

POLITICAL RISKS AND INTERNATIONALLY OPERATING
BUSINESSES IN FINLAND

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<p>Internationally operating businesses in Finland currently face a significant threat in the form of political risks. Research has shown that many international businesses in Finland have trade in areas where probability for political unrest or terrorism is high and the consequences of them reflect to even Finland. This study aims to assess the factors that cause political risks in Finland. Building on existing literature on political risks in international business, the study asks: How do political risks influence internationally operating businesses in Finland? To find answer to that question, qualitative empirical research based on semi-structure theme interview was conducted on the topic <i>Political risks and internationally operating businesses in Finland</i>. Five persons with different backgrounds were interviewed via telephone and grounded on the content analysis and thematizing, the answers were reflected to the research question and already existing literature.</p> <p>Analysis of the responses demonstrated that political risks in Finland have drastically increased, mostly because of increasing differences in living standards, immigration politics, extreme right thinking and the misuse of technology. Because of those reasons, internationally operating businesses in Finland are more and more concerned about the increased threat level of terroristic attack in Finland but their knowhow is only at developmental level in terms of managing every potential risk scenario. Looking outside Finland, political risks influence internationally operating businesses above all through indirect consequences of target countries and through direct ways, such as cyberterrorism. On that basis, it is stated that possible risk scenarios regarding political risks increase faster than internationally operating businesses develop adequate risk management. Further research is needed in greater number of business fields, both private businesses and businesses owned by state to generalize the results.</p>			
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ABBREVIATIONS

CP	Community planning
F	Finance
I	Insurance
MC	Management consulting
RM	Risk management

1. INTRODUCTION

“Il est impossible que l'improbable n'arrive jamais.”

“It's impossible that the improbable will never happen.”

- Emil Gumbel

We live in a world, where the relations of economics, politics and culture have radically globalized. For international businesses it means various challenges, as culture, values, procedures and demand of the target country can differ from those in the home country. To quote Havila et al. (2002): "Internationalization is a journey out into unknown territory."

Globalization brings more possibilities, more uncertainty, and more competition. Greater operational environment brings greater risks along it. Risk field is price business has to pay for globalization's opportunities and the field is constantly changing. Not only do economic risks threaten international trade but also political situation in the world. Ever more aggressive politics between countries and anxieties due to it have complicated the predictability of the future. Geopolitical tensions and consequences of conflicts have made political risks the ever-increasing threat worldwide.

Existence of political risks requires of a business that it familiarizes carefully with the target country and prepares and manages its own actions for the purpose that the risks could be minimized. However, businesses that will enter or already operate in emerging or developing countries can often be exposed to a politically varying environment over which they have only little control. This makes political risk one of the most hazardous risks an international business can confront.

Generally, political risk refers to probability of loss caused by political actors, decisions, conditions or disruptions. For a business, realized political risk can for example remarkably decrease the expected value of a given economic action and

weaken the profitability of a business. (Ostojić and Unković, 2011.) In addition to economic and market related losses, political risk can also cause damage outside a business. So that firms can respond to the political environment, they need to select the tactics or strategies that are most optimal to the political threats they are facing.

What is more, the world is changing and so are the many faces of political threats. Accelerated globalization has widened the differences in living standards, which has then increased various forms of political violence. Besides demonstrations and other acts of violence, opposition for globalization has increased. Nationalistic way of thinking has become more common, which has shown as strong support of extreme right parties around Europe. Geopolitical uncertainty has complicated international business and risks related to it and created basis for the most destructive political risk of all, terrorism. Along Beck (2002), technology development has created new possibilities for extremist groups and many risk scenarios that used to be impossible, like cyberterrorism have become feasible. Future threats of political field can only be speculated but are likely related to continuing technology development; signs of it are already seen in the form of robots and artificial intelligences. Global political instability and political decisions of superpowers will probably increase anxieties that can indirectly reflect to even Finland.

Considering political risks and terrorism for international business in Finland, the topic is increasingly relevant. As most of the businesses have trade in areas, where probability for political unrest or terrorism is high, means to prevent and manage the risks is vital to protect both business and people.

Previous studies in terms of political risks in the field international business have mainly concentrated on political risks in foreign direct investment or in a developing country. What is notable is that the studies highlight the importance of understanding political risks and terrorism since businesses' understanding of them is only at defective level. (McKellar, 2010 in Czinkota et al., 2010; Griffith et al., 2008; Czinkota et al. 2010; Brown et al., 2010:93.) Moreover, studies that cover indirect consequences of political risks on businesses with international trade belong to the minority, especially with respect to businesses in Finland. This proposes a research gap that is aimed to fulfill by this study.

Qualitative research was conducted on the topic *Political risks and internationally operating businesses in Finland* to find out how political risks show in Finland and what effects do they have for a business that has international trade. The research pursues to find answer to the following research question:

How do political risks influence internationally operating businesses in Finland?

The study aims to identify the factors that cause political risks for internationally operating businesses in Finland. The objective of the study is to assess the effects of those political risks. The study is interested in business's experiences of political risks regardless of the country. More closely, the study delves into one specific aspect of political risks, political violence. The study aspires to offer an angle in the wide area of international business studies by focusing on the topic that is highly relevant and partly understudied.

The structure of the study consists of six main chapters. Chapter two observes political risks in international business; it covers the definition of a political risk, its perspectives and political violence. Chapter three discusses many faces of terrorism including function of terrorist organization, strategies and tactics that are most used among terrorists, cooperation between different terrorist groups and new threats of terrorism, like cyber terrorism. Chapter four describes anti-terrorism act and what the most critical aspects in terms of it are. Chapter five comprises material and methods of the research; it demonstrates the research material with respect to contents, quality, collecting method and restrictions. Chapter six includes detailed description of the conducted research with the analysis of the reported results. Finally, chapter seven discusses the research results and limitations regarding them and contemplates how the results could be utilized.

2. POLITICAL RISKS IN INTERNATIONAL BUSINESS

2.1 What is a risk?

Along Rockett (1999), there is no commonly accepted or precise definition of risk, as different people have deviant judgements of what a risk signifies. Rockett (1999) himself considers a risk the probability that an occurrence which has consequences will happen. Risk is in most cases measured in terms of the likelihood of realization, and the degree of harm, or influence, which would follow if a risk became apparent (McKellar, 2010: 3). Generally, the term risk is often used in the negative light as a synonym for other related terms such as harm, hazard, threat and uncertainty. However, Rockett argues that a risk can have either positive or negative consequences. (Rockett, 1999.)

According to Ulrich Beck (2002), risk is always related to the concept of control. In pre-industrial time, dangers were directed at nature, gods and demons. Risk as a concept has come into existence in modern society. Risk supposes decision-making, which is focused at expectation for the future or “calculating the incalculable”. Beck (2002) points out that revolutionary incident with respect to the people’s perception of risks in general have been the 9/11 attacks. Along him, we now live in a ‘risk society’, society filled with uncontrollable and unpredictable dangers which are impossible to insure. Beck claims that modern Western societies have transformed from industrial societies to risk societies. The main difference between the two societies concerns the risk perception. In the industrial society, the objective of decision-making has concerned the production and distribution of goods, whereas in the risk society the decision-making concentrates on the prevention of the bad. The growth of technology and industry has caused that risk management has generally become more uncertain. (Aradau & Munster, 2007.)

The risk society has formed around the ideology that risks, like global warming and pollution have become so gigantic that their effect on social and political dynamics cannot be denied. From another point of view, risks in risk society have become

impossible to foretell due to their low statistical probability and their non-frequent nature. (Aradau & Munster, 2007.) Along Beck (2002), in today's risk society, the hidden essential issue is the pretense to control the uncontrollable.

When considering different kinds of risks in international business, Miller (1992) states that there are five types of risks: natural, legal, societal, governmental and political risk. In 2000, Daniell divided risks to four ones: financial, cultural, legal and political, thus ignoring societal aspect of risks. Hill (2002) makes even rougher division by arguing that there are only three types of risks: cultural, legal and political. When taken into larger context, societal and legal risks can constitute political risk. (Khattab et al., 2007.) The fact that there are differences between the divisions is not as such meaningful, instead it should be considered, which risk types have been found most pivotal at different times.

This research concentrates on political risk because it is a risk that is more and more relevant for international businesses, however, the understanding regarding political risk is only developing. Also in Finland, the majority of businesses have international trade, and the interest is to observe what kind of influences political risks have on those businesses.

2.2 Politics and political risk

Politics refers to activity that strives to decide on how a society should be organized in terms of laws, finance, morality etc. In a firm's case, politics is proven to be an equally important part as other prominent parts like human resources, finance and research data, having effect on the strategic mix. (Keillor et al., 2005). Most firms have access to encompassing assortment of potential political tools (Baysinger, 1984, via Keillor et al., 2005); however, the firm needs to recognize the suitable political activities to different kind of political settings. Politics can be practiced at local, regional, state or global level. Skill to affect the social organization is called political power and usually, the power belongs officially to government's hands. Practically

that means that government is legally justified to create and regulate laws in society. (McKellar, 2010: 5.)

In the management literature, for decades, there have been several definitions for what a political risk constitutes, ranging from general definitions into very specific ones. Along Fitzpatrick (1983) and that time existing literature, there are four frequent categories in definitions for a political risk. The dominant definition is associated to relation of a political risk and the activity of government or sovereign, leading to unwanted results (Fitzpatrick, 1983).

The second category classifies incidents with political nature, such as political events or constraints, into a political risk. Generally, the political events are focused ones like violence or variations in government or unfocused, e.g. riots. Constraints on the other hand may include for example discriminatory taxation, rivalry in the public sector or the act of expropriating. (Fitzpatrick, 1983.)

The third category follows Robock's (1971, via Fitzpatrick, 1983) operational definition, due to which a political risk originates when a political change causes a disruption that is difficult to predict beforehand. The environmental-focused definition is supported by Ball (1975), Drysdale (1972), Haendel, West & Meadow (1975), Hofer & Haller (1980), La Palombara & Blank (1977), Levis (1979), Pomper (1976), Root (1968), as well as Rummel & Heenan (1978). The risk considering international business arises, if the political changes might have influence on the profit or any other central objectives of a company. Variations that are typical of the political environment and do not alter the business environment are excluded from the definition of a political risk in this category. (Fitzpatrick, 1983.)

In addition to the definition before, Robock (1971) separates political risk and political instability as terms. Nevertheless, he acknowledges the two concepts to be related, as political instability can include political risk for international business. Following the trend of the third category, the fourth category notes a link between surroundings and a political risk; however, it lacks a description for a

political risk by itself, by only recognizing a potential risk for international business that stems from the political environment. (Fitzpatrick, 1983.)

More modern view on political risk definition is offered by McKellar (2010: 3), who states that political risk comprises any possible harm to business due to political behavior. The view is consistent with Ostojić and Unković (2011), who claim that political risk refers to any activity of the state that leads to the reduction of company's value and capital. Despite the slight variation in the definitions of a political risk in the management literature, the common feature in all of them is a probability of disruption. This does not count delicate changes typically related to political processes but refers to rapid revolutions in the political context. (Fitzpatrick, 1983.)

Lately, political environment has been fast changing and thus emphasized the role of political risks also in businesses' decision making. Global political instability has become commonplace and political turmoil, showing for example as various demonstrations, has created a constant explosive situation, especially in superpowers. This study is interested in the relationship of political risks and internationally operating businesses in Finland; the study pursues to assess the factors that cause political risks and the ways political risks influence businesses in Finland with international trade, noting that some of those means may be indirect. Grounding on the existing literature and today's world politics situation, this study also aims to detect internationally operating businesses' (in Finland) tolerance of political risks in rapidly changing political environment.

2.3 Political risk perspectives

2.3.1 Macro and micro political risk

To understand the political environment of today and the scope of political risks, the risks can be observed from different perspectives. According to Robock (1971 via Fitzpatrick, 1983), political context causes two risk perspectives: macro and micro risk. Robock states that macro risk refers to politically enhanced environmental

changes that are difficult to predict and are directed at all international businesses. Micro risk instead occurs when environmental variations are targeted to only certain fields of international businesses with specific features. The view is consistent with Alon and Herbert (2009), who claim that macro perspective concerns all businesses in a country while micro political risk concerns only a certain firm i.e. is firm-specific. (Alon and Herbert, 2009.)

Macro and micro political risks are not independent on each other but cross each other partly because they share some of the same determinants. Micro political risk is similar to macro political risk in that it, too, emanates from internal and external as well as economic, societal, and governmental forces. The two types of risks are different in that specific aspects of the firm either increase or decrease its political risk exposure. (Alon and Herbert, 2009.)

Research by today has concentrated mainly on macro political risk, which has produced comprehensive insights about certain countries or regions. Micro political risk instead has been only little researched even though it is important to the international firm because of its higher level of relevance and specificity. It is proposed that small number of research on micro political risk results from the challenge to generalize specific risk. (Alon and Herbert, 2009.)

2.3.2 Managing political risks on firm level

Internationally operating businesses confront political risks constantly and must deal with the potentially realized risk scenarios, and for those reasons it is essential to manage political risks on firm level. One way of monitoring political risks on the firm level is through certain elements in the market environment which are out of a firm's control. Varadarajan et al. (1992) call these political risk elements in the market environment *uncontrollables*. In other words, the only thing a firm can do is to adapt to the political environment and thus deal with the risk. In spite of this perspective, many firms have proven to effectively manage the political environment by using politically oriented strategies and tactics (Shaffer and Hillman, 2000; Boddewyn, 1988; Keim and Baysinger, 1988 in Keillor et al. 2005).

Risk management is grounded on the idea that despite risk realization, business must in all conditions be capable of continuing its operation. The firm needs to ensure the future of its operation by building as comprehensive and cost-effective protection system as possible. In general, risk management has been considered a process, which business can use to prevent the threatening risks and minimize costs caused by the risks. (Kuusela & Ollikainen, 2005:155.)

Over time, risk management has changed for its prominence part. Risk management was found to be a narrow specialized area with the purpose to get comprehensive insurance protection inexpensively and risk knowledge was not related to functions that were central for successful business. The risks were divided strictly into damage and business risks and for that reason, risk management referred to rather secondary area, which was about getting insurances. Thus, risk management was not integrated into the firm's overall decision making. According to Kloman (1992, via Kuusela & Ollikainen, 2005:155), not until abandoning the thought of risk management standing for only insurance protection and instead seeing the big picture of it with continuously increasing challenges, enabled the diversification and development of risk management and its operating functions into the strategic direction. Only then it has been possible for risk management to become strategic success factor that it is considered today. (Kuusela & Ollikainen, 2005.)

Functioning risk management is a systematic, step-by-step process that is traditionally associated with many phases. Along Harrington and Niehaus (1999 via Kuusela & Ollikainen, 2005:156), risk management comprises following five phases:

1. Recognizing remarkable risks
2. Evaluation of damage probability and severity
3. Development of risk management methods and selection of proper methods
4. Risk management decisions
5. Evaluation of actualized risk management solutions.

By recognizing risks and evaluating them, the firm can make risk analysis and determine its risk profile. Risk profile assists the firm in advancing its risk

management process into the risk processing phase that is when the firm management makes decisions concerning risk control and finance. There are different risk management methods to utilize: risk can be avoided, reduced, divided, relocated or left for the firm's responsibility. (Kuusela & Ollikainen, 2005.)

Even though the process model of risk management is well-known, protective solutions are highly individual, and for that reason the usage possibilities of them must be considered carefully. Management perception regarding need for risk protection can be very variable also between firms that operate in the same industry. If the manufacturer firm uses subcontractors, liability relationship between the firm and the subcontractors must be pondered with respect to product liability and if the parties so wish, product liability risk can be transferred via contract for the subcontractor. Since the firm does not possess systematic data for counting risk probability and magnitude, evaluating this kind of risk in practice is difficult and estimations are grounded on intuition. (Kuusela & Ollikainen, 2005:157.)

Generally, business itself does not have enough adequate data in respect of evaluating risk probability and consequences so it must obtain it from outside, which almost exclusively means turning into insurance firms. After insurance firm has determined product liability risk a price, the firm decides whether or not to take the insurance. If the insurance is perceived too expensive, it may result in decision to leave the risk for the firm's own responsibility. (Kuusela & Ollikainen, 2005:157.)

As this study aims to determine factors that cause political risk for internationally operating businesses in Finland today, noting general political risks on firm-level is relevant. With respect to those risks within the framework of this study, Keillor et al. (2005) is considered especially significant as they propose justified characterizations of the topic. According to Keillor et al. (2005), political risks on the firm-level include for example transfer restrictions. Ring et al. (1990) consider these restrictions as risks that are related to international business' ability to engage in free trade cross-border wise. Different forms of transfer restrictions are direct exchange impediments such as import restrictions (tariffs, quotas), local product content restrictions, like environmental standards and revenue-related restrictions, like currency

restrictions. (Keillor et *al.*, 2005.) Transfer restrictions start to exist, when the local government in the target country makes changes in the regulation so that it influences business's ability to act or move key resources to the target country and away from it (Ring et *al.*, 1990). Keillor et *al.* (2005) state that transfer restrictions typically result from the government's desire to protect domestic firms or economy from international competition.

In addition to transfer restrictions, political risk can arise because of variety of a firm's political activities, including lobbying, public and government alliances, industry alliances, and inducements and contributions. At the very same time, these political activities can be utilized to manage the political risk, which after all, is one of the business's central goals. (Keillor et *al.*, 2005.) Lobbying can be carried out domestically or in a foreign country and it is generally more of a short-term activity. Typical feature of lobbying is concentration on a single target, like removing a barrier away from an operational goal. Lobbying includes association between a firm and a political actor, like coordinator or decision maker, and there is also a third-party involved, in the role of an initiator. Purpose of the third party is to create best possible environment for combining firm's urge with the political surroundings and managing the political risk caused by the situation. (Clawson et *al.*, 1992, in Keillor et *al.*, 2005.)

Public and government alliances are typical of being oriented towards strategic goals, and are thus long term. As a comparison to lobbying, which has focus point on a single target, public and government alliances take into account the whole business environment (Baysinger and Woodman, 1982, in Keillor et *al.*, 2005.) Inducements and contributions are one way of acting in the political scenario. These can show as bribes and similar or as promotional tools, if cooperation with the firm includes an incentive as a promise of political aid to the partner. Incentive can offer greater benefit when successfully targeted at society instead of an individual. (Boddewyn, 1988, in Keillor et *al.*, 2005.) Considering internationally operating businesses' (in Finland) position in rapidly changing political environment, managing versatile procedures regarding political context may contribute to the greater tolerance of political risks.

2.4 Political violence

Within the framework of political risks, this study has a specific interest that is political violence. Political violence can refer to any action, whose goal is to influence societal issues or political act of a target by harming or threatening to harm them (Tammikko, 2019:9). Along Valentino (2014), political violence refers to any form of organized violence executed by political actors, including governments, rebel groups, insurgents, or terrorist organizations. Tammikko (2019:9) complements that the definition of political violence is fulfilled, if violence is executed by recognizable actor, like an individual, a group or an organization and activity has clear political goal and purpose. Violence does not necessarily need to be physical; it can also be caused in economic or social way. (Tammikko, 2019:9.)

The line between non-political and political violence acts is volatile, since politics can be comprehended in many ways. If politics is seen as narrow act within the limits of parliamentary democracy, then only direct or indirect violence targeted at politicians is considered political violence. Then, in liberal democratic political systems, like Finland, politics is wider concept that comprises more than just act of politicians. Because of democracy, ordinary citizens have a central political role that is based on voting in election, and thus, violence against citizens can in some circumstances be interpreted political. (Tammikko, 2019.)

Tammikko (2019:38) addresses that there are political violence and highly political violence. The difference between the two is that certain political violence is regarded politically more significant than the other kind, even when the acts of violence may resemble each other. The most political act of violence of all is terrorism. (Tammikko, 2019.) To understand terrorism's role in respect of internationally operating businesses in Finland and to find answer to the research question: How do political risks influence internationally operating businesses in Finland?, aspects of terrorism is addressed in the following chapter.

3. TERRORISM

Even though terrorism as a phenomenon is widely known, it does not have any agreed-upon definition. Caruso & Locatelli (2014:2) claim that due to the complex nature of terrorism, it is overdefined. This refers to the point that various factors seem to cause terrorism, complicating the theory development.

While terrorism always refers to criminal activity, not every crime is terroristic. It is thus relevant to separate the concepts terrorism and crime. Along Caruso & Locatelli (2014:6), the difference between the two is that terrorism is in most cases bound to political goals in comparison to other crimes. To quote Schmid (2004): 'since terrorists generally challenge the monopoly of violence of the state and its ability to protect its citizens, terrorist acts obtain political significance even when the motivation for them is not primarily political'.

Also Cronin (2002) and Czinkota et al. (2010) relate political orientation and terrorism. Cronin defines terrorism as follows: "the threat or use of seemingly random violence against innocents for political ends by a nonstate actor". This is supported by Czinkota et al. (2010), who state that terrorism involves the threat or use of violence to achieve a political goal or communicate a political message by frightening the targets of the act. Walter Laqueur emphasizes that terrorism is not an ideology, neither is it political doctrine; instead he considers terrorism more of a method, which is premised on violence or the threat of violence to provoke panic and generate political change. (Hoge & Rose, 2001:71.)

Behind terrorism there can be various motives, such as revenge or socializing suffering ergo extending violence in places where it doesn't normally appear only to use violence as reminder for the enemies. Notably, terrorism can also have other objectives besides agitating fear, hate and opposition. One of them is to get own voice heard which practically means crossing news threshold by means of violence. In that case terroristic act is not only about causing destruction but about strategic communication. This kind of operating model has been especially worthwhile for

terroristic groups that have to do with ethnic conflicts, as they have achieved their goal of crossing news threshold by using violence. (Tammikko, 2019:32.)

As it became apparent in the definitions of terrorism, inseparable part of it is violence or threat of violence. Characteristic for terrorism violence is repetition. Terrorism violence is described to be systematic and along Badey (1998) that is also a feature that distinguishes it from isolated events or individual violence. Considering the use of violence in terrorist activity, Badey underlines that the criminal behavior is not the primary motive but the result when terrorists aim at controlling the targets they have in mind, usually organization or population. (Kydd & Walter, 2006; Czinkota et al., 2010).

Considering the definition of Cronin (2002), terrorism has existed for a very long time. Laqueur notes that over the centuries, terrorism has shown up in various appearances. He addresses that even though terrorism has practically always existed in history, it has shown clear peaks in certain ages and civilizations in comparison to others. (Hoge & Rose, 2001:71.) Lately, terrorism has become more damaging and more prominent (Cronin, 2002). The issue of terrorism is relevant, especially now, when there has been a change considering terrorism target groups (Czinkota et al. 2010). In the recent past, terrorism violence has been targeted especially at states in the international level, where the ultimate power often associates to USA (Cronin, 2002). Governments have paid specific attention in tightening security at public sites, which has then shifted the most attractive terrorist targets from governments to businesses because of the typicality of their international operations. (Czinkota et al. 2010.)

Beck (2002) addresses that the hazards of terrorism increase exponentially with technology development. Improvements in financial and communication technology have enabled global terrorism initially. Nowadays, due to the advances in technology, certain innovations have not only individualized financial risks but individualized war. It has come so far that most risk scenarios which have previously remained latent, have now become feasible. This concerns every progress from gene

technology to nanotechnology, as they can open a 'Pandora's box' as thus be utilized by terrorists. (Beck, 2002.)

3.1 Cyberterrorism

International and national security is facing newish threat in the form of cyberterrorism. In the 21st century there have been evaluations that terrorism will move into information systems and networks. Networks and systems form even more central and vulnerable functions in our society. Publicity that terrorists are after as well as damage to the society will grow bigger than they are now if terrorists get access into the important information systems and networks. (Puistola & Herrala, 2006:147.)

Even though cyberterrorism is increasing threat of the present day, defining it is difficult. Globally there is no common definition of cyberterrorism, which is the reason why cyberterrorism has been investigated lately from many different perspectives. The term cyberterrorism has not been existed for long time. American researcher Barry Colin was first one to create the term cyberterrorism to describe the union of terrorism and internet space. Then, FBI researcher Mark Pollitt characterizes cyberterrorism in a following way: 'Cyberterrorism is beforehand planned, politically motivated attack of hostile or forbidden alliance against information, information systems, computers and software, which as a result causes significant damage or violence. (Puistola & Herrala, 2006: 147-148.)

The definition for cyberterrorism by Barry Colin is supported by Dorothy Denning, American researcher for information system crime and cyberterrorism. According to Denning, cyberterrorism refers to illegal attacks, where attack concerns threat against computers, information networks and information systems. The intention of the attacks is to threaten or force the government or its citizens to act in accordance with terrorists' political or social goals. Nevertheless, so that the attack can be counted to cyberterrorism, the attack must cause damage to people or properties or at least cause harm resulting in general fear. This is the case for example then, when people die or get hurt in attacks or when the attack causes explosions or serious economic losses and trouble. In the light of that, traditional network attacks that cause slight harm or

economic harm to different network services are not found to be cyberterrorism. Instead, serious attacks against critical infrastructure fulfill the features of cyberterrorism. (Puistola & Herrala, 2006:148.)

Ultimately, cyberterrorism would not be possible without technology development that has opened numerous channels for terrorists. Internet and social media have opened a whole new operating area for political violence. Internet enables not only communication between terrorists but also agitation of ideology and spreading propaganda and fake news. Also, new communication means have made it easier for like-minded people to gather together and share their thoughts. (Tammikko, 2019:163.)

Tammikko (2019:163) talks about *echo chamber phenomenon* which refers to the act where people familiarize almost exclusively with material that favors their world view and discuss with only people with similar thoughts. It creates an illusion, where people start to believe that their thoughts are more common than they actually are. (Tammikko, 2019.) Conversation can be dangerous if it is related to extremism, in which case the like-minded may make unjustified generalizations, create enemies and praise violence.

Along Tammikko (2019), echo chamber phenomenon can be boosted in social media by means of bots and algorithms. At worst, conversation concerning the issue can incite parties to hatred and violent acts. If those people moved from discussion to action, it would mean that they would have enormous amount of data available and even legally, since nowadays anyone can get quite detailed information e.g. from certain streets in a city. It has led to the point that civil right organizations and security officers of many countries have raised concern regarding especially satellite pictures, which are offered by several search engines, like Google Inc. and Amazon.com Inc. (Puistola & Herrala, 2006.) This is an example of how technology development has preferred slightly more terrorists than authorities by the law.

Goal of cyberterrorism is to create fear and to achieve that goal, information systems are utilized. Terrorists have shifted into information networks for the purpose that

they could enhance their traditional selection of means, such as bomb strikes and hijacks. Terrorists use internet in order to gain and deliver information, to plan attacks and to work toward their message. It is worth noticing that even though internet use itself does not create the threat of cyberterrorism, it shows that terrorist groups are capable of taking advantage of the newest information technology. Many terrorist groups can cover, encrypt and hide their messages and folders in a way that powerful anti-terroristic actions become remarkably more difficult. (Puistola & Herrala, 2006:149.)

Drawing a line between traditional information network attack and cyberterrorism is a challenging task. The motive and actor behind the attack as well as political motivation usually become clear long after the incident. As cyberterrorism is inevitable part of today's society, several different horror scenarios of cyberterrorist targets have been suggested. Along one of them, cyberterrorists attack information systems that regulate electricity distribution. In that case, electricity distribution gets disrupted and breaks for a long time and people die due to varying indirect and direct causes. (Puistola & Herrala, 2006:151.)

According to other scenario, cyberterrorists invade into the air surveillance and air traffic control system and use wrong flight orders to make two passenger planes to collapse. Also third scenario has been proposed; where cyberterrorist attack complicate the action of banks, stock exchanges and international economy and money exchange. It would cause global economy to stop completely while customers lose their trust to the system. Because none of the scenarios or similar threats has not been dismissed to be impossible, it is only matter of time for the first highly serious cyberterrorism attack. (Puistola & Herrala, 2006:151.)

3.2 Strategies and tactics of terrorists

In order to reach their goals long-term, terrorists follow a range of strategies. During the years, scholars have proposed a variety of typologies of terrorist strategies and tactics. One of the very first terrorism researchers in the business area was Thomas

Thornton (1944-2018), who raised attention with his path breaking analysis of terrorism. The early analysis was structured on terrorists' five proximate goals: morale building, advertising, disorientation of the target audience, elimination of opposing forces and provocation. Martha Crenshaw has similar views on the issue, as she also recognizes advertising and provocation to the objectives together with weakening the government, outbidding and enforcing allegiance of the population. (Brown et *al.*, 2010:100.) Kydd & Walter (2006) are in line with the previous views on the most common terrorism strategies, which along them are attrition, intimidation, provocation, spoiling, and outbidding. David Fromkin claims that there is only one strategy of terrorism and that is provocation. (Brown et *al.*, 2010:100.)

To attain their political goals, communication has relevant role as terrorists must deliver plausible information to the people whose behavior they hope to impact. Along Brown et *al.* (2010:102), terrorists have two main audiences: governments, whose policies are the target of influence and individuals in the terrorists' own side, where influencing is important from the hierarchy's point of view. The governments have power of granting concessions over policy or territory the terrorists are after. Then, terrorists' own audience is capable of providing needed resources to the terrorist group, and at the same time obeying its proclamations regarding social or political issues. (Brown et *al.*, 2010.)

Attrition strategy is based on the most relevant goal of any terrorist group, to convince an enemy that the group is firm and capable of imposing serious costs to the enemy, if they won't surrender to the terrorists. (Brown et *al.*, 2010:103.) Each strategy works well under certain conditions and poorly under others. State responses to one strategy may be inappropriate for other strategies. In some cases, however, terrorists are pursuing a combination of strategies, and the response must also work well against this combination. (Kydd & Walter, 2006.)

Terrorist groups learn not only from their own but also from other groups' experiences, so the terrorist strikes are constantly changing depending on the need. Based on the statistics (between 11.9.2001 and autumn 2005), the most popular

method among terrorists was bomb strike. Al Qaida has listed targets for the bomb strikes as following: “places for fun, nests for immorality and sin, embassies and finance centers as well as bridges leading to the cities”. It can be deduced that the list for potential bomb strike targets is endless and not even the most powerful security system is able to protect all the possible targets. (Puistola & Herrala, 2006: 139-140.)

The second remarkable tactic was armed attack and in 2004, it was the most used tactic among terrorists. At simplest, armed attack refers to opening fire towards gathered people executed by a terrorist or a terrorist group. The goal of the attack is to kill as many people as possible before the strikers either succeed in escaping or die as martyrs. This kind of attack is challenging to implement especially if there are armed security workers or soldiers in the area. Hence, successful attack requires an experienced group, who is competent at acting fast and efficiently under pressure. (Puistola & Herrala, 2006:140.)

The third biggest group is comprised of assassination referring to a pre-determined certain person, not a random target. However, there is statistical bias due to the means used for assassination, which are often one of the two most popular terrorist tactics, bombs or armed attack, already described above, but also poisoning and sabotage can come into question. Usually, targets for assassination include high public officers, politicians, soldiers and representatives of economy but also an ordinary tourist or person who is obstacle for spreading Islam can become victim of assassination. (Puistola & Herrala, 2006:140-141.)

In addition to the most popular tactics above, statistics include arson, suicide bombs, flight hijacks and taking hostages (not kidnapping). The problem with all of the statistics is the lack of international definition of terrorism. Because there is no common agreement about terrorism, many strikes are not included in the statistics, as they are not considered international terrorism. In the beginning, authorities of USA listed only the attacks, where either one of the attackers or victims was a foreigner. For example, in 2004 only one of the planes dropped by *Black Widows* in Russia was compiled statistics, because there happened to be a non-Russian passenger in the plane. (Puistola & Herrala, 2006:141-142.)

3.3 Operating model of terrorist organization

Modern terrorist organizations and groups are extremely flexible, which shows as decentralized and independent action and the only combining thing between different organizations and groups are ideology and ways of action. However, terrorist organizations do have some typical features regarding their operation, and by investigating them it is possible to trace the organizations. (Puistola & Herrala, 2006: 127.)

To start with, terrorists need money to finance their actions. The greater the action, the more money is needed to cover the costs. In principle, material required for the strike, such as guns and explosives are rather inexpensive, but what takes most money is organizing education camps, supportive organization, travelling and recruitment. All in all, sufficient financing is essential for terrorist organization's ability to function in an effective and sustained way. In the past, terrorists have received most of the financing from the governments. During Cold War, great powers against each other financed different revolutionary movements with terroristic ideology. Even now, there are still countries in the world, which finance terrorism. For example, political terrorism of Middle East in Iran, Syria and North Korea is financially possible because of the government. Besides, terrorists finance their action through charity organizations, criminality, pseudo companies, illegal or unregulated banking activity and wealthy individuals. (Puistola & Herrala, 2006: 127-128.)

The other significant part of functioning terrorist organization is inquiry. Usually, information that terrorists need is easily available from public sources. Blueprints of the buildings are seen in the files, basics of the area on the maps and additionally, one can go and observe on the spot. Sometimes, supportive unit who does not participate in the strike does the basic mapping, when local knowledge can be maximized without a risk of getting caught. (Puistola & Herrala, 2006: 133-134.)

Terrorist organizations and security services have to some extent similar ways to operate, since both of them can acquire excellent target information without being revealed. For example, Al Qaida used to invest in diligent and persistent data acquisition before executing any attack. Besides data acquisition, terrorist groups operating in Europe usually test different security systems in advance. That way, they can find out, whether e.g. bomb like packages in train station draw attention, like terrorist suspect who got caught in 2004 did. Then, terrorists who attacked London subway 2005 did a practice round before actual suicide bomb attacks. (Puistola & Herrala, 2006: 134-135.)

Terrorists need training, whose quality is dependent on the pursued impact. Two extremities regarding the duration of the training are Brigade with the commando's training just before the strike and 9/11 suicide bombers, who were forced to practice carefully ability of flying in order to hit the certain buildings. Usual way for terrorists to get the needed training is to partake in special camps, where recruits are given diverse gun and explosive training, religious enlightenment as well as group support. The amount and duration of the training periods vary and some of the terrorists also visit the camps more than once. Based on new estimations, especially Islamist terrorist groups prefer distant camps in the frontiers of Afghanistan and Pakistan and in the countries where authorities do not want or can't control their area. (Puistola & Herrala, 2006: 136-137.)

Along with financing, inquiry and training, operation of terrorist organization is not complete without logistics and maintenance. Terrorists can obtain guns and explosives by stealing, buying parts from a hardware store or making them themselves, making use of knowledge of more experienced terrorists. In addition to guns and explosives, terrorists need ordinary things, like food, shelter and communication devices. Supportive organization takes care of them particularly, if the actual attackers are not locals. In anti-terror war, it is crucial to investigate the central features of functioning terrorist organization, since it enables authorities to interfere with them. As the local supportive organization becomes thinner and weaker, the probability to successful terrorist attack gets smaller. (Puistola & Herrala, 2006:137-138.)

3.4 Life cycle of terrorist group

It has been suggested that there exist actual life cycles of terrorist groups. Rapoport (in Brown et al., 2010: 386) claims that in the modern era, one wave of global terrorist activity has approximately a generation's lifetime that is around 40 years. Characteristic of the waves is an international character, which shows as a common ideology and complementary activities in various countries. Additionally, typical of the waves is expansion and contraction. Along Rapoport, two factors are essential to the waves: (1) transformation in communication or transportation patterns, and (2) a new belief or culture. However, the two features are not obliged to exist at the same time. Rapoport contends that usually individual organizations have short life spans, which is the reason for them to disappear before power of the wave is lost. Having said that, the existing wave of jihadist terrorism is different in the sense that it is not driven by a secular but religious cause. (Brown et al., 2010.)

Several theories have been presented by terrorism experts on the issue, how terrorism actions come to an end. Decline of the terrorist group can be determined by innate factors or by external policies. A group may get involved in terrorist attacks due to many reasons: to keep up support, to reinforce its organizational integrity or cherish its proceeded existence. Then, the group can make a decision that does not serve its purposes and engage in counterproductive strategy or the dynamics of the group may lead to its collapse. Looking the big picture, Rapoport (Brown et al., 2010:383) claims that 90 percent of terrorist organizations have a life span that lasts of less than one year; and further, from those organizations that function over a year, more than half of them vanish within a decade.

One of the popular approaches on the issue focuses on the organizational dynamics of the group. It has been deduced that terrorism is intrinsically a group activity. Thus, by gaining insight of the terrorist group dynamics, which contains shared ideological commitment and group identity, it is possible to find means needed to end terrorist attacks. Aim is to understand the dynamics of relationships between members considering the vulnerability of the group's hierarchy, the weaknesses regarding the

organizational structure and the group's ideology and picture of the world, in order to be capable of dissolving the group. (Brown et al., 2010:382.)

3.5 Cooperation between terrorist organizations

Even though, there might be a reason for terrorist organizations to cooperate, organizing it is often difficult. The organizations do not want to resign themselves to other organization's armed branch with expense of their own ideology. As terrorist organizations are hierarchical, agreements are conducted only by a small core team, which complicates keeping promises. (Puistola & Herrala, 2006:91.)

Cooperation pattern of terrorist organization has been challenging to find out because of various reasons. Organizations tend to be closed and for natural reasons they try to hide what they do. Also, as a result from the development of governmental counteractions, most terrorist organizations have changed their internal structure into a more cellular one. Typical of a terrorist who is part of a cell is that they only know the members of their own cell. Due to that, cooperation between these kinds of closed organizations has been difficult to both organize and execute. (Puistola & Herrala, 2006:88.)

Research on the cooperation in ideological terrorism is based on the stories and confessions of the caught terrorists. The actual leaders of the organizations have not been cooperative, not to mention their refusal of revealing other terrorists. Then, only the leaders have known the details of possible cooperation. In addition to this, security and intelligence services of the government have kept the details of their findings for themselves. To deduce, even though there are indications of cooperation between terrorist organizations, information and details with respect to it are above all inside information and insights regarding cooperation between terrorist organizations are mainly assumptions and conclusions. (Puistola & Herrala, 2006:88.)

4. ANTI-TERRORISM ACT

The previous chapter addressed terrorism as a form of highly political violence. As terrorism has become more common and threatening for international businesses, it is essential to understand and develop ways to act against terrorism. Anti-terrorism act comprises arresting terrorists or by other means bringing justice, disturbing terrorists' planning work, preventing terrorists' travelling, denying economic and material support and taking organizations' freedom of act at its every acting levels. European countries including Finland find that anti-terrorism act requires international cooperation and authorization, which put UN and other regional security organizations into remarkable position. (Puistola & Herrala, 2006: 211-212.)

If Finland is observed from a citizen's point of view, international terrorism has not been visible in the street view. Anyway, Finnish society must be prepared for the possibility that the situation might change some day. (Puistola & Herrala, 2006: 221.) Along Tammikko (2019:16), there is polarization in society that is grounded on the extreme black and white thinking, where society is divided into two groups "we against them". When this kind of state of mind turns into obsession, it simultaneously creates basis for terrorists (Tammikko, 2019).

When it comes to preventing terrorism, the same means are used for it in Finland as also elsewhere in the world. Immigration of persons with suspected terrorist connections is regulated, actions of the persons are monitored, illegal monetary transactions are monitored and if necessary, funds are frozen, potential targets for strikes are protected and it is practiced for possible attack scenarios. In Finland, ministry of the interior is responsible for forming review of internal security, managing it and distributing it to those who need it. The review covers possible terrorism directed at Finland, which is the reason why it is important to pursue to map all the possible terrorism targets and identify the risk persons from security's viewpoint. (Puistola & Herrala, 2006: 221-222.)

Anti-terrorism act in Finland is conducted almost exclusively by police but also other authorities, like army and border guard, have created capacity in the area in order to

strengthen the collaboration between the public actors. Considering security action in Finland, security service is the authority whose tasks cover counterespionage, prevention of terrorism, prevention of government's internal security's threats, preventative security action and security guarding. Security service is divided into three main sections: operative, preventative and strategic section, where anti-terrorism act is placed in operative section. (Puistola & Herrala, 2006:222.)

Severity of terrorism shows also in anti-terrorism act where authorities have exceptional jurisdiction in terrorism prevention (Tammikko, 2019:190). Despite the range of authorization, it is remarkable that especially when it comes to extremist organizations, even legitimate violence by authorities can be problematic. Tammikko (2019:16) argues that no matter how justified violence is in anti-terrorism acts, harsh actions can in fact worsen the societal polarization and deepen the cohesion of the targeted group. Also, it may not be unambiguous, what order use of force is suited in each case and that's why constant balancing considering the given situation is essential.

What is notable regarding the action of security service is that since February 2003, Finland has included terrorism crimes in criminal law. According to the article 34a in criminal law, following actions are punishable terrorism crimes:

- 1) Crimes with terroristic ideology
- 2) Preparing a crime
- 3) Leading a terrorist group
- 4) Advancing terroristic actions
- 5) Financing terrorism

Essential is that not only the crime itself but also preparing and attempting it are punishable acts. For the purpose that terrorism could be prevented, Finland utilizes "soft" and "hard" means. With soft means, it is referred to different inquiry and information exchange actions, preventative actions, operative action and influencing citizens and organizations. Inquiry and information exchange is conducted by EUROPOL, INTERPOL and countries of the nearby region, and it concerns also

different authorities, individuals and international organizations and groups. Preventative action comprises border control, crime prevention and legislation. Operative action refers to authorities' visible and invisible action in order to prevent terrorism and minimize effects of the strikes. In addition to these means, citizens and organizations are influenced through informing and visible professional action. (Puistola & Herrala, 2006: 223-224.)

Hard means refer to investigation, punishments, use of force and military operations. In more detail, investigation covers finance inspection, crime investigation and mapping terrorist and criminal connections. Punishments with respect to terroristic acts are defined in article 34a like stated above (see p. 28). Use of force points to all of the compulsions available for police. Finally, military operations demonstrate hard means that are executed in cooperation with army and border guards. (Puistola & Herrala, 2006: 223-224.)

Security service monitors activity of known suspected criminals and terrorists with versatile selection of means. At many times, criminality and terrorism are strongly bound to each other. Cornerstone of the prevention is international cooperation, which is the basis to both collaborative European database of the suspects and bilateral information exchange between the countries close to each other. International information exchange concerns persons, monetary transactions and freight transport. For example, the countries who sign the Agreement of Prüm are engaged in exchanging freely DNA registers and personal data of terrorist suspects. At best, international cooperation enables warning in advance and can thus prevent possible terrorist attack. (Puistola & Herrala, 2006:225.)

Border control is the greatest barrier between a Finnish target and an international terrorist. In practice, the job includes inspection of travel and freight documents in order to detect forgeries and to catch undesirable persons or wanted criminals. The security of travel documents has been improved with biometric identifiers, which refers to saving the headshot and fingerprint of the pass owner in the chip of the document. Also, unified asylum and visa policies are part of security in Finland and

other countries, which endeavor in blocking illegal immigrants. (Puistola & Herrala, 2006:225-226.)

In addition to the above, security service utilizes technical supervision to observe persons, information traffic, funds and other material. A means to do that is tele monitoring, which has been rather criticized in public. Sure, security service has refused to reveal its actual resources for technical supervision. Though it is notable that organization that investigates secretly operating groups and persons can't function fully openly and also security service enjoys international and national trust. (Puistola & Herrala, 2006:226-227.)

Most of the public officers' monitoring tools comprise devices or software that have been fixed into the network that is being monitored. Security services utilize also various technical monitoring devices to track the person from afar, to listen and record the person's conversations as well as film the person's movements everywhere they go. The region can be monitored with the help of satellites, unoccupied flyers, and helicopters and similar from well afar. Still, most of the technical devices have been created in order to record talk imperceptibly, using for example camera that makes use of optical fiber. It is only assumed that also Finnish security service has access to a wide range of monitoring tools. (Puistola & Herrala, 2006:226,246.)

To conclude, it is extremely difficult for a person to avoid monitoring that is targeted at them if authorities decide to invest enough resources for it. Nevertheless, there are some challenges with respect to the monitoring. First of all, the suspect can act at any hour of the day and for that reason, monitoring the suspect takes a lot of resources. Secondly, terrorists try to complicate monitoring as much as possible, so authorities need to come up with new means to map potential threats. One of the means is *data mining*, which has become a must in modern society where people leave electronic fingerprints everywhere from schools and authorities' registers to information systems of health care and store registers. For example, there exists software system called MATRIX (= Multistate Anti-Terrorism Information Exchange) that collects suspicious aberrances from the selected data bases. The system, available for public

officers, picks certain person's electronic print from many registers for profiling. Fundamental idea behind MATRIX was to create a system that is capable of warning of unusual and possibly criminal action. (Puistola & Herrala, 2006:247.)

Nowadays, there is global political instability in superpowers that maintains a constant explosive situation in the world. The increasing threat of political violence and especially terrorism has raised concern among internationally operating businesses in Finland that the consequences of incidents could be reflected to even Finland. This study uses empirical research method based on semi-structured theme interview to examine the factors that cause political risks in Finland and the ways political risks influence internationally operating businesses in Finland.

5. STUDY VIEWPOINT IN THE LIGHT OF PREVIOUS STUDIES

Political risks and internationally operating businesses form an increasing research phenomenon in international business studies. Changes in political conditions of business's operating area reflect directly to business ability and because of that, monitoring those conditions is high importance for businesses. In concrete, political conditions of a country may affect export and import regulations and thus currency transfer. Political conditions can also change due to political violence, like terrorism, and through that even prevent business from executing crucial operations. Understanding political risks can in a way bring protection for a business as anticipating risks decrease uncertainty in terms of business and future operation.

Most of the studies conducted on the topic only cover political risks regarding business's foreign direct investment or concentrate on political risks in terms of a developing country. Studies that deal with more indirect consequences of political risks on businesses with international trade belong to the minority, especially in respect of businesses in Finland. This indicates a research gap that this study pursues to fulfill by focusing on the factors that cause political risks for internationally operating businesses in Finland.

Previous studies have shown that certain issues and themes come up concerning the role of political risks for internationally operating businesses. McKellar (2010:7) underlines the pertinence of political risks because it is a field business do not really understand even though it is inseparable part of business activities in developing countries or emerging markets and what is more, exceptionally dangerous. (Czinkota *et al.*, 2010; Griffith *et al.*, 2008.) As McKellar considers that political risks are connected to developing countries, he thus indicates that political risks are connected to certain geographical locations. Also, Dittmer and Sharp (2014: 4-5) state that relations between countries have to do with possible political risk scenarios. Because of those reasons, this study is interested in finding out, what kind of association geographical location of business activities and political risks have with each other.

It is to be noted that in international business studies, there has been only little scholarly research to address one of the greatest political risks, terrorism. Even though terrorism is a tremendous threat for businesses, businesses are only developing ways how to respond to that (Czinkota et al. 2010). Brown et al. (2010:93) also state that despite the prominence of terrorism, scholars and policymakers do not have deep understanding about terrorism and the reasons why it works.

Overall, there are quite little studies regarding political violence in Finland. However, looking at recent history, random acts of violence have not been totally unexpected in the Finnish context. In the autumn of 2002, a bomb built by a young man exploded at the Myyrmanni shopping center in the Helsinki metropolitan area. Seven people died and almost 200 were injured in the explosion. In addition to that, school shootings that are known from elsewhere world have reached Finland and have possibly uncovered gaps within Nordic wellbeing society. (Oksanen et al., 2010.)

Even though Finland has been successful in managing various traditional problems, like social marginalization and poverty, new threats of the digital era seem to make the system more vulnerable than ever before. In that regard, the school shootings have been a starting point for a new phase of violence. They may also have enduring effect reflecting to the Finns' interpersonal trust and feelings of security. The school shootings have also raised a question, whether the Nordic welfare societies are permitted to react to new risks that include completely unexpected violence that reminds terrorism. (Oksanen et al., 2010). The research shows that there is an increasing threat in the form of unpredictable violence that is not fully managed. In this study, acts of violence are observed for political viewpoint and considered what kind of influences they can have for a business with international trade.

Additionally, this study will observe political risks in the bigger picture. In previously conducted studies there have been references, where political risks in international business have often been associated to concepts like globalization or megatrends. Prechel (2006), who has scrutinized the relationship between politics

and globalization, addresses that globalization is comprehensive force, whose macro-dynamics reaches not only our, but also the next and the resulting generation.

Megatrend instead is a long-term, global, transformative process that has vast scope and a fundamental and dramatic effect, as it influences the future in all sectors of human life. Along Naisbitt, megatrend is defined by three dimensions: time, reach and impact. (Vielmetter & Sell, 2014:6.) Megatrend impacts with the time scope of ten to fifteen years, which should be paid attention to by governments, institutions and businesses when making long-term plans (Naisbitt & Aburdene, 1990). Noting the time scope proposed by Naisbitt and Aburdane, today's megatrends are expected to be shown in 2028-2033. Only then it is possible to know, whether today's issues belong to the megatrends. In a way, megatrends provide direction where the world is going. By recognizing and analyzing potential existing megatrends, the future's world can be to some extent foretold. Since megatrends relate to risks, identifying existing megatrends can assist in identifying anticipated risks, also with respect to political risks.

Awaken by previous studies, this study will delve into internationally operating business's experiences of political risks, noting that those risks can threaten the business from any country. The study will pay attention to the issues like geographical location of business activities, political violence, terrorism and managing political risks since those themes are most pointed out in the research. As the topic is rather understudied by now, this study will focus on internationally operating businesses in Finland and political threats they face regardless of the country and consider, what kind of political threats exist here for businesses. In addition to that, the study aims to fulfill lacking issues of previous studies by observing whether there is a relation between political risks and megatrends, because that information would assist businesses in their decision making with respect to political risks.

6. MATERIAL AND METHODS

This study is qualitative empirical research that is based on semi-structured theme interview. The selection of research method and form were influenced by the character and relevance of the research topic, the size of the sample, the aim of the study and moderate small amount of previous research regarding the topic.

6.1 Qualitative research method

Qualitative research method was chosen, because the aim was to compile research material from people's knowledge and experiences. Qualitative research method refers to a group of different interpretive research methods that are executed in natural conditions. Qualitative research is difficult to define clearly because it lacks theory and paradigm that would be only its own. Nor does qualitative research have absolutely own methods. (Denzin & Lincoln, 2005: 3,6). Qualitative research is a type of research method that yields descriptive data that is people's own words either literally or orally. Qualitative research is not only a means for gathering data but according to Ray Rist (1977 via Taylor et al., 2015:7), a way of coming closer to the empirical world. Qualitative perspective studies meanings and is interested in people's experiences and insights of the world. (Taylor et al., 2015.)

Typical of qualitative research is the absence of hypothesis, which means the researcher will not test a particular theory and its functionality in a sample. For that reason the researcher does not have strong premise for the research results. Yet, considering also qualitative research, theory is put into practice, but the aim is not to form causality relationships (Eskola & Suoranta 2014:19) but to put things into context and understand different point of views (Hirsjärvi & Hurme, 2010:22).

Creswell (1994 via Hirsjärvi & Hurme, 2010:25), who has studied methodological differences between quantitative and qualitative research, states that qualitative research is based on inductive process. It proceeds from particular cases to the

general case, it is interested in many concurrent actors which affect the result and it is context dependent. Inductive process is about theories and patterns that are developed in hope for greater understanding. Still, qualitative research is conducted within theoretical frameworks. Sheer induction is impossible because people always have assumptions and attitudes about the world and act based on them. However, within a wide theoretical framework, the aim of qualitative research is to verify the theory fits the data, not vice versa. (Taylor *et al.*, 2015:7.)

Qualitative research is well suitable, when:

1. one is interested in elaborate structures of the cases instead of their general division,
2. one is interested in individual actors' meaning structures related to certain cases
3. one wants to research natural conditions that cannot be organized as experiment or where all of the actors cannot be controlled, or
4. one wants to receive information about cause-and-effect relationships regarding certain cases that cannot be researched with the help of an experiment. (Metsämuuronen, 2008:14.)

It is typical for qualitative research that material gaining and analysis come about at least partly in parallel (Metsämuuronen, 2008:48) and also for this study, there was no distinct difference between the two. Before material analysis can be done, material needs to be converted into a form, which makes analysis possible. Common proceeding for notes and interviews is to transcribe them i.e. transform speech into text. It is also possible to do selective transcribing that is, only parts that are relevant for research reportage are transcribed. (Metsämuuronen, 2008.)

Along Grönfors (1985), material analysis covers both analysis and synthesis, as in analysis, the gained material is taken apart into conceptual parts and by means of synthesis, the parts are reassembled to scientific conclusions. The process is also known as *abstraction*; the conclusions from the research material no longer concern separate persons or cases, instead, they proceed to common conceptual and theoretical level. Possible problem within analysis is if the researcher has strong pre-

assumption about the research result. In that case, there is no material that could make a difference, if the researcher sticks stubbornly to her original assumption. Therefore, subjective pre-assumptions should be ignored while analyzing the results. Having said that, Grönfors (1985 via Metsämuuronen, 2008:47) finds that field research material can usually be analyzed only by researcher herself.

In the methodological literature of qualitative research it has been proposed an observation along which there has been transformation in qualitative research from processing gained material (1980s) into the issues of material analysis (1990s). So the focus point is more and more in the material analysis. On the other hand, this is contradictory with another thought common in the qualitative literature that qualitative research is a whole, where material gaining and analysis can't be separated from each other. Generally, the development of material gaining and analysis has been separate in qualitative research. Töttö (2000 via Tuomi and Sarajärvi 2009:68) explains the situation by noting that nowadays qualitative research is scrutinized above all through the analysis and not material gaining.

It can be said that weak spot of qualitative research is the challenge of defining good research. The fact that there is at times endeavor to make qualitative research seem good research does not only tell about the dominated position of qualitative research but also about preconceptions of people doing qualitative research. The term dominated position refers to for example that in most appreciated scientific publications writing structures have been devised from the starting point of quantifying research. It means that because of necessitated reportage policies, qualitative research report is often challenging to get included in required pages and is thus ignored. (Tuomi and Sarajärvi 2009:126.)

In principle, it is not difficult for qualitative research to meet the four basis norms of science ethos, defined by Merton in 1957: 1) universalism i.e. justifying arguments by non-personal criteria, 2) "communism" i.e. publicity and common ownership of scientific information in scientific community, 3) impartiality i.e. science as vocation without personal profit interest, excluding reputation and 4) organized skepticism i.e. systematic criticism. The problem is that these norms are more often broken than

obeyed, which does not concern only qualitative research but generally in science. (Tuomi and Sarajärvi 2009:126-127.)

Tuomi and Sarajärvi (2009:127) bring along features for what they find essential for good research. First of all, a significant criterion is internal consistency, which in research report shows in argumentation and quality of the sources. Secondly, good research is ethically sustainable. Ethics is related to research reliability and quality. It should be noted that qualitative research is not necessarily research of quality. (Tuomi and Sarajärvi 2009.)

Tuomi and Sarajärvi (2009:140) underline the researcher's part, when the *trustworthiness* of the qualitative research is evaluated. The researcher has chosen the certain research target and problem related to it. In the beginning of her research, she argues why she wants to research the chosen phenomena and which goals she has with respect to the research results. The researcher has pre assumptions regarding reaching the goals and how her approach will possibly affect the results. Selecting research methods can also be something the researcher wonders about, whether they are sufficient in making reliable conclusions. By evaluating trustworthiness, information given by the researcher and the research progress helps the reader to judge the research results and their trustworthiness. (Tuomi & Sarajärvi 2009.)

Eskola and Suoranta (2014: 212) address *credibility* as a criterion for trustworthiness. This means the researcher's endeavor to bring together her own and her subjects' concept world and interpretations of the research. The increase of credibility is anyhow uncertain due to above all the interviewees' challenge to perceive their experience. According to Eskola and Suoranta (2014: 214), trustworthiness can also be appraised by *validity* and *reliability*. Internal validity tells the scientific expertise of the researcher as well as harmony between research-related concepts and solutions. External validity is utilized to show that the researcher has researched exactly what she was supposed to. Reliability as concept includes the absence of contradictions in the material interpretation. (Eskola & Suoranta 2014.)

Even though objectivity is endeavor by qualitative research, it is up to the researcher to decide, which attributes and significances she gives for different phenomena, which methods she uses and what is her own perception of the research. This way,

observations get theoretical bottom and the whole research partly subjective viewpoint. (Tuomi & Sarajärvi 2009:135-136.) Since the researcher is responsible for gathering and interpreting material and she has personal contact to the research subjects and the research situation, qualitative research has been subject to criticism because of excessive subjectivity. (Patton 2002:50.)

When the researcher does her research with people, she must determine her own relationship and attitude to the research subjects, which is influenced by the nature of the research and researcher's perspective(s). Patton's (2002) starting point is *empathic impartiality*, which refers to neutral middle ground of certain kind, where the researcher does not come too close to her research subjects, which can blur judgment. On the other hand, staying too far can decrease understanding the research. (Patton 2002:50.)

However, Patton (2002:52) emphasizes that impartiality does not equal ignorance. In qualitative research, empathy means researcher's personal contact with her interviewees and observed persons. She needs to understand their attitudes, feelings and worldview. The researcher "has to put herself in another's shoes", try to see, how the other person thinks, acts and feels. (Patton 2002.)

In addition to the above, Syrjäläinen (1994 via Metsämuuronen 2008:58) has listed features typical of good qualitative report:

1. Observations have been conceptualized in relevant way and observations have been connected to concepts in many ways,
2. research task has been particularized within the research,
3. observations have been made repeatedly,
4. original context has been respected so that the interpretations of the researcher do not fade it out,
5. inquiries and interview policies for obtaining material are advanced and shaped,
6. within the research, the researcher has succeeded in having different perspectives in mind,
7. the researcher has written down implicit information for the reader that was not made public by the examinees,

8. the researcher has not forced the examinees' implicit information into any pre-formed mold for example through prescriptive interview questions,
9. the researcher has made use of technical implements within obtaining material, and
10. the effects of the researcher's role and position have been reported, which can demand more narrative and descriptive style than the researcher is used to.

Shortly, good qualitative research report must include same elements as good quantitative research report. On the grounds of the report, the reader needs to get perception of how information is obtained and how reliable information is. (Metsämuuronen, 2008.)

6.2 Interview as research method

6.2.1 Concept of interview

Interview, at its simplest, can be defined a conversation with pre-decided objective. Interview reminds of conversation in many respects; however, there exists a relevant difference between the two. When the aim of the interview is to collect information, which makes it pursuit with seeking purpose, conversation may be created because of sheer association function. The interview comes about mostly on interviewer's terms or is at least led by him. (Hirsjärvi & Hurme, 2010:42.)

Interview as part of the research, according to Hirsjärvi & Hurme (2010:43) is interaction situation with certain characteristic traits. The ideal interview should fulfill following features:

1. Interview is preplanned, since the interviewer has familiarized himself with the research target in theory and in practice.
2. Interview is initiated and led by the interviewer.
3. Interviewer must usually motivate the interviewee and maintain their motivation.

4. Interviewer knows his role, while the interviewee learns it as the interview goes on.
5. Interviewee must know that the given information is processed confidentially.

There are different types of interviews: individual face-to-face interview, group face-to-face interview, form interview that is either mailed or conducted on the spot or interview by phone (Metsämuuronen, 2008:37-38). Most common interview form is individual interview (Hirsjärvi et al., 2010: 210), executed also in this study. The main reasons to choose interview as research method were the challenge of predicting answers beforehand and significance of personal experience in the answers.

An interview can be characterized as communication between two persons that is grounded on the language use. Communication in the interview is comprised of people's words and their linguistic meaning and interpretation. Distinctive feature of the interview is that people participating in it aim at conveying their own mental relationship to the world conceptually. Interviewer's endeavor is to find out, how the meanings of an object or state of affairs are founded upon. At the same time it is to be noted that also new and common meanings are created in the interview. Thus, the concept of co-construction - known especially from developmental psychology – can be applied to the interview situation. Typically, co-construction refers to the period, where child's development is built upon interaction with an adult. Applying that to the interview situation, it means that an interview answer always reflects interviewer's attendance and his way of asking questions as well as preceding questions and answers. (Hirsjärvi & Hurme, 2010:48- 49.)

An interview brings along many advantages and the greatest one of them is flexibility. The interviewer can ask the question again, correct misunderstandings, clarify phrasing and have a conversation with the informant, which is not a possibility in the case of post inquiry. Additionally, the questions can be asked in any form the researcher finds reasonable. Interview in qualitative research can be considered flexible also in the sense that it is no quiz. What matters most in the interview is to get as much information as possible from certain theme. Then, it is justified to give interview questions or topics to the informants already in advance so

that informants could familiarize themselves with them and make interview successful. Another advantage of the interview is that the interviewees can have been chosen to the interview because of their experience from the researched phenomenon or information of the topic. (Tuomi & Sarajärvi 2009:73-74.)

The interview was chosen because it is a flexible research method and can be applied to many research purposes. Ojasalo et al. (2014) underline that in the interview; the interviewee is a subject, who can freely express issues regarding him. The task of the interviewer is to describe clearly interviewee's thoughts, perceptions, experiences and feelings. The interview can be utilized to clarify answers and deepen the received data.

Patton (2002:4) addresses few points regarding the interview situation. Along him, the interviewer needs to write down enough direct quotations concerning interviewees' opinions, feelings and experiences in order to make an analysis. Tuomi & Sarajärvi (2009:22) criticize that original quotations should not be presented in the research for the reason that they don't necessarily increase the credibility of the research but instead work more as analysis body when beginning the research. (Tuomi & Sarajärvi 2009.)

Considering limitations, Oksanen et al. (2014) argue that the main issue is that an interview is time-consuming. The interviewer must seek the interviewees, set the interview meeting, write down the interview results, analyze the answers and put them into a larger context. Additionally, the interviewer should have experience in interviewing, as the interview situation necessitates flexibility, improvising and objectivity. (Oksanen et al., 2014.) Hirsjärvi et al. (2009: 212) address the other issue regarding interviews as research method. Questioning and interviewing are means to find out what persons think, feel and believe. In that way, they reveal how persons perceive, what is happening around them. However, those means do not tell, what is really happening. Instead, it would require observation in order to find out, whether people act in a way they claim they do. (Hirsjärvi et al., 2009.)

There are several interview methods, which differ in how the interview is outlined and how many people are being interviewed at the same time. Hirsjärvi et al. emphasize that the researcher himself has to ponder, which procedure in his own study would likely guarantee the best result. Most of all, the choice depends on who the interviewees are and what is the topic of the research. (Hirsjärvi et al., 2009: 210.)

6.2.2 Semi-structured interview

Inspired by Brinkmann, this study uses semi-structured interview, which was also considered to suit for research method because of the study topic, which is rather sensitive due to its risk area. Brinkmann (2014:1008) argues that most qualitative interviews are semi-structured. There is, however, no generally known definition of what semi-structured interview means (Hirsjärvi & Hurme, 2010:47). Along Eskola and Suoranta (2014:87), the questions in semi-structured interview are same for everyone but the answers are not bound to the answering options, instead interviewees can reply using their own words. Oksanen et al. (2014) state that semi-structured interview contains pre-formulated questions but in the interview situation, the interviewer can modify the form of the questions and the exact phrasing can vary between the interviewees. This is in line with Brinkmann (2014), who asserts that in a semi-structured interview, the researcher provides some structure grounded on her research interests and interview path but works flexibly with the path. This enables the interviewee's more spontaneous descriptions and narratives. (Brinkmann, 2014:1008.)

The interviewer can change the order of the questions in different interviews if he wishes to do so (Oksanen et al., 2014). As the interview goes on, some of the pre-formulated questions can be left out and accordingly, beforehand unplanned questions can be asked from the interviewee. (Oksanen et al., 2014.) In summary, it can be said that characteristic for semi-structured interview is that some point of the interview is closed but not all of them (Hirsjärvi & Hurme, 2010:47).

Diefenbach (2009) addresses methodological problems of qualitative empirical research mainly based on semi-structured interviews. He goes through the whole research process by observing different methodological issues there can be. Along Diefenbach, there are five main areas closely connected to possible methodological problems, being the followings: before collecting data and during the whole research process, the process of collecting data, internal validity and making sense of data, external validity of the data and findings and relation between the findings and social sciences as well as social practice.

Firstly, Diefenbach (2009) notes that before collecting data, a researcher's theoretical position, interests, and political view will influence and possibly determine the research question and methodological approach and during the research process the analysis and interpretation of data. Concerning qualitative empirical research based on semi-structured interviews, there is no exact research question from the beginning and it will likely be redefined or changed during the research process. Then, there are no exact qualitative scientific methods to investigate the research question and further on, investigative case studies do not state specifically, which theory they are grounded on. (Diefenbach, 2009.)

Diefenbach (2009) states that when it comes to collecting data, neither the selection of the unit of investigation nor the selection of interviewees does happen systematically and objectively. Additionally, interviewees are influenced by the interview situation and they can lead the interviewer in a false direction. Because of these aspects, the interviewees are not a reliable source for information. (Diefenbach, 2009.)

Methodological problems are also associated with internal validity of data and making sense of data. Interview data are insufficient regarding their quality, quantity, or the covered time frame. The data cannot be reflected to reality, which undermines the internal validity of the data. Dealing with the data is highly subjective, since there is not any objective criterion for the selection and grouping of the data. In addition to the mentioned criteria, data interpretation and writing up of the findings are subjective and liable to more than one interpretation. (Diefenbach, 2009.)

As external validity of the findings does not allow generalization of the findings or formulating a theory (Diefenbach, 2009), this study has not pursued into generalizing results but to open us discussion about ever-increasing topic and to create material to support future studies. Due to the unique nature of the findings and a predominant relativistic insight, it is not possible to test or replicate the findings. Thus, individual case studies do not contribute to the advancement of social sciences. Finally, case studies do not place and explain the data in a historical and structural context and there is lack of critique in academic research and discussions when individual case studies are put into wider social context. (Diefenbach, 2009.)

6.2.3 Theme interview

This study utilizes theme interview, since based on Hirsjärvi & Hurme, 2010, theme interview has lots of features that were considered beneficial for this study. Theme interview is a semi-structured interview method, where the interview concentrates on certain themes that are discussed. Theme interview as term is unique in Finnish language, even though similar interviews are conducted also elsewhere. Generally, Merton's, Fiske's and Kendall's focused interview is considered the paragon of the theme interview method, nevertheless, the difference between the two is that the theme interview does not require certain common experience achieved experimentally but assumes that the method can be utilized to study all of experiences, thoughts, beliefs and feelings of an individual. Like by Merton et al., the experiential world and their definitions of the situations are emphasized. (Hirsjärvi & Hurme, 2010:47- 48.)

The advantage of using the name theme interview is that it doesn't classify the interview into qualitative or quantitative method; neither does it take a stance on the amount of interview times nor on the depth of the topic handling. Rather, the name tells the most fundamental content, that is to say that instead of detailed questions the interview proceeds with certain central themes. This releases mainly the interview from the researcher perspective and hence makes the interviewees voice heard. Theme interview caters to the fact that people's interpretations of things and the

meanings they give for them are crucial, likewise how meanings originate in interaction. (Hirsjärvi & Hurme, 2010:48.)

The interviewer can't ask just about anything in the theme interview but she aims at finding meaningful answers in the line with research meaning or research agenda. In principle, the beforehand chosen themes are grounded on the research framework that is what is already known about the phenomenon. (Tuomi & Sarajärvi, 2009:75.) Considering structure, theme interview is closer to unstructured interview more than structured interview. What determines the theme interview semi-structured method is the reason that one aspect of the interview, themes, is same for everyone. Theme interview lacks the exact form and order of the questions that is typical of structured form interview and is not entirely free like deep interview. (Hirsjärvi & Hurme, 2010:48.)

Theme interview does not proceed via precise, detailed questions but looser, focusing on certain before planned themes based on previous research and familiarization of the topic. Themes are same to all the interviewees but they are gone through flexibly in random order. Considering formality, theme interview is a bit more structured than open interview and is thus located between form interview and open interview. (Hirsjärvi & Hurme 2010:48; Eskola & Suoranta 2014:87.) Hence, theme interview was found to suit this study as research method due to the research character and the size of the sampling. As the interview has semi-structured character, it offers both thematic structure and flexibility.

Theme interview has, however, some issues because at some cases, the research topic and themes closely associated with it can be considered sensitive. Sensitive data causes that interview questions must be carefully planned around the themes in order to make most of the interview situation. Along Cowles (1998), sensitive data means intensely personal experience(s). Lee (1993) states that sensitive data can cause a substantial threat to those who are or have been involved in it'. This notion of 'threat' can be interchanged with the concept of 'risk'. There is risk to the participants involved in sensitive data collection in that they rely on adequate ethical procedures from the researcher (Mertens and Ginsberg, 2008). Conversely there is

risk to the researcher in that they can be emotionally challenged (Bahn & Weatherill, 2012).

6.2.4 Telephone interview

Telephone interview was chosen method in this study purely due to the distance with the interviewees. Telephone interview is used to a great extent in quantitative research and it is widely discussed in the survey methodology literature. On the contrary, quite few qualitative studies make use of telephone interview and regarding them, there is only little methodological discussion in the qualitative research literature. (Novick, 2008.)

Telephone interview is for the most part neglected in the qualitative research literature and generally, it is usually found to be a less attractive alternative in comparison to face-to-face interviewing. Since telephone interview lacks visual cues, it is believed to cause loss of contextual and nonverbal data and hence, influence for example interpretation of results. (Novick, 2008.)

Even though telephone interview in qualitative research is not commonly favored method, it can function as diverse data collection tool. Telephone interview is claimed to produce clear and detailed data with high quality. When compared to face-to-face interview, telephone interview include lower cost, increased access to geographically disparate subjects, decreased space requirements, increased interviewer safety, and the ability to take notes unobtrusively. The other advantages considering telephone interview are associated with the feelings of the interviewee. It has been noted that due to the telephone, interviewees are relaxed, willing to talk freely and reveal sensitive data. Additionally, telephones allow both the interviewee and the interviewer to have increased anonymity and privacy, decrease social pressure, and increase mutual trust and respect. (Novick, 2008.)

Hermanowicz (2002) addresses a few issues with respect to telephone interviews. Along him, distance increases probability to failures in communication, which leads

inevitably into compromised conversation. This is consistent with Burnard (1994), who states that clarifications are challenging over the telephone. In the absence of non-verbal cues, the interviewer has to form the questions carefully and clearly. More detail, Frosh (2007) highlights that in the case, where face-to-face situation is lacking; one needs to pay special attention to the clear articulation of the questions. Along Drever (1998 via Hirsjärvi & Hurme, 2010:64), the greatest issue concerning telephone interview is the difficulty of knowing, whether the interviewee has understood the question. In silence, there is no information, whether the interviewee still stays on the interview. They may ponder the answer or then do something else. (Hirsjärvi & Hurme, 2010.)

Taking it further, Shuy (2003:181) emphasizes that visual signals of the interviewer play a significant role in encouraging interviewees to elaborate or clarify their responses. Hence, lack of visual gestures may have influence on the quality of the data produced. Additionally, the interviewer could miss some of the content generated by the interviewee due to the absence of visual cues. Hirsjärvi and Hurme (2010:64) are in line with this; they state that because telephone interview lacks visible cues of the conversation, which would form the context of the interview, it suits quite structured interviews better than qualitative interviews. Also, telephone interview is suitable for sequel interviews of the already interviewed persons. (Hirsjärvi & Hurme, 2010.)

It is notable to take aforementioned issues and limitations regarding research method into account when analyzing the results.

6.3 Material

Hirsjärvi and Hurme (2010:184) address the relevance of quality control in research. It is especially important to observe quality when the material is obtained by interviewing, like in the research in question and it should be done in different phases. Already before the actual interview, it can be influenced to quality. A way to pursue quality in advance is to make a good interview frame. It is to be emphasized

that theme interview does not only refer to expressing main themes. For that reason, it is beneficial to think beforehand ways to deepen the themes and alternative forms for additional questions. Then, it should be remembered that it is never possible to prepare for all the additional questions, not to mention their formats. (Hirsjärvi & Hurme, 2010.)

During the interview, quality can be improved by taking care of the technical equipment including material that is used for recording like tapes and ensuring its function. By the end of the interview, it is good to take a look at the interview frame and still ask something if necessary. If the interview is executed by telephone, it is possible to particularize certain things also after the phone conversation. Considering quality in material handling, it is advantageous to transcribe the interview as soon as possible, especially if the researcher does both the interviewing and transcribing. (Hirsjärvi & Hurme, 2010:184.)

Material for the study has been generated by interviewing five (5) persons in the age range of around 30-60, in five different companies, from which four are large companies and one middle-sized company. The interviewed persons work in the following branches of business: Community planning, finance, insurance, managerial consulting and risk management. All the interviewees work in a business that has international trade. Status of the persons ranges from intermediate employee to consultant and managing director. The interviewees' working experience in the current firm is 8-18 years.

The certain firms in the study were selected, as it was considered, which fields confront constantly political risks and thus have some expertise in managing those risks. The aim was to get interviews from representatives with different statuses, who work in different fields in order to form a comprehensive picture of political risks and relevant issues in respect of them with the focus point on terrorism. Based on the appraisal, the persons working in appropriate firms were contacted via email and asked if they could give their insight on political risks in an interview as a contribution to a master's thesis concerning the topic. It was added that it would be a theme interview with few general questions on the topic *Political risks and*

internationally operating businesses in Finland. The persons were assured that the results generated from the interview would only be used within the research project, which means that the answers would be processed absolutely confidentially and neither the business nor the interviewee could be identified from the material. Based on the agenda, the persons agreed on the interview.

As the interviews have been executed over the telephone, they have been, with the permission of the interviewees, recorded with a smartphone in order to analyze results later in detail. All the interviews were conducted in Finnish and translated into English by transcribing. The interviewees were asked to answer the questions openly and let their thoughts and ideas run freely. It was also added that there are no right or wrong answers to the questions. The length of the interviews varies from 20-35 minutes.

All the interviews are grounded on the same main topic, *Political risks and internationally operating businesses in Finland* and on few relevant themes related to the topic. Following themes are discussed in every interview: Political risks in the world and in Finland, megatrends, geographical location of business activities; political violence, terrorism and consequences; threat of terrorism in Finland as well as managing political risks and terrorism. Questions have been built in a way that has been inspired by previous studies. The following questions have been asked in every interview in variable order:

1. What do you consider the biggest political risks in the world and in Finland?
2. How do you think changes and incidents in the world influence political risks? Are there some global mega trends that affect risk levels?
3. How does geographical location of business activities affect political risk?
4. How does political violence including terrorism appear in Europe and what are the consequences?

5. What is the role of terrorism in Finland?

6. Considering internationally operating businesses in Finland, how do they prevent and manage political risks and terrorism?

There has been a slight variation regarding the choice of words between the interviewees but the content of the questions is same. For the purpose that the answers gained from different persons would be recognizable, the interviewees were given a letter combination (one or two characters), deriving from the branch of business, where the person in question is working. Thus, the letters CP, F, I, MC and RM (see page 3) are used to distinguish the interviewees from each other and refer to the certain person.

This study uses content analysis for material analysis. Analysis endeavors to produce new theoretical information of the phenomenon that is researched (Eskola & Suoranta 2014:138). The purpose of the content analysis is to describe material compactly, but in a way that relevant content of the data is remained. Because of summarizing, material can be transformed into a form, which allows making conclusions. (Hirsjärvi & Hurme 2010:135–137.)

Content analysis methods include typology, categorization and thematizing. (Eskola & Suoranta 2014:138) Qualitative material is divided and grouped based on certain issues, in other words material is simplified into the most relevant matters. After that, appearance of certain themes in material is compared. The aim is to scrutinize the themes and basing on that, to search perspectives that describe certain theme. (Eskola & Suoranta 2014:175–176; Hirsjärvi & Hurme 2010:173.)

Considering theme interview analysis, thematizing is a natural choice and it is also used in this study. In thematizing, themes compatible with research matter are pointed out. By means of themes, it is pursued to achieve the core of textual meanings. However, the risk of thematizing is that the researcher points out themes that do not exist in the text. For that reason, the raised themes should be scrutinized critically. It is notable that the pointed out themes are always dependent on the

researcher's interpretation. (Eskola & Suoranta 2014:175–176; Hirsjärvi & Hurme 2010:173; Tuomi & Sarajärvi 2009:93.)

The content analysis of this study is grounded on thematizing. Every interview question represents a theme, altogether there are six themes. From the interviewees' answers, similarities and possibly repeating issues have been searched. Additionally, for every answer, it has been observed, whether the research question shows in the answer. Furthermore, gained answers have been reflected to the existing literature on the research topic. Analyzing research material is based exclusively on the researcher's subjective view.

The results of the research are presented in the following chapter theme by theme. First, there is a short introduction to the theme. Then, quotations demonstrate the answers of the interviewees on the theme in question; field of the interviewee shows in the brackets. The amount of quotations varies between the themes, so not every answer is included in the report. The reason for that is that the chosen quotations are considered most apropos for the sake of research aim and objective and also, suitable by the length. Instead, the answers excluded from the research are found to be either too far from the topic or too wide-ranging. The gained results are analyzed and reflected to the literature.

7. QUALITATIVE RESEARCH ON POLITICAL RISKS AND INTERNATIONALLY OPERATING BUSINESSES IN FINLAND

7.1. Theme 1: Political risks in the world and in Finland

Theme number one deals with biggest political risks in the world and in Finland at general level. The interviewee (CP) addresses most remarkable issue along them to be instabilities of countries because of business's operational aspect.

“The biggest risks in the world are probably these instabilities of the power states, instabilities of the great countries, since there are the greatest stocks and business activities. Naturally, they are also target countries for many businesses in Finland.” (CP)

Numerous businesses in Finland that operate internationally, have trade to superpowers, like United States and China, so business has direct connection to the political environment and its changes of these countries. Also Chua (2006:374) states that United States is the world's only superpower, and for that reason it faces higher demands than any other market dominating minority. Because of the ultimate power position of United States, political decisions made there might affect rest of the world.

Interesting political risk aspect is offered by the interviewee (I), who highlights the connection between political risks and time. Along them, political decisions can come retroactively into effect; therefore, certain political risks are in a way separate from real time. Practically, retroactively actualized decisions complicate and slow down the political risk preparing process of a firm, since market needs to be investigated very carefully. Regardless, uncertainty concerning firm's decisions is increased, because markets are hardly ever predictable.

“Business environment of a country has a great impact, in other words political stability of the country. How retroactively certain legislative cases are carried out. A good example is Russia that can make political decisions which come retroactively into effect. We have experienced that in our job and it is really challenging to predict which direction politicians will take the issues at, come retroactively into effect. In the world, these kinds of cases do have influence on a company.” (I)

The interviewee (MC) discusses the connection between trade restrictions and political risks. Factors that could lead to trade restrictions are for example diverging opinions with respect to trade policies between USA and EU. Keillor *et al.* (2005) state that these kinds of restrictions regarding trade, called transfer restrictions, typically derive from government's desire to protect domestic firms or economy from international competition. In practice, transfer restrictions start to exist, when the local government of the target country makes changes in the regulation so that it affects business's ability to operate and move key resources to the target country and away from it. Since business's free trade would be prevented cross borders, transfer restrictions would have remarkable influences on trade, which makes them one potential political risk. (Ring *et al.*, 1990.) If the restrictions were implemented and trade between USA and EU decreased, it would have highly negative influence also on Finland, which is export-oriented country. The example supports reasoning before about the power position of United States and how actions there often have influence far, even to the other continent.

“Considering economy politics, you can claim that Trump is the cause for risk. There are challenges between USA and EU. A thing that affects us strongly is the possible barriers of free trade that is because we are so export-focused country. And if trade between EU and USA decreased, it would mean that purchases from EU countries including Finland would decrease. And naturally USA's purchases from Finland, too. But we sell most of our products and services to EU countries, Sweden and Germany as the biggest ones. So, due to those reasons,

Finland would have indirect influence that would be remarkable influence.” (MC)

The statement of the interviewee (MC) indicates that we should point our attention to Russia with respect to political risks for two reasons. Firstly, Russia has shown signs of pursuing competitively to reach the position of superpower. Secondly and because of the first reason, Russia appears to be a rather aggressive but unpredictable country. The interviewee (MC) also made an observation that if somewhere in the world happened something politically dramatic and Russia interfered with it, Finland would be first in the line to be a target because of the 1000 km of common border with Russia. When neighbor country appears to be politically unstable, it is best to try to prepare for the worst.

“I would say a significant political risk is that Russia has systematically aimed at taking stronger control in the world. It is funny thing that they have been longing for becoming one of the superpowers and in contrast to Western countries, they differ in mentality in that if they win, someone must lose. If they lose, they think that someone else wins. Versus we would cooperate together.

... Anyways, they are more active. They are there apart, an active actor, practically a war party. Since we have 1000 km of common border with them (Russia), it increases a risk of that if somewhere in the world political situation escalated; it would influence our position rapidly, here in Finland.” (MC)

It can be noted, how all the interviewees have partly similar content in their answers. When asked about current political risks in the world and in Finland, all of the interviewees give examples of possible risk scenarios in the world and adduce the emphasized role of uncertainty. Uncertainty is caused by e.g. following reasons: individual powerful persons, like presidents, market fluctuations and retroactive

factors. It is remarkable that all of the interviewees then argue that those political risks would influence Finland as well if they would occur.

We can see that there is an association between the potential political risks given by the interviewees and the statement by Robock (1971 via Alon & Herbert, 2009), who uses term macro risk to describe political risk that is dependent on changes in political environment, hard to predict and concerns all international businesses. All interviewees consider instabilities of great powers to be a political risk and further that negative changes in political environment in Russia or even in USA would have consequences also in Finland. It becomes apparent in the answers that for Finland, those consequences would be indirect but significantly large.

7.2 Theme 2: Megatrends

Theme number two scrutinizes how changes and incidents in the world influence political risks. The discussion focuses on the speculation, whether there are some global mega trends that affect political risk levels.

Megatrend as concept was first presented by John Naisbitt in his book *Megatrends* (1982 via Vielmetter & Sell, 2014:6; Naisbitt & Aburdene, 1990). Megatrend is a long-term, global, transformative process that has vast scope and a fundamental and dramatic effect, as it influences the future in all sectors of human life. Along Naisbitt, megatrend is defined by three dimensions: time, reach and impact. (Vielmetter & Sell, 2014:6.) Below, the interviewee (CP) lists the greatest mega trends and assesses, how much they influence a business.

“Depends on the business orientation but maybe the biggest ones are globalization and this kind of immigration and refugee politics. These are of course big issues but I would say, the bigger the firm, the more it affects and conversely, the smaller the firm, the less it affects.” (CP)

The interviewee (CP) mentions globalization as well as immigration and refugee politics as greatest megatrends. The other thing the interviewee finds megatrend is immigration and refugee politics. It is true that demographic structure has changed quite much after 2015, when exceptionally large amount of refugees came to Europe. The trend was seen also in Finland. As a comparison, Tammikko (2019:152) demonstrates that in the 1990s and in the 21st century, 1000-4000 refugees per year came to Finland, when 2015, the number was over 32000. Most of the refugees came from Iraq, Afghanistan, Somalia and Syria. All the countries in question are filled with conflicts, political persecution, many forms of discrimination and corruption. (Tammikko, 2019.)

If we think about the number of refugees in 2015, it is no wonder that we live in complicated and globally significant break that in Finland has reflected strongly on immigration and refugee politics and also political acts targeted at them. Tammikko (2019:152) lists that the refugee situation has caused three reactions: xenophobic activity as backlash, demonstrations regarding flaws in refugee politics and radicalization among refugees. Unfortunately, even everyday citizen can notice the first two in the street view and the third is not only a fact but also increasing fear and suspicion. It is no denial that the huge amount of refugees from conflict areas and asylum seekers who must at worst wait for years for residence permit apart from their family concurrently working have brought with themselves concrete threat for anxieties and political violence.

At times, asylum seekers are sent back to the conflict areas, like some countries including Finland have done. Because of the weak security situation of the areas, some of deported asylum seekers have got killed. Even though refugees are not directly killed by governmental bodies, they can lose their lives due to indirect consequence of certain political policy (Tammikko, 2019:15). This kind of operating model can generate hatred among other asylum seekers, who may even radicalize as a result of perceived injustice. It can be stated afterwards that Finland may have been too polite and too welcoming with respect to who can come to the country, keeping in mind the risks that have become mundane because of that.

The interviewee (MC) addresses the recent trend of citizens' acts due to the dissatisfaction for increasing differences in living standards. Along them, it can cause serious consequences that could shake the whole society.

“One megatrend is when the lack of sensibility to political economic situation quickens. The change rate has increased, meaning that predictability has weakened, which then means that uncertainty considering future has increased.” (MC)

“Lately, there have been lots of citizens' movements, which cause pressure as differences in living standards are so huge. We live in abundance versus what is there behind Mediterranean. So, when there are these large and even increasing differences in living standards, it is like a powder keg. If it explodes, there can be enormous consequences. And further, if changes are quick, it likely reflects to the basic functionality of society.” (MC)

Amy Chua (2006:166) points out that throughout the times, as world markets have spread out, they have caused explosive situations, where wealth has been divided extremely unevenly between different ethnic groups. In the countries, where is strict division into rich market dominating minority and poor “indigenous people” majority, democracy and market forces are constantly colliding. Markets enrich dominating minority further, while democracy increases political voice and power of the frustrated majority. This kind of opposition usually introduces agitators, who are against the rich minority and insist that “the real owners” must take over the property of the state. As common hate against the rich “outsiders” grows, the result is ethnically loaded steamer that can explode anytime. (Chua, 2006:166-167.)

The extreme differences in living standards raises ethnic jealousy and hatred, as the poor will do anything to improve their situation. Global market economy has created incendiary position, and the rich might not even notice it in their own abundance. It can't be assumed for sure that the position would remain unchangeable from now to eternity. If we imagine a case, where the majority would suddenly come into power in an election, it would turn the position upside down. From the viewpoint of today's rich minority, this kind of situation would be the worst possible, as they would undergo the bitterness and will for revenge by the majority, who have suffered under the dominance of the minority in misery.

Similar thoughts were presented above in the interview regarding the differences in living standards. Interestingly, the interviewee (MC) uses almost identical expression as Chua (2006:167) does, even though there is over a decade between the two statements. The expressions "powder keg" and "loaded steamer" refer to the perception that today's and near future's things are in precarious situation that can escalate any time and cause disturbing consequences.

In addition to that, as the interviewee (MC) mentioned, if the speed of the changes is fast, the consequences will rock the foundations of the whole society. Chua (2006: 167) discusses serious possible consequences that derive from the escalated opposition between market forces and democracy. Firstly, if markets are attacked at with the aim of getting properties of market dominating minority, markets suffer. Other probable scenario concerns some sort of attack against people who promote democracy and are sympathetic for market dominating minority, which would harm both people and democracy. Then there is the most brutal consequence in the form of ethnic purge and other ethnic-related violence. Examples of that were seen in Former Yugoslav Republic of Macedonia and Ruanda. (Chua, 2006.) It is safe to say now that the cruelest predictions have not yet realized, at least not in the Western countries, not to mention Finland. Even so, anxieties, extremist activities and use of violence have grown in number everywhere and if the trend proceeds to the same direction, it will most likely have radical consequences for society.

7.3 Theme 3: Geographical location of business activities

Next, the study observes, what kind of association geographical location of business activities and political risks have with each other. Based on the answer of the interviewee (CP), the size of the risk depends on the country business is operating in but also on the type of business action.

“In some countries there can be greater risks regarding a type of business, while some business actions might have hardly any risk. “
(CP)

“It is always easier, if a business produces some physical product and if it operates only in home country, things can be solved quite easily. However, businesses that operate only in homeland belong nowadays to minority. From our customer base, more than 95% operate in more than one country, which makes the risk map larger. “(I)

The interviewee (I) makes notice that most of the firms nowadays are highly international and operate in more than one country. According to them, international activities increase risks for a firm in comparison to that the firm would have only domestic business actions. It can be concluded that risks are considered bigger in other country or countries. There can be various different reasons why that is and those reasons can also overlap. To begin with, other country has naturally its own cultures, which reflects to how business is done. According to Dittmer and Sharp (2014: 4-5), relations between countries have to do with possible risk scenarios. If it is considered that Finland has good global reputation that is has been building persistently; then for Finland, the relations between countries apply mostly to those of target country or countries. If there are anxieties or political violence going on in the target country or countries or it or they have hostile attitude to another country, it

has indirect consequences on Finland too, and those consequences can influence for example on whether or not business can be continued. So, stability of the target country has an effect on political risk development and business.

According to the interviewee (RM), majority of firms trust their business on dangerous basis, as for a critical component's part, they are dependent on one factory. If the factory burned or some political risk prevented firm from delivering overseas, it would take relative long time to replace the critical product with a substitute. It can be said that whether there are options or not, a firm takes a big risk when it makes itself dependent on only one factory. In that case, the firm must look closely to the area where factory will be located in order to become convinced about the suitability of the area.

“Of course, it depends on the industry, but most companies have some components or commodities or similar which are critical and which they get from only one production factory. Basically, it is single source supplement, when you are dependent on one factory.” (RM)

“The production factories are in free zones, where international business can be made. And there are also other firms and particularly large brands: Coca-Cola, Mc Donald's, this type of firms, where local hostility against foreigners is directed to.” (RM)

The same interviewee (RM) elaborated earlier how many businesses are dependent on only one production factory and they now continue that those factories are located in international free zones. Along them, it doesn't matter how carefully a firm investigates the area for its production factory beforehand; it is placed in free zone with lots of other firms. Some of them are famous brands, which are typical targets for hostilities and riots. Local incidents should be taken into a bigger, global picture. In other words, if a firm is dependent on one production factory, it must bear burden of knowing that their production is directly linked to anxieties in the area.

“In the big picture, I would say that no matter where a conflict situation happens, the fundamental theory of terrorism is that if there is a

country, region or nation that has had relatively fine situation which then weakens; in that case it is a quite favorable target for e.g. terrorism and also for revolutions and similar actions.“ (RM)

Geographical location of business activities plays role not only for businesses but also for terrorists. Like the interviewee (RM) states, terrorists favor places for their targets, where the situation changes from better to worse. Considering terrorist goals, Tammikko (2019:31) states that one of them is to provoke fear. Usually, aim is also to create hate among people. In a country, where the situation has been bad all the time, there is no power to push upward or people simply don't care, because they feel nothing can make their situation worse. Instead, in a well-being country, people are more responsive and that is why it is a growing platform for terrorism and other political violence.

7.4 Theme 4: Political violence, terrorism and consequences

Within the framework of political risks, this study concentrates on narrower interest that is political violence including terrorism. It is discussed how political violence including terrorism appears in Europe and what the consequences are. Following examples of the interviewees (F, I and MC) reveal that issues like popularity of nationalism, riots and demonstrations have grown in number in Europe.

“In France, there have been riots and demands of the demonstrators, which show political opposition. Overall, introversion has increased and almost every country has a political party who practices this kind of politics. Brexit is also a good example of how from economic viewpoint we are going to the wrong direction in the development. “
(F)

“Rise of nationalism and because of that, demonstrations, taking it closer to terrorism. “ (I)

“Let’s look at history. For example, what once happened in Germany, when Hitler got into power. It is notable that at first, it was a business of a very small group that then burst and got great popularity among masses. I’m concerned about this trend that we can see by Dutch and Italian regarding extreme right wing orientation. So, time wise, it can spread quickly from country to country and make borders close and increase small violent activities as well as terroristic activities.” (MC)

Comments regarding political violence by three interviewees are very much similar by the content. All three interviewees (F, I, MC) mention extreme right parties as present trend in European countries and discuss also about increased amount of demonstrations, riots and other violent acts. Like Valentino (2014) has stated, political violence refers to any form of organized violence executed by political actors, including governments, rebel groups, insurgents, or terrorist organizations. Comparing the comments of interviewees (F, I, MC) to the definition of Valentino, it can be claimed that the recent incidents in Europe are political violence.

Already a while, it has been prominent that radical right-wing parties have been succeeding in elections in almost every European country. Activist groups with their supporters in line have grown in number and they are prepared for direct and even violent action. So, in Europe, political violence is clearly ascendant. It appears that what is driving extreme right wing parties is opposition to globalization. Those, who are against globalization, seem to think that developing globalization distorts the relations of economic and political power and increases inequity.

“One big thing is cyber terrorism. It is a rising trend.” (I)

The interviewee (I) underlines the issue of cyberterrorism that nowadays is concern for every business. Already over a decade ago, it was evaluated that in the 21st century terrorism will move into information systems and networks. (Puistola & Herrala, 2006.) As the time has come and been crossed, it can be deduced that the evaluation was right, and cyberterrorism shows no signs of slowing down either.

The interviewees (RM and MC) underline the severity of political risks by noting they can cost people's lives.

“This is interesting risk field that nobody understands. It is not as concrete as fire risk and partly because of that it is more challenging to understand. But you only need one corpse and there you got your understanding.” (RM)

“Looking at the history, the big risks tend to happen at those very moments, when people least expect them to do so.” (MC)

Furthermore, the interviewee (MC) claims that people tend to forget about the history and lull into a false sense of security. To quote Aradau and Munster, (2007): “History is a harsh judge: it will not forgive us if we let this moment pass.” Concrete consequences of what terrorist activities can cause are shown for example by the terrorist attacks of 9/11, which did not only have major losses popularity-wise but also remarkable economic consequences. At economic level, the influences of terrorism were seen as slowing down of the world's three large economies (in 2001), USA, Japan and Germany, which then caused decrease of global economy. The 9/11 attacks caused both economic and political disadvantages, which applied to national security and international affairs. As long-term influencers the events still have impact when it comes to international business. (Drakos, 2004.)

Puistola and Herrala (2006) mention several threat pictures that have been presented in United States with respect to how terrorism might show today and in the future. One of them concerns cyberterrorism. If the threat picture realized, there would be cyber-attacks that would be targeted at economy of United States for many weeks. The special target of cyber terrorists would be credit card data which would then be

published in internet. As a result, 20 million credit cards would be forced to block. Also, withdrawing would be blocked by disabled ATMs, cheques couldn't be sent, and, in many firms, there would be computer problems that would prevent operation for several days. It has been estimated that this planning and preparing this kind of attack would require years, however, the actual implementation would take only a few weeks. Even though the cyber-attack wouldn't cause any deaths or injuries, it would harm the society's finance with millions of dollars. (Puistola and Herrala, 2006.) It is to be noted that the threat picture could be realized also in Europe.

“The practices on Norwegian coast were a sign that Russia distracted telecommunication, without massive consequences, but it can happen in Finland, too, by influencing some electrical grid and thus darkening some areas.” (I)

Future's terrorist attack in Finland is not utopian either, like speculation of the interviewee (I) shows. The interviewee finds it possible that terrorists could carry out destructive attack into electrical grid, which could at its worst darken the whole Finland. How many people would have enough dry-goods in their home or how many would overall survive in the dark? Above all else, it is worth noticing that if electricity supply would be cut off, also water supply management would stop working.

Possibility of a cyberterrorist attack against information systems that regulate electricity distribution is real. If electricity distribution got disrupted and broken for a long time, people would die due to varying indirect and direct causes. To sum up: terrorist attack into electrical grid would be catastrophic already in Finland but it is even clearer that in USA, it would be a complete disaster that would paralyze the entire country.

7.5 Theme 5: Threat of terrorism in Finland

Special interest in this study within political violence is threat of terrorism, especially in Finland. The interviewee (I) ponders the role of terrorism for businesses with international trade indicating terrorism is increasing threat.

“Terrorism is very political, and terrorism is clearly increasing and businesses in Finland are highly interested in terrorism insurance.” (I)

Generally, Finland has been considered one of the safest countries in the world and the thought of terroristic attack here has seemed unbelievable, regardless of terrorist attacks elsewhere in Europe. Maybe one reason for paucity of political restlessness in Finland is because Finland is a small country located in the north, and country's population is comparably coherent in respect of language, culture and ethnicity. If we compare Finland and other Nordic countries to the rest of the European countries, there are differences in terms of their economic and social-political situations. The Nordic welfare states, Finland, Sweden, Norway and Denmark, have traditionally been associated with a high-quality education system, low rates of poverty and small income inequalities. The Nordic countries are often considered to be examples of societies where attitudes towards the state and social policy programs are supportive.

The trust in police and other state institutions has been high in Finland and the other Nordic countries. Experience of safety in Nordic countries is at progressive level and concerning Finland, according to the Research Report: A Comparative Analysis of the European Crime and Safety Survey (EU ICS, 2005) there has been least fear of crime and feelings of insecurity in the streets after dark when compared corresponding statistics to other European Union countries. (Dijk et al, 2005; Oksanen et al., 2010).

It is true that income differences in Finland have been rather small and thus have not caused remarkable deflections in standards of living. However, some time has passed since research mentioned by Dijk et al. (2005) and Oksanen et al. (2010) and according to Tammikko (2019:157), income differences in Finland are increasing

and position as welfare state is concurrently weakening. As a result, it increases the feeling of insecurity and inequality, generates bitterness and hate against the government and its representatives and drive people to the small marginal of society. When the situation gets worse like that, it is a favorable basis for extreme ideologies and action. The situation is same as the interviewee (MC) discussed about earlier on relationship between geographical location of business activities and terrorism (see p. 55).

In recent years, unexpected violence has even more increased in Finland. On autumn 2016, there was a demonstration by the extreme right in Helsinki Asema square, where a victim was abused to death. Then, on August of 2017, there was a terroristic stabbing in Turku central market, which took lives of two people. At the latest, these incidents have made people realize the existence of political violence also in Finland. It seems that overall, a raising issue regarding terrorists today, is the persons' ability to stay out of security services' reach, since the persons do not differ from mainstream society almost at all. These people are not mentally ill, nor are they fanatics. Rather, they are supremely persistent and can invest a lot of time for planning attacks.

Both ministry of internal affairs and security service have kept statistics concerning political violence and announced that threat level is increasing. The increase has been noted even outside of Finland; along Global Terrorism Database that maintains international terrorism databases, in years 2015 and 2016, 11 terrorist attacks were executed in Finland. (Tammikko, 2019:9.) Thinking back to 2015 and 2016, the number of attacks (11) sounds really high because it is hard to remember any terrorist attack from those years, but, as an ordinary citizen, it is impossible to know, which kind of attacks those were, since authorities do not at most times share that information with us. Certain is anyhow that there are many more attempts of terrorist attacks than we can even imagine; those are the ones that authorities succeed in preventing.

“Finnish businesses consider risks outside Finland very carefully, but at the same time we are quite credulous regarding political issues here.

Even so, SUPO has increased the threat level of traditional terrorism this year in Finland. Businesses in Finland may not experience terrorism as a big risk. But if we look at our neighbor countries, are we the only country, where there hasn't been actual terrorist attack. Yet.”

(I)

It is interesting how people define terrorism differently. Already in the interview answers regarding threat of terrorism in Finland it can be seen that the interviewee with the background of management consulting states that the stabbings in Turku were a clear terroristic act that could recur anytime, while according to the interviewee from insurance field, Finland has not yet confronted any actual terroristic attack. The differences between the two opinions could be explained by the perception of aftermath with respect to the act of terrorism. If we compare attacks conducted in Finland to corresponding in elsewhere Europe, damage caused by the attack is smaller and so is the number of the victims. In other words, this is probably what the interviewee from insurance field meant with his words. Assuming that along him, “the actual terroristic attack” refers to massacre, that Finland has avoided, luckily. Scale of the attacks may have been moderate; anyhow, it doesn't change the fact that terrorism is not defined by the size of the damage but the terroristic motive and course.

“I think that in Finland, threat is relatively smaller than it is for example in Middle Europe, not to mention Turkey. We know what happened some time ago, when there were these stabbings in Turku. So, there exists a risk, noting that there have been acts of terror by Isis or their followers. It was only a matter of time, when it would likely happen also in Finland, and now it did. So, the risk still exists.”(MC)

“Like, through Russia, there is a risk for terrorism. If global political situation would escalate, it would increase remarkably the risk level regarding investing in Finland. For example, production capacity, will a product be made in Finland or in Germany or in Holland. It makes a

difference. And also, it affects people's trust in the future and thus wellbeing. "(MC)

The comments by the interviewees (I, MC) reveal that the situation with respect to Finland's reputation as a safe country has changed remarkably because of the stabbings in Turku, which has brought Isis kind of terrorism here. It can be argued that the realized risk scenarios have challenged our understanding in terms of the well-being society. Along the interviewee (MC), if a political risk was realized and influenced Finland, it would definitely have effect on people's trust for future and well-being.

When the feeling of safety is destroyed, different endeavors to bring down risks become involved. (Oksanen et al., 2010). It can be considered that one of them is SUPO's increased threat level of terrorism, mentioned by the interviewee (I). By highlighting the fact that the threat of a terrorist attack is bigger now than it has been before, SUPO provides critical information of country's security situation but additionally, in a way shifts part of the responsibility of preventing terrorism for other authorities, businesses and even regular citizens. Like Oksanen et al. (2010) state, citizens tend to leave safety and security issues to the police and state authorities instead of coping with them themselves. However, because of the recent attacks, like stabbings in Turku and the warning of SUPO, trust on authorities may be a little bit wavered. Not in the way like citizens would believe that police and other authorities wouldn't do everything in their power to prevent terrorism but in the way that it might not be enough anymore.

It is known that the stabbings in Turku were made in terroristic mindset and that is something Finland is not used to. The attacks have proven that not even Finland is untouchable and we must count on that the situation might only get worse. Hardly can it be denied that partly this has been influenced by the acts of terrorism in other Nordic countries and also advanced connections to jihadist action of immigrants in Finland. It is probably safe to count on the possibility that currently, one of the biggest terroristic threats in Finland is Islamist extremism. Even though Casson and Godley (2007) emphasize the importance of volatility, i.e. maintaining updated state

regarding continuously changing environment, awareness of possible terrorist attack in the environment can also raise excessive panic and paranoia among citizens.

7.6 Theme 6: Managing political risks and terrorism

Finally, considering internationally operating businesses in Finland, the interviewees give their comment on how the businesses prevent and manage political risks and terrorism.

“It depends on the market, where business is operating. If you go into the Russian market, it has greater political risk than in the Finnish market. You can never completely prepare for political risks, but I would state that the first and the most important risk management method is to know the market before entering it. By studying the political environment, it is easier to recognize the risks and get insight of which situations could be realized.” (F)

“The first step is to identify the risks. That is also preparation. Knowing the odds and for example for our company’s part, we have drawn a risk map. The map includes a lot of our own risks but there are also risks from the environment. Those relate to changes in national economy, incidents in Europe or incidents between USA and Europe, to mention few possibilities.” (MC)

On managing political risks and terrorism, the interviewees (F, MC) both underline the importance of first knowing the market where the business is operating and identifying the risks in order to know probability of them to happen. That is consistent with Harrington and Niehaus (1999), who state that risk management comprises five phases and the first of them is to recognize remarkable risks. Also Kuusela and Ollikainen (2005: 156) highlight that only through risk recognition and evaluation, a firm can make risk analysis and determine its risk profile, mentioned by the interviewee (MC) as risk map. Along them (MC), risk map contains firm-level

risks and environmental risks, which for their part note remarkable changes and incidents in Europe and in the world. Kuusela & Ollikainen (2005:156) argue that risk profile assists the firm in advancing its risk management process into the risk processing phase, when the firm management makes decisions concerning risk control and finance.

“Today, also in Finland, businesses have enterprise risk management, where risk management has been taken as a part of the leadership. If things are made in the right way in a company, these risks come into the light. Political risks and economic risks relate to them.” (I)

As the interviewee (I) indicates, it natural that in a modern society, risk management is an essential area of a functioning company and it has been noted by integrating it into leadership. However, it has not always been like that. There were times, when risk management was considered a narrow specialized area and for that reason, it was totally separated from the functions that were crucial for successful business. (Kuusela & Ollikainen, 2005:155.) Change of society, development of technology and increase of uncertainty and with it, political risks, have most likely contributed to the risk management’s wider recognition.

“To start with, planning contracts, funding arrangements. Do you fund the growth yourself or raise money from investors, in which case the risk is divided. Or if firms start cooperation with each other. You know, there are means to decentralize risk. Means that remove risk do not exist. “ (RM)

The interviewee (RM) emphasizes the importance of planning when it comes to risk management and adduces cooperation between firms as an option to divide risk which way the risk is more manageable. Astley (1984, in Keillor et al., 2005) calls this kind of bond between two or more firms industry alliance, which is formed to be able to better prepare for possible political risks. Industry alliance kind of act is strongly circumstance depended as in other conditions the firms would be rivalries.

However, firms prefer industry alliance if they are not capable alone to handle political environment. (Keillor et al., 2005.)

Industry alliance enables the firms' access to notably wider range of resources than a single firm would have, which is one of the main reasons for cooperation and can also bring advantage in terms of managing political risks. (Keillor et al., 2005.) If the firms achieve synergy benefit and thereby the best possible risk prevention, industry alliance can be considered profitable. But the thing to notice is that while the market broadens, the firm might lose some of its own beneficial assets. (Keillor et al., 2005.) To conclude, it is often a difficult decision for firms to decide, whether or not to form industry alliance, since only after having formed the alliance, it can be perceived, whether it was the right solution.

“We talk about risks with respect to delivery chain. And the delivery chains are surprisingly long, so we don't talk only about the outsourced production of the company, but when the production has been outsourced somewhere, so the investment has been outsourced, so it has for its part outsourced some of its production onward. So, we talk about dependence of second, third, fourth grade. “ (RM)

The interviewee (RM) highlights the challenge of risk management regarding delivery chain. It seems that today, it is a trend for firms to outsource more and more parts of the business and that concerns delivery, too. Moreover, as the interviewee notes, delivery chains have also been divided into parts that are outsourced as well. At this point, it is clear that managing all the parts alone becomes difficult. Usually, outsourcing is used in order to get the best possible expertise regarding a specific area and also, to transfer a part of a firm's liability elsewhere. However, at the same time, as the firm outsources for example its production, certain kind of uncertainty increases as the management is first and foremost at someone else's hands. So, when there are dependences of second, third or even fourth grade, the role of risk management is emphasized. Likewise, if a risk realized, it might be extremely difficult to manage properly because of the long dependence relationships.

“If I compare the curve, what was done 18 years ago to what is done today; the tools have remained very similar. I get that from the conversations with our customers. It is pretty much the same these days than it used to be back then.” (MC)

The interviewee (MC) detects that based on their experience; the tools for political risk management have remained rather alike for 18 years. Assuming that actually refers to all businesses, it raises a question, why the tools have not been renewed in time. The world has changed a lot in about 20 years and new risks, like cyberterrorism, have come into picture.

“I remember times when risks concerning board’s CEO were not considered remarkable here but now, after 20 years, every single firm has identified and covered the risks and moved them elsewhere.” (RM)

This statement demonstrates how consciousness of different risk types has changed in about same time, as the tools for managing political risks have not. Certainly, authorities do have capacity to prevent (as they have) numerous terrorist attacks but still, large scale attacks have been realized and also become more and more frequent. Terrorist attacks on 9/11, were a worldwide wakeup call to invest in political risk management and terrorism prevention. In many countries, like in France and Italy, police and military have increased patrol and control in public areas. Even in Finland, there have come concrete roadblocks into the street view. The issue regarding that kind of (or any other) anti-terrorism act is that it covers only one of the all possibilities terrorists could do. The amount of possible terrorist scenarios causes uncertainty among citizens which is even more increasing due to the growth of technology and industry.

“In practice, the points we just discussed, are for a company issues of outer circle, a firm can’t affect them nor can it decide on them. It is all about adaptability. When we talk about that kind of issues, you can’t influence on whether or not the risk will realize.” (MC)

Along the interviewee (MC), it is not possible for a firm to control every incident or even decide, whether they occur or not. In the situation like that, the only option left is adaption. The comment is in line with Varadarajan *et al.* (1992), who addresses that there are elements in the market environment which a firm can't control. These "uncontrollables" force the firm to adapt to the political environment and cope with the risk (Varadarajan *et al.*, 1992). Also Beck (2002) states that in the risk society we are living in, after all it all comes to the fact that through different actions, we pretend to control something that is uncontrollable. Frankly, the fight against terrorism requires that the theory is contested purposefully.

Prevention and management of political risks requires of authorization versatile know-how and goal-oriented self-development. Generally, managing political risks is generally at reasonable level, albeit from time to time, terrorists succeed in being one step ahead in relation to authorities. Of course, practicing extremism makes possible to exploit such procedures that are excluded from political actors who respect laws and regulations. Authorities can anyhow complicate terrorist activities by pursuing to advance real democracy and increase economic and social well-being. Sometimes excessively harsh actions do not stop terrorists, contrary; they can radicalize extremist organizations even more. To deduce, law and common support do not automatically mean that use of violence is the right solution. Having said that, it is clear that decisions regarding anti-terrorism acts are strongly case-dependent and above all else, extreme challenging. It is essential to understand the strategic logic behind terrorism violence in order that efficient counterstrategies can be formed.

To sum up, analysis of the responses addressed that political risks in Finland have remarkably increased, mostly due to increasing differences in living standards, immigration politics, extreme right thinking and the misuse of technology. The analysis indicated that political risks affect business the more, the bigger the business is. It is notable however that the research material consists of only five interviews, in other words further research is needed so that the results could be generalized in a wider sense.

8. CONCLUSIONS

The study interest was internationally operating business's experiences of political risks. The study paid attention to the issues like geographical location of business activities, political violence, terrorism and managing political risks since those themes have been most pointed out in the previous research. The study focused on rather understudied topic, internationally operating businesses in Finland and political threats they confront regardless of the country. Furthermore, the study pursued to fulfill previous studies by observing whether there is a relation between political risks and megatrends, hoping that the information would assist businesses in their decision making in terms of political risks.

Qualitative research was conducted on the topic *Political risks and internationally operating businesses in Finland* to find out how political risks show in Finland and what effects do they have for a business with international trade. The research pursued to find answer to the following research question: How do political risks influence internationally operating businesses in Finland? The aim of the research was to identify the factors that cause political risks in Finland with narrower interest on political violence. The objective of the study was to assess the effects of political risks on internationally operating businesses in Finland.

Five (5) persons with backgrounds from the different business fields (community planning, finance, insurance, managerial consulting and risk management) were interviewed over telephone. Themes that were discussed in every interview were: Political risks in the world and in Finland, megatrends, geographical location of business activities; political violence, terrorism and consequences; role of terrorism in Finland as well as managing political risks and terrorism. Based on the results of the conducted research, a picture can be formed with respect to relation between political risks and internationally operating businesses in Finland.

To elaborate my answer to the research question, I first summarize the most important issues that were pointed out in the interviews. Today's markets are changing with megatrends and globalization is one them. The more globalization has proceeded, the more it has underlined people's inequality. This shows as rude

division into the rich minority and the poor majority. The markets are led by the rich, whose economic power is nowadays only greater thanks to globalization. At the same time, the poor are further impoverishing and thus the inequality is only getting worse.

Ever more aggressive politics between countries has caused geopolitical tensions and complicated the predictability of the future. Instable nature of the greatest countries is a remarkable political risk, since the greatest stocks and business activities are located in those countries. Due to world political situation, general uncertainty regarding incidents has increased, as globalized world has indicated that threats do not respect country borders. In Europe, globalization has cause backlash as the nationalistic way of thinking has increased and the extreme right have raised support. Because of that, Europe has confronted large amount of demonstrations, riots and other violent acts.

In the countries, where there is market dominating minority, concern and violence among citizens are especially general. Often violence stems from strong experience of injustice. Violence is found inevitable means in order to achieve the wanted goal. Highly political violence, terrorism, has not been avoided, either. Subway strikes in London, train bombs in Spain and WTC strikes in United States are one of the most famous terrorist acts of semi recent time in the world that have made terrorism part of the society.

In Finland, political violence and terrorism have been generally slight and for long time, there has prevailed a belief that Finland can't confront any political violence or terroristic act. However, strikes from previous years, for instance petrol bomb attacks to reception centers in several Finnish cities (2015) and stabbings in Turku (2017) have made clear that the threat of terrorism is real also here. As political violence becomes more common it is often instantly preceded by an incident or a group of incidents that exaggerate the situation. Lately, refugee crisis has caused concern in Finland as it has already resulted in protest strikes. In overall, large amount of immigrants in the country has increased xenophobic activity and radicalization among refugees. The number of anxieties and extremist activities show that political

violence in Finland is clearly ascendant. In addition to that, the trend regarding the popularity of the right wing has been apparent also in Finland. Already by now, political anxieties have led to wider differences in living standards and the weakening of welfare country. If the situation develops further chaotic, it can lead to more violent acts, especially if people feel that police interferes unfairly with the protests. All the recent incidents indicate that the next terroristic attack in Finland is inevitable and only a matter of time.

Moreover, development of technology and industry has made political risks grow exponentially, as terrorists have new, more advanced means on hand. It appears that there is a difference in the levels of managing political risks and practicing terrorism. Even though technology is same for both sides, terrorists seem to benefit more from it, while managing risks has become even more difficult. Terrorists and extremists have advantage on their side, because they are not dependent on society's rules like authorities are. Threats, such as cyber-terrorism, has become mundane and created additional risk scenarios, like attack against electricity grid or attack against economy with the target at credit card data. The notable issue regarding cyber-attacks is that they can happen anywhere in the world.

Most internationally operating businesses in Finland have trade to greatest countries, like USA or China, and to European countries, like Germany, and for that reason political (in)stability of the countries influences business in Finland directly or indirectly. For example, realized political risks can refer to i.e. barriers of free trade, which would decrease export from Finland, or, political violence in the free zone, where businesses only production factory is located at. Risks can also concern delivery chains, which have become more complex and can have even fourth grade dependence relationship and thus managing the realized risk regarding delivery chain can be extremely difficult. Due to those risk scenarios, production can be stopped for months and business become unprofitable. Usually the consequences of realized political risk abroad are indirect but significant for business in Finland.

To sum up my answer to the research question: How do political risks influence internationally operating businesses in Finland? it is stated that it can occur two

ways, directly or indirectly. First, if there are anxieties or political violence going on in the target country or it has hostile attitude to another country, that most often reflects to Finland too, and these indirect consequences can influence even on whether business can be continued. Secondly, the results demonstrated that there is also a direct political threat concerning the businesses that shows for example as demonstrations or border-crossing cyberterrorism. All in all, it is stated that those are the most relevant means of political risks influencing internationally operating businesses in Finland.

The results are in line with previous studies with respect to the importance of preventing and managing political risks in international business. It is notable that the amount of studies regarding political risks is the greater, the nearer present time is. That indicates that political risks form an increasing threat that businesses are paid attention to. According to the research executed 2005 by Dijk *et al.*, (2005) and Oksanen *et al.*, (2010), the trust in police and experience of safety has been high in Finland. They state also that differences in living standards have been small. As comparison, the conducted study shows that political risks have become inseparable part of the Finnish society and affected negatively trust in authorization and overall wellbeing and widened the differences in living standards. The result is remarkable, as it demonstrates how Finnish people perceive political risks today versus 14 years ago.

Additionally, the study reveals that political risks that threaten internationally operating businesses in Finland are only partly managed; businesses do not yet have knowhow to cover every aspect in terms of them. The study presents that possible research gap with respect to political risks in international business concerns businesses' inadequate perception of possible political risk scenarios.

As the research is qualitative research based on semi structured theme interviews, there are some limitations in terms of it. The choice of the methods have enabled that the researcher has had a lot of power regarding gaining research material as well as interpreting and analyzing it. The researcher has approached the interviewees through her own networks, decided the interview themes, has created the interview

body and questions as well as phrasing and order of the questions. The researcher has transcribed the interviews herself and in analysis, given significance and interpretation to the words of the interviewees.

In addition to that, it should be noted that the actual research material is small, consisting only of five interviews. Furthermore, the results are based on the experiences of random persons from certain business fields, chosen by the researcher. Thus, the results concern only those fields (community planning, finance, insurance, managerial consulting and risk management) and even individual cases. Those reasons have effect on reliability of the research and because of them, the research results cannot be generalized and should be handled with critic.

However, the research can be utilized to identify indirect forms of political risks that businesses - regardless their size or field - confront when operating abroad. Moreover, the research can be beneficial for startup businesses that consider internationalization. Hopefully the study will contribute in that they become aware of political risks they will most likely confront with internationalization. Further studies are required to form a more comprehensive picture with respect to the relationship between political risks and international business. Research should be extended to cover greater number of business fields, both private businesses and businesses owned by state for the purpose that the research results could be wider generalized.

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