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Organizational design of international companies in times of geopolitical disruption

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Abstract

The end of multilateralism and the fragmentation of the world economy are rendering many companies' international strategies and organizational designs increasingly obsolete. The use of tariffs and foreign investment controls as instruments to incentivize or deter countries and companies has significantly undermined the very notion of global corporate strategy and the competitive advantages traditionally associated with the multinational enterprise. This paper outlines the features of a new organizational model in which regions and countries assume a more prominent role not only in strategy implementation, but also in business strategy to compete effectively in local markets.

Keywords: companies; geopolitics; corporate governance; globalization; multinational companies.

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1. Geopolitical change and business strategy

The international political and economic order of the past several decades, grounded in multilateral institutions – including the United Nations (UN), the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) – and rules defined and accepted by their members, has reached the end of its cycle. From the end of World War II to approximately 2020, economic globalization accelerated, driving greater openness in advanced economies, deeper integration of emerging economies and GDP growth. This process was reinforced by companies' international expansion, which was especially pronounced in the 1980s and 1990s and contributed to a more interdependent global economy, and economic growth (Baldwin 2016).

China's emergence as an economic and technological power, together with its growing influence as an investor in many fast-growing countries, has, in recent years, posed a new challenge to the primacy of the United States, which, since the fall of the Soviet Union in 1991, has exercised largely uncontested political, economic and military power.

China's growth has been accompanied by a set of economic, technological and defense initiatives that the United States perceives as a threat to its global political leadership. Since the closing years of the second Obama administration and now, under the second Trump administration, alarm and unease in the United States over China's growing economic and political power have intensified. Russia's invasion of Ukraine and China's support for Russia have further escalated tensions. In response, the United States has deployed tariff policy, industrial policy and the international dominance of the dollar to pressure both China and third countries in an effort to protect its own economy.

This political strategy erodes the foundations of an international order based on multilateralism, international institutions and respect for established rules. It favors the unilateral and arbitrary use of economic or political power, leading to a deterioration of trust among countries and an increase in uncertainty. The recourse to economic, political, or military power in resolving international conflicts has increased markedly. The world has moved back several decades in the search for solutions to these conflicts, a shift that could place a substantial brake on globalization, as occurred in earlier periods (James 2002).

One immediate consequence of this shift in the international order is the intensification of geopolitical risk, understood as the risk arising from the combination of a country's geography, its policies – particularly in the economic, technological and defense spheres – and its social stability. This risk never disappeared entirely, but after the fall of the Soviet Union in 1991, it receded into the background.

The combination of a country's arbitrary use of power as an instrument for resolving conflicts in international relations and the deployment of that power through economic policy in defense of national interests, a phenomenon often described as geoeconomics, creates a new operating environment for companies. An important collateral effect is a slowdown in international economic integration and in the globalization process (Shearing 2025). Restrictions on international trade are contributing to slower growth and increasing market fragmentation.

During the period of accelerated globalization (1980-2020), companies pursued international expansion according to a range of criteria, including higher sales volumes, cost reductions, access to new markets and raw-material supplies, and learning and innovation. In a recent paper (Canals 2025) I analyze the core elements of companies' international strategy during that period and examine how geopolitical disruptions substantially limit the validity of those paradigms in the new environment. It also proposes new criteria for evaluating international strategies: geopolitical risk, corporate resilience and relationships with local governments.

This paper complements that analysis of the impact of geopolitical change on firms' international strategy by examining how the organizational design of international companies should evolve. Such design must be aligned with a new environment characterized by lower levels of economic integration, greater government intervention and heightened geopolitical risk. Against this backdrop, the paper first examines several criteria for designing the organization of an international company.

2. International strategy and organizational design: the case of Telefónica (1990–2025)

Telefónica's international trajectory from the 1990s to the present illustrates both the defining features of international strategy during the period of accelerated globalization and the challenges associated with its implementation, including the challenge of achieving the commercial, economic and learning outcomes initially envisioned. In addition, the company's situation in 2026 highlights the challenges many international businesses face amid the current geopolitical disruption (Fildes 2019).

Telefónica has been one of Europe's most active telecommunications companies in pursuing international expansion. This process was propelled in the 1990s by deregulation in the European Union and Latin America, as well as by the company's financial capacity, which derived from its virtually uncontested dominant position in Spain.

The internationalization process began in 1990 with Telefónica's acquisition of Telefónica de Argentina and a minority stake in Compañía de Teléfonos de Chile (CTC). In 1994, it acquired stakes in Compañía Peruana de Teléfonos (CPT) and Entel Perú and, in 1995, in the Brazilian company CRT Celular. This expansion accelerated from 1995 onward, with the acquisition of control of CTC in Chile and of a majority stake in CPT and Entel between 1996 and 1998, as well as in Telesp, a Telebrás subsidiary in São Paulo, Brazil. In 2000, it entered Mexico through the purchase of Motorola subsidiaries and consolidated its position in the country in 2002 with the acquisition of Pegaso PCS, a mobile telephony operator.

Telefónica's international presence was significantly strengthened by the 2004 acquisition of BellSouth's businesses in Latin America, which included subsidiaries in 10 countries. The transaction brought millions of customers and gave Telefónica substantial scale in the region. Its dominance in Latin America was further reinforced in 2010 with the purchase of Portugal Telecom's stake in Vivo/Brasilcel and the subsequent consolidation of the Brazilian mobile telecommunications market. In 2014, Telefónica further strengthened its position in the country by acquiring GVT-Vivendi's fixed-line subsidiary, thus becoming a leading integrated operator in the region.

Telefónica also capitalized on opportunities in Europe. In 2005, it acquired a majority stake in Ceský Telecom in the Czech Republic and in 2006, it acquired O_2 in Great Britain, positioning itself as one of the leading players in the UK mobile telecommunications market. It also acquired two companies in Germany, HanseNet in 2010 and E-Plus in 2014, becoming the country's third-largest mobile operator.

These acquisitions transformed Telefónica into one of the most international telecommunications companies in the industry. However, this rapid expansion also generated substantial complexity in governance and management. Reorganizations of the parent company and its international subsidiaries were frequent during those years, as the company sought an appropriate balance between efficiency and local responsiveness.

Moreover, the telecommunications business deteriorated significantly in several European markets due to intensified competition in mobile services, driven by the entry of new competitors and by a regulatory framework that enabled those entrants to benefit from infrastructure investments built over many years by companies such as Telefónica. The result was declining margins and earnings. For heavily indebted companies such as Telefónica, market confidence in their solvency deteriorated, leading to a sharp fall in share prices since 2008.

In 2016, shareholders prompted a change in Telefónica's leadership structure. The new team set out to improve commercial and financial efficiency, reduce indebtedness, scale down the company's geographic presence to a limited number of critical markets (Spain, Brazil, Germany and Great Britain) and accelerate the sale of subsidiaries in smaller markets. Among the assets earmarked for divestment was a 9.9 percent stake in China Unicom, China's second-largest telecommunications operator, a position Telefónica had been building since 2010 in the hope of developing joint projects that ultimately never reached meaningful scale.

Telefónica's international ambition made it a significant player in many countries. At the same time, organizational weaknesses and execution shortcomings in its acquisitions prevented that international presence from becoming economically sustainable . Rising corporate debt became a heavy burden. Commercial and financial performance also fell short of expectations and integration of businesses across regions such as Latin America and Europe never fully materialized. The company is currently engaged in a complex and painful restructuring process (Smith 2025).

Several insights emerge from this internationalization process. First, executing an acquisition in another country requires a local team capable of completing the transaction and integrating the target. Telefónica learned to do this only after many years had elapsed since its first acquisition, at very high organizational, human and financial cost.

Second, building a coherent international platform across multiple countries requires organizational and coordination efforts that go beyond integrating a subsidiary into a parent company. Telefónica acquired many companies in complex countries with heterogeneous workforces and different regulators and coordination across these operations proved insufficient. Recurrent organizational redesigns and repeated reallocations of functions and responsibilities among countries, regions and the corporate center became routine.

Third, companies need to consider strategic and financial scenarios that enable them to anticipate more demanding economic conditions than those assumed in more optimistic scenarios. Telefónica encountered precisely this problem in many countries: economic environments far more adverse than expected prior to entry.

Finally, Telefónica's expansion in Latin America in the 1990s and 2000s occurred in a very different geopolitical context. The region's growth outlook was optimistic; trade liberalization was expected to continue, and many Latin American countries maintained a favorable attitude toward Spain and Spanish businesses. That context has since faded and changed radically. In particular, the rise of populism in a number of countries and the growing unpredictability of economic policy have weakened the region's attractiveness and made additional investment more difficult for European companies such as Telefónica.

Telefónica's international expansion nonetheless left the company with significant assets and a substantial presence in Great Britain, Brazil and Germany, which remain key markets in 2026. The human, organizational and financial costs, however, have been very high. This experience illustrates several structural challenges inherent in international strategy and organizational design, both in the era of accelerated globalization and in the new phase in which companies must operate in a world that is increasingly fragmented by nationalist economic policies and the emergence of new geopolitical risks.

3. Rethinking the international firm's organization in times of geopolitical disruption

The acceleration of globalization between 1980 and 2020 was characterized by the rapid opening of new markets for trade and investment, as in earlier phases of growth in international trade. In this phase, however, the globalization of manufacturing and corporate operations also intensified: within a few years, companies increasingly dispersed key functions and activities – manufacturing, logistics and technology, among others – across multiple countries, a process driven to a large extent by advances in information technologies (Baldwin 2016).

This new phase of globalization brought major organizational changes to businesses that expanded internationally, as in Telefónica's case. Companies with limited international activity before this period typically had a functional structure, usually centered on an executive committee composed of the heads of the major functions – sales, human resources, manufacturing and operations, finance and technology – reporting to the CEO. Internationalization often entailed adding an international division (with varying levels of complexity) responsible for coordinating commercial operations in other countries.

Companies that already had a significant international presence typically combined a functional structure with a country-based organization, in which managers in key countries also played an important role. Organizational formulas varied. A matrix structure, combining business units, corporate functions and country responsibilities, was one possible solution, though by no means the only one.

As globalization intensified, companies sought organizational designs capable of addressing the new challenges of international strategy, particularly through the offshoring of corporate functions that had traditionally been highly centralized, such as manufacturing, purchasing, logistics and technology.

An initial response was to design organizations around the factor perceived as the primary source of competitive advantage within the industry. The search for a strategic fit between market requirements and the company's capabilities became the critical design criterion. In industries where cost and price advantages were decisive, organizations were designed to maximize operational efficiency and minimize cost. Operational efficiency thus became the dominant organizing principle. By contrast, in sectors where adaptation to local customers was the key to gaining market share in that country, the company was oriented toward each national market. Local responsiveness became the dominant criterion.

Bartlett and Ghoshal (1989) proposed three archetypes of international strategy based on this notion of fit. The first is the global company, which seeks maximum efficiency in the location of activities and the minimum efficient scale needed to reduce costs. International consumer-electronics companies exemplify this type of organization. The second is the multinational company, which seeks to leverage the business's distinctive capabilities by adapting them to each country. In this archetype, countries and senior executives in each country play a decisive role. Fast-moving consumer goods (FMCG) companies – such as beverages and household goods – have often designed their organizations according to this model.

The third archetype is the international company, which seeks to ensure that products and innovations developed in one country can be efficiently transferred to others. This is the model for technology-intensive companies operating in diverse markets. Companies such as Ericsson and Huawei in the telecommunications-equipment industry exemplify this type: they combine cost advantages and customer adaptation while making innovation their primary differentiator.

In response to accelerated globalization, Bartlett and Ghoshal proposed a new paradigm: the transnational company (see Table 1). It addresses the need to integrate not only the integration of markets but also the globalization of manufacturing and operations. Its distinctive aspects stem from combining the three earlier models so as to achieve simultaneously advantages in (i) operating costs, (ii) responsiveness and adaptation to local customers, and (iii) innovation and technology transfer within the organization. In essence, the new paradigm is less a fixed structural configuration than a managerial philosophy oriented toward fostering greater internal collaboration to enhance these advantages.

Although these paradigms remain highly relevant, CEOs and executive committees must critically reassess how their organizations are configured to adapt the company's decision-making processes and serve customers as effectively as possible. At the same time, companies must be capable of anticipating adverse scenarios and capitalizing on opportunities created by geopolitical change.

Table 1
The transnational organization

Strategic capability	Organizational characteristic
Global competitiveness	Dispersed and interdependent assets
Flexibility	Specialized subsidiaries
Global learning	Collaborative development of new ideas

Source: Bartlett and Ghoshal (1989).

4. Some principles of organizational design

Organization theory has been very influential within the field of management. Leading scholars such as Barnard (1938), Chandler (1962), Lawrence and Lorsch (1967), Miles and Snow ([1978] 2003), and O'Reilly and Tushman (2004), among others, have influenced both theory and practice and contributed to a deeper understanding of some critical factors. Most of these authors highlight that corporate strategy and organizational design are closely intertwined, as the latter determines how the former is effectively executed. Building on these contributions, the discussion below highlights several critical aspects of organizational design, especially those most closely related to companies' international strategy.

- Organizational structure. Establishing a company's organizational structure involves identifying and defining the roles and responsibilities that authorize particular individuals or groups to make decisions that guide and enable strategy implementation. Organizational design extends beyond defining core tasks, roles and reporting relationships. It also requires clear allocation of decision rights, well-defined decision-making processes, hiring and talent-development policies (including executives), management and control systems that support the generation and effective use of information, a compensation system, and, finally, a culture that sustains and renews the values that define the organization.

- **Key aspects of an organizational structure.** According to Lawrence and Lorsch (1967), organizational structure rests on two key dimensions. The first is differentiation: the division of tasks and responsibilities and their grouping into different units (sales, purchasing, manufacturing, finance and so on). It also requires the assignment to each task and unit of individuals with the required capabilities and the financial or technological resources needed to perform the function. Differentiation may be vertical or horizontal. Vertical differentiation establishes hierarchical authority, decision rights and the system of oversight and reporting; horizontal differentiation groups human and material resources into units or departments (such as manufacturing, logistics, sales and so on).

  The second aspect of organizational structure is integration, which consists of policies and systems designed to coordinate the work of individuals and functions so that they can contribute collaboratively to the company's goals.

  A central tension in organizational design lies between differentiation – driven by specialization and customer adaptation – and integration, which seeks coordinated execution across activities. Selecting an appropriate balance between these two aspects is essential to the organization's efficient functioning.

  Achieving this balance cannot be reduced to simplistic notions of centralization versus decentralization. It is not merely a matter of assigning relative weight to each criterion, but of considering the full set of factors that shape the company's adaptability and efficiency. Their importance varies by local context and, especially, during periods of significant disruption.

- **Decision-making authority.** Companies exist to serve their customers. Decision-making authority embedded in the organizational structure must be clearly defined and, where feasible, located as close as possible to the end customer, as it is here that the most relevant information on the customer and market is to be found. The diversity of customers and local contexts in international strategy makes it advisable to strike an appropriate balance between efficiency gains from concentrating activities at headquarters and the benefits of decentralization to understand local customer and market behavior.

- **Talent development.** In practical terms, a well-designed organizational chart – unlike a team of capable and committed salespeople – does nothing by itself to increase sales. Organizational design may enable strategy execution, but it is individuals who ultimately give effect to that strategy. A key design criterion should therefore be to support employees' development and growth. In the sales function, salespeople need a clear guide to how the organization works, but what ultimately helps them sell is not the chart itself; it is their capabilities, values and motivation. There are no effective organizations without qualified and committed employees.

- **Informal organization.** Formal organizational design is important because it clarifies decision-making processes and the responsibilities of individuals and units within them. Yet it accounts for only part of an organization's overall effectiveness. Informal organizational dimensions – and, in particular, corporate culture – may ultimately have a greater impact on decision quality and execution than the formal structure itself.

In particular, certain leadership qualities, such as the willingness to ask questions, the ability to listen and understand personal circumstances and the capacity to foster collaboration, empathy and trust, are essential to organizational functioning. To remain dynamic and effective, organizations must therefore cultivate the informal dimensions that give them vitality, make them more human and bring them closer to the end customer.

- **Organization and agility.** Organizational design must evolve over time and adapt to the strategy the company chooses at each stage. In periods of rapid change, strategy itself must be agile enough to anticipate or respond to unforeseen disruptions and the organization must adapt and evolve accordingly to make that strategy viable and support sound decision-making. Organizations are not rigid, immutable systems; rather, they exist to enable individuals to contribute to corporate objectives.

5. Organizational design features in response to emerging geopolitical risks

This section sets out some specific design criteria that international companies may consider in the context of rising geopolitical risk (see **Table 2**).

Table 2
Designing the international organization in times of geopolitical disruptions

Definition of critical activities
Reassessment of the role of countries
Breadth vs. depth
Entrepreneurial initiative
Local talent
Cross-functional working groups
Communication

Source: Prepared by the author.

- **Defining an organization's critical dimensions and activities in an international company.** An international company is an organization that typically consists of three main categories of units. The first comprises business units, differentiated by customer or product type; the second comprises geographic units, organized around countries; and the third comprises horizontal corporate functions – such as human resources, finance and technology – that serve the company as a whole.

  An efficiency-oriented logic tends to prioritize corporate functions and globally integrated business units in order to achieve economies of scale and optimize resource allocation. By contrast, the local-adaptation aspect assigns greater weight to geographic units, enabling companies to serve customers in each country more effectively. A third organizing principle concerns innovation, learning and the effective transfer of both across the company; this, in turn, requires an appropriate balance between centralization and decentralization, together with strong coordination mechanisms.

This dimension requires a mindset and policies that enable innovation in specific business units and geographic areas, with positive spillover effects across the organization. To activate this dynamic, design cannot rigidly apply absolute criteria. It must also allow room for innovation that does not unduly increase corporate risk but does foster entrepreneurial innovation and initiative.

In a context of heightened geopolitical disruption and elevated country risk, the capacity to generate and transfer knowledge and innovation from one country to the rest of the organization becomes paramount. Designing an organization that takes this aspect seriously, facilitates knowledge transfer and operates with agility is especially important in periods of major change.

- Reassessment of the role of countries. Organizing units by country or groups of countries responds to the logic of local differentiation and adaptation to customer needs in specific geographic regions. As a rule, a presence in many countries is a strength and a source of growth, learning and innovation. Countries are important not only when it comes to expanding market size or achieving efficiencies in manufacturing and operations; they are also central to innovation, new-product introduction and the adaptation of existing products through local variation.

  If country units are deprived of meaningful scope for local adaptation and innovation, they risk becoming mere executors of strategies designed far from where interaction with the customer actually takes place. That may work for a time, as seen in the automotive and consumer-goods operations of some European and North American companies in China. But if innovation does not occur locally, such projects have an expiration date, a limitation that becomes clear once local manufacturers surpass foreign companies in product quality.

  Moreover, the growing nationalist orientation of economic policy in the United States and the European Union, reinforces similar policies in other major countries, such as India and China. Differences among nations are now more consequential than ever and extend beyond customer behavior and market trends. Economic policy is exerting an increasingly direct and material influence on how international companies operate. Understanding the direction of policy in each country and the trajectory of its government is now indispensable to evaluating and calibrating companies' international strategy.

  The role of certain countries has expanded in recent years because of highly proactive policies aimed at repatriating activities previously carried out abroad and at attracting foreign direct investment. The United States is a particularly significant case: it is encouraging European companies to invest directly in sectors such as pharmaceuticals, semi-conductors and automotive manufacturing as a condition for receiving more favorable tariff treatment. Notably, companies such as Roche, Novartis and AstraZeneca (Temple-West and Kuchler 2025) have announced unexpected investment commitments in the United States in recent months.

- Diversity of the country portfolio and geographic presence (breadth vs. depth). Over recent decades, many Western international companies expanded into a wide range of markets, sometimes without a clear internal logic. The expectation of being first in capturing market growth was often decisive. In some cases, the result was a presence spanning numerous countries but with limited relevance in many of them and weak coordination overall. A presence in multiple countries, in combination with weak coordination and limited synergies, can ultimately weaken a company, which may fail to increase market penetration or improve efficiency due to geographic dispersion.

  This has been the experience of numerous European companies, especially Spanish companies, in Latin America and China. The cases of Telefónica, discussed above and of other European companies such as HSBC, Santander and BASF (Fairless and Benoit 2025) are instructive. Since the 1990s, European investment in these markets has grown substantially, yet many companies never succeeded in defining a more integrated project with a clear strategic rationale. Years later, many of those investments were unwound because companies were unable to manage geographic diversity effectively. Moreover, when one country in which a company has a significant presence becomes the epicenter of a geopolitical crisis, such as in China or Mexico, corporate risk increases materially.

  HSBC provides a particularly illustrative example. The United Kingdom's largest bank has historically been concentrated in two key markets, Great Britain and China, closely linked to its origins. HSBC used its experience and knowledge of China effectively to increase investment there during the 1990s and 2000s. However, the bank's rapid growth in other regions, including Latin America, the United States and continental Europe, coincided with the outbreak of the 2008 financial crisis.

  HSBC weathered the crisis, but it dispersed substantial resources and diluted its commercial focus, even in its historical core markets of Great Britain and China. These strategic inconsistencies exacerbated leadership instability, including frequent CEO turnover and weak succession planning (Wallace *et al.* 2025). In 2026, the bank is attempting to move beyond a failed international strategy, and a deep leadership crisis. In a more realistic approach, it is now refocusing on its home markets of Great Britain and China.

  A strategy focused primarily on symbolic geographic presence has often proved unsustainable. It has required substantial financial commitments to low-profit projects and imposed very high human and organizational costs.

  Rather than maintaining a broad portfolio of countries in which the company operates through subsidiaries (breadth), companies should identify the critical markets in which there is a genuine possibility of future growth and learning through relationships with local customers and that can then be transferred to the organization as a whole (depth). More than ever, international strategy requires robust local entrepreneurial capabilities that can both adapt to local contexts and identify emerging opportunities.

- Development of agile, local entrepreneurial units. Experience across industries – consumer goods, software, artificial intelligence, automotive and medical diagnostics, among others – suggests that, although the core of a company's innovation system may be located in one country, interaction with local customers constitutes a critical input to the company's innovation system. In a more complex environment, in which national

- factors matter far more than in the past, international companies must build in-country talent and capabilities that enable them to innovate and grow locally. That innovation can then be transferred and leveraged in other countries or in other innovation projects across the company.

  Innovation developed in each market also helps build the company's reputation as a leading local generator of ideas and products. At the same time, rapidly evolving customer needs, technological disruption, fast-changing markets and greater government intervention require a strong diagnostic capability close to the customer, a capability that highly centralized international companies will struggle to develop. This helps explain sales declines in local markets that have historically been important for FMCG companies such as Danone, Nestlé and Unilever.

  The concentration of activities at corporate headquarters and the de-emphasis of local structures in some countries, in pursuit of lower costs and greater efficiency, have come at a high price: loss of deep market knowledge and reduced capacity to adapt to customers. Agility and adaptation to each country's specific characteristics, combined with innovation, are key sources of differentiation in countries that are strategic both for attracting talent and for strengthening relationships with governments.

- Recruitment and development of local talent. Geopolitical disruption underscored the inherently transient nature of competitive advantages derived from specific products or technologies. In many cases, political decisions take precedence over economic and competition factors. Moreover, in countries such as China and India, the quality of domestic competitors has improved significantly, leaving many foreign companies in a more vulnerable position. International companies that rely heavily on expatriate talent face major difficulties in adapting local structures to these new realities.

  International companies with a stronger base of local, in-country talent are better positioned to detect changes and opportunities through closer interaction with local customers and stakeholders. Although this may not always be obvious, geopolitical crises should encourage the recruitment of local professionals in key countries who can understand local markets, manage the organization effectively, diagnose challenges accurately and capitalize on opportunities as they arise (Thams *et al.* 2018).

- Cross-functional working groups. During periods of rapid international expansion, entrepreneurship often drives growth more than efficiency or innovation. In contexts of geopolitical change that increase uncertainty in some countries, however, the need to deepen presence in specific markets and to leverage innovations generated there for the benefit of the company as a whole may warrant the creation of cross-functional, cross-border teams from different divisions and corporate functions. Such teams can pursue specific objectives, such as accelerating product launches, transferring innovations developed in one market to others and substantially improving customer service.

  These teams must be agile and have clear objectives, together with a well-defined agenda, timetable, ways of working and expected outcomes. In changing environments, combining the efficiency of a formal structure with cross-functional teams that analyze new situations from diverse and complementary perspectives can become a key differentiating capability for an international company.

- Communication. Internal communication is critical to the development of a healthy, dynamic culture. In international companies, communication constitutes a central integrative mechanism. In times of disruptive change, the need for fluid communication intensifies. This not only ensures that individuals have access to relevant information, but also that they can interpret it consistently. At the same time, the exchange of well-structured information, especially when the company is facing difficulties, serves as a channel of organizational integration and strengthens motivation.

6. Final reflections

The end of the era of accelerated globalization (1980–2020) and the emergence of a more fragmented international economic order marked by heightened geopolitical tensions introduce new categories of risk for international companies. These developments call into question the long-term viability of the expansion model pursued over recent decades. A strategy predicated on presence across multiple markets and justified primarily by efficiency and market-access considerations must now be explicitly complemented by systematic geopolitical risk assessment and enhanced organizational resilience.

This new context has profound implications for the organizational architecture of international companies. Experience during the period of accelerated globalization suggests that many companies prioritized global supply-chain efficiency or local market penetration under the assumption that these advantages would yield sustained competitiveness. While many companies captured short-term gains, the absence of coherent and locally embedded organizational structures ultimately rendered those advantages transient. As a result, over the past two decades, many companies have been caught in ongoing reorganizations and frequent reallocations of responsibilities between corporate centers and country units.

The evolving geopolitical environment therefore requires a fundamental rethinking of governance frameworks and managerial models in international companies. This includes reconsidering the role of countries in management, the composition of the country portfolio, the degree of organizational initiative and agility and the development of talent with the capabilities required for this new era. Although globalization is unlikely to regain the acceleration observed in previous decades, the international economy will remain deeply interconnected and continue to offer opportunities for serving local markets. In this context, organizational design—together with leadership and managerial capabilities—will be decisive in determining whether such opportunities translate into sustainable value creation.

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