Introduction

Organised crime has received increased attention in recent years. To fight organised crime, there is a need to understand criminal organisations in terms of criminal business enterprises. In this book, terminology from the business and management literature is applied to the growing area of organised crime. Rather than thinking of organised crimes as acts of criminals, this book suggests an understanding of criminal entrepreneurship similar to non-criminal entrepreneurship.

Most of the entrepreneurship literature seems to engage in a positive enthusiasm about the role of the entrepreneur. There is a need to take a neutral look at how some entrepreneurs engage in illegal business and how entrepreneurship is not always a wholesome and clean endeavour. This book makes a contribution by linking entrepreneurship to organised crime and by revealing criminal aspects of entrepreneurial endeavour.

It is expected that this book will appeal to a readership interested in entrepreneurialism as well as criminology. What is unique about this book is its contribution to the entrepreneurship literature. This book investigates and describes how organised crime is often entrepreneurial in character and how entrepreneurship is often the basis for illegal business.

This book has been written with the interested reader in mind, who would like to explore new perspectives on entrepreneurship. The text has a clear logical structure, which systematically develops the reader’s deeper comprehension of the basics of organised crime as an entrepreneurial business enterprise.

This book has been designed to provide the reader with a realistic concept and understanding of the problem of organised crime activity and the role of entrepreneurs in illegal business. The material is presented from an organisational, sociological, managerial, historical, theoretical and practical perspective so that the reader might appreciate insights into all aspects of organised crime activity.

Chapter 1 introduces and defines the basic concepts in this book: entrepreneurship, organised crime, entrepreneurs and illegal business. A criminal entrepreneur is a person who takes the risks involved in initiating and developing an illegal business enterprise. Potential business opportunities can be found in human trafficking, money laundering, the narcotics trade, slavery, piracy, smuggling, ‘protection’ and other illegal markets.
Chapter 2 introduces the concept of stages of growth. Several ‘stages of growth’ models for organised crime are presented. The idea is to understand illegal business as dynamic enterprises changing character over time. For example, a start-up enterprise might be classified as an opportunity-based criminal organisation. Later, it changes character to an activity-based criminal organisation, before moving on to a knowledge-based and later strategy-based criminal organisation.

Chapter 3 focuses on the leadership and management roles of criminal entrepreneurs. The emergence of criminal business enterprises is strongly associated with entrepreneurial innovation rather than an extension of managerial routine. While the entrepreneur is the agent of development, the criminal business enterprise is the means of coordination and the object of growth. As the means of coordination, the enterprise allows deployment of resources according to market opportunities. Entrepreneurial management manifests itself in a regime in the organisation. A regime is the set of rules, both formal and informal, that regulate the operation of organised crime and its interaction with society. It is dependent on both organisational structure and culture, where many criminal organisations choose a network structure rather than a hierarchical structure.

Both legal and illegal business entrepreneurs have the choice between three alternative value configurations, as presented in Chapter 4. A value configuration is the set of primary activities performed in the organisation to create value. Traditionally, many legal enterprises were value chains, where they transformed physical input through manufacturing to physical output. Value chains were the dominant value configuration in the industrial age. In the knowledge economy, more and more organisations have the value configuration of value shop and value network. Since few criminal entrepreneurs have involved themselves in manufacturing, criminal organisations have typically for centuries been value shops and value networks.

Entrepreneurial structure and culture in illegal business are discussed in Chapter 5. An occupational culture can be found among criminals, who tend to share the same values in successful enterprises. Some criminal organisations only employ relatives to secure loyalty and common values. Other businesses have only employees with the same ethnic background. In knowledge-intensive crimes, entrepreneurs tend to employ and organise knowledge workers who remain unknown to each other.

Chapter 6 presents a number of topics related to entrepreneurial growth in illegal business enterprises. A key element in entrepreneurship is managing resources, as resources are enablers of business development. Entrepreneurship can be perceived as a resource-based process, where entrepreneurial innovation is the carrying out of new combinations of
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available resources. It is such a process of recombination that leads to the innovation on which an organisation can build its competitive advantage over other illegal business enterprises. To manage resources successfully, there is a need to understand how resources promote corporate entrepreneurship and how different kinds of resources contribute to the enterprise’s competitive advantage.

The final chapters, 7 and 8, take a broader view and introduce the general topics of strategic planning and knowledge management in organisations such as criminal organisations. While the topics are general and applicable to all business enterprises, they are important to entrepreneurship in criminal business development as well.

Upon completion of this book, readers will be able to define organised crime, discuss the role of entrepreneurs in illegal business and identify major entrepreneurial activities that are criminal in nature. Also, the reader should be able to identify different types of entrepreneurship by applying stages of growth for organised crime.