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# Engaging in duty of care: towards a terrorism preparedness plan

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#### ABSTRACT

A minor digression, if you will: it has been over 30 years since I (referring to lead author) first wrote on the topic of terrorism and its potential impact on conducting business in a global context. The most vivid memory I have relative to that initial foray into this new topic was making a presentation at the annual summer American Marketing Association (AMA) conference in Chicago. I got halfway through the paper and I started to hear jeering noises emanating from the audience. As I remember (it is not a pleasant memory), the audience thought that I had lost my mind and that the reviewers of the paper allowed this rubbish into the AMA meeting (the implication was that they must have been drinking at the time). This is a true account of the presentation and when I left the session, I would be dishonest if I didn't tell you that I had made a terrible error and there would be significant ramifications to my young academic career. Yet, no country is untouched by global terrorism today, and the ramifications for global organizations are escalating year by year.

#### **KEYWORDS**

Duty of care; terrorism; preparedness plan; organizational legitimacy

One man's terrorism is another man's freedom fighter (Arafat, 1974)

#### Introduction

Strategic global human resource management (SGHRM) is a highly dynamic field, with new themes and challenges constantly emerging (Stahl & Björkman, 2006). One undeniable feature that is of current significance for SGHRM is the prevalence of terrorism in a global context (Czinkota, Knight, Liesch, & Steen,

2010; Harvey, 1983; Harvey, 1993; Scullion, Colling, & Gunnigle, 2007). While there is a wide range of influences that one could discuss in relation to terrorism, this paper focuses on the increasing challenges relative to multinational corporations (MNCs) in managing and safeguarding global human resources in relation to external terrorism events.

With this paper, we aim to add to the scarce Duty of Care (Claus, 2009, 2011) literature on this topic and to engage academics and practitioners alike in a discussion concerning suitable mechanisms for MNCs, and SGHRM departments specifically, to engage in and be proactive about terrorism effects on global human resource talent. Duty of Care is the obligation of MNCs to protect their international assignees (IAs) from often unfamiliar and virtually unforeseeable threats to physical safety and security (Claus, 2009, 2011). There is an increasing amount of terrorism globally that is seemingly random (Fox & Gilbert, 2016; German Press Agency, 2016), and MNCs must engage in the safekeeping of IAs and their accompanying family members on the myriad of assignment types (Harvey, Mayerhofer, Hartmann, & Moeller, 2010) in existence today. IAs typically have difficulty in adapting to new situations outside their home country (Maley, Moeller, & Harvey, 2015); a scenario that is likely to be exacerbated in disaster-related settings such as those that evolve out of terrorism.

The impact of terrorism is poorly understood by MNCs, despite its notoriety and threat for internationally operating organizations (Harvey, 1985; Perry & Mankin, 2005; Scullion et al., 2007). The impact can be explained from a direct and indirect perspective (Spich & Grosse, 2005). While the direct impact effects of terrorism, such as damaged buildings or ransom paid for kidnapped employees only affect a limited number of MNCs; indirect effects of terrorism are far-reaching, and are thus an important topic for SGHRM (Fee, McGrath-Champ, & Liu, 2013). For instance, companies that assign staff in an endangered area incur significant costs for armored vehicles, bodyguards and other security measures. While these expenses are pre-emptive and directly classifiable, the costs of failed international assignments due to premature return or lower employee performance are harder to foresee.

This paper focuses on moderating potential IA failure by arguing for the necessity of a 'terrorism preparedness plan' that accompanies the information available to assignees and their families in light of making a decision to move abroad for a short and/or extended period of time (Moeller & Reiche, in press). Having a preparedness plan has the potential to put IAs at ease to take the assignment without anxiety or the question of 'what should I do if a terror attack were to happen'. Without coming forth with such a plan, the MNC runs the risk of limiting its legitimacy in the eyes of global talent pool. Legitimacy is manifested and expressed in the MNCs' global duty of care programs. A lack of legitimacy through duty of care initiatives can lead individuals to: completely refuse global assignments; uneasiness on the assignment; constant worry about 'what if' situations; and concerns for family members in 'what if' situations and/or a premature return. A terrorism preparedness plan is vital for two critical reasons: first, global terrorism has increased in recent years and occurs in unexpected places, at unexpected times, with unexpected casualties. Second, the repercussions of not being prepared are too high. For example, Harzing (1995) would suggest that 'a high failure rate is likely to discourage potential candidates, shrinking the pool even further' (p. 458). In the realm of global talent management, shrinking the talent pool should be avoided at all cost to circumvent increasingly what appears to be a great talent shortage gap (Cappelli, 2008; Farndale, Scullion, & Sparrow, 2010; Moeller, Maley, Harvey, & Kiessling, 2016). This paper makes the point that a lack of organizational legitimacy regarding terrorism management increases the risk of IA failure as defined by the situation.

Clearly, IAs require SGHRM policies that help inform and enable them to manage and survive the threat of terror. Thus, it seems crucial to consider how SGHRM policies should be shaped or modified to address the dynamic nature and constant peril of global terror. Based on this rationale, this paper has several key objectives: we attempt to pinpoint the types of terrorist activities that can impact MNCs and to map SGHRM processes that will help MNCs to prevent future or to mitigate present terrorism influences, thereby engaging in duty of care for its IAs. The research question accompanying these objectives is as follows: to help retain organizational legitimacy and manage talent shortage challenges effectively, How can MNCs mitigate by means of their global mobility programs the ramifications of external terrorist threats and activities?

The subsequent sections of this paper progress as follows: we first offer a detailed review of literature on 'terrorism and business' related to the individual-, organizational- and country-level contexts. By observing cross-level outcomes of terrorism displays, we are able to propose a more informed and comprehensive anti-terrorism legitimacy perspective adopted by MNCs that incorporates existing perspectives of the influence of terrorism on business as it is represented in extant literature. In essence, we develop a MNC terrorism preparedness plan that can be implemented in order to attract and retain IAs; the plan is conscious of the individual- and organizational-level influences of terrorism activities. Finally, we offer some pre-liminary conclusions on the topic and suggest areas for impactful future research (FR) activities. We are optimistic that this paper will be the catalyst for ongoing research on the increasingly important issue of global terrorism and that it delivers ways to mitigate its negative albeit indirect effects on MNCs operating globally.

#### Literature review

Terrorism has increased, will continue to increase, and IAs and their families must be given duty of care that is not only an ethical approach by MNCs, but will persuade IAs to take an overseas position. For example, in the period from 2003 to 2013, according to the global terrorism database, terrorist groups or individuals have executed more than 330 different attacks. Although the data is not completed

for 2014 and 2015, it appears that terrorist groups have killed more people than ever before. We therewith highlight that terrorism is unpredictable, potentially deadly, and will directly affect international personnel and their families. No one is excluded from its threat and danger, whether directly through personal injury, or indirectly, through the fear and stress imposed. Terrorism has not abated, but contrarily continues to rise (Czinkota & Ronkainen, 2009) due to the number of terrorist groups and the funding they are receiving. Certain geographical areas are more prone to terrorism, but it can occur anywhere due to globalization and radicalization of individuals (lone wolves) over the Internet. MNCs need to have a terrorism preparedness plan to address these potential issues for the IAs.

Although prevalent in the global marketplace, very little research has been published on terrorism in business; hence there is a dearth of theoretical foundations (Frey, 2009; Steen, Liesch, Knight, & Czinkota, 2006). No specific theories appear to have been developed for terrorism in SGHRM and management of IAs; not surprisingly then, very little research has focused on the impact of terrorism on personnel, much less the global personnel that are affected (Frey, 2009). In this vein, it is important to recognize that terrorism does certainly not operate in a vacuum, and that the literature would benefit from a comprehensive, multi-level, multi-faceted understanding of factors that play into MNCs' ability to react to threats of terrorism.

A synopsis of key studies on 'terrorism and business' can be found in Table 1 and are further elaborated on in subsequent paragraphs. We begin by describing the country-level terrorism phenomenon and its economic and financial business linkages to the national level. Next, we describe the influence of terrorism on organization-level aspects such as supply chain interruptions, sales fluctuations, elevated security and banking costs, before articulating the resulting implications on various stakeholders including management and other stakeholders at the individual-level of analysis. The third and final level addresses the influence of terrorism on perspectives of work safety, increased stress level, declining commitment, unknown psychological well-being, network engagement, workplace support, leading to compromises in workplace safety, declining work attitudes that potentially lead to assignment failure.

#### **Country-level perspective**

Country-level research includes whether country stability and economic growth exert a dampening effect on terrorism (Choi, 2015) and whether terrorism reduces foreign direct investment as a consequence of damage to MNCs' buildings, stock, potential death of employees and ever-increasing insurance premiums (Powers & Choi, 2012). Terrorism is frequently perceived as a type of political risk (Saha & Yap, 2014) and therefore may deter foreign investors by creating awareness of an unsafe investment environment. In a recent study, Lee (2016) found that terrorism reduces foreign direct investment inflows and contends that foreign investors adjust their information by observing whether the host country has

Terrorism and the world		key kesuits	Perspectives and Theories	Level of Analysis
	European Economic Review	Mobility of productive capital in an open economy may account for much of the difference between the direct and the equi- librium impact of terrorism on business	The paper uses a simple economic model to show that terrorism may have a large impact on the allocation of productive cap- ital across countries. The model emphasizes that, in addition to increasing uncertainty, terrorism reduces the expected return to investment	Country
Oxford Economic Papers	nomic	The paper shows evidence that when coun- tries enjoy high levels of industrial growth, they are less disposed to domestic and international terrorist events, but are more likely to experience suicide attacks	The paper offers a modified theory of hard targets, where richer industrial, but not richer agricultural, countries are more likely to attract suicide attracks. It contains a cross-national, time-series data analysis of 127 countries for 1970–2007	Country
Foreign Policy Analysis	<i>y</i> .	While terrorism can be an obstacle to FDI inflows, countries that receive more coun- terterrorism aid are less vulnerable to this adverse effect	The paper uses two commonly used terrorism data-sets and draws upon a time-series cross-sectional data analysis	Country
Journal of Peace Research	JCe	The paper deals with the possible differences in the effects of business-related and non-business-related terrorism FDI invest- ments. The study reveals that transnational terrorism harms MNCs and contributes to a decrease in FDI, but transnational terrorism that afflicts non-business-related targets is statistically irrelevant	The key independent variable, terrorism, is the number of terrorist attacks that occurred in one country-year. The authors used data from the ITERATE data-set, which contains only transnational terrorist events	Country
Journal of Travel Research	<i>iel</i>	Using cross-sectional data over a hundred countries for the period 1999–2009, this study measures the extent to which a country's political conflicts and terrorism can negatively impact its tourism industry. In addition, the paper highlights that political volatility and terrorism together can cause serious damage to the tourism industry	This article analyses the impact of politi- cal instability and terrorism on tourism demand using the moderation effect (inter- action effect) technique – widely used in economics literature to determine the joint effect of political instability and terrorism on industry	Country

Table 1. Terrorism in the business literature.<sup>a</sup>

Tab	Table 1. (Continued)	(				
	Authors	Title	Journal	Key Results	Perspectives and Theories	Level of Analysis
Q	Barth et al. (2006)	Economic impacts of global terrorism: From Munich to Bali	Milken Institute	The research documents the changing pattern and intensity of terrorist attacks from governmental to civilian targets that have spiked since 1998. Authors conclude that targeting civilian populations to attain political aims has become more ubiquitous and effective in economic terms	Milken Institute researchers examine the eco- nomic impacts of terrorism from 1970 to 2004. They studied attacks in 149 countries and compared them with various financial market measurements, such as economic growth, capital formation and stock market	Organization
2	Czinkota et al. (2010)	Terrorism and international business: A research agenda	Journal of Interna- tional Business Studies	The paper highlights that therorism is becom- ing a fundamental variable of study. It highlights the importance of organizational preparedness, company strategy and HR issues in terrorism	The paper presents a comprehensive review of extant, relevant literature to provide background for scholarship on the relation- ship between terrorism and IB	Organization
œ	Czinkota and Ronkainen (2009)	Trends and indications in international business	Management Inter- national Review	The paper reports results of study conducted with a panel of 34 international business experts. The outcomes evidence a rise of terrorism and corruption as relevant topics for international business in the next decades	This article involves a Delphi study which features three rounds of interchanges between experts on possible changes in international business practice to guide decisions into investing in new technolo- oies and markers in the threat of terror	Organization
6	Dunn (2000)	A desire to leave?: Foreign policy radicalism and opposition to Atlanti- cism at century's end	Studies in Conflict & Terrorism	The authors suggests that waters we are now entering are unchartered and perhaps treacherous, and we are not likely to steer safely through them unless we have the courage to question the old assumptions which once seemed eternal and have now	The author debates the need to challenge existing assumptions across economic imperatives, policy, leadership and followership, all of which are applicable to chartering the organizational context	Organization
10	Frey et al. (2007)	Calculating tragedy: Assessing the costs of terrorism	Journal of Economic Surveys	The paper suggests that people's utility losses may far exceed the purely economic conse- quences which feed into decision-making by organizations to operate in certain country locations	As economic consequences are only a part of the overall costs of terrorism, possible approaches for estimating the utility losses of the people affected are discussed. To do so, the paper uses the life satisfaction approach in which individual utility is well-being	Organization

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Organization	Organization	Organization	Individual	Individual
Systems theory is used as a frame to in the context of a broader environment or system. In light of terrorism threat, systems theory indicates that adjustments are needed. For example, businesses must examine which aspects of the system should be altered and what effect, if any, terrorism may have on the social role of the firm or its definition of takeholders.	g theory g ms nenom- viron- ss that a seful in	The authors draw on the new science of com- plex networks to explain organizational and economic phenomena related to terror	The paper applies partial least squares (PLS) structural equation modeling (SEM) to analyze the entire impact path and found intra-family conflicts due to terrorism have the most extreme impact	The paper utilizes a perceived organizational support (POS) framework to help diminish the safety-related intra-family tension
This paper outlines different streams of research relative to terrorism, related secu- rity measures for MNCs. Suggestions are made regarding the unique role that MNCs can play in abating terrorism, for example, by taking steps to reduce global poverty and hatred, directly negotiating with terrorists, and developing new technology the counter ferrorism.	This paper looked at the impact of security-related regulations and risks on international competitiveness. Authors recommend some policy dimensions for both MNCs and the U.S. Government toward mitigating the negative impacts of the homeland security problem	The paper reviews the networks of inter-de- pendencies in the IB economy and the impact that a terrorist attack has in disrupt- ing networks	The paper shows that several terrorism-re- lated stressors create a significant stress level for the expatriate managers. It concludes that stress from terrorism has a negative impact on the expatriate's performance. The study suggests shorter assignments and improving fringe benefits, in order to foster a better acceptance of the living conditions.	This study focuses on the role of expatriates' families on assignments in terrorism-en- dangered countries. The study reviewed the experiences of 121 expatriate managers assigned to a terrorism-endangered country and found that the safety-related intra-family tension significantly impedes expatriates' work performance
Journal of Transna- tional Manage- ment	Journal of Interna- tional Manage- ment	Public Money and Management	Journal of Interna- tional Manage- ment	International Busi- ness Review
Impact of terrorism and security measures on global business transac- tion: Some international guidelines	How does homeland security affect US firms' international competi- tiveness?	The contagion of interna- tional terrorism and its effects on the firm in an interconnected world	An empirical investigation of terrorism-induced stress on expatriate atti- tudes and performance	Global assignee perfor- mance in terrorism-en- dangered countries: The role of family and organizational support
Jain & Grosse (2009)	Spich and Grosse (2005)	Steen et al. (2006)	Bader and Berg (2013)	Bader et al. (2015)
=	12	13	14	15

(Continued)

lable I. (continued)						
	Authors	Title	Journal	Key Results	Perspectives and Theories	Level of Analysis
16	Bader and Schuster (2015)	Expatriate social networks in terrorism-endangered countries: An empirical analysis in Afghanistan, India, Pakistan, and Saudi Arabia	Journal of Interna- tional Manage- ment	The study investigates the impact of expatriate social network characteris- tics on psychological well-being in the terrorism-endangered environment of Afghanistan, India, and Pakistan. The study suggests social networks are more benefi- suggests social networks are more benefi- cial on expatriates' psychological well-being in countries which suffer from terrorism	The study considers the relationship between network characteristics, social support, and psychological well-being as a black-box, which tests the impact of certain inputs (characteristics of a social network) on a certain output (psychological well-being), while the underlying processes (social support) are used to theoretically explain why characteristics of social networks affect psychological well-being	Individual
17	Claus (2009)	Duty of care of employ- ers for protecting international assignees, their dependents, and international business travelers	International SOS White Paper	This is first of two white papers. The author's main recommendation is for companies to develop an integrated risk management strategy to assume their Duty of Care obligations. Threats and risks faced by international business travelers, expatriates, and their dependents traveling abroad are elucidated	The paper uses many empirical case exam- ples to stress the importance of duty of care	Individual
18	Claus (2011)	Duty of care and travel risk management: Global benchmarking study	International SOS Foundation	This white paper reports on a global bench- marking study to compare MNC's 'Duty of Care' policies and develop best practices to protect and support the global mobility of their employees and dependents	The author refers to duty of care and duty of loyalty. Taken together, these refer to a broad culture in which employers care about the health, safety, security and well-being of their traveling employees (and their dependents), and develop and deploy appropriate travel risk management approaches to protect them from possible harm	Individual
19	Fee and McGrath- Champ (2016)	The role of human resources in protecting expatriates: Insights from the international aid and development sector	International Journal of Human Resource Manage- ment	The paper unearths four areas where these organizations seek to build in-house com- petence, centered on culture building, and supported by a suite of human resource practices relating to people services, information services and communication services	This paper reports an empirical study exploring the ways in which 10 interna- tional non-government organizations from 5 nations (USA, UK, Germany, Switzerland, Australia), all with substantial experience operating in high-risk contexts, manage the safety and security of their expatriate staff	Individual

Individual	Individual	Individual	Individual	Individual
The paper uses a conceptual model that integrates multi-disciplinary research in relation to crisis management, and to con- sider its application for IHRM in managing the evacuation of expatriate staff during crises	The models developed in this study span multiple levels and use system, network, and identity theories to tie together key constructs	The study draws on 'Terror Management Theory' (TMT) and 'affects event theory' (AET) as theoretical settings	The scholarship relies on trust and psycho- logical contract literature to emphasize the importance to HRM in supply chains when there is a threat of terror	The paper offers a multi-faceted review of theories across fields as a step to overcome what appear to be practical, conceptual and psychological barriers to understand- ing this important field
The paper critically reviews research in crisis and evacuation management in IHRM. The paper articulates a framework that delin- eates what role HR managers should, play during crisis preparation and response	In this study two models are proposed for future management of disaster and terrorism. Proposed linkages among con- structs are offered to produce nomological networks for the organizational science of disaster/terrorism	As terrorism threat appears to decrease the intent to engage in occupational networking, this study tested to what extent employees focus on their personal social networks in the threat of terrorist attacks. The findings suggest that the threat of terrorism appears to decrease the intent to encare in networking	The paper analyses the relationship between employee sensitivity to terrorism and employee attitudes in supply chain firms located in Sri Lanka. The paper suggests that perceived support from supervisors and peers can enhance psychological	Modifiables social and psychological factors contribute to the genesis of the terrorist mind-set
Journal of Global Mobility	Journal of Organiza- tional Behavior	Journal of Organiza- tional Behavior	International Journal of Physical Distribution & Logistics Manage- ment	Journal of Conflict Resolution
Human resources and expatriate evacuation: A conceptual model	The organizational science of disaster/terrorism pre- vention and response: Theory-building toward the future of the field	Terrorism threat and networking: evidence that terrorism salience decreases occupational networking	HRM implications of terror- ist threats to firms in the supply chain	The mind of the terrorist: A review and critique of psychological approaches
Fee et al. (2013)	James (2011)	Knastenmüller et al. (2011)	Reade (2009)	Victoroff (2005)
20	21	22	23	24

<sup>a</sup>Papers are listed by level of analysis first and alphabetical order second.

the capability to deal with terrorism. Abadie and Gardeazabal (2008) develop an endogenous growth model showing that the risk of terrorism significantly lowers expected returns to investments.

#### **Organization-level perspective**

From an organization perspective, network theory addresses terrorism in light of indirect effects of terrorism (Spich & Grosse, 2005) as firms are increasingly interconnected globally and terrorism can affect sales declines, increase costs due to government regulations or security measures, and supply chain interruptions (Barth, Li, McCarthy, Phumiwasana, & Yago, 2006; Steen et al., 2006). Although the direct effects of terrorism are estimable to an extent though unpredictable, the indirect effects are more difficult to ascertain. Sales may decrease in a particular area due to consumer fear (e.g. the shopping malls/restaurants were empty after the attacks in Turkey/France), increased transaction costs (e.g. traveling due to security concerns has increased time for global business, bank costs have gone up considerably due to concerns of tracking the funding of terrorist groups), supply chain interruptions, and FDI can decline due to MNCs' fear of setting up operations in dangerous locations (Czinkota et al., 2010; Frey, Luechinger, & Stutzer, 2007).

Transaction cost economics (TCE) focuses on uncertainty and the increase in transaction costs of doing business globally (Williamson, 1981). Due to bounded rationality, the unpredictability of terrorism (no one predicted the 9/11 terrorism in New York), a complete decision tree cannot be developed and managerial risk cannot be calculated (Steen et al., 2006). Albeit terrorism being an important topic for international business (Czinkota & Ronkainen, 2009), past occurrences and experiences cannot be relied on due to global terrorism and the costs cannot be estimated in strategic planning (Dunn, 2000).

Systems theory has been used as a frame to in the context of a broader environment or system in light of terrorism threat (Jain & Grosse, 2009). Systems theory indicates that adjustments are needed. For example, firms must examine which aspects of the system should be altered and what effect, if any, terrorism may have on the social role of the firm or its definition of stakeholders.

#### Individual-level perspective

Research on terrorism and the effect on the individual have used the resourcebased view (RBV) of the firm, stress, network theory and social exchange theory (SET). The RBV suggests that the human resources of a firm can be a rare, inimitable, and valuable resource that must be protected and engendered globally for the firm to be successful (Colbert, 2004). The principles of RBV indicate that that the actions of the MNC towards IAs will result in organizational commitment and further development of the psychological contract between the IA and the MNC through fulfillment of its legal and moral responsibility (McNulty & Inkson, 2013). Perceived support from supervisors and peers has been found to enhance employee identification with, or psychological attachment to, the organization in an environment of terror (Reade, 2009). Thus, through meaningful policies and procedures, focusing on employees subject to possible global and local terrorism, stakeholder theory suggests that investors, bondholders and others will be more apt to support the organization (Claus, 2011).

Bader and Schuster (2015) investigated the impact of IAs social network characteristics on psychological well-being in the terrorism-endangered environment of Afghanistan, India, and Pakistan. The authors found that social networks are more beneficial on IAs' psychological well-being in countries which suffer from terrorism. Findings suggest that the threat of terrorism appears to decrease employee intent to engage in networking (Knastenmüller et al., 2011). Little research has focused on the individual and terrorism (Fee & McGrath-Champ, 2016). Research into stress and terrorism has ensued as stress is suggested to be the main cause of IA failure (Wang & Kanungo, 2004). Several terrorism-related stressors have been found to cause negative work attitudes and attitudes towards host country nationals and impact negatively on the IA's performance (Bader & Berg, 2013). An increased stress level significantly compromises positive work attitudes and eventually leads to the expatriate performing worse on the job. The goal of terrorism by focusing on soft targets is to spread fear (Victoroff, 2005) and the effect to IAs is considered one of the top concerns of MNCs (Bader & Berg, 2013). Terrorism causes high stress to IAs and their family (Bader, Berg, & Holtbrügge, 2015), and research suggests that this will have a detrimental effect on the IAs' mood and perceived well-being with resulting negative attitudes towards their environment (Hang-yue, Foley, & Loi, 2005). This high stress level, unless organizations intercede, will result in poorer performance and IA failure (Knastenmüller et al., 2011; Levitt & Lamba-Nieves, 2011).

SET suggests that the interactions between individuals develop socio-emotional and economic value, are interdependent and can generate high-quality relationships (Cropanzano & Mitchell, 2005; Emerson, 1976). Perceived organizational support can be established through SET and has been a foundational theory for IA research in the past (Shore & Coyle-Shapiro, 2003; Takeuchi, Wang, Marinova, & Yao, 2009). For example, lucrative compensation packages for high risk areas of a firm is perceived as organizational support as it indicates the organization's appreciation of the IA accepting the assignment resulting with reciprocal positive attitudes (Chenevert & Tremblay, 2009). However, in times of terrorism, the development of social networks from the organization, IA, and IA family will moderate the stress and concern of the IA (Peng, Wang, & Jiang, 2008). The larger and higher the quality of the social network will directly affect the reactions of the IA and their family when terrorism occurs (James, 2011). 1694 👄 M. HARVEY ET AL.

## Organizational legitimacy theory and the development of a terrorism preparedness program

This paper makes an attempt to integrate the two proposed perspectives – the individual- and organizational-level perspectives – by developing a terrorism preparedness plan. Integrating knowledge on these perspectives will provide impressions that can ultimately enable MNCs to benefit in two ways: (1) MNCs will be able to safeguard themselves and their IAs from unexpected terrorism events; and (2) MNCs will be more likely to retain current and attract viable IA candidates (see Hearit, 1995; Neu, Warsame, & Pedwell, 1998) and conceivably leave a positive impression on departing employees. We assert that a country-level understanding of the effect of terrorism on business is important, yet it relates only *indirectly* to the conception of a terrorism preparedness plan. Plainly put, the unique scale and scope of a MNC's terrorism preparedness plan is at the mercy of terrorist activities and the impression it brands on country-stability, foreign direction investment risk, and thus prospective economic growth (note our forthcoming discussion on page 29, hurdle 3).

Returning to the benefits of a terrorism preparedness plan, a lens through which the moderation of IA failure risk can then be viewed is that of organizational legitimacy (Kaplan & Ruland, 1991; Mathews, 1993; Suchman, 1995). To help explain such a mechanism, this section proceeds by utilizing organizational legitimacy theory (OLT) to portray the influential role of MNCs or SGHRM departments in managing perceptions about exposure to terrorism threat to reduce failure (Harzing, 1995; Kraimer, Bolino, & Mead, 2016). Specifically, we propose that the key to lowering IA failure risk and thus retention is to focus on how the MNC can exercise legitimacy in the eyes of IAs. MNCs cannot take away the threat of terrorism, but they can work on how to manage threats and how threats are perceived by IAs.

As per Ashforth and Gibbs (1990), the concept of legitimacy is socially construed by stakeholders. Stakeholders, such as IAs in MNCs, evaluate an organization and make inferences based on their evaluation about the appropriateness, acceptability, reasonableness (meaning legitimacy) of MNC programs, processes, and actions/reactions. It would appear to be in the interest of IAs to hold their employers accountable to a terrorism preparedness plan in the (unlikely) event of being involved in such circumstances. The importance is hinged on having a plan in place for so-called dangerous assignment locations like Brazil, Colombia, India, Indonesia, Mexico, Nigeria, UAE, Russia among others, which are – interestingly – some of the more common and prevalent current assignment destinations (Brookfield, 2015, 2016).

According to Kaplan and Ruland (1991), organizational legitimacy is 'a process, by which an organization seeks approval (or avoidance of sanction) from groups in society' (p. 370), whereby legitimacy can also be defined in terms of acceptability or acceptance, taken-for-grandness, reasonableness, appropriateness, and congruence (Suchman, 1995). OLT as such accounts for the strategic actions of the MNC which are in line with IA approval or avoidance of disapproval of such safekeeping actions extended by the MNC. Furthermore, organizational support in terms of terrorism must inherently extend well beyond the more traditional pre-, during, and post-assignment training models organizations feel comfortable to practice. Accordingly, a lack of communication between the MNC and the IA relative to terrorism-related concerns can lead to increased IA failure risk (e.g. under/inefficient performance on assignment and/or early repatriation) (Harvey, 1982).

A lack of legitimacy may also lead to the potential IAs turning down the assignments in the first place. For that reason, reputation and legitimacy play a major role in managing the threat of terrorism in organizations as it is perceived by global personnel. Working towards legitimacy helps MNCs to increase the level of trust extended by IAs (as well as all employees) to the MNC and to get a 'buy-in' to the duty of care provided. Howie (2009), for example, found that when terrorism emerges, managers need to have a role of counter-terrors in creating trust between all stakeholders and the MNC. However, building organizational legitimacy in the eyes of global personnel is made more complex and challenging due to the unknowns of whether, when, where and who may undertake terrorist-related actions.

The level and type of organizational support needed would subsequently vary according to the context of terrorism. As a response to these kinds of unknowns, this paper proposes that the endeavor of building organizational legitimacy needs to be applied in a holistic way, by assessing and preempting/responding to potential terrorist threats external to the organization, on a continuous basis. The foundation for this research continues these streams of research as MNCs can engage in the following to develop organizational legitimacy: (1) acknowledging that terrorism is/can be a real threat to MNCs and their host/home country environments; (2) extending an open line of communication with IAs and families about all external terrorism concerns; (3) generating and managing a terrorism preparedness plan for IAs and their respective families. In this vein, OLT strengthens our theoretical contribution as it integrates the individual and organizational perspectives and supports the development of a terrorism preparedness program that spans across a process rather than any particular point in time. Much like Lee (2016) recognized in her country-level study, we suggest that IAs (compared to foreign investors) make decisions by observing whether the MNC (compared to the host country) has the capability to deal with terrorism. These impressions and more are now presented and discussed in the following section.

#### Towards a terrorism preparedness program

In principle, an organizationally-embedded terrorism preparedness program supports the MNC's ability to take ownership of a problem that can potentially

negatively affect the existence of its global talent pool. Terrorism, as alluded to in this paper, is a series of continuous shocks to entire continents, individual nations, cities big and small, institutions/organizations inclusive of its staff, and individual civilians worldwide. No country, organization or individual is immune to the threat of terrorism. One way MNCs can safeguard themselves against imminent threats of global terrorism is to commit to the duty of care (Fee & McGrath-Champ, 2016; McPhail & McNulty, 2015) of its international employment base worldwide, and its IAs in particular. In this paper, duty of care refers to protecting the safety, security and general health and well-being of short-/long-term IAs and their dependents. By nature, legitimacy is manifested in MNCs' global duty of care programs.

Recent works by Claus (2009, 2011) suggest that the majority of MNCs are becoming increasingly aware about their duty of care responsibilities, although progress on taking action has been remarkably miniscule. It is suggested that the lack of planning and implementation of appropriate practices around the duty of care relative to safety and security or terrorism is wide-spread in MNCs, further highlighting the unknowns surrounding IA perceptions of MNC actions or inactions for that matter. Global mobility programs lack the urgency and may be overwhelmed by the complexity of generating a terrorism threat/activity support system worldwide. Although the statistics show that the chance of being attacked by a terrorist is significantly lower compared to, for instance, dying in a car crash (Shaver, 2015), it is also worthwhile to know that since the year 2000, the number of deaths due to terrorist activities has increased fivefold, leading to nearly 18,000 people in total in 2013 (Institute of Economics and Peace, 2014). These statistics show that although low in numbers, the reality is that terrorism threats and events are increasing at a rapid rate. IAs and frequent business travelers are exposed to this type of danger, making MNCs vulnerable to the expectations and inferences of IAs on this issue.

Although it used to be that the deployment to dangerous locations got the spotlight, the malice with regard to terrorism would appear to have a much greater wingspan now than ever before, covering the entire globe. We allude to the need for individual organizations for prevention against terrorism. This means that MNCs are challenged by balancing the requirement to incorporate preventative as well as reactive measures to terrorism that leads to duty of care measures extended to its IAs. MNCs must demonstrate their competence to manage global threats to terrorism in order to establish and maintain legitimacy in the eyes of its present and future talent pool.

A preparedness program has a better chance of working if embedded in a strong organizational culture (Harvey, 1982), which signals to employees that they are valued and that they matter. Moreover, global human resources as a strategic function has a social responsibility to ensure the MNC is sensitive and equipped to deal with global challenges – of which terrorism is one. Corporate human resource is the guardian of culture (Brewster, Sparrow, & Harris, 2005), and has a

responsibility to implement global values (such as the war against terrorism) and accompanying systems to 'fight for the cause' which would boost the employer brand across the organization and instill and perpetuate a culture of trust, collectivism, and ownership of communal/global issues. We assert that the duty of care extended by MNCs is a vital element not only for IA well-being, but also to ensure the legitimacy of the MNC as an employer of choice for global assignments.

Research has illustrated that the organizational environment such as is exemplified by corporate culture can be conducive to individuals' actions and that the corporation should expend much energy and resources to assure a positive corporate, ethical, and supportive corporate culture (Heames & Harvey, 2006; Jacobs & Scott, 2011). It is through the acknowledgment and collective support of new programs, policies and procedures that a terrorism preparedness plan can reach its potential. Doing so signals to present and potential future talent pool members that the organization acknowledges the threat of terrorism as real; it also shows that the organization is forward-thinking and proactive. As ample research has concluded, effective management such as is seen in proactive measures again terrorism would reduce assignment failure rates of IAs.

This paper does not promote a standard of global duty of care towards terrorism threats, but rather provides a set of guidelines that MNCs may wish to follow and modify to fit their global mobility program reach and structure. The preparedness program can help shed light on a convoluted issue. It can present an invaluable component to the well-being of IAs, which permeates into the well-being of operation, and MNC in whole. For those organizations contemplating the cost–benefit ration/analysis, these organizations should contemplate what it would be like to lose its top talent.

Based on the information presented in this paper, a terrorism preparedness plan would emphasize the relevance of the following: (1) to assess past and present situations of terrorism threats and the likelihood of threats occurring in the MNC's country operating locations, (2) to contemplate the level of global organizational preparedness or 'readiness' to respond to any threat or act of terrorism in these operating locations, (3) to manage global mobility programs according to data interpretation/analysis and readiness assessment, and finally (4) to track, analyze and modify global mobility practices longitudinally to reflect the status quo of terrorism threats and activities globally. Figure 1 explicates the four identified hurdles towards conceptualizing and eventually implementing a terrorism preparedness program. We specifically speak to hurdles rather than phases in this program due to the formative nature of each element.

#### Hurdle 1: external terrorism threat assessment

In line with Drucker's (1995) notion that one is not truly able to manage without adequate measurement of the problem, we propose that it is necessary to align the organization's mission to engage in and manage the war against terrorism with

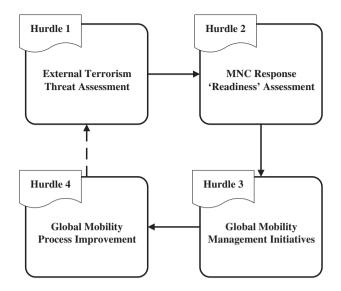


Figure 1. External terrorism preparedness program framework.

their ability to seek adequate information. In this vein, the first hurdle MNCs must 'jump' is that of scanning and identifying environmental, political and social changes that are likely going to have an impact on MNC performance. We make a case for identifying and evaluating external terrorism threats, and the potential these have on global talent management efforts. Making educated decisions on this front requires MNCs to obtain access to most adequate data to properly evaluate external threats and their potential to harm IAs, global assignment outcomes and global business operations in general.

Pertinent to this hurdle is the ability of MNCs to assess past as well as present situations of terrorism threats and evaluating the likelihood of threats occurring in the MNC's country operating locations in the future. Given the complexity of articulating terrorism threats, data has to be relevant and be retrieved from reliable source or sources. Continuity of data access is absolutely crucial. A triangulation of data taken from sources such as individuals (through their experiences), national efforts and what we propose herein, creative MNC methods, ought to generate a more objectively-subjectively balanced and informed assessment of terrorism threat. MNC decisions made with access to a continuous and reliable set of data can in effect increase the level of trust and acceptance extended by IAs towards the MNC.

International SOS, the world's leading medical and travel security service organization, has nearly two-thirds of Fortune Global 500 companies as clients, and has identified 141 countries (that is, 73% of countries in the world) as dangerous countries in which they presently operate (International SOS, 2016). Mexico, Nigeria, Afghanistan, India and Pakistan represent the five most dangerous countries. We observe parallel to this statistic that the most recent Brookfield Global Relocation Trends Surveys (2015, 2016) observe Mexico, Nigeria, and India (three out of the five) as not only top of emerging assignment destination countries, but those with the greatest challenges for assignees (pointing out safety and security concerns).

According to International SOS (2016), threats include terrorism and other forms of violence and crime such as kidnapping, hijacking, piracy, lawlessness, violent crime, opportunistic crime, and organized crime. Terrorism ranks as a medium threat, whereas road accidents or infectious diseases rank as high, while hotel fires or insurgency rank as low. Risk perception of terrorism is high in the construction and real estate, agriculture and agribusiness and aerospace and defense industry sector. All industries found the threat of terrorism to be at least ranked medium, including manufacturing, energy and natural resources, automotive, and logistics and distribution. Geographically, threats appear to be more likely in Europe, Middle-East/North Africa, and North America, although no countries in the world is presently excluded, as is visible by the media coverage of terrorism activities around the world.

The approaches to conquering this hurdle of data access and evaluation will differ across MNCs. It will differ due to financial, time and other resource constraints, subjectivity on the phenomenon and its relevance to global operations, as well as the leadership team. Whichever scenario it might be, we assert that the 'best' approach will be one which depends on the most creative processes that can result in legitimacy creation. In the book *Wise Beyond Your Field*, Napier et al. (2015) advise leaders/managers to be open-minded about learning from different fields to boost organizational performance. Performance in this paper is the ability to manage external terrorism threats in MNCs to which IAs hold the MNC accountable. Napier et al. (2015) suggests that stepping away from an entrenched routine to problem-solve can help MNCs realize the overlap in concerns and challenges faced by leaders from wildly diverse areas. Terrorism is a globally-perplexing conundrum and it would foolish not to explore approaches countering such a threat that go beyond common organizational knowledge.

Those MNCs which tackle this threat with urgency, discipline and endurance will be most successful at conquering this hurdle prior to proceeding with a rational and strategic plan. It is the duty of the employer to identify risks and threats in operating locations through a reliable set of sources. The process of accumulating this type of data is problematic at best, and therefore creativity is sought. Contingent upon an accurate threat assessment, the second hurdle is to assess organizational readiness relative to the identified level of threat exposure.

#### Hurdle 2: MNC response 'readiness' assessment

The second hurdle speaks to the MNC's ability to assess its level of preparedness provided an accurate understanding of perceived threats. It is possible that the threat, at the point of investigating hurdle 1, may seem so remote that MNCs find it too premature or even unnecessary to engage in a resource-intensive task such as creating and implementing a terrorism preparedness plan. Weighing the options, it is feasible for the MNC to put such a program on hold, if it is prepared to answer IA concerns otherwise. In lieu of a preparedness plan, hardship premiums may be continued, although it is questionable that those alone with suffice given the increase in international assignment destination belonging to so-called dangerous assignment locations. Having said that presently classified non-dangerous assignment locations are seemingly at risk as well (i.e. no one could have predicted the tragedy on Bastille Day in France where 85 innocent people lost their lives, among those 12 foreigners).

Without a plan, IAs are not safeguarded and exposed to heightened risk either in preventing, during or after a terrorism event occurs. Because organizational legitimacy is socially construed MNCs should promptly contemplate the level of global organizational preparedness or 'readiness' to respond to threats or actual terrorism activities in/around their operating locations. Some of the questions MNCs may ask is: How prepared is the organization to understand, evaluate and respond to identified and presently unidentified terrorism threats and terrorism activity? What is the protocol or common practice? How accepting is the organization of flexibility in their responses as the threat may evolve into something we can't possibly conceptualize today? The old adage 'one size does not fit all' applies here; over time, different terrorism threats require different responses. In the (unlikely) event, is the organization able to track IAs and their families? How? Likewise, is transparency in approaches desired and for whom? Who is leading these initiatives and does it makes sense from a resource commitment standpoint? What form do terrorism threat responses take? Are these culturally-driven, regionally influenced, or does the organization opt for one common overarching approach? What fits best? Why? The level of confidence in any of these questions and subsequent actions will determine the extent to which global mobility programs (or likewise HR systems) will enact and manage the perceived threats and thus the organizational legitimacy as perceived by IAs. Hurdle 3 speaks to the management of initiatives in global mobility programs and how these might deviate from those organizations not concerned with external terrorism threats.

#### Hurdle 3: global mobility management initiatives

Following the organizational readiness assessment, hurdle 3 speaks to the MNC's implementation of global mobility program initiatives that can help to physically and emotionally protect IAs and their dependents. With information from hurdles 1 and 2 at hand, global mobility programs are likely to see changes in implementation and management, and, although there is perhaps little direct/ obvious economic value added, the idea is to create legitimacy in the eyes of the talent pool to undermine the need to leave (referring to turnover and turnover intentions) due to the perceived lack of expertise of the organization to protect the workforce from external terrorism threats.

It seems that IAs already get much of the spotlight due to the involvedness of an international assignment; however, if there is an element important enough to be added to pre-departure assignment training it is that of safety and security briefings. As part of the pre-departure preparation component, we suggest MNCs to focus their attention on: building a platform for collective awareness and responsibility for the management of terrorism by engaging imminent IAs in a realistic preview of assignment location and potential hostilities, including any previous perceived or true experiences of threats that the organization has been exposed to. We are advocating transparency in process, which has shown to build corporate culture, trust and thus can be linked to organizational legitimacy development. Pre-departure preparation and training may also include expert presentations on the topic (listening and visualizing real and hypothetical situations), getting IAs involved in articulating hypothetical scenarios and possible contingency plans (i.e. How might communication channels be reestablished in case of Internet/phone lines going down in an entire country?), and thereby create a more vigilant, knowledgeable and astute talent pool and organization's culture.

Much like the organizationally-orientated preparedness plan, at the individual level IA's pre-departure 'readiness' assessment consists of targeted one-on-one discussions with IAs, addressing their concerns in terms of potential hostilities on assignment location. The time investment is accordingly gigantic, but a sensible approach to further anchor organizational legitimacy development. An online training module may not be out of the norm and could be extended to accompanying family members, as would be country-specific threat briefings. On-assignment assistance consists of real-time ongoing support, fostering an open communication policy about real (or perceived to be real) terrorism threats, as well as regular mandatory evacuation reminders and drills which MNCs may opt to pursue. Returning IA's, although knowingly plagued with typical repatriation challenges (Harvey, 1982) carry a responsibility to provide feedback on country-level terrorism concerns such that it can help inform the next cohort of IAs. These steps for all intents and purposes contribute to building ownership in duty of care across both the organization and individual persons, making it a multi-level effort much to the benefit of the organization. In sum, MNC actions arising in hurdle 3 is an illustration of their unique, context-specific interpretation of hurdle 1 and 2 threat and response readiness assessments, respectively. As a final point, hurdle 4 imposes a need to continuously improve responses.

#### Hurdle 4: global mobility process improvement

The approach to dealing with external threats of terrorism appears to be a most confronting for MNCs. For SGHRM policy makers, this represents challenges in not only defining terrorism, but in charting who is at risk and when and where they may be at risk, and what form the 'attack' might take. External threats of terrorism are hence fundamentally more risky due to greater proliferation of unknowns as firms are exposed to new dynamics due to being a small component of a significantly larger environment.

Global terrorism is no longer a phenomenon or something unusual. It is quite the opposite. By engaging in ongoing awareness building (exercised in ways described in hurdle 3), we are building interdependence among individual, groups/functions/departments, and subsidiaries. The greater the awareness and interdependence across the MNC, the greater is the chance for achieving collective power to counteract external terrorism threats. As a result, organizational legitimacy is actively built and can be maintained if subsequent exposures to threat are managed accordingly. It is through interdependence that we collectively understand the strengths of each other and each unit, and how we may combine these strengths to fight global terrorism threats, again highlighting how organizational legitimacy is socially construed.

We are advocating a sensible approach, not an approach that gives terrorism more attention than it already has. The caveat to having any type of terrorism preparedness plan in place is that activities of terrorism are by and large relatively unpredictable, despite tracking systems and vigilant lists. Building collective ownership of this issue is a good way to counter any uncertainty. And, the process of developing collective ownership requires a Kaizen approach: continuous improvements sought as the face of terrorism is unremittingly changing. As MNCs continue to compete for the best global talent (whether it'd be attracting or retaining it), an honorable terrorism preparedness plan is one way to differentiate one employer from the next; but only if it is done effectively. Although this line of preparedness might in this day and age still seem preposterous, we draw on Harvey (1993) to suggest that although some efforts have been extended by MNCs to counteract terrorism threats, much works remains to be done to match the smarts and pace of external terrorism threats. The best way to conquer uncertainty and risk is to be prepared for nearly anything, anytime.

#### Summary and conclusion

We highlight the fact that SGHRM departments lack in the preparation of their personnel whom they send overseas to understand and work with people in these often considered 'risky' locations. Exposure to terrorism threat and actual attacks among other factors heightens stress levels in IAs and can influence their work attitude and performance (Bader & Berg, 2014). Terrorism-related stress and strain can be moderated by perceived organizational support given and training provided, which means that IAs' well-being and performance will be directly affected by their perception of exposure to terrorist threats and activities. How they make sense of it all they will, in part, lie in the hands of the MNC. The paper suggests that organizational support can stem from a series of implemented proactive and reactive maneuvers taken to influence the overall well-being of IAs while abroad, meanwhile creating organizational legitimacy in the eyes of IAs.

Research on terrorism has used theoretical foundations such as, for example: about growth and investment from a country perspective on terrorism, from a MNC perspective on terrorism, TCE, social network theory and contingency theory; from a SGHRM or individual perspective, RBV of the firm, stress, SET and psychological contracts; and our research suggests that OLT should also be explored in regard to this phenomenon. OLT illustrates the importance of duty of care for current employees and well as attraction of new employees. A developed terrorism preparedness plan signals duty of care and engenders trust from stake-holders, and most importantly IAs (Ramirez, Madero, & Muñiz, 2015).

The types of terrorism vary significantly, the participants are always changing, and the places and times vary. For example, ISIS had been thought to be trying to incite individuals to stage small-scale attacks, possibly using knives or vehicles. It had been hoped that tougher laws had made the planning and execution of larger-scale 'spectaculars' next to impossible. However, after the 2016 Paris and Nice attacks and alleged plotting in Europe, counter-terrorism chiefs fear that ISIS has the capability and intent to stage a mass-casualty attack in the west (*The Guardian*, 2016). Moreover, Al-Qaeda released an audio speech calling on Muslims to reclaim their lost glory and dignity by attacking both MNCs and Western capitals (Jihadist News, 2015). Hence this terrorism preparedness program is hampered by so many contingencies.

Despite these knowns, we are confident that the program used by MNCs will prepare them to counteract a terrorist act and perhaps prevent it. The four proposed hurdles attempt to set guidelines for managers of MNCs to assess their preparedness for terrorism. A threat assessment needs to first prevail as there are different threat levels per country per region. Although terrorism does occur in other regions (i.e. France, USA, and Germany most recently), there are certain areas more prone for terrorism to occur. Secondly, the management must look internally to see if the firm, local managers, and IAs have been prepared and are able to respond. Thirdly, the global mobility program needs to include training and have identified the appropriate individuals living and working in a hostile environment. Finally, our program suggests a continuous improvement policy as new information is revealed and relayed to the program manager from IAs or from other external information. The program can then be appropriately adjusted per person and per location.

In summary, this paper illustrates a severe lack of both research and theoretical development in regard to SGHRM in the context of terrorism. There are many issues that have to be explored for successful programs to be developed, which must entail relevance and endurance due to the new harsh reality of terrorism and its effects on IAs. Similar to early research in regard to expatriation that explored how failure of an assignment created poor firm performance, but later trended to the value of IAs globally, terrorism research has not evolved into a theoretically well-founded research stream. Much work exists for this stream to develop in

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regard to terrorism and preventive programs, individual characteristics, family characteristics, among other elements.

For now, we have made an attempt to first of all provide an in-depth overview of the works related to terrorism in the international business domain. As such, our contribution rests on assessing the current body of research, develop an approach for MNCs, and to assist researchers in developing a stream whereby this phenomenon can be explored. Although our MNC preparedness program is broad, it encompasses all the key foci in regard to terrorism in international business as best as one can, since terrorism is random, unexpected, and individuals are prone to react differently. In closing, we present the reader with a selective set of FR ideas imminently important to extending our understanding the individualand organizational-level prior to or immediately after a terrorist event in which the MNC or its IAs are involved.

#### Pre-terrorism attack

- FR<sub>1</sub>: Development of a terrorist training programs for global managers/family on how to survive a terrorist activity (i.e. kidnapping, bombing, etc.).
- FR<sub>2</sub>: Development of a corporate level antiterrorist team (e.g., a 'Delta Force') to serve as a public relation deterrent for terrorist attacks and at the same time be ready to travel to assuage damage.

#### Post-terrorism attack

- FR<sub>3</sub>: Development of physiological/medical programs to address the stress that can/ will occur for global managers *after* a terrorist attack.
- FR<sub>4</sub>: Development of a public relations team to debrief the public and organization in the aftermath, and deal with any negative publicity that could/will occur during/ after the terrorist attack.

While this is not an exhaustive set of FR ideas that could be taken in regard to global terrorism and IAs, the organization and manager could through these measures become better prepared than their domestic counterpoints. Terrorism threats are going to continue to occur and grow in severity to the point that terrorism programs and training will become normative behavior rather than the exception. The present lack of research may be because until recently, terrorism has occurred, but not at level of extremity. Researchers need to be focused on this topic, as it is predicted that this is the new norm of global business, provided that terrorists continue to easily access mass methods at relatively low costs (i.e. car bombs, weapons, suicide vests, and others). This topic, though underexplored in the past, requires a wealth of new research and theoretical development.

#### **Disclosure statement**

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