

# 1. Introduction

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*Corporate Strategies Under International Terrorism and Adversity* is an edited volume representing a collection of important original research papers about the impact of 09/11-type terrorism on the international firm.

The preceding volume *Terrorism and the International Business Environment: The Business-Security Nexus*, had set the basis of this research. We studied and analysed the geopolitical, economic and financial structures on the one hand, and the insight into post-09/11 developments of selected business sectors on the other hand. Since then, events such as the terrorist attacks in Madrid, Bali and London have increased the awareness within both academia and the business sector that international strategies need to anticipate and to assure resilience to two eventualities that arise from risk and uncertainty: direct and indirect damage and disruption through terrorism. The potentiality of those damages and disruptions forces the corporation to adapt to a risk that is broader, wider and more important than it was defined in the classical concept of political risk. It is a risk that has globalized.

Terrorism, in its threat, its acts and its aftermath, has far-reaching implications on international business; these implications are not necessarily local or regional because 09/11-type terrorism originates from and is based on global networks. It utilizes and disrupts networks. The main task for business consists therefore on conceptualizing the possible location of disruptions in a given network and its linkages that may be crucial to the company, and to create just enough flexibility of those points of potential weakness to ensure the proper operation of a given business network, without excessive cost. In our contributions we use different useful approaches that were developed within international business research, such as network and portfolio theory.

International terrorism is a long-term challenge. The prime targets and 'costs' of it are those that bear the innocent parties stricken so as to achieve a maximum of media diffusion and impact on the population's psyche. This translates into a terrible human cost. Post-09/11 terrorism is governed by this search for media impacts through the killing of innocents at symbolic locations, yet it appears that it has entered a new phase with the July 2005 attacks in London: instead of hitting where it would surprise, terrorists now hit where security intelligence expects it – this gives the impression that a development

is taking place in a manner that want to express that everything and anything is possible, any time and at any frequency. For the collectivism and community-orientation of any terrorist group this may be an illustration of force and power that aims to enhance the terrorism structures; for the victims and the society as a whole, this is meant to undermine the collective and individual feeling of security. Peripheral groups free-ride on the terrorism networks established with 2001, and utilize the phenomena created herewith. For the firm, and in particular for the international firm, this increases the importance of appropriate risk assessment and management tools.

It is always very sensitive to tackle the issues of terrorism and its impact because any discussion is potentially influenced by strong beliefs and sentiments. The emotional variables that may interfere are those of sentiments in regard to – most importantly – compassion with the victims and their families, in regard to culture and in regard to religion. This book does not represent any particular subscription to a political or ideological belief. Rather, and quite practically, it aims to reflect a variety of approaches to corporate strategies in times of international terrorism and adversity. The central thesis is that the international firm has no choice but to include terrorism risks into management and business concepts. Hence this volume proposes different models that have the potential to contribute to this effort. Terrorism is, as any risk, a challenge that leads to adaptation. The objective here is to help the corporate sector in this effort, and to thereby contribute to academic international business research that has a duty of being at the service of the business community.

For business, the immediate direct loss concerns physical damage and variations in the stock market. But costs are in no case restricted to this. Just like the transnational enterprise, international terrorism is globally connected and transnationally managed. Therefore, international business is first in line to terrorism's indirect consequences, and has to deal with issues such as alterations in consumer behaviors, disruptions of the international value chain (procurement, shipping, etc), and also cross-cultural and HR issues (staff recruitment, security and motivation issues, etc), and strategic management decisions such as concerning locations, investments and disinvestments. There is much to learn from the political science and international relations literature in this field. This literature is complemented by international business research. For instance, we note that the cartography of hot spots (that is, places of high risk to business operations) has altered, and so has the risk–return appreciation (for example, in the US and in England).

A number of international companies still focus on recovery rather than on redundancy and back-up solutions to, for instance, computer data or supplier diversification. Yet, more and more firms – in particular airlines, transport networks, big events management and oil and chemical industries – have increased their safety net, recognizing that insurance needs to be comple-

mented by the flexibility of strategic management decisions in face of terrorism's unpredictability. Insurances, for instance, try to calculate the risk and put figures onto that unpredictability. We do not know when and where a strike will happen again, but we know that the phenomenon is a long-term one, and that terrorism (amid its painful direct impacts) vastly and painfully strikes international business indirectly as well.

