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**PERSPECTIVES ON RISK IN DEFENSE RESOURCE  
MANAGEMENT IN A GEOSTRATEGIC CONTEXT**

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**Abstract:**

The management of resources for defense, as a process, is under the influence of a significant number of phenomena or factors against which a certain probability of occurrence can be identified, i.e. risk. The analysis of the evolution and dynamics of the security situation, as the sum of the specific influencing factors, provides the best indications for identifying risks and, subsequently, their treatment/monitoring alternatives.

*Key words: risk; management; defense; conflict; geostrategic context.*

## **1. Introduction**

From a managerial perspective, the life of any organization is influenced by the evolution and dynamics of factors acting in its environment. The statement is supported by the fact that the organization's objectives are currently established by referring to the forecast of the phenomena that will influence the actual development, in the future, of the activities that will contribute to the achievement of those objectives. Thus, we refer to the probability of manifestation of the set of factors that will influence the organization's functionality because the future evolution of these factors cannot be determined with accuracy and certainty at the time of the decision to establish organizational objectives. In the context described, managers must carry out their specific work in an environment characterized by multiple and diversified risks. *"The state of risk is that in which, with a mathematical probability greater than 0 and less than 1, the evolution of some economic phenomena, the influences of some factors, and their possible effects can be determined"* [1].

In general, risk is assimilated with the idea of danger or loss. However, in the managerial field, this concept is seen as an unfavorable situation that can generate negative consequences for an organization but can be identified and against which specific measures can be taken to reduce its effects as much as possible.

## **2. The current geostrategic context of defense resource management**

Managing the use of resources in meeting organizational objectives – regardless of their nature: human, material, financial, or informational – is the essence of management activity and is constantly under the pressure of some factors, both inside the respective organization and outside it. The management team must constantly make decisions that lead to the most appropriate correlation of effective and/or efficient organizational resource use in relation to the amplitude and speed of manifestation of the respective influencing factors.

For the field of national defense, the problem of managing the resources necessary to ensure national security and safety acquires other values due to how specific processes and activities are carried out under the pressure of factors both at the national level and at the regional or global level. Membership of the North Atlantic Alliance imposes specific requirements for determining, allocating, and using defense resources generated by collective defense planning within this alliance.



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Fig.1 The NATO Defense Planning Process [2]

Starting from the milestones established at the NATO level, each country will design and measure, from a quantitative and qualitative point of view, in space and time, its defense capability targets in accordance with the possibilities of allocating the resources necessary to achieve them.

Determining the structure and content of the context-specific to the management of defense resources follows the two categories of factors: internal and external. In our analysis, we will mainly focus on the evolution of some factors in the international security environment established in the Romanian National Defense Strategy for 2020-2024, namely:

Accumulating a substantial potential for reconfiguring relations between actors with global interests

The attitude and actions of the Russian Federation, in violation of the norms of international law

Migration flows from the Middle East, North Africa

The rise of populist tendencies at the level of an increased number of state actors, in the European space, but also on other continents.

Fig.2 Major trends of the security environment, in the perspective of 2024 [3]

a) The social, economic, and financial effects of the COVID-19 pandemic have challenged all countries to reorient their strategic actions on revitalizing national markets and reconnecting to global markets. However, unfortunately, not all countries have chosen the usual, natural way to bring their gross domestic product back on a rising trend. We discuss China's actions to reconfigure its influence in the Southeast Pacific by limiting the access of sovereign states in the South China



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Sea to offshore resources through the strategic deployment of its coast guard, military, and merchant fleet. [4]

The situation was brought to the attention of the Group of Seven (G7), which analyzed the level of tensions in this area, even considering the establishment of sanctions against China concerning the crisis in Taiwan. [5]

The escalation of the dissensions in this area will generate implications on the global security situation, referring to China's place and role in the world economy.

b) The Russian Federation has continued to contribute to exacerbating the volatile situation through actions meant to destabilize the global order, the climax of its action being the invasion of Ukraine on February 24, 2022. The emergence of this conflict in Eastern Europe has required a reanalysis of the security situation at the North-Atlantic Alliance and the European Union level by taking significant decisions regarding managing its consequences. Among the most important effects of the Ukrainian-Russian War, with direct implications on the European nations' security, is worth mentioning: the humanitarian crisis that has spread beyond Ukraine's neighboring countries; the need to identify new sources and supply routes for natural gas, oil, and grain; the unplanned increase in national defense spending; the increase of several agricultural products (wheat, corn or sunflower oil) and critical minerals/metals (vanadium, titanium, nickel, etc.) prices; the acceptance of technology as a vector of geopolitical tensions; the evolving risks posed to the financial system, etc. [4]

Also, this conflict caused Finland and Sweden to make severe decisions concerning their foreign policies by renouncing neutrality to join NATO. Unfortunately, for now, only the first one has managed to complete the process, the second still having to face Ankara's opposition. As it is well known, it is applied consensus decision-making in such cases.

c) The phenomenon of migration from Middle East and North Africa countries has been critical during the last three years with significant implications on the security of European nations, especially in health and central and local administrations. According to the statistics of the International Organization for Migration, the flow of people from the two previously mentioned areas had an upward trend from 99,907 people in 2020 to 220,108 people in 2023 (fig.3)

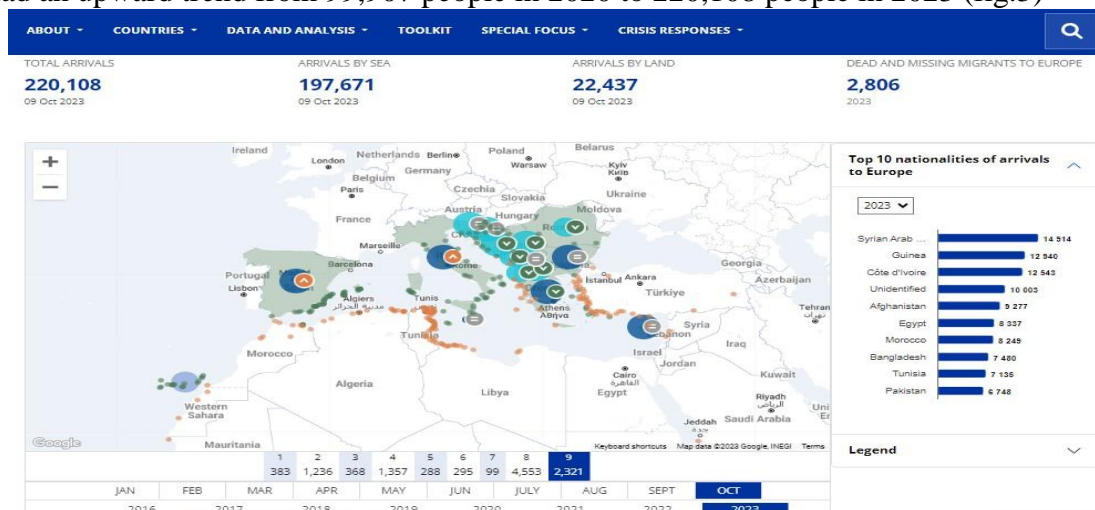


Fig.3 The current level of immigrant arrivals in the European Union, October 2023 [7]

The management of the migration phenomenon has required European states to reconfigure their policies regarding the control of the number of people entering their national territory and to allocate more significant amounts of money to ensure the main elements of subsistence for these



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people (accommodation, food, medical assistance, etc.) and for the functioning of organizations or institutions responsible for carrying out activities related to this phenomenon.

d) The current evolution of local, regional, or global phenomena has generated a reconfiguration of the message and the attitude of national decision-makers towards the issue of the functioning and transformation of the alliances of which they are a part. Thus, some European countries, through their leaders, took contrary positions or blocked specific measures at the EU level to mitigate some current phenomena (sanctioning Russia against the invasion of Ukraine, managing the flow of immigrants, conforming national policies to European policies, etc.) which have, in their vast majority, an electoral purpose. In this context, we recall the statement of the Prime Minister of Hungary, Viktor Orban, regarding the European policy towards certain minorities: *"The EU is either an empire or (individual) nations... We should not have any illusions: the federalists are trying to squeeze us out"* [8], Austria's decision to block Romania and Bulgaria from becoming fully part of the Schengen area [9] as well as the result of the parliamentary elections in Slovakia, where the winning party is categorized as "pro-Russian"[10]. Actions and decisions at the national level based on these types of rationales lead only to dissensions between European countries, to postponed decisions or measures blocked instead of effective and efficient solving the problems the European Union encounters.

### **3. Possible risks in the management of defense resources**

The scale and dynamics of the phenomena analyzed in the previous chapter generate multiple requirements regarding the decisions and actions necessary to ensure national security, all of which have different degrees of probability. The complexity of the objectives and activities to be carried out in the management of defense resources, as a process subsequent to ensuring national security, requires the identification of the set of risks that could appear during this process in order to design the measures that must minimize to the maximum the effects of the appearance and manifestation of these risks. Because *"risk management is a process of systematic identification, analysis and reporting of risk factors and involves maximizing the probabilities and consequences of positive events and minimizing the probabilities and consequences of negative events."*[11]

We believe that among the most possible risks that may appear in the management of defense resources would be the following:

a) *Reducing the production capacity of military equipment.* According to agreed delivery schedules, defense industries and companies producing military equipment rely on a fluid supply of raw materials and materials necessary for their production process. Rising tensions in some regions or the prolonged ongoing military conflicts may lead to delays in the specific supply process. Moreover, the widening of the conflict zones leads to the impossibility of human resources being able to carry out their personal and professional lives, disrupting the work schedule in companies and people's lives with all its elements. The management of defense resources is designed to achieve specific stocks of military equipment. In the event of such a risk manifestation, the established objectives' fulfillment can be questioned, since their level was built based on precise amounts of military equipment.

b) *Increasing defense resource delivery times.* This risk is strongly correlated with the previous risk, as the decrease in the production level of military equipment automatically leads to the impossibility of meeting the delivery schedule of finished products following the agreements concluded. The most eloquent example is the increase in vehicle supply times during the semiconductor crisis starting in 2020. This risk may negatively influence the specific process of replacing military equipment according to its life cycle or the process of replacing physically or morally worn military equipment. Also, this risk may generate the partial or total replanning of some



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activities closely related to the military equipment not insured in time (training, specialization courses, etc.)

c) *Diminishing the financial resources allocated to the defense effort.* National defense is only a sector of national security, being dependent on the needs posed by others. Depending on priorities, governments can reconfigure how they allocate, at a given time, the financial resources available to them. Although, at first sight, this risk should not arise, since the provision of resources to support national defense is a fundamental requirement, certain adverse events may reposition it in the order of national priorities. Another excellent example in this context would be the redirection of the budgetary effort during the coronavirus pandemic. Closely related to the nominated risk, in the management of resources for defense, it would be indicated to have realistic and viable alternatives to continue the specific activities to provide the national defense capacity adequately.

d) *Reconfiguring defense spending.* As a rule, the emergence of new conflicts or missions in the field of national defense is foreseen beforehand. Nevertheless, reality, exemplified by the launch of Russia's invasion of Ukraine, drastically contradicts us. However, immediate requirements arising from events suddenly appearing in the geopolitical space may lead to a different allocation of financial resources to areas/missions than initially established. This risk involves a complex set of decisions that must be taken quickly and appropriately to the new situation to resize both the activities to be carried out and the new level of resources related to them. Immediate reorientation in defense resource management can only be achieved if a response is designed to deal with such a risk when it occurs.

e) *Occurrence of critical infrastructure delays or even blocking use.* The increase in the prices of essential raw materials (oil, natural gas, electricity, grain, etc.), the appearance of blockages on the supply routes, the increase in the flow of migrants at the border crossing points, etc., may lead to abnormal operation of critical infrastructures with implications for national defense. Modern military actions are characterized, among other things, by mobility, and the achievement of specific objectives requires coordination and adequate support in terms of defense resources through the use of the national transport infrastructure (road, air, rail, or naval), the national telecommunications infrastructure, the national water supply infrastructure etc. This risk leads to substantial changes regarding the further performance of the received missions only by using other alternatives for the movement of forces or provision with specific resources.

#### **4. Conclusion**

Ensuring national security is a primary objective for any country. This strategic objective can only be ensured with efficient management of defense resources available to the forces at the right time and in the required quantity and quality. Risk is an intrinsic component of management, given that we determine/decide today what will happen in the future. Looking at the specifics of defense resource management and the fact that military action must achieve its objectives, we assert that risk management is the best way to protect ourselves from dangers, reduce execution time, and have as few losses, especially regarding human resources.

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