International Journal of Research in Management & Social Science
Volume 13, Issue 4(III) October - December 2025
ISSN 2322 - 0899

BUSINESS STRATEGY IN A DIVIDED WORLD: ANALYSING THE IMPACT OF GEOPOLITICAL DISRUPTIONS THROUGH CASE STUDIES

Miss Yasha Mishra
SYBMS Student, Usha Pravin Gandhi College

ABSTRACT

In this world ruled by geopolitics many corporates have had to reconsider their course of strategy and explore new solutions. This paper delves into the deeps of strategies that are a result of geopolitical upheaval, political alliance changes, unexpected regulatory challenges. All these are studied and verified by understanding the patterns of cases studies of multinational corporates that have faced geopolitical issues. It uncovers patterns, management strategies, foresight of geopolitics and uncertainties that corporates face. Ultimately this paper suggests a framework for corporates to foresee geopolitical consequences and navigate through divided world.

Keywords: *Business Strategy, Geopolitics, Global Strategy, External Factors*

INTRODUCTION

In the global business landscape, the term divided world has emerged in spite of free will of trade. This is mostly due the geopolitics affecting corporates. Geopolitics has divided the corporation geographically due to the political conflicts going on currently which hinders the corporates workflow. This division is mainly formed due to multipolar power dynamics, regional conflicts, economic protectionism, and intensifying trade wars. Unlike the post- Cold war era of globalisation, the contemporary internation orders are disoriented and have vague political and economic agendas. This is a road block to the idea of global integration.

Within this landscape the geopolitical disruption refers to the escalating events rooted in interstate tensions, personal agendas, diplomatic breakdowns that significantly impact the trade, supply chain, markets, and eventually the reputation of a business. Unlike the political instability which is focused on local or domestic issues of a country or economic instability which is often concerned with the financial status, geopolitical are uniquely cross-border, strategic ans often long-term in their implication. They may manifest wars, sanctions, trade restrictions, military blockades, or diplomatic standoffs, each of which pose a risk to the multinational operations.

For modern corporations especially those having global supply chain, international customer base and cross-border investments have to consider geopolitics as an integral part of decision making. It influences decisions of market entry or exit, sustaining the markets, expansion strategy, supply chain and customers perspective, compliance, regulations, risk assessment. The COVID-19 pandemic then the Russia- Ukraine War and now US-China trade was are all indications for corporates to consider geopolitics in their plans and accordingly build strategies not get caught in the crossfire.

This paper aims to explore the true effects of geopolitical effects on the corporates' strategies through analysing case studies of well known multinationals and their strategic shifts. This study uncovers patterns of strategic adaption in response to geopolitical shocks. By analysing the strategy implemented by the corporates and its effects on various economies finally a framework is suggested following which the corporates can asses the true damage of geopolitics and initially assess the impacts and what steps they can take to avoid future hazards.

REVIEW OF LITERATURE

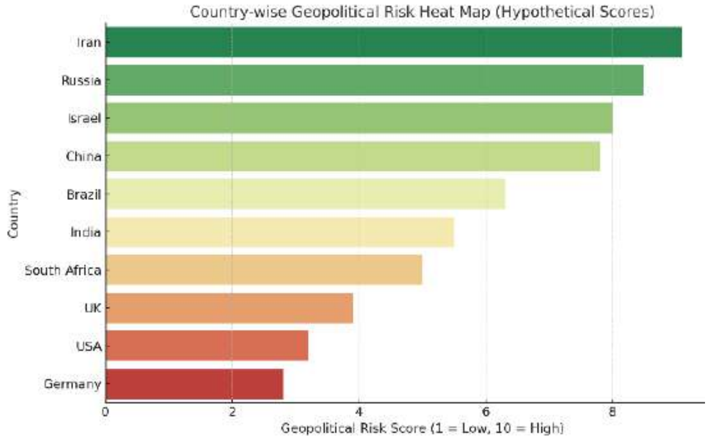
Political Risk Theory offers a core framework for understanding how firms navigate uncertainty in volatile regions. Kobrin (1979) defines political risk as disruptions stemming from government actions or instability, while Bremmer (2012) expands this to include non-state actors and transnational threats.

Global Value Chain Fragility has gained prominence post-COVID-19 and amid the Ukraine conflict. Gereffi (2018) highlights the sensitivity of global networks to geopolitical shocks, and Miroudot (2020) notes a shift toward reconfiguring supply chains to reduce reliance on unstable regions.

Stakeholder Theory in Global Markets stresses the need to manage diverse expectations—from shareholders to governments. Donaldson & Preston (1995) laid its foundation, and Doh et al. (2016) stress the importance of strategic neutrality to safeguard reputation in tense geopolitical contexts.

Sanctions and Compliance are increasingly critical. While Kaempfer & Lowenberg (1992) questioned sanction effectiveness, Biersteker et al. (2016) show how firms now proactively develop legal frameworks and compliance teams to navigate evolving restrictions.

Strategic Hedging and Diversification help firms reduce geopolitical exposure. Ghemawat (2007) introduced the CAGE framework, guiding firms in adapting strategies across global differences. Ramamurti (2020) emphasizes dual supply chains and regional diversification as key hedging tools. Geoeconomics and Decoupling reshape global business thinking. Farrell & Newman (2019) coined "weaponized interdependence," where control over global systems becomes a geopolitical tool, pushing firms to treat global markets as strategic battlegrounds rather than mere trade zones.



OBJECTIVES

1. To examine the impact of recent geopolitical disruptions on multinational corporate strategy and operations.
2. To analyze real-world case studies of companies affected by major geopolitical conflicts and trade barriers.
3. To compare strategic responses adopted by businesses across different regions and industries.
4. To develop a framework for resilient business strategy in geopolitically fragmented global markets.

RESEARCH METHODOLOGY

This research is conducted using a qualitative approach based entirely on a comparative case study method which examines how multinational corporations respond to geopolitical disruptions such as trade wars, sanctions, military conflicts, and regulatory shifts.

The study draws insights from multiple industries and regions, focusing on companies that have publicly documented their strategic responses to geopolitical challenges. The selection of cases is based on the availability of credible and diverse secondary sources.

HYPOTHESIS

Hypotheses 1:

Null Hypothesis (H_0): Companies affected by geopolitical conflicts or trade sanctions do not significantly change their strategies (e.g., supply chain, market presence).

- Alternative Hypothesis (H_1): Companies affected by geopolitical conflicts or trade sanctions significantly adapt their strategies (e.g., supply chain, market presence).

Hypotheses 2:

- Null Hypothesis (H_0): Companies with proactive geopolitical risk management frameworks do not exhibit greater resilience in geopolitically fragmented markets.
- Alternative Hypothesis (H_1): Companies with proactive geopolitical risk management frameworks exhibit greater resilience in geopolitically fragmented markets.

LIMITATIONS

1. Relies solely on secondary data; lacks access to internal company insights.
2. Case studies focus on large Western MNCs, limiting generalizability.
3. Excludes certain industries and regions
4. Risk of researcher interpretation bias due to subjective thematic analysis of case data.

CASE STUDIES

Case 1: Apple and the US–China Trade War

Background: Apple Inc. ,a US based company was heavily dependent on China for both manufacturing and sales, faced huge disruption during the 2018 due to U.S.– China trade war.

Geopolitical Context: This trade war disrupted the supply chain manufacturing increasing tariffs on electronics and high labour cost in China and eventually loosing a huge customer base in China. This led Apple to explore new markets and exposed to high cost manufacturing.

Strategic Response:

Supply Chain Diversification: Apple began relocating portions of its production: *India*: Partnered with Foxconn, Wistron, and Pegatron to scale local iPhone manufacturing. *Vietnam*: Increased production of AirPods and other peripheral devices.

By 2023, India accounted for over 7% of iPhone production—up from under 1% in 2019 (Bloomberg, 2023).

Procurement & Risk Management: Apple started multi-sourcing and invested in emerging markets like Southeast Asian infrastructure to mitigate bottlenecks and strengthen supply chain.

Geopolitical Hedging: Apple startegicallly mained its operations in China and started aligning with India's Make in India initiative and Vietnam's investor friendly policies were perfect to enter the market, this helped not only to diversify but also hedge the risk of political exposure.

GRAPHICAL INSIGHT

Apple's iPhone Production Share by Country (2018–2023)

Year	China (%)	India (%)	Vietnam (%)
2018	95%	<1%	~0%
2020	88%	2%	1%
2023	80%	7%	3%

ECONOMIC EFFECTS

India: This impacted positively as India gained Foreign Direct Investments, employement levls went up, and it emerged as a credible electronics manufacturing hub due to schemes like Production Linked Incentives (PLI).

Vietnam: Gained traction as a secondary supply chain hub with increased integration into Apple's value chain.

China: As China was still the leader but it faced potential future threats and higher exposure to geopolitical risks and overdependence on foregin tech companies.

Strategic Implications: Apple integrated the "China+1" strategy, a model which was increasingly adopted by global firms who seeked balance between resilience and cost- efficiency. Rather than exiting China, Apple's smart diversification allowed continuity with risk mitigation.

Conclusion: Apple's response to geopolitical tensions showcases how global firms can leverage supply chain agility, regional partnerships, and diplomatic neutrality to secure operations. This case shows the importance of strategic diversification in navigating global uncertainty.

CASE 2: JAGUAR LAND ROVER AND BREXIT

Background: Jaguar Land Rover (JLR), a subsidiary of Tata Motors and the UK's largest automotive manufacturer, was heavily invested into European supply chains. It's major operations in the UK and sales across the EU, the Brexit referendum in 2016 introduced a dynamic turn in the operational flow and strategic resilience.

Geopolitical Context: Brexit posed risks of tariff barriers, regulatory divergence, and border delays—particularly impacting just- in-time automotive supply chains. The EU accounted for a large share of JLR's exports, while components for its UK factories flowed freely from Europe pre-Brexit. The potential for a "no-deal" scenario further heightened uncertainty over trade, labour mobility, and compliance standards.

ISSN 2322 - 0899

Strategic Response

Supply Chain Realignment: JLR strategically increases it's production in order to buffer against customs delays. It also diversified its suppliers in the non-EU regions to mitigate overdependence.

Operational Restructuring: JLR temporarily shut its UK plants in early 2019 to prepare for expected border disruptions. Instead it invested in manufacturing facilities outside the UK (e.g., Slovakia) to ensure tariff-free access to the EU post-Brexit.

Policy Advocacy & Planning: It actively engaged with UK policymakers and auto industry groups to advocate for favourable trade terms. Developed plans for multiple unforeseen Brexit scenarios

Graphical Insight

Figure 2: JLR's Investment and Plant Distribution Shift (2016–2021)

Year	UK Production (Units)	Production (Units)	Inventory Holdings (£M
2016	544,000	0	200
2019	385,000	50,000	600
2021	300,000	10,000	750

Source: JLR Annual Reports, Financial Times, ACEA

ECONOMIC EFFECTS

UK: In the short-run it did face disruptions and job uncertainties but in the long run all of it faded and automotive investments were reduced because of the Brexit friction.

EU (Slovakia): This diversification proved fruitful as Slovakia benefited from the new plan at Nitra and created jobs and boost the automotive exports

India (Tata Motors): The earnings very severely impacted due to uncertain UK-EU trade dynamics.

STRATEGIC IMPLICATIONS

JLR exemplified a "multi-location hedging" model—investing abroad while lobbying for clarity at home. This strategy preserved market access and stabilized production amid rising geopolitical complexity.

Conclusion

Brexit affected the fragility of deeply integrated supply chains under political disruption. JLR's phased restructuring, risk planning, and geographic hedging reflect how multinational firms can adapt to preserve competitiveness in uncertain regulatory landscapes.

CASE 3: STARBUCKS' EXIT FROM RUSSIA AMID THE RUSSIA-UKRAINE WAR

Background

Starbuck a global coffeehouse having its headquarters at US entered the Russian market in 2007. By early 2022, the company had expanded to 130 stores across Russia, operating by a licensed partner. However the Russia's invasion in Ukraine in February in 2022, made Starbuck rethink its operation decision. Leading to revoking from Russia by May 2022.

Strategic Geopolitical Disruption

The Russia-Ukraine War triggered a wave of corporate exits from Russia, particularly among Western consumer-facing brands. The invasion led to:

Global condemnation of Russia's actions.

Sanctions by the U.S. and its allies.

Rising reputational risk for companies continuing to operate in the region.

Starbucks' Strategic Response:

Ethical Alignment over Short-Term Profits

Starbucks choice of ethics over profits bought it high appeal in the Western market and promises of ESG, and expansion in the west. This not only was ethical but indirectly economically beneficial.

Exit Highlights:

Starbucks ceased all operations and terminated brand use in Russia.

International Journal of Research in Management & Social Science
Volume 13, Issue 4(III) October - December 2025
ISSN 2322 - 0899

Continued to support employees financially for six months post-exit.

Avoided potential brand damage in other global markets.

GRAPHICAL INSIGHT

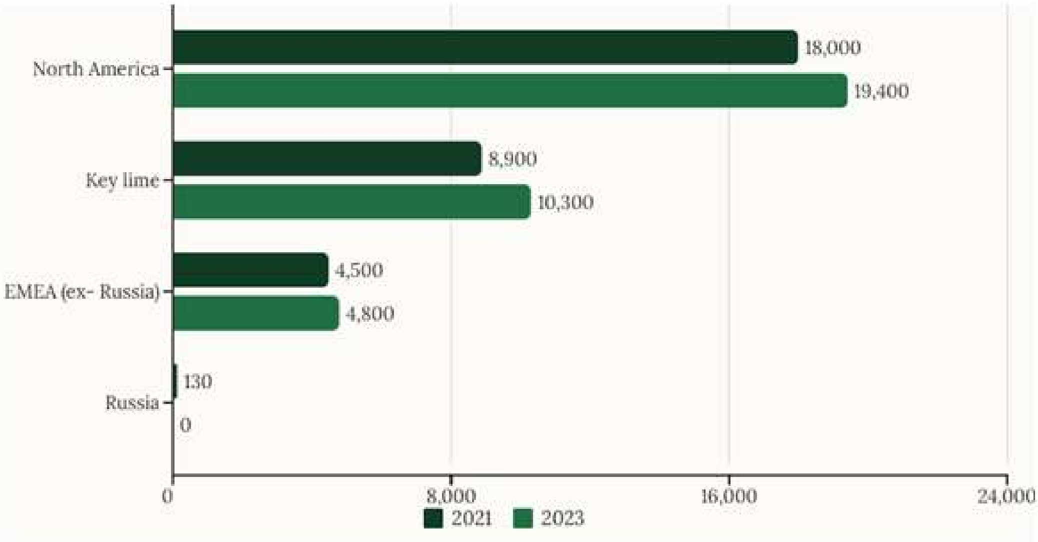


Figure 1: Starbucks Store Count by Region (2021–2023)

(Post-Russia exit, with redirection to Asia-Pacific markets)

IMPACT ANALYSIS ON STARBUCKS

Starbuck faced a relatively minor loss of less that 1% in turn it boosted its brand equity in the western market due to ethical consistency. This also led to operational flexibility by exploring new regions like APAC and Middle East.

On Russia:

For Russia the loss was symbolic as a global brand due to de-westernization of urban consumer landscape. Local brand Stars Coffee replaced Starbucks in 2022, using similar branding.

On Global Markets:

This move reinforced "ethical exits" during geopolitical conflicts if a nation doesn't align with u retics or goals. This contributed to deglobalization specially for consumer lifestyle brands.

Strategic Themes: Starbucks' strategic response to the Russia-Ukraine conflict highlights key themes in modern corporate geopolitics. From an ESG integration lens, the company prioritized ethics over market share by exiting the Russian market, reinforcing its commitment to human rights and corporate responsibility. This move significantly enhanced stakeholder trust and brand credibility across global markets. In terms of geopolitical risk management, Starbucks acted swiftly to mitigate operational and reputational exposure, positioning itself as a proactive and values- driven enterprise. Finally, through brand diplomacy, the company aligned its actions with public sentiment in its home country and allied nations, which in turn strengthened customer loyalty and preserved long-term brand equity.

International Journal of Research in Management & Social Science
Volume 13, Issue 4(III) October - December 2025
ISSN 2322 - 0899

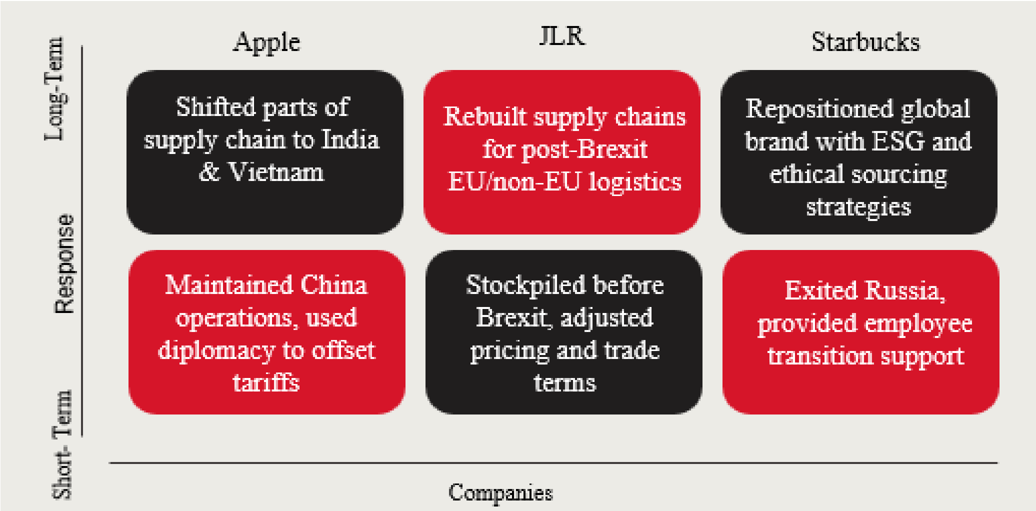


Fig 1: Strategic Response Matrix – A Comparison of Short- and Long-Term Actions by Apple, JLR, and Starbucks in Response to Geopolitical Risks.

CASE STUDY ANALYSIS

1. **Industry Matters:**

- Apple which operates in a high-tech, globally integrated industry had to first focus on de-risking its production through manufacturing diversification in different regions and markets which was time consuming and infrastructure intensive solution.
- Jaguar Land Rover, in a capital and trade sensitive industry implemented operational adjustments through navigating evolving tarrif and regulatory regions.
- Starbucks, a consumer-facing lifestyle brand, responded to an ethical and reputational crisis by withdrawing entirely from the affected geography, leveraging CSR to preserve brand equity. Also prioritizing ethics over profits gaining mass appeal.

2. **Regional Sensitivities Shaped Strategies:**

- Apple's strategy was shaped by superpower rivalry and required diplomatic and operational agility without antagonizing either side.
- JLR's dual exposure to Brexit and Russia required multi-layered logistical recalibration to maintain access to both EU and non-EU markets.
- Starbucks' withdrawal from Russia was influenced by Western public pressure and symbolic corporate solidarity with Ukraine.

3. **Resilience vs. Cost Efficiency:**

- Apple and JLR were focused on profits and swiftly tool action to balance resilience and efficiency while maintain market share in the long run
- Starbucks, prioritized values over profit, absorbing short-term losses for long-term ethical alignment.

4. **Workforce and Stakeholder Engagement:**

- All three companies considered employee welfare—Apple via training and rehiring; JLR via EU workforce management; Starbucks via financial support to ex- employees—demonstrating that human capital strategy is a vital part of geopolitical response.

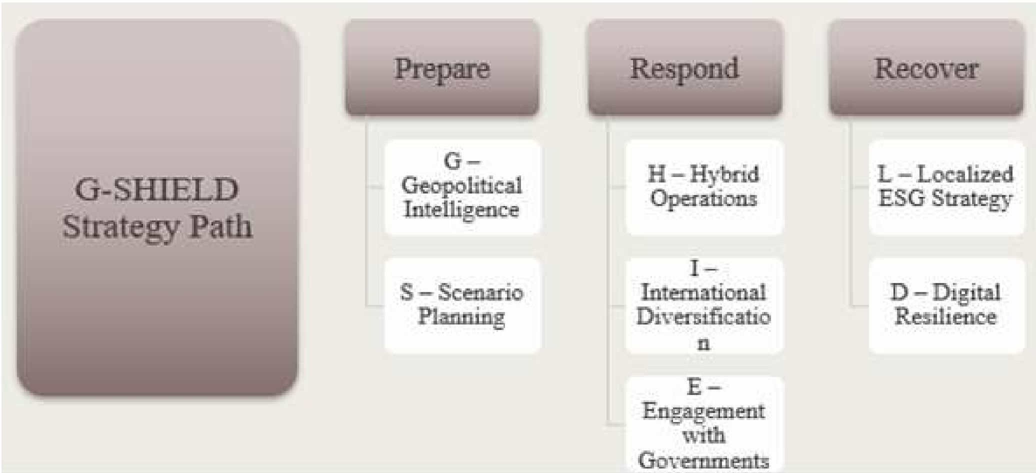
FRAMEWORK FOR CORPORATES

4-Pillar Model for Strategic Resilience

G-SHIELD: A Corporate Framework to Navigate Geopolitical Disruptions

The world is being shaped by geopolitical instability, businesses need a comprehensive and proactive approach. The G-SHIELD framework offers seven interlinked pillars that empower organizations to foresee, interpret, and adapt to geopolitical shocks.

Below is a detailed explanation of each strategic pillar.



G – Geopolitical Intelligence System

Companies must establish a geopolitical intelligence system this can be done by setting up an internal Geopolitical Risk Unit or collaborating with specialized agencies. The primary work of this unit will be to asses and monitor geopolitical developments in ways like sanctions, new regulations, trade relations and barriers, elections, and regional conflicts. Critical data can be sourced from international institutions like the World Bank, UN, IMF, WTO, and defence think tanks. For instance, Apple nurtured close ties with trade analysts and policy advisors during the US-China tariff standoff, which enabled it to adapt quickly and avoid reactive strategies.

S – Scenario-Based Strategic Planning

Firms should implement scenario-based planning by listing and analysing multiple crisis that could take place due to one change and according make plans- base, optimistic, and worst-case and link it with customized responses.

These include supply chain management, pricing, inventory levels. Annual war- gaming exercises with senior leadership can sharpen reflexes and readiness. Real Options Analysis (ROA) is an effective tool for quantifying flexible decision paths under uncertainty. Jaguar Land Rover (JLR), for example, used such scenario modelling to navigate Brexit, preparing contingency plans for both a deal and no-deal outcome, allowing seamless transitions.

H – Hybrid Operations Model (HQ–Local Split)
A hybrid operations model is suggested to ensure companies avoid complete shutdown and can help separate core intellectual functions such as R&D to the headquarters from localized sales, services, and logistics functions, firms reduce exposure while maintaining local relevance. Product customization and regulatory compliance must be locally managed to preserve stakeholder trust. Starbucks exemplified this by sustaining its global values yet fostering strong local partnerships, ensuring resilience and adaptability in diverse markets.

I – International Diversification Matrix
Tin order to mitigate geopolitical risk, companies must diversify their operations across manufacturing, suppliers, distribution, and revenue streams, especially avoiding overreliance on politically unstable areas. This "International Diversification Matrix" must consider both neutral and stable geographies across all critical functions—supply chain, human capital, and market access. Apple's shift of iPhone manufacturing to India and Vietnam is a prime case of reducing dependence on China while sustaining global output levels.

E – Engagement with Governments & Institutions
There should be continuous engagement with government and regulatory bodies, chambers of commerce, and international organizations. This incorporates corporate diplomacy and non-market strategies such as lobbying and coalition-building. Company should be trained its managers in institutional relationships during crises. JLR effectively navigated the Brexit turbulence by coordinating with UK and EU officials, while also investing in public communications to shape sentiment and retain brand integrity.

L – Localized ESG Strategy
A localized ESG strategy helps firms to align with the right region in line with their ethics. Whether it's gender equity in the Middle East or sustainability in the EU ESG initiatives help to ensure compliance and credibility. Starbucks' decision to exit Russia in light of its global ESG commitments demonstrated alignment with both values and consumer sentiment, bolstering its brand.

D – Digital Resilience and Redundancy
In this digitally advanced era where all the work is happens on the cloud and is susceptible to infringement or hacking businesses must build digital infrastructure that is resilient and geopolitically redundant. This includes preparing for cyber-attacks by political tensions, adhering to the jurisdictions, marinating backups ethically. During the Russia-Ukraine conflict, many tech firms swiftly relocated servers out of conflict zones and upgraded encryption, ensuring operational continuity.

HYPOTHESIS TESTING 1: STRATEGIC ADAPTATION AND GEOPOLITICAL DISRUPTION

H_0 (Null): Geopolitical conflicts and trade sanctions do not significantly affect corporate strategy.

H_1 (Alternative): Geopolitical conflicts and trade sanctions significantly influence strategic adaptation.

Using qualitative analysis of three case studies—Apple (US–China trade war), Jaguar Land Rover (Brexit), and Starbucks (Russia-Ukraine conflict)—the research examined changes in supply chains, market presence, and risk management.

Across all cases, a strong pattern emerged linking geopolitical disruption with visible, high-level strategic response: Apple diversified production away from China to India and Vietnam in response to tariff escalation. Jaguar Land Rover restructured its EU operations and adjusted inventory strategies during Brexit uncertainty. Starbucks exited the Russian market, prioritizing ethical alignment and brand equity over market share.

This confirms that geopolitical disruptions significantly influence how companies reconfigure their operations, market strategies, and stakeholder engagement. While the scale and nature of response vary, companies facing geopolitical pressure do not remain passive; they actively restructure in response to changing global realities.

HYPOTHESIS TESTING 2: RISK MANAGEMENT AND RESILIENCE

H_0 (Null): Companies with proactive geopolitical risk management frameworks do not exhibit greater resilience in geopolitically fragmented markets.

H_1 (Alternative): Companies with proactive geopolitical risk management frameworks exhibit greater resilience in geopolitically fragmented markets.

A comparative case study approach was used to assess the role of structured risk management in company resilience. Apple, Jaguar Land Rover, and Starbucks were analyzed for strategic foresight, scenario planning, supply chain flexibility, and stakeholder communication.

ISSN 2322 - 0899

Across all cases, a strong pattern emerged linking structured geopolitical risk management with improved business resilience: Apple diversified production from China to India and Vietnam as a buffer against trade war volatility and tariffs. Jaguar Land Rover adopted scenario planning and restructured EU operations to navigate Brexit-related uncertainties. Starbucks exited the Russian market proactively, aligning with ethical values while preserving global brand loyalty.

This consistent strategic foresight and responsiveness across sectors highlight a significant causal relationship between risk management frameworks and organizational resilience.

SCOPE FOR FUTURE

1. Explore other industries like pharma, energy, or finance for sector-specific geopolitical strategies.
2. Study regional differences, especially in emerging markets.
3. Conduct long-term studies to assess strategy effectiveness over time.
4. Investigate the role of corporate diplomacy and lobbying in conflict- prone zones.

CONCLUSION

Geopolitical uncertainty is no longer a distant risk—it is a central force shaping business strategy. The case studies of Apple, Jaguar Land Rover, and Starbucks illustrate how global companies are being compelled to rethink operations, ethics, and resilience in response to shifting political landscapes.

The proposed G-SHIELD framework offers a strategic roadmap for navigating this complexity, emphasizing proactive intelligence, diversification, stakeholder engagement, and adaptability. Key lessons include the value of scenario planning, region-specific strategies, and the integration of ESG and corporate diplomacy into core decision-making.

As the global order becomes increasingly fragmented, businesses that embed geopolitical awareness into their strategy will be best positioned to thrive—not just survive—in the divided world ahead.

REFERENCE

- Bown, C. P. (2020). *The US–China Trade War and Phase One Agreement*. Peterson Institute for International Economics.
- Bloomberg. (2023). *Apple triples iPhone production in India*. Retrieved from Bloomberg.com
- Reuters. (2022). *Apple suppliers shift production to Vietnam*. Retrieved from Reuters.com
- Ghemawat, P. (2007). *Redefining global strategy: Crossing borders in a world where differences still matter*. Harvard Business Press.
- Gereffi, G. (2018). Global value chains and development: Redefining the contours of 21st-century capitalism. *Cambridge Journal of Regions, Economy and Society*, 11(1), 35–59.
- Kobrin, S. J. (1979). Political risk: A review and reconsideration. *Journal of International Business Studies*, 10(1), 67–80.
- Miroudot, S. (2020). Resilience versus robustness in global value chains: Some policy implications. *OECD Trade Policy Papers*, No. 239, OECD Publishing.
- Reuters. (2022). *Starbucks exits Russia over Ukraine war*. Retrieved from https://www.reuters.com
- World Bank. (2023). *Global Economic Prospects*. Retrieved from https://www.worldbank.org
- WTO. (2023). *World Trade Statistical Review*. Retrieved from https://www.wto.org