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THE CHARACTERISTICS OF THE BUSINESS ENVIRONMENT OF THE DIFFERENT ECONOMIC SYSTEMS

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ABSTRACT. ABSTRACT. The article discusses the process of integration of the economic systems. Based on bibliographic studies and statistical data, appropriate conclusions and recommendations are made. It turned out that Economic systems differ according to the level of international openness, the desire for integration, and the attitude of economic agents to change. The business environment in each specific economic system is formed by the influence of macro, micro, social, eco and global factors. Moreover, the business environment for each particular business organization is different depending on the scale of the economic system in which it operates. Economic integration is considered as a process in which several economic systems try to become similar. As a result, an economic system, and therefore, a business environment, are obtained the key ideology of which is the main reference point for assimilation, and the interaction of economic agents provides the opportunity to approach this reference point and its practical implementation. Changes in the business environment lead to new decisions by business entities. Changes also affect the decision-making process.

JEL Classification:

Keywords: Economic Systems; Comparative Method; International factors; Natural factors;

In "Business Basics" Shubladze and Nanitashvili define the business environment as a combination of different conditions (factors) that affect the direction of business development, its pace and scale (Shubladze, Nanitashvili, 2011: 242). Herein, they divide the business environment into micro and macro environments (Shubladze, Nanitashvili, 2011: 244-246), where they list the following elements of the micro environment: strengths of the company, suppliers, customers, intermediaries, competitors, contact audience; and the elements of macro environment that include: economic environment, natural environment, demographic environment, cultural environment, scientific-technical environment.

Worthington and Britton offer us a similar definition of a business environment, although their classification scheme is slightly more complicated. In their point of view, the business environment consists of external (Worthington, Britton, 2006: 3-17) and internal (Worthington, Britton, 2006: 18-38) elements. The external environment is divided into two parts: 1) the general or in other words contextual environment, which they describe using PESTLE (Political, Economic, Socio-cultural, Technological, Legal, Ethical) analysis and divide into political, economic, socio-cultural, technological, legal and ethical elements respectively; 2) Intermediate or operational environment, which includes resources and resource markets, customers, competitors (Worthington, Britton, 2006: 7-10). With respect to the internal environment, the authors equate it with the concept of "Management" and from this point of view, discuss approaches to the organization and management (classical, human relations, systemic); Organizational structure (functional organization, An organization tailored to a product or service, departmental structure and matrix structure, project-based structure, virtual organization); Structural changes; the issues of functional management, human resource management, marketing (Worthington, Britton, 2006: 18-38).

Another interesting approach to the business environment is found in the work of Jim Killeen. The author identifies the business environment as a combination of three levels of elements: a) "Far" external environment (Here the author uses PESTLE analysis, but the "ethical" is replaced by the "environmental" element); a) "Near" external environment (here the author uses the principle of Porter's "five forces" and accordingly refers to market competition, consumer power, supplier power, the threat of new entrants, the threat of substitutes); C) The internal environment, in the opinion of the author, is divided into three elements: tangible resources (financial and physical); intangible resources (brand / reputation and culture / values); human resources (knowledge and skills, motivation, capacity for collaboration). (Killeen, 2012: 1-13).

Some authors particularly emphasize and discuss the international business environment, which is quite normal considering the specifics of modern business relationships, the level of development and the pace of globalization. For example, Suba Rao highlights the concept of international business environment and defines it as the factors / activities that are concentrated around the international business, i.e. considers the business environment as the factors influencing multinational or transnational corporations. In his analysis, Suba Rao discusses the STEPIN (Social and cultural, Technological, Economic, Political / Governmental, International, Natural) approach and highlights social and cultural, technological, economic, political / governmental, international, natural factors, respectively (Dr. Suba Rao, 2008: 35). It is noteworthy that regional trade blocs, including the European Union, are one of the most important parts of the author's analysis (Dr. Suba Rao, 2008: 232-260).

Definition of the business environment as the sum of all the external and internal factors that jointly influence the business is found in the analysis of virtually all authors, however, they single out these factors differently. For example, according to Basil Hans, only four elements are listed in external factors (political, economic (micro and macro), social, technological), while internal factors largely replicate other classifications (organizational culture, organizational direction or leadership, mission and goals, management structure and nature; Human resources, other factors). It is also noteworthy that the author adds Education and Demographic factors to the extension of the PESTLE analysis in STEEPLED model (Basil Hans, 2018: 68-72).

Obviously, any business environment is constantly changing, because the values of the factors that determine the state of the business environment are constantly changing.

Another aspect that is important for understanding the essence of the business environment is globalization and the sharp increase in the role of international processes. International labor distribution, exchange rates, multinational and transnational corporations, the international movement of labor and capital play an important role in modern business processes, so the definition of business environment must include this element.

Finally, understanding the essence of the business environment and listing the elements that eventually determine the state of the business environment requires the presence of elements related to sustainability, which is a main challenge of modern times. The environmental and social aspects of business decisions and business processes can simultaneously be both external and internal factors of the business environment.

From this point of view, we can make the following definition of the business environment for the purposes of this study:

The business environment is a set of conditions that acquire diverse importance over time and determine how sustainable and large-scale business decisions and business processes are.

The conditions that make up the business environment are divided into four parts:

Micro Environment of business: The Quality of Competition. Access to technology. The quality of the investment support environment. The quality of human capital.

Macro Environment of Business: Economic Growth. Unemployment. Inflation. Government Economic Policy and Regulations.

Socio-political environment of business: Poverty. Political stability.

Business Eco-Environment: Environmental Pollution.

Global Business Environment: Exchange Rates.

The definitions given in the economic literature usually more or less represent different versions of the definitions given above, for example, the definitions mentioned in the articles by Pryor and Mihajlovic (Pryor, 2006: 78) (Mihajlovic, 2015: 76).

The economic system is a mechanism, the unity of economic agents' interactions, within which one or another society tries to answer the fundamental economic questions - what to produce? How to produce? For whom should we produce?

Economic systems differ from each other in several characteristics (Forms of ownership, degree of entrepreneurship and freedom of choice, role of personal interest, level of competition, role of markets and pricing system and role of government), however, given the modern scale of globalization, it is necessary to highlight a few new specific characteristics and identify differences between these systems through them. These characteristics include: a) the level of international openness of the system; B) striving for system integration; C) Attitudes of economic agents towards changes.

It is necessary to distinguish not only the four types of economic system (traditional economy, command economy, market economy and mixed economy) but also the economic system transition from one system to another, which is particularly interesting in present environment. A comparative description of these systems in condensed form is given in the table below (see Table 1).

The traditional economy is mainly characterized by "closure". Typically, such economic systems are self-sufficient systems of production and consumption characterized by a small GDP per capita, usually don't enter into trade relations with other economic systems, the movement of labor and capital is also minimal or completely excluded. Obviously, two other features of the economic system that are of interest to us are the logical fillers of this closure – this kind of economic system does not aspire to integration, because economic agents and the relationships between them practically maintain the status quo in both short-term and long-term periods. Economic, socio-cultural roles are defined and redistributed and the system, neither ideologically nor practically, sees the benefits of merging with any other economic system. However, none of the components of the system tend to make any changes, be it technological, ideological or other changes that could violate the status quo in any way.

Table 1. Comparative characterization of economic systems according to some specific characteristics

N	Characteristic	Traditional economy	Command economy	market economy	mixed economy	Transition economy
1	The level of international openness of the system	closed	Mostly closed	Completely open	Partially open	Partially open
2	The aspiration of the system towards integration	Does not have	Strong	Strong	Partial	Weak
3	Attitudes of economic agents towards changes	Negative	Negative	Positive	Neutral	Neutral

Source: Author

Command economics is usually characterized by high closure, yet if the economic ideology of such a system is, in some way, based on the political ideology of expansion, the system may also have a degree of openness. However, due to the hierarchical principle of commanding, economic decision-making, this kind of system cannot be considered as internationally open, as it would have to violate the principle of its own domination in economic relations and allow its own economic agents to enter freely into international relations. Clearly, the pursuant to integration should be considered as one of the characteristics of this system because the commanding system seeks opportunities for the constant expansion of its own commanding hierarchy. However, according to the same principle, economic agents in this system are not prone to various changes unless it serves to expand and strengthen the command apparatus. Economic agents at the bottom of the command hierarchy have limited opportunities to make changes, the top echelon of the hierarchy tries to

maintain the status quo or increase power, while the middle levels of the hierarchy are busy receiving and transmitting orders.

According to all known criteria a market economy is the complete opposite of a command economy. Thus, it is not surprising that it is characterized by complete openness towards the international relations, as such openness is its ideological basis. The positive attitude of economic agents towards the changes is also obvious, because such changes bring a more efficient combination of production factors, opportunities to produce new products and explore new markets that in turn gives an opportunity to make more profit. It would also be appropriate to argue that such system should not have an aspiration to integration because the main ideological basis of a market economy is strong competition between many economic agents. Thus, such reasoning would be true, if we were to consider the scope of one market, but in terms of system analysis, when macro - or global conclusions need to be drawn, it is necessary to consider that the system, like a command economy, tries to spread its own ideological doctrine. Hence, it also has a strong tendency to integrate with similar (or dissimilar) systems because in this way it seeks to extend the principles of market economy to other economies, to increase the number of economic agents in the markets, to reduce the transaction costs of operating the markets.

The mixed economy, according to the definition, represent a mixture of command and market economy with different scales and resembles both systems according to the criteria listed above. For example, the level of international openness in such system can only be described as "partially open", because in this system the political and economic forces supporting protectionism and the open market are always opposed to each other. Thus, regulations restricting free trade and supporting certain interest groups to some extent exist in such system, on the other hand, however, such system tries to engage and participate in international economic relations. The aspiration of system for integration can be characterized by a similar definition - "partial" because two opposing trends interact here as well - Striving for closure and integration. Thus, it can be quite difficult for such system to follow both the first and second trends. The interaction of anti-trends explains the importance of the third characteristic - since various changes are an element of progress for certain economic agents and they welcome it, the second part tries to maintain the status quo. Thus, the attitude of the system towards the changes can be described as "neutral".

Real economic systems always appear as mixed economy, in which forces with different ideologies and interests are constantly interacting and opposing each other. Thus, each particular mixed economic system, depending on the proportion of these forces, may develop into a more or less open, integration-oriented, and change-positive economy. Practically, it can be stated that it resembles an economic system similar to the market economy, or to the traditional one.

A transitional economy is a special case when one economic system, with its legal basis, ideological doctrine, economic agents' attitudes and behaviors that form economic relations, changes its content and moves to completely different types of relations. In this case we are talking about two main changes – transformation of the traditional economy into a command or market economy; the transformation of a command economy into a market economy or vice versa. Therefore, it can be said that such a change will result in an economic system similar to a command or market economy.

Nevertheless, while the economic system is in transition, it is characterized by certain specific features in relation to the characteristics described above. The level of international openness of the transition economy is partly open, but not because there is a confrontation of ideologically different forces here, but because the system has not yet been technically or ideologically adapted to new relations. The same logic may apply when drawing the conclusion on the system aspiration to integration - such aspirations are weak due to the fact that the signs of a new system are not yet clearly established, thus economic agents have not yet settled on new relationships, consequently, the aspiration for integration is not clearly expressed.

Certainly, attitudes towards changes as well, despite the fact that this economic system has decided to make the most fundamental change - change its own system, can be characterized as neutral. The mentioned change is usually the result of an interaction between two factors - the need for the development of society,

which may be the result of an internal social or global trend, in addition to the activity of a certain political-economic force trying to lead a given society towards new economic relations.

The business environment of an economic system is a set of conditions, established within the framework of economic relations, of production, distribution, redistribution and consumption specific to a given society, which take on different meanings over time and determine how sustainable and large-scale business solutions and business processes are.

It is important to sing out two important sentences. The first, the established ideology and practice of economic relations of production and consumption outlines framework for defining the business environment conditions unique to a given society that may change, but only within the framework of the established ideology and practice of economic relations.

Second, the fact that conditions undertake diverse significance over time implies that in the long run it is possible to go beyond the ideological and practical framework established for a given economic system and acquire completely new, different value.

Such changes can be initiated for several reasons (The first two have already been discussed above in the analysis of the transition economy):

- Changes in the outside world that place new demands on a given economic system and the business environment within it. It can be a reaction on the global scale or to changes that have taken place or are taking place in a partner country;
- Changes in the ideology and practice of the economic system. This may be the result of the activity of a certain political and / or economic force, which, having seen the benefits of such a change, tries to lead a given society towards a new economic system. Perhaps, existing economic practices did not fit into the established or evolving scheme of public relations and this led to the search for a new ideology; or on the contrary, a political-economic force that carries a new ideology tries to shift the existing, status quo-accustomed society to new economic rails.
- Changes in the ideology and practice of the business environment in particular. The changes may be caused by non - global trends, not through social transformations, but by shifts in business relationships that require change in the economic system as a whole.

Consequently, it is possible for the business environment to undergo changes in the framework of the "rules of the game" established within the existing economic system, as well manage to obtain conditions that go beyond these frameworks.

It is necessary to interpret the content of business environment factors in different economic systems, which will be done below. A summary of the business environment characteristics of different economic systems can be found in Table 2. The table 2 is built on the traditions of the comparative (comparative) method of research (Ragin, 1989: 19-32) (Lijphart, 1971: 682-693) (Landman, 2008: 24-48). From the two main strategies of this method, the Durkheim variable-based and the Weberian case-based approaches (Ragin, Zaret, 1983: 731-754), the Durkheim variable-based strategy has been selected.

Table 2. Characteristics of the business environment in different economic systems

	Traditional economy	Command economy	Market economy	Mixed economy	Transition economy
Global environment					
exchange rates	Pegged to other strong currencies	Is fixed and does not change in accordance with market laws	Floats freely with small interferences	It is free, although it can be strictly regulated if necessary.	It is fragmented, unsystematic and case-oriented.
Macro environment					
Economic Growth	The rate of economic growth is usually low or there is a steady	Economic growth is planned, typically high and within the	The rate of economic growth is not high, which	Usually not characterized by high rates of	Often characterized by high rates of

	economic decline.	framework of the Unified Public Economic Development Plan and controlled by the ruling party.	is due to the high level of development of such economy, implying that the increase in national prosperity is growing albeit at a not-so-fast pace. Macroeconomic policy is mainly focused on maintaining this pace.	economic growth, although growth in such an economy may be caused by indicator plans and may be the result of discrete monetary and fiscal or other types of political activity.	economic growth, due to the fact that when moving to a new system, economic relations start from scratch and the growth rate is high in the beginning.
Unemployment	May have the lowest unemployment rate in a society where traditions, castes, the traditional role of labor and religion play an important role.	It is practically kept to a minimum because the planning and controlling body, which tries to use all available resources, including labor, under the plan, simply does not allow high levels of unemployment.	It is usually low, however depends on the phase of the economic cycle in which the market economy is at the given moment. Unemployment may reach catastrophic levels in the conditions of deep economic decline.	May be characterized by a fairly high level of unemployment. At the same time employment in the public sector plays a much more significant role in the overall picture of employment than it would in the case of a pure market economy,	It may be quite high, because the transition from one system to another often means not only the formation of new labor relations, but also new types of professions, which the education market manages to deliver with a delay
Inflation	No inflation observed, although if recorded it may increase due to machinations with monetary units by the ruling caste.	No inflation observed, although if recorded it should be considered within the framework of comprehensive plan.	Depending on the phase of the economic cycle in which the system is, high or low inflation may be observed. Price levels are mainly regulated through monetary instruments.	It is as unstable as in a market economy, but in this case the government uses more mechanisms to regulate it.	It may take the form of hyperinflation due to mass printing of money to cover public sector spending during the transition period.
Social environment					
Poverty	Typically, this is a poor society in which there are few very rich people, there is not upper society class.	It is distinguished by equal distribution of income, which is achieved through planning the distribution of income within the unified plan.	Due to the fact that This type of economy provides opportunities but does not promise equality, there may be very rich and very poor in this economy, yet a significant portion of society falls into the group between these two extremes.	The poverty rate may be similar to that of a market economy, although the state participation in poverty alleviation in such economy is higher than in a market economy.	It may reach a very high level, especially in the first years of the new system.
Eco environment					
Environmental	Zero environmental	Environmental	Environmental	Environmental	Usually limited

protection	policy	measures are part of the overall plan.	measures are often sacrificing for economic efficiency.	measures are largely sacrificing for economic efficiency.	attention to the environment.
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Source: Author

The main determinants of the business environment of a traditional economic system are the dominant caste / social order and caste division of society, as well as commitment to traditions and a negative attitude towards change. Its function is minimal in the international economic system. Dominant social class creates, regulates and controls macro environment. The system is characterized by underdeveloped market relations, while the domestic enterprise environment is characterized by the same low-tech production and distribution of economic role of people according to their social role, pursuant to the general social context.

The main feature of the business environment of a commanding economic system is a comprehensive plan. Two other particularly distinctive features are party-membership and strict ideological frameworks. The whole business environment is created according to this plan. As a matter of fact, this environment cannot be called a "business" environment, because everything - international relations, exchange rates, pricing system, the amount of goods and services purchased by consumers, investments in capital, technological development, etc. are carried out within a single plan.

The main feature of the business environment of a market economic system is the system of free markets. This system determines the state of the business environment according to all its elements - high degree of international openness, free floating exchange rates, high consumer sovereignty, fierce competition in the market and therefore high aspiration for technological progress, the limited role of the state in macroeconomics. It is largely market relations and the ideology of democracy behind them that determine the political and social processes in this system.

The characteristics of the business environment of a mixed economic system are usually either a mixture of, or inclined to, any of the ideologies and economic practices that currently prevail in the system. The markets here are diverse and they face both fierce competition and dominant monopolies. Market position determines many things in this system - The aspiration of the company to develop its own workforce and find ways to introduce new technologies, introduce a corporate culture and contribute to the increase of management efficiency, etc. As for the macro-environment, it contains the characteristic features of different economic systems, both in economic policy and in social relations, depending on which of these signs was considered optimal and effective by the society at that moment.

The business environment of a transition economy is very similar to a traditional economy in its characteristics with the difference that here we can no longer speak of a single dominant caste or class. Typically, this is a society that moves towards a new economic system, in which certain aspects have already been established, for instance, the legal framework may have already been established, certain institutions have already been created, but the system still retains its old features, so the business environment is vague, unclear and unformed in many respects.

Determining the type of economic system is not enough to assess the specifics of the business environment of this system. It is necessary to determine the scale of the economic system under consideration, as well as the characteristics of "small" and "large" economic systems.

A small economic system is a system, contribution of which to global GDP is modest this its ranking according to the gross domestic product per capita is as we modest.

These definitions are based on the GDP ratio, but at the same time it implies differences in many other economic indicators that are elements of the business environment and have already been discussed above. However, it is necessary to emphasize the key triad "Sales - Production - Resources".

"Sales" in this case refers to whether the economic system has the capacity to provide a significant volume of domestic consumption for a significant portion of products and services, enough to reach the point of loss in the enterprises of this system. In this respect, there is a noticeable difference between small and large economic systems.

"Production" in this case refers to whether the economic system has its own technological potential to continuously increase the production efficiency. In this case as well, it can be said that there is a noticeable difference between small and large economic systems.

"Resources" in this case refers to whether the economic system has sufficient access to labor, land, physical and financial assets. According to this indicator, the difference between small and large economic systems is obvious as well.

The business environment of a small economic system implies the combination of conditions, established within the framework of economic relations specific to a given society, for production, distribution, redistribution and consumption that eventually implies relatively small role in the global economic system, a small scale of internal market and limited access to its own technologies and resources.

The business environment of a large economic system implies a set of conditions established within the framework of economic relations specific to a given society for production, distribution, redistribution and consumption, which lead to a relatively large role in the global economic system, large internal market and wide access to its technologies and resources.

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სხვადასხვა ეკონომიკური სისტემების ბიზნეს გარემოს მახასიათებლები

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აბსტრაქტი. სტატიაში განხილულია ეკონომიკური სისტემების ინტეგრირების პროცესი, ბიბლიოგრაფიულ კვლევებზე და სტატისტიკურ მასალებზე დაყრდნობით გაკეთებულია შესაბამისი დასკვნები და რეკომენდაციები. აღმოჩნდა, რომ ეკონომიკური სისტემები განსხვავდებიან საერთაშორისო გახილვადობის დონის, ინტეგრირებისკენ სწრაფვის და ცვლილებების მიმართ ეკონომიკურ აგენტთა დამოკიდებულების მიხედვით. ბიზნეს გარემო ყოველ კონკრეტულ ეკონომიკურ სისტემაში ყალიბდება მაკრო, მიკრო, სოციალური ეკო და გლობალური ფაქტორების ზეგავლენით. გარდა ამისა, ბიზნეს გარემო ყოველი კონკრეტული ბიზნეს ორგანიზაციისთვის განსხვავებულია იმის მიხედვით, თუ რა მასშტაბის ეკონომიკურ სისტემაში მოქმედებს იგი. ეკონომიკური ინტეგრაცია განიხილება, როგორც პროცესი, რომლის ფარგლებშიც რამდენიმე ეკონომიკური სისტემა ცდილობს დამსგავსებას. მიიღება ეკონომიკური სისტემა, და შესაბამისად, ბიზნეს გარემო, რომლის საკვანძო იდეოლოგია წარმოადგენს დამსგავსების მთავარ ორიენტირს, ხოლო ეკონომიკურ აგენტთა ურთიერთქმედება ამ ორიენტირთან მიახლოების და მისი პრაქტიკული განხორციელების შესაძლებლობას იძლევა. ბიზნეს გარემოს ცვლილება იწვევს ახალი გადაწყვეტილებების მიღებას ბიზნეს სუბიექტების მიერ. ცვლილებები ასევე გავლენას ახდენენ გადაწყვეტილებების მიღების პროცესზე.

JEL Classification: J18

საკვანძო სიტყვები: ეკონომიკური სისტემები; შედარებითი მეთოდი; საერთაშორისო ფაქტორები; ბუნებრივი ფაქტორები;

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