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The impact of geopolitical conflict on Chinese multinational enterprises: a qualitative study of decision making under risk and uncertainty.

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0 Abstract

Der Aufstieg und die Entwicklung multinationaler Unternehmen (MNU) stehen in engem Zusammenhang mit den wirtschaftlichen und politischen Rahmenbedingungen ihrer Zeit. Seit den 1970er Jahren haben die Handelsliberalisierung und die Öffnung der Kapitalmärkte eine neue Welle der Globalisierung eingeleitet. Multinationale Unternehmen trieben diese Entwicklung voran, indem sie globale Produktionsnetzwerke aufbauten und Produktionsprozesse in kosteneffiziente Produktionsstandorte verlagerten, um ihre Flexibilität zu optimieren und ihren Gewinn zu maximieren. Die Integration dieser Unternehmen in die Weltwirtschaft hat ihre Rolle als zentrale Akteure in dieser gefestigt, wodurch es ihnen ermöglicht wird, den internationalen Handel und Kapitalströme maßgeblich zu beeinflussen. Dennoch stehen diese Unternehmen zunehmend Herausforderungen wie geopolitischen Risiken und Unsicherheiten gegenüber, die sowohl die Weltwirtschaft als auch ihre eigenen strategischen Entscheidungen beeinflussen. Das Ziel dieser Arbeit ist, zu untersuchen, wie geopolitische Konflikte und damit zusammenhängende externe Faktoren die Entscheidungsstrategien und das Risikomanagement chinesischer multinationaler Unternehmen beeinflussen und auf welche Weise sich dies auf ihre Geschäftstätigkeiten auswirkt. Diese Arbeit bietet eine Grundlage für Forscher:innen, die sich eingehender mit den komplexen Wechselwirkungen zwischen geopolitischen Ereignissen und den Geschäftsaktivitäten chinesischer multinationaler Unternehmen beschäftigen möchten. Gleichzeitig schafft sie eine solide Basis für weiterführende Forschungsarbeiten zu diesem Thema.

English version

The rise and evolution of multinational enterprises (MNEs) are deeply intertwined with the economic and political landscapes of their times. Since the 1970s, trade liberalization and the opening of capital markets have spearheaded a new wave of globalization. MNEs have been at the forefront of this movement, creating global production networks and relocating manufacturing to cost-effective regions to enhance flexibility and impact. This global integration has solidified their role as pivotal players in the global economy, continuing to influence international trade and capital movements. However, these companies face challenges, including geopolitical risks and uncertainties, which impact both the broader economic scene and their strategic decisions. The objective of this study is to answer the question, how geopolitical conflicts and related external factors influence the decision-making strategies and risk management of Chinese multinational companies, and how they further influence their business activities. It serves as a resource for researchers interested in delving deeper into the complex interactions between geopolitical events and the business activities of Chinese MNEs while providing a solid foundation for further investigation into this topic.

1 Introduction

The emergence and development of multinational enterprises (MNEs) was closely tied to the economic and political conditions at the time. From the 1970s onward, the liberalization of trade and, by extension, capital markets ushered in a new era of globalization. Multinational enterprises brought into existence global production networks, distributed production processes to cost-effective locations, and thereby gained agility and influence. This global integration established them as key players in the world economy, ensuring they would continue to shape international trade and capital flows to this day (Osterhammel & Petersson, 2019, pp. 96-97). At the same time, the influence of MNEs is subject to challenges, particularly geopolitical risks and uncertainties that affect both the overall economic environment, as well as the operational decisions of individual businesses (Guo, 2024). One of the most notable examples of these challenges has been the U.S.-China trade war, which marked a significant shift in global trade dynamics. It has significantly disrupted the automotive, machine, and technology industries, among others, severely impacting global suppliers of critical components as a result (Zahoor et al., 2023). In order to thoroughly examine these challenges, this study aims to explore how geopolitical conflicts and related uncertainties influence the global business activities of Chinese multinational enterprises, and further how these firms respond to external factors and mitigate risks to maintain operational stability amid geopolitical turbulence. Therefore, the objective of this study is to answer the question, ***how geopolitical conflicts and related external factors influence the decision-making strategies and risk management of Chinese multinational companies, and how they further influence their business activities.***

By addressing these questions, this study offers valuable insights to various stakeholders. For policymakers, these findings highlight how Chinese MNEs respond to geopolitical pressures, allowing for the implementation of targeted trade policies, refined diplomatic strategies, and regulations that promote stability in global markets. Similarly, Chinese MNEs can leverage these insights to adapt their risk management strategies and improve operational resilience, ensuring better preparedness for global uncertainties. In addition, researchers can benefit from consulting this study for further research as it lays a foundation for further exploring the dynamic relations between geopolitics and Chinese MNEs' business activities. Finally, the global community can draw on these insights to be aware of and potentially anticipate market changes amid ongoing geopolitical turbulence. To answer its central research question, this study is based on two key hypotheses:

1. Chinese MNEs adopt a risk-averse approach to manage the challenges posed by geopolitical conflicts, carefully balancing the need to protect their interests with the pursuing of growth opportunities.
2. External factors, such as trade restrictions and territorial disputes, compel Chinese MNEs to adapt their operational strategies, subsequently often emphasizing long-term resilience over immediate profits.

This paper is structured to systematically examine how Chinese MNEs navigate geopolitical challenges and adapt their decision-making processes to manage risks and seize opportunities. In this chapter the context, objective, and potential impact of the study are established. A foundation is set by presenting the research question and hypotheses the study is based on, providing a clear guide for understanding the impact of geopolitical conflicts on Chinese MNEs, which is explored in the following chapters. The general findings on risks and uncertainties, with a focus on risk assessment and its role in understanding and managing geopolitical challenges are examined in a literature review in Chapter 2. Chapter 3 explores how multinational enterprises navigate geopolitical challenges in various regions. It also examines the role of Chinese MNEs in Southeast Asia, with particular consideration of Southeast Asian countries' interests with regard to cross-strait relations and delves into the dynamics of the strategic competition between China and the U.S., examining how Chinese MNEs adapt their decision-making processes in response to regional and international tensions. Chapter 4 outlines the qualitative research design and the data collection methods employed to analyze the strategies and decision-making processes of Chinese MNEs. By detailing the research approach in the form of a qualitative interview, transparency and good scientific practice are ensured in fulfilling the study's objectives. Chapter 5 presents the results of the qualitative analysis, offering an in-depth understanding of how Chinese MNEs' decision-making processes are influenced by external factors. It bridges theoretical insights with practical observations, highlighting patterns emerging from interview respondents' statements with regard to risk management and strategic decision-making, and further provides a comprehensive analysis of how Chinese MNEs respond to geopolitical uncertainties, showcasing valuable examples of adaptive strategies and innovative approaches to managing risks in unpredictable political and economic environments. Chapter 6 then necessarily outlines the limitations of the study that must be considered when interpreting its results and finally, Chapter 7 summarizes the study's key findings and discusses their broader implications for global business strategy. In it, recommendations for future research are also suggested, emphasizing the need for a continued exploration of decision-making processes and strategies in the context of evolving geopolitical dynamics.

2 Literature review

To grasp how geopolitical conflicts affect multinational enterprises, it is crucial to examine the existing body of research. This chapter integrates key findings from preceding research on geopolitical risks, decision-making under uncertainties, and the strategic responses of MNEs to global tensions. In addition, theoretical foundations and empirical models are highlighted to enhance our comprehension of these intricate dynamics.

2.1 Risks and uncertainties

In the context of geopolitical conflicts, risks and uncertainties are central concepts that influence MNEs' strategic decision-making. According to Knight (1921), risks involve a set of possible outcomes with calculable probabilities, whereas uncertainties refer to outcomes with unknown probabilities. However, this classical distinction between risk and uncertainty has faced criticism from a managerial perspective, particularly in the context of real-world business decision-making. In practice, risk encompasses a wide range of factors, such as potential threats and global market instabilities, that can weaken an organization’s value, such as, slowing business growth or jeopardizing financial stability, as well as hindering its ability to achieve objectives like expanding into new international markets, which Knight’s definition does not account for (Koller, 2005).

2.1.1 Geopolitical conflicts and their influence on MNEs

Geopolitical conflicts, especially those rooted in nationalist or religious sentiments, further complicate this landscape, as they are often better understood as struggles for recognition rather than purely rational efforts for utility maximization. Modern liberal democracies attempt to address these conflicts by promoting universal and equal opportunities, but traditional geopolitics, which emerged in the late 19th and early 20th centuries, viewed states as spatial entities, where control over territory and expansion were key to military, economic, and resource growth. Today, the escalation of low-intensity conflicts into broader geopolitical struggles impacts MNEs by introducing both calculable risks and unpredictable uncertainties, particularly as these conflicts now affect major global powers more intensely than in the past (Sidorenko, 2015). As a result, MNEs must adopt robust frameworks to effectively navigate the complexities and volatility of the global landscape to mitigate these risks and avoid potential constraints or losses (Koller, 2005). Nevertheless, the shift toward peaceful conflict resolution is growing, with international law increasingly recognizing the force of law over the law of force, offering some avenues for mitigating risk, although uncertainties persist (Sidorenko, 2015).

Building on this understanding of risk management within MNEs, it is crucial to define what constitutes a risk. Generally speaking, risk can be described as any notable event with the potential to result in either positive or negative consequences, typically characterized in descriptive terms. For instance, the introduction of favorable legislation might benefit a company, demonstrating that risks can include opportunities as well as threats. Moreover, both the actual level of risk and its perception are key factors influencing how MNEs structure their production networks (Bussy & Zheng, 2023). Each identified risk carries an associated probability of occurrence and at least one consequence, which can range from certain to uncertain. Uncertainty, in this context, pertains to both the likelihood and impact of a risk, often presented as a range of possible outcomes. When these probabilities or consequences are sufficiently minimized, the risk may be considered mitigated or eliminated. Thus, the goal of risk management within MNEs is to reduce these factors to a level where they no longer pose a significant threat to the organization's success (Koller, 2005, p. 5).

2.1.2 The impact of risk and uncertainty on strategic decision-making

Having established a clear understanding of how risks are defined and managed within MNEs, it is essential to explore how they directly influence decision-making processes. Decision-makers within these organizations often leverage the principles of risk and uncertainty to guide their strategic choices. For instance, in facilitated workshops, identifying and listing all major risks–even without assigning specific probabilities or impacts–helps decision-makers gain a more realistic understanding of a project. This approach encourages important discussions and ensures that all potential outcomes are considered.

Decision-makers face particular challenges when making decisions under uncertainty, which is why they need to carefully interpret all information they receive. They often receive data of varying quality and must communicate complex information in a way that is understandable to those without specialized knowledge. They also need to focus on ensuring that the information they work with is credible and will not significantly impact their decisions. Ultimately, they need to prioritize information that meaningfully contributes to their decision-making, ensuring their choices are well-informed and justified. By understanding the range of possible outcomes in geopolitical events and explicitly addressing uncertainties, leaders are able to consider uncertainties and critical project aspects that might otherwise be overlooked and thus make more informed and appropriate decisions. This comprehensive approach supports the creation of stronger, more adaptive strategies to address geopolitical tensions. For MNEs, efficiently handling reliable information is key to navigating global challenges and crafting strategic responses to geopolitical conflicts (Koller, 2005, pp. 7-11).

2.2 Risk assessment: characteristics, process and vision

Risk assessment is crucial for several reasons, but primarily because it enables the consideration of a range of possibilities rather than relying on a single, deterministic outcome. A multi-valued, probabilistic approach is particularly important when dealing with uncertainties in projects, as it allows for a more nuanced understanding of potential risks and rewards. Consequently, risk assessment serves as a powerful tool for decision-making and portfolio management by facilitating the comparison, ranking, and management of multiple opportunities. To achieve this, it is essential to develop robust risk models and establish a common metric for comparison (Koller, 2005, p. 12). One of the key benefits of implementing a probabilistic risk assessment is the heightened awareness it brings to various aspects of a project, including required resources, potential problems, time, costs, and consequences. However, while this awareness is valuable, it can sometimes lead to unintended negative outcomes. For instance, when involved individuals become aware of the realistic probability of a project's success, it might prompt questionable practices, such as altering data to downplay risks. Despite this, the benefits of risk assessment are most evident when applied consistently across multiple opportunities or projects rather than in one-off situations. This consistent application allows for more reliable comparison, ranking, and portfolio management (Koller, 2005, pp. 17-25). While the primary goal of risk assessment is often to reduce uncertainty, it is equally important to recognize that retaining some level of uncertainty can actually enhance adaptability. By keeping options open and allowing for a range of possible outcomes, organizations can make more informed and better applicable decisions as new information becomes available. This approach reinforces the idea that risk assessment is not solely about eliminating uncertainty but about managing it strategically. By balancing risk mitigation with flexibility, decision-makers can better navigate complex and evolving business environments, ensuring that their strategies remain robust and adaptable (Koller, 2005, p. 194).

Risk assessment starts when a problem is identified and a probabilistic solution is proposed. The risk model moderator, who leads this process, plays a crucial role. Successfully implementing risk assessment can change an organization's decision-making and may require cultural and political adjustments. Education is key in this regard, both in terms of technical understanding of the risk model and the ability to use its output effectively in decision-making processes. A well implemented risk assessment process not only fosters problem identification and discussion but also promotes a focused approach to finding solutions. Furthermore, it impacts the overall budget allocation and contributes to successful outcomes (Koller, 2005, pp. 27-45). To further enhance the effectiveness of risk assessment, the vision for its implementation should be clear and presented in a way that is not intimidating, outlining how individuals within the organization will actively participate in the process. The ultimate goal is to create a risk-based system that allows all opportunities and liabilities within the organization to be assessed, standardized, and managed as part of a portfolio. By focusing on achieving greater efficiency and maximizing financial returns, the process begins by identifying recurring tasks within a subset of the organization, such as stock analysis in a brokerage firm. (Koller, 2005, pp. 71-72).

3. Geopolitical conflicts and strategic decision-making in Chinese MNEs

Geopolitics is a branch of political geography and explores the interaction between geography and political processes. Traditionally, "classical geopolitics" focused on international relations and conflicts between states, while political geography addressed domestic matters like elections. However, contemporary geopolitics has grown more complex, involving a wider range of actors beyond just states. This evolving landscape presents MNEs with significant challenges, particularly in managing geopolitical risk (Flint, 2006).

3.1 Regionalism vs. globalization

One of the key drivers of modern geopolitical conflicts is aggressive globalization and Western-led policies in particular, with the United States at the forefront. These policies seek to impose universal values and cultural norms globally, often leading to resistance and conflict in regions with strong national identities and distinct cultural traditions. This imposition creates tension, as many nations reject the forced adoption of Western standards, viewing it as a threat to their sovereignty and cultural integrity. Throughout time the distinction between internal and interstate conflicts has also blurred, especially after the Cold War. Conflicts that were once primarily internal have taken on international dimensions, combining elements of both domestic and international strife. These "internal internationalized" conflicts have become the main form of military confrontation since the 1990s, incorporating the most dangerous traits of both types of conflicts. Additionally, the influence of transnational information networks and advanced technology has contributed to the emergence of irrational zones, that is, areas prone to instability and conflict. The ubiquity of mass media and the rapid mobility of information have heightened irrational responses, fueling instability in many regions. As globalization intensifies, there has also been a counter-push towards regionalism. Many nations and regions are increasingly striving to preserve their sovereignty and resist the external influences of globalization. This resistance to external pressure further intensifies geopolitical tensions, as regions seek to protect their own interests in the face of growing global interconnectedness (Sidorenko, 2015). As Kaplan (2015) notes, the growing frequency of geopolitical threats and conflicts has forced MNEs to place geopolitical risk assessment at the center of their corporate strategies. This is particularly relevant for Chinese MNEs, which must navigate complex challenges such as territorial disputes in the South China Sea and the ongoing impact of the U.S.-China trade war. To mitigate the effects of geopolitical instability on their operations, these firms must continually reassess their risk management strategies (Biedzynski, 2015).

3.1.1 Chinese MNEs in Southeast Asia

China's expanding geopolitical influence in Southeast Asia, driven by its rising economic power and strategic initiatives, highlights the growing importance for Chinese MNEs to carefully balance their regional ambitions with the challenges of geopolitical risk management. This growing presence in the region makes it crucial for these firms to align their growth strategies with both emerging economic opportunities and shifting political dynamics, particularly through frameworks like the ASEAN-China Free Trade Agreement, which established the largest free trade area among developing nations. This agreement significantly boosted China's economic ties with Southeast Asian countries, especially with land-based neighbors such as Laos, Myanmar, and Vietnam. China's focus on trade, infrastructure investment, and economic cooperation has cemented its role as a key driver of regional development. However, China's expanding influence has not come without its challenges, particularly in the South China Sea—a region vital for both its strategic importance and wealthy resources. The area has become a focal point for intensifying geopolitical tensions, as China's territorial claims overlap with those of several Southeast Asian nations, including Vietnam and the Philippines. These competing claims have sparked ongoing disputes and periodic military standoffs, which further complicates China's relationships with its regional neighbors. Nevertheless, China remains focused on expanding its influence, particularly in continental Southeast Asia, where it capitalizes on historical and cultural ties, economic cooperation, and geographical proximity to strengthen its foothold (Qin et al., 2018).

3.1.2 Cross-strait relations (China-Taiwan)

The Taiwan Strait remains one of the most sensitive regions in global geopolitics. With the United States and China locked in escalating strategic competition, tensions over Taiwan have grown significantly. Historically, peace across the Taiwan Strait has depended on the willingness of both sides to avoid armed conflict. Since 1979, China has emphasized peaceful reunification with Taiwan under the *one country, two systems* framework, promising to respect Taiwan's existing system if it returns to Beijing's fold. This policy led to periods of dialogue, notably under the *1992 Consensus,* which enabled both sides to maintain the status quo. Taiwan remains self-governing and autonomous, though not officially independent from China. Beijing has Taiwan as an inseparable part of its territory. This ambiguous arrangement has helped preserve peace for decades. However, The U.S.-China strategic rivalry has brought the China-Taiwan issue into sharper focus. Starting with the Trump administration, China was labeled a strategic competitor, marking a shift toward a more confrontational U.S. stance. The Biden administration has continued this approach, naming China and Russia as the greatest threats to U.S. national security. These anxieties have spurred U.S. policymakers to bolster Taiwan's defenses while rallying allies to counterbalance Beijing's influence in the Indo-Pacific (Hu & Meng, 2023). Moreover, Taiwan's significance in the semiconductor industry has further underscored the geopolitical tensions within the U.S.-China-Taiwan triangle. As of 2020, the Taiwan Semiconductor Manufacturing Company (TSMC) held 73% of Asia's semiconductor foundry market, establishing itself as a dominant player in the industry. These tensions, coupled with trade policies, have created challenges for Taiwan's semiconductor sector, increasing inventories and raising concerns about long-term stability. Additionally, the ongoing trade disputes between China and the U.S. have disrupted supply chains across East Asia and influenced investment strategies (Liu et al., 2024).

3.1.3 U.S.-China strategic competition

At the same time, escalating geopolitical tensions, particularly between China and the United States have deeply influenced China's ascent as a global superpower and challenged U.S. dominance. This strategic competition between the two countries has manifested in conflicts over trade, technology, and international influence, resulting in significant geopolitical tensions as both nations seek to protect their global interests and reduce mutual dependence. Consequently, these tensions, such as those seen during the U.S.-China trade war, have led to increased volatility in global trade, with the imposition of tariffs and other trade restrictions, especially between the two powers. They further not only affect China and the U.S., but also cause ripples across the global economy, creating uncertainty for MNEs (Góes et al., 2022). Moreover, as geopolitical relations continue to sour, MNEs are increasingly confronted with rising uncertainty, higher costs, and supply chain disruptions, all of which significantly influence their operational strategies. For industries closely tied to China's global value chains (GVCs), including electronics and machinery, the impact of tariffs and trade barriers is particularly pronounced. This has led many companies to rethink their investments in the Chinese market, moving from a period of hyperglobalization to "*slowbalization*". This shift reflects a broader trend where Chinese MNEs, in response to these pressures, are realigning their operations—adjusting production sites, diversifying supply networks, and reducing reliance on U.S. markets. Therefore, many firms in GVC sectors have started to relocate manufacturing and source materials to other regions to better insulate themselves from future geopolitical uncertainties and trade volatility (Meng et al., 2022). Also in sectors with substantial sunk costs, where MNEs have heavily invested in Chinese infrastructure and partnerships, the negative impact of rising geopolitical tensions has led to relocations of production and efforts to diversify supply chains to less politically risky regions. These developments underscore that, in the face of geopolitical instability, the strategic responses of

MNEs often include reducing dependence on volatile markets, seeking alternative suppliers, and recalibrating their ecological footprints to mitigate risk. They further highlight the complex interplay between international politics and corporate decision-making (Zeng et al., 2022).

3.1.4 Complex geopolitical relations with India and the EU

Furthermore, the Sino-Indian border dispute has been a persistent geopolitical conflict centered around the control of strategically important regions such as Aksai Chin. This region holds significant importance for China's internal stability due to the presence of the Aksai Chin highway, which connects Tibet and Xinjiang—areas prone to potential unrest. For Beijing, maintaining control over this area is essential to securing its western frontier and preserving regime security. On the other hand, India views the same region as part of its sovereign territory and has made efforts to assert control through infrastructural developments, which China perceives as a direct threat to its strategic interests. The deadly 2020 clashes, sparked by India's road construction in the Galwan Valley, highlight the fragile nature of this border dispute. Both countries' military presence in the area reflects their broader geopolitical objectives: securing critical infrastructure, asserting regional dominance, and safeguarding national security. The conflict's persistence, despite several diplomatic efforts, underlines the deep strategic and historical significance of the disputed regions for both nations (Yale Journal of International Affairs, 2022). Moreover, the geopolitical relationship between China and the European Union (EU) is marked by both cooperation and competition, shaped largely by economic interests, strategic autonomy, and ideological differences. As the EU continues to pursue European Strategic Autonomy (ESA), it aims to lessen dependency on both China and the U.S., particularly in areas such as technology, defense, and critical supply chains. While China supports ESA due to its alignment with multilateralism, this also heightens competition, especially in high-tech sectors like artificial intelligence and clean energy. China still remains a key trading partner for the EU; however, growing concerns over technological sovereignty and fair trade have increasingly led the EU to view China as a "systemic rival." Consequently, this has resulted in protective measures against Chinese acquisitions in strategic sectors and strengthened ties with the U.S.. In addition, ideological differences, particularly over human rights issues in Xinjiang and Hong Kong, continue to strain the relationship, delaying agreements such as the Comprehensive Agreement on Investment (CAI). Likewise, the EU's Indo-Pacific Strategy, which China views as part of a broader U.S.-led containment effort, adds further complexity to regional dynamics. Despite these challenges, both sides still find room for pragmatic cooperation, especially in global climate governance and green technology, where their shared interests help maintain a degree of collaboration (Yang, 2023). In essence, China's geopolitical relationships with key global players, including Southeast Asia, India, and the EU, reflect a complex interplay of cooperation and competition, shaped by strategic, economic, and ideological factors. As China continues to expand its power, it faces significant challenges from ongoing disputes, which illustrate the difficulties associated with its rising global role.

3.2 Geopolitical risk assessment by Chinese MNEs

The rising geopolitical tensions between China, Taiwan, and its ally, the United States, create significant challenges for Chinese multinational enterprises, such as the impacts of sanctions, export controls, and tariffs. Sanctions targeting Chinese technology companies, such as Huawei, along with trade wars and broader economic restrictions, have disrupted market access and supply chains, forcing Chinese tech firms to adapt.

3.2.1 Strategic adaptations

In order to mitigate risks, China has adopted a dual approach, which includes retaliatory measures, such as the ban on Micron Technologies' products, and a strong push toward self-reliance in semiconductor manufacturing. The Whole-Nation System, as detailed in the country's 14th Five-Year Plan, emphasizes reducing dependence on foreign technology by accelerating the development of domestic chip-making capabilities. Additionally, many Chinese MNEs are adjusting their global strategies by diversifying their operations, sourcing from alternative suppliers, and building partnerships in regions with less political instability. These efforts not only help reduce the risks from geopolitical tensions but also help ensure regulatory compliance. Consequently, this broader trend of decoupling between the U.S. and China is reshaping the landscape of global trade and technological development (Bu, 2024).

3.2.2 The Belt and Road Initiative (BRI) and geopolitical stability

Chinese MNEs also face distinct challenges when assessing geopolitical risks due to China's growing global influence and its involvement in sensitive geopolitical regions, such as the South China Sea and along the BRI routes; a central pillar of China's strategy is to mitigate geopolitical risks and foster economic growth. Through the BRI, Chinese MNEs are able to expand into new markets, particularly in developing regions that are less influenced by U.S.-led trade policies. Historically, China has adopted a cautious foreign policy, emphasizing regional stability and avoiding direct conflict (Shambaugh, 2006, pp. 23-60). However, as the country expands its global presence through initiatives like the BRI, it must navigate various uncertainties, facing numerous political risks such as territorial conflicts, economic sanctions, and regional political instability in the regions where they operate and invest. China's assertive stance in the South China Sea has introduced higher risks for companies relying on critical shipping lanes in this region. To address these challenges, Chinese MNEs employ strategies like localizing production, diversifying supply chains, and partnering with local governments to strengthen their political influence. These risk-management strategies, outlined in detail in section 3.3, align with China's broader shift from a low-profile approach to a proactive investment strategy in global infrastructure, requiring MNEs to adapt their operations to respond to geopolitical changes while pursuing long-term growth (Huang, 2016).

3.3 Influence of geopolitical conflicts on strategic decision-making

In the context of geopolitical conflicts, the decision-making strategies of Chinese MNEs have been influenced by various factors shaped by China's evolving institutional landscape. While the country's expanding research and development capabilities remain highly attractive, protecting intellectual property has become a persistent challenge. Geopolitical tensions have heightened concerns over intellectual property rights (IPR), leading MNEs to implement stricter internal controls and increasingly rely on trade secrets to mitigate the risk of knowledge leakage to local competitors. These challenges become particularly acute during periods of geopolitical conflict, where heightened regulatory scrutiny and pressure to localize technology further complicate MNEs' operations (Tse et al., 2024).

As global tensions rise, Chinese MNEshave also been forced to modify their strategies in order to be able to sustain their competitive position in international markets. Many have reconsidered their reliance on key trade partners, seeking to reduce dependence on foreign entities while exploring new market opportunities (Huang, 2016). Additionally, their perception of political risks varies significantly between individual regions, which in turn heavily influences decision-making processes for these firms. These differences in perception arise primarily from the distinct political and regulatory landscapes in each region. For example, in Europe, where institutional frameworks are more stable, Chinese MNEs encounter political risks primarily tied to their country of origin and specific industry regulations. The matter of their country of origin often raises concerns about national security and creates perceptions of unfair competition due to the involvement of the Chinese government. This scrutiny is particularly intense for Chinese state-owned enterprises (SOEs), which are often viewed as extensions of the Chinese state, leading to suspicions regarding their intentions and perceived threats to national security. Additionally, Chinese firms operating in highly regulated sectors, such as telecommunications and energy, face significant entry barriers and operational restrictions imposed by both the EU and individual member states. In contrast, the political risks faced by Chinese MNEs in Africa are rooted in the region's volatile political environment and weak regulatory systems. Companies' decisions must account for the complexities posed by political regime changes, social unrest, and regional conflicts. These factors can create uncertainty, leading to inconsistent regulatory enforcement and unexpected shifts in policy, all of which can significantly affect decision making, business strategies and operations for MNEs (Han et al., 2017).

3.4 Strategies of Chinese MNEs for mitigating geopolitical risks

Chinese MNEs have adopted a range of distinct strategies to navigate and mitigate geopolitical risks. These strategies include not only market diversification and supply chain optimization but also the formation of strategic partnerships. Additionally, Chinese MNEs engage in corporate social responsibility (CSR) initiatives, and strategically downscale or exit operations when necessary. By implementing this multifaceted approach, they are able to more effectively minimize exposure to geopolitical uncertainties and enhance their resilience in global markets.

3.4.1 Market and supply chain diversification

Chinese MNEs have developed a unique approach to market diversification and investment, particularly in response to geopolitical risks. Traditionally, firms from developed countries tend to avoid politically unstable regions due to the perceived risks of expropriation, regulatory changes, or instability. However, Chinese MNEs, particularly SOEs, have adopted a different strategy, often expanding aggressively into regions with high political risks or significant cultural differences. In addition to market diversification, supply chain diversification has become a key strategy for Chinese MNEs to mitigate geopolitical risks. By sourcing materials and components from multiple regions, these enterprises reduce their dependence on any single country or trade route, making their operations more resilient to geopolitical disruptions (Góes et al., 2022). This approach ensures that political tensions, sanctions, or trade barriers in one country or region do not severely affect their global operations.

3.4.2 Foreign direct investment (FDI)

The cultural distance between China and host countries can often deter FDI. By leveraging ethnic Chinese communities and networks abroad, MNEs are able to create a more favorable environment for their operations. Furthermore, in countries with significant Chinese diaspora populations, these networks provide crucial business connections, which in turn help reduce cultural barriers and facilitate smoother market entry. In some cases, Chinese firms leverage these networks in order to overcome local resistance, using guanxi (relationship-building) to reduce costs and mitigate risks in culturally distant markets. This strategy allows Chinese MNEs to invest in culturally diverse regions, including Western countries and markets in Southeast Asia, where they might otherwise struggle to establish a presence (Quer et al., 2011).

3.4.3 Ownership structures and localization

Another primary strategy is adjusting their ownership structures and operational models to align with the institutional frameworks of host countries. In many cases, Chinese firms opt for Joint Venture (JV) instead of wholly-owned subsidiaries (WOS), particularly when entering markets with significant political or cultural barriers. By partnering with local firms, Chinese MNEs not only gain regulatory approval more easily but also build stronger relationships with local governments and communities, which helps mitigate resistance and potential backlash. Additionally, localization allows Chinese firms to adapt to local business environments, ensuring compliance with both legal and cultural expectations in the host market. This is particularly important in sectors like natural resources and energy, where geopolitical sensitivities are heightened. Doing so helps mitigate the risk of being viewed as foreign exploiters, while also facilitating smoother integration into the host economy. Moreover, Chinese firms understand the need to navigate local regulatory and social landscapes carefully, and they employ localization to not only meet legal requirements but also to establish trust and credibility with local stakeholders. With this approach, Chinese MNEs enhance their resilience against geopolitical disruptions, ensuring their long-term success in global markets (Cui & Jiang, 2009).

3.4.4 Neutrality in global expansion

While adjusting ownership structures and localizing operations helps navigate political and cultural barriers, another strategy Chinese MNEs employ in order to avoid involvement in geopolitical tensions is maintaining a neutral stance in global markets. This approach allows them to gain valuable expertise and enhance global competitiveness, while presenting themselves as impartial business entities. By partnering with established foreign companies and avoiding involvement in the political affairs of host countries, Chinese MNEs can focus solely on business, establishing themselves as dependable and trustworthy partners in the global market (Child & Rodrigues, 2005b).

3.4.5 Leveraging green technology and political networks

When it comes to geopolitical conflicts, Chinese MNEs strategically assess risks and utilize their green technology and political strengths to adapt their approaches to the host country's stability and significance. While geopolitical risks often deter investment, firms with strong green technology or political capabilities are better equipped to navigate these challenges, since they are more resilient to geopolitical disruptions due to their integration into the host country's economy, making their investments essential for local development and the firm more resistant to instability. Similarly, firms with robust political connections or better ability to navigate complex political environments are also more likely to better be able to mitigate geopolitical risks. Their networks allow them to gather critical insights, secure government support, and influence regulatory frameworks, helping them maintain operations in politically unstable regions without severely impacting their business activities (Du et al., 2023).

3.4.6 CSR initiatives

In addition, Chinese MNEs increasingly use CSR as a strategic approach to manage geopolitical risks and uncertainties. CSR practices in China are largely shaped by the country's rule-based governance system, where larger firms, particularly in industries like manufacturing, face greater scrutiny. To address this, these firms adopt stronger governance measures, such as separating leadership roles and incorporating more external directors on their boards. This helps them to externally communicate their CSR activities more effectively, enhancing transparency and compliance with both domestic and international expectations. In the global context, Chinese firms leverage CSR as a tool to manage international reputations. As these companies expand their global presence, CSR initiatives allow them to navigate complex political and social landscapes, particularly in regions where geopolitical risks are heightened. Furthermore, CSR enhances the corporate image of Chinese firms, allowing them to address growing concerns from international stakeholders while improving their standing in both domestic and foreign markets. Overall, CSR not only helps Chinese firms comply with governance standards but also enables them to strategically manage risks and opportunities in their expanding global operations (Li et al., 2010).

3.4.7 State-backed financing and risk mitigation

Additionally, state-backed financing plays a crucial role in managing risks for Chinese MNEs, allowing them to take on large infrastructure projects in politically unstable regions while minimizing financial exposure. With the backing of government financial institutions, these firms are able to pursue their long-term objectives of expanding global market access and securing a strong position in the global economic landscape. In addition to this, debt financing from policy banks helps Chinese MNEs to spread their financial risk across multiple projects and regions, thereby reducing the potential negative impact of any single project failure. Furthermore, the cooperation between the state and Chinese SOEs is crucial, as these enterprises align their investments with both national development plans and broader geopolitical objectives. This alignment not only ensures that the investments are financially sustainable but also supports China's overarching global strategic goals. Another effective approach involves Public-Private Partnerships (PPPs), which allow Chinese MNEs to share both financial and operational risks with private partners, particularly in infrastructure projects under the Belt and Road Initiative (BRI). By leveraging private capital, these firms are able to mitigate potential losses caused by delays or instability in politically volatile regions. Finally, market diversification is a critical strategy. By expanding into emerging markets, especially those along BRI routes, Chinese MNEs can reduce their reliance on any one volatile market, insulating themselves from geopolitical tensions that could otherwise jeopardize their operations (Liu & Dixon, 2022). Finally, in an increasingly volatile global environment marked by economic sanctions, tariffs, and political instability, the ability to adapt and adjust strategies in response to evolving risks with the help of state-backed financing can be crucial for the long-term success of Chinese MNEs (Biedzynski, 2015).

3.4.8 Strategic exits and downscaling

In managing geopolitical risks, Chinese MNEs often face challenges related to cultural friction when expanding into foreign markets. This friction arises from differences in cultural, managerial, and operational systems, particularly in mergers and acquisitions where deep integration is required. When the level of cultural friction becomes too high, Chinese firms may opt for strategic exits or downscaling their operations to mitigate these challenges. One key factor influencing such decisions is the entry mode chosen by Chinese MNEs. Mergers and acquisitions, which involve significant blending of corporate cultures, tend to generate higher levels of cultural friction compared to joint ventures or contractual agreements. In cases where this clash proves too difficult to manage, Chinese firms may strategically reduce their stake or exit the market altogether to avoid further complications. Furthermore, workflow interdependence plays a crucial role in these strategic decisions. High levels of interaction between Chinese firms and local partners, suppliers, or regulators can intensify friction if cultural misalignment persists. When such interdependencies create operational inefficiencies, Chinese MNEs may scale back their involvement to reduce exposure to risk. The pace of international expansion is also a determining factor in the decision to exit or downscale. Chinese firms that pursue rapid or revolutionary expansion often face higher levels of cultural friction due to insufficient time for integration. In these instances, downscaling operations or exiting the market allows firms to reassess their strategies and reduce the risk of long-term losses (Luo & Shenkar, 2010).

3.5 Summary

Geopolitical conflicts present significant challenges for Chinese MNEs, impacting their operational stability, market access, and long-term growth potential in various regions. In this chapter it was established that Chinese MNEs are not only impacted by traditional geopolitical risks, such as trade restrictions and regional conflicts, but also by ideological and regulatory pressures, especially in regions with high political sensitivity or complex regulatory environments. To mitigate these risks, Chinese MNEs employ a range of adaptive strategies, from market diversification and supply chain localization to engaging in strategic partnerships. Their approach to risk management often involves leveraging China’s national support systems and aligning closely with both domestic policy and international frameworks to maintain resilience in high-risk regions. Furthermore, Chinese MNEs adopt an increasingly flexible approach to strategic decision-making in response to evolving geopolitical landscapes. Rather than seeking to eliminate all uncertainties, these companies balance risk mitigation with adaptability, enabling them to maintain operations in volatile markets while minimizing exposure to political instability. Additionally, this chapter underscores the role of local partnerships and CSR as tools for gaining legitimacy and building goodwill with host communities, which are particularly important for Chinese firms operating in politically sensitive regions. Ultimately, this chapter illustrates that Chinese MNEs' strategic responses to geopolitical conflicts are shaped by a complex interplay of national policy alignment, stakeholder engagement, and flexible risk assessment models. These strategies collectively enable them to withstand and adapt to geopolitical tensions, enhancing their resilience and capacity for sustainable growth on the global stage. Moving forward, it will be essential to consider how these approaches evolve in response to emerging geopolitical dynamics and shifting global economic conditions.

4. Methodology

Qualitative research methods are known for asking open-ended questions and allowing a thorough consideration of the perspectives of involved participants. These attributes often result in more detailed insights, the uncovering of hidden patterns, and more comprehensive outcomes compared to standardized evaluation methods (Kuckartz et al., 2008, p. 11). Additionally, advanced data collection techniques have been developed or refined within qualitative research approaches, yielding significant new insights (Mayring, 2002, p. 10). In alignment with these strengths, this study adopts qualitative research methods to examine how Chinese MNEs manage risks and uncertainties in the context of geopolitical conflicts. This approach was selected as it facilitates an in-depth exploration of complex phenomena, allowing for a thorough analysis of decision-making processes while also uncovering the contextual factors shaping strategic choices. In this chapter, the key aspects of applying qualitative research methods are explored to ensure effective and meaningful results. Particular focus is placed on the research design, along with the methods of data collection and analysis, which are elements that are recognized as essential for the planning and execution of studies aimed at providing deep insights into the investigated topic.

4.1 Research design

This study adopts a qualitative research approach to explore the decision-making strategies and risk management practices of Chinese multinational enterprises (MNEs) in the context of geopolitical conflicts. The procedures of qualitative research will be clearly defined and systematically presented, ensuring a lack of ambiguity (Mayring, 2002, p. 65). Unlike quantitative analysis, which simplifies complexity by isolating data through numbers and mathematical operations to derive objective insights, qualitative analysis aims to capture the depth and interconnectedness of human reality (Mayring, 2010, pp. 17–19). Its theoretical foundations—symbolic interactionism, ethnomethodology, and field research—play a central role in this approach (Mayring, 2010, pp. 32-33). Symbolic interactionism, for instance, examines how meanings are created and negotiated through social interactions, emphasizing individual perspectives within their social contexts (Atkinson, 2015). Ethnomethodology supports the interpretive nature of qualitative research by analyzing the implicit routines and rules that structure interactions, treating human actions as contextually negotiated (Reeves et al., 2008b). Field research further reflects the core of qualitative methods by using observation and participation to address complex "how" and "why" questions in real-world settings (Malsch & Salterio, 2015). Building upon these theoretical underpinnings, Creswell (2007, pp. 37–40) also highlights the effectiveness of qualitative research in uncovering challenges by engaging directly with those most affected by a phenomenon or circumstance. After formulating the initial research question and securing the necessary resources, the research design begins to take shape – the next step is to convert this conceptual framework into a practical plan, for which it is crucial to develop a comprehensive sampling frame (Devers & Frankel, 2000).

4.2 Data collection

This chapter describes the data collection methods, followed by the selection and detailed description of the participants of this study. A carefully developed sampling strategy and a specifically tailored interview approach have been developed in order to effectively gather nuanced and context-specific data. The research objectives are closely linked with the chosen data collection methods, which aligns the results directly with the central questions of the study. Each instrument and step in this process has been specifically selected to provide deep insights into the subject matter and to maximize the credibility and relevance of the research findings.

4.2.1 Sampling strategy for participant selection

While numerical data is relatively straightforward, qualitative data encompasses a vast array of types, ranging from interview and focus group transcripts to photographs, documents, films, and audio or video recordings (Rädiker & Kuckartz, 2019, p. 2). The formulation of a comprehensive and robust sampling strategy is therefore a cornerstone of qualitative research, bridging the conceptual framework with the practical execution of data collection (Devers & Frankel, 2000). Sampling approaches can be broadly categorized into random and non-random types. While random sampling is common in quantitative research to minimize bias, qualitative research relies on purposeful sampling to select individuals, organizations, or locations that provide insights closely aligned with the research question. This approach views bias not as a limitation, but as a source of meaningful, context-specific information (Patton, 2002, as cited in Rapley, 2013, p.50).
It is important to note that working with a non-random sample does not preclude generalizability (Gill, 2020), even though the researcher's positionality—encompassing attributes such as age, gender, and ethnicity—plays a crucial role in shaping and contextualizing the study's findings. These characteristics certainly influence access to participants and the interpretation of outcomes and therefore underscore the need for a rigorous methodology and ethical considerations. In order to allow for a degree of generalizability, such an approach must therefore necessarily include careful reflection on the study's broader implications, including its effects on interpersonal interactions, environmental factors, and political contexts (Czernek-Marszałek & McCabe, 2024).

In this qualitative context, the primary objective of this research is to investigate the strategic decision-making processes of Chinese MNEs in the face of geopolitical risks and uncertainties. Specifically, this study seeks to determine whether these organizations adopt risk-averse or risk-seeking strategies in their decision-making processes. Thereby, the analysis emphasizes both the subjective insights of employees responsible for strategy implementation as well as the structural and organizational contexts that influence these choices. To gain insight into the factors that inform decision-making, three strategic employees from three different Chinese MNEs were interviewed. The selection of these participants followed a purposeful sampling approach, ensuring that the interviewees held positions directly relevant to strategic decision-making, which aligns with Patton's (1990) concept of selecting information-rich cases that provide deep insights into key research questions (Coyne, 1997).

These interviews conducted with individuals in decision-making roles therefore offer a clearer understanding of how Chinese MNEs navigate external pressures and adjust their risk management strategies. Additionally, the aforementioned approach is efficient in that a small, carefully selected sample provides detailed insights as opposed to a sample of a large group of participants (Stratton, 2024). The interview participants differ in terms of their tenure within their respective organizations and were assigned the codes IP1, IP2, and IP3 to maintain anonymity. Their respective organizations represent diverse industries, including B2B and B2C technology sectors.

Among them, IP1 has the longest tenure and works at Company A as a Sales Operations Manager. IP1 oversees and refines sales processes to ensure the team functions efficiently and effectively. Beyond optimizing internal operations, IP1 also acts as a bridge between different departments, facilitating communication and streamlining processes to enhance performance and ensure the success of the sales team (Sun, personal communication, Nov 13, 2024). With extensive knowledge of supply chain logistics and sales strategies, IP1's expertise in adapting business operations to align them with economic and regulatory conditions across different regions offers valuable insight into how global challenges impact corporate decision-making. Furthermore, with direct access to critical market information, IP1 is able to not only implement strategies set by their company to address geopolitical risks but also execute corporate decisions and take concrete measures. IP1's hands-on experience and practical approach to navigating geopolitical uncertainties make IP1 a highly relevant expert for this research.

As a multinational enterprise, Company A is a B2B business specializing in electric and electronic appliances and operates across Europe and China. It sources its products from manufacturing facilities in both regions and manages distribution through several central warehouses in Europe. The merger between Company A and Hisense presents a unique opportunity to study how geopolitical conflicts impact businesses that operate across different regulatory, economic, and cultural landscapes. Given the ongoing geopolitical tensions between China, the EU, and the US, it is crucial to understand whether companies, where Chinese ownership meets European operations, experience disruptions and, if so, to what extent. Additonally, by analyzing Company A's supply chain dependencies, strategic adjustments, and risk management approaches, this research seeks to determine how geopolitical conflicts influence its operations, partnerships, and long-term planning. The company's presence in both Chinese and European markets, along with its dual production strategy makes it an ideal example for examining the real-world impact of global uncertainties on business strategy (full interview transcripts are presented in the Appendix).

Meanwhile, IP2 with five years of experience, plays a key role in sales and key account management at Company B, a well-established Chinese multinational technology company. Operating across various sectors, it has a strong presence in B2B affairs, consumer electronics (B2C), and sustainable technology. Given the dynamic environment it operates in, Company B was selected for this study as a compelling example of how Chinese firms navigate regulatory challenges and political pressures while striving to maintain their market position. In recent years, the company has faced increasing scrutiny, particularly concerning trade policies and technology regulations, which have resulted in restrictions in several Western countries. Despite these obstacles, the company has continued to adjust its strategies, demonstrating resilience and adaptability in a highly competitive environment. Examining how the company responds to external challenges provides important insights into the impact of geopolitical risk on international business operations. Given IP2's direct involvement in the company's strategic positioning within the Austrian market, the selection of IP2 as an interview participant was based on their ability to provide critical insights into the company's business activities, opportunities, and constraints. With hands-on experience in sales and key account management, IP2 is well-positioned to discuss key business aspects such as shifting consumer preferences, and competitive market dynamics. IP2's knowledge extends beyond traditional sales functions and encompasses strategic decision-making in response to shifting trade policies, technological restrictions, and political uncertainties. IP2's insights also contribute to a deeper understanding of how Company B refines its business model, collaborates with local stakeholders, and implements risk mitigation strategies. By drawing on experience and market awareness, IP2 provides a valuable perspective on the company's long-term strategic adjustments, which makes IP2 a credible source for the purposes of this study (full interview transcripts are presented in the Appendix).

With three years of experience at Company C, IP3 plays a key role in the Key Account Management team within its B2B division, actively contributing to the company's growth and market strategy. IP3 was selected as an interview participant due to IP3's deep understanding of Company C's strategic positioning and direct involvement in managing key business relationships. In addition, this study's selection process for expert interviews prioritized individuals with strong industry experience and a deep understanding of Chinese MNEs in the global business landscape. Company C, a Chinese global technology company specializing in smart devices, is a key example of Chinese MNEs growing influence in the global market. Known for its focus on innovation, product diversification, and advanced camera technology, the company has built a strong reputation by combining high-quality design with cutting-edge technology, allowing it to compete with well-established global brands. Although Company C remains a relatively small player in the Austrian market, it is actively working to grow its presence by establishing strategic partnerships, adapting to local market needs, and leveraging collaborations to differentiate itself from competitors. Given this context, IP3 was chosen due to their direct involvement in shaping the company's market approach in Austria. Furthermore, IP3's expertise in consumer behavior, competitive dynamics, risk management, and strategic planning also provides a well-rounded perspective on how Company C navigates opportunities and challenges in a highly competitive and geopolitically complex environment. This makes IP3 a valuable and credible source for understanding the company's expansion strategy and broader market positioning (full interview transcripts are presented in the Appendix).

4.2.2 The problem-centred expert interview (PZI)

The term 'qualitative interview' in research refers to a broad spectrum of formats, definitions, and methodologies. Its primary aim is to create a foundation of trust by tailoring the interviewer's approach to the unique characteristics of the respondents. This approach fosters openness and encourages spontaneous responses, offering valuable insights into the participants' thought processes, emotions, and behaviors (Buber & Holzmüller, 2009, pp. 419-420). Within this broad spectrum, various qualitative interview techniques exist, including problem-centred, focused, open, in-depth, exploratory, and unstructured. These approaches differ in their degree of structure but share key features such as open question formulation and qualitative, constructive analysis (Mayring, 2002, pp. 66–67). The problem-centered expert interview (PZI), developed by Witzel (1985, as cited in Buber & Holzmüller, 2009, p. 421), is described as an open, semi-structured, qualitative approach that serves as a flexible and multifaceted tool (Mayring, 2002, p. 67). It is particularly well suited for examining the decision-making processes of individuals who play a central role in discourses characterized by geopolitical conflicts and external factors. By drawing on participants' expertise, these interviews encourage open dialogue, free from preconceived ideas or existing literature, providing valuable insights into the factors influencing strategic choices in a globalized context. Furthermore, the adaptability of expert interviews—allowing for adjustments based on participant feedback—also proves highly effective for examining complex and evolving challenges (Denny & Weckesser, 2022).

An interview guide serves as a critical tool in qualitative research and provides a structured framework to direct the interviewer through the conversation. This structure ensures that all pertinent topics related to the research objectives are thoroughly explored, preventing the omission of critical subjects and maintaining the focus of the discussion. The guide comprises carefully designed questions to elicit comprehensive and insightful responses, encouraging participants to share detailed perspectives rather than give simple "yes" or "no" answers (Kuckartz et al., 2008, p. 21). Based on this foundation, the interview guide for this study was developed in a context-specific manner and further refined to incorporate three distinct question categories. Firstly, exploratory questions provide a broad introduction, focusing on topics such as the company's business operations and market environment. Subsequently, important leading questions are addressed on topics such as strategic growth, risk management, geopolitical challenges and decision-making for future strategy. Finally, any spontaneous, ad-hoc questions that come up during the conversation are examined to allow for a deeper discussion (Mayring, 2002, pp. 66–67). This approach ensures that the interview process is structured in a comprehensive, as well as accommodating manner, allowing for an in-depth exploration of critical themes while remaining flexible enough to address emerging insights or ask for clarifications, as needed. Additionally, it is important for both parties—the interviewer and the interviewee—to be familiar with the topic and the interview's objectives in order to be able to ask and answer appropriate follow-up questions as needed. To ensure a calm and undisturbed atmosphere for the meetings, the interviews were held in the interviewees' offices and each interview was planned to last approximately one hour. After a brief introduction, each participant was informed about the purpose of the interview and its objectives. Additionally, the participants were assured that their responses, company names, and personal details would remain anonymous to maintain confidentiality. The conversation was recorded throughout the interview to ensure an accurate evaluation of the responses at a later stage. Consent for recording was obtained from participants beforehand and was documented either in written form or recorded orally. During the interview process, the interviewer followed the predefined questions listed in the interview guide. However, when comprehension issues arose, further clarifications were provided, including explanations, prompts, or occasional interruptions, to ensure the accuracy and depth of the responses. Valuable insights could be gained from follow-up questions the interviewer asked, especially when the interviewee touched on an interesting topic but did not elaborate further (Kuckartz et al., 2008, p. 25).

4.3 Evaluation procedure

In qualitative evaluations, transcription processes must follow clear and consistent standards to ensure they align with the research goals. These standards help maintain the traceability of data while ensuring it is presented uniformly, which is particularly necessary for computer-assisted analyses. Moreover, a structured approach facilitates efficient data searches and ensures a clear differentiation between speakers. In order to uphold good scientific practice, transcription guidelines developed by Udo Kuckartz and Stefan Rädiker were applied in this study to ensure clarity and consistency. Following this approach, transcripts were created verbatim, capturing the spoken content accurately without summarizing or transcribing phonetically. Any information that could reveal the identity of respondents was anonymized to protect their privacy. Significant pauses in speech were marked with ellipses (...), and terms that speakers particularly emphasized were underlined for emphasis. Affirmative or supportive utterances from interviewers, such as "mhm" or "aha," were excluded unless they interrupted the flow of the conversation. Interjections from speakers were placed in parentheses to differentiate them from the primary narrative (Kuckartz et al., 2008, pp. 27-28).

4.3.1 Qualitative content analysis

A clear and detailed understanding of the subject matter can only be achieved through the continuous review of knowledge-gathering methods, while maintaining necessary openness. This principle, often overlooked in earlier qualitative approaches (Mayring, 2002, p. 29), underscores the need for a rigorous and transparent methodology. To meet this standard, Philipp Mayring's method of qualitative content analysis was chosen for this study. This method provides a systematic, step-by-step framework for in-depth data examination, facilitating the identification of key patterns, themes, and relationships relevant to the research question. Mayring outlines three main techniques for qualitative content analysis: summarizing (*Zusammenfassung*), structuring (*Strukturierung*), and explanatory (*Explikation*) approaches (Mayring, 2010, pp. 65-66). Among these, structuring content analysis offers a clear framework for organizing complex textual material and identifying specific structures. Depending on the research objectives, Mayring distinguishes four distinct forms of structuring: First, the formal structuring technique *(formale Strukturierung)* focuses on the external characteristics of the material, such as linguistic features, thematic arrangements, or conversational structure, to identify patterns. Second, the content structuring technique *(inhaltliche Strukturierung)* delves deeper by extracting and organizing central themes or content areas, highlighting relevant text passages to present core ideas comprehensively. Third, the typifying structuring technique *(typisierende Strukturierung)* concentrates on identifying and describing prominent patterns or distinctive features within the material, emphasizing typical or extreme expressions. Finally, the scaling structuring technique *(skalierende Strukturierung)* evaluates dimensions quantitatively, categorizing material along scales such as low to high (Mayring, 2010, pp. 92-94). This study adopts the qualitative content structuring approach due to its suitability for recognizing specific patterns within the research material. A systematic category system, developed based on the research question and theoretical considerations, further facilitates the targeted extraction of relevant text components (Mayring, 2002, pp. 118-121). Given the need for a systematic and efficient approach in content analysis, computer software is widely recognized as an essential tool for organizing data within a category system and streamlining the coding process (Rädiker & Kuckartz, 2019, pp. 3-6). Accordingly, this research project utilized the MAXQDA software to enhance both the organization and analysis of the data.

4.3.2 Categorization

Categorization is essential in qualitative research, helping researchers organize and interpret complex data. This not only improves understanding and analysis but also tracks the intersubjectivity in the research process (Mayring, 2010, pp.49-50). Deductive and inductive methods serve as the two principal approaches to the scientific methodology. Starting with a hypothesis, the first step of the deductive method is making predictions that are tested through observation or experimentation. If the outcomes support the predictions, the hypothesis is considered valid. On the other hand, the inductive method starts from specific observations, which are made to identify patterns, leading to the formation of general hypotheses or theories (Yuwono & Rachmawati, 2023). These methods are not only fundamental in scientific research but also in the specific task of qualitative categorization. Inductive categories emerge directly from the analysed material, avoiding preconceived theories to ensure the data's reliability. Meanwhile, deductive categorization builds on existing theories to formulate hypotheses, which are then tested during data analysis. This approach includes a formative reliability check to fine-tune coding conventions and enhance the accuracy of the analysis (Mayring, 2008, pp. 70-72). In this thesis, a combination of inductive and deductive categorization was employed to analyze the interviews, allowing for an openness to new insights from the interview data under a theoretically robust framework. Initially, during the theoretical preparation phase, preliminary category definitions and selection criteria were established based on existing literature and the research questions outlined. These deductive elements are essential for sharpening the analytical focus and identifying relevant information within the interviews. Subsequently, the interview material was methodically examined line by line, with a focus on text passages that align with the predefined categories. If the data suggested it, new categories were inductively formed from the material during this initial examination. This was followed by a review of the developed category system, which was assessed for logical consistency, and categories were adjusted to prevent overlaps and ensure alignment with the research objectives. In the final phase of analysis, a comprehensive review of the entire interview material was conducted using the revised categorization scheme. All pertinent text passages were systematically assigned to the final categories (Mayring, 2002, pp. 115-119).

5 Evaluation and interpretation

This chapter focuses on analyzing the categories developed through deductive and inductive methods based on the three problem-centered interviews that were conducted. A total of nine main categories were identified, including categories that were developed deductively such as risk management, risk assessment, and external factors, as well as categories that were developed inductively, such as business operations, strategic achievements, and growth. The following subchapters correspond to each main category (in bold) and its subcategories (in cursive). The following analysis highlights the similarities and differences in the approaches and strategies of the three Chinese MNE representatives, while also providing insights into their daily operations. Additionally, it examines how each enterprise handles various challenges, makes key decisions, and positions itself strategically to maintain market visibility.

5.1 Business operations

A notable similarity among all three companies is their global presence and their strategic focus on international reach. Another common thread is their emphasis on technology, which is central to their operations. Furthermore, they all primarily operate in the business-to-business (B2B) sector, which allows them to optimize their activities by focusing on high-volume sales to business partners. Despite these overarching similarities, each organisation has its unique features. For instance, IP2 and IP3 describe their respective companies, Company B and Company C, as technology-driven businesses with a global outlook, with a focus on creating and distributing technological services. In contrast, Company A where IP1 is employed specializes in electric and electronic appliances and depends on advanced manufacturing processes, emphasizing its strong technological foundation. When comparing their operational structures, Company A benefits from well-established local operations, supported by significant infrastructure, including warehouses and structured departmental divisions. In contrast, Company C operates with a smaller, more agile team, enable them to adapt quickly to market demands.

5.2 Business environment in Austria

According to all IPs, Austria represents a dynamic business environment. One of its key strengths is its central location in Europe, which offers significant logistical benefits. For instance, as IP1 highlighted, goods can be transported efficiently from nearby European factories in Serbia, Slovenia, and the Czech Republic, typically within one to two days. This strategic position not only facilitates seamless distribution but also strengthens market access across the region. Additionally, as noted by IP3, Austria's strong connection to major European markets, such as Germany and Switzerland, further enhances its attractiveness to businesses. Moreover, Austria's tech-savvy and quality-conscious consumer base aligns well with companies that focus on innovative and high-quality products. Similarly, IP2 pointed out that there are significant opportunities in the sustainable business sector, which is growing rapidly and is gaining considerable momentum. However, despite these advantages, Austria also presents notable challenges to them. A key limitation, as identified by IP1, is its relatively small market size compared to neighboring countries like Germany and Hungary. This can restrict revenue growth even with similar levels of operational effort. Additionally, the dispersed nature of the market, with customer bases scattered across various cities, complicates logistics and customer management. Another challenge lies in the competitive and saturated tech sector, as emphasized by both IP2 and IP3. IP3 specifically acknowledged that their smaller size puts them at a disadvantage compared to larger Chinese companies operating in the Austrian market. In conclusion, while Austria offers businesses strong connectivity, a strategic location, and a receptive consumer base, navigating its fragmented market and intense competition requires strategic planning.

5.2.1 Local market engagement

Adapting to local economic, regulatory, and cultural factors requires a thoughtful and balanced approach. According to IP1, Austria's business environment emphasizes structured, long-term planning and step-by-step changes. Once a plan is set, it is followed with precision. In contrast, the Chinese market thrives on agility, with plans often adapting quickly to meet regulatory or market changes. This dichotomy can sometimes create friction for subsidiaries accustomed to a different style of operation. Apart from that, IP2 highlights the critical role of local partnerships in achieving success. These partners are essential for building connections with Austrian consumers and establishing a strong presence in the market. For instance, the production of wireless routers offers a unique opportunity for Company B due to the lack of saturation in this market, with minimal competition from domestic companies. Additionally, as highlighted by IP1, IP2 and IP3, collaboration with government initiatives enhances operational efficiency and strengthens community ties. IP2 further indicates that such partnerships create mutually beneficial outcomes, particularly in addressing environmental challenges and promoting the reduction of ecological footprints. Furthermore, bringing in local expertise was a key point in bridging cultural gaps for these Chinese MNEs, as highlighted by both IP2 and IP3. They emphasized the importance and value of recruiting local talent to reduce miscommunication and improve dialogue. IP3 also claims that combining Austrian market knowledge with Chinese domestic expertise will eventually foster smoother integration and a better understanding of Austrian market dynamics for their company. Equally important for all participants is the role of communication. Effective communication among internal stakeholders helps improve decision-making and ensures smoother operations. Additionally, IP3 also highlights that coordination across regions supports a consistent strategy while considering local differences.

5.3 Strategy for achievement and growth

From the perspectives of IP1, IP2 and IP3, there are different decisive factors that are fundamental to promoting past successes and shaping the company's future strategic direction.

Each perspective highlights unique approaches that have contributed to success for their respective company and created a solid foundation to further its individual growth.

5.3.1 Path to success

As emphasized by IP1, a key factor in the company's success was the strategic decision to outsource production to China, which allows for significant cost saving. This decision not only reduced manufacturing expenses but also allowed the company to offer competitive pricing, increasing market share growth and ensuring its competitiveness. This strategy demonstrates exactly how global efficiency can boost a company's competitive position. Building on this, IP2 highlights the importance of timing and market positioning as critical drivers of success. By entering the smartphone market during a phase of low competition, which IP2 referred to as a 'blue ocean' phase, the company was able to take advantage of cost-effective and high-quality production processes to establish itself firmly. This well-timed entry not only allowed the company to thrive in an emerging market but also build a strong foundation of customer loyalty and brand recognition, ensuring sustainable growth even as the market became more saturated. Furthermore, both IP2 and IP3 elaborate on achieving success through diversification strategies, each with a unique approach. Company B focuses on a broad diversification strategy, operating across three key areas: enterprise electronics, consumer electronics, and sustainable products. Their emphasis on integrating environmentally friendly products, such as solar panels, underscores their success in adapting consumer demands and global sustainability trends. Meanwhile, Company C takes a more targeted approach, prioritizing the development of innovative smart devices for both B2B and B2C markets. Their focus on user-friendly technology and high-quality design enables them to stand out in an increasingly competitive environment. A key element of their success is their collaboration with a German manufacturer, which has significantly advanced their camera technology expertise. In addition, Company C has effectively diversified its product line to appeal to different customer segments, further expand its market reach and increase its market share.

5.3.2 Growth strategy

The growth strategies of the interviewed representatives of Chinese MNEs reflect distinct approaches shaped by their strategic positioning and market focus. Company A emphasizes broadening its product lineup as a central component of future growth, showcasing a proactive strategy aimed at addressing diverse consumer needs. Moreover, the company is working to align its IT systems with its shareholder, Hisense, hoping to enhance efficiency, streamline workflows, minimize email communication, and create a strong foundation for future growth. Looking forward, overall economic growth is expected but will likely be accompanied by a widening gap between the wealthy and less affluent. This disparity is anticipated to influence consumer behavior, with wealthier individuals gravitating towards premium products, while others opt for more affordable options. Meanwhile, Company B's future focus is on continually investing in sustainable products by expanding its portfolio of eco-friendly and sustainable offerings to gain growth opportunities. This approach aligns with global trends and rising consumer demand for environmentally responsible solutions, allowing the company to benefit from the growing green market while maintaining a competitive edge (Statista, 2024). Company C, on the other hand, is concentrating on technological innovation, particularly in the field of camera technology. By pushing the boundaries of innovation, the company seeks to stay ahead of evolving consumer preferences, establish industry benchmarks, and distinguish itself as a leader in an increasingly competitive landscape. Collectively, these companies are focused on strategies that ensure they remain agile, competitive, and well-prepared for future growth.

5.4 Risks and uncertainties

Operating as a subsidiary of a Chinese multinational enterprise (MNE) comes with various challenges and opportunities. According to IP1, this is particularly the case when unexpected changes arise in the domestic market of the parent company. Furthermore, IP1 and IP2 highlight the political risks arising from tensions between the United States and China. Here, IP1 specifically refers to restrictions during the Biden administration, such as those imposed on European companies like ASML, which suffered significant sales declines due to being unable to conduct business with key Chinese customers. However, IP1 claims that it has so far been possible for Company A to avoid similar disruptions, thanks to a distinct market focus and product range that shield them from such risks. Additionally, IP2 emphasizes how the broader political conflict between the U.S. and China creates further challenges, introducing uncertainty not just in their daily operations but also for long-term strategic planning. Further expanding on this perspective, IP3 reflects on the uncertainties and risks associated with being a Chinese brand in the global market, specifically acknowledging the impact of the restrictions imposed by 11 EU countries on Chinese telecom suppliers for 5G network infrastructure and their broader implications (Kroet, 2024). Their collective insights underline the importance of market positioning and preparedness to navigate the complexities of this politically charged environment.

5.4.1 Geopolitical risks and uncertainties

Geopolitical risks and uncertainties have emerged as a central topic and a significant challenge for Chinese MNEs, as reflected in the insights shared by IP1, IP2, and IP3. These risks directly impact market positioning, supply chains, and operational strategies, underscoring the interconnected nature of today's global business environment. A recurring theme across all participants' responses was the profound effect of geopolitical conflicts on market presence and sales. IP1 highlighted the Russo-Ukrainian war as an example, noting how their competitors' withdrawal from the Russian market resulted in a boost to their own sales. This illustrates how geopolitical tensions can simultaneously disrupt some businesses while creating opportunities for others, depending on strategic positioning. Similarly, IP2 explained the significant impact of bans and restrictions stemming from relations between the U.S., China and Taiwan, which led to a substantial decline in their market presence in the DACH region. This downturn necessitated difficult decisions, including office closures and employee layoffs. IP2 further emphasized the role of Taiwan's alliance with the U.S. in shaping consumer preferences. Heightened scrutiny around security concerns, such as espionage, has influenced purchasing decisions, particularly in Western markets. IP2 also noted that escalating tensions within the U.S.-China-Taiwan geopolitical triangle would amplify existing challenges. In this scenario, consumers and governments in Western nations are likely to favor products perceived as less controversial and closely associated with Taiwan as opposed to China, further altering market dynamics. Reflecting on their evolving perspective, IP2 initially believed that restrictions, particularly in the semiconductor industry, would have minimal impact on the business due to the company's diverse product portfolio beyond the mobile industry. However, over time, they recognized that the effects are far more significant than anticipated and are likely to persist for at least the next five years. Additionally, IP2 assumes that in the event of war, the consequences could escalate significantly, with restrictions becoming even more severe. In comparison, IP1 and IP3 expressed less direct concern about these geopolitical risks, for different reasons. IP1 noted that their company's focus was on finished goods, rather than technology, insulating them from some of the disruptions caused by bans. However, as a global organization operating under the Hisense umbrella, shifts in trade policies and global dynamics are always considered due to their potential impact on the business. Similarly, IP3 acknowledged the geopolitical challenges but highlighted their company's smaller scale and strategic market positioning, which reduces their exposure to high-risk areas.

5.5 External factors

External factors such as tariffs, sanctions, and political instability hold a central position in shaping trade policies, international relations, and economic strategies, forcing businesses to navigate an increasingly unpredictable global market. Among them, sanctions and political instability emerged as the primary concerns for IP2 and IP3, who both acknowledged the difficulty of controlling these factors and emphasized the need for adaptive approaches. All participants agreed on the substantial influence of external factors, highlighting the necessity for businesses to remain flexible. This need has become particularly pronounced in light of recent political shifts, such as the re-election of Donald Trump as president of the United States. Meanwhile, IP1 observed that although tariffs in the consumer electronics market have remained stable, rising geopolitical tensions between Taiwan and China could lead to increased tariffs on Chinese imports, thereby presenting a growing challenge. In contrast, IP2 and IP3 considered tariffs to have less relevance to their companies' operations. For instance, IP2 noted that tariffs have minimal impact on their Austrian business activities in the B2B, B2C, and solar panel sectors. Therefore, their focus is on mitigating broader geopolitical risks and diversifying investments into areas less vulnerable to issues like data security and espionage.

5.6 Decision-making amid geopolitical risks

Decision-making demands a thoughtful, adaptable approach that relies on structured processes, clear criteria, and practical strategies to address uncertainties while staying aligned with organizational goals. Each interview participant—IP1, IP2, and IP3—demonstrates a distinct approach, combining local insights, centralized decision-making, and data-driven methods to navigate changing markets and geopolitical dynamics. For example, IP1 adopts a balanced approach, integrating guidelines from their company's headquarter with local intelligence to align corporate strategies with on-the-ground realities. This integration is achieved through regular weekly or monthly meetings that coordinate insights and ensure cohesive decision-making across levels. Furthermore, IP1 underscores the difficulty of anticipating geopolitical uncertainties, such as when sourcing goods from China, where lead times of 6–7 months require proactive long-term planning to account for trade policies and shifting regulations. In contrast, IP2 emphasizes headquarters-driven decision-making, relying heavily on confidential reports to guide strategies. While local insights are acknowledged, they primarily serve as supplementary inputs to the detailed analyses conducted centrally. This decision-making model prioritizes regional consistency, ensuring alignment with headquarters' overarching priorities. Meanwhile, IP3 employs a performance-driven framework, focusing on long-term planning. Their structured five-year plan aligns actions with growth objectives, supported by regular evaluations of metrics and market trends. This iterative process allows IP3 to adjust their strategies to evolving conditions.

5.7 Risk assessment

The participants provided diverse perspectives on how their companies approach risk assessment, particularly concerning geopolitical factors. There are shared strategies, including a focus on adaptability and market responsiveness, which are closely tied to the ideas presented in Chapter 5.6. While IP1’s approach does not involve formal tools or methodologies, their proactive stance toward anticipating and adapting to geopolitical changes aligns with the core principles of risk assessment. They highlighted their readiness to adjust to shifting circumstances, even though their company has not been significantly impacted by geopolitical conflicts. Additionally, IP1 emphasized the importance of monitoring macroeconomic trends, such as China's growing economic influence, as part of their broader awareness of potential geopolitical risks. IP2 provided a contrasting perspective, emphasizing a more situational approach rather than a reliance on formal tools. Their company actively monitors market influences and sales dynamics to identify risks and prepare for necessary actions. Meanwhile, IP3’s perspective diverges from IP1’s focus on strategic anticipation and IP2’s situational responsiveness, reflecting the different priorities and constraints which are characteristic of smaller-scale organizations. They view geopolitical risks as less significant for their business, considering them to be more pertinent to larger, globally impactful companies. For smaller businesses, limited resources often necessitate focusing on risks that have the most immediate or significant impact. As a result, geopolitical risks may take a lower priority, while the emphasis shifts to prioritizing and managing risks that are most relevant to their operational and strategic goals.

5.8 Risk management

Risk management is far from a one-size-fits-all process. Drawing from the insights of IP1, IP2, and IP3, this chapter delves into how their companies navigate the complexities of risk management. Whether they are facing global uncertainties, adapting to regulatory changes, or addressing geopolitical challenges, their experiences reveal a mix of shared strategies and unique approaches.

5.8.1 Regulatory risk management

For IP1, staying ahead of regulatory changes involves a proactive approach. They explained how their company consistently adapts to evolving standards, such as energy class regulations in Europe, which directly influence their product offerings. IP1 emphasized that compliance is not merely about managing risks but about aligning with changing standards to maintain competitiveness. They also highlighted that having sufficient time to adjust allows for strategic planning and minimizes disruptions. IP3 expressed a similar perspective, albeit from the vantage point of a smaller company. They stressed the importance of aligning with local regulations and maintaining open communication with stakeholders, which allows them to anticipate challenges and respond swiftly. While acknowledging that their smaller size often insulates them from the full impact of broader regulatory pressures, they underscored the need to remain vigilant and prepared.

5.8.2 Economic risk management

Economic challenges, such as inflation, bring a unique kind of unpredictability. IP1 reflected on how inflation during the pandemic reduced consumer spending and caused financial difficulties for some of their partners. To address this, they adopted a strategy centered on flexibility, forward planning, and utilizing tools like insurance to mitigate these effects. They acknowledged that while such risks cannot be completely eliminated, their impact can be minimized through careful preparation. Economic risk management is a priority for IP1, demonstrated by the systematic collection and dissemination of information in their regular meetings. During the UEFA EURO 2024, IP1 anticipated strong market performance. While some strategies yielded positive results, others did not meet expectations. In this scenario, local market intelligence was essential. Collaboration between regional teams facilitated the reallocation of goods, ensuring optimal distribution and minimizing potential losses. This integration of local insights with corporate resources fosters adaptability and success in dynamic, economically sensitive environments. In contrast, Company B, and Company C took a different approach to managing economic risks, focusing on diversification. IP2 stated that when certain product categories began to lose momentum, they shifted their focus to alternatives, such as laptops and smartwatches. They emphasized the importance of keeping the business operational and relevant by adapting to changing market demands. While IP1 placed greater emphasis on preparedness and leveraging financial tools, IP2 emphasized redirecting focus to new products and markets in their strategy, thereby ensuring adaptability in a changing market landscape.

5.8.3 Geopolitical risk management

Geopolitical tensions stood out as a major challenge for all participants, with each taking their own unique approach to navigate the associated uncertainties. IP1 gave specific examples of disruptions, such as the Suez Canal blockage caused by the civil war between Yemen and Egypt during the COVID-19 pandemic, which resulted in considerable financial losses across various regions. They highlighted the importance of operational flexibility, maintaining optimal stock levels without overstocking, and ensuring robust contingency plans. Given the volatility of supply chains and their dependency on their parent company's operations in China, they have also implemented measures to mitigate disruptions and enhance resilience. Here, a key decision was leveraging their factory in Serbia, which now produces 100% of the company's TVs which were previously manufactured in China. This shift allows them to respond quickly to geopolitical conflicts, significantly reduces reliance on a single production location and improves flexibility. Company B adopted a pragmatic approach, combining an acceptance of current risks with a strategic reliance on their domestic market in China as a buffer. Instead of shifting focus entirely, they utilize the stability of their domestic operations to allocate time and resources toward sustaining their presence in Western markets. This strategy allows for more flexibility to navigate geopolitical challenges while preserving their broader market share. However, IP2 also expressed frustration with the instability caused by trade bans and political tensions, noting how these circumstances often limit control over outcomes. Company C, on the other hand, adopted a risk management strategy based on collaboration and guidance from their headquarters, emphasizing the importance of maintaining strong local relationships to navigate uncertainties. By working with strategic allies, such as ZEISS, they aim to deliver high-quality, reliable products. This approach not only helps them adapt to challenges but also supports their efforts to build a strong and positive brand image, ensuring resilience in unpredictable environments. Both IP2 and IP3 agreed that geopolitical risks resulting from government actions and conflicts among major powers like China, the U.S., and Europe should primarily be addressed by the governments involved. Both acknowledged that, although these risks have profound impacts on businesses, they are beyond the direct control and management capabilities of the companies. Ultimately, all three participants agreed that flexibility and adaptability are key to dealing with geopolitical risks. Even though their approach differs, they all understand that in today's globalized economy, being able to adjust and respond to changes is critical for staying on track and avoiding major disruptions.

5.9 Short-term interests vs. long-term vision

In a business environment where Chinese MNEs have to navigate through the challenging complexities of operating as such, balancing short-term interests with long-term strategic goals is crucial. The perspectives provided by IP1, IP2, and IP3 reveal both similarities and differences in their approaches to this challenge. A common theme among all three perspectives is the emphasis on aligning short-term actions with long-term strategies. However, their methods differ significantly. Company A adopts an opportunity-driven approach, viewing geopolitical challenges not as obstacles but as opportunities. Their long-term strategic goals remain flexible, allowing them to better adapt to external changes. Short-term actions, such as outsourcing to more cost-effective regions, are leveraged to optimize operations and respond to shifting market dynamics. In contrast, Company B employs a more structured method, where annual plans serve as steps toward achieving long-term objectives. Each year's targets are designed to contribute to the broader vision. When outcomes deviate from expectations, the company reevaluates and adjusts its plans, ensuring alignment between short-term actions and overarching strategic goals. Meanwhile, Company C combines structure and adaptability through a reliance on key performance indicators (KPIs). The company also sets annual plans, guided by a long-term investment strategy. Tactical adjustments are made when geopolitical risks or unexpected outcomes occur, ensuring that short-term actions remain consistent with long-term growth. Their approach is methodical and rooted in data, reflecting a focus on measurable progress during a period of expansion.

6 Limitations

The present study exhibits several limitations that must be considered when interpreting its results. Notably, the small participant sample indicates a significant underrepresentation of experts in management positions, with only three participants in this group. This limited representation restricts the diversity of available insights into decision-making processes. Consequently, the study's recommendations for organizational practices and policies may lack the nuance and applicability needed to more broadly address management-specific challenges. Additionally, this study primarily focuses on the European market. As a result, it does not have the capacity to allow an analysis of regional variations in managerial practices, market dynamics, and cultural influences outside of Europe, failing to address unique challenges and strategies relevant to non-European markets, such as those in emerging economies or regions with different regulatory frameworks. Moreover, the companies, industries and management models represented a significant contextual dependency, further restricting the transferability of the findings to other organizations and sectors. A further limitation lies in the interpretation of the responses to the interview questions. Participants occasionally interpreted questions differently, resulting in ambiguous or imprecise answers, which only became clear in the aftermath while analyzing the results. It further also became apparent upon reflection that participants knowingly evaded or misinterpreted questions, possibly out of confidentiality concerns, which present another limitation. Some respondents explicitly requested certain parts of their answers to be excluded or removed from the notes. This added complexity to the data analysis process, making it challenging to align responses directly with their intended categories.

Furthermore, the qualitative method employed in this study, while effective for gaining in-depth insights into subjective perspectives, lacks the standardization inherent in more structured quantitative approaches. Its reliance on open-ended responses and interpretative analysis introduces potential inconsistencies in data collection and interpretation, hindering replicability. This limitation is particularly evident in the categorization of statements, where overlapping categories such as "Risk Assessment," "Decision Making under Risk," and "Risk Management" made it more difficult to assign and evaluate statements clearly, impairing differentiation of the results and therefore a more precise categorization. In contrast, a quantitative approach might have improved the comparability of results with the use of standardized tools such as surveys or structured questionnaires, ensuring greater consistency in data collection. Additionally, the use of statistical analysis in a quantitative approach could have reduced the influence of subjective interpretation by the researcher, more effectively counteracting possible biases and allowing for more objective and broadly applicable

conclusions during statement evaluation.
Finally, the timing of data collection needs to be considered, as the long-term impacts of geopolitical risks and uncertainties may take time to fully materialize. This could affect the applicability of the findings to future contexts, as they might not reflect the dynamic nature of future developments, since the influence of geopolitical risks on financial markets can differ significantly across periods.

For future research, it is advisable to adopt more representative sampling methods to capture broader trends and developments effectively. Expanding the geographic scope of interview participants is equally crucial, as it would provide a more diverse perspective on managerial practices across various regions. Combining qualitative and quantitative methodologies would strengthen research by balancing detailed, in-depth analysis with standardized, comparable results. Most importantly, establishing trust with interview participants is essential, particularly in contexts where confidentiality concerns are prevalent. Building a strong relationship with participants and ensuring they feel assured about the anonymity of their responses is especially important in smaller markets like Austria, where concerns about professional repercussions may limit openness.

7 Conclusion

With the United States and China at the forefront of an escalating rivalry, risks and uncertainties are impacting multinational enterprises at an all-time high. This increase is driven by geopolitical tensions, evident in trade disputes and sanctions like the U.S. ban on Huawei products. Consequently, these geopolitical and economic pressures are prompting nations to implement more autonomous and competitive policies, leading to complex challenges that are reshaping of international relations and strategies, and an altering of the global network of relationships (Witt, 2019). This thesis delves into the experiences of Chinese MNEs operating amid these geopolitical conflicts, revealing the intricate dynamics that shape their decision-making strategies and risk management practices under heightened uncertainty. Its findings have relevant implications for MNEs, policymakers, as well as researchers and academics, as outlined in Chapter 1. They showcase the challenges the interviewed stakeholders in three prominent Chinese MNEs face and the adaptations these companies make in response, as they navigate complex geopolitical landscapes. They further illustrate how geopolitical tensions critically influence the core strategies and operational adaptations of Chinese MNEs, which are adjusted in various ways. Particularly, the imposition of trade restrictions, such as sanctions, along with political situations—including the tensions between China and Taiwan—introduces a spectrum of operational challenges for these businesses across different markets. Yet, these MNEs exhibit resilience and adaptability, deploying diverse strategies to mitigate risks and capitalize on emergent opportunities. Their adaptive capacity does not only allow them to maintain their global presence but also to more efficiently navigate market disruptions caused by geopolitical shifts. Moreover, the study reveals that risk management and decision-making processes within these MNEs are key components in a balanced approach to both local and global market demands. By integrating localized market intelligence with centralized strategic guidance, these enterprises effectively align their operational tactics with broader strategic frameworks, ensuring agility and responsiveness to sudden market or political changes. Furthermore, it should be noted that Chinese MNEs generally favor a cautious approach in their strategic decision-making.

As outlined in the first hypothesis in Chapter 1, they adopt a risk-averse strategy to manage the challenges posed by geopolitical conflicts, carefully balancing the need to protect their interests while pursuing growth opportunities. This cautious approach is a response to the complex and uncertain global business environment, which requires extensive risk management to ensure stability and achieve strategic goals despite political tensions and market fluctuations. Interestingly, this approach is also evident in these multinational companies' subsidiaries, suggesting a pervasive risk-averse culture at different organization levels. This indicates a strong organizational commitment to prudent and careful planning, ensuring that even the more autonomous subsidiaries are in line with the company's overall strategy to effectively manage global challenges.

The second hypothesis, as outlined in Chapter 1, states that external factors, such as trade restrictions and territorial disputes, compel Chinese MNEs to adapt their operational strategies, subsequently often emphasizing long-term resilience over immediate profits. The representatives of the three Chinese MNEs interviewed, in fact, reported them placing equal importance on long-term stability as well as short-term gains. In order to achieve that, they make sure to continually align their short-term planning with their long-term profit objectives, using analyses to identify potential discrepancies. Subsequently, they are able to further refine their strategies and realign them accordingly.

Looking ahead, the market landscape continues to be shaped in challenging and dynamic ways for Chinese multinational companies, especially due to geopolitical tensions. Therefore, it continues to be essential for Chinese MNEs to adapt quickly to potential conflicts or resolutions to diplomatic disputes. In order to achieve that, these companies' collected data, papers and local intelligence play a role in evaluating geopolitical risks as primary assessment tools. In addition, vigilance remains a continuous requirement with regard to the effects of impending political changes to trade agreements. Additionally, the reduction of international risks and the deepening commitment to sustainability and corporate responsibility are seen not merely as strategic decisions in this ever-changing business environment but crucial steps toward an alignment with global ethical standards. This conglomeration of approaches will remain crucial for Chinese multinational companies as they seek to achieve competitive, as well as sustainable growth in a rapidly changing globalized economy.

The question posed at the beginning of this research, ***how geopolitical conflicts and related external factors influence the decision-making strategies and risk management of Chinese multinational companies, and how they further influence their business activities****,* has been thoroughly examined in this study and exemplified by three Chinese MNEs. As evidenced by the insights gained from interviews with these Chinese MNEs' representatives, geopolitical tensions and trade restrictions shape these companies' strategic approaches, compelling them to adopt cautious, risk-averse strategies. By integrating localized intelligence into their centralized strategic planning, they are able to align their short-term interests with long-term visions, balancing risk management with growth aspirations. This cautious yet adaptive approach enables them to maintain their market positions, manage external threats, and capitalize on emerging opportunities. In conclusion, strategic adaptability and in particular adaptive risk management remain essential strategies, which enable these companies to sustain growth and stability amid the complexities of an evolving geopolitical landscape.

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9 Appendix

Interview Transcripts (IP1 - Company A)

1. **Q: Could you provide an overview of your company's main business operations in Austria?**

   IP1: Yes, so my company (A) specializes in electric and electronic appliances. We operate as a B2B company, working primarily with sellers and partners who purchase our finished products. We don't handle material sourcing directly. Instead, our products are manufactured in factories across Europe and China. Once they're ready, we bring the goods to Austria, where we have our main warehouse, and from there, we deliver them to our partner customers. That's basically our main business and it's based on sales.

- Interviewer: Alright!

2. **Q: How would you describe the business environment in Austria for your company? What have been some of the key opportunities or challenges in establishing or expanding your operations here?**

   IP1: First of all, Austria's location in central Europe is a significant advantage. It's perfectly situated for logistics, especially since we have factories in Serbia, Slovenia, and Czechia. It allows us to transport goods from these EU locations in just one to two days, which is very convenient. (...)For products coming from our Chinese factories, shipments arrive by sea, with customs clearance primarily handled in Slovenia, so Austria doesn't deal much with that process. From a market perspective, Austria offers both opportunities and challenges. The country has a diverse and widespread customer base, including many smaller business partners. Unlike some regions where a single city might dominate sales. Also Vienna's sales are distributed across many cities, making logistics and customer management more complex. Compared to larger markets like Germany or Hungary, Austria is relatively smaller in terms of population and market size, it is sometimes a challenge as revenue tends to be lower despite following similar operational procedures. Overall, Austria is performing well, with a steady annual growth and a strong product lineup.
   Also, by the end of this year, we're considering expanding our offerings to include products like TVs and air-conditioning systems, which will definitely be exciting for the market and for the end consumer.

- Interviewer: I see!

3. **Q: What are the primary factors that have contributed to your company's success? How do you see these factors shaping your future growth and strategic direction?**

   IP1: (...) One of the key factors driving our success has been our ability to leverage cost advantages through manufacturing in China. Producing goods there is significantly cheaper than in Europe, and since the merger with Hisense, we've been able to transition many of our product lines to Chinese factories. This has allowed us to remain competitive on pricing, and this is a critical factor in the consumer market and has helped us steadily grow our market share. Looking ahead, expanding our product lineup will be an important focus for us. (...) Another exciting development is our ongoing effort to integrate our IT systems. Right now, my company uses SAP, while Hisense operates on a different system. We're working on bringing these together into a single platform, which will streamline our operations, in order to reduce reliance on email communication, and create a more efficient, IT-driven workflow. I think this will definitely help us to create a more unified future for the business.

- Interviewer: Alright, sounds intriguing!

4. **Q: How does your company adapt its global business strategy to align with the unique economic, regulatory, and cultural factors in key regions, for example in Austria ?**

   IP1: Since the merger of my company with Hisense, aligning the business of both companies with local economic, regulatory, and cultural factors has been our number one priority. Take Austria as an example, its business culture is very structured and practical. In Austria, there's a strong preference for detailed planning, and once a plan is set, the focus is on executing it step by step. On the other hand, Hisense's business culture is more flexible and dynamic. While there's a general plan, it can be changed at the last minute, whether regulatory or market-driven. This contrast sometimes creates challenges. For instance, in Austria, we have yearly discussions with customers to align on long-term strategies, and changes to those plans tend to happen more slowly. In China, however, the regulatory and market environment is constantly evolving, and our teams in China are used to adapting quickly to these shifts. This difference means the Austrian market operates in a more stable and predictable environment, while the Chinese market thrives on innovation and agility. We try to balance these approaches by using the strengths of both, but sometimes it's just really challenging. Although, I have to say, if it blends well, it is a benefit and allows us to remain competitive.

   Interviewer: Noted.

5. **Q: How does your company engage with local partners, governments, or industry groups in Austria, and what role do these relationships play in your operations?**

   IP1: (...) Open and transparent communication is absolutely essential for us. These allow us to stay informed about regulatory changes, economic policies, and evolving industry trends, which in turn helps us adapt quicker and ensure compliance. (...)Austria places a strong emphasis on structured planning and clear processes, so aligning our operations with these expectations is crucial for running our business efficiently.
   Also, partnerships play a key role in helping us navigate broader geopolitical uncertainties. As a global company under the Hisense umbrella, we are always mindful of how shifts in trade policies or global dynamics can impact our business. And having strong local relationships in Austria provides us with much-needed stability and resilience.

6. **Q: In your opinion what recent trends or changes have had a noticeable impact on your company's strategy or operations?**

   IP1: (...) One recent example that has significantly impacted our company's strategy and operations is (...) the Ukrainian-Russian war. Many companies chose to withdraw from the Russian market, including some of our competitors, which led to a noticeable increase in our sales in that region. And this shift showed us how geopolitical events can create both challenges and opportunities depending on a company's approach and obviously its market positioning. (...) Unlike companies like Huawei, you see how they face significant hurdles due to bans and restrictions related to technological advancements, our business has been less affected. This is largely because we focus on selling finished goods rather than advanced technologies that are more regulated. For instance, during the Biden administration (...), restrictions were placed on certain European companies, including the Dutch company ASML, which saw a significant drop in sales because they could no longer conduct business with their primary Chinese customers. (...) Fortunately, we haven't faced similar challenges so far, as our market focus and product range shield us from such disruptions. But, we remain cautious and we are closely monitoring political and economic trends, particularly in Europe. For example, understanding Austria's political stance and aligning with its direction is crucial for us to navigate through potential risks. (...) While we've been less directly impacted by global restrictions, staying adaptable and aware of the broader geopolitical environment is definitely key to maintaining our strategic advantage.

   Interviewer: Yeah, that makes sense!

7. **How does your company manage risks and uncertainties? Do you believe they are working on solutions to overcome any challenges they may face?**

   IP1: Our approach to handling risks and uncertainties varies depending on the type of challenge. When it comes to regulations, especially in Europe, we adapt proactively. For instance, changes in energy class standards directly impact which products we can sell. While we could sell certain products in the past, regulatory updates may restrict their sale moving forward. These changes don't typically happen overnight; (...) there's usually a timeline for adaptation, which allows us to adjust our strategies and product offerings accordingly. In this sense, compliance is less about managing risk and more about staying aligned with evolving standards. (...) On the economic front, the challenges are less predictable. For example, during the pandemic, we experienced unprecedented inflation rates, with levels nearing 10%. This had a significant impact on the consumer market, leading to reduced purchasing power and even bankruptcy among some of our main partners. (...) While we can't eliminate these risks entirely, we try to minimize their impact by leveraging insurance policies and planning ahead wherever possible.

   Our strategy is about staying flexible, informed, and prepared. Whether it's adapting to regulatory shifts, managing the economic fallout of inflation, or navigating geopolitical uncertainties, we aim to respond swiftly and strategically to minimize disruptions and protect our operation.

8. **How do you define geopolitical risk within the context of your company's international operations?**

   IP1: While our company hasn't been as strongly affected as others—like Huawei, for instance—there are still significant areas of concern. For example, if the Chinese economy or political landscape becomes unstable, it could lead to fluctuations in our buying prices, with costs changing from month to month. This would require us to adapt quickly to maintain our margins and market competitiveness. (...) Similarly, if geopolitical tensions escalate, such as (...) conflicts between China and Taiwan or disputes in the South China Sea, our strategic positioning, market share, and overall margins could be impacted, given that we source many products from China.

9. **Have the geopolitical conflicts directly impacted your business?**

   IP1: Yes definitely, we've already experienced how geopolitical issues can disrupt operations. I recall the Suez Canal situation last year, where conflicts in Yemen led to shipping routes being rerouted around South Africa. This not only increased costs but also caused significant delays. Because of the delay, we have to compensate our partners, we have to cancel our promotions. It's a clear example of how interconnected today's geopolitical conflicts are and how they can ripple across industries globally, even if we're not directly involved in the conflict. (...) Looking ahead, we're also monitoring developments such as the U.S.-China trade tensions and leadership changes like Trump's potential return to office. Policies like his anti-China economic stance could influence trade regulations and have downstream effects on our operations.

- Interviewer: It happened during the COVID-19 pandemic, which likely made the situation even more severe.

- **Spontaneous question: Are there any strategies or alternatives your company is considering to better respond to similar challenges if they arise in the future?**

  IP1: Right, as you know, these events are unpredictable. The Suez Canal disruption didn't just impact Austria; it affected the entire DACH region and even small businesses in places like Spain. We are talking here about Millions and Millions of losses. We of course have simulated these cases, but as said (...) our reaction will depend on the intensity of the situation. We of course ensure that we maintain sufficient stock to meet demand, but at the same time, we need to avoid sitting on dead stock that won't move.

- Interviewer: Right, that makes sense.

10. **What key external factors have the greatest influence on your company's risk management strategies?**

    IP1: Fortunately, our company has not been significantly impacted by external factors like tariffs or sanctions so far, and part of the reason is our dual production strategy, with resources in both Europe and China. This approach provides us with flexibility—while Chinese production offers cost advantages, we also have European manufacturing as an alternative in case of disruptions. Tariffs, in particular (...), haven't seen significant changes in the consumer electronics market to date. The customs clearance rates we currently pay have remained stable. However, we remain careful about potential shifts, especially in light of geopolitical tensions. For instance, there have been discussions, such as during the Trump administration, about imposing a 60% tariff increase if China were to take aggressive actions toward Taiwan. Changes like these would have a significant impact on our pricing and supply chain strategies, and we're closely monitoring such developments to prepare accordingly.

- Interviewer: Noted.

11. **How does uncertainty in global politics affect the decision-making process in your company? Could you provide an example of a major decision they made under geopolitical uncertainty?**

    IP1: Uncertainty in global politics of course influences our decision-making process, especially when it comes to long-term investments. For example, sourcing goods from China typically involves a lead time of 6-7 months, which requires meticulous planning far in advance. However, predicting market conditions that far out is never 100% accurate, particularly in an unpredictable geopolitical environment. (...) To tackle this, we've developed strategies to minimize risks and protect our long-term investments. One such measure is leveraging our factory in Serbia. While it doesn't yet have a full product lineup, it has already begun producing 100% of our TVs that were previously manufactured in China. This shift allows us to react more quickly to market changes or geopolitical conflicts, reducing our dependence on a single production location and providing greater flexibility. And by diversifying our production capabilities, we can better navigate the uncertainties of global politics while aligning our long-term investment with market demands.

12. **How does your company prioritize information sources when making decisions in geopolitically risky environments?**

    IP1: So, we get our main guideline from the headquarter, so they have more resources. When we talk about Austrian specific market situations, that's the main resource we get from the market, so before government reports, people working in the field have most reliable information. We would gather all information and share them through regular meetings, which can be weekly or monthly, depending on the urgency or importance. These discussions often include financial and sales reports, helping us align strategies effectively. For example, during the UEFA EURO 2024, we had high expectations for market performance. While some strategies worked very well, others didn't go as planned. In those situations, local intelligence played a key role. Different markets collaborated, redirecting goods to ensure optimal distribution and minimize losses. It's this blend of local insights and corporate resources that allows us to adapt and succeed in dynamic, geopolitically sensitive environments.

13. **When confronted with conflicting geopolitical risks, how do you balance short-term business interests with long-term strategic goals?**

IP1: Our long-term strategic goals were established years ago and aren't solely focused on financial metrics, they include operational strategies as well. Of course, if unexpected changes arise next year, we'll adapt accordingly. Therefore, flexibility is key. (...) For instance, labor costs in Austria are relatively high, but the Czech Republic and Hungary offer more cost-effective options. When feasible, we will outsource for help to optimize efficiency. And, to be honest, I don't view this as a conflict but rather as an opportunity to align with evolving circumstances.

Interviewer: Got it!

14. **Q: What risk assessment tools or frameworks does your company use to evaluate geopolitical risks? Can you provide examples of how these tools have influenced your decision-making?**

    IP1: At my company, we haven't been heavily impacted by geopolitical conflicts overall, but we are prepared to adapt when necessary. For example, recently Trump got elected, we are aware that changes might occur, and we try to predict and adjust to these changes. We've also seen significant changes stemming from China's growing economic influence. (...) Chinese companies are investing heavily in infrastructure, building factories, warehouses, and expanding their workforce in Serbia, Slovenia. And A benefits from infrastructure investments in Slovenia coming from China, like ports and logistics improvements, which have had a ripple effect across our operations, including in Austria. In terms of risk management, we focus on maintaining flexibility. If policies shift, we need to and we are prepared to ensure our EU product lines and supply chains are resilient.

15. **Q: How does your company adapt its risk management strategies during escalating geopolitical tensions in key markets?**

    IP1: So far, my company has been, thankfully, not too heavily impacted. But looking at incidents like the Suez Canal disruption, I can say it is—and will continue to be—a significant challenge. To address this, we focus on maintaining a constant outline of quick adjustments to ensure smooth operations and meet our customers' needs. Well (...), it's an ongoing process that demands flexibility and a proactive approach to stay one or two steps ahead of potential disruptions.

16. **Q: Have you noticed any changes in your company's approach to risk management due to recent global political events (e.g., US-China trade war, conflicts in Southeast Asia)?**

IP1: Not recently, but it's definitely a hot topic within the company. One advantage we have is that our Austrian office is relatively small, which gives us some agility. However, in certain areas, we've already flagged uncertainties around doing business with China—it's something we're keeping a close eye on. (...) We also need to be realistic about the limitations of European factories; they can't fully meet our capacity and demand needs. A significant portion of our materials comes from China, so if geopolitical tensions escalate, we could face price instability, which would directly impact our operations and pricing. This volatility would trickle down to our end consumers. (...) Similarly, any major tariff changes on materials could further complicate matters, so we're preparing to adapt to these potential challenges.

17. **Q: In your opinion, how will the ongoing geopolitical conflicts shape your company's global business strategy in the next 5 to 10 years?**

IP1: In my view, international relations and political trends are becoming increasingly conservative, with a noticeable rise in instability. (...) It's hard to predict exactly what's coming next, so my company is prioritizing flexibility. We've already developed contingency plans—Plan B, Plan C—so we're prepared for a range of scenarios. Looking ahead, if the geopolitical situation worsens, we anticipate that trade within the EU could become more challenging. This means we'll need to focus more on individual markets and ensure we can adapt and survive locally, rather than relying on each other. Economically, I expect overall growth, but also a widening gap between the wealthy and less affluent. This divide will likely shape consumer behavior: wealthier customers will gravitate toward premium products, while others will seek out more affordable options. A is well-positioned in this regard, as our pricing strategy —offering affordable yet high-quality products—enables us to effectively target consumers in the less wealthy segment.

18. **Q: What strategic adjustments do you believe will be necessary for your company to thrive in an increasingly complex geopolitical environment?**

IP1: To succeed in such a dynamic geopolitical landscape, flexibility is key. We need to maintain a clear, big-picture perspective while staying attuned to the specifics of each situation. Collaborating with local experts and intelligence will help us better understand and navigate regional nuances. Adapting to changing regulations is essential, as is continuing to offer an attractive pricing strategy that balances affordability with quality. In that sense, I believe my company has a strong opportunity to succeed in a highly geopolitically impacted environment.

Interview Transcripts (IP2 - Company B)

1. **Q: Could you provide an overview of your company's main business operations in Austria?**

   IP2: So, we are a technology company with a global focus, and our company (B), is organized into three departments. The first one is called the enterprise business department and this is for B2B business and then it's connected to networking and business is like SISCO and it's not for the end consumers. And the second one is a consumer business and this is what the smartphones were famous for, and we also sell laptops, smartwatches and also Wifi routers but not for the campus but for individual customers, for the households. Last department is a sustainable business department, it's new and they are selling solar panels and eco-friendly products and this division is growing so much, because all other two departments are very saturated and the market is also pretty saturated.

   Interviewer: Alright.

2. **Q: How would you describe the business environment in Austria for your company? What have been some of the key opportunities or challenges in establishing or expanding your operations here?**

   IP2: Yes, so what I have felt, because of the political situation, I think it's hard for the business. And for the Chinese companies is harder, especially for my company, because they have very not so good reputation and the 5G ban and the strong political connection with the Chinese government but there are other companies, which are not so much connected to the government or so on, so they have a little bit more freedom of the business, like Xiaomi, which are much less concerned. Like when we're going to the customer, they are looking for non Chinese options, because at the moment, you don't know how the political situation will be, especially between the Western Countries and China. There are so many manufacturers selling similar products so the products are very saturated and they are looking for Western options just to be safe. Many companies might be already affected by the geopolitical tensions, so I think this is a huge challenge. For opportunities, there were opportunities in the beginning of 2010 but the market quickly got saturated, so you have to find your opportunities in the other area and expand your business, for example the solar panels. So for now B2B and B2C are all challenging.

   Interviewer: Interesting!

3. **Q: What are the primary factors that have contributed to your company's success? How do you see these factors shaping your future growth and strategic direction?**

IP2: So in 2010, at the time when my company, or Samsung got successful, they could produce TV or smartphones with a much cheaper price in a high quality. Back then the market was not saturated, there was only BlackBerry or Apple, so smartphones were a totally new, blue ocean. So this success brought B where it is now, even though the market got saturated but the image and the customer base have established well throughout this period, so that might be the primary factors for B how they could keep selling and expanding their business. Strategic direction (...), I would say is to further invest and expand in sustainable and eco-friendly products.

4. **Q: How does your company adapt its global business strategy to align with the unique economic, regulatory, and cultural factors in key regions, for example in Austria ?**

   IP2: Alright, so there are 2 models for the business in Austria, one is like your company brings the whole headquarter from your domestic country like China and you operate like in China, this is one. Second one is the Asian contract, so you sell Chinese smartphones but you hire Austrian agents for sales. So, they sell your product, but all working agents are locals, like native Austrians, so they know how to sell, they know what matches, so they know what locally works and then they can adapt the situation better. Basically, B hires as many local people as possible and they listen to the management that comes from China. This kind of business model provides the advantage to align and reduce the cultural gap, or any misinterpretations. And, they can conduct financial and domestic decisions based on their understanding. Key here is communication.

- Alright.

5. **Q: How does your company engage with local partners, governments, or industry groups in Austria, and what role do these relationships play in your operations?**

   IP2: Government (...) In my understanding, regarding climate topics, it's a hot topic in Austria. They organize the event to introduce the products and what you can do to reduce ecological footprint and so on. So, B has lots of cooperation or projects with the government. And the government is supporting it at all costs, because it's beneficial for them too, so win-win situation basically.
   Industry groups, local partners: The benefit here is, there is no company in Austria making Wifi-routers, it's either an American company, either Sisco or Chinese companies like Xiaomi, ZTE. At this point there is not so much conflict you have to work on, there is simply no conflict with Austrian domestic industry, so local partners can help to sell to local retailers.

6. **Q: In your opinion what recent trends or changes have had a noticeable impact on your company's strategy or operations?**

   IP2: The political conflict between America and China makes it very challenging, my clients say they are looking for backup solutions in Western companies. However, business wise it does not make sense. So they haven't listed any Western products yet. At one point, if there is a ban on Chinese products, they have no choice, so they have to pick. Google has e.g. to pick. It's definitely not good for the consumers and price would be high but this is the trend and that's the consequences and this topic is in the air and we cannot control it.

- Interviewer: Understood.

- **Spontaneous question 1: What are the main criteria your clients consider when they're seeking the backups?**

  IP2: Well, they actually prioritize reliability very much, that's really the cornerstone of their decision-making. With that being said, they want to ensure the backup is dependable and they can cooperate consistently over time. Of course, quality is also another key factor. You don't want your customer to lose faith in you. And when it comes to price, they're actually not concerned with small differences. My client says, if one piece is 1-3 euros more expensive, they wouldn't mind.

- Interviewer: I see.

7. **Q: How does your company manage risks and uncertainties? Do you believe they are working on solutions to overcome any challenges they may face?**

   IP2: Honestly, they aren't completely resolving the risks—they're learning to live with them. In these situations, you don't just give up; you focus on selling what's still viable and invest in other areas to balance the losses. For example, B has shifted its focus to laptops and smartwatches. While these products may not match the success or efficiency of their smartphone ecosystem, the business must continue to operate. The key is to identify products that can be sold in markets like Europe and adapt to the changes. They may also be working on technological solutions, like developing their own chips to counter these challenges. But, even if these chips are created, they're likely to face bans in certain regions. Similarly, there are concerns around their 5G network, with many Western markets labeling it as a potential security risk. This perception creates significant hurdles, even for highly innovative technologies. Selling such solutions in Europe remains a considerable challenge. That said, the strategy is to adapt. It's about staying agile, flowing with the changes, and identifying opportunities where they exist. The focus is on navigating these challenges strategically while continuing to find ways to bring value to the market.

- Make sense!

8. **Q: How do you define geopolitical risk within the context of your company's international operations?**

   IP2: The impact extends actually beyond just the business itself. (...) So, basically if we look at the uncertainty between China and Taiwan, Taiwan is allied with the US and so they are preferred in all US-friendly nations, as well as Western countries. They share the same perspective and response. If a complete ban is enforced, sales will definitely be affected, particularly in the DACH market. Because they play the same card again and again, it is deeply tied to security concerns e.g. spying, espionage etc. Those directly influence our market presence and global operation. B has no efficient solution and it is out of B’s control. For all consumers it also makes sense to choose products that are less controversial.

- Interviewer: Noted!

9. **Q: Have the conflicts impacted your business?**

   IP2: Yes, of course. Before the ban, we had extensive offices and large teams, with yearly sales growth of 15-20% in the DACH Market. But once the ban occurred, we had to make some very difficult decisions. We were forced to shut down many offices and, unfortunately, lay off a significant number of employees as a countermeasure. Sales numbers are shrinking. It is tough for everyone involved. But actually, I think these conflicts will be even more severe in the future, when there is 3G and 4G shutdown. Also now America is in the election phase, we don’t know who will be the winner. Maybe with Trump the economy will be worse and with Harris maybe she doesn’t care so much.

- **Spontaneous question 2: Has your company made efforts to invest in marketing to protect or improve its image to boost the sales?**

  IP2: Not that I’m aware of. There have, of course, been some sales deals to try and boost numbers, but when a ban is in place, it doesn’t really matter how good your image is. As an individual consumer, you cannot overcome the law. Look at the TikTok process as an example. The U.S. insists that China is behind it, and even though many American citizens oppose the ban and understand the context, when the time comes and it’s banned, it’s banned. It’s not something a good image alone can fix.

- Interviewer: Yeah, that explains it.

10. **Q: What key external factors have the greatest impact on your company's risk management strategies?**

    IP2: If you are only talking about the on-going business in Austria, B2B, B2C, solar panel, I think tariff is not the concern. Sanctions and political instability are definitely affecting the business and will impact our risk management strategy, on the issue here is we can not change the outcome, we can only adapt and flow with the decisions and try to invest and expand in other areas where the concern of e.g. leaking, spying does not exist.

11. **Q: How does uncertainty in global politics affect the decision-making process in your company? Could you provide an example of a major decision they made under geopolitical uncertainty?**

    IP2: If we talk about my company specifically, we always have our 10-years strategy meeting and we compare the few years and based on the mismatches, achievements and adapt it again to the next 10 years plan. At the moment, I can only say due to the market volatility, it comes to a more often modification and adaptation. The major decision here and also a significant strategy here I would say is to try to keep its position in Europe, try to be still visible for customers. At the moment the Austrian office is getting 10 times smaller than their peak time. But they still keep the business with hope that they could have a breakthrough. Of course, business wise there are less sales but they still keep their eye on possible opportunities, because they know once you leave the market, it’s hard to come back.

12. **Q: How does your company prioritize information sources when making decisions in geopolitically risky environments?**
    IP2: From my experience, B makes reports with market data, which comes from the CFO and CEO of the individual market, e.g. the DACH market. Headquarter in China does their own. We receive the outcome monthly and worship these data and decide with the outcome of these data. They also bring into the local intelligence, but only taking it into their consideration. The government report like GfK will also be taken into consideration, like extra support. However, mostly they will prioritize the decision made by the headquarters.

13. **Q: When confronted with conflicting geopolitical risks, how do you balance short-term business interests with long-term strategic goals?**
    IP2: We have of course next to our 10 year plan also an annual plan. We set a yearly target.

And these short term targets shall be small contributions to our long term strategy. Each year's targets are designed as incremental steps toward achieving our broader strategic vision, aligning immediate wins with our overall objectives. If short-term results deviate from expectations, we assess and adjust to stay on course with our long-term strategy. This approach allows us to adapt strategically over time without compromising our ultimate goals, ensuring alignment rather than conflict between short-term actions and long-term vision.

14. **Q: What risk assessment tools or frameworks does your company use to evaluate geopolitical risks? Can you provide examples of how these tools have influenced your decision-making?**

    IP2: (...) Instead of risk assessment tools, I would say we are more exposed to the current situations. We regularly update with what influences our market, our sales and what we need to confront. But on a certain level, it is not only about business itself. (...) Let's say we have first-hand information coming from the headquarters and of course they remain confidential for us. Our decision-making process is guided by managers appointed by headquarters and is adapted based on geographic, demographic, regional, geopolitical, and political contexts.

- Interview: I see.

15. **Q: How does your company adapt its risk management strategies during escalating geopolitical tensions in key markets?**

    IP2: Like now, B is concentrating their main business of course in their domestic market like China. Also, they focus on their remaining market share globally. Also the goal is building and connecting with local hires and working on less saturated markets e.g. re-usable energy, solar panel to keep the whole business running.

16. **Q: Have you noticed any changes in your company's approach to risk management due to recent global political events (e.g., US-China trade war, conflicts in Southeast Asia)?**

    IP2: I don’t see much risk management, to be honest. As I said, there has been a significant drop of the business. Our office was 10 times bigger than it is now. And it is very passive about what happened to them. We are basically relying on the domestic markets and the profit it brought and so we try to penetrate other markets with less controversial products. The risk itself is moreover directly related to the Chinese government and US government and B is in the middle and needs to take the consequences of these economic gambles. It is very unstable. In my opinion, (...) it’s the question for the Chinese government, whether they want to take the risk or not.

17. **Q: In your opinion, how will the ongoing geopolitical conflicts shape your company's global business strategy in the next 5 to 10 years?**

    IP2: When I joined, I thought the ban wouldn't have a huge impact on the business in general, because besides the phone-industry, they have other products to provide. But now I would say the ban will last at least for the next 5 years. Of course you should also consider the relation between Taiwan and China. I think this ban will be more severe, if there is a war. Strategically thinking, B is also preparing and prepared for these possible conflicts. They focus on the domestic markets, design its products and software to meet the specific needs of Chinese consumers.

18. **Q: What strategic adjustments do you believe will be necessary for your company to thrive in an increasingly complex geopolitical environment?**

    IP2: Given the current challenges, it's really important for B to adjust our strategy to stay competitive globally. And to deal with trade restrictions and sanctions, we're (...) working on things like spreading our investments across different countries and (...) adding more variety to our products. Hopefully, this will help us to avoid relying too much on any other countries. We're also focusing a lot on research and development, which allows us to keep innovating and stay ahead in technology. (...) At least, that's especially important right now.

- Interviewer: Thank you for your valuable time and sharing these insides with me!

Interview transcript (IP3 - Company C)

1. **Q: Could you provide an overview of your company's main business operations in Austria?**

    IP3: Sure! We are a global technology company focused on creating innovative and user-friendly smart devices. In Austria, we concentrate on bringing high-quality technologies in B2B and B2C businesses. We're a relatively small team here, but we're dedicated to growing our presence and providing excellent services.

- Alright!

2. **Q: How would you describe the business environment in Austria for your company? What have been some of the key opportunities or challenges in establishing or expanding your operations here?**

   IP3: So, the business environment in Austria has been both promising and challenging for us. On the positive side, Austria has a tech-savvy and quality-conscious consumer base, which aligns well with our focus. And it is also part of the DACH region, which has a beneficial strategic location for aligning and connecting our business with the rest in Europe. However, there are challenges too. The smartphone market here is highly competitive, with well-established and known brands dominating the space. Building brand awareness and gaining consumer trust takes time and consistent effort, especially as C is still relatively small compared to other Chinese companies like Huawei and Xiaomi. This requires us to focus more on creating strong partnerships, and differentiating our products to stand out in this crowded market.

3. **Q: What are the primary factors that have contributed to your company's success? How do you see these factors shaping your future growth and strategic direction?**

   IP3: I'd say one of the biggest contributors to our company's success so far has been our focus on product diversification and innovation. While many competitors emphasize artificial intelligence, we've taken a different approach by really honing in on camera technology. Our collaboration with the German manufacturer ZEISS has played a huge role in this. This focus not only helps us stand out in the market but also sets us up for long-term growth. (...) And so far, we also benefited from the diversified product line. For example, our different phone series helped us to target different customer segments and to gain notable market share. For the future (...), we aim to be the trendsetter and in my opinion, we try to push the boundaries of camera technology. We are hoping to meet evolving consumer needs and staying ahead and unique in this industry.

4. **Q: How does your company adapt its global business strategy to align with the unique economic, regulatory, and cultural factors in key regions, for example in Austria ?**

   IP3: That's a great question. For us, it starts with alignment—internally and across regions. We work very closely with our office in Germany, which acts as a hub for the DACH region, and we draw heavily on the lessons we've learned from other markets. In Austria specifically, we take a very thoughtful approach to expansion. Our team is a blend of talent from both China and Austria, and this allows us to integrate local expertise with our broader strategy. One thing we prioritize is hiring local sales managers who know the market well. If they've worked with Chinese companies before, even better—it gives them a strong understanding of our global direction, growth mindset and possible challenges it may occur.

5. **Q: How does your company engage with local partners, governments, or industry groups in Austria, and what role do these relationships play in your operations?**

   IP3: We place a lot of importance on building close and meaningful partnerships. Our shareholder, who is also our CEO, takes this very seriously, when it comes to working with local partners and the Austrian government. Especially, we're just starting out in a market like Austria, these relationships are essential. They help us establish a strong foundation for growth and ensure that we're aligned with local expectations and regulations.

- Interviewer: Got it!

6. **Q: In your opinion what recent trends or changes have had a noticeable impact on your company's strategy or operations?**

   IP3: In general, consumer demand has been a big driver for us, but our focus isn't just on meeting demand—it's about converting that demand and setting the trend. With our partnership with ZEISS, we're aiming to stand out in this very saturated market. High-quality camera technology is a growing priority for consumers, and we see this as an area where we can make a real impact. Also we have to acknowledge that being a Chinese brand comes with its own set of challenges. We're aware of the 5G ban and its implications. While we're not as directly impacted as Huawei, there's still a need for us to remain attentive and keep the situation under careful observation. It's important for us to stay proactive and responsive to any developments in this area.

- Interviewer: Interesting!

7. **Q: How would your company manage such risks and uncertainties? Do you believe they are working on solutions to overcome any challenges they may face?**

   IP3: (...) Managing risks and uncertainties really depends on how directly we're affected. If there were broad regulations targeting all Chinese phone companies without exception and specific conditions, of course, we would be affected. However, given that our company is relatively small, we're not likely to be a primary concern in such cases. Nevertheless, we have a very proactive approach to risk management by staying aligned with local regulations and maintaining ongoing dialogue with stakeholders. This helps us anticipate potential challenges and adapt quickly when necessary.

8. **Q: How do you define geopolitical risk within the context of your company's international operations?**

   IP3: That's actually a question I asked our Sales VP in my second recruiting interview. Geopolitical risk is a big concern for us because it doesn't just affect our business directly—it impacts the entire market environment we're working in. If something like another comprehensive ban were to happen, it would undoubtedly have a significant impact on our sales and operations. We've already seen how this played out for Huawei—it's a clear example of how such measures can disrupt a company's entire business model. At this point, there's no straightforward solution because much of it comes down to the broader dynamics of Western countries versus China. However, in Austria, we're operating on a relatively small scale, which actually plays to our advantage. It allows us to stay under the radar, remain agile, and adapt to changes as they arise.

9. **Q: Have the conflicts directly impacted your business ?**

   IP3: Yes and no. Yes, because, that's why we're working to stand out by developing and expanding other product lines. By targeting different consumer needs with a variety of products, we aim to reduce reliance on any single market or category and to also boost sales by appealing to a broader audience. On the other hand, no, because we're not heavily focused on AI-driven technologies, for example see the semiconductors—a major point of tension in the Taiwan, China, and U.S. relationship. (...) While these tensions create challenges, our business is less exposed in this area, and this helps us to avoid some of the direct impacts others may face.

- Interviewer: I see.

10. **Q: What key external factors have the greatest influence on your company's risk management strategies?**

    IP3: I'd say sanctions and political instability are definitely having an effect on our business and will continue to influence our risk management strategy, especially if we plan to grow. Consumers increasingly expect more from their devices than just good cameras, even if we offer them at very competitive prices. Since Trump got re-elected, we'll need to monitor closely for any further changes to tariffs or trade policies.

11. **Q: How does uncertainty in global politics affect the decision-making process in your company? Could you provide an example of a major decision they made under geopolitical uncertainty?**

    IP3: We follow a 5-year strategic plan, where we regularly evaluate our projections against actual results. This helps us identify gaps or achievements and make the necessary adjustments to refine our shorter-term plans. A significant decision we've made amidst geopolitical uncertainty is to deepen our collaboration with our partner ZEISS. This strategy is central to expanding our presence, enhancing visibility, and distinguishing ourselves in a competitive market, while our long-term ambition is to become the leading phone provider.

12. **Q: How does your company prioritize information sources when making decisions in geopolitically risky environments?**

    IP3: Our decision-making process is guided by a combination of input from our central headquarters in China and insights from local intelligence, including our partners. As a sales-driven organization, we place significant emphasis on performance data. We regularly hold internal meetings where departments share insights, as well as smaller, confidential meetings with key personnel. These discussions focus on evaluating performance metrics to determine the potential for additional investments that align with our growth objectives.

13. **Q: When confronted with conflicting geopolitical risks, how do you balance short-term business interests with long-term strategic goals?**

    IP3: Fortunately, we haven't faced significant conflicts in this area so far. However, we do have a structured approach to planning. We operate with both a long-term investment plan and an annual plan, setting yearly targets to guide our efforts. Key performance indicators (KPIs) are central to this process. These targets represent significant outcomes for our ongoing business growth, especially as we are currently in a phase of expansion. (...) When short-term outcomes fall short of our expectations or if unexpected geopolitical shifts occur, we are prepared to make tactical adjustments. These adjustments are data-driven and aligned with our long-term goals, ensuring that we remain flexible and responsive to both market demands and broader geopolitical influences.

- Interviewer: Perfect, got it.

14. **Q: What risk assessment tools or frameworks does your company use to evaluate geopolitical risks? Can you provide examples of how these tools have influenced your decision-making?**

    IP3: Geopolitical risk assessment (...) interesting question. To be honest, we do have risk assessment tools in place for evaluating upcoming projects, such as SWOT analysis, but these are typically focused on business opportunities rather than evaluating geopolitical risks. Geopolitical issues are in my opinion more in the realm of governmental decisions, and is sth. what a company like Huawei might consider. As a relatively small player, we are not significant enough to be a primary consideration in such matters. Our focus remains on aligning with regulatory requirements and adapting to local market conditions as needed.

15. **Q: How does your company adapt its risk management strategies during escalating geopolitical tensions in key markets?**

    IP3: I believe in maintaining market share and building a strong relationship through cooperation is our main priority. However, in my opinion, geopolitical tensions are often beyond the control of an individual company like ours. In such cases, much of our approach relies on the decisions and strategies of our headquarters and partners. Their guidance is central and significant in ensuring the business continues to operate and remains profitable.

- Interviewer: Of course.

16. **Q: Have you noticed any changes in your company's approach to risk management due to recent global political events?**

    IP3: Not much recently, but since Trump got re-elected, we're uncertain about the possibility of new sanctions. To be honest, if geopolitical tensions rise, we could face not only economic instability that directly impacts our operations but also shifts in public perception, which could harm our brand image. That's why (...) for us, collaborating with partners like ZEISS is so important, because it helps us strengthen our brand by associating it with high-quality, reliable products and technology. (...)Also, this topic geopolitical risk is outside the company's scope. (...) They are governmental matters among all of the major global players like China, the U.S., and Europe.

- Interviewer: That's an interesting approach, and it actually sounds like a solid risk management strategy!

17. **Q: In your opinion, how will the ongoing geopolitical conflicts shape your company's global business strategy in the next 5 to 10 years?**

    IP3: Even though we are not currently affected, we anticipate that geopolitical confrontations will likely intensify over the next 5 to 10 years and potentially extend well beyond that. This will undoubtedly influence our ongoing growth and strategic positioning. We, the Austrian office remain prepared to adapt to these changes and challenges. As a globally active company, C also holds a significant share in the Chinese market, which ensures that the domestic market remains a priority. This focus on maintaining strong performance at home is also beneficial in keeping the business profitable overall.

- Interviewer: I see!

18. **Q: What strategic adjustments do you believe will be necessary for your company to thrive in an increasingly complex geopolitical environment?**

    IP3: We have always been about staying flexible, building strong local partnerships, and making sure we align with regulatory frameworks here in Austria. Looking ahead, we'll be expanding our product lineup and focusing on niche strategies to better meet specific market needs.