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**Business Internationalisation and the Need to Resilience**  
**in the Stream of Globalisation: Risks and Unpredictable**  
**Trends for Companies and Business**

Anis BENABED<sup>1</sup>

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**Abstract**

*This paper presents and investigates the volatility of business internationalisation in the stream of globalisation in times of risks and unpredictable trends, Globalisation and digitalisation have made the world a global market where companies can take advantage of to prove their competitiveness, due to the high level of competition in domestic markets, the international economic flow has undergone dynamic changes and challenges in the geographical structure of internationalisation. The research questions are “Does the stream of Globalisation with its risks and trends make business internationalisation volatile?” and what are the main risks that economies and business could face?”. The research methodology focused on literature review and data analysis in a qualitative and quantitative way. The results showed that the uncertainties regarding negotiations and international economic relations have an impact on business and companies at the international level. The main focus to balance business resilience in companies according to this analysis should be between rating the impact of disruption or loss and describing risks and they could be mitigated. In conclusion, Globalisation has a global importance and impact on business and companies that move to the internationalisation process, if something happens in any part of the global economic area, it transmits straight away between economies, in times of risks and unpredictable trends companies in general and business in particular need to focus on the way of resilience to survive. Before entering international or foreign markets, companies should fully understand their products and the sector in which they intend to expand and operate as well, by carefully drawing a resilience plan to possible risks that may hit their business from time to time.*

**Keywords:** Globalisation, Business, Business internationalisation, volatility, trends.

**JEL Classification:** F20, F23, F44, F60, D74.

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<sup>1</sup> Bucharest University of Economic Studies, Bucharest, Romania, anis\_anisse@yahoo.fr.

## **1. Introduction**

Globalisation and digitalisation have made the world a global market where companies can take advantage of to prove their competitiveness, due to the high level of competition in domestic markets, internationalising a company has become almost very necessary and mandatory, not just for large companies, but for Small and Medium Sized Enterprises (SMEs) as well. The international economic flow has undergone dynamic changes and challenges in the geographical structure of internationalisation. The pandemic in 2020 showed that there were major risks that caused a global economic slowdown due to the decrease in demand and the increase in restrictions and lockdown measures. However, as powers compete for dominance in a new era of geopolitical upheaval, the year 2022 was very significant in terms of some major events defining the cost of the future, events such as armed conflict in Europe since World War 2 and the demonstration of friction between the US and China, etc. All this has led to disturbing geopolitical situations, businesses that have become familiar with unrestricted international trade, now face growing challenges like export limits. As major powers are still vying for control of the future, the risk has become something that needs fast resilience and significant measures. Geo-economic risks and conflicts are considered a major threat to companies and business at the international level; companies that move towards internationalisation could face problems to resist and survive in times of risks and precisely in periods of geo-economic risks. Some other top three risks that could be a danger to economies, markets, companies, and business are cyber-attacks and natural disasters as main near-term risk.

## **2. Problem Statement**

The phenomenon of "globalisation" is primarily to blame for the unprecedented trend of social, economic, cultural, and political interconnections that the global society is currently experiencing in daily life (Jackson, 2008). The extent and speed with which this phenomenon affects global society, are quite difficult to describe, in part because of researchers who have put forth conflicting conceptualisations and understandings of the consequences, making it one of the most discussed and contested topics in the modern era. Studies (Grossman, Helpman, 1991) have found that globalisation plays a significant role in the expansion of the economy because of the employment opportunities it creates and the ease with which technology can be accessed. But there are studies (Gaston, Nelson, 2004) that demonstrate the adverse effects of globalisation, particularly on developing states, such as the rise in employment inequalities, but also some adverse effects on the environment (Kirikkaleli, Oyebanji, 2022) or even geopolitical conflicts (Beck, 2014). As this study looks at globalisation from an economic angle, the definition of globalisation used in this paper is taken from Jenkins (2004), who defined it as "a process of greater integration into the world economy, through movements of goods and services, capital, technology and labour, leading increasingly to economic decisions being influenced by global conditions." This definition effectively captures the

economic goals and outcomes of globalisation, emphasising the changes occurring in international trade and investment. Jenkins' definition also includes the role that economic factors play in shaping the globalisation process. The recent conflict in Ukraine is a prime example of how western sanctions against Russia have had a direct impact on the world economy, with poorer nations suffering the most. When trade between the West and Russia began to decline, it was observed that inflation began to rise globally, the cost of labour around the world began to fall, and food prices began to rise, while wages remained constant. Therefore, we can say that globalisation is a "transformative" phenomenon, influencing employment, wages, and all businesses and institutions involved in the labour market (Gaston, Nelson, 2004). One of the most complex aspects that SMEs have to face in order to reap the benefits of globalization and be able to be competitive is the definition of an adequate business model. (Benabed et al., 2022) Internationalisation involves the expansion of companies across national borders with the goal and objective of producing and selling products and services (Hitt et al., 1997). Others mainly consider internationalisation as a growth and business development strategy for organisations (Luostarinen, 1979). Likewise, it is observed that one of the components that is repeated in various definitions is that the internationalisation process is a dynamic process, understood as a phenomenon of an evolutionary and gradual nature (Albaum et al., 1994). On the contrary, there are research papers that highlight that through internationalisation companies are exposed to greater learning in social and environmental issues and consider that internationalisation can allow them to acquire valuable knowledge from different markets that results in a substantial improvement in their social performance (Strike et al., 2006). Technology and digitalisation have been reshaping global business.

Resilience is built over time and can be lost. Everyone can name at least one powerful company that no longer exists where the shuttered company's once strong resilience crumbled. When attending to multiple capitals, the focus is often on preserving and enhancing capitals in the current situation and into the future (Berger-Schmitt, Noll, 2000).

### **3. Research Questions / Aims of the Research**

This paper presents and investigates the risks that business internationalisation could face in the stream of globalisation. The research questions are: "Does the stream of Globalisation with its risks and trends make business internationalisation volatile?" and what are the main risks that economies and business could face?"

### **4. Research Methods**

The methodology of research focused on literature review and data analysis in a qualitative and quantitative way by analysis and describing data and statistics.

## 5. Findings

The uncertainties regarding negotiations and international economic relations have an impact on business and companies at the international level. The unpredictable trends and geopolitical risks such as the pandemic and the recent global geopolitical escalations and conflicts have provoked more inflation, a global economic recession, and an economic slowdown in both advanced and developing economies. In companies, there should be a real-time feedback strategy to consider the customer's requirements and to what they want, so that companies may deal with those risks and threats. Digital risks such as cyber-attacks and imitation after the incorporation of digitalisation have been so important to be tackled by putting efforts to boost digital security and control (See Figure 1).

**Figure 1. Global risks for companies and business**



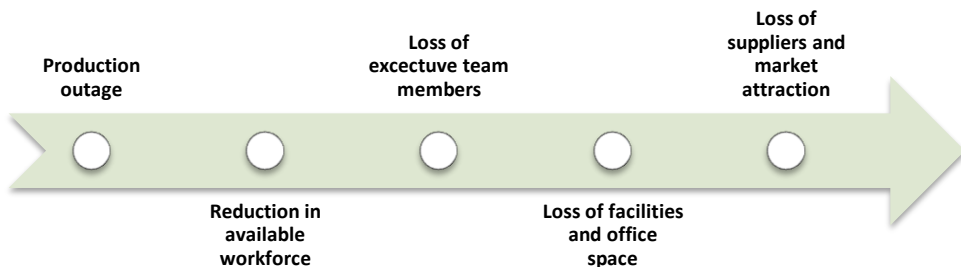
*Source:* Author's design and research, 2023.

Strategic risks include the pressure of competition, changes in demand, legislations and laws by governments, political conflicts and instability, social norms and restrictions, the pressure from creditors and shareholders. Financial risks include the mismanagement of cash flow, the risk of financial growth, and decrease in profit that could happen during inflation, recession, the decrease in investments, and fluctuations in the market. Operational risks are more about where the companies

may operate and possible conditions to start and go further with business in the new market by adapting its rules and products with the type of customers and opportunities that could be created there (See Figure 1).

Business resilience and continuity planning are the creation of processes and systems to ensure that a company or business can continue operations after a crisis scenario. Creating a business resilience plan may help examine a range of disaster scenarios for potential failure points, focusing on details recovery plans, potential mitigations, and alternatives with an interest to look at for opportunities for precautions and preventive steps. Among the possible intern risks that a business has to consider are production outage, reduction of available workforce, a possible loss or decrease in the executive team, a possible loss of space or facilities, and deterioration and loss in market attraction and suppliers (See Figure 2).

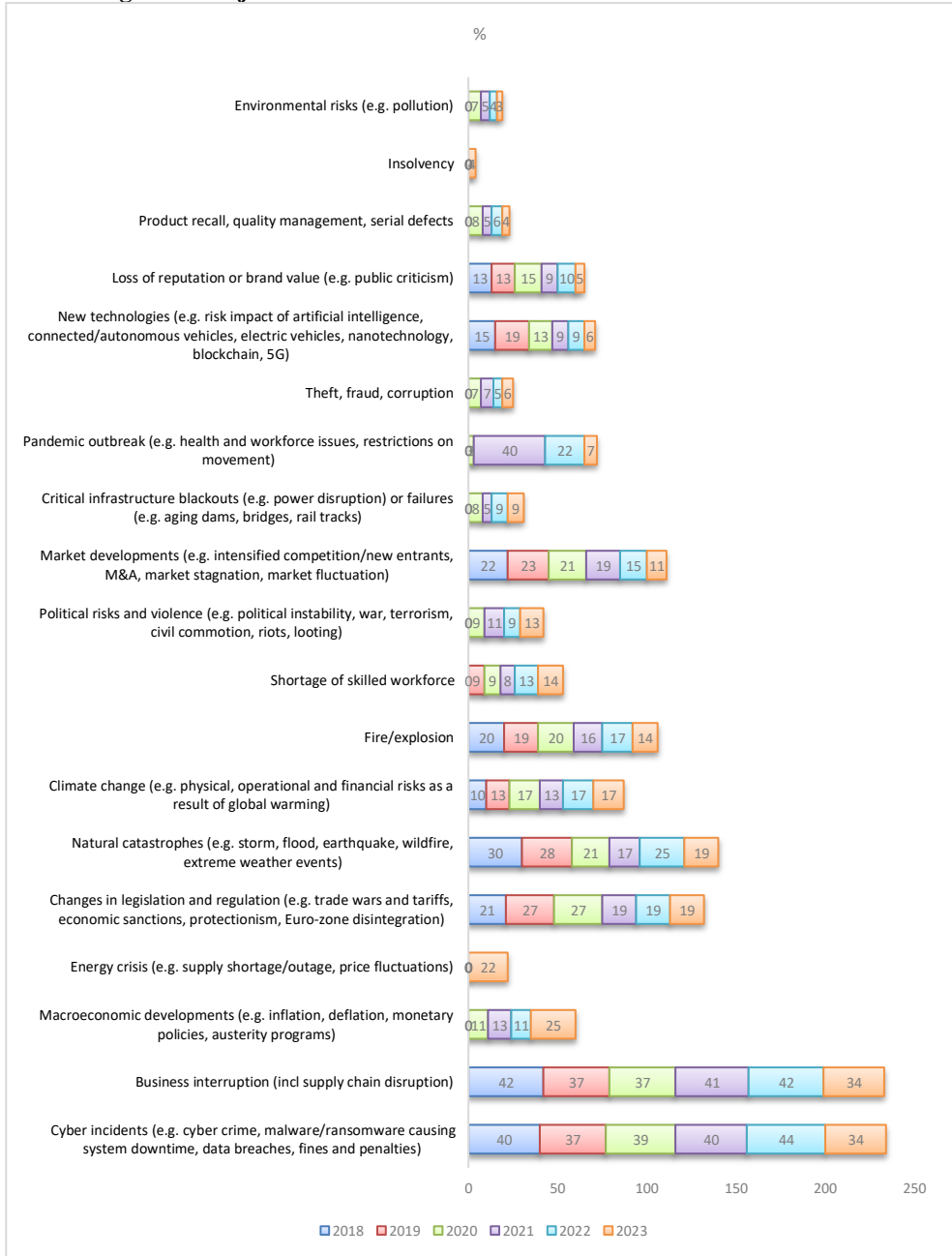
**Figure 2. Possible intern risks to business that require attention and resilience**



*Source:* Author's design and research, 2023.

The main global risks to business are different from time to time and from a region to another. By taking the period 2018-2023 (Q1), we may observe that Business interruption and supply chain disruption could be considered as one of the top risk at the global level for business, its level of risk varied from 42% in 2018 to 34% in 2023 (Q1), but it remained high in 2022 with 42%. This is due to factors such as the global economic recession, the increase in inflation rate and the decrease in demand, and the possibility of low investments. The major risk to business at the global level in 2022 was the risk of cyber incidents that was high with 44% and with a slight fluctuation from 40% in 2018. In 2021, the pandemic outbreak of 2020 was considered as a 40% high risk to business. The level of natural disaster risks including extreme weather conditions, decreased from 30% in 2018 to 19% in 2023(Q1) and 25% in 2022. Furthermore, the risk of economic sanctions, wars, changes in regulations, legislations fluctuated with a slight decrease from 21% in 2018 to 19% in 2021 and 2023(Q1). Political risks and instability have increased slightly since 2018 from 9% to reach 13 in 2023(Q1). Furthermore, the risk of inflation, monetary policies, and various macroeconomic developments has increased to reach 25% in 2023(Q1). (See Figure2).

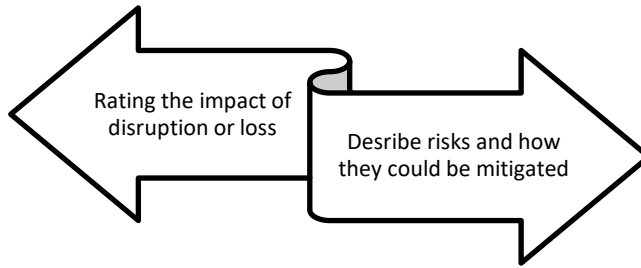
**Figure 3. Major risks that business at the international level face in %**



Source: Author’s contribution, Statista data, 2023.

The main focus to balance business resilience in companies according to this analysis should be between rating the impact of disruption or loss and describing risks, and they could be mitigated (See Figure 3).

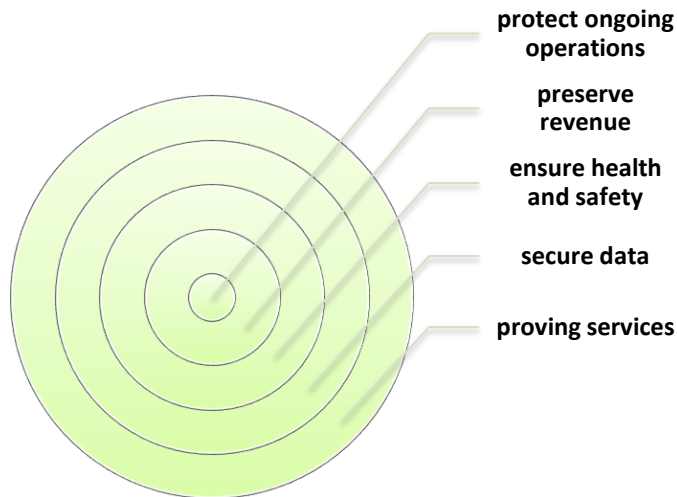
**Figure 4. Main focus to balance business resilience in companies**



*Source:* Author's design and research, 2023.

Business resilience and continuity planning are the creation of processes and systems to ensure that a company or business can continue operations after a crisis scenario by creating a business resilience plan may help examine a range of disaster scenarios for potential failure points, focusing on details recovery plans, potential mitigations and alternatives with an interest to look at for opportunities for precautions and preventive steps (See Figure 4).

**Figure 5. Some priority goals for business resilience for companies**



*Source:* Author's design and research, 2023.

Some priority goal should be clearly considered by companies for business resilience, a plan to face and get prepared for risks should secure data, prove services, ensure health and safety of products, services and employees, preserve revenues, and protect ongoing operations (See Figure4).

Back in history, many years ago, the process of internationalisation was hard and expensive, but today thanks to digitalisation technological advances and globalisation it has become easier. However, it is important to consider the risks that may occur or face business internationalisation in particular and business in general. Internationalisation increases companies' competitiveness, especially in exporting products and services, by obtaining higher productivity rates and levels that can help increase their turnover. Business internationalisation helps generate more skilled and qualified employers and better paid jobs. As internationalised companies are more competitive and with more business volume, hiring is based on various possibilities and opportunities. In addition, internationalised companies may resist and they are better prepared to economic trends since they manage to their markets, and they may be well prepared to face the volatility and fluctuation of the business cycles. Going abroad and moving towards internationalising business means the possibility to find more opportunities in other markets with such a possible growth potential. Companies within the process of internationalisation transfer their products and productive activities to other markets and countries with the possibility of lower cost and high sales but that depends on the level of their operations, adaptation in the new market, and offers by negotiating even about resources, logistics costs and transportations, so they may produce in another foreign market of country. Besides business internationalisation is related to positive values and opportunities by building, for example, more trust and reinforcing the positions of brands through marketing and advertising of products and services to attract potential customers since that follow international products and well-known qualities as well.

The differences in business cultures may cause many operational difficulties. The way of working, thinking, and communicating can be different, so they should fit the interests and tastes of consumers. In terms of freight transport or communication with distributors, consumers, and suppliers, indifferences could happen due the distance between the headquarters and the delegations.

Before entering international or foreign markets, companies should fully understand their products and the sector in which they intend to expand and operate as well, by carefully drawing a resilience plan to possible risks that may hit their business from time to time.

Indeed, serious escalations offer the chance to focus on business resilience and seek opportunities to boost it or save it in times of geopolitical tensions by concerning major trends experienced in international trade, such as:

- The growing influence of geopolitics on international business.
- The acceleration of challenges and changes that motivate volatility in quotations and prices.
- The impact on quality standards and the rising appearance of inflation, which concerns both supply and demand.
- New production parameters and companies' leaderships.
- The consolidation of the global economy and technological advances.
- The speed to sustainability and renewables that still are still not enough to satisfy to be considered as alternatives internationally.



## 6. Conclusions

In conclusion, Globalisation has a global importance and impact on business and companies that move towards the internationalisation process, if something happens in any part of the global economic area, it transmits straight away between economies. Furthermore, in times of risks and unpredictable trends, companies in general and business in particular need to focus on the way of resilience to survive. The differences in business cultures may cause many operational difficulties. The way of working, thinking, and communicating can be different, so they should fit the interests and tastes of consumers. In terms of freight transport or communication with distributors, consumers, and suppliers, indifferences could happen due the distance between the headquarters and the delegations. Before entering international or foreign markets, companies should fully understand their products and the sector in which they intend to expand and operate as well, by carefully drawing a resilience plan to possible risks that may hit their business from time to time.

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