

THE UNDERSTANDING OF RESILIENCE AND THE ROLE OF ENTREPRENEURSHIP IN ITS IMPLEMENTATION

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Abstract

The economic and political stability of a country is essential for the development of a successful entrepreneurship environment, at the same time creating the sustainability of economy and entrepreneurship as well as the development as a priority is no more a novelty in the political schedule. Yet, the creation of the National Development plan of Latvia for 2014-2020 facilitates a completely new type of discussion that is based on the development priority, included in the plan - a person's resilience. The translation of this term is relatively new, therefore there exist different explanations of what 'resilience' really means. The current situation is characterized by the absence of a discussion, so there is an insufficient understanding of the term, despite its widespread application in the world. In Latvia, the word causes serious misunderstanding and a doubt, both - in the academic and business environment. Moreover, although the creation of resilience is closely connected with the collaboration of both - public and private sectors, the

discussion, connected with the involvement of the private sector in creating resilience has so far been missing.

The aim of the work is based on a critical literature analysis and expert interviews, to clarify the basic principles of implementing resilience, and establish the significance of the entrepreneurship environment in implementing the national resilience.

The task of the work is to analyse the theoretical basis of resilience and evaluate the results of the expert interview.

In the work the graphic, monographic methods, as well as expert interviews are used.

Key words: resilience, sustainability, national development, entrepreneurship.

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1. PRIORITY OF THE STATE OF LATVIA – PERSONAL RESILIENCE

Since the draft of National Development plan of Latvia has been put to public discussion, an issue has raised many uncertainties in public – it is the “personal resilience” covering a significant part of the plan, and the way prescribed to achieve thereof.

Methodology of the survey, including the questionnaire, was developed on the basis of the methodology applied in the study conducted by the Baltic Institute of Social Sciences in September through November 2009. The key objective of the research is to provide an insight of the extent to which different Latvian social classes and representatives of organizations understand the concept of “resilience”. To achieve the abovementioned goals, the study was implemented in two stages: the first stage involved gathering of the initial information by application of sociological research methods which resulted in survey of 413 citizens and 207 entrepreneurs, through three types of surveys: 390 respondents were interviewed through the internet (CAWI); 205 respondents were interviewed on the telephone (CATI), and 25 expert-interviews were held. The reason for choosing of the combined survey method was the habit of use of different means of communication depending on age group of Latvian inhabitant. Younger natives are more responsive by taking part in internet survey, while telephone services are more available to the older generation. Participants of the internet survey represent the age groups between 18 and 74 years. To select respondents, the

combined selection method was applied by selecting respondents within the quota limits by the randomness principle. The following quotas were fixed in the selection. Age: 18-24 years – 25%; 25-34 years – 25-30%; 35-44 years – 20-25%; 45-54 years – 15-20%; 55 and more years – 5-10%. Gender: male – 45%; female – 55%.

On this stage, the following was discovered: first – how sense of safety has changed in inhabitants of Latvia recently in the context of the economic crisis as well in the business world as in the private environment; secondly – information was obtained on what measures people and companies take to secure their safety; and, thirdly – interviews of representatives of government organizations revealed the practices of action towards safety improvement for people in cities of Latvia.

On the second stage, the concept of resilience was explored in the context of development plans, and academic and public debates in different countries.

A forecast can be given yet not known for sure as to what circumstances will have impact on development of Latvia and its people during an economic breakthrough. Latvia is an open national economy which is increasingly more exposed to globalization effects. Therefore it is a matter of an utmost importance for the country to secure personal resilience or the ability of its citizens to adapt themselves to the changing conditions.

A person having sufficient resilience is capable of finding solutions to development and problems of his/her own and the family members; moreover, the person becomes a full-fledged participant in social life. A person having insufficient resilience cannot see any growth possibilities, feels endangered, does not trust other people, does not trace his/her ties to the country, and does not get involved with the state's life.

We are aware of the fact that the historical experience, social differentiation, and crisis circumstances have badly affected resilience in many people therefore the government's task is to create conditions so that to secure it.

In a broader sense, habitants of Latvian perceive the word "safety" as freedom of an individual, freedom of choice as to how to live and what to think. It is a calm, orderly life when a person feels secure about what the person does; it is the convenience of being unperturbed. For entrepreneurs, important dimensions of safety are material security, social guarantees, business sustainability, and physical security. People and entrepreneurs associate material security with

confidence about long-term material well-being, paid off loans. Feeling safe is important not only in terms of personal safety, but also feeling one's children and relatives are safe (104 inhabitants over the age of 60). Participants of the survey sometimes emphasized that safety is felt just as an opposition to unsafety.

Participants of the survey speak about physical security quite extensively. When it comes to this matter, they point out specific circumstances endangering physical security, or on the contrary – heightening it. People feel more secure during daylight hours, when there are people around, when police patrol can be noticed around, people wearing uniforms can be seen. Also there is heightened security if the person has not been a victim of criminal offence: *“had no bad experience, do not feel bad in Latvia”* (58 inhabitants aged 18-25), whereas in cases when a recent attack is fresh in the memory of a person the presence of police patrol only makes it feel secure *“I feel safe when I see police around, if there is no police – it is not that safe”* (80 inhabitants aged 18-25).

Results of quantitative survey of Latvian inhabitants revealed that only 11% of Latvian citizens feel safe in the country “in any place at any time of the day”, whereas 39% admit that they “feel fully safe never and nowhere in Latvia”, 20% of respondents recognize Riga as the most secure place in Latvia, while 30% feel the safest in their own place of residence.

2. RESILIENCE IN THE CONTEXT OF SOCIAL AND POLITICAL PROCESSES

Resilience is being addressed in the context of various academic and social debates and, although the nature of the academic and social debate remains similar, there are some differences. It is important to realize that resilience cannot be seen only as an abstract sustainability promoting component. Initially, in the mid-70-ies of the 20th century, resilience has been closely linked to psychological, psychiatric, and biological processes, and just thereafter the term of resilience was also related to social processes. Psychology and psychiatry, where lie the origins of resilience exploration as an academic discipline, consider resilience at individual level. The research focused on individuals and on how different people are going through wear and tear of life, without incurring physical or mental health problems to themselves (Masten, 2009).

Urgency of such study usually results from the analysis of traumatic events, natural disasters, violence, war, physical disease effects (Herman, Stewart, et al.,

2011). The analysis of these consequences, however, and psychological-psychiatric resilience discourse is closely related to social processes in society and – as psychological researchers emphasize – children's early growth stage on which it is important to develop the ability to adequately deal with traumatic events is essential in resilience creation. The study focuses on the environmental context (risks, family, culture, etc.), internal resilience factors (thoughts, emotions, behavior, etc.) and interactions among these factors (Herman, Stewart, et al., 2011). Understanding of resilience development in a child's early growth phase, in fact, is reflected also in understanding of the socio-economic resilience, by highlighting the complicated resilience formation structure, and the extent of individual responsibility for its creation on national scale.

Social sciences, by exploring the political, social, and business environment processes in particular, set to study of resilience from a political, economic and social aspect, focusing on the society, its cooperation and co-existence with the various public and private organizations for a common purpose – tackling of long-term issues. Initially, those were issues regarding various crises events affecting society such as individual crises, but the discussion has become much broader in virtue of the increasing complex range of issues which modern societies have to face under influence of various external environmental factors. Social sciences promote discussion on formation of resilience, significance of different stakeholders in developing thereof, by supplementing the sustainable socio-economic imperative.

To address resilience and its practical implementation, social sciences use the term resilient institution - an institution whose activities are focused on a long-term program. One of the directions where activities of such institutions are discussed most often and more widely is the environment protection and biodiversity, as this is an area where hardly any goals can be achieved without long-term planning. However, understanding of resilience institutions formation cannot be attributed only to the environment protection issues, because the idea and nature thereof is based on the target to ensure long-term sustainability of organization's mission. Such an institution is based on a social agreement in solving a certain issue. (Steinberg, 2009).

Practical situation, when looking at the experience of different countries and their sustainable planning documents, suggest that resilience is discussed in various national development planning documents, and they often emphasize the role of company, individuals and different public and private organizations. The global

think tank *The Millennium Project* has defined resilience formation as one of humanity's current challenges, which cannot be ignored either by the general public, or private, or public sector (The Millennium Project). In its turn, the European Commission - when looking at the so-called critical infrastructure - points out that the significance of this infrastructure has increased remarkably and lack of coordination of various stakeholders is a key challenge for development of regional resilience in Europe. Right through resilience of critical infrastructure, discourse of individual resilience is accented also on national resilience scale. Resilience as a national development priority appears also in national development planning documents of different countries via paying more attention to infrastructure resilience like it is in Great Britain, by elaborating a strategy for disaster resilience to involve privately owned companies, or resilience formation within a social system as it is provided by the Estonian National Defence Strategy (Estonian Ministry of Defence, 2011).

The Stockholm University researchers – when studying resilience in its socio-economic terms, defined it in quality of a priority of sustainable society formation as "the capacity of the system (individual, forest, urban or economic), to cope with change and continue to develop, it is the ability to make use of the shocks and unrestrained situation (financial crisis or natural disaster) to find an incentive to recover and to think innovatively," thus reflecting the term's multidimensional nature and the different characteristics via looking at application of the term in different contexts. It is noted that the discussion on resilience creation is closely related to the capacity of the system for long-term ability to deal with change and development issues.

Although the arguments in favor of long-term planning on individual, organizational or national level have been widely discussed, and the role of long-term planning is clear, creation of resilience is an ambiguous task and it includes a variety of tasks. To create these prerequisites, it is essential that different level institutions and organizations are involved - including both the companies and public and private organizations. Modern society requires chance and contingency planning. (Boin, McConnell, 2007). Such planning can be costly and seemingly insignificant. Public carelessness, lack of resources and non-compliance with other priorities may impede the public's willingness to engage in resilience creation.

3. PRECONDITIONS FOR RESILIENCE FORMATION IN SOCIETY

Through a research on preconditions for resilience building one can state that three major tasks are distinguished in society – to appoint the person in charge for finding solutions in various situations, to provide business planning, by admitting occurrence of critical situations and the existence of a plan as to what to do after emergencies, working with communities, and co-operation between private infrastructure holders or managers, collective (public and private) preparing for crises, leadership training: training leaders for various crisis situations, they should be faster in finding a solution if the event unfolds (Boin, McConnell, 2007). Emphasis is laid on the strong need to facilitate the planning process, in particular, by involvement of private business, which is possible only on the condition that purpose of resilience creation is clearly understood.

At the same time, there is a range of impediments to implementation of resilience: individual resistance: it is typical of people to resist if they are told of any possible threat; conviction and rationalism of organizations: organizations (public, private, non-government) tend to believe that crises that have hit elsewhere are not likely to unfold “at their place”, that might be considered as a kind of rationalism of the organizations; crisis management: the bulk of organizations (both – private and public) do not have a scheme for solutions to crisis events and their opinion about necessity of such plans is critic; preparation costs: it is difficult to spend money on something if immediate effect thereof cannot be seen; the socio-economic constraints: resilience cannot exist where there is chaos and disorder (Boin, McConnel, 2007). When exploring the barriers to resilience creation, USA researchers point out that sustainability and resilience are, undoubtedly, essential and urgent discussion topics, yet priority should be given to finding the ways of how to get the community to be able to understand what it is on the whole.

When discussing resilience in the context of production of national development plan, it is important to realize that resilience of a separate country cannot be discussed in isolation from the region in which the country is located. In the Southeast Asian region, where resilience is considered as one of the prerequisites for national security, both national and regional resilience is discussed where the responsible national government encourages local stability to defend against internal and external tensions and make sure that the tension resistance facilitates stability in the region. Indonesian president Suharto has stated that the national resilience is strengthening of the factors determining the nation's development

thus resilience embodies a process concerning political, economic, social, cultural and military spheres (Emmers, 2009).

4. RESILIENCE – THE GUARANTEE OF SUSTAINABLE DEVELOPMENT

It is particularly important to note that resilience is not just a stand-alone term, which is used when discussing implementation of sustainability principles into practice. Resilience is closely related to economic development and infrastructure development, which, in turn, serve as a signal to international markets and trigger a desire to contribute to economic growth. Economic growth is directly linked with the private sector and it must respond to various external environmental challenges. In the context of national resilience, development of the private sector is relevant. To achieve this goal, the essential prerequisites are preparedness of private sector to emergency situations and dealing with them, development of risk-awareness, and joint public and private action in emergency situations and crises management (Thomas, 2007). At the same time, resilience is seen as part of a sustainable business discussion (Norton, 2007).

Sustainable development is an integrated conception covering all the activities of people down to the local level and: seeks to improve standard of living of current and future generations while preserving and protecting the earth's capabilities to support life in all its diversity. This sustainable development is based on democracy, the rule of law and respect for fundamental human rights and freedoms, including equal opportunities and cultural diversity. Sustainable development contributes to high employment rates in an economy whose strength is based on education, innovation, economic and social cohesion, and human health and environment protection. One of the so far unresolved theoretical matters is framework for measuring corporate sustainability, metrics and tools that are used at the enterprise level for development and implementation of integrated business sustainability metrics and management systems. Corporate sustainability is becoming increasingly significant due to growing volume of critical infrastructure, which is supervised by the private sector.

On its merits, critical infrastructure is a part of the global and national security, but it is not paid proper attention to. At the same time, for instance, energy, water, transport, food, telecommunications, health, banking and finance. Thus, maintenance of the infrastructure, and hence in essence of the resilience, becomes a part of corporate social responsibility (Gail, 2011). Corporate Social

Responsibility, however, is another direction where the private sector is vital to an individual, and could only be implemented through voluntary private sector involvement in formation of corporate social responsibility.

To describe the urgency of resilience and entering resilience building task in individual business development plans, the situation can be seen as activities within a strict material and cultural system. Robustness and resilience are opposed as public systems. Society can be judged from the material aspect (behavior in response to external factors) and cultural (the society itself, sharing with other members of society). For a community, society or organization to be capable of being resilient, there is an important cultural aspect – what the acknowledged way to do one thing or another is, and what the practices are, which characterize the particular organization, community, or the whole society (Dwight, 2005). From the positions of the business environment, thus, it is noted that the success of the private sector involvement in national-scale resilience development can only take place under such circumstances, when resilience building, despite the potential costs, becomes a part of the organization's sustainable activity principles.

5. CONCLUSIONS

In anticipation of further discussions about production of the Latvian National Development Plan, prioritization of tasks is not the only essential criteria, yet practical discussion of various parties involved is also vital. Although the global practice emphasizes business involvement in national resilience development and sustainable development, insufficient explanation of the term, at least temporarily, causes confusion rather than clarifies the nature of resilience. Private sector involvement, in fact, may prove to be quite a difficult task, taking into account the additional costs, which should be reckoned with for elaboration of emergency plans and preparing for contingencies, which constitutes a part of basic resilience building principles.

At the same time, it is important to note that resilience, just like sustainable business or corporate social responsibility, cannot be forced, and voluntary engagement of an organization being aware of the importance of doing so, is important. Thus, studying the involvement of the private sector in resilience development on the national scale, it is necessary to pay close attention to organizations and their work principles, their culture and the factors that determine the organization's desire to implement sustainable business practices, by observing the fundamental principles of corporate social responsibility and expressing a desire for resilient national development.

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