

Ouverture de 'New Global Competitive Landscapes'

Silvio M. Brondoni *, *Fabio Musso* **

Abstract

The continuation of the war in Ukraine and the appearance of the BRICS+ have consolidated some critical issues that appeared at the beginning of the war, including the rise in the prices of energy and food raw materials. In global markets, companies are nowadays exposed to a fierce competition and new socio-environmental forces on a vast scale.

For global companies, the ongoing geopolitical changes increase corporate and network profit risks, but also represent new, great opportunities for corporate management on long-term trends.

Keywords: Management; Global Competition; Global Markets; Russian-Ukrainian War; BRICS+; Global Competitive Horizons

1. Overture

The ongoing Russian-Ukrainian war is undermining the prospects of post-pandemic economic recovery in emerging and developing economies in Europe and Central Asia. Europe and Central Asia (ECA) continues to be negatively impacted by the Russian Federation's invasion of Ukraine, tighter global financial conditions, sticky inflation, and global economic fragmentation. (The World Bank, 2023).

The continuation of the war in Ukraine and the appearance of the BRICS+ have consolidated some critical issues that appeared at the beginning of the war, including the rise in the prices of energy and food raw materials, the appearance of new obstacles to the functioning of value chains and to the supply of numerous raw materials (Brondoni & Risso, 2023).

* Editor-in-Chief Symphonya.Emerging Issues in Management (silvio.brondoni@unicusano.it)

** Full Professor of Economics and Business Management, Carlo Bo University of Urbino (fabio.musso@uniurb.it)

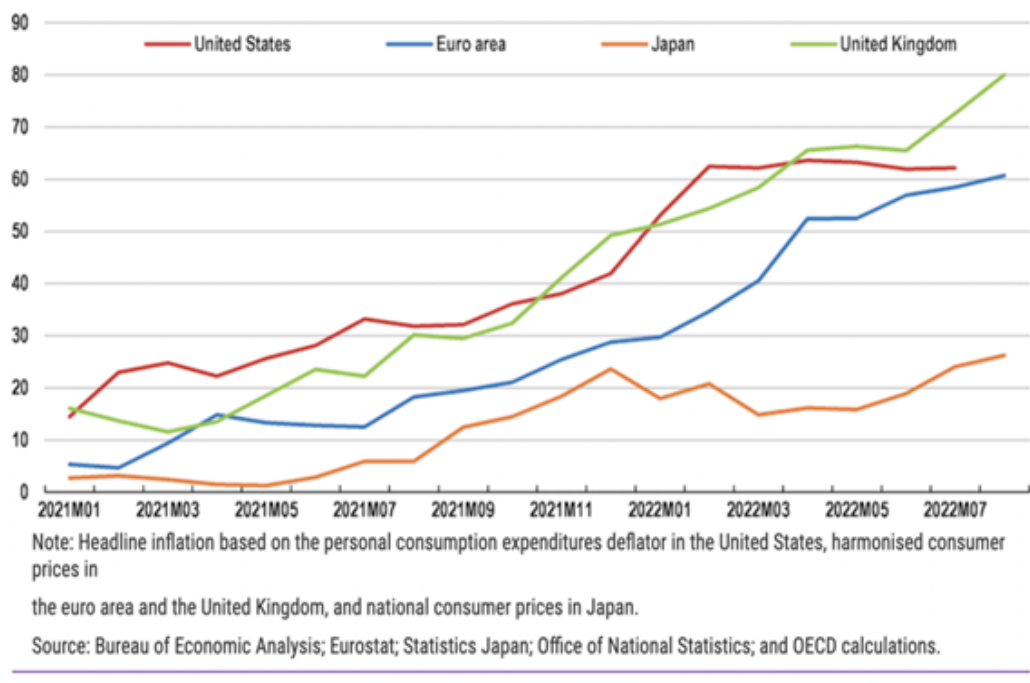


□ “...two events, along with growing tensions with China, have dominated international relations and the global economy over the past year and a half: the war in Ukraine and the return of inflation. These events took policy makers by surprise. We thought that the institutions we had built, along with economic and trade ties, would be sufficient to prevent a new war in Europe. And we believed that independent central banks had acquired the ability to contain inflation expectations, to the point of fearing secular stagnation... these two epochal events did not come out of nowhere and are not disconnected from each other... Rather, they are both the consequence of a paradigm shift that over the last two and a half decades has silently shifted global geopolitics from competition to conflict.” (Draghi, 2023).

The most serious consequences of the Russian-Ukrainian war concern, on the one hand, inflation driven by the increase in agricultural commodities (of which many European countries are large importers), and on the other by the prolonged increase in the general average level of prices of goods and services (Figure 1).

In 2022, for example, huge increases in energy prices have brought enormous profits to energy companies in Western economies. The large Western oil multinationals (Shell, BP, ExxonMobil, Chevron, Total Energies), in fact, have recorded high profits because costs (extraction, refining and sales) have remained stable, while the price of oil has increased significantly.

Figure 1: % Share of Products in Inflation Basket with a Year Inflation Rate above 4%



The Russian-Ukrainian crisis has called international geopolitics into question, with consequences and repercussions on African countries. African governments as a whole, in different ways, are trying to maintain a position that damages their international profile as little as possible, especially from an economic point of view. However, African countries and their populations continue to be subject to the usual vulnerabilities, which worsened first with the enormous external shock represented by Covid-19 and then subsequently following the Russian-Ukrainian war and more recently the BRICS+ presence.

□ *In late August, the BRICS announced six new members had been invited to join their group (Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates), that became BRIC+. The new BRICS+ grouping is a good example of a growing trend over the last two decades: the rise of a multi-polar world that supplanted both the Cold War era and the unipolar US dominance in the 1990s. But multi-polar arguably fails to capture what is happening today. Today, small and middle powers can hold outsized sway through multiple alliances and partnerships. The world is living in multi-aligned age (Molavi, 2023).*

2. Global Competitive Horizons in the New Geopolitical Framework

The markets do not believe in the end of the conflict in the short term and hypothesize a war of attrition. The global geopolitical framework has changed for the largest corporations operating on world markets; in various nations, companies are faced with greater protectionism (which in practice determines differentiated price pressures), value chains are shorter, and there is a continuous increase in inflation (also driven by speculative pressures).

□ **WALMART Global Corporate Organization.** *Walmart conducts retail and e-commerce operations in 24 countries around the world and sources products from more than 100 countries, each with its own unique cultural, economic, social, and political institutions and practices. Walmart is a global company with associates from many ethnicities, orientations, backgrounds and life experiences.*

□ **AMAZON Global Corporate Organization.** *Amazon is an American multinational technology and vast Internet-based enterprise that sells books, music, movies, housewares, electronics, toys, and many other goods. More specifically, Amazon is a company that focuses on e-commerce, cloud computing, digital streaming, and artificial intelligence. Amazon has earned a reputation as a disruptor of well-established industries through*

technological innovation and mass scale. As of 2021, it is the world's largest online retailer and marketplace. In 2021, it surpassed Walmart as the world's largest retailer outside of China. Corporations swear by hierarchical structures. In the case of Amazon.com, the hierarchy is expressed in terms of a global system of clear lines of authority that heavily influence the firm's operations.

For global companies, the ongoing geopolitical changes increase corporate and network profit risks, but also represent new, great opportunities for corporate management on long-term trends. For example, with reference to artificial intelligence, biotechnologies, renewable energies, the diversification of supply chains and above all the search for new areas of exploitation of raw materials (also with robust investments in circular economies).

Competitive globalisation and oversize economy produce the crisis of standardized productions and independent local producers. New conditions of efficiency produced by 4.0 economy are more open to global competitive policies focused on new equilibriums between pricing and the reduction of production and sales costs.

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