

# **MULTIPOLARITY AND EVOLVING GLOBAL STRATEGIES OF “HIDDEN CHAMPIONS”: AN EXPLORATORY ANALYSIS**

(Working Title)

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## **RESEARCH OUTLINE**

The recent research on international business has focused on the impact of geopolitics on the strategies and operations of multinational firms from developed economies (Evenett & Pisani 2023; Fjellström et al. 2023). Researchers agree that the relative decline in U.S. economic and political power, coupled with the rise of new global powers, signals the end of the "unipolar US moment" (Mearsheimer 2019) and the emergence of a more fragmented, complex international system. This shift is characterized as the arrival of a multipolar world order, where power is distributed more evenly across several key players, leading to a more dynamic and interdependent global environment (Flockhart 2016; Garzón 2017).

In this multipolar context, major economies like the U.S., China, and Europe are increasingly pursuing divergent policy directions based on national interests, rather than aligning toward a common goal of economic globalization (Lake et al. 2021). Morgan Stanley (2023) highlights that these varying trajectories reflect a broader trend in which the leading economic powers no longer move in lockstep, leading to increased complexity for multinational corporations (MNCs) in adapting their strategies (Witt 2019). Consequently, MNCs are faced with challenges that are harder to predict and require more nuanced strategic responses, especially in managing varied regulatory environments and geopolitical shifts.

Globally, these shifting sands - as depicted by multipolarity - significantly impact multinational firms (MNCs) by comprehensively reshaping their strategic environment and operational dynamics (Witt 2019). MNCs increasingly face complex, harder-to-predict challenges in a rapidly evolving multipolar world, where structural changes in the global economy, shifting core-periphery dynamics, and the need to navigate varied intellectual property regimes and techno-nationalist policies require strategic adaptations.

### **Exploring the implications of multipolarity and how MNCs are responding is the focus of this research.**

We aim to make two central contributions to research in MNC strategy and international business. First, as we are only beginning to better understand the emerging multipolar system, its implications for MNCs, and their evolving responses, the paper adopts a qualitative, exploratory approach which brings with it the advantage of providing rich, in-depth insights that help researchers better understand the nature of the emerging phenomenon and impact of multipolarity. Second, while emerging research on

multipolarity and the MNC has either been largely conceptual or focused on larger MNCs, our empirical context has to date not been studied with reference to small and mid-sized multinational firms - sometimes called “hidden champions” (Simon, 1996, 2009) or ‘pocket multinationals’ (Colli, 2001; Colli et al. 2013).

The reason for the need for research on this distinct population of MNCs is that, compared to larger MNCs, mid-sized MNCs face different challenges in a multipolar world. This paper explores these challenges with a focus on those "hidden champions" referred to above, within the context of Italian small and mid-sized multinationals. These firms are crucial to the Italian economy, contributing significantly to export performance and innovation (IBAI 2023). **Given the increasing complexity of the global environment, this study aims to offer insights into how these firms, and by extension, similar firms across Europe, are navigating the new multipolar landscape.**

The findings not only contribute to the academic research but also have **practical implications for policymakers and business leaders seeking to support the competitiveness of these vital Italian multinational firms.**

## THE AUTHORS

**Yusaf Akbar** is a Professor of International Business and Strategy at Central European University, Vienna, Austria. With extensive teaching, research, and consulting experience in emerging markets, Yusaf’s current research interests are focused on three topics: the internationalization capabilities of SMEs in emerging markets; non-market strategies of multinational firms; and strategic impacts of the Sharing Economy. He is the Founding Editor of the International Journal of Emerging Markets and an advisor to the European Commission and other governmental authorities. His consulting and professional references include Accenture, Citibank, Deutsche Telekom, Siemens, and Toyota. He has published in peer-reviewed journals including Journal of World Business, Business and Politics, Cross-Cultural Management, Global Governance, Global Business and Organizational Excellence, Harvard Business Review, International Business Review, Thunderbird International Business Review, Journal of Air Transport Management, and World Competition.

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