

## VUCA OR BANI? – THE CHALLENGES OF HUMAN CAPITAL MANAGEMENT IN POST(?)PANDEMIC TIMES

Małgorzata SIDOR-RZĄDKOWSKA

Warsaw University of Technology, Faculty of Management; m.sidor.rzadkowska@pw.edu.pl,  
ORCID: 0000-0003-3826-9382

**Purpose:** The aim of this study is to reflect on the essence of the changes observed in contemporary organisations.

**Design/methodology/approach:** The study performs the review of literature for finding a better description of the challenges currently faced by human capital management.

**Findings:** The article highlights the most important of these challenges, which is the leadership and the functioning of HR departments.

**Originality/value:** It points out the paradoxes associated with the role of the remote supervisor and the role of the HR department as the paradox navigator.

**Keywords:** VUCA, BANI, leadership, HR, paradox navigator.

**Category of the paper:** Research paper.

### 1. Introduction

Originating from the US military, the term VUCA was adapted many years ago by the business community (Syrek-Kosowska, 2018). The term is an acronym from the first letters of the following words, meaning:

V (volatility). The only constant is change; we are continually experiencing situations where what we planned a month ago proves to be completely out of date today.

U (uncertainty). We are constantly accompanied by the awareness that many of the phenomena we are surrounded by are unpredictable. Thus, one may argue that the future is also unpredictable – hence, the certainty of our choices has become an unattainable commodity.

C (complexity). The sense of chaos we experience is mainly due to the overload of information. How do we tell the important from the meaningless? This is a very difficult question to answer.

A (ambiguity). The phenomena that we encounter tend to vary from what we initially expected. We lack interpretative clues. The only 'clue' seems to be complete freedom of interpretation.

The acronym VUCA used to be modified. Bob Johansen, the author of *Leaders Make the Future: Ten New Leadership Skills for Uncertain World* (2012), proposed the following change:

V (ision) – vision; instead of V (olatility). Since the vision of action is as important for an organisation as a compass for a ship; it enables one to keep the course in the very turbulent external environment.

U (nderstanding) – understanding; instead of U (ncertainty). It is only in organisations whose members understand each other that the vision may be executed; effective communication must become the foundation for the operation of modern enterprises.

C (larity) – clarity; instead of C (omplexity). Developing mechanisms to select the incoming information is the basis of management processes that enable one to make rational decisions.

A (gility) – agility; instead of A (mbiguity). Only those enterprises that easily adapt to new conditions can achieve a competitive due their capacity to implement the necessary changes quickly.

## 2. BANI – in search of the new way to describe reality

The shock accompanying COVID-19 epidemic was enormous. The acronym VUCA used for years and the accompanying slogan that 'the only constant element are changes' are no longer sufficient. The analogies to the 2008-2009 crisis proved of little use; the crisis of 2020 had a much deeper, even existential character. Thus, it is the BANI term that seems to more accurately characterise the main features of reality by emphasizing that it is Brittle, Anxious, Nonlinear and Incomprehensive.

The author of this acronym writes: 'We live in the age of chaos, the age that intensely, almost violently, rejects structure. This is not sheer instability; it is the reality that seems to be actively resisting efforts to understand what is happening. This current moment of political chaos, climate catastrophes, global pandemic – and much more – clearly shows the need to make sense of the world, the need for a new method or tool to see the shapes this age of chaos is taking. The methods we have developed over the years to recognise and respond to the widespread disturbances seem increasingly, painfully inadequate as the world seems to fall apart' (Cascio, 2020). Let us try to briefly characterise the individual elements of the abovementioned acronym:

Brittle – we have witnessed the frames and systems in which we functioned fall apart. Powerful companies ceased their activities overnight, borders were closed, and many people were unable to leave their homes. However, restarting business, opening borders, restoring

freedom of movement have not stopped the overwhelming sense of fragility of the world around us.

Anxious – since March 2020, most of us have been accompanied by feelings of fear and anxiety; the epidemiological threat has caused fears for the health and even the lives of ourselves and the loved ones. In February 2022, this was joined by fear of acts of war.

Nonlinear – human thinking is based on cause-and-effect correlation; breaking these relationships undermines faith in the rationality of the phenomena that act upon us.

Incomprehensive – the aforementioned disruption of cause-and-effect relationships means that the question ‘why?’ often remains unanswered. This is exceptionally difficult to accept; the author of the article, working with Medical University researchers, witnessed situations in which a professor of medicine, moved to the depths, stated that for the first time in his professional life he was unable to understand the causes of death or recovery of a patient entrusted to his care.

The unpredictability and incomprehensibility of the modern world has been the subject of high-profile research conducted by a Lebanese-American scholar, mathematician, economist and securities practitioner Professor Nassim Nicholas Taleb. The first one was ‘The Black Swan: The Impact of Highly Improbable’ published in 2007 just before the outbreak of the global financial crisis. It served as a kind of introduction to ‘Anti-fragile: Things That Gain from Disorder’. Reading both books, which are extremely interesting and full of brilliant examples, leads us to the conclusion that the only remedy for uncertainty is ... to accept it.

### **3. A leader good enough - in search of answers to the question of the essence of modern leadership**

In the world of BANI, traditional content taught in business schools is becoming obsolete. The old question addressing the essence of leadership requires a new answer. One should refer here to the words of Tadeusz Oleksyn, who argues (2018, p. 134) that according to the classical theory of H. Fayol, leadership is a narrower concept than management, and performs one of its four functions including planning, organising, controlling and leadership. This view can hardly be considered universally valid; the dispute over the interrelationship between the concept of management and the concept of leadership has been going on for many decades. Two articles have been crucial in the history of this dispute (Oleksyn, 2018, p. 5). The first one was a 1977 text published in the Harvard Business Review by A. Zaleznik, a professor at Harvard Business School, titled ‘Managers and Leaders: Are They Different?’. This article caused quite a stir in the business world of the time, as it presented managers as conformists who adapt to the environment. Whereas, leaders, according to the author, behave differently – by inspiring others to act, they are able to make profound transformations. The latter of the aforementioned articles

is the text by another Harvard professor J.B. Kotter, 'What do leaders actually do?', also published in the Harvard Business Review 28 years later, to be exact. According to J.B. Kotter, it is not worth wondering who is better – a manager or a leader? This is because their roles are completely different, and at the same time complementary. The essence of the manager's function – management – is to support the stable functioning of the organisation. Leadership, on the other hand, consists in the ability to cope with change.

Are these distinctions still valid? Hard as it is to believe, it was only 10 years ago when 'Change Management' was one of the key courses covered in MBA programme. Its essence was to equip managers with knowledge of the stages to be taken in order to implement any kind of change. Considering the frenetic pace of current transformations, this kind of knowledge is becoming absurd – since there is no time to prepare for the change. Although there are a few cases when one may develop appropriate plans in order to embrace the change, it turns out that soon another action is needed. Thus, the assumed solutions become obsolete. Both the manager and the supervised team must embrace the need to be constantly ready for change. Moreover, nothing can be learned in advance, thus learning must become an integral part of every activity. One needs to continuously unlearn and abandon the old ways of doing things which have become obsolete. Hence, the traditional belief that the more knowledge one accumulates, the more likely they are to achieve professional success is to be challenged. Excess knowledge can even prove detrimental as it blocks the possibility of unlearning the unnecessary content. Although these words sound like heresy, especially in the ears of teachers in schools of all types; in the BANI reality one cannot question their accuracy.

Looking for an answer to the question about the essence of contemporary leadership, it is worth noting the work of Piotr Prokopowicz and Sebastian Drzewiecki 'Leader good enough' (2021). Referring to the words of Herbert Simon in his Nobel Prize for Economics, the authors distinguish two groups of leaders, that is categorical leaders and good enough leaders. Those who strive for perfection belong to the first one. They are constantly preoccupied with finding perfect solutions and wish to make only the right decisions. In view of the events of recent years, such a strategy is doomed to failure. Trying to be the perfect leader only leads to a sense of unfulfillment and frustration felt by the colleagues as well. Therefore, one needs to abandon such attempts and focus on being a good enough leader. This is an enormous challenge though, as it implies accepting one's imperfections and admitting them to the colleagues. It is hard not to agree with the authors when they say: 'This is what many leaders are particularly afraid of. They believe that if they show that they are not perfect, that they are radical, do not know or cannot do something, they will lose the respect and trust of the members of the organisation. In fact, the opposite is true. As research indicates<sup>1</sup>, admitting one's imperfections increases

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<sup>1</sup> Analysis of this research can be found in the paper of Moore, C. et al. (2017). The Advantage of Being Oneself: The Role of Applicant Self-Verification in Organizational Hiring Decisions. *Journal of Applied Psychology*, 102.

appreciation of others, especially if that person is perceived as competent' (Prokopowicz, Drzewiecki, 2021, p. 45).

The authors' concept is presented as *12 lessons for authentic leadership*, elaborating on the following principles:

1. Abandon the black and white thinking about leadership.
2. Focus on consistency and authenticity.
3. Understand yourself in order to understand others.
4. Regularly remind yourself of who you are.
5. Listen before you start to talk.
6. Show the context, but not too broad.
7. Talk simply, but not too simply.
8. Communicate excessively.
9. Constantly seek feedback.
10. Use a diversity of competencies and experiences.
11. Share leadership wherever you can.
12. Trust.

#### **4. Symphony orchestra or a jazz band – in search of an apt organisational metaphor**

A perfectly functioning organisation has sometimes been compared to a symphony orchestra. Such an orchestra is headed by a conductor whose expertise allows them to prepare a group of individuals to perform even the most elaborate symphonies. During rehearsals and concerts, the conductor stands in front of the musicians and, using expressive gestures and whole-body movements, tries to elicit the best possible performance of the musical piece. Success here depends on both the level of personal mastery of each musician and the conductor's leadership skills. The conductor's actions determine the final shape of the work, including, in particular, the exact reflection of the intention of the creator of the work (Villa, 2021).

For many years, the metaphor of a symphony orchestra seemed appropriate. Comparing the strategies to the music score, the CEO to the conductor, the employees to the members of the orchestra seemed to accurately characterise the qualities of a well-functioning organisation, that is thoughtful manner of action, good leadership, the continuous improvement of each individual while dedicating to teambuilding.

At the time of democratisation of management systems and constant change in external environment, this metaphor raises many questions. Since even the detailed adherence to the score and the clarity of baton movements displayed by the metaphorical conductor and the

excellence of the individual instrumentalists in playing their parts are not sufficient to efficiently respond to the contemporary challenges. Another metaphor from the world of music – that of the jazz ensemble – turns out to be useful. For in jazz, we are dealing with distributed leadership and a range of skills necessary for the functioning of modern organisations. Successful jazz band musicians are characterised by two basic qualities, that is the ability to listen to each other and the ability to improvise. Duke Ellington used to say that the first thing to check in a musician is their ability to listen (Villa, 2021, p. 156). It is synonymous with attention and should be the starting point of any instrumental or vocal action. Listening makes it possible to anticipate, which in turn is the starting point for improvisation. It has nothing to do with the ‘do whatever comes to your mind’ approach; on the contrary, it is based on extensive experience, enabling an adequate response to challenges. Dario Villa (2021, p. 157) observes: ‘Improvisation is by its nature a relational and discursive practice rather than an individual activity. In order to improvise, one needs to begin with listening in order to establish a dialogue based on responsibility, that is the ability to respond (...). The role of each musician is to make it possible for each member of the ensemble to maximise their performance within the context of improvised collaboration. *Making it possible* involves supporting the other musicians, giving them space, generating new dialogues’.

In a jazz ensemble, there are no ‘first’, ‘second’ or ‘third’ violins; the musicians swap places – it is the quality of the collective sound that is important, not the rigidly defined roles of each musician. What is also important is the fact that playing in such an ensemble ‘(...) involves a positive culture of error – there are no wrong notes in jazz in the absolute sense. Every mistake is a learning opportunity and may lead to the discovery of new, as yet unexplored paths, with guaranteed backing of the group that will accept the mistake and support the person who made it’ (after Villa, 2021, p. 157).

The metaphor of the jazz band seems to fairly accurately characterise the change and learning processes of organisations. However, does it indicate that symphony orchestras are no longer necessary? Contrary to what the authors of the metaphor in question seem to suggest, such a conclusion would be hasty to say the least. The organisational world is so complex that there is room for a variety of musical genres; it is important to adapt the type of music to both the company's internal conditions and the challenges of the external environment.

## **5. HR as paradox navigator - in search of answers about the role of the HR department**

For decades, there have been disputes over whether the unit responsible for the organisation's personnel matters should be called ‘human resources management department’, ‘HR department’, ‘human resources’, ‘HR Business Partner’ or ‘human capital management

department'? The pandemic has demonstrated the absurdity of these discussions. Regardless of the terminology used, the HR department must act as a strategic partner of the management – otherwise its existence is pointless.

This is particularly evident now, two years after remote working started spreading. More and more companies are moving to the so-called hybrid system, combining remote work with the on-site work. Thus, all HR processes need to be appropriately prepared in order to be implemented in a highly complex environment.

Moreover, the functions performed by HR professionals need to be reviewed. The aim here is not to revolutionise them, but rather to think honestly about the nature of their tasks. A starting point may therefore be the classic concept of Wayne Brockbank and Dave Ulrich, who distinguish five main roles performed by the group of professionals in question, that is *strategic partner, human capital developer, functional expert, employee advocate, HR leader* (cf. Poczowski, 2018, pp. 118-125).

Analysis of these traditional roles has revealed that they are needed in the changed circumstances and that the importance of the tasks involved has increased. The *functional expert* in international organisations is a good example of this. In the 'pre-pandemic' era, this role tended to be severely restricted. HR professionals were mainly expected to efficiently implement recommendations from the *parent company*. Today, the situation has changed dramatically. The circumstances resulting from different course of the epidemic in individual countries vary, therefore global recommendations proved inadequate. Thus, HR professionals are now becoming responsible for the development of solutions adapted to the local circumstances.

The model of functions performed by HR professionals outlined above has undergone numerous evolutions. In 2016, the role of the so-called Paradox Navigator was added to it. This involves one's ability to navigate between the conflicting demands accompanying organisational activities. A good example is the need to make strategic and operational decisions simultaneously. It is also necessary to be able to reconcile and sometimes even exploit the contradictions between centralisation and decentralisation, soft and hard management, external and internal factors, local and global conditions, etc.

HR needs to be close to employees – this statement cannot be denied. It should be there to support those experiencing difficult emotions. These emotions are often of a contradictory nature. For instance, the fear for one's own safety as well as the safety the close ones may defy the need to establish and maintain social relationships. The HR professional, properly performing the role of the paradox navigator, does not react to such situations with irritation, blaming the employee for their lack of consistency but shows understanding and willingness to communicate.

The navigator of paradoxes does not only perform HR functions, but also supports managers of other departments in their roles. Indeed, the role of any manager is, by its very nature, full of paradoxes. Opposing tensions are a natural element of the working life of anyone whose job

involves the task of managing people. Let us consider the list of the 11 leadership paradoxes hanging on the walls of the managers' rooms at Lego:

- To be close to the team – and to keep proper distance.
- To be a leader – and to recede in the background.
- To trust the team members – and keep an eye on things.
- To be tolerant – and not to let go.
- To keep the team's goals in mind – and to be loyal to the company.
- To plan your time – and be flexible.
- To express your opinion openly – and to be diplomatic.
- To be a visionary – and to keep your feet on the ground.
- To compromise – and to be relentless.
- To be dynamic – and to take time for reflection.
- To be self-confident and to remain humble (Chrapko, 2019).

The fact that leadership is full of paradoxes is sometimes very badly perceived by many students of the art of leadership, who feel disillusioned when they hear that their professional life will be devoted to tasks that are contradictory in nature. Distraction, hesitation, the focus on asking questions rather than giving orders are the everyday life of the modern manager. As it has been pointed out, their role is not to be the ideal leader, but only (as much as?) to be a good enough leader.

## **6. An attempt to summarise**

One should consider the discussion related to BANI seen as an opportunity to return to the roots, to remind ourselves of the fundamentals concerning the human situation and the nature of the world surrounding us, which have been considered somewhat naïve in recent decades. It is true that everything is fragile – so we have to be very careful not to destroy what is valuable. This applies to our own psyche, the emotions of others and the nature around us. It's true that we often suffer from anxiety, but we still need to stop and ask ourselves where it originated from, rather than continue the run to nowhere. It is true that it can be difficult to identify the cause-and-effect relationships between various phenomena – it is then worth remembering how much attention the ancients paid to the concept of chance. Again, it is true that many facts and events are difficult to comprehend – but do we really have an obligation to understand each and every one of the continuously disseminated bits of information? Often, we behave as if we actually feel such pressure – years of school education have made the words ‘You don't understand!’ sound like a combination of insult and the threat. We have to overcome this feeling



by acknowledging our right not to understand; otherwise we will find it difficult to find our way in the world of BANI.

The world of BANI is not easy to accept, as it requires recognising one's own weaknesses. This task seems to be extremely difficult, especially for those managers who have built their position on the assumption that every step in their career can be precisely planned. In doing so, they have demanded of themselves and others a complete 'detachment' from their own emotions and treated the sphere of psychological experiences as an obstacle to achieving goals. At the time when it seems that empathy, attentiveness and the ability to genuinely support employees are basic managerial competences, these managers are completely helpless.

The acronym BANI has emerged relatively recently, but treating the content contained therein – as a novelty would be a complete misunderstanding. The human condition has not changed for centuries; the epidemic has only made us aware of what we have so persistently tried to ignore, fascinated by the technological progress taking place before our eyes.

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