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## A Scenario-Based Analysis on the Impact of COVID-19 on the Public Sector, Private Sector, and International Business

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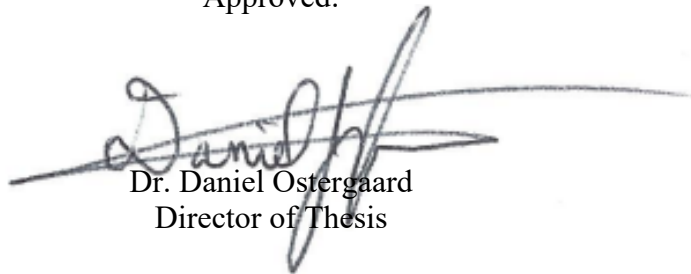
By

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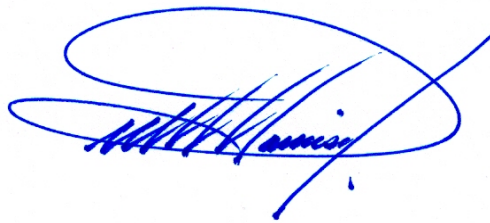
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## **Executive Summary**

### **Introduction**

The global crisis resulting from the COVID-19 pandemic will permanently change and directly affect humanity's global reality, but what exactly will that reality look like? As humans learn to accept and struggle to adapt to the short-term reality of quarantine and social distancing, the independent decisions made by unique individuals will have long-lasting and permanent effects on the shape of our future global reality. This crisis is so unprecedented because it is the first and only crisis that directly impacts every single human on earth, and it is even more unprecedented because every single individual has the ability and ultimate leverage to make their own unique and individual decisions. It is these decisions that will adversely affect the role of the individual, state, and firm, along with humanity's future global reality.

### **Possible Scenarios**

Three possible extreme scenarios exist, and all are entirely dependent on the actions taken and decisions made by individuals. Scenario A represents a reality in which individuals push back on restrictions from states and firms, trusting themselves and assuming a dominant role. The dominance of the individual lessens the power of states and firms and forces these actors to prioritize individuals and their decisions differently in the future. Scenario B represents a reality in which individuals push back on other individuals' and states' decisions but trust firms, leading to the firm assuming a dominant role. The resulting reality would be one in which firms have much more power in the public and private sectors than ever considered possible before the pandemic. Scenario C represents a reality in which individuals push back on other individuals' and firms' decisions, trusting the state and allowing it to take over the dominant role. In this scenario, states will continue to take more and more power as firms and individuals trust big government so much that they marginalize their own role. In conclusion, it is the hypothetical Scenario D, which is a mix of Scenarios A, B, and C, which represents the most likely scenario and global reality. Scenario D will encompass too many changes to predict, but it can be broken down into eight key takeaways as to how COVID-19 and the resulting pandemic will impact the public sector, private sector, and international business in the future.

### **Conclusion/Takeaways**

- **The business world will be less global and more round as opposed to flat.**
- **China will no longer be the world's preeminent manufacturing hub.**
- **Future behavior, decision making, and logic will be permanently influenced by the pandemic.**
- **Data science and data analysis fields will experience unprecedented growth.**
- **The word "globalization" will be replaced with the word "digitalization."**
- **Firms, states, and individuals must be comfortable with and welcome change and adaptation.**
- **Public-private partnerships must be prioritized.**
- **COVID-19 is now a fundamental lens of international business over the next five to ten years.**

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## **Introduction**

On the night of March 11<sup>th</sup>, 2020, the National Basketball Association sent reverberations through America and the rest of the world as Commissioner Adam Silver, for the first time in the league's history, indefinitely suspended play in the middle of the regular season.<sup>1</sup> Utah Jazz center Rudy Gobert had tested positive for coronavirus, and the NBA and Silver, often regarded as pioneers amongst sports leagues and multi-national corporations and heralded for their innovative, creative, and forward-thinking strategies, immediately decided to postpone the season.<sup>2</sup> Thanks to Silver's previous foresight and ample preparation regarding the seriousness of the coronavirus in January and February, the NBA was at the front of the line to receive some of the first testing kits, and as soon as Gobert's administered test came back with a positive result, the decision to shut down indefinitely was a no-brainer.<sup>3</sup>

As people in bars restaurants and homes across the world reacted to the unexpected news, very few realized just how different reality would be the next morning. States like California and New York had previously declared states of emergency during the prior week, but the general public brushed the news off as an overreaction to the evolving situation in Italy, or perhaps a front to get access to increased federal funding.<sup>4</sup> The NBA's postponement was the first real domino to fall, setting off a massive domestic chain reaction. Other sports leagues followed suit by canceling or postponing their respective seasons by noon the next day before many businesses or governments had time to react. Soon, as the severity grew more apparent by the minute, additional countries began making emergency declarations and shutting down economic activity. Doors to businesses shuttered, hotels began to close, airlines canceled flights, airports shut down, and workers began staying home. Schools and universities went virtual, and businesses scrambled to figure out how to adapt to the new environment. Global supply chains began crumbling as the pandemic spread across the world. While a small portion of businesses were somewhat prepared in the case of a global crisis, even fewer had the infrastructure in place to deal with the new reality of conducting business in an entirely virtual world. This pandemic has drastically changed individuals', businesses', and governments' realities in both the immediate short and long term, but the question now is how?

What is the future impact of the global coronavirus pandemic on the public and private sectors and international business as a whole? In the next five to ten years, the role of the state, the role of the firm, and the role of the individual will be ever-changing and evolving in a myriad of different ways as a direct result of the COVID-19 outbreak. This crisis truly is unprecedented because of how far-reaching it is; at the present, every single individual across the globe is feeling a direct impact from the COVID-19 pandemic. This has created a unique and unknown

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<sup>1</sup> Aschburner, Steve. "Coronavirus Pandemic Causes NBA to Suspend Season after Player Tests Positive." *NBA.com*, NBA.com, 12 Mar. 2020.

<sup>2</sup> Ibid.

<sup>3</sup> Shelburne, Ramona. "How the NBA Moved so Quickly on Coronavirus Testing." *ESPN*, ESPN Internet Ventures, 19 Mar. 2020.

<sup>4</sup> Cranley, Ellen, et al. "Almost All US States Have Declared States of Emergency to Fight Coronavirus - Here's What It Means for Them." *Business Insider*, Business Insider, 17 Mar. 2020.

reality, one where each individual has the ability and leverage to make an individual decision for themselves.

The collection of decisions made by individuals in the next six to twelve months will have major, long-lasting impacts that will define and change not just reality, but the role of the individual, the role of the state, and the role of the firm in the future. The “new normal” and future global reality that develops along with the roles of the state and the firm will be highly dependent on individuals and their decisions. In unknown situations, trust is a key factor and an important variable. Due to the uncertainty of the COVID-19 pandemic, individuals must make the critical choice of who to trust. Do they trust themselves, firms, or states? How will reality morph and evolve based on who individuals choose to trust?

If individuals push back on state’s and firms’ lockdowns and closures and trust themselves and their unique individuality instead, they will assume a much larger and more powerful role in the future. If individuals decide to overwhelmingly trust governments and be wary of firms looking to maximize shareholder value, the state will assume a much larger and more powerful role in the future. If individuals trust firms more than the state, waiting until firms implement higher levels of standards and safety than required by the government, firms will assume a greater role and responsibility in the future. There are millions of possible scenarios, but each potential outcome can be correlated to these overall scenarios and is derived from individuals, their respective decisions, and which group they choose to trust. No matter what, individuals and their respective decisions will be qualified as the independent variable regarding the outcome of the pandemic, with firms and states as the two dependent variables that will change and be modified through direct causation on behalf of individuals.

Drawing on four years of academic education received from the #1 International Business Program at the Darla Moore School of Business at the University of South Carolina Honors College, this is a comprehensive and forward-thinking strategic thought piece addressing the international business world and its potential post-pandemic reality. This thesis will answer the overarching question: What are the short- and long-term impacts of the coronavirus pandemic on international business?

### **Scenario A**

#### **Individuals push back on restrictions from states and firms and assume the dominant role**

It is May 1<sup>st</sup>, 2030. Ten years after the world’s first truly global crisis, life and reality have evolved into a new normal that isn’t too far away from the global reality that precluded the pandemic. Stay-at-home orders were deemed unconstitutional in many courts and have now been outlawed. Individuals who owned small businesses that had to be closed down forever as a direct result of biased and illogical government mandates were just recently awarded sizable settlements in court after years of trials. Large corporations bribed state governments to stay open during the lockdowns and were found guilty after their collusion was exposed together by individuals and the media. Individuals became even more suspicious and wary of large

corporations than they ever had previously. The resulting consequence was an unprecedented global shift towards individualism that has had large impacts on both firms and states.

Now, ten years later, the roles of the state and the firm have been more marginalized than they were before. After several months of tight government restriction, most individuals began to realize that they would not be able to maintain the life they had envisioned for themselves with constant interference from the state and the firm. As data regarding COVID-19 became more prevalent and was further analyzed, individuals realized the best way to limit the spread of infectious diseases such as COVID-19 was based on personal hygiene and cleanliness standards as opposed to mandated stay-at-home lockdowns and closures of businesses. The media continued to ridicule and criticize firms and individuals for making decisions to re-open and resume their lives before the creation of a successful vaccine; however, they had to begin walking back their criticisms as the same majority of individuals that originally fueled said criticism had now begun to realize that they were losing their entire economic livelihood and social viability as a human being. Before the creation of a vaccine, individuals began to prioritize their social and economic wellness over a disease that wouldn't be disappearing any time soon.

The resulting movement amongst individuals was one of distrust in big government and big corporations that was most visible in the proceeding global democratic elections. As individuals realized the lack of correlation between state-mandated lockdowns/business closures and slowing the spread, they began to push back. The lack of trust in big government became increasingly apparent as more and more individuals took to the streets to protest what they viewed as socialist policies, masqueraded as policies put in place “for the best interest of saving lives.” Logic and reasoning set in amongst individuals who began to realize that there was the potential of a very dangerous precedent beginning to be set by governments in the wake of a global crisis. If the ultimate priority is saving lives, what is to stop governments and firms from further limiting individual freedoms under the same premise? Several socialist-leaning governments that overreached, masquerading their socialist agenda under this premise of “saving lives” were exposed and eventually forced to relinquish power through elections.

Notable socialist-leaning countries and their governments went too far and took on too large of a “safekeeping” role in the short term which led to a backlash from individuals in resulting elections. The revolution amongst individuals and the fall of communism in China specifically as a resulting consequence of the Chinese government's likely creation of COVID-19 and their mishandling of the subsequent global pandemic marked the symbolic end of socialism and communism on the global political stage. The people of China recently had their first-ever truly democratic election in the 21<sup>st</sup> century with a brand-new right-leaning centrist political party taking control of the country. The negative effects of the COVID-19 pandemic were realized most directly in China and resulted in the country losing much of its global parity due to the lack of firms willing to engage in foreign direct investment (FDI) or any general business operations in China. Their previous stranglehold on the global supply chain seems like a distant memory, and the resulting economic turmoil manifested into political and social turmoil as well. Now, the new government is slowly trying to rebuild China back to a global power.

Firms began to prioritize individuals on a more frequent basis not out of desire, but out of necessity. With the overarching goal and number one priority still being increasing shareholder

value, firms had to adapt to the push back from individuals and respond by increasing individuals' power in the workplace as well. Now, in 2030, many businesses have relaxed standards and allow individuals to be unique in their work style and method, as long as they continue to meet benchmarks that will ensure that the company stays viable and can continue to increase shareholder value.

Small businesses worldwide experienced the worst collapse possible, but the industry is making a comeback as global laws have begun to trend back toward enabling entrepreneurship and facilitating the ease of doing business. Individuals' distrust towards large corporations led to a demand boom that propped up what was left of the industry long enough for it to recover. Now, ten years later, the economy is bolstered by small businesses that have reclaimed much of the market that they lost as a result of the pandemic, and some large corporations that struggled to adapt have either gone bust or continue to lag.

The most long-lasting impact in this scenario is the added emphasis on individuality and the inability of firms and governments to restrict and restrain individual liberties and freedoms. The push back on firms and governments by individuals led to a reality where individuals have much more power now in 2030 than they ever could have dreamed of in 2020. States and firms on the other hand are left wondering at the past, looking for answers as to how they lost power and how to adapt to their new environment and reality; however, individuals will know exactly how reality was formed: individuals allowed and enabled individual decisions to be made worldwide.

### **Scenario B**

#### **Individuals push back on states and other individuals, leading to the firm assuming the dominant role**

It is May 1<sup>st</sup>, 2030. Ten years after the world's first truly global crisis, life and reality have evolved into a new normal that is neither very close nor very far away from the global reality that precluded the pandemic. Similar to Scenario A, individuals pushed back on states for overstepping and over-reaching in their response to the pandemic, leading to a marginalization of the role of the state. Instead of equally pushing back on firms, in Scenario B, individuals began to trust and rely more on firms while looking for a group to be led by. The disagreement between individuals and their decisions led to distrust and division, and firms stepped in to fill the void and assume a dominant role.

In the short term before a successful vaccine was created and rolled out into society, various states and governments began to ease stay-at-home orders and allow businesses to re-open, and subsequent individual reactions were unpredictable. As time went on and data became available and analyzed, it became clear that the direct causation between individuals and their willingness to go out in public places, feel safe, and get back to "normal" was much more heavily influenced by business than it was by government. Early on, as governments re-opened and expected individuals and firms to follow their lead, they inexplicably did not, leaving states around the globe puzzled and confused. Individuals waited, knowing they had all of the leverage, for businesses to make the ultimate decisions as far as re-opening. Government warnings were



ignored, whereas precautions and suggestions put in place by businesses were overwhelmingly heeded. Individuals made the decision to follow the lead of firms instead of the government concerning re-opening the global economy, and firms realized and took advantage of the power granted to them by individuals in the short term to assume the dominant role in the long term as well.

The decisions of individuals to trust firms more than they trust states led to massive changes and adaptations regarding policymaking at the global level. As individuals looked for a leader to follow, firms stepped in and claimed some of the “market share” previously held by states in the global health and safety space. The role of the firm now in 2030, as a direct result of the COVID-19 pandemic, has a much larger safekeeping element than could have ever been imagined, leading to a higher level of cooperation and collaboration amongst the public and private sector than ever before. Public organizations realized that due to the lack of power they possessed, they had to work more closely with firms, groups of firms, and industries more than they ever had before.

Many laws that had been passed in the late 2020s were proposed to businesses first. They participated in a collaborative process between lawmakers and governments to make sure all sides were on the same page. In the wake of the COVID-19 pandemic, governments and states passed laws and regulations that many firms disagreed with and openly ignored. Individuals followed the firms, and the resulting chaos and bureaucratic nightmare in the short term was vowed to hopefully never be repeated. To lessen the chances of a recurring situation, the public sector gave in and began to rely more heavily on input from businesses regarding legislation. The resulting outcome and environment now in 2030 is one that could not have even been imagined in 2020: instead of possessing only a marginal ability to affect change in legislation and regulation, and being entirely beholden to the rules and environment created for businesses, businesses now have a direct ability to affect change in legislation and regulation from its very inception. The evolving role of the firm and the increased emphasis on a firm’s duty to individuals as far as safety and health are concerned changed their priorities and in turn aligned them more inherently with the role and priorities of the state, allowing for better cooperation and collaboration.

Firms now have unprecedented access to information that states and governments across the globe were once only privy to. Their collaboration with the public sector, and especially health and safety organizations like the WHO has further endeared them to individuals who believe in and trust firms now more than ever. Firms have played a major role in the subsequent global and local crises since the COVID-19 pandemic, and their ability to make smart decisions while looking out for the best interest of individuals has given them a proven track record to point to regarding leadership during a crisis. This track record is one that the public sector was unable to ignore, and firms have inevitably taken advantage.

Global summits in 2030 now include not just heads of states but prominent business leaders as well. Now, when watching FoxNews or CNN, the headline is “Landmark legislature reaches impasse as it fails to pass a business coalition vote of 50%. Now, it’s back to the drawing board as Congress works together with the private sector to try to pass legislation that is accepted by both businessmen and politicians.” Ten years ago, it was inconceivable that business could play

such a large role in the public sphere, but thanks to individuals and their decision-making in the several years following the COVID-19 pandemic, the role of the firm is now as dominant as it has ever been.

## **Scenario C**

### **Individuals push back on firms and other individuals, leading to the state assuming the dominant role**

It is May 1<sup>st</sup>, 2030. Ten years after the world's first truly global crisis, life and reality have evolved into a new normal that is in no way similar to the global reality that precluded the pandemic. As individuals balked at and harshly judged other individuals and firms for the short-term decisions that they made in the wake of the COVID-19 pandemic, the large majority of individuals resorted to following the government's lead. In the fall of 2020, after the virus peaked once again, individuals deferred entirely to states. As individual trust in big government grew and weakened amongst other individuals and firms, states were able to assume a much more dominant role globally than they ever had before.

States and governments across the world began to impose restrictions on individuals' liberties and freedoms as a result of the COVID-19 pandemic. They received little if any pushback at all from individuals. The prevalent thought amongst individuals was to trust the government because the government's number one priority is to protect the health and well-being of its citizens, so no one could do a better job during a time of crisis than governments. This idea and overwhelming trust of the state, a key tenant of socialism, became a prevalent global thought amongst individuals and was later reflected in democratic elections across the world. The growing socialist movement gained an even larger head of steam after the coronavirus pandemic, and currently in 2030 there are more socialist or democratic-socialist states worldwide than ever before.

In the short-term, governments were overly protective in mandating lockdowns and stay-at-home orders. As states continued to exert their influence over individuals by restricting freedoms, both firms and individuals that pushed to re-open the economy were publicly ridiculed. When those same firms and individuals did go back to work before the vaccine was created in 2021, the media and other individuals claimed these maverick groups were directly responsible for spreading the disease and increasing virus-related deaths.

"If they would have just listened to the government and stayed at home, nobody would have died" said a local man interviewed on TV in the fall of 2020. This thought will become more and more prevalent as the state and the media double down on criticisms directed at firms and individuals for deciding to re-open and work. "If I have to give up some of my freedom to save a life, so be it" read the signs in the 2022 demonstration on Capitol Hill protesting firms who wouldn't close in wake of an epidemic.

The failing global economy has been covered up by long-running government stimulus packages that have continued even in current times. Because so many multi-national corporations were unable to survive on their own, government bailouts were occurring at one point nearly every week. There are hardly any private corporations remaining, and while it is still possible to purchase shares of public corporations, nearly every controlling interest in those corporations is possessed by states, making them state-run. Business and capitalism are slowly dying as governments and states take over the role of board of directors for the largest and most impactful corporations worldwide. The only company that had managed to stay afloat by itself was Amazon, which now employs nearly 10% of the global workforce and is larger than almost 200 state governments combined. The prevalence of state-owned corporations and the lack of willingness to push back by individuals coupled with their over-trust in government has led to unprecedented corruption and chaos on a global scale. States now have the explicit ability to control the media, as most major media outlets are now state-owned. Inflation is sky-high, and some countries that struggled were forced to turn militant and begin waging small conflicts against their neighbors for access to resources they desperately needed.

Meanwhile, over the past ten years, governments are not just worried about foreign states attacking them for resources but more worried about the uprisings within their countries. In 2020, when individuals decided that they were okay giving up some of their freedom to save lives, they were unable to define exactly what freedoms or how many lives. The situation, as it would prove, is much more complex than a simple one-to-one trade. Governments and states knew this from the onset, but instead of relinquishing some of the power back to individuals, they chose to keep it for themselves. This led to states forcing specific agendas onto its citizens, constantly using the dangerous precedent of “individuals are okay giving up freedoms, as long as it is to save lives” as reasoning to justify any policy it wants to implement. It has become increasingly challenging for governments to reason with individuals and justify their unpredictable and illogical actions, but when individuals finally started to push back two or three years ago, it was too late. States and governments worldwide held all of the cards in their hands and possessed ultimate leverage. The public and private sectors both now revolve around the state, and the state possesses ultimate control.

The state’s refusal to relinquish power will be the causation behind the most global and destructive crisis in the history of man. Inevitably, chaos will boil over in the next five years and the global bubble will pop. Individuals who lost everything due to socialism will have had enough. States will have gone too far trying to exert their influence over individuals. Businesses, the foundation of the global economy, are crumbling. There will be yet another major global conflict or clash before 2035 that will result in an even more damaging crisis than the COVID-19 pandemic, but this new crisis will be a direct result of the one from ten years ago. The individual and the firm have lost nearly all their collective power, and the role of the state is more dominant than ever before.

## **Conclusion**

**The most likely outcome is “Scenario D,” a scenario that represents something in between the three scenarios listed**

Certain elements of each of these scenarios will be prevalent in the new reality ten years from now. If there is one certain thing, it is that there are too many unpredictable, fast-changing, and moving parts related to reality in 2030, making it nearly impossible for the ultimate reality to exclusively follow one of these scenario's exact paths. Global uncertainty and the unknown, in general, will continue to morph reality in ways humans cannot anticipate. While these three scenarios mostly represent the extreme ends of each potential outcome, there are overarching themes that can and will exist in humanity's new global reality even if it does not specifically take one of the paths laid out in the previous scenarios. Scenario D will encompass too many changes to predict, but no matter what reality looks like, there are several key and certain takeaways as to how COVID-19 and the resulting pandemic will impact the public sector, private sector, and international business in the future.

### **Takeaways**

#### **The business world will be less global and more round as opposed to flat.**

Before the pandemic, the world had taken groundbreaking and unparalleled strides down the path of total globalization. The concept of an interconnected world economy has been especially apparent since World War II, and driven by technology, the world has become more global than ever over the last 75 years. Before the pandemic, many of the fears or negative impacts of globalization were glossed over in favor of increasingly high GDPs and the promotion of global trade to improve the quality of life worldwide and enable greater access for individuals, firms, and states. Governments yearned for foreign investment to keep up on the world stage. Firms identified incredible financial opportunities related to international development and interconnected supply chains, and the ones who didn't recognize these opportunities quickly enough were left in the dust. Globalization was prioritized because of the overwhelming amount of positive benefits it brings to the world population as a whole, leading to states and firms largely ignoring the related concerns. In a pre-pandemic global society, it was nearly impossible to argue against globalization creating a better world for everyone involved; however, the coronavirus pandemic has now thrown the concerns of globalization directly in the limelight.

This type of global economic downturn with widespread and far-reaching impacts was inevitable. Whether it was a pandemic, a war, or another global crisis, the world economy was due for a massive shock because it was too interconnected and too interdependent, and that shock was materialized through COVID-19. In the next five to ten years, the pendulum will swing back and countries, governments, regions, and MNCs will be warier of pushing globalization at all costs. Previously, the cost of globalization was inconceivable because it had never been encountered; the only immediate or tangible effects were overwhelmingly positive. Now, those costs are shaping the new reality of a post-pandemic world and society.

While global cooperation will increase as countries work together to pick up the pieces of the now-fragmented world economy, international trade will be on the decline temporarily in the short-term as countries and companies harden their borders and focus more on their respective domestic economies while prioritizing their home country's citizens. International travel has

been halted presently, and even when it is deemed safe again, large percentages of the global population will be wary to engage in travel which will have long-term implications not just on governments and firms that rely heavily on industries like tourism, but on strategic business plans in the future. Decreases in international travel will also inevitably lead to less prevalent global thought as individuals further isolate themselves within their home countries.

John Hartman, President of Equifax International, weighed in by saying “I think you’re going to see more accountability and responsibility at the local level of multi-national corporations. Local leaders are going to have to fill the role previously carried out by the global headquarters because the frequency and intensity of interaction with those global headquarters will be different, which will lead to more local autonomy in a business sense.”<sup>5</sup>

General lack of international travel as a result of the pandemic will pose significant challenges to businesses and governments in the future. Instead of in-person visits, world leaders must resort to virtual meetings or phone calls to conduct diplomacy. Business executives must resort and adapt to video conferencing for international board meetings

In America specifically, the fear of the virus over the next five to ten years will be akin to the fear surrounding nuclear weapons post-World War II and the possibility of mass destruction. Similarly, it may also resemble the fear surrounding air travel and terrorism after 9/11, but the coronavirus and the scope of its impact is inherently different in nature than both of these individual and more local crises. The primary fear of the unknown and invisible “enemy”, as some have coined the virus, is the uncertainty surrounding it. If an individual goes outside and comes in contact with other people who spread the virus, there is a sense of guilt or responsibility for potentially and unknowingly passing the virus on to someone that it could end up killing. Here is where a difference between correlation and causation is hard to distinguish in our very emotional human minds: the virus, and not the individual, killed the human being, and the virus is the direct causation of the death, whereas the individual who passed the virus to the person it eventually killed is only correlated to the death. A virus needs a host to spread, and that individual hosted the virus and then allowed or perpetuated the spread of that virus to someone that died. This fear and guilt will lead to major uneasiness regarding travel in at least the next 18 months until there is a vaccine, and there will be enduring repercussions over the next five to ten years.

The inability to travel and conduct business in person is also a major concern amongst international leaders; Hartman confirmed this, saying “Being unable to travel and losing touch with my employees as an international leader is one of the main future problems the pandemic presents. As an international leader, to me, you have to have a connection with every single market that you are in, and without travel, that is a lot harder to do. It is still possible virtually, but it is much more limited. You begin to lose touch with your employees and revert more to your immediate surroundings without being able to travel, so I’m having to strategically adapt to make sure I stay relevant and continue to have success as an international leader.”

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<sup>5</sup> Hartman, John. “Interview with John Hartman.” 24 Apr. 2020.

States and firms were too interconnected as far as business and the economy are concerned, and the ease and prevalence of international travel was the original driving factor behind globalization. Now, due to the pandemic, priorities have shifted, and while the number one priority for firms has always been increasing shareholder value, presently the safety and health of humanity have become the number one priority in the short term, and globalization has taken and will continue to take a back seat during the recovery. In the coming months, the top priority for firms will undoubtedly shift back to increasing shareholder value, but many of the strategies and approaches they take will reflect the increased priority of domestic affairs, domestic citizens, their employees, and the respective economy of the country that each firm calls home. This will be in direct opposition to the “globalization at any cost” strategy that many firms had relied on in the past.

Make no mistake, there is a current floor for globalization. Companies and governments cannot suddenly reverse decisions and investments made over the past several decades pushing down the path of interconnectivity. MNCs that currently have foreign operations will not and should not shut them down and focus entirely on their domestic operations. That is neither realistic nor feasible as a business plan; however, future additional foreign development and investments from firms and the potential risks associated with those investments will be weighed more heavily in future strategic decisions. Over the next five to ten years, the growth rate of globalization will be much more stagnant as firms and governments trend towards isolation and individualism rather than a holistic global approach. Uncertainty and the now-exposed weaknesses of being so reliant and dependent on either foreign operations or foreign investment will keep states and firms wary and hesitant to move forward at such a quick rate that was previously considered the norm.

### **China will no longer be the world’s preeminent manufacturing hub**

The overall uncertainty and murkiness surrounding China and their communist government was always the biggest concern when it came to any firm or state’s relationship with China. As part of the push to globalize, this risk was usually cast aside or given less weight due to the overwhelmingly obvious and tangible economic and fiscal benefits that the rewards of a symbiotic relationship with China would immediately provide. For years, MNCs have taken advantage of China’s shockingly low labor costs to boost margins and maximize shareholder value to levels previously thought of as unattainable. As more and more firms poured into the country, they turned a blind eye to the political unrest, civil injustices, poor working conditions, and general uncertainty boiling up in China like an active volcano. Accusations of currency manipulation, oppression, communist tactics, and big government masquerading as “private Chinese corporations” were, for the most part, swept under the rug in favor of massive increases in margins and shareholder value.

Key drivers behind firms’ decisions to have operations in China usually revolved around the astonishingly low cost of labor and production coupled with large-scale manufacturing capabilities, and the resulting benefits of that combination were unattainable in any other country.<sup>6</sup> While China had previously been able to hold onto this competitive advantage when

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<sup>6</sup> “Foreign Direct Investment – the China Story.” *World Bank*, 16 July 2010.

compared or contrasted with other investment options, other countries have begun catching up. As China's overall GDP, wealth, and quality of life skyrocketed, it has been increasingly challenging to keep labor costs low, and the booming population has led to scaling difficulties as well.<sup>7</sup>

Many other Southeast Asian countries are hungry for some of the market share that China dominated in a pre-pandemic world, and now as a result of the pandemic, they are positioned well and poised to explode onto the global scene as an investment/supply chain-related opportunity to fill the void left by China. Countries like Vietnam and Cambodia that have low labor costs and possess a young, hungry, and surprisingly technologically-advanced population are primed to see investment opportunities flood into their countries.<sup>8</sup> Additionally, Mexico and some Central American countries have been preparing for a blue-collar revival, angling themselves well for China's loss of market share as a result of the coronavirus pandemic.<sup>9</sup>

If allegations against China regarding COVID-19 are true, and it was indeed created by the government in a lab with the intent to cause global chaos, their future will be very bleak in the short and long term.<sup>10</sup> This is especially accurate if it comes to be accepted by the rest of the world. Countries will demand China be held accountable, and it would quite literally evolve into a conflict pitting the rest of the world against China. Global acceptance of China's malicious intents and resulting botched cover-up would pose a major threat to the Chinese government if their citizens gain access to this information. If the allegations are never proven to be true or accepted globally, it will be a more gradual fall from the top of the world's supply chain. Either way, many firms and countries have been burned and taken advantage of by the Chinese and will now begin to look at alternative options for their supply and manufacturing chains.

China's overall future is much more complicated and challenging to predict. In this information age, it has become increasingly difficult for the Chinese government to suppress facts and blatantly lie to control the narrative amongst their citizens. Will lasting tensions from Hong Kong spill over to other parts of mainland China? What exactly can Xi Jinping get away with to strengthen his hold on the country, and to what extent will communism and oppression in China continue to be acceptable in the eyes of its citizens and the world? Will the communist empire fall in the next five to ten years? With increased global scrutiny, will China stick to its communist roots, or will they pivot to another strategy to achieve their obvious goal of being the preeminent global power? If their government continues to lie about everything from the origin of the disease to the number of cases and deaths while continuing to meddle by purposely shipping and re-shipping faulty supplies to the rest of the world as a form of sabotaging their

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<sup>7</sup> Yan, Sophia. "Made in China' Labor Is Not Actually That Cheap." *CNNMoney*, Cable News Network, 17 Mar. 2016.

<sup>8</sup> Sim, Dann. "Evolving & Changing Supply Chain in ASEAN: Citi Commercial Bank." *Banking with Citi*.

<sup>9</sup> Blackman, Sam. "Why U.S. Companies Are Moving Their Supply Chains From China to Mexico." *SupplyChainBrain RSS*, 26 Mar. 2020.

<sup>10</sup> Baier, Bret, and Gregg Re. "Sources Believe Coronavirus Outbreak Originated in Wuhan Lab as Part of China's Efforts to Compete with US." *Fox News*, FOX News Network, 17 Apr. 2020.

relief efforts, they must be held accountable.<sup>11</sup> One thing is for certain: the actions China takes and the decisions their leaders make in the next three to six months, along with what they choose to prioritize, will have permanent and long-lasting effects regarding the country's future.

### **Future behavior, decision making, and logic will be permanently influenced by the pandemic**

Human behavior has been and will be changed permanently as a result of the coronavirus pandemic. Some people will live in constant fear of the “hidden enemy”, or just viruses and the unknown in general, while some will continue with their daily lives with as much of a sense of normalcy as they did two months ago. Others will change the way that they make decisions permanently because they were personally affected by the virus through either death and tragedy or the impact on their livelihood economically, fiscally, and socially.

The New York Times best-selling book, *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything* was a groundbreaking book that laid out how to better understand behavior and decision-making that is oftentimes viewed as irregular.<sup>12</sup> Author Steven Levitt breaks down key decision and behavior drivers into three groups of incentives: economic incentives (material gain/loss, doing what's best for you), moral incentives (conscience gain/loss, doing/not doing the ‘right’ thing) and social incentives (reputation gain/loss, being seen as doing the right thing).<sup>13</sup>

The goal is to look for behavior that defies conventional wisdom and then map the potential incentive structure that could explain that decision.<sup>14</sup> The book then provides a three by two box to use as a map, with the three various incentives on the vertical axis, and then “incentive/reward” and “disincentive/penalty” as the horizontal axis.<sup>15</sup> Much of current human behavior during quarantine and drivers behind general decisions individuals make can be mapped through these incentives. Current protestors of stay-at-home orders are not ignorant, that is the easy answer. Taking a deeper look, it is evident that many people are motivated by economic incentives and are fearing for their livelihood, which is their top priority. Some people have not left their house because they are motivated by moral incentives, and the thought of potentially passing a virus along to someone it may kill is not worth it to them. Even more people are wearing masks and gloves not necessarily because they truly believe it makes a difference but because they are driven by social incentives and are worried about judgement that may be passed on them in public for failing to wear personal protective equipment. Understanding incentives behind future behavior changes resulting from the pandemic will be key to recovering and moving forward.

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<sup>11</sup> Bradsher, Keith. “China Delays Mask and Ventilator Exports After Quality Complaints.” *The New York Times*, The New York Times, 11 Apr. 2020, [www.nytimes.com/2020/04/11/business/china-mask-exports-coronavirus.html](http://www.nytimes.com/2020/04/11/business/china-mask-exports-coronavirus.html).

<sup>12</sup> Levitt, Steven D., and Stephen J. Dubner. *Freakonomics: A Rogue Economist Explores the Hidden Side of Everything*. Clipper Large Print, 2007.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.



Looking at some of the current decisions and ways people behave during the pandemic can provide valuable insight into how society as a whole may be changed in the next five to ten years and even longer. Others would argue that the visible effects will be prevalent for less time before fading out and returning to “normal life” eventually, pointing to the Spanish Flu epidemic that was essentially forgotten.<sup>16</sup> That argument may provide some light at the end of the tunnel for those who are seeking an eventual return to normal, everyday life in the long-term. No matter what, this pandemic will have long-reaching permanent implications on the way humans think and behave in the future.

### **Data science and data analysis fields will experience unprecedented growth**

Because post-pandemic human behavior will go against the grain and be viewed as irregular during the following unprecedented and uncertain times, fields of data science and data analysis will experience unprecedented growth in the next five to ten years. Businesses and governments will be clamoring to implement the best strategies to rebound and recover from the coronavirus, and they need reliable data and analysis on post-pandemic human behavior to choose the optimal strategy.

The emphasis on behavioral economics, data science, and specifically data analysis in the original publication of *Freakonomics* in 2005 will be heralded as an even more influential blueprint and pioneer in these fields. Before the pandemic in 2017, LinkedIn named data science the fastest-growing job and reported 650% job growth since 2012. The US Bureau of Labor Statistics predicted the field would create 11.5 million new jobs by 2026, an estimate that will now be increasing exponentially post-pandemic.<sup>17</sup>

This booming industry will help retool the American and world economy. With the need for more data science and analysis to better understand behavior and how to optimize strategic plans for firms and states, these fields will help pick up for industries such as restaurants and hospitality which have been decimated in the short term. These sectors rely on in-person activity and traditional consumer behavior conformant to social norms, and due to the pandemic, those realities have been turned upside down. Data science and analysis will be viable options for restaurant and hospitality employees now searching for a new job due to the permanent closure of many small businesses. Additionally, firms that were able to survive in those industries will also have to lean heavily on new data science and analysis over the next five to ten years to make educated and informed strategic decisions that will help drive a long-term recovery to recoup major losses.

### **The word “globalization” will be replaced with the word “digitalization.”**

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<sup>16</sup> Crosby, Molly Caldwell. *Asleep: The Forgotten Epidemic That Remains One of Medicine's Greatest Mysteries*. Berkley Books, 2011.

<sup>17</sup> “Data Science Careers, Jobs, Salaries: Data Scientists.” *California University of Pennsylvania*.

The invention of the Internet and its subsequent development and popularity forever changed the world and pushed globalization to new heights over the past two decades, but, as far as it pushed humanity towards total globalization, in a post-pandemic world it can have the opposite effect. Now, individuals can access the Internet from anywhere at any time. Instead of having to travel to a certain city to visit a certain store, a person can log onto the store's website online and make a purchase that will be delivered to their doorstep from halfway across the world. While the Internet began as a key driver of globalization, unlocking the entire world for its users, it has reached its peak as a flattener and will now be turned into a key driver and tool of isolation.

To combat what could be long-lasting travel restrictions or just future travel fear, a digital alternative will gradually become more available across the world. Enhanced Virtual Reality will allow a visit to the Taj Mahal, Great Wall, Empire State Building, and Louvre all in one day, for a much lower cost than traveling to see these landmarks in person. Improvements made with technology and data will lead to firms figuring out how to please travel lovers in a post-pandemic world where travel may no longer be a viable or realistic option for many. As some desire a change of scenery but lack the access or ability to change locations in person, lower-cost digital alternatives will take the place of physical globalization.

Another post-pandemic reality is that humanity will be pushed much further down the path of automation in every major sector. This will drive changes from delivery drivers to delivery drones, from cashiers to order-taking machines, from in-person security guards to technological security, and from humans working tirelessly coding behind a screen to automated workflows using intelligent AI. In 2020, humanity was already well down this path, but it will be further expedited in the next five to ten years due to the pandemic.

### **Firms, states, and individuals must be comfortable with and welcome change and adaptation**

John Hartman, President of Equifax International, poignantly summed up the vitality of adaptation in the short and long term during the global pandemic: "The tactical here and now is what people are currently focusing on, but you must have a plan, and that plan is different for everyone. Are you striving to get back to what/where you were, or are you willing to define a new normal? And if you are willing to define a new normal, then what elements from your old norms are you seeking to incorporate into the new normal? That has to be defined, and it is causing a lot of businesses and people to sit back and rethink their priorities."<sup>18</sup>

The current pandemic has turned what was considered a "normal" business environment upside down, and it is continuing to chew it up and spit it back out. A new normal will emerge over the next five to ten years, but it is currently unknown. One guarantee is that the duration of a "new normal" environment has been shrinking as society and humanity progress. Change is constant and the environment continually evolves. Companies are scrambling to adapt and develop a new strategy going forward to optimize operations and continue to maximize shareholder value. There will be a need for creative innovation to find new ways to deliver the financial returns firms have promised under the new constraints directly resulting from the pandemic. There will

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<sup>18</sup> Hartman, John. "Interview with John Hartman." 24 Apr. 2020.

then be an even greater need to find new ways to deliver those returns when the next global crisis hits, most likely with less time in between crises than before.

By adding an emphasis to strategic thought, operation, and development, firms will have a better chance of being well-suited to tackle future crises and will be more prepared with contingency plans to minimize and combat the negative consequences of future unknowns. A small portion of firms currently have a CSO, or chief strategy officer, whose role is to optimize the businesses strategic initiatives and future goals. Usually, the CSO is given the end goal and told by the CEO or the board of directors to come up with a smart plan or strategy to get the company to that end goal. The pandemic will expose a glaring need amongst many firms: except for the risk management department or chief risk officer, who is preparing the company for the unknown? Risk management efforts are usually focused on insurance or mitigation, and less on contingency plans regarding the changing business environment.

The pandemic will highlight this shortcoming of contingency planning amongst businesses and should lead to more strategy and preparation-based roles in the future. Some firms may decide that the cost of developing these types of plans internally is too high which could also lead to outsourcing this role to consultants who specialize in crisis management. Additionally, firms will need to place a larger emphasis on data science and analysis. Because most data mining involves sensitive and company-specific information, many firms may choose to keep the data internal, which would lead to a greater need for data scientists, more hiring, and as discussed previously, unprecedented growth in this segment. This data and specifically its analysis will be arguably a company's most important asset and a key driver behind developing competitive advantages and optimal strategic plans to maximize shareholder value.

Not only were companies unprepared at a macro-level as far as strategy and operations, but the failure only becomes more evident when moving further down to examine the effects on individual employees at the micro-level. In the future, companies will learn to be more transparent and better prepare employees for future crises so that they know what to expect and how to react and adapt to the situation. Employees should expect additional training on how to work remotely and virtually, and how their roles and responsibilities can be adapted in the time of a crisis.

Whether companies want to become more adaptable and receptive to change through internal or external strategies and ideas, the pandemic exposed nearly every firm's existing lack of infrastructure and preparedness for a crisis of this magnitude. In the future, companies will be much more prepared to adapt to the quickly changing and evolving business world with the added luxury of some much-needed experience dealing with adversity and change in the face of the coronavirus pandemic.

### **Public-private partnerships must be prioritized**

In the wake of the pandemic, the lack of consistent communication and cooperation between many firms and governments has also been exposed. One of the first elements of a recovery from a global crisis, whether it is a pandemic or a war or something else, is a collaborative effort between states and firms to meet objectives and optimize the recovery effort because it is

impossible to carry out alone. Governments criticized firms for their lack of preparedness and poor existing infrastructure, along with their inability to adapt, switch production, and serve their country at the drop of a hat.<sup>19</sup> Firms criticized governments for not giving them advanced notice or forewarning that their services would be needed, and for the government's lack of preparedness and poor existing infrastructure.<sup>20</sup> The blame game that was played and the resulting process played out over several weeks before collaboration between states and firms was where it needed to be to begin a recovery. This process should have been facilitated much more smoothly and quickly, and both the declining economy and the rising death toll were emblematic of those failures.

In the long-term, the cooperation and group efforts taking place to currently combat the pandemic will result in even stronger relationships and bonds amongst firms and their home countries' governments. This strong level of trust has the potential to lead to the realization and benefits of public-private partnerships over the next five to ten years.

Starting now and continuing in the future, firms and states must realize that there is a need for constant collaboration and communication along with strong relationships to be laid as groundwork to be fully prepared for the ever-changing global environment. Inherently, cooperation amongst states and governments is challenging. "Fundamentally the motivations (of the two sectors) are not always aligned, but when you have a major goal, alignment makes a much more effective response. That's the burning platform and motivating factor to put some differences aside," said Hartman when asked about the potential increased viability of public-private partnerships as a result of the pandemic.<sup>21</sup> However, absent of a global crisis or pandemic, there is a stark contrast between the top priorities of the public and private sectors. Firms are operating under pressure from shareholders to deliver maximum returns, so those returns are the top priority, whereas states are operating under pressure from the citizens to whom they are beholden, so the creation of an environment that enhances the overall well-being of those citizens is their top priority. This misalignment of strategic goals oftentimes makes collaboration challenging amongst the public and private sector and leads to basic ingrained differences in their work and management styles.

But the benefits of strong public-private relationships, this pandemic will prove, are not just realized in the wake of a global crisis. This pandemic may have been one of the only ways to get both sides to the table to come to the eventual realization that the framework of public-private partnerships could be just as powerful even during normal times. The might and power of the combination of the two sectors, as long as it is not taken advantage of, could be world-changing in the future. As a famous man once said, "with great power comes great responsibility."<sup>22</sup>

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<sup>19</sup> Shepardson, David. "Trump Tells GM: Stop 'Wasting Time', Build Ventilators to Address Coronavirus." *Reuters*, Thomson Reuters, 28 Mar. 2020.

<sup>20</sup> Epstein, Kayla. "A Timeline of How Years of Missteps and Budget Cuts Undermined the Trump Administration's Preparedness for COVID-19." *Business Insider*, Business Insider, 7 Apr. 2020.

<sup>21</sup> Hartman, John. "Interview with John Hartman." 24 Apr. 2020.

<sup>22</sup> Lee, Stan. *Spider-Man*. Columbia TriStar Home Entertainment, 2002.

These partnerships could prove to be a key factor in a firm's overall ability to adapt and find new ways to maximize shareholder value in this new international business environment. They could also provide governments with greater access and resources to truly make a better world for its citizens. In five to ten years, the number one priority of the state should be its citizens, and the number one priority of firms will still realistically be maximizing shareholder value. However, the lasting takeaway will hopefully take the form of enduring and permanent public-private partnerships for many years to come.

### **COVID-19 is now a fundamental lens of international business over the next five to ten years**

International expansion, acquisitions, developments, and operations have all been temporarily placed on hold due to the coronavirus pandemic. With so much economic and fiscal uncertainty, it is impossible at the moment to fairly value an investment and it will be for the foreseeable future as firms and governments try to discern the differences between financial red flags due to the pandemic and deal-breakers that may have been prevalent before and now exacerbated by the pandemic. This presents a major strategic problem for firms who were looking to make major splashes internationally before the pandemic hit.

A perfect example to use to demonstrate this claim is a new multi-national corporation like Chick-Fil-A. While Chick-Fil-A was founded in Atlanta, GA, in 1946, the fried chicken fast-food company spent 73 years growing and focusing exclusively on domestic restaurants.<sup>23</sup> However, on September 6, 2019, the wildly popular American restaurant chain opened its first international location in Toronto, Ontario, Canada.<sup>24</sup> A second Canadian location followed, and Chick-Fil-A was well on its way to a foray into the international market that could have proven to be truly game-changing for the company's future.<sup>25</sup> Now, those plans have come to a screeching halt due to the pandemic.

When asked about the ongoing international expansion, Chick-Fil-A President and COO Tim Tassopoulos said: "We had been looking extensively at Singapore, England, and Puerto Rico just to name a few places. Now specific country and market analyses will have to be re-done, adding the COVID-19 pandemic lens and that makes these analyses incredibly more complicated."<sup>26</sup> This could pose major problems for every single MNC. First, MNCs must decide what rules they are adhering to and who they are following. Are they following the country's guidelines where their headquarters are located? Are they following different guidelines by country based on where their operations are? Do they want to impose stricter safeguards than what is mandated by governments? If so, do they have access to those safeguards in various countries and locations?

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<sup>23</sup> "History." *Chick-Fil-A*, [www.chick-fil-a.com/about/history](http://www.chick-fil-a.com/about/history).

<sup>24</sup> Mandel, Eric. "Despite Protesters, Chick-Fil-A Calls Toronto Debut a 'True Celebration,' Comparable to Manhattan Opening." *Bizjournals.com*, 12 Sept. 2019, [www.bizjournals.com/atlanta/news/2019/09/12/despite-protesters-chick-fil-a-calls-toronto-debut.html](http://www.bizjournals.com/atlanta/news/2019/09/12/despite-protesters-chick-fil-a-calls-toronto-debut.html).

<sup>25</sup> Ibid.

<sup>26</sup> Tassopoulos, Tim. "Interview with Tim Tassopoulos." 24 Apr. 2020.

How can employees and customers be made to feel comfortable while also attempting to guarantee their health and safety in a physical location? How high do standards need to be to minimize risk and generate a feeling of comfort about operations?

In light of coronavirus, these types of questions are ones that must be answered clearly to understand respective goals and criteria before re-assessing and creating a new international strategy or deciding if the previous strategy is still feasible. Tassopoulos went further, saying “As we continue to not only assess but contrast continents and regions like Asia, Europe, and Latin America, questions come up such as, what health systems are in place? What is the density of the population? Also, air travel requirements have to be factored in. Do we triple down on Canada or potentially Mexico because we can truck there instead of having to transport items through the sea or air?”<sup>27</sup>

Another major problem that the pandemic poses is once again related to uncertainty. There is a chance that the warm weather of the late spring, summer, and early fall could lessen the scale of the outbreak.<sup>28</sup> Unfortunately, that means that there is just as good of a chance that when cold weather hits again, the opposite effect will occur and the scale of the outbreak will worsen and peak for a second time in late 2020.<sup>29</sup> All of these unknowns make it even more challenging to make an international decision. “So, think about this, if we move forward on Singapore soon and start getting plans ready and divert all of those resources to that project, are we going to really invest if there’s a possibility that it (the outbreak) spikes back up this fall or next winter? Do we want to be halfway through an international project before having to stop it again?” Tassopoulos reflected.<sup>30</sup> These are just some examples of a myriad of different questions, problems, dilemmas, and additional considerations surrounding international business in both the short term and the long term as a result of the global coronavirus pandemic.

Fortunately, Chick-Fil-A’s level of preparedness for their new normal due to COVID-19 was on the same level as their near-perfect operational standards. Even during times that include mandatory quarantine and stay-at-home orders, they further optimized drive-thru operations to handle increased order capacity and adjusted accordingly on the delivery side as well. They jumped on personal protective equipment like masks and gloves early on and customers have appreciated their outward efforts to show not only that they are adapting and problem-solving, but that they are caring for the health and safety of both their employees and their customers. By taking the virus seriously and then subsequently using coronavirus as a fundamental lens for their business strategy early on, their smart decision-making has been reflected in their bottom line. Tassopoulos commented “While most of our competitors and players in the industry as a whole are down 20, 30, or 40 percent, we are fortunate to be down less than 10 percent. Our customers have been confident to continue using our drive-thrus and while our transaction counts are down,

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<sup>27</sup> Tassopoulos, Tim. “Interview with Tim Tassopoulos.” 24 Apr. 2020.

<sup>28</sup> Gray, Richard. “Will Warm Weather Really Kill off Covid-19?” *BBC Future*, BBC, 23 Mar. 2020, [www.bbc.com/future/article/20200323-coronavirus-will-hot-weather-kill-covid-19](http://www.bbc.com/future/article/20200323-coronavirus-will-hot-weather-kill-covid-19).

<sup>29</sup> Sun, Lena. “CDC Director Warns Second Wave of Coronavirus Is Likely to Be Even More Devastating.” *Washington Post*, 21 Apr. 2020, [www.washingtonpost.com/health/2020/04/21/coronavirus-secondwave-cdcdirector/](http://www.washingtonpost.com/health/2020/04/21/coronavirus-secondwave-cdcdirector/).

<sup>30</sup> Tassopoulos, Tim. “Interview with Tim Tassopoulos.” 24 Apr. 2020.

our check average is sky-high due to group/family orders, so we have been fortunate.”<sup>31</sup> While he doubled down on the assertion that this success is due to being fortunate, the strategy implemented and decisions made from the top had a trickle-down effect that resulted in Chick-Fil-A’s unique creation of their own good fortune.

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<sup>31</sup> Tassopoulos, Tim. “Interview with Tim Tassopoulos.” 24 Apr. 2020.

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