

<https://doi.org/10.1108/cpoib-02-2021-0021>

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The Covid-19 pandemic: Towards a societally engaged IB perspective

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Document version:

Author accepted manuscript (AAM / pre-print)

Citation for published version:

Dörrenbächer, Christoph, Rudolf R. Sinkovics, Florian Becker-Ritterspach, Mehdi Boussebaa, Louise Curran, Alice de Jonge, and Zaheer Khan (2021), "The covid-19 pandemic: Towards a societally engaged IB perspective," *critical perspectives on international business*, Advance online publication. <https://doi.org/10.1108/cpoib-02-2021-0021>

Citing this paper:

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The COVID-19 pandemic: Towards a societally engaged IB perspective

Purpose of this paper: This viewpoint takes up the Covid-19 pandemic as a trigger for a research agenda around societally engaged international business (IB) research.

Design/methodology/approach: The paper is organized as a viewpoint. First, it provides an overview of Covid-19 research in business and management and IB in particular. Second, it introduces a societally engaged IB perspective, around poverty and human rights as well as trade.

Findings: The paper offers an annotated introduction to the paper contributions of the special issue with three clusters, “re-reading the crisis”, “crisis protectionism” and “firm strategies during the pandemic”.

Originality: The paper and the special issue are some of the first combined research outputs on the Covid-19 pandemic in international business.

Research limitations/implications: The paper points to future research opportunities in terms of crisis management and societally engaged IB research.

Practical implications: The Covid-19 crisis poses new questions for research on international business and its related disciplines. In particular, the political, economic and societal disruption which the pandemic has caused highlights the importance of addressing broader societal issues such as climate change, poverty and inequality through a purposeful and forward-looking research agenda.

Keywords: Crisis, Covid-19, research agenda, international business

Paper type: Viewpoint paper

1 Introduction

When writing this viewpoint, the Covid-19 pandemic is returning with a second wave. This wave is hitting hard despite the fact that there was more time for preparation. We can observe that this opportunity was not exploited in many countries, for a variety of reasons, including failure of the political establishment to prioritise action, outright cynicism, and deadly missing resources.

While science and the pharmaceutical industry is on a fast track to develop and produce vaccines, we are still very much in the dark regarding the socio-economic and political effects of the pandemic. There is no recent historical examples of such a widespread pandemic or major crisis such as we are experiencing today which we could learn from. Like in a night-time blackout, we try to remember where we are situated, we try to snap some

schemes and gropingly move forward into the unknown. As the situation is brightening, however, it seems to us that the Covid-19 pandemic to some extent accelerates and amplifies old legacies, uneven structures and deep-seated conflicts in the contemporary world economy. This is what we aim to deal with in this special issue.

International business activities have been hit hard by the pandemic. Over the past year instant crisis management, reset of activities and change towards a greater resilience have been the prime concerns of key IB actors such as multinational firms, local suppliers, and transport and logistic providers. Some of these topics have triggered research outputs in business and management research, including work that is still ongoing in IB journals. The papers in this special issue draw on some of this work, but highlight some of the wider critical questions for IB which have not been widely highlighted.

2 Covid-19 research in business and management

The severity and pervasiveness of the Covid-19 pandemic has prompted swathes of scholars to examine clinical and biomedical issues of the virus. The volume of papers published related to the disease has placed significant pressure on the academic peer-review system (Teixeira da Silva, Tsigaris, and Erfanmanesh, 2020). Next to Science, technology, engineering, and mathematics (STEM) disciplines, however, there have also been ambitious projects and calls for papers in the social sciences (e.g., Reisz, 2020) and business and management related disciplines. This trend seems to be continuing at an accelerated pace.

A Web-of-Science literature search of the terms “Covid” and “Pandemic” for top-tier journals’ articles and advance online publications of 2020 in major business and management domains returned 485 outputs at the end of 2020 (Husted and Sinkovics, 2021). At the time of writing (mid-February 2021), this count is at 775, an increase of 290 papers in only six weeks. As it can be seen in Table 1, most of the management-related outputs are in the Social Sciences category (129 papers), followed by General Management (121), Economics (117) and sizeable outputs related to Psychology (91), Sector Studies (88), Organisational Psychology (44) and Regional Studies (31). So far 8 papers have been published in the IB journals with “Covid-19” and/or “pandemic” in the title, five related to a dialogue section in Management and Organization Review (MOR), two in the Journal of International Business Studies and one in the Journal of World Business. In addition there was a focus section in Transnational Corporations (TNC) (Zhan et al., 2020), but TNC is not currently listed in the

ISI/Web of Science and is thus not included in the final paper-count in Table 1 below. This and the MOR dialogue remain the only prior special issues on COVID in IB journals.

Table 1: Covid-19 papers, published in selected business and management subject areas

<i>AJG (CABS) 2018 subject areas</i>	<i># of papers</i>
Social Sciences	129
General Management, Ethics, Gender and Social Responsibility	121
Economics, Econometrics and Statistics	117
Psychology (General)	91
Sector Studies	89
Public Sector and Health Care	88
Psychology (Organisational)	44
Regional Studies, Planning and Environment	31
Marketing	13
Management Development and Education	12
Entrepreneurship and Small Business Management	11
International Business and Area Studies	8
Operations and Technology Management	8
Human Resource Management and Employment Studies	5
Innovation	5
Business and Economic History	2
Organisational Studies	1
Grand Total	775

Note: Web of Science search terms: Covid and Pandemic, applied to journals within the AJG/CABS 2018 subject areas (CABS, 2018) at 3 and 4 star levels, drawing on journal names and ISSN data from Tüselmann, Sinkovics, and Pishchulov (2016)

This is both a positive, but also potentially negative, sign. On the one hand, the fact that IB has not churned out special issues at the same high rate as other disciplinary areas, clearly indicates that the IB community takes pride in and values the quality of the review process and thus has a long lead-time before research outputs can realistically emerge as publications. On the other hand, it could be argued that IB is not well positioned to react quickly to changes in the external environment, address contemporary societal issues with authority and act, rather than react, in terms of its agenda. This is why, quite early on in the pandemic, Critical perspectives on International Business initiated regional Zoom seminars, established a network of scholars around the theme “Accelerating research on the current contemporary crisis”, and built capacity for this special issue through engaging with its academic stakeholders.

It became clear during these stakeholders’ engagement and interactions, that there is a pressing need for societally engaged IB research on the Covid-19 pandemic that takes the perspectives of a wider constituency, including those that are marginalized and/or dis-

proportionally disadvantaged by the crisis. In the next section, we outline the scope of such a societally engaged IB treatment of the Covid-19 pandemic.

3 The Covid-19 pandemic: A societally engaged IB perspective

A recent programmatic issue of Critical Perspectives on International Business (cpoib) has outlined the basic contours of a societally engaged IB perspective. As Dörrenbächer and Michailova (2019) write in the introduction to their programmatic issue, a societally engaged IB perspective goes beyond scholarly topics and deals with themes that point to human and social problems and challenges. This essentially means that the analytic understanding of the functioning of firms (in IB predominantly the multinational enterprise) and the global business environment is a necessary, but not sufficient, condition for advancing scholarship that makes a difference. Furthermore, a societally engaged IB perspective pushes us to relinquish the scholarly bias towards the moral neutrality of MNC decision making and government's business policies. Hence, a key focus for cpoib is to look at the real effects that IB activities and government's IB related policies have on a wide range of constituents and stakeholders, with a focus on those marginalized or forgotten in the decision-making centres. In this section, we illustrate this perspective by sketching out how changes in IB activities and IB related government policies during the Covid-19 pandemic are affecting two of the biggest challenges of the contemporary world: persistent extreme poverty and failure to secure human rights.

Covid-19, poverty and human rights

The current COVID crisis has hit the least economically developed countries (LDCs) disproportionately hard. As a result, as the United Nations has noted, major gains in poverty alleviation have been wiped out and the goals for poverty eradication have shifted far into the future (UNCTAD, 2020a; UNCTAD, 2020c). The economic structure of LDCs, in combination with supply and demand effects in the wake of the pandemic are important elements in explaining this impact. On the supply side, export restrictions on food and medical products have the potential to aggravate the health crises and its socio-economic effects. The International Food Policy Institute warns, for instance, that "in the current Covid-19 crisis, several national governments have restricted food exports. Such actions can have dire unintended consequences for vulnerable people in food-importing countries, increasing prices and exacerbating issues of food insecurity already inflamed by the Covid-19 pandemic

(IFPRI, 2020). According to Espitia, Rocha, and Ruta (2020), export restrictions on food are likely to affect global food supply and prices, hitting developing countries and LDCs particularly hard, as most are food importing countries (see also HLPE, 2020).

While the supply related effect of COVID on poverty are, as yet, unclear, the demand related effects are already widely observable. In this regard, the COVID crises has triggered a demand shock in the global economy with devastating effects on the export earnings of many LDCs. Specifically, the export sectors of these economies – fuels, minerals and metals, garments and textiles, as well as tourism – were among the hardest hit by the global demand shock. For instance, commodity prices for fuels dropped sharply (around 36%) due to reduced transport, travel and manufacturing (UNCTAD, 2020c). Demand for mineral and metals shrank (around 7%) due to contraction in construction and manufacturing sectors (UNCTAD, 2020c). The countries hardest hit by falling demand for fuels were Angola, Chad, Timor-Leste, Mozambique and Yemen, while those hardest hit by falling mineral and metal prices were the Democratic Republic of the Congo, Zambia, Guinea, Sierra Leone and Eritrea. In these countries, fuels, minerals and metals account for more than 40 per cent of merchandise exports (UNCTAD, 2020c). Similarly, many LDCs exports of manufactured goods – typically low value-added labour-intensive products – were strongly affected by the demand shock in the global economy. A major share of LDCs manufactured goods are garments and textiles, where the lockdowns, closed retail trade and job losses, compounded by the high elasticity of demand for textiles, had a devastating effect on exports. In fact, exports of garments by LDCs were projected to fall by 20% in 2020 hitting Bangladesh, Cambodia, Haiti, Nepal and Lesotho hardest (UNCTAD, 2020c). Lastly, falling demand for tourism and travel, hit some countries disproportionately hard. The sector account for more than 10 per cent of GDP, in some developing countries like Vanuatu, Cambodia, Sao Tome and Principe and Gambia (UNCTAD, 2020c).

Covid-19 and trade

The trade related effects of the Covid-19 pandemic on poverty in the developing world can be readily observed at both the macro and micro-level. At the macro-level further growing trade deficits and growing debt levels deepened the balance of payment and debt crises of LDCs. This, combined with shrinking employment, per capita income, changing consumption patterns and falling tax revenue will further jeopardize much needed investment in vital sectors for human development such as health, education and infrastructure. As a result, developmental achievements, sustainability goals and particularly goals with regard to

poverty reduction will be wiped out and shifted far into the future. For instance, UNCTAD (2020c) projects that the Covid-19 crisis may lead to a rise of 32 million people living in extreme poverty, boosting the rate of the population in LCDs that live in poverty from 32% to 36%. At the micro-level, falling trade in key export and allied sectors will have direct effects on the livelihoods of millions of households in the developing world. In the absence of social security, compounded by domestic contraction and limited compensatory responses, the Covid-19 crisis has directly translated into increased poverty, with the related deterioration in nutrition, healthcare and education. Importantly, as women are disproportionately employed in certain export sectors, such as tourism, textile and apparel, they are often amongst the hardest hit by falling LDC exports (UNCTAD, 2020c). This has major human rights impacts, as the absence of hunger and access to medical, economic or other resources is a necessary condition for the full enjoyment of human rights (Heimer, McNeil, and Vlahov, 2020)

There is a growing stream of news and scientific reports coming out from different parts of the world showing how falling exports in the wake of Covid-19 crisis have contributed to extreme poverty and outright hunger. The textile industry is amongst the hardest hit, where garment workers' declining incomes are leading to widespread hunger among workers and their families, as they are increasingly unable to secure adequate food and nutrition. According to Voss (2020), this contributes to the risk that workers will become victims of modern slavery, a severe human rights infringement. Such dynamics are a direct result of apparel brands' inward-looking responses to the Covid-19 pandemic, as well as the long-term persistence of low wages for garment workers in brands' supply chains, which has left workers unprotected (Kyritsis, LeBaron, and Nova, 2020, 1). In developing countries with a sizable export-oriented textile industry, such as Bangladesh, Cambodia, El Salvador, Ethiopia, Haiti, India, Indonesia, Lesotho, Myanmar and Pakistan, falling garment and textile exports have triggered substantial unemployment and falling salaries among textile workers resulting in hunger and rising households' debt (Hein, 2020; Kyritsis, LeBaron, and Nova, 2020). In Bangladesh, for instance, where textile exports account for about 80% of all exports, it is estimated that more than 1,000 textile factories with more than 2 million workers have stopped producing (Musch-Borowska, 2020). Clearly, other sectors have also been affected. For instance, slumps in cut-flower and cotton exports have hit a number of African countries such as Kenya, Benin, Burkina Faso, Chad and Mali very hard (Fredenburgh, 2020; Lakemann, Lay, and Tafese, 2020).

The trade-related problems of Covid-19 are in many ways an accelerator and enhancer of pre-existing problems. At the macro-level, they reflect the economic structure of many LDCs and their related trade asymmetries and dependencies. The hallmark of these asymmetries is the LDC's dependency on many inelastic imports (e.g. food, fuel, capital, equipment and intermediate goods) and a high elastic export dependency on a few labour intensive goods that are highly vulnerable to changes in global economic cycles and very sensitive to economic shocks (UNCTAD, 2020c). Here, Covid-19 has worsened the existing balance of payments and debt situation for many poor countries. At the micro-level, the asymmetry in power and dependency of many weak players in LDCs has been exposed. The hallmark of this asymmetry is the dominance of big retailers and brands who can rather easily switch between their international suppliers. In other industries such as seafaring, Covid-19 led to outright enslavement. By mid-late 2020, there were around 200,000 merchant seafarers trapped aboard ships, in violation of international laws and their individual human rights. Yet, ship owners, charterers, governments, and cargo owners have all denied responsibility for resolving the problem (Klein, 2020).

For critical IB scholars, the links between Covid-19, trade, poverty and human rights infringements raise a range of dilemmas that defy simple answers. For instance, while national governments legitimately think first about their national constituency (resulting in, for example, putting export restrictions on food and vaccines), international responsibility and the effect of such measures on the poorest countries cannot be ignored. So how can the wealthy countries of the Global North strike a fair balance between legitimate concerns for their immediate constituencies and the need for international solidarity? Relatedly, to what extent is the Global North obliged to compensate for the economic effects of global crises on LDCs? At the micro-level, similar asymmetries come to the fore. The dependencies and asymmetries of power in international value chains are not a new phenomenon (Kyritsis, LeBaron, and Nova, 2020). However, against the backdrop of the Covid-19 crisis these dependencies are playing out more dramatically, as the current demand shocks have a more drastic and sudden effect on the livelihood of people in LDCs (Kyritsis, LeBaron, and Nova, 2020). In the context of international value chains, similar dilemmas pose themselves as those at the macro-level. For instance, the COVID crisis and the pursuant lock-down has hit many retailers and apparel brands in the Global North hard. While it is legitimate for a firm to firstly consider its own survival, the question arises as to what responsibility firms in the Global North have for their suppliers based in the LDCs (Lakemann, Lay, and Tafese, 2020)?

Where does the responsibility start and where does it end? While it might be considered acceptable to cancel orders for products not yet produced, the behaviour of some retailers is certainly not: defaulted on the payment of products already in production and exploiting the desperation of suppliers to enforce price concession and poor payment terms (Lakemann, Lay, and Tafese, 2020). A related issue, worsened by COVID, is that firms in the Global North do not enforce their own codes of conduct, which would be critically important for workers during the Covid-19 crises. Lakemann, Lay, and Tafese (2020, 12) report from a survey, that “[v]irtually all brands maintain labour rights codes of conduct that require payment of legally mandated benefits and commit the brand to enforce this through factory monitoring. The non-payment of severance that workers reported represents a failure by brands to enforce their own standards, with severe consequences for affected workers and their families.”

In summary, there is no doubt that the Covid-19 crisis has accelerated and worsened pre-existing asymmetries in the global trading system. The crisis has reinforced the need for long-term initiatives that address such asymmetries, both at the macro- and micro level. However, two words of caution are in order here. Firstly, the Covid-19 crisis, in combination with increased concerns for climate change, have raised legitimate calls for systemic change. Such changes may entail a re-regionalization of value chains, reduced global transport and travel, and more sustainable consumption habits and business models (e.g., ceasing unsustainable fast fashion trends). While these changes are undeniably part of the solution to the systemic ills of the global economy, the question of how these changes will affect livelihoods and human rights of the poorest in the Global South must be addressed (Musch-Borowska, 2020). Secondly, there are tendencies among some scholars to put all the blame on the Global North. This risks nurturing a sense of victimhood in the Global South and absolving its leaders and elites of their role in reducing North/South asymmetries.

4 An annotated introduction to the contributions of the special issue

There is a wealth of untapped issues on the Covid-19 pandemic emanating from a societally engaged IB perspective. As with many other contemporary special issues related to the pandemic, our discussion above on the links between Covid-19, trade, poverty and human rights, as well as the papers presented below, are just the beginning of a long explorative phase to better understand the effects of the pandemic and to find solutions for the pressing problems it raises to stakeholders, in particular to those most vulnerable.

Overall, our special issue comprises 8 contributions that largely fall within three topical clusters. The first topical cluster is concerned with a critical re-reading of the crisis, looking into how colonial legacies influence the crisis, how the crisis is aggravating existing structural imbalances in the world economy, and how established corporate and political elite networks stay in power. The second topical cluster comprises papers that, keeping pace with the times, map how the Covid-19 pandemic is shifting the global business environment towards greater protectionism and inward oriented policies. The remaining papers then take a company level perspective on the pandemic and discuss opportunistic FDI strategies as well as the opportunities and pitfalls of MNCs' intra- and interfirm crisis management strategies. In the remainder of this section, we first give a general introduction for each cluster and then introduce the individual papers.

Cluster 1: Re-reading the crisis

The pandemic has exposed deep-seated colonial legacies in the world economy. For instance, in April 2020, two French doctors (Jean-Paul Mira and Camille Lochet) in a TV discussion about Covid-19 trials in Europe and Australia reproduced the colonial trope of Africa as a testing lab for the West. The doctors commented that trial studies should be done first in Africa “where there are no masks, no treatments, no resuscitation”. Such comments sparked a backlash and the WHO’s Director-General Tedros Adhanom Ghebreyesus responded firmly: “These kinds of racist remarks will not help. It goes against solidarity. Africa cannot and will not be a testing ground for any vaccine... The hangover from a colonial mentality has to stop” (WHO, 2020). Such a colonial hangover has also expressed itself in more subtle ways. For instance, the WHO instructed all countries to “Test, test, test”, and yet England’s deputy chief medical officer Dr Jenny Harries stated that WHO guidelines did not apply to Britain’s ‘extremely well-developed public health system’ (cited in Staunton, 2020); that they were meant more for ‘low income’ countries. Added to that has been a reluctance to discuss and learn from such countries, despite their more extensive experience dealing with infectious diseases such as Ebola and SARS. Implicit in such an attitude, of course, is the continued Eurocentric assumption that former colonial powers know best and that knowledge only flows from there into the rest of the world, not vice versa. Such representations not only reveal how colonial attitudes remain strong today, but also reflect and indeed justify significant material North-South inequalities.

This is where the paper by Frederick Ahen entitled “From Ebola to Covid-19: What explains institutionalized manias and ultimate preference for non-optimal solutions in global

health governance?” steps in. The paper explores in detail how historical and colonial legacies of global health governance led to health inequalities between core and peripheral regions of the world during the Covid-19 pandemic. Using the case of African countries, the paper details the negative repercussions of ir/rational behaviours, misguided policy/strategic choices and the exercise of power by mainly Northern stakeholders of the global health system. It, however, also refers to the periphery’s ‘passivity’ and ‘voluntary’ renunciation of sovereignty in medical innovations and global health policies. The paper closes by calling for a novel architecture of global health governance that will decrease health inequalities (and thereby stabilize the global business environment) by sufficiently foresighted investments that prioritize (i) equitable access and (ii) the inclusiveness of vulnerable health stakeholders.

Unfortunately, however, the global pandemic is not neutral to existing societal and governance challenges, but it is rather aggravating them, as the crisis drives the further concentration of power and wealth. This is the key message of the paper by Hamid Yeganeh entitled “*Emerging social and business trends associated with the Covid-19 pandemic*”. The message goes back to an exploratory meta-synthesis, screening more than 360 documents of various types (scholarly publications, professional reports, commentaries, viewpoints, market analyses, and news articles) for eminent social and business implications of the Covid-19 pandemic. Altogether nine major areas of concern were identified and interpreted, among them the rise of authoritarianism, deep imbalances in public finances, exacerbated inequalities, higher risks of poverty and famine, the dominance of giant corporations and the increasing influence of ‘big tech’. Next to an increasing concentration of power in the North, which transpires from these trends, the author also highlights Covid-19-induced changes in the nature of globalization, that is seen to be increasingly digital and intangible-asset-based, opening a further divide between digital haves and have-nots.

The final paper of this cluster deals with the question of why we see so little resistance and change, even though the Covid-19 pandemic is further aggravating long established inequalities, as discussed in the two previous papers. According to the contribution by Suhaib Riaz and Sean Buchanan entitled “*Elite Maintenance Work across the Covid-19 Crisis: A Critical View on Power and Language*” this is partly due to corporate and policy making elites strongly influencing the public discourse on the Covid-19 pandemic. The paper distinguishes three communication strategies applied by such elites to maintain the status quo. (1) “Reinforcing myths”: According to the authors, this strategy was visible, for instance, when the fact that stock markets overcame the Covid-19 crash rather quickly, was

showcased as an indicator of overall economic well-being, neglecting the enduring devastating effects of the pandemic on the lives of non-elites. (2) “Redirecting blame”: This strategy is probably best illustrated by some elites’ post-truth re-naming the coronavirus “the Chinese virus”, or blaming the WHO for the spread of the pandemic. (3) “Reclaiming positions”: This strategy entails stressing that the pandemic is an unprecedented external shock that hit an otherwise healthy system and that any concessions made (such as curbing CEO pay, or subsidizing workplaces) are temporary reactions to the crisis, with no subsequent implications. Based on these findings the authors conclude that the complex nature of elite power, as well as the elites’ communication strategies during the pandemic, preclude a meaningful system change that would be able to more adequately address the societal challenges of the pandemic and beyond.

Cluster 2: Crisis protectionism

The spread of the Covid-19 pandemic has had a profound impact on the business environment around the globe (cf. Amankwah-Amoah, Khan, and Wood, 2020; Donthu and Gustafsson, 2020), that had already been shifting from a liberal to protectionist stance, in response to the rise of populism, nationalistic sentiments, and ‘Trade wars’ (Roberts and Dörrenbächer, 2016; Witt, 2019). The Covid-19 pandemic has exacerbated such sentiments and essentially revitalized national debates on the long-term impact and consequences of globalization. This, firstly, entails a discussion about reshoring, i.e., about bringing vital supply chains closer to home markets, both to secure the supply of essential goods, but also to create jobs to tame social conflicts in the light of the pandemic. Many governments are asking the question ‘If we cannot rely on our partners to supply key goods in times of crisis, do we need to produce goods locally to ensure resilience?’ The public policy response to this question has the potential to have major effects on economies in both the Global North and South. The risk is that the pandemic exacerbates existing criticism of globalization and fosters further protectionism, which could be underpinned by the costly establishment of ad-hoc production sites for essential goods.

Secondly, the Covid-19 pandemic has also changed the perception of what constitutes the ‘strategic industries’ that need to be protected. Against such background, liberal and coordinated market economies (e.g., Germany, France, US, UK, and Japan) have introduced screening of foreign direct investment (FDI) in key sectors considered important for national security (Japan Times, 2020). Emerging markets have also enacted similar measures. For instance, India introduced the screening of FDI originating from neighbouring countries

(UNCTAD, 2020b). It is still too early to make a judgement on how wide the definitions of ‘strategic industries’ will be. However, even before the Covid-19 pandemic there were indications that the concept was evolving beyond the traditional focus on defence and high-technology, towards those that provide: “social benefits beyond the magnitude of its direct value-added contribution.” (Petricevic and Teece, 2019, 1497). In the EU context for instance, this debate has been focused around the idea of Open Strategic Autonomy (OSA), a concept that was born in defence, but has recently taken on a much wider meaning (EPRS, 2020; Hellendoorn, 2021). The Union’s governments highlighted in June 2020 that ‘It is of utmost importance to increase the strategic autonomy of the Union and produce essential goods in Europe’ (Council of the EU, 2020).

These inward-looking measures may have a far-reaching impact on global trade and economic cooperation beyond the current crisis. It is in such a context that some have argued that the Covid-19 pandemic will lead to protectionism and de-globalization (Garver, 2021; Miller, 2021). The following two papers of our special issue seek to contribute to this debate.

In their paper “*Towards crisis protection(ism)? Covid-19 and selective De-globalization*”, Layla Branicki, Bridgette Sullivan-Taylor and Stephen Brammer uncover the political underpinnings of crisis protectionism and the implications of Australia’s Covid Zero strategy for MNCs. Tracing the various structures that led to a selective deglobalization of Australia during the Covid-19 pandemic, through an analysis of more than 170 media articles, the paper highlights the importance and endogeneity of non-market risks and non-economic logics to international business and MNC strategy. Furthermore, the paper shows that whilst crisis protectionism may help a country to navigate through the crisis, it likely erodes national economic resilience. This is because, on the one hand, it denudes countries of the benefits of large, global supply chains and, on the other, is burdening geopolitical ties with negative effects on the access to help provided by strong global partnerships. It is surely one of the more important future questions in IB to see whether crisis protectionism turns out to be the ‘new normal’ of the global business environment, or rather a return to the previous more open environment can be both intended and feasible.

Crisis protectionism only affects FDI, but also international trade. In their paper entitled “*The trade policy response to Covid-19 and its implications for international business*” Louise Curran, Jappe Eckhardt, and Jaemin Lee analyse to what extent trade measures taken in response to Covid-19 were likely to be judged legal under WTO rules. In particular they assessed whether these measures were necessary and justifiable efforts to

protect the security and health of populations. While they found the majority of trade measures taken in response to Covid-19 to be justifiable, they nevertheless also noted many measures whose coverage and/or nature was such that a justification under existing WTO exceptions seems, at least, arguable. Overall, they conclude that the widespread and intense instigation of potentially WTO incompatible measures in such a short period of time substantially undermines the global trade rules on which international business has relied for decades.

Cluster 3: Firm strategies during the pandemic

Firms have been affected by the Covid-19 pandemic in an unprecedented way, with the established clustering of firms into, for instance, small and large or national and multinational, being of limited help when assessing the effects of the Covid-19 pandemic at the firm level. As it looks now, in the midst of the crisis, how well a firm navigates through the crisis seems to depend on a combination of industry type, national government policies (in particular bailout, trade and FDI policies) and the firms' pre-crisis financial situation. Focusing on MNCs, their specific international configuration of subsidiaries, their belonging and position in a specific value chain, as well as their country of origin also come into.

There are winners and losers of the Covid-19 pandemic, with in particular digital MNCs such as Amazon, Facebook or Netflix thriving in the crisis. Amazon is probably the most eye-catching example. The steeply increasing demand for cloud services and online shopping during the pandemic have boosted both Amazon's revenues (+ 37% % from 281 Billion USD in 2019 to 386 Billion USD in 2020) and profits (+ 85% from 11,6 Billion USD in 2019 to 21,3% Billion UDS in 2020) (MarketScreener, 2021). Big bankruptcies during the pandemic were to be found, for instance, in the travel and tourism industry, including the well-known car rental MNC Hertz Corporation (US) and a number of bigger Airlines such as Avianca of Colombia, Norwegian Air or Thai Airways (Ventura, 2020). The failure of other large MNCs across industries will very likely follow in the coming years, once national governments trim or end their bail-out measures.

The crisis necessitates MNCs to strategize on two levels. (1) Manifold strategic adaptations are needed at the operational level. This includes the introduction of anti-coronavirus hygiene measures in offices and workshops across the MNC network, in line with local legislation. It also includes the virtualization of business processes and the reorganization of intra- and interfirm cooperation across borders. The latter typically involves

a redistribution of sourcing and production activities i.e., a curbing, enlarging, reshoring or further offshoring of activities, with such changes in the configuration of the MNC also typically having a crucial coordination and political dimension. (2) The political level is the second major arena for MNC strategizing in Covid-19 times. Here non-market strategies may yield financial support, both in the home country of the MNC, as well as in those host countries where the MNC runs major operations. Non-market strategies also extend to impacting those political reactions to the crisis that potentially have undesirable consequences for MNCs. This might extend to lobbying against some governments' intentions to restrict subsidies to those MNCs that effectively pay taxes in their jurisdiction, or to lobbying in favour of regulations that block foreign MNCs' opportunistic strategies to acquire companies that are suffering from the crisis. The three remaining papers of the special issue concentrate on these opportunistic FDI strategies in the wake of the crisis, as well as the opportunities and pitfalls of MNCs' intra- and interfirm crisis adaption strategies.

The paper by Arindam Das entitled "*Predatory FDI during economic crises: insights from outbound FDI from China and host country responses*" analyses outbound investments from China during the Covid-19 pandemic. As firms witness low valuations during the pandemic-related economic downturn, they become attractive targets for opportunistic buyers, who may be driven by non-business motives and influenced by their home country's political agenda. Analysing almost 4,000 cross-border deal announcements made by Chinese acquirers during the Covid-19 pandemic, the paper finds that the motivations of Chinese acquirers differed significantly between pandemic and pre-pandemic periods. There is a greater emphasis on strategic asset-seeking deals, that are being influenced by a drop in valuation of targets during pandemic. While such investments strategies, which the author labels as "predatory FDI", are not only to be found amongst the Chinese acquirers, the latter are nevertheless more impacted by adverse policies from host countries than those from other countries.

Andreas Schotter's contribution entitled "*Resilient or Not: Boundary-Spanning in Innovation Focused MNEs During Global Crises*" questions whether the boundary-spanner model, that is closely linked with personalized control and coordination through expats in MNCs, can manage the complex disaggregated virtual management of intra-MNC value chain activities imposed by the pandemic. A focus here is on complex knowledge-creation activities. Schotter concludes that in absence of in-person interactions, boundary spanners need to find computer-mediated means to safeguard relevant socio-psychological needs in

intra-firm collaboration, including the creation of a sense of belonging or the swift development of trust. Such means also need to cater with the specific demands of innovation processes involving, e.g., creativity, failure and improvisation. As this process breaks new ground, the crisis provides a unique opportunity for firms to both experiment and innovate the way they manage their intra-firm relationships, as well for IB research to renew and extend the boundary spanning model.

Interfirm relationships are the focus of the final paper of our special issue co-authored by Benjamin Fath, Antje Fiedler, Noemi Sinkovics, Rudolf R. Sinkovics and Bridgette Sullivan-Taylor. The paper entitled "*International relationships and resilience of New Zealand SME exporters during covid-19*" is an empirical exploration into how SMEs from New Zealand have engaged with their incumbent international network partners during the Covid-19 pandemic and how the crisis has changed these network relationships. A number of key patterns emerged from the data, with respect to how SMEs engaged with their network partners depending on the nature of their pre-pandemic relationships and the extent to which their markets have been affected by the pandemic. The authors show that during crisis, weak ties either break or remain weak, forcing firms to create new, potentially opportunistic, relationships. Strong ties, however, increased the resilience of SMEs, even if their markets were heavily affected by the pandemic. Here, network partners supported each other, even when far-reaching transformations of their business model were needed. These findings provide some important lessons for business-continuation management, but also for the crucial question of cross-border solidarity in times of crisis.

5 Conclusion

Without any doubt, the issue of cross-border crisis solidarity goes far beyond the issue of interfirm cooperation. It extends to mutual assistance and cooperation among countries when intensive care units are scarce in one country but still available in a neighbouring one. It further extends to joint research efforts to develop further vaccines and in particular to make Covid-19 vaccines accessible for all mankind.

The global rolling out of vaccines is mandatory both for humanitarian and epidemiological reasons. It is in the Global North' own interests to also supply Covid-19 vaccines to poorer nations: "If we really want to end the pandemic as quickly as possible, we must understand that we are in a race, not with one another, but with the virus. This uncoordinated approach results in the pandemic lasting longer than it normally would if we

really tackled it together. It will result in immense costs to the world economy and increases the risk of the virus mutating" (Exo-Kreisler cited in Hänel, 2021). MNCs should be at the forefront of a global vaccination movement, for at least two reasons. Firstly, any vaccination nationalism is an attack on their business model, as the competitiveness of MNCs is, in the vast majority of cases, based on inputs from the Global South. Secondly, rolling out billions of doses of Covid-19 vaccines to the global population requires both tremendous efforts and specific skills. Following McKinsey "the stakes could not be higher" (McKinsey, 2021) and it is surely right to assume that Intergovernmental Organizations and NGOs will not be able to manage this task in the very short time it must be accomplished in order to be effective. MNCs have shown in the past that they are able to provide useful assistance in humanitarian action (Hotho and Girschik, 2019). They are also well equipped to support the global roll out of COVID vaccine: MNCs master the ramping up of vaccine production, have worldwide logistics and distribution services in operation and know how to secure access and interact with bureaucracies and authorities across the world.

Going beyond immediate crisis management, it remains to be seen to what extent international economic relations, already in a disarray at the beginning of pandemic, have further suffered through firms' and national governments' inward-looking behaviours during the pandemic. What can be taken for granted is that reducing structural imbalances and infusing international solidarity in the world economy hasn't become easier. The opposite is more likely to be the case and further and stronger efforts are needed if decades of progress in international co-operation is not to be rolled back. Scholars in IB and elsewhere, have an important role in highlighting the risks, as well as the opportunities which the pandemic poses for such cooperation. In addition, they can also usefully contribute to the debate with objective analyses of the potential impacts on economies and societies of the different policy options going forward – at both multilateral and national level. For example, one positive result of the Covid-19 crisis may be that, as in the case of the financial crisis, it has shown that deficit spending is a way to get through the crisis. Other global crises have not yet profited from such deficit spending. A sincere and informed debate is needed, as to whether such a strategy is also applicable to similar pressing societal problems such as climate change, global poverty and inequality. Another key debate which is likely to take centre stage in the near future relates to the increased role of the state in many key global economies and the potential national and international impacts of further government intervention beyond

the immediate pandemic-induced crisis. IB scholars are well placed to provide useful inputs to these policy discussions.

Taken together, the papers across the three clusters offer important insights and open up avenues for further research. Turning to cluster 1, we see a number of additional opportunities for future research. First, given the rising inequality and extreme poverty across the Global South, there is a scope for future studies to examine how black swan events such as the current pandemic shape the national systems of innovation in developing economies and their response strategies to global challenges. Second, much of the existing thinking centres on the idea that the Global North is the hub of valuable knowledge and the Global South need to learn from the North, but in recent years we have seen that reverse innovations are trickling down from the Global South to the North (e.g., Sinkovics et al., 2014). Thus, future studies could focus more on examining the transfer of grand challenges related reverse innovations to the Global North. Third, the COVID-19 has accelerated the utilization of emerging technologies, however, there are significant psychological challenges in the adoption and usage of emerging technologies. Future studies could pay more attention to the psychological barriers associated with the adoption of emerging technologies. In addition, future studies could focus on examining the digital divide and how such divide exacerbate the inequalities across the Global South. Turning to cluster 2, there are important questions for future studies. Future studies should examine FDI related screening measures and how they affect the local supply base of host markets. Given the rising protectionism policies being followed by various countries, future studies could focus on the impact of protectionism on cross-border mergers and acquisitions and firm level response strategies to these measures. The protectionism measures may also lead to reshoring of value chain activities; therefore, future studies could examine reshoring and sustainability related issues. The papers in cluster 3 offer useful insights on firm level response strategies. There are additional opportunities for future studies to focus on the role of the managers and boards in mitigating the impact of external shocks. Within this context, the role of the functional managers and their interactions with the boards and CEO is underexplored, thus future studies need to pay greater attention to the actions and strategies of functional managers as important boundary spanners in the creation of value for diverse stakeholders.

6 References

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