

Strategies for Survival of the World — Risk Management

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Abstract: All management standards have requirements for different aspects of improvements on the personal level, family level, company level, in business and life.

What is about national level and country level?

Is it possible for today's generations to learn history of nations and of civilizations?

If it is — ok, let's apply it on actual time and people to have less problems and difficulties — especially if is actual in field of risk management.

Majority of people are occupied by today's problems. They don't consider past and future challenges.

People from each country strive for better quality, better and cleaner environment, higher safety etc. historically and today.

But could we remember:

How did Genghis Khan conquer many regions and how was he defeated?

How did Mayas and Aztecs die out?

How were Native Americans in North America drastically reduced in numbers?

How did the Roman Imperium vanish?

How was the Ottoman Imperium established and how it vanished?

How many people were killed in the wars in XX century, etc?

In all these catastrophic changes risks were not considered in an adequate way.

Requirements of risk management — Principles and guidelines — ISO 31000:2009 are very consultative. They could be used on country level, national level, regional level, continental and intercontinental level.

Key words: world history; catastrophe; management standards; risk management; future challenges

JEL codes: M

1. Introduction

Development of all civilizations involves risks. Some civilizations managed to survive over centuries, while others were destroyed and vanished forever.

Faith of each civilization is very complex, as there are many factors which influenced the history to unfold in a certain way. Among others, context of group of factors changed from era to era drastically with the growth of world population and especially lately due to globalization.

One of the oldest civilizations, China, managed to survive many millennia. Another old civilization, Maya,

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decreased in number and vanished after 1.5 millennium. Roman Empire survived 5 centuries and vanished. Newer civilization of Aztecs, Mongolian empire, Ottoman empire, Austro-Hungarian empire and many other smaller ones survived one century or more and then vanished.

2. Formation and Vanishing of Empires

2.1 China

Historical records and archeological findings exist from XVI century before Christ. 22 centuries ago many divided dynasties were united into the great Chinese empire, which with some modifications exists to this day. Numerous challenges like internal wars, wars against United Kingdom and France, later against Japan, as also internal fights and bloodsheds did not endanger survival and continuity of this civilization.

China used to be world leader in science and technology. It is there that compass, gunpowder, production of paper and printing were discovered, which was later brought to the Old Continent. With continuous challenges, China takes over leadership in many areas and is becoming a leading civilization in the world (Robert E. Murowchick, 1994).

2.2 Maya Tribe

The tribe came in VII century b.C. The period of development and stability lasted very long. Astronomy, arithmetic's, art and architecture were highly developed.

Apart from internal challenges, droughts started, which resulted in Mayas decrease from IX century and so only traces are left (Davies Nigel, 1973).

2.3 Roman Empire

Roman empire is successor of empire of five centuries before Christ. At the very end of the old era, empire was reorganized and despite many challenges survived until V century.

The big heritage of Roman empire is present till today. East part of the empire (Byzantine empire) existed until XV century, when they were defeated by Ottomans and disappeared.

2.4 Mongolian Empire

Mongolian empire existed less than a century. Genghis Khan was uniting the tribes for a long time in XIII century, and then proclaimed himself for a leader of all Mongols. With his capability he created an extraordinary military organization, and with its help conquered vast territories. Such a military organization was seen again only during II world war.

That was a state with the biggest territory in world history. It encompassed Asia and parts of Europe, with over 50% of world's inhabitants at the time. After death of Genghis Khan, there was no leader capable of continuing the growth (Michael Biran, 1997).

2.5 Aztec Tribe

The Aztecs came with the conquests in XIV century and formed a strong military state. They quickly became dominant in the region.

After discovery of America, Spanish forces came (with less than 1000 soldiers) and defeated Aztecs within 2 years. Ever since they disappeared forever (Davies Nigel, 1973).

2.6 Ottoman empire

This empire lasted about 6 centuries and ceases to exist after the I World War. It included territories in Asia, Europe and Africa, and had about 23 billion inhabitants. It was an important and big military and political factor

and a threat to big empires. Relationships within the empire were tense at all times, and fight for power and desire to conquer new territories led to its breakdown (Stanford Shaw, 1976).

2.7 Native Americans

It was proven that they originate from northeast Asia and Peloponnese. When America was discovered in 1492, there were between 10 and 100 billion Native Americans.

With settlers coming, it meant killings, enslavement and bringing of new illnesses, which Native Americans were not used to. This sudden new and big danger caught them unprepared, they could not adjust to the new circumstances and they vanished, apart from a few small tribes which are present nowadays.

2.8 Austro-Hungarian Empire

This monarchy managed to survive only some 50 years, and ceased to exist in 1918. In wars which the empire started itself. It is a successor of Austrian empire, which was formed half a century earlier.

Desire to conquer and defeats in I World War were the reason for the empire to disappear.

Many other civilizations have a similar history, starting with ancient Egypt, ancient Greece and many others which came later. Above examples are only a few and they demonstrate how the humankind developed in the world, at least in the last millennia- since we have written traces.

Did all of above examples need to develop in the described way? What was possible to do to prevent it? Which factors were possible to influence and which factors were not possible to be influenced? (Roman Eric, 2009)¹

3. We Can Manage Risks

Each organizational structure exists in complex conditions, where many factors influence it in many ways. Risk management standards, in particular ISO 31000 — risk management — principles and guidelines, give instructions for commercial organizations and institutions.

In parallel, many of those principles could be applied to national, state, regional and other levels. States, regional, continental and intercontinental organizations can manage risks, and at its base is communication with internal participants and external factors. All risks need to be identified, judged, assessed and foreseen adequate measures for their reduction or remedy. Risk management must be part of any planning and management process.

A base for qualitative risk management is in defining internal and external context. Based on best information available, which are gathered from various sources and various subjects, expert forecasts, experience and other sources it is necessary to systematically analyze and assess in order for measures to be adequate.

One of the most important factors is human factor, which is very much unpredictable. The many possible reactions and outcomes, which were not even imaginable at earlier point, forces us to carry on doing risk management and always update it, depending on changes.

Compared to a business organization, states and their systems face risks, which are far more complex. Internal context depends on many individuals and even more of interpersonal relationships; it begins with the leadership, its politics, strategy and organizational structure and continues with relationships with stakeholders, culture in the society and similar. Within this complex internal context, planned goals and decisions must be achieved and made, see Figure 1.

External context is surroundings in which those planned goals need to be realized. Also, external context is

¹ <http://www.wikipedia.org>.

much more complex now with globalization. It is not only close by countries and neighbors that matter, but equally matter also even the furthest away countries from other continents. With globalization, it became essential to analyze all structures within a society:

- development of science and technology,
- political system and its decisions,
- specifics of the culture and movement/migration,
- demographic tendencies,
- threats and opportunities from the surroundings,
- historical facts and relationships,
- religious, political movements and others.

Each segment is specific, dynamic, with foreseeable and unforeseeable plans. Each challenge has its risks and if those are studied meticulously and followed systematically, their impact can be reduced.

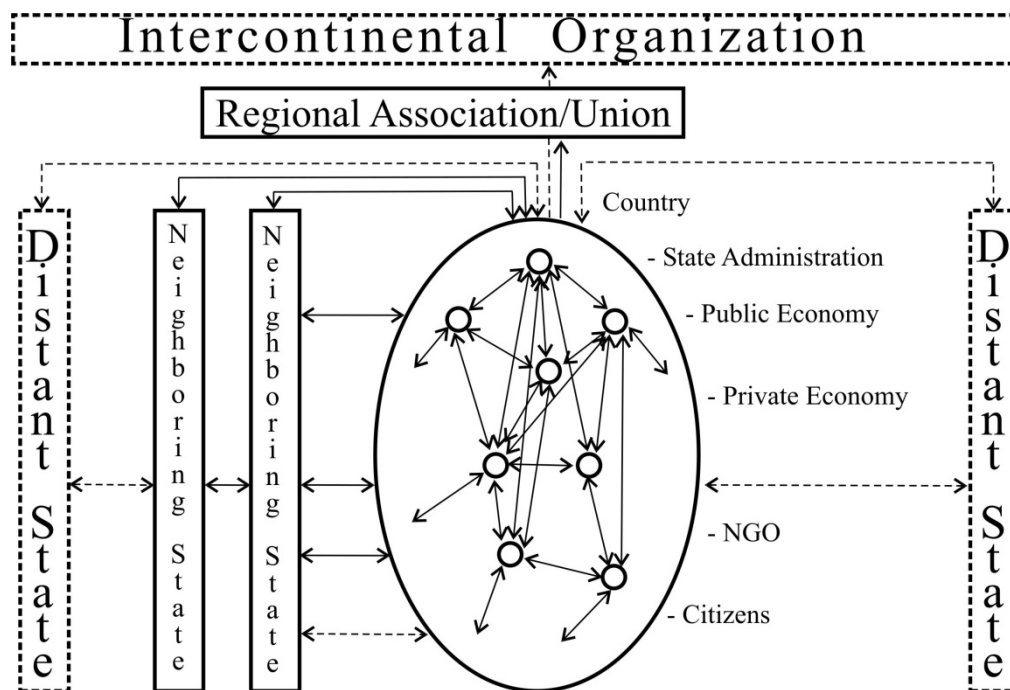


Figure 1 Simplified Scheme of a Country Context

Based on beliefs, knowledge and mandate of the leadership of the state (even though in the same leadership is complex and with many limitations), it formulates long-term and short-term goals, establishes internal and external context of the state, formulates strategies in order to reach the planned goals. Processes must be transparent and openly communicated with all involved subjects, because success will depend also on each individual.

For each area, each subject, each region it is necessary to identify causes of risks, events and possible consequences. For all this, it is necessary to have political leaders with huge knowledge and experience (ISO/IEC 31000:2018).

Many societies, in past and nowadays, did not take this complex and important analysis seriously. As a result, that society was doomed to be underdeveloped, backward, in arguments and tensions until its downfall.

If risks are identified comprehensively, their deep analysis is needed and interactive following. If we understand cause of a risk, its possible consequences and probability of occurrence, it is not difficult to evaluate correctly and make the right decisions. During this process, the wider context is observed of current, historical and future possible events and movements.

Based on established criteria, some risks can be tolerated. For all risks measures are determined with many different outcomes. The best option to take is quickly revealed after we calculate expected benefit from applied measures to mitigate risks and cost/investment needed to mitigate them. As many risks involve numerous internal and external subjects, it is necessary that those are coordinated well, so that priorities can be agreed.

For all measures it is needed to make plans, establish goals, responsible subjects, planned resources, monitoring and review (ISO/IEC 31010:2009; ISO/TR 31004:2013).

4. Conclusion

Risk management is needed in each organized unit, business or social, including also national systems, states, regional and other organizations.

For internal risks which can be foreseen, systematic monitoring and establishing effective measures is needed and it is of essential importance for development and survival of a society.

Such analysis demonstrate possible delays in development of culture, economy, demographic movement, contemporariness of political decisions and such.

Compared to foreseeable risks, many unforeseeable risks can arise. We cannot manage those unforeseeable risks and they are always a big surprise, if they appear. Examples of those are natural catastrophes, social catastrophes and similar.

Had old civilizations applied systematic analysis of risks, they would certainly have had partially or totally different history.

Nations, states and regional organizations which nowadays dedicate themselves to risk management have different and much better future than those who don't dedicate themselves to risk management.

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