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THE POSSIBILITIES OF SOCIAL RISK MANAGEMENT

Abstract

The article focuses on the issue of social risk management. It makes references to hitherto research results, and in the final part it presents the author's survey supporting risk management and indicates the methods for interpretation of the results.

Key words

management, social risk, social risk management

Preface

Experts often differ in their assessments of the risk associated with particular phenomena. Pluralization of expertise leads to a decline in confidence in the expert opinions and significantly changes its status. Getting acquainted with expertise is a starting point for many people to work out their own position. Matters related to estimations and risk prediction have become the most discussed problems in recent decades, and people are striving and seeking to make their position their own, consciously chosen and authoritative position.

The assessment of the consequences of certain investments and cause-effect relationships, such as the recognition of what phenomena cause unwanted events and processes, is paradoxically a matter of worldview, or, as the German sociologist Ulrich Beck writes, religious beliefs. To visualize the dynamics of these processes, it is enough to remember how diverse views about healthy eating are among acquaintances. The cited sociologist compares this situation of differentiation of positions concerning the causes and increase of risk, and morality to the former religious wars. Ecological risk directly relates to the possibility of protecting oneself and one's close ones, so it is understandable that it always engages knowledge and emotions. Suspicion, skepticism, and distrust in many situations become a way of practicing subjectivity and civic identity, both for individuals and for the local community. For this reason, ecological risk is difficult to separate from social risk associated with an investment.

Difficulties with the prediction of reluctance and protests also arise from the fact that views on risk and the possibility of preventing it change in the case of the same person depending on the context of the question. If the question is about an abstract situation that does not have a direct connection to an individual's everyday life, the individuals are inclined to declare such choices that are believed to be fair, rational, healthy, and responsible. A declaration that one will sort trash may mean, for example, "yes, but I don't have time now", "yes, but first, let the administration export the scrap that has been laying here for the past two years", "yes, but after the local government elections", "yes, but when everyone, or at least the majority, will do so as well", "yes, but my action does not mean much in view of the pollution caused by the real pests, that is a big business", "yes, but only if the cost of trash disposal is lower", "I shall declare that I will sort trash, but regardless of if I do it or not, I still have the right to have a clear conscience, because I systematically support animal shelters" etc. Thus, behind the choice of "yes" there are more and less complex beliefs about the correctness of the world's rulers, and participation in a survey often evokes different life experiences and ideas about why "it is, how it is" in people answering the questions.

The dependence of survey answers on local, political, and biographical contexts makes people seem unpredictable in many situations. The above examples show that the ability to say "yes" to something can be perceived by individuals primarily as the only opportunity to say "no" to someone. In this context, it may be better to understand why the universal acceptance of renewable energy declared in Europe is often accompanied by violent protests, or at least the reluctance towards the implementation of specific investments. As it is known, the problem with the implementation of some investments is not that it has many opponents since the beginning. Averaged data indicate that only 10-12% of the community have a negative attitude, 3-12% have a positive orientation, and 55-85% are the part of the community that defines themselves as neutral [6]. The

threat to the investment is that neutral-minded people will move to positions of reluctant and hostile towards the endeavor.

The unpredictability of the neutral ones, as one may think, is at least partly due to the above chain of associations, experiences and beliefs going into operation. The majority prefer to "reserve" a temporarily neutral position, which for an investor means greater risk and unpredictability of the development of events.

At this point, it can be stressed that the need for appropriate education is not always able to minimize the risk, and in any case does not seem to be a successful measure today. This happens for several reasons:

- Pluralizing the expertise, as previously mentioned, diminishes its authority and credibility. There is now a situation in which every environment can try to have "its own" expert, who will be the spokesperson for an option. Risk diagnosis is increasingly difficult to separate from variations in worldview.
- Education is a situation in which someone teaches, preaches or enlightens. Education can also be convincing, agitating, or an attempt at taming. Educational programs are often perceived as projects that reconstruct relationships experienced as unfair inequalities.
- Concentrating on educational issues is, in certain circumstances, a limitation. This is because people are attached to certain choices or attitudes, not because they lack knowledge. People know that smoking is harmful to them, but some practices they perceive as part of their lifestyle and/or identity.
- Various unwanted phenomena arise through the realization of the ideals and values that are most important to people. Often, support and confirmation of these ideals and values are everyday and banal practices. It would be perhaps more desirable to eliminate disposable packaging or dishes. It is hard to imagine that people would carry around metal cups to buy drinks, as they would a cell phone, on an everyday basis. Pro-ecological choices are less likely the more an idea is perceived as an invasion, and excessive interference in practices that guarantee people support for their sense of subjectivity and autonomy.
- Education may change views, but it does not necessarily entail a change in day-to-day practices, as issues related with environmental risk often become an opportunity to protest other problems, such as resentment towards public administration, that are poorly represented in public space.
- Ecological risk is largely a matter involving imagination more so than knowledge and information. People see the link between collecting plastic caps and buying a wheelchair for a child, but they may "not see" the link between the sorting of garbage, not a very absorbing task, and the quality of the environment they and their children will live in a dozen years. Knowledge never guarantees that faith or irrational behavior will be eliminated. Passing knowledge and information is rarely enough to make routine practice change. The change is more likely to occur if the information is an element of an image associated with cause-and-effect relationships. Since the 1980s, people have lost the sense of connection between their intentions and the consequences of their actions. They are more likely to be involved in initiatives that show them the direct, obvious, and reliable relationship between their actions and the result or effect of these actions. In the campaign involving collecting plastic caps for the purchase of a wheelchair for a disabled child, the individual perceives themselves as a part of a short chain of solidarity and interdependence between specific entities. By contrast, separating garbage can be perceived as useless and meaningless as long as people notice abstract forces such as somebody's programs and general slogans such as "waste management", "modern development" or "environmental care" behind the action.

What to do to make an enterprise more risk resistant?

The phenomena and reactions that constitute a social risk for an entrepreneur are:

- Lack of involvement of the community in its various manifestation, including abandonment of work, and failure to comply with agreements;
- Social protests;
- Reluctance of local authorities towards the investment;
- Perception of the entrepreneur.

An alternative to educational ventures, the effectiveness of which is uncertain, and the implementation of which is simply too costly for SMEs, is to build an identity that fits in with the identity of the local community. The investment and the activities of the entrepreneur are not perceived as business and making money then, but they become a matter of exchange and reciprocity.

Small confidence limits the possibilities of both implementation and development of a venture. Lack of trust reduces the likelihood of taking risky actions and engages the entrepreneur's energy and time in controlling, supervising work, and seeking information confirmation. Less than half of Polish entrepreneurs (40%) declare that they have trust in other people. The level of this trust is much higher than the level of trust diagnosed on a nationwide sample (17%) [8]. The results of this research indicate that a manner of functioning based on tightening the relationships with the local community would be an all-round strategic one. This will increase the trust of the local community towards the entrepreneur and increase the entrepreneur's trust in the surroundings in which the project is being implemented. Social capital is also a value that indicates the entrepreneur's trust in the community. Different initiatives can increase the trust of the community towards the entrepreneur, and their therapeutic effect can also be highlighted by the fact that the entrepreneur will feel that they are working in a safe environment. The illustration of the research results below allows the entrepreneur to determine their affiliation to the indicated category.

Table 1. Determining an affiliation to a given category

Do I trust other people?
Most people can be trusted - 40.4%
You can never be too careful when dealing with other people - 51.6%
It is difficult to say whether you can trust others - 7.9%

Source: [8]

A proposal to a local community should be a response to a specific problem and be compatible with the specificity of the place and the problems of the people. The community should feel that a proposal is addressed to its needs. The proposal to integrate one's venture into local identity, despite the appearances, does not have to be big or expensive. It also does not have to be the solution to the main problem of a given community. Numerous studies show that small, invisible, daily forms of suffering like boredom take on an increasing importance. Different forms of participation in culture allow people to think well about themselves today. The prestige of all the practices associated with activity, "getting out of the house" and establishing relationships grows. The entrepreneur's proposal associated with integrating into the life of the local community should introduce a new element or become a part of the existing forms of cultural life, such as festivals, school competitions, photo workshops, choir activities, interest groups, and newsletters. It is worth remembering that engaging in community life is especially important because of the feeling of being able to remove routine from life. All that is associated with expanding the public sphere and the possibility of staying in it is met with great gratitude. In Poland, there is also a clear tendency to perceive "sitting at home" as bad and stupid, and "leaving home" as culture and manifestation of being a true citizen.

SMEs becoming a part of the local identity is proof of the fact that everyone can gain something from an investment, regardless of the attitude towards it. Being part of a local identity can be a permanent security for a venture at various stages of its formulation or implementation because it protects it from adversaries turning into enemies, keeps relationships intact, and gives a good reason to keep in touch with people.

Searching for a bond with the local community, while reducing social risk and guaranteeing better cooperation, builds confidence that can be a key security in crisis situations, is not a popular strategy among Polish entrepreneurs. Polish entrepreneurs implement a model that can be described as "moderately modern" compared to those used elsewhere in the world [8]. The tables below show the results of research on the business models implemented by SMEs in Poland.

Table 2. Realized business model

What kind of business model do I implement?

My attention is focused on customer expectations - 51.3%
 My attention is focused on product price and quality - 17.3%
 My attention is focused on methods of sale and promotion - 11.8%
 My attention is focused on producing more, faster, cheaper - 9.5%
 My attention is focused on the customers, the environment and the locality - 9.3%

Source: [8]

Polish entrepreneurs prefer the "traditional" and "moderately modern" business model. Linking your business with environmental issues and taking into consideration other customers' interests remains unpopular, especially in some industries.

Table 3. Industries oriented towards the modern business model

The modern model involving integration with the environment is chosen by:
 Industry:
 Education - 50%
 Hotels and catering - 25%
 Transport - 17.9%
 Processing - 10.1%
 Construction - 4.4%

Source: [8]

Social capital

It is impossible to truly detect the presence or absence of social capital because it must have the conditions in which to reveal itself. Recent research on social capital in Poland informs that social capital is present, however, nowadays it may not reveal itself in all circumstances. Just like it is with talent, whether one has it or not depends not only on the talent itself, but on the conditions in which it can manifest itself and can be practiced. It is especially worth gaining insight into if there were circumstances in a given environment when it turned out that social capital was present.

Survey

The survey prepared may in many cases replace costly research aimed at identifying local community sentiment towards an investment, or it can potentially serve as a preparation for such research. It allows you to calculate the level of investment risk and indicates what kind of data is helpful when planning an investment. At the same time, any answer, including one that indicates lack of knowledge on a topic, provides information for the entrepreneur.

Part I**Previous experience of the inhabitants related to ecological investments****1. Social attitudes of the inhabitants towards ecological investments (based on previous undertakings implemented in this area):**

The inhabitants have a positive attitude towards ecological investments, as evidenced by the history of the actions taken by the entrepreneurs investing in the field.	5 pts.
No protests related to infrastructure projects have been reported in the commune.	2 pts.

The commune is not a holiday destination or a spa and no such investments are planned in the foreseeable future.	5 pts.
In the past, there were protests and other forms of resistance in the commune that prevented or seriously impeded the implementation of investments.	-3 pts.

2. The initiatives undertaken regarding ecological investments up to this point have contributed to the following changes:

Organic products are available in the local market offer.	3 pts.
Some inhabitants are willing to pay more for everyday products (food, cleaning products, toys, etc.) if they are labeled as "environmentally friendly".	5 pts.
The inhabitants maintain a healthy lifestyle (there are bicycle stands, running and cycling tracks).	2 pts.
Packages, ecological bags, etc. are available in shops.	2 pts.

3. Previous ecological initiatives have been linked to the persistent results and benefits of improving the quality of public life, such as:

Increasing the sense of security (improving road infrastructure, safe pedestrian crossings, refurbished stops, etc.).	3 pts.
Creation of new places for recreation and opportunities to get out of the house (repair of sidewalks, benches, clearing of green areas, establishment of an event or local holiday).	3 pts.
Resolving a local problem that previously seemed to be unresolvable (e.g. cleaning a heap of scrap metal).	2 pts.

Part II

Social characteristics of a given area

1. In the area, there are cultural and social organizations that can be contacted during the implementation and functioning of the investment

There are many organizations functioning in the local community, and some of them have been around for a long time.	5 pts.
There are local organizations that are occasionally active (on holidays, organized events).	2 pts.
There are no such organizations.	0 pts.
Inhabitants do not know about the operations of existing organizations.	0 pts.

2. Places in the public space, where the inhabitants spend their free time most often

There are places that traditionally serve the inhabitants as a place to spend time together.	3 pts.
There are no places for inhabitants to spend free time together.	0 pts.

3. The presence of "small media" in the local community

The community has media (newsletters, a periodically published school newspaper, catalogs, local chroniclers, etc.).	5 pts.
The community does not have any media.	0 pts.

Part III

The operation of public administration in the opinion of the inhabitants

1. There is cooperation between public administration and cultural and social organizations:

The terms "we" and "us" appear in the statements of employees of the administration and representatives of organizations.	3 pts.
Administration and organizations do not duplicate in activities and initiatives.	2 pts.
There is no cooperation between public administration and organizations.	-2 pts.

2. Employees of the administration DO NOT use a language that is associated with official jargon in their statements, but:

There are concepts that apply to direct, sensual experiences (stench, allergies, asthma. There are no numbers or categories that generally that are generally used to name threats mentioned.	2 pts.
Administrative workers and activists talk about the community in the context of the present and the future (plans concern a future that exceeds the election term).	3 pts.
There have never been any research or consultations carried out in the commune. Employees are convinced that they still know how the inhabitants would react to new situations.	-1 pt.

3. Satisfaction of inhabitants with public services

Inhabitants are satisfied with the work of public administration and public services, and they can list at least a few cases, the resolution of which they owe to the administration.	3 pts.
Inhabitants have no opinion on the services and work of public administration.	0 pts.
Inhabitants are not happy with the services and work of public administration.	-2 pts.

Part IV

The quality of social relationships

1. There is a relational capital in the territory of the planned investment, the level of which is determined by:

Affiliation to organizations (cultural, volunteering, honorary blood donation).	2 pts.
Lending money, equipment, land sharing by residents.	2 pts.
Shopping for the neighbors, keeping an eye on their children, looking after their animals during vacations, driving neighbors to work to a doctor.	2 pts.
Local announcements, leaflets, information can be found in public places.	1 pt.
A well-spent good weekend does not involve leaving for the nearby large city.	2 pts.
There are extra-curricular activities organized.	1 pt.
There are housing communities that do not hire administrative firms.	3 pts.
Residents choose local food products.	1 pt.
Private places "turn" towards the public sphere (balconies, gardens, windows are decorated occasionally or every day).	2 pts.

2. Social capital is decreased by:

A large proportion of unemployed inhabitants (especially young men).	-2 pts.
The presence of fenced settlements.	-2 pts.
A well-spent weekend is a weekend away from the local community.	-1 pts.

3. The opportunities associated with integration with a given local community:

An opportunity to exhibit quick gratification for residents in relation to the area of investment in the investment.	3 pts.
An opportunity for the entrepreneur to get involved in local cultural activities and social events.	2 pts.

An opportunity of proposing or engaging in activities related to civilizing public space (increasing access to the public sphere, enlarging the public sphere, aesthetizing the public sphere).	4 pts.
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Interpreting the survey

The questions in the survey are also an indication of what data to look for when planning a venture. The questions and answers can be treated as a hint regarding the strategies associated with the planned ventures, like exposing reciprocity and the intention to integrate with the local community reduces risk. It should be kept in mind that both small and large social capital can increase the risks associated with the venture being implemented.

Higher points equals large social capital (more than 50 points):

- Large social capital provides a greater likelihood for negotiation and collaboration with a given community.
- Large social capital increases the riskiness of the venture if it is known that it will somehow be a nuisance to the community.
- Large social capital means the predictability of activities undertaken in the community.
- Large social capital is the ability to gain confidence and survive in times of crisis.
- Large social capital increases the ability to influence the community in the field of organization of daily and routine activities (sorting garbage, fundraisers, punctuality in terms of meeting obligations).

A small number of points equals small social capital (less than 30 points):

- Small social capital provides small opportunities for negotiation and holding talks with the local community.
- Small social capital increases the riskiness of the venture due to the unpredictability of the local community's response.
- Small social capital makes it difficult to gain the trust of the local community and survive in times of crisis.
- Small social capital means little ability to influence the local community in the field of reorganizing daily activities (sorting garbage, fundraisers, punctuality in terms of meeting obligations).

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The article is concentrated on the issue of social risk management. The research results were quoted, to present the author's survey, which supports risk management at the end, and shows possibilities of its results interpretation.

Key words

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