

Zvorych, Iryna; Brodovska, Oksana

Article

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Agora International Journal of Economical Sciences (AIJES)

Provided in Cooperation with:

Faculty of Economic Sciences, Agora University of Oradea

Suggested Citation: Zvorych, Iryna; Brodovska, Oksana (2023) : GLOBAL TRENDS OF MODERN INCLUSIVE ECONOMY, Agora International Journal of Economical Sciences (AIJES), ISSN 2067-7669, Agora University Press, Oradea, Romania, Vol. 17, Iss. 1, pp. 145-153, <https://doi.org/10.15837/aijes.v17i1.5772>

This Version is available at:

<https://hdl.handle.net/10419/302974>

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GLOBAL TRENDS OF MODERN INCLUSIVE ECONOMY

I. ZVARYCH, O. BRODOVSKA

Iryna Zvarych¹, Oksana Brodovska²

West Ukrainian National University, B. Havrylyshyn Education and Research Institute of International Relations/Department of International Economics, Ternopil, Ukraine

¹ orcid.org/0000-0001-5155-540X, E-mail: irazvarych@gmail.com

² orcid.org/0000-0003-4828-528X

Abstract. *The purpose of the article is to highlight and work out the global trends of the modern inclusive economy. Methodologically outline the main concepts on which modern inclusive economies are based, taking into account the war in Ukraine, climate challenges, displacement of migration centers. The key point is the development of a model of a successful modern and exclusive economy. Research on building inclusive workplaces, inclusion and entrepreneurship, corporate responses to the refugee and forced migration crisis, delivery of essential services to disadvantaged groups, enriched by diverse practitioners' perspectives. Although the global economy began to rebound in 2021, bringing some improvement in unemployment, recovery remains elusive and fragile. By the end of 2021, global economic recovery had been hampered by new waves of COVID-19 infections, rising inflationary pressures, major supply-chain disruptions, policy uncertainties and persistent labour market challenges. Companies need to ensure that they implement the right sustainable technologies in all of their processes and in every area of their operations in providing the inclusive economy, increasing implementation of the idea of circular economy. In deciding which circular economy actions to prioritise and integrate into climate-focused policies and measures, countries and companies are to be able to compare the relative merits, as well as emissions reductions, of individual circular economy measures.*

Keywords: *inclusive economy, circular economy, emission, waste, virgin material, value chain, pollution, climate*

INTRODUCTION

Recent global upheavals, including the COVID-19 pandemic and the war in Ukraine, together with the various effects of digital transformation, have reinforced the historical legacy of discrimination and inequality. Thus, according to the World Economic Forum's Global Gender Gap Report 2021, another generation of women is forced to wait for gender parity, as the global gender gap widened by one generation, from 100 years to 136 years. Rigid norms and beliefs about sexual orientation, gender identity, and self-expression still challenge social and family acceptance of people around the world. At the same time, according to the World Health Organization, 1.3 billion people - 17% of the world's population - live with a disability. But inclusive economy should be developed with circular economy together. The circular economy is the so-called push factor for the decarbonisation of the economy. This trend is one of the main factor in development idea of inclusive economy. While the transition to renewable energy sources and the implementation of energy efficiency measures can tackle 55% of global emissions, circular economy strategies are required to tackle the remaining 45%.

The necessary relationship between (GHG Emissions/Electric power generation, transmission and distribution) vs (Circular rates) is shown at the level of 9%. In fact, it is very little, but at the same time reflects the real picture. Because based on the circular gap report for 2022, the level of circularity of the economy is 8.6%.

Based on the growing importance of place-based strategic intelligence, Kitagawa and Vidmar (2023) present a conceptual framework for a new methodological approach to influence the shaping of subnational economic development. Although scholarly attention towards inclusive economic development is emergent, its concept and evaluation remain ambiguous since few attempts have been made to elaborate on its definitions and goals (Zhu, 2022). In this study, it is conceptualized and defined inclusive economic development, a productivity perspective for evaluating is proposed, and it construct an inclusive total factor productivity index based on data envelopment analysis. The purpose of the nonlinear relationship between financial inclusion and inclusive economic development in developed economies (Timer & Raza, 2022) is to investigate the nonlinear association between financial inclusion and inclusive economic growth (IEG) in developed economies. A Block of G7 countries (Germany, Japan, Canada, France, Italy, the UK and the US) are considered in this study. Nurazira, Daud and Ahmad (2022) examine the relationship between financial inclusion, digital technology and economic growth. A dynamic panel data analysis examines 84 countries since the GFC period. The results show that there is a positive and significant effect of financial inclusion and digital technology on country economic growth. In addition, digital technology plays a role in complementing the effects of financial inclusion on economic growth, implying that consolidation efforts should take place in improving financial ecosystems via digital technology infrastructure.

The necessity of formally incorporating identity group stratification as a pillar alongside economic and political understandings of any political economy framework demonstrated in work of Chelwa, Hamilton and Green (2022). They made case by juxtaposing mutual inadequacies and myopic limitations associated with two influential but polar political economy frameworks - Marxian and public choice theory-since neither framework formally incorporates an identity group stratification lens beyond class reductionism.

In view of the 2020 global health crisis and its repercussions on the global economy (Niekerk, 2020), the need to redirect conventional economic thinking towards securing global economic sustainability is most critical. The Sustainable Development Goals (SDGs) are a significant move in this direction. However, in the past few years, a clearer understanding of inclusive economics and sustainability indicators have progressed our ability to reduce economic exclusion, chiefly represented by global inequality.

The COVID-19 pandemic has created shockwaves across the globe and impacted businesses and economies. Ghosh, Sigdyal and Khursheed (2022) described enormous disruptive transformations that have happened in the work models and systems to enable businesses to flexibly operate, sustain, and remain agile in uncertain times. The future of work, which seemed uncertain post-pandemic, has reached normalcy due to the organisational resilience and strategic responses shown by organisational leaders and small businesses. Although small businesses across the world have been impacted negatively leading to closures, financial crunches, and job losses worldwide, many have shown signs of resilience and recovery. The chapter throws light on the work transformations across economies and strategic

responses to deal with them. It describes the challenges faced by various small businesses and the way they have been flexible and resilient. The chapter proposes a framework for building an inclusive economy that has been asserted to be the solution to a sustainable and resilient future in times of uncertainties and crises. The Alzhanova, Guzev, Loginova and Polkovnikov (2022) propose an econometric model to analyze the correlation between the indexes that evaluate digital technologies adoption in economic activities and social interactions and the indexes that quantify the attributes of an inclusive economy. Firstly, open-access values were collected for the two groups of indicators, namely, the exogenous indexes measuring the effect of digital technologies on socio-economic systems, and endogenous indexes characterizing the economic development of society. Whether financial inclusion and economic growth can sustainably release poverty alleviation effects in long term has been the focus of academia and government sector (Chen, Zhu, Zhao, Cao and Cai, 2022). This article uses provincial panel data from 2004 to 2019 to examine the dynamic nonlinear connectedness between the financial inclusion, economic growth, income inequality, and poverty alleviation; the main objective is to reveal the direction and intensity of the long-term and short-term impact of each factor on poverty alleviation. By building a panel vector autoregression model (PVAR), the comparison analyses of national, eastern, central, and western sample groups verify the existence of dynamic nonlinear connectedness among the four variables. Inequalities and social exclusion are the consequences of imbalanced economic growth, prompting the World Bank to establish new targets for eradicating extreme poverty and promoting shared prosperity. Ismail, Shah and Rasid (2022) developed those ideas. Surprisingly, the contemporary solution methods are consistent with Shari'ah's objectives. Stressing the importance of balanced growth, this study aims to quantify prosperity sharing in 28 developed and 14 developing nations by reshaping the notion of sustainable development from an Islamic perspective.

I. Methodology

In order to adequately define and evaluate, the authors used statistics from the EUROSTAT database, in particular circular economy indices and gas emissions. At the same time, 27 countries of the European Union were analyzed for the period from 2000 to 2020. Namely we used statistics for such 2 indicators: Recycling rate of municipal waste and Net greenhouse gas emissions. The following scientific methods were used for the analysis and methodological approach: the method of absolute and relative chain transformations, and the method of generalization. The new methodological approach helps to identify the cyclical efforts that can contribute emissions decrease in any sector and highlights the key ways to diminish emissions in the building sector. We offer the author's methodological approach, which we did not meet in the works that were reviewed.

1) Using the method of linear absolute and relative chain transformations, we will show the dynamics of two key indicators: gas emissions and the level of recycling (fig.1);

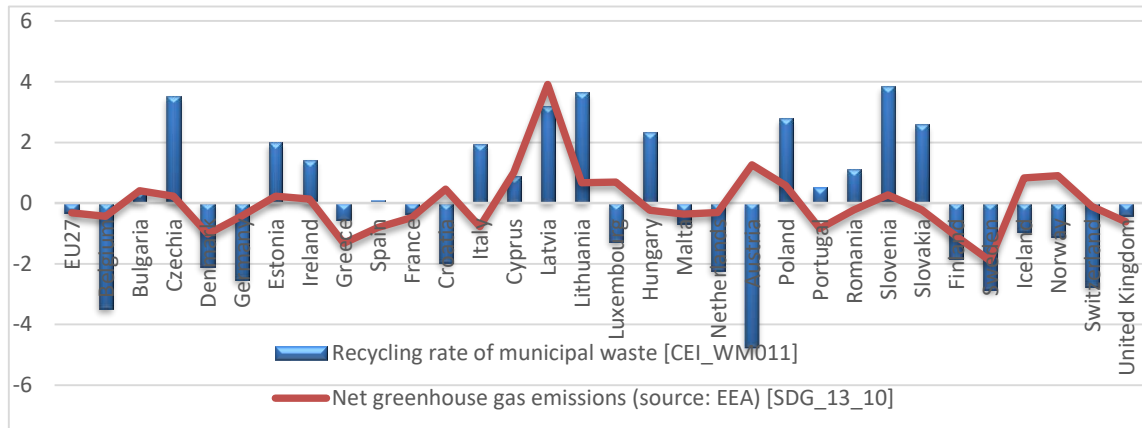
2) Only after point 1, we can distinguish 4 types of strategies, singling out 1 main one (emissions decrease↓ - recycling increases↑) and the top countries characterized by these 4 strategies are selected accordingly (fig.2);

3) On the basis of this, we highlight the so-called Inclusive Decarbonation platforms: stakeholders in those top countries with the most characteristic 'BYPASS' EMISSION HOTSPOTS (table 1).

II. Results

The purpose of the article and research of the authors was to prove the very idea that with the increasing implementation of the idea of circular economy, the functioning of various programs and strategies at different levels, the number of emissions will decrease and it will increase the effect of inclusive economy.

Figure 1. Analysis of circular economy in Europe



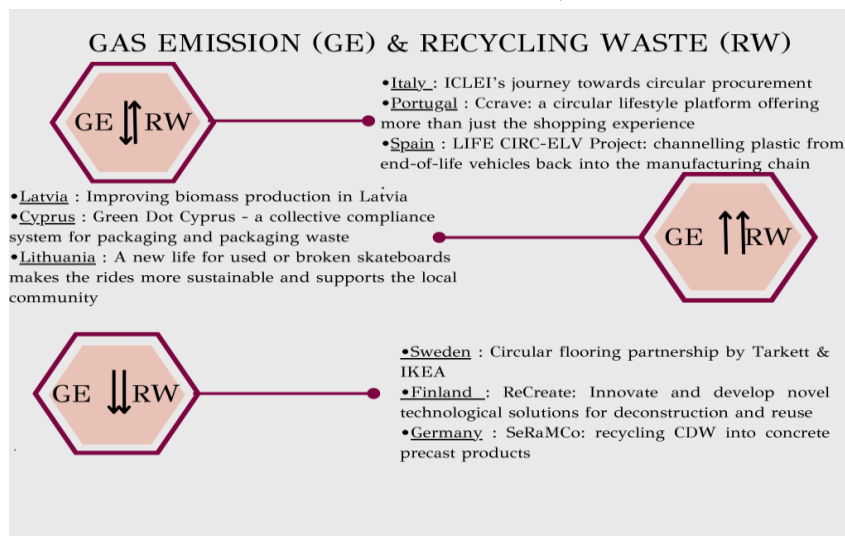
Source: made by authors

A larger cycle and more efficient use of materials opens up new opportunities to further reduce greenhouse gas emissions. Therefore, we analyzed European countries according to the Eurostat database and calculated linear absolute and relative chain transformations for two key indicators: emissions and the recycling rate (Figure 1).

After that, they choose the countries in which three strategies are followed (Figure 2):

- 1) gas emissions decrease ↓, and recycling increases ↑
- 2) gas emissions are decreasing ↓, and recycling is decreasing ↓
- 3) gas emissions increase ↑ and recycling increases ↑
- 4) gas emissions increase ↑ and recycling decrease ↓

Figure 2. Linear absolute chain transformations, 2020/2000 + TOP COUNTRY.



Source: made by authors

The new methodology can help to identify which circular economy measures in each sector can make the most promising contribution to reaching the goals of reducing emissions and achieving climate neutrality in Europe and in the end of our idea – to increase effectiveness of inclusive economy. In the building sector, the selected circular economy measures could lead to a reduction of up to 61% of material-related greenhouse gas emissions over the life cycle of buildings.

Greenhouse gas emissions can be reduced by making material flows more efficient and by preserving the utility and value of materials and products for as long as possible. The European Green Deal emphasises the importance of transforming the European economy into a more cyclical one. This strategy is a key element of the European Commission's vision for a climate-neutral economy by 2050 (EC, 2018a). Improving circularity and increasing the efficiency of materials management can take different forms:

- extending the service life of the product
- reduction of material losses
- recycled materials and products
- prevention of downcycling
- replacement of materials with intensive emissions of greenhouse gases with materials with lower emissions.

Table 1. Drivers of the transformational shifts (Decarbonation platforms: stakeholders)

COUNTRY	INCLUSIVE DECARBONATION PLATFORMS: STAKEHOLDERS (COUNTRY)
PORTUGAL	Crave is a content and ecommerce platform all in one, with a focus on waste-based and zero-waste products in the home, fashion and lifestyle categories.
SPAIN	The LIFE CIRC-ELV project has developed a new process for managing end-of-life vehicles to recover bumpers and fuel tanks, recycle the materials and use them to manufacture pipes and new parts for vehicles. Using this recycled plastic in products from this industry and others will help reduce the carbon footprint by 85%.
LATVIA	In Latvia, a project developed by the Ministry of Agriculture (in cooperation with private investment) seeks to improve biomass production in the country's forests.
CYPRUS	Green Dot Cyprus is the first collective compliance system for packaging and packaging waste in Cyprus.
LITHUANIA	The Lithuanian Commune DIY, a team of skateboarding professionals and enthusiasts, collects old, broken Canadian maple hardwood skateboards that have lost their original purpose and recycles them 100 %. The new products made of skateboards are sustainable, strong and have a new life span which is longer than the one of an average skateboard deck.
	Tarkett is pioneering post-use flooring recycling in Europe. It is working with IKEA to transform used Tarkett flooring from the IKEA Kungens

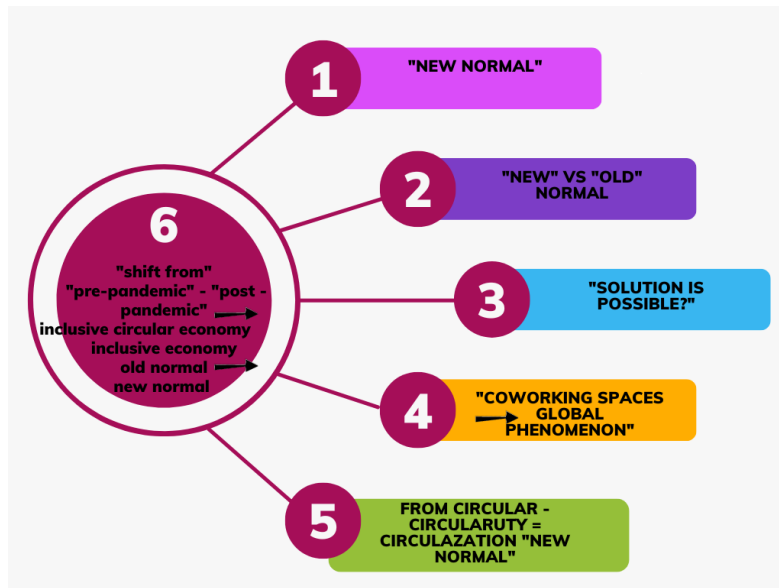
	Kurva store into new flooring.
SWEDEN	ReCreate pushes towards circular construction by investigating the system changes needed in the whole ecosystems of construction and demolition.
FINLAND	The Interreg North-West Europe project SeRaMCo (Secondary Raw Material for Concrete Precast Products) focused on researching and promoting the use of secondary raw materials from construction and demolition waste (CDW).
GERMANY	ICLEI is a global network working with more than 2 500 local and regional governments committed to driving local action towards a social and ecological transition. In future, whether purchasing services or products such as buildings, furniture and food, local authorities will need to look for increasingly sustainable supplies.
ITALY	Crave is a content and ecommerce platform all in one, with a focus on waste-based and zero-waste products in the home, fashion and lifestyle categories.

Source: made by authors

Nevertheless, when deciding which circular economy actions to prioritise and integrate into climate-focused policies and measures, countries and companies are to be able to compare the relative merits, as well as emissions reductions, of individual circular economy measures. In accordance with the direction of transformations, we consider countries with the so-called top transformational strategies and offer for your consideration those inclusive platforms and stakeholders that, in our opinion, are the drivers of these transformational shifts (Table 1).

There has been a recent acceleration of ambitions on decarbonization, with numerous countries adopting targets to achieve net-zero carbon emissions by the middle of this century. Although the predominant policy approach to decarbonization over the past two decades – the replacement of fossil fuels with renewables in power generation, and improvements in energy use efficiency – has contributed the largest proportions of offsets to CO₂ emissions from economic growth in recent years, there are two reasons why this approach may leave some sectors un-decarbonized in the context of accelerated ambitions. First, there is evidence that direct electrification may not be possible, for technical and/or economic reasons, in ‘hard-to-abate’ sectors outside of electricity generation. Decarbonization in these sectors will require costly rebuilds and retrofits, and the additional costs could render some products uncompetitive on world markets. And second, the predominant approach to decarbonization has disregarded the globalization of trade and supply chains and the spatial dissociation between places of extraction, production, and consumption. In the current ‘linear’ decarbonization model, a sole focus on the reduction of emissions from energy production is likely to be insufficient to achieve net-zero objectives, as emissions would need to decline very rapidly to offset the expansion in economic output, which is not the case at present.

Figure 3. New trends of global inclusive economy



Source: made by authors

So, the main trends and vectors of modern inclusive economy is described in Figure 3.

- Inclusive economy as a new world paradigm;
- Covid-19 – Changing game rules;
- New economic structure (inclusive policies);
- Impact of 5G, 3D, holographic technologies;
- "green" factor;
- Technological factor;
- Social redistribution;
- Social inclusion – *transition of poor people, poor countries into their existence*;
- Social unrest;
- The position of governments regarding;
- "personal philosophy";
- capitalization of investments;
- The latest infrastructure – *the architecture of the digital world in the digital economy at the global level*;
- "green impetus" - a green impulse in a "green" world.

CONCLUSIONS

Inclusive economy and Crises in the world need the regulation of government countries because they have many different resources needed. Governments do the most work during a crisis (financial, pandemic). Global business is changing not only under the influence of the pandemic but as now war. Now one of the crises, which is the background, is an economic crisis (environmental crisis). Such a megatrend as the globalization of all sustainability will be part of how to do business. These are not external events affecting the business. This is part of how we will do business. This is not the "new normal" – we just learn from it. Society is a crucial part of recovery and need the critical role of governments.

Kitagawa and Vidmar (2023) based on the growing importance of place-based strategic intelligence, present a conceptual framework for a new methodological approach to influence the shaping of subnational economic development. We also propose our new methodological approach but in another structure – using circular indicators and present circular economy as inclusive circular economy. Alzhanova, Guzev, Loginova and Polkovnikov (2022) propose an econometric model to analyze the correlation between the indexes that evaluate digital technologies adoption in economic activities and social interactions and the indexes that quantify the attributes of an inclusive economy. I strongly agree but we develop this idea in our article. We used the method of linear absolute and relative chain transformations, we will show the dynamics of two key indicators: gas emissions and the level of recycling.

In 2022, a series of events led to rapid changes in the world economy. The war between Russia and Ukraine, complicated by sanctions imposed by the United States and the European Union, disrupted the recovery process after the global pandemic. The hostilities caused serious upheavals, which, accordingly, led to an increase in commodity prices. This situation further exacerbated inflation caused by the recovery in demand amid supply chain disruptions. Central banks around the world have been forced to tighten financial constraints to reduce inflation. This means that central banks have had to normalize the loose liquidity/monetary policies seen during the pandemic earlier than expected to curb rising inflationary pressures. In 2023, due to uncertainty, the global economic situation will still be difficult due to the emergence of uncertainty.

Global economic growth could potentially be hampered by several lingering risk factors:

- geopolitical tension,
- consistently high inflation,
- rising interest rates and likely a recession.

Inflation and an increase in interest rates led to a decrease in confidence in the prospects of economic growth. The sharp rise in interest rates, especially in the "developed" countries, including the US, UK and European countries, has raised new concerns that the global economy will fall further into recession. Adding to the pressure is the fact that one of the largest economies, China, recorded worse-than-expected economic growth as the country is still following a zero-covid-19 policy that has led to a partial lockdown of the economy. A slowdown in the growth of the world's largest economies will have significant consequences for the global outlook. According to forecasts of the International Monetary Fund, economic growth will decrease from 6.1% in 2021 to 3.2% this year. The economy is projected to slow to 2.9% in 2023.

In 2023, the implementation of innovations and developments in transformative technologies, such as:

- Artificial Intelligence,
- Internet of Things (IoT),
- virtual and augmented reality (VR/AR),
- cloud computing,
- blockchain and high-speed network.
- protocols (5G).

In addition, such transformative digital technologies do not develop in isolation from each other, and in the future the boundaries between them will disappear. New solutions for

advanced operations, hybrid and remote work, business decision-making, and automation of manual, routine, and creative workloads combine these technologies in ways that enhance each other. With this in mind, in the near future we will be able to create "smart enterprises" where systems and processes work together to perform simple and everyday tasks in the most efficient way. To prepare for this, companies need to ensure that they implement the right technologies in all of their processes and in every area of their operations. Today, every entrepreneur should understand how AI and the other technologies mentioned above affect their business and industry. More efficient sales and marketing, better customer service, more efficient supply chains, products and services that are more responsive to customer needs, and optimized manufacturing processes are all out in the open, and in 2023 the barriers to access will be lower.

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