International Business Assessment

Introduction

The success of international business has been facilitated by the complicated and unpredictable global environment that COVID-19, anti-globalization, and climate change have produced. These obstacles have forced firms to reevaluate their plans and adjust to the new environment in order to be successful. Supply chains have been disrupted and digital technology is being used more and more as a result of the COVID-19 epidemic. Anti-globalization movements have led to the creation of regulatory obstacles, and consumer demands for moral and environmentally friendly company practises have also increased. As climate change has brought about environmental risks and opportunities, business needs to get up to speed on how to deal with them. The purpose of this essay is to examine these implications in detail and to examine relevant IB concepts such as risk management, contingency planning, stakeholder engagement, and sustainable business practices in detail. As well as providing examples of how international businesses have found ways to move forward and adapt to the changing global economic environment, I will also provide examples of how they have overcome these challenges.

Covid19

The COVID-19 outbreak has wreaked havoc on the world economy, disrupting international trade and investment. To halt the virus's spread, governments throughout the world implemented lockdowns and travel restrictions, disrupting supply chains, and lowering demand for goods and services. The outbreak also highlighted inadequacies in global supply chains, underlining the importance of increased resilience and agility.

One of the most serious repercussions of the COVID-19 outbreak for global businesses is the disruption of global supply networks. Many firms have been forced to cease operations or reduce industrial capacity as a result of the pandemic's massive lockdowns, travel restrictions, and border closures. As a result, significant supply chain disruptions have occurred, impacting the availability of raw materials, components, and finished goods. The closing of facilities in China, a significant global manufacturing hub, for example, led in a scarcity of crucial commodities and components such as medical supplies and electronics. This interruption has highlighted the importance of supply chain resilience and the need for firms to diversify their suppliers to mitigate risks. According to the International Chamber of Commerce (ICC), 78 percent of firms experienced supply chain disruptions during the pandemic, with more than half experiencing serious disruptions. (Harapko, 2023).

The trend toward **digitization** is another consequence of the COVID-19 epidemic for international enterprises. The pandemic has hastened the use of digital technology and remote working, resulting in a restructuring of corporate processes and increased the efficiency with which firms' function. Companies may now minimize their dependency on physical presence and spread their activities across borders thanks to the advent of remote working. This has also resulted in the development of virtual collaboration and communication technologies, which are essential for efficient remote working. For instance, video conferencing services like Zoom and Microsoft Teams have grown in popularity and are now crucial tools for businesses to engage with their employees and customers all over the world (How COVID-19 Has Pushed Companies Over the Technology Tipping Point—and Transformed Business Forever, 2020). Furthermore, businesses are increasingly shifting their operations to cloud-based services, which enable better data management and greater flexibility. As a result, there has been an increase in demand for digital tools and services such as video conferencing, e-commerce platforms, and cloud computing. Global e-commerce sales are expected to climb by 3% in 2020, according to the United Nations Conference on Trade and Development (UNCTAD), with online marketplaces such as Amazon and Alibaba reporting record profits (Global E-commerce Jumps to $26.7 Trillion, COVID-19 Boosts Online Sales, 2021). Organizations have been able to simplify their operations, decrease mistakes, and boost efficiency as automation and AI technologies have become more widely adopted. Many logistics companies, for example, have begun to deploy drones and autonomous vehicles for deliveries in order to reduce human involvement while enhancing speed and efficiency.

Additionally, the COVID-19 outbreak has drastically affected international trade and foreign direct investment (FDI). Due to border closures and travel restrictions, many firms have been unable to complete cross-border transactions or establish new operations in foreign countries (Foreign Direct Investment Flows in the Time of COVID-19, 2020). According to the World Trade Organization (WTO), global trade volumes declined 9.2 percent in 2020, the greatest drop since World War II. Similarly, the United Nations Conference on Trade and Development (UNCTAD) anticipated that global FDI flows will fall by 35% in 2020, with industrialized countries suffering the most (Global Foreign Direct Investment Fell by 42% in 2020, Outlook Remains Weak, 2021). This decline in trade and investment highlights the crucial importance of government policies and regulations in facilitating international commerce and supporting economic growth.

Anti-globalization

Anti-globalization sentiment has grown in recent years as a result of economic, political, and social concerns. This tendency is distinguished by an increasing scepticism about the benefits of globalization, as well as an emphasis on national interests above global collaboration. As a result, it has far-reaching consequences for multinational firms, altering their operations, strategy, and stakeholder relationships.

The increase in **political risk** is one of the most significant consequences of anti-globalization for foreign firms. As governments grow more inward-looking and protectionist, trade barriers, sanctions, and other sorts of limitations on foreign firms may be imposed. This can disrupt supply chains, raise expenses, and limit market access, harming multinational enterprises' profitability and sustainability (Beers, 2021). The trade war between the United States and China, for example, has resulted in tariffs and other trade restrictions that have harmed several enterprises in both nations. Furthermore, political instability and warfare in some nations can pose dangers to firms operating there, as the civil war in Syria and its impact on businesses in the region indicate (Chen, 2022).

Another consequence of anti-globalization is the need for transnational enterprises to effectively handle **stakeholders**. As the emphasis shifts from global to local interests, businesses must become more responsive to the needs and expectations of their stakeholders, which include governments, communities, workers, and customers (Scherer & Palazzo, 2011). Failure to do so may result in reputational damage, legal consequences, or other forms of stakeholder reactions. Multinational firms, for example, that have been reprimanded for their labor policies or environmental impact have faced protests, boycotts, and litigation, affecting their brand reputation and financial performance. As a result, businesses must employ proactive stakeholder management approaches that promote transparency, engagement, and ethical business practices (Marker, 2020).

Anti-globalization has an effect on corporate social responsibility (CSR), another important IB term. Businesses need to demonstrate their commitment to social and environmental concerns that are important to their stakeholders as local interests grow more prominent. For businesses to do this, voluntary CSR efforts that are consistent with company beliefs and vision must be adopted in addition to meeting regulatory obligations. To address climate change and other environmental concerns, some businesses, for example, have adopted sustainability strategies such as carbon neutrality, renewable energy, and the circular economy. To promote social justice and stakeholder well-being, some corporations have focused on social concerns such as gender equality, human rights, and diversity and inclusion. Businesses may improve their social legitimacy, develop trust with their stakeholders, and produce long-term value for their shareholders by doing so (Fernando, 2023).

Climate Change

There is no doubt that climate change is one of the most pressing challenges facing the global community today. Thus, the implications of this law on international business have far-reaching effects as a result. The following paragraphs also address pertinent International Business (IB) terms including sustainability, stakeholder management, and corporate social responsibility as it analyses the effects of climate change on global enterprises.

Climate change can have a significant effect on global business, as a number of its primary effects include a need for a higher degree of **environmental responsibility**. In order for enterprises to deal with the environmental dangers and opportunities brought about by climate change, they must adopt more proactive environmental management strategies. Efforts must be made by businesses to adopt sustainable practices and reduce their carbon footprint to lessen the consequences of climate change. The failure to do so could potentially harm the company's brand, cause its customers' faith to be lost, and have repercussions in the form of legal action against them (Climate Business | Business Climate, 2015).

International supply networks are significantly impacted by climate change as well. Businesses must take action to make sure that, in the face of climate-related threats, their supply chains are robust and sustainable. For instance, supply chains can be affected by extreme weather events like floods or droughts that damage infrastructure or interfere with transportation systems. To guarantee that their supply networks can withstand these calamities, businesses must consequently create backup plans and risk management techniques. As an illustration, the multinational food and beverage corporation Nestle has put in place a climate risk management programme to evaluate the possible effects of climate change on its supply chain and create mitigation plans for these risks (Leslie, 2022).

In this setting, the notion of **Corporate Social Responsibility** (CSR) is very pertinent. CSR refers to a company's commitment to functioning in a way that is economically, socially, and ecologically sustainable. It entails accepting responsibility for a company's influence on society and the environment. Many multinational corporations have adopted CSR as a means of demonstrating their commitment to sustainability and managing the risks connected with climate change. Unilever, a large consumer products firm, has established a goal of becoming carbon positive by 2030. This means that the corporation will strive to decrease its carbon footprint to zero while also removing carbon from the atmosphere (Fernando, 2023).

Another significant IB concept relevant to the issues of climate change for international enterprises is **stakeholder management**. Individuals or groups with an interest in a company's activities or who may be impacted by its actions are referred to as stakeholders. Stakeholder involvement has become more important as a result of climate change, as firms must interact with stakeholders to manage environmental risks and possibilities. Mining and forestry businesses, for example, must collaborate with local communities and indigenous peoples to ensure that their operations are sustainable and do not affect the environment or local populations (Bennett, 2022).

In the context of global trade and climate change, sustainability is a crucial idea. Utilizing sustainable business methods supports a company's long-term existence by balancing economic, social, and environmental issues. Sustainable business practices may raise productivity, cut expenses, and boost brand recognition for multinational corporations. For instance, the international furniture retailer IKEA has incorporated sustainable practices into its business operations, such as the use of renewable energy sources and the purchasing of goods from environmentally friendly sources. The organization has been able to lessen its influence on the environment and enhance its standing with consumers as a consequence (Mollenkamp, 2023).

Conclusion

In conclusion, the COVID-19 pandemic, anti-globalization movements, and climate change have produced an environment that is complicated and uncertain on a global scale, forcing firms to adjust to the new conditions in order to remain successful. The pandemic has emphasized for global enterprises the value of supply chain resilience, remote working, and digitization. Demand for digital products and services has risen as a result of the trend toward digitalization, which has also enhanced effectiveness and productivity. The epidemic has also impacted foreign direct investment and international trade, demonstrating the significance of government policies and laws in promoting global trade and fostering economic development. Multinational corporations have also seen significant effects from anti-globalization attitudes, which have changed their operations, strategies, and stakeholder interactions. Foreign businesses now face political risks as a result of the growing national interests focus over global collaboration brought on by the growing scepticism about the advantages of globalization. Businesses must stay current on how to handle the environmental hazards and possibilities brought forth by climate change. For businesses to address climate change and environmental issues, the adoption of sustainable business practices and stakeholder involvement have become essential. International companies are more likely to thrive in the present global climate if they have been able to respond to these issues by adopting technology, diversifying their suppliers, and interacting with stakeholders.

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