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FROM INSURANCE TO INTELLIGENCE: A Conceptual History of Political Risk

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KITT PLINIA NIELSEN

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A Conceptual History of Political Risk**

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Department of Political Science

Supervisor: Professor with Special Responsibilities Karen Lund Petersen

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List of Acronyms and Abbreviations

9/11	The 9/11-incident
App	Application for smart devices
CEO	Corporate executive officer
CFO	Corporate financial officer
CRO	Corporate risk officer
CSM	Corporate security manager
C-suite	Corporate suite
EHS	Environment, health and safety
ERM	Enterprise risk management
EU	European Union
FDI	Foreign direct investment
GG	<i>Geschichtliche Grundbegriffe</i> (Eng: “Basic Concepts in History”)
HUMINT	Human intelligence
IB	International business
IO	International organization
IPE	International political economy
IR	International relations
MNE	Multinational enterprise
OSINT	Open source intelligence
PR	Public relations
RDL	Royal Danish Library
SoMe	Social media
UK	United Kingdom
UML	University of Maryland Libraries
US	United States

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English Summary

In international business, the concept of ‘political risk’ is commonly used to describe the negative effects of politics on business, and for many years, political risk was a matter of insurance and risk management, only. Recently, however, corporate security managers have begun identifying systematically and analysing political environments in an effort to keep the employees and the investments out of harm’s way. This development challenges the mainstream corporate response to political risk, and thereby gradually changes the concept. At the same time, however, this development also questions directly the traditional approach to security in multinational enterprises, and thus indirectly the role such enterprises should play in the governance of international security. To fully comprehend the extend of and the political implications of this empirical development, this dissertation zooms in on the concept of political risk and writes a history of its development from its formal introduction in the 1960s until its most recent application in the 2010s. More specifically, this dissertation maps out and analyses the concept’s many different contextual applications to understand better what corporate security’s contemporary engagement implies politically. By means of an archival study, an interview study and an ethnographic study, this dissertation demonstrates firstly how political risk recently became a key concept in international business; secondly, how by introducing ‘intelligence’ corporate security challenges the mainstream response to and hierarchies of political risk, and; thirdly that institutionalizing political risk practices as corporate intelligence renders possible a fundamentally new approach to security in multinational enterprises. These findings set the stage for a discussion of the evolving corporate perspective on ‘the political’ during the postmodern era, and how multinational enterprises could participate in governing international security in the future. In all of this, this dissertation demonstrates empirically how political risk went from being a matter of insurance to one of intelligence, and it points to the greater implications this development can have for international business’ approach to ‘the political’.

Key words: Political risk – concept – corporate security – intelligence – international security.

Danish Summary

I det internationale erhvervsliv har begrebet ‘politisk risiko’ almindeligvis været anvendt til at beskrive de negative indvirkninger politiske forhold undertiden har på erhvervslivet. I mange år var det fortrinsvist forsikringsagenter og risikomanagere, som anvendte begrebet, men i de senere år har denne tendens været under opbrud. I nutidens multinationale virksomhed er afdelingen for virksomhedssikkerhed nemlig også begyndt at interessere sig for politisk risiko, og sikkerhedsafdelingen identificerer og analyserer nu politiske miljøer systematisk med henblik på rettidigt at udpege og håndtere trusler mod virksomhedens medarbejdere og installationer. Sikkerhedsafdelingens stigende interesse i politisk risiko udfordrer de multinationale virksomheders gængse håndtering af den slags risici og ændrer dermed gradvist begrebet. Men samtidigt stiller denne udvikling også direkte spørgsmålstege ved den traditionelle ikke-strategiske rolle sikkerhed har spillet i multinationale virksomheder, og udfordrer dermed også indirekte multinationale virksomheders fremtidige rolle i internationale sikkerhedsspørgsmål. For bedre at forstå omfanget af og afdække de politiske aspekter af denne empiriske udvikling, stiller denne afhandling skarpt på begrebet politisk risiko og undersøger dets historiske udvikling fra det blev introduceret i 1960’erne og til den seneste udvikling i 2010’erne. Helt konkret kortlægger og analyserer afhandlingen begrebets mange anvendelser for på den måde at italesætte de politiske aspekter af virksomhedssikkerhedens nylige engagement i politisk risiko. Ved hjælp af et arkivstudie, et interviewstudie og et feltarbejde demonstrerer denne afhandling for det første hvordan politisk risiko er blevet et nøglebegreb i det internationale erhvervsliv; for det andet hvordan sikkerhedsafdelingerne ved at foreslå ’efterretning’ som ny tilgang til politisk risiko udfordrer de eksisterende arbejdsgange og hierarkier, og; for det tredje hvordan institutionaliseringen af ’virksomhedsefterretning’ muliggør nye måder at tænke sikkerhed på i multinationale virksomheder. Disse fund lægger op til en diskussion af hvordan erhvervslivets perspektiv på ’det politiske’ har ændret sig i løbet af den postmoderne periode, og af hvordan multinationale virksomheder kan deltage i forvaltningen af international sikkerhed fremover. Samlet set demonstrerer denne ph.d.-afhandling empirisk, hvordan det i erhvervslivet så anvendte begreb ’politisk risiko’ er gået fra at være et spørgsmål om risikospredning og forsikring til ét om sikkerhed og efterretning. I forlængelse heraf påpeger afhandlingen nogle af de konsekvenser denne udvikling kan have for det internationale erhvervslivs måde at forstå og agere i ’det politiske’.

Nøgleord: Politisk risiko – begreb – virksomhedssikkerhed – efterretning – international sikkerhed.