

Fostering Business Internationalization and Resilience for Business and Companies: Risks and Resilience in Globalization

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Abstract

This paper investigates and presents the importance and usefulness of building resilience in business and companies especially during the frequent processes of business internationalization. The paper describes as well the importance and role of fostering resilience as well to mitigate and deal with the possible controlled and uncontrolled risks that may occur and hit companies and business during internationalizing their products and services. The research questions are "how important is business resilience for business and companies?" and "what risks may companies and business face during their business operation and internationalization?" The used research method to fulfill this research started from an initial literature review that was conducted and developed concerning the concepts of this research. As the used method is more qualitative, in order to analyze the mutual connection between business, internationalization and resilience a case study was conducted. The results showed that fostering business resilience needs to start with business resilience model as suggest in the results to mitigate the anticipated and unanticipated risks, some of the highest unanticipated risks are cyber-attacks, geopolitical, nature disaster risks business To sum up, internationalization can be a key to expand the revenue and company's business but to internationalize, it is important to follow a business resilience model.

Key words: globalization, internationalization, resilience, business, companies, risk

J.E.L. classification: F2, F20, F23, F60, G32, L20, L21, L24, M10

1. Introduction

Internationalizing 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 internationalization. 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 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 have 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 internationalization 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.

Companies and business holders need enhance their resilience abilities especially when will to operate within the process of internationalization. Thus boosting enhancing resilience abilities should go through specific suitable adjusted policies to promote cooperations, frameworks, comfortable

friendly teamwork, training skills and learning opportunities, recognition of efforts. In addition to this, there should be a quality internal communication with different measures.

2. Literature review

The Cambridge dictionary (2023) defines resilience as the ability to be happy, successful again after something difficult or bad has happened, the ability of a substance to return to its usual shape after being bent, stretched, or pressed. (Cambridge dictionary, 2023). Resilience is the quality of being able to return quickly to a previous good condition after problems. (Cambridge dictionary, 2023).

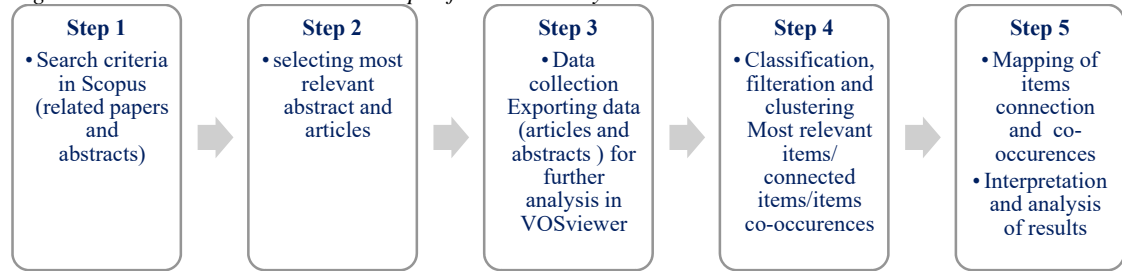
The Cambridge dictionary defines internationalization as the action of becoming or making something become international (Cambridge dictionary, 2023). The Cambridge dictionary mentions risk as danger, or the possibility of danger, defeat, or loss. (Cambridge dictionary, 2023). A risk is the possibility that an investment will lose money (Cambridge dictionary, 2023). Internationalization 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 internationalization as a growth and business development strategy for organizations (Luostarinen, 1979). On the contrary, there are research papers that highlight that, through internationalization that companies is exposed to greater learning in social and environmental and consider that internationalization 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 digitalization 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).

Globalization is the increase of trade around the world, especially by large companies producing and trading goods in many different countries. (Cambridge dictionary, 2023). Globalization is the development of closer economic, cultural, and political relations among all the countries of the world as a result of travel and communication becoming easy. (Cambridge dictionary, 2023). The internationalization process has the potential to render benefits to all kinds of firms. In fact, it allows for the improvement of organizational competitive advantage and business sustainability performance (Kok, 2007), and it constitutes one of the means by which SMEs can react to environmental challenges in order to survive (Freixanet *et al.*, 2020).

3. Research methodology and research questions

The research methodology mainly focused on a descriptive analysis of the data starting from a qualitative quantitative approach. The research questions are "*how important is business resilience for business and companies?*" and "*what risks may companies and business face during their business operation and internationalization?*" To fulfill this research an initial literature review was conducted and developed concerning the concepts of business, resilience and business internationalization, globalization and risks. As the used method can be considered more qualitative, in order to analyze the mutual connection between business, internationalization and resilience a case study was conducted using VOSviewer for bibliometric analysis that was followed by data interpretation (See figure no 1, tables no 1 and 2).

Figure no. 1. Research criteria and steps of the case study



Source: Author's design and research, 2023

4. Findings

The first reasons of internationalization are related to the income size, companies and businesses want to expand their business and market size in order to have more revenue to be able to keep on growing faster. Costs are very important also within the processes of internationalization, that's why, companies try to fix their costs and try to balance their position with the fluctuation of commodities and it purchases before the production or customizing the products. There are many types of risks that are involved in internationalization and others may be uncontrolled or unanticipated such as cyber-attacks, natural disasters, geopolitical conflict..., etc. (See figure 4). However, if the company and business are geographically diversified, they can handle with the majority of risks. Companies' subsidiaries and locations in various areas, markets and countries may be alternatives to the company's area where the risk or crisis occurred. If the company is active in many more places, it will face less disruption.

If the company or business is active in many locations, customers will be able to trust it more because of its frequent and strong appearance. This is very important for the brand and services recognition since the goal of production, development, sales and various kinds of services is reach satisfaction in the market. If the company enhances its image and performance in many geographical areas, especially where customers would like to know more about its frequently developed products, its business will get more success and it will even reach more trust in markets and with customers, the thing that will be helpful and useful for its future proposals and business cooperations. Marketing is very important for the company for the company's promotion and image, it is a very important business instrument to promote services, products, sales or operations. So, it is very important for business internationalization and entering other markets but should be compatible with legislations and preferences of customers and the areas where companies operate.

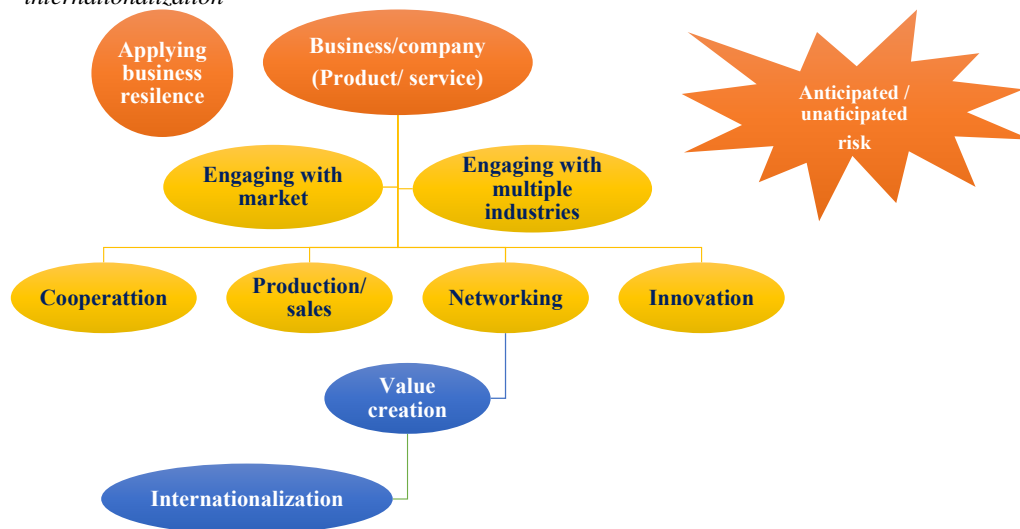
Companies need to focus on the quality and quantity of workforce and where it is better available so that it will be to extend its location in the areas where there is suitable workforce and better labor market. For business and companies, it might be better to operate where there is cheap workforce but for others it might be better to hire skilled workforce. Dealing with the workforce is not easy because when it comes to salary and conditions, it can be difficult to resist. That's why resilience is important for business existence and continuity.

Doing business from distance is different than in a based location, it is important for the company and business to be seen and able to buy its presence for more commercial opportunities as a business to business or a business to customers and clients. One of the other benefits of internationalization is the benefit of resources in other markets. There are some resources like human capital that might not be distributed equally in all countries. Some countries have a better human capital or a cheaper labor. If the company cannot find enough workforce or skills for its operations and business, internationalization would be a better option for it. The company might need to internationalize where it will need to open and promote its business operations in the new location(s). There are other important resources for internationalization such as energy resources, internationalizing in areas where commodities and energy resources are available or cheaper such oil, gas, electricity...etc. All these might be important for its continuity and revenue.

In order to create value from business companies mainly prefer to internationalize where the degree of sales is high and where customers buy more, it is important for the company and business to internationalize and trade where their products is not available or not similar. Business holders and companies should apply a business resilience model in their business to mitigate risks that could be anticipated or unanticipated during engage with multiple industries and markets. As internationalization is important to expand business, it needs to rely on business resilience to the exposed risks because it is not easy to internationalize and keep up with it especially in times of crisis.

The resilience model should touch the fields of cooperation, production, sales, networking and innovation. Through networking or one of the skills of internationalization a company may create value with resilience towards and within internationalization. (See Figure no. 2).

Figure no. 2. Creating value by avoiding risks and applying business resilience towards internationalization



Source: Author's design and research, 2023

A business risk is something that may affects the company's income and threatens its performance. However, companies, and business may identify the quality and type of risk so that I may be able to reduce its exposure to losses. The most common internal risks that a company may face are operational risks that occur from time to time where the company operates. Internal operational risks are the risks may lead to financial losses or lower profits.

Developing a risk management plan may help the company categorize risks, there is no way or full plan that eliminate risks but companies may mitigate them or get ready to face or prevent them before they occur. Companies may anticipate some risks and leave the period of crisis if it follow a resilient strategy. Crises and periods of risks may generate disruptions and breakdowns especially if we are talking about global economic crises or the various types of risks that may hit companies and business in vulnerable moments. Risks may affect also business opportunities and the potential of business internationalization beyond the borders. However, there is always the opportunity to recover, resist and innovate with resilience. In my opinion, business resilience or resilience in the field of business is the ability of a company or a business to find possible fast solutions and leave the period of risk or crisis successfully without harming its intern and extern sturcture. A company or business may go resilient at the international or local levels if it adopts the ability to respond to risks and readjust to go on the path of growth. Resilience in business and companies may be enhanced when the followings are achieved:

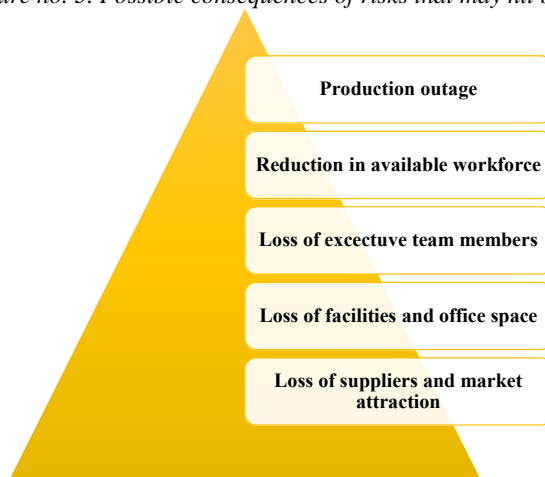
- a) **Resistance to pressure:** Business resilience starts from the ability of living periods of pressure as a possible positive experience. Leaders may normalize the pressure and find a way to resist or tackle it.

- b) **Resilient decisive attitude:** the midst of risks, manager and business leaders should seek possible solutions to save the revenue by consulting the decision with the team of the company and business without eliminating employees and shutting down the company.
- c) **Resilient communication:** Business holders should have a good communication with the team members in the field of business or marketplace.
- d) **Resilient work** are the ones that treat their employees with fairness and offer their comfort and opportunities so that they can prove and boost their skills before or during the risks with usefulness and motivation.
- e) **Health care:** Resilience needs to ensure the health care for both companies and employees in times of risks.

Possible consequences of risks that may hit business and companies' operations

Resilience is important to applied and boosted so that there will no major damages from the controlled or uncontrolled risks and to avoid any of their possible consequences. Some of the possible consequences that may result from the occurrence(s) of a risk companies and business may cause a production outage, a reduction in the available workforce, a possible loss of the executive team members, a probability to lose suppliers and market attraction, a possible loss of facilities and office space. (See Figure no. 3).

Figure no. 3. Possible consequences of risks that may hit business and companies' operations



Source: Author's design and research, 2023

Companies and business holders need enhance their resilience abilities especially when will to operate within the process of internationalization. Thus boosting enhancing resilience abilities should go through specific suitable adjusted policies to promote cooperations, frameworks, comfortable friendly teamwork, training skills and learning opportunities, recognition of efforts. In addition to this, there should be a quality internal communication with different measures.

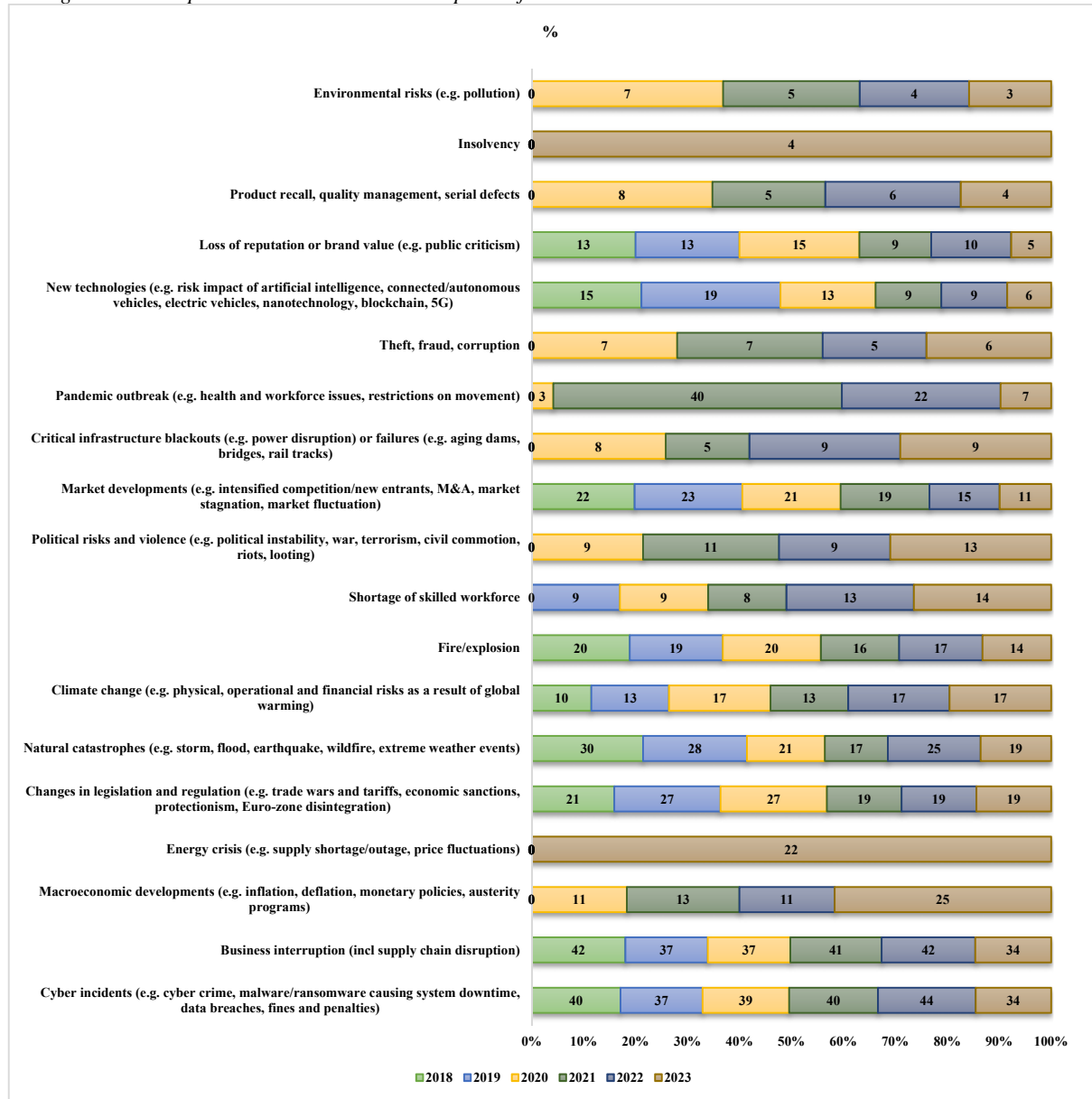
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Top risks that business and companies face at the Global and local levels

The main global risk 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 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 Figure no. 4).

Figure no. 4. Top risks that business and companies face at the Global and local levels in %



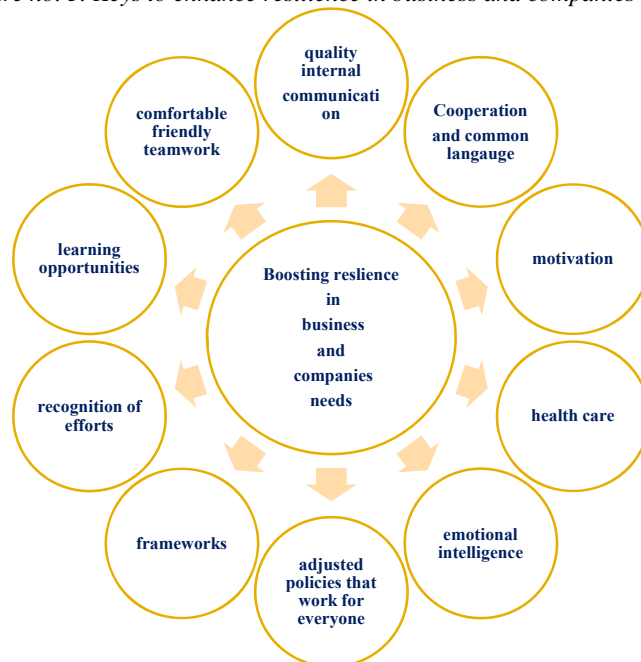
Source: Author’s contribution, Statista data, 2023

Enhancing resilience in business and companies within internationalization

Business consultants have to help clients understand some of the risks that may occur and how they may provide safe measures for protection and any future cooperation or engagement. A risk is uncertainty that may impact a company’s objectives and business opportunities, it has threats and opportunities. So, risk is mainly the two sides. We can respond to risks if we have time, and if the risk is emerging and the consequences are emerging very quickly as they do these days then the resilience is the way to keep and thrive business. With the speed of change ever accelerating and in uncertain times their specific risks that companies should get ready to mitigate them with a resilience model or plan or prevent them before they happen. Thus, employers should focus their attention on risks in times of internationalization and moving their business abroad. (See figures no. 3, 4 and 5).

Companies and business holders need enhance their resilience abilities especially when will to operate within the process of internationalization. Thus boosting enhancing resilience abilities should go through specific suitable adjusted policies to promote cooperations, frameworks, comfortable friendly teamwork, training skills and learning opportunities, recognition of efforts. In addition to this, there should be a quality internal communication with different measures. (See Figure no.5).

Figure no. 5. Keys to enhance resilience in business and companies within internationalization



Source: Author’s design and research, 2023

The main goals of enhancing business resilience in business and companies

The need to internationalization and expanding business should an important occasion for companies to think about resilience in order to protect the ongoing operations and preserve revenue. Business holders and companies should focus on the way they ensure health care, security and safety. It is very important also to take into consideration securing data and proving the possible necessary services inside and outside the company and business to balance the business need with the environmental, economic and social aspects. (See Figure no. 6).

Figure no. 6. The goals of enhancing business resilience in business and company

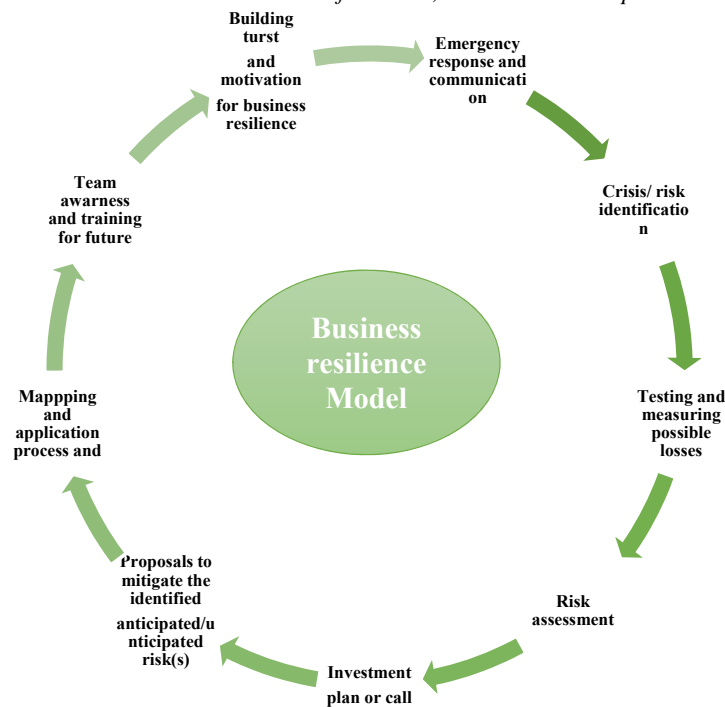


Source: Author’s design and research, 2023

Business resilience model for SMEs, business and companies

Building resilience in business and companies is useful and it can be achieved and applied before and during periods of risks. Since risks can be controlled or uncontrolled, the suggested business resilience model (figure no. 7) proves that in times of a sudden risks the business holder or company should started with an emergency response and communication and identify the risk and types of crisis, the business resilience providing that possible losses should be measure and estimated, followed a risk assessment. In order to go further with resilience, the company or business need to focus on resources and ways of investments by have an investments call or plan for emergency situations in a proposal so that it will be useful during anticipated or unanticipated risks. The company or business should map where it is urgent or need to focus on enhancing resilience by increasing awareness, providing training, building trust and motivation with and in business members and teamwork. (See Figure no. 7).

Figure no. 7. Business resilience model for SMEs, business and companies



Source: Author’s design and research, 2023

A business case study about the connection between business, internationalization and resilience

30 bibliographic data (abstract and papers) were successfully extracted, the obtained collected data contain research and the keywords “business, resilience and internationalization”, the data were collected and obtained from Scopus. Using VOSviewer a map based on text data could be successfully visualized by focusing on common items and the connection between business, resilience and internationalization. . (See figure 4, tables no. 1 and 2).

Table no. 1. Bibliometric data and common links between “Business, resilience, internationalization”

Number of relevant bibliographic data (documents)	30
Supported file types	Scopus
Fields from which terms where extracted	Abstracts/papers
Minimum number of occurrences of an item (chosen)	1
Total reached items	1400
Counting method	Full counting
Relevance score (%)	60%
Final reached items by relevance score	840
Final filtered items by relevance	93
Number of clusters	15

Source: Author’s elaboration and research, 2023

The fields from which terms were extracted are abstracts and some papers by ignoring the structured abstract labels and copyright statements to proceed with the research. The counting method was full counting and the minimum number of occurrences of a term was chosen to be just 1. As a result, 1400 matching items could be reached. With a 60% relevance score for most relevant items, the number of final selected terms was 840 .By filtering them to reach the main words that represents the connection and common concept of “business, resilience and internationalization” by relevance. The final list of filtered matching items contains 93 and they clustered in 15 clusters. (See 4, tables no.1 and 2).

Table no. 2 Number of clusters and final filtered items by relevance and co-occurrences

Clusters	Number of final filtered items
Cluster 1	12
Cluster 2	12
Cluster 3	12
Cluster 4	10
Cluster 5	9
Cluster 6	6
Cluster 7	6
Cluster 8	5
Cluster 9	5
Cluster 10	5
Cluster 11	4
Cluster 12	3
Cluster 13	2
Cluster 14	1
Cluster 15	1
Total: 15	Total: 93 (relevance score 60 %)

Source: Author’s elaboration and research, 2023

There have not been so far many authors and available results about business resilience and internationalization, a few authors went through and studied studies concepts and the importance of resilience for business internationalization and companies. VOSviewer is a software for creating and visualizing maps of network data, it was suitable in this study, analysis and research to run a bibliometric analysis so the maps of common items and their co-occurrences could be successfully visualized using the relevant data. (Figure no 1 and 8).

Figure no. 8 Map of some common word between Business, resilience and internationalization



Source: Author’s elaboration, 2023

Using VOSviewer and the collected data as mentioned in the methodology and tables 1 and 2, the map in figure 4 could be visualized with aim of identifying the mutual link between the three concepts business, internationalization and resilience. The clusters of the filtered items are visualized in the colours that appear on the map. By interpreting data we may say that globalization and its processes have provoked obstacles to the economic and business activities, in times of risks and crisis there should be a crisis team that follow the production process by applying the business continuity management and organizational resilience to reach international growth in the process of internationalization, moreover, the expertise of a business leader is important for the crisis team. To reach such an internationalization degree and global operations, any economic or business activity should focus on resilience capacity, a safe approach to survive a natural disaster would be supported by crisis teams and the level of resilience in employers and business holders. The visualized map represents as well the connection and co-occurrences of items from the results of a few authors that proved previously the business, resilience and internationalization need each other and for safe business and economic activities. As a result, these results are compatible with the few previous research by other authors. (See figure 4). Thus, applying resilience for companies, business and business internationalization is highly recommend and important. (See figure no. 8)

5. Conclusions

To sum up, applying resilience for companies, business and business internationalization is highly recommend and important. To reach such an internationalization degree and global operations, any economic or business activity should focus on resilience capacity, a safe approach to survive a natural disaster would be supported by crisis teams and the level of resilience in employers and business holders.

Some of the highest unanticipated risks for business and its internationalization are cyber-attacks, geopolitical, natural disaster risks and the risk of imitation, internationalization can be a key to expand the revenue and company’s business but to internationalize, it is important to follow a business resilience model.

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