

‘Terrorism VUCA’ or ‘T-VUCA’[©]: VUCA Environment Related to Terrorism’

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Abstract

The term ‘VUCA’ is coined every day by strategist and leaders. We can list many factors which are VUCA prone. But none of them are ‘VUCA’istic as ‘Terrorism’ is. Terrorist activities and terrorist threats make the environment highly ‘VUCA’. Today’s businesses are more likely worried and conscious about risk, disaster, business continuity etc. Hence this paper is suggesting a new concept as ‘Terrorism VUCA’ or ‘T VUCA’. The concept is also copyright registered by author.

Keywords — VUCA, Terrorism and Business, ‘Terrorism VUCA’[©], ‘T VUCA’[©], VUCA Strategy, VUCA Leadership, Economic Cost of Terrorism, Business Security, Business Crisis Management, Business Continuity Plan.

I. INTRODUCTION

The era of strategic management has been evolved from ad-hoc planning to business policy. Competitive Analysis, Strategic Advantage Profile etc. were the key methods for looking ahead strategically. But now business is more like of sports. Top seeded tennis player can lose round one match of Grand Slam competition to the youngest pro player. This is nothing but a ‘VUCA’. Everything has become unpredictable.

The VUCA terminology is being used in 1990’s and it is derived from military vocabulary. It’s an acronym developed by the U.S. military after the collapse of the Soviet Union to describe multipolar world: Volatile, Uncertain, Complex, and Ambiguous. Volatility reflects the speed and turbulence of change. Uncertainty means that outcomes, even from familiar actions, are less predictable. Complexity indicates the vastness of interdependencies in globally connected economies and societies and ambiguity conveys the multitude of options and potential outcomes resulting from them. (McNulty, 2015) The characteristics of economy and market conditions are expressed by the term VUCA. The big enemy for a business firm in the globalized economy is not the competitor but the ever changing and dynamic economic aspects which has characterized as VUCA. The ‘VUCA’istic conditions are caused by many natural and man-made factors and both can be out of control. Economic, social, political, cultural, technological shifts, natural disasters, war like situations and wars are few known

VUCA factors which have affected the businesses and economic conditions to some extent. The VUCA concept was brought home to many Americans after 9/11 but really gained currency in the private sector with the onset of the financial crisis in 2008-09, when companies and organizations all over the world suddenly found themselves faced with similar turbulence in their business environments and, subsequently, in their business models. (Kinsinger and Walch)

II. DESCRIPTION OF THE CONCEPT

Terrorism is the great threat faced by the whole world. Terrorism and terrorist activities across world like suicidal attacks, bomb blast, random firing, use of vehicles for terror attacks like trucks, planes and threats of bio-weapons and nuclear weapons are few ‘T-VUCA’ factors which are completely non-business related factors. Such terrorist activities affect the businesses in drastic ways and in severe manner experiencing losses of money, men (employee and customers), asset, business and business process, market faith and reputation etc. and develop crisis alerts as well as challenges the business continuity for long time. Were the businesses ready those who have faced the losses due to terrorism in past decades? How they reacted to repair their losses? How ‘security’ of business and people taken care? What role did leadership and strategy play? How the stocks prices have reacted and controlled? Have businesses gained confidence back? How soon? Are they ready for future shocks? How the businesses have planned to prepare for ‘business security’, ‘crisis management’ and ‘business continuity’?

III. CONCEPTUAL FRAMEWORK OF ‘T-VUCA’ – ‘TERRORISM VUCA’

Terrorism is the great threat faced by the whole world. Metropolitan cities are under serious threats of terrorist attacks globally. The strategy of terrorist activities to imply maximum damage to country is to attack citizens and business or economic centers of big and metro cities. Recent evidences of 9/11 attack of World Trade Center (2001), Mumbai attack of 26/11 (2008), Nice attack (2016) in Paris prove the assumption.

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The Global Terrorism Index (GTI) is an attempt to systematically rank the nations of the world according to terrorist activity by Institute for Economics and Peace (IEP) and is based on data from the Global Terrorism Database (GTD). The GTI score is measured on basis of total number of terrorist incidents, total number of fatalities, injuries and approximate level of property damage from terrorist incidents in the year with specific weight of (1, 3, 0.5 and 2). It gives list of 124 countries measured for GTI on scale of 0 to 10. (Refer the Appendix 1) The Global Terrorism Index (GTI) proves the significant of the study of business impact of 'Terrorism VUCA'.

2015 Global Terrorism Index shares data that 32,658 people were killed by terrorism in 2014. The number of countries that suffered more than 500 deaths has increased from five in 2013 to 11 in 2014. Iraq (with score 10), Afghanistan (9.233), Nigeria (9.213), Pakistan (9.065) and Syria (8.118) are the top 5 countries as per Global Terrorism Index Report 2015 accounted for 78% of total deaths in 2014. India ranks at 6th position as per the 2015 report with score of 7.747.

The economic cost of terrorism reached its highest ever level in 2014 at US\$ 52.9 billion at 61% increase from 2013 and tenfold increase since 2000. IEP estimates the global national security expenditure to be approximately US\$ 117 billion. National Consortium for the 'Study of Terrorism And Responses to Terrorism' (START) is a university-based research and education center committed to the scientific study of the causes and human consequences of terrorism in the United States and around the world since 1970. START has mentioned that the number of terrorist incidents have increased substantially across countries, recording total 6835 incidents since 2010. It also gives data that the terrorist attacks are more in Middle East and North Africa (3093) and South Asia (2143), the attacks lead

in bombing and explosion incidents (4428) over armed attacks (1973) reporting 613 attacks on business targets and 2859 attacks on private citizens & property out of total 6835 terrorist incidents.

India has been ranked in worst 10 countries (ten countries affected most by terrorism) 14 times since 2000. Data of India is shared with following facts. Total 9940 terrorist incidents have been recorded from 1970 to 2015. Out of that, 4099 bombing & explosions and 3185 armed assaults attack type have been recorded. 2953 were of private citizens and property, 1964 Police, 1554 of Government and 939 of Business target type.

IV. 'T-VUCA' AND ITS IMPACT ON BUSINESS

Over last 15 years, more than 61,000 incidents of terrorism claiming over 140,000 lives have been recorded. There has been nine-fold increase in the number of deaths from terrorism, rising from 3,329 in 2000 to 32,685 in 2014. In 2014, private citizens were targeted more than in previous years. 31% attacks targeted private citizens and on businesses recorded death toll of 15,380 (private citizens) and 1,983 (business). (GTI, 2015)

V. ECONOMIC COST OF TERRORISM

The actual cost of terrorism is rarely calculated. The terrorist activist though brings the affected business on news but it does not come free of cost. On contrary the cost of this 'publicity' is very high, unexpected and unplanned. Exhibit 1 below identifies some probable and commonly observed parameters which can be listed as cost factors of terrorism.

Apart from loss of wages of the injured and deceased and the immediate flow on effects on family in case of attacks on private citizen, the study wishes to measure the loss of property, infrastructure, employee, customers, business and business process due to attacks on private citizen and business. The cost will also include the corrective measure taken to repair the losses and proactive measure taken to make the business ready to face such attacks in all possible way. High level of terrorism activity can affect some business and industry segment directly. Economic activities like Tourism, Hotel, Resort and Leisure are few of those. Large attacks like 9/11 have significant economic impact estimated to be US\$14 billion in New York alone. 30% decrease in FDI in Nigeria and 1% decrease in GDP in Israel are few incidents of economic impact of T-VUCA.

The concept aims to identify the topmost recent evidences of terrorism across world and to identify such businesses which have reported damage and to measure the economic cost of those terrorist activities which has caused the VUCA situations of

terrorist attacks. The concept also wishes to see the aspects of losses and damages and to collect information of economic cost of terrorism on businesses, how the businesses have reacted and responded to T-VUCA, formulated VUCA proof strategy and new role of leadership to fight the new ‘Terrorism VUCA’ factor. The study also aims to

collect information of how the businesses are preparing themselves to prevent future shocks by developing proactive strategy including ‘Business Security’, ‘Crisis Management’ and ‘Business Continuity’ to deal with ‘Terrorism VUCA’ or ‘T-VUCA’.



(Author Compilation)

Exhibit 1: Understanding ‘Economic Cost of Terrorism’ – Terrorism making the environment VUCA

VI. CONCLUSIONS

The paper would bring forward the concept ‘Terrorism VUCA’ environment. The probable case studies will focus more on action taken immediately, leadership pathway, strategies formed and undertaken to repair various losses and the strategies formulated related to business security, crisis management and business continuity to prevent future shocks due to ‘Terrorism VUCA’ (T-VUCA).

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