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FOR SECURITY RISK MANAGEMENT

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SECURITY RISK MANAGEMENT

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Agenda

- What is Crisis
- Crisis as events and crisis as process
- What are the attributes of a crisis
- Causes of crises
- What are the consequences of a crisis?
- What are the forms and types of crisis
- Transformative Crisis Management (TCM)

What is Crisis?

- A crisis is an event or a situation that can threaten the survival and goals of an organization, which creates urgency to resolve it

- Intensifying the complexity of crisis management today is that crisis occur in a global economy that is media-driven and where even ordinary citizen are able to publicize interactions to the rest of the world

Conceptualizations of crisis: crisis as an event and crisis as a process

- Crisis as Event: Low-probability, unanticipated, high impact (i.e., harmful) events that are unpredictable, surprising, and threaten the viability of the organization (Lagadec, 2007; Pearson & Clair, 1998)

- Crisis as Process: Processes extended in space and time, where a "triggering event" is the result of a long period of incubation; that is, crises occur in phases (Roux-Dufort, 2007, 2016; Turner, 1976; Shrivastava, 1995)

Properties of Crisis as Event

- Incident or accident is the unit of analysis (Pearson & Clair, 1998)

- Events are contingencies isolated in space and time (Lagadec, 2007)

- Possess a distinguishable origin, which has given rise to crisis typologies (e.g., Gundel, 2005; Pauchant & Mitroff, 1992

- Associated with uncertainty-inconceivable, unstructured, unplanned, and unexpected (Rosenthal, 2003; Topper & Lagadec, 2013); therefore, one cannot fully plan for or measure the probability of these events (Pearson & Clair, 1998)

Properties of Crisis as Process

- Crisis develop in stages-warning signals, acute stage, amplification, and resolution (Turner 1976; Fink 1986; Mitroff & Pearson 1993) for which the acute peak is the accumulation of dysfunctions and/or an isolated event (i.e., natural disaster)

- Triggering events have a genealogy, which could include incubation of problems (Turner, 1976; Roux-Dufort, 2016)

- Various features (organizational, institutional, etc.) make up the "sequences of disaster development, accumulating unnoticed until a precipitating event leads to the onset of the disaster and a degree of . . . collapse" (Turner, 1976: 379).

Crisis management of an event and crisis management of a process

- Crisis management of an event definition: **Coordinating stakeholders and resources in an ambiguous environment to bring a disrupted system (i.e., organization, community, etc.) back into alignment** (Sommer & Pearson, 2007).

- Crisis management of process definition: **Managing attention to "weak signals" of crises-in process, in-event organizing, and post event actions to protect a system and (when necessary) bring it back into alignment** (Ansoff, 1975; Roux-Dufort & Laloonde, 2013; Portal & Roux-Dufort, 2013)

Properties of Crisis Management as Event

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- Readjustment of basic assumptions, as well as behavioral and emotional responses aimed at recovery and readjustment

- Reaction oriented reduce the impact of the crisis and resume "normal" activities as soon as possible (Lalonde, 2004).

- Focus on precrisis scenario planning, preparation, and postcrisis response (Kouzmin, 2008)

Properties of Crisis Management as Process

- There are likely systematic patterns that influence various stages of the crisis process (Deschamps et al., 1997); studying the system could help capture the complexity and ambiguity surrounding crises (Kovoor-Misra, 1995)

What are the attributes of a crisis ?

Threat: Relative to problems, the level of threat during a crisis is significantly higher and could potentially underpin the survival of an organization and its stakeholders.

**Urgency:** The longer it takes to resolve the situation, the more additional losses can accrue.

Ambiguity: Crisis situations are difficult to resolve because of uncertainty and lack of clarity in the situations.

Stress and Emotions: Threat and urgency trigger stress and emotion. These emotions could include fear, shock, panic, anger, hopelessness and trauma

Opportunity for gain: Crisis sometimes include opportunities to gain by doing; improvise, innovate and develop solutions for complex problems, Communicate to key stakeholders the positive character and identity of the organization, learn to grow and build greater capacity
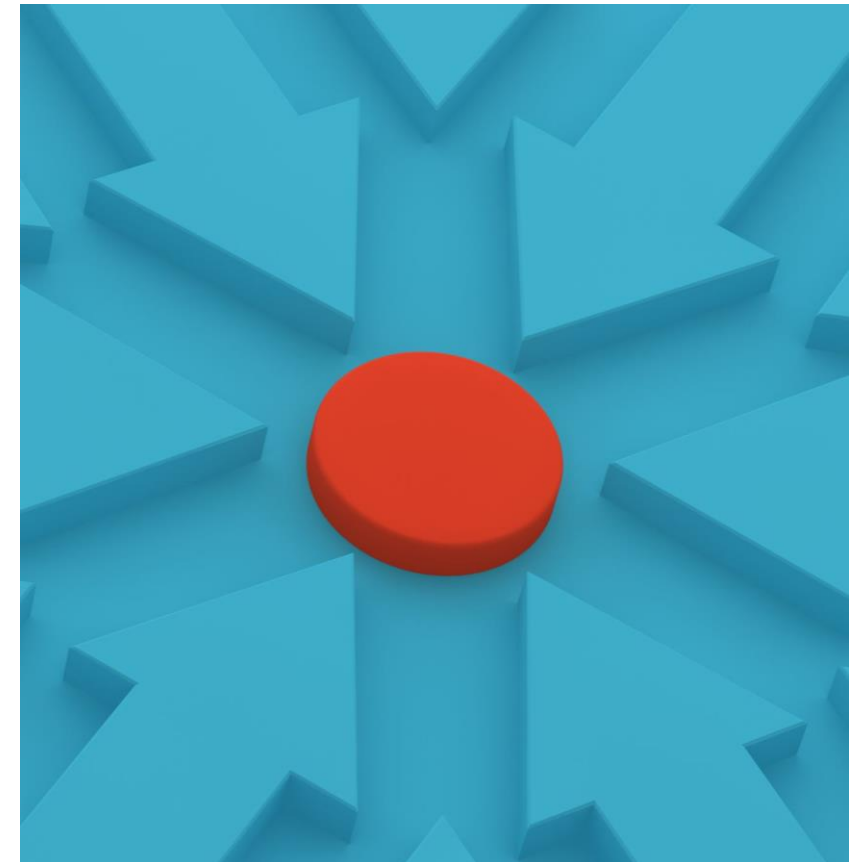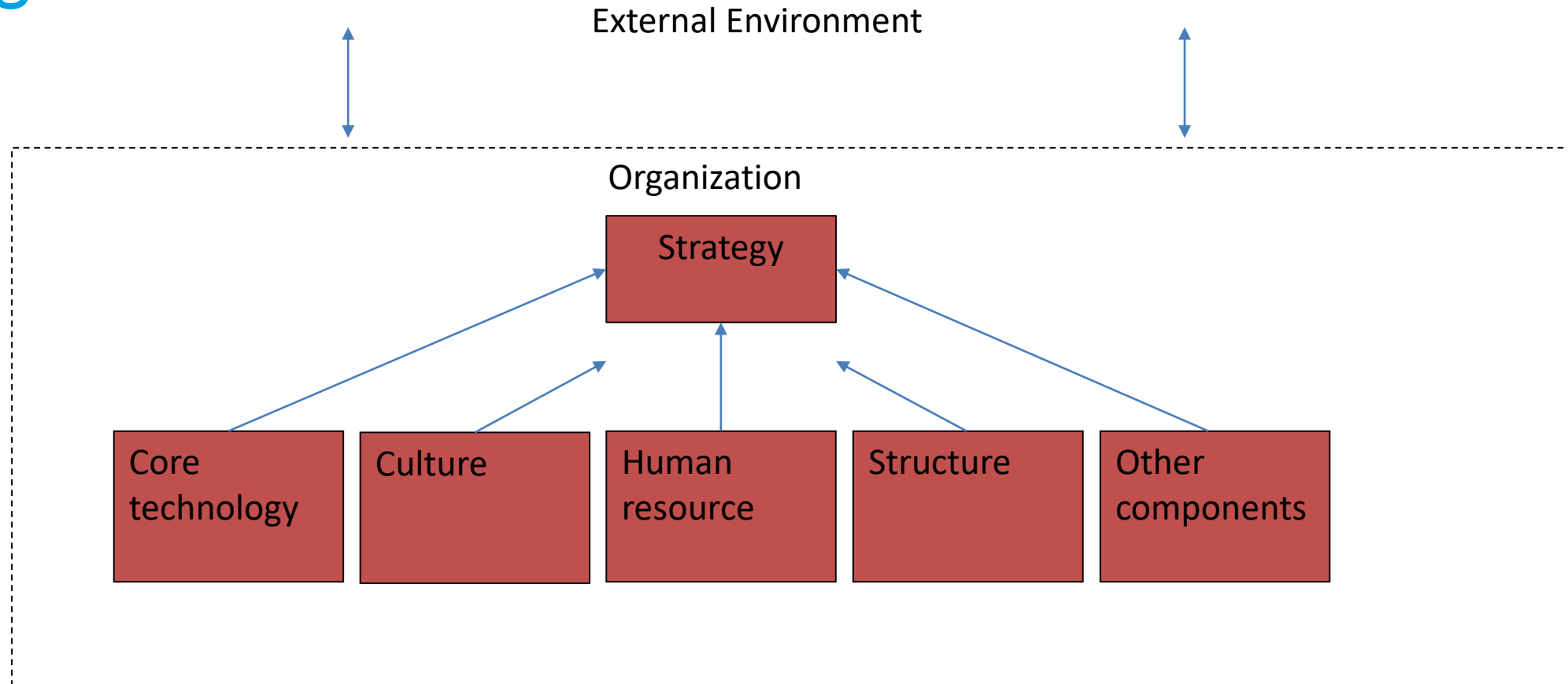
What are the causes of crises

The causes of crisis are often complex and involve multiple factors including:

- Failure and dysfunctions within the organization
- External threats that underpin the organization
- Mismanagement of the crisis by those tasked with resolving it

Failure and dysfunctions within the organization

External threats that underpin the organization

Organizations as open systems have interdependent relationships with their environments. Because of their interdependence, organizations are vulnerable to threats from their external environment.

| Political Environment | Economic Environment | Social Environment | Legal Environment |

Mismanagement of the crisis by those tasked with resolving it

Organizational crises are dynamic, visible situations, and they attract the attention of key stakeholders. These stakeholders make judgments about whether the organization and its leaders are culpable or victims of the situation, and such judgments continue over the life of a crisis.

As a result, irrespective of the original cause, the intensity of a crisis can be escalated if stakeholders perceive the organization to be incompetent or untrustworthy in the handling of the situation.

What Are The Consequences of a Crisis?

Natural environmental dimension

Technical dimension

Economic dimension

Human and social dimension

Political/reputational dimension

Legal dimension

Ethical dimension

What are The Forms and Types of Crises?

a. Technical crises: Explosions, spills, fires, transportation accidents, and cyberattacks

b. Economic crises: Bankruptcies, hostile takeovers, and organizational death

c. Human and social crises: Terrorist attacks, sabotage, significant number of deaths and injuries, and workplace violence

d. Political/reputational crises: Negative publicity that could lead to a loss of major stakeholder support

e. Ethical crises: Corruption, fraud, and abuse of power

f. Legal crises: Serious violations of laws

g. Natural environmental crises: Natural disasters, such as hurricanes, tsunamis, and earthquakes or serious damage to the natural environment
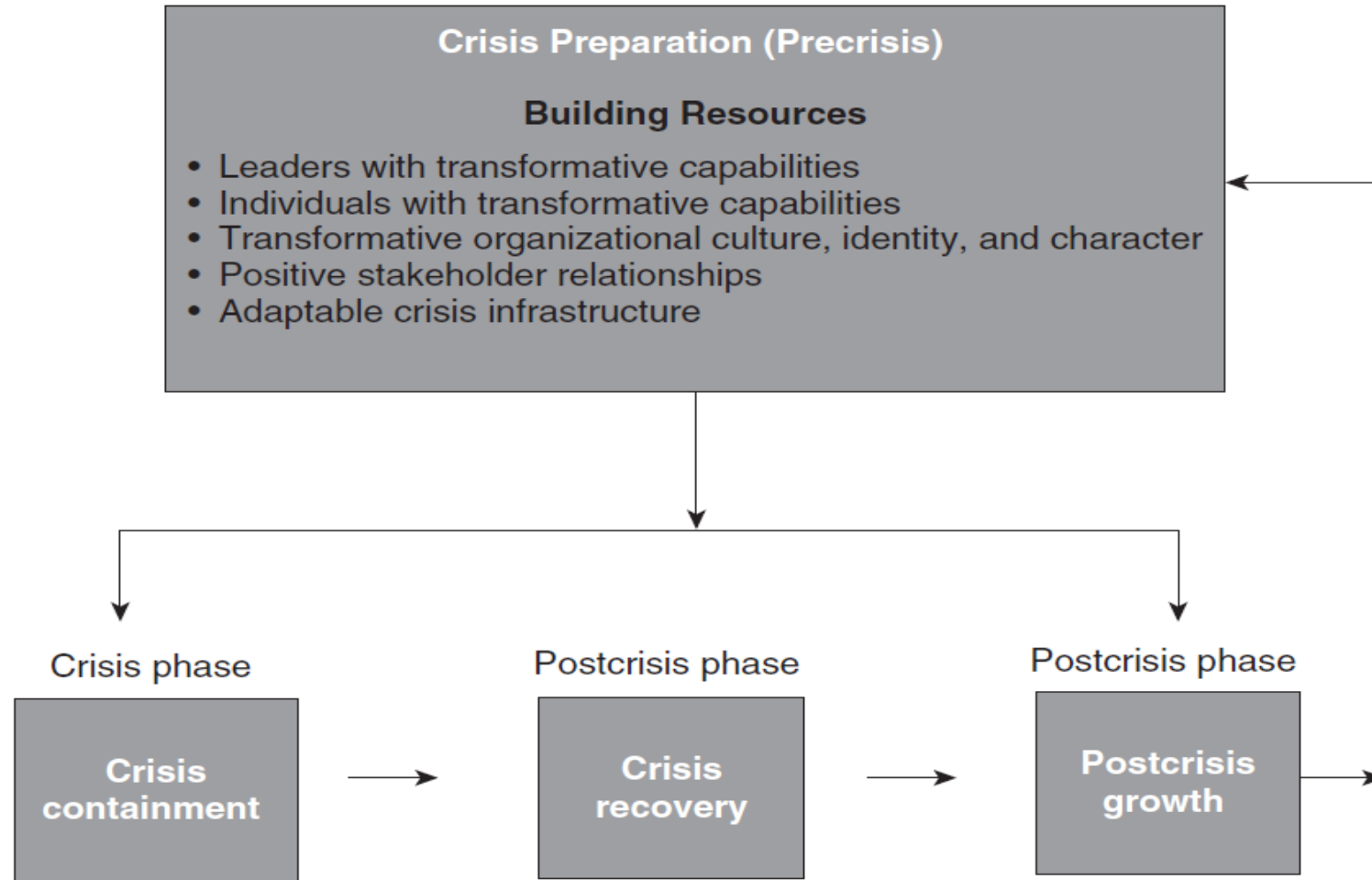
What are The Phases of a Crisis?

Precrisis Phase: Crises may develop over time and emit early warning signals before they are manifested. However, not all crises emit sufficient prior warnings. For instance, despite the 1993 World Trade Center bombing, it was not easy to predict that terrorists would next use hijacked planes to cause the 9/11 crisis.

Crisis Phase: The second crisis phase is when a crisis event occurs and becomes visible. In this phase, organizations and their leaders need to limit damage and cope effectively with the consequences of the crisis.

Postcrisis Phase: After the threat has been contained, the intensity of a crisis diminishes, and it moves to its final phase. In this phase, the organization needs to recover from the crisis experience.

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What are the phases of crisis?

Crisis Preparation (Precrisis)

Building Resources

- Leaders with transformative capabilities
- Individuals with transformative capabilities
- Transformative organizational culture, identity, and character
- Positive stakeholder relationships
- Adaptable crisis infrastructure

Crisis phase
Crisis containment

Postcrisis phase
Crisis recovery

Postcrisis phase
Postcrisis growth

Crisis Preparation

- **Leaders and Other Individuals With Transformative Mind-Sets and Abilities**
  - Multiple leaders with transformative mind-set
  - Individuals within the organization who have the potential to be transformative
- **Organizational Character, Culture, and Identity**
  - Values that can promote transformative behaviour
  - An organizational culture comprising values that can provide direction during the uncertainty and ambiguity
- **Positive Stakeholder Relationships**
  - These relationships constitute a network for information, resources, and support.
- **Adaptable Crisis Infrastructure**
  - Crisis teams, contingency plans, processes, technologies, and other resources that are developed before a crisis
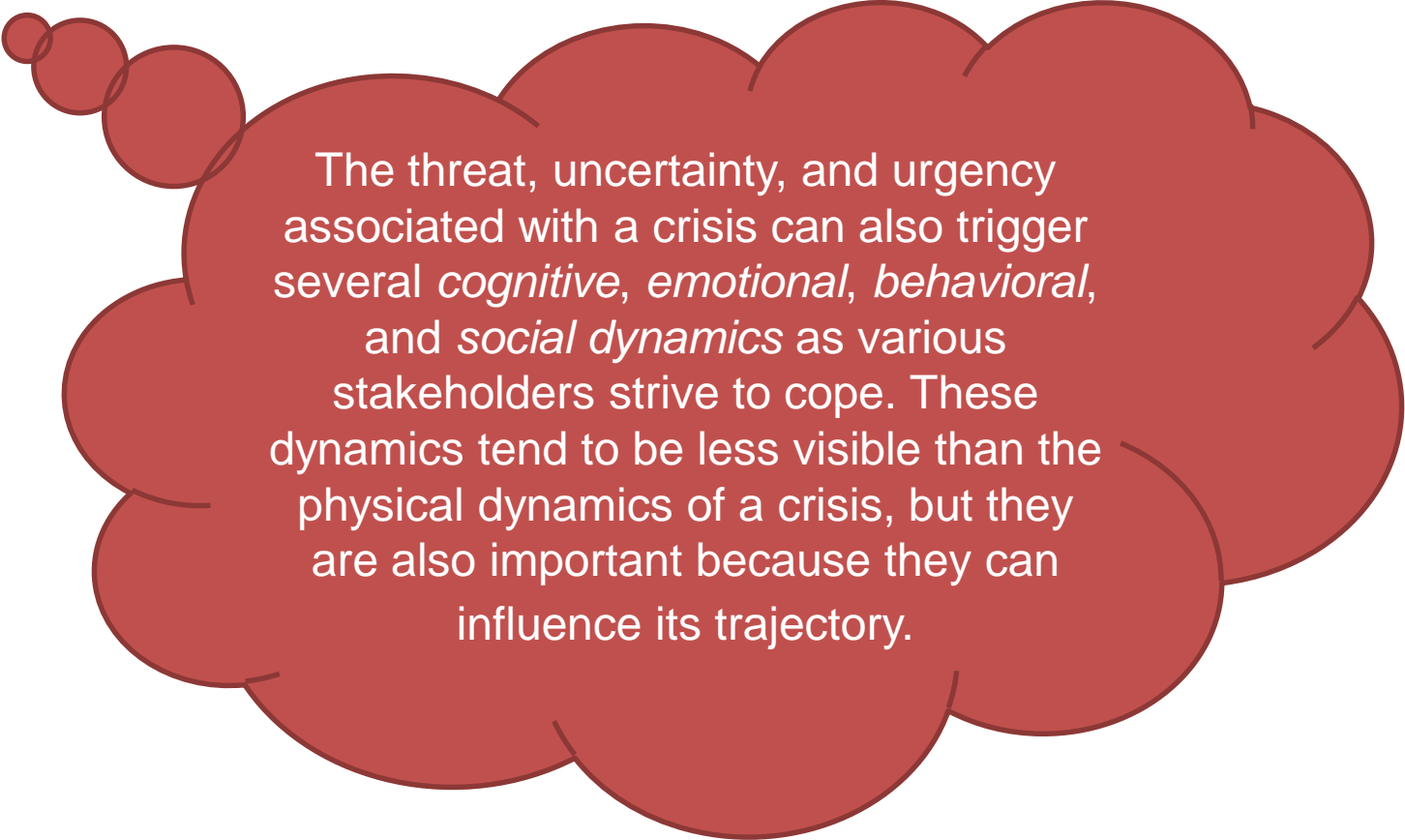
Crisis Containment

- This phase begins once a crisis occurs.

- Leaders and other actors need to quickly understand what caused the crisis, when it occurred, its effects, who the key stakeholders are, and how the crisis can be contained.

- This process is complex because of the threat, uncertainty, ambiguity, and stress associated with the situation.

- This phase involves making efforts to **de-escalate** the crisis **as quickly** as possible in a competent and **trustworthy** manner.

- Leaders need to recognize the cognitive, emotional, and social dynamics among stakeholders in the situation and make efforts to shape the narrative in a trustworthy manner.

Why is containing a crisis challenging? Tu

The threat, uncertainty, and urgency associated with a crisis can also trigger several *cognitive*, *emotional*, *behavioral*, and *social dynamics* as various stakeholders strive to cope. These dynamics tend to be less visible than the physical dynamics of a crisis, but they are also important because they can influence its trajectory.

What is effective crisis containment?

- The goal of crisis containment is to quickly and constructively contain the threat, limit damage, and maintain or build trust with key stakeholders

- Crisis containment efforts may not always be rosy and straightforward and the process can take time. Leaders who are able to more quickly contain a crisis and attain these outcomes for their organizations and their stakeholders will be perceived as being effective in their crisis containment efforts

- Some positive outcomes from effective crisis containment can be attained for organizational members, for the organization as a collective, and for affected stakeholders.

Crisis Recovery

- Recovery as a phase begins once the threat of a crisis has been contained and involves addressing damage postcrisis.

- During crisis recovery, leaders and other key stakeholders have the opportunity to address damage and regain their sense of equilibrium.

- This phase encourages individuals, groups, and all key stakeholders to invest time and effort in this process, so that business operations can be resumed, lessons can be learned, healing can occur, relationships can be repaired, and postcrisis growth can be attained.

Postcrisis Growth

- Postcrisis growth includes the positive changes and outcomes that occur because of an experience with a crisis.

- During this phase, leaders have opportunities to facilitate learning and make critical positive changes within the organizational system, so that growth can be attained, and renewal and vitality can be fostered for all key stakeholders in the crisis. Postcrisis growth can vary in degree and can occur in various areas.

- Key task during postcrisis growth is to make the necessary changes in crisis management resources.

Crisis Typology

Crisis development and termination
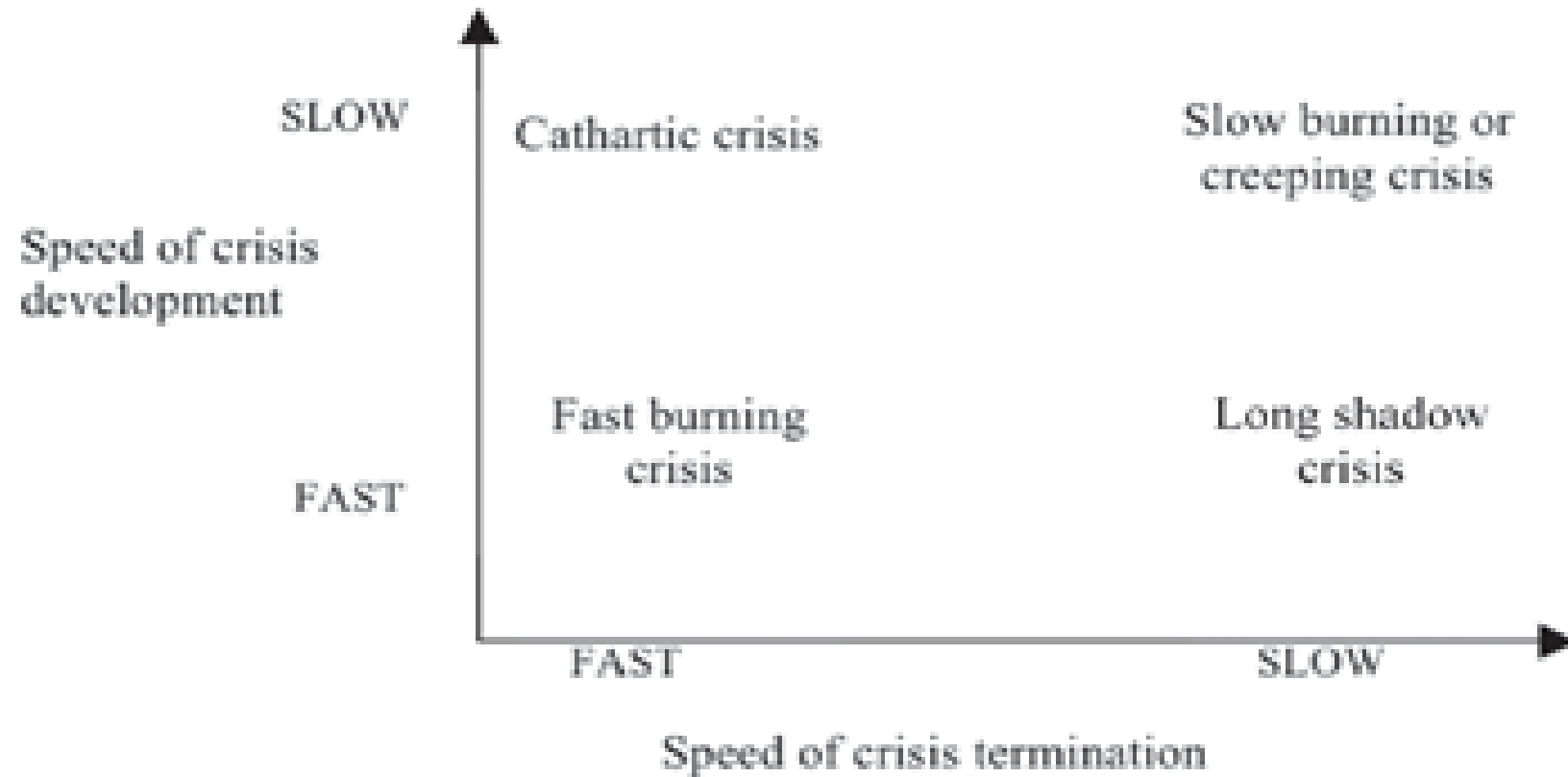
Crisis development and termination

- Fast-burning crises are instant and abrupt shocks, such as plane hijacks or 'run of the mill' natural disasters. Requires quick response and clear command structures. Decisions must be made quickly and often with missing information

- Cathartic crisis develops gradually and develops over time due to a lack of preventive measures, societal vulnerabilities or tensions, and technological weaknesses. A characteristic of catharsis is that the crisis can be ended relatively quickly.

Crisis development and termination: a terminology con. Tu

- Slow-burning crises develop over time and last a long time. Requires extensive resources and are difficult to clarify the status and timing of when to mobilize the necessary resources.

- Long shadow crisis are incidents that occur suddenly and raise critical issues of much wider scope and significance, triggering a political or institutional, crisis almost inadvertently

Types of crisis by geographical scope

- Local, sectoral crises
  - Locally defined damage site
  - Each individual agency responds on its own
  - Is limited in time
- Transboundary crises
  - Crises where sector and/or geographical boundaries are crossed
  - Drags out in time beyond normal response frames
  - Represents major management and analytical challenges
  - Requires broad cross-border response
    - all decision levels involved
    - across sectors
    - across geographical boundaries
    - across national borders

Crisis types by intention

Unintended events

- Economic collapse
- Destruction of stock, e.g. due to fire or flood
- Blockage of supply routes and failure of transport systems, e.g. extreme weather
- Pandemics that put large parts of the staff out of action
- Failure of the markets for key input factors (goods and services). Ex. trade disputes
- Breakdown in infrastructure - water and electricity supply and electronic communication
- CBRNE - chemical, biological, radioactive, nuclear, explosive events

Intended events

- Demonstrations with blocking
- Destruction in connection with unrest
- Sabotage
- Injury to individuals
- Violence against groups
- Terror
- War-like situations

The crisis scale - based on severity and scope
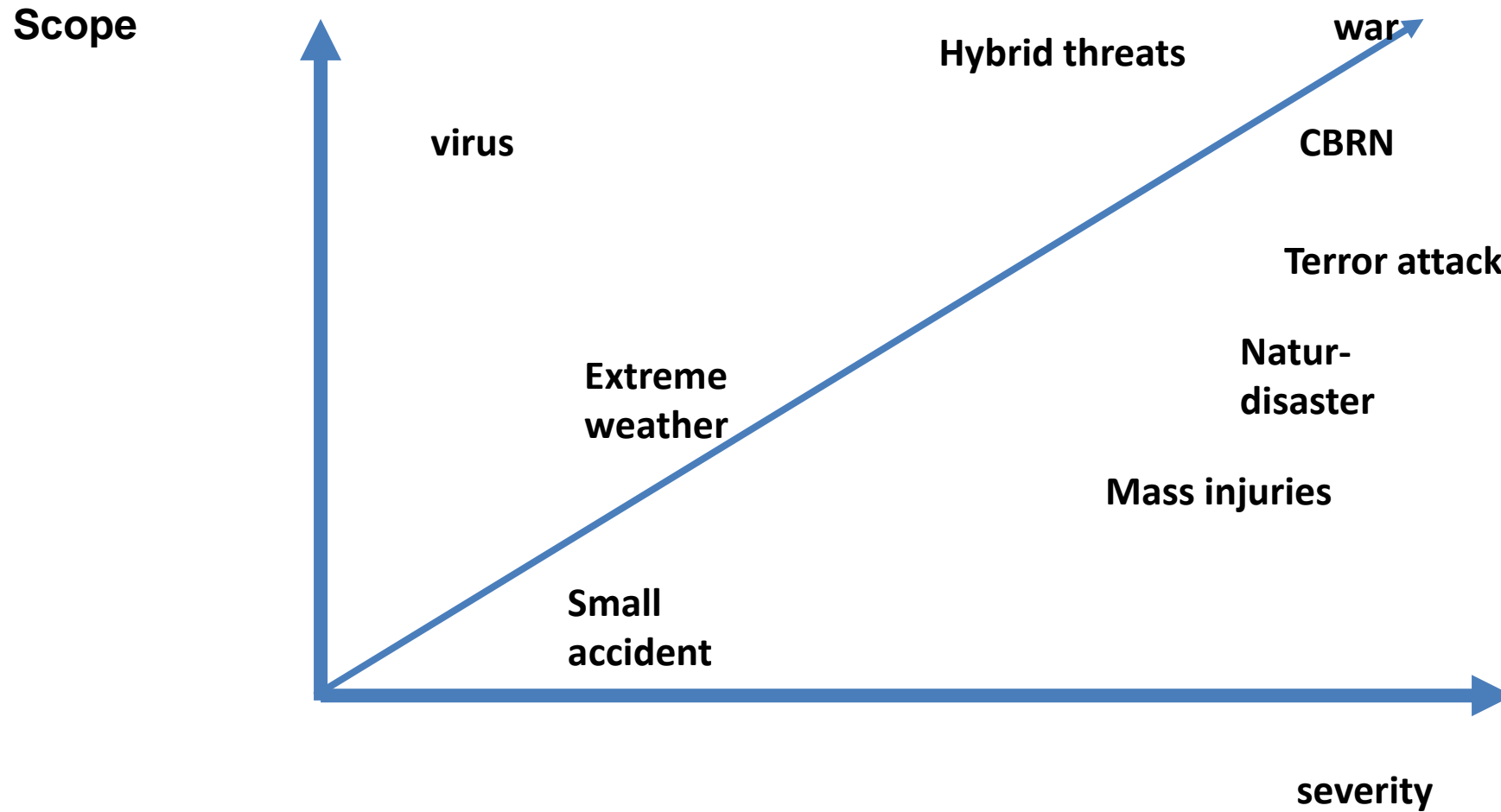
Fours critical processes central to performance in crisis management 4Cs

- Cognition
- Communication
- Coordination
- Control

Cognition

- Recognizing the degree of emerging risk and conceiving ways to act on that information
  - Detection and recognition of emerging risk
  - Decision making process- organization and mobilization
  - Sensitivity to turbulent operational circumstances
  - Situation awareness

Communication

- Updating an emerging network of actors about the crisis and the response operation
  - Imbalance between information generated and information needed
  - Communication technologies
  - Information flow
  - Professional languages-terminology

Coordination

- Interdependent actors engage in mutual adjustment of thei actions to achieve a shared goal
  - Roles and sets of task
  - SOP
  - Coordination mechanism
  - Improvisation with management roles
  - Combining design and emergent coordination

Control

- Ensuring that ongoing actions remain focused on shared goals
  - Command approaches, directive command
  - Leadership approaches

Example: Gjerdrum landslide

The 2020 Gjerdrum landslide occurred in Norway in Ask village, which is Gjerdrum's administrative center. This quick clay landslide spanned an area of 300 x 700 m, and the resulting debris flow affected an additional 9 ha. Although some individuals were rescued and others evacuated themselves, 10 people lost their lives, and several buildings were destroyed, resulting in an estimated cost of over 100 million US dollar (Nikel, 2021). The Joint Rescue Coordination Centre (Joint Rescue Coordination Center, 2021) report stated that during the early phase of the Gjerdrum landslide, the primary challenge was understanding its extent and requesting appropriate resources. Emergency situations are often characterized by uncertainty and limited information, and incidents that occur during the night or under adverse weather conditions, such as the Gjerdrum landslide which happened at night during the Christmas period, exacerbate the ability to gain relevant information. The landslide required a demanding SAR operation due to the significant number of people that needed immediate attention, and the subsequent breakdowns in infrastructure, such as the water supply, sewage, roads, and electricity, in the area added to the complexity of the operation (JRCC, 2021).