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"VUCA 2.0: HOW TO SURVIVE THE UNSTEADY WORLD?"

November 18th-19th,2020 Faculty of Economics, Universitas Sriwijaya Palembang, Indonesia



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FOREWORD



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Welcome to the Sriwijaya, Economics, Accounting and Business Conference (SEABC). SEABC is scholarly activity consists of international seminar and conference that is expected to give contribution and identify national economic policy, especially in facing ASEAN economic community. In 2020, SEABC is running its sixth year and taking a theme of "VUCA 2.0: How to Survive Unsteady World?".

The Faculty of Economics of Universitas Sriwijaya has organized this important seminar and conference. Many individuals have put that hard work to make this event becomes reality. The papers presented at this conference and included in this proceedings are expected to give contribution to research and technology development (IPTEK).

At last, we would like to thank for all the participants and the presenters that are willing to present their ideas and make this conference possible. We hope this proceedings can be a reference to build our nation and country.

Wassalammualaikum Wr. Wb

Prof. Dr. Mohamad Adam, S.E., M.E.Dean of Faculty of Economics
Universitas Sriwijaya



FOREWORD



Assalammualaikum Wr. Wb

I am delighted to welcome you to the 6th Sriwijaya, Economics, Accounting and Business Conference (SEABC). SEABC is scholarly activity consists of international seminar and conference that is expected to give contribution and identify national economic policy, especially in facing ASEAN economic community. In 2020, SEABC is running its sixth year and taking a theme of "VUCA 2.0: How to Survive Unsteady World?".

The Economics Faculty of Universitas Sriwijaya have organized this important seminar and conference. This year is special. All of us can't predict this before, the pandemi of Covid – 19. That thing makes all seminar and confence activity do by online. The 6th SEABC conference papers were peer reviewed for technical and editorial content by a dedicated committee of referees. We accept nearly 90 papers for oral presentation from 10 countries. These papers were presented in 2 days, 4 sessions each day.

Finally, I would like to thank for all the presenters that are willing to present their ideas and make this conference possible. We hope this proceeding book can give contributes to research and technology development .

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Agung Putra Raneo, S.E., M.Si Chairman 6th SEABC Universitas Sriwijaya

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CHANGE LEADERSHIP: FACING THE NEW NORMAL DUE TO THE 2019 COVID PANDEMIC

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Abstract

The COVID19 pandemic has had a dramatic impact on people's lives, especially businesses and companies, which has caused many changes in the VUCA world. This paper seeks to study how the leadership of an organization / company manages the change processes in the rapidly changing, chaotic and turbulent business environment that has become the 'new' normal. The writing of this paper is done through a study of various literatures. The leader acts as an agent of change, plays an important role in initiating, implementing, and managing change in times of crisis in conditions that are severe, uncertain and complex. Many companies don't understand how to react or handle this situation. Every organization must be able to identify it because every problem requires a fast and unique response. Each of these components poses unique challenges that can be faced with Vision, Understanding, Clarity, and Agility.

Keywords: Management, Leadership, Change, VUCA

1. INTRODUCTION

At the end of 2019, there was an incident that shocked the entire world population, namely the spread of the new world coronavirus (COVID-19) very rapidly throughout the world, such as China, England, Italy, Spain, France, Malaysia, the Philippines, and others. The first time the appearance of this virus was reported from Wuhan, China. Confirmed cases of COVID-19 have increased rapidly to their numbers far exceeding the SARS virus in 2003. Due to the human-to-human transmission capacity of the virus, the World Health Organization (WHO) declared an international public health emergency on 31 January 2020 In Indonesia, the initial confirmed positive case of COVID-19 was on March 2, 2020 (Ministry of Health, 2020).

The rapid spread of the virus to prove that d Unia has been interconnected with globalization, so the impact on the economic challenges of an increasingly large. The world today is a very complex system and changes occur rapidly among its sub-systems so that it gives pressure to make every effort to anticipate any changes and forms of the transformation process. The surprise is an intrinsic aspect of change, especially when it occurs at high speed with high levels of volatility, uncertainty, complexity, ambiguity (VUCA). (Heinonen, Karjalainen, Ruotsalainen, & Steinmüller, 2017)

In the COVID-19 pandemic, the phrase new normal appears, referring to changes in human behavior when experiencing a pandemic. Will life return to normal, or will a new normal occur when the level of COVID-19 infection has started to slow down and decline. When restrictions on community activities are lifted or reduced, people will be able to return to work and businesses will begin to open up. Driven by the fulfillment of the need to revive the people's economy (Millard, 2020).

New Normal is a term in business and economics that refers to the financial condition after the 2007-2008 financial crisis and after the 2008-2012 global recession. Since then, this term has been used in various other contexts to imply that what was previously abnormal has become commonplace. El-Erian (2010) pioneered the use of the new normal term, which tries to discuss that the impact of the crisis was unexpected, not just a wound and a truncated crisis. Yet it delivers the inevitable outcome of a multi-year period of extraordinary and completely abnormal crisis. (Kennedy, 2020)

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Thus, new normal is a term used to reflect changes in society, particularly about the economy, which refers to significant changes in financial and business conditions. The term arises from a context in which economists and policymakers believe that the economy and industry are headed for new ways after the 2007-2008 financial crisis. (El-Erian, 2010)

Humanity has experienced four global outbreaks (pandemics) due to coronavirus infection in the past century. Namely in 1918-1920, 1957 and 1968, and at least three well-known coronavirus epidemics that failed to reach pandemic scale. This recurring occurrence experienced a massive increase that appeared in the last two decades, as seen in Figure 1 below. (Millard, 2020)

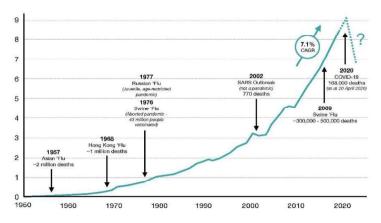


Figure 1: Pandemic incidence since 1950 (Millard, 2020)

The challenges caused by the COVID-19 pandemic are very relevant to the current volatile world development, full of uncertainty, complexity, and ambiguity (VUCA). By the definition of each element, volatile is the speed of change and response to a pandemic. Uncertainty, answer not yet known, feeling out of control with no experience. The complexity, the disease impact, and response, such as the need for social and physical distancing that resulted in the community's business activities. Ambiguity, the information obtained is uneven and changing, even experts are still arguing about this pandemic. (Holland, 2020)

Now, everyone feels that the impact of COVID-19 has brought an economic and business crisis without precedent. However, a pandemic is not something new in the world of VUCA (volatile, uncertain, complex, and ambiguous), even in the future. Experts tell me time and time again to be prepared for changes that are sure to always be there. For this reason, it is necessary to increase the ability to anticipate sudden and deep disturbances. COVID-19 is a disaster that must be faced in today's VUCA world. (Huy, 2020)

These changes continue to take place quickly. Not a day goes by without important discoveries. Also, many individuals find it very difficult to keep up with the pace of change (Cameron & Green, 2015). These ubiquitous changes make behavior to lead change successfully a major topic for organizations. The speed and complexity increase greatly. The future success of the organization depends on how successfully the organization will be able to manage that change (Anderson & Anderson, 2001). Organizational crises are more frequent and cumulative as the environment becomes increasingly complex (Hwang & Lichtenthal, 2000).

The new environment resulting from this change is characterized by interconnectedness and an increasing level of complexity. The global economy has become interconnected, and companies cannot just focus on their local economies. The company was forced to adjust its tactics and strategy to every event that occurred (Petrie, 2014). Organizations that are quick and effective in responding to environmental changes will be able to survive. These environmental changes are caused by various factors such as technological innovation; increased global competition; economic and social restructuring; shifting expectations of clients and stakeholders; growth; ecological dilemma; changing



the nature of the workforce; new government, international regulations, and so on. In a fast-developing world, change has become the norm for companies to maintain their existence and success. Therefore, it is increasingly difficult for companies to make decisions because the business environment is very uncertain and volatile (Courtney, 2003).

According to various authors, the failure rate for neglecting change initiatives is up to 70 percent (Higgs & Rowland, 2005). It is necessary to implement major changes that grow the need for organizations to be able to react and manage in a business environment that is becoming increasingly complex, uncertain, turbulent, and unstable since the world is changing rapidly (Higgs & Rowland, 2005). Therefore, it becomes difficult for organizations and leaders to understand how to react or manage change in a situation of change that takes place rapidly from the events that are happening now.

2. LITERATURE REVIEW

The COVID- 19 pandemics are fundamentally shaping new behavior in how we do business. Even if the restrictions on activities have ended and the virus can be suppressed by the discovery of a vaccine, the effects will remain for the foreseeable future. Now the whole world has experienced VUCA in real terms as a result of the pandemic, not only faced by developing countries but also developed countries (Huy, 2020). Organizational leaders need to have the skills to identify what knowledge or skills are needed to bring change forward. Therefore, leaders need to have the skills to commit to a vision or mission that responds to individual needs, motivates other people's behavior, communicate effectively, the ability to try different strategies, and the ability to make good decisions (Bookboon, 2010; Villa & Thousand, 2005).

The role of leaders is very important in this complex change because they are the ones who lead and manage increasingly complex changes. Leaders need extreme experience, skills, and patience to understand the components of systemic reform to fully implement change. Villa and Thousand (2005) suggested several components such as vision, skills, incentives, resources, and action planning to predict organizational success or failure while managing complex change. If all these components are collectively embedded in the system, then it contributes to managing complex change successfully in any organization. However, if one component is not maintained, the result will be something else that the change wants (Villa & Thousand, 2005).

Organizational Change

Jones (2013) explains that organizational change is a process where organizations move from their current state, or current to some desired future state to increase their effectiveness. In other words, it is a procedure where the organization changes its activities as well as the technology and implementation of procedures to achieve the desired organizational goals (Khan & Hashim, 2014).

The definition of change, according to Wibowo (2008), is to make something different, is a shift from the present state to the desired state in the future. Various factors that cause changes can come from internal and external. Internal factors are factors that originate in society itself of the perceived need for change. Meanwhile, external factors are factors originating from outside the institution that can affect the organization or activities of the organization, such as economy, politics, law, technology, culture, natural resources, demography, sociology, and so on.

Changes in an organization can take place continuously or for a certain period. It may be planned years or it may be imposed on an organization due to a changing environment. Organizational change can occur gradually and slowly or it may be radical and quickly adjust to the way the organization operates (Elsaid et al., 2013). Also, change includes letting go of old ways of doing things and adapting to new ways. An organization and individuals should always be careful about changes from within the organization and from outside situations. Therefore, they must learn how to adapt to change quickly and successfully (Jones, 2013).

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Bharijoo (2005) states that changes in organizations can be classified into two types based on their nature; namely internal change and external change. Changes in processes, organizational structures, procedures, culture, techniques, technology, management styles, tools, and machinery indicate internal changes. P Changes economics, public policy, political change, legislation, labor market, social structure, and science and technology, showing the external changes.

Many forces in the environment have an impact on organizations (Jones, 2013). One of the first steps of a leader is to identify internal and external forces when trying to introduce change in the organization (Russell, 2006). External forces for change in the organization are outside management's control (Ivancevich et al., 2008). The most important task of managers is to recognize the nature of these strengths (Jones, 2013). Environment external, including therein is the competitive strength of economic, political, technological, demographic and socio also trigger the process of change (Anderson & Anderson, 2001; Ivancevich et al., 2008; Jones, 2013). So, if the organization is slow or fails to respond to these forces, the effectiveness of the organization will be impaired, and will lag behind its competitors (Jones, 2013).

Internal forces are usually those that operate within the organization and are under management control (Ivancevich et al., 2008). The power within the organization causes change which puts pressure on leaders, stakeholders, and employees to continue in new directions (Russell, 2006; Singh, 2009). Often internal forces for change reflect external forces. Russel (2006) argues that ideas and insights represented by internal forces can also be separated from external pressures for change. Various factors that cause changes in the organization include leadership and shared vision, failure of performance, employee dissatisfaction, and new ideas.

Different authors have their descriptions of the nature of change in organizations. Jones (2013) states that categories change into two types, namely evolutionary change and revolutionary change. Likewise, Anderson and Anderson (2001), in the sense of significance, describe the goals of change that occur in organizations into three types: developmental change, transitional change, and transformational change.

VUCA in New Normal

The COVID- 19 pandemics are fundamentally shaping new behavior for how we do business from now on. Even if the restriction of activities ends soon and the virus can be suppressed with the discovery of a vaccine, the effects will remain for the foreseeable future. Now the whole world has experienced VUCA in real terms as a result of the pandemic, facing not only developing markets but also developed countries. (Huy, 2020)

The term VUCA was first used in the military in the nineties to describe the battlefield situation faced by troop operations where field information is very limited. US military forces describe these extreme conditions in Afghanistan and Iraq, which are considered volatile, uncertain, complex, and ambiguous. (Alwi, 2018)

Subsequently, this term was developed and used in various fields, from companies to education. Especially in describing the current fluctuating business situation. These changing conditions are influenced by many factors such as political, social, technological, cultural, and environmental factors. Also, digitization in various sectors has made many changes that are difficult to predict due to the swift flow of information and sources. In general, VUCA is concerned with how people perceive conditions when making decisions, planning, managing risks, driving change, and solving problems. (Rachmawati, 2018)

VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) is a description of the situation in the world today, especially in the economic and business fields. The term VUCA describes an increasingly volatile, complex environment with high uncertainty, especially the presence of new norms. In which there are challenges with the new consumer behavior, disruption in every line, and the number of competitors that are difficult to predict. VUCA is an era where change occurs very quickly, even if the



change can create chaos in one system if the people who run the system do not innovate more creatively. (Alwi, 2018)

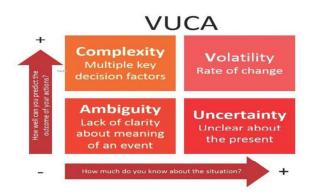


Figure 2: VUCA Element Matrix (Binar, 2020)

The "V" in the acronym VUCA stands for volatility. Volatility means the speed, volume, magnitude, and nature of changes that are in an unpredictable pattern (Lawrence, 2013). Sillivan (2012) defines volatility where things change rapidly but not in repetitive patterns or predictable trends. Besides, Bennett and Lemoine (2014) define a volatile situation as "an unstable or unpredictable situation; it does not need to involve complex structures, lack of critical knowledge or doubts about what results might result from important events ".

The "U" in the acronym VUCA means uncertainty. Uncertainty is "a term used to describe a situation characterized by a lack of knowledge, not as a cause and effect but more to do with whether a particular event is significant enough to form a meaningful cause" (Bennett & Lemoine, 2014). Also, in uncertainty, 'disruptive' changes often occur due to a lack of prediction in various problems and events. In an environment of uncertainty, problems and events of the past have been unable to again be used to predict the future accurately, so it is very difficult to be identified and to prepare "a pa which will come next " and challenge decision (Lawrence, 2013; Sullivan, 2012). Uncertainty is not volatility. In an unstable situation, changes may occur, but only that it may come quickly and on a different scale. On the other hand, in an uncertain situation, there may be no inherent changes at all (Bennett & Lemoine, 2014).

The "C" in the acronym VUCA stands for complexity. Sullivan (2012) shows where " there are many causes and elusive mitigating factors involved in a problem". Besides, complexity adds to the turbulence of change, makes decision making difficult in the absence of past predictors, and also causes confusion which can lead to ambiguity (Lawrence, 2013). A situation of complexity is different from a situation that is volatile or uncertain. For example, organizations that conduct business in many countries may only face a complexity because of the regulatory environment and political climate, but this does not mean that the situation is volatile or uncertain (Bennett & Lemoine, 2014).

"A" in the acronym VUCA means ambiguities. The meaning of an event is unclear, the nature of its cause and effect relationship is questionable in a situation of ambiguity. An ambiguity defined as "the cause, who, what, where, when, how, and why " in turning things happen not was unclear and difficult to ascertain. There are symptoms associated with ambiguity: the inability to accurately conceptualize the threats and opportunities before they become deadly and increase a sense of frustration towards the achievement of fragmented or not provide additional successes comprehensive. Ambiguous situations usually revolve around new products, innovations, markets, or opportunities. Moreover, in a situation of uncertainty, if you collect sufficient information, are still able to predict what might happen. However, ambiguous situations are more challenging because of novelty, limited past patterns, to determine the outcome of a particular cause or series of actions. (Bennett & Lemoine, 2014; Lawrence, 2013; Sullivan, 2012)

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So volatility means a very fast dynamic change in various things such as social, economic, and political. Due to rapid changes, it is difficult for business people to anticipate the changes that are coming. Uncertainty means that it is difficult to predict issues and events that are currently happening. Complexity is the disruption and chaos that surrounds every organization. Ambiguity is defined as the heavy burden of reality and meaning that mingles from various existing conditions, or a state that feels floating and the clarity of which is questionable. (Binar, 2020)

Changes in Consumer Behavior

The current VUCA situation makes everything change, all businesses, be it print media, transportation, lodging, tickets for various purposes, shops, to conventional lifestyles, experience tremendous turmoil and uncertainty. Until now, the conventional business model has undergone a transformation that has not yet found its exact form. While what has changed in the digital form or indeed born-digital own DNA, is still a major grant that somehow knows when will find a turning point in her (break-even point). Even the technology (communication) that was hoped to make life easier, in fact in many cases created new complexities not found in the manual era. Such as the rumors and hoaxes that are made can destroy the old order. (Agung, 2018)

In business, building a product with a strong, long-lived brand can crumble over a rumor. News about restaurants without halal certificates, foods containing expired ingredients for the bread-making process that turned out to have rats' nests, are the most actual examples of unclear news that are finally believed to be true. As a result, business owners must try to resolve these rumors. VUCA has indeed made the business world a mess. Various businesses that run conventionally must be friendly with the digital area. Businesses designed from the ground up with digital platforms are particularly vulnerable to the disruption of new, more sophisticated, and less expensive inventions. On the other hand, consumer behavior has experienced significant changes. Consumers have many choices and have various wants and needs that have never existed before. (Agung, 2018)

With the impact of the COVID-19 outbreak entering a higher VUCA era, the threat of change is everywhere. This new lifestyle will form the basis for a stay @ home economy. In terms of consumer behavior in the new normal era, it is predicted as follows (Yuswohady, 2020):

- The Fall of Mobility, The Rise of Stay @ Home. Behavior that desires practicality of everything, thereby stopping mobility and forcing people to stay at home.
- Online-Shopping Widening + Deepening: From Wants to Needs. Online purchases began to shift from a product that nature desires (wants) to products that nature is the need (needs). Consumer online shopping is widening (widening) from non-essential goods to essential (daily needs). And deep (deepening) where the volume of purchases is getting bigger.
- Food Delivery: From "Indulgence" to "Utility ". Consumers avoid eating out and turn to delivery services. So far, consumers use delivery services for fun and enjoyment types of food (such as boba tea, pizza, burgers, or geek chicken). Now it will turn to "utilities" for routine daily needs.
- The Comeback of Home Cooking. Many people have had sufficient free time at home during the pandemic to provide the opportunity to hone a new skill, namely cooking. Initially, many home cooking had left, but millennial mothers are increasingly improving their cooking skills. The COVID-19 pandemic makes them cook at home again.
- Frozen Food: Convenience Solution. Millennial mothers are no longer good at cooking. Although staying at home has become a momentum to return to his cooking habits, the millennial cooking style is different from the previous generation. They prefer to cook simple and convenient meals. Then frozen food and ready-to-cook packaging will be an option.
- Going Omni. With the development of online shopping due to COVID-19, large-medium-small brands are starting to emerge with their omnichannel platforms either through websites or ecommerce and of course physical channels. They can no longer rely solely on the existing large marketplaces.



- Subscription Model Matters. COVID-19 forces consumers to buy and consume online: Grocery shopping, enjoy movies/music, buy food, work and study, play games, and even exercise and voga also through live online classes. Not only that, even online shopping is done regularly every day or periodically every week. Since their needs are routine and ongoing, a subscription purchase model will be more suitable and efficient.
- TV Strikes Back. Previously, mileage killed television, but COVID-19 has brought it back to life, especially smart TVs. TV has advantages that smartphones may not have, namely a large screen that is more comfortable to look at. Entering the era of "mobility death" due to social distancing, television is finding its momentum again.
- DIY & Self-Care @ Home . When consumers get used to staying at home, they start trying new and interesting things. One of them is doing self-care or self-rejuvenation such as facials, manipedi, and spas. Then the do-it-yourself (DIY) trend can become new normality and the purchase of self-care products automatically increases.
- Zoomable Workplace @ Home Work from Home is giving rise to a new trend of " zoomable workplace " at home. If previously the term " Instagram" was popular, now there is a "zoomable " term for the workplace at home. This trend is fueled by the popularity of the Zoom application for virtual meetings. Decorating an attractive workspace at home is an activity in itself. IKEA or Informa, for example, tend to be increasingly crowded with buyers.

However, not all behavior changes. For example in the manufacturing industry, work must be in the factory, not at home. Unless 3D printing has become a reality, which makes it possible to make things to be printed at home. Then tourism, we cannot exchange virtual experiences. For example, if you want to go to the sea, you can't just see pictures. Or sleeping in a hotel, cannot be exchanged with YouTube. So, businesses that need a physical presence, which require experience, are still needed. Because the essence is a meeting place where people gather to exchange services that can not be done virtually. (Basri, 2020)

A right but there are different opinions. Dani Rodrick of Harvard University said, "I'm not sure there will be any changes after this. The pattern will be normal. So, in my opinion, in the production pattern of the production network, it might change. But if it completely changes people's behavior, I'm not sure." According to him, the behavior of personal consumption will not change much. When the video appeared, people were worried that the theater would not sell. It turned out that some went to the cinema. So, the alternative, there were more various choices. But not immediately moved, shift to something new ones. (Basri, 2020)

The future life that happens is very volatile, uncertain, complex, and ambiguous, or what is known as VUCA. In today's fast-paced era, volatility and uncertainty have become a new normal life that cannot be easily predicted.

Crisis Situation

A crisis is a sudden, shocking, unexpected, and unpredictable event that can threaten the disruption of an organization's operations that can pose a financial and reputational threat (Coombs, 2007). Also, crises can endanger various stakeholders, whether financial, emotional, or other physically experienced by employees, customers, suppliers, community members, and shareholders (Coombs, 2007). Besides, crises pose a reputation threat because they provide reasons for people to think negatively about the organization (Coombs, 2007). Pearson and Clair (1998), defines right organizational crisis as an " event with low probability and high impact-threatening to the survival of the organization and are characterized by ambiguity of cause and effect and how the settlement, as well as the destruction of beliefs and values generally dip Egang and the basic assumptions of the individual, as well as decisions were pressed on perceived time constraints ".

Crisis Management Consultants distinguish crises into two types, namely the cobra and python crises. Cobra crisis refers to a 'sudden' crisis, such as a catastrophe that hits a very shocking company, whereas the python crisis is known as the 'slow-burning' crisis or 'creeping crisis' which gradually destroys

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organizations with various problems as they arise (Ahmed, 2006). Like, a crisis like bankruptcy, a disaster due to repeated negligence or corporate fraud is the python crisis. This type of crisis is more caused by the company itself, young people appear without a good reputation (Cooley & Cooley, 2011).

Hwang and Lichtenthal (2000) distinguish two types of crises, namely crises and cumulative crises. Crises are triggered by the sudden impact of an internal or external disturbance that is generally more specific, but less predictable, than the cumulative one. On the other hand, cumulative crises " sow their seeds in an organization and force themselves over time until a certain threshold is reached " (Hwang & Lichtenthal, 2000).

Roux-Dufort (2007) states that crises are not always negative or threatening, because they help to reveal organizational unconsciousness/readiness if a crisis does not occur. It is an evolutionary process and "nothing will ever be the same again". The causes of major crises are leadership failure, unresponsive culture, human error, poor planning, poor judgment, unethical or dishonest behavior, bad maintenance practices, and material failure (Jaques, 2007).

Furthermore, Burnett (1998) looked at the findings from research on organizations experiencing a crisis, concluding that crises can produce both benefits and losses. The possible advantages of a crisis are: heroes are born; new strategies are developing; accelerated change; people can be changed; emerging competitive; latent problems encountered, and an early warning system developed. Possible losses due to crisis, severely impacting company profits; damage to integrity and company name; negative employee morale; unwanted public and government scrutiny; and transfers of non-productive capital, employees, and time (Burnett, 1998).

Change Management Strategy

Jauch and Glueck (1988) define strategy as "a comprehensive and integrated plan that connects the strengths of the company's strategy to the environment at hand, all of which ensure that the company's goals are achieved". Porter (2004) said the strategy is an art and science of manufacture (formulating), application (implementing), and evaluation (evaluating) strategic decisions between functions that enable an organization to achieve the objectives in the future. In achieving the goal, sometimes there are changes in the environment, even very extreme. In dealing with this change, a change management strategy is needed. According to David (2004), strategies can be divided into integration, diversification, defensive, and general strategies.

Wibowo (2008) states that change management is a systematic process of applying the knowledge, tools, and resources needed to influence change in people who will be affected by the process. Change management is a systematic process of applying the knowledge, tools, and resources needed to affect change in people who will be affected by the process. Change management is also understood as an effort taken by managers to manage change effectively, where an understanding of the issues of motivation, leadership, groups, conflict, communication, and discipline is needed. Thus change management should have a good strategy, according to the situation and conditions . is or will happen (Arifin, 2017).

Contingency theory is one of the change management approaches developed by Tannenbaum and Schmid in 1973. This theory argues that the success rate of decision making is largely determined by several styles adopted in managing change. Contingency theory is also known as situational theory. Given the complexity of environments and organizations. According to this theory, the strategy chosen to deal with certain situations depends on the leadership style and type of situation at hand, or it is contingent on the existing situation. This theory is more suitable for use by a leader or who has authority in an organization to manage change, with leadership styles ranging from very authoritative to participatory. (Arifin, 2017)

Almost all changes occur through stages, including in change management, namely: the change identification stage, the change planning stage, the change implementation stage, and the evaluation



and feedback stage. Various change management strategies that can be used include political strategy, economic strategy, academic strategy, engineering strategy, military strategy, confrontation strategy, applied behavioral science, and fellowship strategy. (Arifin, 2017)

Situation virus spread COVID-19 set as a pandemic by the WHO, greatly influence the attitudes and policies of those countries and businessmen in the whole world, including Indonesia. This contingency situation, in which the world suddenly changes due to the shock of this pandemic, has a profound impact on the global economy, even the potential for an economic crisis. Therefore, to deal with it requires a strategy taken by the leader towards more aggressive, courageous, and fast steps.

3. RESEARCH METHODOLOGY

The purpose of this paper is to see and study how company leaders respond to new norms through their leadership model due to the crisis that occurred from the COVID 19 virus pandemic. How leaders need to manage change in times of crisis, where organizations are in a severe, uncertain, and complex condition. Furthermore, it is also to provide insight into how to view this situation based on existing literature. Thus the writing of this paper is carried out using the literature review method by conducting studies from various libraries.

4. DISCUSSIONS

Leadership has been a popular topic over the years. But there is no complete understanding and agreement about 'what is leadership?' and' what effective or good leadership should be?' (Smith et al., 2002).

Leadership

Leadership is a change-agent whose actions affect others more than the actions of others affect them (Bass & Stogdill, 1990). According to Bennis (2009), by definition, a leader is an innovator. They do things that many people have not or dare not do. Furthermore, leadership is "the interaction between two or more group members that influence individual attitudes and behavior for achieving goals" (Bass & Stogdill, 1990; Kesting et al., 2015).

Bennis (2009) proposes five basic ingredients for leadership, namely: 'guiding vision', 'passion', integrity, and curiosity, and courage.

- A guiding vision. Leaders have a clear idea or vision of what they want to do professionally and personally - and the courage to endure setbacks or even failures.
- Passion. Leaders have an underlying passion for a profession, a calling, and action, and love what they do and love to do it. Moreover, a leader who communicates passion inspires and gives hope to others.
- Integrity. Integrity is an essential part of the leadership ingredient. Leaders have self-knowledge about their strengths and weaknesses. Next, find out what they can do and why they want to do it.
- Curiosity and Courage. The leader is curious about everything and wants to learn as much as possible. They try new things, take risks, and experiment without worrying about failing, knowing they will learn from their mistakes.

Kotter (2012) supports the view of Bennis (2009) and states that the leader's vision "defines what the future should be like to align people and inspire them to make it happen despite obstacles ". Furthermore, Bolden (2004) states that in today's changing global context, leadership is not only the answer to the success of people and organizations but also regions, sectors, and nations. Leadership involves influence and without it, leadership does not exist (Northouse, 2010).

Thus, leaders need to have the skills to identify what knowledge or skills are needed to bring change forward. Therefore, leaders need to have the skills to commit to a vision or mission that responds to

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individual needs, motivates other people's behavior, communicate effectively, the ability to try different strategies, and the ability to make good decisions (Bookboon, 2010; Villa & Thousand, 2005).

Leaders As Change Agents

Ivancevich et al. (2008), defines change agents as "people who act as initiators for change activities. Can be a member of an internal company or an external consultant". They often play an important role in managing, initiating, and implementing change in organizations (Caldwell, 2003).

Change agents are facilitators of change, challenging the status quo by bringing different perspectives to situations. Also, they act as advisors, educators, trainers, data collectors, and meeting facilitators. In organizations, the success of a change program is highly dependent on the relationship between the primary decision maker and the change agent. Therefore, the form of intervention used in the change process is a decisive consideration. Some organizations rely on their in-house capacity, while others rely on outside assistance. Both internal and external change agents have their competences and who should be considered and what is best depending on the particular change situation (Cameron & Green, 2015).

Caldwell (2003), described later by Cameron & Green (2015), proposes a classification of change agency models, namely leadership, management, consulting, and team models. These models provide useful theoretical and empirical foundations for clarifying the similarities between change agents (Cameron & Green, 2015).

- 1) Leadership Model. In the leadership model, leaders or senior executives who are at the top of the organization are identified as agents of change. They are the people who initiate strategic change that is broad or transformational. The key strengths of the leadership model are the power, clear direction, sponsorship, and authority to 'make change happen'. Thus, the leader's commitment is visible to the stakeholders in the change process..
- 2) Management Model. In the management model, middle managers and functional specialists are understood as agents of change. They adapt, establish, or maintain support for strategic changes in key functions or business units. The strong point of this approach is that middle managers are closer to the 'coal face'. Therefore, they have better knowledge and understanding of what works and what doesn't in organizations. Thus, a strategic vision can be translated into local actions. However, it is reminded that middle managers may not be equipped with the necessary resources and skills to pay attention to the business and its changes
- 3) Consultation Model. In the consulting model, external or internal consultants are considered agents of change. They operate at the level of strategic and operational processes within an organization. So consultants provide expertise, advice, coaches, program changes, coordination, project management, or skills in facilitating the process of change. The main strength of the consulting model is that the consultant is an expert and has experience in many change management settings and also can work in partnership with organizations. A rather than a purely programmatic approach, it is more of an approach that appears to change. This is partly due to the contractual and psychological distance consultants may have, and in large part because of the way consultants are not so closed in the organization as to be part of the change and after it has occurred.
- 4) Team Model. In the team model, teams that can operate at the operational, strategic process, or task level are understood as agents of change. This may include functional specialists, managers, and employees from different departments as well as external and internal consultants. In this approach, the team consists of several people who have business knowledge, expertise in change management, and a larger network into the organizational system. The team model is an essential part of successful change management. The downside, however, is that they may believe they know best and feel superior, so they may become isolated from the rest of the organization. Therefore, organizations need to be careful when choosing a team model



Facing VUCA in New Normal

Every individual or company must understand the challenges and find a good solution for every element of VUCA they face, namely volatility, uncertainty, complexity, and ambiguity, to survive in the market. Bob Johansen developed the VUCA Prime Model, which proposes that the best VUCA leaders are differentiated by "vision, understanding, clarity and agility" in dealing with situations of change or crisis (Lawrence, 2013). Furthermore, this model can be seen as a continuum of skills needed by leaders to develop to lead organizations in the VUCA world. Lawrence (2013) asserts that VUCA Prime can be used by human resource and talent management professionals as 'skills and abilities' blueprint for developing leadership development plans. So, this model suggests different strategies to deal with the VUCA situation effectively.

1. Volatility

This component illustrates that currently, no more business can be run stably because of the rate of technological advancement. This condition is influenced by many innovations that are based on fast and changing technological developments. Responding to this condition, business people are forced to change to follow the development of technology utilization. Like it or not, a process of "natural selection" will take place for business people. Flexibility and adaptability are important elements to survive in the industrial competition (Rachmawati, 2018; Isna, 2018). Lawrence (2013) states that volatility can be overcome with vision, and even becomes an important guideline in an unstable situation. Vision gives leaders a clear idea of what they want and where they want to take their organization. A leader with a clear vision can cope with an uncertain changing environment, such as new competition in a market or an economic downturn. Bennett and Lemoine (2014) write volatility has the power to trigger catalysis (acceleration of the process of change). These can be large-scale changes that occur suddenly and result in hasty decision making. Therefore, companies are required to learn to respond and manage change more effectively. Companies must adopt a proactive response in the face of changes in a disruptive environment that gives rise to command and structure problems. Agility is one way of dealing with volatility where the way is to create potential resources for a flexible future.

2. Uncertainty

This component illustrates that nothing can be guaranteed in running a business cycle. This uncertainty makes it difficult for market and industry conditions to understand, predict, and resolve. Responding to this condition, many companies decided not to make changes to the uncertainties that occurred. Generally, this action is taken because of feelings of insecurity change in changing situations. However, running in an uncertain situation while learning direction is something a company must do to adapt (Rachmawati, 2018; Isna, 2018). Lawrence (2013) states that uncertainty can be overcome with understanding. A leader needs to have the ability to stop, watch, and listen. Furthermore, leaders must lead with vision and learn to look and listen beyond their functional areas of competence to understand volatility. Thus, leaders need to communicate with employees of various levels in the organization to develop and demonstrate teamwork and collaboration skills. Bennett and Lemoine (2014) write u uncertainty can be overcome by gathering, analyzing, interpreting, and disseminating information. One solution is to use big data technology. In this case, the company must also be able to know and understand the problems and events around them and be able to relate each event based on partial input. Sufficient information can reduce uncertainty in this VUCA era. Companies that have the most recent and up-to-date information will be able to analyze the data they have and be able to see from different perspectives to face the future so they can avoid uncertainty.

3. Complexity

The business that is getting more and more complicated is what is explained in this element. Decades ago, companies focused enough to pursue profits in their current business. But at this point, many factors must be considered to keep a company sustainable in the face of industry competition. Internal factors such as mission statement, action plan establishment, risk management, and employee skills are worth

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considering. Apart from internal factors, external factors also contribute, for example, customer involvement, stakeholder relations, CSR, and regulatory compliance. Therefore, a company's ecological thinking skills are needed to overcome this complexity. Ecological thinking is the company's ability to map and study various areas of relationships outside the company that includes market trends, customers, stakeholders, the physical environment, cooperative relationships with suppliers and suppliers, government relations and policies, and other areas. The results of the mapping are capital to create a sustainable business ecosystem for the company (Rachmawati, 2018; Isna, 2018). Lawrence (2013) states that complexity can be overcome with clarity, which is a deliberative process to understand chaos. Chaos came quickly that barely even existed in the VUCA world. As such, the leader must be quick and able to adjust to the trivial details of the chaos to make more informed and better business decisions. Bennett and Lemoine (2014) write about the complexity of prolonged problems faced by the company. Companies are required to overcome this complexity by connecting the trouble spots. All that has to be done is to solve these problems and solve them one by one with the specialization developed. Restructuring the inside of the company's operations to deal with the complexity of the external company as effectively and efficiently as possible in dealing with the complex elements of VUCA.

4. Ambiguity

One of the highlights in this element is that the depiction of the business field is becoming increasingly blurred. In this era, there are many new business players whose presence is unpredictable. Old business players who initially didn't touch compete took the same "food", so they could be categorized as competitors. A clear example of unclear business barriers is the business expansion carried out by online motorcycle taxi providers in Indonesia. Businesses that run online motorcycle taxi on initially compete with motorcycles base. But over time, online motorcycle taxi providers have added other services such as services for delivering goods that are slowly destroying the market share of couriers and freight forwarders. Even old business players have to innovate and change business strategies if they want their business to survive (Rachmawati, 2018; Isna, 2018). Lawrence (2013) states that confusion can be overcome with agility. Leaders must have the ability to communicate throughout the organization and be quick to implement solutions. Understanding, clarity, and agility are not mutually exclusive but are interrelated elements that help leaders become strong VUCA leaders. Bennett and Lemoine (2014) write ambiguity, a blurring of reality that can lead to misunderstanding in various conditions. The risk that the company will face due to ambiguity in decision making is based on a limited understanding. For that, companies need to carry out experiments, simulations, test hypotheses, and make prototypes to get an accurate picture of the results. This can avoid the wrong steps in decision making. An experiment is needed in dealing with elements of ambiguity. Only smart corporate leaders can determine whether future company strategy is profitable or not where it has previously been applied to repeated trials, so the element of ambiguity in VUCA can be faced.

Table 1: Differences in the VUCA framework

	What is that?	How to Solve it Effectively?
Volatile	The unstable and unpredictable pattern	- Vision
		- Agility
Uncertainty Lack of knowledge; cause and effect understood	Lack of knowledge; cause and effect understood	 Understanding
		- Information
Complexity	It is difficult to understand the causes and mitigating	- Clarity
	factors	- Restructuring
Ambiguity Lack of 'ground rules of the game'; caunderstood	Lack of 'ground rules of the game'; cause and effect not	- Agility
	understood	- Experimentation

Source: Lawrence (2013)

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Leadership Styles for Handling VUCA Situations

The role of leaders is very important in complex changes because they are the ones who lead and manage these complex changes. Leaders without vision create confusion because they lack direction. Leaders need to have the skills to commit to a vision, motivate employees, communicate effectively, the ability to try different strategies, and the ability to make good decisions. If these skills are not there, it will cause anxiety, due to a lack of knowledge or skills to apply or deal with new situations. Furthermore, intrinsic or extrinsic incentives are essential ingredients in the change process. Therefore, if there are no incentives, there will be a high level of resistance from people who have no benefit in the change process. Leaders need to have a coordinated action plan. Without it, the organization will go nowhere and consume a lot of energy. (Thebe, 2017)

Style of transformational leadership very important when managing change in a complex, because the leader's vision can give directions to its members with the motivation to work harder and do more than expected to achieve organizational goals. Moreover, leaders need to have a tremendous personality, capable of taking a risk and know exactly what to do and improve the team spirit within the organization. This is especially important in uncertain situations where past problems and events cannot predict the future accurately. This makes it very difficult to identify and prepare for "what's coming next", as well as challenges in decision making. (Thebe, 2017)

Leaders need to find ways to make their vision clear and understandable to every employee, to follow the plan, and to feel the support in them. Because if employees are not optimistic, they will not do the job and make sacrifices. Furthermore, listening to employees' needs, understanding, expressing a belief in individual abilities, effectively motivating them to work harder to achieve the desired results. Leaders need to motivate employees to excel at their jobs through passion and words of encouragement that will make them realize the way, the important role they are playing in future organizational growth. (Thebe, 2017)

Manders (2014) looked at four things about the world VUCA in the future, namely: the would be worse in the future, the world will be faced danger and opportunity, leaders must learn new skills to make up a better future, The world needs more leadership development and executive training. Johansen (2012) writes that leaders must have a vision, understanding, clarity, and agility.

A turbulent situation can only be mitigated if the leader has a clear and simple vision to realize. Vision is something you want to embody the future. Vision is what distinguishes a leader and a follower. Business leaders must have a clear vision for their company. That way, the direction and goals of the company will be clear and will be less affected by external events. (Johansen 2012)

After determining the vision, business leaders need to understand the company's capabilities and strategies to realize that vision. He must be able to bring the company to get profit, even though circumstances change rapidly as if he wants to bring down his company. Organizational leaders in the VUCA era should not only listen to information and views that match their views. He must take advantage of various information and opinions from various points of view. The leaders should have to include customers, employees, and other interested parties to make sure they move to the vision of the same. Understanding of changes and things that need to be prepared to deal with them needs to be understood properly. (Johansen 2012)

Clarity is the ability of a person to see the future with a clear and confident about who is not seen by others. A leader has the ability that is very clear about what is being made to realize his vision but is very flexible about how to make it. Leaders with clarity have authentic future intentions. That is, they remain true to the purpose of his/her. For long-lasting leadership, clarity is very important in facing the VUCA era. The good and bad sides of clarity will become even more evident in the world of the future. (Johansen 2012)

Agility must be attached to leaders in the present era is facing changes, changing consumer demands, and new developments that suddenly appear. If the leader is not agile, he will lose, if it is difficult to

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change it will be destroyed. The skill to develop one's mind and abilities or to learn is needed to have more comprehensive and strategic thinking to develop an organization. In this VUCA era, an agile leader is needed, namely an agile leader. Agile leaders are those who can adapt quickly to changes in their environment. This agile leadership needs to be continuously developed and becomes a mindset that is owned by every human resource in the organization. The important thing to belong to the leader is the ability to identify problems or opportunities, and then follow it up with agile moves. This must be done continuously adaptively to achieve the desired success goals. (Johansen 2012)

5. CONCLUSION

The world today is experiencing rapid changes, the business environment is volatile, thus putting the current situation into a 'new normal'. New normal is a change in people's behavior due to a prolonged crisis. The COVID 19 pandemic has changed the behavior of people, organizations, and stakeholders. This not only brings short-term survival in uncertainty but also the backdrop for the enormous challenges facing organizations to survive in the future. The challenges caused by the COVID-19 pandemic are very relevant to the current volatile world development, full of uncertainty, complexity, and ambiguity (VUCA).

Many organization that does not understand or in difficult situations of VUCA. Each of these components poses unique challenges that can be faced with Vision, Understanding, Clarity, and Agility. Therefore, the organization must be able to identify any problems that arise, because each component requires a separate and unique response. Leaders are change agents who play an important role in managing, initiating, and implementing change.

Vision gives leaders a clear idea of what they want and where they want to take the company in times of change, crisis, or even in conditions that are severe, uncertain, and complex. Uncertainty arises from a lack of adequate information. Therefore, a simple way to deal with uncertainty is to obtain information from different networks from inside or outside the organization. Restructuring the internal organization's operations need to be adapted to the environment is how to efficiently and effectively to cope with complexity. Agility is the key to the decision making process. Furthermore, all components of vision, skills, incentives, resources, and planning, are essential actions simultaneously in managing complex change successfully in any organization.

In general, business strategy after COVID-19 is no longer about defeating competitors, but more about how businesses can contribute to jointly fighting social, economic, political, and other woes. There is a need for outstanding cooperation between businesses, as well as between the private and public sectors, between business and society, and broad stakeholder collaboration.

Companies that can survive in the era of new normality are companies that can combine aspects of vision, competence, incentives, culture, which are strengthened by the company's initiation in building innovation to continue to grow in achieving its business goals. Therefore, companies need to consider all risks in every decision making when dealing with dynamic changes.

This paper has many limitations because it has not looked at cases related to the topics and theories presented. It is hoped that further research can see several cases at various levels, in small, medium, large and even multinational companies in facing the VUCA world, especially how leaders overcome organizational crises due to the Covid 19 pandemic.

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