

**REGIONALIZATION STRIKES A BALANCE: MANAGING PANDEMIC AND GLOBAL DISRUPTIONS  
IN INTERNATIONAL BUSINESS**

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**ABSTRACT**

*The COVID-19 pandemic has caused great consequences not just in human suffering but also in international business management. Nationalistic tendencies over the last decade had already been negatively affecting globalization. It is possible that such types of sudden, unpredictable, global disruptions may well become more common, and it is imperative for MNEs to look for solutions to mitigate negative consequences and effectively manage through such crises. This paper develops a propositional framework to advance the regionalization strategy solution as a balanced approach for MNEs to effectively manage through such global disruptions.*

**Keywords:** MNE, international business, regionalization, globalization, global disruptions, pandemic

**1. INTRODUCTION:**

The COVID-19 pandemic has thrown the world economy in disarray currently and over the last year. Moreover, continuing and often rising nationalistic tendencies over the previous decade have favored more protectionist measures domestically in countries throughout the world – particularly accentuated in developed countries and big emerging markets. The complications and “paradoxes” of globalization have been articulated for some time (Clarke & Clegg, 1999), and they tend to be accentuated during periods of disruption and upheaval.

The pandemic together with nationalistic tendencies created a “perfect storm” of sorts in an acceleration away from the decades-long pattern of growing globalization. While a few authors continue to extoll the tide towards globalization, much scholarship in the field has emphasized a “decoupling” or “reactionary pressures” against globalization.

This paper brings posits that regionalization offers a balance between the globalization concept and the nationalistic tendency to decouple from the rest of the world. It provides for limited exposure to selected markets while generally offering insulation from global pressures. It is posited as a means to strategically engage in world markets while offering limited protectionism to political pressures domestically.

**2. EXISTING THEORY:**

The globalization vs. regionalization debate has seen much work in the literature since Rugman (2000) argued that MNEs were primarily regional in nature. This paper leverages existing theories promoting globalization, regionalization and the balancing act that the latter allows. Paliwoda & Slater (2009) suggested that globalization best be viewed a set of processes rather than a specific, discrete concept. Alan Rugman (2000, 2005) brought to the forefront of academic literature the assertion that “global” companies are, in fact, regional in nature. Ghemawat (2005) reinforced the competitiveness of regional strategies, even while some scholars remained skeptical of whether classification criteria constituting regional enterprises were representative (see Osegowitsch & Sammartino, 2008).

Khan (2010, 2012) summarized the essential elements of the debate between globalization vs. regionalization. The notion of regionalization being a trade strategy and design that allows flexibility has been around for a while in the academic literature. Recently, Enderwick & Buckley (2020) brought to scholarship the idea that regionalization could offer a better balancing act in managing the disruption