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### Organizational Resilience, Dynamic Leadership, Responsible Management and the Impact of VUCA: A Theoretical Framework

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#### ABSTRACT

The evolving domain of Responsible Management (RM) generally accentuates upon the combination of sustainability, responsibility, and ethics in managerial practices. Whereas modern managerial practices are comprehended as a fine amalgam of diverse elements including human capital and acumen, complex machineries and materials, methodological processes and practices. However, the impact created by abrupt economic dynamics, changing social needs, time-sensitive informational factors and in-time decision making in relation to corresponding environment characterized by volatility, uncertainty, complexity & ambiguity (VUCA) cannot be kept aside. Hitherto, the emerging trend identified in the recent past reveals that everything around us seems to be in a state of continuous flux. We are entombed in the vortex of an unending cyclone of change. Therefore, there is a dire need to understand the role of dynamic leadership in volatility, uncertainty, complexity and ambiguity inherent in the environment we are dwelling in, to analyze the challenges offered by them and to finally explore the solutions to overcome these challenges in the realm of Responsible Management (Singh & Sharma, 2022). Present study seeks to fill in this gap, using qualitative methodology, by offering a theoretically grounded framework to integrate organizational resilience, dynamic leadership and responsible management.



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#### Introduction

The very existence of humankind is in a state of dynamic equilibrium, as they argue. And thus, management in all its spheres and affairs seems to be striving and struggling to survive in the VUCA World. All of us in general and the corporate world in particular needs to think about devising concrete strategies to overcome the challenges offered by these four dominant characteristics waving and sweeping the environment around us. Yet another aspect congruent to the call of the day is the *dynamism of the leadership* which in such scenarios is mostly mystical, esoteric and un-graspable, to many. In the VUCA world, impact of leadership to some scholars, is a rather hazy, distant and even confusing abstraction. But fact of the matter is that dynamic

leadership is extremely important because everything depends on it, family units, communities, organizations and nation states depend on leadership the way we need oxygen – everything rises or falls on leadership (Kouzes & Posner, 2016). The future is seen and described in relation to the need to create absorbing strategies and conditions by the goal-pole of *Responsible Management* (RM) by dynamic leadership for achieving sustainable and progressive development.

The concept of VUCA (*volatility, uncertainty, complexity, and ambiguity*) represents a complex and dynamic environment that requires organizations to be *agile* and *adaptable* in order to succeed (Chen & Zhang, 2019). It describes the challenges presented by rapidly changing business conditions and in order to sail through the VUCA created environment, organizations need to prioritize responsible management and dynamic leadership, which involve taking a holistic approach to decision-making and being able to adapt quickly to changing circumstances. Key strategies for success in a VUCA environment may include *fostering a culture of sustainability through innovation & creativity, embracing diversity and inclusion, and investing in continuous learning and development*. Eventually, VUCA accentuates a need for organizations to be proactive and forward-thinking in their approach to strategic management, in order to *stay ahead of the curve and thrive in the matrix of change*. In today's rapidly changing business landscape, dynamic leadership and responsible management are more critical than ever. With VUCA becoming the norm, leaders and managers must adapt to the new reality to steer their organizations through the challenges and uncertainties ahead.

### Literature Review

**Organizational Resilience.** Organizational Resilience refers to *an organization's ability to anticipate, prepare for, respond to and adapt to incremental change and sudden disruptions (VUCA) in order to survive and prosper*. It involves a combination of strategies, processes and structure through dynamic leadership and responsible management that enable an organization to withstand crises, recover from them and become stronger and resilient as a result. Organizational resilience encompasses various aspects including risk management and adaptability to change.

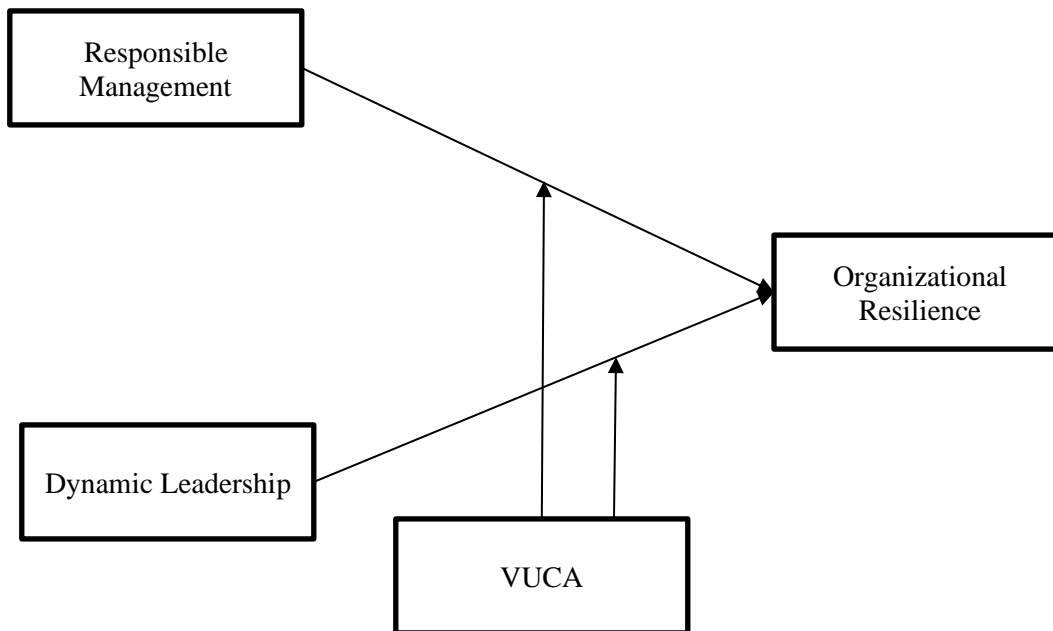
Dynamic leadership *refers to the ability to adjust quickly to changing circumstances and to lead with flexibility, creativity, and resilience*. It requires leaders to be proactive and adaptable, anticipating changes before they happen, and responding to them with agility and speed.

Responsible Management, *on the other hand, is about leading with ethics, integrity, and sustainability in mind. It entails a deep commitment to corporate social responsibility, environmental stewardship, and ethical business practices*. One of the key drivers of responsible management is corporate social responsibility (CSR), which refers to an organization's efforts to contribute to sustainable development by considering the interests of various stakeholders (Boulouta & Pitelis, 2014). CSR can take many forms, such as *environmental stewardship, ethical labor practices, and community involvement* (Maignan, Ferrell, & Ferrell, 2005). A stakeholder perspective, which considers the interests of all relevant people in decision-making, is often used to guide CSR initiatives (Matten & Moon, 2008). [Singh & Sharma, 2022].

Responsible management practices by dynamic leaders have become increasingly important in the business world, particularly in the face of a volatile, uncertain, complex, and ambiguous environment. *The most significant aspect of responsible management is dynamism in the faculty of leadership, which is characterized by the ability to adapt to changing circumstances, inspire others, and promote a culture of responsibility and sustainability* (Singh & Sharma, 2022; Kouzes & Posner, 2016). This leadership style is essential for tackling the VUCA's womb, which requires leaders to be agile, innovative, and responsive to a wide range of stakeholders (Chin, 2018). Moreover, responsible management involves the integration of CSR into business strategy and operations, as well as the creation of shared value for all stakeholders (Porter & Kramer, 2011; Boulouta & Pitelis, 2014). Scholars have proposed various frameworks for implementing CSR,

including stakeholder theory and the natural-resource-based view of the firm (Maignan, Ferrell, & Ferrell, 2005; Hart, 1995). The importance of leadership in promoting sustainability and CSR cannot be overstated, as *leaders are responsible for setting the tone and direction for their organizations* (Schwartz, 2011). Therefore, combination of dynamic leadership and responsible management is essential for organizations to thrive in a VUCA world.

### Framework



### Methodology

The primary objective of this study was to investigate the influence of dynamic leadership and responsible management on organizational resilience within a VUCA (volatile, uncertain, complex, ambiguous) environment. To achieve this objective, a qualitative approach based on a comprehensive literature review was employed. The selection criteria for the literature included papers indexed in prominent databases such as Web of Science, Scopus, and Google Scholar, ensuring a thorough and rigorous examination of relevant scholarly sources. We focused on reviewing articles published between 2010 and 2023, a period marked by significant technological, environmental, and political uncertainties. Our search began on Google Scholar using specific phrases like "Responsible Management," "Dynamic Leadership," and "Organizational Resilience," resulting in the identification of 134 relevant articles. Discussion on these articles is provided in subsequent paras.

### Impact of VUCA on Organizations, Leadership & Management

Significant impacts of VUCA on organizations, leadership and management are proffered as under:

- a. The *Volatility* aspect may infuse rapid and unexpected changes in the business environment and may cause significant disruptions to organizations thereby entailing visionary dynamism in leadership to deal with such scenarios.
- b. The *Uncertainty* prospect may craft a blackout of essential information on the business landscape hazing it out to create a dilemma accentuating absolute clarity at decision making loop.
- c. The *Complexity* facet may create a cloudburst in the business architect with interconnected, complicated, excessive variables and unsolicited elements and information to saturate business responses demanding Performance risk taking.
- d. The *Ambiguity* domain may obscure the business canvas even with availability of essential elements of required information yet difficult to cultivate requisite responses requiring interpersonal risk taking.

- e. Responsible management practices, scenario planning, risk management, flexibility to rapidly grasping new ideas and collaborating functions and skills will greatly help organizations in prior preparation and adaptation to the swirls & spins of VUCA.
- f. Leaders must be comfortable exercising dynamism to make decisions with incomplete information and communicate effectively to provide clarity and direction to their teams. They should be harnessed to respond quickly to these changes, leveraging their agility and creativity to find new opportunities and mitigate risks.

### **Role of Dynamic Leadership & Responsible Management in Organizations to Mitigate Impact of VUCA**

The future of business and society is shaped by various factors, including technological advancements, demographic shifts, global economic changes, and environmental challenges (Singh & Sharma, 2022). To survive these complexities and achieve sustainable and progressive development, *organizations need to adopt an avant-garde and responsible approach to leadership and management*. Dynamic leadership is critical in this context as it enables organizations to respond quickly and effectively to changing circumstances (Kouzes & Posner, 2016). It requires leaders to be proactive, adaptable, and innovative, leveraging their skills and experience to create new opportunities and overcome challenges (Singh & Sharma, 2022). *Dynamic leaders are also able to inspire and motivate their teams, fostering a culture of agility, creativity, and resilience* (Kouzes & Posner, 2016).

Responsible management is equally important in this realm as it ensures that organizations are operating ethically and sustainably (Russo & Harrison, 2015). It involves taking into account the interests of all stakeholders, including employees, customers, suppliers, investors, and society at large (Maignan, Ferrell, & Ferrell, 2005). Responsible management also entails a commitment to environmental sustainability, ethical business practices, and CSR (Waddock, 2015). *By combining dynamic leadership with responsible management, organizations can create absorbing strategies and conditions that enable them to achieve sustainable and progressive development* (Singh & Sharma, 2022). This means developing long-term strategies that take into account the needs of all stakeholders (Porter & Kramer, 2011), *investing in the development of employees* (Linnenluecke & Griffiths, 2017), *adopting sustainable business practices* (Schwartz, 2011), and *leveraging technology and innovation to drive growth and improve efficiency* (Chin, 2018). Achieving sustainable and progressive development requires a mindset shift from short-term gains to long-term impact (Boulouta & Pitelis, 2014). It means recognizing that success is not just about financial performance but also about creating positive social and environmental outcomes (Matten & Moon, 2008). *By adopting a responsible and dynamic approach to leadership and management, organizations can create a culture of purpose and impact that inspires employees, attracts customers, and creates long-term value for all stakeholders* (Sen & Cowley, 2017).

In a VUCA world, dynamic and responsible management plays a critical role in several aspects highlighted as under:

- a. **Risk Management:** VUCA creates significant uncertainties and risks for organizations. *Dynamic Responsible management practices, such as risk assessment and scenario planning, help organizations to anticipate and mitigate risks before they happen*. By identifying potential risks and developing strategies to manage them, organizations can minimize the impact of VUCA on their operations and stakeholders (Russo & Harrison, 2015).
- b. **Stakeholder Engagement:** In a VUCA world, it is essential for organizations to engage with their stakeholders to build trust and confidence. *Dynamic & Responsible management practices, such as transparent communication and stakeholder engagement, help organizations to understand the needs and expectations of their stakeholders*. By engaging with stakeholders, organizations can create a sense of shared purpose and collaborate to address the challenges of VUCA

- (Porter & Kramer, 2011).
- c. Promoting Environmental sustainability: The environmental impact of business operations is increasingly important in a VUCA world. *Dynamic & Responsible management practices, such as environmental stewardship and sustainable business practices, help organizations to reduce their carbon footprint and promote environmental sustainability.* By adopting sustainable business practices, organizations can mitigate the impact of VUCA on the environment and create a more resilient business model (Linnenluecke & Griffiths, 2017).
  - d. Ethical Decision-Making: In a VUCA world, organizations face complex ethical dilemmas that require responsible and dynamic and quick DM. *Dynamic & Responsible management practices, such as ethical decision-making frameworks and codes of conduct, help organizations to make decisions with integrity and transparency.* By making ethical decisions, organizations can build trust and credibility with their stakeholders and mitigate the risks of reputational damage (Russo & Harrison, 2015).
  - e. Embracing Innovation: VUCA also presents opportunities for innovation and growth. *Dynamic & Responsible management practices such as embracing technology and innovation can help organizations to adapt to changing circumstances and create new opportunities.* By leveraging technology and innovation, organizations can improve their efficiency, reduce their environmental impact, and create new value for their stakeholders.

### **Relevant Applicability / Examples from Corporate World**

In the VUCA scenarios, the role of leadership is critical in directing the complex and uncertain environment. While some scholars may view leadership as a vague concept, the reality is that *dynamic, effective and responsible leadership is essential for success at all levels of society.* Such leaders are essential for creating strategies that are flexible and responsive to the rapidly changing environment. They must *be able to make quick decisions and take calculated risks, while also ensuring that their decisions align with the organization's goals and values.*

- a. During the COVID-19 pandemic, Dynamic & Responsible leaders in healthcare had to quickly adapt to changing circumstances, such as shortages of personal protective equipment, staffing issues, and a surge in patients. These leaders had to make difficult decisions on the fly, such as implementing new protocols to ensure the safety of staff and patients, while also balancing the financial implications of these decisions.
- b. The company *Patagonia* demonstrated dynamism and responsibility in managerial practices by prioritizing sustainability and social responsibility in their operations. *Patagonia is known for its commitment to sustainability, including initiatives such as using recycled materials in its products and investing in renewable energy.* The company's Founder, Yvon Chouinard, is also known for his dynamic leadership style, which emphasizes taking risks, empowering employees, and constantly learning and improving has implemented sustainable business practices, such as using recycled materials in their clothing, and investing in environmental activism.
- c. Unilever, a multinational consumer goods company has a strong commitment to responsible & dynamic management, including *initiatives such as sustainable sourcing, reducing waste, and promoting diversity and inclusion.* The company's CEO, Paul Polman, is also known for his dynamic leadership style, which emphasizes collaboration, innovation, and taking a long-term view.
- d. In both of these examples, *responsible management and dynamic leadership are seen as complementary practices that work together to create a sustainable and successful business.* By prioritizing both of these factors, organizations can build a strong foundation for growth and innovation in today's changing world of corporate

- business and strategic management.
- e. A study by Harvard Business Review found that companies with strong environmental, social, and governance (*ESG*) performance actually outperformed their peers in terms of financial results. The study analyzed the performance of 1800 companies over a period of five years and found that *companies with strong ESG performance had higher profitability, lower cost of capital, and higher stock price performance than their peers.*
  - f. According to a survey by Deloitte, *72% of executives believe that their organizations are operating in a VUCA environment. The survey found that the most significant sources of uncertainty and complexity were economic conditions, technology disruptions, and regulatory changes.*
  - g. A study by McKinsey & Company found that companies with effective crisis management strategies are more likely to recover quickly from a crisis and even emerge stronger than before. The study analyzed the *performance of companies that had experienced a crisis over a ten-year period and found that companies with dynamic, effective & responsible leadership were able to make quick decisions, communicate effectively with stakeholders, and leverage their strengths to overcome the crisis.*
  - h. By leveraging data and insights like these, organizations can better understand the challenges and opportunities presented by the VUCA environment, and develop strategies that prioritize responsible management and dynamic leadership to achieve sustainable and progressive development

### **Directions for Future Research**

While an effort an effort has been done to comprehensively overview the importance of Dynamic Leadership and Responsible Management in navigating the challenges posed by a VUCA (volatility, uncertainty, complexity, and ambiguity) environment, there are several potential areas which can be explored further: -

- a. **Theoretical Integration.** While the concepts of Responsible Management, Dynamic Leadership, Corporate Social Responsibility (CSR), Stakeholder Theory, and Sustainable Business Practices have been touched upon, there is a need for a more in-depth analysis and integration of these theories to understand how they intersect and influence organizational outcomes in a VUCA environment.
- b. **Measurement and Assessment.** The article emphasizes the significance of dynamic leadership and responsible management in a VUCA context. However, there is a gap in terms of providing concrete measures or assessment tools to evaluate the effectiveness of these practices. Future research can focus on developing robust measurement instruments and frameworks to assess the impact of dynamic leadership and responsible management on organizational performance and sustainability.
- c. **Organizational Context.** Few brief examples from the corporate world, such as Patagonia and Unilever have been mentioned to highlight Responsible Management practices. However, further research could explore deeper into specific industries or sectors to examine how Dynamic Leadership and Responsible Management manifest in different organizational contexts. This would enable a more nuanced understanding of the challenges and opportunities faced by organizations in specific industries.
- d. **Cross-Cultural Perspectives.** This article primarily presents a general perspective on Dynamic Leadership and Responsible Management in a VUCA world. However, there may be cultural variations in how these concepts are understood and practiced across different countries and regions. Future research can explore the influence of cultural factors on the implementation and effectiveness of Dynamic Leadership and

- Responsible Management in diverse cultural contexts.
- e. Long-Term Impact. While the article acknowledges the importance of long-term impact and sustainability, further research could explore the long-term effects of Dynamic Leadership and Responsible Management on Organizational Performance and Societal Outcomes. This would involve studying the lasting effects of these practices beyond immediate crisis situations and examining their contribution to long-term organizational resilience and sustainability.
  - f. By addressing these areas, future studies can contribute to a more comprehensive understanding of the role of Dynamic Leadership and Responsible Management in effectively navigating a VUCA environment, thereby enabling organizations to thrive in the face of Constant Change and Uncertainty.

## Conclusion

VUCA generates several challenges for responsible management such as evolving dynamism in managing risk, engaging with stakeholders, promoting environmental sustainability, and making timely and quick ethical decisions in organizational resilience. To overcome these challenges, organizations need to adopt responsible management and foster dynamism in organizational practices such as *risk assessment, stakeholder engagement, sustainable business practices, ethical decision-making, and embracing innovation*. By doing so, organizations can create a more resilient and purpose-driven business model that can thrive in a VUCA's jungle. The future of business and society demands a combination of dynamic leadership and responsible management by embracing these principles so as to absorb requisite strategies and conditions that enable them to achieve sustainable and progressive development. This means *prioritizing the needs of all stakeholders, investing in the development of employees, adopting sustainable business practices, and leveraging technology and innovation to drive growth and improve efficiency*. By doing so, organizations can create a positive impact on society and the environment, while also achieving long-term success and profitability. In the VUCA world, dynamic leadership and responsible management are critical for success at all levels of society. Effective leaders must be adaptable, innovative, and able to respond to changing circumstances quickly and aptly, while also prioritizing responsible decision-making that considers the needs of all stakeholders. By doing so, organizations can create strategies that are flexible, responsive, and sustainable, leading to long-term success and progress.

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