

KRYSTYNA PALONKA-PULIKOWSKA

AKADEMIA NAUK STOSOWANYCH WSGE

IM. A. DE GASPERI W JÓZEFOWIE

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**GEOPOLITICS - GROWING IMPACT ON
COMPANY MANAGEMENT DECISIONS**

***GEOPOLITYKA – ROSNĄCY WPŁYW NA
DECYZJE ZARZĄDCZE PRZEDSIĘBIORSTW***



STRESZCZENIE

Współczesna geopolityka coraz silniej wpływa na funkcjonowanie gospodarki światowej, a decyzje ekonomiczne są w coraz większym stopniu podporządkowywane interesom politycznym i strategicznym państw. Można wręcz mówić o stopniowym zastępowaniu dominującego przez ostatnie dekady paradygmatu globalizacji przez geopolityczne podejście do relacji międzynarodowych. Tradycyjnie geopolityka koncentrowała się na znaczeniu położenia geograficznego, granic państw, szlaków morskich oraz obszarów o znaczeniu strategicznym. Współcześnie jej zakres został znacznie rozszerzony i obejmuje również zależności gospodarcze, finansowe i technologiczne. Szczególnego znaczenia nabrała geoeconomia, która wykorzystuje instrumenty ekonomiczne do realizacji celów politycznych i geopolitycznych.

Ostatnie lata charakteryzują się wyjątkową niestabilnością wynikającą z nakładających się kryzysów: pandemii, wysokiej inflacji, kryzysu kosztów życia, konfliktów zbrojnych oraz rosnących napięć handlowych. Jednocześnie świat doświadcza głębokich przemian demograficznych, środowiskowych i technologicznych, w tym dynamicznego rozwoju sztucznej inteligencji i finansów cyfrowych. Procesom tym towarzyszy przechodzenie od dotychczasowego ładu międzynarodowego w kierunku bardziej fragmentarycznego i wielobiegunowego systemu, w którym szczególne znaczenie ma rywalizacja gospodarcza i technologiczna Stanów Zjednoczonych i Chin.

Realizacja celów geopolitycznych i geoeconomicznych odbywa się m.in. poprzez sankcje, ograniczenia handlowe, embargo oraz kontrolę eksportu i importu. Instrumenty te wpływają zarówno na gospodarki państw, jak i na funkcjonowanie przedsiębiorstw, ograniczając dostęp do rynków, surowców, technologii i kapitału. Wzajemne powiązania gospodarcze sprawiają jednak, że działania te mają często charakter obustronny i generują koszty również dla państw stosujących ograniczenia. W konsekwencji rosnący wpływ decyzji politycznych na gospodarkę i działalność przedsiębiorstw prowadzi do zasadniczego pytania o granice funkcjonowania współczesnej gospodarki rynkowej.

SŁOWA KLUCZOWE

geopolityka, geoeconomia, gospodarka światowa, minerały ziem rzadkich

ABSTRACT

Contemporary geopolitics is increasingly shaping the functioning of the global economy, while economic decisions are becoming progressively subordinated to political and strategic considerations. This development may be interpreted as a gradual shift from the globalization paradigm that dominated previous decades towards a more geopolitically driven international order. Traditionally, geopolitics focused on the importance of geographical location, national borders, maritime routes and strategically significant territories. Today, its scope has expanded to include economic, financial and technological interdependencies. In this context, geoeconomics has become an important subfield of geopolitics, using economic instruments to achieve political and strategic objectives.

The global economy has experienced exceptional volatility in recent years as a result of overlapping crises, including the COVID-19 pandemic, high inflation, the cost-of-living crisis, armed conflicts and increasing trade tensions. At the same time, the world is undergoing profound demographic, environmental and technological transformations, including the rapid development of artificial intelligence and digital finance. These processes are accompanied by a transition from the previous international order towards a more fragmented and multipolar system, in which economic, technological and political competition between the United States and China is of particular importance.

Geopolitical and geoeconomic objectives can be pursued through various economic instruments, including sanctions, trade restrictions, embargoes and export and import controls. Such measures affect both national economies and individual companies by limiting access to markets, resources, technologies and capital. However, strong economic interdependencies make these actions complex and often reciprocal, generating costs for both the targeted and sanctioning economies. Consequently, the growing influence of government decisions on economic activity and corporate strategies raises a fundamental question about the changing nature and limits of the contemporary market economy.

KEYWORDS

geopolitics, geoeconomics, global economy, rare earths

INTRODUCTION

The contemporary business environment is increasingly shaped by geopolitical developments. Economic decisions that were previously determined primarily by market conditions, cost efficiency, and competitive pressures are now increasingly influenced by political relations, international conflicts, trade restrictions, sanctions, technological competition, and the strategic interests of states. This reflects a broader transformation of the international economic environment, in which the traditional logic of globalization is increasingly accompanied by geopolitical and geoeconomic considerations^[1].

The significance of these developments has become particularly visible in recent years. The COVID-19 pandemic, armed conflicts, inflation, instability in energy markets, trade tensions, and disruptions to international supply chains have substantially increased uncertainty surrounding the activities of enterprises. At the same time, demographic, environmental, and technological transformations, including the rapid development of artificial intelligence and digital technologies, have created new forms of interdependence and new sources of risk. Competition between major powers, particularly the United States and China, increasingly extends beyond traditional political and military relations to include trade, technology, finance, strategic resources, and industrial policy^[2].

Geopolitical developments should therefore be considered not only in terms of their political or macroeconomic consequences, but also as an important element of the contemporary business environment. Decisions taken by governments concerning sanctions, export controls, trade restrictions, strategic resources, and energy policy may directly affect the availability and prices of raw materials, access to markets and technologies, transportation

^[1] Clayton, C., Maggiori, M., & Schreger, J. (2026, June). *Understanding geoeconomics in a volatile world*. Finance & Development. International Monetary Fund. <https://www.imf.org/en/publications/fandd/issues/2026/06/understanding-geoeconomics-in-a-volatile-world-matteo-maggiori>

^[2] Mumssen, C. (2026, July 15). *Adapting the IMF to a changing world*. International Monetary Fund. <https://www.imf.org/en/news/articles/2026/07/15/sp071526-adapting-the-imf-to-a-changing-world>

routes, and the stability of supply chains. Consequently, geopolitical conditions increasingly influence procurement, logistics, investment, internationalisation, production planning, and other areas of managerial decision-making. The growing involvement of governments in economic activity also means that corporate strategies can no longer be considered independently of the wider geopolitical environment^[3].

These changes are particularly significant for enterprises whose operations depend on international supply chains, foreign markets, strategic resources, or advanced technologies. The concentration of the extraction, production, and processing of critical resources may create vulnerabilities extending beyond individual companies and affecting entire industries. The importance of strategic resources is particularly evident in the case of rare earth elements, where the concentration of production and processing creates potential points of dependence within global supply chains. At the same time, growing competition in artificial intelligence and the development of sovereign AI initiatives demonstrate that technological dependence is becoming an increasingly important economic and strategic consideration^[4].

From the perspective of management, geopolitical uncertainty therefore affects decisions at different organisational levels. Strategic decisions concerning investment, international operations, market development, and long-term organisational development increasingly require consideration of geopolitical conditions and potential disruptions. At the operational and tactical levels, managers must respond to challenges related to supply stability, logistics costs, procurement, cybersecurity, energy prices, and rapidly changing market conditions. Geopolitical risk is consequently becoming an element that needs

^[3] Sankar, A. (2025, October 16). Implications of geopolitical tensions for international business: Strategic insights for boards. SSRN. <https://doi.org/10.2139/ssrn.6668702>

^[4] Yakubu, D. (2026). Critical minerals supply chains and U.S. national security: The geopolitical vulnerability of West African sourcing in the Gulf of Guinea. *International Journal of Multidisciplinary Futuristic Development*, 7(1), 43–48. <https://doi.org/10.54660/IJMFD.2026.7.1.43-48>

to be incorporated into both short-term operational decisions and longer-term strategic planning^[5].

Against this background, this chapter examines the growing significance of geopolitical and geoeconomic factors for contemporary enterprises and managerial decision-making. Particular attention is given to the main areas in which geopolitical developments affect business activity, including international trade, supply chains, strategic resources, energy, technology and artificial intelligence, as well as the strategic and operational dimensions of management. The chapter also presents selected examples illustrating how enterprises respond to changing geopolitical conditions and how these conditions influence their decisions concerning procurement, logistics, pricing, market activity, investment, and organisational development.

The discussion proceeds from the broader transformation of the international geopolitical and economic environment towards its consequences for enterprises and managerial practice. It considers both the risks associated with geopolitical uncertainty and the opportunities that may arise for organisations capable of adapting their strategies and operations to changing conditions. Particular importance is therefore attached to flexibility, diversification, resilience, scenario planning, risk management, and the development of reliable relationships with business partners.

The central argument developed in this chapter is that geopolitical uncertainty is becoming a structural feature of the contemporary business environment rather than merely a temporary external disturbance. As a consequence, the traditional emphasis on efficiency and cost minimisation is increasingly being complemented by considerations of security, resilience, flexibility, and strategic adaptability. Contemporary managers are required not only to respond to immediate disruptions but also to anticipate potential changes, assess alternative scenarios, and integrate geopolitical considerations into organisational

^[5] Calefariu Giol, E., Panazan, O., & Gheorghe, C. (2025). Cyber, geopolitical, and financial risks in rare earth markets: Drivers of market volatility. *Risks*, 13(3), 46. <https://doi.org/10.3390/risks13030046>

decision-making. In this context, the ability to combine short-term operational continuity with long-term strategic resilience becomes an increasingly important condition for the sustainable functioning and competitiveness of enterprises.

GEOPOLITICS – CONTEMPORARY UNDERSTANDING

Geopolitics is replacing globalization as the world's governing philosophy, and economic decisions are increasingly subordinated to geopolitical calculations. Growing geopolitical rivalry is reducing development and creating uncertainty that weakens trade and investment prospects^[6].

A broad traditional understanding of the word can be found from the beginning of the 20th century (exactly 1916) and is defined in *The New Encyclopedia Britannica*^[7]. It refers to the term as the *analysis of geographic influences on power relationships in international politics*. The term became widespread at a time when it was employed to promote the interests of nations or ideologies. Primarily, it stressed the importance of national borders, sea routes, and strategically important land areas. Contemporary understanding of the term has developed through political science and economics. We can consider different aspects of it separately, while still keeping in mind their interdependence. Geoeconomics, a subdiscipline of geopolitics, is a significant part of it and was described in greater detail at the end of the so-called Cold War. Researchers believed that the coming decades would be based on competition within the global economy between superpowers.

Important economic aspects of globalization became increasingly influential and started to be used in diplomacy and international politics in the form of various types of trade restrictions, embargoes, or sanctions. Ideology

^[6] International Monetary Fund, *Recent statement of IMF experts*, 31.07.2026, e-mail: content@updates.imf.org

^[7] Encyclopaedia Britannica, Inc. (1986). *The new Encyclopaedia Britannica* (15th ed., Vol. 5). Encyclopaedia Britannica, Inc.

has now been replaced by global economic rivalry, in which trade, finance, technological dominance, and standards play a superior role.

The global economy is changing in profound ways. Over the past several years, we have lived through a rapid succession of major shocks—the pandemic, a cost-of-living crisis, escalating trade frictions, and wars in Ukraine and the Middle East. Global inflation peaked at close to 9.5 percent in 2022, and roughly four-fifths of the world's central banks were tightening monetary policy concurrently.

At the same time, the world is undergoing major transformations. Demographically, advanced economies and many emerging markets are aging rapidly, while Africa and South Asia are experiencing a demographic explosion. On current projections, the average age of the world's population will rise by eleven years between 2020 and the end of this century. Environmentally, climate change continues to intensify, and extreme weather events are becoming more frequent. Technologically, artificial intelligence and digital finance are advancing at a speed few of us anticipated. And geopolitically, the post-war global order is giving way to a more fragmented, multipolar world. Economic and political competition between the USA and China is of significant importance^[8].

Geopolitics, geoeconomics, and contemporary civilizational challenges require consideration of the relationship between geopolitics and its impact on economic processes and the functioning of international institutions. Exceptional volatility during the last 20 years requires specific attention.

In this context, the question arises: How can geopolitical or geoeconomic goals be achieved?

There are various ways to achieve political, geopolitical, and geoeconomic goals, meaning to enforce one's will or exercise power. Recent well-known examples include sanctions, restrictions, and export and import controls^[9].

^[8] Mumssen, C. (2026, July 15). *Adapting the IMF to a changing world*. International Monetary Fund. <https://www.imf.org/en/news/articles/2026/07/15/sp071526-adapting-the-imf-to-a-changing-world>

^[9] Frieden, J. A. (2026, June). The cost of geoeconomic coercion. *Finance & Development*, 63(2), 30–33. <https://doi.org/10.5089/9798229034937.022.A010>

As a result, such measures can limit the opportunities of companies in a given country and, consequently, affect the strength of its economy.

There are mutual investments and financial ties between countries that make the enforcement of such decisions quite complex and reciprocal. For example, Russia is a large market. When companies cannot sell to the Russian market, they forgo profit opportunities, jobs, and other opportunities that could be created in other parts of the economy. They are also restricting their access to lower-cost products from other countries. In economic terms, restricting economic activity for political purposes may move a country away from its comparative advantage^[10].

Eventually, attempts to achieve political or economic goals may also lead to armed conflict.

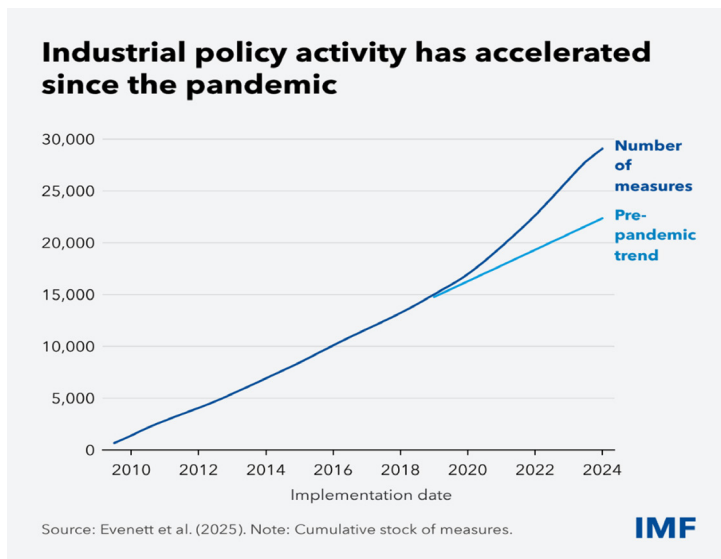
SITUATION OF 2020 DECADE – EXPANDING GLOBAL TENSIONS, MAJOR ISSUES

Of first importance is the growing influence of government decisions on the country's economy and corporate decisions^[11]. Some economists simply raise the question: *Are we still in a market economy?* This phenomenon is monitored by the IMF through calculations of government decisions strictly directed towards the country's economy.

^[10] The Economist. (2026, July 15). *How to make AI safe—and lessen dependence on America and China*. <https://www.economist.com/leaders/2026/07/15/how-to-make-ai-safe-and-lesser-dependence-on-america-and-china>

^[11] Jakubik, A., Jaumotte, F., Pienknagura, S., & Ruta, M. (2026, May 28). *Industrial policy is adapting to crises, but remains hard to implement effectively*. International Monetary Fund. <https://www.imf.org/en/blogs/articles/2026/05/28/industrial-policy-is-adapting-to-crises-but-remains-hard-to-implement-effectively>

The IMF calculation is presented in the graph below^[12].



The graph presents how many different measures (instruments) have been taken by governments to influence the country's economy.

GEOGRAPHICAL LOCATION is another important factor influencing a country's economy. The restrictions resulting from political instability and wars, as well as strategic locations such as Hormuz, Malacca, Suez, Bosphorus, and Panama, provide good grounds for imposing political decisions having consequences for business. The war in Ukraine is having a similar impact on Poland's economy.

NATURAL RESOURCES. Access to strategic minerals, including rare earth elements, as well as strategic resources such as oil and gas, provides another important factor that can be used as *playing cards*. A very good example is China's access to and control over the mining and processing of rare earth elements, as presented in the graphs below.

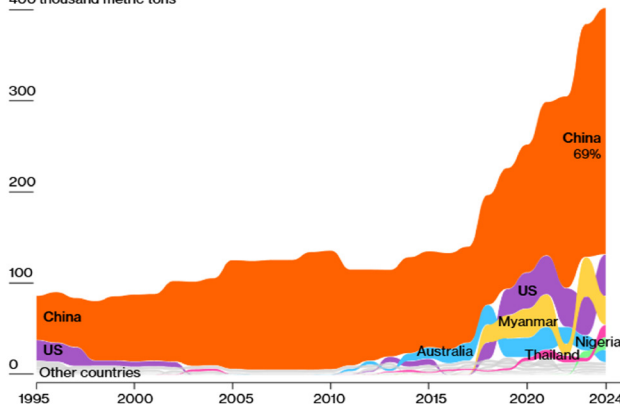
^[12] The Economist. (2026, June 21). *China is having another AI moment*. <https://www.economist.com/china/2026/06/21/china-is-having-another-ai-moment>

Graph: Geopolitics of rare earths^[13]

China Dominates Mined Production of Rare Earths

It was responsible for almost 70% of global output in 2024

400 thousand metric tons

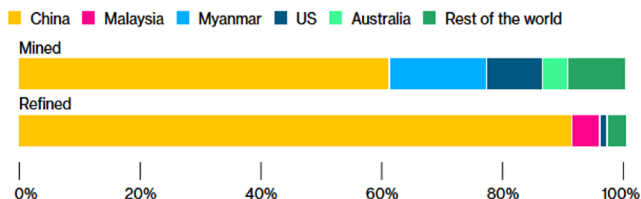


Source: US Geological Survey

China dominates the manufacturing of intermediate goods that use critical materials as inputs, such as silicon wafers, rare earth permanent magnets, LEDs, and battery materials. These intermediate manufacturing sectors create an additional layer of chokepoints, which Beijing is targeting in its most recent export controls, including outside of China.

China Dominates the Supply of Rare Earths

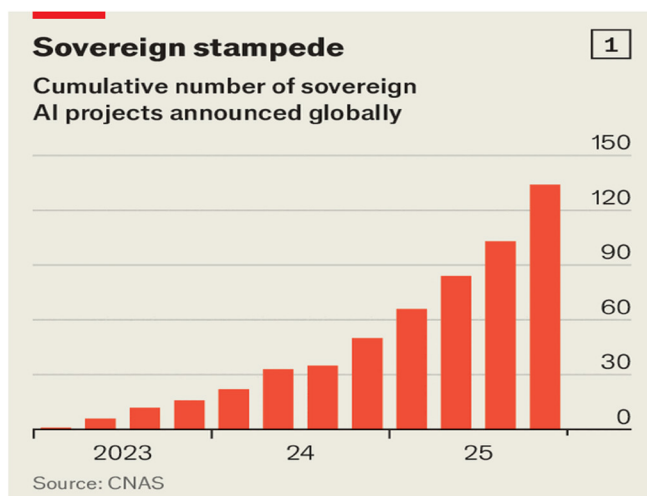
Share of 2024 global mined and refined production of magnet rare earths — neodymium, praseodymium, dysprosium and terbium



Source: International Energy Agency

^[13] Martin, M. (2026, June 18). *Europe wants AI in manufacturing before its workforce retires*. Bloomberg. <https://www.bloomberg.com/news/newsletters/2026-06-18/europe-wants-ai-in-manufacturing-before-i>

TECHNOLOGY development, including the application of AI, and competition among leading powers are becoming one of the dominant phenomena of recent decades. The risk of cyber threats is becoming one of the most important determinants of business decisions. Technologies created by leading IT companies are also drawing increasing attention from governments. This forces governments to cooperate with leading companies, thus creating public-private projects. They are presented below as sovereign projects.



Caught between the world's two AI superpowers, governments are increasingly pinning their hopes on *sovereign AI*: the idea that countries should limit their dependence on foreign providers of AI by actively developing domestic AI firms and infrastructure. Announcements of such initiatives are proliferating^[14]. Two congressional committees are currently investigating American tech firms for using Chinese models. Chinese AI labs face other limitations: a shortage of computing power means they often experience service interruptions or slowdowns during periods of high traffic. As the AI

^[14] The Economist. (2026, July 15). *How to make AI safe—and lessen dependence on America and China*. <https://www.economist.com/leaders/2026/07/15/how-to-make-ai-safe-and-lesser-dependence-on-america-and-china>

race speeds up, regulators everywhere will be faced with new challenges to safety and security^[15].

Other important issues of geopolitics in the first quarter of the 21st century are:

- INFRASTRUCTURE AND TRADE ROUTES – stability of supply chains;
- DEMOGRAPHY AND MIGRATION (internal and international);
- POLITICAL TENSIONS (wars, internal political instability);
- COMPETITION AMONG GREAT POWERS (USA–China, EU, Russia).

MANAGEMENT CHALLENGES – FIELDS OF RESEARCH

Geopolitics and geoeconomics were the domain of analysts, strategists, and politicians. Today, they are becoming real factors influencing everyday business decisions. Manufacturing companies, distributors, importers, and exporters must consider much more than just the competitiveness of the offer or the quality of the product.

Recent years have shown very clearly that geopolitics, or in fact geopolitical risk, is one of the fundamental economic problems for companies. Different weight, but not importance, is given when we consider:

- TACTICAL DECISIONS – SHORT-TERM OPERATIONAL – at stake are supply stability, operational risk, logistics costs, and even cybersecurity.
- STRATEGIC DECISIONS require much more responsibility and a broader perspective – they refer to future development and investment decisions, including international operations:
 - Strategic Analysis: Assessing how a country's location affects its safety, or how landlocked nations rely on neighbours.

^[15] The Economist. (2026, June 21). *China is having another AI moment*. <https://www.economist.com/china/2026/06/21/china-is-having-another-ai-moment>

- Resource Competition: The *geopolitics of energy* refers to how nations compete for control over oil, natural gas, or rare earth minerals.
- International Relations: Analysing how superpowers (like the US) interact with other regions (like Eurasia) to maintain balance or influence.
- Economic Impact: *Geopolitical risk* is used in FINANCE to describe how political instability or conflict can affect global markets and trade routes.

Decisions of big global, medium-sized, and small companies depend on the size, scale of activity, and industry. Major tasks are: strategy, medium-term planning, instant actions, and human resources management.

COMPANIES' RESPONSE^[16]

There is a variety of forums, meetings, and conferences where issues of contemporary geopolitics and geoeconomics are discussed. Depending on the industry and the position of participants, the conclusions are different. Companies' response relies on the position of managers. There is, of course, a different responsibility for a strategic manager (investments, for example) and a different level of decision-making for a tactical manager (acquisition or selling, for example), as well as the scale of a company (local, regional, global dimension). There are some conclusions appear to be globally accepted.

It is a time of chaos in which a new order and new rules of the game must crystallize. The unipolar world is over. The European political class is stuck in the lethargy of the past; it has no idea and no will to act for the future. The life cycle of an empire is inexorable. Europe cannot continue to live with the glory of the nineteenth and twentieth centuries. Geopolitical conditions have a huge impact on the functioning and profitability of a business.

^[16] Klimkiewicz, K. (2025, October 13). *Wpływ geopolityki na biznes B2B*. Business Centre Club. <https://www.bcc.org.pl/wpływ-geopolityki-na-biznes-b2b/>

Disrupted or lengthening supply chains, combined with higher costs, have a huge impact on production and commercial planning, inventory, and sales. The war in Ukraine, trade tensions between the US and China, and uncertainty around energy policy have caused a domino effect that is hitting the raw material and energy-intensive industries particularly hard.

It has changed the directions of export and import of many products, limited the availability of some raw materials, and increased transport costs. Companies from certain countries are becoming more dependent on their own production and on regional partners. Energy policy and energy prices are becoming critical for energy-intensive industries. Demography and migration have a huge impact on production planning. The issue of supply chain security is becoming crucial in many cases.

Strengthening key brands and increasing the scale of efficient distribution and high recognition of changing markets are becoming more significant. One issue that is very much focused on is flexibility and increasing the variety of offers. The company must play *multiple pianos*. It has to take care of the local market, but it must conquer new international markets. A strategy based on diversification, i.e. *standing on several legs*, gives companies greater resilience to economic and political fluctuations. Companies need to operate multi-vector. The local customer is very important and can be the basis of the company's security for today. However, if a company wants to develop, it must look for potential markets more widely.

Transformation in times of uncertainty is a paradox – on the one hand, a risk, and on the other, a necessity. *Better times* may not come.

RECOMMENDED SCENARIOS:

Build flexible purchasing and logistics models, hedge prices with futures contracts, invest in data analytics and quick decision-making, and maintain the trust of partners – because the stability of the supplier is becoming more important than the lowest price today. Increased sales and the scale effect are very good moves.

Companies must adapt to changing geopolitical conditions. This requires flexible thinking and action, as well as higher margins, better product quality, and better service for an increasingly demanding customer. Uncertainty forces flexibility. Companies increasingly understand that transformation is not a project, but a way of functioning. Economic and political volatility forces us to react faster, in smaller steps, but continuously. Transformation requires two things: courage and realism. The courage not to be afraid to invest, and the realism to do it wisely, based on data, not emotions.

Regardless of the industry or the scale of operations, cooperation is the foundation of a healthy business. No company can function in complete isolation, and good relations with local and foreign partners often open the way to new ideas, products, or markets.

In times of geopolitical uncertainty, such relations become even more important. They can become a bridge to quickly adapt to change and move activities to more stable regions. In specific cases, active participation in business organizations, both local and international, works very well. It is not only a source of knowledge and inspiration, but also real support in building a network of contacts and looking for new development opportunities.

EXAMPLES – CASE STUDIES

GLOBALS – SMART TRADERS are strong and courageous enough to challenge government decisions and an uncertain environment^[17].

Amazon uses closer China supply ties to counter tariffs.

Amazon's warehousing hub in Shenzhen (China) streamlines shipping for Chinese sellers, cutting costs and delays amid rising competition and tariffs,

^[17] The Economist. (2026, July 15). *How to make AI safe—and lessen dependence on America and China*. <https://www.economist.com/leaders/2026/07/15/how-to-make-ai-safe-and-lesser-dependence-on-america-and-china>

while creating a partnership with a local partner^[18]. As one of the first sellers to test Amazon's Global Warehousing and Distribution (GWD) facility, the US giant's new model for an *all-in-one* logistics hub, Chen, a Chinese partner, has seen his shipping cycle slashed from an unpredictable two – to four-week period to as short as three days since joining the initiative.

Microsoft has built a big business selling AI models to Chinese companies despite the growing rivalry between the US and China. Social media and AI giant ByteDance has generally been Microsoft's biggest AI customer in recent years, largely using OpenAI models, according to people familiar with the matter. Other Chinese tech firms, such as Ant Group, Meituan, and Tencent, are also said to be significant spenders on models via Microsoft's Azure cloud service.

MEDIUM-SIZED INTERNATIONAL OPERATOR (name not disclosed) confessed that it is deeply affected by government decisions and geopolitical disturbances.

On the side of acquisitions, they face decisions recently announced by supply partners (quote from the document): *Please consider the temporary supply chain surcharge 5%. The current raw material prices cannot be reliably calculated in the medium and long term. We are very concerned about the current events in the Middle East. It is not possible to say at this point how the situation on the raw materials and procurement market will develop.*

On the side of sales decisions, last week the following information was announced to clients: "With our offer prices we assure you of a price validity of 3 weeks.

The ongoing geopolitical tensions in the Middle East, especially the war in Iran, have predicted sharp and sudden increases in raw materials, energy and transport costs in recent months. Together with our suppliers we have tried to absorb these cost increases for as long as possible. However, due to the scale and the speed of these developments, it is no longer possible to fully

^[18] Amazon. (2026, April 9). *Introducing Global Warehousing & Distribution – now available in Shenzhen, China*. Amazon Seller Forums. <https://sellercentral.amazon.com/seller-forums/discussions/t/91f2bda1-ff49-456e-9319-9b61058c7c03>

absorb these extraordinary costs. As of June 1, we will therefore temporarily increase our prices by 4.5%.”

SMALL LOCAL BUSINESS (name not disclosed) – manager and owner reflections:

- Future is not certain.
- We are amassing bigger stocks of inventories, which influences financial liquidity.

Behind-the-scenes agreements with trusted business partners are inevitable, despite the classical *market play*.

MANAGER'S DECISIONS ARE CHARACTERISED BY the dimension of the company and its position within the country's economy. Most of them face, however:

- Uncertainty
- the threat of unexpected events
- growing responsibility

Supply chains are now organized by security and not by costs.

A company would be considered OK if its dependency ratio on a particular country did not exceed 15 per cent of its total operations.

CONCLUSIONS – WHAT ARE THE OUTCOMES OF THE RECENT SITUATION?

The recent geopolitical and geoeconomic developments have significantly altered the conditions under which companies operate, creating a business environment characterized by increased uncertainty, volatility, and structural change. One of the most immediate consequences is substantial volatility in the prices and availability of raw materials, fertilizers, energy, and freight services. Armed conflicts have redirected international trade flows, restricted

access to selected raw materials, and increased transportation costs. These developments can rapidly undermine the assumptions underlying an entire production or trading cycle, particularly for companies operating on low margins or without adequate contractual protection.

A second major outcome is the emergence of a new geography of international trade. Growing tensions between the United States and China, together with the restructuring of global supply chains, are changing traditional trade routes and sources of supply. Europe, in particular, is becoming increasingly dependent on domestic production and regional partners. This transformation affects not only the geographical location of business activities but also the way companies manage supplier relationships. Diversification of suppliers, regionalization of supply chains, and the development of strong and reliable business relationships are becoming essential elements of organizational resilience.

Energy has also become a strategic rather than merely operational factor. Energy prices and energy policies are increasingly critical for energy-intensive industries, where profitability and competitiveness may depend directly on the cost of natural gas, energy efficiency, and access to renewable energy sources. Consequently, energy management must increasingly be incorporated into both strategic planning and operational decision-making.

These developments generate significant risks, but they also create opportunities for organizations capable of anticipating change and managing alternative scenarios. Companies can strengthen their resilience by developing flexible purchasing and logistics models, using futures contracts and other mechanisms to hedge price risks, investing in data analytics and rapid decision-making capabilities, and maintaining strong relationships with suppliers and other business partners. In an increasingly unstable environment, supplier reliability and financial stability may become more important than achieving the lowest possible purchase price at a particular moment.

The long-term implications of these developments extend beyond individual markets and companies. Almost every economic policy creates both winners and losers, and restricting a firm's access to a foreign market inevitably imposes economic costs on that firm. At the same time, the absence

of a global government capable of consistently enforcing international rules raises fundamental questions about the effectiveness of the contemporary international economic order. In this environment, geopolitical and geoeconomic uncertainty becomes not only a matter for governments and international institutions but also a direct managerial challenge.

The responsibilities of managers therefore extend across different levels of decision-making. Strategic decisions determine the long-term direction and resilience of an organization, while tactical decisions made by lower-level managers determine how effectively the organization responds to rapidly changing circumstances on a daily basis. As emphasized by McKinsey research^[19], successful transformation begins with a compelling vision; however, strategic transformation cannot be implemented without the parallel engagement of managers responsible for operational and tactical decisions. The ability to translate strategic objectives into timely operational responses is particularly important in an environment shaped by geopolitical tensions, supply-chain disruptions, energy uncertainty, and changing regulatory conditions.

Ultimately, contemporary geopolitical and geoeconomic transformations require a new understanding of managerial responsibility. Managers must simultaneously consider short-term operational continuity and long-term strategic resilience. Their role increasingly involves scenario planning, risk management, rapid adaptation, stakeholder relationship management, and the ability to make decisions despite incomplete and constantly changing information. In this context, organizational competitiveness depends not only on efficiency and cost minimization but also on flexibility, resilience, strategic foresight, and the capacity to transform geopolitical uncertainty into informed managerial action.

^[19] Alex Panas, Becca Coggins, personal communication, 2026, e-mail: Alex_Panas@McKinsey.com; Becca_Coggins@McKinsey.com

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