

The war in Ukraine, like the earlier annexation of Crimea has shown that geopolitical conflicts can directly impact how businesses operate. The primary objective of this project is to determine whether, and to what extent, nationality diversity within corporate boards affects risk levels in companies located in countries bordering conflict zones, such as Poland, the Baltic states, and Finland. The war in Ukraine, which has drastically altered the political and economic landscape of Central and Eastern Europe, served as the main inspiration for this research.

The study focuses on two key dimensions: the nationality composition of corporate boards and ownership structure, whether the company is state-owned, privately held, or foreign-controlled. Previous research has suggested that diverse management teams may bring advantages such as increased innovation and better understanding of international markets. However, during crises, such as wartime, cultural differences may hinder decision-making and increase the risk of errors.

The project analyses data from 2010 to 2024, drawing on information about board composition, ownership structures, and the financial performance of publicly listed firms. This approach allows researchers to examine whether and how board nationality diversity—that is, the presence of individuals of different nationalities, affects corporate financial stability and risk exposure during times of war. This question is particularly relevant for companies with significant foreign capital, which, as previous findings suggest, may be more vulnerable to instability under geopolitical pressure.

Why does this research matter? In today's globalised economy, more and more companies operate across borders and appoint executives from various countries. While such diversity can be an asset, under conditions of political or economic instability, it may also lead to decision-making conflicts, cultural misunderstandings, or a lack of sensitivity to local conditions. This project aims to determine whether, in crisis-prone border regions, board diversity helps firms remain resilient, or instead amplifies their exposure to risk.

The main contribution of this project lies in addressing four key gaps in the existing corporate governance literature. First, most studies on board diversity are conducted under stable conditions; this project is among the first to examine the effects of nationality heterogeneity under extreme geopolitical stress. Building on earlier pilot research from the 2014 Crimea crisis, it extends the analysis to a full-scale war (Ukraine 2022), offering a more rigorous and generalizable test of risk-amplifying mechanisms. Second, the project contributes to the understudied dimension of nationality in board diversity an increasingly relevant topic in the context of rising deglobalization, economic nationalism, and foreign ownership scrutiny. Third, the study expands the theoretical understanding of governance under stress by investigating how board nationality heterogeneity interacts with ownership structure—particularly foreign and domestic ownership to shape firm risk. Fourth, by focusing on firms in Central and Eastern Europe, a region rarely examined in mainstream corporate governance research, it provides context-specific insights with broader applicability to other post-transition and high-risk economies. The findings are expected to inform both academic understanding and practical decision-making in volatile geopolitical environments.

The research will not only improve our understanding of how corporate governance functions under geopolitical threat, but also provide practical recommendations for firms, investors, and policymakers. The findings may inform recruitment policies, risk assessment procedures, and regulatory frameworks, particularly for companies operating in strategic sectors. This study contributes to the broader public debate about the role of foreign nationals in corporate leadership and their impact on the economic security of the region's states.