

An Unprecedented Global Crisis! The Global, Regional, National, Political, Economic and Commercial Impact of the Coronavirus Pandemic

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Abstract

The proliferation of the coronavirus has created a global, regional, national, political, societal, economic and commercial crisis. The coronavirus crisis not only can be characterized as a disruptive period of instability, uncertainty, and danger but also can be perceived as a period of accelerated diffusion of digital technologies, micro-level initiatives, and a consideration of established resource-intensive forms. This paper discusses the possible impact of coronavirus pandemic crisis in the short and long term and call for research in many social and technical science fields such as political science, economics, business, management and technology management. By this paper, I intend to foster an exchange of theoretical ideas and empirical research across these topics at JAEBR and other leading journals.

Keywords: Coronavirus, Pandemic, Globalization, Regionalization, Political impact, Economic impact, Commercial impact and Innovation

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1. An Unprecedented Global Crisis! The Global, Regional, National, Political, Economic and Commercial Impact of the Coronavirus Pandemic

The proliferation of the coronavirus (also named COVID-19, the novel coronavirus, new coronavirus or corona pandemic) has created a global, regional, national, political, societal, economic and commercial crisis (see Appendix A for a short explanation of the coronavirus and its emergence). The coronavirus crisis could be characterized as a disruptive period of instability, uncertainty, and danger. But the crisis can also be perceived as a period of accelerated diffusion of digital technologies and micro-level initiatives, and a consideration of established resource-intensive forms of communication and globalized supply and outsourcing chains.

The virus outbreak began abruptly in many countries in January 2020, leading to dangerous situations related to health, economics, and business. The initially gradual diffusion of the virus suddenly changed to an exponentially increasing number of infected cases and deaths, mainly among older populations (see the daily statistics at www.worldometers.info, 2020). This was followed by exhausted health systems, shortage of medical products, market

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falls, irrational mass hoarding of certain products such as toilet paper, collapsing employment in service sectors and disruption of global supply chains.

Many countries have developed health, economic, and social measures intended to minimize the diffusion of the coronavirus and ameliorate the crisis, and have citizens experienced political, social, and economic interventions of their governments in almost all parts of their daily lives. The efficiency of many of these interventions is largely unknown. How long the impact of the coronavirus crisis will continue is also unknown. According to some calculations, the impact will last one or two years. However, according to Cassidy (2020), for example, compared with the financial crisis of 2008, the size and rapidity of the coronavirus crisis are bigger and will have a broader global impact.

All these issues will force researchers in a variety of fields, medicine, economics, business, technology, sociology and psychology, to study the crisis. By investigating the manifold impacts and initiatives related to the coronavirus crisis, researchers will expand our understanding not only of the activities, processes, and decisions during the crisis, but also how the crisis affects and transforms global and regional economic relationships, geopolitical constellations and alliances, business strategies and competitive positions, national politics and priorities, technological paradigms and forms of communication (c.f. Karabag, 2019; Hafiz, Oei, Ring and Shnitser, 2020; Christophers, 2015). Therefore, the Journal of Applied Economics and Business Research invites papers that analyze any of these aspects and consequences.

The crisis has shown that the dominant forms of global integration of nations, industries, businesses, and individuals have created a high degree of vulnerability and risk for failures. It has also demonstrated the risk of complex global supply chains and their impact on vital health-related sectors. According to Legrain (2020) the crisis will empower “nativist nationalists and protectionists” and will impact the free movement of people and goods. Others argue that the crisis has demonstrated the unsustainability of neoliberal globalization and will initiate a much-needed awakening to the need for crisis-proof supplies of vital goods and services, which will revitalize local industries. Many issues related to policy formation at national, regional and local levels, corporate strategies and entrepreneurship are interesting here, specifically, how the crisis will impact globalization and deglobalization during and post-crisis time.

The crisis is also a robustness test for regional political and economic integration activities, in particular it is a test for the European Union (McDonald-Gibson, 2020). Will the crisis reshape EU, reinforce the tendencies of disintegration that were visible already before the coronavirus crisis, or will it be possible for the EU to develop credible ways to reform and reinforce its federal institutions? The first signs were ominous. While most EU leaders officially espoused EU values and solidarity, their immediate responses to the crisis demonstrated a strongly national focus. Thus, when Italy sought medical supplies in the framework of the EU crisis mechanism in March 2020, none of the European countries responded positively, and when Italy asked for financial support from EU, the European Central Bank turned down the request. Moreover, several countries, including Germany & France, initially stopped the supply of protective medical gear to other EU countries, but later cancelled these measures (Hall, Johnson and Arnold, 2020). Similarly, Germany and the Czech Republic issued laws to enable stockpiling of medical supplies with little regard for their neighbors and other EU countries. This shows tendency that EU countries who as member states benefited from the EU in normal economic times, regressed to policies focused only on their own national interests during a period of crisis. The retreat of the EU member states from international solidarity created opportunities for other countries to use their soft power. Thus both, China (Campbell and Doshi, 2020), Cuba, and Russia (Mediaset TGcom24, 2020) supported Italy by sending medical gear

and health professions. How will these tendencies impact on the future of EU as an ambitious regional integration polity and the political, economic, security and business perspectives in its member states?

To combat the coronavirus and govern its crisis several different strategies have been tested. They can be classified in several ways, from soft to hard depending on the scale of restrictions and harshness applied, or from targeted to indiscriminate, depending on the use of testing and tracing implemented to track down and isolate sources of contamination. All strategies include uncertainties and uncalculated results. Thus, it is important to analyze how nations or governments determine their strategic response (including no-response), and how the selected strategy impacts the economic activities, management decisions and the behavior of consumers in the short and long term. The success of any strategy will be influenced by several national, institutional, and behavioral factors, and existing medical and societal capacity, infrastructure, and trust in government. So far Israel plus two democracies in Eastern Asia, Taiwan and Korea, stand out as the most successful cases of combatting the virus pandemic without implementing the draconian measures used in China. (Graham-Harrison, 2020; Financial Times, 2020). JAEBR welcomes in-depth studies of the policies and supporting infrastructural, industrial and health organizations in these three countries. The journal also invites comparisons with other policy packages, including studies of the variety of soft and hard policies implemented in Europe and North America, as well as studies of learning efforts in Europe and North America: have health authorities and policy-makers tried to learn and leverage anything from these three successful countries? If they have not tried to study and learn from these exemplary cases, how can the negligence be explained?

No matter what kind of combating strategy has been used, the impact of the coronavirus crisis on national economies, policies, and social activities has been serious. This impact affects not only the stock markets, the price of oil and other raw materials, but also fiscal and monetary policies, gross national production, trade policy, business cycle, employment, and social policies. JAEBR invites comparative studies of changing national economic policies and business practices during and after the crisis. Several countries have already started price wars over raw materials, especially oil. This means that some countries, such as Saudi Arabia, Russia, Iran and Norway, have to combat both the coronavirus and deepening economic problems. How do these countries manage their two crises simultaneously and what kinds of economic policies do they implement to offset the negative consequences of these crises? Cross-country comparisons are particularly welcome!

As part of the coronavirus crisis' economic impact, it is also important to study if and how nations transform their industrial policies, how nations and firms reconsider their global operations, assess their investment strategies, and remodel their supply chains. How this re-assessment, re-investment and remodeling impact on firm strategies, employment, entrepreneurship, business innovation and capability development are particularly interesting for the readers!

Digitalization is already a central issue of interest for many disciplines and we have seen an increased use of digital communication tools during the coronavirus crisis. What will happen when the immediate medical crisis has passed - will national and corporate innovation strategies be transformed to accelerate the development and use of advanced technologies such as 3D printing, digital solutions, digital currencies, and AI in different sectors such as health, education, and manufacturing and how will such strategies affect the growth of some sectors and industries and downsize others, and how will these trends impact countries that are dependent on selling services such as tourism and experiences?

One important impact of this crisis has been the failures of several global China-centered supply chains and low cost just-in time inventory models which created a lack of vital supplies, critical conditions for health workers at many hospitals and halted production and services in other sectors. It will be important to understand how firms and public agencies react and reform their supply chains and inventory management systems. Thus, JAEBR welcome studies of how firms change their production technologies and move to additive manufacturing and increased automation for rapid delivery which can help us understand how the post-crisis supply chains and inventory models will take form.

The coronavirus crisis is also a large-scale natural experiment regarding corporate social responsibilities. In Sweden, for example, some firms which normally produce industrial goods have taken the initiative to support medical equipment production, while other firms laid off all their personnel and asked for government support, but kept paying high bonuses and dividends to select employees and stock owners (Expressen.se, 2020). The Journal welcomes papers which present and analyze other cases of corporate (ir-)responsibility, and their impact on the business world.

To mitigate the risk of the coronavirus crisis, some firms expanded the use of home office practices and digital activities, such as relying on online meetings and eliminating face-to-face meetings. How firms will manage their onsite workforce management after the crisis is yet to be seen. Several human resource management-related questions are interesting to investigate: How do employees motivate themselves and manage their time at home? How does the work at home-concept affect employees' productivity and how is their productivity measured? Studies of the service sector, from education to tourism are of particular importance.

By this article, I intend to foster an exchange of theoretical ideas and empirical research across these topics in our unique journal. By doing so our Journal wants to create opportunities for socially relevant research, constructive dialogue and mutual international learning of importance for policymakers, academics, business managers and the interested public.

Appendix A: A short summary of the emergency of the coronavirus crisis.

On December 31, 2019, many people around the world were ready to celebrate 2020 after exercising their usual societal, political, economic, and business activities. On the same day, some experts from the World Health Organization (WHO) might be disturbed when they got the information from China about unusual pneumonia cases caused by an unknown virus in its city, Wuhan. This unusual pneumonia has several "clinical signs and symptoms are mainly fever, with a few patients having difficulty in breathing, and chest radiographs showing invasive lesions of both lungs" (WHO, 2020a). Later, it was found that this virus has a rapid dissemination rate and speed compared to other similar viruses (Li, Pei, Chen, Song, Zhang, Yang and Sharman, 20162020).

The WHO indicated on several occasions that there was no risk for travelers (WHO, 2020a; WHO, 2020b, WHO, 2020c). WHO first argued that there is no clear evidence of human-to-human virus transmission. However, suddenly on January 24, 2020, WHO stated that as more people are infected, it has been observed that human to human transmission is occurring and "it is not entirely unexpected given the volume of travel between Wuhan and other countries." It also highlighted, "further international exportation of 2019-nCoV cases may appear in any country and the possibility of cases arriving in the European Region" (WHO, 2020d), but it still didn't see any risk for traveling or dissemination in other countries and regions. Finally, the organization suggested how individuals can decrease transmission (WHO, 2020e).

At the end of the month, the International Health Regulations (IHR) Emergency Committee for Pneumonia due to the Novel Coronavirus 2019-nCoV met and appreciated China's transparency about the virus and their work combating the virus. They also suggested that the rest of the world should be thankful that China, though they created the risk, has stepped up to help protect the rest of the world (IHR, 2020). However, many disagree with the viewpoint and have criticized how China processed the information and acted between mid-November and the end of December (see, for example, Zhou, 2020; Bryner, 2020). The rapid global dissemination of the coronavirus and high contamination rate caused more than 840 000 infections by March 31, 2020. In the early days of the coronavirus crisis, some nations such as Taiwan and Korea reacted very fast, whereas the USA denied the impact. In other nations, the health policymakers and activists focused on containment; they later shifted to delaying contamination and efforts to mitigate the risks of spread and diffusion in their country (JPMorgan, 2020).

Declarations of Interest

None.

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