IMPACTS OF COVID-19 ON INTERNATIONAL BUSINESS PROCESSES

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Abstract -

COVID-19 (corona virus) is a health pandemic that has profoundly impacted the global economy and fundamentally transformed society. The impact of COVID-19 will be most pronounced at the international business level due to travel restrictions and workforce mobility. To survive in the current market environment requires an innovative perspective for companies. The purpose of this research is to discuss the impact of the corona virus on international business processes. This allows us to understand how the pandemic has affected different sectors of the global economy. Suggestions for more dynamic and innovative actions were given, demonstrating the importance of using technology in times of crisis.

Keywords - COVID-19; International Business; Pandemic; Crisis

I. INTRODUCTION

On March 11, 2020, the World Health Organization (WHO) Director-General, Dr Tedros Adhanom Ghebreyesus, declared the COVID-19 virus a global pandemic due to the alarming levels of the virus' spread. According to Cucinotta and Vanelli (2020), the WHO Director-General called on countries to implement its containment measures, which aimed to reduce contact between people. Some of the containment measures implemented by various countries globally included restrictions on border movements by suspending air, land and sea transport. Additionally, various countries implemented partial or full lockdowns, which disrupted industrial processes, especially those processes that could not be substituted with technological innovations. Although these containment measures played a vital role in reducing the spread of the virus, they adversely impacted the economic sector, specifically the international business processes due to their effects on exports and imports.

International business processes involve the exchange of goods and services between two or more different countries through exports and imports and contractual agreements, which allow foreign firms to use other nations' products, processes, or services through franchising and licensing. Factors that might affect international trade include political, environmental, economic, and social policies. These factors may either restrict or support international business processes. Following the declaration of the COVID-19 virus as a global pandemic, countries implemented border movement restrictions, which adversely affected transportation and logistics processes, which form the basis of international trade. Xu et al. (2021) affirm that in China, the pandemic's containment measures adversely impacted air and land freight, leading to delayed delivery of goods and services between China and its international business partners. In general, delayed delivery of goods and services between various countries due to border restrictions brought about by the COVID-19 pandemic impacted global international business processes.

The manufacturing industry also felt the impact of COVID-19 containment measures. According to Ardolino et al. (2022), COVID-19 containment measures, such as social distancing, lockdowns, and work-from-home directives, posed severe impacts on manufacturing and industrial operations. International business plays a crucial role in manufacturing industries. Manufacturing industries may import raw materials from other countries, which are used to manufacture final products that may be exported to different countries. However, following the declaration of the COVID-19 virus as a global pandemic, the manufacturing industry faced reduced output due to the virus's containment measures, such as the work-from-home directive, which disrupted industrial operations (Ardolino et al., 2022), especially for industries whose manufacturing processes could not be substituted with technological innovations. Manufacturing industry disruptions typically indicate a low demand for raw materials, which contributes to low output, lowering imports and exports, both of which are important players in international trade.Reduced demand for raw materials implies that imports are reduced, while reduced manufacturing processes imply industrial manufacturing output is reduced, leading to a reduction in goods and services exported to other countries. This chain of events subsequently impacted international trade through reduced imports and exports.

The declaration of the COVID-19 virus as a global pandemic and the subsequent implementation of its containment measures negatively impacted international business processes through reduced imports and exports by the affected countries. As industries undergo post-COVID-19 recovery, policy

makers must formulate various strategies to shield industries, such as the freight and the manufacturing industries, from disruptions due to future pandemics due to their role in international trade processes.

II. CRISIS MANAGEMENT

A crisis can be described as a phenomenon that occurs infrequently, involves a high level of uncertainty, and affects society. A crisis creates a sense of urgency about how to respond to the situation. Crises vary in length, type, and scope, depending on their impact on society. To be able to respond to a crisis requires coordination among stakeholders. Natural disasters such as earthquakes, hurricanes, and wildfires are typically one-off events caused by specific environmental conditions. This means that while they occur consistently, they are usually sporadic and can be controlled using intervention. The causes are known and easy for companies to address from an operational perspective. Crises at the government level, such as political deadlocks and leadership changes, can have a significant impact on a country's stability. Health crises are more difficult to understand because they tend to be rare and unpredictable. Health crises can therefore be characterized as "black swans" because they appear unexpectedly but have serious consequences (Bogle & Sullivan, 2009).

The corona virus crisis threatens the ability of businesses to conduct business through the implementation of social policies such as working from home and social distancing. This combination makes it difficult for many companies, especially those in the service economy, to survive. In addition, the cash flow of many companies changes significantly in a short period of time. Some businesses, especially supermarkets and technology companies, prospered, but also faced difficulties related to high customer demand and supply chain problems.

III. IMPLICATIONS OF THE COVID-19 PANDEMIC

The need for continued social distancing and other mitigation measures has several negative effects, including rising unemployment and recession. Social distancing at the individual level has impacted work-study configurations, domestic dynamics, health and well-being, and relationships. These changes lead, among other things, to new habits and behavioral patterns. De Vos (2020) predicts an increase in telework, a decrease in car traffic, a decrease in public transportation ridership, and a decrease in service consumption and travel demand.COVID-19 is also having a major impact on businesses. Tourism, hospitality, and retail are among the sectors most affected by the pandemic. Multinationals are facing supply chain disruptions, supply and demand shocks, lost sales and profits, and other operational challenges stemming from travel restrictions.

According to a World Bank report on the impact of COVID-19 on foreign investors, 80% of multinational companies have been affected by the pandemic. The top 5000 multinationals have lowered their 2020 earnings by 30% (Bretas & Alon, 2020; Saurav, Kusek, & Kuo, 2020; UNCTAD, 2020a). Countries are implementing largely uncoordinated national policy responses and cross-border distancing measures such as travel restrictions and border closures. The crisis has led to conflicts between nations over pharmaceutical and medical development. Some countries have restrictions on the export of medical supplies.

The US has been accused of "modern piracy" for diverting masks from Germany (BBC, 2020). France also complained that buying medical supplies was difficult because American buyers were bidding higher than medical supplies. At the same time, there have been several international collaboration attempts to develop and test vaccines and drugs (Zimmermann et al., 2020). The world is witnessing the rise of tech nationalism in its infancy. This includes biotechnology alongside the usual suspects (such as dual-use technology).

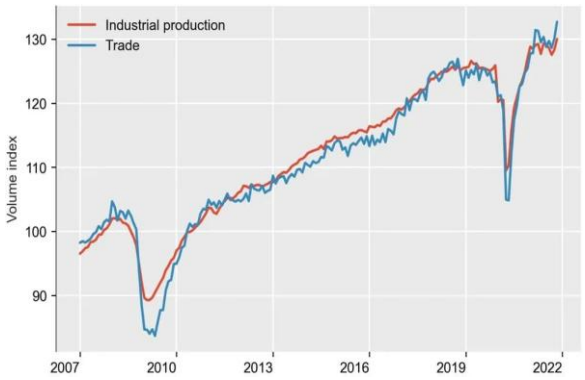
The legitimacy of international organizations has been questioned, and trust in them has been undermined. One such leading agency is the World Health Organization. The Trump administration has accused the agency of mishandling the pandemic and launched an investigation into its recommendations. In July 2020, the United States formally applied to withdraw from WHO. With Schengen countries closing their borders and restricting the movement of people even within the European Union, aid to Italy and Spain could come from Russia and China, not their neighbors. Italy's Matteo Salvini has lashed out at the EU for a lack of aid due to COVID-19 and warned that the EU's future is at stake.

China also provided assistance to Serbia, filling the hole left by the EU. In the EU, statistics on COVID-19 are shown at the national level, not at the EU level, as national governments try to fight the virus. EU solidarity will come under even greater pressure if the Hungarian and Polish governments downplay some of the rules and have to share the cost of COVID-19 between countries. The Westphalian regime of nation-states has proven its superiority in the face of global adversity. In the post-COVID-19 world, the forces and voices of nationalism and protectionism will rise, and the forces and voices of unbridled globalization will surge.

IV. CRONAVIRUS AND INTERNATIONAL BUSINESS

The coronavirus has significantly affected international trade, especially in terms of free movement between countries, so it is useful to adopt a start-up ecosystem approach. Regional trade blocs, including the European Union, which are based on the idea of free movement between countries, have changed due to the closure of some countries' borders. Most notably, countries like Spain have banned travel between their neighbours while maintaining their membership in the European Union. Due to the increasing degree of internationalization for professional, family, and lifestyle reasons, the impact of these closed borders is significant. Global society is accustomed to frequent international travel and exchanges, so closing borders are a surprising development. As a result, international organizations have had to deal with the pandemic at national, regional, and international levels. While international business and travel are expected to continue despite societal changes, the health pandemic has taken many by surprise. Social interaction in a physical format is important for building a more cohesive international society. As a result, restrictions on travel due to the virus have led to a denationalization strategy for many countries. Besides the sharp drop in international tourist arrivals, there are economic and political impacts that come with it. Governments are blamed for their handling of the crisis, which further escalates international tensions. Due to the contagious nature of the disease, many countries have banned mass gatherings. As global society has been largely networked, there have been other impacts on business. The sports industry has been one of the hardest hit by the restrictions put in place because of the virus. Almost all professional sporting events, including the Olympics, have been cancelled due to the virus.

Efforts to facilitate travel across geographic borders have been jeopardized by the virus. At a time when international travel was unprecedented, travel restrictions had a profound effect on individuals. Especially for international students, this is a matter of concern when they face economic and social difficulties. For many, their economic and social lives have been crippled by the limitations of the virus. Some countries have implemented stay-at-home orders, which have greatly restricted travel. In addition, physical distancing restrictions are expected to result in high economic, psychological, and social costs. To mitigate the impact of the virus, governments have offered cash payments and income protection plans to those in need. However, many sectors of the economy, such as the informal sector, are not eligible for government support. This has increased income inequality and related economic impacts on some segments of society.



V. CONSUMER BEHAVIOUR DURING COVID-19

Societies around the world are on lockdown and citizens are being asked to respect social distancing and stay home. Isolation can harm us because we are social beings. Yes (Cacioppo & Hawkley, 2009). Loneliness is associated with cognitive decline, negativity, depression, and susceptibility to social threats. There is evidence that this is happening during the current pandemic, as there has been an increase in domestic violence, disputes between neighbors, and a surge in firearm sales (Campbell, 2020). Increases in other more positive behaviors evoked were also seen. People are starting to nest, develop new skills, and better care for their habitat. For example, you can learn about baking, staying healthy, jigsaw puzzles, and other reading materials. We are also buying more cleaning products and recycling more waste. At the same time, we are eating more junk food and cleaning less. People stock up on essentials, buy hamsters, and flee to the countryside. This shows that what is happening to us and what we do is complex, and it would be interesting to investigate this phenomenon further.

During the COVID-19, markets

The COVID-19 outbreak could lead to the bankruptcy of many well-known brands across many industries as consumers stay at home and the economy shuts down (Tucker, 2020). In the United States, big names such as Sears, JC Penney, Neiman Marcus, Hertz, and J. Crew are under enormous financial pressure. The travel industry has been greatly affected. 80% of hotel rooms are vacant (Asmelash & Cooper, 2020), airlines are slashing their workforce by 90%, and the tourist destination is unlikely to record a profit in 2020. In addition, large-scale gatherings such as exhibitions, conferences, and sporting events were suddenly cancelled; art and cultural facilities such as galleries and museums were also suddenly closed. General consultations and personal services such as beauty parlors, gyms, and taxis are also suspended due to the lockdown. Finally, major industries such as the car, truck, and electronics industries suddenly closed (but reopened two months

after they closed). There are endless questions we can ask ourselves related to this rather abrupt closure.

For example, how would you care for your employees in such a situation? Why would the company not be prepared to deal with such a situation (e.g., put aside income or seek alternative sources of income, for example)? How are companies and countries taking advantage of the current situation to become more competitive? One country that seems to be taking advantage of this situation is China, which is buying up European infrastructure and technology. (Rapoza, 2020).

VI. CONCLUSION

Another possibility is that the coronavirus has no effect on overall business activity in the international economy. This is unlikely due to the profound changes in societal structures caused by the coronavirus. Although the nature of business may change fundamentally as a result of the coronavirus, with more critical thinking required to meet society's needs. As a result, it is critical that business owners plan their ventures with safety and security in mind. This will allow a number of ventures to be launched in response to consumer concerns about the health crisis.

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