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## Challenges to Strategic Management in Modern Society

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### Abstract

*The study and analysis of changes in terms of the transformation of social systems is a serious and difficult undertaking, and all this is of particular importance for our subsequent actions. Significant changes today, especially in the context of digitalization, new technologies, and climate change, provoke new challenges that can change the roots of human civilization. This requires that the future transformation of social systems be considered in reverse order, i.e. to reverse the order of consideration - transformation of technological systems and their influence on social ones. Every social system already includes a serious technological component and it must be determined which is dominant.*

*Social development is accompanied by a series of ongoing crises that change social systems. Social systems have their own characteristics and cannot exist on their own. Despite the fact that in both scientific and popular literature there are different definitions and different interpretations, they are the ones that form the social attitudes of individuals in the environment. Signals for change in social systems are a large set of events and actions that occur in a certain sequence. Such can be frequent regional military conflicts and tension in certain communities, which create discomfort in the coexistence of a certain group of people, and many others. This paper examines the occurred and possible social transformations of our society.*

**Keywords:** Social systems, Strategic management, Transformations, Governance, Climate change, Digital revolution

## 1. Introduction

Various transformations are known in science, which have their own characteristics and precise descriptions. For example, Lorentz transformations in physics are coordinate transformations between two coordinate systems that move at a constant speed relative to each other.

Reference systems can be divided into two groups: inertial (relative motion at a constant speed) and non-inertial (accelerating along curved paths, rotational motion at a constant angular velocity). The term “Lorentz transformations” refers only to transformations between inertial reference systems, usually in the context of the special theory of relativity.

Galilean transformations in physics and classical mechanics are coordinate transformations between two coordinate systems that differ in their constant speed relative to each other. These transformations, together with spatial rotations and translations in space and time, form the so-called inhomogeneous Galilean group. Without translations in space and time, the group is called a homogeneous Galilean group. Galilean transformations are based on Galileo's principle of relativity, which considers time to be the same in all reference frames (absolute time).

The Galilean transformations are a special case of the Lorentz transformations for speeds much slower than the speed of light in a vacuum and confined space. For speeds of the order of the speed of motion of the planets in the Solar System (and even greater), the Galilean transformations are approximately correct with very high accuracy.

Galileo Galilei formulated these concepts in his description of uniform motion [1-2]. The topic is motivated by his description of a ball rolling on an inclined plane, through which he measured the value of the acceleration of gravity near the surface of the Earth.

Social development is accompanied by a series of ongoing crises that change social systems. Social systems have their own characteristics and cannot exist on their own. Despite the fact that in both scientific and popular literature there are different definitions and different interpretations, they are the ones that form the social attitudes of individuals (people) in the environment.

Historians speak of a cyclical nature in the change of social systems, with only a certain accuracy in this logic. However, it should be emphasized that the changes that occur in social systems are caused by certain circumstances and factors that have a strong impact on the system itself. The turbulence that precedes certain transformations in the social system is a signal that the period of change in the system will soon come.

Signals for change in social systems are a large set of events and actions that occur in a certain sequence. Such can be frequent regional military conflicts and tension in certain communities that create discomfort in the coexistence of a certain group of people and many others.

A significant problem is the discrepancy in actions between those who manage social systems and those who participate in social systems. When the expectations of one and the other are in different directions, the rupture in this social system is completely predictable and expectedly possible.

All the elements of a state of tension of existing social systems are present. The internal and external environment function in a series of defective processes. This not only creates a feeling of failure in

their existence but also portends many upcoming transformations. The rules created for the normal functioning of these social systems have exhausted their essence and must be replaced by other, new rules that satisfy the existence of new social systems.

The changes that individuals participating in these new public social systems will have to accept may prove overwhelming for some of them, unacceptable for others, and objectively impossible for others to physically experience this transformation.

## 2. Challenges to strategic management in modern society

Today we often talk and write about social transformations. In fact, they are actually happening before our eyes. They happen in an organized way and with our participation. It is expressed in our different capacities, for example as politicians, experts, or consumers. Green, digital, demographic, and many other transformations are some of the examples we know. Infinitely different in their essence and at the same time strongly connected in their meaningful existence are social or public transformations. They are natural, artificially caused or accidentally arisen questions that will not receive satisfactory answers for a long time. Even after the re-transformation of any of them or even their disappearance, this will be a difficult task for researchers and analysts. However, some of the known reasons for their emergence and existence are present and can be studied and analyzed. The transformations of public systems cover many aspects of social, economic, and technological dynamics. The transition from the 20th to the 21st century, and more precisely the last decade of the 20th and the first decade of the 21st century, realized a change in the main paradigms. It was probably possible that all this could have happened in another period of time, not on the border of the two centuries, but it is a fact that it was this transition that marked the enormous change in several directions – a change in the social characteristics of public relations and a transition to globalization, the beginning of a large-scale technological revolution and a transition to digitalization. Maybe this does not matter, maybe it is symbolic, but nevertheless, it is meaningfully connected with the expectations for the diversity of existing public social systems. The expectations accumulated at the end of the 20th century, which are characterized by the outlining “challenges of the 21st century”, which no one could yet identify, but freely interpreted in speeches, programs, and concepts. We are observing a provoked manifestation of something that we do not know, but we want to happen, something different for all the systems that we associate with human activity.

*Paradigms of social existence:*

- In the 20th century, society was dominated by industrialization and class structure, with the main social conflicts being related to class struggle and economic inequalities;
- In the 21st century, the emphasis is on high technology and globalization, digitalization, with social movements focusing on minority rights, environmental issues, and social justice.

*The paradigm of technological systems:*

- In the 20th century, technological progress was mainly related to industrialization and mechanization, new technologies were introduced in production and communication, but they are still limited;

- In the 21st century, Industry 4.0 gives serious importance to information and communication, which change the way we interact; with social media, the Internet, and mobile technologies creating new forms of social connectivity and activism.

#### *Paradigms of economic models:*

- Economic systems in the 20th century were often based on the opposition of capitalist and socialist models, with an emphasis on industrialization and production;
- In the 21st century, we see the growing importance of knowledge (knowledge economy) and services, with an emphasis on innovation and sustainable development; the sharing economy and digitalization are changing traditional business models.

#### *Paradigms of social identity and structures:*

- In the 20th century, the identity of individuals was often linked to class, nationality, and gender;
- In the 21st century, identity has become more diverse and complex, with an emphasis on individuality, cultural identity, and global connectivity.

The chronological sequence and their practical occurrence have their own peculiarities, but also a joint manifestation and existence.

The green transformation, which led to the emergence and regulation of the Green Deal in the European Union. Development period 2009 - 2015, simultaneously with the first signals of the lower competitiveness of the European economy and the need for measures to overcome the problems. "Knowledge-based economy", the first priority of the budgetary framework - Competitiveness, redirection of the Bologna Process, and modernization of higher education, as well as a number of other initiatives that were supposed to give impetus and new added value to Europe. Concomitantly, it is associated with a serious invasion of scientists and teams of ecologists, who credibly proved the damage that human activity causes to nature and the need to reduce this impact. From positions that climate change is not related only to human activity, to opinions that the dependence between the two factors is complete. They moved into the political and public space between Brussels and Washington. The result is there – renewable energy sources, refusal of nuclear energy, refusal of the use of coal and fossil fuels, and as a result, a dynamic rise of Asian economies. Consistently and aggressively, the economic transformation of the 21st century has become a green strategy. Slightly resembling the transformation in nutrition to vegetarian and vegan nutrition. In this transformation, one-sidedness dominated in favor of the green deal, which was associated with decarbonization, emissions trading, and the relocation of large production facilities to the East. There is no negativity in the arrangement of the elements, rather an attempt at a corrective balance with several accents: Greenhouse gases produced by heavy industry have a serious impact on pollution, mainly on the air, but since it does not recognize geographical borders, restrictions on the territory of the European Union do not stop the transfer from East to West, i.e. from countries without restrictions to countries with restrictions (with the latter paying for this restriction); unfair demonization of nuclear energy according to a series of resolutions of the European Parliament and in some European countries. The obvious economic and technological inefficiency of renewable energy sources (wind energy and the use of solar energy). In 2019, the ambitious

initiative of the European Union was adopted, aimed at achieving climate neutrality by 2050. The collapse of the European economy coincides with several consecutive events – the COVID-19 pandemic, the war between Russia and Ukraine, and the wave of migrants to Europe. Each of them has its own weight, but obviously, the synergy between them leads to a result that is not to the taste of Europeans.

It is more than obvious that the challenges of the 21st century have proven to be truly challenging for the world. The problems accumulated in the 20th century, some of which were attempted to be solved, others postponed for more suitable times for solution, created the prerequisites for them to manifest themselves in full, especially in its second decade.

#### ***The prerequisites***

The technological revolution is beginning to overtake public and social development, without providing security mechanisms. All this puts existing management models to the test. Both systematically developing economies and new ones are involved in the struggle for competitiveness, which dynamizes the race to conquer all spaces - social, educational, and scientific. For America, the advantage is in the scientific and technological aspects, which have existed dominantly in recent decades. Europe has always caught up with these processes. Japan has been decisive in some areas. Along with the dominants, industrial phenomena from Asia have appeared. The world of the 21st century very quickly erased the development priorities of the 20th century. The idea of sustainable development forms the zone of transformations, integrating the economy, social sphere, and environment. The first level of transformation of the main systems responsible for the relevant zones is reduced to the following: economy – into a knowledge economy; environment – into green technologies and climate change; social environment – into a liberal inclusive one. All subsequent levels occur in the context of the exceptional dynamics in public relations under the influence of various factors.

#### ***The factors***

The propaganda about climate change, swinging between the positions that there is no such thing, to the opinions that humanity with its activities causes it, has become a leading political concept. This concept creates the strategy for renewable energy sources, the Green Deal, and the carbon-neutral economy.

The digital revolution, which overtakes attempts at regulation and control, as well as the rapidly developing processes of cyber (in)security in the world, simultaneously with the birth of a new generation, GEN Z (which some try to place in the framework of certain years of birth).

Enduring military conflicts that cause multilateral migration transitions.

Each of the prerequisites creates a whole system of factors that determine the consequences of this. At various forums around 2000, the reports and presentations presented began with expressions close to "The challenges of the 21st century...", and very soon after that, it became necessary to speak with specific names of the events, problems, and topics that were happening, very different from the topics at the end of the 20th century. The keywords of this beginning - climate, migration, competitiveness, digitalization, sustainable development, demography - turned all countries, unions, organizations, and structures into interdependent ones and made them unable to develop independently without taking into account the rest of the world. Both Europe and the



world today are moving at an incredibly high speed, which does not seem to allow them to make the necessary analysis to find the most accurate way to regulate the ongoing systemic transformations. The headlong rush towards SMART, STEAM, and a bunch of other acronyms creates a serious differentiation between centers and periphery at all levels and transforms the relations between countries, cities, unions, groups, and structures into a complex puzzle, the parts of which often exchange positions, bringing the world closer to the boiling point.

This entire puzzle consists of political, social, economic, and technological paradigms, transforming the relevant systems by changing the basic structures and mechanisms of governance in our societies.

Systems - systematized transformation can be viewed through different prisms through basic systems and subsystems:

*Social structure:*

- Demography - changes in the population (education, regional distribution, age characteristics, migration);
- Social mobility - the transition of individuals between social classes;
- Identity - expansion of the rights of minorities and various social groups, stratification schemes.

*Economic models:*

- Transition from an industrial economy to an information economy - the impact of technology on production and labor;
- Sustainable development - the inclusion of environmental aspects in economic decisions.

*Political structures:*

- Democratization - authoritarian and democratic regimes;
- Conflict management - technology for resolving social and political conflicts.

*Technological innovations:*

- Digitalization - the impact of digital technologies on society;
- Artificial intelligence - changes the way we live and work.

**Transformation of social systems**

Despite this systematization, in today's dynamics, it is difficult to determine which of the systems is a priority or how they are ranked in importance. The expectation that each of them has its own weight and significance, its own zone, and even its own region gives way to realities according to which the political and economic system leaves national and regional parameters and becomes a field of global influence and interaction. Digitalization, like environmental processes, does not recognize geographical boundaries and seriously enters Industry 4.0, the educational and scientific subsystems, but at the same time overturns and transforms other systems - social, economic, and political.

The transformation of social systems changes the way in which interaction between different social services and institutions takes place, which changes labor markets and the social structure. New technologies create new professions and cause changes in the way people work and live. The development of social networks facilitates information sharing and interaction and plays an

important role in social integration and access to services. Digitalization offers new opportunities for the realization of older people and other vulnerable groups in the labor market, providing them with tools for training and work. Digitalization gives rise to new social realities and cross-media interactions that change the way the social environment is perceived. A problem in the transformation of social systems influenced by digitalization is access to the Internet, which is still a problem for a large part of the world's population. The transformation gives rise to a certain inequality and impossibility of social inclusion, which is a problem for the 21st century.

The transformation of economic models is a response to global challenges and changes in society. The current economic model can no longer be an engine for development, which creates a need for new models. Economic systems must adapt to new realities, such as climate change, social inequality, and intensive technological progress. More and more attention is paid to sustainable development, which is also affected by digitalization. Globalization and localization are balancing processes in regional development, which is of particular importance for people. Innovation, new business models, entrepreneurship, which leads to changes in the way economies function.

The transformation of political systems is related to globalization, causing new forms of interaction between unions, states, international organizations, etc. New technologies, as well as all other factors, intervene in this process. The development of information technologies is changing the way political participation and communication takes place. Social networks, for example, play an important role in the mobilization of citizens and the dissemination of information. The increase in social movements and protests is a sign of the activation of civil society and the desire for change in political systems. They often provoke reforms and new policies, as well as cause crises.

The technological paradigm, which has acquired a global dimension through various digital platforms, networks with a variety of dimensions (political, commercial, social), including AI, exerts a dominant influence on all other relations, while at the same time beginning to act preemptively in the transfer of information and resource flows throughout the world. Societies try to follow the transformations, but due to the high dynamics, they fail to make the necessary analyses and justifications not so much for explanation, but for synchronizing their own life expectations and achievements with development opportunities. If the person is at the center of social transformations, then this is extremely important for the final result, but the doubt about the correctness of this thesis is increasingly being questioned due to the imposition of the idea of the influence of the elites.

**Transformation of natural systems**

In addition to the transformation of social systems, it is necessary to track the transformations of natural and related systems, which complete the picture and require urgent solutions.

Climate change, as controversial as it may sound, moves from north to south and from east to west without borders and without serious obedience to the principles of the Green Deal. Natural disasters cover different areas, change people's livelihoods, shift climate zones, cause migration processes, provoke changes in agricultural and food chains, and lead to changes in coastal and river zones. Overexploitation of natural resources is a problem with many consequences.

#### *Climate Change:*

- Global warming - extreme weather events and changes in climate patterns with consequences such as biodiversity loss, sea level rise and increased frequency of natural disasters.

#### *Resource exploitation:*

- Intensive extraction - resources, such as water, minerals and fuels, have been exploited in huge quantities, which has led to environmental problems and depletion, which in turn has an impact on ecosystems; overexploitation has led to ecosystem degradation and loss of natural habitats.

Transformations of natural systems have a concrete impact on societal transformations. For example, climate change and resource exploitation lead to new social movements and changes in public attitudes. People are becoming increasingly aware and active in the fight for sustainable development. We are witnessing social and economic changes provoked by these changes. Many governments are starting to implement sustainable development policies, which include innovations in the energy sector and the promotion of green technologies, which is a political response to the transformations of natural systems.

This interrelationship between natural and social systems is essential for understanding contemporary challenges. It is important to analyze not only the consequences, but also the opportunities for adaptation and sustainable development [3-9].

### **3. CONCLUSION**

Research and analysis of changes in terms of the transformation of social systems is a serious and difficult undertaking, and all this is of particular importance for our subsequent actions. Significant changes today, especially in the context of digitalization, new technologies and climate change, provoke new challenges that can change the roots of human civilization. This requires that the future transformation of social systems be considered in reverse order, i.e. to reverse the order of consideration - transformation of technological systems and their influence on social ones. Every social system already includes a serious technological component and it must be determined which is dominant. Digital transformation brings us closer to the dominance of artificial intelligence and a total change in labor and social relationships, including their automation, which will lead to a serious change in stratified social systems. Adaptation to these challenges will require innovations and new approaches in management.

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