


## Chapter 5

# Research on International Business and the COVID–19 Pandemic: A Review of the Managerial and Policy Implications

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### ABSTRACT

*The COVID-19 pandemic disrupted international trade networks in 2020. Although worldwide commerce has recovered in the subsequent period, it is anticipated that globalization will make a new turn. The purpose of this study is to review the current research that examines the impact of the pandemic on international business. The methodology encompasses a semi-systematic review, which includes a summary and synthesis of selected empirical papers. The focal content of this review is the implication sections of the articles. By doing so, this study attempts to bridge the research-relevance gap.*

### INTRODUCTION

COVID-19 was a global shock. In the first phase, lockdowns were implemented all around the world to avoid infection. That affected the world economy. The manufacturing sector came to a halt in an inter-linked trade network at a global scale. According to World Trade Organization's (WTO) estimate, the volume of world merchandise trade slumped by 5% annually in 2020. Although there has been a recovery in international commerce aftermath, challenging times persist. The world's major players must carefully consider their next actions in the context of increasing commodity prices, rising inflation, struggling supply networks, and conflicting global political interests.

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In terms of government-industry interactions, the debate on the evolution of globalization is ongoing. Petricevic and Teece (2019) emphasize the necessity for the reconfiguration of global value chains orchestrated by multinational enterprises (MNEs). They point out increasing volatile, uncertain, complex, and ambiguous conditions (VUCA) for businesses due to new forms of government interventions in both Western and Chinese markets. As a solution, they address the dynamic capabilities approach (Teece, 2007; 2014). While acknowledging the VUCA environment, Buckley (2020) on the other hand, suggests the internalization theory is quite applicable to dealing with the new context and also references the COVID-19 situation. In another agenda, Callaghan (2021) questions whether deindustrialization -defined as declining shares of manufacturing output in countries' gross domestic product- has contributed to the slowdown of globalization. His analysis finds statistical evidence for such a relationship. He warns the political sentiment against globalization may prevail if state policies are regarded as unbalanced in the post-COVID-19 order, and he sees orchestration theory as a useful framework to evaluate the MNEs' activities. Referring to the post-pandemic era, Contractor (2022) argues that further globalization is needed because the interdependencies of global value chains are so strong and the advances in information and communication technologies are so substantial that MNEs would pave the way for operational efficiencies.

Even though it is early to assess the true consequences of the pandemic crisis, there may be valuable lessons to take from the various experience so far. The body of literature on international business activities under pandemic conditions is expanding. For instance, a research stream examining global manufacturing argues that reshoring cannot be a sustainable solution against acute drops in trade or protectionist trade policy measures as seen in 2020. Instead, a viable balance should be achieved between efficiency and resilience such as considering regional structures for the value chains (Kersan-Skabic, 2022). This requires the improvement of liberal trade policies as well. In parallel, the objective of this study is to review the managerial and policy implications identified in recent literature in order to gather further valuable insights that may be useful in real-life decision-making.

The expected value of this study stems from the rigor-relevance discussion as in Rynes et al. (2001), Gulati (2007), Carter (2008), and Geuens (2011). The perspective urges business management researchers to focus more on the transferability of created knowledge to reduce the research-practice gap. This notion is being recognized since the publications are placing greater emphasis on managerial and policy implications. In addition, the knowledge fragmented across separate papers is compiled and synthesized from time to time as in literature reviews and meta-analyses. Recently, van Hoek (2020) and Verbeke and Yuan (2021) remarked on this necessity in the international business domain. Therefore, this timely overview can be considered as a step toward the realm of decision-makers.

## **METHODOLOGY**

This study includes a semi-systematic review method which is developed for issues that have been conceptualized differently and investigated by numerous groups of researchers from distinct fields. This form of study is beneficial for discovering themes, viewpoints, or common concerns within a certain research discipline or approach, as well as for identifying the elements of a theoretical approach (Snyder, 2019). For this analysis, a list of academic journal articles is compiled from the EBSCO database containing "international business" or "international trade" and "COVID-19" terms in their titles, abstracts, or

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