


# Chapter 2


## Digital Simulations and Strategic Decision–Making in International Business: A Global Perspective

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### ABSTRACT

*This chapter explores the transformative role of digital simulations in strategic decision-making within international business contexts. Drawing from foundational theories of international strategy and key educational frameworks, the analysis demonstrates how simulations effectively bridge the gap between conceptual knowledge and real-world application. These immersive, risk-free environments enable learners and professionals to develop critical thinking, intercultural competencies, and strategic agility. The discussion evaluates how simulations are integrated into educational curricula and corporate training programs, highlighting their value in enhancing managerial capabilities while also addressing limitations such as the*

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*oversimplification of global complexities and limited attention to emotional dynamics. Technological advances, including artificial intelligence, virtual and augmented reality, and cloud computing, are discussed as future enablers of more sophisticated, personalized, and globally relevant simulation environments.*

## **1. INTRODUCTION**

In an increasingly interconnected global economy, firms are compelled to develop strategies that balance global integration with responsiveness to diverse cultural, political, economic, and technological environments. The ability to formulate and execute effective international business strategies is often a decisive factor in determining the success or failure of multinational corporations (MNCs), directly influencing profitability, sustainability, and long-term competitiveness (Rugman & Verbeke, 2017; Hill, 2008). Yet, strategic decision-making in international contexts is becoming more complex, requiring managers not only to analyze market conditions but also to adapt to rapidly shifting institutional and technological landscapes.

Recent technological advancements have introduced digital simulations as powerful tools for supporting both education and practice in international business. Simulations provide immersive, risk-free environments where learners and practitioners can test strategic approaches, observe outcomes, and refine their decision-making processes (Faria et al., 2009; Salas et al., 2009). By bridging theoretical knowledge with applied skills, they are increasingly regarded as effective platforms for developing critical thinking, analytical capability, and managerial agility (Clarke, 2009; Deirmentzoglou et al., 2025a; Vos & Brennan, 2010). Businesses that integrate simulations into training and strategic planning often report improvements in decision-making accuracy and confidence, suggesting their value in both academic and professional settings.

Despite these benefits, the adoption of simulations raises important challenges. Many existing studies focus on the pedagogical advantages of simulations but understate their limitations. Simulations often oversimplify the complexity of international markets, fail to capture the emotional and psychological dimensions of decision-making, and may inadvertently reinforce cultural stereotypes. The reliance on artificial intelligence and large datasets also raises ethical concerns about privacy, bias, and inclusivity. Moreover, the empirical evidence on how effectively simulation-based learning translates into real-world strategic performance remains limited. These gaps highlight the need for a more critical examination of digital simulations in the international business domain.

The purpose of this chapter is therefore to evaluate the role of digital simulations in international business strategy from both theoretical and practical perspectives. It

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