



The Return of History: Geopolitics and Corporate Strategy

In 1992, political scientist Francis Fukuyama published *The End of History and the Last Man*, a work that captured the optimism of the post–Cold War era. Fukuyama argued that with the collapse of the Soviet Union, liberal democracy and market capitalism had effectively won the ideological battle of the twentieth century, representing the “end point of mankind’s ideological evolution” and suggesting a global world order converging toward democracy, globalized free markets, and reduced systemic conflict.

Three decades later, and with missiles and drones striking targets in Russia, Ukraine and more recently the Middle East, the geopolitical landscape looks markedly different. Intensifying strategic competition between major powers, the resurgence of industrial policy, and the fragmentation of global supply chains have revived the role of geopolitics in shaping economic outcomes. According to [research from Cornell University](#), being far from settled, the global political order in fact remains both dynamic and contested

For corporate leaders and financial institutions, this shift carries profound implications. The assumption that globalization would operate within a stable liberal economic order, an implicit foundation of many corporate strategies since the 1990s, is increasingly under strain. Geopolitical tensions now influence everything from technology supply chains and regulatory policy to energy markets and capital allocation decisions.

In effect, the return of geopolitical competition is forcing businesses to reconsider one of the central assumptions of the globalization era: that politics had largely receded from economic strategy. Instead, geopolitics is reasserting itself as a central driver of corporate risk and opportunity.

The End of “Stable Globalization”

For nearly three decades following the Cold War, globalization operated under a broad assumption of political stability. International trade expanded rapidly, supply chains became increasingly globalized, and firms optimized production around efficiency and cost reduction. However, the past decade has demonstrated the fragility of that model.

Armed conflict, sanctions regimes, trade wars, technological decoupling, and state-sponsored cyber operations have become persistent features of the global landscape. Geopolitical instability is no longer an occasional disruption but an enduring condition shaping the global business environment.

According to **research conducted by the Oxford Saïd Business School**, geopolitical instability is now the top concern for corporate leaders globally, with roughly three-quarters of senior executives identifying it as the most significant risk facing their organizations.

Similarly, **academic research** demonstrates the growing economic consequences of geopolitical tension. A study published in *Systems Journal* found that rising geopolitical risk can significantly reduce corporate profitability, particularly for firms with high exposure to international markets.

In short, geopolitics has moved from the background of corporate planning to the foreground of strategic risk management.

Business Impact

Geopolitical developments affect corporate performance through several interconnected mechanisms.

Operational Disruption

The most immediate impact of geopolitical instability often comes through operational disruption. Armed conflict, political unrest, and diplomatic crises can interrupt production, disrupt logistics networks, and force companies to suspend operations in key markets.

Modern supply chains depend on complex global infrastructure, from shipping lanes to energy networks, that can be rapidly disrupted by geopolitical events. The recent closure of the Straits of Hormuz has led to a surge in the oil price while causing sudden spikes in logistics costs and delivery times, forcing companies to redesign transportation networks almost overnight.

For multinational firms, operational resilience increasingly depends on the ability to anticipate geopolitical shocks and diversify operations in response.

Supply Chain Vulnerability

Global supply chains were built to maximize efficiency through specialization and geographic concentration. While this model has substantial cost advantages, it has also created systemic vulnerabilities.

Geopolitical tensions can quickly disrupt cross-border trade through tariffs, export controls, sanctions, or infrastructure disruptions. Research examining global production networks shows that disruptions affecting a small number of strategically important firms can cascade across entire supply chains, amplifying economic shocks across industries. As a result, companies are increasingly rethinking supply chain architecture. Concepts such as **near-shoring, friend-shoring, and multi-regional sourcing strategies** are gaining traction as firms attempt to balance efficiency with resilience.

Corporate Case Study: Apple and the “China Plus One” Strategy

One of the clearest examples of geopolitics reshaping corporate strategy can be seen in the evolving supply chain strategy of Apple. For decades, Apple relied heavily on manufacturing partners in China, creating one of the most efficient electronics supply chains ever developed. However, rising geopolitical tensions between the United States and China, combined with pandemic-era disruptions, exposed the risks of concentrating production within a single geopolitical environment.

In response, Apple has begun shifting portions of its production capacity to countries such as India and Vietnam. Analysts increasingly describe this shift as a **“China Plus One” Strategy**, designed to reduce geopolitical exposure and maintain access to key manufacturing ecosystems.

The move illustrates how geopolitical considerations are now directly shaping supply chain architecture, even for the world’s most valuable technology companies.

Financial and Market Volatility

Geopolitical shocks also influence corporate financial performance through their impact on global markets. Periods of geopolitical tension frequently trigger volatility in equity markets, currency exchange rates, and commodity prices. **According to research published in the *Journal of Corporate Finance* [heightened](#)** geopolitical risk often leads firms to adopt more conservative capital structures.

And size often matters: **a study of some 7,000 publicly listed [companies](#)** over the period 2013 to 2023 and published by The International Society for the Systems Sciences revealed that geopolitical shocks do not affect firms uniformly. Less profitable and financially fragile firms experience the strongest declines in profitability when geopolitical tensions rise, while more profitable firms show greater resilience and, in some cases, strategic gains.

These findings reinforce the idea that geopolitical risk is not merely a macroeconomic variable—it directly shapes corporate financial strategy.

Corporate Case Study: Semiconductors and Taiwan

Geopolitics is also reshaping strategic decisions across the semiconductor industry. The world’s most advanced chips are produced primarily by Taiwan Semiconductor Manufacturing Company in Taiwan, creating a concentration of manufacturing capacity in a geopolitically sensitive region.

Concerns about potential supply disruptions have prompted governments and corporations to invest heavily in semiconductor manufacturing diversification. For example, Samsung Electronics and TSMC are both expanding fabrication capacity in the United States.

TSMC's multibillion-dollar semiconductor fabrication facility in Arizona illustrates how geopolitical considerations, particularly supply chain resilience, are shaping industrial investment decisions. And equally important that these investments are driven not only by commercial incentives but also by government initiatives aimed at securing domestic access to critical technologies, such as the CHIPS and Science Act in the United States.

Regulatory and Policy Risk

Another important channel through which geopolitics affects business is regulatory uncertainty. Governments increasingly use economic policy as a tool of geopolitical competition. Sanctions regimes, export controls, investment screening mechanisms, and industrial policy initiatives have become central instruments of national strategy.

Research published by the Academy of International Business [highlights](#) that multinational corporations increasingly operate in environments where geopolitical competition shapes regulatory frameworks and market access decisions

For multinational companies, navigating this evolving regulatory landscape requires constant monitoring, comprehensive due-diligence and strategic flexibility.

Corporate Case Study: Uncertain Africa Trade Policy

While Africa represents a small percentage of global trade and investment, countries worldwide are increasing their economic engagement on the continent. Besides China, which has dominated the African infrastructure sector for decades, Asian, Middle Eastern and European countries are determined to build African trade and investment partnerships. Access to Africa's abundant mineral resources -including copper, cobalt, and lithium- is the focus of intense global jockeying by countries seeking to diversify their critical mineral supply chains, including the United States.

Since 2000, the African Growth and Opportunity Act ("AGOA") has been the foundation U.S.- Africa commercial relations. This preferential trade program provides most African countries with duty-free access to the U.S. market for almost all goods. Walmart, Macy's, Target and other major U.S. retailers have utilized AGOA to source apparel in Kenya, Madagascar, Ethiopia and other African countries. South Africa has exported BMWs and many agricultural goods to the U.S. market under AGOA. With no duties, these and other African-made products are globally competitive.

AGOA's future is uncertain, however. Typically extended for multiple years, the U.S. Congress - despite bipartisan support- recently extended AGOA for only one year. This decision reflects reservations by the Trump administration, which prefers high tariffs and bilateral trade agreements rather than AGOA's preferential trade treatment of developing economies. Key members of Congress say they are using the next year to modify and otherwise assess AGOA. AGOA's cloudy future calls into question U.S. economic standing on the continent. It also

complicates the trade and investment decisions of firms looking to supply the U.S. market with African-produced goods. Will duties on African imports have to be paid or not? These investment decisions can best be guided by an experienced consultancy's understanding of Washington's dynamic trade politics.

Structural Trends Reshaping the Global Business Environment

Several long-term geopolitical trends are intensifying the need for companies to incorporate geopolitical risk into their strategic planning.

Multipolar Competition

The global political system is shifting toward a more fragmented multipolar landscape. Major powers are competing across economic, technological, and military domains. For corporations, this multipolarity means adapting to a more complex and politically charged global marketplace.

Multipolarity is likely to endure, especially as it's being led by the United States, which long championed the largely unilateral international system that is disassembling. The Trump administration has turned away from the World Trade Organization and other international institutions while questioning security alliances that have long defined the global order. While successive U.S. administrations will adopt their own policies, countries worldwide are reacting to U.S. policies today, striking regional trade deals, reassessing security relationships, and building ties with China, the United States' main geopolitical competitor. This complexity makes partnering with risk consultancies with a global reach imperative.

Technological Sovereignty

Technology has become one of the primary arenas of geopolitical competition. Governments are investing heavily in domestic technological capabilities while imposing restrictions on the transfer of critical technologies to strategic competitors. Industries such as semiconductors, artificial intelligence, telecommunications infrastructure, and quantum computing are now widely viewed as matters of national security.

This shift forces companies to rethink global research networks, intellectual property strategies, and production locations.

Economic Nationalism

Economic nationalism is re-emerging with Governments pursuing policies designed to strengthen domestic industrial capacity and reduce reliance on foreign supply chains. Such policies typically include industrial subsidies, domestic manufacturing incentives, and stricter foreign investment screening. And of course, tariffs.

Protective economic policies are not limited to industrial economies. Countries producing the critical minerals needed for the energy transition and defense, consumer electronics, and **other industries worldwide are increasingly adopting restrictive [policies](#)** to maximize their economic gain. This includes countries throughout Africa, where governments are banning the export of unprocessed raw minerals in hopes of forcing investment in local processing industries that create jobs, generate revenue, and represent a step toward industrialization. Zimbabwe has imposed an export ban on raw lithium, while Ghana has banned raw lithium and bauxite exports, among many such examples. While these policies can backfire by disincentivizing investment, especially where there is insufficient infrastructure and unreliable energy supply, their adoption is unlikely to abate, posing risks to current and potential investors seeking to meet the world's growing critical mineral demands.

From Reaction to Preparedness

Recognizing these challenges, leading corporations are developing new approaches to geopolitical risk management.

Scenario Planning and Strategic Foresight

Scenario planning is one of the most widely used tools for managing geopolitical uncertainty. Rather than attempting to predict a single outcome, scenario planning explores multiple plausible geopolitical futures and examines how each might affect corporate strategy.

Research from Cornell [University](#) on financial risk modeling suggests that scenario-based stress testing can help firms quantify geopolitical exposure and prepare contingency strategies.

Board-Level Governance

Corporate boards are also becoming more actively involved in geopolitical risk oversight. **According to governance research from the IMD Business [School](#)**, corporate boards are increasingly evaluating geopolitical risks across supply chains, investment portfolios, and regulatory environments. Seeing themselves as better positioned to guide organizations through periods of global instability. (

Strategic Communications

When a geopolitical shock strikes, how an organization communicates (or doesn't) is as consequential as its operational decisions.

The Hormuz crisis is again illustrative.

Within hours of Iran's closure of the strait in early March 2026, companies across the energy, shipping, and logistics sectors faced urgent questions from investors, clients, journalists, and employees. Some companies moved fast and transparently: [Hapag-Lloyd](#) immediately

communicated a suspension decision and outlined client implications; QatarEnergy issued a force majeure declaration to affected buyers; [Maersk](#) is publishing regular customer advisories detailing impacted routes, surcharges, and alternative options. The companies framed uncertainty honestly and served actionable information to customers.

Companies that engage proactively, frame their response around values and responsibility, and remain in narrative command, tend to emerge from geopolitical crises with intact or even enhanced reputations, if not bottom lines. Those that delay or equivocate, over-legalize their communications, or allow reactive narratives to take hold, do not allay stakeholder anxiety. They amplify it. The result is a longer and costly recovery. Reputation takes time to build. But it can be destroyed in an instant.

In the absence of authoritative communication, worst-case assumptions fill the vacuum. And in an era of real-time information flow, an organization's story will be told — by journalists, analysts, social media, and competitors — whether it participates in the telling.

Yet, as reported by WTW in its [2024/25 Reputation Risk Readiness Survey](#), while 99% of surveyed companies placed reputational risk among their top ten business risks, only 11% said they had a “great deal” of modelling capability to understand the financial impact of a reputational event, and only 34% of crisis teams are measured against KPIs.

Crisis communications preparation is paramount. It requires creating and updating messaging frameworks for relevant geopolitical risk scenarios, identifying and training spokespersons, developing communication protocols, and instituting internal coordination mechanisms. Legal, commercial, and communications teams must be aligned, not siloed and working at cross-purposes. Regular stress testing and tabletop exercises maintain crisis readiness.

Corporate Case Study: Invasion of Ukraine

The corporate response to Russia's invasion of Ukraine in February 2022 is an instructive example of reputational risk forcing strategic action. Within days of the attack, BP proactively announced its withdrawal from the Russian market, incurring a \$25 billion write-down. The optics of sustaining a regime committing brazen war crimes clearly would have cost more in reputation and profit. Starbucks, Apple, McDonald's, and other consumer-facing brands weighed the same calculus and shuttered their Russian operations.

Companies that quickly announce clear, principled positions, and communicate them directly to investors, employees, and customers, will be viewed as exercising responsible leadership. Tone and messaging also matter greatly. BP's moral stand with Ukraine contrasted sharply with its handling of the 2010 Deepwater Horizon disaster off the coast of Louisiana. Then-CEO Tony Hayward's tone-deaf quip, “I'd like my life back,” demolished the company's public standing. Lesson learned in 2022.

Geopolitical positioning directly factors into brand equity, stakeholder trust, and long-term enterprise value. Embedding reputational scenario planning into geopolitical risk frameworks, building a skilled communications infrastructure, and responding with speed and clarity, will always best position an organization when the next crisis arrives. And it will arrive.

The Return of History

For corporate leaders, the message is clear: geopolitical risk can no longer be treated as an external variable beyond the control of corporate strategy. Instead, it must be embedded within the core architecture of strategic planning.

Organizations that partner with specialist global risk consultancies to incorporate geopolitical analysis into decision-making will be better positioned to anticipate disruption, protect value, and identify emerging opportunities. Those that fail to do so risk strategic misalignment, operational vulnerability, and financial underperformance.

The return of geopolitics marks the end of the assumption that economic globalization operates independently of political power. History, it turns out, did not end.

For business leaders, the challenge now is how to compete in its return.

About the Authors

Jim McWeeney is the founder and CEO of [Integrity Risk International](#), a global risk management consultancy with offices in Washington DC, Seattle, London, Switzerland, Hong Kong, Singapore and Tokyo. Jim McWeeney has nearly 30 years of experience in the risk management sector and is a subject matter expert in risk and compliance, research and intelligence gathering, anti-bribery and corruption investigations and crisis response. Jim has overseen thousands of due diligence research intelligence assignments and hundreds of security and crisis response situations in every major market. Jim earlier served as President and Global Head, Risk & Compliance, Kroll Associates, where he led the firm's global due diligence, screening and compliance business. Preceding this, Jim was President/CEO of Corporate Risk International, a leading global risk management firm founded in the early 1990s and successfully sold in February 2010.

Duncan Nott heads [IntegrityRisk's](#) operations in the EMEA region and is based in London. He has over 35 years' executive experience in risk management and has worked in both government service and the private sector. His career includes seven years as head of global security at the World Bank Group in Washington DC where he served on the United Nations High Level Committee for Management (HLCM), the approving authority for the security policy and standards used throughout the UN system; and 14 years with the Swiss bank UBS AG, latterly serving as global head of security. Duncan transitioned into corporate risk consulting in 2022 and now regularly advises at C-suite and board level on program governance and integration.

Tom Sheehy is the founder and principal of [Quinella Global](#), a specialist consultancy helping international clients meet their goals through strategic advice, focused intelligence, legislative guidance and commercial diplomacy direction. Tom has decades of public policy and commercial success. Before founding Quinella Global, Tom served as Staff Director of the Committee on Foreign Affairs in the U.S. House of Representatives. Chaired by Representative Ed Royce, the committee has jurisdiction over all elements of U.S. foreign policy, including operations of the State Department, and Development Finance Corporation. He was an original co-author of The Index of Economic Freedom, an internationally acclaimed annual survey of national economies, co-published by The Wall Street Journal, now in its 31st edition. Tom has appeared often in the national media and has testified before several congressional committees.

Michael Goldfarb is the founder and principal of [Tailwind Communications](#), a specialist consultancy that partners with private and public sector, NGO, and individual clients in navigating public relations and internal communications challenges. Michael has worked for 25 years in crisis and strategic communications, primarily in the non-governmental sector. For more than 15 years, he worked with Doctors Without Borders, where he garnered a track record of success in advocacy campaign communications, mitigating and managing reputation risk, combatting mis/disinformation, and managing public communications around critical security incidents and other emergencies. He possesses deep expertise in media relations, rapid response, public engagement, and a strong grounding in international relations, geopolitical trends/risks, humanitarian affairs, and public/global health.