A Global Disruption Requires a Global Response: Policies for building international business resilience for this and future pandemics

Prepared October 2020
This report has been prepared for the exclusive use and benefit of the addressee(s) and solely for the purpose for which it is provided. Unless the Global Resilience Institute provides express prior written consent, no part of this report should be reproduced, distributed, or communicated for an alternative purpose from which it is intended, nor to any third party in respect of this report.

This project was made possible in part by a generous grant from the United States’ Federal Emergency Management Agency (FEMA) to Northeastern University’s Global Resilience Institute (GRI). We are especially grateful for the support of the entire GRI team, including Stephen Flynn, Jennie Stephens, Robin White, Mel Bernstein, and Christopher Grasso. We are also grateful to Ania Palka and Larissa Pacheco for their assistance with the project.

**Publication Citation:** Dau, L. and Moore, E. (2020). A global disruption requires a global response: policies for building international business resilience for this and future pandemics. GRI Whitepaper Series 2020-11. globalresilience.northeastern.edu/category/publications/whitpaperseries/covid-19-special-investigation-report-2020-11
About the Authors

Luis Alfonso Dau

Associate Professor, International Business & Strategy  
Robert & Denise DiCenso Professor, D’Amore-McKim School of Business  
Faculty Affiliate, Global Resilience Institute, Northeastern University

Luis Alfonso Dau is an Associate Professor of International Business & Strategy and the Robert & Denise DiCenso Professor at Northeastern University. He is also a Dunning Visiting Fellow at the University of Reading and a Buckley Visiting Fellow at the University of Leeds. His research focuses on the effects of institutional processes and changes on the strategy and performance of emerging market firms. He examines topics revolving around regulatory reforms, business groups, family firms, global corporate social responsibility, sustainability, formal and informal entrepreneurship, and the implications of culture on international strategy. His research has won numerous awards and has appeared in top journals in the field. He is currently serving as Vice President of Administration and elected member of the Executive Board of the Academy of International Business, and is a member of the editorial boards of several leading journals. See luisdau.com for detailed CV.

Elizabeth Moore

Assistant Teaching Professor, International Business and Strategy, Northeastern University

Dr. Elizabeth M. Moore recently finished her PhD in Political Science. Her research and teaching interests include formal and informal entrepreneurship, corporate social responsibility, institutional changes, institutional disruptions, transnational institutions, pro-market reforms, firm performance, firm resilience, emerging market firms, and international organizations. Recently, she has added on to her research stream by analyzing the connection between firms and governments in responding to natural and man-made disasters. She has begun exploring this research stream through her affiliations with both the Global Resilience Institute and the Center for Emerging Markets at Northeastern. Additionally, she is an active member of the Academy of Management, the Academy of International Business, the Strategic Management Society, the International Studies Association, and the CUIBE Case Competition hosted by Northeastern for which she is a Co-Director.
Abstract

The COVID-19 global pandemic has exacerbated the move toward greater economic nationalism and isolationism across the world. As nations have independently constructed responses to the pandemic with vastly dissimilar success levels, the repercussions for international businesses and national economies has been intense. We posit that addressing a global disruption, such as this pandemic that cannot be contained effectively by borders, requires a global response - not a national nor a local response. Based on a series of original interviews of international businesses conducted in the New England region of the United States, we examine some of the main issues they are facing, followed by recommended solutions to address them. The top five issues identified are: 1) Continued contagion and the domino effect; 2) Supply chain disruptions and forced localizations; 3) Closing of borders – work force issues & knowledge flow problems; 4) Decreasing confidence in international trade/sales and consumer spending; and 5) Institutional complexity/uncertainty. After each challenge, we also offer insights and learning opportunities for firms and policymakers. We then propose a global response plan for policy-makers in preparation for the next global disruption, with the aim of limiting its potential damage to the global economy and facilitating a prompter recovery.

Keywords: international business policy, multinational enterprises, global disruptions, COVID-19 pandemic, global supply chain disruptions, institutional complexity, institutional uncertainty
Table of Contents

Introduction................................................................................................................................................................6
Learning from this pandemic as a means to develop international business resilience for future disruptions.........................................................................................8
Challenge 1: Continued Contagion and the Domino Effect.................................................................8
Challenge 2: Supply Chain Disruptions and Forced Localization...........................................................9
Challenge 4: Decreasing Confidence in International Trade/Sales and Consumer Spending....................11
Challenge 5: Institutional Complexity/Uncertainty..................................................................................11
Developing a global preparedness plan for the next disruption.................................................................13
Discussion & Conclusion..........................................................................................................................16
Works Cited.......................................................................................................................................................18
A Global Disruption Requires a Global Response: Policies for building international business resilience for this and future pandemics

Introduction

After decades of heightened global economic integration, we are now seeing growing economic nationalism (Flournoy & Monaco, 2020). This trend has been evident over the last few years throughout much of the world, with clear examples such as Brexit (Economist, 2020); the United States (US) leaving, or threatening to leave, multiple international organizations (Fabian, Wadhams, & Marlow, 2020); and far-right and far-left populist governments getting elected across the globe (Gogoi, 2019). The COVID-19 global pandemic has not created these issues, but has greatly exacerbated these patterns that were already taking place (Altman, 2020). The pandemic has led to heightened uncertainty and fear for individuals, communities, and nations, which in turn is leading to increased economic retrenching (Solís, 2020). As nations have shuttered their borders as a means of curbing contagion across countries, we have seen growing distrust and casting of blame onto ‘outsiders’. With different countries responding to the pandemic in vastly dissimilar ways and displaying distinct success-levels as a result (Bremmer, 2020), this has led to even greater fear and distrust, and thus to even greater distancing between nations.

The repercussions for international business and the economic performance of nations has been enormous, as global trade and investment has decreased dramatically since the pandemic began. Indeed, the World Trade Organization estimates that global trade will drop by between 13%-32% in 2020 alone (WTO, 2020). Further, the World Bank estimates that the global economy as a whole will “shrink by 5.2%” as a result of COVID-19 (World Bank, 2020) Although some international industries and firms have actually benefited (such as online marketplaces like Amazon), international business in the aggregate has been greatly affected, with global supply chain disruptions (Aicke & Barriball, 2020), and industries such as tourism and hospitality becoming increasingly diminished (Strohecker, 2020). Yet the economic damage we see now is only the tip of the iceberg, as there will likely be long-term repercussions that could affect trade and investment going forward.
Many believe this crisis will lead to nations becoming increasingly isolated and nationalistic for years to come, as fear and uncertainty lead to greater retrenchment, but it does not have to be that way (Flourney & Monaco, 2020). This crisis can be an opportunity to create greater integration. It shows us the need to address global issues together and not apart and reminds us of the benefits of having strength in numbers and the importance of remembering the human in humanity (United Nations, 2020a). Allowing fear to dictate our global response will lead us to become more isolated and thus less prepared to respond to the next global disruption.

This is a global crisis, as COVID-19 does not stop at borders, as is the case with many other global crises and disruptions (Leigh, 2020). Some nations have been able to reduce the spread of the virus by closing their borders (Leigh, 2020), but this is not a sustainable solution in the long-term as the world relies on global supply chains and interconnected markets. Thus, it is critical to address both the global health and economic crisis simultaneously and systematically, as these are not competing crises, but rather deeply co-dependent ones. This requires a global response, not individual national responses; and certainly not individual state or community-level responses such as the ones pursued by the US. This necessitates a global strategy where nations come together to devise global solutions with global actors like IGOs, INGOs, and multinational enterprises (MNEs). If we are to reduce the recovery time from the current global disruption and be more resilient going forward, it is critical that we begin by learning from this pandemic and devising a global response strategy aimed at preparedness.

The remainder of this paper is organized as follows. Section 2 examines how international businesses and policy-makers can learn from the current pandemic as a means to develop international business and economic resilience. The section draws from interviews conducted with international businesses and managers throughout the New England region of the US to identify the main issues they are facing. Section 3 provides a framework for global preparedness for the next global disruption. The final section (4) provides the discussion and conclusion of the paper.
Learning from this pandemic as a means to develop international business resilience for future disruptions

Below we outline the five most significant challenges that we found MNEs are experiencing due to the COVID-19 pandemic. To increase the utility and generalizability of our commentary, we purposefully highlighted problems that exist across industries and firm types. To this end, our report encompasses MNEs across all industries and all sizes. We arrived at the selection of challenges based on interviews conducted in 18 communities across all six states in the New England Region, as well as publicly available information from MNEs, government agencies, and intergovernmental organizations. We removed all identifying information for the sake of anonymity. After each problem is presented, we offer critical insights and learning opportunities for both practitioners and policymakers.

**Challenge 1: Continued Contagion and the Domino Effect**

While the primary focus of our commentary is on the challenges facing MNEs and the potential learning opportunities to build resilience, it is critical to address the health crisis and the continued contagion. Indeed, the contagion and the economic crisis are intertwined. As the health crisis continues to spike in some places around the world (WHO, 2020a), policymakers continue to react with border closures and more stringent policies (Dau and Moore, 2020; Salcedo, Yar, & Cherelus, 2020). Further, consumers and employers require actual and perceived safety in order to return back to work and to accelerate spending patterns (Dau & Moore, 2020). Indeed, as cases continue to occur globally, consumer spending patterns will be deeply impacted (OECD, 2020b) and businesses will need to take measures to retain customers. Moreover, it is critical to remember that if cases continue to grow in one country, there is a likely domino effect that will then continue to spread the virus to other places (Demrovsky, 2020). Thus, the economy will not rebound fully until the health issue is addressed.

This reality, albeit simple, has important insights for both MNEs and policymakers across the globe. National governments need to continue (and increase) investment in global companies in the healthcare industry that are either working to create vaccines or other products aimed at reducing or slowing the contagion (United Nations, 2020b; WHO, 2020b). This is encouraged by the World Health Organization, whose chief scientists and representatives indicate that 172 countries have joined an initiative to fund a vaccine (WHO, 2020b). Furthermore, information regarding health risks is key, yet controversial. Different sources of information across different countries promote different realities when it comes to the virus. Thus, additional funding should be provided to global (and local) organizations that are disseminating information about COVID-19 that has been validated by the WHO. However, this information needs to be regulated and monitored by vetted health officials in order to ensure accuracy for consumers and citizens alike. Companies...
Learning from this pandemic as a means to develop international business resilience for future disruptions

that are involved in the vaccine and testing process, as well as intergovernmental organizations and governments, have a responsibility in ensuring that the relevant information is made public and that it is accurate and truthful.

**Challenge 2: Supply Chain Disruptions and Forced Localization**

A paramount issue facing all MNEs (as well as local businesses) refers to the ongoing supply chain disruptions (Craighead, 2007; Gereffi, 2020; Kobrin, 2020). These disruptions are in part due to border closures and also in part due to increased global regulations preventing materials and finished products being sent across borders (Alicke & Barriball, 2020). As many national governments continue to close borders to decrease the spread of the contagion, MNEs relying on global supply chains face serious threats and disruptions to their distribution (Schatteman, Woodhouse, & Terino, 2020).

For example, many MNEs across the New England states rely on both products and finished materials from Canada (due to the contiguous border) and the Scandinavian states (due to preferential trade agreements). One such example is an MNE in northern Maine that relies on pressure treated wood and other lumber from Canada. An interviewee indicated that the cost of lumber has gone up roughly 300% since the beginning of the pandemic and the wait times for same material increased by about 3 weeks. This has led to increases in cost and shutdowns in other cases. Other public MNEs (such as Adidas and Proctor and Gamble) have also indicated that their reliance on Chinese manufacturers in their supply chains has nearly “crippled” their production and lead to serious “headaches” (Horsley, 2020). Due to these increases in both time and cost of material, as well as difficulties continuing operations in certain high contagion countries, production within many MNEs has slowed down dramatically. These types of issues have negative implications for companies across all positions in supply chains.

This is a result of both increased border regulations and also increases in the cost of air, sea, and land freight (Alicke & Barriball, 2020). In particular, the cost of air freight has gone up dramatically as a result of lower cargo capacity in passenger flights (Kulkarni, 2020). As a result of these issues, MNEs have been forced to localize many parts of their supply chain to be less reliant on international markets that remain closed. In instances where the good or service needed is produced locally, the most typical outcome reported was an increase in cost. However, many of the executives interviewed noted that many goods and services needed are not currently available in the host country (domestic) market. While this may create new opportunities for local entrepreneurs, it leaves big gaps in the current supply chains of many MNEs.

Understanding these supply chain issues is complicated, yet critical, for both policymakers and practitioners. While we do not advise MNEs to attempt to make their supply chains completely domestic, shortening supply chains and having more local options and relationships may prove to be a source of resilience. Indeed, Bain Consulting projects that companies with shorter and more resilient supply chains will be able to grow faster during and after the pandemic (Schatteman, Woodhouse, & Terino, 2020). From a policy standpoint, national governments need to continue to monitor the necessity of border closures and try to construct policies that may restrict the flow of people, but not necessarily goods and services, across borders. While it would require cooperation on the part of companies (e.g., to ensure sanitation and higher standards), it may save the high cost of supply chain disruptions. Further, while it is ultimately within the
power of national governments to exit trade agreements, we would urge policymakers not to make these decisions in haste, or at the height of the crisis, as these decisions have lasting implications for firms.

**Challenge 3: Closing of borders – Work Force Issues & Knowledge Flow Problems**

Many MNEs rely on a global workforce and source their employees from all over the world. This is particularly true for MNEs that operate in countries that share contiguous borders with other countries (e.g., the US and Canada). Indeed, many MNEs rely on these commuter employees for tacit knowledge, skills, and technical expertise (Caprar, 2011). Moreover, for MNEs situated in rural areas close to a border, these commuter employees play even more of a central role. COVID-19 has created serious problems for MNEs relying on tacit knowledge (Van Assche & Lundan, 2020) and on these types of employees as a result of border closures (Davies, 2020). Indeed, several large MNEs interviewed in a northern community in Vermont indicated that they rely heavily on Canadian workers. Several managers indicated that finding local and domestic workers was a particular challenge given the rural location of the offices. As a result, they rely on commuter employees that often come from Canada. However, because of border closures due to COVID-19, this company (and others like it) are now facing labor shortages and difficulties finding skilled workers. Moreover, MNEs situated in rural areas also often have the opportunity to apply for government grants and loans aimed at attracting foreign workers. Border closures threaten the continuation of such programs, which can lead to serious workforce shortages.

Aside from commuter employees and government grant programs, industries that rely on an immigrant workforce also face serious problems as many of these immigrants are being forced to leave or have a heightened fear of working. An example is the agricultural industry, which is heavily reliant on immigrant workers globally. However, as indicated by our interviews, many of these immigrant workers either (1) fear working because of health related concerns; (2) have returned home to be with their families due to the uncertainty of the pandemic; or (3) are facing visa/work privilege issues dependent on the host country of the MNE. This leaves questions into how robust the future workforce of immigrant-reliant industries will be.

Additionally, MNEs also face serious threats to their global knowledge flows as student visas (that facilitate work programs and knowledge transfer) are experiencing increased regulations and restrictions (Anderson, 2020). Currently, it is extremely difficult to study abroad or enter a foreign country for a work-related reason. This will have long term implications for cross-border knowledge flows and talent development programs.

All of these realities have resulted in a serious labor shortage for MNEs globally. This has important implications for both practitioners and policymakers. Policymakers need to be aware of the importance of immigrant and commuter employees not only for MNEs, but also for local businesses, and develop appropriate policies accordingly. It may be best if additional types of visas were created or the path to obtain working visas was simplified. Managers and CEOs of MNEs need to devise strategies to continue to tap into the global workforce remotely in order to retain these labor opportunities. Additionally, we urge MNEs that employ immigrants to be highly aware of the sensitivities these workers face and construct company standards accordingly.
Challenge 4: Decreasing Confidence in International Trade/Sales and Consumer Spending

In part due to the issues described above, and in part due to increased fear and uncertainty, there has been a sharp decline in international trade and sales. Indeed, the OECD has already highlighted a 13% decrease in global gross domestic product (OECD, 2020a), and the WTO has projected a 13%-42% decrease in global trade and sales as a result of COVID-19 (WTO, 2020). Additionally, a 30-40% reduction in foreign direct investment, and a 44-80% drop in international airline passengers in 2020 is expected (Barua & Levin, 2020). Although these numbers do not tell the complete picture of 2020 (and cannot all be attributed exclusively to the pandemic), the numbers do raise concerns for the future of globalization and have important implications for consumer confidence going forward.

A critical take-away from the indicators and the interviews we conducted was that a central concern of companies is the decrease in consumer spending. This fear is echoed by government programs across the world aimed at incentivizing spending to ensure money is put back into the economy. However, with restrictions on restaurants, hotels, air-travel, and so on, still in place, consumer spending is under threat. In the US alone, consumer spending fell by 10.1% in quarter one compared to the previous year (Barua & Levin, 2020).

So what does this mean for MNEs and policymakers? Policymakers need to continue programs (both monetary and educational) to incentivize consumer spending. If money is not reinserted into the global economy it will stagnate, and the gains made from globalization will slowly dissipate. MNEs need to continue to come up with creative and innovative solutions to encourage consumer spending. Throughout the interview process, different executives indicated that they experienced success by offering more e-commerce platforms and options. Furthermore, discount and promotional programs were sources of success across the companies interviewed. Finally, several of the MNEs interviewed noted that they experienced upticks in consumer acquisition by increasing the promotion of their CSR (and other goodwill) programs. Particularly in times of crisis, firms can gain a competitive advantage by demonstrating their commitment to CSR (Abrahms, Dau, Moore, 2019; Dau, Moore, Newburry, 2020).

Challenge 5: Institutional Complexity/Uncertainty

Below, we describe the importance of a global plan and a globally oriented solution to not only COVID-19, but also to future global disruptions. Indeed, a number of the most serious crises are internationally oriented and do not often stop at borders. However, while COVID-19 is a global problem, there is currently not a globally agreed upon solution. Not all countries have the same regulations (Solís, 2020). Some countries have imposed strict regulations regarding social distancing, test tracing, mask-wearing, and so on, while others, due to resources or political ideologies, have been more relaxed. Differences in institutions across countries have been a long-standing...
challenge for MNEs (Dau, Moore & Kostova, 2020; Gaur & Lu, 2007; Xu & Shenkar, 2002), but this problem has been exacerbated as a result of COVID-19. Moreover, this is a particular challenge for MNEs when they operate in countries that are not following, or adhering to, global regulations as it exacerbates uncertainty (Moore, Brandl, Dau, 2019). Moreover, even within countries, institutional uncertainty can be quite high as some governments are offering recommendations, not regulations, or unclear regulations in some places and have failed to even provide a consistent national response. This institutional uncertainty can be a prohibitive factor for many firms and would be entrepreneurs (Bylund & McCaffrey, 2017).

Throughout the interview process, executives indicated that business regulations for manufacturing facilities across the different countries in which their MNEs operate are extremely different. As a result, employee mobility between the locations is now limited. Further, it has led to increased disparity in the profitability of each of the subsidiaries. Indeed, one executive indicated that the parent company has had to rethink how company policies are created when it comes to health and safety since prior to COVID-19 all of the subsidiaries were required to follow the same standards.

As we describe below, we urge national governments and policy makers to work with other governments and international organizations to create more globally oriented policies, instead of national or even local policies and recommendations. However, MNEs can also learn from these insights. Indeed, throughout the interview process many businesses, both local and multi-domestic alike, noted the importance of business-to-business sharing and knowledge sourcing as a way to overcome institutional complexity and uncertainty. Thus, we recommend that MNEs not only tap into local subsidiaries in different host markets to understand local regulations, but also that parent companies construct internal policies that can work across a multitude of host countries to incentivize and demonstrate the importance of global regulations.
Developing a global preparedness plan for the next disruption

Our commentary has important implications for both practitioners and policymakers. Above, we have highlighted the most serious challenges we identified that are facing MNEs as a result of COVID-19 and offered areas and opportunities for learning. Below, we describe (and urge the importance of) the creation of a more globally oriented plan to build resilience not only for this but also for future pandemics and other disruptions. What is most important to note, however, is that both MNEs and policymakers (at both the national and global levels) have critical roles to play.

**International Business Practitioners**

Although MNEs are, by definition, global, in order to build more resilient structures and systems going forward it is critical that companies think and act globally. What might this look like? First and foremost, MNEs need to actively work on building alternative domestic and international supply chains and partnerships to avoid over dependence on any one of these, since global crises tend to have a negative impact on global supply chains (Craighead, 2007; Gereffi, 2020; Kobrin, 2020). By diversifying supply chain networks and partnerships, MNEs can build resilience going forward (Schatteman, Woodhouse, & Terino, 2020). Thus, decentralization is an important risk mitigation strategy (Siggelkow & Levinthal, 2003; Qian, Li, Li, & Qian, 2008). Conversely, if a business is dependent on a limited number of suppliers, buyers, etc., then they are ‘putting all their eggs in one basket’, so to speak. While this may have advantages in terms of convenience and trusted relationships, if anything goes wrong (e.g., a future crisis), MNEs will not be well positioned to pivot or adapt to the disruption. Thus, we highlight the importance of building alternate distribution channels, partners, and so on. For example, some of the suppliers may be more expensive, but it may still make sense to buy at least a small portion from them, so if disruptions of any kind occur with their main suppliers, they will have relationships with other suppliers, giving them flexibility to switch between them more rapidly. Whereas building those relationships once a disruption arises would take time and attention in a moment when MNEs would need to focus on more pressing matters, making it much more difficult to accomplish such a transition successfully.

In a similar vein, it would also benefit MNEs to strengthen their business-to-business networks with a particular eye on resilience. Indeed, this resilience sharing already exists in some industries, particularly those related to security (Robson, 2018). However, our interviews and commentary highlight the importance of this information sharing across industries. MNEs, regardless of their industries, seek best practices and
Policies for building international business resilience for this and future pandemics
during times of institutional uncertainty and global disruption, these best practices often come from other MNEs and businesses, as governments and policymakers work to construct policies aimed at societal, not directly business, recovery. It may thus be beneficial for MNEs to engage in more open dialogue with other inter- and intra-industry partners when it comes to matters of resilience. Additionally, for MNEs operating in multiple host countries, this pandemic has demonstrated the importance of learning from their subsidiaries. As noted above, national governments around the world are employing a vast array of policies and programs to combat COVID-19 and there is no global consensus. As a result, it is important that MNEs understand all of the different policy nuances in each of the host countries they are operating in. While this will require more communication with subsidiaries in different host countries, this reverse learning will not only help to ensure that MNEs are operating by the regulations in each host country, but may also lead to more robust best practices that can be employed (Dau, 2011, 2013).

Finally, a critical take away of this commentary is that MNEs are global actors. Neighboring disciplines (e.g., international relations) have long studied the international system and have tried to understand how cooperative actions can be taken to global problems (Keohane, 1998; Snidal, 1991). However, these scholars have primarily looked at the state as the key actor in this system. While we do not contradict the importance of the state, our commentary aims to bring the MNE into the conversation. Indeed, the MNE has a role to play in both following, but also shaping, global policy (Van Assche, 2018). As some scholars question the efficacy and future of the nation state, it is important to look to other global actors. In addition, some scholars are questioning whether or not MNEs (e.g., Nestle with operations in 194 countries; Intel in Costa Rica; etc.) in fact have more power than states themselves (Khanna & Francis, 2016). Indeed, this line of scholarship suggests that MNEs have vast global influence that exceed the span of any one state. While both extremes have perpetuated the debate, we argue that it is important for MNEs to understand this potential role and believe that global policies and global solutions may benefit if MNEs are invited to, and held accountable by, the international forums that develop global solutions. Of course, this would require high levels of mutual accountability and trust (as well as enforcement and monitoring mechanisms), but in the end, global cooperation that includes all relevant global actors may lead to the best outcomes.

...it is essential that policymakers focus not only on domestic solutions and policies, but also turn their attention (and trust) to global ones and recognize the essential role that MNEs can and should play.

To do so, we urge that all states begin working together to develop a global plan now, and not wait until another crisis occurs. This agreement ought to be fostered by as many nations as possible and regulated and monitored through an intergovernmental organization with legitimacy and resources (e.g., the World Health Organization, the United Nations, or the World Trade Organization). This plan should be geared not only at responding to a potential health pandemic, but also at responding to other disruptions such as financial crises, natural disasters, terrorist attacks, and so on. Indeed, just as threats like climate change require a global response, which is what the Paris Accord was in part developed to address, so do disruptions such

Policymakers

COVID-19 has demonstrated the importance of the adage, “no man [or state] is an island” (Donne, 1624). Although some countries have more relative wealth and power than others, COVID-19 has highlighted the reality that global crises do not stop at state borders, despite best efforts. As a result, it is essential that policymakers focus not only on domestic solutions and policies, but also turn their attention (and trust) to global ones and recognize the essential role that MNEs can and should play.
as pandemics require a global response. Although the construction of such plans may be complicated and require vast resources and effort, it is essential to begin pre-planning and at the very least agreeing that working collectively is the best solution.

Specifically, as it relates to a subsequent health pandemic, international actors (e.g., states, international organizations, and MNEs) should start now by building a global preparedness fund (or “rainy day” fund) that all signing nations contribute to (depending on their population and other aspects) over time. The idea is akin to a reserve bank that is only to be used in response to a global disruption such as a health crisis and not touched otherwise so that by the time there is another disruption, there are funds ready when the world needs them. Only countries that sign up reap the benefits, creating an incentive for membership. These funds can help cover health related costs (e.g., testing, PPE, etc.) that have proven particularly steep during COVID-19. Additionally, this global preparedness fund could also be used to do research on the most likely new viruses (e.g., the current research on bats) to have a head start on treatments and vaccines when they do arise. While countries would be the primary members, it is critical to understand that they would need to work with MNEs to carry out research programs and produce treatments, vaccines, and so on. Thus, it would be beneficial to involve MNEs in these efforts.

In addition to a global preparedness fund, policy makers need to learn from this pandemic and implement the necessary steps identified by health experts right away and in unison. If a pandemic starts in one country and detected early enough, this can be first addressed by closing down that particular country from travel abroad to try to contain the contagion there. This would also mean that MNEs operating in that host country would need to pivot quickly to temporarily rely on local supply chains, as opposed to global ones. Practices that have been implemented unevenly across countries, such as stay-at-home orders, mask-wearing, and social distancing, would be implemented in that one country with the aim of stamping out the virus before it crosses borders.

This is where the global preparedness fund would come into play, as that country would be the one that is affected by the health crisis, but it would also be the one that receives support from the fund collected by all member countries. That country would essentially be “taking one for the team,” so to speak, so the funds to support recovery efforts would come from the global preparedness fund, provided they are a member. That is, everyone would bear the burden, since nobody knows who will be hit next. This also means that MNEs and local companies in that country would also need to be recipients of the recovery help, to minimize the social and economic impact to that country. Providing support for companies in response to the pandemic has been a source of controversy in many countries, but for economies to recover, businesses need to do so. If containing contagion to a single country is ineffective, then the next step would be to implement WHO and CDC guidelines right away across nations (e.g., masks, social distancing) plus additional guidelines (see Dau and Moore, 2020 for a list of guidelines proposed). Closing down economies would likely not be necessary if these practices are put into place promptly.

This type of international and coordinated preparedness and responsiveness to global disruptions such as health pandemics would thus allow nations to be more resilient, to reduce unnecessary loss of life, and to facilitate more prompt economic recovery. It is therefore in everyone’s interest for this pandemic to be a learning opportunity of the benefits of moving toward more (not less) integration and coordination across nations.
Discussion & Conclusion

The purpose of this commentary has been two-fold. First, we set out to outline and describe the five largest problems that MNEs are facing as a result of the COVID-19 pandemic. Our intention was to highlight the problems not only to bring them to the forefront of the conversation, but also to offer learning opportunities and critical insights that can be derived from these challenges. The selection of these challenges was informed by a series of interviews carried out across the six New England states of the US as part of a FEMA funded COVID-19 economic resilience project. While the interviews were carried out domestically, the international issues and challenges facing global companies were a common theme. Second, and using the identified problems as a launching point, our intention was to stress the importance of global cooperation. But this cooperation cannot just be between MNEs or states themselves. While organizations like the United Nations are beneficial, they currently exclude the role and responsibility of MNEs. Conversely, while MNEs have established networks of suppliers and trust, they need to do more to be an active part of the global system, as its proper functioning is essential to that of the MNEs. Indeed, a central take-away of our commentary is that both international relations and international business scholars would benefit from a more open dialogue because neither MNEs, nor international organizations, nor national governments alone are sufficient to solve global problems, as collaboration is key.

This article has important implications for both practitioners and policymakers. For practitioners, our research highlights the importance of business-to-business communications to build resilience, active participation from MNEs in creating global solutions, and an active re-thinking (and pre-thinking) about what it means to be resilient. These contributions are informed by both interviews and by current scholarly research. From a policy standpoint, we urge national governments to move more towards global cooperation and away from isolation. While we are not discrediting the notion of national sovereignty, we are stressing the importance of global integration for addressing global crises. But true integration relies on cooperation not just between states, but between states and all global actors, including MNEs.

While our research offers critical insights, we also hope that future researchers can build on our commentary. First, while our research was informed by both publicly available data and insights from MNEs and policymakers and interviews, future scholars could build on our research by doing in-depth case studies with individual MNEs or international organizations to understand how COVID-19 impacted them specifically and how they can develop practices to be more resilient going forward. This type of follow up research may offer additional findings for how MNEs or international organizations have been impacted, but can also...
help to tease out mechanisms through which these global actors can be more involved in the international community. Second, while we highlight the importance of global cooperation and introduce the potential for a global preparedness fund, future research, policymakers, and practitioners from global organizations (e.g., international non-governmental organizations, MNEs, etc.) need to contribute to our understanding of how such a fund could operate. Thus, we encourage the engagement and dialogue of both executives from MNEs as well as executives from global organizations such as the WTO, UN, and OECD. Such dialogue could be fostered through webinars or engagement series held by Journal of International Business Studies or other interdisciplinary academic outlets.

Humanity thus has a choice to make, whether to give in to our basest impulses and fears leading to isolationism, or to rise up and embrace this opportunity to create a stronger and more integrated international society and economy that is better prepared to confront the next global disruption. Although it may seem easiest and safest to recluse into our own safety nets and bubbles, that solution will do little to thwart any future global disruptions. Global problems warrant global solutions and we urge that all actors in the international system (e.g., policymakers, international organizations, and MNEs) recognize this is in their best interest and thus work together. Not doing so will mean we have not learned from the current experience and will be condemned to repeat it.
References


Donne, J. 1624. Devotions Upon Emergent Occasions and Seuerall Steps in my Sickness - Meditation X VI


Khanna, P. & Francis, D. 2016. 25 Companies are more powerful than many countries. Foreign Policy, March/April 2016.


References


World Health Organization (2020b). WHO Coronavirus disease dashboard. Retrieved from: https://covid19.who.int/?gcId=EAlalqobChMu8_T1YDG-6wWH0y1Ch16Fg21EAAAYSAAEGlHvO_BwE


About the Global Resilience Institute

Based at Northeastern University in Boston, MA, the Global Resilience Institute’s (GRI) research and educational mission is to develop and deploy practical and innovative tools, applications, and skills that drive social and technical changes, which strengthen the capacity of individuals, communities, systems, and networks to adapt to an increasingly turbulent world. Launched in 2017, GRI is the world's first university-wide institute to respond to the resilience imperative. Today, GRI undertakes multi-disciplinary resilience research and education efforts that draw on the latest findings from network science, health sciences, coastal and urban sustainability, engineering, cybersecurity and privacy, social and behavioral sciences, public policy, urban affairs, business, law, game design, architecture, and geospatial analysis. GRI works in close partnership with industry, government, communities, and non-governmental organizations, as well as engages in external outreach to inform, empower, and scale bottom-up efforts that contribute to individual and collective resilience.
Global Resilience Institute
at Northeastern University

globalresilience.northeastern.edu