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Dr. Mythili Kolluru

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THE NEW BUSINESS CLIMATE: BANI



Summary: The relevance and reference of the acronyms VUCA (volatile, uncertain, complex, and ambiguous) and BANI (brittle, anxious, nonlinear, and incomprehensible) are associated with how organizations and individuals view the conditions under which they strategize to mitigate risk, foster change and solve problems. The frameworks provide a practical code for awareness and readiness for most contemporary organizations. Dr. Mythili Kolluru explores transitioning from the VUCA to the BANI construct in this article. Understanding the BANI construct will enable leaders to enter a new era of the business climate.

Introduction

We are in a world that is delicate, uncontrollable, unpredictable, and impossible to comprehend. In 2016, James Cascio, an American anthropologist, author, and futurist, coined the term BANI. He observed the various crises the world was experiencing, like climate change, inequality, and global instability. He believed the VUCA was no longer appropriate to describe the rapidly evolving and transforming world. The BANI framework is a heightened degree of VUCA. It reflects a transformation that has been accelerated and strengthened with the COVID-19 Pandemic.

The framework

The BANI framework encompasses the characteristics of our contemporary world. It states that the corporate systems may become fragile, employees may experience higher stress and anxiety levels, and the cause-and-effect relationships may become nonlinear. The complexities of the business world may be incomprehensible—the BANI business climate calls for a new leadership mindset and strategic thinking. Leaders need to develop creative and novel approaches to cope with external events. The BANI environment emphasizes the need for organizations to be flexible, adaptable, and innovative when addressing the

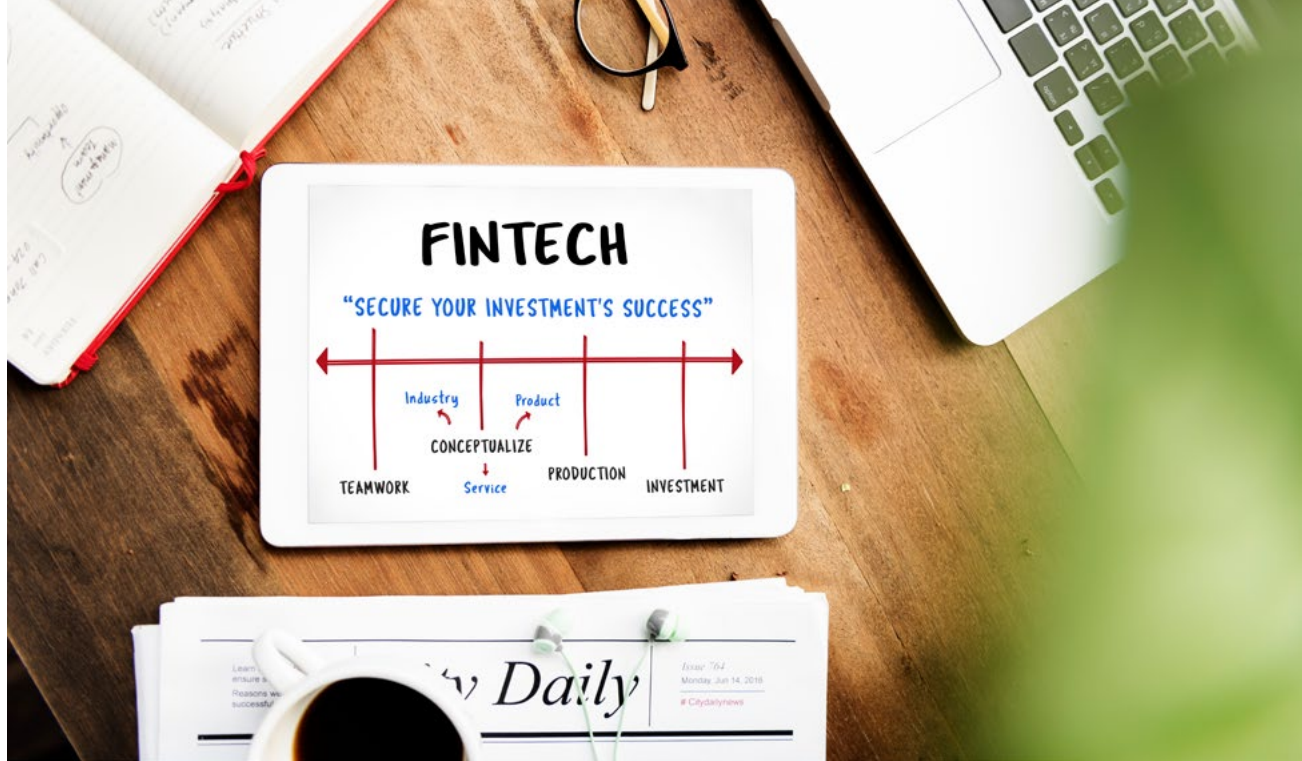
world's challenges. Intricacies, uncertainties, and swift transformations characterize our modern business climate.

The BANI framework:

- **Brittle:** Organizations may outwardly appear reliable, flexible, and unbreakable even though they are on the verge of collapse.
- **Anxious:** Heightened anxiety is a common feature of the new business model. Leaders and employees will face more anxiety due to the increase in uncertainties.
- **Nonlinear:** Now, the business environment is not just VUCA but is characterized by nonlinearity. A nonlinear world is one in which there is a disconnection between cause and effect in time, proportion, and perception. In the corporate world, leaders will experience that the cause-and-effect relationship will become nonlinear.
- **Incomprehensible:** The intricacies and complexities will make the world incomprehensible.

World Reflections of BANI

Many developments on the world stage from 2016 till date are silently ushering in structural transformations that reveal the shift in business climate from VUCA to BANI. In 2016, the Brexit referendum and the subsequent negotiations were brittle, and the outcome was unpredictable. The rise of the populist movement and the election of Donald Trump reflects the anxiety in the world. Europe also saw a surge in the populist movement. The Syrian Civil War was unpredictable, and the subsequent refugee crisis was nonlinear due to its complexity, unpredictability, global impact, and ongoing nature. Even the nationalist sentiments on the rise in Europe were nonlinear and not directly due to the crisis. During this period, the world also experienced an erosion of trust in institutions. The rise in complexity resulted in an increased incidence of fake news. The Equifax breach in 2017, the Cambridge Analytical scan-



dal, and the Marriott breach in 2018 demonstrate the need for better cybersecurity measures. The violations were caused by the organizations' vulnerability in data privacy and security measures, which resulted in the loss of personal and confidential data of millions of consumers and other stakeholders. The brutal Syrian civil war was nearing its six-year mark, with 4,00,000 people killed and nearly 5 million driven away from their homes. The Zika outbreak in Brazil 2016 quickly spread to other parts of the world, prompting a global response. There was a heightened threat of terrorism with several terror attacks in the Manchester Arena bombing and the Christchurch Mosque shooting in 2017.

The pandemic revealed the fragile nature of our systems. The supply chain disruption, shortage of goods, and economic downturn were evident features since the 2019 Pandemic. The pandemic and other crises like climate change, inequality, and global instability have familiarized anxiety. The pandemic also arrived with a solid potential to disrupt traditional industries. The world has witnessed a sharp rise in Artificial Intelligence (AI) and its applications in various industries, like facial recognition, voice assistance, and self-driving cars. The emergence of Blockchain technology also caught up with people with applications in crypto-

currency and supply chain management. The roll-out of 5G technology had the potential for faster Internet speed and increased connectivity with favorable implications for many industries. The pandemic, rise of nationalism, climate change, and geopolitical shifts caused widespread anxiety, and people globally grappled with the new reality. The rise of Artificial Intelligence (AI), Blockchains, the Internet of Things (IOT), 5G, and other Industry 4.0 technologies disrupted traditional industries and made the world more nonlinear.

The IPCC Climate Change 2023 report reflects a clear indication of the characteristics of BANI. Despite the frequent severe weather events, rising sea levels, and melting glaciers, the world remains brittle. Climate change impacts are complex and incomprehensible.

The Russia-Ukraine tensions started much before the war of 2022; tensions between these countries resulted in conflict in 2014. In February 2022, Russia launched a full-scale invasion of Ukraine, which was internationally condemned, and many countries imposed sanctions against Russia and increased existing sanctions. The sanctions have caused economic damage to the EU economy, the collapse of the Russian ruble, and worsened the financial impact on Ukraine, significantly impact-

ing international trade, particularly Russia's trade patterns and the EU's economy. 7th October 2023 saw the revival of old hostility between Israel and the Gaza Strip of Palestine, with conflict escalating with both sides engaging in violent attacks. The ongoing conflict between Israel and Palestine is complex and has a long history. The recent escalation in violence has led to a growing humanitarian crisis and has raised concerns about the possibility of a full-scale war. The ongoing developments in the Middle East and the international community's reaction make the geopolitical developments incomprehensible.

The world we live in resonates with the characteristics of BANI, which is evident in the political, social, environmental, and economic happenings. The BANI framework or business climate calls for a new approach to cope with external development. It emphasizes the need for agility, adaptability, and innovative thinking in maneuvering the challenges of the modern world.

Strategies to survive and thrive in BANI

Leaders must develop a new mindset and craft novel strategies to thrive in the new business world characterized by BANI features.

1. Organizations and individuals must embrace uncertainty. They need to accept uncertainty to be their constant business companion. Leaders must be able to take uncertainty and make decisions within this context. Businesses must prioritize having contingency plans and investing in risk management.
2. Collaboration will be the way to handle the complexities and challenges the BANI world poses. Fostering partnerships to solve problems will be more

productive. This may involve creating cross-functional teams or partnering with other businesses to achieve common goals.

3. The ability to adapt to change and stand up after adversity will be a critical factor in the BANI world. This may involve diversifying supply chains or investing in cybersecurity measures to protect against cyber threats to build resilient organizational systems.
4. Businesses can build strategic agility and increase their chances of success in the BANI business landscape. For example, they develop and seize opportunities, prioritize speed over perfection, conduct risk assessments, diversify and create redundancy, and embrace change to stay ahead of the curve and adapt to the changing needs of their customers and the market.
5. Transformations will no longer be an option but a necessity that organizations must embrace. Companies must focus on people, processes, innovation, and technology to create transformation road maps. For example, a company may need to pivot its business model or adopt new technologies to stay competitive.
6. Leaders must build the necessary capabilities to navigate and thrive in this environment, including communication, digital skills, strategic thinking, financial know-how, problem-solving, and more.
7. Promoting transparency is essential in the BANI world, where incomprehensibility is a defining characteristic. Businesses must be transparent in their operations and communications to enhance understanding and build trust.
8. Organizations must foster creativity and innovation. This can be achieved by promoting psychological capital and psychological safety, which encourage employees to take risks and think outside the box



Conclusion

The BANI environment is the new business climate characterized by brittle, anxious, nonlinear, and incomprehensible features where opportunity is entangled amid chaos. Leaders must change their mindsets, transform strategies, and adapt their organization to survive and thrive in this ever-changing business landscape. So, as we look deeper into geopolitics, business dynamics, and climate change, we understand how irregular and fragile the world is becoming. I'm sure being aware has its merits in our world, but looking forward, when we traverse our unique paths, we need a heightened sense of world perception to navigate the ever-changing world.

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