

INTERNATIONAL BUSINESS

How the International Business Ecosystem Drives Business Success

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The dynamic interplay of cooperation and competition worldwide.

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Even though the international marketplace is becoming more interconnected, multinational corporations (MNCs) frequently continue to use old models as their preferred modus operandi. In reality, the international marketplace now functions similarly to an ecosystem – a dynamic, constantly changing cogwheel-like system in which different MNCs interact, compete, engage, and collaborate. In contrast to traditional markets, where performance is focused on transactions, this ecosystem depends on intricate interdependencies among the “cogs” and “wheels” that together influence economic flows. Consequently, MNCs collectively contribute to the growth, resilience, and adaptation of the ecosystem, and make it more than the sum of its parts.

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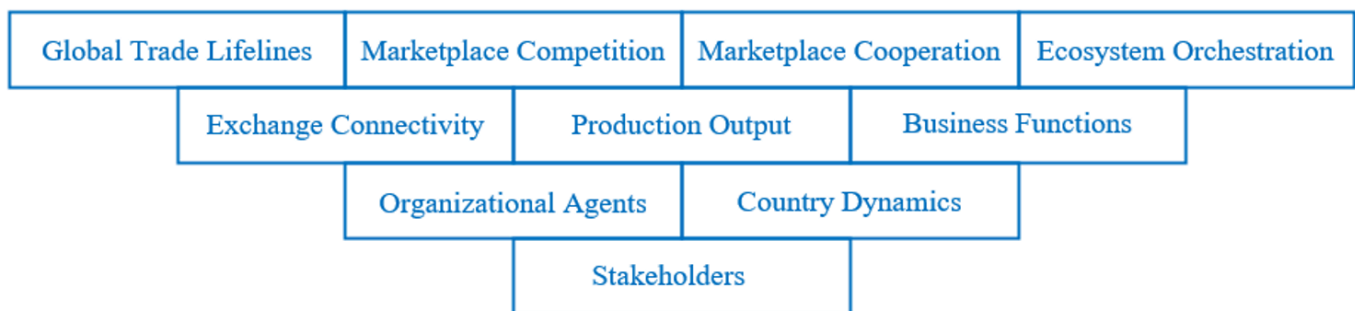
As we discussed in a recent [article](#) in the *Journal of International Business Studies*, “The international business ecosystem is defined as the organisms of the business world – including stakeholders, organizations, and countries – involved in exchanges, production, business functions, and cross-border trade through both marketplace competition and cooperation.” As such, this ecosystem comprises a diverse array of elements, from stakeholders and organizations to countries and trade exchanges. Each element plays an important role in the system’s functioning and contributes to the ecosystem’s vitality and responsiveness to global challenges.

Instead of viewing international business as relatively isolated transactions, MNCs can better anticipate global shifts, leverage market opportunities, and mitigate operating risks that are inherent in the international marketplace if they view international business as an ecosystem that is puzzled together by cogs and wheels of different properties. The

intricacy of this ecosystem, on the other hand, necessitates that MNCs adopt a nuanced managerial approach to global strategy. The ability to properly orchestrate the ecosystem elements, in addition to having an awareness of the functions that each element plays, can also unlock synergies that elevate the ecosystem as a whole.

The purpose of this article is to examine each element of the international business ecosystem and to emphasize the interconnectedness of those elements. Additionally, the article will highlight the strategic decisions that MNCs can make in order to survive within the framework of this ecosystem. MNCs that get an appreciation for and actively interact with the complexities of the ecosystem position themselves as flexible and resilient actors in a global marketplace that is becoming increasingly turbulent. This includes aligning with stakeholders and managing functions that span international borders.

Core Elements in the International Business Ecosystem



Stakeholders are the Lifeblood of the Ecosystem

Stakeholders are the core lifeblood of the international business ecosystem (e.g., shareholders, customers, employees, suppliers, regulators, and communities). They fuel MNC's decision-making, influence strategic directions, and act as bridges to fellow stakeholders and other components in the ecosystem. Stakeholder alignment is an important operational consideration for MNCs in their quest to create sustainable value. Take the example of **Nestlé**: The company actively engages with primary (shareholders, customers, employees, suppliers, regulators, and communities) and secondary (e.g., special interest groups, media, competitors) stakeholders on a global scale to position itself strategically as well as in core global operations to be aligned with local market interests, competitive dynamics, and sustainability goals.

Organizations as Ecosystem Agents

Organizations, from small enterprises to MNCs, act as agents within the international business ecosystem. These “actors” manage the ecosystem’s resources, create value individually or synergistically for the collective benefit of the ecosystem, and innovate processes and products. In short, MNCs contribute to the ecosystem’s sustainability by adapting to new market needs, wants, and preferences and responding to global **challenges**. Each organization brings unique capabilities (i.e., knowledge and skills) to the ecosystem. These capabilities shape ecosystem interactions, technological advancement, and sector-specific expertise: **Tencent** in Asia influences global digital ecosystems through innovation and strategic partnerships, expanding its role across country borders via its technology-driven platforms.

Countries and Their Role in Ecosystem Dynamics

Countries serve as both enablers and regulators of international business (regional agreements such as the European Union also serve in complementary roles). Nations provide the **frameworks** for legal standards, trade agreements, and government policies that regulate cross-border interactions within an ecosystem. Countries’ economic policies, cultural values, and geopolitical positions impact how MNCs operate and what opportunities they may be able to go after. For example, **Australia** leverages its regulatory framework and some 18 trade agreements involving a set of 30 countries to attract foreign investments (e.g., in industry sectors such as natural resources and clean energy). This reinforces Australia’s vital role in the global economy (despite its limitations in geographic proximity to many of the world’s countries).

Exchanges as the Ecosystem’s Connective Tissue

Exchanges form the **connective tissue** of the international business ecosystem. These exchanges can be transactions involving products, services, and/or information flowing between different ecosystem entities (i.e., actors) or they can be exchanges based on resource ties and organizational activity links. The exchanges drive organic growth in the

system and encourage innovation in both processes and products. In this context, the ecosystem exchanges are the practical manifestations of both ecosystem cooperation and competition. Products cross country (and region) borders, knowledge and skills are shared, and dynamic relationships are forged. For example, **Jumia** in Africa facilitates digital transactions via its JumiaPay across 11 African countries (with more than 700 million people), and, in doing so, provides e-commerce services that connect African consumers with local and international products.

Production as a Pillar of Ecosystem Output

Production – encompassing the creation and distribution of products, services, and/or information – is fundamental to the international business ecosystem’s vitality and longevity. Such production depends on a network of suppliers, manufacturers, and distributors across multiple countries that is supported by complex **global supply chains** via the involved actors, activity links, and resource ties. As the ecosystem adapts, as needed, to global demands and market disruptions, production processes that are flexible, cost-efficient, quality-minded, and responsive (speed, cycle time) help sustain the flow of resources and products worldwide. **Volkswagen** (Germany) exemplifies this, with its network of production facilities and suppliers that are spread across countries (e.g., this infrastructure allows VW to scale manufacturing and adapt to shifting, even unpredictable, market demands globally).

Business Functions Within the Ecosystem

Business functions (e.g., International Business, Consumer Behavior, Marketing Strategy, Organizational Behavior, Human Resources, Strategic Management, Logistics, Purchasing/Sourcing, Operations Management, Accounting, Finance, Business Law, and Information Technology) serve as the ecosystem’s **operational backbone**, infrastructure, and managerial options in terms of how to manage actors, activity links, and resource ties. These functions set the managerial boundary conditions as to how and when MNCs can and/or should execute their global strategies, build cross-border partnerships, and meet

market expectations. **Walmart** in North America, for example, leverages its extensive global supply chain network to make sure that products are available across markets via its coordinated business functions in international operations.

Cross-Border Trade is the Ecosystem's Global Lifeline

Cross-border **trade** enables the international business ecosystem to flourish, facilitating and even allowing for the connection of diverse economies, diverse cultures, and geographically dispersed nations. This global lifeline facilitates access to products, services, and information across the globe, opportunities for firms to access new markets, lower costs through both competitive and comparative advantage, and fosters collaboration and healthy competition via its interdependence among nations. As a caution, trade barriers can disrupt the effectiveness and efficiency of these trades if too severe; positively, though, a healthy international business ecosystem has shown to be adaptable and encouraging innovations in both processes and products to maintain global efficiency. **Mercado Libre** in South America (from Argentina but headquartered in Uruguay) has an important role in cross-border trade by providing a platform for international commerce across Latin American countries, in particular supporting small and medium-sized enterprises and enabling these SMEs to reach broader global markets.

Marketplace Competition and Cooperation

An important feature of the international business ecosystem is that cooperation and competition coexist within the ecosystem. As such, progress is being made and, in effect, driven through both mutual benefit, as expected, but also rivalry. On the latter, competitive pressures push MNCs (and all forms of enterprises) to continuously innovate and improve. On the other hand, cooperative ventures in the ecosystem (e.g., joint ventures, strategic alliances, and industry standards) foster both organic and inorganic (e.g., M&A) growth and stability. **Balancing** these dynamic cooperative and rivalry forces is key to sustainability in the ecosystem. For example, the **Tata Group** in India engages in both

competition and cooperation across the various industries in which Tata operates and does business (e.g., from automotive to software), including collaborating with global partners to enhance its offerings and expand its global reach.

Orchestrating the Ecosystem

Orchestrating the international business ecosystem requires a company-level strategic approach that integrates elements of speed, quality, cost, and flexibility to harmonize its diverse elements (e.g., stakeholders, organizations, countries, and functions) toward shared objectives. Effective orchestration aligns competing interests among actors, fosters collaboration where advantageous, allows for healthy competition to benefit customers and other stakeholders, and encourages ecosystem-wide adaptability in response to global challenges.

Again, by promoting a balance between cooperation and competition (cf. BMW and Mercedes), the involved actors – effectively everyone involved is also an “orchestrator” – can enhance ecosystem resilience, create synergies across country borders, and drive sustainable growth. Apple exemplifies this orchestration approach in its place in the ecosystem by coordinating global supply chains, technology partnerships, and touchpoints throughout the multilayered customer journey. This allows **Apple** to be competitive but also collaborative, a dynamic that helps the ecosystem be resilient and adapt to global market demands (cf. automobile makers such as Ford, General Motors, Honda, and Toyota).

Key Takeaways

The international business ecosystem is a complex, interconnected network of entities (actors, i.e., stakeholders, organizations, countries) and activities (i.e., exchanges, production, business functions, cross-border trade, competition, and cooperation) that serve the global marketplace. Each entity and affiliated activity has a strategically unique and vital role in nurturing the ecosystem’s balance, resilience, and adaptability in response

to supply and demand. Understanding the interdependencies of these elements helps MNCs navigate the international complexities that can also enable these MNCs to strategically position themselves within the dynamic global landscape.

Effective and efficient orchestration of the international business ecosystem enhances collaboration among the ecosystem's actors and also manages the competition among MNCs. This collaboration-competition dynamic helps to balance short-term gains with long-term stability for the MNCs in the system and also allows for maximum opportunities to have sustainable superior performance success. For example, when MNCs like **Nestlé** and **Tencent** align their global strategies with the needs, wants, and preferences of stakeholders across borders, these companies help strengthen the ecosystem, their own positions in it, and overall contribute to the ecosystem's resilience. Similarly, as countries like Australia shape economic and trade policies, these companies help create an environment for growth. Such efforts illustrate how the actors can work collaboratively to build synergies that address global challenges.

MNCs can be more competitive and contribute to a sustainable global economy by leveraging the infrastructure of the ecosystem in which they actively or passively participate. From orchestrating networks like Volkswagen and other automakers do (e.g., with their production operations) to facilitating cross-border trade (e.g., through platforms like **Mercado Libre**), MNCs can tap into global markets while also building resilience and goodwill against disruptions. Ultimately, success in the international business ecosystem depends on MNCs understanding and adhering to the delicate balance between competition and cooperation, as seen in Tata Group's approach, and realizing the importance of adaptability, as Apple does with its global supply chains. As MNCs deepen their ecosystem awareness, they not only enhance their competitive edge but also adopt a forward-thinking inclusive, sustainable, and innovative approach to the global economy.



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