

Business Resilience and Concerns of Companies and SMEs for Internationalization in Times of Globalization and Risks

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Please cite this paper as:

Benabed, A., 2023. Business Resilience and Concerns of Companies and SMEs for Internationalization in Times of Globalization and Risks. In: R. Pamfilie, V. Dinu, C. Vasiliu, D. Pleșea, L. Tăchiciu eds. 2023. *9th BASIQ International Conference on New Trends in Sustainable Business and Consumption*. Constanța, Romania, 8-10 June 2023. Bucharest: ASE, pp. 614-621

DOI: [10.24818/BASIQ/2023/09/076](https://doi.org/10.24818/BASIQ/2023/09/076)

Abstract

This paper investigates, describes and presents business resilience and concerns of companies and SMEs for internationalization in times of globalization and risks. Globalization has exposed them to risks and more attention. The used research method relied on a literature review, a quantitative and qualitative research using VOSviewer and data analysis. The research questions are “What the main risks that business and the process of Internationalization could face in times of Globalizations?” “Is business resilience important for companies such as SMEs and business?” The results showed that Internationalizing a company, taking the example of SMEs is a process that relies on the one hand on the way products and services are well positioned and on the other hand on developing them to stay or enter other markets. Expanding business overseas into other markets, countries and continents is not easy due to factors such as the ignorance of market with difficulties in accessing and finance, business operations and worrying about adverse scenarios like wars, recessions, the increase of inflation rate and other risks that affect business and internationalization. In conclusion, business resilience is a great option for companies and SMEs in particular to stay and adapt in international markets and once the business or company is internationalized in a resilient way it proves that its process of internationalization is resilient in times of risks and threats to its abilities. It could be possible that internationalization is not universal between allies since it can be affected by geopolitical instability, differences and conflicts. SMEs in particular and companies in general should rely on resilience as an important step while and before dealing with other markets that are exposed from time to time to risks in the process of internationalization and times of Globalization.

Keywords

Business resilience, internationalization, globalization, SMEs, companies, risk, impact

DOI: [10.24818/BASIQ/2023/09/076](https://doi.org/10.24818/BASIQ/2023/09/076)

Introduction

The process of Internationalization relies on the available resources in a strategic way to take advantage from the opportunities and offers of other markets. Internationalization has led business at the global level to more opportunities and competitiveness and since globalization itself globalized markets and societies, businesses, it has exposed them to risks and more attention. Internationalizing a company, taking the example of SMEs is a process that relies on the one hand on the way products and services are well positioned and on the other hand on developing them to stay or enter other markets. Small and medium sized enterprises (SMEs) are pushed towards following complex growth paths to bolster their competitiveness and to keep up with evolving technological and social scenarios (De Marco et al., 2020). The traditional SME model characterized by a relatively limited geographical span that is often represented by the domestic market (DM), by lower levels of digital advancement and of awareness towards sustainability, is no longer viable. Since there are risks and difficulties in times of globalization (environmental, social and economic), both internationalization and business require resilience and sustainability to resist and continue existing. Resilience could be considered somehow as sustainable path that make business or companies and their internationalization resilient in times of threats and risks.

1. Literature review

Companies, SMEs, Internationalization and business resilience

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 and Noll, 2000). Small and medium sized enterprises (SMEs) are pushed towards following complex growth paths to bolster their competitiveness and to keep up with evolving technological and social scenarios (De Marco et al., 2020). The traditional SME model characterized by a relatively limited geographical span that is often represented by the domestic market (DM), by lower levels of digital advancement and of awareness towards sustainability, is no longer viable. SMEs based in the west advanced economies, like Europe, face a recession in domestic markets and they are thus encouraged to expand abroad and move ahead. The often frail domestic internal demand, calls them to internationalize to search for new clients on foreign markets. (ESPAS, 2019). Moreover, digitalization and digital revolution increasingly call SMEs to pursue and push technological innovation and advances like artificial intelligence (AI from now on) as well as to adhere to environmental sustainability goals (ESPAS, 2019). Since value chains become global and digital, readiness to implement and proceed with digital processes will be key for smaller firms in order to join global digitized value chains as suppliers (Chen, 2019), Rehm and Goel (2017) argue that connect in integrated business networks (Rehm and Goel, 2017), and target global customers with personalized offers (Torn and Vaneker, 2019). Furthermore, internationalization and technological progress are often considered potentially threatening for the environment, due to issues related to pollution or the excessive usage of planet's resources (Attig et al., 2016). These growth paths can drive progress and global prosperity, only if sustainable (Kusi-Sarpong et al., 2019). The fact that pressures for implementing sustainability practices emerge (Cantele and Zardini, 2020) as a result of new regulations (Gadenne et al., 2009) and strong stakeholders' pressures (Tomažević et al., 2017).

Business resilience in communities

The ability to quickly make changes to business operations can be the differentiating factor across those affected by a crisis. For the hospitality industry especially, having an adequate supply of goods and services is crucial for the business's performance. Having a range of supply options for operations creates several pathways for revenue, preventing a total halt if supplies that are necessary for particular processes become extremely scarce. In addition to physical stock, social capital is also important and comprises of networks within the community, with the intention that strong community values have the potential to outweigh the consequences of disaster. (Sydnor-Bouso *et al.*, 2023). According to (Esper, 2020) For example, agile manufacturing would allow businesses to pivot in times of crisis. Such flexible models, including Instacart and Amazon Flex Delivery, proved to be critical during the pandemic (Esper, 2020). COVID-19 has revealed that resources from businesses and supply chains may lack the flexibility, diversity, and slack to support resilience in the current crisis (Zhu et al., 2020). A diversity of resources can also be useful (Westley, 2013); for example, multiple suppliers can help organizations solve shortages in the face of a crisis. Slack resources (i.e., resources held in excess) can also be crucial in areas in which inventory, surplus labor, and cash-on-hand can help weather disturbances (Sharfman *et al.*, 1988). A community is a complex set of relationships with a shared sense of mutual interest (Solomon, 1994) linked by shared locale, social interaction, and common ties (Bernard, 1973). Businesses can be viewed as communities themselves (Frederick, 1998) and also residing within wider communities.

2. Research method and research question

The used research method relied on a literature review, a quantitative and qualitative research using VOSviewer and data analysis. 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. The research questions are "How connected are business resilience and internationalization?" and "what risks require a resilience and impact both business and the process of internationalization?"

3. Results and discussions

1) The importance of business resilience

There is always the ability of making steps towards being more resilient, business resilience is important because it means that the business is still able to operate in the event of a major disaster or risks (geopolitical, pandemic, cyber-attacks ...etc.). So, obviously, prevention is the best cure as well as. Building resilience into business processes requires making sure that there is no single points of failure along the way, making sure that people are always trained in how they can do things without relying on just one process or one piece of equipment or network. The importance of a resilient business is that there is a possibility to work around all these with alternatives if something lacks or appears urgent, no matter the threat is to the business or what the impact of risks or disasters is to the business. This way, businesses can continue providing the services with also the ability to avoid and move from stress to resilience. (Figures no1,2 and 3)

2) What is more necessary in business resilience for companies and SMEs in particular?

Business resilience and continuity planning are the creation of processes and systems to ensure that a company or business can continue operations after a crisis scenario by creating a business resilience plan may help examine a range of disaster scenarios for potential failure points, focusing on details recovery plans, potential mitigations and alternatives with an interest to look at for opportunities for precautions and preventive steps. (See figure 1).

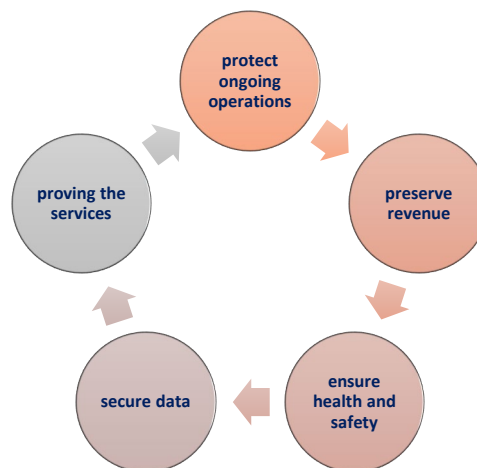


Figure no. 1. The goals of business resilience for companies and SMEs

Source: author's design and research, 2023

3) The process of internationalization and business resilience for companies and SMEs

Expanding business overseas into other markets, countries and continents is not easy due to factors such as the ignorance of market with difficulties in accessing and finance, business operations and worrying about adverse scenarios like wars, recessions, inflation, etc. However, after the challenges and stagnation provoked by the health crisis (COVID-19) for example the interest of enterprises and companies has been enabled and reactivated in the post pandemic. Indeed, internationalization has been a challenge and such a paradigm shift for business and companies and due to market stagnation, recession and health. Crisis many of them have been pushed to undertake their path again. The great adventure is the risk towards internationalization that presents competitive pressure in different ways and markets, digitalization and digital transformation, innovation, sustainability and protectionism, business resilience of its possibilities. Boosting economic and commercial relationships is very important for companies to process internationalization globally, especially with countries that have a negative trade balance. In other words, the countries and sides that import more that export to cover internal needs if internal production is not enough for market diversity and satisfaction that population and customers require. SMEs and companies should identify key contributors, stakeholders and the roles they will fulfill during a disruption. It is important for SMEs also to identify any equipment and location including offices that may be impacted. Moreover, focusing on suppliers, vendors, partners and customer data are also important. Companies have identify and to deal with potential threats that may impact business and also the process for reviewing and testing. Companies and in particular SMEs should focus on the multiple overlapping threats and how to evolve recovery actions. (See figures no. 1, 2 and 3)

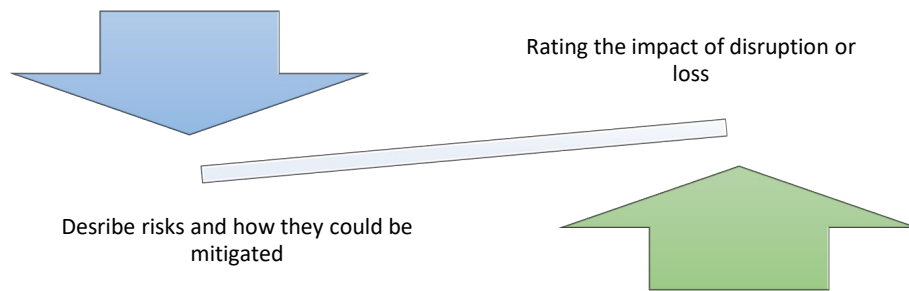


Figure no. 2. Main focus to balance business resilience in SMEs and companies

Source: author's design and research, 2023



Figure no. 3. Risks and impact functions to business that require resilience

Source: author's design and research, 2023

4) Geopolitical risks, Business and internationalization

Indeed, the serious escalation is offering the chance to focus on business resilience and seek opportunities to boost it or save it in times of geopolitical tensions by concerning major trends experienced in international trade such as

- The rising influence of geopolitics on international business.
- The acceleration of challenges and changes that motivate volatility in quotations and prices.
- The impact on quality standards and the rising appearance of inflation that concern both supply and demand.
- New production parameters and companies' leaderships.
- The consolidation of the global economy and technological advances.
- The speed to sustainability and renewables that still are not still enough to satisfy to be considered as alternatives internationally.

Consequently, it could be possible that internationalization is not universal between allies since it can be affected by geopolitical instability, differences and conflicts. In fact, progressive geopolitical risks, regional and global economic instability are considered major threats to the growth of both domestic and foreign business possibilities and operations. Therefore, geopolitical risk management should be considered in business plans. Nowadays, geopolitical risks are facing both developed and developing countries and increasing risk factor are important for entrepreneurs. Obviously, geopolitical risks, conflicts or threats appear in a variety of ways and they are often unpredictable. Fluctuation in business relationships, changing negotiations, new legislations mark a change in the economic and political landscape that can alter directly business opportunities and economic growth. It is not always easy to translate these circumstances into tangible indicators. In order, to mitigate the impact of adverse scenarios, such an awareness of underlying trends in global risks can lead companies to take measures and generate opportunities for growth during the evolution of some global risks, the perception of geopolitical instability is a major factor that increasingly worries companies since geopolitical, political and macroeconomic insecurity negatively affect business profits. Therefore, geopolitical risk management play such a role in the progress of company. However, the rapid changing risk landscape depends on how business leaders assess the impact of contingencies on business. Undoubtedly, due to volatility businesses see disruption to the global economy. In globalization, expecting potential shocks and recessions to the economy can be serious and lead even to a crisis due to the emergence of a multipolar world like the one ahead. Basically, companies' concerns regarding geopolitical risks include an uncertain or clearly restrictive regulatory environment for high technology and telecommunications financial services, then, social and political instability is the second most pressing concern. By contrast, data-driven management techniques and big data present somehow a clearer opportunity for companies and businesses across all regions and industries to counter announced risks. Business resilience is the capacity to withstand or recover, if a business is resilient, it is

able to snap back quickly. A business resilience is the ability to get back to its path when something goes wrong and the ability to stay on the path even though times are tough. Business resilience is something possible to be built with the ability of improving the elasticity of the elastic band. Therefore, it gets better at staying on the path. (See table 1 and figure 3).

Main risk characteristics to Business, companies, and SMEs

The main risk characteristic to business, companies and SMEs as particular example are figured in the pandemic outbreak, critical infrastructure blackouts such as power disruption, market developments, political risks and violence like geopolitical conflicts and political instability, shortage skilled workforce, fire and explosions, climate change and natural disasters, macroeconomic effects such as energy crisis, recessions and inflation, changes in legislations and regulations at the national or global level and cyber incidents. (See figure 3).



Figure no. 3. Main risk characteristics to Business, companies and SMEs

Source: Author’s contribution 2023, Statista data 2023

4. Case study

27 bibliographic data (documents) were successfully extracted that contain business, resilience and internationalization from Scopus, then technically using VOSviewer a map based on text data by choosing the option to create a term co-occurrence map that represents and visualize the common items and connection between business, resilience and internationalization. The study relied on 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 and the counting method “full counting”. Definitely, the minimum number of occurrences of a term was just 1 and from 1297 matching terms, 1297 met the threshold. For each of 1297 terms, the relevance score was based on most relevant items. The default choice was to select 60% relevant terms. As a result, the number of final selected terms was 778 that represents the connection

and common concept of “business, resilience and internationalization” by relevance, the list was filtered to 626 and clustered in 16 clusters successfully. (See figure no. 4, tables no. 1 and 2).

Table no. 1. Bibliographic data common items between “Business, resilience, internationalization”

Number of relevant bibliographic data (documents)	27
Supported file types	Scopus
Fields from which terms were extracted	Abstracts/papers
Minimum number of occurrences of an item (chosen)	1
Total reached items	1297
Counting method	Full counting
Relevance score (%)	60%
Final reached items by relevance score	778
Final filtered items by relevance	626
Number of clusters	15

Source: author’s elaboration and research, 2023

As explained in the research method, tables 1 and 2 after all the study figure 4 the map of items connection and co-occurrences between Business, resilience and internationalization show and visualizes that SMEs interestingly appear important in the process of business resilience and internationalization and the connection requires technical solutions, crisis team, business association, resilient performance and focus on export while dealing with international trade using innovation. Capitalism accounting, integration and governance have an input on international trade and SMEs. (See figure no. 4).

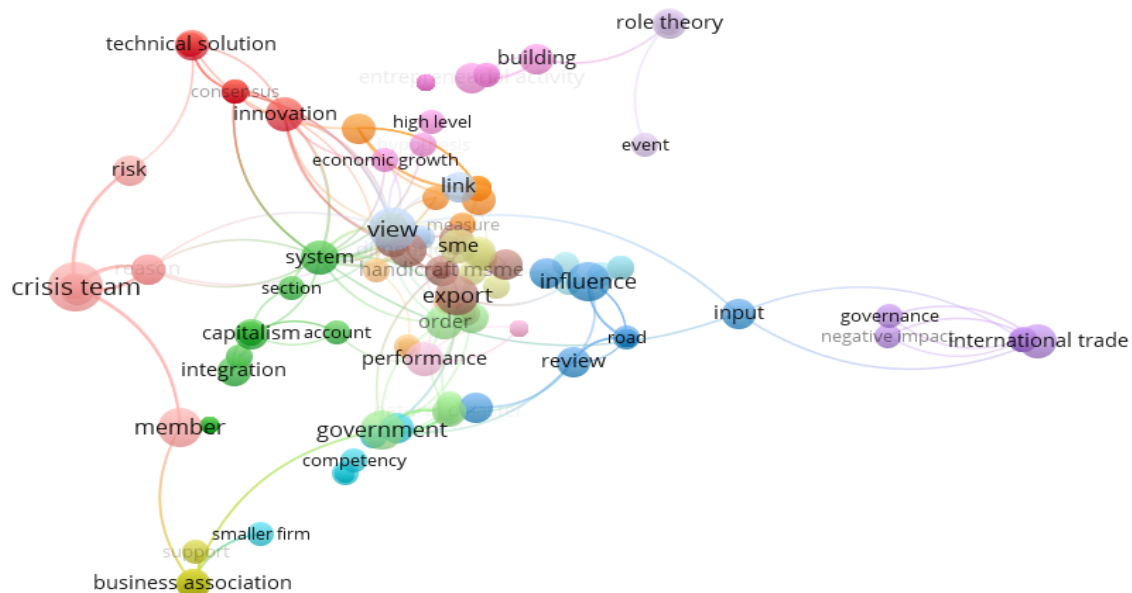


Figure no. 4. Map of some common word between Business, resilience and internationalization

Source: Author’s elaboration, 2023

The clusters are mentioned and visualized in various colours on the map of co-occurrences and they represent that prove the common connection between artificial intelligence and energy and business. (See figure no.4 and table no. 1). 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. According to the creators of VOSviewer “Nees Jan van Eck and Ludo Waltman”, VOSviewer is a software tool for creating maps based on network data. The functionality of VOSviewer can be summarized between visualizing and exploring maps and creating maps based on network data. (Van Eck and Waltman, 2020)

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

Clusters	Number of final filtered items
Cluster 1	72
Cluster 2	65
Cluster 3	48
Cluster 4	45
Cluster 5	45
Cluster 6	43
Cluster 7	43
Cluster 8	42
Cluster 9	41
Cluster 10	41
Cluster 11	41
Cluster 12	36
Cluster 13	34
Cluster 14	16
Cluster 15	14
Total: 15	Total: 626 (relevance score 60 %)

Source: author's elaboration and research, 2023

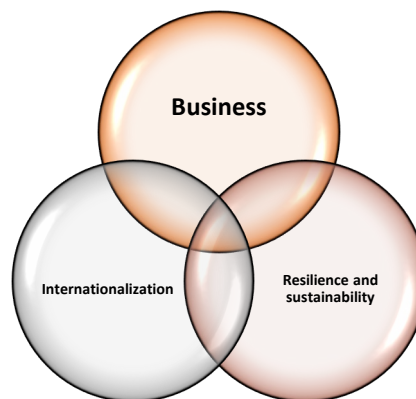


Figure no. 5. The connection between Business, resilience and sustainability and Internationalization

Source: author's elaboration and research, 2023

Conclusions

To sum up, it could be possible that internationalization is not universal between allies since it can be affected by geopolitical instability, differences and instability. In fact, progressive geopolitical risks, regional and global economic instability are considered major threats to the growth of both domestic and foreign business possibilities and operations. Therefore, geopolitical risk management should be considered in business plans serious escalation is offering the chance to focus on business resilience and seek opportunities to boost it or save it in times of geopolitical tensions by concerning major trends experienced in international trade Expanding business overseas into other markets, countries and continents is not easy due to factors such as the ignorance of market with difficulties in accessing and finance, business operations and worrying about adverse scenarios like wars, recessions, inflation,...etc. Business resilience is a great option for companies and SMEs in particular to stay and adapt in international markets and once the business or company is internationalized in a resilient way it proves that its process of internationalization is resilient in times of risks and threats to its abilities. (See figure no. 5). The main risks that business and the process of Internationalization could face in times of Globalizations need to be prevented before they happen by focusing on a resilience plan that could include the possible ways to mitigate the risks that could happen, business resilience is important for companies such as SMEs in particular and business in general.

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