

The Impact of Geopolitical Tensions Between the EU and Belarus on B2B Companies' strategies in the period of 2020 and 2024

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ABSTRACT

The paper explores business-to-business (B2B) enterprises' perception and responsiveness to geopolitical tensions, concentrating on how these tensions influence strategic decision-making and adaption strategies through an examination of sensemaking processes within these organizations. This study looks into the impact of geopolitical tensions between the European Union (EU) and Belarus from 2020 to 2024 on B2B firms. It investigates the tactics organizations use not just to survive, but also to potentially emerge stronger in the face of these obstacles. The qualitative research focuses on three Belarusian companies across three industries: flower, furniture, and engineering and plumbing. The findings highlight the severe disruptions in procurement, logistics, and financial operations caused by these conflicts. Additionally, the study examines the adaptive strategies implemented by these organizations to mitigate the negative consequences and enhance their resilience.

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Keywords

Business-to-business (B2B), geopolitical tensions, EU-Belarus relations, B2B strategies, economic sanctions, Belarusian economy

1. INTRODUCTION

1.1 Impact of unprecedented disruptions on B2B markets

Over the past decade, businesses have faced rapid disruptions. As we entered into the second decade of the 21st century, few industrial marketers could have predicted that by March 2020, many of their markets would vanish (Cankurtaran & Beverland, 2020). The COVID-19 pandemic led to global lockdowns, causing business-to-business (B2B) marketers to experience a sudden market decline as consumer demand plummeted, disrupting supply chains (Hufford & Tita, 2020). For instance, the pandemic severely restricted international travel, creating unparalleled challenges for the tourism and hospitality industries (Gössling et al., 2020). Also, the trade war between the U.S. and China disrupted numerous B2B relationships involved in cross-border transactions (Gereffi, Lim, & Lee, 2021), forcing executives of multinational companies to reassess the risks associated with continued investments in China (Borzykowski, 2018). More recently, the Russian invasion of Ukraine led to an unprecedented de-coupling of Western firms from Russia (Meredith, 2022), causing significant disruptions in food, oil, and gas markets across Europe and globally (O'Donnell, 2022). Such unprecedented disruptions, including pandemics, environmental calamities, and societal upheavals, have directly contributed to the uncertain business environments that B2B firms face now, forcing them to reconsider their strategies and practices (Cankurtaran & Beverland, 2020).

1.2 Geopolitical tensions and economic integration

In today's interconnected global economy, marked by increasing economic integration and expanding international markets for corporate entities, B2B companies encounter numerous challenges heightened by geopolitical tensions (Samakhavets & Hrechyshkina, 2020). Notably, strained political relations between Belarus and the EU have created uncertainties impacting the ability of businesses to operate smoothly. According to the Press and Information Team of the Delegation to Belarus (2021), the European Union's relationship with Belarus has been affected by the overall deterioration of human rights, democracy, and the rule of law, particularly in the aftermath of the August 2020 elections. In addition to the restrictive measures implemented in response to the domestic crisis in Belarus, the EU imposed restrictions against Russia and Belarus in response to the military assault against Ukraine. Despite these adversities, privately-owned Belarusian businesses strive to continue their operations and preserve partnerships with EU entities. Kashbrazhiyev (2012) identifies cooperation as a crucial driver of integration processes and economic development globally. Nonetheless, possible disruptions in logistics and fluctuations in

product prices further complicate the landscape for B2B enterprises, necessitating swift adaptation to alternative sales channels (European Central Bank, 2021).

The objective of this research is to investigate the ramifications of strained EU-Belarus relations on B2B companies, focusing on potential challenges such as logistics disruptions, the exploration of new sales markets, and potential increases in product costs. Additionally, the paper will outline strategies employed by B2B organizations to mitigate these challenges, with the aim of emerging stronger in the face of adversity (Beverland, Wilner, & Micheli, 2015).

This research will specifically focus on Belarusian companies operating in key industries, including the flower industry (Ariflowers), the furniture industry (Sonit), and engineering and plumbing industry (SKT Engineering), along with their European suppliers.

1.3 Research Question

This paper seeks to address the following research question: "How do geopolitical tensions between the EU and Belarus during the period of 2020 to 2024 impact B2B companies, and what strategies do these companies employ to not only survive but potentially emerge stronger amidst these challenges?"

To address this research question, a multiple-case study was conducted involving three Belarusian privately-owned companies from various industries. Through qualitative online interviews, the study evaluated how geopolitical tensions affect businesses and explored the strategies these companies employ to overcome related challenges.

1.3.1 Contributions

This paper aims to make major theoretical, empirical, and methodological contributions to the field of strategic management within B2B markets under geopolitical tensions. Theoretically, it expands on relevant theory for strategic sensemaking by investigating how B2B firms respond to external shocks, notably geopolitical tensions, increasing our knowledge of strategic dynamics in crisis circumstances. Empirically, the research adds new insights by conducting in-depth case studies of Belarusian businesses, revealing how these enterprises traverse the complexity of EU connections and alter their strategy in response to external influences. Methodologically, this study takes a multi-case study method, using qualitative data from online interviews with high-level executives to increase the depth and complexity of the data gathered. These contributions attempt to enhance understanding of resilience and flexibility in global business-to-business partnerships.

2. LITERATURE REVIEW

2.1 Geopolitical landscape

The period between 2020 and 2024 saw an increasingly chaotic and complex geopolitical scene, directly impacting businesses globally. Tsutsunashvili et al. (2024) highlight that rising geopolitical tensions, particularly between the EU and Belarus, prompted enterprises to reassess their strategic approaches in order to maintain continuity and competitiveness (EY, 2024). Conflicts during this period significantly disrupted trade and supply chains, leading to trade restrictions such as sanctions and tariffs (Attinasi et al., 2022). These disruptions had a profound impact on B2B enterprises engaged in cross-border activities (Pusa, 2012).

Additionally, the geopolitical instability necessitated companies to implement strategies like diversifying suppliers or strengthening existing relationships to mitigate these disruptions (Odulaja et al., 2023). However, despite these efforts, many companies faced increased operational costs that were often unsustainable (Mattila, 2017; Minh et al., 2022). The increasing unpredictability of international relations during these years underscored the critical importance of geopolitical risk management for businesses operating on a global scale.

2.2 Small and Medium-Sized enterprises' contribution to Belarus's socioeconomic landscape

Small and medium-sized firms (SMEs) have an impact on economic growth, scientific and technical advancement, market saturation with high-quality items, as well as promoting an ideal competitive environment, introducing innovations, creating new employment, and expanding consumer demand (Malgina, 2017).

Small and medium-sized enterprises (SMEs) in Belarus have been crucial to economic growth, innovation, and market competitiveness. Malgina (2017) highlights the significant contribution of SMEs, which encompass approximately 24% of Belarus's GDP, and play a substantial role in employment, accounting for over 30% of the nation's employed population. The people of Belarus acknowledge that the private sector helps to reduce poverty, promotes the concept of decent work and creates new jobs better than those in the public sector (Bornukova & Friedrich, 2021).

At the start of 2020, the globe faced the first wave of the epidemic. Belarusian authorities notably downplayed the risk of COVID-19 and did not enforce any pandemic limitations in spring 2020, instead favoring state-owned firms solely (Bornukova & Friedrich, 2021). Private business has not received any support, which affected both the business and the people employed there. Protests after the August 2020 election and the following political crisis have changed the relationship between the private sector and the government. The loss of legitimacy and trust in the government have led to an investment depression (Bornukova & Friedrich, 2021). SMEs in Belarus have not only bolstered the

economy but have also increasingly participated in social and political arenas, particularly evident during the COVID-19 pandemic through helping supply masks and respirators, delivered free meals to medics and food to people in quarantine. Bornukova and Friedrich (2021) report that despite facing challenges such as regressive government policies, international sanctions, and geopolitical concerns related to Russia's activities in Ukraine, Belarusian SMEs have demonstrated resilience and continued to drive socio-economic growth. This adaptability suggests that SMEs are capable of sustaining economic momentum even under significant political and economic pressures (Bornukova & Friedrich, 2021).

3. THEORETICAL FRAMEWORK

Drawing on Johnson's view of strategy as a continuous, socially created process, this paper investigates how enterprises use strategic techniques to adapt to the difficulties presented by geopolitical tensions. The study is focused on the tacit knowledge, routines, and sensemaking processes that support strategic decision-making in businesses (Johnson, 2007). In this study, the analysis looks at how enterprises distinctively separate from one another industries handle their interorganizational interactions in the face of geopolitical uncertainty.

Small and medium-sized firms (SMEs) have certain features that make them more vulnerable to the impacts of external shocks, as stated by Pham et al. (2021). Historical events such as the 2008-2009 Global Financial Crisis and the COVID-19 pandemic have highlighted SMEs' unique sensitivity to crises and disruptions (Adian et al., 2020; Chowdhury, 2011; Wasileski et al., 2011). Exogenous shocks frequently cause supply and demand disruptions, company downturns, economic losses, limited access to financial resources, and physical mobility limits (Miklian & Hoelscher, 2022).

In today's evolving corporate contexts, agility and resilience are crucial not only for survival but also for growth, as well as for the sensemaking and development of adaptive strategies (Soumodip and Clegg, 2021). Johnson (2007) posits that sensemaking processes enable organizations to develop a shared understanding of the challenges and opportunities presented by geopolitical tensions. This understanding fosters collective action and adaptive strategies, which are essential for maintaining operational continuity and competitive advantage. For instance, businesses that effectively engage in sensemaking can better anticipate market shifts, adjust supply chain configurations, and develop contingency plans to mitigate risks (Johnson, 2007). Strategic agility is another critical implication of sensemaking in the context of geopolitical tensions. According to Johnson (2007), sensemaking involves continuous scanning and interpretation of the external environment, which enables organizations to respond swiftly and effectively to emerging threats and opportunities. In B2B setting, this agility enables organizations to reshape their plans, negotiate new terms with partners, and investigate alternative markets or

suppliers. As a result, sensemaking promotes dynamic capacities, which are critical for maintaining corporate operations and attaining long-term success in the face of geopolitical turbulence. Additionally, sensemaking under geopolitical tensions aids in organizational learning and adaptability. Johnson (2007) underlines that sensemaking processes create insights that guide future plans and actions. Businesses that actively engage in sensemaking in B2B situations can learn from their reactions to geopolitical disturbances and incorporate these insights into their strategy frameworks. This continual learning loop not only strengthens the organization's ability to address future geopolitical concerns, but it also develops an innovative and adaptable culture.

This paper investigates the comprehension and response of B2B firms to geopolitical tensions, focusing on how these tensions influence strategic decision-making and adaptation methods by examining the sensemaking processes within these organizations.

The aim of the research is to uncover effective strategies and best practices for managing geopolitical risks and capitalizing on opportunities in B2B cooperation through interviews with these organizations. Additionally, this research seeks to enhance both theoretical understanding and practical knowledge in B2B management amid geopolitical uncertainty. It delves into the strategic practices, sensemaking processes, and strategic learning within these firms. By employing Johnson's framework and integrating key theories from B2B marketing and international relations, the study aims to expand comprehension of how B2B companies can successfully navigate and prosper in complex geopolitical landscapes.

Key definitions:

External shocks: unforeseen events that cause significant disruptions in the normal functioning of business operations and market dynamics (Pham et al., 2021).

Business-to-business (B2B): commerce transactions between businesses rather than between a business and individual consumers (B2C) (Hufford & Tita, 2020).

Agility: the ability of an organization to rapidly adapt to market changes and external forces, respond flexibly to customer demands, and adjust its operations and strategy to accommodate changing conditions (Johnson, 2007).

Sensemaking: process by which people give meaning to their collective experiences (Johnson, 2007)

Strategic learning: integration of learning processes into the strategic management of organizations (Johnson, 2007).

Strategic adaptation: ability of an organization to change its strategy based on external environmental changes and internal capabilities (Johnson, 2007).

4. METHODOLOGY

For the following part, the paper includes academic articles/book chapters from Google Scholar and UTlibrary. A comprehensive literature review of prior research in this field is necessary to identify research progress and areas that need further exploration. The following keywords are crucial to identify relevant articles: "Business-to-business", "political pressure", "Belarus", "The European Union", "sensemaking", "economic sanctions", "agility" etc. This data is secondary, like articles, reports, books etc. Additionally, the research incorporates a primary data collection method, such as the utilization of a questionnaire. The questionnaire, consisting of 11 open-ended questions was designed to target three Belarusian companies (see Appendix A). It was served as a tool for conducting online interviews with the companies. The consent forms were distributed to all interviewees, who subsequently signed them. In the interview stage, two representatives from each company were engaged in an online interview that lasted approximately 20 minutes. Each interview was recorded and then transcribed for subsequent analysis. The purpose of the interview was to identify and analyze recurring patterns to assess the impact of geopolitical tensions on their B2B operations and to understand how these tensions influence their strategies for overcoming challenges.

5. ANALYSIS

5.1 Flower Industry

AriFlowers, a Belarus-based company with more than a decade of proven reliability, specializes in importing flowers from Europe, South America, and South Africa. Despite its established reputation, the company faced unprecedented challenges from 2020 to 2024 owing to geopolitical tensions. According to the company's director, these political situations have critically impacted its operations, notably in logistics, financial, and economic areas.

The procurement processes at AriFlowers, managed by the company's buyer, have been significantly disrupted by the onset of the Russia-Ukraine war and subsequent sanctions imposed on Belarus. These events have strained relationships with suppliers and complicated logistics and financial operations, as the buyer noted. Even though AriFlowers has engaged with various suppliers in the Netherlands for about six years, the association with Russian-speaking regions during 2022 led to considerable challenges. Potential Dutch suppliers, perceiving Belarus as aligned with Russia, often declined partnerships, reflecting the complex interplay between business and international politics. However, by 2023, as initial reactions to geopolitical events settled, many companies recognized the economic downsides of

severing ties and resumed relations with Belarus and Russia. The buyer shared that “this shift underscores the pragmatic approach of businesses prioritizing financial interests over political stances in the long run, although the initial support for political causes by some entities demonstrated a complex balancing act between ethics and profitability”.

The buyer at AriFlowers also highlighted how the logistics of their business, centered around importing flowers from the Netherlands, have deteriorated. She noted that “traditionally, our logistics were streamlined: our truck, loaded weekly with fresh flowers in the Netherlands, would arrive in Belarus within a couple of days without any delays. However, the current situation has markedly changed”. Previously efficient operations now face delays of up to seven or eight days due to increased border controls, significantly affecting the freshness and quality of the flowers upon arrival. The financial losses from these logistics challenges, exacerbated by the costs of transport, delivery, customs clearance, and taxes, are only partially recoverable.

Moreover, the director of AriFlowers pointed out that sanctions on many banks in Belarus have disrupted the company's ability to make international payments, frequently causing delays as funds are processed through correspondent banks in Austria, other European countries, or even the United States. He noted that “due to the involvement of these intermediary banks, our payments frequently encounter delays. It is not uncommon for our funds to be held up for extended periods, sometimes up to a month”. Despite these financial disruptions, AriFlowers maintains a strong commitment to transparency and reliability in its dealings with suppliers.

The war's onset also led to a dramatic shift in consumer behavior, as uncertainty prompted people to prioritize essential needs over discretionary spending like flowers. This shift caused a steep decline in demand, particularly challenging around significant dates such as March 8, a major holiday in Russia and Belarus. The buyer at AriFlowers said that “we faced substantial financial losses during this time, often operating at a deficit, yet our commitment to our suppliers remained unwavering. The priority was clear: to ensure timely payment to our suppliers, maintaining our obligations and ethical standards, regardless of our financial position”. Despite operating at a deficit, the company's unwavering commitment to its suppliers helped it navigate these difficult times. She mentioned that “this steadfast approach was crucial in sustaining our operations and preserving our reputation as a reliable partner during an exceedingly difficult period for the industry”.

In response to these unpredictable challenges, the director of AriFlowers stated that the company has not established a long-term strategic plan. Instead, they focus on agile and responsive problem-solving to adapt to immediate changes. For instance, they are exploring alternative logistical solutions, such as air transportation through Amsterdam-Istanbul-Moscow-Minsk. As the director of the company noted that “we are now looking for other ways to deliver the flower, perhaps we are working on this air

service so that the flower arrives to us as early as possible”. The company is also considering shifting their supply chain to China, which offers logistical advantages due to its direct connections with Russia and simpler customs processes. Engaging with Chinese wholesale flower suppliers could simplify logistics considerably compared to the current model in the Netherlands and represents a strategic pivot to ensure continuity in their operations.

5.2 Furniture Industry

Sonit is one of the leading Belarusian manufacturers of mattresses, beds, sofas and sleep accessories. Despite its 16-year presence on the market and intense partnerships with European companies, the company faced unprecedented challenges from 2020 to 2024 owing to geopolitical tensions. According to the Deputy General Director of Sonit, the company lost a substantial portion of its suppliers and sales during this period. Difficulties in transferring funds further complicated its business operations.

The company's revenue, which depended on trade with Germany, has decreased within the total export volume. The Deputy General Director of Sonit noted that “we had a very successful partnership with one big German company, our counterparty since 2019, which provided us with substantial volumes. The cooperation was preceded by a lengthy preparatory process, involving extensive work before the contract was signed, taking about a year. Our collaboration was highly successful, leveraging our 'Demand' products in Germany and our 'Sonit' brand products, which resulted in significant growth rates. However, the geopolitical situation in 2022 caused our sales market to collapse, which was particularly disconcerting as Germany accounted for about 50% of our total sales volume and nearly 100% of the export sales”.

Additionally, since 2006, Sonit had a productive partnership with a Belgian company supplying mattress fabrics. This relationship also ended due to the 2022 sanctions. “The fabrics were of high quality and made our product uniquely exceptional”, the Deputy General Director noted. This situation was particularly disheartening given that the company's mission to 'create products of the highest quality, continuously improving products and technologies to ensure that sleep and relaxation with Sonit products are as comfortable as possible'.

Moreover, Sonit's Chief Accountant highlighted that the company has encountered difficulties with fund transfers. She explained that “our partners have informed us that European banks do not process transfers specifically from German territory due to sanctions”. Thus, “the Germans currently owe us a significant amount, which is quite substantial for our company. This payment issue remains unresolved”, said the deputy general director of Sonit.

Despite these setbacks, the Deputy General Director expressed optimism: “It is unfortunate that we lost significant European partners. However, when one door closes, another opens”. The company's strategy now focuses on market diversification in countries such as India, China, and the United Arab Emirates.

“There is demand for our products in these countries. We conducted thorough analyses, studying prices, demand, and market capacity, which is certainly appealing to us”. The Deputy Director also noted the completion of a successful first delivery in Dubai, signaling a positive step toward overcoming their recent challenges.

5.3 Engineering and Plumbing Industry

Since 2001, the Belarusian company SKT Engineering has been supplying products to housing and communal services enterprises, water utilities, domestic and foreign construction companies, trading houses, and individuals. The company produces polyethylene shaped products of any complexity and supplies pipes, fittings, and components for external and internal water supply, sewerage, and heating systems.

However, since 2022, the company has encountered significant difficulties in procuring goods from European manufacturers due to increased logistics costs and payment issues stemming from geopolitical tensions. These tensions have severely restricted the company’s ability to purchase products from European sellers. The Deputy Director noted that “prior to 2022, the company maintained stable relationships with European partners, but the onset of logistical challenges arising from sanctions rendered these partnerships financially unviable”. The cost of European goods increased by approximately 12-17%, making it impossible for the company to compete in the Belarusian market. Additionally, the Head of the Logistics Department added “If we were still working with European companies, we would not have survived in the Belarusian market, because it would have been very expensive”.

In response, SKT Engineering refocused its efforts on non-European suppliers, such as those in Russia and China. The Head of the Logistics Department commented that “Chinese and Russian manufacturers today are quite flexible in terms of everything. When we worked with European manufacturers, it was more systematic, but it is nice to work with companies that, among other things, adapt to you according to your specific needs and criteria”. The Deputy Director emphasized that this strategic shift was necessary to ensure the continuity of operations and maintain competitive pricing for their products.

6. RESULTS

The conducted interviews focused on how geopolitical tensions between the EU and Belarus from 2020 to 2024 affected three Belarusian companies—AriFlowers, Sonit, and SKT Engineering—and the tactics they used to overcome the problems. The findings show the severe interruptions in procurement, logistical, and financial operations caused by these conflicts, as well as the adaptive strategies implemented by these organizations to reduce the negative consequences.

6.1 Geopolitical Challenges (2020-2024)

The geopolitical situation during in the period of 2020 and 2024, highlighted by the Russia-Ukraine war and sanctions on Belarus, presented significant hurdles to the enterprises analyzed. The findings from AriFlowers, Sonit, and SKT Engineering reveal common themes of disrupted supplier relationships, increased logistical costs, and complications in international payments.

6.1.1 AriFlowers

AriFlowers faced significant disruptions in logistics and financial operations due to sanctions and border controls. The company’s strategic reaction included looking at other logistical options and potentially shifting its supply chain from Europe to China. This adaptive method emphasizes the need of agility and flexibility in handling geopolitical uncertainty. AriFlowers’ brand and operations were protected by preserving openness and dependability in supplier relationships.

6.1.2 Sonit

Sonit’s experience with lost suppliers and sales due to geopolitical tensions demonstrates the fragility of enterprises that rely largely on foreign commerce. The company’s focus on market diversification in India, China, and the UAE illustrates a proactive approach to mitigating the risks associated with geopolitical upheaval. Successful initial deliveries in new markets demonstrate Sonit’s strategy for ensuring business continuity and expansion in the face of external disruptions.

6.1.3 SKT Engineering

SKT Engineering’s shift from European to Russian and Chinese suppliers illustrates a strategic adaptation to increased logistical costs and payment difficulties. The flexibility of non-European manufacturers enabled the firm to continue operating competitively. This instance emphasizes the need of strategic agility in ensuring supply chain stability and operational sustainability in a turbulent geopolitical landscape.

6.2 Logistical Challenges and Financial Impact

AriFlowers, Sonit, and SKT Engineering experienced severe logistical and financial disruptions due to geopolitical tensions and sanctions.

6.2.1 AriFlowers

AriFlowers’ logistics, traditionally streamlined with weekly shipments from the Netherlands, faced severe delays due to increased border controls. These delays affected the freshness and quality of the flowers, leading to significant financial losses. Additionally, sanctions on Belarusian banks complicated

international payments, with funds often delayed for up to a month as they were processed through intermediary banks.

6.2.2 Sonit

Similarly, Sonit encountered similar financial disruptions due to sanctions. European banks did not process transfers specifically from German territory, leaving significant amounts owed by German partners unresolved. This issue further strained the company's financial stability, making it challenging to maintain their operations smoothly.

6.2.3 SKT Engineering

Also, SKT Engineering's logistical challenges were due to increased costs and difficulties in making payments to European suppliers. The cost of European goods significantly increased which made it impossible for the company to compete in the Belarusian market.

6.3 Market Diversification and Strategic Adaptation

The strategies employed by the companies to address the challenges highlight the importance of market diversification and strategic flexibility. By exploring new markets and alternative supply chains, the companies demonstrated resilience and adaptability. This approach not only mitigated immediate risks but also positioned them for potential growth in less volatile markets.

6.3.1 AriFlowers

The disruptions in procurement processes underscored the significant impact of external shocks on AriFlowers' operations. In response to the challenges, AriFlowers adopted agile and responsive problem-solving strategies. The company explored alternative logistical solutions, such as air transportation routes through Amsterdam-Istanbul-Moscow-Minsk. This approach aimed to mitigate the delays caused by increased border controls and ensure the timely arrival of products. Additionally, AriFlowers considered shifting its supply chain to China, which offered logistical advantages and simpler customs processes compared to European suppliers. Engaging with Chinese wholesale flower suppliers was seen as a strategic pivot to maintain operational continuity and reduce the complexities associated with the current supply chain model in the Netherlands. Despite financial disruptions, AriFlowers maintained a strong commitment to transparency and reliability in its dealings with suppliers. This steadfast approach was crucial in sustaining operations and preserving its reputation as a reliable partner during an exceedingly difficult period for the industry. By emphasizing agility in sourcing materials and adapting product strategies, AriFlowers managed to navigate the geopolitical landscape effectively. The company's ability to swiftly implement alternative logistical solutions and

explore new supply chain options underscores the importance of strategic adaptability and resilience in the face of external shocks.

6.3.2 Sonit

The disruptions in procurement processes underscored the significant impact of external shocks on Sonit's operations. In response, the firm strategically moved its attention to market diversification, targeting India, China, and the United Arab Emirates. This pivot emphasizes the need of being agile when obtaining materials and modifying product strategy to preserve quality in the face of supply chain disruptions. Sonit undertook rigorous market assessments and successfully completed its first delivery in Dubai, indicating a significant step toward overcoming previous problems. This strategy decision indicates the company's capacity to adapt and remain resilient in a complicated geopolitical context, assuring long-term operational effectiveness and competitiveness.

6.3.3 SKT Engineering

SKT Engineering refocused its efforts on non-European suppliers, particularly in Russia and China. The flexibility of Chinese and Russian manufacturers allowed the company to adapt to specific needs and maintain competitive pricing. This shift in supplier strategy demonstrates SKT Engineering's responsiveness and strategic flexibility in the face of external shocks. Despite considerable geopolitical hurdles, the company's ability to swiftly adapt to new suppliers indicates its dedication to preserving operational continuity and competitive pricing.

6.4 Consumer Behavior and Demand Shifts

Geopolitical concerns also caused significant adjustments in consumer behavior, with a greater emphasis on necessary requirements over discretionary expenditure. AriFlowers experienced a steep decline in demand for flowers, particularly around significant holidays, while Sonit had to navigate the collapse of the German market. SKT Engineering adapted by maintaining competitive pricing through new supplier relationships.

6.4.1 AriFlowers

The onset of the war led to a significant shift in consumer behavior for AriFlowers, with a greater emphasis on essential needs over discretionary spending like flowers. This shift caused a steep decline in demand, particularly around major holidays such as March 8. Despite operating at a deficit, AriFlowers maintained timely payments to suppliers, preserving its reputation as a reliable partner.

6.4.2 Sonit

For Sonit, the collapse of the German sales market due to geopolitical tensions was particularly disconcerting, given Germany's significant share in their total sales volume and exports. The company had to navigate these disruptions while seeking new markets and maintaining product quality.

6.4.3 SKT Engineering

SKT Engineering's strategic change to non-European suppliers helped them handle higher prices and logistical issues. By adjusting to new suppliers while maintaining low pricing, the firm secured its existence and competitiveness in the Belarusian market.

7. DISCUSSION

The literature review has enhanced the broad view of geopolitical tensions on small-medium-sized companies. As highlighted by Attinasi et al. (2022), the conflicts occurring between 2020 and 2024 caused substantial disruptions to trade and supply chains, resulting in trade restrictions such as sanctions and tariffs. This disruption significantly impacted three Belarusian companies, affecting their logistics, financial operations, and economic activities. These complications in cross-border operations were also underscored by Pusa (2012). Based on the conducted analysis, the effect of the external shocks is intense for the Belarusian companies to survive in turbulent times. The challenges, such as transport delays, spiraling input costs and dissolved partnerships have become more frequent. These immediate effects have spread across three analyzed industries – flower, furniture and engineering and plumbing. Thus, the impact of geopolitical tensions between Belarus and the EU is profound, significantly challenging the stability and strength of business relations. Geopolitical tensions have caused significant disruptions in logistics, particularly for AriFlowers, which faced delays of up to seven or eight days due to increased border controls. This impacted the freshness and quality of the flowers, leading to financial losses. Sanctions on Belarusian banks complicated international payments, as seen with AriFlowers and Sonit. Payments were often delayed for extended periods due to intermediary banks in Europe or the United States. The geopolitical tensions led to severed supplier relationships, exemplified by Sonit losing its German and Belgian partners, which significantly impacted their supply chain and product quality. The demand for products such as flowers decreased due to shifts in consumer behavior towards essential needs over discretionary spending, particularly during major holidays.

The literature review highlights that geopolitical instability necessitates strategies like diversifying suppliers or strengthening existing relationships to mitigate disruptions (Odulaja et al., 2023). Additionally, Samakhavets and Hrechyshkina (2020) underscore the importance of reevaluating supply chains and exploring alternative markets to ensure resilience and sustainability amidst geopolitical tensions. Based on the interview, the strategies

employed by the companies to survive and potentially emerge stronger amidst the challenges posed by geopolitical tensions were somewhat alike in several key aspects. Sonit focused on market diversification by targeting new markets in India, China, and the UAE. This strategy involved conducting thorough market analyses and successfully making initial deliveries to Dubai. AriFlowers explored alternative logistical solutions, such as air transportation routes through Amsterdam-Istanbul-Moscow-Minsk, and considered shifting their supply chain to China for simpler customs processes and logistical advantages. SKT Engineering shifted from European to Russian and Chinese suppliers, leveraging the flexibility of these non-European manufacturers to maintain competitive pricing and operational continuity. Companies like AriFlowers adopted agile and responsive problem-solving strategies, focusing on immediate adaptations rather than long-term strategic plans to cope with the changing geopolitical landscape. Despite operating at a deficit, AriFlowers prioritized timely payments to suppliers, preserving their reputation as a reliable partner. Sonit's strategic shift towards new markets was based on proactive analyses of prices, demand, and market capacity, allowing them to tap into new opportunities. SKT Engineering's quick pivot to non-European suppliers demonstrated their strategic flexibility and commitment to maintaining operational viability in a volatile geopolitical environment.

7.1 Theoretical implication

According to Johnson (2007), sensemaking theory provides a framework to understand how AriFlowers, Sonit, and SKT Engineering navigated complex and ambiguous situations arising from geopolitical tensions in the period of 2020 and 2024. Each company demonstrated the key elements of sensemaking: interpreting challenges, adapting strategies, and maintaining a balance between immediate responses and long-term goals. Moreover, in the context of business-to-business (B2B) operations, especially during periods of geopolitical tension, sensemaking becomes crucial for maintaining resilience and strategic agility in overcoming crises and sustaining operations (Johnson, 2007).

AriFlowers interpreted the geopolitical tensions and their direct impact on logistics, financial operations, and supplier relationships. The company understood the necessity to adapt to these changes to maintain operations. Instead of establishing a long-term strategic plan, AriFlowers focused on agile and responsive problem-solving to adapt to immediate changes. This approach exemplifies the essence of sensemaking, where organizations continuously interpret and respond to evolving situations. Despite financial losses, AriFlowers maintained its commitment to transparency and reliability in dealings with suppliers. This decision reflects the company's effort to balance financial interests with ethical obligations, an important aspect of organizational sensemaking during crises.

Sonit made sense of the geopolitical situation by recognizing the need to diversify its market presence beyond Europe. The company understood the unsustainable nature of continuing reliance on European partners under the new geopolitical reality. The company's decision to focus on markets in India, China, and the UAE reflects a strategic pivot based on a thorough analysis of market conditions and potential opportunities. This decision underscores the importance of adaptability and forward-thinking in sensemaking. Despite setbacks, Sonit maintained an optimistic outlook, viewing new markets as opportunities rather than insurmountable challenges. This positive framing is a crucial element of sensemaking, helping organizations to motivate and align internal stakeholders towards new goals.

SKT Engineering re-evaluated its supplier relationships, recognizing the need to shift focus from European to non-European suppliers. This re-evaluation is a critical part of sensemaking, where the company assesses the feasibility and viability of its existing strategies. The company's strategic shift to engage with Chinese and Russian suppliers demonstrates its ability to adapt to the new geopolitical and economic landscape. This shift highlights the flexibility and responsiveness required for effective sensemaking. By focusing on non-European suppliers, SKT Engineering ensured the continuity of operations and maintained competitive pricing for its products. This decision reflects the company's understanding of the market dynamics and its proactive approach to sustaining business operations amidst challenges.

7.2 Practical implication

The paper concentrated on evaluating three distinct industries: flower, furniture, and engineering and plumbing. The interviews conducted aimed to understand not only the responses and actions of specific B2B companies in these sectors during geopolitical instability but also the broader impacts on their industries. Based on the analysis and findings, it is evident that any company within these industries can navigate their operations effectively by adopting strategies that proved successful for the companies examined in this research. Businesses can benefit from diversifying their suppliers, reassessing supply chains, and exploring new markets or strengthening existing relationships to mitigate disruptions. These approaches ensure resilience and sustainability amid geopolitical tensions.

8. LIMITATIONS

Despite the fact that this study shed light on the responses and strategies of enterprises in the flower, furniture, engineering, and plumbing industries during geopolitical tensions, some limitations should be noted. Firstly, the study concentrated on a limited number of enterprises (AriFlowers, Sonit, and SKT Engineering) from three distinct industries. This restricted emphasis may fail to reflect the entire range of responses and methods used by other organizations in this or other industries confronted with comparable geopolitical challenges. Secondly,

the study is situated within the geopolitical tensions between EU and Belarus in the period of 2020 and 2024. The unique character of these tensions may not be reflective of other geopolitical settings, limiting the findings' applicability to other scenarios or future geopolitical events. Thirdly, qualitative research methods may create biases depending on respondents' subjective impressions. Lastly, the specific characteristics of the flower, furniture, engineering and plumbing industries may alter the findings' application to other sectors. These sectors' unique supply chain dynamics, market structures, and regulatory frameworks may imply that the techniques outlined are ineffective or irrelevant in other circumstances.

9. FUTURE RESEARCH

Given the limitations of this study, numerous options for future research might be followed to improve our knowledge of how companies navigate geopolitical issues. Future studies might look at a wider range of businesses outside flowers, furniture, engineering and plumbing industries. Comparative studies of organizations from different geographic locations or with diverse sizes and resources may illustrate how context-specific factors impact strategic responses. This might aid in the identification of both universally applicable and context-dependent best practices. Quantitative tools, such as surveys and statistical analysis, might supplement the qualitative findings of interviews. This mixed-method approach would give a more solid knowledge of the efficacy of various techniques and enable generalization to a broader population. In addition, extensive case studies of organizations that have successfully managed geopolitical issues, as well as those that have suffered, might give useful insights.

10. CONCLUSION

The research emphasized the varied impact of geopolitical tensions on B2B enterprises in Belarus in the period of 2020 and 2024, demonstrating both the hurdles and innovative solutions these companies use to maintain and perhaps expand their market position. The Belarusian companies are resilient in navigating challenging geopolitical contexts because they prioritize agility, diversity, and strategic learning. The findings add to a better understanding of strategic management in volatile circumstances and provide practical insights for similar businesses worldwide.

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7. APPENDIX

Appendix A (survey questions)

1. How has the current global political landscape impacted the operations and performance of your business?
2. How significantly have the political tensions between 2020 and 2024 impacted your business dealings with firms in the European Union?
3. Which part of your business is most affected by political factors?
4. How have these disruptions, arising from political factors, influenced the operations of your business?
5. What specific strategies do you employ to navigate challenges encountered while collaborating with other companies?
6. In what ways do you evaluate the effectiveness of your supply chain management strategies during periods of political uncertainty?
7. Could you share examples of successful strategies implemented by your company during times of political uncertainty?
8. Considering the prevailing political climate, how do you foresee the future of business relationships with European companies?
9. What obstacles do you foresee when exploring new markets or diversifying your supply chains?
10. Have you considered collaborating with alternative suppliers or partners? If yes, what criteria guide your selection process?
11. Are there any innovative strategies you propose that could bolster your company's resilience during times of political tensions and uncertainty?