

The Recoil of Globalization and the Rising Aspects of Slowbalization, De-Globalization, Re-Globalization and Sustainability for Business and Companies

Anis Benabed

*Bucharest University of Economic Studies,
Doctoral School of Economics and International Business, Romania*
anis_anisse@yahoo.fr

Abstract

This paper analyzes and presents the recoil of globalization and the rising aspects of slowbalization, de-globalization and re-globalization for business and companies. The analysis and results demonstrated that as globalization united economies and societies, it has led them as well to various challenges where some of them started to de-globalize by moving their business and companies home to avoid the negative impact of globalization and to secure their business values. The rising challenges in the global economy and society have made globalization recoil and move towards the process of slowbalization or de-globalization. The ups and downs in the global GDP, inequality between nations and economies in business values and benefits, the rise of geopolitical conflicts, the expensive technologies and its dominance by developed countries, the slowdown in foreign direct investments (FDIs) are some of the main factors of the slowdown of the process of globalization. In conclusion, there should be an extension and embrace of trade and international business rather than rejecting it to overcome the most pressing challenges of globalization. The reality of re-globalization or even sustainable globalization might be visible when all the sustainable development goals (SDGs) will be fulfilled.

Key words: globalization, companies, slowbalization, de-globalization, re-globalization, recoil, business internationalization

J.E.L. classification: F10, F11, F15, F20, F23, F60, L11

1. Introduction

Globalization has gone through decades and phases since its appearance and rise, it has gone through various challenges that it came up with, among those challenges there was the global pandemic that led to losses and disturbed the flow of business globally because it slammed international borders between economies. As globalization united the economies and societies, it has led them as well to various challenges where some of them started to globalize like advanced economies and other ones have been under the negative impact of globalization for years.

De-globalization is the reverse process of globalization, it is a setback in interdependence between economies, and the pandemic has generated a major disruption in the globalized economy. However, globalization did not begin with the pandemic but has begun at three important moments that arose since approximately 2008.

The breakout of geopolitical turmoil and geopolitical conflicts have led companies to DE globalize by moving back their business and subsidiaries back home or to start seeking ways to survive within the internationalization processes of their business and operations. Globalization has witnessed a recoil and by moving towards the process of de-globalization that refers more to the slowdown in global integration that began after the global financial crisis of 2007-2008.

Companies and business holders to pay attention to their waste and use of the environment and the available resources, as they raise (Benabed and Boeru, 2023).

The process of sustainability has been so far a better solution for business perspectives. Selling or buying low cost to protect the profit and the base of the company is not avoidable since companies and business holders have to concern and center on their consequences to the environment. This paper is a continuous research to another prior research by the same author and it aims to analyze the recoil of globalization and the rising aspects of slowbalization, de-globalization, sustainability and re-globalization for business and companies.

2. Literature review

2.1. Globalization, Slowbalization, de-globalization, and sustainability for business and companies

The Oxford reference (2024) globalization is the increasing worldwide integration of economic, cultural, political and social systems (Oxford reference, 2024). Economic globalization is the process by which the whole world becomes a single market (Oxford reference, 2024). The process of globalization has given different organizations the opportunity enter foreign markets from any point of the world following the principles of business and commercial exchange for expansion (Benabed and Moncea, 2024). Kandil (et al., 2020) states that Slowbalization was used for the first time in 2015 (Kandil *et al.*, 2020) and was coined by the Dutch trend-watcher Adjiedj Bakas. (Kandil et al., 2020). The Slowbalization trend means slowing down the conventional Globalization of the flows of goods, services and foreign direct investments (Puaschunder, 2019). Other authors believe that Slowbalization is the slowdown in global integration that began after the global financial crisis of 2007-2008. The slowdown of globalization is one of the most complex aspects that SMEs have to face in order to reap the benefits of globalization and be able to be competitive is the definition of an adequate business model (Benabed *et al.*, 2022).

De-globalization is the process of weakening interdependence among economies (Witt, 2019). De-globalization mostly appears in the slowdown of the two metrics that trade and FDI (Witt, 2019). While in real economy both are different as valid measures of interdependence according to the temporal reference point (Witt, 2022). Rodrik states that if we push globalization further, we have to give up either the nation state or democratic politics. And if we need to maintain and deepen democracy, we have to choose between the nation state and international economic integration (Lester, 2011). Dani Rodrik (2011) states that global governance supports only a limited version of economic globalization even if global governance is well mustered. Hyper-globalization that is the state of the world is incompatible with democracy. The balance between economic integration and national sovereignty is essential to maintain both prosperity and democracy (Rodrik, 2011). Hyper-globalization can only survive if there is no democracy and Hyper-globalization together with democracy need some sort of global governance that would provide all those things of prosperity (Rodrik, 2011).

According to the UN (2020) and European commission (2020) in order to respond to the climate change, nations and economies have individually, regionally, and globally decided to get involved in fulfilling the United Nations (UN) Sustainable Development Goals (SDGs) (UN, 2020) and the circular economy (European Commission, 2020).

3. Research methodology

In the research method there was a focus first on a related literature review by focusing first on the body of knowledge then on identifying the key concepts mentioned in the literature that apply in this area of research and then by identifying the links between those concepts.

Then the research method focus more on a descriptive analysis by illustrating some results in the framework of figure no.1 that mentions the appearance of Globalization among the five industrial revolutions (IRs) and interpreting the illustrated collected data of figure no. 2 that mentions the global gross domestic product (GDP) at current prices from 1985 to 2024 (in billion U.S. dollars), figure no. 3 that illustrates the fluctuation and availability of FDI outflows in 2021 and 2022 by region in billion US dollars, figure no.4 that illustrates the Sustainable business matrix for business values and competitive advantage by suggesting the Hart and Milstein (2003) sustainable framework in

business, figure no.5 that illustrates incorporating sustainability in business and the dimensions of globalization for a sustainable globalization. The collected data were analyzed and interpreted according to their relevance to this full paper and research (Benabed, 2024a), the set research questions helped move well with related literature, the created frameworks of figures no 1, 4 and 5 helped illustrated and analyzed some of the main results of this full paper.

The set research questions are

RQ1: Is globalization living a process of recoil? And what their reasons of the recoil?

RQ2: Is globalization moving to the processes of Slowbalization, De-globalization and Re-globalization? And why?

RQ3: Is there a possibility for re-globalization or sustainable globalization?

The full paper aims to analyze the recoil of globalization and the rising aspects of slowbalization, de-globalization and re-globalization for business and companies.

4. Analysis and results

4.1. The evolution of globalization and the change in business, economy and trade

Globalization is a set of transformations that have made the world of trade and the increase in international investments possible. In economic globalization, national economies are integrated into the framework of the global economy. It is about a world economy with the objective that everyone benefits. Globalization has taken advantage of the development of various sectors, financial markets and the media so that its evolution depends increasingly on international markets and less on government economic policies.

Globalization originates with the end and fall of the Berlin Wall, the end of the Cold War and the collapse of the Soviet Union. Globalization arose with the migratory processes after the era of discovery, conquest and colonization of the new world together with the fourth industrial revolution and communication system at the end of the 19th century. Globalization is characterized by the appearance of the Internet in its process with the possibility of connecting to a world of possibilities. Economic integration can be seen as a group of countries that sign treaties or agreements to carry out joint predominantly economic policies which serve to carry out their commercial businesses more effectively.

All countries that participate in foreign trade have taxes called tariffs and these are charged for the entry of goods from foreign markets, which make products more expensive for buyers. Taxes are measures that restrict the free commercial process of companies and business. To avoid the tariff process, trade agreements or treaties are created such as the Free Trade Agreement (FTA) between two countries or more for benefits, a treaty for two or more countries to send their trade or services without having to pay the foreign trade taxes or tariffs that would normally be charged to other countries that do not have these types of treaties. The European Union is a clear example of economic integration in which its member countries are dedicated to promoting economic and political union among themselves.

Globalization allows communication between economies as well as their development, but there is economic inequality between developed and underdeveloped countries.

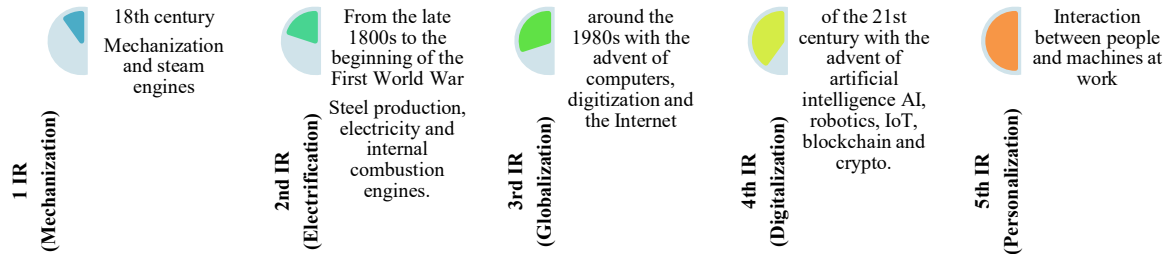
4.2. Globalization and the influence of the industrial revolutions (IRs)

As the world went through different industrial revolutions that introduced different aspects and concepts, it introduced Globalization that appeared in the third industrial revolution (See figure no.1).

The era of mechalisation that came up with steam and engines was the first industrial revolution(1st IR) and it started in 18th century. It was followed by the 2nd industrial revolution (2nd IR) that was called the era of elctrification from the late 1800s to the begining of the first world war and it introduced electricity, steel production and internal combustion engines. (See figure no.1). The third industrial revolution (3rd IR) that started around the 1980 that is the era of globalization whitnessed the appearnce of computers, internet and digitalization, it has introduced globalization to the world until the begining of the 21st century. Globalization got developed during the fourth

industrial revolution (4th IR) that is called the era of digitalization that introduced artificial intelligence (AI), robotics, IoT, blockchain and crypto. Digitalization is considered according to this research one of the main instruments of globalization. The fifth industrial revolution (5th IR) that is called personalization is still introducing more direct interaction between people and artificial intelligence as part of the new phase of globalization. (See figure no.1).

Figure no.1 The appearance of Globalization among the five industrial revolutions (IRs)

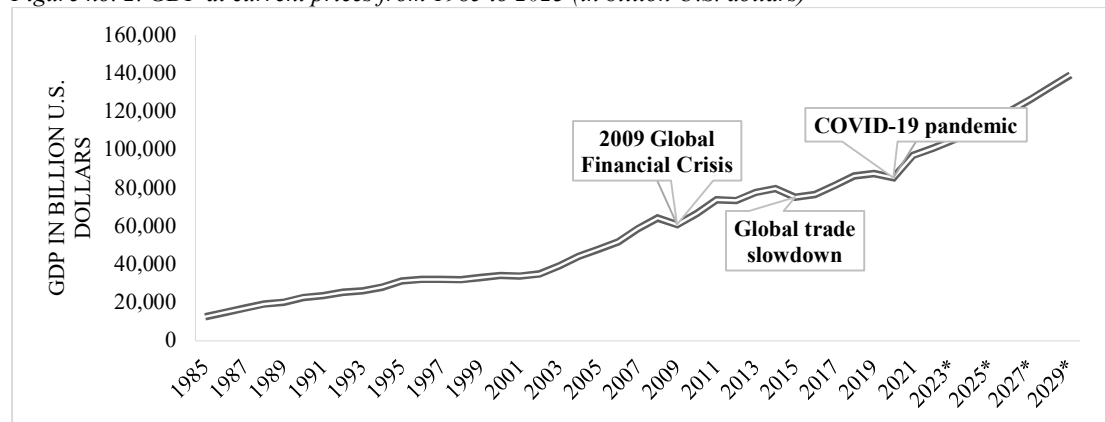


Source: Author's design and research, 2023

4.3. The global GDP and the impact of global crisis

The illustrated data in figure no.3 shows global gross domestic product (GDP) from 1985 to 2022. After the global financial crisis of 2008 and 2009 the Global GDP declined in 2009 and reached 60.811 billion U.S. dollars. In 2020, due to the widespread of Covid19 pandemic, the global GDP reached 85.26 billion U.S. dollars. So, compared to 2019, it was two and a half trillion lower. (See figure no.2). In 2015 due to the global trade slowdown, the global GDP worldwide declined and reached approximately 75.128 billion U.S. dollars according to the available data. GDP is an acronym for gross domestic product, it is an economic indicator that reflects the value of all the goods and services produced in a place during a period of time. GDP is so important because it measures the size of an economy; when GDP grows, more jobs are usually created, workers' salaries increase and businesses prosper. In fact, GDP is considered one of the best indicators to measure the quality of life of individuals. (See figure no.2).

Figure no. 2. GDP at current prices from 1985 to 2023 (in billion U.S. dollars)



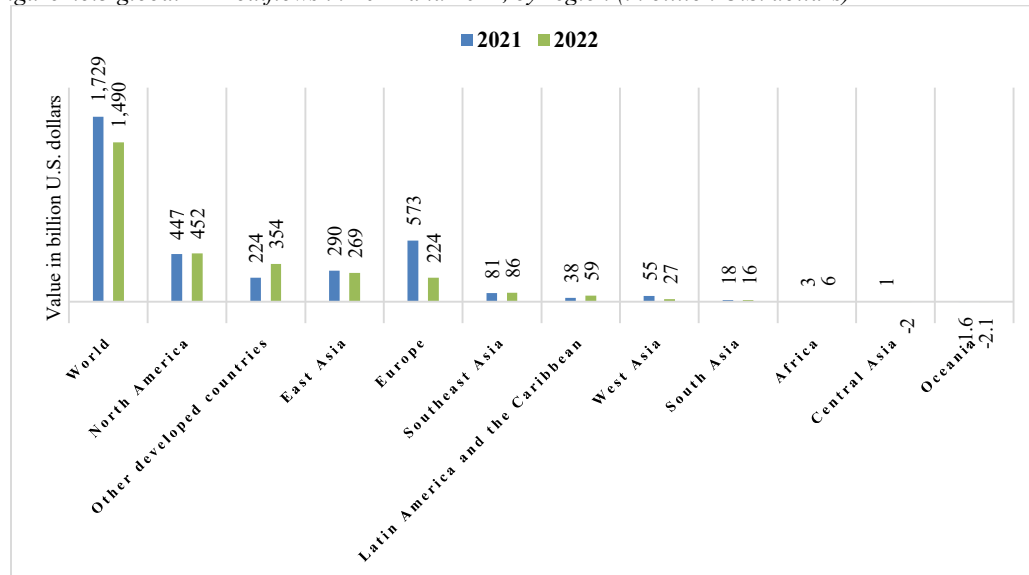
Source: Author's contribution 2024, IMF data), statista data, 2024 (Q1)

When GDP increases, it means that there is economic growth, but if it decreases, it reflects economic decline. Global GDP must be considered as one of the main indicators of globalization. The declines and decrease in its value in 2009, 2015 and 2020 and 2022 confirms the slowdown of globalization especially after the global 2008 financial crisis, the 2015 global trade slowdown, the 2020 the global Covid-19 pandemic and the breakout of the 2022 Russian-Ukrainian conflict, the process of globalization and its dimensions have witnessed a slowdown that has embodied in the global economy so far. (See figure no.2).

4.4. The fluctuation and availability of FDI outflows in 2021 and 2022 by region in billion US dollars

Figure no.3 illustrates the fluctuation and availability of FDI outflows in 2021 and 2022 by region in billion US dollars, in both years we observe that the whole amount of FDI outflows worldwide reached 1729 billion US dollars in 2021 but it decreased in 2022 to 1490 billion US dollars after the outbreak of the Russian-Ukrainian conflict that hit the global economy (See figure no.3).

Figure no.3 global FDI outflows in 2021 and 2022, by region (in billion U.S. dollars)



Source: Author's contribution, UNCTAD data, Statista data, 2022

Europe dominated the majority of FDI outflows in 2021 with higher amounts compared to its competitors North America and east Asia but in 2022 North America took the lead with the amount of 452 billion US dollars compared to Europe that witnessed a decline after the outbreak of the Russian-Ukrainian conflict (See figure no.3) and that means that globalization transmits and affected all regions in case of geopolitical conflict. The FDI outflows have been very low and weak from the period 2021-2022 in all Southeast Asia, Africa, North Africa and Middle East and west Asia due to their weak infrastructures and political systems. (See figure no.3). From figure no.3 and the available data we observe that globalization has come with inequality between developed and developing countries since FDI outflows that are indicators of globalization are weak in poor countries but strong in rich developed countries. Geopolitical conflicts and distrust appear to be major risks for globalization and FDI in the period 2021 and 2022. (See figure no.3).

4.5. The impacting rise of De-globalization process on business and economies

De-globalization is about the process towards a less connected world characterized by powerful economies, more border controls and less treaties and free movement. De-globalization is characterized by all the recent events that have been happening so far such as the global Covid-19 pandemic, the Russian Ukrainian conflicts, the global restrictions against the movement of migration, climate change disorder in agreements between nations, Brexit, the rise of BRICS to BRICS+, the China rise and economic decoupling, the decline in foreign direct investments in the recent decades and more. All these events demonstrates the world is entering a period of de-globalization.

Leaving the European Union is still an idea supported and suggested by many political parties in the EU, the world's organization such as World Health Organization (WHO), the World Trade Organization (WTO), The United Nations (UN), the Organization of Petroleum Exporting Countries (OPEC) and others are considered and are being seen by many nations as weak organization because

they do not treat well the problems of the global economy and the inequality between developing and developing countries.

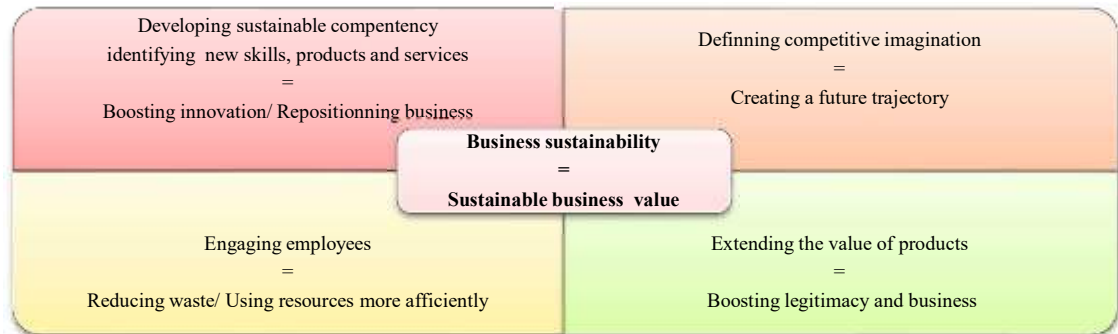
During the global pandemic and the widespread of Covid-19 many nations shut down and closed the borders, the global economy entered a recession and globalization was accused as the main cause of spreading the pandemic between economies, especially between those that have free movement of individuals and business. During the pandemic the World Health Organization (WHO) struggled to drive an effective response to the Covid-19 pandemic where all the dimensions of globalization where disturbed and in the main part due to the disagreement of governments because of the low level of health organization and lack of good health care opportunities between and in many nations.

One of the main evidence of de-globalization is perhaps the global political differences and rise of political conflicts of interests, the return to geopolitical wars and the rise of genocide crimes and aspects in some nations and between nations so the aspect of unity and globalizing cultures, economies and societies has been weak and in a decline for years so far.

4.6. The sustainable business matrix for busienss values and competitive advantage

By applying the sustainable framework of Hart and Milstein (2003) in business to reach sustainable business we observe the following details in the matrix illustrated in figure no.4. As we see in the upper left quadrant, companies and business holders may define sustainable compenecy by identifying new skills, products and services to boost innovation and reposition business. (Figure no.4) In the lower left quadrant by engaging employees companies may reduce waste and use resources more in an efficient way. In the upper right quadrant of the matrix the company or business has to define competitive imagination to create a future trajectory in business. In the lower right quadrant by extending the value of products, the business and companies may boost legitimacy and business. (See figure no.4). If the company or business applies all the four quadrants for sustainable business, it may reach sustainable business values (See figure no 4).

Figure no.4 Sustainable business matrix for busienss values and competitive advantage



Source: Author's research and contribution by applying the Hart and Milstein sustainable value framework (2003) on business, 2023

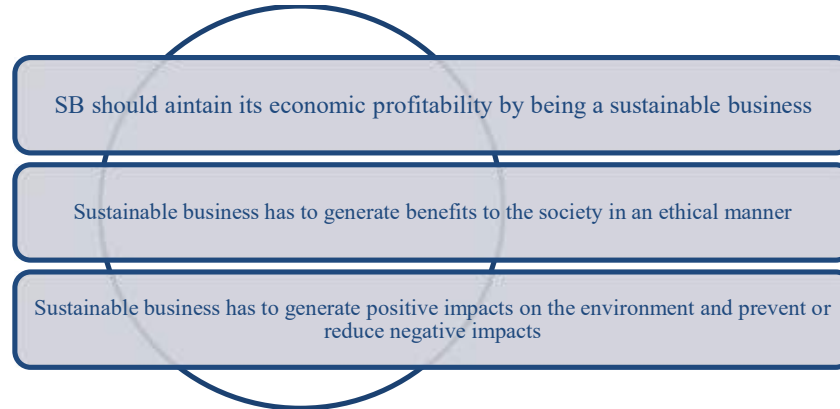
4.7. The main importance of sustainable business for companies and global economy

The classic business is based on the traditional economy but sustainable business mainly has to meet the three characteristics. (See figure no.5)

- Generate positive impacts on the environment and prevent or reduce negative impacts, for this, it is necessary to identify in the process the possible adverse effects that the business will have in order to prevent and progressively optimize the objective of being efficient and competitive.
- Generate benefits to the society in an ethical manner because by focusing on problem solving and identifying the benefits that should fits the clients' needs.

- c) Maintain its economic profitability by being a sustainable business, also by investing in knowledge and training aligned with practices that generate a positive impact on the environment. A sustainable business must be stable because it will allow it to be at the forefront of properly managing its financial resources to continue improving its procedure. (See figure no.4).

Figure no.5 The importance of sustainable business (SB) for companies' leadership and the global economy



Source: Author's research and design, 2024

4.7. Re-globalization and the possibility of sustainable globalization

Globalization has been a key of innovation and new perspectives for business, energy and economy, the cost of sustainability will need more ways to boost its implementation in the international level, especially for the emerging market, developing countries and low income countries that find difficulties to balance their economies during the transition of Globalization and its impact. Applying a sustainable strategy in businesses lead to sustainable and business values. (See figure no.6).

Figure no.6 Incorporating sustainability in business and the dimensions of globalization for a sustainable globalization



Source: Author's design and research 2023

According to this paper re-globalization is a possible new form of globalization that should be on more resilience, trust and new agreements between nations, applying sustainability in the area of business and companies, applying sustainability in the dimensions of globalization will lead to a new process that will be called rehabilitation of globalization and the world and that process will be called either the new phase of globalization that is re-globalization or sustainable globalization. (See figure no.6).

5. Conclusions

Globalization is living a recoil and slowdown due to various global risks that affected its process and dimensions, the decline in global GDP and FDIs globally makes sure that economies are linked together in globalization but the recoil of globalization and the appearance of both Slowbalization and de-globalization has made sure that nations or economies get affected easily if globalization get affected. De-globalization means less open border, living union agreements, companies de-globalize and try to survive by moving back to the home country. Like what happened during the 2019 pandemic and the outbreak of the 2022 Russian-Ukrainian war, many multinational and global companies closed their subsidiaries in the affected areas and de-globalized to the home country or other countries due to the difficulties in negotiations. Events such as Brexit, the 2008 global financial crisis, the 2015 global trade crisis, the widespread of the global health crisis provoked by Covid-19 in 2020, the outbreak of the 2022 Russian Ukrainian conflict. All these events weakened globalization and transformed it to Slowbalization and de-globalization as its new phases.

To sum up, there should be an extension and embrace of trade rather than rejecting it to overcome the most pressing challenges of our time. In particular, the case for expanding more trade integration to more economies, people and issues, a process we call will "re-globalization." Or even sustainable globalization when all the sustainable development goals (SDGs) will be fulfilled. The rising challenges in the global economy and society have made globalization recoil and move towards the process of slowbalization or de-globalization but a possible change towards re-globalization is still being introduced and played on the international arena. The classic business is based on the traditional economy but sustainable business mainly has to generate positive impacts on the environment and prevent or reduce negative impacts, for this, it is necessary to identify in the process the possible adverse effects that the business will have in order to prevent and progressively optimize the objective of being efficient and competitive. On the other hand a sustainable business model has to generate benefits to the society in an ethical manner because by focusing on problem solving and identifying the benefits that should fits the clients' needs. To sum up, sustainable business participate directly in the new phase of globalization if it maintain its economic profitability by being a sustainable business, also by investing in knowledge and training aligned with practices that generate a positive impact on the environment. A sustainable business must be stable because it will allow it to be at the forefront of properly managing its financial resources to continue improving its procedure. Finally, the end of globalization seems to be kind of impossible since all the world depends on it, the end of globalization means the end of one of its main instruments that is the internet. So, De-globalization or Slowbalization that is the current state of the world is about to move to the other era or the new phase of globalization that could be re-globalization in the phase of reshaping globalization. The concepts Slowbalization, de-globalization, reglobalization and sustainable globalization are new in the research area and they just forms of globalization. So globalization changes but its name remains globalization no matter its phases or forms.

6. References

- Benabed A, Miksik O, Baldissera A and Gruenbichler R, 2022. Small and Medium-Sized Enterprises' Status in The Perspectives of Internationalization, Globalization and Artificial Intelligence. *IBIMA Business Review*, Vol. 2022 (2022), Article ID 622251, DOI: <https://doi.org/10.5171/2022.622251>
- Benabed A., 2024a. Globalization and the global trending dimensions of the labor market in a challenging context: Aspects and insights. *Proceedings of the International Conference on Business Excellence*, Vol.18 (Issue 1), pp. 3645-3659. <https://doi.org/10.2478/picbe-2024-0296>
- Benabed, A. and Boeru, A.-C., 2023. Globalization beyond Business Sustainability, Energy and the Economy of the Future. *Proceedings of the International Conference on Business Excellence*, 17(1), pp.1569–1583. <https://doi.org/10.2478/picbe-2023-0141>
- Benabed, A. & Bulgaru, A. 2023. Global Economic Recession as a Major Risk Beyond Business Insights and Economies. *Proceedings of the International Conference on Business Excellence*, 17(1) 221-225. <https://doi.org/10.2478/picbe-2023-0024>
- Benabed, A. & Moncea, M., 2024. Slowbalization: Rising Trends for the Global Economy and Business. *Proceedings of the International Conference on Business Excellence*, 18(1) 283-294. <https://doi.org/10.2478/picbe-2024-0024>

- European Commission, 2020. *Circular economy action plan*.
- Kandil, N., Battaia, O., Hammami, R., 2020. Globalisation vs. Slowbalisation: a literature review of analytical models for sourcing decisions in supply chain management. *Annual Reviews in Control*, Vol. 49, pp. 277-287, ISSN 1367-5788, <https://doi.org/10.1016/j.arcontrol.2020.04.004>
- Lee, J., Lapira, E., Bagheri, B., & Kao, H., 2013. Recent advances and trends in predictive manufacturing systems in big data environment. *Manufacturing Letters*, 1(1), 38-41. <https://doi.org/10.1016/j.mfglet.2013.09.005>
- Lester S., 2011. The Globalization Paradox: Democracy and the Future of the World Economy by Dani Rodrik New York: Norton, 2011. *World Trade Review*, 10(3): 409-417. <https://doi.org/10.1017/S1474745611000231>
- Narula, R., 2004. R&D collaboration by SMEs: New opportunities and limitations in the face of globalisation. *Technovation*, 24(2), 153-161. [https://doi.org/10.1016/S0166-4972\(02\)00045-7](https://doi.org/10.1016/S0166-4972(02)00045-7)
- Oxford reference, 2024. Globalization. [online] Available at: <https://www.oxfordreference.com/display/10.1093/oi/authority.20110803095855259> [Accessed on March 27th, 2024].
- Ptaschunder, J.M., 2020, Revising growth theory in the Artificial Age: Putty and clay labor. *Archives in Business Research*, 8, 3, pp. 65-107. <https://doi.org/10.2139/ssrn.3385238>
- Rodrik, Dani, 2011. *The globalization paradox : why global markets, states, and democracy can't coexist*. Oxford; New York :Oxford University Press.
- Shekhar. A, Ilyina. A, 2023. IMF. 2023. *Charting globalization's turn to slowbalization after global financial crisis*. IMF Blog. [online] Svaialable at: <https://www.imf.org/en/Blogs/Articles/2023/02/08/charting-globalizations-turn-to-slowbalization-after-global-financial-crisis>. [Accessed on August 12th, 2023].
- Singh, R.K., Garg, S.K. and Deshmukh, S.G., 2008. Strategy development by SMEs for competitiveness: a review, *Benchmarking: An International Journal*, 15(5), 525-547. <https://doi.org/10.1108/14635770810903132>
- Stuart L. Hart and Mark B. Milstein, 2003. Creating sustainable value. *Academy of Management Executive*, Vol. 17, No. 2. <https://doi.org/10.5465/ame.2003.10025194>
- United Nations, 2015. THE 17 GOALS| Sustainable development.
- Witt, M.A., 2019. De-globalization: Theories, predictions, and opportunities for international business research. *Journal of International Business Studies*, 50(7), pp.1053-1077. <https://doi.org/10.1057/s41267-019-00219-7>
- Witt, M.A., 2022. Take a look at yourself: International business and the de-globalization crisis. In *International Business in Times of Crisis: Tribute Volume to Geoffrey Jones* (Vol. 16, pp. 89-96). Emerald Publishing Limited. <https://doi.org/10.1108/S1745-886220220000016007>