CENTRAL BANK OF EGYPT
Egyptian Banking Institute

البنـــك المركـــزى المصـــرى
المعهــد المصرفــى المصـــرى

October 2022

Current Trends

From VUCA to BANI:
how to expect the unexpected

Current
Trends

Background

The world used to be called Volatile, Uncertain, Complex, and Ambiguous (VUCA) until recently with the emergence of the pandemic and other socio-economic and political changes which resulted in a new term to describe the world called BANI.

In the 1980s during the time of the cold war, the VUCA concept emerged to **explain emerging new world dynamics**. It was initially developed by the US army to describe the social transformations that had taken place and how the military should act in the face of possible conflicts.

Worldwide instability, rapid changes, and the emergence of technological transformations were just some of the characteristics attributed to this scenario. This served as a launch pad for strategy development and implementation in key business functions such as Human Resource Management, Finance, Operations, Information Technology, Engineering, and Production. The approach was based on volatility, uncertainty, complexity, and ambiguity that the world faced.

Since then, the term has been used to describe technological and cultural changes and their impact on the daily lives of people and companies. In the business world, the term VUCA became popular in the 2000s, precisely when significant technological changes took place, namely the invention and dissemination of the internet.

Concept and Definition

The creator of the BANI concept is Jamais Cascio, an American anthropologist, futurist, and author. Triggered by the various crises our world is facing—climate, pandemic, inequality and global instability, to name a few—he concluded that existing concepts such as VUCA are not appropriate for a rapidly evolving world. A new concept was needed, and this was BANI.

In the BANI model, what was volatile in the VUCA model turned into Brittle, for it is fragile and unreliable; Uncertainty turned into Anxiety; Complexity turned into Non-linearity and Ambiguity turned into Incomprehensible. Mr. Cascio in an article Facing the Age of Chaos, said, "BANI is a way to better frame, and respond to, the current state of the world. Some of the changes we see happening to our politics, our environment, our society, and our technologies are familiar — stressful in their way, perhaps, but of a kind that we've seen and dealt with before. But so many of the upheavals now underway are not familiar, they're surprising and completely disorienting. They manifest in ways that don't just add to the stress we experience, they multiply that stress."

BANI stands for:

- **B = Brittle – Brittle replaces Volatility.** Our world is not just volatile. It has turned out that rapid change is a big problem especially when the system is inflexible. Brittle is exactly the right word to describe this condition: A brittle system usually looks very stable, but becomes porous and breaks over time, mostly unexpected.

- **A = Anxious – reflects Uncertainty.** It involves fear that something significant can break away at any time. Anxiety is a way to safeguard security. An uncertain system therefore can therefore generate immense anxiety.

- **N = Nonlinear – Non-linearity is not a continuation, but an addition to complexity.** The reason is simply that the systems in which we live and work are extremely complex. This means that in these complex systems, the link between cause and effect is not always given.

- **I = Incomprehensible** – Misunderstanding is generated when we find answers, but the answers don't make sense. So, we need to understand that we don't have control over everything. We try to find an answer for everything and we rely on data and on the countless information we have at hand. However, overload results in incomprehensibility.

Importance

Being more accurate and concise than VUCA, the BANI acronym offers a productive framework

- To make sense of the world anew

- To better grasp the links between causes and effects

- To find a stable structure to determine what is going on in the world.

As such, each letter of the acronym also hints at viable options to respond to our current challenges:

- If something is brittle, it requires capacity and resilience.

- If we feel anxious, we need empathy and mindfulness.

- If something is non-linear, it calls for context and adaptivity.

- If something is **incomprehensible**, it demands **transparency** and **intuition.**

How to use

Today, it's important not to see the VUCA and BANI models as different entities, but rather understand that there is nothing but a shift happening. The VUCA world has evolved into the BANI world.

- Preparing an organization for a BANI world means preparing your people against the fragility, anxiety, non-linearity, and incomprehensibility of the current times. In the context of fragility, strengthening your team through collaboration, adopting well-distributed structures, and investing in training are tools that can make your people and organization resilient.

- Dealing with anxiety requires more empathy. Training employees ie. reskilling, upskilling and soft skills, which will become increasingly imperative in times to come, can also help.

- In a non-linear world, rigid plans tend to be a burden on business. Misunderstanding can be addressed simply through transparency and the use of technologies like Artificial Intelligence, RPA, Big Data, and Data Science.

- BANI allows for a more accurate account of current circumstances, paves the way for an approach to make the world more comprehensible again, and creates opportunities to meet each of these challenges appropriately.

Practices Worldwide

- The BANI framework can help HR and L&D teams create stronger leaders in order to be ready for whatever comes our way. Today we continue to struggle with the effects of the Great Resignation and an ever-fluctuating job market. While economic uncertainty can always impact an organization, developing the right people, at the right time, for the right role with the right skills, is the only way we can achieve our set KPIs and continue to do great work.

- What does this mean for organizations?

  It means that it's becoming crucial to work in an agile way in order to prepare oneself for changing, uncertain, or even adverse circumstances, and to be able to react swiftly. These times of chaos are especially challenging for leaders and require them to deal with the necessary principles. This means, more than anything, that leaders have to

start with themselves instead of resorting to an authoritarian approach. Cultivating awareness and a clear focus on decisions are necessary to master current challenges and face times of change.

• These are the main Soft Skills indicated by the BANI practices:

- Flexibility: Not breaking in the face of change is very important in a BANI context.

- Adaptability: Closely related to flexibility, being able to quickly adapt allows us to move efficiently and calmly towards new scenarios.

- Empathy: Listening and emotional management skills are becoming more and more important in the world of business and work.

- Communication: Knowing how to transmit ideas, messages, values… It's not only essential for leaders, but also for each and every worker.

- Critical Thinking: It's no good to accept things as they come. Having original ideas and sharing them is also increasingly valued.

- Creativity: In an ever-changing environment, someone who brings intelligent and creative solutions will always be highly valued.

- Transparency: It's necessary that we lose the fear to communicate problems and challenges. Transparent management is a great way to face challenges.

- Cooperation: Counting on others, getting involved with the group and creating synergies.

October 2022

Current
Trends