

Geopolitical resilience in international business: Case of Czech MNCs

- Mark Mishcheniuk » Prague University of Economics and Business, Faculty of International Relations, Department of International Business, Prague, Czech Republic; email: mism01@vse.cz

* 1. Introduction

On the global stage, international companies on a daily basis must handle a large number of external factors that have both potentially positive, negative and highly dangerous effects on their business operations. Changes in the laws of certain countries may threaten the business model of an international company in that country, while business support programs in another jurisdiction may open up new potential growth opportunities for business there. In addition, the operations of international companies can be affected by unexpected circumstances, such as sudden changes in government, social problems, wars, terrorist attacks (Drakos, 2010) and many other factors that threaten business in a particular part of the world.

In recent decades, there have been many events as financial crisis, armed conflicts, environmental crisis (Samel et al., 2022) and others that have affected not only international companies but also the overall geopolitical environment of the world (Bozonelos, Tsagdis, 2023). The Covid-19 pandemic has had a significant negative impact on supply chains around the world, putting at risk entire business sectors directly dependent on international logistics. The war in Ukraine has caused a

large number of negative consequences not only for the European continent but has also generally caused great tension between major economies and threatened global stability (Siddi, 2022).

These two events alone have been a shock to international business and have forced companies to pay extra attention to building sustainable business models that will allow them to sustain their business and continue to grow and develop in an unstable geopolitical environment. The aim of this study is to define a framework for geopolitical resilience and analyze its practical application using the sample of the largest international companies in the Czech Republic. The research questions are what measures companies use within the selected framework and how these measures contribute to maintaining and developing geopolitical resilience of the company based on the results presented by the companies in publicly available sources. Identifying key approaches and analysing their effectiveness will help to understand how international companies manage global challenges and how to use these lessons in building effective resilience strategies in different sectors.

All international companies that own assets in multiple countries and depend on global supply chains must apply resilience measures in different



→ areas of their business, while dividing these areas of implementation of these measures within a certain framework that will help them effectively distribute resources and focus to achieve the best result. The compilation of the framework is based on the study of existing literature in the academic environment, as well as using the analysis of available research from the world of business compiled by international consulting companies with expertise in different areas and sectors. Based on these data, the key areas of application of measures to maintain and develop geopolitical resilience are identified as a unified framework for international companies that can be adapted and tailored to different sectors.

2. Literature review

The concept of geopolitical resilience has emerged as a critical framework for understanding how companies navigate and adapt to geopolitical risks or different “black swans” (Taleb, 2010) while sustaining growth and competitiveness. The key component of this empirical study are the tools and decisions of companies that help them to achieve a sufficient level of resilience in an unstable environment. In order to define them, it is important at the beginning to consider the interpretation of the concept of resilience itself.

There are several ways in which different authors define resilience in their studies. Carpenter et al. (2001) characterizes resilience as the capacity of a system to endure disruptions, bounce back swiftly, and adjust in manners that uphold its fundamental structure, operation, identity, and feedback mechanisms. Cumming et al. (2005) describes resilience as the ability of a system to maintain its basic functions and structures in the face of disturbances, while also allowing for adaptation and transformation in response to changing conditions. Starr et al. (2003) describes it as the ability and skill to withstand regular discontinuities and adapt to risks in new environments. Reinmoeller & Baardwijk (2005) define resilience as

ability for self-renewal using innovation consistently in time. According to the classification by Ponomarov & Holcomb (2009) resilience can be presented in three levels. The first level is readiness and preparedness, second level is response and adaptation, and the third level is recovery and adjustment. Common techniques like risk insurance, scenario planning, and contrarian thinking can be also helpful in the establishment of geopolitical resilience (Bremmer & Keat, 2010).

Research by Cumming et al. (2005) and Rugman and Verbeke (2004) underscores the role of strategic diversification in enhancing companies’ resilience to geopolitical uncertainties. In this context, diversification can bring both positive (Contractor, 2007; Chakrabarti et al., 2007) and negative consequences for a company (Mihov & Naranjo, 2019; Denis et al., 2002), but it is an essential component of a strategy aimed at geopolitical resilience. Companies that operate in multiple regions, industries, and markets are better positioned to withstand geopolitical shocks and navigate volatile environments. According to Yong & Laing (2021) international corporations are likely to be more resilient facing global crisis as they benefit from geographical diversification. Porter & Kramer (2006) and Drezner (2011) highlight the significance of stakeholder engagement and collaboration in enhancing companies’ geopolitical resilience. In order to effectively handle external difficulties, businesses should work to optimize their business processes and boost internal operational efficiency (Naugolnova, 2021). On the other hand, it is important for companies to realize that there are factors that they can control and those that they have no control over (Bozonelos, Tsagdis, 2023). However, these factors can have a significant impact on business and companies need to learn how to deal with them.

External factors that pose a risk to the company and with which they should work within the framework of risk management according to Haider, (2023) interviews with top managers of leading global companies are the following: the war in

Ukraine, deterioration of trade relations between China and the United States, supply chain management and work with educational processes, global government regulation of the Internet, obtaining the necessary information about different markets. According to Hamel & Välikangas (2003), a corporation needs to overcome four challenges to become truly resilient: the strategic, cognitive, ideological, and political challenges.

According to studies by McKinsey company (Grant et al., 2022), geopolitical resilience has recently become a relevant and serious concern for CEOs. For the purposes of this study, the Grant et al. (2022) approach that will be used to review and assess the geopolitical resilience of the selected companies Grant et al. (2022) defines six key dimensions of geopolitical resilience: business model resilience (Gittel et al. 2006), reputational resilience, operational, organizational, financial, and technological resilience. In terms of business model resilience, the board should be the first to prioritize understanding geopolitical developments and trends, organize board meetings and discuss top geopolitical risks, implement proactive risk-mitigation tools and crisis response strategies in high-tier markets and multiple tier-one markets to ensure the resilience of their business model (Gittel et al. 2006).

To keep reputational resilience companies should clearly specify their position on different situations in sensitive markets and create effective plans to manage risks (Grant et al., 2022). Additionally, it is important for companies to tell a con-

sistent story about their values, especially in markets with authoritarian governments, understanding that what they say in one place can affect their opportunities elsewhere (Grant et al., 2022). Reputation is also considered as the main asset of the company (Gaultier-Gaillard et al., 2009). For the organizational resilience companies need to include diverse viewpoints in decision-making, have open conversations about global issues, and consider initiatives like rotating staff in and out of sensitive areas to stay connected and united.

Supply chain disruptions (Belhadi et al., 2021; Flaviano, 2021), COVID-19 crisis (Jaroenjitrkam et al., 2023), and geopolitical tensions are globally testing the operational resilience of companies, emphasizing the need to protect and adapt supply chains by implementing short-term measures like creating nerve centres and simulating disruptions, as well as long-term strategies such as constructing digital replicas and investing in early-warning systems for ensuring the safety of personnel in volatile regions (Grant et al., 2022). Technological resilience can be ensured by accelerating planning and taking concrete steps in four key areas, including navigating the “splinternet,” complying with data localization requirements, managing data access, and ensuring resiliency against diverse crises, particularly cyberattacks (Grant et al., 2022). From the financial resilience perspective foreign exchange risks and evolving sanctions must be considered by preparing crisis protocols, creating early warning systems, and fostering compliance

Based on the obtained data, it is possible to specify partial strategies and create more precise frameworks adapted to entire sectors and business models within these sectors, which can be used by companies as preventive measures to ensure resilience in the event of global uncertainties, crises or economic difficulties. For the Czech market, these data may be especially crucial, since most large multinational companies on the Czech market are strongly focused on the export of their goods and services, which puts them in a potentially more vulnerable position than those that can work mainly with a local large market.

→ cultures to navigate economic uncertainties and regulatory changes effectively (Grant et al., 2022).

EY Geostrategic Business Group also defines 10 areas of geopolitical developments in the year 2024 in its report called “2024 Geostrategic Outlook – How to thrive amid ongoing geopolitical complexity” published in 2023. Following areas are specified in the report: “the geopolitical multi-verse, geopolitics of AI, domestic challenges in the US and China, Global elections supercycle, prioritizing economic security, the diversification agenda, geopolitics of the oceans, competition for commodities, dual track green policies and climate adaptation imperative”. For all mentioned areas EY provides recommendations for businesses aimed to ensure geopolitically robust strategies, increase supply chain resilience, and adapt sustainability strategies (EYGM, 2024).

Based on the literature reviewed, a six-dimensional framework (Grant et al., 2022) was selected for further research to analyze company activities aimed at achieving geopolitical resilience. This framework is flexible enough to conduct an analysis based on publicly available data and identify specific parts of a company’s global strategies that help effectively maintain and develop resilience. In addition, within the framework of the described dimensions, there remains a space for further development of research in this area and its specification for different markets and sectors, as well as practical application in business.

3. Methodology

For the analysis of geopolitical resilience of Czech multinational companies, a sample was selected that included a selection of the 3 of the largest international joint-stock companies in the Czech Republic. The selection of companies was based on the ranking of companies with the highest annual revenues for the year 2022. All data for the analysis were obtained from public sources such as publications of available information about the company’s activities and operations, their transactions,

annual reports and information published by the company. The study uses a mixed-methods approach, including content analysis of corporate annual reports and publicly available data, the research focuses on the key resilience dimensions, such as operational, financial, organizational, and reputational resilience.

During the analysis of public materials, keywords describing elements of geopolitical resilience were used, and advanced search was used with the use of tools for highlighting key data when analyzing articles and paragraphs of company reports. Significant parts of reports describing such processes and their results as diversification of assets, global markets, launching new products, working with image and reputation, financial health of the company and its maintenance, strategic changes in the structure or business model of the company were also manually selected.

Data from the year 2022 was selected for this study. This year was chosen because it is currently the most relevant year with finalized financial and non-financial statements of companies, and it was also the year of the beginning of the war in Ukraine, which had an impact on the geopolitical situation in Europe as a whole and on European business. In 2022, companies were forced to respond to potential changes in local and global markets by adjusting or changing their strategy depending on the circumstances that affected their business. In addition, this year showed the extent to which these companies were robust and resilient after the Covid 19 crisis and were able to restore their supply chains and maintain their profitability at appropriate levels.

The choice of this sample is justified by several considerations. Firstly, these selected companies are industry leaders not only on the Czech market, but also have significant positions on the European market. EPH Holding is the largest Czech company in terms of revenue in 2022 and one of the key players in the energy market (Energetický a průmyslový holding, 2023). CEZ Group is the main energy company in the Czech Republic, has a signifi-

cant state share in the company and is also one of the largest European energy concerns (CEZ, 2023). Skoda has historically been a key car manufacturer in the Czech Republic and has significant market shares in the European automotive industry (Skoda Auto, 2023). According to the Ministry of Industry and Trade (2022) the company's share of the country's GDP is around 5% and it is the country's largest exporter.

This study describes the common elements of companies' business strategies that ensure their geopolitical resilience under different circumstances in the global market. Based on the reviewed literature and studies by different authors including Grant et al. (2022) from McKinsey geopolitical resilience framework, several key elements that have an impact on the geopolitical resilience of the selected sample of companies have been selected. This study considers the level of diversification of these companies, the resilience of their operations and business models, reputation, the sustainability of global supply chains, and investments in technology and innovation. Indicators and data from companies in these areas were selected for empirical analysis and a review of the overall level of geopolitical resilience of the selected sample.

This study also has its limitations. First, the sample of three companies may not fully reflect general trends in other industries or among smaller companies that are also multinational and operate in similar conditions and with similar risks. Second, the reliance on publicly available data may have affected the completeness and accuracy of the information obtained. Finally, the study covers only one period – the year of 2022, which may limit the ability to generalize the results to a longer term. Ethical aspects of the study were also taken into account at every stage of the work. All data were obtained from open and publicly available information sources and documents published by the companies in the sample. Academic standards and principles of ethical use of information were strictly followed when working with the data,

which ensures the transparency and reliability of the results obtained.

4. Results and discussions

4.1. EPH Holding

Leading energy and infrastructure company EPH Holding invests in energy generation, distribution, and infrastructure projects all over Europe. Because of its strategic diversification and risk management, EPH has demonstrated resilience in the face of the energy sector's vulnerability to geopolitical disturbances. Geographic geopolitical instability in the region is lessened by EPH because it operates across several nations and energy sectors. Furthermore, EPH's emphasis on innovation and renewable energy is in line with worldwide trends, strengthening its long-term resilience in the face of evolving geopolitical environments (Energetický a průmyslový holding, 2023).

EPH can be considered a well-diversified company both geographically and operationally. The company has active operations in 9 European countries and owns subsidiaries in 22 countries. EPH currently operates its energy business in the following segments: Gas and Power Distribution, Gas Storage, Gas Transmission, Heat Infra, Flexible power generation, Renewable Energy, Trading. The company operates in developed markets, and this helps it to maintain a stable and strong market position (Energetický a průmyslový holding, 2023; Černocho et al., 2021).

Strong performance and attractive profitability in difficult market situations is supported by the company's attention to income streams that are contracted and regulated by the government as well as its advantageous positions in the merit order. The company manages vital energy infrastructure in regions with established and favourable regulatory environments and owns essential infrastructure assets in secure and mature markets (Energetický a průmyslový holding, 2023; Černocho et al., 2021).



→ EPH has a good reputation both locally and internationally and invests in the development of sustainable and green energy technologies. In addition, the company actively participates in charity and supports educational activities (Energetický a průmyslový holding, 2023).

The company operates on the principle of vertical integration both within the group and with external suppliers from a large number of countries (Černoch et al., 2021), which gives it a strong and sustainable supply chain. EPH received an ESG Risk Rating from Sustainalytics, positioning it within the category with medium risk and ranking 17th among all companies in the Multi-utilities Sector during the evaluation period. Assets are situated in stable economies with low risk as the Czech Republic, Germany, France, Ireland, UK, Slovakia, Italy, and the Netherlands. From a business and operational perspective, the entire value chain is covered by the assets in these countries for all the company's operations (Energetický a průmyslový holding, 2023).

From the investments and innovation perspective EPH invests in and expands wind and solar energy infrastructure, develops renewable energy sources, transitions the coal industry, and develops biomass power generation (Energetický a průmyslový holding, 2023).

4.2. CEZ Group

CEZ Group, one of the biggest energy corporations in Central Europe, is essential to the energy industry in the Czech Republic. Using a diversified energy portfolio that includes nuclear, coal, gas, and renewables (Radlo & Sass, 2012). CEZ has proven its geopolitical resilience. Because of its integrated business model and global diversification, CEZ is protected against regional interruptions even in the face of geopolitical tensions that impact the energy markets. Long-term resilience is further strengthened by CEZ's investments in efficiency, modernization, and renewable energy technologies, which put it in a position to adjust to chang-

ing environmental and geopolitical circumstances (CEZ, 2023).

In the context of geographic diversification, the company is a supplier of energy products in 20 countries (2022). In the context of product diversification, CEZ defines four segments: production, distribution, sales, mining. The company operates in both B2B and B2C sectors and it is a supplier and manufacturer of energy products (Radlo & Sass, 2012), owner of 2 nuclear power plants in the Czech Republic, renewable energy sources and distribution lines. At the moment, the company continues to expand its portfolio and invests in battery production, electromobility and hydrogen production. In 2022, CEZ actively invested in production capacity, mining, sales, and infrastructure for distribution in 11 countries (CEZ Group, 2023).

The company's operational sustainability and business model is guaranteed by its position in the Czech market, where it is a key strategic energy supplier for millions of inhabitants partially owned by Ministry of Finance (70% shareholder). In the context of its reputation, the company actively works to maintain a good image by investing in charitable, educational, green energy and sustainability support programs in the country. The company has made a commitment to become climate neutral by 2040 (CEZ, 2023).

Considering the company's global operations, CEZ was affected by the war in Ukraine, which led to partial and complete disruption of raw material supplies from Ukraine. In the current geopolitical situation, the company was also involved in providing supplies of LNG gas from the terminal in the Netherlands. The company's vertical structure allows it to build strong supply chains and the company has shown its resilience to global geopolitical risks. CEZ is actively investing in technology development in all its countries of operation. In the Czech Republic, new nuclear reactors are planned, and preparations are underway for the construction of small modular reactors (SMRs). The amount of electricity produced from coal is being reduced and many steps are being taken to decar-

bonize the heating industry. Investments in optical networks are being made and the company's key customer processes are being digitized. In addition, CEZ is actively investing in electromobility and plans to launch 800 charging stations by 2025 (CEZ, 2023).

4.3. Skoda Auto

The recognized manufacturer Skoda Auto is an essential part of Czech exports and industry. Skoda's resilience in the face of geopolitical risks in global trade and supply chains is a result of its strategic positioning inside the Volkswagen Group, which gives it access to global markets, resources, and technology (Pavlínek, 2015). Skoda has been able to handle geopolitical hurdles and preserve its competitiveness in a variety of markets by putting a priority on innovation, quality, and efficiency. Furthermore, Skoda is resilient in unpredictable times because to its strong brand reputation and devoted client base, which act as a buffer against geopolitical changes (Skoda Auto, 2023). Skoda is a globally diversified company with production facilities in 7 countries and a wide international network of dealers. In terms of product diversification, the company offers 15 car models in different variations on the European and international markets (Skoda Auto, 2023).

In the context of the sustainability of the business model, the company's new strategy includes active digitalization, internationalization, and electrification. The sustainable business model, which includes its own production facilities and a wide network of suppliers, allows for stable operations despite global crises and has done so for many decades (Skoda Auto, 2023).

The company's reputation is supported, among other things, by the fact that Skoda is one of the automotive companies with the longest history and excellent reputation not only in the local but also in the global market, which allows it to actively grow and develop in the international arena (Skoda Auto, 2023; Pavlínek, 2015).

Skoda has a globally extensive network of suppliers from all over the world (Pavlínek, 2015). The sustainability of global supply chains was confirmed by the Covid crisis, semiconductor shortages and the closure of production in Russia, including the termination of exports to the Russian market. The company, meanwhile, is also expanding into the Indian and African markets and has been able to maintain stable revenue and sales in 2022. The company is continuously investing in the latest technologies, modernizing production, and electrifying its vehicle lineup, with plans to make 70% of its total vehicle production electric by 2030. The new electric car model Enyaq was also launched in 2022 (Skoda Auto, 2023).

4.4. Discussion

Based on the described data within the areas of the geopolitical resilience framework, it can be confirmed that all three selected companies use measures and tools in their strategies that contribute to the maintenance and development of the geopolitical resilience of these companies. Each of the selected companies focuses on key elements of the framework, such as diversification of several areas in their operations, thereby supporting a resilient business model. This element of the framework can manifest itself in different measures and include diversification of both the geographical distribution of their suppliers or assets, as well as the distribution of markets, which corresponds to one of several diversification strategies described in the literature on strategic management.

If we highlight the main elements, in addition to geographic and product diversification, all three companies also focus their efforts on the use of sustainable and environmental technologies, which allows them not only to build a long-term business model in step with the times, but also affects their reputational strength. Within the framework of the chosen framework, this strategy can be attributed to both operational and reputational resilience, which can serve as a good

- example of the application of geopolitical resilience strategies.

Based on the obtained data, it is possible to specify partial strategies and create more precise frameworks adapted to entire sectors and business models within these sectors, which can be used by companies as preventive measures to ensure resilience in the event of global uncertainties, crises or economic difficulties. For the Czech market, these data may be especially crucial, since most large multinational companies on the Czech market are strongly focused on the export of their goods and services, which puts them in a potentially more vulnerable position than those that can work mainly with a local large market. One of the promising areas of future research may be to define and analyze not only a framework for international business, but also for local companies, considering all the specifics of business on the Czech market.

5. Conclusion

Based on the research and review of the selected companies' data, it was identified that all three leading companies in their strategies use a complex approach to geopolitical risk management in the described areas. The chosen sample shows that Czech international companies are not only focused on the European market, but are also actively developing globally, which strengthens their position and allows them to build a stronger and more sustainable resilient model.

The objective of this study was achieved in the three main steps described above, namely, defining the framework of the company's geopolitical resilience based on the selected literature, analyzing the practical data of the largest Czech companies within the selected framework and identifying specific actions and measures aimed at ensuring the geopolitical resilience of international companies. The research question of what measures the selected companies use and how these measures ensure the desired result was answered. In addition, based on the description of these steps, it

comes possible to study business strategies aimed at geopolitical sustainability and the possibility of their application in other industries in more detail.

This research helps in identifying and developing effective approaches to analyzing a company's geopolitical risks and applying them in practice to build risk assessment tools in different business areas. Examples of effective practices enable companies to learn from the experience of global players, adopt their approaches in certain markets and build their own effective strategies to prevent risks and respond to unexpected circumstances on the global stage.

Based on the obtained results, it can be argued that companies are already using various methods and strategies to achieve geopolitical resilience, while setting other goals that in this case may overlap. Given that the framework described in the paper is quite flexible and allows for the inclusion of a large number of measures and tools, it can be narrowed and specified both for the purposes of further analysis and research on different samples, and for application in business. For future research, the framework may include more specifications of analysis attributes, such as the number of countries in which companies operate, geographic diversification of suppliers, percentage distribution of assets in different jurisdictions, assessment of budgets for PR activities, etc.

In practical application, companies can create adapted frameworks that will be most suitable for their business models. These frameworks may include attributes such as determining appropriate locations for suppliers, considering their remoteness from production or the sales market. These frameworks should set out specific goals for companies' geopolitical sustainability and define clear criteria by which companies can measure results.

Further research in this area could cover not only the general approach to geopolitical resilience, but also test the direct or indirect impact of specific historical events on aspects of Czech business in the global arena. In addition to the impact on the business model, it is also possible to consid-

er the share of the effect of a specific area of geopolitical resilience from those described above on the overall resilience of the company under the influence of external negative factors. Such data enables companies to identify key areas to which they should primarily pay attention when building a geopolitical resilience strategy.

Acknowledgement

Ministry of Education, Youth and Sports of the Czech Republic; grant IGS 20/2023.

REFERENCES

- [1] Belhadi, A., Kamble, S., Jabbour, C. J. C., Gunasekaran, A., Ndubisi, N. O., & Venkatesh, M. (2021). Manufacturing and service supply chain resilience to the COVID-19 outbreak: Lessons learned from the automobile and airline industries. *Technological Forecasting and Social Change*, 163, 1–19. 10.1016/j.techfore.2020.120447
- [2] Bozonelos, D., & Tsagdis, D. (2023). From Fragmented Geopolitics to Geopolitical Resilience in International Business. *AIB Insights*, 23(2), 1–7. 10.46697/001c.73803
- [3] Bremmer, I., & Keat, P. (2010). *The fat tail: The power of political knowledge in an uncertain world (with a new preface)*. Oxford University Press.
- [4] Carpenter, S., Walker, B., Anderies, J. M., & Abel, N. (2001). From metaphor to measurement: Resilience of what to what? *Ecosystems*, 4(8), 765–781. 10.1007/s10021-001-0045-9
- [5] Černoch, F., Osička, J., & Mariňák, S. (2021). The “coal villain” of the European Union? Path dependence, profiteering and the role of the Energetický a průmyslový holding (EPH) company in the energy transition. *Energy Research & Social Science*, 76, 1–10. 10.1016/j.erss.2021.102066
- [6] CEZ. (2023). *2022 annual financial report*. [online] [cit. 2024-01-15]. Retrieved from: <https://www.cez.cz/webpublic/file/edee/ospol/fileexport/investori/vz-2022/cez-group-annual-financial-report-2022-pdf.pdf>
- [7] Chakrabarti, A., Singh, K., & Mahmood, I. (2007). Diversification and performance: Evidence from East Asian firms. *Strategic Management Journal*, 28(2), 101–120. 10.1002/smj.572
- [8] Contractor, F. J. (2007). Is international business good for companies? The evolutionary or multi-stage theory of internationalization vs. the transaction cost perspective. *Management International Review*, 47(3), 453–475. 10.1007/s11575-007-0024-2
- [9] Cumming, G. S., Barnes, G., Perz, S., Schmink, M., Sieving, K. E., Southworth, J., Binford, M., Holt, R. D., Stickler, C., & Van Holt, T. (2005). An exploratory framework for the empirical measurement of resilience. *Ecosystems*, 8(8), 975–987. 10.1007/s10021-005-0129-z
- [10] Denis, D. J., Denis, D. K., & Yost, K. (2002). Global diversification, industrial diversification, and firm value. *The Journal of Finance*, 57(5), 1951–1979. <http://www.jstor.org/stable/3094501>
- [11] Drakos, K. (2010). Terrorism activity, investor sentiment, and stock returns. *Review of Financial Economics*, 19(3), 128–135. 10.1016/j.rfe.2010.01.001
- [12] Drezner, D. W. (2001). Globalization and policy convergence. *International Studies Review*, 3(1), 53–78. <http://www.jstor.org/stable/3186512>
- [13] Energetický a průmyslový holding. (2023). *Consolidated and single report for the year ended 31 December 2022*. [online] [cit. 2024-01-15]. Retrieved from: https://www.ephholding.cz/wp-content/uploads/2023_08_04-vz-eph-2022-landscape.pdf



- [14] EYGM. (2023). *2024 Geostrategic Outlook – How to thrive amid ongoing geopolitical complexity*. [online] [cit. 2024-01-15]. Retrieved from: <https://www.scribd.com/document/736261728/ey-2024-geostrategic-outlook-report>
- [15] Flaviano, J. L. (2021). *Global supply chains, globalization and geopolitics: the smartphone in the post-pandemic world*. (Doctoral dissertation). [online] [cit. 2024-01-15]. Retrieved from: https://run.unl.pt/bitstream/10362/123712/1/2020-21_fall_41065_jules-lecadre.pdf
- [16] Gaultier-Gaillard, S., Louisot, J-P., & Rayner, J. (2009). Managing reputational risk – From theory to practice. *Reputation Capital*. 161-177. 10.1007/978-3-642-01630-1_11
- [17] Gittel, J.D., Cameron, K., Lim, S. & Rivas, V. (2006). Relationships, layoffs, and organizational resilience: Airline industry responses to September 11. *The Journal of Applied Behavioural Science*. 42(3), 300-329. 10.1177/0021886306286466
- [18] Grant, A., Haider, Z., & Mieszala, J.-C. (2022). *How to build geopolitical resilience amid a fragmenting global order*. McKinsey & Company. [online] [cit. 2024-01-15]. Retrieved from: <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/how-to-build-geopolitical-resilience-amid-a-fragmenting-global-order#/>
- [19] Haider, Z. (2023). *How three global companies navigate geopolitical risk to build resilience*. McKinsey & Company. [online] [cit. 2024-01-15]. Retrieved from: <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/how-three-global-companies-navigate-geopolitical-risk-to-build-resilience>
- [20] Hamel, G., & Välikangas, L. (2003). The quest for resilience. *Harvard Business Review*, 81(9), 52-63. [online] [cit. 2024-01-15]. Retrieved from: <https://hbr.org/2003/09/the-quest-for-resilience>
- [21] Jaroenjitrkam, A., Kotcharin, S., & Maneenop, S. (2023). Corporate resilience to the COVID-19 pandemic: Evidence from the airline industry. *The Asian Journal of Shipping and Logistics*, 39(4), 26-36. 10.1016/j.ajsl.2023.10.003
- [22] Mihov, A., & Naranjo, A. (2019). Corporate internationalization, subsidiary locations, and the cost of equity capital. *Journal of International Business Studies*, 50(9), 1544-1565. 10.1057/s41267-018-00207-3
- [23] Ministry of Industry and Trade. (2022). *Official website of the Ministry of Industry and Trade*. [online] [cit. 2024-01-15]. Retrieved from: <https://www.mpo.cz/>
- [24] Naugolnova, I. (2021). The process approach to cost management in project-oriented enterprises of engine building. In Ashmarina, S. I., Mantulenko, V. V., & Vochozka, M. (eds.), *Engineering Economics: Decisions and Solutions from Eurasian Perspective*, 139, 85-91. 10.1007/978-3-030-53277-2_10
- [25] Pavlínek, P. (2015). Škoda Auto: The transformation from a domestic to a tier two lead firm. In Bryson, J. R., Clark, J., & Vanchan, V. (eds.), *Handbook of Manufacturing Industries in the World Economy*, 345-361. 10.4337/9781781003930.00033
- [26] Ponomarov, S. Y. & Holcomb, M. C. (2009). Understanding the concept of supply chain resilience. *International Journal of Logistics Management*, 20(1), 124-143. 10.1108/09574090910954873
- [27] Porter, M. E. & Kramer, M. (2007). Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*. 84(12), 78-92.
- [28] Radlo, M.-J., & Sass, M. (2012). Outward foreign direct investments and emerging multinational companies from Central and Eastern Europe: The case of Visegrád countries. *Eastern European Economics*, 50(2), 5-21. 10.2753/EEE0012-8775500201
- [29] Reinmoeller, P. & Baardwijk, N. (2005). The link between diversity and resilience. *MIT Sloan Management Review*, 46(4), 61-65.

- [30] Rugman, A. M., & Verbeke, A. (2008). A new perspective on the regional and global strategies of multinational services firms. *MIR: Management International Review*, 48(4), 397–411. 10.1007/s11575-008-0023-y
- [31] Samel, M., Dehnert, E., Shrestha, A., Milev, E., Copeman, J. & Gonzalez, M. (2022). *Business in an era of heightened geopolitical instability*. The Economist Impact. [online] [cit. 2024-01-15]. Retrieved from: https://impact.economist.com/perspectives/sites/default/files/ei_norsk_hydro_briefing_report_business_in_an_era_of_heightened_geopolitical_instability.pdf
- [32] Siddi, M. (2022). The partnership that failed: EU-Russia relations and the war in Ukraine. *Journal of European Integration*, 44(6), 893–898. 10.1080/07036337.2022.2109651
- [33] Skoda Auto. (2023). *Výroční zpráva 2022*. [online] [cit. 2024-01-15]. Retrieved from: https://reporting.skoda-auto.cz/Skoda_Auto-Annual_Report-2022-CZ.pdf
- [34] Starr, R., Newfrock, J., Delurey, M. (2003). Enterprise resilience: Managing risk in the networked economy. *Strategy and Business*, 30, 70–79. <https://www.strategy-business.com/article/8375>
- [35] Taleb, N. N. (2010). *The black swan: The Impact of the highly improbable: With a new section: "On robustness and fragility"*. Random house trade paperbacks.
- [36] Yong, H. H. A., & Laing, E. (2021). Stock market reaction to COVID-19: Evidence from U.S. firms' international exposure. *International Review of Financial Analysis*, 76, 1–13. 10.1016/j.irfa.2020.101656

Geopolitical resilience in international business: Case of Czech MNCs

ABSTRACT

In an era of escalating geopolitical uncertainty, international companies must not only cope with strong competition in the international arena, but also overcome geopolitical challenges that threaten supply chains and entire business models of companies. This study analyzes the strategies and measures employed by the largest Czech multinational corporations – EPH, CEZ Group, and Skoda Auto – to enhance their geopolitical resilience. Using a mixed-methods approach, including content analysis of corporate annual reports and publicly available data, the research focuses on the key resilience dimensions, such as operational, financial, organizational, and reputational resilience. The findings highlight that diversification, innovation, robust supply chain management, and proactive risk mitigation strategies are critical components of geopolitical resilience. Based on the analysis, it was identified that each of the analyzed companies demonstrates active measures to maintain and develop resilience within this framework, which can also serve as a good tool that can be applied and adapted in different business sectors. The study contributes to the existing literature by offering practical insights into effective resilience strategies for multinational corporations navigating geopolitical risks. Future research could expand the analysis to include smaller enterprises and assess sector-specific resilience frameworks.

KEYWORDS

international business; globalisation; Czech business; geopolitical resilience

JEL CLASSIFICATION

F23