Causes and Impacts of Crisis in Kurdistan Regional Government Managing Natural Resources

Rekurd S. Maghdid[12]and Badariah Haji Din[3]

Abstract--- Natural resources have formed a significant impact the economic growth and political stability, especially for the new governments. Nonetheless, lack of good governance of these resources creates political issues and economic crises. Kurdistan Regional Government(KRG) is one of the examples that is faced by issues and challenges because of lack of good governance of natural resources. Due to effectiveness of natural resources, many scholars conducted studies on the political, economic, administrative and legal dimensions of the natural resources. Therefore, the purpose of this paper is to discuss issues and crisis faced by Kurdistan Region due to KRG managing natural resources. The paper explains how KRG has started working in the natural resources sector and analyzes the political and economic fluctuations caused by managing this sector. Moreover, the main impacts of the crisis on the public and private of sectors Kurdistan Region are illustrated. Finally, the paper ends by designing some conclusions and identifying areas to be taken in consideration for further research.

I. INTRODUCTION

Oil and gas are two important types of natural resources that have great influence on the world economy and politics [32]. Nowadays, oil crude is one of the most negotiable matters in the world. The fluctuations of oil prices affect the macro and micro-economics of all the countries around the world. The Economy of many countries like United Arab Emirates, Qatar, Bahrain, Saudi Arabia, Kuwait, Iraq and some other countries are oil dependent [4]. Therefore, development of such countries depends on the changes that affect oil. Apart from advantages of oil in economic growth and political agreements, the natural resources negatively affect some disputed territories and create threat of conflicts [15]. Middle East, for example, is one of the most significant oil-rich territories in the world having serious economic and political issues. In 1970s, Iraq encountered an increasing growth in economy and stability in politics owing to the advantages of natural resources [72]. Nonetheless, the territorial disputes and unwise governance led the country to wars and poverty [6]. Kurdistan Region as an autonomous, de facto state, region in the north of Iraq, is also an oil dependent entity and thus faced by political and economic crises.

[1]*Department of Administration and Economy, Faculty of Humanities and Social Sciences, University Park, Koya-Erbil, Kurdistan Region-F.R., Iraq. E-mail: rekurd.sarhang@koyauniversity.org*
[2]*School of Government, College of Law, Government and International Studies, Universiti Utara Malaysia, 06010 Sintok, Malaysia.*
[3]*School of Government, College of Law, Government and International Studies, Universiti Utara Malaysia, 06010 Sintok, Malaysia. E-mail:badariahdin@uum.edu.my*

II. HISTORICAL BACKGROUND OF THE KURDISTAN REGION

Kurdistan Region, officially called Kurdistan Region of Iraq, is an autonomous region in the north of Iraq. The autonomy of Kurdistan Region dates back to 11 March 1970 agreement between Kurds and Arab Socialist Ba'ath's cabinet [55]. Before the 11 March Autonomy agreement several revolutions held by the Kurds so as to get independence from Iraq. Nevertheless, after four years, the Iraqi government retreated from the agreement of autonomy right in 1974. In addition to that, the Iraqi authorities continued in violating human rights against Kurds for more than a decade and a half [24]. Consequently, revolutions and armed conflicts occurred between Iraqi Army and the Kurdish Peshmarga, those who volunteered themselves to defend Kurdistan.

After Kurdish rebellion against Iraqi government for more than a decade, the uprising of Kurds took over in March 1991 in the northern Iraq against Saddam's regime [67]. In the meantime, the United Nations Security Council passed the Resolution 688 ordering the Iraqi government to stop campaigns against Kurds [70]. The resolution guaranteed non-fly zone area in the North of Iraq. Therefore, the Kurdish Peshmerga, succeeded in pushing out the main Iraqi forces from the northern governorates [55]. Consequently, the three governorates of Erbil, Sulaymaniya, and Duhok became components of the Kurdistan Region which comprises 46,861 square kilometers with a population of 5.9 million (newest estimation) [49]. Although the Kurdistan Region has been an autonomous region inside Iraq, the Region was welcomed by the international community as a de facto state [68].

Following the collapse of Saddam's regime, the Kurdistan Region entered a new era in administrative, political and economic aspects [47]. There are three main factors of this change, such as the world economy saw several fluctuations due to economic crisis and rise of oil price, USA existence in the territory, the weakness of the central government in Baghdad, and the reunification of the two KRGs [53]. Due to the American invasion to Iraq in 2003 the oil price raised because of the shortage of Iraqi exportation of oil and the world economy was faced to economic crises, so the neighboring countries like Turkey needed Kurdistan Region's oil and gas. The US existence in the region became a great support to Kurds to act as a de facto state. Furthermore, after the collapse of Sadam's regime no political party could lead the Arabs in the middle and south of Iraq.

Although the establishment of the Region dates back to 11 March 1970, the Kurdistan Regional Government was established in 1992 [43]. Kurdistan Region is not a stable state with low level of democratic decentralization and governance. The Region has a secular system with the Majority of Muslims and minority of Christian, Yezidi, and other religions. The majority of the population is Kurd with minorities of Arabs and Turkmens. Most of the people live in the urban areas. Kurdistan is affected by the Iraqi genocide (Anfal) campaigns in the 1980s and Iraq-Iran war.

Further, after two years of the establishment of the government, main parties, Kurdistan Democratic Party (KDP) and Patriotic Union of Kurdistan (PUK), run a civil war against each other about administration of the revenues. Consequently, the government was divided into Kurdistan Democratic Party controlled Regional Government in Erbil and Patriotic Union of Kurdistan controlled Regional Government in Sulaimaniya[24]. By the collapse of the regime, the two governments in Kurdistan Region (Erbil and Sulaimaniyah KRGs) were reunified [61].

III. CONCEPT OF CRISIS

Krisis is a Greek word from where the sound crisis appears, expresses pronouncement or selection. It depends on the variety of usage, according to the topic of the researcher's method. Crisis is an antithetic state which used only in negative situation [59]. Because of having no specific explanation of organizational crisis, researchers are divided in their opinion [31, 29, 66, 51, 18]. In the point of view of each scholar, the definition of crisis depends on the dimensions of crisis. Some researchers and practitioners relate the definition of the concept to time, or place, or victims, or solutions, or outcomes or even size of the damage.

The followings are the list of definitions:

1. Crisis is a turning point in which an organization leads to better or worse [31].

2. Crisis is a serious case with a strong negative result hampering an organization, company and the existing stakeholders, products, services or the fame of the organization. It hinders usual trade performances and foretells the persistence of the organization at the same time [29].

3. Crisis is a particular, accidental and unusual corporation based circumstance or string of states that occurs extreme uncertainty and threat or perceived threat to an organization elevated priority target [66].

4. Crisis is an event having potential of impact on the whole organization. Meanwhile, it can be classified as a major crisis only when it affects a big part of a corporation [51].

5. Major crisis is termed as a huge number of human lives, economics, property, fame, regular health as well as well-being of a Corporation. The performance of a Corporation become affected and it hampers the result when it becomes realized an unpredictable state that threatens important prospect of publics [18].

One of the main resemblance definitions of the crisis is that crisis is the result of an event or state that negatively affect the prosperity of an organization. Moreover, the similar elements, such as realization, probability, not expected, and threat are being used in the definitions. Actually, crises are mostly not observed, they take place abruptly but they hinder the pace of the regular actions of an organization and also interrupt the functionality. Because of having potential of undesirable result, crises are seen as a threat to the organization. In addition, threat is another name of damage [17].

Coomb (2007) and Seeger et al. (1998) become agreed on providing more holistic definition as they suggest that the crisis is perceptual, affects performance, unexpected, threatening organization and full of uncertainty along with negative results. Additionally, crisis is considered as "a serious threat to the basic structures or the fundamental values and norms of a system, which under time pressure and highly uncertain circumstances necessitates making critical decisions" [65].

Alsamary (2014) clarified that the obstacle comes and nobody knows how to handle the situation and how to treat since it is thought that crisis is a threat of astonishment by one way or another unworried welcomed by the light of a few indicators. Threat, perhaps, is a natural situation like floods, storms or earth quake, or economic or a political movement like in the Arab Uprising (Arab Spring), or financial crises or can be somehow minor at the level of organization [5]. Furthermore, scholars have proposed that the matter "when" is important in the concept of crisis

not the existence of the organization. It is crucial to be ready to respond crisis because it happens despite having the active prevention programs [30]. Person and Clair (1998) have Illustrated that as a low-possibility rate, high-impact situation threatening the durability of the community and also defined by the doubtfulness of the reason, impact and ways of resolution, since there is a firm belief that decisions must be made readily.

With the possibility of high level of risk the concept of crisis reflects an unexpected event that generally ends in unwanted consequences. Crisis often puts organizations into ill repute that endangers the organizations' normal growth as well as menaces their survival [20]. Although, some of the crises can be prophesied such as economic, financial or military situations, oftentimes crisis happens when there is minimum expectation, most of the crises have a low occurring probability [21]. It has a possibility of being extremely consecutive, risky with an extreme level of uncertainty, and worry originated between the stakeholders. Managing crisis is not an easy process for it can create anxiety within or between the organizations because of media scrutiny [42; 35] also constitute a threat to government or political party's legality and potential [64].

Crisis podromes become hurtful threats to the system settlement and the legality in the public organizations [66]. The aftermath of crisis may not only have impact on the inside of the organization such as employees, stakeholders and products, but also affects externally such family members of the victim(s), competitors, market share or even the environment either locally or globally. By and large, a crisis will not only affect the organization caused it, but also some other organizations that have direct relations with it.

It is expanded by Coombs (2007) that crisis is a state that gradually interrupts a diverse event or a portion of greater systems of organizations. Nikolaev (2010) [54] asserted that crisis appears, arises and finishes and for that it lasts for a while since, it is not a one moment circumstance. A firm can be accused only when it is viewed some act that is accountable otherwise it won't be rational to accuse it, whatever it happens [10]. The last definitions of Coombs (2007) and Nikolaev (2010) [54] is going to be adopted for this study as crisis takes time to happen, grow and to complete and also it is a part of a bigger system of each organization.

IV. CAUSES OF CRISIS

Knowing the cause of crisis lets managers find proper and easiest solution with less time and effort [73]. Nonetheless, researchers in crisis argue different reasons and sources of crisis due to the nature of the crisis, its scope, location and time of occurrence. Some scholars suggest that the type of crisis identifies the reason of crisis as the nature of most of financial, economic and political crises have the same features and the same sources [3]. In the meantime, the first three reasons are regarded as lack of good governance[37]. In general, through the opinions of the most of researchers, most crises can arise as a result of the following 10 reasons (the reasons of crisis are fragmented; the followings are taken out from the perspectives of different scholars):

A. Misunderstanding

It refers to an error in receiving and understanding the information available on the coming crisis facing the organization. Several factors create misunderstanding of the issues that the organization encounters, such as: lack of

information and warning signal of the issue [17], inability to collect the information, or inability to link information to the crisis, and interference and confusion of information and conflict of the sources of the prodromes[75].

B. *Misjudgment and Misestimating*

Misjudgment and Misestimating means that information gives contrary value, appreciation and meaning to the reality. They are among the most common causes of crises in all areas, particularly in political and military areas [57]. Misjudgment and Misestimating include: exaggeration of the information about the crisis, excessive self-confidence or high expectation, influenced by fake slogans (such as we are the best, we are the strongest), underestimating other parties in the crisis, and lack of reasonable analysis of information on the crisis [28].

C. *Mismanagement*

This type of management is the most dangerous to the administrative entity because it causes destruction of the organization's capabilities. Perhaps, this explains the causes of the administrative crises in the organizations of the Third World countries. When the organizational structure or the governmental system deteriorates, it should be expected that disasters and crises occur [50]. Some crises arise due to random management, lack of strategic planning and lack of communication (or administrative conflict) between departments or managers [19]. Nonetheless, apart from strategic plan and effective communication, an active follow-up or scientific control is needed [38]. Moreover, lack of guidance for orders, information and lack of coordination threatens the status of the organizations.

D. *Clash of Interests and Goals*

When opinions or interests and goals differ, conflicts arise between individuals or between departments or between managers, which may lead to disasters and crises [45]. Each party sees this work from its angle, which may not be compatible with the other party. Each of the conflicting stakeholders works to find a means of pressure to suit their interests. Several reasons create clash of interests and goals. Firstly, differences in the culture and personality of the parties to the conflict as well as differences in organizational, cultural, gender, type, and income backgrounds. Secondly, lack of mutual respect and disrespect for power lines and organizational relationships. Thirdly, the absence of mechanism and system in solving disputes [16].

E. *Human Faults and Lack of Experience*

It means mistakes due to the inability, lack of experience or willingness of the parties to the crisis to deal with the realities of the crisis [21]. In general, Lack of experience in the project and inappropriate professional qualities put employees, managers or the organizations in trouble, leading the organization to the risks and crises [63]. Moreover, lack of focus on work and ignorance can repeat human errors. Therefore, adequate study for the job is needed to cope with the nature of the crisis.

F. *Rumors and Sensations*

Rumors are recruited in a certain way, and therefore they are surrounded by a series of false information, announced at a certain time, within a specific climate and environment, and through a specific event that triggers the

crisis. Rumors and sensations are the outcomes of confusion of officials, climate with limited information and mass tensions [14].

G. *Desire to Extortion and Power Exhibition*

The lobbyists, as well as the stakeholders, use such methods in order to reap the unfair advantages from the administrative entity. Ivlevs and Hinks (2015) argue that interest groups' style is to create successive crises in the organization and create a series of crises that force the decision makers to obey their interests. The interest groups expose the leaders (top management) to psychological, physical and personal pressures due to the existence of conflict of interest and the desire to destroy others or destroy other organizations so as to show power in front of others [11, 23].

H. *Lack of Trust*

Lack of faith in others and lack of confidence in people working around the organization, and may inspire lack of trust in the whole system, such as lack of confidence in the senior management or organization [41].   Some scholars suggest that lack of trust originate from low income, low morale or motivation as well as lack of interest in work [33]. In addition to that, other scholars such as [52]belong trustless to tyranny and dictatorship in administrative work, concern and fear of the actions of the regime and appeasing presidents and resorting to political tricks.

I. *Intentional or Planned Crises*

Sometimes the top management and leaders try to produce problems and crises to camouflage larger crises. It is an attempt to distract from a real crisis by triggering imaginary crises [76]. In the developing countries, authorities plan to make troubles and crises to gain achievements immorally at the expense of others. That is, people are to be busy to solve the new crisis, neglecting the real crisis.

J. *Wars and Conflicts*

It has been experienced that wars and conflicts can affect countries' governance procedures. Some crises emerge due to the chaos originating from the wars and conflicts appeared in the country [44]. Apart from the destructions that wars bring, they need financial supports to continue. Furthermore, the aftermath of conflicts remains for a long time by which the organization can be easily affected due to the shortages in other sectors [8].

V. IMPACTS OF CRISIS

Each crisis has specific outcomes according to the circumstances and causes that the crisis rise in. Most of crises have sever effects on the future of the organization. The concept of crisis is mostly translated as dangerous and frightening. Nevertheless, some scholars argue that leaders and managers can take benefit from crisis as crisis has lessons for the future circumstances.

A. *Negative Impacts*

Seeger *et al* (2005) declared that crisis is a fundamental prolongation or breakage of organizational durability as well as status quo. Out of this description set up that crisis has harmful consequences on the organization settlement that run to an important question whether or not the Organization would manage to keep it on after crisis incident.

The impacts of crisis can be both long or short term, according to the shape of the faced problem. Regardless of the type of the crisis that occurs, the damage is always boundless. During serious crises the consequences are acute and the cost is the organization's existence. Similarly, It is commonly decided that a crisis has a psychological [13], economic and financial [2], political [11] and administrative impacts on the organization [2].

Coombs (2007) declared that crisis is the access that impend huge surmise of stakeholders also can affect the organization activity. According to this definition, crisis can impact the employee performance. While the crisis strikes, employee become discouraged, at the same time accuse the morality of the administration. Thus, the result of a crisis can be scaled on violent pledge and comprehended institutional support by realizing to what extent they took their organization is liable for the crisis situation. During the crisis, institutions and participants of the organizations want their rulers to mitigate the influences of crisis at hand, whereas pundits and bureaucratic opponents attempt to abduct the condition to impeach the policies of administration leaders.

Crisis is a circumstance which charges finance as well as time that continuously insists organizations ignore it through reacting properly to save capital, human beings and their worthy concept [38]. Therefore, the KRG leaders have attempted to find solutions but very slow in their efforts [9]. In serious conditions decision-makers are, somehow, obliged to set up an emotion of order cherish combined learning from the experiences taken from previous crises. In the confrontation of crisis, top management should cope with strategic provocations that the organization faces, the economic and political threats and chances that the organization encounters, the mistakes leaders make, the inaccuracy top management need to turn away, and the ways distant from crisis they may look for.

The need for administration is sometimes more important with the presence of a whole day news reports cycle and a progressively internet savvy public with constantly shifting technology. Public authorities have an extraordinary liability to aid protecting community from the sluggish outcomes of crisis. Scholars in crisis management sight to disquiet themselves with all stages of crisis, the trimming position, the onset and the aftereffects [12]. Leadership of crisis management, by then, engages five complex duties, sense making, decision making, and meaning making, termination and learning. In fact, some of political theorists regarded this to be one of the main responsibilities of governments [25].

B.   *Positive Impacts*

Although the results of crisis are always negative, there is still a little chance of positive consequences. This is known as 'Silver Lining Effect'[66]. Augustine (1995) [7] stated that most of the crises take on into itself the seeds of opportunity of success along with the bulb of defeat. In another meaning, Rosenthal *et al.* (2001) claims that crisis is described to have both elements that comprise risk and chance to the organization. In essence, leaders of organizations can utilize crisis as risk to their organizational advantages and chance to search new fields of progressing their organization by using public and internal relations [26]. Within the dynamic positive outcomes when a crisis strikes are: leaders appear, new concepts are raised, modern policies are identified and latest strategies are implemented [2]. In the time of crisis, changes are inescapable and at times violent. Good organizations deal with unlucky situations as opportunities to make instant mutations and thus shift the result from worse to better.

C.   Administration and Marketing of Kurdistan Region's Natural Resources

The Kurdistan Region's natural resources include oil and gas. Since the Iraqi government and KRG have focused on oil and neglected gas industry, the article's concentration is going to be on oil rather than gas. Iraq and Kurdistan Region are among most oil-rich countries, number five in oil reserves [27]. According to OPEC Annual Statistical Bulletin (2017), Iraqi oil reserves have been considered as the fifth-largest proven oil reserves in the world, with an estimation of more than 140 billion barrels. Iraq's economy has been dominated by natural resources. In Iraq, oil constitutes more than %94 of exports which has negatively affected countries economic development [56]. Due to lack of real reform, oil domination on Iraq's economy and not planned-well budget Iraq suffers from corruption, poverty, unemployment, and political conflicts, although Iraq has got a very huge revenue after 2004 [40]. This is the same case of Kurdistan Region as the region has a constitutional status in the new Iraq.

According to the Iraqi new constitution, the KRG has the right of signing natural resources contracts but with the acceptance of the Iraqi government [36]. Development and administration of the natural resources of Kurdistan Region is the Ministry of Natural Resources responsibility according to Kurdistan Region's Oil and Gas Law (Law No. 22 of 2007), which entered into force on August 9, 2007 [60]. The KRG Ministry of Natural Resources claims that they have the right of administrating the natural resources according to the Iraqi constitution in accordance with the articles 111, 112,115 and 121 [48]. Nevertheless, the articles 112, 115 and 121 of the Iraqi constitution are elastic. That is, these articles give the right to both Iraqi government and KRG to have the intention of controlling the dossier.

Consequently, after the reunification of the KRGs, Kurds started thinking of the Oil dossier. From 2006 to 2018 the KRG signed more than 60 energy contracts with many oil and gas local and international companies such British Petroleum, Gasprom, Exxon Mobile, Genel Energy, Dana Gas, DNO, Total, Chevron, Gulf Keystone Petroleum, Westren Zagros Resources, Aspect Energy and so on [46]. In addition to that, Kurdistan Region's intentions have not restricted to only signing contracts about oil drilling, the KRG has exceeded the limitations and started to export oil unilaterally [36].

The KRG has had two marketing methods to sell the oil; local and international methods. For the local, after lifting crude oil to main oil refineries the oil derivatives were sold at formal auctions [48]. Before 2010, the Ministry of Natural Resources has started exporting oil by tankers through Iran and Turkey. Nonetheless, at the beginning the Iraqi government did not take important consideration to this trade because the KRG could not export too many barrels of oil [9]. Later by 2013, the KRG completed the Kurdistan pipeline that Stretching over 970 kilometers from (TaqTaq) oilfield through (Khurmala) oilfield and (Duhok), then to (FeshKhabur) on the Turkey-Iraq border, by where the Kurdistan pipeline was connected to the Kirkuk-Ceyhan pipeline [53].
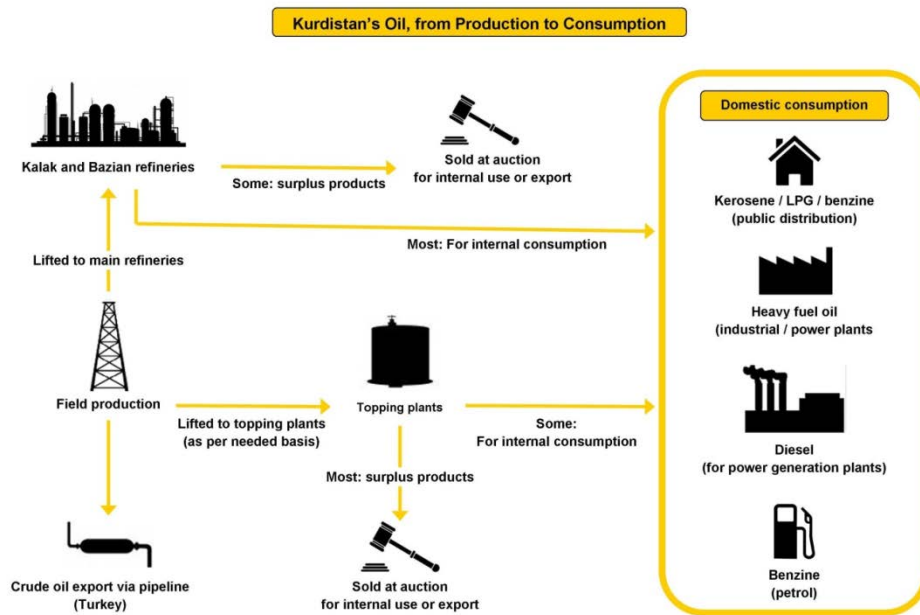
Figure 1: Production and Marketing of Kurdistan Region's Oil.

Source: Ministry of Natural Resources of Kurdistan Region

VI. CAUSES AND OUTCOMES OF THE CRISES EMERGED FROM KRG MANAGING NATURAL RESOURCES

The negative outcomes of the misgovernance in the Middle Eastern countries led the countries to greater issues and then these issues became crisis. Crisis is defined as a negative situation in which an individual or a government or the international community cannot cope with the changes. It is considered to be a destructive and unwelcomed change in politics, economy, education, security and many other sectors, starting with little risk warnings [25]. The political issues in Yemen, Egypt, Syria, and Iraq have had potential to create unwanted and disastrous outcomes. Economic, financial, security and refugee crises occurred because of the political issues. People in these countries have been fleeing from economic situations, lack of security and political instability [71, 74]. Therefore, man-made crises are basically interwoven, moving in hierarchy, and causing one another.

After the collapse of Ba'ath's regime, a new constitution was ratified in Iraq in 2005. The Federal status to Kurdistan Region with many administrative rights was recognized by the Iraqi new constitution. The KRG claim that according to articles 111, 112, 115 and 121 of the Iraqi constitution, it is the regional governments' right to sign contracts [48]. Nevertheless, the issues between KRG and the Iraqi government have not terminated. Recently, two fundamental issues exist, natural resources and the disputed territories. According to the Iraqi new constitution, the KRG has the right of signing the contracts. Therefore, from that time Kurdish politicians, mainly PDK and PUK authorities, started thinking of the natural resources dossier including exporting oil. The main reason behind KRG's tackling the natural resources belongs to the historical above mentioned issues between Kurds and Iraqi governments. Kurds have tried to get independence in the economy and get open gates to the international markets as an attempt to get total independence in the future.

The KRG-Iraqi issues entered a new epoch that have administrative, economic, political and legal dimension. Nonetheless, the KRG has exceeded the limitations and they started to export oil unilaterally [36]. Following the KRG contracts with the energy companies, as a result, conflicts between Iraqi government and the KRG started to boost out. The Iraqi government claimed that the contracts are illegal since they have not given the acceptance [36]. The KRG, by contrast, have had a different understanding towards the Iraqi constitution claiming that the constitution gave Kurdistan Region the right of signing oil and gas contracts. Therefore, the KRG continues signing new contracts and works in natural resources sector without having an agreement with the Iraqi government on the issue until now. Beside the historical issues between Kurds and the Iraqi governments, most of recent political, economic, financial, and internal issues in the Kurdistan Region originated from the KRG policy towards administration of the oil and gas dossier after the collapse of Sadam's regime [1].

Later by 2013, KRG completed the Kurdistan pipeline stretching from (TaqTaq) oilfield through (Khurmala) oilfield and (Duhok), then to (FeshKhabur) on the Turkey-Iraq border, by where the Kurdistan pipeline was connected to the Kirkuk-Ceyhan pipeline [53]. Although Turkey has potential issues with the Kurd minority in the South-East of the country, supported and let KRG to stretch the pipeline inside her country. This is because Turkey needed new and cheap sources of energy. Further, Turkey could take economic advantage from the natural resources sector of Kurdistan Region, both in exporting and investment of oil farms [53, 58]. The Iraqi government, in return, declared that this pipeline should be under the control of the federal government in Baghdad or it would be considered as illegal. By the refusal of KRG to hand over the administration of the pipeline, the Iraqi government has made an official complaint against Turkey and KRG. In addition to that, the Iraqi government cut off sending budget %17 shares to the Kurdistan Region [47].

Although several meetings between Iraqi and KRG authorities were held in Baghdad and Erbil, both parties did not come in to an understanding. As a result, the Kurdistan region encountered a financial crisis to the extend the KRG could not pay the employee salary. Most of Kurdistan Region's accumulated issues that led to the Region to fundamental crises occurred in 2014 and lasted almost 4 years. Firstly, the Iraqi government did not send the Kurdistan Region's budget share. Secondly, oil price started to dramatically fall down. Thirdly, the ISIS (Islamic State in Iraq and Syria) (a terrorist group) attacked Iraq and Syria, thus, the ISIS occupied many Kurdistan Region's oil farms [34]. Fourthly, due to the ISIS attack to Northern Iraq, several international oil companies left the Region. Finally, a wave of Iraqi and Syrian refugee's fled to Kurdistan Region and this affected the economic situation of the Region. Therefore, the Kurdistan Region encountered a critical security, economic and financial crisis along with the political issues with the Federal Government of Baghdad.

After American conciliations, in the end of 2014, negotiations between the two governments started over from scratch. The Iraqi government accepted to send the Kurdistan Region's %17 budget share and reciprocally the KRG must have given the Iraqi Oil Marketing Company (SOMO) 250,000 barrels a day [22]. Later in 2015, both parties accused each other of lack of commitment to the agreement. Neither KRG delivered the amount of oil to SOMO, nor did the Federal Government send the Kurdistan Region's financial rights [22]. As a result, political conflicts between the Federal Government and KRG have continued and the situations in the Region were getting worse until 2018.

During these four years, many fundamental events have happened in the Kurdistan Region. The public sector of the Region was about to collapse due to phenomenon of demonstrations, corruption and bribery because employees have not been paid 5 months a year. In the meantime, the Kurdistan Region's president, Masu'dBarzani, declared to hold a referendum in 2014 on succession claiming that tens of Iraqi constitution articles are as well as Iraqi Prime Minister, Nouri Al-Maliki's aggressive reactions against Kurdistan Region [62]. In response, the Iraqi, Turkish, and Iranian government lobbied to force the Region so as to refuse or postpone the referendum, but the Kurdish officials held the referendum in 25 September 2017. By 2018, the International Monitory Fund (IMF) obliged the Iraqi government to pay the KRG an amount of budget share (317 million dollars) to pay the employees' salaries [69]. Although the financial crisis was mitigated for one year, still the KRG economic and political crises have not been solved yet.

After American conciliations, in the end of 2014, negotiations between the two governments started over from scratch. The Iraqi government accepted to send the Kurdistan regions financial rights and reciprocally the KRG must have given Iraqi Oil Marketing Company (SOMO) 250,000 barrels a day [22, 39]. Later in 2015, both parties accused each other of lack of commitment to the agreement. Neither KRG delivered the amount of oil to SOMO, nor did the Federal Government send the Kurdistan region's financial rights [22]. Therefore, political conflicts between the Federal Government and the KRG have occurred and the Kurdistan region encountered a critical economic and financial crisis along with political issue with Federal Government of Baghdad.

To conclude, the Kurdistan Region was faced by several legal, political and economic issues due to KRG mismanagement of the natural resources. It can be concluded that most of the mentioned general causes of crisis in section Five can be measured as the reasons of the crises occurred in Kurdistan Region. That is, misunderstanding in the circumstances, misjudgment and misestimating of information that gives contrary value, appreciation and meaning to the reality, mismanagement of the resources of Kurdistan Region, clash of interests and goals between Iraqi and Kurdistan Regional governments, KRG lack of experience in managing natural resources sector, desire to power exhibition behind KRG authorities, lack of trust between KRG and Iraqi government, intentional and planned crises to forget or minimize greater crises from both KRG and Iraqi government, and finally wars, terroristic attacks and armed conflicts in Iraq are the most influential reasons behind the crises that have encountered in Kurdistan Region.Consequently, due to political and economic crises that boost out after 2014, the Kurdistan Region was faced to sever disasters. Both public and private sectors of the Kurdistan Region were negatively affected.

VII. CONCLUSION

Because of the constant changes in the nature, place, time and other circumstances of the crisis it is difficult to give a specific definition to the concept, or define an appropriate reason to the crisis, or find negative/positive effects of the crisis. Furthermore, finding causes and impacts of crisis in KRG managing natural resources is very difficult for lack of transparency in this dossier. Finally, there are few studies related to crises emanated from KRG managing natural resources for the issue is new and getting information about the natural resources of Kurdistan Region is difficult.

These days, due to the importance of the subject, scholars are conducting research on many types of crises that have been encountered in the world.Crisis has a very important role in the growth and existence of organizations. Due to this significant role, many studies have been conducted on the crisis. To know the prodromes of crisis, is more important than solving the crisis because when the prodromes appear, organizations can prepare for preventing crises to happen. Although the prodromes of crisis have occurred in managing natural resources in Kurdistan Region, the KRG have not taken any consideration to these signals. As a result, sever threats have been encountered in the region. Therefore, organizations and governments should take actions to the early stages of crises.

Organizations should make more studies on the prodromes of issues so as to set mechanisms to prevent crises or at least to deal with the crises when they occur. Crisis management is a strategic process that should be focused so as to defy the challenges of crises. The natural resources are instruments for economic development. Nevertheless, lack of strategic management of the sector may have dangerous consequences. Therefore, for the future, there should be studies on how to struggle with the risks so as not to become crises, as well as setting mechanisms to prevent crises to have severed outcomes or to deal with the events during the crisis time.

REFERENCES

[1]   Ahmed, M. M. (2016). *Iraqi Kurds and nation-building.* Springer.

[2]   Alkhawlani, M. A. (2016). *The impact of the leadership styles on crisis management: A study at Yemen private and public institutions.* Doctoral dissertation, Universiti Utara Malaysia.

[3]   Allen, F. &. (2010). An overview of the crisis: Causes, consequences, and solutions. *International Review of Finance, 10(1)*, 1-26.

[4]   Al-Maamary, H. M., Kazem, H. A., &Chaichan, M. T. (2017). The impact of oil price fluctuations on common renewable energies in GCC countries. *Renewable and Sustainable Energy Reviews*, 989-1007.

[5]   Alsamaray, H. A. (2014). Impact of leadership styles on crisis management according to module H. *European Journal of Business and Management, 6(2)*, 37-44.

[6]   Arefian, F. F. (2018). The Relationship Between Urban Governance, Disaster Management and Reconstruction Trends in Iran. In F. F. Arefian, *In Organising Post-Disaster Reconstruction Processes* (pp. 83-103). Cham: Springer.

[7]   Augustine, N. R. (1995). Managing the crisis you tried to prevent. *Harvard Business Review, 73(6)*, 147-158.

[8]   Balabanova, E. (2017). *Media, wars and politics: Comparing the incomparable in Western and Eastern Europe.*Routledge.

[9]   Bayiz Ahmad, A., Liu, B., &Saleem Butt, A. (2019). Predictors and Outcomes of Change Recipient Proactivity in Public Organizations of the Kurdistan Region of IRAQ. *International Public Management Journal*, 1-29.

[10]   Benoit, W. L. (1997). Image repair discourse and crisis communication. *Public relations review 23(2)*, 177-186.

[11]   Boin, A., Stern, E., &Sundelius, B. (2016). *The politics of crisis management: Public leadership under pressure.* Cambridge University Press.

[12]   Boin, Arjen, Allan McConnell, and Paul'T. Hart, eds. (2008). *Governing after crisis: The politics of investigation, accountability and learning.* Cambridge University Press.

[13]   Braverman, M. (2003). Managing the human impact of crisis. *Risk Management, 50(5)*, 10-14.

[14]   Carlson, M., Jakli, L., &Linos, K. (2018). Rumors and refugees: how government-created information vacuums undermine effective crisis management. *International Studies Quarterly, 62(3)*, 671-685.

[15]   Colgan, J. D. (2015). Oil, domestic conflict, and opportunities for democratization. *Journal of Peace Research, 52(1)*, 3-16.

[16]   Comfort, L. K., Sungu, Y., Johnson, D., & Dunn, M. (2001). Complex systems in crisis: Anticipation and resilience in dynamic environments. *Journal of contingencies and crisis management, 9(3)*, 144-158.

[17]   Coombs, W. T. (1999). Information and compassion in crisis responses: A test of their effects. *Journal of public relations research, 11(2)*, 125-142.

[18]   Coombs, W. T. (2007). Attribution theory as a guide for post-crisis communication research. *Public Relations Review, 33(2)*, 135-139.

[19]   Coombs, W. T. (2014). *Ongoing crisis communication: Planning, managing, and responding.* Sage Publications.

[20]   Coombs, W. T., & Holladay, J. S. (2012). The paracrisis: The challenges created by publicly managing crisis prevention. *Public Relations Review, 38(3)*, 408-415.

[21]   Coombs, W. T., & Holladay, S. J. (2010). Examining the effects of mutability and framing on perceptions of human error and technical error crises: Implications for situational crisis communication theory. In *The handbook of crisis communication* (p. 18).

[22]   Cordesman, Anthony H., and Sam Khazai (2014) *Iraq in crisis.*Rowman& Littlefield.

[23]   Danilovich, A. (2018) *Federalism, Secession, and International Recognition Regime: Iraqi Kurdistan.*Routledge.

[24]   Dawood, I. (2016). Moats, Walls, and the Future of Iraqi National Identity. *IAI working papers 16, 2*, 1-22.

[25]   Drennan, Lynn T., Allan McConnell, and Alastair Stark. (2014). *Risk and crisis management in the public sector.*Routledge.

[26]   DuFrene, D. D., & Lehman, C. M. (2014). Navigating change: Employee communication in times of instability. *Business and Professional Communication Quarterly, 77(4)*, 443-452.

[27]   Ebrahimi, M., &Ghasabani, N. C. . (2015). Forecasting OPEC crude oil production using a variant MulticyclicHubbert Model. *Journal of Petroleum Science and Engineering, 133*, 818-823.

[28]   Farazmand, A. (2017). Crisis and Emergency Management: Theory and Practice. In *Crisis and Emergency Management* (p. 1). London: Taylor & Francis Group.

[29]   Fearn-Banks, K. (1996). Crisis communication theory and ten businesses hit by news for making crises .*Global business trends*, 55-62.

[30]   Fediuk, T. A., Coombs, W. T., &Botero, I. C. (2010). Exploring crisis from a receiver perspective: Understanding stakeholder reactions during crisis events. *The handbook of crisis communication*, 635-656.

[31]   Fink, S. (1986). Crisis management: Planning for the inevitable. *American Management Association*.

[32]   Gong, X. &. (2018). Time-varying effects of oil supply and demand shocks on China's macro-economy. *Energy, 149*, 424-437.

[33]   Green Jr, P. I., Finkel, E. J., Fitzsimons, G. M., & Gino, F. (2017). The energizing nature of work engagement: Toward a new need-based theory of work motivation. *Research in Organizational Behavior, 37,*, 1-18.

[34]   Gunes, C. (2019). The Kurdish Conflict in Iraq: Towards a Sustainable Solution. In *In: The Kurds in a New Middle East* (pp. 21-39). Cham: Palgrave Macmillan.

[35]   Guth, D. W. (1995). Organizational crisis experience and public relations roles .*Public Relations Review, 21*, 123-136.

[36]   Hasan, Q. M. (2019). The power of constitution for enacting energy law and managing natural resources: The case of the Kurdistan Regional Government's oil contracts. *Energy Policy 128*, 744-751.

[37]   Habibullah, M. S., H. Din, B., & Abdul Hamid, B. (2016). Good governance and crime rates in Malaysia. *International Journal of Social Economics*, *43*(3), 308-320.

[38]   Heath, R. L., & O'Hair, H. D. (2010). The significance of crisis and risk communication. In *Handbook of risk and crisis communication* (pp. 17-42). Routledge.

[39]   Jüde, J. (2017). Contesting borders? The formation of Iraqi Kurdistan's de facto state. *International Affairs, 93(4)*, 847-863.

[40]   Khalil, M. H. (2019). The relationship between oil revenues and the Iraqi federal budget for the duration (2004-2016). *Tikrit Journal Of Administrative and Economic Sciences, 4(44)*, 275.

[41]   Lins, K. V., Servaes, H., & Tamayo, A. (2017). Social capital, trust, and firm performance: The value of corporate social responsibility during the financial crisis. *The Journal of Finance, 72(4)*, 1785-1824.

[42]   Liu, B. F. (2012). Overcoming negative media coverage: Does government communication matter. *Journal of Public Administration Research and Theory, 22*, 597-621.

[43]   MacQueen, B. (2015). Democratization, elections and the 'de facto state dilemma': Iraq's Kurdistan Regional Government. *Cooperation and Conflict, 50(4)*, 423-439.

[44]   Maghdid, R. S. (2016). The Impact of Peace and Conflict in Cyprus on Turkey's International Relations. *International Journal of Humanities and Cultural Studies (IJHCS) ISSN 2356-5926, 3(2)*, 1058-1075.

[45]   Maitlis, S., &Sonenshein, S. (2010). Sensemaking in crisis and change: Inspiration and insights from Weick (1988). *Journal of management studies, 47(3)*, 551-580.

[46]   Marcopolis, E. (2013, June 25). *Oil Companies in Kurdistan – Complete List of Top Oil Companies*. Retrieved May 24, 2019, from Iraq-Business News: http://www.iraq-businessnews.com/2013/06/25/list-of-oil-companies-in-kurdistan/4/

[47]   Mills, R. (2016). *Under the mountains–Kurdish oil and regional politics.* Oxford Institute for Energy Studies.

[48]   Ministry of Natural Resources. (2013, Augest 25). *About the Ministry of Natural Resources*. Retrieved May 27, 2019, from Ministry of Natural Resources Website: http://mnr.krg.org/index.php/en/the-ministry/about-the-ministry2

[49]   Ministry of Planning- KRG. (2012). *Kurdistan Region Popularion*. Retrieved May 23, 2019, from Ministry of Planning- KRG: http://www.mop.gov.krd/index.jsp?sid=1&id=146&pid=105

[50]   Mitroff, I. I. (1994). Crisis management and environmentalism: A natural fit. *California management review, 36(2),*, 101-113.

[51]   Mitroff, I. I., &Anagnos, G. (2001). Managing crisis before happen. *New York: American Management Association*.

[52]   Mohammadpour, I. (2016). Analysis of the Role of the Press in the Egyptian Revolution of 2011. *J. Pol. & L., 9*, 145.

[53]   Morelli, Massimo, and CostantinoPischedda. (2014). The Turkey-KRG Energy Partnership: Assessing Its Implications. *Middle East Policy 21, no. 1*, 107-121.

[54]   Nikolaev, A. G. (2010). Thirty common basic elements of crisis management plans: Guidelines for handling the acute stage of "hard" emergencies at the tactical level. *The handbook of crisis communication*, 261-281.

[55]   O'Leary, Brendan, John McGarry, and KhaledSalih, eds. (2006). *The future of Kurdistan in Iraq.* University of Pennsylvania Press.

[56]   OPEC (2018). *Annual Statistical Bulletin*. Retrieved June 18, 2019, from OPEC Share of World Crude Oil Reserves: https://www.opec.org/opec_web/en/about_us/164.htm

[57]   Parker, R. B. (1993). *The Politics of Miscalculation in the Middle East.* Bloomington: Indiana University Press.

[58]   Pearson, C. M., & Clair, J. A. (1998). Reframing crisis management. *Academy of management review, 23(1)*, 59-76.

[59]   Preble, J. F. (1997). Integrating the crisis management perspective into the strategic management process. *Journal of Management Studies, 34(5)*, 769-791.

[60]   Presidency of Kurdistan Region-Iraq. (2007, 8 6). *Oil and Gas Law*. Retrieved June 19, 2019, from KRG Website: http://cabinet.gov.krd/uploads/documents/Kurdistan%20Oil%20and%20Gas%20Law%20English__2007_09_06_h14m0s42.pdf

[61]   Rafaat, A. (2007). US-Kurdish relations in post-invasion Iraq. *Middle East Review of International Affairs 11, no. 4*, 79-89.

[62]   Rasheed, A. (2019). The Kurdish Cause in Iraq: From the Second Republic to the Fall of Kirkuk (2003–2018). In *Iraq After ISIS* (pp. 57-78). Cham: Palgrave Pivot.

[63]   Remmer, K. L. (1990). Democracy and economic crisis: the Latin American experience. *World Politics, 42(3)*, 315-335.

[64]   Rosenthal, U. (2003). September 11: Public administration and the study of crises and crisis management. *Administration & Society, 35* , 129-143.

[65]   Rosenthal, U., Boin, R. A., & Comfort, L. K. (2001). Managing crises: Threats, dilemmas, opportunities. In *The changing world of crises and crisis management* (pp. 5-27). IllinoIs, USA: Charles C. Thomas Publisher.

[66]   Seeger, M. W., Sellnow, T. L., & Ulmer, R. R. (1998). Communication, organization, and crisis. *Annals of the International Communication Association, 21(1)*, 231-276.

[67]   Stansfield, G. (2016). *Iraq: People, history, politics.* John Wiley & Sons.

[68]   Stansfield, G. R. (2018). *Kurdistan Region's Debt Crisis Threatens Iraq's Economy*. Retrieved May 23, 2019, from United States Institute of Peace: https://www.usip.org/publications/2018/05/kurdistan-regions-debt-crisis-threatens-iraqs-economy

[69]   Sumer, F., & Joseph, J. (2018). The paradox of the Iraqi Kurdish referendum on independence: contradictions and hopes for economic prosperity. *British Journal of Middle Eastern Studies, 45(4)*, 574-588.

[70]   UN Security Council Resolution 688. (1991, April 5). *United Nations Security Council*. Retrieved May 18, 2019, from https://documents-ddsny.un.org/doc/RESOLUTION/GEN/NR0/596/24/IMG/NR059624.pdf?OpenElement

[71]   UNHCR. (2015). *Syria Regional Refugee Response – Zaatari Refugee Camp*. Retrieved May 22, 2019, from http://data.unhcr.org/syrianrefugees/settlement.php?id=176&regio n=77&country=107

[72]   Venn, F. (2016). *The oil crisis.*Routledge.

[73]   Von Mises, L., & Greaves, P. L. (2006). *The Causes of the Economic Crisis: And Other Essays Before and After the Great Depression.* Auburn: Ludwig von Mises Institute.

[74]   Wæraas, A., &Maor, M. (2015). *Organizational reputation in the public sector.* New York: Routledge.

[75]   Wolbers, J., Boersma, K., &Groenewegen, P. (2018). Introducing a fragmentation perspective on coordination in crisis management. *Organization Studies, 39(11)*, 1521-1546.

[76]   Zappettini, F., &Krzyżanowski, M. (2019). The critical juncture of Brexit in media & political discourses: from national-populist imaginary to cross-national social and political crisis. *Critical Discourse Studies*, 1-8.