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Advances in socio-political risk management

1 Introduction

A balanced view of risk requires an understanding how to holistically manage risk in order to mitigate negative outcomes and to reap beneficial results. In this spirit, *Socio-Political Risk Management: Assessing and Managing Global Insecurity* covers a wide range of viewpoints and issues which can be applied to various organizational agency structures. These perspectives examine how social and political risk can impact an agency, and what recommendations can be made to adapt, improvise, and strengthen the organization against political risk. Existing establishments in public, private and nonprofit sectors have seen radical changes and approaches in recent years. Accessibility to personnel and agencies via social media, the internet and public exposure compounded with shifting political and social paradigms have led many agencies to assuage and sustain public viability and relevance.

Socio-Political Risk Management: Assessing and Managing Global Insecurity serves the readers by raising awareness and the necessity to manage social and political risks in their organizations. It highlights the challenges and ambiguity of these conditions and how failure to control these situations can result in critical events and potential irreversible damage to an agency or corporation. This volume explores pathways for those in different organizational structures to find common themes pertaining to social and political risks. An important goal of research is to develop a framework for managing and exploiting risk that can be applied at the organizational level.

Case studies, simulations, and theoretical constructs help provide clarity of risks to senior management, personnel, and the agencies themselves. With contributions from scholars and practitioners, this volume situates concepts and theories alongside their tangible applications. In this overview, we preview the book and its two main components: chapters covering fundamental concepts and approaches; and chapters illustrating applications of these fundamental principles.

2 Fundamentals

Risk is conceptualized in terms of uncertainty, and it is recursive and needs to be periodically evaluated. Whereas the concept of risk is rooted in the process of strategic decision making, the systematic treatment of risks, within the strategic management and policy-decisions, has not been developed to an acceptable level for implementation. Hence, the need for a broader view of strategic risk, addressing emerging global

risks such as global terrorism, economic instability, climate change, cyber-attacks, environmental degradation, and international trade agreement changes (Strang, 2018).

In his chapter, “The dynamics of global risks: Social-political risks in strategic management and policy decisions,” Cesar Marolla presents the research question: “How can world leaders integrate the social and political risks into strategic management and policy decisions?” Addressing socio-political factors affecting organizations requires a deeper understanding of social and political contexts and conditions, leading to awareness of the threats and opportunities in the socio-political arena that could affect outcomes. Moreover, strategic, and realistic time frames and development indicators for addressing risk factors and determinants of the globalization of insecurities must be embedded to assess and manage socio-political risks, putting greater attention to risk analysis and risk management.

Psychological factors play a key role in influencing perceptions and decision making. These play a part in determining different constructions of experience and include heuristics, risk intelligence, cognitive styles, and emotional factors arising from the identity of the social group. Such differences in constructions may result in deviations from thorough analyses of problems that others consider rational. Heuristics or short cuts in cognitive processing may work but their effectiveness may depend on context in unknown ways. Risk intelligence is defined in terms of how accurate individuals are at estimating their judgments being correct. Cognitive styles may be considered as heuristics determining the process that individuals use showing variations in thinking that are linked to personality (Messick, 1982).

Cognitive styles considered here are: (1) complexity simplicity, (2) use of previous memories (levelers vs sharpeners), (3) impulsivity-reflectivity, and (4) field dependence/independence, a measure of the influence of context. Lastly, individuals as well as groups need consistency and so some decisions and behaviors may be influenced by deep personal needs and also by the views of the individual’s social group. Gambling provides some examples stemming from personal needs, and perception of social influences are linked to political movements. In his chapter, “Socio-political risk management: Psychological aspects,” Hugh Gash examines psychological factors that influence individual decisions in ways that deviate from what might be expected from a thorough or “objective” analysis of problems. These include heuristics, risk intelligence, cognitive styles, and emotional issues associated with identity.

One of the fundamental realities of political and social risk is that while it has been addressed in the broader management literature for over two decades, it has not necessarily been featured as prominently as other types of risk. In his chapter, “Human Resources: Endogenous Political Risk,” Saquib Hyat-Khan provides an important example of this as it pertains to Human Resource Management (HRM). Evaluating the importance of efficient HRM practices has been a focus in the literature for decades, however, the case for identifying political risks presented by inappropriate or absent HRM practices has yet to be made. In terms of being a discipline, HRM has

a key role to play in addressing and raising awareness of human resource issues as political risks for the organization (Nickson 2001; Hinton 2003).

A first of its kind in-depth review of papers published since 2000 in high-quality management journals shows just how limited research has been thus far as it pertains to political risk management in human resources. Although the HRM and political risk management disciplines stand to benefit from viewing endogenous political risk through the HRM lens, this critical examination shows that further research and development of the phenomenon of HRM is needed; moreover, it provides recommendations that leverage state-of-the-art platforms for managing such risk.

The absence of attention paid to political and social risk in the management literature is made up for by the wide-spread attention high profile cases have gotten in the media. In the spring of 2021, for instance, ransomware-attacks launched against two large corporations in the United States – Colonial Pipeline and JBS Foods – generated an enormous amount of public and media attention on the risks posed by cyber-criminals (Uren 2021). Experts hoped these attacks would also serve as a ‘wake-up call’ to the critical infrastructure industries and ensure that they are not just paying ‘lip service’ to these types of risks (Miller 2021).

In her chapter, “Beyond Lip-Service: Content Clouds, 10-K Filings, Cyber Risk and the Electric Grid,” Jeanne M. Sheehan examines just how seriously these types of risks are being taken in one segment of the energy sector. Using an unobtrusive observation measure – visualization via the creation of content clouds – the chapter examines if and how these risks were addressed in the 10-K filings of a sample of electrical companies (Cidell 2010). This segment of the energy sector was chosen because it has long been defined as a ‘uniquely critical’ sector to the extent that it enables most of the other critical sectors. The findings of the study are startling because they suggest that for all the media attention, far from paying lip service, the electrical companies sampled rarely mentioned, let alone addressed, the risks posed by cyber-attacks. To this extent, the findings serve as a wake-up call and underscore the need for both further research and regulatory action.

Governments worldwide define the energy sector as ‘uniquely critical’ because of the potential for widespread disruption. As perilous as that can be, most people consider the impact of human activity on the climate to be the ultimate risk (Perils 2021). Although the full effects and reach of this damage may not be felt for decades, climate change has the potential to fundamentally alter the livability of the planet. In just the last few years, people across the globe have already begun to experience rare and extreme weather events, which have revealed a serious lack of preparedness and responsiveness.

In his chapter, “The Risk of Climate Change and Extreme Weather,” Steven Michels lays out the scope of the problem and why it has been such a difficult risk to understand and manage (Oldenborgh, et al., 2021). He then focuses on the specific policies and practices that can be put in place by elected officials and business and community leaders to increase absorptive, anticipatory, and adaptive capacity. The

chapter concludes with a summary of the principles that should drive risk-reduction measures related to climate change and extreme weather. In accordance with the conclusion in the previous chapter, Michels argues that mitigation of these types of risk will require an unprecedented level of coordination and resource allocation from both public and private sectors.

Another area of enormous and worldwide public concern is the treatment of women and girls. In 2017, the concern found expression vis-à-vis the *#MeToo* Movement as women became increasingly more open to discussing their experience of sexual harassment and assault, particularly on social media (Feloni 2019; Harris 2018). In her chapter, “Socio-political Risks associated with Sexual Harassment, Assault and Gender Discrimination Among Institutions of Higher Education,” Cathryn Lavery examines how one sector which bridges the public and private – institutions of higher education – have attempted to address these concerns. Lavery finds that while colleges have incorporated traditional sexual harassment policies and prevention programs, harassment and assault on campuses remains prevalent (Cantor, et al., 2020).

Moreover, she argues that universities and colleges have not taken into consideration the profound sociopolitical risks associated with the management of complaints, incidents, and legal issues of associated with this topic on their campuses. As a result, sexual harassment, assault, and discrimination remain not only a global social and public health problem, but a critical risk for institutions of higher learning. What is now realized with the United States’ 50th Anniversary of Title IX and American colleges and university campuses, is that protections and regulations need to be tighten, institutions of higher education held accountable for handling cases correctly. A global standard on how to deal with such cases need to be created on all campuses, so that students can have basic protections and procedures anywhere.

Arguably no single event has put people around the world at more risk in the last century than COVID-19. Many scientists contend that the pandemic should be understood as part of a trend of increasingly damaging and devastating global disease outbreaks that are the result of humanity’s assault on nature. In the final chapter in this section entitled, “Biophilia, One Health, and Human Education” Kimberly Spanjol and Paolo Zucca argue make the case that the exploitation of non-human animals and the environment associated with the inception of this disease and its subsequent spread remain unchanged. Moreover, politicians, other policymakers, and business leaders primarily focus on anthropocentric short-term solutions rather than viewing the COVID-19 pandemic as a symptom of humanity’s harms and crimes perpetrated against the natural world (Zucca 2020; Zucca 2021). This approach, they find, obstructs meaningful opportunities to address and transform root causes of the current pandemic, as well increasingly deadly future pandemics, which are inevitable.

With this in mind, the authors explore a Biophilic approach of the One Health Model and Humane Education practices that promote an individual and systemic transformative relationship with the natural world that acknowledges and emphasizes humanity’s deep interconnection with the well-being of other species and the

environment we share (Wilson 1984). This approach is explored as a step toward solution-based interventions that address root causes and mitigates risk in all social and political spheres.

3 Applications

Pandemic risk models are traditionally based on operational factors, referring to preparedness, mitigation, and response. Due to the rapidly fluctuating condition of a pandemic, pandemic risk management pertains to the field of operational risk management (Beroggi and Wallace, 1994). The validity of these models is difficult to assess due to the limited quantifiability of the operational factors. In his chapter, “A Latent Factor Risk Model for COVID-19,” Giampiero E.G. Beroggi presents an alternative risk model to predict the reported number of deaths. The model is based on nine latent factors, which are grouped into three meta latent factors, referring to business, political, and population characteristics. The model’s validity is confirmed with empirical data from 50 nations. Although the validation of the model is based on data from an early stage of the pandemic, autocorrelation effects make the model also useful for later stages. The strongest predictive meta latent factor is business, while the strongest predictive latent factors are corporate social responsibility, employment, and life expectancy. While higher standards of corporate social responsibility and higher rates of employment result in lower number of reported deaths, higher life expectancy values have the opposite effect.

Organizations have frequently dealt with the decision of buying or outsourcing (“make versus buy”) a product or service. While organizations have realized numerous benefits from outsourcing, both academics and practitioners have identified several risks, including low quality, loss of control, sharing proprietary information, and sometimes a compromise in the firm’s core values and mission. Outsourcing is even more complicated if it involves not a single supplier but two suppliers whose service deliveries depend on each other (Tsay et al., 2018). In their chapter, “A triadic perspective on the risks of IS outsourcing in a software as a service (SaaS) context,” Markus Biehl and Nisha Kulangara investigate the risks associated with outsourcing in a triadic setup. After a contextual introduction, they focus on the case of triads involved in implementing Software as a Service (SaaS), involving the client, the software provider, and a system integrator. They investigate risk factors that are external to the partnership as well as those that arise from the internal management of the partnership. Finally, pointers for managing such triadic relationships from the point of view of the client are discussed.

In addition to outsourcing, a critical challenge for organizations today – both profit and not for profit – is centered around the requirement for external disclosures of Global, Criminal Justice, Social and Political Risks in the context of ESG disclosures (Herz, et al., 2017). Disclosures of any type of risk to an organization present the danger

that organizational secrets and strategies are revealed to the public and competitors. Disclosures of assessed risk may also be used in later litigation against an organization. As a result of the potential downside to external disclosure of risk, organizations have been generally reluctant to provide information on internal risk assessments unless they were required to disclose information in specific required financial and other legal compliance disclosures. In “Environmental, Social and Governance Objectives and Disclosures (ESG) and Enterprise Risk,” Katherine Kinkela examines the need to balance ESG disclosure requirements and the need for public transparency with the need to keep strategic risk assessments of an organization private.

The pandemic is a throughline in the work of many of the authors as they address various aspects of political and social risk around the world today. Stephen A. Morreale, for instance, connects the outbreak of COVID with the political upheaval and accusations of police brutality and systemic racism that followed. As he notes, from the United States to Canada, the United Kingdom to Ireland and beyond, the criminal justice system has been under intense scrutiny by human rights and civil rights activists, while also under attack from radical and extremist groups. (Ellison, 2020; Nieuwenhuis.2015) In his chapter entitled, “Socio-Political Risks and their Impact on Criminal Justice Organizations,” he explores the efforts in criminal justice agencies in the United States to address risk and react to changing social and political climate. As Morreale notes, while policing and other institutions have a natural reluctance and resistance for change, they can turn on a dime when new laws or directives are issued. This was evidenced, for instance, in the immediate reaction for public safety agencies to issues of Covid-19.

The following two chapters also address various aspects of risk mitigation as it pertains to law enforcement around the world. In his chapter, “The Use of Task forces Internationally: Mitigating Socio-Political Risks for Law Enforcement Agencies.” David Mulcahy examines the use to task forces. As Mulcahy notes, task forces in the law enforcement community were created to provide information sharing protocols and develop “fusion centers” for local, state, and federal agencies (Lambert 2010). This process and protocols have been utilized on a national and global scale to address various types of crime. This “one stop shopping” allows each task force partner to share and utilize their unique skill sets, areas of expertise, and available resources specific to individuals/agencies. The “sum of its parts” creates working groups that can address areas of operation and responsibility related to the targeted criminal populations (i.e., terrorism, narcotic trafficking, human trafficking, and transnational organized crime) These partnerships develop comprehensive crime control strategies that address the multitude of competing interests related to geographical, political, and social risks. Task Forces provide a strong foundation of trust and credibility that often eludes these agencies when they operate independently. Many of the problematic issues related to joint investigations, competing agendas and scarcity/limited resources can be mitigated by developing robust working relationships across agency lines. With this

knowledge and understanding, participating groups can develop individualized, goal-oriented mission statements related to the joint ventures.

As Mulcahy argues, task force participation alone cannot solve all the inherent problems outlined above. Competing ideologies/philosophies, structural differences, compensatory issues, and social justice modalities are just a few of the difficulties faced creating inter-agency collaborations. With this in mind, the chapter examines the keys to successful implementation and leadership that can facilitate a collaborative mindset that understands the importance of the mission and goals of the respective task force above individual achievement, territorial control, and political posturing.

How do law enforcement agencies and practitioners mitigate the sociopolitical risks that arise as a result of the use of social media? This is the question Michael Sheehy and Cathryn Lavery examine in their chapter, “Freedom to Express, Professionalism, and Public Safety.” With the onset of social media outlets, their variations and the unique ability for information sharing and fostering communities of communication has been a learning curve for multiple generations and poised new ones for systematic understanding of news, politics, and forums of opinions (Hudson 2020). While much of the information shared on these outlets can bring people closer and help create new forms of relationships and communication (as seen with the global pandemic and with issues of threats and disasters), it has also been a harbor for hate speech, fake news, misinformation, and unvetted facts. For law enforcement, social media sites have assisted with criminal investigations and helping victims as expediting searches for missing people, etc. Law enforcement personnel, although having personal social media accounts with an intention to be used similarly to citizens, have been under tremendous scrutiny and commentary by the media (Hansen 2011).

From social protests stemming from Black Lives Matter, *#MeToo* to the January 6th incident at the United States Capital, law enforcement officers are being scrutinized and under watch regarding their comments, opinions, and social groups they are associated on these outlets. Using these and other incidents as a backdrop, this chapter examines general social media policies for law enforcement, how law enforcement officers need to be accountable for their own material posted, and how senior management officials must reduce the risks not only for officers, but for their agency and community but also be cognizant on the impact on personal and public safety.

The final chapter in this section, by Heath Grant, focuses on risk as it pertains to Non-Governmental Organizations and not for profits in particular. In “Social Risk While Doing Social Good—Risk Management Considerations in the not-for-profit world,” Grant highlights the advantages of having a strong risk management program where there is open discussion and identification of risks. This is a critical and essential part of a non-governmental organizational culture. It is well known that there are several general risks faced by NGOs which need to be carefully addressed regularly (Stowe 2017). Selected examples included the complexities with

fund raising, tax liabilities, monitoring misuse of funds, program development, and incidents of fraud. However, it is essential to examine a multitude of social and political risks for non-profit agencies, and for the organization be aware of risks which can impact their agency in numerous ways.

4 Conclusion

By applying real world examples and current theories and perspectives, *Socio-Political Risk Management: Assessing and Managing Global Insecurity* gives the readers practical guidance and dynamic, proactive solutions that are applicable to agencies and institutions of business, nonprofit and public domains. Contributions from scholars and practitioners establish relevant discussion and talking points that readers can bring back to their organizations. By addressing social and political risks, it is possible to shed new light and direction on an increasingly important issue that is cross cutting all organizations. The chapters examine issues of social and political risks which have critical implications on all agencies and institutions. The chapters focus on different organizational types and gives readers essential takeaways that can be applied to all fields. Socio-political risks are a reality which unfortunately tends to be overlooked in the aftermath of a critical event. This volume gives readers multi-disciplined approach that can be applied to any agency so that the necessary awareness and protections of these risks can be mitigated and prevented.

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