

# Book Synopsis

## ***Political Risk Intelligence for Business Operations in Complex Environments***

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Routledge, 2023

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June 2023

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The above title was published by Routledge in June 2023, and is now available through a range of outlets. The table of contents is visible on Routledge's and Amazon's website. This paper provides a more in-depth synopsis to enable prospective readers to better evaluate the relevance of the book to their interests and endeavours. Rather than writing a synopsis from scratch, and in order to provide at least some flavour of the book's contents, this was created by extracting introductory material from the book. The following consists of:

- two excerpts from the *Introduction*;
- the introductions to each of the three main parts of the book;
- an excerpt from the introduction to Chapter 11 on supplementary intelligence exercises; and
- an excerpt from the final chapter, *Concluding Thoughts*, laying out the main themes therein.

Together these hopefully provide a sense of the book's thought process and foci. As an aside, as it stands in June 2023 the book's price reflects the fact that it only recently became available. I would like to think that it is worth every penny, but for books that I have wanted in the past, waiting a little while usually sees the price come down.

## **From the *Introduction***

### **From *Objectives***

A significant rationale for this book is that while there are many insightful works on political risk, there seems to be a gap around how to actually undertake political risk intelligence and planning, especially for operations on the ground. Macro-level dynamics and modelling are well represented in the mainstream literature. However, not many writings on the subject seem to want to get their hands dirty in terms of revealing the hard, nuanced and practical work behind knowing what the ground-level issues might be for a specific foreign operation, and how to plan for them. Additionally, there has been a tendency to remain somewhat distant from the more complicated, tangled, and potentially dangerous problems and conundrums that operations can face in challenging places. The book takes a twofold chance. One is that readers will be interested in and benefit from a relatively nuanced exposition of the relevant thought processes. Another is that readers will appreciate that this does not shirk from discussing some of the more onerous issues that companies can experience. If these bets are borne out, then the perspective herein could usefully augment more macro-level and theoretical points of view.

The objective of this book is to provide international managers, and by extension their organisations, with a foundational understanding of political risk intelligence for on-the-ground operations in complex socio-political environments. This means having a fluid grasp of what political risk means and why it matters in the organisation's context, and how relevant intelligence can be gathered and analysed to inform decisions and planning towards an operation's socio-political resilience. This will be new to some, and for others will hopefully augment a knowledge of relevant practices or at least provide a fresh perspective.

### **From *A Reader's Guide***

The following provides a brief outline of the book's main parts as an overview and navigational aid. Afterwards we provide some suggestions on how to use the book.

Part One introduces the core concepts within the wider subject, and which are actually in the book's title. This covers political risk, complex environments, foreign business operations and their linkages to the socio-political environment, and intelligence. This is a descriptive rather than prescriptive section, but it is a necessary foundation for what follows, and a fluid conceptual understanding is a significant tacit ingredient to any specific political risk intelligence task.

As noted earlier, Part Two is the heart of the book. This presents and walks through the baseline, or strategic, political risk intelligence exercise, for example the one that the construction company in Iran would have benefited from after deciding to enter but before finalising plans and commitments. This process yields insights to enable planning for, and around, potential challenges and friction points, and includes a preliminary planning exercise. The stages in the baseline process are illustrated using two distinct hypothetical cases. The distinction helps to see how the baseline process can apply in different contexts. Although hypothetical, the cases are realistic and provide tangible grist for illustration. Without the cases, it would have been hard to unpack and show the thinking and problem-solving that really goes on behind the intelligence frameworks, but a trade-off is that several chapters in Part Two are quite long and detailed. The final chapter in this part examines supplementary political risk intelligence exercises, on the premise that an operation will have additional specific requirements both before and during a country operation.

With political risk intelligence applications established, Part Three then takes a step back to consider the practice of intelligence, as the capabilities and knowhow that underpin any political risk intelligence exercise. This begins with intelligence management, with emphasis on specific complex tasks and cases. It then proceeds to intelligence sources and collection, and herein we emphasise a valuable but regrettably rare approach, fieldwork and human sources. This part then wraps up with a consideration of intelligence quality pitfalls and remedies. While this part of the book, and indeed political risk intelligence in general, draws on government foreign intelligence practices, it is firmly framed within our private sector, international business context.

The final chapter is labelled “concluding thoughts” and it steps away from immediate practicalities to consider a few broader questions that supplement the core of the book. One is an exploration of the options for establishing a political risk intelligence and management capability within a company, with attention to the need for cross-functional collaboration. Another is the changing global landscape, and how recent major trends are affecting political risk for foreign firms in emerging markets. Finally, this chapter, and the book, concludes with a discussion of ethics in political risk intelligence and management. This extends to a consideration of pressures on good corporate citizenship and how companies could interpret and respond to them.

## ***Part I, Core Concepts***

This part of the book introduces the four principal concepts which come together as the basis of political risk intelligence: political risk, country complexity, country operations, and intelligence. These are examined with an eye to providing an introductory understanding of each subject. However, elements of applied political risk intelligence will be introduced herein so that by the time we reach the next section on a baseline intelligence process, there is a reasonable foundation to work from.

## ***Part II, The Baseline Intelligence Exercise***

Part One introduced the core concepts within the theme of political risk intelligence for operations in complex environments. This part of the book brings these together in an intelligence process that addresses the question, “What are the socio-political challenges that we could face and what could we do about them?” This is the most holistic political risk question for a country operation, and the process that answers it is likewise holistic, examining both the terrain and stakeholders, how the political environment could evolve, the issues that the company could face, and how it could avoid or manage them. We call this process the baseline intelligence exercise.

It is baseline in that it provides a strong foundation for political risk management planning, but it would still need follow-up nuanced insight on specific variables and challenges that it identifies. One can see it as providing the strategic hilltop perspective. After that, specialists might have to go down for a closeup look at features that the hilltop observer sketched. In practice, the outputs of a baseline exercise are usually reviewed by a range of management functions, such as security, legal or community relations, who look more closely at the issues that affect their particular piece of the political risk management puzzle, while the full set of findings continue to provide a joined-up perspective that enables coordinated planning. The country or project manager is the one who keeps the big picture front of mind so that they can ensure that different political risk management initiatives align and have strategic coherence. Thus, the results of the baseline exercise are like a large scale map. It helps to plot the journey and navigate, but smaller scale maps will need to augment it along the way.

As the coming chapter discusses, the baseline exercise is a thought process rather than a template, and there are different design choices depending on the stage and character of the foreign operation. By way of comprehensive illustration, in this part of the book we will be applying one

particular framework comprised of several stages, but while it does directly apply to certain contexts, it should also be regarded as a set of reference points that can guide the development of tailored approaches.

Note that within Part Two, Chapters 6 through 10 are stages in the baseline exercise, while Chapters 5 and 11 are supporting and supplementary material. Part Two proceeds as follows.

Chapter 5 provides an overview of the baseline intelligence exercise, including when and why it happens, considerations in its design, and how the overall process works.

Chapter 6, the first stage in the baseline exercise, develops the context and focus of subsequent stages. It is mainly about how to go from a blank initial slate to relevant variables and intelligence targets.

In Chapter 7, terrain analysis derives specific challenges for an operation from broad factors in the environment.

Chapter 8 examines stakeholder analysis, which reveals key socio-political stakeholders, challenges and opportunities in stakeholder relationships, and what drives the principal stakeholder attitudes to the operation. This is the most nuanced chapter, because understanding specific actors is an intensive undertaking that goes well beyond just learning about broad dynamics and interests.

Chapter 9 moves directly into top-level political risk management planning, on the assumption that more detailed implementation planning will need to follow. Planning could actually follow the next stage, scenario analysis, but we bring it directly subsequent to terrain and stakeholder analysis to maintain continuity of focus, and add in long-range planning once scenario analysis is complete.

Chapter 10, as noted, presents scenario analysis, which looks beyond the foreseeable future to see how the wider operating environment could change, and how an operation can plan its adaptation.

The baseline exercise concludes with Chapter 10, but there will be a need for other types and levels of intelligence before and during a foreign operation. Thus, Chapter 11 examines several supplementary intelligence exercises.

We noted in the book's introduction that two hypothetical cases will be used for illustration in this part of the book. Their application begins in Chapter 6 and continues through to Chapter 10. They are not introduced beforehand, rather they are developed through their usage within the wider process.

## ***From Chapter 11, Supplementary Intelligence Exercises***

We will consider five different exercises. The first is monitoring, which we extensively referred to in the previous chapters as a way to ensure that we kept track of, and adjusted to, changes that occur after the baseline exercise is completed.

Next we jump backwards in the business decision sequence to consider feasibility assessment, the intelligence that helps to make confident decisions about whether or not to pursue a prospective country operation.

We then have a look at tactical, or situation, assessments, which can shed light on both particular spikes in relevant country dynamics, and problems that the operation is encountering.

Conflict analysis follows. While this was partly dealt with in stakeholder analysis, it can be a specific exercise aimed at conflict sensitivity, or how companies can operate without making socio-political tensions worse, and ideally how they can even help to mitigate them.

Finally, we indirectly covered threat assessment in the stakeholder stage, which considered adversarial stakeholders, but as an explicit exercise threat assessment focuses on intractably hostile and predatory actors whose plans and behaviour need to be understood for effective security and resilience.

## ***Part III, The Practice of Intelligence***

We have examined thought processes that go from uncertainties to information to actionable intelligence and initial planning. In the context of political risk to country operations, the baseline intelligence exercise provided a comprehensive picture of factors, actors and issues that needed to be accounted for to keep an operation safe, respected and on track. We then examined supplementary exercises as examples of how intelligence can be applied to a range of requirements before and during an operation. However, while the thought processes therein are a roadmap for intelligence production, we have not yet considered the basic practical thinking that underpins solid results. Thus, this part of the book goes behind the scenes to examine some of the operational aspects of political risk intelligence, in other words how to make it work.

There is an extensive body of thought and literature on the subject of intelligence operations, much of it coming from and oriented to government usage, but still highly applicable to international business. We cannot hope to scratch the surface if we attempt to cover the state of the art.

Additionally, we need to stick to the knitting, which is political risk in complex environments. Therefore we will cover only three main topics in this part of the book, and at a relatively high level, but they will be reference points in the broader theme of practical intelligence work.

Chapter Twelve begins this part with an overview of the relevant aspects of intelligence management. This will revisit the intelligence cycle as a basis for an exploration of roles and workflows in intelligence creation. Next, we address how to structure and manage a relatively complex intelligence task such as the baseline exercise or stages within it. Intelligence reporting follows. While this is only one step in the intelligence cycle, it deserves attention as the point at which intelligence influences action.

Chapter Thirteen finally addresses a subject that we have referred to but saved for explicit treatment, intelligence sources and collection, or how to gather the information that becomes the grist for analysis. This will explore different types of information sources and some of the pitfalls and sensitivities in collection. The main focus herein will be on human sources and fieldwork, since this is a lesser understood but potentially critical collection stream.

The last chapter in this part will concern quality control in intelligence. This will consider what quality in intelligence means, common sources of low quality, and how both intelligence practitioners and users can address quality issues. An aspect of this discussion will be some of the contradictions that arise between organisational imperatives and cultures, and the clear-sighted formulation and application of intelligence.

The three topics will mainly be examined through a political risk intelligence lens, drawing on the author's own experiences and perspectives as a practitioner. However, when dealing with these issues, touching on and drawing upon government foreign intelligence concepts and practices is nearly inevitable, since that domain remains the most active and abundant source of international intelligence practices.

Before we begin, a preliminary note is in order. This part of the book is about how to actually make intelligence happen, and as such it might seem like it is aimed at political risk practitioners. They are one audience, but users are too. Intelligence users might actually be the practitioners in the context of a specific operation, and we have made the argument elsewhere that managers should be involved in the intelligence process. Even when they are not direct participants, though, users are still part of the equation. They need to clearly task intelligence, ensure that it provides what they need, give helpful feedback to make it more effective, and ask the right questions to be able to confidently act on it. If there is a distinct and separate intelligence team, ultimately, as in any type of

organisation from government to business to NGO, users are the boss. Their needs are why intelligence is happening in the first place. And bosses have a responsibility to understand the processes that they rely on in shaping decisions. Thus, this can be seen as guidance for responsible and discerning customers as much as for those who make and deliver the product.

## ***From Concluding Thoughts***

We have covered the substantive elements of the central subject, political risk intelligence for operations in complex environments. Thus, this final chapter can look beyond the subject itself, and consider some broader but still very relevant questions. Readers will no doubt have their own thoughts on these, and this chapter is aimed contributing to wider discussions rather than providing specific insights. Much would be interesting here, but we confine it to three main topics.

One is a direct continuation of the discussion in Chapter 14 on the organisational aspects of political risk intelligence and management. Therein we looked at organisational rigidity as factor in weak intelligence usage. Here we consider the question of an appropriate political risk structure, not in a single operation, which we covered in Chapter 9, but in the company as a whole.

Next, we consider the changing global landscape. The last decade or so has seen an acceleration of several trends that are having increasingly direct effects at a national level, particularly in less developed countries that are more susceptible to external pressures. We examine a few key trends herein, with an eye to their implications for country-level political risk.

Finally, we address business ethics. Ethics are a significant factor in how a company approaches political risk management, and in previous chapters we have made a case for their serious consideration if not centrality. Here we take a broader look at the meaning of being a good company, but also at the forces which seem to be working against that concept, along with suggestions on how to interpret and adapt to these forces.