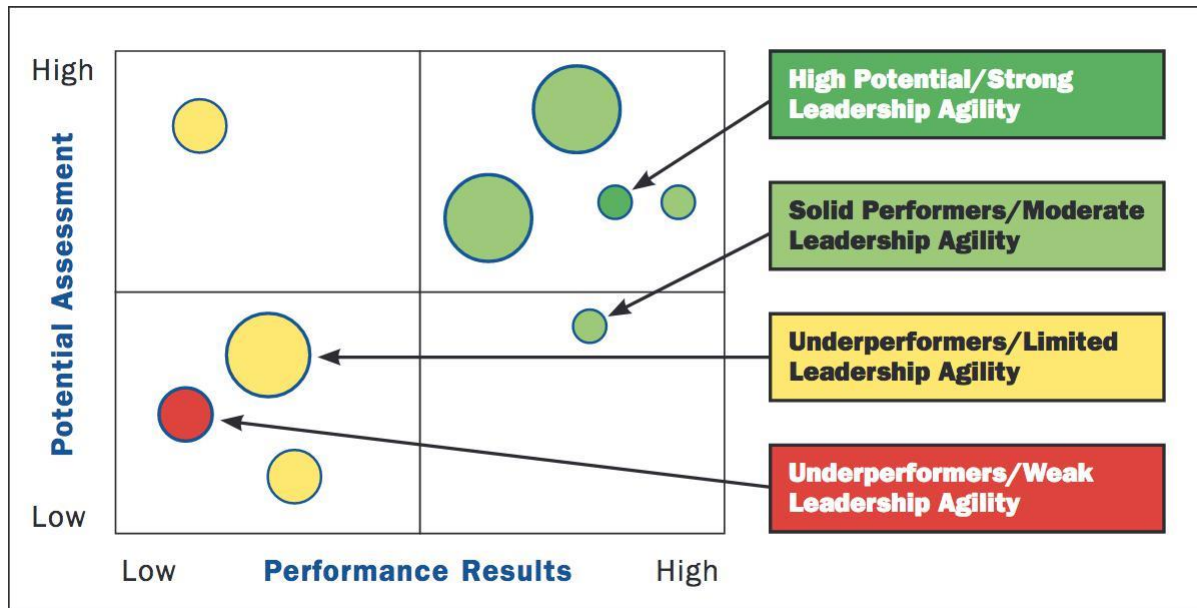


Fig. 2. Leadership assessment matrix with VUCA

Effectiveness in maintaining VUCA world in terms of corporate governance is largely depended on the training opportunities guaranteed by organizations and sought by leaders to equip their subordinates with dynamic changes to be encountered [24]. Successful transformations during VUCA world are achieved through equipping employees through training and development. However, owing to large investments associated with training for managing significant change, such proposal often is questioned in terms of returns [25]. In such a scenario, technology-based training opportunities play advantageous role through providing interactive and engaging content, in its ease of use and its scalability and cost effectiveness. Following effectiveness, the concept of accountability holds supreme in maintaining VUCA since it is this accountability which leads the board works as team [15].

Accountability helps in maintaining strong and healthy relationships with each of the stakeholders which in turn acts as a bedrock of sustenance and change management during VUCA challenges [24]. Therefore, the concepts projected their association in maintain challenges of dynamic environment, bringing forth the vital role played by the board of directors in an organization, especially among the GLCs of Malaysia, where members take a collaborative approach ensuring all the three elements for effective functioning.

5. Discussions about complexity theory and VUCA

In an organization, the focus is on the resemblance of the organization with its ecosystem instead of machine. Gharajedaghi [26] has mentioned that since an ecosystem response to some natural laws was such a way by which the company adapted itself in a best way where it can find the optimal solution to its problem. Thus, as per the concept of complexity theory, the managers should

understand that if they put an effort into understanding the laws of nature, they would learn that the system organize itself. Figure 3 shows the propose concept of complexity theory brings together two totally opposite concepts; order and chaos. Accordingly, looking at the organizational and industrial problems, it is suggested that by using models developed for evolution, it is possible to find a signal of business success. The complexity nature of an organization in terms of problem of linear thinking in the business environment where one dimensional decision was never preferable and beneficial as organizations were a combination of multiple systems which were dynamic and adaptive in nature along with several complex networks. Therefore, there occurs a need for continuous organizational learning due to the complexity in the nature of the organizations. A study by Calantone et al. [27] has established that the learning orientations have a deep impact on the innovativeness and performance of the organization. Therefore, the external challenges faced by an organization can be addressed by implementing learning orientation programs.



Fig. 3. Proposed concept of Complexity theory for organizational development

6. Conclusions

Complexity science is a new approach to science, which studies how relationships between parts give rise to the collective behaviours of a system and how the system interacts and forms relationships with its environment. Complexity theory, in business, is based upon the management belief that total order does not allow adequate flexibility to address every possible human interactions or situations. It aims at harnessing chaos such a manner which allows the leaders to increase the effectiveness of his/her team by allowing them a certain degree of individuality to move the project in a forward direction. In an environment of VUCA, an organization is always required to periodically re-verify and modify the earlier assumptions with the occurrence of frequent change, recheck the choices made based on earlier assumption and to adapt the changes if necessary. The Government Linked Companies (GLCs) were expected to grow with a significant growth in order to achieve sustainability and to stand in the competitive global market for which the strategy execution should be dynamic in nature. This was considered important as in the current VUCA world the planned strategies failed quickly due to the high competition and new strategy formation required replacement of the earlier strategies to sustain in the environment. As for overcoming the failure of old strategies due to unexpected threats and risks, and formatting new strategies, the management is required to be already prepared and quick in implementation and adaptation of new strategies. Here, the VUCA environment comes with the opportunities as it makes the management the quick decision maker, strategy maker, and to adapt the new plans with no delay in the earlier deadlines.

Also, challenges of VUCA environment help the management to take a pause, reflect, review and work out few strategies and plans to survive and sustain in changing competitive market.

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