

Macrosystemic Challenges of Uncertainty under the Conditions of Confrontational Globalization

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(Presented by Academy Member Vladimir Papava)

The main objective of the research presented in this paper is the identification of macrosystemic challenges and their features under the conditions of confrontational globalization with increasing uncertainty. System analysis, synthesis and modeling methods were used in the research. Given the modern conditions of the development of world civilization, we should emphasize the unequivocal confrontational feature of globalization, which replaced turbulent globalization, which was yet observed during the COVID-19 pandemic. The research results show that confrontational globalization with increasing uncertainty leads to new macrosystemic issues and challenges. The spread of the COVID-19 pandemic and Russia's war against Ukraine afterwards made important systemic and macroeconomic factors, such as the socio-economic sustainability of an individual country, ensuring macroeconomic stability, the severity of economic downfall due to external shocks and post-crisis recovery, as well as respective anti-crisis tax regulations and adjusting other socio-economic effects, more urgent. According to the conclusion drawn from the research, the sound development and the effective use of human capital and cultural factors is necessary within the conditions of an uncertain environment. © 2023 Bull. Georg. Natl. Acad. Sci.

macrosystemic challenges, confrontational globalization, increasing uncertainty, cultural factors, socio-economic sustainability

Certain features of globalization must be considered when reviewing modern challenges. It should be noted that while the COVID-19 pandemic period was distinguished by turbulent globalization, globalization processes of a confrontational character have manifested against the background of the war [1] started by Russia against Ukraine [2]. The globalization process can be analyzed based on various features [3-6].

An analysis of the past period of the COVID-19 pandemic shows that the modern world, the global economy and national economies are characterized by basically new features. For example, the spread of the COVID-19 pandemic with a turbulent global process emphasized in the first place such systemic macroeconomic factors as a country's socio-economic sustainability level, the severity of the economic downfall due to external shocks and the time required for the post-crisis recovery, the

earlier identification of possible external shocks and the timely application of respective mechanisms, a tax policy tailored to the needs of a crisis period and the regulation of other negative socio-economic effects [5].

The sustainability of the socio-economic system of each country is becoming extremely important for the whole world within the confrontational global environment. It is noteworthy that the sustainability of a country depends on the level of its systemic socio-economic security which includes economic, social, environmental, technological and other spheres of life [7].

The emphasis should be given to the enormously high level of uncertainty, which is an important macro-systemic challenge at the confrontational globalization stage, which is caused by processes occurring in different areas of society whose scope exceeds the boundaries of a specific sphere and frequently cause significant and sometimes crisis effects in other fields [5]. Additionally,

there are other factors whose simultaneous impact [8, 9] basically exacerbates the issue of increasing uncertainty (Fig. 1).

It is noteworthy that the increase of uncertainty due to economic and non-economic factors has a macrosystemic nature. This is proven, for example, by the climate change issue which represents one of the most important challenges of the confrontational globalization period [10-15]. Additionally, global climate change has an especially negative impact not only on the economics of every country but also on their socio-economic systems [7]. Georgia, like other countries of the world, experiences the negative effects of global climate change annually and their negative impact on the economy and human life is constantly increasing. Studies have found that the loss of the gross domestic product (GDP) per capita significantly increases along with the deterioration of the climate and the increase of temperature [16]. Further, the increasing trend of climate policy uncertainty is clear [17].

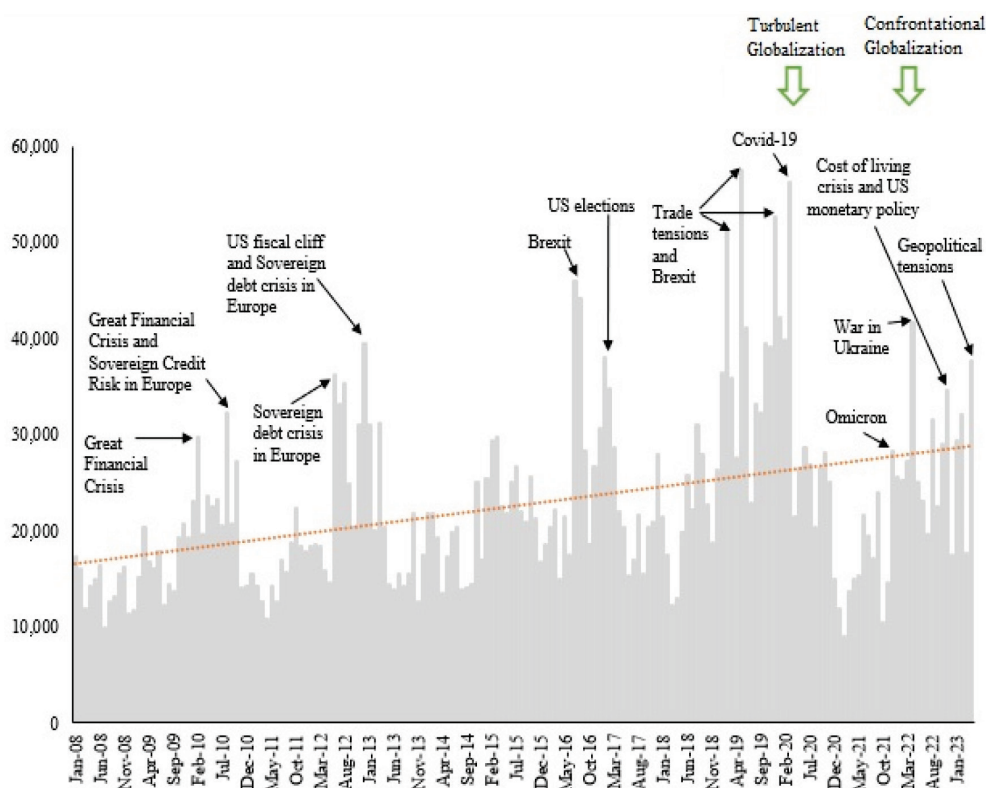


Fig. 1. World Uncertainty Index.

Source: Compiled by the author using data from <https://www.policyuncertainty.com>

The dynamics of economic policy uncertainty indicate an increase in economic uncertainty which is on the rise, especially at the global scale (Fig. 2).

It should be noted that the upward trend of economic policy uncertainty is apparent in some developed and developing economies [18].

The shocks related to the increase of economic policy uncertainty have a significant impact on the economy as well as on all the other spheres of life due to the macrosystemic nature of the shocks. The creation of mechanisms for making informed decisions at all levels of the socio-economic system is especially urgent in conjunction with strengthening long-term forecasting-analytical functions.

Additionally, it is noteworthy that uncertainty is directly reflected in specific human behavior based on cultural factors, cultural values and the style of executive decision-making. According to G. Hofstede's cultural dimensions theory [19] cultural uncertainty and related behavior are defined by such dimensions as uncertainty avoidance. Along with the Uncertainty Avoidance Index – UAI – the comfort level of life and activities and the significance of risk assessment are considered before starting activities. For the UAI, the fundamental concept is how society perceives the fact that the

future would never be known and the extent to which it should be controlled. Cultures with a low index of the dimension have a balanced approach towards uncertainty and practice is more important for them than principles while a high index indicates that a country abides by its beliefs and a strict behavior code.

The impact of the cultural factor, first and foremost, is reflected in the strategies and the types of activities chosen by countries as well as how investment decisions are made by entrepreneurs as well as in the process of using business models. Further, the impact of this cultural dimension is reflected in human behavior in various fields of activities.

A comparative analysis of Georgia's Uncertainty Avoidance Index shows that the index is the highest among European Union countries (Fig. 3).

When reviewing Georgia's desired (targeted) condition, apart from society's attitude towards the uncertainty dimension, other factors should also be considered which are necessary for the transformation of cultural dimensions. This includes strengthening the country's long-term orientation (pragmatism), a reduction of power distance and the development of individualism features [20].

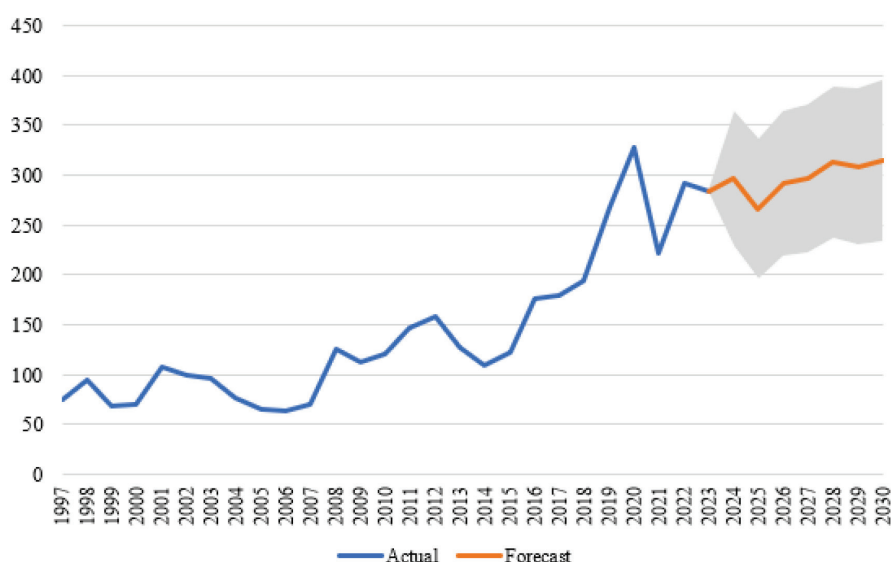


Fig. 2. Global Economic Policy Uncertainty.

Source: Compiled by the author using data from <https://www.policyuncertainty.com>

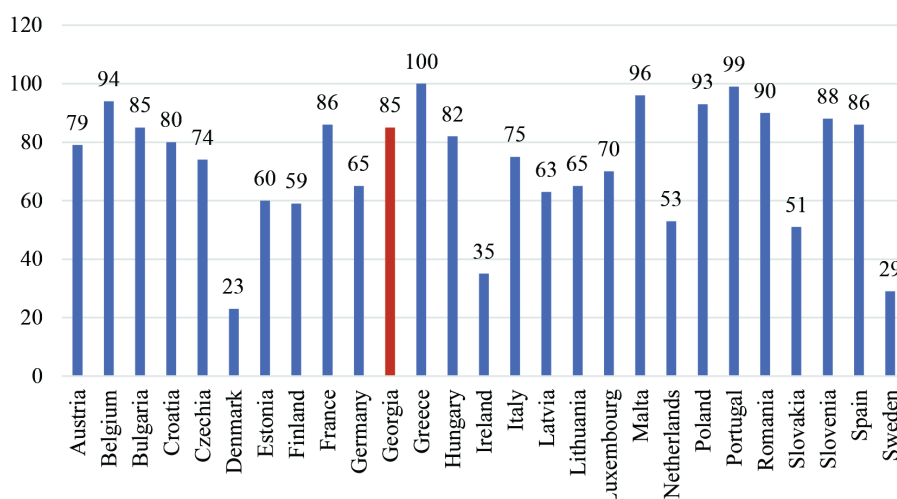


Fig. 3. UAI for EU countries and Georgia.

Source: Compiled by the author using data from <https://www.hofstede-insights.com/>

The above mentioned targeted positive transformation of culture as an informal institute [21] is quite achievable and natural in Georgia within the framework of the development of knowledge-based economics and human capital.

Focusing on the development of future skills and the ability to adapt under uncertain conditions following best practice is urgent while training entrepreneurs and specialists in response to the uncertainty challenge [22-24].

Conclusions

An analysis of the modern globalization period shows that the world, the global economy and national economies are characterized by principally new features. It has become apparent that turbulent globalization has been replaced with confrontational globalization.

The sustainability of the socio-economic system of every country and the security of the socio-economic system is becoming extremely important

for the whole world under the conditions of the confrontational global environment. At the confrontational globalization phase, an especially high level of uncertainty is a significant macrosystemic challenge. The dynamics of economic policy uncertainty with an upward trend indicates economic uncertainty.

The shocks related to the increasing uncertainty have a significant impact on the economy as well as on the other spheres of life due to the macrosystemic feature of the shocks.

As uncertainty is directly reflected in specific human behavior based on cultural factors, cultural values and the style of executive decision-making, it is important to develop a loyal attitude towards uncertainty through the possible modernization of these values, the creation of future skills and the ability to adapt under uncertain conditions under the aegis of the development of a knowledge-based economy and human capital.

ეკონომიკა

განუზღვრელობის მაკროსისტემური გამოწვევები კონფრონტაციული გლობალიზაციის პირობებში

გ. ბედიაანაშვილი

ივანე ჯავახიშვილის სახ. თბილისის სახელმწიფო უნივერსიტეტი, ეკონომიკისა და ბიზნესის ფაკულტეტი, თბილისი, საქართველო

(წარმოდგენილია აკადემიის წევრის ვ. პაპავას მიერ)

ნაშრომში მოცემული კვლევის ძირითადი მიზანია კონფრონტაციული გლობალიზაციის პირობებში განუზღვრელობის განუზღვრელ ზრდასთან დაკავშირებული მაკროსისტემური გამოწვევების იდენტიფიცირება და მათი თავისებურებების გამოვლენა. კვლევაში გამოყენებულ იქნა სისტემური ანალიზის, სინთეზის და მოდელირების მეთოდები. მსოფლიო ცივილიზაციის განვითარების თანამედროვე პირობებში პირველ რიგში, უნდა გამოიყოს გლობალიზაციის ცალსახად კონფრონტაციული ხასიათი, რამაც ჩაანაცვლა ტურბულენტური გლობალიზაცია, რომელიც სახეზე იყო ჯერ კიდევ COVID-19-ის პანდემიის დროს. კვლევის შედეგები მიუთითებს იმაზე, რომ კონფრონტაციული გლობალიზაცია მუდმივად მზარდი განუზღვრელობის ფონზე განაპირობებს ახალი მაკროსისტემური ხასიათის პრობლემების და გამოწვევების გაჩენას. გლობალური ეკონომიკის კონტექსტით COVID-19-ის პანდემიის გავრცელებამ, მისი არსებობის განვლილმა პერიოდმა, ხოლო შემდგომ ომმა, განსაკუთრებით, აქტუალური გახდა ისეთი სისტემური და მაკროეკონომიკური ხასიათის მდგენელები, როგორცაა ყოველი სახელმწიფოსთვის განსაკუთრებით მნიშვნელოვანი საკუთარი ქვეყნის სოციალურ-ეკონომიკური მდგრადობა, მაკროეკონომიკური სტაბილურობის უზრუნველყოფა, გარე შოკების შედეგად გამოწვეული ეკონომიკის ვარდნის სიღრმე და პოსტკრიზისული აღდგენა, შესაბამისი ანტიკრიზისული საგადასახადო რეგულიაციები, სხვა სოციალურ-ეკონომიკური ეფექტების რეგულირება. კვლევის შედეგად მიღებული დასკვნის მიხედვით აღნიშნულია, რომ ზრდადი განუზღვრელობის გარემოში აუცილებელია ადამიანისეული კაპიტალის და კულტურული ფაქტორის ჯეროვანი განვითარება და ეფექტიანი გამოყენება.

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