Preface

The purpose of this book is to show largely from a practitioner’s viewpoint the collective influence that corporate espionage, diplomacy, and geopolitics potentially have upon the long-term success of international business. This contribution will entice discussion among academics and practitioners alike involved in international business leading to the development of a theoretical framework for future research. The idea for this publication was conceived during the Lead Editor’s process to be reinstated as a US diplomat in 2015 which eventually led to a discussion with a Turkish academic regarding how US foreign policy affects international business. The ensuing 3-hour discussion eventually included issues involving espionage, geopolitics, and diplomacy which form the foundation of this book.

As stated in the Introduction below, there should be little doubt the world’s rising nations are increasingly employing their growing economic strength and resilience to project global power and consolidate geopolitical influence. This so-called “Commercial Diplomacy” is reflected in a variety of ways, most notably in the restructuring of major global institutions such as the International Monetary Fund (IMF) and the G-20 nations. To fully appreciate and understand how the rapidly changing world of today is affecting national as well as individual fortunes, it is necessary to review the four global forces as highlighted by the McKinsey Global Institute: urbanization, accelerating technological change, an aging world, and greater global connections. Additionally, academics such as Anderson and Wong state that competitive advantage in the digital economy of the 21st century focuses on intangible factors including firm strategy and positioning, radical innovation and first mover advantages, intangible resources and competencies, organizational ambidexterity, network effects and externalities, transaction cost efficiency, and relational optimality.

All of these factors will make destabilizing cycles of volatility more likely than ever before. Associated effects include global inflation, drastically altered business and product life cycles, and the need for corporations to increase liquidity buffers for unexpected changes in global markets. Our investigation in the ensuing pages shall be conducted within the context of diplomatic and geopolitical realities which have acted as a catalyst for economic espionage from the corporate to the national levels beginning in the early 1990s – facts which have largely entailed systematic electronic theft known as cybercrime.

The Introduction by the book’s two Editors covers a wide range of issues that are pertinent to the book and show why it is important to read this publication. Topics include the following: statistics from the World Economic Forum; national standards of living; geopolitical issues such as country risk, security, and geographical advantage; different types of diplomacy such as commercial, official, and military; and, finally, espionage.

Chapter 1 introduces the fine line between competitive intelligence and corporate espionage. In today’s globalized world, gathering competitive intelligence and using it strategically to gain a competitive edge
has become a necessity. Integrating knowledge management and competitive intelligence helps firms to respond quickly to changing business conditions. However, employees can knowingly or unknowingly become the weakest link in a firm’s efforts to protect business intelligence. Corporate espionage is a silent, enigmatic threat to the competitive position of firms and nations leading to annual losses of roughly US$300 billion.

Chapter 2 shows how the economic and other policies of Japanese Prime Minister Shinzo Abe have affected international business. Japan, with one of the largest economies in the world, continues to be a major player in the global geopolitical arena. The country’s recent decision to remilitarize Japan following the aftermath of World War II is a major geopolitical issue that concerns its Asian neighbors in particular, especially the future superpower of China. The Abe government has promoted a growth policy aimed at bringing the country out of a long period of economic stagnation. Although there are still different tariff and non-tariff barriers-to-entry that make Japan an atypical protectionist country, the local legal system does not provide restrictive or discriminatory law against foreign entrepreneurs except for a few sectors such as agriculture and mining.

Chapter 3 explores the roles of nationalism and patriotism in international business with attention to implications for diplomacy and geopolitics. Globalization increases economic interactions across national borders through exports, imports, foreign direct investments, and cross-border mergers or acquisitions. The World Trade Organization (WTO) aims at making this global system of economic interactions more protection free. Nationalism is domestic emphasis placed on the country’s economic, political, and strategic interests and views the international business system as a zero-sum competition. Patriotism is the pro-national behavior of consumers, producers, and other business stakeholders, and also the calls for such pro-national behavior. Nationalism and patriotism are partly reactions – varying considerably by country – to domestic effects of this globalization, markedly exacerbated by the unexpected financial crisis and ensuing severe economic recession that emerged in 2008 and continued into 2016. The chapter draws on extant literature to develop a more systematic understanding of nationalism and patriotism.

Chapter 4 examines cybersecurity concerns within the context of international business. Businesses have always been a target for thieves and criminals, and in today’s cyberage this is particularly the case. Worldwide the number of cybercrime incidents increased by 48% between 2013 and 2014, thus representing a total increase of 66% in cybercrime incidents since 2009. Given the increase in cybercrime occurrences, the changing strategies used by cyber criminals and the difficulty in finding cybersecurity staff, businesses are finding it difficult to keep up with what is required to maintain a robust cybersecurity defense. This chapter investigates strategies that can be employed including hardening existing defenses, deploying new technology, and switching to risk based mitigation strategies, aimed at focusing existing resources where they will be the most beneficial.

Chapter 5 provides theoretical insight to the discussion of entrepreneurship within emerging markets to better understand the global antecedents of entrepreneurial activity in order to propel economic development. Extant international business literature has focused on the economic impacts of interconnectedness resulting in newly forming patterns of trade, monetary and labor flows, and global governance due to globalization. Political science literature has focused on the possibility of new liberal norms allowing for collective action and inter-state relations. While these two theoretical paths have been studied independently, less attention has been given to the interplay between them. The purpose of this chapter is to understand and analyze entrepreneurship in emerging markets through the lens of intergovernmental organizations (IGOs), global governance and geopolitics, and the changing nature of the over-arching political system via a case study of Peru.
Preface

Chapter 6 investigates the importance of entrepreneurship in global business. Entrepreneurship is one of the most important inputs in the economic development of a country, and has become a popular field of research in both social science and economic policy. Modern business must be entrepreneurial to create wealth in contemporary globalism. Therefore, this chapter is included to stress the role of new business development in national economies in an era of global hypercompetition.

Chapter 7 ponders the role of soft mathematics in decision-making within a variety of contexts, including geopolitics and diplomacy. In environments of conflicting stakeholders and constant change, decisions must be made that frequently demand creativity. What is a reasonable explanation in reaching a solution in one community may be misunderstood in another. This chapter suggests that a soft mathematical approach to decision-making enables debate among concerned parties. The current conflict between the West and Islamic militants is one illustration among many to show the importance of this chapter within the context of this book.

Chapter 8 seeks to explain the paradox of copyrights within the realm of international business using the success of Korean pop music (K-pop) as an example. Most of the existing world culture has been created without copyrights, and economic analysis stresses that stringent copyrights exacerbate monopolistic behavior that suffocates cultural creativity. The main lesson of this chapter is that only “well-balanced” copyright regulations are friendly to cultural creativity.

Chapter 9 explores the impact of the nuclear crisis on international business in North Korea by specifically examining the question of how the emergence of the nuclear issue shapes the economic engagement efforts by South Korea and China. While this chapter is predominantly focused on the cases of China and South Korea, their experiences provide important lessons for businesses from other countries. Furthermore, there are even implications for similar cases of economic engagement strategies with outlier states.

Chapter 10 examines the phenomenology of cybercrime and clarifies ambiguity surrounding some concepts: namely, economic cyberespionage, commercial intelligence, and industrial espionage. The chapter also establishes the fact that cybercriminals are more skillful in the use of latest technology than law enforcement agents, and explains the dynamic and innovative approach to counter-cybercrime through attributions of the Black-Box Forensic Cybercrime Investigation Model (BBFCIM).

Chapter 11 tests the relationship between intellectual capital and business performance of pharmaceutical firms in Kenya. The specific objectives are to determine whether human capital, structural capital, and relational capital influence business performance of pharmaceutical firms in Kenya. In addition, the study confirms that human capital, structural capital and relational capital are dimensions of intellectual capital. The developed model confirm that the theory fitted data with fit indices above or below the required thresholds and the empirical results provide strong support for the model.

Chapter 12 discusses the geopolitics of immigrant labor. It primarily asks the question of why xenophobic arguments are increasingly allowed to foster global climates of fear of, and resistance to, immigrant labor? Answers seem to lie in geopolitical and social pressures on governments that constrain them to discriminate against migrants and refugees seeking immigration. Reasons for this are discussed and possible remedies are suggested.

Chapter 13 proposes a two-stage process of sustainable supply chains. These are important because supply chains today often cross multiple borders and are critical aspects of successful international business today. The rise of climate change and global terrorism has brought nations together to seek collaborative solutions and so-called “coopetition” is a strategy needed in strategic planning and operations in the 21st century.
Chapter 14 investigates shocks to energy consumption per capita within the Republic of Turkey. Turkey achieved an average growth rate of five percent during 2003-2013. During the same period the annual average growth rate was four percent in primary energy consumption, thus indicating the significance of energy consumption for economic growth. In this context, the energy sector is one of the most important areas in Turkey’s national strategy documents. The geostrategic position of Turkey in terms of energy resources affects the country’s energy policies and strategies. In this framework, the main purpose of the study is to analyze empirically the effects of shocks in the energy sector.

Chapter 15 measures the competitiveness of Turkey by making a comparative analysis between the Turkish agricultural, industrial, and services sectors involved in foreign trade and the corresponding sectors of the BRIC nations (Brazil, Russia, India, China). In addition to the determination of their relative competitiveness, assessments are made regarding their competitiveness over time by analyzing the direction of the sectoral trends of the above-mentioned countries.

Chapter 16 covers securitization and decision-making in the Eurasian Union (EAU). The comparative studies of the European Union (EU) and neighboring countries in the beginning of the 21st century are grounded in the so-called “new regionalism approach”, according to which intra-regional relations could be defined along security as well as economic, political, and communication lines. Regions with strong “security” direction are mostly based on We-Other emotional patterns. This chapter searches possible connections between cultural memory, insecurity, economy of risks, and global decision-making which are vital for the future directions of securitization studies.

Chapter 17 reviews the history and duties of the United States Secret Service and its role within diplomacy and politics. The chapter explains how the Secret Service was established, how its responsibilities have changed over the years, and major historical events which highly influenced the entire agency. The chapter also examines the Secret Service’s international cooperation with the Polish security agency, Biuro Ochrony Rządu (BOR), and domestic cooperation with the US Diplomatic Security Service (DSS).

To the best of our knowledge, there is no single Reference publication such as this which incorporates espionage, geopolitics, and diplomacy with international business into one volume. Therefore, we trust this effort shall provide the springboard for future work involving all of these aspects leading to relevant debate and research.

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