

Geopolitics in Management Research: Research Gaps and Avenues for Future Research

SRIVIDYA JANDHYALA
ESSEC BUSINESS SCHOOL

Where are you *really* from?

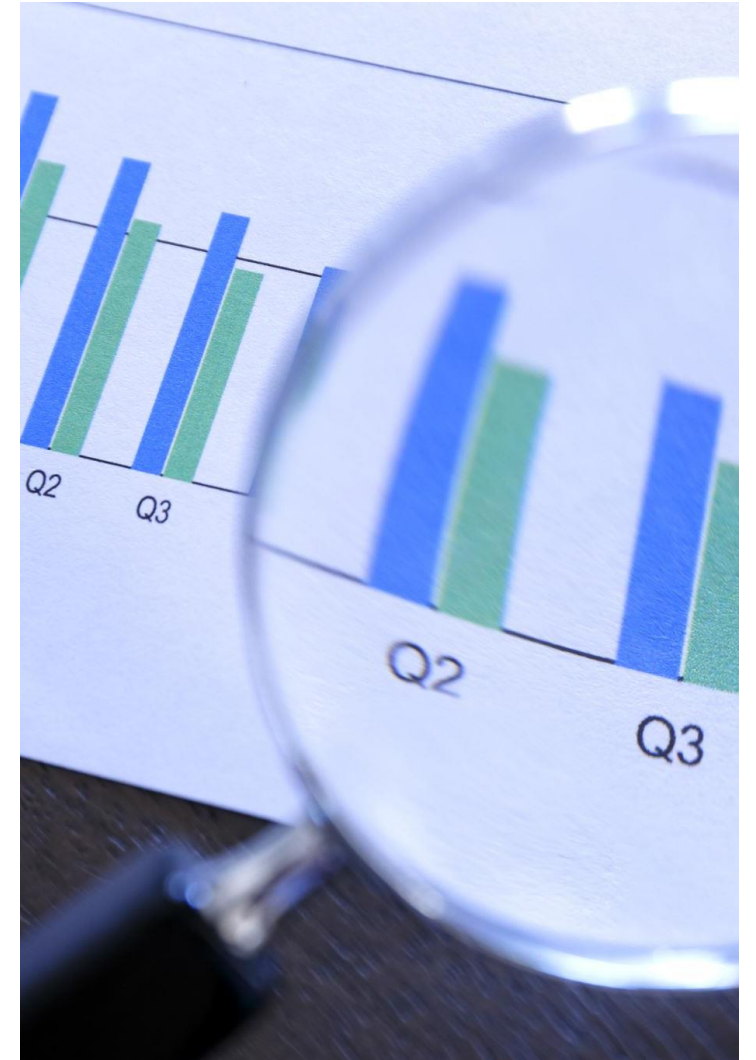
Geopolitical risk for MNCs stems from their **corporate nationality**

Core issue: **security externalities** of the firm's activities (Blake et al., 2024)

- Foreign control of parts of the domestic economy → adversarial govt can have leverage in geopolitical competition (Shi et al., 2016)
- Rents generated by the MNE → shape home country material power (Kastner, 2007)
- Firm can be coerced to act as an agent of the home government (e.g. propaganda, information gathering) (Bauerle Danzman & Meunier, 2023; Godsell et al., 2023)

Research gaps (and avenues for future research)

1. How does geopolitics affect MNC behavior? (Mechanisms)
2. How are firms navigating rising geopolitical tensions? (Strategies)
3. Which strategic actions are effective in managing geopolitical risks? (Competitive Advantage)



#1: How does geopolitics affect MNC behavior?

What we know:

Geopolitical tensions manifest in techno-nationalistic policies (Luo & van Assche, 2023), de-coupling and de-globalization (Witt, 2019; Witt et al., 2023; Tung et al., 2023), greater entry barriers (Bauerle Danzman & Meunier, 2023; Godsell et al., 2023), and an uneven playing field among foreign firms (Tan & Yang, 2021)

More open questions:

- What are the security externalities of a multinational firm's operations in a host country?
- Along which market and non-market dimensions are firms from rival countries discriminated?
- Which aspects of firm strategy and operations are affected by geopolitical tensions?
- How do organizational characteristics shape the extent of geopolitical risk faced by the firm?

#2: How are firms navigating rising geopolitical tensions?

What we know:

Geopolitical relations shape foreign investment location choice (Li et al., 2018; Li & Vashchilko, 2010), acquisition premium (Bertrand et al., 2016), post-acquisition performance (Hasija et al., 2020), subsidiary investments (Adarkwah et al., 2024), supply chain locations (Fan et al., 2024)

More open questions:

- Which strategies allow firms to address the core security externalities at the heart of geopolitical risk?
- How are MNCs delinking from their home countries?
- What role do investments in third countries play for MNCs trying to navigate US-China tensions?
- When do firms focus on supply chain strategies?

#3: Which strategies are effective in managing geopolitical risk?

What we know:

Much less work on effectiveness of different strategies to navigate geopolitical tensions (Baur & Smales, 2020; Gamso et al., 2024). Case-studies/consulting reports on turning risk into competitive advantage.

More open questions:

- What are the costs and tradeoffs in pursuing geopolitical strategies?
- Under what conditions do geopolitical strategies deliver sustained competitive advantage?
- Which of the different approaches to delink from the home country are effective?
- How should firms evaluate supply chain optimization vs resilience.

Summary

Geopolitical tensions increase risks for firms

More research needed on:

- How is geopolitics influencing MNCs (mechanisms)
- How should firms navigate a world with rising geopolitical tensions (strategies)
- Which strategies are effective in managing geopolitical risks (competitive advantage)

An exciting start, but more work lies ahead