

## The Process of Contemporary Globalization in the Context of the Covid-19 Pandemic

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### Abstract

*Globalization offers great opportunities for global development, but it also faces some threats. Some countries are integrating into the world economy faster than others, in countries that have managed to integrate, economic growth is faster and poverty is declining. Global problems have always played a particularly important role in the process of globalization.*

*In this paper entitled “The Process of Contemporary Globalization in the Context of Covid-19” we proposed for analysis the impact of digital technologies in the context of Covid-19 both nationally and globally. Unlike the 2008 crisis, the economic crisis, the source of the current recession was no longer economic, but it affected the economic side, the Covid-19 virus, it affected all countries, regardless of their level of development. The year 2020 will remain a negative benchmark for the general health of the world but also for all economic areas and not only. Starting from this context based on the specialized literature and from the researches that have been done in time and to the predictions made by some researchers and specialists, we have analyzed this aspect of digital technologies.*

**Key words:** *globalization, current context, digital technologies, pandemic*

**J.E.L. classification:** M20, M21

### 1. Introduction

The impact of digital technologies on social progress highlights the role of so-called disruptive technologies that can be seen as technologies that replace current technology, but we must also keep in mind that this replacement also affects the social organization around displaced technology. The emergence of digital technologies brings changes to social behavioral norms and causes people to adapt their lives and behavior in line with the new technology in their lives.

In the analysis, many elements are outlined that aim directly and pertinently at the approach of the changes and the permanent creativity that must be shown both nationally and globally, permanently anchored in the harsh realities that are constantly changing.

The evolution of technology, with the changes generated over the last decades, has produced a strong effect, felt by us in any specific field or activity of our lives. Therefore, technology has had a transformative, complex, cumulative impact. In the years after the dot.com bubble, the model of digital transformation has undergone a fantastic evolution: the Internet, with an essential role, in some areas even becoming the main medium through which innovations have spread. Through the global Internet network, platform-type business models have emerged that have profoundly redefined the interaction between people, the way in which organizations do business and monetize social interaction or trade various types of value. We can say that, thanks to the Internet and emerging digital platforms, our lives have taken on new dimensions. Thus, digital platforms have redefined power relations, leading at least perceptually to participatory democracy, where every opinion or option expressed in social media has an exponential potential for spread and impact.

Currently, we find a refocus on certain business or social models based on data, information and knowledge. Data has become a source of competitive advantage in almost any area of interest, representing both a reservoir that feeds smart systems and the starting point for future experiences. Therefore, are we more captive or freer in a world in constant digital transformation?

The digitalization of business processes allows companies to develop unique IT capabilities, difficult to imitate. Digital tools and technologies enable manufacturing companies to reduce costs, increase productivity, improve product development, market goods faster, and increase customer focus at various points in the value chain. Companies can use various digital tools and innovations to improve each of the steps taken to generate value, design and innovate products, production, supply chain management, marketing, sales and services.

## 2. Literature review

For the first time, the term globalization was used by Theodore Levitt, which refers to the technological processes that were the basis for facilitating international transactions but also for the development of economic entities across national borders, especially in the economic field. (Sacalean, 2008, p.86)

The term "globalization" has taken on a strong emotional charge. Globalization is seen by some as a beneficial process - a key to future economic development - as well as inevitable and irreversible. Others view it with hostility, even fear, because they believe that globalization creates greater inequality between different countries, threatens employment conditions and impedes social progress.

Thomas Friedman states in one of his works that globalization is the global integration of financial markets, technologies and nation-states within free capitalist markets, on an unprecedented scale (Friedman, 2012, p.123).

Bauman believes that the name globalization is synonymous with what Jowitt called global disorder, he also defines globalization as an "incantation" that can open all the mysteries of the present and the future. (Zygmunt, 2002, p.69).

James H. Mittelman, professor of international relations and researcher in international political economy, considers that the phenomenon of globalization is a fusion of processes that allow the economy, politics, culture and ideology of one country to penetrate another country (Mittelman, 1996, p.231 ). For Mittelman, globalization represents the opportunities that arise from the reorganization of government. In short, globalization is about trying to solve a multitude of problems related to both an increasingly borderless economy and a society that demands greater democratization at the national level.

According to Stiglitz, the process of globalization consists in the integration of countries and implicitly of their population between states (Stiglitz, 2003, p.112).

A suggestive definition of globalization comes from the field of sociology and is given by Anthony Giddens, who states that globalization leads to the development of social and economic relations around the world (Giddens, 1991, p.128).

In conclusion, trying to maintain a more objective character of the subject, it can be said that globalization is the sum of all processes aimed at achieving international integration in different sectors such as: economic, military, political, military, socio-cultural and security. Therefore, the process of globalization does not give states much chance to live in isolation. Thus, globalization means domination, freedom and dependence, uniformity and free movement of material goods, people and ideas on a global scale, the whole world being found in every locality and, at the same time, every locality, region or nation being found all over the globe.

Globalization brings new opportunities for development and wealth creation. However, there are divergent opinions and perceptions, especially about its economic and social impact. These divergences correspond, in part, to the diversity of effects that globalization has on the interests and opportunities of different economic and social sectors. Some argue that the current model of globalization has exacerbated the problems of unemployment, inequality and poverty, while others argue that globalization has helped reduce the incidence of these problems. Of course, these problems existed before globalization. But it is clear that in order for globalization to be sustainable both politically and economically, it must contribute to solving it. Therefore, the goal is a globalization that meets the needs of all people.

Despite our desire to maintain control over life, most of what we do in life has been adapted to the technology around us (Norman, 1990, p.165). Therefore, it should come as no surprise that when existing technology evolves or outdated technology becomes obsolete, the emerging phase of new

technology could be seen as a disruptive phase. Disruption occurs when technology affects society (Lyytinen, 2003, p.23).

Examples of disruptive technologies can be found all around us. There is a continuous process of digitization and refurbishment (Klang, 2006, p.65). Photo film is being replaced by digital cameras, floppy disks are being replaced by flash drives, DVDs are being replaced by VHS players. The emergence of these new technologies brings visible social and economic effects to a greater or lesser degree.

The emergence of disruptive technologies brings changes to social behavioral norms and causes people to adapt their lives and behavior to the new technology in their lives (Schwartz, 1983, p.95).

In recent work, the concept of disruptive is used to explain organizational change and innovation. Undoubtedly, the most popular use of the term disruptive technology was presented by Clayton M. Christensen in his book *The Innovator’s Dilemma*. It defines disruptive technology as a new technological innovation (of the product or service type) that will eventually remove the dominant technology that exists in the market sector (Clayton, 1997, p.123).

As companies adapt, they also change their business models, improving current technology and developing new technological innovations will undoubtedly transform the way new businesses are set up. For small and medium-sized enterprises, the technology will allow significant leaps in terms of innovation, efficiency and competitiveness. Rapid adaptation will be essential, among the most important innovative technologies that will change our way of life and the way we do business are counted.

*Artificial intelligence (AI)*. It is so similar to human intelligence that it cannot be distinguished, it is more difficult to develop, but that does not mean impossible. As technology progresses, we will encounter smart cars and smart services. Artificial intelligence refers primarily to processes and functionalities for thinking and analyzing extraordinary data rather than to a particular format or function. The purpose of artificial intelligence is to greatly enhance human capabilities and contribution, making artificial intelligence a valuable asset for any business (Tegmarc, 2016, p.18).

The use of artificial intelligence already has a major impact on the population, leading to the disappearance of many jobs. Estimates show that in the next ten years, in China, artificial intelligence and automation will lead to the replacement of 100 million workers in various fields.

Research on artificial intelligence indicates that by 2025, trades such as translator or commercial seller will disappear completely, and by 2060 it is estimated that artificial intelligence and automation will be able to perform any task (Drum, 2018, p.8).

Scientists and various personalities such as Elon Musk, Steve Wozniak, Stephen Hawking and Bill Gates have expressed concern about the continued development of artificial intelligence. In a factory, this new technology can help keep equipment in good working order. Smart equipment has the ability to send alerts about maintenance work to be performed or automate tasks.

### **3. Research methodology**

The main purpose of the article is to show what the main role that digitalization plays in the process of globalization and what important changes the Covid-19 Pandemic has brought internationally.

In order to carry out this study, scientific articles were analyzed to better understand the essence of globalization, but also a large number of Council of Europe reports, statistical reports of the institutions to highlight the role of digitalization.

### **4. Findings**

The Covid-19 pandemic brings some changes in the way consumers and businesses behave, so the way of working remotely is increasingly encouraged by technical and non-technological companies, but airlines are affected by the restrictions of travel, the supply mode is disrupted both nationally and globally, and retail stores were left at the beginning of the pandemic without some products. These changes that occurred during the short-term pandemic represent direct responses to this crisis, can be recognized as a global crisis and will continue in the long term, creating a digital

change, and becoming the basis of events that will shape business and business mode for decades to come.

The impact of the COVID 19 Pandemic must be seen in three dimensions: firstly biologically, secondly psychologically and last but not least economically.

In terms of biological impact, it has grown rapidly, especially on the elderly. The psychological impact can be seen in stock markets around the world, where investors are unsure of the future, as information on the spread of Covid-19 and its impact on global productivity is, at best, incomplete. The psychological impact on the global population is also noticeable by the low morale generated by increased isolation, low human contact and limiting the freedom to travel.

The economic impact was significant, in the short term, the imbalance was noticed in supply-demand, the supply of essential products was disrupted and the demand for various products and services decreased, the Covid-19 Pandemic would have major effects on global GDP.

Long-term innovation and changes in trends will take place as consumers and businesses try to normalize the impact on the psychological and economic dimensions. The absolute condition being the diminution of the biological impact. The pandemic brings new categories of businesses and activities to the market, thus becoming practically an accelerator of innovation, forcing companies to digitize processes and allowing other types of digital services to enter the market.

Regarding the negative impact, it can be stated that we can talk about the following directions: the impossibility to visit the clients; sales fall significantly; inability to resume production.

If we look at the positive impact of the COVID-19 Pandemic, we can say that: over long distances, the collaboration work of the corporate capacity has been improved; Recognition by all employees of the value of digital transformation and information technology; Developing online marketing capacity.

Technology and technology companies will become stronger and more dominant in the post-pandemic world, as there was a time when business leaders were critical of the technology of their companies, the way telework works. With the evolution of digital companies, there will be more interactions with videoconferencing customers than on-site. A series of digital transformation efforts will take place, starting with the creation of new online accounts, the implementation of new communication strategies and tools adapted to current needs. Of course, with these transformations, digital identity verification will be an important factor in an organization's strategy, as companies need to verify that a person's digital identity matches their physical identity when conducting online activities.

The Covid-19 pandemic is a severe shock to the global economy, as well as to the thousands of people and families it has affected, so companies need to ensure that the health and safety of its workers, partners and suppliers is at the forefront. In the long run, the pandemic increases the need to re-evaluate the company's processes, employee relations, customer relations and the way leaders react. The coronavirus crisis is an extreme but emblematic call of an era whose very essence is change and movement. During this period, there are a series of questions that leaders must answer, as follows: What do you do to maintain your business? How do you run the company to keep people? How do you manage your budget? What tools should you use to be as effective as possible? How is the communication with the employees carried out?

In this situation, leaders must be aware that their role is very important, so the company's representative, the manager can contribute in a real way to stabilizing the social climate, through decisions made at the organization level, by communicating with employees, by correct information and by supporting necessary actions. Working from home is not a difficult transition, but this transition, coupled with the stress caused by COVID-19, could create a state of insecurity at first, until everyone adapts.

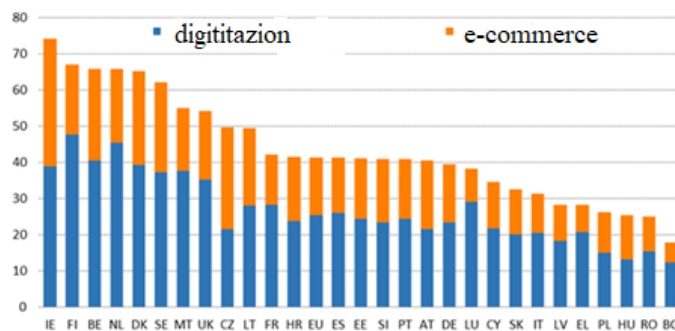
What does the future hold for us? No one knows the answer to this, but it is important to keep professional integrity and safety first. It is a time when management, human resources and finance departments need consistency in decision-making and approach so that they can get through these trials.

The pandemic has accelerated the adoption of technology in all areas of activity, with an impact on our lives. Technology will change the lives of all of us for the better, and Human Intelligence will coexist with Artificial Intelligence. Technology will play a key role in increasing stability, post-Covid. The technology will allow the recovery of pre-pandemic stability and cope with the

consequences of the transformations that will follow in the coming years. The vast majority of businesses have adapted to the initial shock of the pandemic and have begun to invest in technologies that can help them transform, to explore new business models. While some businesses have focused on return on investment, they have now begun to move to technology-based transformation where the cloud is increasingly being considered.

Neologisms such as virtual banking, onboarding, mobile banking, internet banking, e-wallet, loan origination, are becoming a habit at the moment (<https://www.imf.org>). Also, in addition to the digital approach of the clientele, technology, artificial intelligence (machine learning, robotic process analysis, data mining) take place more and more often in daily activity, so processes that until recently were performed manually, repetitively, with the involvement of time and money resources, very generous, but with low profitability, are replaced by technology. Digital technologies enable companies to gain competitive advantage, improve their services and products, and expand their markets.

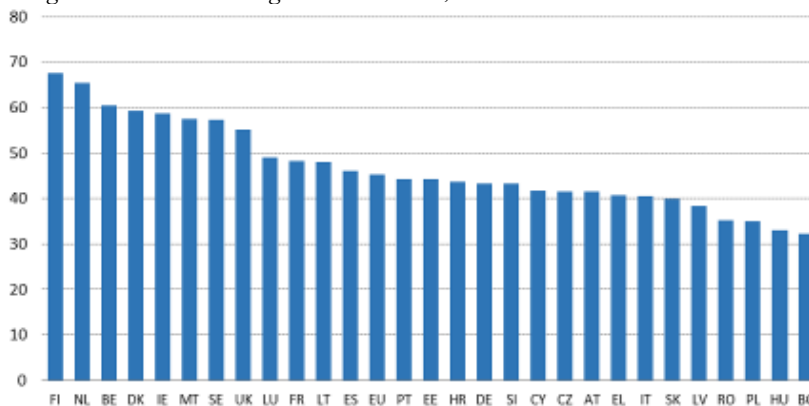
Figure no. 1 Integration of digital technologies



Source: DESI 2020, European Commission

The best performing countries are Ireland, Finland, Belgium, the Netherlands, Denmark and Sweden, with over 55%. In contrast, countries such as Bulgaria, Romania, Hungary, Poland, Greece and Latvia lag behind below 35% (Fig. 1).

Figure no. 2 Business digitalization index, 2020

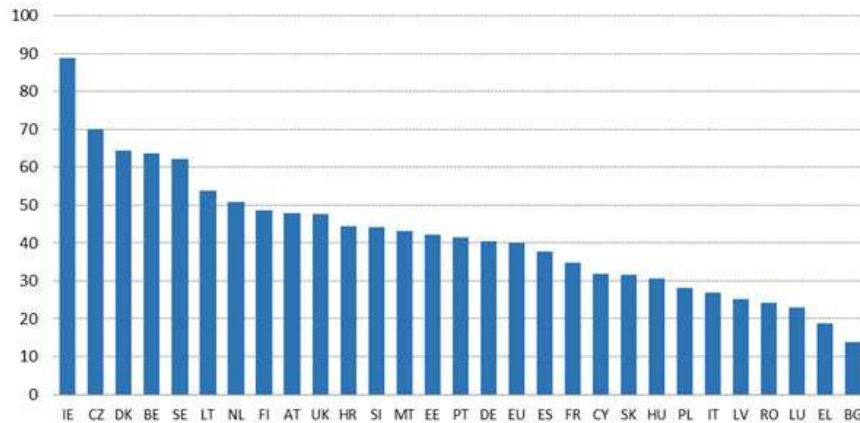


Source: DESI 2020, European Commission

The leading countries in the "digitalization of business" (fig. No.2) are Finland, the Netherlands and Belgium, with over 60%. Bulgaria, Hungary, Poland, Romania, Latvia and Slovakia lag behind in the adoption of e-business technologies, with less than 40%.

With regard to e-commerce, Figure 3 shows that Ireland, the Czech Republic, Denmark, Belgium and Sweden are the leading countries in e-commerce, with over 60%. Ireland leads in all three e-commerce indicators (ie SMEs selling online, e-commerce turnover and selling online cross-border). Bulgaria, Greece, Luxembourg and Romania perform the worst under 25%.

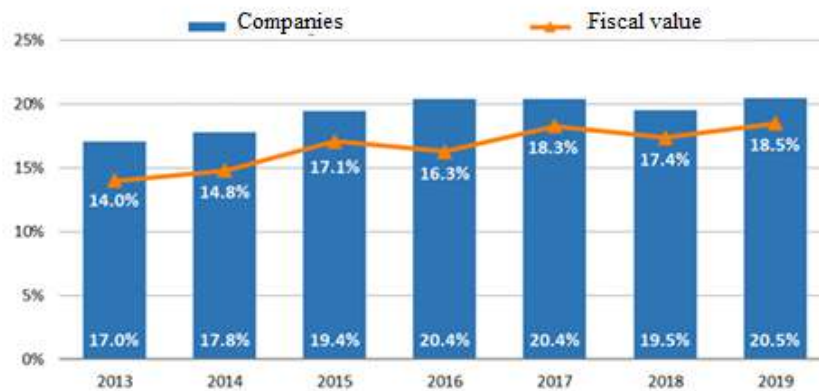
Figure no. 3 E-commerce index, 2020



Source: DESI 2020, European Commission

Prior to the outbreak of COVID-19, one in five EU companies made online sales. In a short period of time (2013-2019), the number of companies that sold online increased by 3.5%, and the turnover of these companies from online sales increased by 4.5% (fig. no 3) .

Figure no. 4 Trends in e-commerce

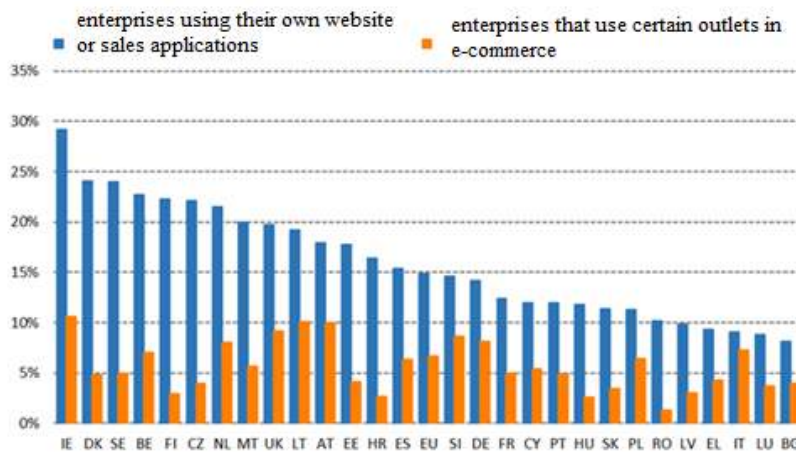


Source: Eurostat, Community survey on ICT usage and e-commerce in enterprises

Before the pandemic, 15% of businesses were active in Europe's online markets using their own website or online sales applications. The market leader with 29% is Ireland, followed by Denmark and Sweden (each with 24%).

Almost 7% of all EU businesses sold through e-commerce markets used by several companies to market their products. Online platforms can facilitate growth, allowing sellers to access new markets and reach new customers at lower costs.

Figure no. 5 Online sales

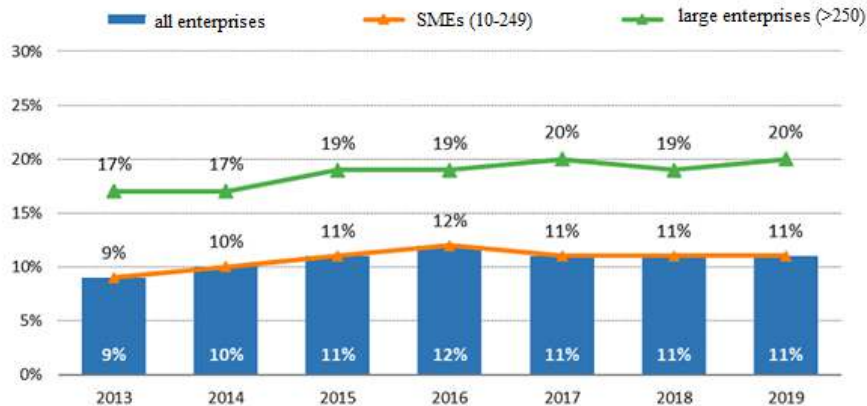


Source: Eurostat, Community survey on ICT usage and e-commerce in enterprises

Digital transformation is essential for the highly competitive business environment, in order to create value and address the critical aspects of their development. At the same time, it must be borne in mind that the digital transformation affects almost all aspects of the economy and society, with an impact on the way business is conducted and the delivery of value to customers. This has implications not only for operational activity, but also influences work culture and customer relations.

11% of businesses sell through a website or application to other businesses or governments, slightly more than in 2013 (9%).

Figure no. 6 Businesses that use B2B and B2G commerce



Source: Eurostat, Community survey on ICT usage and e-commerce in enterprises

The need for the digital transformation of Romania and of the countries of Central and Eastern Europe in general has been invoked for a long time, as a measure to recover the development gap compared to the other EU member states and to increase the standard of living. Romania is strongly integrated in terms of international trade and foreign investment with Western European countries. The COVID-19 epidemic and the social isolation measures that are becoming mandatory to limit the spread of the virus have accentuated the need for digitization. Moreover, it no longer comes as a result of the measures taken by the state, being imposed in a top-down logic, but is considered necessary and, as a result, requested by companies and at the individual level, in a bottom-up approach.



Integrating and managing a wide range of advanced tools into a networked digital ecosystem enables companies to make significant gains in creating value for the various players involved at all levels of the system. Even if the real and potential benefits are high, only a limited number of companies have already made rapid progress by developing the high digital capabilities needed to gain a competitive advantage.

## 5. Conclusions

The evolution of technology, with the changes generated over the last decades, has produced a strong effect, felt by us in any specific field or activity of our lives. Therefore, technology has had a transformative, complex, cumulative impact. In the years after the dot.com bubble, the digital transformation model has undergone a fantastic evolution, with the Internet playing a key role, in some areas becoming the main medium through which innovations have spread. Through the global Internet network, platform-type business models have emerged that have profoundly redefined the interaction between people, the way in which organizations do business and monetize social interaction or trade various types of value. We can say that, thanks to the Internet and emerging digital platforms, our lives have taken on new dimensions. Thus, digital platforms have redefined power relations, leading at least perceptually to participatory democracy, where every opinion or option expressed in social media has an exponential potential for spread and impact.

Currently, we find a refocus on certain business or social models based on data, information and knowledge. Data has become a source of competitive advantage in almost any area of interest, representing both a reservoir that feeds smart systems and the starting point for future experiences.

The digitalization of business processes allows companies to develop unique IT capabilities, difficult to imitate. Digital tools and technologies enable manufacturing companies to reduce costs, increase productivity, improve product development, market goods faster, and increase customer focus at various points in the value chain. Companies can use various digital tools and innovations to improve each of the steps taken to generate value, design and innovate products, production, supply chain management, marketing, sales and services.

People are harder to please, but the use and application of advanced technologies, measures that must take into account the well-being of all and not punctual opinions, life can take a different form, it can have a different context.

The whole world, including our country, has collapsed into a collapse whose limits are not yet well known, which makes us live in an insecure world. It is premature to see how the world will look next.

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