



## RESEARCH ARTICLE

### BUSINESSES RESPONDING TO AND PREPARING FOR VUCA RELATED TO TERRORISM (T-VUCA): THE CASE STUDY OF 26/11 MUMBAI ATTACKS IN 2008

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#### ABSTRACT

Terrorism is the great threat faced by the whole world. Metropolitan cities are under serious threats of terrorist attacks globally. The strategy of terrorist activities to imply maximum damage to country is to attack citizens and business or economic centers of big and metro cities. Recent evidences of 9/11 attack of World Trade Center (2001), Mumbai attack of 26/11 (2008), Nice attack (2016) in Paris prove the assumption. Terrorism and terrorist activities across world like suicidal attacks, bomb blast, random firing, use of vehicles for terror attacks like trucks, planes and threats of bio-weapons and nuclear weapons are few 'T-VUCA' factors which are completely non-business related factors. Such terrorist activities affect the businesses in drastic ways and in severe manner experiencing losses of money, men (employee and customers), asset, business and business process, market faith and reputation etc. and develop crisis alerts as well as challenges the business continuity for long time. The paper develops a case study of 26/11 attacks of Mumbai, India in 2008 and tries to see how Terrorism creates VUCA (T-VUCA).

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## INTRODUCTION

The era of strategic management has been evolved from ad-hoc planning to business policy. Competitive Analysis, Strategic Advantage Profile etc. were the key methods for looking ahead strategically. But now business is more like of sports. Top seeded tennis player can lose round one match of Grand Slam competition to the youngest pro player. This is nothing but a 'VUCA'. Everything has become unpredictable. The VUCA terminology is being used in 1990's and it is derived from military vocabulary. It's an acronym developed by the U.S. military after the collapse of the Soviet Union to describe multipolar world: Volatile, Uncertain, Complex, and Ambiguous. Volatility reflects the speed and turbulence of change. Uncertainty means that outcomes, even from familiar actions, are less predictable. Complexity indicates the vastness of interdependencies in globally connected economies and societies and ambiguity conveys the multitude of options and potential outcomes resulting from them. (McNulty, 2015) The characteristics of economy and market conditions are expressed by the term VUCA. The big enemy for a business firm in the globalized economy is not the competitor but the

ever changing and dynamic economic aspects which has characterized as VUCA. The 'VUCA' is tic conditions are caused by many natural and man-made factors and both can be out of control. Economic, social, political, cultural, technological shifts, natural disasters, war like situations and wars are few known VUCA factors which have affected the businesses and economic conditions to some extent. The VUCA concept was brought home to many Americans after 9/11 but really gained currency in the private sector with the onset of the financial crisis in 2008-09, when companies and organizations all over the world suddenly found themselves faced with similar turbulence in their business environments and, subsequently, in their business models. (Kinsinger and Walch)

### 'Terrorism VUCA' (T-VUCA)

Terrorism is the great threat faced by the whole world. Metropolitan cities are under serious threats of terrorist attacks globally. The strategy of terrorist activities to imply maximum damage to country is to attack citizens and business or economic centers of big and metro cities. Recent evidences of 9/11 attack of World Trade Center (2001), Mumbai attack of 26/11 (2008), Nice attack (2016) in Paris prove the assumption.

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Terrorism and terrorist activities across world like suicidal attacks, bomb blast, random firing, use of vehicles for terror attacks like trucks, planes and threats of bio-weapons and nuclear weapons are few 'T-VUCA' factors which are completely non-business related factors. Such terrorist activities affect the businesses in drastic ways and in severe manner experiencing losses of money, men (employee and customers), asset, business and business process, market faith and reputation etc. and develop crisis alerts as well as challenges the business continuity for long time. The Global Terrorism Index (GTI) is an attempt to systematically rank the nations of the world according to terrorist activity by Institute for Economics and Peace (IEP) and is based on data from the Global Terrorism Database (GTD). The GTI score is measured on basis of total number of terrorist incidents, total number of fatalities, injuries and approximate level of property damage from terrorist incidents in the year with specific weight of (1, 3, 0.5 and 2). It gives list of 124 countries measured for GTI on scale of 0 to 10. (Refer the Appendix 1) The Global Terrorism Index (GTI) proves the significant of the study of business impact of 'Terrorism VUCA'. 2015 Global Terrorism Index shares data that 32,658 people were killed by terrorism in 2014. The number of countries that suffered more than 500 deaths has increased from five in 2013 to 11 in 2014. Iraq (with score 10), Afghanistan (9.233), Nigeria (9.213), Pakistan (9.065) and Syria (8.118) are the top 5 countries as per Global Terrorism Index Report 2015 accounted for 78% of total deaths in 2014. India ranks at 6<sup>th</sup> position as per the 2015 report with score of 7.747. The economic cost of terrorism reached its highest ever level in 2014 at US\$ 52.9 billion at 61% increase from 2013 and tenfold increase since 2000. IEP estimates the global national security expenditure to be approximately US\$ 117 billion.

National Consortium for the 'Study of Terrorism And Responses to Terrorism' (START) is a university-based research and education center committed to the scientific study of the causes and human consequences of terrorism in the United States and around the world since 1970. START has mentioned that the number of terrorist incidents have increased substantially across countries, recording total 6835 incidents since 2010. It also gives data that the terrorist attacks are more in Middle East and North Africa (3093) and South Asia (2143), the attacks lead in bombing and explosion incidents (4428) over armed attacks (1973) reporting 613 attacks on business targets and 2859 attacks on private citizens & property out of total 6835 terrorist incidents. India has been ranked in worst 10 countries (ten countries affected most by terrorism) 14 times since 2000. Data of India is shared with following facts. Total 9940 terrorist incidents have been recorded from 1970 to 2015. Out of that, 4099 bombing & explosions and 3185 armed assaults attack type have been recorded. 2953 were of private citizens and property, 1964 Police, 1554 of Government and 939 of Business target type.

#### **'T – VUCA' and its impact on business**

Over last 15 years, more than 61,000 incidents of terrorism claiming over 140,000 lives have been recorded. There has been nine-fold increase in the number of deaths from terrorism, rising from 3,329 in 2000 to 32,685 in 2014. In 2014, private citizens were targeted more than in previous years. 31% attacks targeted private citizens and on businesses recorded death toll of 15,380 (private citizens) and 1,983 (business). (GTI, 2015)

#### **Economic cost of Terrorism**

Apart from loss of wages of the injured and deceased and the immediate flow on effects on family in case of attacks on private citizen, the study wishes to measure the loss of property, infrastructure, employee, customers, business and business process due to attacks on private citizen and business. The cost will also include the corrective measure taken to repair the losses and proactive measure taken to make the business ready to face such attacks in all possible way. High level of terrorism activity can affect some business and industry segment directly. Economic activities like Tourism, Hotel, Resort and Leisure are few of those. Large attacks like 9/11 have significant economic impact estimated to be US\$14 billion in New York alone. 30% decrease in FDI in Nigeria and 1% decrease in GDP in Israel are few incidents of economic impact of T-VUCA.

#### **Overview of Literature**

##### **Is VUCA a paradigm shift in Strategic planning?**

Mancesti, Marco (2015) believes that the 'Set the goal, Plan and Execute' equation doesn't work anymore and the 'stake-factors', the factors that impact the execution of our critical initiatives are at the center of our strategic thinking. Given that today's businesses operate in a market environment that is volatile, uncertain, complex, and often ambiguous (VUCA), the counteracting competencies can be discussed as Volatility's counteracting competency: resiliency, Uncertainty's counteracting competency: adaptability, Complexity's counteracting competency: simplicity and Ambiguity's counteracting competency: curiosity. (MacArthur, 2016) VUCA to counter VUCA is also suggested as Vision - an intent that seeks to create a future, Understanding - the ability to stop, look, and listen, Clarity - the ability to help make sense of the chaos. Agility - organizations where 'wirearchy' is rewarded over hierarchy. (Kinsinger) The growth in VUCA world requires initial investment in learning—learning from the past (experience), learning from the present (exploration) and learning from the future (experimentation) where adaptability is the key. (Kumar) Change is inevitable in organizations. A major factor in the failure of organizations to adapt to changes in the global environment is the lack of effective change leadership. Strategies for everyday change in VUCA suggested as disruption self-expression, verbal jujitsu, variable-term opportunism and strategic alliance building. (Bawany, 2016) All leaders and managers are being hit with messy, open-ended, mission-critical challenges regularly. So the new solution to VUCA is to 'design strategic conversations to accelerate change'. (Solomon, Ertel 2014) VUCA cure for VUCA work is Viable, United, Creative and Adaptable. Add at least one new specialty. Network like never before. Think like an innovator. Face fears and stay fit. (McCarty, 2011)

##### **Is VUCA new challenge in leadership style?**

Leadership challenges are increased at the level never before.

- Crucial leadership - need to evolve the profile of leadership by taking a thoughtful position and articulating an agile strategy is crucial and leader's ability to unleash everyone's potential by instilling and

encouraging adaptability in others is imperative. (Mancesti, M. 2015)

- Adaptive leadership – need of such leadership is discussed with a tale of two managers. (Paul Kinsinger) Mr. Paul Kinsinger refers to the late former US Army Colonel Eric Kail outlined adaptive leadership tactics for operating in a VUCA world as follows: For Volatile Situations - Communicate clearly and Ensure your intent is understood, For Uncertain Situations - Get a fresh perspective and Be flexible, For Complex Situations - Develop collaborative leaders and Stop seeking permanent solutions, For Ambiguous Situations - Listen well, Think divergently and Set up incremental dividends. While his advice was constructed within the context of small-unit combat activities in the military, I believe it is easily convertible into applications for all organizations.

Mr. Paul Kinsinger also mentions the leadership ability need to be able to let go of a lot of what defined success in prior roles and organizational models, an ability to keep his ego in check, keen desire to keep learning, to adopt an “open-to-everyone-in-the-organization” stance, ability to work with the contradictions and paradoxes and growing sense of self-awareness. Homey, Pasmore and O’Shea, (2010) in their article ‘Leadership Agility: A Business Imperative for a VUCA World’, agrees that organizations ‘will strive to become “Velero organizations” in which people and capacity can be rearranged and recombined creatively and quickly. ... The winners won’t stop focusing on quality, cost, and efficiency, but they’ll be paying a lot more attention to agility, too.’ (C.K. Prahalad, 2009) The authors focus on three leadership agility skills, ‘Focuses, Fast and Flexible’ and Key Agility Indicators (KAIs) which are capable of anticipating change, generate confidence, initiate action, liberate thinking, evaluate results. In the interview with Bob Johansen, he refers to the new rules while navigating in the VUCA world. The challenge for leadership is improving our ability to understand how we know and what we know. Playing not to lose is losing strategy in the WUCA world. (Euchner, 2013) New leadership skills like Liberal, Exuberant, Agility and Partnership (‘L.E.A.P.’) through the Fog in a VUCA World are identified to demonstrate the cognitive readiness competencies. (Bawany, 2016) The top five leadership skills that provide competitive advantage in VUCA world to thrive in the future are ‘maker instinct, clarity, dilemma flipping, immersive learning ability, bio-empathy’. (Johansen, 2014)

jobsatisfaction, inclusive style of management, work environment and nature of working style. (Aruna, Anitha, 2015) Holistic KESHAVA framework for employee selection in the VUCA world includes components like knowledge, Emotional Intelligence, Skill, Hardwork, Attitude, Values and Ambition. (Ajith, 2015)

### Research Methodology

#### a) Coverage:

- a. Sampling frame – The case study is to be studied and developed for the business houses or firms who have experienced big impact due to terrorist activities in terms of revenue loss, people loss, asset loss, reputation loss etc.
- b. The terrorist attacks on selected targets like private citizens & property and business are chosen to study. Attacks on citizens and property also affect the business directly.
- c. The terrorist attacks of 26/11 (2008) on Mumbai, India is selected for case study method.

#### b) Data Collection:

The cases to be developed by collecting secondary data and information at sources as below:

- Data available through various researches like START, GTI and GTD
- Company / Business news letters, communication and press release
- News clips and records etc.

### Case Study: of 26/11 Mumbai Attacks in 2008

**City of Mumbai:** Mumbai (formerly called Bombay) is a densely populated city on India’s west coast. A financial center, it’s India’s largest city. It is the most populous city in India and the ninth most populous agglomeration in the world, with an estimated city population of 18.4 million. Mumbai is India’s largest city (by population) and is the financial and commercial capital of the country as it generates 6.16% of the total GDP. It serves as an economic hub of India, contributing 10% of factory employment, 25% of industrial output, 33% of income tax collections, 60% of customs duty collections, 20% of central excise tax collections, 40% of India’s foreign trade and Rs40,000 million (US\$590 million) in corporate taxes. (Wikipedia)

**Table 1. The Data of 26/11 Mumbai attacks**

No	GTD ID	Target Type	Fatalities	Injuries	Entity Affected
1	200811260001	Religious Figures /Institutions	9	0	Chabad - Lubavitch Jewish center
2	200811260002	Transportation	3	0	Fiat taxi
3	200811260003	Transportation, Police	58	76	Chhatrapati Shivaji Terminus
4	200811260005	Police	4	4	Cama and Albless Hospital
5	200811260006	Business	68	76	TajMahal and Tower Hotel
6	200811260009	Business	9	76	The Leopold Café
7	200811260010	Business	38	22	Oberoi -Trident Hotel
Total			189	254	

(Source: <https://www.start.umd.edu/gtd>)

### VUCA and other effects

VUCA as employee retention enabler of generation Y employee is studied to identify significant factors of retention of generation Y as mentoring, career development,

### 26/11 Mumbai attacks

Date: 26 to 29 November 2008

Attack by: Lashkar-e-Taiba (LeT), Deccan Mujahideen

The 2008 Mumbai (Bombay) attacks were a series of attacks that took place in November 2008, when 10 members of Lashkar-e-Taiba, an Islamic militant organization based in Pakistan, carried out a series of 12 coordinated shooting and bombing attacks lasting four days across Mumbai. It began on Wednesday, 26 November and lasted until Saturday, 29 November 2008, killing 189 people and wounding at least 254. (GTD) Eight of the attacks occurred in South Mumbai: at Chhatrapati Shivaji Terminus, the Oberoi Trident, the TajMahal Palace & Tower, Leopold Cafe, Cama Hospital and the Nariman House Jewish community center. There was also an explosion at Mazagaon, in Mumbai's port area, and in a taxi at Vile Parle. By the early morning of 28 November, all sites except for the Taj Hotel had been secured by Mumbai Police and security forces. On 29 November, India's National Security Guards (NSG) conducted 'Operation Black Tornado' to flush out the remaining attackers; it resulted in the deaths of the last remaining attackers at the Taj Hotel and ending all fighting in the attacks.

### Incident summary

#### TajMahal and Tower Hotel

11/26/2008: On Wednesday night around 2300, four armed assailants carried out an extended attack on the TajMahal and Tower Hotel. This location is the last of eight coordinated attacks at various locations in Mumbai that killed a total of 189 people and wounded 250 over the course of three days. The four assailants at the TajMahal Palace and Tower Hotel were identified as HafeezArshad alias Bada Abdul Rehman, Javed alias Abu Ali, Shoaib alias Soheb, and Nazeer alias Abu Umer. Throughout the night they used hand grenades, automatic weapons, and explosives causing a fire in the hotel. By 0530, the fire was contained but the assailants had taken 100-150 hostages in the hotel's club. Police, army, and fire rescue personnel worked to apprehend the assailants, free the hostages, and control the fire. At 1400 on 11/29/2008, officials regained control of the Taj and all assailants had been killed.

#### The Leopold Café

11/26/2008: On Wednesday evening at about 2150, two assailants threw a grenade inside the landmark Leopold Café and opened fire with a rifle. This is one of eight coordinated attacks occurring at various locations in Mumbai on 26/11. At least 7 people were killed in the attack on the café.

#### The Oberoi-Trident Hotel complex

11/26/2008: On Wednesday night two gunmen attacked the Oberoi-Trident hotel complex. This is one of eight coordinated attacks occurring at various locations in Mumbai on 26/11. In the attack on the Oberoi-Trident hotel complex, two gunmen identified by Police official Maria as Abdul Rehman alias Abdul RehmanChhota from Multan and Fahadullah alias Abu Fahad from Okara, took over 143 people hostage and killed at least 32 people. Among those killed in the attack were 10 staff members and 22 hotel guests. Deccan Mujahedeen, a previously unknown group, claimed responsibility for these attacks. The claim has not been confirmed. Officials suspected Pakistan's Lashkar-e-Tayyaba (LeT) were responsible for the attack, although a spokesman for the LeT denied its involvement. AjmalKasab, an assailant captured on 11/26/2008, told authorities that the attack was a plan devised

six months prior that hoped to kill 5,000 people, targeting whites who were preferably Americans or British. According to Kasab, the assailants posed as students during a visit to Mumbai during the previous month to familiarize themselves with the city's roads and to film the "strike locations." Kasab confessed to being a member of Lashkar-e-Tayyaba (LeT), belonging to the LeT'sFidayeen (suicide squad). He also identified the masterminds of the attack, who were detained after a raid on a LeT camp on 12/07/2008 and formally indicted on 05/12/2009 for their involvement in the attacks. In May 2010, Kasab was convicted and sentenced to death for his role in the attacks.

### Casualties and Compensation

At least 164 victims (civilians and security personnel) and nine attackers were killed in the attacks. Among the dead were 28 foreign nationals from 10 countries. A number of those killed were notable figures in business, media, and security services. According to Maharashtra chief minister, 15 policemen and two NSG commandos were killed. The government of Maharashtra announced about Rs.500,000 (US\$7,400) as compensation to the kin of each of those killed in the terror attacks and about Rs50,000 (US\$740) to the seriously injured. In August 2009, Indian Hotels Company and the Oberoi Group received about \$28 million USD as part-payment of the insurance claims, on account of the attacks on TajMahal and Trident, from General Insurance Corporation of India.

### Conclusion

Terrorism and terrorist activities are 'T-VUCA' factors which are completely non-business related factors. Such terrorist activities affect the businesses in drastic ways and in severe manner experiencing losses of money, men (employee and customers), asset, business and business process, market faith and reputation etc. and develop crisis alerts as well as challenges the business continuity for long time. They developed VUCA environment for businesses affected. The businesses have only strategy to follow at T-VUCA is to bring the business back to normal. The strategies become the need of an hour are 'Business Security' – Data, Infrastructure and people, employees and customers, 'Crisis Management' – for natural as well as man-made disaster situations and 'Business Continuity' for long time when business is affected by T-VUCA. Bringing the customer faith back, stock prices normal, customers back to businesses and making the place safe again for people needs an 'X' factor in the leadership and strategy dealing with T-VUCA

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