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Propelled Into Hyper-VUCA but not Into a New Normal

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Ernst von Kimakowitz

Passionate About Strengthening the Positive Impact of Business

What we are currently experiencing is not a new normal but a state which I would call hyper-VUCA. A much heightened state of Volatility, Uncertainty, Complexity and Ambiguity (VUCA) that is testing our individual, organizational and systemic resilience. Few of us were able to even imagine a couple of months ago, what we are now experiencing but I don't think we should call it a new normal.

Propelled into Hyper-VUCA

While the VUCA world has been a reality for many of us over the first two decades of this millennium, Covid-19 has now propelled us into a period of *hyper-VUCA*. Few of us would have been able to even imagine only a couple of months ago what we are today experiencing and we know neither how long it will continue, in how many waves it will come back, or what lasting effects it will have on which parts of our lives. We are right to be alert, concerned, and ready to take bold decisions but we are wrong to panic, expecting the world as we knew it to be gone, forever.

Hyper-Volatility



Blue chip equities show a volatility range hitherto reserved for unregulated markets

The best example currently for hyper-volatility is probably what we can observe on stock and commodity markets around the globe. Some airline shares suffer the highest ever one day loss while most BEACH industry (Booking, Events, Aviation, Cruises, Hotels) stocks had at least halved in value within a few days. Following days of steep decline, crude oil recorded the highest ever one day price rise only to drop again to levels as low as 20 years ago. We see the indices of major stock exchanges like Frankfurt, London, New York or Tokyo move around ten percentage points on single days. And then, leaving even outspoken market analysts speechless, amidst most worrying developments a stock market rally comes underway seeing major stock indices rising 20 to 30 percentage points within only a few weeks. We observe today a volatility range that was hitherto reserved for crypto currencies or some unregulated markets but not for blue chip listed equities.

Hyper-Uncertainty



Will waves of infections force us into repetitive lockdowns?

One of the main drivers of current market volatility is hyper-uncertainty. How long will lockdowns need to be in place in different parts of the world? How many countries will open up too early and see strong waves of new infections coming back? What would it mean to open up too slowly, unnecessarily prolonging suffering from the lockdown and heightening the negative long term effects on economic recovery? How long will we be exposed to the aftershocks and how long will the recovery of our social, political and economic systems take? And, are we fundamentally changing or redesigning any of them? All of these unanswered questions add up to hyper-uncertainty as we are today facing uncertainty over the very existence of systems and institutions rather than just uncertainty over their performance.

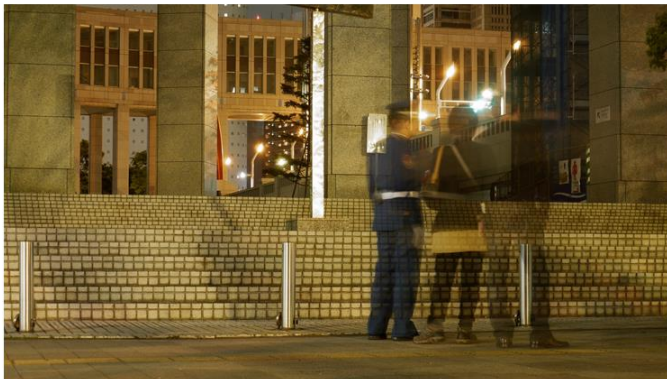
Hyper-Complexity



How do we know when the cure is becoming worse than the disease?

Hyper-complexity can probably best be viewed through the lens of science asked to deliver advice based on the analysis of an impossible amount of data, parameters, drivers, variables and moderators, to decide if and when the cure becomes worse than the disease. How long can we endure what level of restrictive measures and when must we conclude that their effects are causing more harm than Covid-19 itself does? This is a 'wicked problem', a term coined by Horst Rittel and Melvin Webber, to describe complex, messy problems where 'there are no "solutions" in the sense of definitive or objective answers'. We are stuck between a rock and a hard place and all we can seemingly do is take baby steps and monitor their effects, ready to instantly turn them back when observing rising infections rates again.

Hyper-Ambiguity



Are we seeing proof of our systemic vulnerability or of its resilience?

Strongly connected to the notion of finding no definitive answer to complex questions is hyper-ambiguity which we currently experience in assessing whether the pandemic is showing us how fragile our systems and institutions are or, on the contrary, how resilient? We see on one hand economic activity crumbling and unemployment rising at unprecedented speed to levels not seen since the great depression of the 1930s. We find international organizations' warning that even the bleakest of predictions on the societal and economic effects of the current pandemic may still be too optimistic. On the other hand in many countries that are slowly taking first timid measures to open up again we have not seen doomsday scenarios come alive. With very few exceptions, supermarket shelves were well filled throughout the last two months; solidarity not opportunism was the dominant behavior exhibited by civilized and responsible citizens; acts of kindness, not aggression characterized the way in which we have interacted. So do we see our resilience or our fragility exposed in this phase of hyper-VUCA or is it simply too early to tell?

From what I see a new normal is not yet in sight but it is within reach

All of this however is not a new normal, regardless of whether or not our hopes for it to be over soon will be fulfilled, we cannot want to label this state of hyper-VUCA as "normal". We should embrace those measures that are taken for all the right reasons, but nonetheless we are currently seeing deep cuts into our civil liberties, restrictive and coercive measures threatening livelihoods, and our fundamental right to live a life in self determination is being partially suspended. Normal, with or without the "new", is not what we want to call this. At the same time those countries that are now beginning to take first timid steps towards opening up societal and economic life again, are acting on the promise to restore as much as possible of the old normal rather than moving towards something new. This of course is very much understandable as most of us wish things would be as before the pandemic parralized much of our lives. But why then do we talk so much about a new normal when our actions are working towards the old normal?

I think we may well be aware of having an opportunity here to rebuild parts of our systems, institutions and organizations in a more sustainable, more equitable and more humane way. From what I can currently see however this new normal is not yet in sight, but it is within reach if we decide to want and work towards it.

Ernst von Kimakowitz is passionate about strengthening the positive impact of business towards a more equitable and more sustainable planet. He is founding director of the [Humanistic Management Center](#) and co-founder of the [Humanistic Management Network](#). He holds a research position at the [University of Lucerne](#) and leads the executive training provider [Ethics First](#). Ernst is also a lecturer at the [University of St. Gallen](#) and held visiting faculty positions in Colombia, Germany, India, and Japan.

