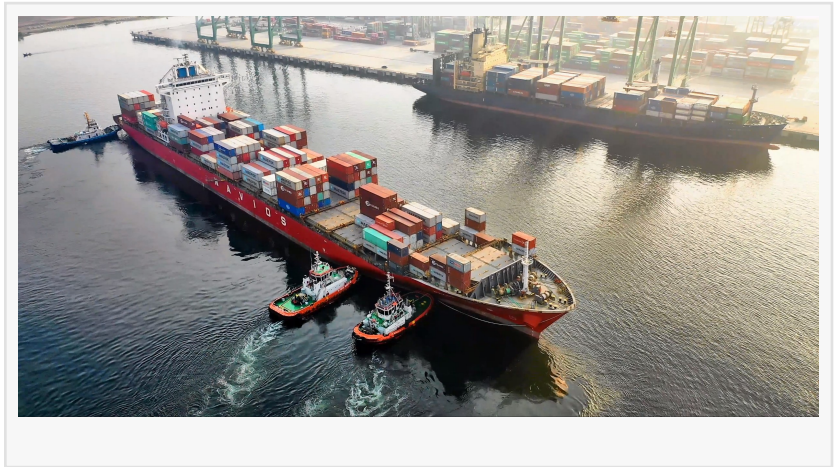


Control and Diversification: New Study from PolyU and UG Uncovers Corporate Strategies Amidst Rising Geopolitical Risk

HONG KONG, CHINA, August 6, 2023 /EINPresswire.com/ -- In a world where escalating geopolitical uncertainty significantly challenges global supply chains, a recent study from the Hong Kong Polytechnic University (PolyU) and the University of Groningen (UG) offers critical insights into how businesses navigate political risks. The research provides an in-depth exploration of the outsourcing and diversification strategies businesses employ when confronted with mounting political risks.



This study draws from a unique dataset of US-listed manufacturers and maps the data against the backdrop of an evolving geopolitical landscape. The findings reveal that firms perceiving a higher level of political risk are more likely to adopt vertical integration and product diversification strategies.

Dr. Di Fan, the lead researcher of the study from PolyU, explains, "Our research offers significant insights into how businesses respond to firm-specific political risk. Amid these turbulent times, the strategic choices businesses make can determine their survival and growth. We discovered that in the face of political risk, firms are more inclined to exert control over their supply chains through vertical integration. This control provides firms with the responsiveness required to mitigate the impacts of adverse geopolitical events and supply disruptions."

Interestingly, while the study found that increased political risk prompts firms to pursue greater product diversification, it does not lead to enhanced geographical diversification.

Dr. Chengyong Xiao, a co-author of the study from UG, adds, "While conventional wisdom might suggest that firms would pursue geographical diversification as a hedge against political risk, our findings indicate that other factors, such as market dynamics and competitive landscapes, might exert a more decisive influence on firms' geographical diversification strategies."

In an era where geopolitical uncertainty has become the new normal, this study provides invaluable insights into firms' responses to political risks, thereby enriching our understanding of supply chain risk management.

This study has been published in the International Journal of Operations and Production Management. The full article can be accessed

<https://www.emerald.com/insight/content/doi/10.1108/ijopm-02-2022-0094/full/html>

For more information about the research, please contact Dr. Di Fan at d.fan@polyu.edu.hk.

Di Fan

The Hong Kong Polytechnic University

+852 27666465

[email us here](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/648354231>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.