







# The Importance of the International Policy of Globalisation and Open Economy to the Reduction of the Global Risks for Sustainable Development

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## Abstract

In this work, we identify the influence of the international policy of globalisation and open economy on the decrease in the consequences of the impact of global risks on the achievement of the Sustainable Development Goals of countries. We use the following methods: complex approach, comparative analysis and method of classification.

The formulated classification of the specific features (directions) of the influence of globalisation and open economy on the reduction of the consequences of risks of the studied category is prepared for developed and developing countries, which are oriented toward the participation in the global integration processes. The revealed directions of the positive influence of these processes can change their character depending on the international economic, environmental and social policy of the global market's participants. We prove the advantages of countries' orientation toward the adoption of the foundations of the policy of international integration in the context of the main spheres of state development.

The scientific novelty of this research is due to the theoretical development of the issues of classification and characteristics of the specifics of the given processes' influence on the reduction of the risks' effects.

## Keywords

International integration · Globalisation · Open economy · Anti-isolationist influence · Anti-crisis influence · Quality of products

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## 1 Introduction

Development of the modern knowledge economy is intensive, similarly to the processes of transformation of globalisation. Modernisation of the economy, which consists mainly of the development of new technologies, increase in highly-skilled personnel and development of the modern branches of production, is very important for the long-term process of globalisation. At the same time, technical progress is accelerated under the influence of the constant need for innovations. Companies in different spheres use new forms of production, management, organisation of cooperation and distribution. These integration processes are performed also at the international markets, and some entrepreneurial structures function in global markets. These phenomena are peculiar for countries with an open economic system, which is integrated into the world economic system, at the level of export (import) of goods (services) and technologies and the level of movement of capital and staff. Globalisation and openness of the economy are factors that influence the removal of barriers to the development of the international economy, growth of world GDP and provision of competitive conditions of development in national markets. Thus, it is necessary to note their large influence on the reduction of the level of risks to the sustainable development of countries at the global level, which requires serious research.

The goal of this work is to identify and analyse the influence of the international policy of globalisation and open economy on the reduction of the consequences of the impact of global risks on the achievement of the Sustainable Development Goals of countries. For this, the following tasks are solved: identifying the approaches to determination of the influence of the two mentioned processes on the reduction of the negative effect of global risks for sustainable

development; systematising the specific features of the influence of globalisation and open economy on these risks.

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## 2 Materials and Method

The theoretical, methodological and empirical aspects of assessing the impact of globalisation and open economy on the minimisation of the impact of the risks of global character on the state of sustainable development are formulated in Bashan and Kordova (2021), Chang et al. (2022), García-Álvarez and Moreno (2018), Gulia (2021), Jiang et al. (2022), Liu (2020), Pyakurel (2022), and Wangwe et al. (2021).

These materials have a local, mainly fragmentary character, and thus there is a necessity to continue scientific research in this direction.

In this work, we use the complex approach to assess the scientific approaches and distinguish the features of the influence of the given phenomena on the reduction of risks. Comparative analysis is used to compare the authors' positions in the context of determining the character of these processes' influence on the risks of the studied category. The method of classification is used to reveal the list of features of the influence of the assessed processes on the change in the given risks.

The analysis is performed based on the theoretical and empirical data on the influence of globalisation and an open economy on the transformations of global risks at the level of countries. The logic of the research implies the formulation of the main scientific approaches in this sphere and classification of the specifics of the impact of the given processes on the reduction of global risks for sustainable development of countries.

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## 3 Results

Analysis of the main scientific approaches to determining the specifics of the influence of the international policy of globalisation and open economy on the reduction of the global risks for sustainable development will allow evaluating the boundaries and diversity of the existing positions in this direction and performing a critical assessment of the most optimal characteristics of the influence.

The first scientific approach is oriented toward the evaluation of the influence of the two phenomena on risks as the factors for reducing the social (socio-cultural), economic and environmental isolation of countries (anti-isolationist influence). The coverage of such influence is connected with the dissemination of the globalisation tendencies (which are

oriented toward the integration of entrepreneurship, implementation of the lead technologies that are required for competition in the world markets and adoption of the world standards in all spheres of life activities) and the development of open economy, which implies the state's implementing the corresponding policy of the free movement of capital, personnel, technologies and products (services).

Within this approach, it is necessary to note the provisions of the Gulia (2021), which contains the classification and characteristics of the specifics (directions) of the influence of globalisation and openness of the economy on the reduction of risks for sustainable development of countries at the global level. According to the author, these processes allow reducing the negative results of internal national isolation within the main spheres of sustainable development.

The authors state that within this anti-isolationist policy, the following is ensured at the level of unification of the efforts of public and private sectors:

1. Reduction of the negative statistics on the development of the economy and social sphere.
2. Reduction of the technological and innovative underdevelopment in all spheres of life activities and economic sectors. It is implied that implementation of the processes of globalisation and open economy, as a strategic foundation of the state strategy of development, will allow raising the level of the digital economy and digitalisation in the critical infrastructure, which is necessary to solve social (implementation of innovative technologies in various spheres of interaction with population) and environmental tasks (forecasting of natural disasters, robotisation in the sphere of monitoring of environmental pollution).
3. Influence on the prevention of social, environmental and economic catastrophes. This direction is connected to the treatment of the role of these processes as regulators of protection of sustainable development from catastrophic situations. Within the orientation at global approaches and under the conditions of openness, national economies do not allow the problems of this type to influence the cardinal change in the development, which is connected with the continuous interaction with other communities and supra-national unions, which experience is a model of effective development. Assigning this category of positive effects of influence to anti-isolationist is debatable. Provision of protection from the negative impact of crisis phenomena can be considered within the second scientific approach, which implies anti-crisis influence.

In the context of the second scientific approach, it is worth considering the positions given in Liu (2020), regarding the effect of the orientation of the state policy of open economy

and international globalisation toward the reduction of sustainable development risks. According to the author, these processes, implemented in the context of structural transformations of the economy for over forty years, allows ensuring the effective approach of the following:

- Domestic national traditions of orientation to agrarian production, which implies the issue of products with low value added, low level of wages and social standards to the industrialised economy, which implies the issue of products with higher value added and higher social standards. The economy of rural territories was gradually transformed into an industrial agrarian economy. Although China is peculiar for certain inequality in the industrial development of territories, certain regions have vivid characteristics of the priority of agrarian production;
- From economy's industrialisation to a high level of urbanisation, quick development of territories and growth of living standards in regions (increase in social standards);
- From standards of the planned economy to market conditions, which raises China's position in the world economy.

The third scientific approach envisages the evaluation of the influence of the considered processes on the reduction of risks within the principle of intensive expansion of globalisation and open economy as an indicator of improving the goals in the sphere of sustainable development (intensive influence on the reduction of the negative influence of global risks).

In the context of this approach, it is worth noting the provisions of Pyakurel (2022), which contain the substantiation of the intensive influence of the processes of implementing the policy of open economy and globalisation on the main risks to the components of national sustainable development. According to the authors, the characteristics of such influence given the main components of the given phenomenon are as follows:

1. Influence on the environmental component:
  - Reduction of the material track. The authors state that, according to the recent data from thirteen countries in the sphere of globalisation, only Denmark and Sweden have not ensured a significant reduction in energy consumption after their citizens' incomes exceeded world average incomes;
  - Reduction of CO<sub>2</sub> emissions and environmental pollution in countries that achieved a high level of citizens' incomes. According to Pyakurel (2022), there is a positive influence on countries that achieved a high level of globalisation and openness of the economy,

with a simultaneous increase in population's incomes. However, there is an example of China, in which, despite a high level of globalisation and openness of the economy, the increased level of the population's incomes did not lead to the reduction of environmental risks (Jiang et al., 2022). Based on the materials of Chang et al. (2022), we can conclude that an insufficient balance of the components of sustainable development, connected with insufficient ecologisation, is caused by the command and administrative policy of the state. This model is not oriented toward the citizens' independent adoption of the concept of sustainable development—it is aimed at the creation of acceptable indicators of development, which can be demonstrated to the world community as a result of ecologisation.

2. Influence on the economic component. The main directions of such positive intensive influence are implementation of the paradigm of green growth, which is connected to the opportunity for economic growth without an increase of the burden on the environment (use of eco-friendly technologies and materials and reduction and minimisation of production waste and life activities' waste) (García-Álvarez & Moreno, 2018); use of alternative economic models. There are certain approaches that reject the theory of the influence of the green growth theory on supporting the level of environmental risks. Within these approaches, the authors prove the impossibility of such influence, stating that even if production growth had been achieved without any damage to ecology, that would have led to an increase in consumption, which leads to the growth of pollution and waste in the environment. On the basis of these alternative approaches, it should be concluded that the balance of the components of sustainable development is possible in the case of support for the economy at a certain level, with the focus on restraining quick growth. One can disagree with such a statement since the existence of inequality among countries, especially in the technological and social spheres will not allow raising the level of cleanliness of the environment. If the population and economic subjects independently adopt the paradigm of the green economy, the state policy should be also effective in this sphere.
3. Influence on the social component. According to Pyakurel (2022), the growth of the social component of sustainable development of countries that demonstrate high globalisation and openness of the economy implies the improvement in quality and lifespan; an increase in human development. Though the author points to the direct dependence between the reduction of risks of the social component of sustainable development and globalisation

and growth of the economy's openness, these results are not easy to implement for many developing countries in the context of refusal from the traditional isolationist tendencies in many sectors.

The fourth scientific approach envisages determining the specifics of these processes' influence on the minimisation of the given risks in the context of a focus on the quality of exported products and their diversity, which conforms to market needs as the basis of the economic component's effectiveness (influence of the market advantages of quality and diversity of products).

The provisions of Bashan and Kordova (2021), Huchet et al. (2018), Kyove et al. (2021), and Wangwe et al. (2021) on the influence of these processes on the reduction of risks conform to the essence of this approach. The authors show, by the example of empirical studies, that success of globalisation and focus on the openness of the economy (including the openness of trade) depends on supporting the quality of products, which is exported, provided through the effectiveness of technologies of production, management and logistics; the existence of a large assortment of products that are exported to foreign markets and its ability for quick transformations within the main groups depending on the change in market priorities and economic transformations. The authors of Huchet et al. (2018) prove that countries with high values of these parameters ensure high results of the openness of economy and globalisation, which allows them to implement the goals of the economic component of sustainable development; at the same time, countries with insufficient quality of products and poor assortment cannot, despite the economy's openness, obtain substantial effects from the international integration.

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## 4 Discussion

Based on the complex analysis of the scientific approaches, let us formulate a classification of the specific features of the influence of the considered processes on the reduction of risks in the sphere of sustainable development. These types of influence are as follows:

- Anti-isolationist influence, which is peculiar for the modern stage of formation of the international integration processes of countries that are oriented toward the internal traditions of the economy and partnership relations. The achievement of an effective decrease in risks in this sphere is predetermined by the country's readiness for cardinal reforms within the main spheres of economy and on the provision of the legal framework for implementing the

basics of an open economy, in the direction of the announced course toward the global integration;

- Anti-crisis influence, which envisages countries' joining the global economic system, for external support for protection from challenges and threats in the spheres of economy and ecology and social sector;
- Intense influence on the reduction of the negative impact of global risks, which is connected with the dependence of quick growth of the economy and social standards on the achievement of the balance of the sustainable development components;
- Influence of market advantages of quality and diversity of products, based on the concept of the dependence of economic growth on the parameters of the quality of exported products and assortment under the conditions of international integration.

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## 5 Conclusion

In this work, we managed to reveal a mutual dependence between the processes of international globalisation of all spheres of life activities and the openness of national economies. We also determined their positive influence on the reduction of risks of implementing the main components of sustainable development. The described specific features of this impact, identified based on the study of theoretical and applied materials, demonstrated the existence of the advantages of achieving the balance of sustainable development in countries that traditionally have high indicators of globalisation and economic development. However, we also revealed the difficulties in achieving high parameters in this sphere with developing countries, especially those that have not overcome the isolation of economic development and are oriented toward closed development. Further research in this direction should focus on the problems of reduction of global risks for sustainable development.

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