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Global Economic Dynamics and Economic Resilience in the 2018–2022 Period

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ABSTRACT

This study aims to analyze global economic dynamics and their influence on economic resilience during the 2018–2022 period. The research employed a literature review with a descriptive qualitative approach, collecting data from scientific journals, books, international reports, and other relevant academic sources. The findings indicate that international trade, digital economic transformation, the COVID-19 pandemic, investment, and business sector resilience influenced global economic dynamics. International trade conflicts and increasing protectionist policies caused a slowdown in economic growth and increased uncertainty in global markets. In addition, the COVID-19 pandemic significantly affected production activities, consumption, investment, and international trade. On the other hand, the development of the digital economy created opportunities to improve economic efficiency and expand market access through digital technology utilization. The study also demonstrates that micro, small, and medium enterprises played an important role in maintaining economic stability through business innovation and adaptability to changing economic conditions. Therefore, adaptive and innovative economic strategies oriented toward strengthening economic resilience are needed to maintain sustainable economic stability.

Keywords: *Digitalization Economy, Economic Resilience, Globalization, Investment, International Trade.*

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1. | INTRODUCTION

The 2018–2022 period is an important phase in global economic development because it is characterized by increasing international trade instability, changes in investment patterns, acceleration of digital transformation, and the emergence of the COVID-19 pandemic which affects almost all world economic activities. This condition has caused many countries to experience a slowdown in economic growth, a decline in trade activity, and financial market uncertainty. In recent years, the dynamics of the global economy have been influenced not only by the domestic factors of a country, but also by international economic relations that are increasingly integrated. Steinbock (2018) explained that international trade conflicts and increasing protectionist policies have a major impact on world trade activities and trigger a slowdown in global economic growth. This instability shows that global economic changes can have a wide impact on various sectors of the economy.

In addition to international trade, the development of digital technology is also an important factor that affects the modern economic system. The development of the digital economy encourages changes in people's consumption patterns, payment systems, business activities, and technology-based trade. UNCTAD (2021) explained that the development of the digital economy has increased very rapidly in the 2018–2022 period through the increased use of information technology, electronic transactions, and digital trade. This digital transformation provides great opportunities to improve economic efficiency and expand market access, but it also poses new challenges in the form of digital business competition, inequality of access to technology, and changes in labor patterns. This condition shows that economic digitalization has a great influence on changes in the global economic structure.

On the other hand, the COVID-19 pandemic has become one of the main factors that have caused major changes to world economic activity. The IMF (2020) explained that the pandemic caused the largest global economic slowdown in recent decades due to declining production, consumption, investment, and international trade activities. Restrictions on community activities have caused many economic sectors to experience a decline in productivity and income. The impact of the pandemic was also felt in the international trade sector due to the disruption of global supply chains and declining international market demand. This condition shows that economic resilience is an important factor in maintaining economic stability in the midst of global uncertainty.

In the face of global economic changes, many countries have begun to strengthen the business sector and improve economic policies that support economic recovery. One of the sectors that has an important contribution to maintaining economic stability is micro, small, and medium enterprises (MSMEs). Belitski et al. (2022) explained that MSMEs have a fairly good ability to adapt to economic crises through business innovation and the use of digital technology. In addition, the OECD (2021) explained that post-pandemic economic recovery requires an adaptive, innovative, and oriented economic development strategy aimed at strengthening long-term economic resilience.

Strengthening the domestic business sector and digital transformation are important parts of accelerating global economic recovery.

Various previous studies have mostly focused on the economic impact on certain countries, regions, or sectors, so discussions about global economic dynamics in general are still relatively limited. Research conducted by Sitorus (2021) shows that international trade conflicts have an impact on economic growth, investment, and trade. However, the research still focuses on specific economic contexts so it has not discussed the relationship between international trade, the digital economy, and economic resilience more broadly. In addition, Ali and Malik (2021) explained that economic globalization has an influence on economic growth through increased international trade and investment. However, research on the relationship between digital economic transformation, economic globalization, and economic resilience in the post-pandemic recovery period still requires further study.

Based on these conditions, this study aims to analyze global economic dynamics and their influence on economic stability in the 2018–2022 period. This research is expected to provide an understanding of the relationship between international trade, digital economic transformation, investment, and economic resilience in the face of changing global economic conditions.

2. | LITERATURE REVIEW

Economic Growth and Globalization

Economic growth is the main indicator in assessing the success of a country's economic development. Economic growth describes an increase in production capacity, community income, and economic activity that takes place in a sustainable manner. In the era of globalization, economic growth is not only influenced by internal factors, but also by international economic relations such as global trade, foreign investment, and international market integration. Economic globalization causes the linkages between countries to become stronger so that changes in economic conditions in one region can affect the economic conditions of other regions. Saragih (2022) explained that economic globalization has a positive influence on economic growth through increased international trade, investment, and technology transfer between countries. With the integration of the global economy, countries have the opportunity to expand the market and increase economic competitiveness.

However, economic globalization also presents various challenges for economic stability. Economic dependence between countries causes global economic disruption that can have a major impact on domestic economic activity. Aesthetics et al., (2022) explain that international trade conflicts and protectionist policies cause a slowdown in global trade and reduce world economic stability. International trade instability can hinder economic growth due to disruptions in international export, import, and investment activities. In addition, the IMF (2020) explained that the COVID-19 pandemic worsened global economic conditions through a decline in production,

consumption, and international trade. This condition shows that global economic dynamics and the stability of international economic relations greatly influence economic growth.

Digital Economy Transformation

The development of digital technology has created major changes in the modern economic system. The transformation of the digital economy is characterized by the increasing use of information technology, the internet, electronic transactions, and digital platforms in various economic activities. These changes cause people's consumption patterns, business activities, payment systems, and international trade to develop very rapidly. UNCTAD (2021) explained that the development of the digital economy in the 2018–2022 period has increased significantly through the growth of electronic commerce, digital services, and the use of internet-based technology. Economic digitalization provides great opportunities to improve economic efficiency, expand market access, and accelerate business growth in various economic sectors.

In addition to providing opportunities, digital transformation also poses new challenges in the economic system. Inequality of access to technology, changes in labor patterns, and increasing competition in digital businesses are important issues in the development of the digital economy. The OECD (2021) explains that digital transformation requires adaptive economic policies so that technological developments can provide equitable benefits for the community and business actors. The digitalization of the economy also accelerates the integration of the global market because trading activities can be carried out faster and more widely through digital platforms. According to Sitorus (2021), changes in global economic conditions and international trade encourage countries to increase economic innovation and utilize technology as a strategy to maintain economic stability. Thus, digital economy transformation has an important role in supporting economic growth and increasing economic competitiveness in the era of globalization.

Economic Resilience and the Role of MSMEs

Economic resilience is the ability of an economic system to deal with economic pressures, changes, and crises without experiencing a significant decline. Economic resilience is influenced by the stability of the production sector, public consumption, investment, and the government's ability to create effective economic policies. In conditions of global uncertainty, economic resilience is an important factor to maintain the stability of economic growth and people's welfare. One of the sectors that has a major contribution to economic resilience is micro, small, and medium enterprises (MSMEs). Thukral (2021) explained that MSMEs have a fairly good ability to adapt in dealing with changes in economic conditions through business innovation and the use of digital technology. During the COVID-19 pandemic, many MSMEs are still able to survive by adjusting their business strategies and expanding digital-based marketing.

In addition, strengthening the business sector and supporting economic policies are also important factors in maintaining economic resilience. The OECD (2021) explained that economic recovery requires strengthening business capacity, increasing

investment, and developing human resources so that the economy can grow stably again. Economic resilience is also influenced by the stability of international trade and the ability of the domestic economy to deal with changes in the global market. Steinbock (2018) explained that international trade conflicts can put pressure on world economic stability if they are not balanced with the right economic policies. Therefore, strengthening MSMEs, increasing economic innovation, and digital transformation is an important strategy in maintaining economic resilience and encouraging long-term economic growth.

3. | RESEARCH METHOD

This study uses a library research method with a qualitative descriptive approach. The literature study method is used because the research focuses on collecting, reviewing, and analyzing various scientific sources related to global economic dynamics, international trade, digital economy transformation, investment, and economic resilience in the 2018–2022 period. The qualitative descriptive approach was chosen because this study aims to explain economic phenomena systematically based on theories, data, and previous research results so as to be able to provide a comprehensive understanding of the relationships between economic phenomena that occurred in that period. The literature study method allows researchers to obtain extensive and in-depth information through various scientific sources relevant to the research topic.

The data sources used in this study are secondary data obtained from national and international scientific journals, books, research articles, official reports of international economic institutions, and academic documents indexed by Google Scholar. Some of the main sources used come from the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD), as well as various scientific journals that discuss international trade, digital economy, economic growth, and economic resilience. In addition, this study also uses an article by Sitorus (2021) as one of the main references in understanding the influence of global economic dynamics on economic stability.

The data collection technique is carried out through several stages, namely identification of library sources, data selection, information recording, and data grouping based on the focus of the research. The researcher first identifies various sources that are relevant to the research theme, then selects references that are appropriate to the publication period of the last five years so that the discussion remains relevant to economic conditions ahead of 2023. After that, important data and information are recorded and classified based on discussion themes such as international trade, digital economy, investment, and economic resilience.

The data analysis technique in this study uses content analysis. The analysis was carried out by examining the content of various literature sources to find the relationship

between economic phenomena discussed in the study. The stages of analysis include data reduction, data presentation, data interpretation, and conclusion drawn. Data reduction is carried out by selecting information that is relevant to the focus of the research. Furthermore, the data is compiled systematically to facilitate the interpretation process. The interpretation stage is carried out by connecting theories, previous research results, and economic phenomena that occurred in the 2018–2022 period. The last stage is to draw conclusions based on the results of the analysis that has been carried out so that an understanding of the influence of global economic dynamics on economic stability in general is obtained.

4. | RESULTS

The 2018–2022 period shows that global economic conditions have undergone significant changes due to increasing international trade instability, the development of digital technology, and the emergence of the COVID-19 pandemic which has affected almost all world economic activities. These changes have caused many countries to face slowing economic growth, declining investment, and disruptions to international trade. Estetika et al., (2022) explain that international trade conflicts and increasing protectionist policies have a major impact on world economic stability because they hinder global trade and investment activities. This condition shows that economic relations between countries have a huge influence on global economic growth.

The increasing protectionist policies in some countries have led to disruptions in global supply chains and decreased international trade activities. The instability of international trade has also led to increased uncertainty in global financial and investment markets. In these conditions, many investors have become more cautious in making investments due to high economic risks. Sitorus (2021) explained that international trade conflicts have an impact on the export, investment, and capital market sectors, thus affecting economic stability in general. The decline in international trade activities has led to a decrease in global market demand for various products, resulting in a slowdown in production and distribution activities.

In addition to being influenced by international trade, global economic changes are also influenced by the development of the digital economy which is growing very rapidly in the 2018-2022 period. The digitalization of the economy is creating major changes to people's consumption patterns, payment systems, business activities, and modern trade. Febriyantoro and Arisandi (2018) explained that the development of digital technology increases internet-based economic activities and expands market access for business actors. Electronic commerce, digital transactions, and the use of online business platforms have seen a significant increase in recent years. This condition shows that digital technology has a great contribution to the development of the modern economy.

The development of the digital economy also provides opportunities for increased productivity and economic efficiency. Many companies are starting to leverage digital technology to expand their business networks, improve marketing, and accelerate

product distribution activities. In addition, the use of digital technology helps businesses reduce operational costs and increase access to wider consumers. The OECD (2021) explains that digital transformation is one of the important factors in increasing economic competitiveness and accelerating global economic recovery. These changes show that economic digitalization has a great influence on changes in the structure of the world economy.

In 2020, the COVID-19 pandemic became one of the main factors that caused major changes to global economic conditions. The pandemic has caused economic activity in various countries to decline due to restrictions on community activities, decreased consumption, and disruption of production activities. The IMF (2020) explained that the COVID-19 pandemic caused the largest global economic slowdown in recent decades because almost all economic sectors experienced a decline in activity. Many companies experienced a decline in income and productivity due to limited economic activities of the community. In addition, international trade has also decreased due to disruptions to global supply chains and declining international market demand.

The impact of the pandemic is not only felt in the trade and industrial sectors, but also affects the labor sector and people's welfare. Many companies are reducing their workforce to reduce operational burdens so that the unemployment rate increases in various countries. This condition causes people's purchasing power to decrease and slow down economic growth. The IMF (2020) explained that the pandemic created great pressure on global economic stability because it caused a decline in public consumption and increased international economic uncertainty. This shows that the COVID-19 pandemic has had a very wide impact on various economic sectors.

However, the pandemic has also encouraged the acceleration of digital economy transformation in various economic sectors. Many economic activities that were previously carried out directly began to switch to using digital systems such as electronic commerce, digital payments, and internet-based services. UNCTAD (2021) explained that the use of digital technology increased significantly during the pandemic because people need alternative economic activities that are more flexible and safe. The increase in the use of digital technology helps people and business actors continue to carry out economic activities amid social and economic limitations during the pandemic.

In the conditions of a global economic crisis, economic resilience is an important factor in maintaining the economic stability of the community. One of the sectors that has a major contribution to economic resilience is micro, small, and medium enterprises (MSMEs). Belitski et al. (2022) explained that MSMEs have a fairly good ability to adapt to changing economic conditions through business innovation and the use of digital technology. Many MSME actors are starting to use social media and digital platforms to market products and expand consumer networks. These innovations help MSMEs maintain business activities in the midst of unstable economic conditions.

In addition, MSMEs also have an important role in creating jobs and maintaining community economic activities. During the pandemic, many large business sectors experienced a decline in activity, but MSMEs were still able to maintain some economic activities through adjustments to business strategies and product innovation. Thukral (2021) explained that the flexibility and adaptability of MSMEs are important factors in maintaining economic resilience in times of crisis. This condition shows that the strengthening of the small and medium business sector has a great influence on the economic stability of the community.

In an effort to accelerate economic recovery, various countries have begun to implement economic policies that support investment, strengthen the business sector, and digital transformation. The OECD (2021) explained that post-pandemic economic recovery requires an adaptive economic development strategy oriented towards strengthening long-term economic resilience. Governments in various countries have begun to increase support for business actors through financing assistance, increased access to technology, and strengthening human resource capacity. The policy aims to increase economic productivity and accelerate economic growth after the pandemic.

Economic growth in the 2018–2022 period is also influenced by the level of economic globalization and international market integration. Ali and Malik (2021) explain that economic globalization has a positive influence on economic growth through increased international trade, foreign investment, and technology transfer. Global economic integration allows countries to expand market access and improve production efficiency. With the expansion of international economic relations, many countries have the opportunity to increase economic competitiveness and accelerate economic development.

However, economic globalization also increases dependence between countries so that global economic disruptions can have a wide impact on domestic economic stability. International trade instability has caused many countries to experience a decline in export and investment activities. Saragih (2022) explained that economic globalization requires economic stability and appropriate policies in order to be able to provide benefits to economic growth in a sustainable manner. Therefore, an economic policy is needed that is able to maintain a balance between economic openness and national economic stability.

Changes in international trade patterns in the 2018–2022 period show an increase in the use of digital technology in trade activities. Many companies are starting to use digital platforms to expand market access and improve business efficiency. The OECD (2021) explained that the development of digital technology is accelerating changes in the global trading system because economic activities can be carried out faster and more efficiently. The use of digital technology also helps companies reach consumers in various regions without having to conduct direct trading activities.

In addition to the development of digital technology, economic stability is also influenced by a country's ability to create economic policies that are effective and

adaptive to changing global conditions. Steinbock (2018) explained that international trade conflicts can put great pressure on economic stability if they are not balanced with the right economic policies. Meanwhile, Sitorus (2021) explained that strengthening the domestic business sector and increasing local economic activity can help maintain economic stability amid global economic pressures. This shows that economic policy has an important role in maintaining economic resilience and accelerating economic recovery.

The results show that global economic dynamics in the 2018–2022 period are influenced by various factors such as international trade, digital economic development, the COVID-19 pandemic, investment, and community economic resilience. These changes provide both challenges and opportunities for global economic growth. In the face of global economic changes, an adaptive, innovative, and oriented economic development strategy is needed to strengthen economic resilience so that economic stability can be maintained in a sustainable manner.

5. | DISCUSSION

The results of the study show that the dynamics of the global economy in the 2018–2022 period are influenced by various interrelated factors, especially international trade, digital economy transformation, the COVID-19 pandemic, and community economic resilience. The instability of international trade has led to a slowdown in global economic growth as well as increased uncertainty in financial and investment markets. Steinbock (2018) explained that international trade conflicts and increasing protectionist policies can hinder global trade and reduce world economic stability. This condition shows that economic relations between countries have a great influence on global economic activity so that changes in economic policies in one country can have an impact on other countries.

In addition to international trade, the development of digital technology is also an important factor in changing the modern economic system. The development of the digital economy has led to changes in people's consumption patterns, business activities, and international trade systems. UNCTAD (2021) explained that economic digitalization is able to increase economic efficiency and expand market access for business actors. The results of this study show that digital transformation not only helps increase economic activity, but is also an important strategy in maintaining economic stability during the COVID-19 pandemic. Many business actors are starting to utilize digital technology to expand marketing and maintain business activities amid economic limitations.

The COVID-19 pandemic has had a major impact on global economic activity through a decline in production, consumption, investment, and international trade. The IMF (2020) explained that the pandemic caused a significant global economic slowdown due to limited community economic activities and disruption of international supply chains. However, this condition also accelerates the transformation of the digital economy in various economic sectors. The use of digital technology has increased

significantly because society and companies need alternative economic activities that are more flexible and secure. These changes show that economic digitalization has a major contribution to supporting economic resilience in times of crisis.

In the context of economic resilience, the MSME sector has an important contribution to maintaining the economic stability of the community. Belitski et al. (2022) explained that the adaptability of MSMEs to changes in economic conditions is one of the important factors in maintaining economic activity during times of crisis. The results of this study show that business innovation, the use of digital platforms, and the strengthening of the domestic business sector can help increase economic resilience and accelerate people's economic recovery. In addition, government policy support for the business sector also has a great influence on economic stability and increasing economic productivity.

This research also shows that economic globalization continues to provide opportunities for economic growth through increased international trade, investment, and global market integration. Saragih (2022) explained that economic globalization can increase economic growth if balanced with economic policies that support national economic stability and competitiveness. Therefore, an adaptive, innovative, and oriented economic development strategy is needed to strengthen economic resilience in order to be able to deal with changes in global economic conditions in a sustainable manner.

6. | CONCLUSION

Based on the results of the study, it can be concluded that the dynamics of the global economy in the last five years have undergone very significant changes due to the influence of international trade, the development of the digital economy, the COVID-19 pandemic, investment, and the economic resilience of the community. International trade instability has led to a slowdown in global economic growth, a decline in investment, and disruption of trade activities in various countries. In addition, the COVID-19 pandemic has worsened world economic conditions because it has caused a decline in production, consumption, and distribution activities of goods and services in various economic sectors.

On the other hand, the development of digital technology provides great opportunities in improving economic efficiency, expanding market access, and accelerating the transformation of the modern economic system. Economic digitalization helps communities and business actors maintain economic activities during the pandemic through the use of digital platforms, electronic commerce, and digital payment systems. In these conditions, the MSME sector has an important role in maintaining economic stability through business innovation and adaptability to changing market conditions.

This research also shows that economic resilience is influenced by a country's ability to create adaptive economic policies, support investment, strengthen the domestic business sector, and improve the quality of human resources. Therefore, an

economic development strategy is needed that is oriented towards strengthening economic resilience, digital transformation, and increasing economic competitiveness in order to be able to face changes in global economic conditions in a sustainable manner.

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The authors declare that there is no conflict of interest.

Ethical Approval and Originality Statement

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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