



National Technical University
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How is Coronavirus Crisis Changing International Business?

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Coronavirus crisis is dramatically changing lifestyles, markets, workplaces, business processes and value chains. There is no more international business as usual. [There is no panacea for the coronavirus economy](#).¹ Thus, we have to abandon old practices and adjust to “new normal.”

Michael Mol, Professor of Strategic and International Management at Copenhagen Business School, explains: “The coronavirus, more than ever, brings out the importance of time horizons. One way to look at it is in the short term, where you see a grave need to combat the virus to minimize loss of life. Another way to look at it is in the medium term, where you see the debilitating effects of the measures being taken now on economies and people’s livelihoods. Then you can look at the long run, and believe that this virus may actually arm humanity with improved tools to combat even deadlier pandemics, which are unfortunately bound to arise, as well as with a different lifestyle that could be needed to combat climate change.”

Yes, current coronavirus challenges for international business are huge. [According to Andy Baldwin](#),² Ernst & Young Global Managing Partner, some of them include employee safety, financial sustainability, the resilience of supply chains, crucial systems maintenance to support, unprecedented levels of remote working and online trading. Moreover, global markets are transforming at a breathtaking speed, while new COVID-19 legislation imposed worldwide is a mess.

“The crisis has made companies realize to what extent their global supply chains are fragile,” points out Andreas Wieland, Associate Professor of Supply Chain

¹ <https://www.newyorker.com/news/our-columnists/there-is-no-panacea-for-the-coronavirus-economy>

² <https://www.weforum.org/agenda/2020/04/how-to-plan-company-future-during-pandemic/>

Risk Management at Copenhagen Business School, [in his comment to the Lowy Institute](#),³ an Australian think tank with a global outlook.

Intellectuals discuss the rise of [de-globalization and techno-nationalism](#).⁴

But are international companies unequipped to those challenges? Will international business collapse under this pressure? Will the world swing to isolationism?

Perhaps, not.

International business is changing at an enormous speed right now. And we have yet to grasp many implications.

International Companies Reboot Fast

Many business leaders acknowledge that time has come to invest in the new future. **New global markets emerge** and they demand new services and products. In response, multinationals vigorously adopt appropriate practices that the world was toying with in the last years but never had a major stimulus to use as a mainstream.

Even SMEs, who seemingly have fewer resources to allocate to combat COVID impact, have perfect solutions of their own. For instance, James Wilson, Senior Researcher, Basque Institute of Competitiveness, [tells](#)⁵ that the intermediary roles

³ <https://www.lowyinstitute.org/the-interpretor/hit-hard-could-covid-lead-europe-rethink-economic-policy>

⁴ <https://www.forbes.com/sites/alexcapri/2020/03/25/coronavirus-accelerates-techno-nationalism-and-piles-new-constraints-on-multinationals>

⁵ <https://www.orkestra.deusto.es/en/latest-news/news-events/beyondcompetitiveness/1954-covid-collaboration-and-clusters>

played by **cluster organizations** that unite SMEs are amplified in the context of the COVID-19 pandemic.

Also, many SMEs switch to platforms that grow in leaps and bounds.

Sanjeev Khagram, dean, Thunderbird School of Global Management, [argues](#)⁶ that “the pandemic’s silver lining is the chance to experiment with technologies and co-operative approaches across borders that could lead to safer, more sustainable and more inclusive global futures.”

Here is where international companies hit the long-term horizon. They are to embrace the **fourth industrial revolution**. They have to admit that older practices will never work again.

The smart ones stop hoping to milk their “cows” again. They reassess portfolios. They move forward. They look for rising “stars.” They **invest in future value**.

COVID crisis is a tipping point. It is a perfect disruption. It exposes how many ways international business has changed in the last decade.

Re-Globalization, E-Internationalization and Market Entry Modes Redesign

The future is always uncertain. It is unpredictable. Yet, its shapes are outlined by our current capabilities and beliefs.

Thus, we have to distinguish between the background that frames the future and many mysterious ways of how the future might play into reality.

⁶ <https://eiuperspectives.economist.com/financial-services/why-coronavirus-will-accelerate-fourth-industrial-revolution>

The cornerstones of international business are country-specific and company-specific advantages. They are not static. They are changing all the time. But no matter what, one way or another, some advantages are always there. Today is no exception. What does it mean? Simply put, the economic foundations of international business have no expiry date.

There is one more constant. This constant is the continuous global environment change. As the environment evolves, countries and companies adjust how they capitalize and monetize their advantages.

This time is no exception. We don't know for certain how it will look like at the end, but what we observe now is the “**re-globalization**” **process** that will bring along its own tools, practices and norms.

Already, the re-globalization evolves into the dimensions of **e-internationalization**, digital platform multinationals, local innovation ecosystems global connectivity and global orchestration of value chains.

Global cities' innovation ecosystems' role in facilitating MNCs competitiveness will also foster. According to Klaus Meyer, professor of International Business at Western University, Canada, in a nutshell, what the companies do depends on the ecosystems that companies belong to.

All these developments push MNCs towards their **market entry modes redesign**.

“Further, MNCs will invest where they sell, in China for China, in the USA for North America, etc. This will lead to greater regionalization of MNC investment flows,” [suggests](#)⁷ Ilan Alon, Professor of International Business at the University

⁷ <https://journals.sagepub.com/doi/full/10.1177/2319714520923579>

of Agder, Norway. He adds that multinationals will tend to produce where they sell or regionalize their supply chain.

Perhaps, the role of MNCs' subsidiaries will shift towards more local engagement and increased foothold on host countries' ecosystems' capacity. Overall, multinationals are going to become more decentralized.

Agile Strategies and New Sets of Capabilities

In their constant search for new unique advantages and winning business models, international companies apply corporate foresight that helps to be prepared for different futures. They learn to cast agile strategies and to secure global value chains resiliency.

Digitalization and artificial intelligence offer a helping hand. The very concept of business travel is revisited. As Ilan Alon emphasizes in his [COVID-19 and International Business Viewpoint](#),⁸ air travel alone used to be more than 30 percent of MNCs budgets in formerly. COVID-19 allowed MNCs to test the technological solutions that became a new normal for business communications. The Norwegian professor concludes that “the post COVID-19 world will see a rise in global virtual teams organized around different technological solutions, including eventually augmented and virtual realities.”

Along come new sets of skills for international managers in every aspect of international business, be it marketing, financial management or innovations.

International Business is Dead! Long Live International Business!

⁸ <https://journals.sagepub.com/doi/full/10.1177/2319714520923579>