

## **KNOWLEDGE OF RISK AND CRISIS MANAGEMENT FOR MANAGERS OF COMPANIES AND ORGANIZATIONS.**

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**Abstract.** In today's conditions of globalization and digitalization, in the conditions of rapid change, it is important to be flexible and adapt to new challenges. In order, for companies and organizations to be able to successfully manage crises, it is important that people who take leading positions in organizations and companies, have an understanding of risk and crisis management. Some of the current students will later take leading positions in various organizations and companies. Propose of the paper is to find out trends, how safe students feel in Europe, as well as how important they think understanding crisis management is, as well as whether they have studied subjects related to risk management and crisis management during their studies. The main finding is that insufficient attention has been paid to risk management and crisis management, subjects, people don't realize the devastating effect of the crisis, as well as the fact that the crisis is not only a threat but also an opportunity.

**Keywords:** crisis management, crisis situation, risk management, safety, companies and organizations.

### **Introduction**

In today's changing environment, which also includes various unplanned events and things, it is very important to be flexible and able to make the right decisions and be ready to react. The current time, the century of digitalization, gives us the opportunity to be mobile and opportunities to access information much faster and more operatively than it was before. What has happened in recent years, supply chain delays, the covid 19 pandemic and now the war in Ukraine, makes us think more and more about how to prepare and how to minimize the impact of various unexpected events on the existence of both companies and organizations. In order to manage an emerging crisis more effectively, it is important that the organization or company has previously done its homework and analyzed possible risks, as well as made preventive actions to reduce them, and an action plan has been developed in case of a crisis situation. Also, in the Latvian standard of the profession of company and organization managers adopted in 2019, in addition to the skills and attitudes, professional knowledge and competences necessary for the performance of the basic tasks and duties of the professional activity, it is defined that the managers of companies and organizations must be able to analyze risks and manage crisis situations in the organization (Profesionālās izglītības un nodarbinātības trīspusējās sadarbības apakšpadomes 2019. gada 18. septembra sēdē, protokols Nr.6). Risk management and crisis management are very specific, and they require specific skills, which can be very expensive for organizations and companies to acquire through self-learning. The author of this paper using the opportunity through

ERASMUS+ Strategic partnership “Digital education tools for security risk management” project, tried to find out whether students, from six countries (Latvia, Spain, Lithuania, Finland, Norway and the Netherlands) have learned subjects related to crisis management, risk management and security. Since university students are potential managers of various levels in organizations and companies, the author wanted to find out what is their attitude towards crisis management, how they think whether managers of companies and organizations should pay significant attention to crisis management as such.

## **Theoretical review**

The author studies crisis management and risk management in depth in his doctoral thesis. If you compare crisis management and risk management, everything is much more simple with risk management because it is defined in the international ISO standard - ISO 31000. Risk management is coordinated activities to direct and control an organization regarding risks. Risk management process is systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring and reviewing risks (ISO 31073:2022(en), 2022).

As for crisis management, many scientists have studied and are still studying crisis management, there is also a wide range of theory books available. By studying more deeply the issues of crises itself and crises management, the author concludes that crises can be discussed in different contexts and crises tend to be different. Practically all people use the word crisis in their everyday conversations. This word is used to describe both personal events in a person's everyday life and mutual relationships, as well as surrounding, mostly unfavorable events, related to the processes taking place in companies and organizations, as well as in the description of national and international processes. Although the word crisis is widely used, in the author's opinion, a clear and unequivocal definition of crisis is missing, which allows this term to be interpreted according to people's understanding and needs. In the framework of this study, the author believes that the most accurate definition that characterizes the crisis in the broadest way - a crisis - is a turning point for good or bad (Fink S., 2000). A crisis is a decisive moment, or a critical time, when an organization or a company must make the right decisions, take the right actions in order to continue operating, exist and, possibly, using the opportunities provided by the crisis, reach new stages of development. A crisis is simultaneously characterized by both negative consequences (disruption, deregulation, conflict, confusion and intense stress leading to reckless behavior) and positive consequences (mobilization, solidarity, cooperation, improved adaptation, experiential learning). Crises call into question the basic values of the social system and the methods of performing the tasks defined in it, as well as the systematic rules of the organization, which may prove to be useful in overcoming the current or future crisis, or, on the contrary, may be completely useless and contribute to the crisis (Fink S., 2000). In the author's opinion, as time changes, under the influence of globalization and digitization, more and more events which

are happening around the world, starting with supply chain delays, the COVID-19 pandemic, the war in Ukraine can unexpectedly cause crisis situations in any company or organization.

## **Methods**

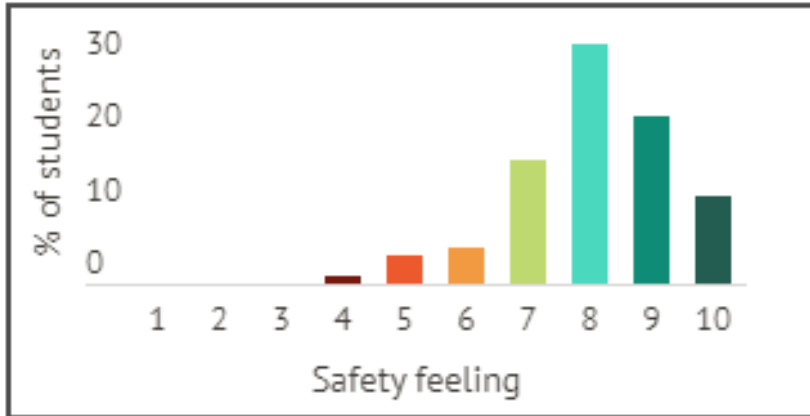
In the author's research on " KNOWLEDGE OF RISK AND CRISIS MANAGEMENT FOR MANAGERS OF COMPANIES AND ORGANIZATIONS ", the questionnaire method was used to collect primary data. According to S. Kristapsone, the survey method means two possible survey techniques: questionnaire and interview in the form of survey techniques. A survey is a method of gathering information, which involves asking questions to a researched group, as well as analyzing the answers obtained. Most often, using the survey method, researchers obtain information about interests, motives, plans, feelings, priorities, relationship structure, and the like. (Kristapsone, 2014) A survey is a method of gathering information using appropriate questions from a sample of people with the aim of understanding the thoughts of the population. Surveys provide a critical source of data and insights for everyone from different groups of society.

In his research, the author chose to take the opportunity through the ERASMUS+ Strategic partnership "Digital education tools for security risk management" international project to collect more information from respondents from several European countries, and to get a broader view of people's knowledge of crisis management and risk management, as well as their feeling of importance of this topic in business. All data obtained are used in an aggregated form to analyze overall trends. In this paper author analyzes only a part of the whole data that was obtained through the ERASMUS+ Strategic partnership "Digital education tools for security risk management" survey conducted by project team.

## **Results**

The author of this paper took part in the research of Turība University and five partner universities of ERASMUS+ SECUREU project, where they asked their students and teachers different questions related to security, risk management and crisis management in autumn 2022.

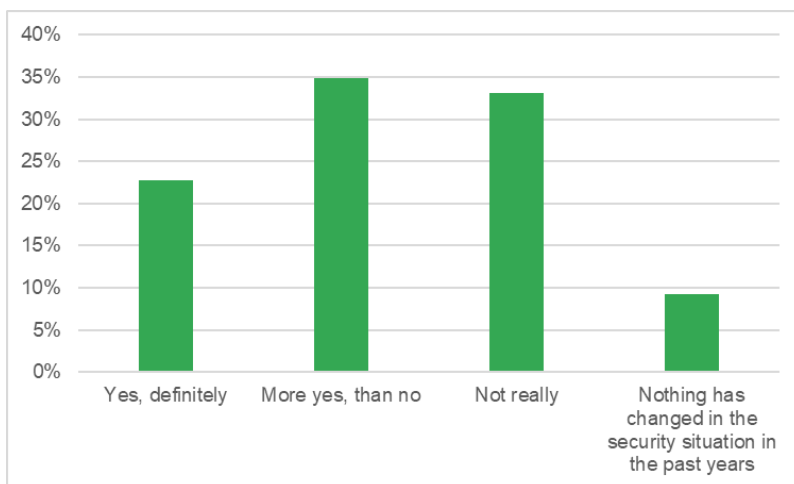
281 students and teachers from 6 partner Universities from Latvia, Finland, Norway, Spain, Lithuania and the Netherlands took part in the survey. Although Europe in general and project partner countries can be considered safe places for living, the survey shows that only 12.8% of the students evaluated safety with the highest mark – 10 points (viewable Figure 1.). 23.9% of the students on a scale from 1 to 10 chose 9 and the highest percentage of students 33.2% chose 8. 30.1% of all students evaluated their safety feeling under 8 points (ERASMUS+ Project number: 2021-1-LV01-KA220-HED-000023056, 2023 ). According to the research, the average grade is 7,98. The statistical mode in this question, or the most used answer, was 8 and in general, respondents feel safe in their country, living place, university.



**Figure 1. How secure in their country, living place, university feel respondents (ERASMUS+ Project number: 2021-1-LV01-KA220-HED-000023056, 2023) .**

The main reasons mentioned for not feeling safe were the war in Ukraine, unstable political situation, intolerance towards minorities, financial uncertainty, rising crime rate, growing social uncertainty, media and information uncertainty, cyber-attacks, increased polarisation and badly handled immigration situation. This all issues can cause crises both in organized and in companies.

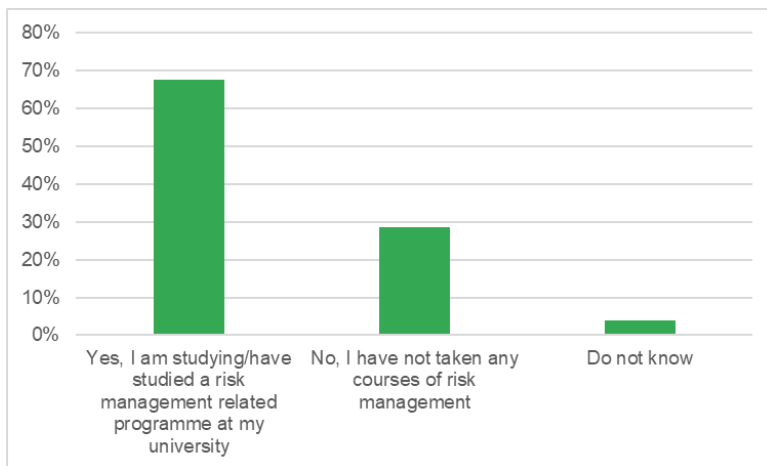
Answering the question- Do you feel that the security situation in your region has grown worse during the past year? (viewable Figure 2.) biggest part or 58% of respondents noted that in recent years, the security situation in the region has deteriorated. 23 % of all the respondents strongly answered that the security situation has deteriorated and 35% of respondents answered that more deteriorated, than no.



**Figure 2. Respondents' feeling about the security situation in the region (the author himself, 2023).**

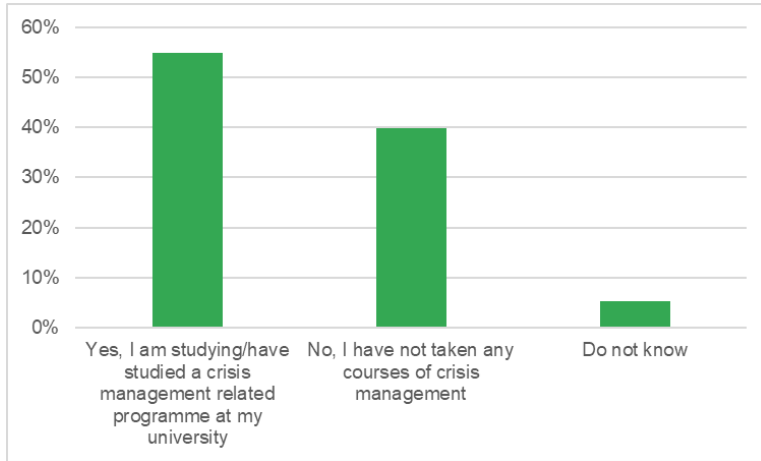
Only 9% of all respondents answered that the security situation has not changed at all, which reflects that, more or less 91% of respondents feel that the security situation is deteriorating or changing for the worse.

All the above-mentioned conditions of security deterioration, as well as the respondents' feeling that the overall security situation is deteriorating, lead to the question of whether people see risks and whether they have learned how to work with risks at all. The answers to the question - Have you studied any courses in your university related to risk management? (viewable Figure 3.) - were distributed as follows – 68% have learned risk management and 32% haven't learned risk management, and 4% don't even remember or have studied risk management, which proves that even if they had studied, they have no memories of this subject.



**Figure 3. Respondents' answers to the question whether they have studied risk management (the author himself, 2023).**

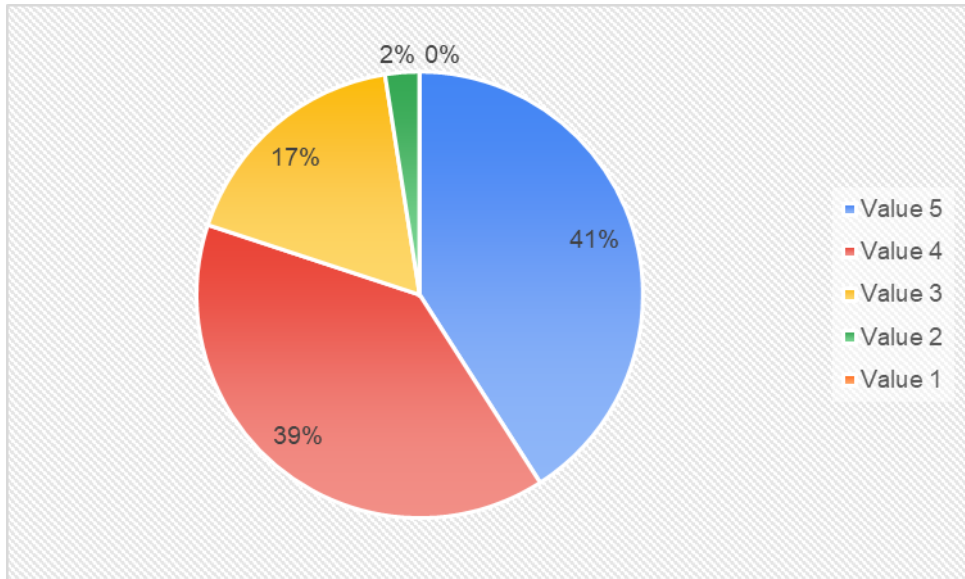
Appropriate risk management can reduce the occurrence of crisis situations. However, if a crisis situation occurs, it is necessary to understand how to manage it and how to manage a company or organization in crisis situation. For the survey question - In your opinion how much attention should companies and organizations pay to crisis management nowadays? (viewable Figure 4.) the responses were fairly evenly distributed.



**Figure 4. Respondents' answers to the question whether they have studied crisis management (the author himself, 2023).**

A slightly larger share, or 55% of the respondents answered that they studying/have studied a crisis management related program at their university and 45% of the respondents haven't studied or don't remember having studied subjects related to crisis management. The results of the research show that almost half of the respondents haven't learned crisis management, and it is very likely that when they get into a leadership position in a company or organization, if the company or organization faces a crisis, they will not have sufficient knowledge of how to manage the crisis.

After gathering information about whether the respondents have learned risk management and crisis management, it was important for the author to understand how the respondents evaluate the need for companies and organizations to pay attention to crisis management (viewable Figure 5.). In this question value 1 means that companies and organization management don't need pay attention to crisis management – 5 means that companies and organization management need pay attention to crisis management very much.



**Figure 5. Respondents' evaluation how much attention should companies and organizations pay to crisis management nowadays (the author himself, 2023).**

After collecting the results, the author was surprised that only 41% rated with the highest mark – 5 - the fact that company and organization managers should pay attention to crisis management and related issues. Almost 20% of respondents gave a score of 3 or less on this question, which means that, in their opinion, managers of companies and organizations do not need to pay much attention to issues related to crisis management, despite the fact that almost 3 times as many people, or 58% answered that security risks have increased over the past year.

## **Conclusions**

After the research work done, the author concludes that European people are worried due to global events, but in general they feel safe. Most of the respondents are aware of the importance of risk management and crisis management in the operation of organizations and companies. Despite the need for knowledge of risk management and crisis management, only 68% of respondents have learned risk management and 55% of respondents have learned crisis management during their studies. The author believes that insufficient attention has been paid to these, risk management and crisis management, subjects, people don't realize the devastating effect of the crisis, as well as the fact that the crisis is not only a threat but also an opportunity. Likewise, without learning these subjects and facing a crisis, people will not be able to recognize crisis in early stage and make effective decisions to manage the crisis.

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