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Firms in the CEE region in the context of globalization and sustainability

Firmy z regionu Europy Środkowo-Wschodniej w kontekście globalizacji i zrównoważonego rozwoju

Abstract

MNEs have great power and implement different strategies to influence the political environment where they operate. They have particular relations with relevant actors at various levels, generating certain political behaviour. In this article, the authors focus on how some firms utilize international organizations and business groups to advance their interests, advance governance, exert power, and contribute to ESG. The purpose of this research is first, to examine the geopolitical context of the MNEs' operations, and secondly, to analyse the firms' political strategies to promote ESG that they implement at a regional level, including companies in the green energy and pharmaceutical industries, and industry associations in the CEE region.

Keywords

MNEs, ESG, corporate power, political behaviour, political strategies, inclusive capitalism

Streszczenie

Przedsiębiorstwa wielonarodowe dysponują ogromną władzą i wdrażają różnorodne strategie wpływania na otoczenie polityczne, w którym działają. Nawiązują szczególne relacje z istotnymi podmiotami na różnych poziomach, generując określone zachowania polityczne. W artykule autorzy skupiają się na tym, w jaki sposób niektóre firmy wykorzystują organizacje międzynarodowe i grupy biznesowe do promowania swoich interesów, rozwoju zarządzania, sprawowania władzy i wdrażania koncepcji ESG. Celem niniejszego opracowania jest, po pierwsze, zbadanie kontekstu geopolitycznego działalności przedsiębiorstw wielonarodowych, a po drugie, analiza strategii politycznych firm w zakresie promowania koncepcji ESG, którą wdrażają one na poziomie regionalnym, w tym firm z branży zielonej energii i farmaceutycznej oraz stowarzyszeń branżowych z regionu Europy Środkowo-Wschodniej.

Słowa kluczowe

przedsiębiorstwa wielonarodowe, ESG, władza korporacyjna, zachowania polityczne, strategie polityczne, kapitalizm inkluzywny

JEL: F23, F55, F64

Introduction

Multinational enterprises (MNEs) operations are intricately intertwined with the geopolitical landscape of the global economy. Geopolitical factors, such as political stability, trade agreements, and regional conflicts, significantly influence the decision-making processes and strategies of MNEs. Countries with stable political

environments are more attractive to MNEs due to reduced risks. Instability, on the other hand, poses challenges, affecting the long-term sustainability of investments (Dunning, 2009; Rugman & Verbeke, 2004). Political stability is a critical factor for MNEs when deciding on investments and establishing operations in foreign countries. Moreover, the role of international organizations in shaping the regulatory environment and

providing a platform for cooperation cannot be overstated. This paper explores the dynamic MNEs strategies in the geopolitical context, emphasizing the role of international organizations in facilitating or constraining the activities of these enterprises and setting the agenda for global ESG (environmental, social, and governance) issues, and the way MNEs utilize power and political strategies to face the challenges posed by the political environment and the geopolitical factors of today's world.

MNEs have become major actors in the international arena. MNEs, apart from actively attracting customers, now have a seat at the negotiation table, are capable of setting the agenda, and may persuade governments (Olins, 1999). MNEs may exert greater power than individual countries in different international organizations, including the United Nations (UN), the World Economic Forum (WEF), and the World Trade Organization (WTO) (Josselin & Wallace, 2001; Saner, 2006). In addition to their great economic power, which can be reflected in international indexes, MNEs have prestige, values, and attributes appealing to customers and citizens of different states. Furthermore, MNEs have other capabilities to address environmental problems such as climate change because of several reasons, including their reach and access to supply chain networks, their potential coordination between governments and their diffusion of practices, their resources to use innovative technologies, their access to external and internal capital, and their extensive collaborative networks which include industry peers, international organizations, and governments to enable change (Allen et al., 2025). In this paper, we argue that MNEs not only exercise their economic power, but also utilize persuasive political strategies to convince the public and governments about their social responsibility, sustainability, and support for ESG issues.

This research contributes to the analysis of MNEs' power exertion not from a financial point of view, but from a persuasive approach. As part of the strategies available for MNEs, a political strategy is a subtle way of exercising power and advancing self-interests, sometimes in alignment with ESG issues. First, this paper analyses the geopolitical context of MNEs in the international arena, examining international organizations such as the WEF, the Council for Inclusive Capitalism, BlackRock, and Vanguard. Then, we examine MNE political strategies and MNE political behaviour in the Central and Eastern Europe region, focusing on firms' green energy activities, pharmaceutical companies, and industry associations.

Literature review

Organizations face challenges posed by the political environment in which they operate. Therefore, there is a need to exercise power and influence the political environment. Political behaviour is an instrumental part of international business behaviour as political processes impact anywhere with the allocation of economic resources and access to foreign markets, thus affecting the economic behaviour of organizations (Boddeyn & Brewer, 1994). Political behaviour refers to the firm's creation and use of power employing privileged information, legitimacy, access to key political actors, and collusions to achieve strategic goals (Boddeyn & Brewer, 1994). Furthermore, political behaviour is impacted by nonmarket environments, including structures such as government branches and different levels of bureaucracy, such as departments or ministries (Boddeyn & Brewer, 1994). Employing political behaviour, companies may gain a competitive advantage, increase market size, reduce threats of entry and substitutes, and increase power over customers and suppliers (Hillman & Hitt, 1999). Thus, power and political influence are essential considerations in the firms' strategies.

Different studies address how companies create and exercise power and behave in the political sphere. The International Business (IB) research has evolved in the past 20 years to include three main areas of research regarding the political environment for MNEs: Firstly, MNEs' agency to more actively shape the political environment; secondly, more actors in the bilateral MNE-government relationship; and thirdly, different levels of analysis, including supranational and subnational levels (Saittakari et al., 2023). Some authors refer to corporate political activity (CPA) as the efforts that firms employ to influence the political environment, including operations in the government relations office, lobbying, testimonies before regulators and legislators, and campaign contributions, making CPA a critical element of the nonmarket strategy (Lux et al., 2011). Research on IB highlights two nonmarket strategies deployed by MNEs to influence governments, including strategic corporate social responsibility (CSR) to gain competitive advantage, and corporate political activities (CPA) to influence political processes (Röell et al., 2024). Furthermore, an important part of the CPA research in IB focuses on firm-level engagement with political actors to shape, influence, or gain regulatory understanding, but little research includes how MNEs engage with their political environments (Saittakari et al., 2023). Other

authors refer to these capabilities as the firm's political strategies. The political strategies firms may utilize include information strategy (lobbying, research projects, position papers, and technical reports supply), financial incentive strategy (contributions to political parties, paid travel), and constituency-building strategy (public relations, press conferences, advocacy advertising) (Hillman & Hitt, 1999).

One significant dimension when formulating a political strategy is the level of participation of firms, either at an individual level or at a collective level, whereby firms collaborate in the political process (Hillman & Hitt, 1999). Collective political strategy involves industry/trade associations/groups because they share tangible or intangible resources, collective action creates a more forceful voice than the individual, and the trade association is in charge of monitoring and influencing processes on behalf of the represented firms (Hillman & Hitt, 1999). Moreover, business groups, usually in the form of industry/trade associations, have been considered either as a pervasive phenomenon because they are self-interested, and more recently, they have been acknowledged positively because of their potential role as mitigators of negative social outcomes and their contribution to social change and corporate social responsibility (Marques, 2017). The study of industry associations has been scant in the management literature, and in the social sciences, it has been considered a peril, characterized by negative factors such as "economic rent seekers" and "special interest groups" (Marques, 2017). For example, Paster (2018) analyses how business interest groups represent business interests and the mechanisms to influence the political environment and how these groups face different political challenges and even political conflicts, exploring four episodes of political conflict in Germany. Additionally, Röell et al. (2024) analyse MNE nonmarket strategies in Indonesia, emphasizing how managers of subsidiaries are members of formal networks, such as industry associations, and informal networks, such as personal relations with local officials, to identify relevant social issues aligned with the government, including sustainability goals. Thus, industry associations are a pivotal element of MNEs' nonmarket strategies and may be catalysers of sustainability and governance.

Some studies have focused on firms' approaches to CPA. For example, Shirodkar & Mohr (2015) explain how MNEs' diversification and close integration with other subsidiaries of their parent firm determine the firm's approach to CPA, usually a transactional approach that consists of a short-term exchange with policymakers when

the company encounters particular issues. In contrast, the relational approach, which refers to regular firms' interactions with government officials by developing personal relationships in case an issue arises, is widely employed by MNEs in developed economies more than in emerging economies (Shirodkar & Mohr, 2015). In the study of sources of business power, Busemeyer & Thelen (2020) acknowledge that in addition to structural business power (privileged position) and instrumental sources (lobbying), firms also possess institutional business power. That is to say, institutional business power involves the delegation of public functions to private business actors, especially in democratic capitalist political economies, i.e., Germany and the United States, and it is derived from its role in the delivery of key public goods and services (Busemeyer & Thelen, 2020).

Consequently, this paper intends to identify MNEs' nonmarket strategies, which may include political behaviour, CPA, networks, and industry associations to influence the political environment in Europe, not only for self-interest but for advancing ESG issues. This paper first discusses the geopolitical context considering prominent international organizations such as the WEF as a platform for governance, and secondly, it examines the nonmarket strategies of relevant firms in Europe.

Methodology

This paper employs documentary research that includes an archival analysis of source materials (texts from official reports, news releases, and official statements). We have reviewed official company webpages, official policy documents, CSR and ESG reports of companies and industry groups, and newspapers for the last three years (2020–2023). The purpose of utilizing documentary analysis is to identify and analyse the main political strategies, corporate political activity, and links employed by MNEs to exercise power, emphasizing the possible relations and effects such political behaviour has had on ESG issues. Therefore, we identify the main themes related to ESG issues, related activities of CPA and political behaviour, and present a comprehensive analysis of political strategies of important MNEs in the Central and Eastern Europe (CEE) region, with special emphasis on Poland, Czech Republic, and Hungary. We also analyse policy statements to determine regulations affecting green energy and ESG issues.

Results and discussion

Our discussion is based on the geopolitical context of the MNEs' operations, including the relationships of MNEs with international organizations such as the WEF, the Council for Inclusive Capitalism (CIC), BlackRock, and Vanguard, as discussed below, followed by a discussion of the firms' activities from different sectors in the CEE region.

The geopolitical context of the MNEs' operation

The geopolitical context significantly shapes the landscape in which MNEs operate. Political stability, trade agreements, and currency risks are key considerations for MNEs when expanding globally. Furthermore, MNEs are heavily impacted by trade agreements and tariff policies. Regional trade blocs, such as the European Union or the North American Free Trade Agreement (NAFTA), influence the movement of goods and services, affecting the supply chains and market access for MNEs (Helpman & Krugman, 1985; World Trade Organization, 2020). Geopolitical factors, including monetary policies and exchange rate fluctuations, create uncertainties for MNEs. Changes in currency values can impact costs, pricing strategies, and overall financial performance (Shapiro, 2010; Solnik, 1974). MNEs are indirectly affected as economic stability in host countries influences their operations and investment decisions (Bird, 1995; International Monetary Fund, 2020).

On the other hand, international organizations play a crucial role in providing a framework for cooperation, resolving disputes, and promoting global economic stability. The WTO plays a central role in regulating international trade and resolving disputes between member countries. MNEs benefit from the WTO's efforts to promote free and fair trade, providing a stable environment for cross-border business activities (Bhagwati, 2008; World Trade Organization, 2020). The International Monetary Fund (IMF) contributes to global economic stability by providing financial assistance to countries facing balance of payments problems.

Similarly, the Organization for Economic Cooperation and Development (OECD) sets international standards for economic policies and promotes policies that improve people's economic and social well-being worldwide. MNEs benefit from the OECD's guidelines on responsible business conduct and corporate governance (OECD, 2011; Rugman & Verbeke, 2004). Thus, the interaction between MNEs and international

organizations reflects the complex interplay between economic forces and regulatory structures on the global stage, which in turn may shape ESG. Understanding this dynamic relationship sheds light on the MNEs' political behaviour and the political strategies employed to face the challenges of a changing geopolitical context.

WEF and MNEs' relationship. The relationship between the WEF and MNEs continues to evolve, reflecting the dynamic nature of global economic governance and the exercise of the political activity of firms. The following aspects provide a deep dive into the current link between the WEF and MNEs which are explained in Table 1: (1) Participation in annual meetings and forums, (2) Global economic agenda setting, (3) Digital transformation and technology governance, (4) Sustainability and ESG commitments, (5) Public-private partnerships, (6) Technology and innovation, (7) COVID-19 response and recovery, (8) Access to policymakers and influencing global governance.

It is important to note that the nature of the link between the WEF and MNEs is about ESG issues such as sustainability, ESG commitments, access to policymakers, and influencing global governance, and it signals the exercise of the political behaviour of the WEF and MNEs involved. This dynamic participation may continue to evolve as global challenges and priorities shift, so regular updates from reputable sources and direct engagement with the WEF and MNEs may provide more insights into the future MNEs' political behaviour.

The Council for Inclusive Capitalism's influence. The Council for Inclusive Capitalism (CIC) is a coalition of business leaders committed to advancing inclusive and sustainable economic practices. It was founded by Lynn Forester de Rothschild, and the first conference of CIC was organized in 2015 in New York. The CIC aims to address societal challenges, reduce inequality, and promote long-term value creation (Council for Inclusive Capitalism, 2024). The CIC's primary mission is to transform capitalism into a more equitable and sustainable system by addressing pressing global challenges, including poverty, environmental degradation, and social inequality, which can be considered aligned with ESG initiatives.

The Council comprises chief executive officers (CEOs) from various industries, including finance, technology, healthcare, and manufacturing. These leaders represent companies with significant global footprints, including prominent leaders such as the CEOs of Bank of America, Johnson & Johnson, and Salesforce, among others, who have been actively involved in the leadership of

Table 1. The relationship and political activity between WEF and MNEs

Relation	Political activity
Participation in annual meetings and forums	MNEs play a prominent role in the WEF's annual meetings, including the renowned gathering in Davos. Senior executives and leaders from a diverse range of industries engage in discussions on key global challenges, economic trends, and industry-specific issues. The Annual Meeting in Davos serves as a unique platform for MNEs to network with other business leaders, policymakers, and civil society representatives. Private sessions and closed-door meetings allow for candid discussions on pressing issues.
Global economic agenda setting	The WEF continues influencing the global economic agenda by identifying and addressing critical challenges. MNEs actively shape this agenda through their involvement in WEF working groups, task forces, and collaborative initiatives. Topics such as climate change, technological disruptions, and inclusive economic growth are at the forefront of discussions, and MNEs contribute their insights to these debates.
Digital transformation and technology governance	The WEF has been particularly focused on issues related to the Fourth Industrial Revolution and digital transformation. MNEs, especially those in the technology sector, actively engage in discussions on responsible and inclusive digital governance. Collaborative efforts between the WEF and MNEs aim to address challenges such as data privacy, cybersecurity, and the ethical use of emerging technologies.
Sustainability and ESG commitments	The WEF strongly emphasizes sustainability, and MNEs are expected to align with ESG principles. MNEs leverage WEF platforms to showcase their sustainability initiatives, share best practices, and engage in discussions on corporate responsibility. WEF's International Business Council, which includes MNE leaders, has been actively involved in advancing ESG metrics and reporting standards.
Public-private partnerships	The WEF encourages public-private partnerships as a means to address global challenges. MNEs participate in initiatives that foster collaboration between governments, international organizations, and businesses. Collaborative projects, such as those focusing on global health, climate change resilience, and sustainable development, exemplify the efforts of MNEs and the WEF to drive positive change through collective action.
Technology and innovation	Given the increasing role of technology in shaping the global economy, the WEF and MNEs collaborate on discussions related to innovation, artificial intelligence, and the future of work. MNEs contribute to conversations on the responsible deployment of technology, workforce reskilling, and the societal implications of rapid technological advancements.
COVID-19 response and recovery	The WEF, in response to the COVID-19 pandemic, has facilitated discussions on global health, economic recovery, and vaccine distribution. MNEs have actively participated in these discussions and contributed resources and expertise to address the unprecedented challenges posed by the pandemic.
Access to policymakers and influencing global governance	The WEF serves as a platform for MNEs to engage directly with policymakers, fostering a collaborative approach to global governance. MNE leaders have the opportunity to interact with government officials and advocate for policies conducive to international business. The WEF's efforts in promoting public-private cooperation aim to create a more inclusive and resilient global governance framework.

Source: authors' research based on the companies' sustainability reports and websites' information.

the Council. The CIC emphasizes stakeholder capitalism, encouraging businesses to consider the interests of various stakeholders, including employees, communities, and the environment, alongside shareholders (Council for Inclusive Capitalism, 2024). Members commit to prioritizing long-term value creation over short-term profits. This aligns with the idea that sustainable businesses contribute positively to society in the long run, and it also reflects the collective political strategy of some firms.

MNEs associated with the CIC are likely to integrate ESG considerations into their corporate strategies, responding to the Council's commitment to responsible and sustainable business practices. The CIC's focus on inclusive capitalism encourages MNEs to adopt ethical leadership practices, considering the broader impact of their operations on society, including social and environmental factors. The CIC provides a platform for MNEs to collaborate with each other, sharing best practices and collaborating on initiatives that advance the Council's goals. This could lead to partnerships and joint ventures that address global challenges. Through the Council, MNEs may engage in advocacy efforts to influence policies that promote inclusive and sustainable economic practices globally as a part of their political strategy. This involves working with governments and international organizations.

Joining the CIC signals investors that MNEs are committed to long-term value creation and responsible business practices. This may attract investors who prioritize ESG considerations in their investment decisions. MNEs actively participating in the CIC may position themselves as market leaders in responsible capitalism, potentially enhancing their reputation and market standing. However, MNEs may face challenges in balancing the interests of various stakeholders, especially when operating in diverse cultural, economic, and regulatory environments, as implementing inclusive capitalism principles may require significant organizational changes, and MNEs might encounter challenges in aligning these principles with their existing business models.

Nonetheless, the CIC serves as a catalyst for MNEs to embrace ESG practices. Through collaboration, advocacy, and stakeholder capitalism, the CIC aims to reshape the role of businesses in addressing global challenges. MNEs involved in the Council have the potential to influence the international business community and contribute to a more inclusive and sustainable global economy while implementing political strategies.

BlackRock and Vanguard on corporate decision-making. BlackRock and Vanguard, two

of the world's largest asset management firms, exert substantial influence over the global financial landscape. Black Rock's current investment portfolio consists of more than 5200 holdings, and the value of managed assets is more than 9.4 trillion USD (Statista, 2024). Their massive scale, diversified portfolios, and significant ownership stakes in numerous MNEs position BlackRock and Vanguard as key players in shaping corporate governance, influencing strategic decisions, and impacting the broader economy.

Both BlackRock and Vanguard hold extensive stakes in a wide array of MNEs across various industries, making them major shareholders in numerous companies globally. Their significant ownership allows BlackRock and Vanguard to influence corporate decision-making through voting on key issues such as board composition, executive compensation, and strategic initiatives. BlackRock and Vanguard's impact on MNEs today extends beyond traditional investment roles. Their influence on corporate governance, advocacy for sustainable business practices, and role in shaping market dynamics make them central players in the global economic landscape. While their impact has been generally positive in promoting long-term value and ESG considerations, the concentration of power in a few entities requires careful monitoring to ensure a balanced and transparent financial ecosystem. For example, BlackRock and Vanguard, as institutional investors for Engine No. 1, influenced the replacement of three ExxonMobil board members in order to improve the MNE's climate governance and risk management practices (Allen et al., 2025).

The long-term investment approach of these asset managers aligns with the interests of MNEs seeking stability and sustainable growth. This approach contrasts with the short-term focus often associated with other types of investors. BlackRock and Vanguard have been vocal advocates for integrating ESG factors into corporate strategies. Their influence has prompted MNEs to enhance their focus on sustainability and ethical business practices. Both firms have actively engaged with MNEs on climate-related issues. Their push for increased transparency and disclosure regarding climate risks has led many companies to incorporate climate considerations into their long-term strategies.

Additionally, BlackRock and Vanguard are major players in the index fund space, with the popularity of passive investing rising. This trend has implications for MNEs, as their stock performance is directly linked to their inclusion in major indices. The concentration of assets under

management by these two firms raises concerns about market competition as the dominance of BlackRock and Vanguard may impact pricing dynamics and create challenges for smaller asset managers. Simultaneously, BlackRock and Vanguard's sheer size and influence have led to increased scrutiny. Questions about potential conflicts of interest arise due to their role as both shareholders in MNEs and providers of investment advisory services. Regulatory bodies are closely monitoring the activities of these asset managers as the need for adequate regulatory frameworks to address the influence of such large players on global financial markets is the subject of ongoing debate.

Firms' green energy activities in the CEE region

MNEs exercise influence and are politically active not only with global organizations but also interact at a regional level. The green transformation in Eastern Europe has gained momentum with the active participation of MNEs. Eastern Europe faces environmental challenges such as air and water pollution, dependence on fossil fuels, and outdated industrial infrastructure. Thus, the green transformation aims to address these challenges by promoting sustainable development, and governments in the region have committed to international climate agreements and implemented policies to transition towards a low-carbon economy. MNEs play a crucial role in aligning their operations with these sustainability goals, as discussed below.

Adapting to and complying with varying environmental regulations poses complexities. Opportunities lie in collaborative efforts between MNEs, local governments, and non-governmental organizations. Furthermore, MNEs are expected to drive innovation in green technologies, and at the same time, MNEs face challenges in navigating diverse regulatory landscapes in Eastern Europe because of the European Union legislation and the national legislation in each country. The CEE countries, including Poland, the Czech Republic, and Hungary, have undergone significant changes in their energy landscapes as they transition towards greener and more sustainable sources. All three countries actively participate in regional and European initiatives for cross-border cooperation in the energy sector. Collaboration includes joint projects, sharing best practices, and accessing funding opportunities from the European Union. However, the green energy transformation in Poland, the Czech Republic, and Hungary reflects a complex interplay of historical energy dependencies, evolving policy frameworks, and

embracing renewable technologies. Each country faces unique challenges, but the commitment to sustainable energy sources and collaboration on the international stage signals a promising shift towards a greener and more resilient energy future in Eastern Europe, as shown below.

Poland, historically reliant on coal, has been one of Europe's major coal consumers. Poland's transition to green energy faces challenges due to a strong coal lobby and concerns about energy security. Poland has significant potential for wind and solar energy. Thus, the Polish government's Energy Policy until 2040 outlines plans for a gradual reduction of coal and an increase in renewables. Also, the Polish Offshore Wind Act aims to develop offshore wind projects in the Baltic Sea according to the Energy Policy for Poland until 2040 (MoC&E, 2024). The development of onshore and offshore wind projects, along with solar photovoltaic installations, is gaining momentum. Challenges include the economic dependence on coal and resistance from coal-dependent regions. Opportunities lie in leveraging the potential of offshore wind and solar projects (Kardaś, 2023).

The Czech Republic has a diverse energy mix, with a historical reliance on nuclear power and coal. Recent efforts have focused on increasing the share of renewables and improving energy efficiency. The Czech Republic has implemented feed-in tariffs and support schemes for renewable energy. Policy measures focus on increasing the share of renewables in electricity production. The Czech Republic has seen growth in solar and wind capacity. Hydropower, biomass, and geothermal energy also contribute to the renewable energy portfolio. The Czech Republic faces challenges in transitioning from coal, but opportunities arise from the country's strong industrial base, enabling the development of innovative green technologies. The Czech Republic's energy landscape is characterized by a diverse mix, historically dominated by nuclear power and coal. In 2023, fossil fuels accounted for 45.1% of electricity production, while nuclear energy contributed 40.1% (Aenert, 2024).

Hungary has traditionally depended on natural gas and nuclear power. In recent years, the Hungarian government has emphasized diversification and increased support for renewables. Hungary's National Energy and Climate Plan sets ambitious targets for renewables and energy efficiency. Hungary's Climate Protection Law also sets out medium-term energy targets: after 2030, increases in final energy consumption above the 2005 level need to be provided exclusively from carbon-neutral energy sources, and renewable energy sources should reach at least a 21% share of gross final

energy consumption by 2030 (IEA, 2022). The Hungarian government has introduced support mechanisms for solar and biomass projects and is increasingly investing in solar power projects. Biomass, hydropower, and geothermal sources contribute to Hungary's efforts to diversify its renewable energy mix. Hungary's challenges include a historical reliance on nuclear power and gas. Opportunities emerge from the country's commitment to increasing the share of renewables, fostering innovation, and job creation. Consequently, firms need to navigate this changing political environment regarding energy transformation by implementing political strategies and CPA.

MNEs in Eastern Europe are at the forefront of the green transformation, contributing to the region's sustainability goals. As MNEs align their strategies with environmental imperatives, Eastern Europe is poised to become a hub for sustainable innovation and practices. Table 2 presents examples of prominent MNEs in the CEE region, showing examples of their inclusion of green energy activities which address ESG issues as a response to the green energy regulatory framework and as a part of their corporate and political strategies.

Companies in these countries often engage in cross-border collaborations to leverage expertise and resources for renewable energy projects. Joint ventures and partnerships with international firms contribute to the growth of the green energy sector. Companies benefit from government support and incentives aimed at promoting renewable energy, as a result of their political behaviour and alignment with the green policies (Qosja, 2024). Many companies in the region focus on innovation and the adoption of advanced technologies to enhance the efficiency of renewable energy projects as a response to the political environment. Feed-in tariffs, subsidies, and favourable regulatory frameworks encourage private sector participation in the green transformation, thus contributing to ESG commitment.

The pharmaceutical MNEs' activities in the CEE region

Another relevant sector for analysis is the pharmaceutical one due to the concentration of large companies in this sector, their operations in the CEE region and Europe, their innovation advance levels, and their impact on health, and therefore, on ESG activities. Pharmaceutical companies play a vital role in shaping the future of healthcare in Eastern Europe. Their contributions to research and development, market expansion,

and collaboration with local stakeholders position them as key players in advancing healthcare outcomes across the region. The pharmaceutical sector in CEE has witnessed significant growth and transformation, with MNEs playing a pivotal role. The pharmaceutical market in CEE is characterized by a combination of local players and the presence of MNEs. The region is witnessing an increasing demand for innovative medicines, healthcare advancements, and a focus on research and development. The regulatory landscape varies across countries, with each nation having its own set of regulations governing drug approvals, clinical trials, and marketing practices. Examples of MNEs are presented in Table 3.

The pharmaceutical landscape in CEE is dynamic, and MNEs must stay agile in adapting to market changes. Some political strategies they have adopted are monitoring regulatory updates, collaborations with research institutions, and partnerships with local healthcare providers. These pharmaceutical MNEs have also adopted diverse strategies to expand their market presence in Eastern Europe, including acquisitions of local companies, delivering innovative healthcare solutions, and investments in manufacturing facilities. The region's diverse patient populations and cost-effective clinical trial environments attract pharmaceutical companies looking to accelerate drug development. Some MNEs invest in biotechnology research and development, focusing on developing biopharmaceuticals and biosimilars. This aligns with the global trend of advancing biotechnology within the pharmaceutical industry and responding to ESG initiatives.

Industry associations in the CEE region

Firms also participate and collaborate with industry groups as a means of political activity and as a way of implementing political strategies. As mentioned in the literature review, industry associations are a significant MNE nonmarket strategy to address social issues aligned with the government, including sustainability goals. Table 4 presents industry associations that include the membership of the firms analysed in the previous sections, and they also represent firms operating in the CEE region. These industry associations represent and advocate for firms in the energy, automotive, pharmaceutical, biotechnology, and food sectors, with important activities in Europe, and with a common vision of sustainability. For example, Industry4Europe, a coalition of organizations, represents multiple associations and firms, and promotes the European Union's industrial and manufacturing strategy with

Table 2. Firms' green energy activities in the CEE Region

Organization	Activities for green energy
SolarPower Europe (energy sector)	SolarPower Europe, representing various solar industry players, has promoted solar energy projects in Eastern European countries, leveraging the region's solar potential.
Vestas (energy sector)	Vestas, a global leader in wind energy, has invested in wind farms across Eastern Europe. The company's initiatives contribute to the region's transition to renewable energy sources.
PGE (Polska Grupa Energetyczna) and Tauron (energy sector)	PGE is one of the largest energy companies in Poland and has been involved in initiatives to transition towards greener energy sources. The company has made plans to invest in renewable energy, particularly in wind power and biomass (GKPGE, 2023). Tauron is another major Polish energy company that has diversified its portfolio to include renewable energy. The company has been investing in wind farms and exploring opportunities in solar power (Tauron, 2024).
ČEZ Group and Energetický a průmyslový holding (EPH) (energy sector)	ČEZ is a significant player in the Czech energy market and has been actively involved in renewable energy projects. ČEZ operates several wind farms and has been exploring opportunities in solar energy and biomass. EPH is a Czech-based energy company with a growing focus on renewables. The company has invested in wind and solar projects in various European countries, contributing to the transition to cleaner energy sources.
MVM Group and ALTEO (energy sector)	MVM is a Hungarian state-owned energy company that has been exploring renewable energy projects. MVM has shown interest in solar and biomass energy, contributing to Hungary's efforts to diversify its energy mix. ALTEO is a Hungarian energy company actively involved in renewable energy projects. The company has investments in solar and wind power, aligning with Hungary's goals for increased sustainability.
Tesla and VW Group (automotive sector)	Tesla's entry into Eastern Europe has stimulated the electric vehicle market. The company's commitment to sustainable transportation aligns with the region's goals of reducing carbon emissions. Volkswagen has invested in electric vehicle manufacturing plants in Eastern Europe, contributing to the development of a sustainable automotive industry.
Unilever (consumer goods sector)	Unilever has implemented circular economic practices in its manufacturing processes across Eastern Europe. This includes reducing waste and promoting recycling.
Coca-Cola (beverage sector)	Coca-Cola HBC focuses on sustainable packaging and water stewardship initiatives in Eastern Europe, aligning with global sustainability goals.

Source: authors' research based on companies' sustainability reports, websites' information, and the Warsaw Enterprise Institute (WEI, 2024).

a focus on sustainability, showing not only the firms' individual political activity but also the collective political activities employed by some firms.

In the case of the biotechnology industry, EuropaBIO claims that industrial biotechnology, such as the use of microbes and bio-based products utilized by its members, enables a competitive and sustainable circular bioeconomy that reduces CO₂

and thus contributes to the UN SDGs (EuropaBio, 2019). Furthermore, EuropaBio's Biomanufacturing Platform – Policy Summit 2023 is intended to set Europe's global innovation vision related to the role of MNEs and SMEs for biomanufacturing, gathering stakeholders for finance, skills, policy, regulatory framework, and trade (EuropaBio, 2023b). This event not only gathers stakeholders from Europe, but also includes representatives

Table 3. Pharmaceutical companies and their activities in the CEE region

Company	Characteristics
Novartis	Novartis, a global pharmaceutical giant, has a substantial presence in Eastern Europe. It invests in research and development, clinical trials, and partnerships with local healthcare providers to expand its market reach (Novartis, 2022).
Sanofi	Sanofi, a leading multinational pharmaceutical company, operates in various Eastern European countries. It focuses on delivering innovative healthcare solutions and is committed to improving patient outcomes (Sanofi, 2023).
AstraZeneca	AstraZeneca has a notable presence in the CEE region, contributing to healthcare advancements. The company engages in collaborations with local research institutions and healthcare professionals (AstraZeneca, 2023).

Source: authors' research based on the companies' sustainability reports and websites' information.

Table 4. Industry associations in the CEE region

Industry association	Characteristics and political activities
Industry4Europe	This association is a large coalition with the objective of promoting an EU industrial and manufacturing strategy across Europe, comprising 156 organizations (Industry4Europe, n.d.). Industry4Europe released a joint call for the European Heads of State and the European Commission to prioritize the industrial strategy, with participants from Eastern Europe, including the Czech Republic, Croatia, and Poland (Industry4Europe, 2018). The benefits of this industry prioritization are employment and a global reputation for quality and sustainability.
EuropaBio	EuropaBio represents corporations and associates from different sectors related to biotechnology, grouping 2600 companies from the healthcare, pharmaceutical, and food technology sectors in Europe. This group promotes biotechnology and informed dialogue with stakeholders, advocates for free and open markets, promotes sustainability, and emphasizes the socially responsible use of biotechnology (EuropaBio, 2023a).
FoodDrinkEurope	This association promotes sustainable food systems, healthier living, and a greener planet. FoodDrinkEurope groups companies such as Kellogg, Cargill, Mondelez, McCormick, and Nestle. FoodDrinkEurope has events to promote sustainability, such as Food Future Ideas Fest, Packaging Waste and Sustainability Forum, and Food Future talks, with a guest speaker from the US, Jack Bobo, emphasizing sustainability (FoodDrinkEurope, 2021).
ENSA (European Plant-Based Foods Association)	It groups companies focused on the production of organic food, mainly soy foods producers in Europe, to promote plant-based foods and raise awareness about the benefits of healthier diets among policy-makers (ENSA, 2022). It promotes the adoption of plant-based diets as a way to accomplish the objectives of the COP26 (Paris Agreement) and urges governments to support sustainable agricultural practices, educate citizens about plant-based food, implement labelling requirements, and allocate funds for diversified climate-friendly crops (ENSA, n.d.).

Source: authors' research based on the companies' sustainability reports and websites' information.

from the US, i.e., the Director of International Affairs of Biotechnology Innovation Organization (BIO) Hilary Stiss, the director of Novartis Wojciech Nowak, and the Director of Prosperity from the European Commission, DG Research and Innovation Peter Dröll, among others (EuropaBio, 2023b). These are representatives from industry groups (BIO and EuropaBio), biotechnology and pharmaceutical companies (Novartis), and the government (European Commission) who gather to receive and provide information about biotechnology, with networking opportunities, and a venue to exchange ideas among companies and government representatives. This is a subtle way to show the benefits of the products offered by the company members of the industry group and to promote the companies' values and ideas among government representatives and other stakeholders, as a means of political activity.

Similarly, FoodDrinkEurope has attractive programs to tackle sustainability problems in the food industry. For example, in the Czech Republic, the program "In the Rhythm of Health" consists of the sector educating Czech primary school pupils, working with the Ministry of Health, to change consumers' behaviour by providing information and education (FoodDrinkEurope, 2022). This strategy is convenient for sharing ideas, promoting the industry, and changing the point of view towards biotechnology incorporation into food systems. To some extent, it contributes to SDGs related to education and sustainability and to the promotion of these companies. This activity also demonstrates the political behaviour toward sustainability and SDGs of this group and its members.

Summary of firms' political strategies to promote ESG in selected sectors

MNEs have implemented different strategies and used some nonmarket strategies and political behaviour to respond to several sustainability issues. The green energy transition in the CEE regions has not only presented challenges for governments and organizations but has also brought opportunities that diverse energy companies have seized in countries such as Poland, the Czech Republic, and Hungary to advance ESG. In the pharmaceutical sector, MNEs have implemented diverse strategies for sustainability, whereas others have opted to participate in industry associations as a political strategy. Via industry associations, MNEs are represented as organizations that propose solutions, contribute ideas, advance the interests

of the MNEs involved, try to minimize risks, advance ESG, and exercise power.

In the green energy sector, firms such as Vestas, ÈEZ, and Tauron navigate complex regulatory frameworks by engaging in public-private partnerships, aligning with EU energy directives, and investing in renewable technologies. These firms not only employ CPA and collaborative nonmarket strategies, such as public-private partnerships, use of subsidies, and influence for a more favorable regulatory framework, but also employ market strategies such as joint ventures and partnerships, demonstrating a capacity to leverage both national and supranational policy environments. Similarly, pharmaceutical MNEs, including Novartis, Sanofi, and AstraZeneca, integrate ESG considerations through regulatory engagement, research collaborations, and local market integration, as a manifestation of CPA. Their non-market strategies emphasize institutional alignment and stakeholder engagement to advance public health and sustainable innovation. Additionally, the collective political behaviour of MNEs is evident in their participation in industry associations such as Industry4Europe, EuropaBio, and FoodDrinkEurope. These associations function as platforms for coordinated advocacy and influence, enabling firms to shape regulatory agendas, promote sustainable practices, and reinforce legitimacy in the ESG domain. The findings illustrate that MNEs' political strategies are both sector-specific and collectively-sorted, encompassing a mix of individual, practical, and punctual ESG activities ranging from adoption of solar power, renewable energy, and waste and energy reduction, to research, clinical trials, and development of new products, along with collective action encompassing collisions for the promotion of sustainable practices, dialogue with stakeholders, and networking.

Conclusions

The geopolitical context in which MNEs operate nowadays presents challenges considering evolving regulatory frameworks, international organizations, and local commitments. MNEs' political behaviour can be illustrated in the interactions with the WEF, CIC, BlackRock, and Vanguard, which are essential venues for the promotion of ideas, interactions with government, access to policymakers, invitations to events, workshops, discussions, and publications of statements which are used not only to advance

self-interests and set the agenda but also to address some ESG issues. Not only are climate change, sustainability, ESG commitments, and metric standards important issues in the relationship between WEF and MNEs, but the promotion of public-private partnerships between WEF and MNEs also has a positive effect through collective action. The CIC also incorporates ESG considerations into its corporate strategies, responding to commitments to responsible and sustainable business practices. Giving repre-

sentation to CEOs from diverse MNEs and providing a platform for collaboration are signs of political behaviour. Additionally, BlackRock and Vanguard not only set financial standards but also participate in boards and promote ESG considerations. The political strategies of MNEs to promote ESG reflect a shift from traditional market-driven approaches toward a more integrated form of corporate political activity, where ESG promotion serves both normative and strategic objectives.

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