

Between Competition and Conflict, Convergence and Cooperation: EU-EEU Relations as Risks and Chances for Multinational Enterprises

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The broader context: EUCON Project

- full complexity of EU – EEU relations, characterized by conflict and competition, convergence and (potential) cooperation
 - What is the status-quo of relations?
 - What are the areas of conflict?
 - What are the root causes of the conflict?
 - What are its consequences?
 - What role does competition between the EU and the EEU play?
 - What areas of convergence do exist?
 - What are the areas of current cooperation?
 - What are the preconditions to widen cooperation in the future?

Our Subproject

- Focus on IBS concept of political risk
- Applied research focus
- Connection to the other subprojects from different disciplines

Research Questions

- In what ways are companies confronted with political risks related to competition and conflict in the course of EU-EEU relations?
- How do they perceive the conflict in general?
- How do they manage the risks?
- Additionally, the research project sheds light on the managers' perceptions of the root causes of the conflict between Russia and the EU as well as their ideas on future cooperation and convergence between the EU and the EEU

Research Process – Current Status

1. Theoretical Framework
2. Research Design
3. Preparation of Field Research
4. Empirical Analysis

The Concept of Political Risk

Political Risk Fuzzy Concept

(e.g. Kobrin 1979, Fitzpatrick 1983,
Sottilotta 2017)

Core determinants over various authors...

(Leitner 2017)

International Context...

Public actions....

in the host country of international activities...

interference with private business...

with (mostly) adverse effects for the business.

The Concept of Political Risk

Geopolitical Risk Factors (MIGA 2015)

Macropolitical Risk Factors (Robock, 1971; Alon & Martin, 1998)

Internal (de la Torre et al 1988)

State Capture:

Systemic Corruption
(Meissner 2017)

Systemic Favouritism
(Meissner 2017)

Institutional Ambiguity
(Meissner 2017)

External (de la Torre et al 1988)

**Regional, Bilateral
Conflicts and Diplomatic
Ties** (Alon & Martin 1998)

**Host country's attitude
towards international
companies** (Kobrin 1980)

Micropolitical Risk Factors (Robock 1971, Alon & Martin 1998)

EU-EEU Relations as Risks and Chances for Multinational Enterprises

- **Double nature of EU engagement:**
- Eastern Partnership programme in 2009: areas of reform and cooperation that ideally minimize political risks for MNEs
 - legal reforms, political stability, fight against state capture
- EU engagement triggered a conflict with Russia
 - war, sanctions, countersanctions, territory losses, political instability, economic crisis

Methodology

- qualitative-interpretive research design
- gain a deeper insight into perception of managers
- Field research: ten personal interviews with managers of international enterprises
- Sectors: construction, insurance, financial, banking, real estate, chemical, pharmaceutical, consumer goods and management consultancy. ten personal interviews
- companies we address have different structures, ranging from regional representative offices to local headquarters, each with different autonomy and reporting obligations to the parent company.
- The subsidiaries we have identified have between less than 20 to more than 500 employees

- Thank you very much for your attention!