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Systematic Literature Review.

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1 Abstract – Deutsch

Globalisierung und politisches Risiko sind zwei allgegenwärtige Phänomene im Feld des International Business, die konzeptuell schwer zu fassen und durchaus umstritten sind. Die vorliegende Arbeit widmet sich daher mittels Systematic Literature Review (SLR) der Frage nach der Beziehung zwischen Konzepten politischen Risikos und Globalisierung. Das Ziel ist Errichtung einer Typologie unterschiedlicher Ausprägungen von Beziehungen. Im Zuge des SLR wurden die Datenbanken Web of Science und Scopus durchsucht, die Ergebnisse in einem transparenten Prozess gefiltert und der so erlangte Korpus analysiert, wobei fünf Kategorien gefunden wurden. Das Ergebnis der Analyse der 41 Artikel ist die Erkenntnis, dass die Beziehung der Konzepte von politischem Risiko und Globalisierung in Summe vielschichtiger ist, als in den einzelnen Studien abgebildet und sie in einem komplexen wechselseitigen Verhältnis stehen. Die Folge für Wissenschaft und Wirtschaft ist, dass den Konzepten in einer ihrer Komplexität angemessenen Weise begegnet werden muss.

2 Abstract – English

Globalization and political risks for international business are two omnipresent phenomena that are contested and hard to grasp conceptually. Thus, this thesis tries to answer the question for the relationship between concepts of political risk and globalization in the area of international business applying a systematic literature review (SLR). The aim was to establish a typology of different types of relationship. For the SLR, the Databases of Web of Science and Scopus have been searched for both concepts and the results have been filtered transparently and reviewed, resulting in five categories of relationship. The synthesis of the 41 reviewed articles suggests that the relationship between political risk and globalization is mutual, complex and multifaceted rather than simply unidirectional. The consequence for scholars and practitioners is that they have to adapt their view of both concepts or phenomena in order to research or evaluate them accordingly.

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3 Introduction

For multinational enterprises (MNEs) or firms trying to internationalize, risk is omnipresent. The assessment of the risks involved in daily operations or in the process of internationalization will have an impact on many important decisions.

As a consequence, the literature in the field on International Business has developed countless approaches to defining and analyzing risk and numerous taxonomies and lists of risks and risk factors have been produced. However, definitions and labels can differ from one approach to another, making the field difficult to navigate. This is not only the case across types of risk but also when analyzing one specific type of risk – like political risk – across different approaches (Kobrin, 1978).

In the context of war, protectionism, rising geopolitical tension and rapidly changing national and international regulations, political risk has become a central aspect of international business decisions in the form of ‘potentially significant managerial contingencies generated by political events and processes’ (Kobrin, 2022, p. 48). With this definition political risk can be distinguished from similar factors such as country risk, that can include further aspects like economic or social factors, or sovereign risk (Berg and Guisinger, 2001).

In the context of specific theories of International Business, political risk seems to play a special role. Every theory has its own focus and, consequently, political risk is built around this focus. For instance, in the transaction cost approach (Hennart, 2001) political risk can be seen as a factor that may potentially increase transaction costs of different courses of action while in the OLI Paradigm (Dunning, 1988, 1981, 1980, 1979) political aspects like policies and regulations affect the internalization of advantages.

Another factor that is relevant for international business in the context of international events is the phenomenon of globalization (Rodrik, 2011). The notion of *globalization* is at least as contested as *political risk* but it generally refers to factors like interdependence or a growing mobility of assets and the opening and structural integration of economy (Dunning, 1999a) – even if it is challenged by concepts like *deglobalization* that state a decreasing interconnectedness (Bello, 2004).

Both factors, political risk and globalization, seem to play a crucial role in the field of international business. However, there does not seem to exist much literature that explicitly considers the relationship between the two concepts.

This is where this thesis will try to fill the gap by asking:

What is the relationship between concepts of political risk and globalization from an international business perspective?

The question is further refined and coined in terms of the methodological approach by adding the following sub-question: How is this relationship addresses in the literature?

The research question will thus be answered by conducting a systematic literature review (SLR) understood as ‘a review of an existing body of literature that follows a transparent and reproducible methodology in searching, assessing its quality and synthesizing it, with a high level of objectivity’ (Kraus et al., 2020, p. 1026).

The corpus for the SLR will be obtained from two main sources: Web of Science and Scopus. Both databases will be searched beginning 2011 using the same, specifically engineered search string that targets political risk (poli* risk*) and globalization (globali*) while leaving enough room for semantic variations of the labels. The obtained results will be scanned and filtered to get a body of relevant articles by a transparently documented process of inclusion and exclusion.

Reviewing the literature to find how political risk and globalization are linked contributes both to the growing field of political risk and globalization from a scientific perspective. However, it will also provide insights for practitioners as the perception of risk might change with increasing knowledge about the context and interconnectedness of the concepts.

The thesis will start with the next section providing theoretical and conceptual context for political risk and globalization while section 3 is concerned with the methodology. Section 4 contains the actual research results that are discussed in section 5. Finally, a conclusion is drawn at the end of the thesis in section 6.

4 Theoretical and Conceptual Context

As has been stated in the introduction, this thesis will do research on the relationship of political risk and globalization. To provide the necessary context, this section will introduce both concepts and how they are considered in the field of research. First, the focus will be on political risk, followed by globalization. Finally, the current view on the relationship will put into perspective and the research gap will be stated.

4.1 Political Risk

Political risk is a factor that has played a role in International Business literature for a long time (Kobrin, 1978). Depending on the theoretical strand using the concept, it has been defined and formulated in different contexts and with differing meaning. There is also not a single way of defining political risk, its causes and its scope (micro, meso or macro level) and it exists alongside similar concepts like country risk or societal risk. Besides this explicit differences there can be discerned more implicit ones that are rooted in differing understandings of politics itself. This section is dedicated to giving an overview over the topic. At first, political risk will be laid out on a conceptual level. Then there will be given an exemplary introduction to concrete forms of political risk. To conclude the section, political risk will be discussed in the context of two theories of International Business.

4.1.1 Concepts and Levels of Political Risk

In his 1982 book *Managing Political Risk Assessment: Strategic Response to Environmental Change* (Kobrin, 2022) Kobrin sees political risk as defined as ‘potentially significant managerial contingencies generated by political events and processes’ (Kobrin, 2022, p. 48) and adds several circumstances that he sees as precondition for this definition. The circumstances focus mainly on the environment of the company and the way it causes said managerial contingencies. Kobrin states that the environment’s effects can be positive or negative in nature, may occur directly or indirectly and are mostly transmitted by government policy. In any

event, political risk seems to lie in the potential impact of continuous change in the political environment on the company and is thus related to uncertainty about the current and future relationship between environment and firm.

While these dimensions that Kobrin adds to his definition operate on a rather abstract level, he also mentions two aspects that appear more empirical and thus bound to historical developments: firstly, his diagnose that political risk rather lies in the relationship between a specific organization and its features and the political environment (micro-level) than between the environment and the entirety of foreign companies in a country; secondly, that contingencies rather affect operations than assets (Kobrin, 2022, pp. 48–49). Interestingly, this is the only time the notion of *country* appears in a definition that is otherwise centered on the relationship between an organization and its *environment* – country (specific, empirical) and environment (systemic, structural) being two concepts often used in different theoretical contexts. This link to the country respectively the nation state and its regulatory policy will also appear in the introduction to concepts of globalization below.

Berg and Guisinger scrutinize the relationship between what they identify in the international business literature as political risk, country risk and sovereign risk (Berg and Guisinger, 2001). They lament what they refer to as problematic ‘inconsistent labeling’ of these different but related types of risk (Berg and Guisinger, 2001, p. 268) and bring together historical and recent definitions and approaches.

Political risk

In their introduction to political risk they go through different definitions that have been provided by the academic literature. Starting with Kobrin (Kobrin, 2022) and his definition around uncertainty and the political environment introduced above in more detail they refer to Charles R. Kennedy (Kennedy, 1987) for emphasizing the non-market-character of political risk and to David A. Jodice (Jodice, 1985) to provide a definition centered on political risk as events coming from political processes that form part of a national or international environment¹.

In the literature on empirical research Berg and Guisinger identify expropriation as a historically relevant factor that is said to have played a role until the 1980s and that had been a multiplier for research on political risk at that time (Berg and Guisinger, 2001, p. 275). More recently and on a more abstract level, the common and central aspect to political risk seems to

1 Unfortunately, the original books by Kennedy and Jodice were not accessible. They would have provided a promising foundation for further concepts of political risk.

be the influence on companies respectively their industries by specific action or more general regulation.

Country risk

Country risk in the sense of Berg and Guisinger is related to a much broader set of factors than political risk. Moreover, while the first affects one firm or one industry, country risk – as characterized through the review of different contributions and approaches – may target multiple firms or industries. Country risk can further refer to several political, economic and social risk factors in one country – hence including political risk as described above. Berg and Guisinger find that different scholars advocate a broad and conceptually clear approach to country risk analysis (Berg and Guisinger, 2001, p. 274).

Sovereign risk

While sovereign risk may be used synonymously with country risk by some, Berg and Guisinger differentiate between them by defining sovereign risk as ‘applying directly to the government and its guarantees, country risk representing an overall assessment of the risk associated with doing business in a specific country’ (Berg and Guisinger, 2001, p. 275). This definition points to the character of sovereign risk as being related to financial endeavors.

Finally, to summarize the three related types of risk in the words of Berg and Guisinger: ‘Political Risk and Country Risk are environmental risks, while Sovereign Risk is tied more to the government's role as a provider or guarantor of support’ (Berg and Guisinger, 2001, p. 277). Given the mentioned historical link between the specific experience of expropriation and nationalization of firms in the 1960ies and 1970ies and the growth of literature on political risk, the narrow use of the term can be seen in a different light. As the term was initially used in a narrow way, its concept was accordingly narrow at that time.

From a political science or political theory perspective, however, a much broader understanding would be expected. One of the most famous classics of political science is David Easton's definition of a political system as ‘those interactions through which values are authoritatively allocated for a society’ (Easton, 1965, p. 21). In a less widely known but ontologically extraordinarily elaborated approach, Chantal Mouffe defines politics as ‘the ensemble of practices, discourses and institutions which seek to establish a certain order and organize human coexistence in conditions that are always potentially conflictual because they are affected by the dimension of ‘the political’’ (Mouffe, 2000, p. 101).

Easton's definition of politics as authoritative allocation of values does not narrow the concept down to specific regulations, policies or legal outputs. The term *values* allows a much

broader interpretation of what is at stake in politics and how it may materialize. This can include, for example, outcomes in the form of formal or informal norms that are not covered by the concepts of political risk discussed above.

Mouffe's understanding of politics goes even further as she includes endeavors to establish an order that is not specified in its limits. It is not limited to a state, a population, society or government. Furthermore, it emphasizes conflict as crucial element of politics and does not limit it to a polity or mere policies and thus can provide a useful basis for a comprehensive understanding of political risk.

After giving an overview of different understandings of political risk and a short digression into two political science approaches, the next section will provide an introduction of very concrete factors of political risk.

4.1.2 Political Risk – A Short List

In his *A Short Guide to Political Risk* (McKellar, 2017) Robert McKellar examines political risk from multiple angles. One chapter is dedicated to what he calls an introduction 'at a common-sense and historical level' as experienced by managers (McKellar, 2017, p. 17). It lists numerous factors that may be experienced as political risk and categorizes them into factors that possess some kind of continuity and factors that have been prone to change or are relatively new.

Continuities

- *International tensions* as factor refer to tensions between countries or governments because of economic interests, ideological, strategic or other reasons that affect international business in multiple ways.
- *Domestic unrest* includes tensions and rivalries within a country or region that may even result in repression or violence.
- *Terrorism* has both a psychological and a material component. It affects markets, raises cost for security and potentially threatens personal.
- *Politically-connected criminality* can have several characteristics. Criminal activities might be entangled with or tolerated and even steered by political actors.
- *War* as armed confrontation far beyond tensions or unrest can pose a major risk.

- *Expropriation and contract cancellation* lead to loss of profit and/or control of a business operation.
- *Bureaucratic morass* refers to lack of definition, stability or transparency of bureaucratic rules and ineffective or unreliable bureaucracy.
- *Legal unknowns at the individual level* might have consequences for personal or the company when legal regulations are intransparent, contradictory or deviate considerably from the known legal (home country) context.
- *Ethical criticism* figures as political risk since it is often related to (intended) shifts in policy or ideology.

McKellar further names factors and aspects related to the environment, human rights, economic justice, conflict sensitivity and corruption as potential sources of political risk.

Changing and new factors

- McKellar sees a shift or diversification in ideological axis that he summarizes as political risk related to the *collapse of the USSR* and what he calls *political Islam* as ideological source of political identification.
- *Global multi-polarity* arises in the decline of a bi-polar order in the era of the Cold War and is primarily characterized by a rise of China as political and economic power.
- *Failed and failing states* are a particularly risky ground for international business because of the lack of regulation and policing resulting from the collapse of the monopoly of power usually held by a state or government.
- *Global asymmetric warfare* means a mixture of war in a classical sense and terrorism as the possibilities for minor geopolitical players to cause damage around the world diversify and grow.

This overview provided by McKellar (McKellar, 2017) cannot and is not intended to be exhaustive as the conflictual character of politics cannot be simply broken down to a list of effects. However, grouping and categorizing political risk factors can be helpful in clarifying and refining the concept by relating it to empirically observable phenomena.

After this conceptual and this empirical introduction to political risk it is now time to take an International Business perspective.

4.1.3 Theoretical Integration in International Business

Political risk has been introduced as concept focusing on its effect on the operations and the organization of MNEs by political events and processes or a general political environment and its policies. In the following section the focus shifts to two seminal theories of International Business that will be presented briefly. The aim is to exemplarily bring these theories together with the considerations on political risk elaborated above.

Transaction Cost Approach

From a transaction cost perspective, transactions can be organized either via markets (price system) or hierarchy (internalization) and costs will vary according to the chosen method (Hennart, 2001). Accordingly, companies tend to internationalize when it is more favorable in terms of costs to organize international transactions or interdependencies hierarchically (by internalizing them) than via the market – more favorable in terms of costs meaning that the expected outcome is higher than the expected transaction costs (Hennart, 2001, pp. 132–136). The first aspect implied hereby is the differentiation between price system or market and hierarchy or firm and the second is the relation between outcome and transaction costs. Jean-François Hennart (Hennart, 1991) has identified a number of categories that render a hierarchical form of organizing interdependencies in the form of internalization by a company more likely:

Know-How

As the market for know-how between and within countries is highly asymmetric in terms of information – a state that can partly be balanced via the institution of legally protected patents – it might be more efficient to internalize relevant know-how and transfer it within a company than to access it via this market. Hennart emphasizes that it is the market that is internalized and not an advantage (see OLI-Paradigm below) (Hennart, 2001, pp. 137–138).

Reputation

Reputation can be a good that can be transferred from one country to be exploited in another. The decision of whether to internalize it or organize it via contract (franchising) depends on the transaction costs that come with each alternative. If a contract that allows to as-

sure quality and control is not too costly, a contract is more likely while in the opposite case a company may opt for organizing the it internally (Hennart, 2001, pp. 138–139).

Raw materials and components

Raw materials and components are two further factors that can be organized across countries via markets and contracts or via internalization. The key aspect is whether transaction cost for are lower when acquiring them via markets or when internalizing them. If, for example, raw materials and components are critical, markets are small and prices are prone to high volatility (due to the nature of their market), internalization might be the more efficient and/or less risky choice. In this context as well as concerning reputation (Hennart, 2001, pp. 139–140).

Distribution and marketing

In the area of distribution and marketing forward integration of manufacturers to distribution or backward integration of distributors into manufacturing might be the most efficient option to guarantee the quality of a product. This is especially the case if markets are small or responsibilities are hard to attribute (Hennart, 2001, pp. 140–141).

Financial capital

The same logic works for financial capital. In situations where the transaction costs of marked based investing are high, it may be more efficient from a lender's or a borrower's perspective to internalize the respective other into the same firm (Hennart, 2001, pp. 142–143).

This analysis by Hennart shows the central aspect of transaction cost theory, that is the evaluation and comparison of transaction costs attributed to different courses of action. This is where political risk can be located in transaction cost approaches, asking: What is the effect of political events, processes, regulations, changes or the political environment itself on different options and their costs? And further: Are the effects known and predictable or is there an element of uncertainty respectively risk? After defining this entry point of political risk in the transaction cost approach, the OLI Paradigm will come under scrutiny in the next step.

OLI Model

John Dunning's so-called 'eclectic' approach or paradigm (also referred to as OLI-Model) identifies different forms or categories of advantages – ownership-related advantages (O), location-specific advantages (L) and internalization advantages (I) – that a company can possess or try to achieve and that influence their international activities, referred to by Dunning as international production (Dunning, 1988, 1981, 1980, 1979).

The activities of MNEs outside their national boundaries are, according to Dunning, determined by the availability and distribution of resources defined as tangible (e.g. natural resources, labor, capital) and intangible (e.g. knowledge, skills, market access) assets that may generate future income (Dunning, 1981, p. 25). The resources can either be geographically bound to a specific location and thus be location-specific (like natural resources) or they can be internal to an enterprise and therefore ownership-specific (like knowledge).

Besides being in a situation with competitive advantage in either the area of ownership- or location-specific resources, what actually renders its materialization possible is an enterprise's willingness and ability to *internalize* them (Dunning, 1981, p. 28, 1979, p. 290). Conversely, the internalization of resources or markets also comes with the possibility of further expanding ownership advantages alongside the three dimensions mentioned above by gaining resources, sharing internal costs or gaining knowledge and (international) experience. External imperfections include structural and cognitive market imperfections and may arise in the context of barriers to competition, areas with high transaction costs, and scarce or costly information. Government interventions and especially different economic policies can also have a distorting effect on international resource allocation (Dunning, 1981, p. 31).

Besides these aspects, politics in general does not play a prominent role in Dunning's theoretical approach, especially in his early publication (Dunning, 1981). However, it eventually appears in the form of a general, not further defined political system or infrastructure (Dunning, 1988, p. 15). Dunning also mentions countries as (unitary) actors with (domestic) political strategies that stand vice versa globally acting MNEs (Dunning, 1988, p. 24). This external view of politics can also be observed in his later work, where political aspects mainly appear in the form of government policy (Dunning, 2003).

However, other scholars successfully incorporate political aspects into the OLI paradigm (Agarwal and Ramaswami, 1992). Agarwal and Ramaswami build aspects of risk related to

politics into a category called ‘investment risk’. Although they apparently put slightly more weight on the political dimension, its character is similar to Dunning’s view. In their definition, ‘(t)he investment risk in a host country reflects the uncertainty over the continuation of present economic and political conditions and government policies which are critical to the survival and profitability of a firm’s operations in that country’(Agarwal and Ramaswami, 1992, p. 6)

It can be stated that the OLI paradigm implicitly parts from a very specific, narrow understanding of politics. While politics as conflictual process does not play a role, the risks mentioned from an OLI perspective are much more related to the backdrop or infrastructure provided by specific policies whereas the risk seems to be related to the consequences of or a change in this frame. Hence, the level of analysis lies on a national or even supranational level of regulation, depending on the scope of the strategic action of a country’s government. Therefore, the subjects of politics seem to be collective political actors like nation states and the framework’s actual focus lies on the policies as outcomes of the political action rather than on more differentiated aspects of politics. The measurement of risk related to policy can be undertaken by assessing managers’ perceptions about political conditions and expectations of political action like expropriation (Agarwal and Ramaswami, 1992, p. 23).

The theoretical approaches discussed in this section lay their focus on different aspects of companies’ international activities. While the transaction cost approach focuses on transaction cost of contingent options for explaining whether companies prefer to internalize interdependencies in another country, the Eclectic Paradigm looks into different types of advantages that may promote internalization. In each case, political risk is or can be explicitly or implicitly formulated as externality that has a potential influence on the *costs* respectively the *advantages* at stake.

Before introducing the methodology used in the thesis, the next steps will look into the notion of globalization and current perspective on its relationship with political risk.

4.2 Globalization

At the core of the notion of globalization lies the diagnose that the world is becoming more connected in one form or another. Besides this common denominator there exist multiple definitions and concepts of globalization in different areas of research. Apart from this varying understanding of globalization there is also a widespread disagreement on the question of its historical and current extent. This culminates in the creation and coexistence of concepts like *hyperglobalization* for phases of economic liberalization and deregulation where ‘economic globalization became an end in itself’ (Rodrik, 2011, p. xvii), *deglobalization* (Bello, 2004) as descriptive or normative program stating that the interconnectedness of the world should or is in fact decreasing or *glocalization* (Robertson, 1995) that argues that there is an ineradicable local aspect to globalization. Further, Gilpin sees *economic regionalism* as response to increasing interdependence and as attempt of nation states to strengthen their bargaining positions (Gilpin, 2011, p. 11).

Either way, globalization is not a new phenomenon. Dani Rodrik, alongside other scholars and historians, sees a first era of globalization between the end of the 18th century and the beginning of World War I. In many aspects, the degree of globalization at this time was almost as high as today since ‘by many measures the world economy only recently surpassed the 1913 levels of globalization in trade and finance. In terms of labor mobility, the world has still to catch up’ (Rodrik, 2011, p. 24).

4.2.1 Globalization between Politics and Economics

Dani Rodrik develops a comprehensive approach in *The globalization paradox: why global markets, states, and democracy can't coexist* (Rodrik, 2011) that takes into account the political dimension. According to what he calls ‘political trilemma of the world economy’ or ‘globalization trilemma’, there is a triangle of globalization, the nation state and democracy. The ‘trilemma’ consists in the fact that only two out of the three can be achieved simultaneously. Hence, globalization can only be deepened by abandoning either democracy or the nation state. He comes to this conclusion since he does not see democratic global governance as fea-

sible alternative in a world with nation states that differ too much with regard to their preferences.

The conflict between the triangle's three corner stones seems to be rooted in an understanding of globalization as liberalization, deregulation and deep integration (Rodrik, 2011, p. xvii). This understanding puts economic globalization in a relationship with politics that looks like a zero sum game. However, with the introduction of democracy, he adds a third, normative dimension that defines the source of legitimacy of the regulation at stake between the two opposed positions of more regulation (nation state) and deregulation (globalization). But the opposition of regulation and deregulation seems to be resolvable at the cost of democracy with the result of an (politically) authoritarian nation state propagating (economic) globalization – a model that in fact seems to be currently on the rise.

Rodrik identifies a set of hazards related to a lack of regulation that accompany economic globalization and global markets:

Unlike national markets, which tend to be supported by domestic regulatory and political institutions, global markets are only 'weakly embedded.' There is no global antitrust authority, no global lender of last resort, no global regulator, no global safety net, and, of course, no global democracy. In other words, global markets suffer from weak governance, and are therefore prone to instability, inefficiency, and weak popular legitimacy. (Rodrik, 2011, p. xvi)

Rodrik's trilemma shows a possible model of the relationship between politics and globalization. Notwithstanding the nature of the relationship stated in the model, the important aspect for this thesis lies in the claim of the existence of a relationship itself. Whereas with regard to politics, normative claims often operate in the shadows and are formulated in descriptive ways or as law of nature, Rodrik openly introduces a normative perspective into the relationship.

The link between the market and the nation state, respectively politics, had also been stated by Robert Gilpin ten years earlier (Gilpin, 2011). As a scholar in the field of International Political Economy and as a long term observer of the international political and economic order (Gilpin, 1987), Gilpin sees the market in an increasingly strong position with regard to the organization of the global economy (Gilpin, 2011, p. 4). In the context of economic globalization he sees considerable growth in the trade of goods and services and in foreign direct investment. Gilpin, too, sees a main driver of these developments in the deregulation and liberalization in the second half of the 20th century but he also mentions technological advances in the areas of communication and transport as key enabling factors and drivers of globalization.

Yet, his take on globalization may contain a surprising twist (at least at the first glance) as he states that the role of globalization has continuously been overstated:

Since the end of the Cold War, globalization has been the most outstanding characteristic of international economic affairs and, to a considerable extent, of political affairs as well. Yet, [...] although globalization had become the defining feature of the international economy at the beginning of the twenty-first century, the extent and significance of economic globalization have been greatly exaggerated and misunderstood in both public and professional discussions; globalization in fact is not nearly as extensive nor as sweeping in its consequences (negative or positive) as many contemporary observers believe. (Gilpin, 2011, p. 3)

While fully recognizing globalization's importance for economy and politics, Gilpin still sees the policies of nation states and regional political initiatives, governments' rivalries and cooperative endeavors as relevant in forging the framework for economic actors and forces. In this sense he states a primacy of politics as regulatory element for the world economy. However, at the same time he acknowledges the power of economic forces to influence and even shape political interests of states (for Gilpin as state-centric realist, the (nation) state is the central political subject and relevant the unit of analysis). Finally, he emphasizes the need for combining a political (states-) and an economic (markets-) perspective for analyzing and understanding global economy (Gilpin, 2011, p. 24).

While Gilpin relies on the state as regulator of last resort while, at the same time, acknowledging the influence of economic forces, Susan Strange draws a much more negative image from a political or state perspective. She states that 'territorial boundaries of states no longer coincide with the extent or the limits of political authority over economy and society' (Strange, 1996, p. ix). She advocates the view that it is not only the nation state that exercises power but that there is a rising number of non-state authorities engaging in regulatory arrangements. By this, she does not so much refer to (political) international regimes as fora for interstate coordination but to coordinative endeavors among firms as both subjects and objects of regulation.

However, although the developments described by Strange in *The Retreat of the State: The Diffusion of Power in the World Economy* (Strange, 1996) seem to point at what is often referred to as globalization, she rejects the term itself. With a 1990ies overtone she deems globalization an inadequate description or diagnose since it is 'a term which can refer to anything from the Internet to a hamburger' (Strange, 1996, p. xiii). Alongside *globalization* she identifies other concepts like *interdependence* or *multinational* that she claims are misleading in the

sense that they are euphemistic, hide asymmetries and conceal unequal structural economic and political power (Strange, 1996, p. xiii).

Where Strange agrees with Gilpin is that politics and international business can only be understood and analyzed together. While putting less emphasis on the regulatory possibilities of the nation state, Strange still makes a strong point for the role of political power, even – and this is the point where she differs from the two previously presented scholars – if she sees an increasing share of this power on the side of private firms. After reviewing these three concepts of globalization, respectively the diffusion of power, the bottom line seems to be that globalization cannot be thought without its entanglement with politics. Not in the sense of politics being something external vis-à-vis an economistic model of globalization but as globalization being something intrinsically political.

4.2.2 An International Business Perspective

From an International Business perspective, John Dunning, father of the OLI-Paradigm introduced above, has contributed from the 1990ies to the discussion about globalization. In his chapter on *Governments and the Macro-Organization of Economic Activity* (Dunning, 1999a) in *Governments, globalization, and international business* (Dunning, 1999b) he asks for the implications of internationalization and globalization – understood as growing mobility of assets and the opening and structural integration of economy – for policy makers.

Dunning names 4 main features of what he calls emerging global economy:

1. the increasing mobility of firm-specific resources and capabilities—especially knowledge-related assets—across national boundaries;
2. the growing significance of cross-border transactions which are either intrafirm, or between firms with ongoing cooperative agreements;
3. the dramatic reduction in long-distance transportation and communication costs and of the psychic and cultural barriers between countries;
4. the growing importance of location-bound assets, notably an educated labour force and a sophisticated physical infrastructure, in influencing the siting of the value-added activities by MNEs. (Dunning, 1999a, p. 57)

Dunning argues that this has implications for national administrations but he also explicitly refers to supra-national regimes (Dunning, 1999a, p. 31). He does so because he sees that such supra-national regimes as well as intergovernmental cooperation in general are becoming more relevant for providing regulation in the context of globalization (Dunning, 1999a, p. 37)

– a context that is different from the one existing legal frameworks were designed for. Dunning names anti-trust and competition politics as example for such a field where adaptations needed to be made by supranational actors (Dunning, 1999a, p. 41).

This view propagated by John Dunning are the perfect cue for going one step further in the argumentation of this thesis. After presenting concepts of political risk in the previous section and political and business perspectives on globalization, both views will now be brought together and their (potential) relationship will be discussed.

4.3 Theoretical Perspectives on the Relationship and Research Gap

What Dunning does in his contribution discussed in the previous section is that he sheds light on the implications and consequences of economic globalization on political governance. This productive way of bringing together effects of economic and political globalization can be a possibility for linking globalization back to factors of political risk that are concerned with regulation. It further serves as invitation to broadening them in the sense of emphasizing not the classical perspective on the nation state or national governments but a more integral, supra-national perspective.

A similar point is made by Kobrin who insists that ‘globalization is weakening territorial sovereignty to the point where economic and political governance based primarily on geographic jurisdiction may no longer be viable’ (Kobrin, 2001, p. 199). The consequence would be a necessary shift of regulation from a country- or nation-based system to an overarching, supra- or transnational level of politics, governance and regulation. Like Dunning, Kobrin sees the multinational enterprise as subject and driver of globalization while it is, at the same time, shaped by the process of globalization.

It has been argued that political risk can be conceptualized in different ways. Depending on the theoretical tradition, it will differ in scope (firm, industry, country, global, ...) and form (environment, policy, regulation, event, process, ...). Depending on the empirical approach it will be characterized and measured differently – an exemplary list of empirical factors has been provided above. Combining these perspectives of political risk with approaches to the

phenomenon of globalization can result in mutual endorsement that can lead to a more comprehensive understanding of political risk as has been shown on a relatively high or abstract level.

However, there seems to be little integration of the two concepts on a less concrete or more empirical level. This gap is where this thesis will try to explicitly look for how the relationship between the two concepts is conceived of in the International Business literature. It will do so applying a systematic literature review in order to find patterns and evidence that allow to derive said relationship. How the review was done methodologically is set out in the next section.

5 Methodology

This section of the thesis is concerned with making transparent the methodology applied for answering the research question for the relationship between concepts of political risk and globalization from an international business perspective and the way it is addressed in the literature. In order to lay out the process, the first section will reason why a systematic literature review (SLR) was the method of choice. The second section will disclose the search strategy, starting with considerations concerning the search string. Lastly, the coding used to categorize the articles will be discussed.

5.1 Systematic Literature Review

The research question asks for the relationship between political risk and globalization and how it is addressed in the literature. In order to get to a result, the literature can be reviewed in a more general way as it has been done in the previous section. Kraus, Breier and Dasi-Rodriguez (Kraus et al., 2020) develop their overview of what they call systematic literature review in contrast to a so-called traditional literature review. By traditional review they mean a type of review traditionally used for, for example, giving an introductory overview over a research field, relying on a handpicked set of literature. Alternatively, the social science toolkit offers the method of systematic literature review as recognized way of synthesizing robust results from the existing research.

The advantage of an SLR vis-à-vis other forms of reviews is that – due to the fact that it is conducted in a systematic way – it allows to obtain results that are transparent, reproducible and, to a certain degree, objective (Kraus et al., 2020, p. 1026). However, objectivity is never fully achievable as the author's bias cannot be eliminated (Kraus et al., 2020, p. 1030). This fact is not a limitation to SLRs but an ontological respectively epistemological aspect.

In order to guarantee a high level of systematicity and thus guarantee transparency and reproducibility, the thesis also widely sticks to the PRISMA 2020 guideline (Page et al., 2021). The comprehensive item checklist was used as an additional orientation in the review process

and the flow diagram below provides a standardized way of documenting the exclusion of articles.

5.2 Search Strategy

To get a sense for the field of research, literature about globalization and political risk was searched via the website of the university's library and a first impression of the field was established using Anthropic's large language model Claude.

The search for literature for the actual review was conducted in two online databases for scientific literature using specific prompts. The use of online databases is recommended for reasons of transparency and more than one source is recommended for assuring the inclusion of a broader spectrum of literature (Kraus et al., 2020, p. 1034). The databases searched are Web of Science (WoS) and Scopus as they are recognized for their comprehensiveness (Kraus et al., 2020, p. 1034; Liñán and Fayolle, 2015) and the date of the search was July 8th 2026.

Search string considerations

For each platform the question for the relationship between concepts of political risk and globalization had to be translated into a different search string. The formulation of the strings and the possibilities of the integrated search function needed some conceptual consideration.

The search function in Web of Science allows for a search for concepts beyond the actual search string introduced in the field. It does not only look for synonyms but also for matches on a conceptual level. This broadened search was the default search operation at the time of writing this thesis. In the sense of an SLR this raises a couple of questions: First, it provides the possibility of finding more content related to the topic of interest that might not have been found with the standard search because of differing conceptual denominations or key words. This was especially relevant in the context of political risk (the difficulty of labeling relevant phenomena was discussed above). Second, the potentially positive outcome of including additional results might come at the cost of the problem of narrowing down the search. If the aim is exactly to look for specific concepts using clearly and deliberately narrow key words, an unrequested broadening of the search may not be desired. Third, a search function that automatically scans the data base for supposedly similar content has negative implications for the transparency discussed above that is a central criteria of science. If the criteria on which the results are selected is not clear, the composition of the final corpus can neither be understood

nor explained. The fourth aspect is similar to the third one as it concerns the reproducibility of the research. If it cannot be guaranteed that a search conducted by another person using the same key words (re)produces the same results, the systematicity and thus the quality of the review is jeopardized.

Therefore, the choice fell on designing a string that includes relevant literature by the virtue of its design. The initial search that was conducted on Web of Science to test the delimitation of the research topic using the string ‘TI = politic* risk AND TI = globali?ation’ (translation: looking for both ‘politic* risk and globali?ation in the title only; the wildcard ‘?’ allows for exactly one character for each ‘?’ to be substituted by any other character) showed, as expected, a low number of results (18). This might be tempting to be interpreted as further supporting the stated gap in the research on the relationship about both concepts – in any case it called for a reformulation of the string. Firstly, the search was extended to the abstract as recommended next step (Kraus et al., 2020, p. 1035). Secondly, the main concepts were reformulated in order to provide more openness for different but close labels: ‘Globali?ation’ – spelled originally with a ?-wildcard to allow for British and US spelling – was shortened to globali*. This spelling allows to capture results containing *globalized* while still ruling out too open notions like *global*. The concept of political risk is more complicated to integrate into a search string since it needs some additional consideration.

Political risk is a wide and a narrow concept at the same time. It is wide in the sense that it allows to cover a wide range of phenomena notwithstanding a theoretical approach. At the same time, different notions are established for describing (almost) the same phenomena in the international business literature on political risk. Cutting the ‘politic*’ part of the string down to ‘poli*’ allows to include important notions like *policy* or *polity* that were previously excluded while keeping the already covered notions *political* or *politics*. As the ‘risk’-part of the string is accompanied by the asterisk that is attached to ‘poli*’, the two parts might potentially be separated by an unlimited number of letters and words within the title or abstract. This effect was accepted as the alternative of separating ‘poli*’ and ‘risk’ by a logical operator would have worsened the effect since in keeping them next to each other, at least their sequence could be guaranteed.

Besides the two main concepts, the publication year was included, too. While Web of Science allowed for the definition of a period (2011-2026), the exact same time frame was translated into ‘after 2010’ for Scopus. While WoS further allowed filtering the language in the search string, this aspect was not included in the string used in Scopus as the possibility did not appear. For the results from Scopus the language was filtered in the next step. In these dif-

ferent ways, the results were reduced to literature published in English in order to guarantee the reproducibility of the review without limitations of language knowledge.

Taking these considerations into account, the final search strings were formulated as follows:

Web of Science:

((TI=(globali?ation) OR AB=(globali*)) AND (TI=(poli* risk) OR AB=(poli* risk)))
AND PY=(2011-2026) AND LA=(English)

Scopus:

TITLE-ABS (globali*) AND TITLE-ABS (poli* risk) AND PUBYEAR AFT 2010

The filtering of the results

After the initial search with these strings, WoS showed a total of 1419 results and Scopus 2398. In a first step these results were further narrowed down by excluding duplicates from Scopus that were listed with the same DOI number as in the WoS result list and results from Scopus that were not in English language (184 excluded) as WoS was filtered for English results already by the search string. In the next step, the publication type was filtered to article/journal and then articles that were not published yet but in late stages of the process and thus already available for preview were excluded. Papers that are not from the research area of (international) business were excluded from the results as well.

These filtering stages left a total of 353 articles from WoS and 345 from Scopus. Another 597 papers were excluded after closely scanning the title and/or the abstract because – despite of containing the concepts from the search string – they were either not from the research area of international business or it could be derived from the abstract that they were not concerned with political risk or globalization². This final step of filtering left a total set of 41 articles for further scrutiny.

Table 1 provides an overview of the criteria used for excluding papers from the corpus. It names the criteria and the relevant value and shows the justification for why the step has been

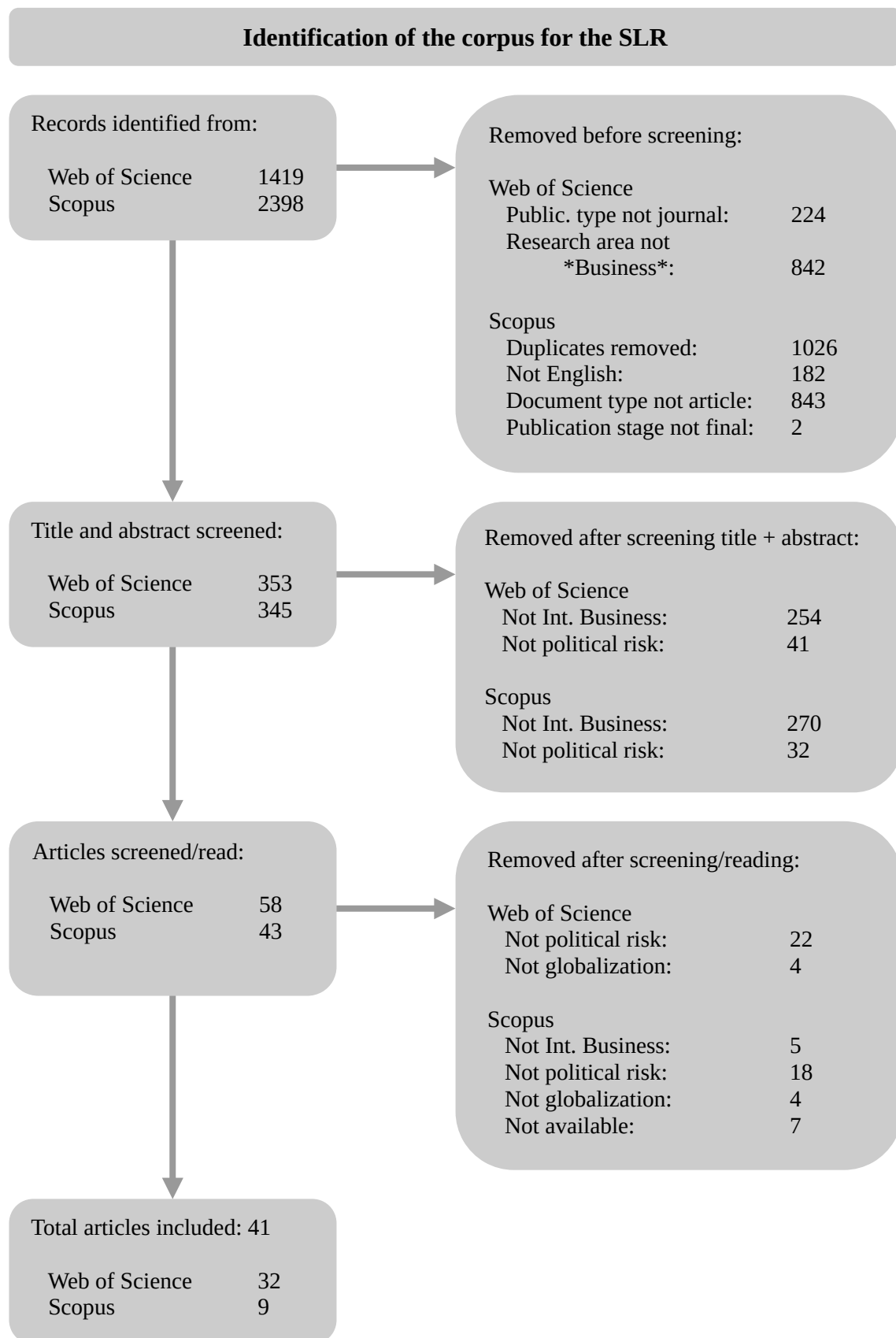
2 The term globalization can also refer to e.g. a company's process of going global, similar to internationalization.

taken. Figure 1 (flow diagram) shows the process chronologically and with the respective numbers that were eliminated or kept in each step of the process. The figure is based on the template of the PRISMA 2020 flow diagram (Page et al., 2021). Further, two extensive summary tables (table 2 and table 3) are provided in the appendix where the categories or dimensions are listed with the respective values and the number of papers. For each step, the included values are colored in gray. The tables – one for each database – differ with respect to their columns as the Scopus table has three additional columns that cover the aspects already mentioned: check for duplicates with the WoS results (only Scopus), language (only Scopus), research area (only WoS), and publication stage (only Scopus).

Table 1: Inclusion/exclusion process. Own illustration.

Definition	Value	Justification
Database	Web of Science, Scopus	Wider range of results; respected quality; state of the art in research field
Search string	(see above)	Include relevant results; exclude not relevant results
Publication period	2011 – 2026 (include last 15 full years)	Focus on recent relevant results; exclude older, potentially less relevant literature
Language	English	Reproducibility
Publication type	Articles/Journal	Ensure quality (recommended (Kraus et al., 2020))
Publication stage	Final (Scopus)	Ensure quality (recommended)
Duplicates	Same DOI	Avoid expansion of corpus by duplicates
Business area	Containing *business*	Efficient way for safely excluding not relevant results
Scan title & abstract	Scan for concepts	Exclude non-relevant results in advance
Scan/read article	Find relevant articles	Final step

Figure 1: Process of identification of the corpus. Own illustration based on PRISMA 2020 flow diagram (Page et al., 2021, p. 5).



5.3 Coding

After reducing the initial results to the final corpus, the texts were analyzed and a coding scheme was applied in order to help categorize them and identify patterns (Kraus et al., 2020, p. 1036). This scheme is structured into political risk, globalization, relationship and general information. *Political risk* and *globalization* contain fields *inter alia* for the concept, concept origin, measurement, mentions (how many times mentioned the respective search string item) and important quotes. While these fields are text fields, the *relationship* segment of the coding table contains drop-down fields with defined strings for the category (the actual definition took place in the course of the research and the drop down was extended accordingly) and the question whether a relationship type was explicitly mentioned. Further remarks on the relationship structure and important quotes are text fields. With regard to the general information, the fields of theory, methodology, area of business, geographic scope and relevance of the text are (semi-)structured, whereas the ‘text in a nutshell’ is a text field.

The corpus and all additional texts were organized in a Zotero library and corresponding sub-folders. Besides organizing the articles (corpus and other literature) and book chapters (other literature), the application has a built in reader that allows to structure the texts content-wise by highlighting, commenting, and tagging according to the defined codes.

The methodology-section has given insights into how the corpus was defined, filtered, organized and coded. The following results-section introduces the categories that have been discovered in the research, respectively synthesized from the texts and used to categorize them.

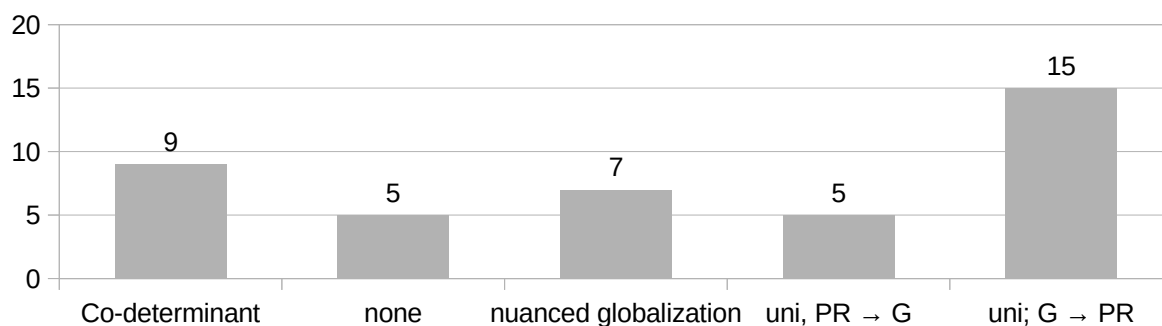
6 Results

Early on in the research the pattern emerged that globalization is treated as phenomenon that causes or has an effect on political risk or other aspects that are in the focus of research. This pattern overlaps with the apparent use of globalization as backdrop for the respective area of research. Several articles or abstracts open with formulations like ‘In today’s increasingly globalized world ...’ (Gobinda Goswami and Haider, 2014, p. 233), ‘In the background of economic globalization ...’ (An et al., 2026, p. 1), ‘In the last decade, globalisation has led to ...’ (Braun and Fischer, 2018, p. 397), ‘Cross-border acquisitions (CBAs) play a pivotal role in economic globalization ...’ (Zhu et al., 2025, p. 1). However, further analysis has helped establish a more sophisticated set of categories describing different types of relationship. Before diving deeper into this typology, the thesis will provide an overview of the SLR process.

6.1 Overview

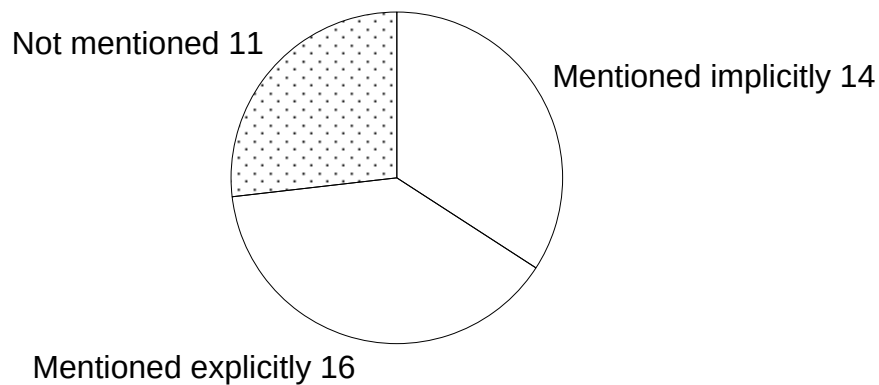
As has been shown in the methods-section, 41 articles have been systematically reviewed resulting in a typology containing five types or categories of relationship between political risk and globalization. These categories are: ‘Globalization Affecting Quantity and Quality of Political Risk’ (15 articles), ‘Political Risk Affects Globalization’ (5 articles), a ‘Nuanced View of Globalization’ (7 articles), ‘Co-determinants: Synergistic and Parallel’ (9 articles) and a last category that includes articles that do not mention a relationship (9 articles). Interestingly, the category of globalization influencing political risk stands out, as visualized in figure 2.

Figure 2: Typology – Five types of relationship between political risk and globalization. Own illustration.



The type of relationship used for the categories has not necessarily been stated directly or explicitly in all of the papers. This is to the fact that the majority of the papers are not concerned directly with the relationship between political risk and globalization itself. However, in many cases it was possible to find an implicit connection between the concepts of political risk and globalization so that a relationship could be discerned from the article. However, in some cases the relationship was not given. These cases were not excluded if both concepts were treated on their own. In these cases it was acknowledged that both concepts were simply not related to each other by the authors. The following chart illustrates the distribution of the values of the *not/implicitly/explicitly mentioned* field.

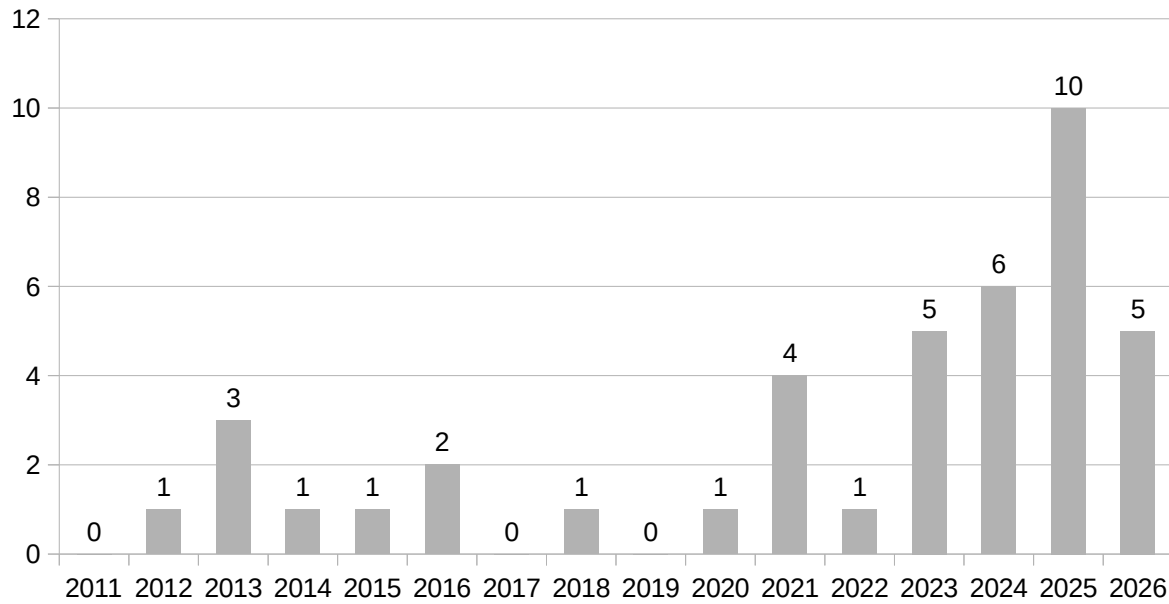
Figure 3: Relationship statement – not stated, implicitly or explicitly stated. Own illustration.



The search was focused on the last 15 years, beginning with articles published in 2011 and the publication year did not play any further role in the exclusion process. Interestingly, the number of papers concerned with both the concepts of political risk and globalization is increasing (see figure 4). However, this trend has only been noted and stated descriptively without further consideration.

After this introductory overview of the corpus and the results, the next section will dive into the different types of relationship and how they are categorized.

Figure 4: Corpus – Articles per year. Own illustration.



Note: 2026 only includes results until July 8th.

6.2 Relationship

In the course of analyzing the corpus, the articles have been categorized as shown in figure 2 above. The categories have not been applied to the articles externally but have been developed out of the corpus. In the process of classifying the papers, one central pattern emerged right from the beginning: papers that implicitly or explicitly stated a relationship, usually understood this relationship as one concept having an effect on the other or both political risk and globalization affecting each other reciprocally. Structurally this type of relationship can be described as directional as it suggests that there are effects on one side that are caused by the other side.

While further classifying the articles, a second pattern, nested in the first one, appeared: most articles saw the effect as originating from just one side affecting the other. This subset to directional relationship patterns can be described as unidirectional as the effect is caused unilaterally. However, a multilateral form was discovered, too: a co-determinant type of relationship between political risk and globalization.

To avoid a one-dimensional categorization based on the direction of impact, the corpus was also scanned for sub-concepts to the main concepts of political risk and globalization. This refers to a more nuanced understanding of the two that includes a further differentiation in dimensions like economic, social or political globalization and the factors that constitute them.

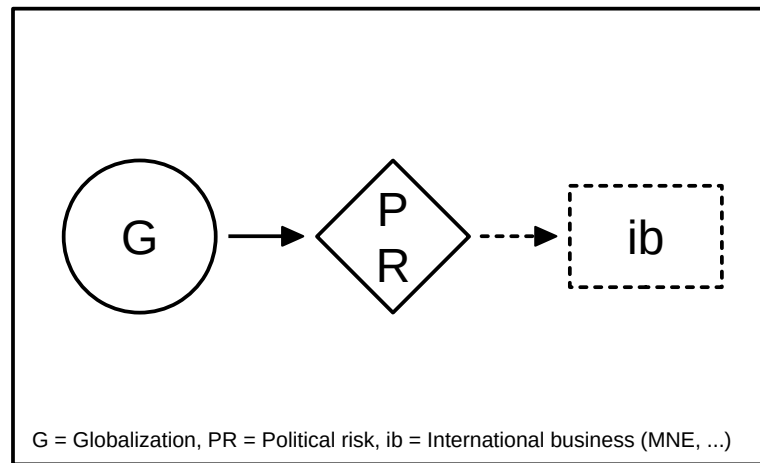
However, not all papers did in fact state a relationship. Five articles did not imply any form of relationship between the concepts of political risk and globalization. As this is a valid outcome in itself from the perspective of the research question, these articles were not excluded from the corpus but gathered in the typology's fifth category.

The first three categories stated what can be called a *directional* relationship. This notion serves as an umbrella for all articles that find a relationship between globalization and political risk in which the concepts have an effect on each other while the exact form of the effect can vary. This includes the first category 'Globalization Affecting Quantity and Quality of Political Risk' as relationship with an impact of globalization on political risk. The second category 'Political Risk Affects Globalization' finds the inverse connection and contains papers that see an effect of political risk on globalization. The third category 'Nuanced View of Globalization' still sees a uni-directional effect but looks deeper into the factor-level. The fourth category 'Co-determinants: Synergistic and Parallel' does not find a directional relationship between political risk and globalization but states a simultaneous effect of both on a third phenomenon. Finally, the fifth type includes papers that do not address a relationship.

6.2.1 Globalization Affecting Quantity and Quality of Political Risk

There is a total of 15 papers that find that globalization influences political risk for international business. This type of relationship relationship can be described structure-wise as unidirectional as political risk is dependent on globalization. However, this does not automatically imply that globalization is the only factor influencing political risk nor does it in itself allow an inference on how the two concepts are understood.

Figure 5: Category 1 – Effect of globalization on political risk. Own illustration.



Political risk and globalization

Globalization can be understood as a concept integrating several dynamics, processes and phenomena that can be empirically observed or measured. Increasing interdependence is such a dynamic that originates in and has an effect on many economic areas such as supply, logistics or production (Braun and Fischer, 2018, p. 397). In the context of globalization, increasing interdependence and integration (Bao and Xia, 2026; Stankevičienė et al., 2013) refers to developments like the multiplication and internationalization of ties between actors as well as a multiplication of regulatory spaces and cultural contexts relevant to a company due to global supply chains or the outsourcing and off-shoring of production.

Expanding from one cultural and political environment to one or several others has implications for the concept of political risk as the number of relevant environments increases as well as the propensity for interdependencies and synergistic effects between different political risk factors. This is what Braun and Fischer refer to when they write about the dramatically changing nature of political risk through developments in the context of globalization (Braun and Fischer, 2018, p. 397).

Relationship between the concept of political risk and globalization

Thus, the relationship between political risk and globalization is characterized by an influence of the latter on the first in two structurally different ways. First, the multiplying dependencies lead to a *quantitative* increase in political risk. This can be attributed to the diversification of political environments a company has to operate in. This broadened exposure can come from a company's own expansion of activities or their shift to different environments but it can also originate from dependencies from and interdependencies with other companies that operate in multiple political environments. In this way, an increase in political risk can be attributed to phenomena linked to globalization as an increasing economic entanglement directly evokes an increasing diversification of political dependencies that translates into a higher degree of political risk across different factors.

Second, besides this change in quantity of political risk, the same development also produces a change in *quality* of political factors (Braun and Fischer, 2018; Stankevičienė et al., 2013). On one hand, this second type of change is attributed to the fact that a higher level of international production respectively international activity in general leads to higher engagement in other countries. In these new environments, an MNE might be confronted with types of political risk it may not have had to deal with before because it is specific to certain countries like politically less stable or autocratic ones. On the other hand, this change in quality of political risk takes place due to a general change in the international political environment induced by globalization. Thus, 'as both investments in production facilities abroad and political instability are on the rise worldwide, businesses nowadays also need to be concerned about risks related to their overseas assets, such as political violence or even expropriation' (Braun and Fischer, 2018, p. 397). This rise in global activities impacts political risk as well as companies' exposure to it.

While it has been argued that an increasing interdependence has an effect on political risk, this type of relationship is defined structurally rather than descriptively. That means that the unidirectional effect of globalization on political risk is central rather than the amount of globalization actually stated in a specific context. Hence, it is argued that the current state of globalization – defined differently by different articles comprised in this category – has an effect on political risk independent from whether it is defined in terms of increasing globalization or in decreasing globalization – like in an article diagnosing a de-globalization tendency (Ambos et al., 2020). This de-globalization trend is said to take place in the second half of the 2010s as a consequence of events like the Brexit referendum and the politics of the US under Donald

Trump's first presidency³. Globalization or de-globalization – a unidirectional effect is stated by the articles in this category either way.

Braun and Fischer (Braun and Fischer, 2018) approach the topic of a change in quantity and quality of political risk due to globalization from a perspective interested in political risk insurance. Statistically testing the results of a questionnaire distributed among insurance managers, they find that a central reason for purchasing such an insurance is the perceived exposure by a firm to political risk. This emphasizes the aspect of political risk of being dependent on perception rather than manifesting objectively.

This aspect of risk perception is also adopted by Ambos, Cesinger, Eggers and Kraus (Ambos et al., 2020) who do research on location decisions by managers in the context of their risk perceptions in internationalization processes with reference to the Uppsala School of internationalization. They find that perception changes alongside globalization.

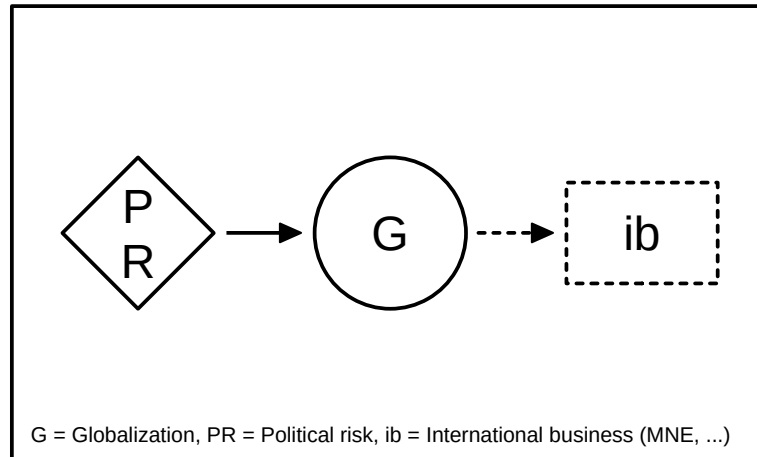
Topic-wise, this category includes articles contributing to the area of supply chain management (Duong et al., 2023; Karmaker et al., 2023; Pham et al., 2023; Qazi and Khan, 2025), finance (Luong, 2025; Roy et al., 2024), and multiple other areas of international business (Aharon and Ali, 2026; Bonatti et al., 2021; Dadasov and Lorz, 2013; Gobinda Goswami and Haider, 2014; Yeung, 2024).

6.2.2 Political Risk Affects Globalization

Another type of unidirectional relationship has been identified by five papers around the effect of political risk on globalization. Similarly to the inverse relationship discussed above, this category is an umbrella for different concepts of both political risk as well as globalization. Also, the factors that actually cause or influence the effect vary between different approaches.

3 Note that the article has been submitted to review in December 2017.

Figure 6: Category 2 – Effect of political risk on globalization. Own illustration.



Political risk and globalization

However, in this category the focus shifts from globalization to the concepts of risk. A shift of focus within the category itself is the extent of relevance of the global aspect of political risk. In order to render this aspect visible, some scholars prefer to use the notion of *geopolitical risk*. However, this thesis would argue with reference to the understanding of politics introduced above, that the emphasis on the global dimension introduced by the prefix ‘geo’ does not make geopolitical risk a type of risk *sui generis*. This thesis rather parts from the assumption that a general political logic is not compatible with an *a priori* differentiation between types of politics. In this sense, a distinction between political risk and *geopolitical risk* is treated here as a semantic differentiation rather than a conceptual one. The conceptual difference is treated as being on the same level as the variety within political risk according to different factors that has been shown so far in the course of the thesis. That means that geopolitical risk is distinguished by the factors that constitute it and not by its prefix.

These (geo)political risk factors that have an effect on globalization in ways that will be explored below are mainly concerned with (geo)political developments (the remarks on geopolitical risk do also apply to geopolitical developments and events). Interestingly, in the context of geopolitics, scholars seem to focus on disruptive events rather than on structures whereas the risk stems from the likelihood of such events (Farzam and Dhume-Shinkre, 2026). However, geopolitical events that are at the cause of the risk factors do not necessarily need to exert influence on a geopolitical level. They can also do so on a country level as geopolitical

events can have an effect on states and their polity, policy and politics and specific risk factors like governance quality (Pal and Mahalik, 2025).

As for globalization the understanding is similar to other categories. Yet, there is a slightly higher focus on more concrete aspects of dimensions like economic, political and social ones. This might be due to the need for a more nuanced understanding of globalization as pre-condition for an analysis of effects of political risk on globalization. These considerations are also related to a direct quantitative measuring of, *inter alia*, the relation between both concepts (Pal and Mahalik, 2025). For measuring such a complex concept like globalization, indices have been created that try to capture multiple relevant factors and dimensions in order to render them comparable. An index that has been used in different papers within the corpus (and across categories) is the *Knojkunfturforschungsstelle Globalization Index* (KOF or KOFGI) (Pal and Mahalik, 2025).

Relationship between the concept of political risk and globalization

In order for (geo)political risk to influence globalization, it has to be mediated by companies in general and MNEs in particular since the risk only exists as ‘risk to’ an entity. Hence, it is the perception of risk and/or the experience of respective events that leads to a change in internationalization behavior and strategy of MNEs (Farzam and Dhume-Shinkre, 2026). It is these changes in cross-border activities like mergers and acquisitions that materializes in changes in the economic structure – the same structure that takes part in the constitution of what has been called globalization. These changes’ consequences can express differently. They can pose a challenge to globalization (Farzam and Dhume-Shinkre, 2026; Grosse et al., 2021; Zhang et al., 2024; Zhu et al., 2025) or they can further promote it (Pal and Mahalik, 2025). Challenges to globalization can arise due to a decrease in certain activities and the following reduction of interdependence and integration. A positive effect of (geo)political risk has been stated due to a rise in diversification as risk-mitigation in the face of increasing political risk. Such diversification (Pal and Mahalik, 2025) can deepen globalization factors by strengthening international ties.

However, a decline in international business ties and diversification are not a contradiction. The simultaneity of such a diverging evolution can be easily built into a concept of globaliza-

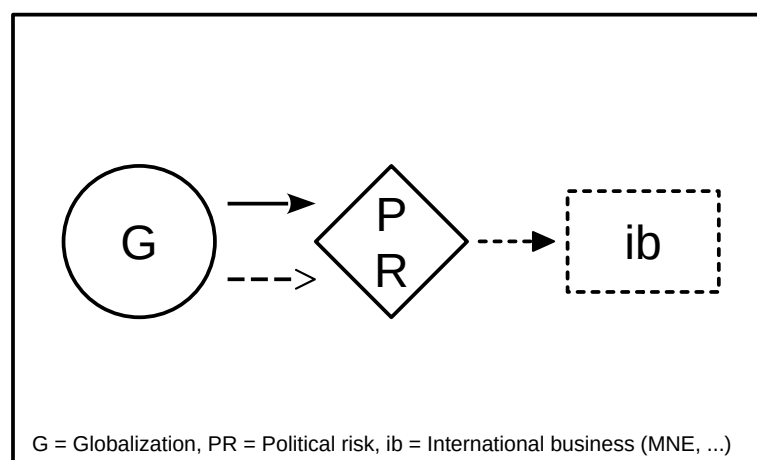
tion that is understood as combining a multitude of phenomena instead of being a monolithic phenomenon itself.

6.2.3 Nuanced View of Globalization

Globalization has been described above as a concept integrating several dynamics, processes, and phenomena. Besides the acknowledgment of its multidimensionality, the view of globalization implied in the first unidirectional category stating its effect on political risk is rather monolithic. It is so in the sense that despite its multiple aspects, globalization *as such* is said to have an effect on political risk or, at least, that the relevant factors do. The category concerned with political risk's influence on globalization refines the picture by referring to combined indices. However, the relationship is still defined in terms of either a positive or a negative effect.

This category of the 'nuanced view of globalization' is still unidirectional as it states an influence of globalization on political risk but it differs from the perspective presented above by breaking up the dichotomy of seeing *either* a positive *or* a negative effect but rather paints a more detailed picture. Insofar as this represents a substantial shift in the relationship compared to the direct impact proclaimed by the two uni-directional categories it makes sense to create a new category.

Figure 7: Category 3 – Effect of factors of globalization on political risk. Own illustration.



Political risk and globalization

As has been argued throughout the thesis, globalization is treated as multifaceted concept by most scholars. This has also been the case in the papers analyzed so far. However, the multidimensionality has either not had any effect in the categories established so far or the different dimensions have not been acknowledged by being tested separately. This is different in the papers gathered in this category as they emphasize the diverse effects of what is seen as globalization.

The broader understanding of the concept of globalization manifests in some papers in the use of the comprehensive KOF Globalization Index that contains multiple globalization aspects or factors (Lee et al., 2023; Mikhno et al., 2022; Muratova et al., 2025). The index's main categories are economic, social, and political aspects of globalization. San-Martín-Albizuri and Rodríguez-Castellano do not reference the index itself but they use a similar differentiation instead where they distinguish economic, political, and environmental processes of integration and interconnection (San-Martín-Albizuri and Rodríguez-Castellanos, 2012, p. 149). Besides economic and political globalization, Safarli et al. emphasize the cultural dimension including a growing integration and interdependence in the areas of technology, ideas, and information (Safarli et al., 2024).

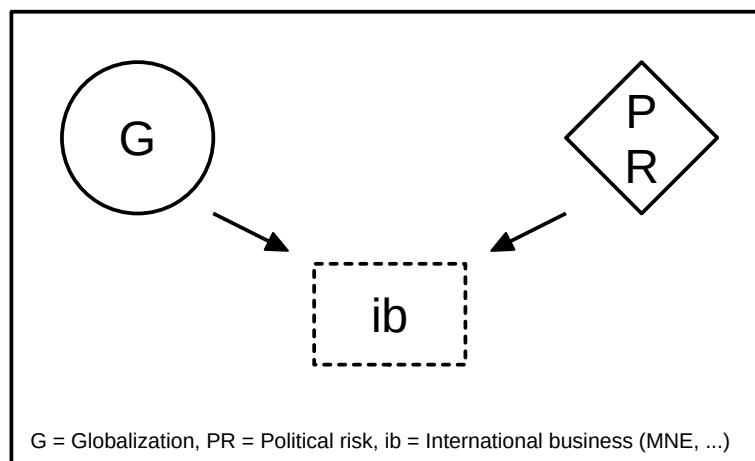
Relationship between the concept of political risk and globalization

This category shows a more nuanced view of globalization. Accordingly, the relationship between political risk and globalization gets more sophisticated. It ranges from a simple diversification of globalization aspects influencing political risk to an actually more complex relation like in the paper by Lee et al.. They find that globalization decreases political risk respectively country risk in middle-income countries but increases it in high-income countries as they find a turning point where the effect changes direction (Lee et al., 2023). Another interesting configuration is stated by Luo who finds that (geo)political risks alter established forms of globalization and its interdependencies. Via this and other consequences, the changing character of globalization evokes political risks for international business (Luo, 2025). As the different dimensions of globalization addressed by the articles in this category has a broad set of consequences, the papers are mostly not focusing on single areas of international business but on the field as such.

6.2.4 Co-determinants: Synergistic and Parallel

Besides the categories stating directional relationships that see an influence of globalization on political risk or vice versa, the next category comprises nine papers that find a totally different type of relationship. The articles grouped here see both globalization and political risk as factors that have an effect on a third variable. Structurally, this type is described as globalization and political risk being co-determinant on international business. However, the relation between both factors can vary and take different forms, as will be shown below through the discussion of two such forms.

Figure 8: Category 4 – Effect of globalization and political risk on international business. Own illustration.



Political risk and globalization

While globalization plays a major role in the perspective of other categories where it serves as dramatic backdrop or as central aspect influencing or being influenced by political risk, in this category it is brought out of the center and aligned alongside with political risk in order to explain a third development. Nevertheless, the understanding of globalization does not change substantially. It is still defined in terms of proxy phenomena describing relevant developments – be it in the form of hard measures like trade volume and foreign direct investment (Das, 2013, p. 93) or in terms of dynamics like increasing competition or market dependency (Pal et al., 2024, p. 1). Accordingly, the operationalization and the measuring of globalization occurs quantitatively via indices or the trade of goods.

The political risk factors that can have a co-determinant effect range from country level to a geopolitical dimension and can even comprise a more broadly understood and multifaceted socio-political risk. However, the articles that found an influence of both globalization and political risk on international business did not formulate (geo)political risk as a consequence of globalization. Neither do they exclude further determinants. With regard to political factors, they name aspects like conflicts, government stability, corruption, religious and ethnic tensions, bureaucratic quality, and others (Pal et al., 2024; Shen et al., 2025) that are (at least analytically) separated from factors of globalization.

Relationship between the concept of political risk and globalization

The interaction of political risk with globalization does not take place via these factors but it is located on another level. In the ‘co-determinant relationship’ category, globalization and political risk start from separate points but go in the same direction. They do so in three different ways: synergistically, meaning that they create an effect they would not have separately, parallel, meaning they do not interact while separately influencing a third aspect of international business like a firm or an industry or via an asymmetric development of economic and political globalization.

The *synergistic* type of effect finds ‘interwoven dynamics of globalization, geopolitical risk, and other critical determinants in shaping productive capacity’ (Pal et al., 2024, p. 9). This view emphasizes that the interplay of several factors has an effect on productive capacity that the factors would not exert on their own. In this sense, Pal et al. concluded in their paper that ‘the interactive effect of globalization and geopolitical risk [...] illuminated a synergistic relationship, indicating that their combined influence can amplify productive capacity under certain conditions’ (Pal et al., 2024, p. 9). This type of relationship parts from two distinct points and produces a common impact as the factors reach a synergistic effect.

In the *parallel* course of action, globalization and political risk cause an impact independent from each other. While this aspect may work on a geopolitical level like the synergistic relation, it has been implicitly addressed by Das and others between globalization as global factor and the country-level type political risk consisting of an index of home country factors like government stability, corruption or law and order (Das, 2013; Lee and Lin, 2016; Smyrnov et al., 2025).

Shen et al. partly refer to Kobrin as they diagnose a dynamic and integrative economic globalization vis-à-vis an increasingly fragmented and conflictual geopolitical situation – a development they refer to as *asymmetric* (Shen et al., 2025, p. 3). This unequal and asymmetric development opens a gap between an integrating economic globalization and a fragmented international political system that continuously challenges actors in international business.

Interestingly, this category of a co-determinant type of relationship or effect has been stated in different areas of business like (outward) FDI (Das, 2013; Rashid et al., 2021), finance (Akinyemi, 2026; Sun et al., 2023) or supply chain management (Guillot et al., 2024; Smyrnov et al., 2025) and in different geographical, respectively economical areas. Between the paper by Pal et al. (Pal et al., 2024) and Das (Das, 2013), the sample of countries that is used in the research is almost complementary in the sense that the first analyzes 20 member countries of the Organization of Economic Co-operation (OECD) that consists mostly of economically stronger states while the latter uses a broad sample of developing countries.

While other categories explicitly state a relationship between the concepts of globalization and political risk, this category presents the view that they both can have an effect on a third aspect. However, it could be argued that this view does not exclude the possibility that the synergistic or parallel effect is in fact evoked by determining effects among each other – an effect like stated in the uni-directional categories, beyond the synergistic effect claimed here.

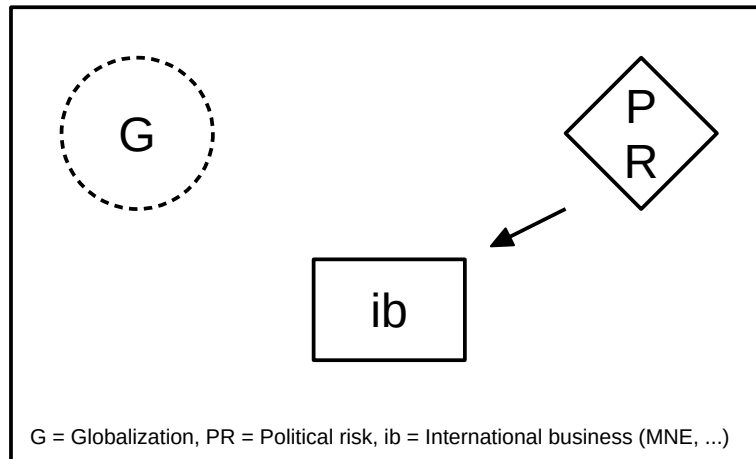
6.2.5 No Relationship – Globalization as Backdrop

There is a set of five articles that have been found to state no relationship at all between political risk and globalization. As has been argued above, this is a valid result with regard to the research question as it shows that there are contributions that address both concepts without making a link.

The way political risk is addressed varies as some scholars use indices (Dan Costin et al., 2025; Nelson et al., 2016) while others use less comprehensive concepts like institutional risk or economic policies (Gurtu and Johny, 2021; Low et al., 2015; Tamimu et al., 2025). However, a common denominator seems to be the fact that in the articles of this category, globalization is hardly defined as a concept and hardly mentioned. It is primarily used to establish a backdrop against which the argument is made with formulations like: ‘In this globalized era, it appears that an important component of political stability is the presence of foreign direct in-

vestors in host countries' (Nelson et al., 2016, p. 39). In this specific example, the aspect of globalization does not play a relevant role in the rest of the paper. While political risk is addressed more deeply, globalization is neither theorized nor measured and only scarcely referred to.

Figure 9: Category 5 – Globalization and political risk without relationship. Own illustration.



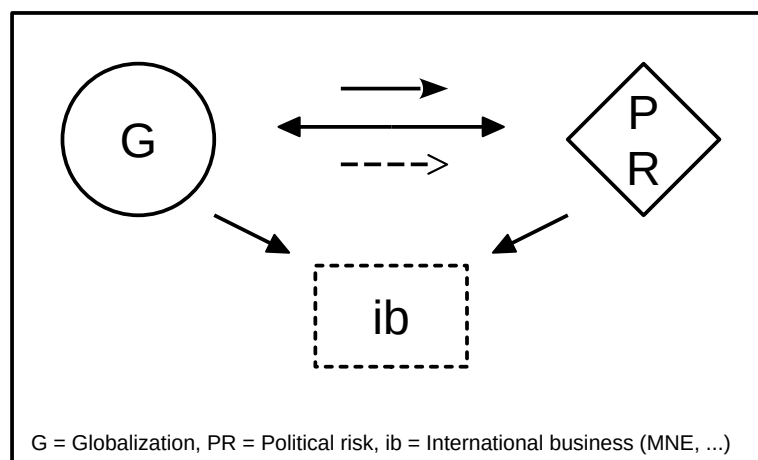
7 Discussion of Results

The main research question of ‘What is the relationship between concepts of political risk and globalization from an international business perspective?’ can be answered in two ways. On one hand, the typology presented in the previous section can be taken as an answer that shows what the relation can be according to international business literature. On the other hand, these results can be synthesized beyond the literature in a more analytic way.

7.1 An Intertwined Relationship

In the first sense, the answer to the research question is that the concepts of political risk and globalization have a relationship that consists of several mutual ties and effects. The different types of relationship that build the typology structuring the results of the systematic literature review paint a divers picture: the first category states that globalization has an effect on political risk while the second category finds the opposite effect. The third type of relationship adds a layer of complexity by differentiating distinct aspects of globalization and the fourth type claims that both globalization and political risk have an effect on international business and that this effect can either be direct or form synergies.

Figure 10: Synthesis of categories. Own illustration.



To synthesize these results it can be stated that the relationship between the concepts of political risk and globalization is one of mutual influence and interdependence. Figure 10 shows a visualization of this synthesis. It reorganizes the conceptual space and combines all categorized relations in one illustration, mapping the entangled relationship: globalization and political risk affect each other simultaneously in multiple dimensions while both have an impact (alone *and* combined) on international business.

An analytical response to the research question dives deeper into the nature of this relationship. The SLR has shown that the relationship between political risk and globalization is complex and intertwined and that treating the concepts as monolithic does not do justice to their internal diversity.

Thus, engaging the concepts of political risk and globalization as such without looking deeper into their constituent elements would mean to stay on a too abstract level. However, statements on this level cannot simply be transferred to a level of single factors like the ones named e.g. in indices referred to in the reviewed papers. Especially the ‘nuanced view’-category has shown that the impact of different factors can go in the opposite direction. Conversely, conclusions from single factors or even from indices cannot simply be transferred from the factor-level to the concept level, since the relationship is too multilayered. To give an example: a positive effect of political globalization on political risk does not allow the conclusion that globalization as such has a positive effect since social globalization still can have a negative one (Muratova et al., 2025). While this example illustrates the argument, it implicitly poses the question: if globalization as such is too big of a concept to analyze on a macro level – what about political or social globalization? Are they detailed enough?

These considerations bring along two further aspects: First, if a macro level analysis is not detailed enough, what is its analytic value? Second, what is the right level for analyzing political risk and globalization? The answer this thesis finds to these questions is that the correct level of analysis depends on the research question and the researcher’s perspective. Before this aspect is further elaborated in the next section, an ontological consideration is still to be made.

Not only the research question and the level of analysis depend on the researcher’s perspective but also ontological aspects – be it explicitly or implicitly. The ontological foundations – as the most basic layer of an understanding of the world – have implications for how central concepts are understood. This is highly relevant insofar as the conceptualization of the rela-

tionship of political risk and globalization depends on the understanding of politics in general as well as globalization as such. In a comprehensive understanding of politics, processes of globalization – notwithstanding its definition or scope – cannot be thought as unpolitical. Thus, there cannot be a concept of globalization without a political component and there cannot be political processes isolated from a bigger political picture of which globalization processes are constitutive.

One cannot be thought without the other. That is why in the end, the perception of risk related to globalization cannot be thought without a political component. And the perception of political risk cannot be thought without considering globalization. However, it depends on how risk is formulated in the context of an analysis to see whether the political component is acknowledged or rendered visible.

The next section will disclose further theoretical implications. It will do so by coming back to the question of the level of analysis.

7.2 Theoretical Implications

It has been argued above that the level of analysis – meaning the question whether it makes sense in an analysis to talk about globalization and political risk as such or whether it should be operationalized using composed indices – depends on the research question and perspective. Nevertheless, the question of scope and level of the concepts comes with the need of backing them with a certain degree of theoretical context in order to render the choice of scope comprehensible. Two remarks on the theoretical integration of the concept of globalization are to be made with regard to these considerations.

7.2.1 Globalization's theoretical integration

Referring to what has been said about its ontological integration, globalization is referred to in structurally different ways. It can be seen or defined as an independent, external phenomenon that increases interdependence. In this view it would be seen actually *as phenomenon sui generis* that can be grasped empirically, a view that has been contested in this thesis referencing different theoretical approaches.

In a second perspective, globalization *consists in* the increasing interdependence. This process of increasing (or decreasing) interdependence is what is at the heart of the concept. While in the first perspective it is seen as a phenomenon, in this view it refers to a process.

A third approach would conceive of globalization not as the process itself but would acknowledge that ‘globalization’ is *constructed in the process of articulation* and labeling. This illustrates the ontological range from a positivist to a constructivist logic. Articles concerned with globalization can most likely be located on this continuum – independently of whether they actually locate themselves or not.

A similar view is adopted by Braun and Fischer when they open their article saying: ‘In the last decade, globalisation has led to an increased interdependence of economic activities, supply relationships and logistics processes around the globe’ (Braun and Fischer, 2018, p. 397). In several papers such statements have been made without further reference to a theoretical context. Another example is an article’s abstract starting: ‘In today’s increasingly globalized world, foreign direct investment (FDI) is a hotbed for discussion. Numerous studies have been undertaken regarding FDI, its determinants and benefits, but very few works provide importance to the effect of political risk on the inflow of FDI’ (Gobinda Goswami and Haider, 2014). This latter text is an example for the use of globalization for setting the scene for the further research. On one hand, there is no need for more theoretical context if globalization is used as buzz word or backdrop. On the other hand the question remains whether it does more good or harm to the complex notion of globalization to be utilized in such a plain way.

The conclusion drawn in this thesis is that such a complex and contested concept as globalization – if part of an analysis – (1) needs to be broken down to a level where actual interrelations can be stated and (2) has to be theoretically contextualized. Otherwise there is a risk that ineligible inferences are made by generalizing from an under-theorized concept or by transferring from a factor-level to an aggregate level. Further, without proper contextualization the risk increases for an eclectic use of the term that weakens it in the long term.

7.2.2 Political risk

Political risk, like globalization, is a dimension that is hard to grasp in conceptual terms. Accordingly, the threefold ontological remarks made on globalization can be transferred to it: Political risk can be seen as an empirical *phenomenon*, it can consist in the *process* of risk per-

ception or it can be seen as *constructed* in the process of articulation. The first perspective perceives of political risk as an obvious fact that can be empirically observed and measured. The second one parts from the existence of political processes and environments while it finds political risk as dependent on (managerial or scholarly) perception. The third approach attributes a political dimension to the articulation of political risk as well as to the context and the way in which it is articulated. This latter approach will be referred to at the end of this section while the others directly play a role in the actual research as will be argued now.

Many of the papers part from an understanding of political risk that can be located in the range of the first and the second approach, meaning that it is seen as somehow evident and measurable which expresses in the cited indices. Or, conversely, the indices are used due to the fact that there is no obvious, uncontested way of measuring political risk. In such an ambiguous environment, indices provide a possibility to increase comparability and reproducibility while reducing the risk for biased results – note that indices themselves are constructed and can be biased. However, an imprecise use of indices bears the risk of simplification when reducing complex relations to a small number of factors and the question of validity when a factor is measured that may not actually be related to the research question or the phenomenon under scrutiny.

Another theoretical implication is the concept's translation into reality. This implies the question whether political risk is an objective phenomenon or not. If this was the case, there would be a clear translation from politics (environment, process, ...) to risk and from risk to effect or action. However, such a naive causal chain is hardly found in the literature as risk is usually conceptualized as something intangible. In this case, the question arises of how an intangible concept materializes or translates into empirical effects that actually have an impact on a company or an industry. This gap is partly bridge by the already mentioned managerial perception that strips political risk of an objective character and moves it to another level. However, a materialization of political risk in the action following such a managerial perception shifts the question of how political risk translates to the background instead of solving it.

Another aspect concerns the factors and indices that operationalize political risk or that are used as its proxies. Besides the aspects already discussed like comparability on one and validity on the other side, combining and reducing phenomena to measurable factors simultaneously has implications on a theoretical level. It reduces the embeddedness into an overarching construct and will thus lead to a loss in contextualization and connectivity with regard to big-

ger concepts. Thus, a balance has to be found between the perspectives on how political risk can be conceived of that have been brought forward in the introduction of this section.

As has been shown in this discussion of the results from the systematic literature review, the question for the relationship between concepts of political risk and globalization in international business has theoretical implications for the two main concepts. Both are theoretically loaded which implies that, when applied in an article, they need at least some attention put on their meaning and context. At least some basic contextualization helps understand the author's implicit assumptions and thus increases the quality of the paper. This is especially useful when applying concepts that rely on the interplay of different levels – from factor-level to a macro-level.

7.3 Remaining Research Gaps

This thesis has tried to contribute to the literature on political risk in International Business by analyzing its relationship with globalization. This has been achieved by conducting an SLR, presenting the results by creating a typology of relationship types and discussing the results as well as theoretical consideration drawn from the results. These considerations have been forged and enriched by relating the research results back to the literature introduced in advance.

In the course of this undertaking, a further research gap has been identified. This alleged gap concerns the concept of political risk in relation with globalization. Not in a sense of relationship, as in this thesis, but in a sense of providing a more solid theoretical foundation for an understanding of political risk in relation with a notion of globalization that is in itself also conceived of in a political way. Such an enhancement of political risk that can be extended down to the factor-level provides a more comprehensive understanding of the concept itself and of its relation with globalization. Formulated this way, political risk can be more than a metric measuring isolated factors without further contextualization.

Additionally, qualitative research can help to draw a more comprehensible picture. Methods provided by approaches from sociology or political science like discourse analysis or methods from the rich toolbox of practice theory can provide alternative perspectives that can also serve as starting point for further economic research.

After these recommendations, the thesis' own limitations will be discussed before the final conclusion is drawn.

7.4 Limitations of the SLR

There are a couple of methodological limitations to this thesis. The literature about the method of systematic literature review recommends the cooperation of at least two scholars with the goal of minimizing researchers' bias and achieving a more objective outcome (Kraus et al., 2020, p. 1035). In the process of conducting the search and the analysis of the results it has turned out that there are in fact many decisions that are not easy to take alone. There are several steps and decisions that are guided by literature on the methodology or where recommendations like what databases to use or what basic exclusion criteria to apply can be transferred to the process. But decisions linked to the specific area of research and the concrete research question cannot and must not follow general guidelines as the particularities have to be taken into account. One of the aspects that cannot be treated following a general protocol is the exclusion of articles by title or abstract. This is one of the main potential sources of bias – especially when conducting the research alone. In this case it would be helpful to have several scholars evaluate the results and discuss their opinion independently before looking deeper into the full article where necessary. The same applies to the development of the typology as potential source of bias.

Another aspect poses a different kind of limitation: The exclusion of articles that are not written in English enhances the research's reproducibility while simultaneously excluding potentially relevant contributions. However, this limitation may be mitigated in the near future as the rapid progress of different AI related tools like generative large language models or agentic AI will provide the possibility of fast and reliable translations.

The limitations of the search string have already been discussed above but one aspect is worth mentioning in the context of what has been discussed in the previous section. In the light of a diverging understanding and labeling of aspects and factors that can be relevant for political risk, narrowing the search string down to a focus on what is actually labeled as *political risk* may imply that relevant neighboring aspects might stay out of scope. However, the decision can be justified by the general fuzziness of the field where a limitation of the search is necessary. By focusing on political risk as such the tradeoff between inclusion and reproducibility has been estimated to be acceptable.

8 Conclusion

Political risk and globalization are two widely used concepts in international business. However, their relationship has not been studied systematically and comprehensively. The main contribution of this thesis lies in categorizing and classifying relevant articles found in two scientific databases from the last 15 years, starting 2011. The thesis offers a systematic literature review on the papers included in the corpus. The research question guiding the review is: What is the relationship between concepts of political risk and globalization from an international business perspective? A sub-question has been formulated to emphasize the focus on the methodological choice of conducting an SLR: How is this relationship addressed in the literature?

Systematic literature review is a well established method that allows to analyze a field of research and identify central concepts (Kraus et al., 2020). In this thesis, 41 articles have been reviewed after going through a thorough evaluation of the initial search results. After analyzing the papers, a typology of five different types of relationship between political risk and globalization has been created. However, to find evidence for the type of relationship stated in an article it is neither necessary for the article to explicitly define or describe the relationship explicitly nor has the relationship to be part of the research question. Information about the perspective on the relationship between the two concepts was only mentioned implicitly in a couple of papers.

The categories show that the relationship is multifaceted. It consists of mutual influence of the main concepts as well as of a combined influence of both on international business and its respective units of analysis. Globalization has been found in the literature to have an effect on political risk (category 1) and vice versa (category 2). Additionally, globalization can be split into multiple factors that can have one common or several different effects on political risk (category 3). Both concepts can also influence international business in a parallel or a synergistic way (category 4). In some cases, both concepts are addressed without stating a relationship (category 5). Finally, these categories have been combined into a model that answers the research question by showing that the relationship between concepts of political risk and globalization is complex and diverse and characterized by mutual influence and interdependence.

There are several implications to these results on a theoretical as well as a methodological level. Theoretically can be stated, that the way they are used in the corpus, both political risk

and especially globalization are hardly backed by an actual theoretical framework. While in many cases political risk is derived from existing literature, in some cases this foundation does not rely on a solid conceptual basis but is rather built eclectically. Apparently, globalization is often used as backdrop to the research without extensive integration. This culminates in but is not limited to category 5 (no relationship). Thus, the main theoretical implication is that both concepts should be built thoroughly on a solid theoretical foundation when referred to in scientific research.

Method-wise, almost all papers use quantitative approaches. Therefore, the key aspect for valid results is a stringent operationalization. However, such complex, multifaceted, and contested concepts like political risk and globalization are hard to grasp and general statements are difficult. The use of indices that has been observed in several articles for one or both concepts provides the possibility of producing comparable results. But the indices are neither exhaustive nor uncontested. Thus, the integration of qualitative methods could help get a more nuanced picture of the two complex phenomena.

This theoretical and methodological implications are also valid for practitioners. Too simple deductions on a too high level of globalization and political risk may lead to a biased or incomplete evaluation. As has been seen in the example of the effect of globalization on political risk that changes direction when reaching a certain turning point (Lee et al., 2023), both concepts have to be broken down to multiple interconnected factors in order to get more reliable results. An aspect that is especially interesting for practitioners is that risk relies mainly on perception. Thus, an evaluation of risk should not be conducted based on too simplistic concepts but it should perceive of them as integrated in a broader context and as intrinsically interconnected.

There are limitations to the results that are implied in the methodological approach used in the course of the thesis. Firstly, a systematic literature reviewed – despite being designed to provide transparency and reproducibility – cannot achieve fully objective results. The researcher will always have a bias in one or another direction. If the research is done alone, as it is the case in this SLR due to its nature as master's thesis, the corrective effect of working as a team cannot be used.

Apart from the researcher's own bias, the area of research and especially the field of the concept of political risk is contested and does imply factors like different understanding, la-

beling, and contextualization of what has been treated here as political risk. This aspect of a not-unitary understanding of the concept makes it difficult to retrieve relevant literature and synthesize results. In order to counter this limitation, the decisions made in the process of searching the databases and excluding articles has been made transparent.

As for future research the thesis has suggested to approach the concepts of political risk and globalization in a comprehensive and, method-wise, interdisciplinary way. A further suggestion would be to engage the political process itself that results in political risk and the role companies play – actively or passively – in this process. This could lead to questions like: How do companies engage in political processes and what does that mean for their perception of risk? How do they influence such political processes actively or passively? Such an approach would shift the focus from MNEs as managers of external risks to companies as subjects of political processes and actors in the context of a multifaceted process of globalization.

9 Literature

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10 Appendix

Table 2: Result Structure – Web of Science. Own illustration.

Web of Science				
Publication Type	Research Areas (*BUSINESS*)	Title/Abstract scanned/read	Article Scanned/read	Count
B	Business			6
	Not Business			20
C	Business			103
	Not Business			74
J	Business	relevant?	not globalization	4
			not political risk	22
			relevant!	32
			not int business	254
		not political risk		41
	Not Business			842
S	Business			7
	Not Business			14
TOTAL				1419

Table 3: Result Structure – Scopus. Own illustration.

Scopus						
DOUBLE	Language	Document Type	Publication Stage	Title/Abstract scanned/read	Article Scanned/read	Count
DOUBLE	Afrikaans	Article	Final			1
		Article	Article in press			37
	English		Final			798
		Book chapter	Final			24
		Conference paper	Final			27
		Editorial	Final			8
		Letter	Final			1
		Note	Article in press			1
			Final			17
		Retracted	Final			5
		Review	Article in press			6
			Final			98
		Short survey	Final			2
	Russian	Article	Final			1
	DOUBLE Sum					1026
NOT DOUBLE	Arabic	Article	Final			1
	Azerbaijani	Article	Final			2
	Bosnian	Article	Final			2
	Chinese	Article	Final			36

		Review	Final		4
	Czech	Article	Final		1
		Review	Final		1
	English	Article	Article in press		2
			Final	relevant?	7
				not available	5
				not int business	4
				not globalization	18
				not political risk	9
				relevant!	270
				not int business	32
				not political risk	216
		Book	Final		465
		Book chapter	Final		104
		Conference paper	Final		6
		Conference review	Final		9
		Editorial	Final		5
		Erratum	Final		5
		Note	Final		1
		Retracted	Final		30
		Review	Final	not int business	2
				not political risk	17
	French	Article	Final		1
		Book chapter	Final		2
		Review	Final		1
		Short survey	Final		1
	German	Article	Final		6
		Review	Final		1
	Greek	Article	Final		1
	Indonesian	Article	Final		1
	Italian	Article	Final		7
		Review	Final		2
	Japanese	Article	Final		1
	Korean	Article	Final		1
	Lithuanian	Article	Final		1
	Polish	Article	Final		3
	Portuguese	Article	Final		10
	Russian	Article	Final		42
		Review	Final		2
	Slovak	Article	Final		1
	Spanish	Article	Final		26
		Review	Final		1
	Turkish	Article	Final		3
	Ukrainian	Article	Final		2
		Review	Final		1
	undefined	Book	Final		1
		Review	Article in press		1
	NOT DOUBLE Sum				1372
	TOTAL				2398