

Editorial

Building International Business and Societal Resilience in an Uncertain Global Environment

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Given the rise in both the type and volume of uncertainty in the global business environment, MNCs face challenges in realizing the tools and skills necessary to foster both their own resilience and that of the communities in which they operate. The articles in this special issue aim to provide guidance to multinationals and other stakeholders on building international business and societal resilience in an uncertain global environment. The introductory editorial article outlines the complexity of resilience-building and discusses different types of resilience relevant to MNCs. It then overviews the six articles in the special issue, which relate broadly to the themes of supply chain resilience, global disruptions and volatility in the external environment, and organizational resilience.

“We can’t guarantee that we will keep the black box closed, but we need to be prepared for whatever comes out when it opens” – Dr. Stephen E. Flynn, Founding Director, Global Resilience Institute

INTRODUCTION

Resilience – the capability to anticipate, cope, recover from, and adapt to both periodic shocks and major disruptions – is called for at various levels (e.g., global, national, firm, individual) in order to cultivate preparedness as global crises, both man-made and natural, continue to proliferate (Flynn, 2007; Sutcliffe & Vogus, 2003). Man-made crises, such as terrorism, continue to make communities vulnerable and to pressure firms to build resilience (Abrahms, Dau, & Moore, 2019; Branzei & Abdelnour, 2010; Czinkota, Knight, Liesch, & Steen, 2010), while non-man-made crises like natural disasters and health epidemics may mandate a different set of strategic choices (Oh & Oetzel, 2022). Given the rise in both type and frequency of disruptions in the global business environment, characterized by disturbances and an unprecedented level of uncertainty, possessing the tools and skills needed to build resilience is critical for the survival of multinational corporations (MNCs) and the communities and societies in which they operate (Dau & Moore, 2020a, 2020b). To address this urgent need, we are delighted to present this special issue of *AIB Insights* on “Building International Business and Societal Resilience in an Uncertain Global Environment” to unpack the complexities of resilience building and offer actionable guidance for MNCs operating in an increasingly turbulent and uncertain global environment.

Theorizing, researching, and measuring resilience has become a paramount issue across multiple scholarly disci-

plines and practitioner circles as a result of recent global crises such as the COVID-19 Pandemic and the Russia-Ukraine War. While each discipline offers critical insights, examining resilience building from an international business (IB) perspective offers a unique vantage point given the reality that the MNC must account for multiple levels of analysis (ranging from the individual to the firm, to the country, to the globe) and faces a myriad of disruptions in different contexts. It is the variety of disasters that makes understanding how to recover and build resilience from both the MNC and societal perspective extremely complicated. What prepares us for an earthquake, doesn’t prepare us for a health epidemic like COVID 19. What prepares us for a hurricane, doesn’t prepare us for a market failure. Individuals, MNCs, and societies more broadly are constantly trying to play catchup with disasters that are happening. What complicates this even further is the reality that preparing for the next disaster does not simply entail learning from the last one because it likely will not look the same. This complication is exacerbated by the fact that as stakeholders become more interconnected, so too do the disasters. This is not to say that flooding or fires cause pandemics or that economic collapse somehow has a hand to play in the spread of disease, but rather that oftentimes disasters that arise worsen existing problems. For example, when COVID-19 hit, communities that had extant social, economic, and governance fragilities were less resilient to the pandemic, making the negative externalities more severe. As the global environment continues to face high degrees of uncertainty, it is imperative to build resilience to reduce the probability of cascading failures, or the secondary and tertiary failures that result from the initial disruption.

Table 1

Type of Resilience	Example Functional Indicator of Resilience	Potential Impact for Multinational Firm
Financial	Stability of revenue to cost ratio	Considering an economic collapse or market failure, how will the MNC be able to manage increased costs and drops in revenue?
Operational	Percentage of production capacity	How will the MNC fortify their ability to deliver product(s) to customers?
Technological	Number of IT projects planned and/or implemented	How can the MNC use and secure high-quality and high volumes of data in ways that are compliant with regulations and add value to consumers?
Organizational	Percentage of workforce turnover	How can the MNC maintain a positive and inclusive corporate culture that equitably supports and retains the best talent?
Reputational	Degree of alignment between environmental, social, and governance mission and values and firm behavior	How can the MNC balance different stakeholder demands and operate in ways that don't conflict with these demands?
Business-Model	Level of innovation and entrepreneurship	Is the MNC positioned to pivot and adapt? If so, how quickly can the MNC pivot?
Employee	Level of social connection and/or social support	How connected and motivated do employees feel to the MNC and how does this connection impact the quality and desire to perform at work?
Community	Level of social cohesion or connectedness	What are the baseline levels of resilience of the communities that the MNC operates in and how do these levels create risks or opportunities for the MNC?
Supply-Chain	Degree of information sharing between producers and suppliers	How vulnerable is the MNC's supply chain and how can the MNC mitigate and prepare for any potential risks?

The question then naturally surfaces: how can MNCs and the societies they operate in build resilience? To make meaningful progress towards resilience, it is critical that MNCs and all stakeholders in a society understand the different types of resilience. We offer [Table 1](#) which outlines the main types of resilience relevant for MNCs. A key takeaway of this editorial and special issue more broadly is that MNCs and societies must actively work on fostering all types of resilience as one type alone is not sufficient in the current uncertain global environment where disruptions and disasters only appear to be proliferating at higher rates. For example, financial resilience focuses on questions of whether a firm will be able to withstand market failures and other types of disruptions from a revenue and cost perspective. Literature indicates that these disruptions and challenges to the market are increasing costs for MNCs, while also threatening potential revenue streams due to shutdowns and closures (Klapper & Lusardi, 2020). This mandates that MNCs consider how they will adapt, survive, and thrive considering these economic and market collapses and how they will manage the increased costs and potential losses in revenue. While research has highlighted that many industries and sectors have experienced severe challenges to financial resilience, it also suggests that if firms strategically plan and implement other functional expressions of resilience, they may be able to weather some of the financial storm.

Again, building on the important premise that each type of resilience is interconnected to the others, nascent research indicates that firms that focus on business-model resilience may in turn increase their financial resilience (or other types of resilience). Business-model resilience cen-

ters on the degree to which the MNC is positioned or able to pivot and adapt to disruptions. Further, it focuses on how the firm will adapt and pivot (Dau & Moore, 2020b). Business-model resilience requires that firms actively engage in innovation and entrepreneurship before a disruption happens so that when it does, they have the resources and capabilities in place to pivot (Mao, Zhang, & Tang, 2021).

Yet, while research has demonstrated the importance of business model resilience and financial resilience, literature on supply-chain resilience and community resilience offer direct reminders that even if a firm expresses high levels of financial, operational, technological, organizational, reputational, and business model-resilience, because the firm is an actor that is interconnected with, and thus in part dependent on, other actors and stakeholders, it is equally important that scholars and practitioners of IB spend time examining supply chain and community resilience. Not surprisingly, considering recent global crises, there has been a marked increase in literature on supply chain resilience (Wieland & Durach, 2021). This literature seeks to understand how vulnerable the MNC's supply chains are and how MNC's can work to mitigate some of the existing risks and threats within the supply chain. Based on foundational principals of resilience, there is increasing attention on strengthening the interconnections between partners throughout the supply chain through mechanisms like information sharing (Scholten & Schilder, 2015). From this perspective, the MNC must recognize that it is part of a larger interconnected system and that strengthening internal resilience is only one part of the equation. A similar takeaway becomes clear from community resilience. All MNCs, regardless of size and location, operate within com-

munities. Thus, MNCs need to be aware of community resilience as well. This type of resilience asks: what are the baseline levels of resilience of the communities (Berkes & Ross, 2013) that the MNC operates in and how do these levels create risks and/or opportunities for the MNC? Much of the literature on community resilience takes an integrated approach and begins with the recognition that community resilience mandates cross-sectoral and systemic partnerships (Aldrich & Meyer, 2015).

Analyzing the different types of resilience, considering different contexts and types of disasters, provides IB scholars with an opportunity to examine resilience from multiple levels of analysis and an array of different perspectives. Moreover, it encourages IB scholars to continue to exploit interdisciplinary research and rethink the role of the MNC in the global environment. While delving deeper into all these issues and questions extends beyond the scope of this introductory article, we hope that raising these questions continues to inspire meaningful research on international business and societal resilience. These questions demonstrate that resilience is truly an interdisciplinary phenomenon that encourages IB scholars to look to other disciplines for insights, which in turn allows IB to inform other disciplines.

SPECIAL ISSUE ARTICLES

This special issue includes six articles that each address the broader theme of resilience, while collectively also shedding light on one of the most important realities of resilience: while there are individual functional expressions of resilience, building resilience is complex and requires an understanding of interconnectedness between these individual functional expressions of resilience. Indeed, the diversity of topics in this special issue demonstrates not only how different types of disruptions mandate different strategic responses, but also how and why different types of resilience functions can be cultivated by MNCs.

The first two articles shed light on supply chain resilience. This topic has garnered increased attention due to recent global crises, like the COVID-19 Pandemic and the Russia-Ukraine War, that have highlighted the fragility and vulnerability of global supply chains. This issue is particularly salient for MNCs that rely on complex networks of producers and suppliers globally. The second two articles center on the theme of disruptions and underscore the importance of understanding potential volatilities in the environment in which MNCs operate. Moreover, these articles emphasize two key takeaways: first, that the volume and type of disruptions continues to be on the rise; and second, that each type of disruption poses a unique set of challenges to the resilience of MNCs and society. The final two articles look broadly at organizational resilience with an increased focus on the individuals within the MNC. These articles raise critical questions regarding how to build a cadre of global managers that are positioned to manage disruptions as well as questions regarding what the future of work will look like in the face of increasing disruptions. While the first four articles highlight the importance of the exter-

nal environment, these two articles demonstrate the necessity of building organizational resilience internally within the MNC to navigate the external turbulence. We offer a brief synopsis of each of these articles below.

SUPPLY CHAIN RESILIENCE

The first two articles in the special issue draw the reader's attention to the importance of supply chain resilience broadly. These articles stress the importance of how interconnected the global economy is and how the fragilities and vulnerabilities in the supply chain mandate increased attention and effort on resilience-building across borders. The article "Resilience: Easier said than done – but it can be done!" is by Peter D. Ørberg Jensen and Torben Pedersen, both from Copenhagen Business School, Denmark. The authors discuss how the globalization of supply chains both promotes, and is a product of, a globalized economy. This high degree of interconnectedness and pressure on the global supply chain comes at the cost of increased turbulence and disruptions that pose serious challenges for MNCs. While building a resilient supply chain comes with many challenges, the authors offer valuable initiatives that MNCs can implement to work towards supply chain resilience.

Lucia Piscitello, Cristina Di Stefano, Stefano Elia, and Paola Garrone, all from Polytechnic University of Milan, Italy, authored the article "The Circular Economy as a new production paradigm to enhance resilience of MNEs and economic systems." The article emphasizes the interconnectedness between environmental and geopolitical issues and the uncertainty, risk, and instability of the economic system. Through a discussion of the marked rise in consumption of natural resources and raw materials, the authors outline the fragility in global supply and value chains. To address these concerns, the authors offer the circular economy approach as one potential solution that will facilitate resilience building for MNCs through a reduction of reliance and consumption of natural resources and raw materials.

GLOBAL DISRUPTIONS AND VOLATILITY IN THE EXTERNAL ENVIRONMENT

The next two articles examine how the external environment influences the MNC and draw the reader's attention to the reality that the external environment is more vulnerable now than ever before, as disruptions continue to proliferate across the globe in higher volumes and at higher levels of intensity. Moreover, these articles remind readers of the wide array of types of disruptions and underscore the importance of building different types of resilience to respond to these different disruptions. Aureliu Sindila of Hong Kong Polytechnic University, China, Nicolai Foss of Copenhagen Business School, Denmark, and Xueyong Zhan of Hong Kong Polytechnic University, China authored "Building Resilience for Surviving and Thriving in a VUCA Context." The authors call attention to the importance of not only surviving but also thriving in a volatile, uncertain, complex, and ambiguous (VUCA) environment. In doing

so, they stress the importance of context for the MNC and note that VUCA conditions have continued to rise across the globe. The authors contend that while international business scholarship has examined the importance of resilience-building amidst this turbulence, there has been less clarity on how decision-making at the top can functionally facilitate these efforts. To address this gap, the authors offer a sand-clock model of resilience-building that combines resourcefulness, time interpretations, and entrepreneurial judgments.

“Natural Disasters and Multinational Enterprises: In Denial and Unprepared or Ready to Respond?” is written by Chung Hoon Oh of the University of Kansas, USA and Jennifer Oetzel of American University, USA. The authors focus on natural disasters and highlight both the notable rise in volume and intensity of natural disasters globally. Moreover, they make the claim that natural disasters represent a unique type of disruption that mandates unique strategic responses to reduce risk and maintain business continuity. More specifically, they assert that disaster risk preparedness and response is likely to become a critical core competency for managers in the near future. This article also aims to provide insights on the role that companies play in risk mitigation and resilience building for the communities that they operate in.

ORGANIZATIONAL RESILIENCE

The final two articles in this special issue relate broadly to the theme of organizational resilience, with a focus on the internal environment of the firm. Jacqueline You of the University of York and Durham University, United Kingdom, is the author of the article entitled, “An Overview of Organizational Resilience in Research and Strategy: Implications for Future of Work.” You highlights that while a majority of previous literature on organizational resilience has been focused on “bouncing back” and a return to prior equilibrium, the nature and persistence of threats facing the firm challenge the effectiveness and utility of returning to

a prior equilibrium. The author highlights the complexity of threats that companies face and uses Complexity Theory to offer an alternative for building organization resilience. More specifically, You suggests that organizations must reflect, re-energize, and re-organize multiple response paths across space and time. In doing so, You offers critical insights for the future of work and the future of organizational resilience.

Miriam Moeller of the University of Queensland, Australia, Jane Maleey of Sabanci University, Turkey, Heidi Wechtler of the University of New Castle, Australia, Tao Bai of the University of Queensland, Australia, and Linglin Zheng of the University of Queensland, Australia authored the article “Navigating Disruptive Events to Strengthen Global Managerial Resilience.” The authors indicate the importance of resilience across multiple levels, spanning from the individual, to the organizational, to the external environment. They indicate that a proliferation of global crises has increased pressure for MNCs to develop a cadre of resilient global managers. More specifically, they note that while individual resilience is a key driver in facilitating employee recovery from disruptions, there has been scant theoretical or empirical work outlining how global managers develop and foster managerial resilience. By drawing on international human resources and mobility leaders, the authors offer a set of recommendations for how the MNC can anticipate and manage disruptive events. These insights are critical for MNCs looking to build a cadre of global mobile talent that is positioned and able to navigate an increasingly complex global work environment.

We thank the readers for their continued support of *AIB Insights!* We hope you enjoy the articles in this special issue and that they inspire you to continue theorizing and researching resilience and resilience building efforts across multiple levels. Please continue to submit your applied international business research and actionable insights to the journal.



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