

A Scholarly Review of Global Business Indications and Economic Trends: Understanding International Competitiveness, Economic Globalization, and Digitization Through the Lens of the COVID-19 Pandemic and the New Normal

Sumeet Jhamb
University of Alaska Anchorage

Raisa Turcanu
University of Alaska Anchorage

The nature and evolution of global businesses and international economics have experienced far volatility than social construction of free trade since early 1800's. Generally, trade theories investigated between mainstream international economics and global businesses support multiple aspects of politics, geography, culture, ethnic studies, anthropological perspectives, and sociological ideas. Within these dimensions remain interspersed boundless ethical values and ethical concepts of doing global business successfully. The current framework of economic globalization is examined by challenging assumptions spread across themes of internationalism, entrepreneurialism, colonialism, imperialism, and harmonization of trade organizations and agreements.

Multiple aspects of globalization are analyzed through institutionalization and several ideological developments. We examine ethical standards and codes of international free trade and global economics of institutions and organizations. Global dimensions of digitization of business practices and international competitiveness of corporations are explored through themes of artificial intelligence, sustainability, automation, robotification, and organizational structures and designs. We conclude with discussions of impacts of COVID-19 pandemic on technological transformations, digital trends, and virtualization of contemporaneous international market management and sustainable development of communities.

Keywords: COVID-19, globalization, competitiveness, digitization, international economics, sustainability, corporate social responsibility, technological transformation, ethics

INTRODUCTION AND OVERVIEW

The concept of globalization is relatively a new term that does not have a universally accepted definition (Fougner, 2006; Matyushok, Krasavina, Berezin, & García, 2021). This is mainly due to the complexity of this process and the vast options through which globalization can occur. In a simple description, the notion of globalization can be represented by a phenomenon, ideology, strategy, or maybe all these processes

together that impact the worldwide society from multiple angles like economic wellbeing, social equity, and cultural diversity (Fougner, 2006; Matyushok, Krasavina, Berezin, & García, 2021; Teece, 2014).

In addition to not having a clearly defined explanation of what globalization means, it is important to note that this process may be viewed as either positive or negative (Moulton & van de Ven, 2018). Famous economists could argue for either of these positions (Edusson, 2017). For example, Paul Krugman, a distinguished Professor of Economics at the Graduate Center of the City University of New York, defends commercial and financial globalization, if control systems are in place. On the other hand, the French economist and Nobel Prize winner, Maurice Allais opposes the idea of the unrestricted circulation of goods and capital. Overall, most economists see the process of free global trade as being positive for economic advancement and access to resources, however, they all agree that the lack of control institutions and the poor activity of the existent ones can be concerning (Amuso, Poletti, & Montibello, 2019; Duina, 2013; Naiman, 2011; Passaris, 2006).

The economic globalization process refers to the mobility of resources such as financial and human capital, technology, goods, and services (Ghauri, Strange, & Cooke, 2021; Gordon, 1994). Just like most processes, economic globalization developed through different stages. If in the past century, the flux of human capital was more liberalized, then in the current century we see that free trade of goods and services expands easily while the flux of human capital is somewhat restricted (Nordqvist, 2015).

The process of globalization is very mobile (Ghauri, Strange, & Cooke, 2021). Over the past three decades, under the framework of international trade agreements and the World Trade Organization (WTO), economic integration has seen fast expansion across countries over all the continents (Nordqvist, 2015; Teece, 2014). Gigantic conglomerates such as Toyota (the international automobile manufacturer) expanded production beyond their national borders as a strategy to engineer manufacturing costs through closeness to resources and consumer markets.

LITERATURE REVIEW, THEORETICAL CONSIDERATIONS, AND SCHOLARLY VIEWS

Effects of Economic Globalization

As stated earlier, globalization, just as any other process, carries a series of consequences (Duina, 2013; Matyushok, Krasavina, Berezin, & García, 2021; Teece, 2014). As international trade is reaching its peak, the side effects of this great unification are easier to identify. It is important to weigh the positive and negative impacts to determine a possible solution for a more effective economic integration (Matyushok, Krasavina, Berezin, & García, 2021; Teece, 2014).

Positive Consequences

The creation of a global market refers to encouraging countries to specialize and produce products with resources available locally and create a competitive advantage (Ghauri, Strange, & Cooke, 2021). There are certain aspects in global market management and free international trade that need to be addressed in this study such as:

Cross-cultural management: With the increased level of connection across countries involved in international trade, there is an increased demand for expansion of democratic values to nations whose principles of equity and equal opportunity were restricted to certain socio-economic classes or gender categories (Poelmans, Kalliath, & Brough, 2008).

Increased competition: The ultimate beneficiary of competition is the consumer (Priem, 2007). On the other hand, it pushes the competing businesses to find efficient ways to lower the costs through technology innovation and entrepreneurial practice (Jensen, Arnett, & McKenzie, 2011).

Investments: The once isolated countries can now benefit from the availability of outside influx of capital from investments and create reciprocal benefits for the parties involved (Edusson, 2017; Ghauri, Strange, & Cooke, 2021).

Negative Impacts

Implementation of tariffs and quotas: With the increased competition there is a need to protect the domestic economy by imposing quantitative and monetary restrictions for imports (Spring, 2008). Tariffs protect the nation producer by making the domestic product cheaper when compared to an imported one subject to tariffs. “U.S. currently has a trade-weighted average import tariff rate of 2.0 percent on industrial goods. One-half of all industrial goods imports enter the United States duty-free” (Industrial Tariffs | United States Trade Representative, n.d.).

Capital flight/Tax heavens: With the unrestricted flow of monetary capital, there is an increased risk of liquidity shortage. Meanwhile, countries that receive outside investments can benefit from the opportunities external investments create, the investing country can experience a shortage of liquidity if generous amounts of capital are being removed unexpectedly. Although globalization is meant to unify the market, a lot of countries obey different financial laws that may offer an incentive for capital transfer through protective tax laws (Smith, 2019).

Export of opportunities: In order to be more competitive and lower overall production costs, many companies look to export many unskilled/skilled jobs outside the country. Besides economic incentives, international businesses find legal opportunities because undeveloped countries lack protective labor laws that most of the time would save these companies millions of dollars in legal services (National Geographic Society, 2019).

Regardless of how we perceive the effects of globalization, this process is here to stay and will continue to evolve (Ghauri, Strange, & Cooke, 2021; Priem, 2007). The result is a more interconnected world that is guided by universal cultural and ethical values.

Global Businesses and Ethical Values

Although the legal environment varies among countries involved in international trade, the human moral principles are mostly universal across nations (Jhamb & Carlson, 2020). Consumers across the world have been alert in the past 20 years and demand more transparency from businesses on how they conduct their business. When it comes to ethics, consumers see businesses as an integral part of society, which have a responsibility to obey the unwritten moral rules of conduct.

Businesses need to institute a code of ethics to guide the day-to-day operations and provide guidance to employees on how to model their decision-making process by ensuring adherence to the highest ethical standards (*Ethics in International Business*, 2021).

Most companies have their business and executive decision-making processes guided by three broad-styled all-inclusive ethical codes as listed below.

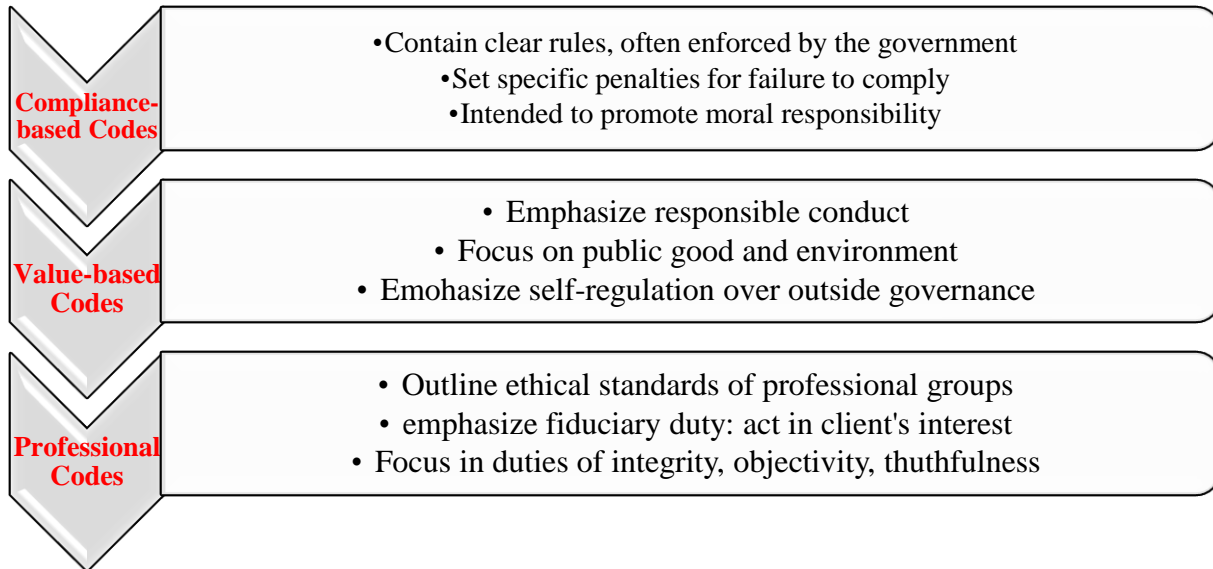
When extending operations to a global level, international businesses can choose to have their entire company following the same set of ethical rules or issues that separate ethical guidelines for their domestic and international operations (Gordon, 1994; Leiserowitz, Kates, & Parris, 2004; Moulton & van de Ven, 2018).

Businesses that choose to implement a uniform code of ethics for all their subsidiaries usually strive to abide by the highest standard of ethics.

Companies that adjust their ethical principles to the cultural environment present in the country where business is conducted are mainly guided by the legality of their activity rather than the moral aspects of right and wrong (Jhamb & Carlson, 2020).

Companies that prioritize abiding by ethical standards are operating beyond the “all for-profit” concept and make efforts to develop their corporate social responsibility (Orlitzky, Siegel, & Waldman, 2011). For a local business, social responsibility can be oriented to support certain local nonprofit organizations or local poor communities (Leyshon, 1992). For international businesses, it is important to develop a broader vision of how they can bring a positive impact to the consumers and contribute to causes endorsed by them. Because cultural differences can become a rigorous filter of how Corporate Social Responsibility (CSR) is viewed, most of the global businesses express their corporate support by generous monetary donations to world organizations. For example, mentioned below is an indicative list of international companies that embraced their commitment to benefit the world. (*What Are International Business Ethics?* 2022).

**FIGURE 1
CODE OF ETHICS TYPES**



Adapted from Ethics in International Business, 2021

**FIGURE 2
LIST OF COMPANIES COMMITTED TO CSR**



Adapted from Acquire, 2022

Big companies and large businesses globally are focusing on making a positive impact on the environment and society viewed as a whole (Orlitzky, Siegel, & Waldman, 2011). For instance, Adidas is

working on recycling plastic for use in their sportswear, Starbucks wants to bring potable water to underserved communities in poor countries, and IKEA is committed to using sustainable energy and materials in their production (Acquire, 2020).

Current Global Business Practices – Digitization and Competitiveness

Shifts in the global environment can directly affect how companies conduct business in the international markets, which is why enterprises precisely need to learn to adapt accordingly (Leiserowitz, Kates, & Parris, 2004). More recently, international business players are adjusting their activity to some new earthshattering and groundbreaking megatrends such as:

Sustainable and resilient operations: Continuity of operations is directly related to businesses' ability to efficiently use natural resources (Orlitzky, Siegel, & Waldman, 2011). Also, the commitment to exponentially decrease the production waste is proof of the company's resilience in minimizing its impact on climate change.

A balance between human workers and artificial intelligence: Automatization (or Automation) and Robotification of work processes has been known since the industrial age. Today, artificial intelligence became an inclusive part of business operations and management need to ensure their employees are prepared for the changes to come (Huang & Rust, 2021).

Flexible democratic business structures: Rigid internal organizational charts are a thing of the past. Leaders understand the need for flexibility and business innovation that can only be reached through cooperation and teamwork (Voon, Lo, Ngui, & Ayob, 2011).

Purposeful business and authenticity: Consumers are looking for meaningful connections with their loved brands. Authenticity is the channel through which businesses can communicate what is the meaning of their business beyond just making a profit. Companies that understand the importance of bringing positive changes to the world are deemed worthy of continuing their existence (Marr, 2021).

Business trends are constantly evolving as unexpected worldwide events can define a new "normal" way of doing business. Covid-19 is the event that reshaped international business and forced governments across the globe to take actions in defining how are we supposed to keep each other safe (Bailey & Breslin, 2021).

OUTCOMES, DISCUSSION, ANALYSIS, AND CONCLUSION

The Covid-19 crisis sparked a new wave of innovation and prepared the territory for new businesses (Huang & Rust, 2021). McKinsey noted that in the third quarter of 2020 there were over 1.5 million business applications in the US, which was double the number it registered during the third quarter of 2019. Although most of these businesses are single-person establishments and may well remain like that, there were also 50 percent more businesses in 2020 that turned into businesses with opportunities for employment (Sneader & Singhal, 2021).

Productivity is accelerated using Artificial Intelligence (AI) in all the stages of production from supply to distribution chain (Jhamb & Carlson, 2020). According to business executives, there was a 25 percent increase in the speed of operations due to the improvements in data security supply chain redundancies. McKinsey's study also found out that overall business productivity increased in quarter two of 2020 by 10.6 percent by 10.6 and 4.6 percent in quarter three respectively (Sneader & Singhal, 2021).

Retail businesses are affected probably forever. Due to the lockdowns, people had to rethink their way of shopping for perishable goods. A big shift to e-commerce was noted in the United States where even grocery shoppers turned to online shopping as means to avoid unnecessary exposure to Covid-19 (Bailey & Breslin, 2021). According to McKinsey, "in the US the penetration of e-commerce was forecast in 2019 to reach 24 percent by 2024; by July 2020, it had hit 33 percent of total retail sales. To put it another way, the first half of 2020 saw an increase in e-commerce equivalent to that of the previous ten years".

Remote working is cutting costs while it can maintain efficiency. The McKinsey Global Institute estimates that about 20 percent of jobs can be completed as efficiently while working from home. However, a fully remoted job can take away from the capacity of companies to create culture and connection between

employees. Ultimately, most companies will have to combine remote working with in-office presence to enable a balance between productivity and team-building culture (Huang & Rust, 2021).

We can state that the COVID-19 pandemic has faced economies with new challenges and made them adjust their functionality, however, it also highlighted a series of weaknesses that came with the implementation of globalization in the current century (Bailey & Breslin, 2021). Issues like extreme interrelation between international companies affected the production process. For example, when the supplier of auto components closes, it can affect the car manufacturing process, which also affects the dealership business, and also affects one or more of the financial institutions that benefit from the financing of car loans (Newman & Abraham 2020).

This takes us to the main concern that, some well-known economists were voicing, that the lack of regulation of the globalization process can bring out issues that will affect all the world's economies (Biggiero, 2006; Fougner, 2006; Matyushok, Krasavina, Berezin, & García, 2021) and as we all know, rebuilding a national economy is much easier than rebuilding a total global economy with all others combined.

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