

Impact of the Cultural Factor on Economic Growth and Entrepreneurial Activity: Challenges of Modern Globalization

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The modern world is characterized by a high degree of uncertainty. The processes taking place in various spheres of society, which with their scope of action go beyond the borders of one sphere and in many cases are the cause of significant, sometimes crisis shock effects in other spheres, leading to the growth of insecurity in the future as well. Under these conditions, the most important thing for any state is to ensure the sustainability of the functioning of the socio-economic system of its country. In this regard, the systematic presentation of the cultural factors of the country's economic growth and entrepreneurial activity based on modern challenges and its effective use is relevant today. In the paper, based on a systematic approach, such factors as cultural and value characteristics are distinguished. Their modern features and possible directions of modernization are presented for Georgia.

Keywords. *cultural factor, globalization, the socio-economic concept of the country, uncertainty, long-term view on economic growth, entrepreneurship and culture*

A number of well-known scientific works of both foreign and Georgian scientists are devoted to the topic of culture research in economy and business (see, for example, Allport et al., 1979; Auzan, 2011; Baratashvili et al., 2016; Barnett, 1953; Barry J. & Tomalin, 2013; Bedianashvili, 2014; 2016; 2017; 2018; 2020; 2021; 2022; Didero et al., 2008; England et al., 1974; Geertz, 1973; Gesteland, 2003; Gladwin et al., 1978; Gvelesiani & Veshapidze, 2016; Hall, 1976; Harris & Moran 1979; Hofstede, 2000; 2011; Hofstede & Hofstede, 2011; Holden, 2002; Inglehart & Welzel, 2011; Jamagidze et al., 2011; Kaklauskas & Kaklauskienė, 2022; Khizanishvili et al., 2007; Krasilnikova & Sevastyanova, 2015; Kroeber & Kluckhohn, 1952; Lewis, 2012; Matsumoto, 1996; Moran et al., 2014; Murdock, 1965; Paresashvili, 2011; Robertson, 1988; Rokeach, 1973; Ronen & Shenkar, 1985; Royd & Richerson, 1988; Schwartz, 2008; Shengelia, 2016; 2018; 2019; Sumbadze, 2012; Tambovtsev, 2014; 2018; Veshapidze, 2017; Zoidze & Veshapidze, 2022).

There are also interesting studies devoted to economic growth (Acemoglu, 2002; Agarwal, 2022; Aghion & Howitt, 2009; Chikobava, 2012; Helman, 2004; Kakulia & Zhghenti, 2019; Konya, 2018; Papava, 2012; 2014; 2019; 2022b). ; Ros, 2013; Rodrick, 2013; 2019; Schumpeter, 1934; Sengupta, 2011; Weil, 2012). However, the issue of reflecting the cultural factor is not presented in the above approaches. The cultural component is underrepresented in the studies dedicated to the topic of the entrepreneurial activity itself, which is probably due, on the one hand, to the complexity of the problem and on the other hand to the relative underestimation of the relevance of the sociocultural aspect of entrepreneurship.

The modern world is characterized by a high degree of uncertainty (Baker et al., 2016; Bedianashvili, 2021). The processes taking place in various spheres of society, which with their scope of action go beyond the borders of one sphere and in many cases are the cause of significant, sometimes crisis shock effects in other spheres. It is leading to the growth of uncertainty in the future as well (Bedianashvili, 2022). Under these conditions, the most important thing for any state is to ensure the sustainability of the functioning of the socio-economic system of its country (Bedianashvili, 1995). In this regard, the systematic presentation of the cultural factors of the country's economic

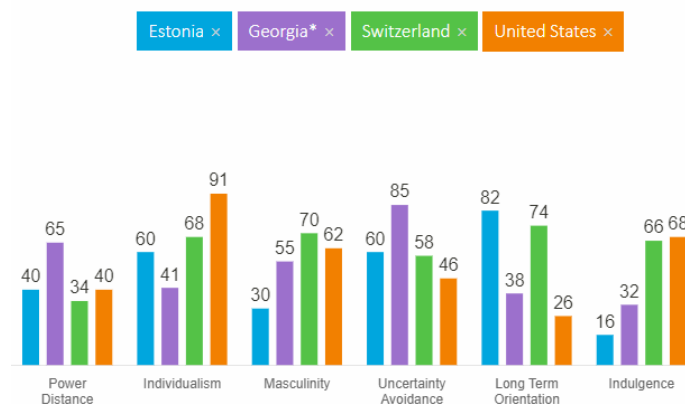
growth and entrepreneurial activity based on modern challenges and its effective use is relevant today. This is especially important in conditions of modern confrontational globalization (Papava, 2022).

In a practical context, the famous Geert Hofstede's concept of the concept of culture is interesting, which defines culture as a collective mental programming of the brain, a part of our predetermined perception of the world, which is common to other representations of our nation, region, or group (Hofstede, 2000). In essence, culture is considered by the author through the prism of values and norms as their total unity. According to the well-known Shalom Schwartz culture is the basis of the dominant beliefs, rules, customs, and symbols of the people. As he points out, culture is a latent, hypothetical variable that can be only measured by its specific detection, and in this sense (the author specifies), culture is not localized in the minds and actions of individuals. It (culture) is, moreover, outside the individual and is related to the pressure the individual experiences because of living in a certain social system (Schwartz, 2008). In our opinion, these definitions quite adequately characterize culture as an informal institution.

As for the modeling and quantitative measurement of culture and values directly, one of the first and recognized approaches in this regard was developed by G. Hofstede. In the Hofstede model, quantitatively measurable separate blocks of culture are allocated, which systematically represent community values in unity. In the most recent version of this model the following five blocks and the corresponding index are represented: PDI – Power distance index – It reflects the willingness of human beings to adopt the hierarchical structure of power in society and institutions and its unequal distribution; Individualism Individualism (IDV – Individualism vs. Collectivism) represents the choice of people (preferential attributes of society) between activities of independence and interdependence (prioritizing the interests of relevant groups); Unacceptance of uncertainty (avoidance, uncertainty avoidance, UAI – Uncertainty avoidance index) shows the level of tolerance (uncertainty) of the individual and society as a whole towards uncertain (Indefinable) situations. Masculinity (Femininity, MAS – Masculinity vs. Femininity) is an assessment of individuals and society as a whole according to such properties as Purposefulness, advancement of interests, rigor, and focus on success. Long-term orientation (short-term orientation. LTO – Long-term orientation vs. short-term orientation) is an indication of how people and society are focused on the long-term, strategically pragmatic future, as opposed to traditional short-term (operational) orientation.

In the author's model of recent years, this assessment is mentioned as Pragmatism and the indicator Indulgence is also added, which indicates the level of restraint and forgiveness – the lower the index is, the greater the impact on society, people's behavior, traditions and norms, and vice versa, the great value of the indicator points to a relatively high level of personal impulsive behavior. According to the concept discussed, the comparative layout of values by country is interesting (Diagram).

Diagram



Source: <https://www.hofstede-insights.com>

Undoubtedly, in conditions of high uncertainty, the cultural factor is of decisive importance for economic growth, as well as for the progressive development of entrepreneurial and innovative activities. A comparative analysis shows that the transformation of cultural values, such as the strengthening of long-term orientation (pragmatism), reduction of power distance, and development of individualism qualities, is most important for Georgia (Bedianashvili, 2016).

It is known that the quality of indicators of culture and values themselves change slowly over time, sometimes over generations will change proportionately in the period that it grants their long-term nature (Bedianashvili 2014). Along with this, it is also clear that the specific identification of value orientations and socio-economic of countries' development is affected continuously in the current process (about the statistical substantiation of the mentioned hypothesis on the example of individual countries of the world see Inglehart & Welzel, 2011).

Thus, based on the specifics of the socio-economic system of the country (Bedianashvili, 1995), it is very important systematically monitor indicators of business culture, as well cultural values. It is important to reveal, evaluate and take into account both positive and negative features, and if necessary, smart to perform purposeful correction (transformation) by forms acceptable to society.

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კულტურული ფაქტორის გავლენა ეკონომიკურ ზრდასა და სამენარმეო საქმიანობაზე: თანამედროვე გლობალიზაციის გამოწვევები

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თანამედროვე მსოფლიო გაომოიჩრჩევა განუზღვრელობის მაღალი ხარისხით. საზოგადოების სხვადასხვა სფეროში მიმდინარე პროცესები, რომლებიც თავისი მოქმედების არეალით სცილდებიან კონკრეტული ერთი სფეროს საზღვრებს და უკვე ხშირ შემთხვევაში არაიან სხვა სფეროებში მნიშვნელოვანი, ზოგჯერ კრიზისული შოკური ეფექტების გამომწვევი მიზეზი, განაპირობებენ განუზღვრელობის ზრდას პერსპექტივაშიც. ამ პირობებში ნებისმიერი სახელმწიფოსთვის უმნიშვნელოვანესი ხდება პირველ რიგში თავისი ქვეყნის სოციალურ-ეკონომიკური სისტემის ფუნქციონირების მდგრადობის უზრუნველყოფა. ამ მიმართებით დღეს აქტუალურია თანამედროვე გამოწვევებიდან გამომდინარე ქვეყნის ეკონომიკური ზრდის და სამენარმეო საქმიანობის კულტურული ფაქტორის სისტემური წარმოდგენა და მისი ეფექტიანი გამოყენება. ნაშრომში სისტემური მიდგომის საფუძველზე გამოყოფილია ისეთი ფაქტორები, როგორცაა კულტურურის და ფასეულობების მახასიათებლები. წარმოდგენილია საქართველოსთვის მათი თანამედროვე თავისებურებები და შესაძლო მოდერნიზაციის მიმართულებები.

საკვანძო სიტყვები: კულტურული ფაქტორი, გლობალიზაცია, ქვეყნის სოციალურ-ეკონომიკური კონცეფცია, გაურკვეველობა, ეკონომიკური ზრდის გრძელვადიანი ხედვა, მენარმეობა და კულტურა.