The Role of Competitive Intelligence in Navigating Geopolitical Uncertainty in CEE Business Environment

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Abstract

The Central and Eastern European (CEE) region is experiencing profound geopolitical turbulence, characterised by the ongoing war in Ukraine, persistent dependency on external energy supplies, fragmented supply chains, and the complex process of European Union integration (Mackinnon, 2022; Jakobi, 2020). These dynamics generate heightened uncertainty for businesses, demanding innovative approaches to strategic adaptation and risk management.

Competitive Intelligence (CI) has been increasingly recognised as a strategic capability that supports organisations in systematically collecting, analysing, and applying information to anticipate risks, exploit opportunities, and maintain competitiveness (Calof & Wright, 2008; Fleisher & Bensoussan, 2015).

This article investigates the role of CI in enhancing organisational resilience and strategic agility in the CEE business environment. Drawing on the literature on intelligence practices (Du Toit, 2015; Calof, 2017) and recent empirical developments in the region (IMF, 2025; Reuters, 2025a), the study illustrates how CI contributes to proactive responses to geopolitical risks, supports decision-making under uncertainty, and strengthens adaptive capacity. The findings are expected to contribute to academic debates on international business strategy and geopolitical risk management while providing practical recommendations for managers navigating volatile environments in CEE.

Keywords: *competitive intelligence, geopolitical uncertainty, CEE business environment, strategic agility*

JEL classification: F20, F23, M10.

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1. Introduction

The Central and Eastern European (CEE) business environment is currently shaped by unprecedented levels of geopolitical uncertainty. The war in Ukraine has disrupted regional security arrangements, trade relations, and investment flows (Smith, 2022), while reinforcing the vulnerability of CEE states to energy dependency on external suppliers, particularly Russia (IEA, 2022). At the same time, supply chain fragmentation—accelerated by global trade disputes and regional policy shifts—has increased exposure to external shocks for export-dependent economies such as Slovakia, Poland, and Hungary (IMF, 2025). These

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vulnerabilities are further compounded by the ongoing process of EU integration, which presents both opportunities and challenges in terms of regulatory alignment, fiscal coordination, and political cohesion (Jakobi, 2020).

In light of these pressures, businesses require new tools and practices that enable them not only to survive but also to adapt effectively. Competitive Intelligence (CI) has gained traction as a strategic response to such uncertainty. CI is defined as the systematic collection, analysis, and use of information to support decision-making and improve strategic positioning (Calof & Wright, 2008). Scholars argue that CI extends beyond competitor monitoring to encompass environmental scanning, risk assessment, and scenario planning, making it particularly valuable for firms operating in regions prone to geopolitical volatility (Fleisher & Bensoussan, 2015; Du Toit, 2015).

The aim of this study is to explore the role of CI in enhancing resilience and strategic agility for firms in the CEE business environment. Specifically, it examines how organisations apply CI practices to manage risks associated with armed conflict, energy security, supply chain instability, and EU-level policy integration. By situating CI within the broader discourse on risk management and strategic adaptation, this article seeks to advance theoretical understanding (Calof, 2017) while providing practical insights for managers dealing with one of Europe's most complex and dynamic regions.

2. Literature Review

2.1 Defining Competitive Intelligence

Competitive Intelligence (CI) is a multidisciplinary concept, drawing on management, economics, information sciences and psychology (Bergeron & Hiller, 2002; Garcia-Alsina, Cobarsí-Morales & Ortoll, 2016). It is defined as a systematic and ethical process of collecting, analyzing and disseminating information about competitors, customers, technologies and the wider business environment to support decision-making (Fuld, 1995; Ngugi, Gakure & Mugo, 2012). Emerging in the 1980s from practices rooted in military intelligence, CI enhances organizational competitiveness by improving the quality of information flows, accelerating strategic decisions, and increasing efficiency and market knowledge (Shaker & Gembicki, 1999; Stefanikova & Masarova, 2014).

CI goes beyond the mere acquisition of data; it requires structured methods for interpreting external signals and transforming them into actionable insights. This process allows firms to anticipate changes in their competitive environment, identify threats and opportunities, and enhance strategic agility. In volatile contexts such as Central and Eastern Europe (CEE), where geopolitical uncertainty is high, the systematic application of CI becomes essential to ensure that organisations can make informed and timely decisions.

While CI focuses on understanding competitors and the external environment, it is often compared with related concepts such as Business

Intelligence (BI) and Knowledge Management (KM). Xu, Frankwick and Ramirez (2011) argue that BI is primarily concerned with the internal management of data, particularly through technological systems that support reporting and performance analysis. In contrast, CI emphasises the external dimension, drawing on market signals, competitor behaviour, and environmental scanning. This external orientation differentiates CI as a forward-looking and proactive discipline, whereas BI often retains a retrospective, data-driven focus on past and current organisational performance.

2.2 Geopolitical Uncertainty and Business Risk

The Central and Eastern European (CEE) region is currently experiencing significant geopolitical turbulence that has direct economic consequences. One of the most pressing issues relates to energy realignment. The proposed *Power of Siberia 2* pipeline between Russia and China is expected to reduce Europe's leverage in energy negotiations and deepen Eurasian energy ties, thereby intensifying competition for resources and slowing down EU diversification efforts (Financial Times, 2025). At the same time, the *TurkStream* pipeline, which continues to deliver Russian gas to Southeastern Europe, sustains dependency in countries such as Hungary and Slovakia, potentially undermining EU ambitions to decouple from Russian energy by 2027 (Reuters, 2025).

Trade relations have also been affected by protectionist measures. The introduction of U.S. tariffs of up to 25% on European Union exports, with the threat of increasing to 50%, has disproportionately impacted Eastern European automotive industries. Slovakia, in particular, faces the loss of approximately 20,000 jobs and a reduction of €5 billion in exports, with some firms relocating production to mitigate risks (Wall Street Journal, 2025). This illustrates how global trade disputes amplify vulnerabilities in export-dependent CEE economies and highlight the need for firms to adapt strategies proactively.

Beyond energy and trade, regional integration efforts such as the *Three Seas Initiative* aim to counterbalance these pressures by strengthening transport, energy, and digital connectivity across CEE states. These collaborative projects are designed to enhance strategic autonomy and reduce exposure to external shocks (Jakobi, 2020). Meanwhile, increased defence spending, such as Romania's decision to raise military expenditure to 5% of GDP by 2032 and expand NATO's Mihai Kogălniceanu Air Base, reflects the security imperative but also diverts public resources away from socio-economic development (IEA, 2022).

Political volatility remains a compounding factor. For firms operating in the region, the cumulative effect of energy insecurity, trade tensions, and political unrest reinforces the strategic value of Competitive Intelligence as a tool to anticipate risks and adapt to shifting conditions (Calof, 2017).

Emerging Risks for Firms in the CEE Region

Central and Eastern European (CEE) economies remain heavily dependent on export-driven growth, with countries such as Slovakia and the Czech Republic particularly reliant on foreign markets. The International Monetary Fund (IMF) has highlighted that global trade growth has slowed significantly, from an average of 6% in the early 2000s to approximately 3% between 2022 and 2024, creating a substantial threat to these economies' growth trajectories (IMF, 2025). This slowdown increases the vulnerability of CEE firms to external shocks, particularly in industries such as automotive and manufacturing, which rely on integrated global supply chains. The IMF (2025) further suggests that structural reforms are required to enhance productivity, reduce intra-EU trade barriers, and ease the operational costs for firms seeking expansion abroad.

Labour Market Disruptions and Demographic Shifts

Another emerging risk relates to labour market volatility, particularly the potential outflow of Ukrainian migrant workers. Since the onset of the war in Ukraine, many CEE economies—including Poland, Hungary, and the Czech Republic—benefited from an influx of Ukrainian labour, which helped sustain employment levels and support operational continuity across key industries. However, should peace be achieved, a large-scale repatriation of this workforce could exacerbate pre-existing demographic challenges and create labour shortages. Such a development would place significant strain on firms' staffing strategies and increase wage pressures in tight labour markets (Reuters, 2025).

Investment Retrenchment under Economic Uncertainty

Foreign direct investment (FDI) has historically been a key driver of growth in the CEE region, with German firms playing a particularly important role in manufacturing and infrastructure development. In 2025, however, German firms reported a significant scaling back of investment plans in Hungary, citing weak demand, persistent inflation, and policy uncertainty (Reuters, 2025). According to recent surveys, almost 75% of German companies operating in Hungary expressed concerns regarding the regional economic outlook, reflecting broader investor anxiety over fiscal stability, rule of law, and trade dynamics (Reuters, 2025). This retrenchment highlights the sensitivity of FDI flows to macroeconomic instability and political risks in CEE.

Cybersecurity and Operational Vulnerability

Finally, technological disruption and the rapid pace of digital transformation present new risks for firms across the region. The 2025 *Allianz Risk Barometer* identifies cyber incidents—including ransomware attacks, data breaches, and IT system failures—as the single greatest concern for global businesses, followed by business interruptions as the second most critical threat (Allianz Risk Barometer, 2025). For CEE firms, many of which are undergoing accelerated digitalisation, these vulnerabilities are particularly pronounced.

Cybersecurity threats not only disrupt operational continuity but can also damage corporate reputation and erode trust among partners and stakeholders. As a result, cybersecurity resilience has become a central strategic priority for firms navigating the evolving CEE business landscape.

2.3 Linking CI and Geopolitics

Competitive Intelligence (CI) has increasingly been recognised as a valuable tool for anticipating geopolitical threats, particularly in regions exposed to volatility such as Central and Eastern Europe. Calof (2017) argues that CI enables organisations to systematically monitor political, economic, and security developments that may influence market dynamics. By integrating environmental scanning with scenario planning, CI provides decision-makers with foresight into potential disruptions, including trade restrictions, energy crises, or regional conflicts. In this sense, CI extends beyond the traditional scope of monitoring competitors, functioning instead as a strategic mechanism for interpreting early-warning signals and informing contingency planning. Firms that adopt CI practices are therefore better positioned to anticipate geopolitical risks before they escalate into crises.

Beyond anticipation, CI also plays a critical role in fostering organisational resilience. Du Toit (2015) highlights that resilience depends not only on a company's ability to withstand external shocks but also on its capacity to adapt and recover swiftly. CI contributes to this by providing timely, actionable insights that support flexible decision-making and resource allocation in uncertain environments. Through structured intelligence processes, firms can identify vulnerabilities, reconfigure supply chains, and diversify partnerships in response to geopolitical instability. Moreover, embedding CI within corporate governance frameworks helps cultivate a culture of vigilance and adaptability, enabling organisations to sustain performance and competitive advantage even under adverse conditions.

3. Methodology

A qualitative case study approach has been selected as the most suitable methodological framework for this research. Yin (2018) emphasises that case study designs are particularly effective when the aim is to explore complex and context-dependent phenomena, particularly where the boundaries between the phenomenon and its context are not clearly defined. This is highly relevant for the CEE business environment, where geopolitical uncertainty intersects with strategic management practices. Case studies enable researchers to analyse multiple variables simultaneously and to capture the depth of organisational responses in ways that quantitative approaches may overlook (Yin, 2018). By focusing on selected firms within the region, this approach facilitates both an in-depth examination of

Competitive Intelligence (CI) practices and cross-case comparison, which may reveal patterns of adaptation and divergence (Eisenhardt, 1989).

The study relies primarily on document analysis and selected business cases drawn from the CEE region. As Bowen (2009) notes, document analysis offers a systematic method for reviewing organisational reports, market analyses, and policy documents, which are particularly valuable in capturing both the internal practices of firms and the broader geopolitical environment. Case selection followed the principle of purposive sampling to ensure that the companies studied were directly exposed to geopolitical risks, such as supply chain disruptions, energy insecurity, or regulatory volatility (Silverman, 2020). However, methodological limitations must be acknowledged. Bryman (2016) stresses that qualitative research often faces constraints related to access, transparency, and the scope of sampling, which can limit the generalisability of findings. These limitations are addressed by triangulating multiple sources of evidence (Denzin, 2012), thereby increasing the robustness of the analysis, while recognising that the conclusions remain bounded to the specific cases under investigation.

4. Findings and Discussion

4.1 Geopolitical Risks in CEE

The prolonged conflict in Ukraine continues to deeply affect regional economic stability in Central and Eastern Europe (CEE). According to the European Bank for Reconstruction and Development, Ukraine's economy—despite suffering significant destruction—demonstrated resilience, with projected GDP growth of 3.5% in 2025 and potentially 5% in 2026 if peace is achieved (European Bank for Reconstruction and Development, 2025; Reuters, 2025).

In Romania, multinational corporations have been directly exposed to these instabilities, particularly in terms of export markets and logistics routes.

For example, Romania's automotive industry remains a key pillar of its economy and export performance. In 2024, the country achieved a record production of **560,102 vehicles**, marking a 9% increase from 2023—**309,432 units produced by Dacia** and **250,670 by Ford Otosan** (Romania Journal, 2025). New car exports alone accounted for approximately **€12 billion**, compared with just €3.5 billion in imports, underscoring the sector's competitiveness internationally (Gongoroi, 2025).

While these figures highlight robustness, geopolitical instability—particularly near the eastern border—continues to pose logistical challenges. Conflicts can disrupt trade corridors and increase security-related costs, potentially threatening export channels for major automotive firms.

Supply Chain Fragmentation and Adaptive Strategies

Global trade disruptions and geopolitical volatility have made supply chain resilience a top priority for businesses operating in CEE. According to PwC's 2025

Digital Trends in Operations Survey, an overwhelming 91% of supply chain leaders are significantly modifying supply chain strategies in response to evolving global policies and volatility, with 87% noting that geopolitical risks are prompting more flexible operations (PwC, 2025). Moreover, evolving supply strategies are increasingly supported by AI-driven capabilities, such as smart control towers that offer real-time visibility and rapid response to disruptions (PwC, 2025).

Romania's Geopolitical Exposure and Energy Transition

The ongoing war in Ukraine continues to shape Romania's strategic and economic landscape. Positioned as a frontline NATO state and reliant on energy imports, Romania has reinforced its Western alignment while pursuing energy independence (Całus et al., 2025). In March 2025, drilling began at the Neptun Deep offshore gas project in the Black Sea—developed by OMV Petrom and state-owned Romgaz—with the potential to double Romania's domestic gas production by 2027 and enable significant exports (Reuters, 2025). Meanwhile, Romania is negotiating with the European Commission to delay the 2026 coal phase-out, citing delays in renewable capacity development; this reflects the transitional strain as the country works to replace old lignite plants with solar, gas, wind, and nuclear infrastructure (Reuters, 2025).

Companies in Romania continue to face significant operational challenges resulting from fragmented supply chains and rising inflationary pressures. Recent analyses indicate that geopolitical instability and the rise of protectionist trade policies have led to shipment delays, increased input costs, and greater unpredictability in business operations—factors that complicate strategic planning and undermine resilience (Greco, 2025). When combined with volatile energy markets and political uncertainty, these conditions underscore the critical need for firms to enhance flexibility and implement stronger risk management mechanisms in order to remain competitive in Romania's rapidly shifting business environment.

5. Managerial Implications

CI as a Governance and Decision-Making Tool

Competitive Intelligence (CI) has evolved into a crucial element of corporate governance, enabling organisations to align strategic decisions with both internal resources and the shifting external environment. When integrated into governance systems, CI contributes to greater transparency, accountability, and adaptability in corporate structures (Calof & Wright, 2008). Rather than relying on intuition or fragmented data, decision-makers are able to ground their strategies in systematically analysed intelligence, which is particularly valuable in unstable regions such as Central and Eastern Europe (CEE). Embedding CI into governance also promotes a culture of vigilance, where organisations continuously scan geopolitical and economic developments to guide both short-term actions and long-term strategic planning (Fleisher & Bensoussan, 2015).

CI and Strategic Recommendations for CEE Businesses

In the CEE context, where firms are exposed to significant geopolitical risks, CI must be regarded as a central capability rather than a supplementary function. To improve resilience, companies should integrate CI into risk management frameworks, apply scenario planning to strategic processes, and develop early-warning systems that signal upcoming regulatory, market, or policy changes (Du Toit, 2015). By keeping track of energy policy reforms or potential supply chain disruptions, organisations can proactively diversify suppliers and build redundancy into operations. Furthermore, the use of digital CI platforms—supported by big data analytics and artificial intelligence—can enhance forecasting accuracy and help firms respond more effectively to unpredictable conditions (Li et al., 2021).

Building Resilience Through CI-Driven Strategy

Strengthening organisational resilience in CEE requires a layered approach to CI that links insights from the external environment with knowledge management systems inside the firm. Such integration helps leaders not only identify and mitigate risks but also capitalise on new opportunities, whether through entering emerging markets, forming cross-border alliances, or accelerating sustainability initiatives. To achieve this, managers are encouraged to invest in CI training, expand intelligence-sharing networks across the region, and collaborate with state institutions and industry bodies (Calof, 2017). By embedding CI within their strategic and governance structures, firms operating in CEE can increase agility, preserve competitiveness, and sustain growth despite ongoing geopolitical uncertainty.

6. Conclusions

The study demonstrates that Competitive Intelligence (CI) is a critical strategic capability for firms in Central and Eastern Europe, as it enhances resilience and agility in the face of geopolitical turbulence. By systematically integrating environmental scanning, scenario planning, and early-warning systems, CI enables organisations to anticipate disruptions, mitigate risks, and sustain competitiveness in volatile contexts (Calof & Wright, 2008; Fleisher & Bensoussan, 2015; Schoemaker, 2020). This role is particularly significant for Romania, where the automotive industry remains highly exposed to export volatility and geopolitical instability along its eastern border (Smith, 2022; IMF, 2025). In this national context, CI supports firms in safeguarding supply chains, diversifying trade partners, and adapting to sudden shifts in regional security and trade corridors (PwC, 2025).

Findings further indicate that embedding CI into corporate governance and decision-making frameworks strengthens organisational adaptability and long-term performance across the CEE region. In Romania, where energy transition policies and infrastructural projects such as offshore gas exploration create both risks and strategic opportunities, CI provides essential insights for managing uncertainty and guiding investment (Całus et al., 2025; Reuters, 2025). By aligning CI practices with knowledge management systems and digital intelligence tools, Romanian firms can more effectively mitigate exposure to volatile energy markets, rising operational costs, and inflationary pressures, while also capitalising on opportunities in renewable energy, cross-border collaboration, and sustainability-driven innovation (Li et al., 2021; Du Toit, 2015).

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