

MODERN PARADIGM OF CORPORATE SECURITY AND METHODOLOGY OF THE IMPLEMENTATION OF CRISIS MANAGEMENT IN THE WESTERN BALKANS

Akademik prof. dr. Slobodan Neskovic, email: slobneskovic@gmail.com

University of the Academy of Economy in Novi Sad, FIMEK

Center for Strategic Research of National Security, Belgrade

***Summary:** Corporate conventional security to prevent the unpredictable acts of the corporation. In modern business conditions, corporate security is carried out in an independent and equal with other functions of the business function. Today's business in particular, always carries with it a certain level of risk for the corporation. Adequate assessment of risks and engagement in merciless competition, with custom sizes as realized profits, and therefore the role of corporate security and risk assessment, with the appropriate managerial skills, is the foundation of a successful business venture. Forms of compromising security may be different, but the specifics of that are identical to the problem for all the countries of the Western Balkans. The basic problem of the company is that the forms of threats to constantly change and transform into other forms of threats, once it finds an effective way to fight them. All this requires a high degree of material issue and especially high ability to understand these phenomena. A huge role in these activities has a crisis management, which must provide responsive and changing the existing problem in the operations of their company.*

***Keywords:** Corporate security, globalization, countries, risk, crisis management, Western Balkans*

1. INTRODUCTION

Corporate security is not a new security concept, but, in spite of this, it has only recently become a new science discipline discipline. Some aspects of the cases that we know today as corporate security have always been dealt with by managers and management of business entities. The changes in economic life that have occurred over the past decades have led to the large part of these aspects merely being integrated into one structure into one whole, which appears as one of the unavoidable functions of modern business units and systems.

Today's course of change comes from global processes that are not only economic, not only political, not only cultural, but also engaging all social spheres of the modern world. They are labeled as globalization with one name. It is a process of multiple and very rapid changes, which has pushed all business entities, and especially large business systems, to deal with security issues much more and more comprehensive than before, especially if they want to keep pace in the business world. The specificities and contradictions and the functioning of corporate security companies in the

Western Balkan countries are very common, with differences in the legal regulations of the region. Therefore, we consider the above topic through universal problems and requirements for their legalization.

Transition is another indispensable context without which a more precise explanation of the concept of corporate security is impossible. Rich economies were not forced to change their ownership and institutional framework from their roots, but they undertook their reforms in line with new challenges, risks and challenges that came with crises, the process of globalization, the collapse of Cold War division, and so on. Transitional countries, that is, former socialist countries, survived the collapse of the socialist system, its economic system, and some of them wars to divide the territory of new states. All of them have brought their future to the model of Western democracies. This process still takes place and leaves very difficult consequences for each social sector.¹ Business systems and businesses in such conditions try to make a profit. These conditions, however, brought many new challenges, risks and threats. They can be identified as threats that are a part of globalization and global crises, threats coming from within the national community in conjunction with organized crime and institutional corruption, threats coming from the competition, for corporate corruption and resulting from a low security culture and disorganization of security subsystems in corporations. Every business system (corporation) is forced to form,

structure, organize, manage and control its own security system, which protects its values from challenges, risks and threats in a competitive world, the world of organized crime, threats that share its narrow and a wider social environment. Global openness to corporate success is also the openness to the risks in which, understandably, it must enter. The emergence of business units outside the state borders and state systemic measures of the covered security challenges naturally imposed the management on the topic of protecting the value of business systems in a new context. These requirements are set, it is understood, and the legal framework, because the social risks and business risks in the same chain of causes and consequences of the contemporary risks and threats brought about by globalization and transition.² The role in such situations should take on crisis management as a special function within a particular company's business.

2. Corporate safety - term and functions

Unlike the prehistoric tradition, the creation of the property and corporation institution as a community of people, whose care was taken care of by members of the corporation, in the historical era, with the development of social relations and the emergence of the state, security and protection became a function of the state. The state becomes responsible for the organization of forces and means of protecting property and proclaimed values of people in the community, and then an

¹ Stajić, Lj., Challenges of corporate security in the light of modern understanding of security, Proceedings, Faculty of Legal and Business Studies, Novi Sad, 2008., p. 54-70

² Nešković, S., Korporativna sigurnost, u: Bezbednost i reforme u Srbiji, Beograd: Institut za političke studije, 2006, p. 47.

interpretation of the state of security in the state and in the society. The history of corporate development indicates that its nature of the organization and internal relationship has changed with the development of the human community, but that through time it has retained interest as a binding tissue for all members in it.³ However, interest did not only retain a binding function for membership of the corporation, but imposed a need for protection, and as a state of expression defined the security of the corporation.⁴ Today's corporations, such as, for example, a state, a union, a university, a company with limited or unlimited liability, joint stock companies, are regulated by law, recognized by law and can act as persons when it comes to contracting, protection of different interests, values and the like.

Thus, in a wide range of elements that structure the interests of contemporary corporations, it is not only gratifying to talk about economic ones, but also about other elements that mark its state, such as the identity of the corporation. It is important to speak about the identity of a corporation as a value that is protected, because it understands the notion of corporate security as a set of elements in a structure of interests that express security as its condition. This means about corporate security you can speak only when it comes to the protection of all elements in the structure of interests of the stakeholders of the corporation in relation to the sources of challenges and threats, whether internal or external. At the same time, corporate security is an expression of the firmness of the policy in the corporate social

relationship that it portrays as responsible to both itself and the environment.

The scope of the modern corporate security function is multidimensional, and can often vary from country to state in accordance with applicable legal regulations. In addition to the legal framework, the scope of corporate security is conditioned by the company's economic branch, the dilemma of its business processes, the dislocation of assets, the number and structure of employees, the level of information technology representation in business activities, and more. Corporate security, among other things, deals with the protection of company values from traditional forms of endangering and alienation of property by third parties, but also by employees who are collectively classified as criminals. These activities of corporate security are called traditional because they have not changed much of their operation since the creation of the function of corporate security itself, the only way that the way of manifesting the manifest forms of these criminal acts has been modified over time in accordance with the technical and technological progress of the society as a whole. The causal and consequential connection also transformed the systems of physical and technical protection into the forms we know today. In addition to the aforementioned corporate security features, complex systems and functions have been developed over time, which are considerably more sophisticated in their characteristics. Checking CVs for candidates, protecting against sabotage, keeping business secrets, protecting

³ Marković, S., *Corporate and Corporate Security*, Faculty of Law and Business Studies dr Lazar Vrkatić, Novi Sad, 2013, p. 14.

⁴ Trivan, D., *Corporate Security*, Dossier Studio, Belgrade, 2012, p. 37

information systems, preventing and detecting corruption and money laundering are just some of the areas that cover the scope of contemporary corporate security.⁵

The organizational structure of large, often international companies, is conditioned by a large number of factors concerning diversification of its business activities, territorial representation and functional diversity of specific business activities. If the company is highly territorially dissolved, present on a large number of national markets, it certainly applies one of the forms of geographical organizational structure, where business is divided among regions that further include local markets. If it is the case that the type of business the company deals with is more closely related to the functional nature of the business activity than the market representation from the geographical aspect, then the organizational structure is adapted to the main functions of the company: production, research and development of new products or services, planning. In any applied model of the company's organizational structure, corporate security finds its place, given its role, but it is not possible to speak of a previously known position of a function within the company.⁶ It is customary that there is an established corporate security function at the company's headquarters, and then, depending on the type and form of business, the further organizational arrangement of the corporate security function depends. It is important to note that corporate safety as a management function is a social (business) activity since it meets the general requirements of every social activity.

As noted in the previous section, corporate security services were changed and modified in time in accordance with current forms of threat, but jurisdiction remained the same. Namely, the main task of the corporate security sector is to protect the property, persons and business of companies in order to help achieve company goals from the aspect of security, and for that reason the competence of the function itself remained the same from the moment it was created to date. On the other hand, changes in the security environment, largely conditioned by broader socio-political and economic processes, have largely changed the scope of work itself within the function of corporate security.

Globalization has changed the structure and pace of corporate activity, there has been a saturation of traditional markets that directs companies to operate in risky markets. It is clear that the conditions in modern business circles are changing rapidly, and especially under the influence of the advancement of information and communication systems. This change in the business environment has also directly affected the changing security challenges, and the corporate security sector, like other company functions, has been transformed in line with current events. The function of private security that includes corporate security activities, according to Mare and McKim, are: physical protection, which is a low-risk job, includes property security, loss control and access control to objects and data; security services, which represent medium-risk jobs (parabolic activities that take police character), include active crime

⁵ Trivan, D., *Corporate Security*, Dossier Studio, Belgrade, 2012, p. 40

⁶ Murray, T., McKim, E., *Police and the private security sector: What brings the future ?*, *Journal of Security* 4/03, Belgrade, 2003, p. 637.

prevention, limited patrols, the application of local legislation on the basis of contracts with local authorities; private investigations, which include civil and private investigations, surveys, checks of candidates for admission to employment; Corporate security, which represents the protection of complex operations, the prevention of crime against corporations and internal investigations, includes the work of agents employed by large corporations and criminal investigations, which include investigating fraud and suspicious business transactions, include complex tasks that typically require specialist training.

Corporate security does not abandon traditional private security services, which are now mostly ordered by specialized private security companies, but it is also responsible for a wider range of sophisticated tasks. Contemporary corporate security activities include measures and actions for detecting and preventing: bribery, corruption, industrial espionage, environmental incidents, misuse of money, money laundering, mobbing, as well as information security protection activities, crisis management operations, risk management, development of plans for business continuity in case of major incidents and other related areas. These areas of functioning of the corporate security function are well known today, and thanks to seminars and expert meetings in this field, knowledge and expertise is shared between experts.⁷ Today, the underlying problem is to make corporate security more efficient, and what safety managers need to pay attention to. The

corporate security function must expand its operations beyond the boundaries of the traditional security portfolio in areas that include business continuity, business reputation, risk management, corporate accountability, which creates additional pressure on management emphasizing the importance of networks and changing management skills.

3. Risks and security of business of companies

The business project is analyzed and prepared in the present, and decisions about their implementation are can also be made at the same time, but the concrete realization of today's corporations' business is done in the future. After realization of a particular business venture, results can be expected and planned. This future is uncertain and unknown, so the expected results of the business are uncertain or risky. Corporate risk management is one comprehensive approach to risk identification and risk management in all aspects of business. Since each risk changes in terms of its impact and urgency, corporations should respond appropriately to ensure that any damage is limited and to explore all risk-taking options through the tracking of the "hole" in the market it carries new risks. Namely, the main feature of the successful operation of the corporation is its ability to anticipate global risks and to deal with them better than other similar organizations.⁸ In this scenario, where the roles are very high,

⁷ Trivan, D., Corporate Security, Dossier Studio, Belgrade, 2012, p. 48

⁸ Avakumović, J., Risk management in modern business systems, Professional paper, Faculty of

Business Industrial Management, Belgrade, 2013, p. 92-103.

the role of "risk manager" or crisis manager becomes even more important. The focus on objectivity and professionalism has created a new image of the manager, which is now accepted as a person who deals with a very important activity that really has a great impact and leads to change.

The risk includes uncertainty and the probability that something unforeseen will happen and usually something we do not want and what we did not plan. Every business venture is risky. In the work of modern corporations, there are many issues that concern most of the stakeholders, among them few of them that are absolutely predictable and that can be planned and controlled to a certain extent, such as: the expected volume of production, overheads, the purchase price of raw materials and equipment, and dr. Other business variables are unpredictable and very difficult to control. These unforeseen risks are events in the market, that is, in a closer and further economic environment, which business owners can not have any influence, and perhaps insight. These are risks that may arise due to changes in the tastes and trends of the market, competitors' activities, changes in the monetary sphere (inflation, deflation, devaluation, revaluation, etc.), changes in credit policy (expansion or restriction of loans for procurement of raw materials and equipment and purchase of goods on credit), changes in local self-government (the closure of a factory, whose employees are the buyers of goods produced by the company), etc. 11 The operations of today's corporations have become very complex and responsible and its implementation has many risks, the

owners manage to overcome or their negative impact is reduced to as little damage as possible. Efforts and struggles to reduce and eliminate risks, to win and achieve the set goals are the ideas of leading the business of such companies.

The current security situation, and especially the security environment of large business systems, is characterized by the existence of a significant number of factors and the complexity of their relationships. Risks that are active in such a weapon, under the influence of the protection function or the advancement of technology and technology, often evolve into previously unknown forms of potentially compromising company interests. The objective of risk management is to ensure that the uncertainty that the risk carries with it does not lead to a situation that would deviate from the defined business objectives. Most authors agree that the risk is an opportunity or a measure of probability of an event that may have consequences on people's lives, property and business of companies and organizations. At risk is any possibility in a particular system that can with certain probability cause an unexpected change in quality, that is, change or loss of the system.

Contrary to the rooted view, the risk is only a negative phenomenon, i.e. activity with negative connotation, the effects of risk can have positive and negative effects. In general, the consequences relate to possible chances and opportunities, or, on the other hand, threats and hazards to persons, assets and business of the company.⁹

⁹ Keković, Z. etc., Risk assessment in the protection of persons, property, and business, Center for Risk

Analysis and Crisis Management, Belgrade, 2011, p. 25.

The organization is obliged to take the necessary measures and actions in order to adequately manage the risks in terms of preventive action, neutralization of risks, reduction of negative effects of risks, transfer and acceptance of risks depending on its appearance, duration and intensity of manifestation. The primary role of risk management is to ensure an uninterrupted continuity of the business system in the event of the occurrence of the negative effects of particular risks. In particular, the function of the function is to pre-arrange, prevent, reduce or accept the risk in a manner that will not violate business processes in the company, while respecting the general principles of economic viability. With their specificities and different modes of operation, we identify five types of risks: a clear risk (whether insecure or not, and not exclusively external to the moral hazard), market risk (differences in the price of goods, different exchange rates, return on investment), common risk (probability of usual, recovery rate, exposure to usual), operational risk (employee errors, fraud, information system decline), liquidity risk (risk of non-availability with sufficient amount of funds necessary to service current financial liabilities without affecting price increases; transforms into a common risk).¹⁰Everybody, both citizens and organizations, has been affected by the work of different types of risks. From the perspective of profitable organizations, in addition to the basic principles of risk management, the need is also to define in advance the responsibility for the identified risk. This is especially important given the

economic impact of possible losses, as well as the need to make such issues possible in the company's budget for the forthcoming period.

4. Crisis management

Crisis management is a process that protects the organization from certain upcoming changes that threaten its survival and vital interests. Each crisis has three basic common elements: a threat to organization, a surprise element and a short decision-making period.¹¹

Unlike risk management that involves estimating potential threats and finding the best solutions to eliminating or bypassing hazards; in crisis management, organizations have already faced a threat and have to respond to all phases of its achievement, counting on the recovery phase. The company's success in dealing with different events will depend on the quality of its crisis management team, as well as on the well-made collection and analysis of information. Modern business inevitably imposes an obligation on the owners of capital to establish crisis management groups or departments in their companies, thus ensuring sustainable development in the moments of complex internal and external changes. The ability of leadership, personality stability and determination requires the skills that a manager wants to manage the crisis needs. However, for an organization, it is not enough to have only one capable and trained manager capable of dealing with crisis and emergency situations, but having a well-established and teamed up team

¹⁰ Keković, Z. etc., Risk assessment in the protection of persons, property, and business, Center for Risk Analysis and Crisis Management, Belgrade, 2011, p. 41-42.

¹¹ Ristić, D., et al., Strategic Management, Cekom books, Novi Sad, 2009, p. 345

characterized by high organizational performance and ability to work under extreme pressure. It is also necessary that all potential team members be tested in simulating a crisis situation in order to assess their reactions in unforeseen circumstances and the selection of executives who can implement crisis management measures.¹²

The crisis is defined as an unwanted incident, process or circumstance in which the key values of an organization or system are endangered. The crisis can affect people, the environment, technological processes, property or other values, and during its duration, which is always time-limited, can cause damage with different consequences. In everyday expression, the notion of crisis is often identified with similar and somewhat complementary notions, such as risks and threats, although essentially, it represents a higher level in relation to the above terms.¹³ Namely, the potential risks and threats that are numerous in the corporate environment can, in certain conditions, demonstrate their actions in the form of a particular threat to the organization.

By putting danger and endangering the value, there may be a crisis over an organization that threatens to disturb the previous system of work and regular business activities, endanger human lives, property or corporate reputation for a certain amount of time. For this reason, in the form of a subsystem of corporate

governance, crisis management appears as an attempt to crash controls, to neutralize the negative consequences, and to successfully implement the organization from a crisis period.

Based on the above, it can be concluded that the three main stages of crisis management are distinguished by their characteristics: control of the existing situation, neutralization or reduction of negative consequences, and leading the organization in order to emerge from the crisis.¹⁴ The crisis can occur due to the operation of various threatening factors. The most common, emerging forms of threatening factors can be financial, legal, political, technological, procedural or security.

Also, the crisis can also occur due to the effects of natural disasters or other forms of "force majeure". The crisis arises from the operation of various types of risks that originate from the aforementioned areas.

Action in the event of a crisis, given the limited time frame and importance of the entire process per company, requires appropriate preparation. Social security standards recognize the crisis as a sensitive period in the business of each organization, and it is therefore trying to define the way the organization and its representatives work in the event of a crisis outbreak.

International standardization in the field of social security aims to develop the capacity of the crisis management company and

¹²<http://www.absolutsupport.rs/bezbednosni-konsalting/krizni-menadzment.html#sthash.tdEHnKhv.dpuf>, date visits 18.11.2016.

¹³ Anđelković, S., Corporate Security as a Factor of National Security, Faculty of European Legal Studies, Proceedings, Novi Sad, 2015 p. 111-134.

¹⁴ Anđelković, S., Corporate Security as a Factor of National Security, Faculty of European Legal Studies, Proceedings, Novi Sad, 2015 p. 111-134.

enable the continuation of economic and business activities of the community in crisis conditions, through the improvement of technical, human, organizational and functional interoperability among all stakeholders with a view to preparedness for crisis situations and an adequate response to them.¹⁵ It was mentioned that the improvement of connections (technical, human, organizational and functional) is a prerequisite for the process of crisis management planning and the establishment of a crisis plan. Its activity is an administrative framework for directing the organizational capacities of the company for successful overcoming and emerging from the crisis. The plan aims to define and determine the crisis headquarters, procedures, competencies and powers and channels of communication.

An organization that learns and bases its knowledge on previous events and empirical research has more chances to see in the future business on time, prevent, prevent or reduce the negative consequences of each potentially negative situation. Bearing in mind the scientific assumption that corporate security has a significant role in managing crises within the company, it comes to the conclusion that globally, in this way, it is partially managed both by economic and social crises.

The objective and basic function of crisis management is to manage and monitor the implementation of plans and procedures in the event of a crisis. He strives for the

organization to get out of the crisis for the shortest period of time and in the most efficient manner. The organization makes efforts to define the activity of crisis management in advance as far as possible in order to improve its efficiency in a limited time frame, stressful situation and pressures of different types. Crisis management involves a pre-arranged group of people with already elaborated plans for emergency situations. Plans in the event of a crisis should include the elaborated procedures that primarily promote the security of the person, property and business of the company; have the task of informing and preparing employees for specific activities and acting in times of crisis. Also, the crisis plan includes ways of communicating and informing all stakeholders, such as clients, suppliers, employees, local community, shareholders and the general public.¹⁶ It is clear that in the event of a crisis, all potential crisis situations and their manifestations can not be foreseen, but it is important to point out that the plan can provide a rather precise guide to the general activities to be undertaken during the crisis.

Specifically, the crisis management plan most often consists of the following activities: prevention, preparation, response, reaction, and recovery. Crisis management consists of experts from various fields of the company, but also from the business and social environment. These are mostly managers of various business functions, primarily corporate security, and depending on the organizational structure of the company and the directors of the

¹⁵ Keković, Z. etc., Risk assessment in the protection of persons, property, and business, Center for Risk Analysis and Crisis Management, Belgrade, 2011, p. 83.

¹⁶ Anđelković, S., Corporate Security as a Factor of National Security, Faculty of European Legal Studies, Proceedings, Novi Sad, 2015 p. 111-134

production, sales, logistics, human resources and debt sectors. Members of crisis management are predetermined for these jobs, especially the manager, who is usually elected from the ranks of operational managers with more work experience. Members can also be specialists from different fields and may be hired outside the organization.¹⁷ The essence of effective crisis management is in good preparation, especially considering that crisis management is not organized after the crisis that has emerged, but it is convened after the emerging crisis. In addition to pre-arranged procedures and activities, this management is expected to periodically check the training. In this way, checking the training of members is done and checking the efficiency and the expediency of the existing procedures and instructions. Procedures need to be regularly updated to make them current in modern business processes.

5. Conclusion

Corporate security is today organized as a form of conventional security, which protects the company and its overall value from destructive phenomena, which also manifests itself on the security of the state. Corporate security as an independent business function within the organizational structure of large business systems, aims to contribute to the realization of company interests through the activities of protecting the person, property and business of the company. Its place within the national security system, corporate security is realized in two ways. Primarily, performing its basic function of protecting large (often

multinational) companies, the level of security of the local community and society in general is also increasing. Also, the indirect impact on increasing the economic safety of society affects preventively the realization of socio-political and, hence, security stability within the state. On the other hand, having in mind the ownership-organizational structure, corporate security belongs to the private security segment. In this way, it is normatively recognized and accepted as part of the overall national security system. If the company's social responsibility is viewed through the prism of the function of corporate security, the conclusion is that increasing the level of safety of economic entities as a whole, contributing to the overall level of security of society.

The scope of the contemporary function of corporate security in relation to its beginnings varies widely. The presence of the corporate security sector within the organizational structure of large business systems, its scope that extends through almost all segments of the company, the availability of a large number of tools and methods, as well as the fight against an even greater number of modern security challenges, threats and risks, is characterized by the contemporary function of corporate security as we know today. In the effort to adequately and clearly see corporate security, as well as its place and role in modern security and business relations, crisis management appears as a factor in regulating possible security risks for companies today.

¹⁷ Ristić, D., et al., Strategic Management, Cekom books, Novi Sad, 2009, p. 348.

Considering the corporate security in the Western Balkans, it can be said that there are countless controversies in its perception and implementation. The biggest problems are the lack of systematic legal acts, but also the lack of awareness in most companies of the necessity of functioning an effective corporate security concept. It is necessary to improve the normative and security and technological aspects of data processing and protection in legal entities, problems and forms of security threats that companies, institutions and the state as a whole meet. It is also necessary to upgrade existing knowledge and practical analyzes in the field of business secrets, personal data and other data related to the work of companies and institutions, that is, presenting general normative, security and technological prerequisites for business continuity. Establishing permanent education of management and employees in the field of corporate security and raising security culture represents the essential obligation of each company and society as a whole.

6. Literature

- [1] Anđelković, S., Corporate security as a factor in national security, Novi Sad: Faculty of European Legal Studies, Proceedings, 2015.
- [2] Avakumović, J., Risk management in the business of modern business systems, Belgrade: Faculty of Business Industrial Management, 2013.
- [3] Keković, Z. etc., Risk assessment in the protection of persons, property, and business, Belgrade: Center for risk analysis and crisis management, 2011.
- [4] Marković, S., Corporate Security, Novi Sad: Faculty of Law and Business Studies, PhD. Lazar Vrkatić, 2013.
- [5] Murray, T., McKim, E., Police and the private security sector: What brings the future ?, Belgrade: Security 4/03, 2003.
- [6] Nikolić, M., Sinkovski, S., Corporate Security - The Basis of Business and Entrepreneurship Protection, Belgrade: Banjac Graphics, 2013.
- [7] Nešković, S., Corporate Security, in: Security and Reform in Serbia, Belgrade: Institute for Political Studies, 2006.
- [8] Nešković, S., Sociology of Security, Security - Police - Citizens, Banja Luka: MUP of Republika Srpska, 2010.
- [9] Ristić, D., et al., Strategic Management, Novi Sad: Cekom books, 2009.
- [10] Stajić, Lj., Challenges of corporate security in the light of contemporary understanding of security, Proceedings, Novi Sad: Faculty of Law and Business Studies, 2008.