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Sophie Nivoix

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Note de lecture

COVID-19 and International Business: Change of Era

Marin A. Marinov and Svetla T. Marinova

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Sophie Nivoix

CEREGE, Faculté de Droit et Sciences Sociales

Université de Poitiers

COVID-19 is a unique pandemic. The book represents a critical reflection to what has happened, how it has unfolded as well as the accumulated experiences. The book chapters are personal points of view of international business scholars. Prospects on how COVID-19 triggered events and follow up policies impacting international business are addressed. The book offers an engaging platform of viewpoints, interpretations, reflections, and critical assessments. It contains 30 chapters authored by 50 contributors coming from 32 higher educational institutions in 23 countries worldwide. Chapter 1 introduces the book. The rest of the chapters are grouped into eight parts.

Part One offers a general overview and an outlook of the effects of the COVID-19 pandemic on international business.

Chapter 2 by Jaqueline Pels analyzes the process of our thinking. The author focuses on three core issues of COVID-19 and international business. The author claims that what we have now is Change of Era, the subtitle of the book, during which conventional logic cannot provide solutions, thus a radical change is needed.

Chapter 3 by Marin A. Marinov represents an analysis of the manifestation of the economic effects of COVID-19 and the ways, in which they create challenges for international business in relation to globalization, global supply and value chains, as well as the changing role of nation state vis-à-vis market forces. The author perceives COVID-19 as an objective risk and an augments of the already active destabilizers to international business, which have reinstated the importance of the nation state and underlined the need for self-sufficiency in strategic industries. The chapter discusses the strategic responses of firms and governments providing national economies with augmented internal sovereignty, risk reduction and resilience.

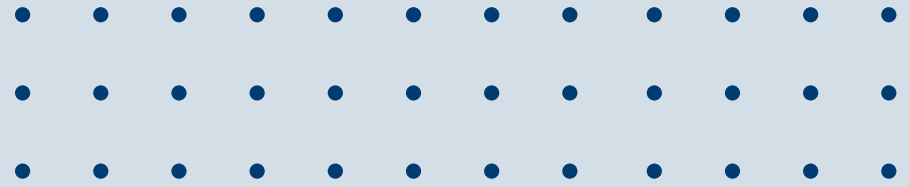
In Chapter 4, Jean-Paul Lemaire claims that COVID-19, has abruptly blocked most economic and business activities in the world, hitting particularly hard

international trade and foreign direct investment flows. The crisis also overlaps with and accelerates the recent rifts of bilateral and multilateral relations, e.g., the looming trade war between China and the U.S., Brexit, economic embargoes, tariffs, and international trade agreement reconsiderations. In addition, the COVID-19 pandemic causes major environmental changes and widely spread socio-economic hardships of unemployment, production relocation and protectionism. All the above requires a reconsideration of international business in a radically disrupted global environment and encourage the adoption of renewed approaches to organizational and functional decision-making processes.

Ernesto Tavoletti's Chapter 5 explores the disappointing responses of nation states to COVID-19. The author argues that there has been a consistent set of missing adequate responses to COVID-19 worldwide. The example of the European Union is given. Instead of strengthening international cooperation, the external danger has revealed that when it is a matter of life and death people naturally tend to rely mainly on national community. The chapter suggests that a common and worldwide coordinated response is the only plausible option for success compatible with the idea of a sustainable world economy to fight the pandemic and secure health and economic revival post COVID-19.

In Chapter 6, Marian Gorynia proposes that COVID-19 will not kill, or weaken globalization, rather it would only transform it. Initially, the author presents a pertinent review of the concept of globalization. Following this, two different scenarios for the future development of globalization are outlined. The first one exemplifies a hypothetical situation assuming the absence of COVID-19 in which case globalization will develop without being challenged. The second scenario progresses reflections on the future of globalization after the COVID-19 pandemic. The conclusion reached is that globalization is here to stay.

In Chapter 7, Kari Liuheto analyzes the impact of the coronavirus on the global economy. It deals with the overall impact of the COVID-19 pandemic on the



world development, international trade and logistics, FDI and international tourism. The main aim of the chapter is to reveal the immediate impact of COVID-19 on the world economy and international business as well as on the permanent legacy of the pandemic to the established world order and international economic cooperation.

Part Two brings in industry and business model perspectives in relation to the COVID-19 pandemic.

Chapter 8 by Ahmad Arslan, Zaheer Khan, Minnie Kontkanen and Shlomo Tarba analyzes the impact of COVID-19 on strategic industries. Since the COVID-19 pandemic struck countries, industries like agricultural food, pharmaceutical, retailing, production of personal protective equipment, etc., prior the pandemic internationalized via global value and supply chains, are presently considered strategic by an ever-increasing number of governments. The chapter offers an overview and analysis by incorporating arguments regarding alterations in the classification of strategic industries based on extant literature and evidence from COVID-19 related changes.

In Chapter 9, William Baber and Arto Ojala deliberate on how COVID-19 impacts firms' business models in the international context. They argue that firms should aim to adopt business models built on network trust, cost reduction and automation to maximize resilience and provide better chances to survive. Innovation of business models also calls for entrepreneurial mindset to find alternative ways of doing business via entering new markets as COVID-19 eliminates existing and creates new international business opportunities. The authors suggest that international value networks depend on issues like trust in networks, activities in-house versus those offshored, type of industry and regulations. The capability of a firm to backshore international activities becomes critical, while value delivery in the international context during the COVID-19 is highly dependent on how much a firm can deliver its services over the Internet or via the use of robots.

In Chapter 10 by Andrei Panibratov, the COVID-19 pandemic is analyzed in terms of healthcare costs rising suddenly and sharply. Digital health programs and e-platforms based healthcare business models become the area representing not only a solid ground for interdisciplinary research as it combines society, technologies, and management, but also a practical tool to mitigate costs and

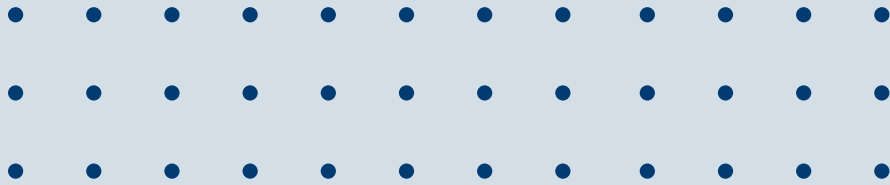
increase the efficiency of medical care in the COVID-19 pandemic. The aim of his chapter is to evaluate the digital healthcare business opportunities during global distress and uncertainty, and discuss the applicability of digital health models in the COVID-19 pandemic at country- and industry-level.

Part Three of the book presents the impact of COVID-19 on international finance and human resource management.

In Chapter 11, Sophie Nivoix and Serge Rey analyze the worldwide economic impact of COVID-19. The market valuation of major exporting firms has dropped sharply since the start of the coronavirus outbreak followed by dramatic jumps later, and then again by drops. To understand how markets react, the authors investigate the stock market returns and volatilities in nine countries located on three continents. They also explore the values of the French luxury industry exposed to the volatility in the Chinese market. The analysis of the amplitude of the shocks and the timespan, suggests that the health, economic, and financial consequences of the pandemic are expected to last at least for several years.

Chapter 12, authored by Winfried Müller, assesses how financial measures have been provided in Europe during COVID-19. In addition to corporate crisis management and liquidity support by the banking sector, nation states and central banks use instruments that are either market conforming or non-market conforming. Market conforming actions influence the market conditions in a way in which the law of supply and demand remains intact. In contrast, non-market conforming measures counteract the market mechanisms, but are often applied to reach political aims. The European Central Bank has already left the ground of market conformity several years ago. The author expresses the opinion that efficient capital allocation based on sound lending rules and the disciplining element of market forces will help overcome the financial burden of the COVID-19 pandemic better than interventionism that hinders the restructuring of public debt and ultimately endanger the wealth of the European citizens.

Chapter 13 by Marina Latukha argues that when firms struggle with COVID-19 as a new uncontrolled global challenge, managerial practices should be reconsidered and redesigned to ensure continuous organizational development. The chapter discusses how talent management (TM) may use opportunities created by the pandemic to build a new competitive advantage. The chapter provides



insights on areas that should be included in management's agenda to benefit from the crisis by developing a systemic view of TM.

In Chapter 14, Ahmad Arslan, Ismail Gölgeci and Jorma Larimo explore the importance of expatriates and their role in multinational enterprises (MNEs). The COVID-19 pandemic has resulted in numerous restrictions of international and local travel. At the same time, there is a visible increase in distance working in MNEs. The chapter offers insights on the pros and cons of distance working during and post- COVID-19 in relation to the role of expatriates in subsidiary management.

Part Four includes contributions exploring the impact of COVID-19 on global supply and value chains.

Chapter 15 is by Paolo Barbieri, Albachiara Boffelli, Stefano Elia, Luciano Fratocchi, and Matteo Kalchschmidt. The authors discuss the long-term effect of COVID-19 on the reconfiguration of Global Value Chains (GVCs). This is mostly the case when countries are very dissimilar on a single key manufacturing hub, e.g., in China, and in case all nodes are asynchronously subject to COVID-19. Consequently, the worldwide health and economic emergency causes a radical reconfiguration of GVCs. This may involve partial relocations and/or a reconcentration of the activities in fewer and/or closer countries that represent less risk and/or that can ensure a faster and more coordinated recovery of the production activities and of the entire value chain. The authors argue that the reconfiguration of GVCs arises from COVID-19 that accelerates already existing trends.

Chapter 16 by Jonas Strømfeldt Eduardsen is dedicated to COVID-19 and managing risk in multinational corporations (MNCs). COVID-19 has set new risks with unpredictable profound side effects seriously impacting international business. The author draws lessons from COVID-19 by referring to global systemic risk comprising identification of the characteristics of the new emergent forms of risk and discusses their potential impact on international business; and exploring how the new emergent forms of risk present their challenges to the conventional approaches to risk management. The chapter concludes with key issues due to COVID-19 deserving attention of international business scholars relating to the risk debate.

Chapter 17 by Laurent Lacroix and Eric Milliot analyzes supply chains. The authors view commodities as necessary for the economic development, which

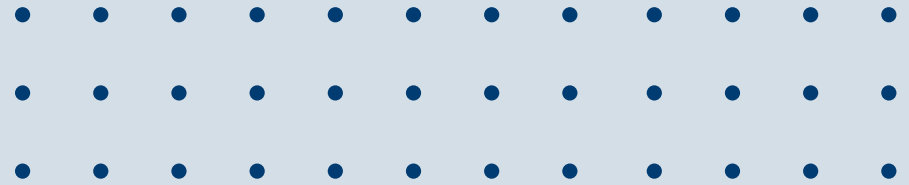
have continuously fed a system creating markets for products consuming additional natural resources. The extracting industry is now seriously undermined by COVID-19. Indeed, the market networks in commodity exchange are currently disrupted as they are viewed as vectors of contamination. It is now a viral risk, in the epidemiological sense of the term, forcing company management to rethink supply chains and the quality of supplies. The authors propose that firms must increase their resilience and flexibility in a quest for an appropriate and robust supply chain model.

In Chapter 18, Sardana Islam Khan and Julian Teicher propose a sustainable global supply chain management model in the post-COVID-19 environment. The authors review the existing directions and policy retaliations of advanced economies and identify a range of possible global sourcing scenarios. They explore the possibility of integrating the closed loop supply chain (CLSC) model with traditional supply management (SM) practices to propose a sustainable and flexible global supply chain management regime. The adaptation of the CLSC model and SM practices should be in line with industry's operational context and SM practices should help empower the supply chain partners to improve the coordination and information flow between stakeholders ensuring sustainable supply chains.

Chapter 19 by Anikó Magasházi reflects on the emergence of global supply chains, global value chains, and production networks facilitated by the upsurge of cross-border foreign direct investments in the era of hyper-globalization. The U.S.-China trade war has led to reconfiguration of global supply chains, while COVID-19 accelerates this process enormously. Thus, national governments have expanded their interaction with MNCs moving toward contingency planning and risk awareness. The chapter unfolds the recent developments in South-East Asia and Singapore in COVID-19 from the perspective of protecting strategic sectors in the existing global value chains as well as from a microeconomic perspective related to the trends in the internationalization of firms.

Part Five draws attention to the ethical perspectives in international business and corporate social responsibility in the COVID-19 pandemic.

Chapter 20 by Leonidas Leonidou, Bilge Aykol, Pantelitsa Eteokleous, and Angeliki Voskou notes the impact of COVID-19 on firms operating internationally. Drawing on the Situational Crisis Communication theory, the chapter explains



how international firms match their strategies to preserve corporate reputation in a crisis-situation to protect their stakeholders from physical, psychological, and other harmful effects. The authors focus on the Corporate Social Responsibility (CSR) strategies adopted by international firms to harness their corporate reputation and boost their business performance in the COVID-19 pandemic. They distinguish between internal and external CSR-related initiatives by international firms providing analysis supported by real life examples.

Chapter 21, written by Snežina Michailova proposes that irresponsible business is immune to the impacts of COVID-19, and thus it will grow stronger. Irresponsible business does wrong to the community, society, and business practices. The impacts of COVID-19 are multiple. Modern slavery operates mostly across borders in a hidden form within the complex supply chains. Globalization has always been in the driver's seat when it comes to enslaving people. The chapter claims that there seem to be two key paths post COVID-19. One, firms delay and cancel orders with their suppliers and subcontractors. Two, firms continue doing business as usual, profiting from slavery on a larger scale than before COVID-19. The overarching worry is, no matter which path MNCs will choose, the losing party will always be the enslaved people.

Part Six brings together contributions on the impact of COVID-19 on small and medium-sized firms and the role of social enterprises.

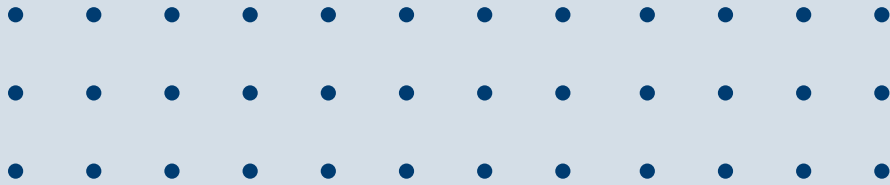
Chapter 22 by George Tesar addresses the socio-economic impact of the COVID-19 pandemic. Because of it, theories of international business experienced their greatest interruptions in modern times. Large international firms have advantageous positions over small manufacturing firms, mostly in terms of stronger financial and human resources. During COVID-19, small manufacturing firms in international markets are faced with serious issues due to limited financial resources and adequate management styles, as well as international communications deficiencies. The limited knowledge they have accounts for concerns of their abilities to identify and assess the forces comprising the external business environment where they function. COVID-19 has forced managers of small manufacturing firms to rethink exporting. They need to understand that each export market creates its own new environmental forces. Their contemporary theoretical and operational understanding of export operations must be expanded to include an understanding of how environmental forces in each international business environment power and will direct their export operations in the future.

In Chapter 23, Ernesto Tapia-Moore explores the pre-internationalization decisions of French small and medium-sized enterprises (SME) and their post-internationalization performance. The author found out that firms having the best post-internationalization performance are those whose pre-internationalization performance was worse in comparison to that of their counterparts, especially in early internationalization. The objective of the chapter is to make predictions based on extant research, yet, integrating the extremely turbulent conditions of the COVID-19 pandemic in a highly volatile environment and excessive information overload in the internationalization-related decisions of SMEs.

In Chapter 24, Andrei Kuznetsov and Olga Kuznetsova argue that COVID-19 has disrupted the network and supply chains of MNC in foreign markets. The authors suggest that MNCs may turn this challenge into an opportunity by looking for partners among businesses that are rarely mentioned in the international business literature, namely, the cooperatives. Cooperatives play a major role in the economy of many countries, yet the international business literature has hardly studied them. The rate of growth of the cooperative sector is ascending steadily and its share in the world economy. The resilience shown by cooperatives during COVID-19 is noteworthy. The focus of this chapter is on analyzing the ignored potential of cooperatives to contribute to the post COVID-19 crisis recovery at national level and how this potential may benefit the post-crisis recovery of MNCs.

Part Seven is a selection of geographical perspectives on the impact of COVID-19 on international business, incorporating countries and regions.

Chapter 25 by Shuquan He, Maria Elo, Xiaotian Zhang, and Julia Zhang argues that China has been triple hit by COVID-19, concerning its role in international business. Firstly, there were huge domestic supply disruptions lowering or discontinuing the supply to international markets. Secondly, international demand for Chinese products declined sharply due to business shutdown in the rest of the world. Thirdly, Chinese businesses face a completely new international business environment as developed countries have modified their laws and regulations on foreign direct investment, targeting Chinese firms. The Chinese example demonstrates that COVID-19 has brought about fundamental changes in the international business environment that have precarious effects on international transactions.



Shuquan He and Xiaoying Wang in Chapter 26 reveal that the COVID-19 pandemic has disturbed international business activities of firms. The calls for relocation of various activities in global supply chains out of China have been led by the U.S. and echoed by other countries. Despite political pressure, it will be a serious challenge to find a viable alternative to China's big production base and sizeable domestic consumer market that is rapidly innovating. While COVID-19 will certainly change the ways in which Chinese firms engage with business, it has led to innovations in business models by enhancing products and services and offering new solutions.

In Chapter 27, Dmitrij Slepnirov sets out to explore how Danish firms operating in China have experienced the impact of COVID-19 and the lessons they learnt for the post-COVID-19 world. For this purpose, 15 semi-structured interviews were conducted with top executives of Danish firms in China. The insights from the interviews have been complemented by a among the members of the Danish Chamber of Commerce in China. The research findings have provided insights into the specific challenges of COVID-19 for Danish companies operating in China and the efforts they implemented to counteract the negative impacts of the coronavirus to build a foundation for a robust and stable business operation in the post-pandemic world.

Chapter 28 by Arnold Schuh discusses the effects of the COVID-19 on the economies of Central and Eastern Europe (CEE) and their attractiveness for Western investors. A recent economic boom, a shrinking labor pool, and rising labor costs, deteriorating institutions, antagonistic attitudes of host governments towards foreign investors, and the entry of new competitors have shaped the business environment recently. Thus, the author outlines the possible developments for foreign investors that they would face in the CEE region. For many CEE countries, the projected decline in economic output will be significant whereas the patterns of recovery and the ways in which their international firms will change are unpredictable.

Chapter 29 by Thomaz Wood Jr., Jorge Carneiro and Maria Tereza Leme Fleury presents the new mindsets of firms in a country hit particularly hard by COVID-19, Brazil. Executives of large firms operating in Brazil, both domestic and international, and public administration bodies believe that the adaptations that many firms made due to COVID-19 will have long-lasting effects on numerous dimensions of the business management. While the informants acknowledged the severity of COVID-19 crisis but presented an upbeat outlook for the post-crisis prospects. Agility, transparency, resilience, risk management, as well as evidence-based management, were the words they used. New perspectives, attitudes, and behaviors to running businesses should prove useful in and post the COVID-19 pandemic. It is very likely that de-globalization will set in as governments and firms take radical safety measures to reduce vastly their dependency on foreign supplies.

Part Eight comprises the concluding chapter of the book.

In Chapter 30 Svetla T. Marinova proposes that the COVID-19 should be regarded as a critical juncture setting an abrupt process of changing the consequences of which are still to unfold, and which is redefining the world radically in terms of political, economic, technological, sociological, and moral perceptions. The chapter makes a case for a better understanding of the new role of nation state, international firms, and strategic sectors, as well as access to resource and institutional capital in view of the upcoming regionalism around powerful pivots. The changes epitomized in the chapter would have long-lasting effects on the global political and economic conjuncture and on international business as theory and practice.