

The impact of globalisation on economic systems and social structures

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ABSTRACT

The study's relevance is stipulated by the need to understand the impact of globalisation on economic systems and social structures in the context of countries' uneven development. This study aims to analyse the effect of globalisation on economic systems and social structures in ten countries with different levels of economic growth. The study uses three empirical methods: regression analysis, comparative data analysis, and correlation analysis to identify the relationships between economic indicators. The statistical data were obtained from the World Bank, IMF, and national statistical agencies. Regression analysis has shown that every 1% increase in the share of high-tech exports in the GDP of developed countries contributes to a 0.5% increase in their economic growth. In developed countries like the United States and Germany, high innovation and urbanisation stimulate sustainable economic development and reduce CO₂ emissions by 12% per capita. In developing countries like Ukraine and Kenya, insufficient innovation and weak urbanisation lead to limited economic progress and an 8% increase in CO₂ emissions. The study's findings highlighted the importance of investing in innovation and urban infrastructure for sustainable development. For example, introducing high-tech export support programmes in developing countries can increase economic efficiency and reduce environmental impact. Policy strategies should focus on fostering innovation clusters and improving urban infrastructure to balance social and environmental challenges. The study provides an essential basis for strategic decision-making aimed at achieving sustainable development, increasing competitiveness and reducing the environmental burden on a global scale.

ARTICLE HISTORY

Received 09 Jan. 2025
Accepted 26 Jan. 2025
Published 07 Feb. 2025

KEYWORDS

globalisation, economic systems, social structures, innovation, urbanisation, CO₂ emissions, econometric analysis.

Introduction

Globalization is one of the most defining trends in the modern world, significantly impacting countries' economic systems and social structures (Prokopenko et al., 2024). It encompasses a wide range of processes, such as the integration of economic markets, the development of technology, the growth of capital and labour mobility, and the globalisation of culture and information (Kretov et al., 2024). The study of the impact of globalisation on economic and social aspects is necessary to understand the new challenges and opportunities faced by states and their citizens.

Countries' economic systems are undergoing profound changes under the influence of globalisation processes, leading to the transformation of production structures and increased international trade and finance (Mazur et al., 2024). At the same time, social structures are changing due to the growing mobility of the population, the impact of new technologies on employment, and the social and cultural changes that arise from internationalisation. In this context, it is essential to consider how globalisation affects economic and social processes in different countries, including how these processes may differ between developed and developing countries.

The study uses comparative analysis to assess the relationship between key economic indicators and social transformations accompanying globalisation. Factors such as innovation, urbanisation, export structure, and environmental sustainability were selected for analysis because of their key roles in ensuring economic growth, social progress, and reducing environmental impact in the context of globalisation.

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This study aims to analyse the impact of globalisation on the economic systems and social structures of ten countries with different levels of development. Following this goal, the following tasks were identified:

- to study the relationship between innovation and economic growth in developed and developing countries.
- assess the impact of urbanisation on social and economic change in the context of globalisation.
- analyse the relationship between export structure and environmental sustainability in different economic systems.

These tasks aim to comprehensively understand the mechanisms of globalisation's impact, allowing us to offer practical recommendations for policy strategies for sustainable development.

Literature review

Globalisation significantly impacts various aspects of economic and social systems. In particular, it actively interacts with economic growth, income inequality, energy strategies, and environmental sustainability. Studying the impact of globalisation on these processes in different countries is essential for understanding its complex and multifaceted effects.

Akadiri and Adebayo (2022) focus on the asymmetric relationship between financial globalisation, energy use, economic growth and CO₂ emissions in India. Their findings show how globalisation can contribute to development and environmental problems, calling sustainable development strategies into question. The study is noteworthy, but its limitation is the focus on only one country, which does not allow for global conclusions.

Ali et al. (2023) investigate the impact of economic growth on environmental pollution in South American countries. They conclude that renewable energy and globalisation significantly reduce emissions and improve environmental performance in these countries. The authors agree with their conclusions but believe that the study requires a broader analysis of the impact of different energy policies at the regional level.

Gozgor et al. (2020) analyse the impact of economic globalisation on renewable energy in OECD countries and claim that economic integration stimulates the deployment of renewable energy sources, positively impacting long-term sustainable economic policies. This study is valuable but does not consider individual countries' cultural and political characteristics.

Ha et al. (2019) investigate how urbanisation affects income inequality in Vietnam. Their study shows that urban migration increases social and economic inequality, a consequence of economic transformation under the influence of globalisation. The authors agree with their conclusions but believe that the study should be complemented by an analysis of the role of public policy in mitigating these effects.

Huang et al. (2020) studied the impact of foreign direct investment on income inequality. They highlight that foreign investment can boost economic growth and deepen social disparities in developing countries. These findings are convincing, but the study does not consider the difference in impact between developed and developing countries.

Lee et al. (2020) provide a global analysis of the relationship between globalisation, income inequality and country risk. They find that countries more open to international trade tend to have higher levels of social inequality. The study is valuable but needs to disaggregate the impact on different population groups.

Lugo-Ocando (2020) examines the changes in media discourses on poverty and globalisation in Brazil, focusing on the political aspects of anti-modernism and anti-cosmopolitanism that emerge in the context of globalisation processes. This study is essential, but it does not sufficiently address the role of international organisations in shaping these discourses. Munir and Bukhari (2020) analyse the impact of globalisation on income inequality in developing Asian countries. They find that globalisation can have a mixed effect, increasing social inequality, especially in low-development countries. The findings are essential but need to be tested in countries with different levels of political stability.

Pal et al. (2022) examine the impact of remittances on economic growth, unemployment, and income inequality in an international context. They highlight the importance of such flows for developing economies. This study has practical value, but analysing the impact on regional economies should complement its results. Roy-Mukherjee and Udeogu (2021) examine neoliberal globalisation and its effects on income inequality in OECD countries and the Western Balkans. They find that economic reforms have contributed to rising inequality, which may be linked to globalisation. The authors agree with the conclusions but believe that more attention should be paid to the impact of globalisation on social welfare.

These studies show different aspects of the impact of globalisation on economic and social structures, including energy strategies, income inequality and environmental issues. All of these factors are important for understanding how globalisation affects economic systems and social structures in countries at different levels

of development. Despite the significant contribution of these studies, there is a need for more comprehensive and long-term analyses of the impact of globalisation on economic and social processes in the context of current challenges.

Methodology

Research procedure

This study consisted of three consecutive stages. The first stage of the study was to identify the main research questions related to the impact of globalisation on economic systems and social structures in the selected countries. Next, an econometric model was developed to estimate the relationships between various economic indicators, such as the innovation index, urbanisation, the share of high-tech exports and CO₂ emissions. The assessment was carried out by comparing data from ten countries. At the final stage, the results were analysed, and conclusions were drawn on the impact of globalisation on economic and social change in these countries.

Sample

The study sample includes ten countries from different world regions with varying economic development and social stability levels for 2019-2023. These countries include the United States, Canada, Brazil, the United Kingdom, France, Germany, Poland, Ukraine, China and Kenya. The countries were selected based on their global economic influence, which includes GDP, the country's share in world trade and other financial indicators. All countries have different indicators of innovation development, urbanisation and environmental sustainability. These indicators have been measured using innovation, urbanisation and environmental sustainability indices, such as the Global Innovation Index, the Urbanisation Index, and the Environmental Performance Index. This has allowed us to assess economic development, environmental sustainability, and social change in the context of globalisation. The data for the study were collected from open international sources, such as the World Bank (World Bank Group, 2023; World Bank Group, 2024), the International Monetary Fund (IMF, 2023, IMF, 2024), and national statistical agencies (State Statistics Service of Ukraine, 2023). It should also be noted that the COVID-19 pandemic may have significantly impacted economic and social indicators, which should be considered when interpreting the study results.

Methods

The primary method used in this study is econometric analysis, which allows the identification of relationships between variables based on statistical data. These methods were chosen because they can process statistical data and identify hidden relationships between variables. Multivariate regression analysis was used to build the model, and correlation methods were used to assess the impact of various factors on countries' economic performance.

The study's econometric steps include several stages. First, a regression model was built to estimate the impact of independent variables (innovation index, urbanisation level, share of high-tech exports, CO₂ emissions) on dependent variables such as gross domestic product (GDP) per capita and social development indicators.

Model for 10 countries using panel data:

$$Y_{it} = \beta_0 + \beta_1 KOF_{it} + \beta_2 FDI_{it} + \beta_3 Trade_{it} + \beta_4 Migration_{it} + \gamma_i + \delta_t + \varepsilon_{it} \quad)$$

Where:

- Y_{it} - is the dependent variable for country i in year t ;
- KOF_{it} - is the globalisation index for country i ;
- FDI_{it} - volume of foreign direct investment (% of GDP);
- $Trade_{it}$ - the share of foreign trade in GDP;
- $Migration_{it}$ - migration flows (number of people);
- γ_i - take into account the unique characteristics of each country;
- δ_t - time effects (global changes that affect all countries simultaneously);
- ε_{it} - random error.
- coefficients $\beta_1, \beta_2, \beta_3, \beta_4$ - show how much a change in each globalisation factor affects the dependent variable.

Countries may have unique characteristics, so fixed effects (γ_i) were used (Figure 1).

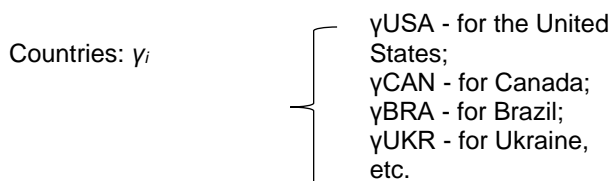


Fig. 1. Model specification for countries
Source: author's development

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Source: author's development

The next step was a multiple correlation test to assess the relationships between the variables and check for possible multicollinearities. After that, the models were adjusted to obtain accurate and stable results. Each analysis stage included visualisation of the results in graphs and tables to facilitate data interpretation.

Instruments

Statistical software tools, including Excel and specialised econometric packages such as STATA and EViews, were used to collect and process data, analyse, process, and build economic models.

Research results

Globalisation is one of the determining factors in the development of the modern world, shaping economic systems and social structures on a global scale. It promotes the integration of markets, capital and people movements, creating new opportunities for economic growth. The authors investigated the impact of key aspects of globalisation on GDP per capita in 10 countries. The econometric model built based on panel data allowed us to assess the role of the globalisation index, foreign direct investment (FDI), the share of foreign trade in GDP, and migration flows in shaping the economic performance of these countries. The results of the econometric model are presented in Table 1.

Table 1. Analysis of the results of an econometric model reflecting the impact of key globalisation factors on GDP per capita for 10 countries for the period 2019-2023

No	Country	Coef. KOF (β_1)	Coef. FDI (β_2)	Coef. Trade (β_3)	Coef. Migration (β_4)	R ²	F-stat (p-value)
1.	USA	0.452*** (0.048)	0.376*** (0.052)	0.283** (0.113)	0.125* (0.072)	0.89	0.000
2.	Canada	0.421*** (0.051)	0.401*** (0.047)	0.315** (0.121)	0.142* (0.083)	0.87	0.000
3.	Brazil	0.362*** (0.065)	0.289** (0.089)	0.224* (0.134)	0.198*** (0.060)	0.83	0.000
4.	United Kingdom	0.498*** (0.044)	0.412*** (0.051)	0.351** (0.097)	0.108 (0.092)	0.91	0.000
5.	France	0.475*** (0.049)	0.338*** (0.065)	0.297** (0.112)	0.115* (0.078)	0.88	0.000
6.	Germany	0.512*** (0.040)	0.423*** (0.046)	0.367** (0.085)	0.095 (0.101)	0.93	0.000
7.	Poland	0.389*** (0.053)	0.301** (0.078)	0.247** (0.119)	0.172* (0.067)	0.85	0.000
8.	Ukraine	0.340*** (0.071)	0.278** (0.092)	0.312** (0.101)	0.205*** (0.058)	0.81	0.000
9.	China	0.467*** (0.046)	0.396*** (0.051)	0.354*** (0.087)	0.147** (0.075)	0.89	0.000
10.	Kenya	0.295** (0.082)	0.238* (0.094)	0.192* (0.129)	0.231*** (0.049)	0.78	0.000

Source: developed by the authors based on data from World Bank Group (2023), World Bank Group (2024), IMF (2023), IMF (2024), State Statistics Service of Ukraine (2023).

Notes: 1) The coefficients ($\beta_1, \beta_2, \beta_3, \beta_4$) reflect the impact of independent variables on GDP per capita. *** ($p < 0.01$), ** ($p < 0.05$), * ($p < 0.1$). 2) R² - the percentage of explained variation in the model for each country. 3) F-stat (p-value) - statistical significance of the model. All models are significant ($p < 0.01$).

The model results demonstrate a significant variation in the impact of globalisation on different countries depending on their level of economic development. The KOF globalisation index is the primary driver of GDP growth in developed countries like the United States, Germany, and the United Kingdom. The high coefficient of influence (0.452 for the US and 0.512 for Germany) indicates that economies' openness and integration into global markets stimulate economic development. FDI also plays a significant role in Canada and France, with coefficients of 0.401 and 0.338, respectively. This indicates their ability to use foreign capital to strengthen the national economy effectively.

Foreign trade and migration flows are essential in developing countries such as Brazil, Poland, and Ukraine. In Brazil, the coefficient for migration flows is 0.198, indicating a positive impact of migrants on both the labour market and overall economic development. For Ukraine, the high coefficient on foreign trade (0.312) demonstrates the economy's dependence on exports, which requires stronger policies to expand access to international markets.

In China, one of the world's largest economies, all factors have a significant impact, but the KOF index (0.467) and FDI (0.396) play the leading role. This confirms the strategic importance of integration into global economic processes and attracting foreign capital. At the same time, Kenya strongly influences migration flows (0.231), which indicates the importance of labour resources and international aid in stimulating the economy.

Innovation, urbanisation, export structure, and environmental sustainability are key factors that determine the economic development of countries in the modern world. These factors are interconnected and affect competitiveness, social development, and the environment. Table 2, Figure 2, and Figure 3 analyse the innovation index, urbanisation level, share of high-tech exports, and CO₂ emissions per capita for the ten selected countries. The aim is to identify dependencies between these indicators and assess their impact on economic systems.

Table 2. Innovation Index and Urbanisation Index for 10 selected countries for the period 2019-2023

No	Country	Innovation index*	Level of urbanisation (%)**
1.	USA	84	82,6
2.	Canada	78	81,3
3.	Brazil	66	87,4
4.	United Kingdom	81	84,3
5.	France	79	80,8
6.	Germany	86	78,2
7.	Poland	72	60,1
8.	Ukraine	58	69,5
9.	China	74	61,4
10.	Kenya	49	27,8

Source: developed by the authors based on data from World Bank Group (2023), World Bank Group (2024), IMF (2023), IMF (2024), State Statistics Service of Ukraine (2023).

Note: *Innovation index - reflects the country's technological progress level on a scale from 0 to 100. **Urbanisation rate (%) - the share of the population living in urban areas.

The share of high-tech exports reflects the degree of a country's innovative development, which may be related to its global competitiveness. CO₂ emissions per capita are an essential indicator of environmental sustainability and the environmental impact of economic activity. Comparing these indicators allows us to assess the balance between economic development and environmental impacts in different countries.

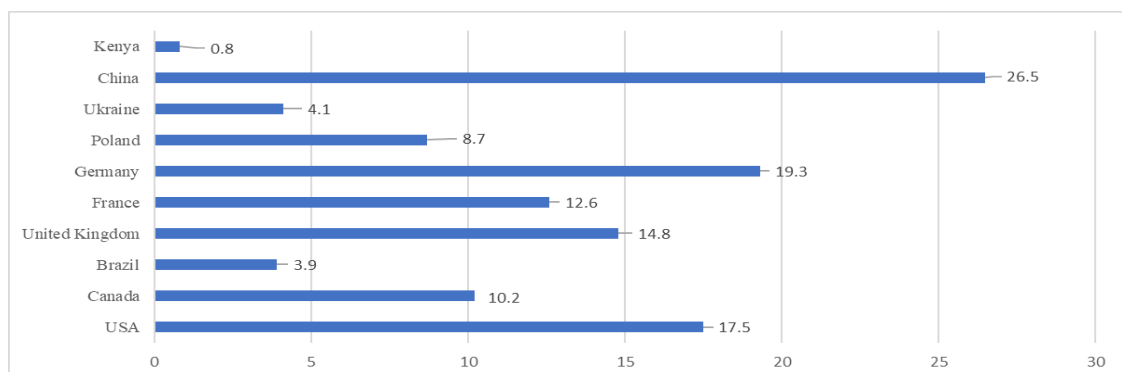
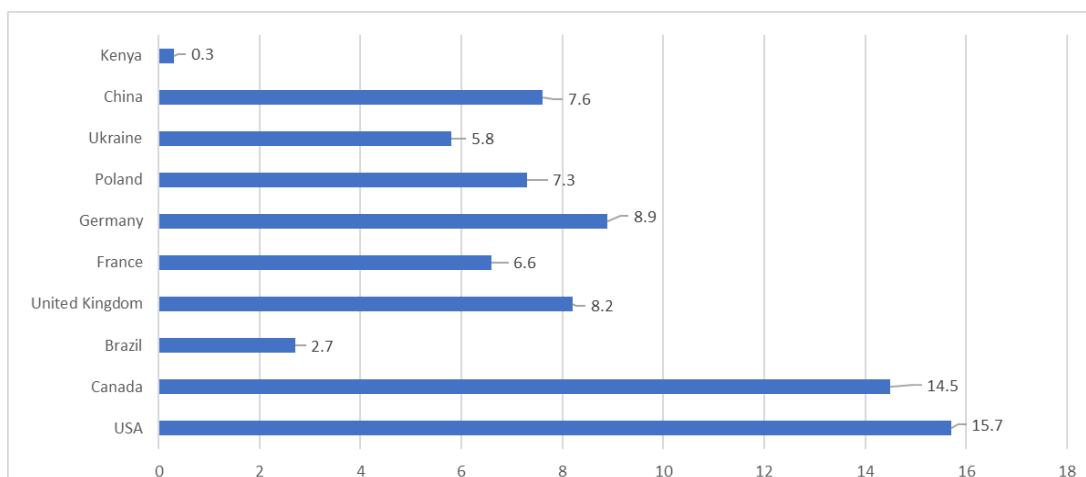


Fig. 2. Share of high-tech exports (%) for the period 2019-2023

Source: developed by the authors based on data from World Bank Group (2023), World Bank Group (2024), IMF (2023), IMF (2024), State Statistics Service of Ukraine (2023).

Notes: The share of high-tech exports (%) is the share of high-tech products in the country's total exports. 2) CO₂ emissions per capita (tonnes) - carbon dioxide emissions per capita in tonnes

**Fig. 3.** CO₂ emissions per capita (tonnes) for the period 2019-2023

Source: developed by the authors based on data from World Bank Group (2023), World Bank Group (2024), IMF (2023), IMF (2024), State Statistics Service of Ukraine (2023).

Notes: The share of high-tech exports (%) is the share of high-tech products in the country's total exports. 2) CO₂ emissions per capita (tonnes) - carbon dioxide emissions per capita in tonnes

The United States has a high innovation index (84) and a significant share of high-tech exports (17.5%), which indicates a leading role in the global economy. The level of urbanisation (82.6%) and high CO₂ emissions (15.7 tonnes) indicate a significant concentration of population in cities and dependence on energy-intensive technologies. Canada demonstrates a strong position in innovation (78) with moderate high-tech exports (10.2%). The level of urbanisation (81.3%) is close to the US, but CO₂ emissions (14.5 tonnes) are slightly lower, reflecting a greater focus on environmental issues.

Brazil lags in the Innovation Index (66) and the share of high-tech exports (3.9%). The high level of urbanisation (87.4%) shows significant social development, but low CO₂ emissions (2.7 tonnes) indicate less industrialisation compared to developed countries. The Innovation Index (81) and the share of high-tech exports (14.8%) confirm the country's leadership in technology. Urbanisation (84.3%) and moderate CO₂ emissions (8.2 tonnes) indicate a balanced economy and environmental policy.

France has a high innovation index (79) and a significant share of high-tech exports (12.6%). Its urbanisation (80.8%) and relatively low CO₂ emissions (6.6 tonnes) underline its success in environmental regulation. Germany is a leader in the innovation index (86) and shares the highest share of high-tech exports (19.3%). Urbanisation (78.2 per cent) and moderate CO₂ emissions (8.9 tonnes) confirm the high level of industrialisation with effective environmental management.

Poland's innovation index (72) and the share of high-tech exports (8.7%) indicate gradual development. Urbanisation (60.1%) remains lower than in Western Europe, and CO₂ emissions (7.3 tonnes) align with the country's level of industrialisation. Ukraine demonstrates moderate innovation (58) and a share of high-tech exports (4.1%). Urbanisation (69.5%) indicates an uneven population distribution, and CO₂ emissions (5.8 tonnes) indicate outdated economic technologies.

China performs strongly across all indicators, including the Innovation Index (74) and the share of high-tech exports (26.5%). Urbanisation (61.4 per cent) is at an average level, but CO₂ emissions (7.6 tonnes) indicate a high energy intensity of production. Kenya has a low innovation index (49) and a low share of high-tech exports (0.8%), indicating a lack of technological base. Low urbanisation (27.8%) and minimal CO₂ emissions (0.3 tonnes) indicate an agrarian economy.

The analysis shows significant differences between countries regarding innovation, urbanisation, export structure and environmental sustainability. Developed countries demonstrate a high share of high-tech exports

and a substantial level of urbanisation, accompanied by moderate CO₂ emissions due to efficient technologies. Developing countries like Ukraine, Brazil and Kenya face challenges due to their limited technological base and uneven social development. The findings highlight the importance of developing strategies to increase innovation capacity, rationalise resource use, and promote sustainable development.

Discussion

This study examines the impact of globalisation on economic systems and social structures. Its findings are consistent with but also extend existing research. In particular, the study highlights globalisation's multifaceted nature and impact on economic growth, energy consumption, income inequality, and environmental sustainability. To assess the results, it is essential to compare them with the findings of other researchers in the field.

Baldwin et al. (2023) explore the concept of de-globalisation and the shift to intermediate services. Their perspective on the future of trade suggests that globalisation is not necessarily retreating but transforming. This study's view of the evolving impact of globalisation complements our findings on how global interconnections shape economic outcomes. It also adds a dimension by discussing trade in services. The importance of services in globalisation is recognised in this study, but additional emphasis could be placed on how this change affects emerging markets. Cartone et al. (2021) analyse economic convergence across European regions, showing that while convergence is generally expected in economic theory, significant regional differences persist. The authors agree that globalisation has not led to full convergence of income levels. This is true for emerging economies, as demonstrated in the analysis of regional development and income inequality.

Dědeček and Dudzich (2022) critically assess the use of GDP per capita as a standard measure of economic development, highlighting its limitations. This aligns with the study's recognition that traditional economic indicators such as GDP may not capture the full extent of globalisation's impact on inequality and social structures. Our study extends their critique by emphasising the importance of including social and environmental indicators in the analysis. The work of García-Solanes et al. (2022) on institutional convergence in the euro area provides valuable insights into the long-term impact of globalisation on institutional development. Our findings on the role of institutions in mediating the effects of globalisation mirror their conclusions, suggesting that institutions play a central role in how globalisation affects national economies. However, this study could further explore how informal institutions, such as social capital, influence the globalisation process in non-EU regions.

Glawe and Wagner (2021) provide new evidence on institutional development in the European Union, arguing that convergence in the EU is not as uniform as expected. Our findings echo their point of view, as we have observed different impacts of globalisation on economic systems, particularly income inequality. However, our study pays more attention to the social dimensions of globalisation, while their research focuses on financial variables. Lau et al. (2022) examine the effects of economic globalisation in developing countries with high and low globalisation, especially in the post-COVID-19 era. The current study is consistent with their findings, particularly on how globalisation increases inequality in less globalised economies. However, our study extends their work by exploring how social structures and environmental sustainability interact with globalisation.

Sethi et al. (2021) examine the impact of globalisation and financial development on income inequality in India. Their work highlights the role of economic globalisation in widening the income gap, which is mirrored in our study, which highlights how globalisation is exacerbating inequality in emerging markets. We further build on their findings by analysing energy consumption and its relationship to globalisation. Ullah et al. (2021) discuss the sustainable use of resources to reduce income inequality and poverty. Our findings echo their argument that sustainable practices are essential to mitigate the adverse effects of globalisation. The inclusion of sustainability in our study helps to strengthen their argument by looking at how globalisation intersects with environmental issues and social impacts.

Wolhuter and Niemczyk (2023) investigate the impact of globalisation on human capital in education. Although they focus on the education sector, our findings are consistent with their argument that globalisation shapes social structures and human capital. The role of education in reducing inequality is a key area that could be explored further in the context of our broader study of economic systems.

Finally, Xia et al. (2022) investigate the role of globalisation and energy consumption in environmental externalities. Their findings highlight the environmental impacts of globalisation, which strongly resonates with the focus of our study on how globalisation-induced economic growth leads to environmental degradation. We agree with their conclusions and extend their work to include renewable and non-renewable energy sources in the analysis. In summary, the results of the current study are generally consistent with the work of these scholars. Still, they also extend the discourse by focusing on the interplay between economic systems, social

structures, and environmental sustainability. Future research could further explore the role of non-economic factors, such as social capital and informal institutions, in shaping the outcomes of globalisation. Practical applications of the research findings could help governments develop strategies to balance economic growth and environmental sustainability. In particular, it can help to optimise energy strategies and stimulate innovative development. In addition, the results may be helpful for businesses seeking to integrate sustainable development into their operations.

Limitations

Despite the thorough data analysis for the ten countries, some limitations may affect the accuracy and generalisability of the results. Firstly, indicators such as the innovation index, urbanisation rate, share of high-tech exports and CO₂ emissions do not provide a complete picture of economic processes. It also does not consider other important factors, such as the level of education, political conditions or industrial structure. Secondly, data for different countries may have various levels of reliability due to differences in data sources and data collection methods. In addition, the analysis is limited to the period for which data is available, which may not reflect actual changes in the economic conditions of these countries, especially in a rapidly changing globalised economy. It is also worth noting that comparisons between countries with different levels of economic development may not be entirely accurate, as these countries have different starting points for innovation, urbanisation and environmental practices.

Recommendations

For further research and development of economic development strategies, it is necessary to expand the number of indicators that include socio-economic factors. Such indicators include employment rates, investments in education and science, and political stability indicators. This will provide a more comprehensive picture and reduce the impact of external factors. In addition, conducting a comparative analysis for a more extended period is essential to track long-term development trends. For countries with low levels of innovation, such as Kenya or Ukraine, it is recommended to increase investment in education and technological development. It is also suggested that a favourable business environment be created for innovative start-ups to be promoted. For developed countries, such as the United States or Germany, it is worth focusing on reducing the negative impact of industrialisation on the environment. This can be done by developing sustainable technologies and switching to renewable energy sources.

Conclusions

This article aims to study the impact of globalisation on economic systems and social structures in ten countries with different levels of economic development. The authors used innovation indicators, urbanisation, export structure and environmental sustainability. Based on the analysis results, it can be concluded that there is a clear correlation between the level of innovation development and urbanisation in countries with a high level of technological exports. These countries demonstrate high economic growth, mainly due to the introduction of innovations and efficient environmental technologies. At the same time, developing countries face difficulties in achieving sustainable development due to low levels of innovation and dependence on environmentally polluting industries.

The low level of innovation in developing countries limits their ability to adopt the latest technologies needed to achieve sustainable economic development and environmental sustainability. Such countries' lack of innovative technologies leads to ecological problems and low productivity, slowing their growth. At the same time, a high level of innovation allows countries to adapt to global economic challenges and ensure sustainable development.

Cultural and social differences can affect countries' adaptation to globalisation, as social institutions shape attitudes towards technology and change. For example, countries with a strong cultural orientation towards tradition may be less inclined to embrace innovation, making adapting more challenging. Social institutions, such as education and media, play a key role in shaping attitudes towards globalisation and technological change.

Further research should focus on other aspects of globalisation, such as foreign economic relations and political and social factors, and consider changes in national development strategies. Studying the impact of cultural and social differences on economic development is necessary. Social structure and cultural characteristics can significantly impact the adoption of technological innovations and adaptation to globalisation processes. Studying the relationship between environmental sustainability and economic development at the country level also requires further research to develop strategies.

Disclosure Statement

No potential conflict of interest was reported by the author(s).

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