2022 is special for the staff of the Georgian Technical University because it is a jubilee and turns 100! University professors and students celebrate the anniversary date with a special attitude and outstanding academic and scientific achievements. The research collected in the present collective monograph addresses one common question - how the business adapts to modern conditions and what are the prospects for its development. The world is constantly changing and we are changing with it. As we developmentally, develop new values; We are changing the business community, the degree of its humanization, and the transparency of relationships between people, firms, and countries. We can say that we are creating the latest form of business.
Professors of the GTU Faculty of Business Technology and Technology have long been working together to study the problems of modern business in an increasingly globalized world. The problems of globalized business exist in any field, including ecology and nature management, small and medium business, tourism and manufacturing, markets and marketing, technology platforms and clusters, innovative development, and many more.

Davit Gurgenidze - Rector of GTU, Candidate of Technical Sciences, Master of Civil Law, Professor. Today, he is a full member of the Georgian Academy of Energy, a full member of the Georgian Academy of Engineering, an Academician; Honorary Doctor of the Academician Egiazarov Institute of Water Problems and Hydrotechnics; Honored Builder of Georgia.

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Contemporary Business Challenges in a Globalized World (Volume 3)

Research, Study, Examination

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Some Aspects of Ecology and Nature Protection

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Abstract

This article makes the problems of ecology and nature protection more visible in the process of modern globalization and the state of globalization and highlights some aspects of this problem as far as it relates to our living environment.

Keywords: Ecology, nature protection,

The yoke of our existence as human beings is in the world-being; In this subsistence system, the outside world is a natural environment where we can exist. As social beings, we are at the same time constantly with each other. Martin Heidegger, the greatest philosopher of the 20th century, refers to this living environment as the world in which we live, and both environments make up our living world/space. Mastering this world, exploiting natural resources, instrumentalizing people, and equating them in this sense was and results from global capitalist industrialization. All of this has given rise to the notion that equalizing minds, the natural sciences, and technical rationalization destroy the diversity and specificity of specific and effective traditions and vital worlds; And what makes natural and social reality planned, measurable, and subdued is precisely one of the main points of critique of modern social theory. We closely linked as much as phenomena such as ecology and nature to conservation to other social phenomena in a globalizing world. We should say a few words about globalization. Globalization is a complex and multifaceted process in which everything is "somehow" - but not always - harmoniously connected to everything. It is quite incomprehensible and unconvincing if we deduce this phenomenon from only one or one of the reasons - be it the dynamics of the unbridled pursuit of worldliness, calculus, and obedience, or the general logic of modern Western capitalism in general, the economic (hegemonic) If the interests of individual mega-concerns. It is necessary to strictly separate the objects of globalization and its driving force. Phenomena and institutions claiming universal values and validity, the best argument of which is "nonviolent violence" (Jürgen Habermas), such as human rights, conservation law, fundamental ideas of the rule of law, and other, rather than fundamentally different, spread around the world. Organizational forms of economics, law, politics, and ecology. It can be said that these phenomena and events, such as environmental problems and nature conservation measures, have crossed local-regional borders and now appear as global problems and tasks.

At the same time, globalization, which is an irreversible process in itself, has left its mark on everything - including nature and nature conservation. While the process of globalization may be a positive development for the idea of a liberal welfare state in some respects, viewed from an existential point of view, it contains dangers that can lead to the dehumanization of man. As far back as one of the main criticisms of German Romantics in the 19th century, it was the process of dehumanizing culture. The essence of the romantic critique of culture is to argue that it is the egalitarian mind that, through the rationalization of science and technology, destroys the diversity of specific, inherent, experienced traditions, and the vital world. The reality of nature and public reality is increasingly being held captive by planning, reporting, and calculation. The disappearance of local-regional differences between different cultures, which is the result of globalization and which causes common human problems, directly or indirectly affects our world and causes its changes, in most cases, in a negative direction. Industrialization of production, the development of world trade, and rapid population growth have hampered the Earth's ecosystem's ability to self-regulate. The social problems of the globalization process in the social sciences today are discussed in close connection (unity) with the processes of change in the outside world, and this is a central issue of scientific research and debate. We want to focus on this issue not only in academia but in society as a whole, as these problems affect virtually all people, including within our region (the Caucasus), which is also part of the global humanities process. Ecology and nature protection have different contexts:

A) natural science;
B) legal;
C) human rights;
D) ethical;
E) existential;
F) Economic.

These problems cover both nation-states and the global world, as local-ecological and environmental protection problems are intertwined in one global grid. We will try to touch briefly on these aspects in this paper. That environmental problems have become global today is not new. It has always been so by itself, but before the explosion of scientific studies of nature, the people of the world did not know about it.

As we all know, our globe has been around for many billions of years, but it is only from a new time that these phenomena and processes in view, which reach the entire world and are referred to as "global", are treated.

We speak of globalization mainly when pre-existing problems at the local-regional or national level are involved in its dynamics in the ongoing political and economic processes around the world, and thus we (humans) are interconnected.

A regionally unrestricted world community with overlapping functional differentiation and institutions, means of communication, and social inequality forms the basis for local and regional specificities; Nature, on the other hand, has its own rules and laws: they, on the one hand, take place in our natural-physical processes without our interference; On the other hand, human activities have become central-driving impulses in the process of global-biophysical change, like the force of nature. Humans have shaped their local natural environment through migration, trade, and wars of conquest, and they have changed nature in the past, not only locally, but if not globally, at least in large parts of the global world; But only with the expansion of world trade and rapid population growth since the time of product industrialization have human activities undermined the ability of the Earth's ecosystem to self-regulate. Because entire global and regional ecosystems in the anthropogenic (as we call it in our time) were influenced by and related to global, biochemical, and geophysical processes, thus not only the climate but the entire biosphere can be said to depend on humans.

In this intertwining of processes, new relations and relations between society and nature emerge. Every society should try to build their relationship with nature in such a way that people can meet the necessities of their lives and the social, vital processes continue from generation to generation.

Because the principles of proper management of ecological processes and, consequently, nature conservation measures are complex phenomena at the center of which man stands, it is, therefore, necessary to establish these principles as a result of joint research of different academic disciplines. Only in the conditions of such cooperation, ie when what is socially relevant and complex is studied, can we achieve the long-term result and goal of the research at the same time: full cooperation of science, economics, and civil society (Marcus Gabriel), which minimizes the danger of human instrumentalization. However, the (correct) ecological and nature protection measures themselves have the character of long-term effectiveness and relevance, as one of the characteristics of these processes is inter and intra-generational nature; This, in turn, is related to environmental justice. Indeed, where there is - or may be - reciprocity or social cohesion, issues of justice arise. Because damage to the outside world has mostly long-term and global impacts and consequences, and the causes of this are often not only spatially but also temporarily separated from each other by generations, the question arises to understand environmental justice not only intra-generatively but also inter-generatively. The latter is understood on the basis of the idea of sustainability, which echoes the 1987 wording of the World Commission on the Environment and Development: "Sustainable development is a development that meets the needs of the modern generation without depriving the next generation of the ability to meet their needs." This proves that targeted research on environmental problem management capabilities is defined by a long-term perspective from the outset.

Another important topic of discussion in the article is the relation between nature and culture. Culture in the broadest sense belongs to all the phenomena that define the human activity and the essence in general - including, of course, science and technology. However, by nature, man is a cultural being (belonging to culture). This means that man constructs nature and the outside world, not only perfect but also materially. Ideally, we should develop methods, concepts, and models to recognize, describe, and explore nature and the outside world, and material, as we dig deeper and deeper into it, creating and creating new, often artificial, species of the outside world. Risks, which are manifested in what we call naturalism, accompany such a definition of culture. Here, man is defined by natural technological processes. The danger of this approach is that human beings become instrumentalized and the main essence of existence - dignity - goes into the background. It is and should be the long-term goal of our individual and of society (both regionally and internationally) to find the golden mean, in which case nature and culture, of which technology and all sciences are a part, are not objects of constant controversy. We will consider them being constantly guided and mutually defining each other. This is important for the realization of the harmonious relationship between man and society and nature, as well as the principle of public solidarity.

Knowledge and cultural practices, institutions, and technologies, money, and power, historically and culturally change not only society but also the forms of assimilation of nature and the view of nature. Thus arise the forms of dynamic relations between individuals, society, and nature, or social relations with nature. Labor, products, and the exchange of goods form the basis of society so that people can, at the very least, potentially manage the resources necessary for life.

For this, it is important to develop preventive measures for the protection of the environment and to establish its connection with human rights. With the growth of capitalist production, the outside world and nature are constantly being loaded and damaged. At the same time, we must take into account the fact that man can live in a proper (natural) external world, and it is here that human rights demand for a clean and proper external world emerges. However, it is possible that the protection of human rights, nature, and the environment are in conflict with each other: for example, the question of whether individual norms of special human rights are needed to protect the outside world, other than existing legal norms, is debatable.

Human rights protect human beings and not nature and the outside world by nature. If we go beyond the intrinsic value of nature, this may not necessarily, but possibly lead to conflict: man can be seen as part of an all-encompassing nature, and therefore make his evaluation and value dependent on the evaluation and value of nature and the natural. This naturalistic holistic position protects a person to the extent that he or she appears natural. Seen from a human rights perspective, nature and the natural environment are as valuable as they are good for human beings. Consequently, in terms of human rights, nature has no intrinsic value but is only derived. Leaders with these different values lead to differences in the areas of legal protection and legal views. For example, if a swamp is a necessary condition for the existence of a certain ecosystem, it is in most cases an obstacle for the people living there. Consequently, human rights and nature protection legal issues require in-depth study in order to avoid as much as possible the contradictions that will be problematic for the implementation of the humanitarian principle.

One of the main directions of the problems under consideration is the relationship between the natural ("natural capital") and the derivative ("economic capital") within the framework of ecological justice.

Natural goods can be replaced by manufactured goods, for example when fossil fuels are reduced by efficient engines. One (or one) obstacle to such substitution lies in the complementarity of natural and manufactured goods. These bounties guide each other: for example, the goods produced require the raw materials with which they are made. Another resistance may be the high cost of natural goods, making it difficult to replace them with manufactured goods. In today's professional scientific discussion, "weak" or "strong" sustainability is often talked about, depending on whether replacement is considered possible.

According to some authors, strong resilience is based on mutual complementarity, so that resistance arises between substitution and complementarity. This may also be a misconception because even the representatives of the economic and engineering-technological fields will not be able to prove that it is possible to completely replace natural and artificial goods. We can only understand the contradiction between strong and weak resilience in such a way that at first (strong) principled, foremost ethical grounds can be laid down for the reduction of natural goods into manufactured goods since manufactured goods also derive largely from natural goods.

Ecological sustainability is of great importance today, as economically developed countries, which cause the destruction of nature, are still called "sustainable" because of the rapid rise of their gross social product; But if ecological goods and values are not controllable, we cannot talk about ecological justice. It must set control Technical and moral boundaries in order for ecological benefits and technical-economic development to ensure a dignified existence in the human living environment.

It is that the crucial role of the state in resolving these problems emerges. How effectively states act to solve environmental problems in a timely, fair and legal manner largely depends on the system of state organization. Rule of law democracies, which are at the same time social, are oriented so that we aim their decisions and actions at maintaining the natural and dignified basis of human life; This means a balanced enjoyment of nature, thus preserving a clean environment, preserving the diversity of nature and guaranteeing opportunities for the comprehensive development of man in the outside world. It is the guarantors of implementing these principles that have, in fact, become legal, social, and ecological states since the 1970s. This was reflected in the so-called In the constitutions of the new generation. We would also like to mention that Article 29 of the Constitution of Georgia establishes the right to live in an environment that is harmless to health, to use the natural environment, and to use public space. This means that the Georgian state is on the path of European values by its legal principle. As we can see, ecological and nature conservation measures and processes are in themselves contradictory.

This process is long-lasting, and overcoming the controversies that arise in the process - which, on the one hand, are based on the use of natural resources by humans for their dignified existence, and, on the other hand, without harming the ecology (the world as a whole) - requires transdisciplinary research. Develop measures that will be able to maintain the balance as much as possible for the development of the right process of human needs and the right process of self-regeneration of nature.

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Factors Affecting Sustainable Development and Modelling

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Abstract

A good access to information and intellectual resources and, consequently, their efficient management is important to operate an organizational system successfully. In any case, only based on the information processes can the entity make the decision. Based on the example of sustainable development of the region, the paper deals with the management of complex organizational systems and decision-making. To study the problems of regional development management, it is necessary to investigate the degree of influence that regional development factors (indicators) have on the criteria characterizing the regional development. The paper refers to the issue of selection of a subspace of basic factors of high importance (having a high degree of influence) from the space of factors of regional development. The study was carried out by the methods of perceptive-cognitive modeling, statistical analysis, fuzzy sets and graph theory.

Keywords: Factors, sustainable development, modelling.

Introduction

A good access to information and intellectual resources and, consequently, their efficient management is important to operate an organizational system successfully. In any case, only based on the information processes can the entity make the decision. [1,2]

During analyzing the complex organization systems, it is possible to identify a multitude of goals and factors that the system faces. Commonly, these goals are structured, so, they consist of sub-goals, each sub-goal may consist its own sub-goals, an so on. At the last stage, the list of atomic goals will be obtained. The number of sub-goals quantity may be very large. It should also be borne in mind that the individual elements of these atomic goals do not have the same primary purpose.

The problem of analyzing complex organizational systems is discussed on the example of sustainable development of the region. The factors affecting sustainable development are taken from the materials of the World Conference on Environment and Development of the United Nations. A huge number of factors include the criteria and indicators by which it is possible to evaluate the level of development of a particular geographical region, to make a forecast of its future condition, and to draw a conclusion about the sustainability of this condition. To solve the problem of selecting, out of the variety of factors, the most important (influential) factors affecting the main goal, the following methods are proposed: perceptive-cognitive modeling, statistical analysis, fuzzy sets and graph theory.

Structuring the Goal of the System

The goals and factors affecting the complex system are structured, which means that they comprise sub-goals, each of which can have its own sub-goals, and so on. As a result, at the end we will have the list of atomic goals. The number of sub-goals might be too many. We should also take into consideration that particular elements of the atomic goals do not affect the main goal in the same way.

Selection of optimal set of the system goals, as well as the information technology for achieving the system functioning comprises several stages:

Structuring the goal of the system means that the main or global goal of the system functioning is identified, which is assigned a zero level, then it is decomposed into sub-goals.

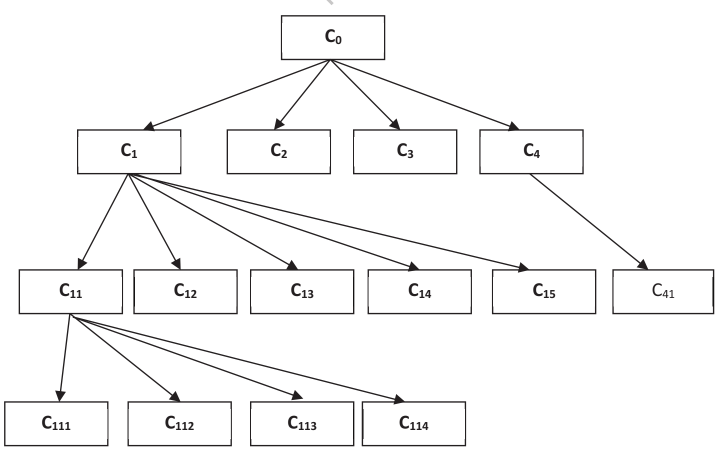
In order to structure the goal, that is, to create a structured information model, we will identify the main goal (which is a global goal) - sustainable development of the region, which is expressed as - C_0 and to which we assign a zero level. Then, i.e. at the first level, it is decomposed into sub-goals C1, C2 C3 and C4, and the second level sub-goals are divided into further sub-goals (C11, C12, ..., C21, ... C31 ...).

Table 1 shows the values and sub-goals of the factors contributing to the sustainable development of the region.

Fig. 1. The goal tree of interdependence of goals and sub-goals

N	Symbol	Value
1	C_0	Sustainable development of the region
2	$\mathbf{C_1}$	**Social Factor**
3	$\mathbf{C_2}$	**Economic Indicator**
4	$\mathbf{C_3}$	**Ecological Indicator**
5	$\mathbf{C_4}$	**Organizational Factor**
6	C_{11}	Fight against Poverty (%)
7	C_{12}	Demographic Dynamics (%)
8	C_{13}	Promotion of education, staff training and public awareness (%)
9	C_{14}	Protection of public health (%)
10	C_{15}	Supporting sustainable development of the population (%)
11	C_{111}	Population employment growth rate (%)
12	C_{112}	Average salary ratio for women and men (%)
13	C_{113}	Population below poverty line (%)
14	C_{114}	Ratio between the income of the rich and the poor
. . .		
185	C_{411}	Ratification of international agreements about sustainable development

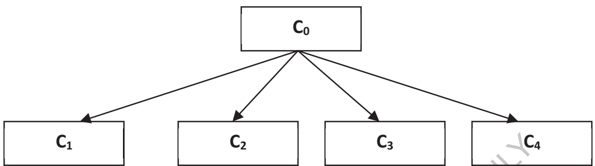
According to these goals and sub-goals, let's build a goal tree that will look as given in Fig. 1.

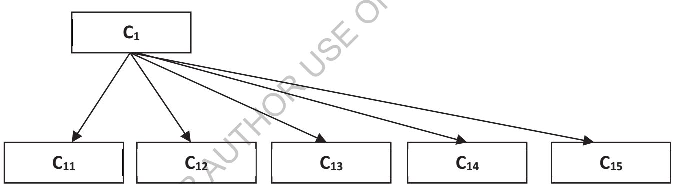


Let's divide two-level fragments from the above, that consist of root tip and incipient tip. We will assign a zero rank to the fragment that contains the root tip of the tree. Lower-level tips of this fragment represent root tips for the first-rank tips.

Zero rank is assigned to the fragment from the goal tree (C_0,C_1,C_2,C_3,C_4).

The fragments from the goal tree have the first rank: (C_1,C_{12},C_{13},C_{14},C_{15}), (C_2,C_{21},C_{22},$C_2$3), (C_3,C_{31},C_{32},C_{33},C_{34}, C_{35}),etc.





Assigning Weight to the Goal of the System

Suppose the multitude of local goals defined at the first stage equals to N, the number of achievement levels of each goal - k, hence, the number of possible solutions, called multipurpose alternative, equals to N^k.

From such a multitude of goals, it is almost impossible to make an optimal choice. Therefore, in order to calculate the effectiveness of achieving the goal (i.e. how effectively the main goal is achieved), we are ranking local goals and select the most important goal from the obtained subgoals; this way we also reduce the number of goal levels.

For ranking goals, each goal is evaluated by numeric value - i.e. by their "weights", which are assigned by an expert or a group of experts. Such assessment is subjective. The goal is described verbally, which can also include a numeric indicator. This method is called the hierarchy analysis method.

For evaluating the interaction of goals (to introduce weights of tips on the tree), in order to determine how important the goal is, together with the expert we will introduce evaluation scores. [1.2, 3]

The interaction power of Ci and Cj goals shall be evaluated verbally (linguistically) and expressed quantitatively in the interval [1-10] (Table 2).

Linguistic Meaning	Numeric (Points) Values
When C_i and C_j goals have the same meaning	1
When C_i is weakly dependent on the value of C_j	3
When C_i is strongly dependent on the value of C_j	5
When C_i is very strongly dependent on the value of C_j	7
When C_i is unconditionally dependent on the value of C_j	9
Assessment is between two linguistic assessments	2,4,6,8

For each fragment of the goal tree (Table3), we will create a square matrix zero R=||rij||.

The columns of the matrix correspond to the tree tips. In the box of the upper left column, the total weight of the root tip is given (C_0 for global goals weight W_0 =1). At the intersection of Ci line and Cj intersection column rij value is indicated, this value is equal to 1 if Ci = Cj. If Ci is more important than Cj then bij is indicated, otherwise, if Ci is less important than Cj and 1/ bij is indicated.

Table 3, the degree of interaction of goals is filled in based on the expert evaluation by using Table 2. The square matrix for the tree fragment is shown in Table 3.

If the rows (columns) of the matrix correspond to the goal, C1, ..., Cp are rated by weights

W_1, ...,Wp. the root tip has weight W_0, then the condition is true [1]:

$W_q = \sum_{i=1}^{p} W_i$ (1)

Table 3 goal weight

Table 3 goal weight

W_1 weights represent the solutions to the following equation systems [1]:

$$w_I = \frac{1}{P_I}\sum_{J=1}^{P} r_{Ij}\, W_j$$

$$\ldots \qquad (2)$$

$$w_{p-1} = \frac{1}{p} \sum_{J=1}^{P} r_{p-1,j}\, W_j$$

$$w_{p-1} = \frac{1}{p} \sum_{J=1}^{P} r_{p-1,j}\, W_j$$

In the discussed example, the systems of equations of the corresponding 0 fragment are expressed in the following way (3):

Table 3.

$W_0=1$	C_1	C_2	C_3	C_4	C_{11}		C_{13}	C_{14}	C_{15}	C_{21}	C_{22}	C_{23}	C_{31}	C_{32}	C_{33}	C_{34}	C_{35}	C_{41}	C_{42}	C_{43}	C_{44}	C_{45}	C_{46}	მიზნის წონა
C_1	1	3	3	3	5		5	5	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	0.5000
C_2	1/3	1	3	3	3	3	3	3	3	7	7	7	3	3	3	3	3	3	3	3	3	3	3	0.2778
C_3	1/3	3	1	3	3	3	3	3	3	3	3	3	7	7	7	7	7	3	3	3	3	3	3	0.1543
C_4	1/3	1/3	1/3	1	1/3	1/3	1/3	1/3	1/3	3	3	3	3	3	3	3	3	7	7	7	7	7	7	0.0679
C_{11}	1/5	1/5	1/5	1/5	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	0.02143
C_{12}	5	3	3	1/3	1/3	1	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	0.01327
C_{13}	1/5	1/3	1/3	1/3	1/3	1/3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	0.0821
C_{14}	1/5	1/3	1/3	1/3	1/5	1/3	1/3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	0.0508
C_{15}	1/3	1/5	1/3	1/3	1/3	1/3	1/3	1/3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	0.00201
C_{21}	1/3	1/7	1/3	1/3	1/3	1/3	1/3	1/3	1/3	1	3	3	3	3	3	3	3	3	3	3	3	3	3	0,01667
C_{22}	3	1/7	3	3	3	3	3	3	3	3	1	3	3	3	3	3	3	3	3	3	3	3	3	0.0778
C_{23}	3	1/7	3	3	3	3	3	3	3	3	3	1	3	3	3	3	3	3	3	3	3	3	3	0.0333
C_{31}	3	3	3	3	3	3	1/7	1/7	1/7	3	3		1	3	3	3	3	3	3	3	3	3	3	0.00661
C_{32}	3	3	3	3	3	3	3	3	3	3	3	1/3	1/3	1	3	3	3	3	3	3	3	3	3	0.00409
C_{33}	3	3	3	3	3	3	3	3	3	3	3	3	3	3	1	3	3	3	3	3	3	3	3	0.00213
C_{34}	1	3	1/3	3	3	3	3	3	3	3	3	3	3	3	3	1	3	3	3	3	3	3	3	0.00111
C_{35}	3	3	1/3	3	3	3	3	3	3	3	3	3	3	3	3	3	1	3	3	3	3	3	3	0.002001

$$w_1 = \frac{1}{4}(w_1 + 3w_2 + 3w_3 + 3w_4) \qquad (3)$$

$$w_2 = \frac{1}{4}\left(\frac{1}{3}w_1 + w_2 + 3w_3 + 3w_4\right)$$

$$w_3 = \frac{1}{4}\left(3w_1 + \frac{1}{3}w_2 + 3w_3 + 3w_4\right)$$

$w_4 = 1 - (w_1 + w_2 + w_3 + w_4)$

From the solution of the system of these equations, we will obtain target weights for C_1,C_2,C_3,C_4 goals.

Similar systems of equations are drawn for other ranks too. After the solution of the system of equations goal weights for C_{11}, C_{12}, C_{13}, C_{14}, C_{15} ... goals will be obtained.

Minimization of the Local Goals of the System

At the next step it is necessary to carry out numeric evaluations and ranking of the most important goals and factors to select the most effective goal and factor. The most important goals are selected from the goals that have been selected at the first stage by deleting relatively insignificant goals [2].

While minimizing local goals, several conditions shall be simultaneously fulfilled. The following should be taken into consideration:

- Interaction of local goals reflected through the Matrix - Cognitive Map.
- Overall degree of deleted goals having a numeric value and defined by a cognitive map shall not exceed marginal value.
- The number of deleted goals shall be maximum.

To draw a cognitive map of the interdependence of local goals of the factors affecting the sustainable development, it should be taken into account that the columns and rows in the table correspond to local goals, on the right side of the Table C_i goals are included, to the right - W_i weights. At the intersection of columns and rows, an expert evaluation $+\alpha_{ij}$ is written if C_i reinforces achievement of the goal C_j , and - α_{ij} if C_i weakens achievement of the goal C_j, where, $0 \leq \alpha_{ij} \leq 1$.

α_{ij} evaluation may not match the values on the scale and may be in the interval between the values. If the goal does not affect another goal, then $\alpha_{ij}=0$ and if there is no connection between goals or if the connection is unclear then (C_i ,C_j) intersection remains empty.

The numeric values of the interdependence of the goals affecting the factors for sustainable development are given in Table 4.

Table 4.

Linguistic Meaning	Numeric Values of Goals Interdependence
No influence	0
Very weak influence	0,1
Weak influence	0,3
Moderate influence	0,5
Strong influence	0,7
Influence	1

Given this, the cognitive map will look as it is in Table 5.

Table 5. Fragment of the Cognitive Map

მიზნები	C_1	C_2	C_3	C_4	C_{11}	C_{12}	C_{13}	C_{14}	C_{15}	C_{21}	C_{22}	C_{23}	C_{31}	C_{32}	C_{33}	C_{41}	C_{42}	C_{43}	C_{44}	C_4	C_4	წონები
C_1	+1,				+0,	-0,7	+0,	+0,	+0,													0.5000
C_2		+1,								+0,	0	0	0	0	0	0	0	0	0	0	0	0.2778
C_3			+1,									0	0	0	0	0	0	0	0	0	0	0.1543
C_4				+1,	0	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0.0679
C_{11}	-0,5	0	0	0	+1,	0	0	0	0			0	0	0	0	0	0	0	0	0	0	0.2143
C_{12}	+0,	0	0	0		+1,						0	0	0	0	0	0	0	0	0	0	0.1327
C_{13}	+0,	0	0	0	0	0	+1,					0	0	0	0	0	0	0	0	0	0	0.0821
C_{14}	+0,	0	0	0		0		+1,				0	0	0	0	0	0	0	0	0	0	0.0508
C_{15}	+0,				0	0	0	0	+1,			0	0	0	0	0	0	0	0	0	0	0.0201
C_{21}		-0,5	0	0	0	0	0	0	0	+1,	0	0	0	0	0	0	0	0	0	0	0	0,1667
C_{22}		-0,5	0	0	0	0	0	0	0	0	+1,	0	0	0	0	0	0	0	0	0	0	0.0778

In order to determine the interdependence of the goals on the cognitive map, we introduce numeric indicators - the degree of achievement of global (C_0) and local goals (C_j), they are calculated by formulas [1]:

$$J(C_0) = \sum_{j=1}^{N} \sum_{i=1}^{N} \alpha_{ij} \cdot W_i \tag{4}$$

$$J(C_j) = \frac{\sum_{j=1}^{N} \alpha_{ij} \cdot W_i}{J(C_0)} = \frac{\sum_{i=1}^{N} \alpha_{ijW_i}}{\sum_{j=1}^{N} \sum_{i=1}^{N} \alpha_{ij} \cdot W_i}$$

Which, for the zero-ranking goal of the tree fragment that we have discussed, will look as follows:

$$(C_0) = \sum_{j=1}^{N} (\alpha_{11} + \alpha_{12} + \alpha_{13} + \alpha_{14}) \cdot W_i$$
$$= (\alpha_{11} + \alpha_{12} + \alpha_{13} + \alpha_{14}) \cdot W_1 + (\alpha_{11} + \alpha_{12} + \alpha_{13} + \alpha_{14}) \cdot W_2 + (\alpha_{11} + \alpha_{12} + \alpha_{13} + \alpha_{14}) \cdot W_3 + (\alpha_{11} + \alpha_{12} + \alpha_{13} + \alpha_{14}) \cdot W_4 = 3{,}5101 \tag{5}$$

After performing the above calculations $J(C_0)$=3, 501, and other values of $J(C_j)$ will obtain the value (Table 6).

Table 6. Table of interactions between goals (fragment)

C_j	C_1	C_2	C_3	C_4	C_{11}	C_{12}	C_{13}	C_{14}	C_{15}
$J(C_j)$	0.0226	0,0201	0,02208	0,011	0,022	0,029	0,0017	0,002	0,005
	-	-	-	-	-	-	-	-	-

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C_j	C_{42}	C_{43}	C_{44}	C_{45}	C_{46}	C_{47}	C_{48}	C_{49}	C_{410}	C_{411}
$J(C_j)$	0.06	0,0201	0,018	0,0031	0,0142	0,0129	0,1117	0,0242	0,025	0,123
	-	-	b_1	-	-	-	-	-	-	b_2

We will denote multitude of all local goals as C, multitude of deleted sub-goals - C^*, and their power - | C^*|.

The extent of achieved sub-multitude of goals, depending on their interaction is expressed by the formula [1];

$$J(C^*) = J(c_{ji}) + \cdots + J(c_{jk}) \qquad (6)$$

$J(C^*)$ the maximum permissible value shall be denoted as Δ. And in this case it is equal to 0.2101

Let's formulate the minimization task: we have to find C^* C, so that to accomplish the following conditions simultaneously

$J(C^*) \leq \Delta$

$|C^*| = max$

Given the above, the task of minimizing local goals can be calculated by the following algorithm:

1 In C multitude we will choose such goal C_{ij} that has a minimum degree of achievement ($J(c_{ij}$=min). If such goals are more than one, we have to choose any of them. We shall include the selected goal in C^* multitude and increase its degree of achievement.

$J(C^*) = J(C^*) + J(c_{j1})$

2 We shall check $J(C^*) \leq \Delta$ condition, if it is accomplished, then we shall delete C_{j1} from C and go back to the first step. If the above condition is not accomplished for any of the goals, i.e. C^* goal cannot be joined to any other goal, it means that the algorithm works.

If for the example we discussed Δ=0,29., then

the outcome of minimization of local goals is the multitude $E=\{b_1, b_2, b_3, b_4, b_5, b_6, b_7, b_8\}$, where

b_1 - denotes presence of the national strategy for sustainable development (Yes/No)

b_2 – is international agreements for sustainable development.

b_3 - share of national income per capita (%).

b_4 - population density (%).

b_5 – increase in birth rate (%).

b_6- entrepreneurial activity (%).

b_7- change in the nature of request.

b_8- updated share of national product per capita (%)

b_9 - export share of national GDP (%).

b_{10}- share of investment (%).

b_{11}- population below the poverty line residing in arid areas (%)

b_{12}- management of eco-systems, combating desertification and drought.

b_{13} - population growth rate.

b_{14} - costs to rebuild the ecosystem (%).

Using the methodological basis we have discussed above, we have selected relatively high-level factors of sustainable development whose degree of impact in sustainable development will be significant.

Conclusion

The given paper deals with the methods of perceptive-cognitive modeling, statistical analysis, fuzzy set theory and graph theory to manage complex organizational systems and make decisions, on the example of managing the sustainable development of the region. To solve the given problem, the main goal was identified, a tree of goals and sub-goals was built; a structured information model was created. To make the optimal choice, a mathematical model was developed and the weight of each goal was determined; the goals of the system were minimized and from the multitude of goals, only those goals were selected whose impact on the main goal is more important. This, in turn, is crucial to ensure sustainable development of the region, to manage the process and make decisions.

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The Theory and Practice of Education Management

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Abstract

Management as a science and art has already provided significant economic changes in society. As a theoretical science, it is represented in numerous publications, training courses and disciplines of higher and secondary professional educational institutions. Domestic and foreign experience in management is a fertile ground for the formation of a procedural block of knowledge in general and historical knowledge in particular.

Key words: Education management, management tasks, foreign experience.

Introducrion

Deep professional knowledge makes it possible to develop such important qualities for modern society as the breadth of thinking, tolerance, and creative imagination. The study of the theory and practice of management stimulates analytical thinking, the ability to see the interaction of the individual and society at different stages of evolution, a creative approach to the historical experience of reforms. Finally, professional knowledge and its use as a tool of persuasion, justification, analogies, and generalizations are a manifestation of the general culture of a specialist in service and tourism.

Discussion

Knowledge of the historical past helps students to develop the ability to navigate in the achievements of domestic and world culture, and due to the assimilation of historical knowledge of management, a special type of thinking is formed that allows a specialist to freely and adequately move in the historical space and evaluate modern management processes.

Professional knowledge allows you to solve managerial problems, and also form a certain system of values:

- Critical perception of information,

- Disclosure of the meaning of information,

- Well-reasoned defense of their position.

Among the primary tasks of history education, scientists - the developers of educational standards in higher education, highlight the development of students' ability to comprehend the events and phenomena of reality in their uniqueness. Taking into account the organic belonging to a single historical stream, the ability of students to creatively apply historical knowledge stands out.

Obviously, there is much in common between the concepts of "management" and "management", however, as synonyms, these words cannot be used, since scientific language avoids synonyms, and practice always requires specificity, accuracy and simplicity of names. As for pedagogical activity, in this area the definition of management, carefully developed by the American researcher Peter Drucker, is most applicable: "Management is a special type of management activity that revolves around a person in order to make people capable of joint actions, making their efforts effective and smoothing inherent in them. Weakness, for a person the ability to contribute to society depends both on the efficiency of enterprise management, and on his own efforts and the return of people." [1]

P. Drucker identifies the following management tasks:

- To unite people around the common goals of the enterprise;
- Develop in each employee his needs and, if possible, meet them;
- To promote the continuous development of people;
- To carry out production activities on the basis of communication and individual responsibility of employees;
- To evaluate the effectiveness of the enterprise not only in terms of production indicators, but also in terms of indicators that are connected with the work of people, with the social aspects of efficiency.[1]

In domestic and foreign literature, management is defined as the type of management that best meets the needs and conditions of a market economy.

Management involves:

- conditions of market economy and freedom of entrepreneurship;
- the priority of the human factor;
- the presence of managers of special managerial education.

It can be added that:

1) In the foreign scientific literature management is not considered, since in Western countries it was formed in the process of natural development of a market economy;

2) The development of management abroad always assumed targeted training of specialists, whereas in Georgia the system of training managerial personnel, like market relations, is only beginning to take shape. [2]

These arguments actualize the question of the legality of using the concept of

"management" in our country, because:
- Georgia is already developing market relations;
- A start has been made to the training of specialist managers (including professional managers in the field of education, service and tourism);
- In the scientific and pedagogical literature, the main reserves of the theory of pedagogical management for intra-university management are highlighted, namely:
- Intensive psychologization of the management process;
- Gradual transition from a vertical command-administrative management system to a horizontal, professional cooperation system, which takes into account a personality-oriented approach to the activities of specialists;
- Expansion of the development of intra-university organizational culture.

As for the development of the theory and practice of management as an academic discipline, the current economic and socio-cultural situation orients professional educational institutions to increase the share of practical training of future service specialists. It has been established that this approach is determined by the need for practice in competitive specialists. Market relations today impose strict requirements on beginning specialists: they must be ready for effective, professionally competent work from the very first days of their practical activities after graduation.

If young specialists can meet information and educational needs by significantly expanding the information base (the Internet, numerous publications, including periodicals on management, marketing, business, entrepreneurship, etc.), then practical skills, skills and ways of working in alternative conditions of professional work to form and develop much more difficult, especially if you do it yourself. Today, a purposeful process is needed both in the teaching of practical skills and in the formation of the active position of the subject of instruction itself.

In our opinion, in order to solve these and many other problems, it is necessary to orient the training course on management to practice. In this case, the training material will contribute to:

- Ensuring the theoretical preparedness of students for professional activities. This means developing the ability to act professionally, not only at the level of achieving the goals, but also at the level of goal-setting, which corresponds to the developed theoretical thinking, readiness to build theoretical models and concepts, to implement forecasting and design;

- To expand the practical orientation of knowledge in the field of service and tourism. This will allow students, while studying at a university, to develop practical action skills in their application. [2]

In our opinion, education in management theory should be received not only by those students who in the future plan to become leaders, but also by all the rest. The fact is that each employee at his workplace can also implement management functions. He can plan, analyze, carry out self-control. Knowledge, skills and management skills will allow future specialists in the service sector to resolve misunderstandings in communication, to prevent the so-called information and semantic gaps, often occurring between the head and subordinates. Interest in this case is supported by specific topics related to the further employment of students, for example, questions relating to the horizontal and vertical types of career when studying the topic "Career Management".

Training service professionals should be focused on a level higher than the level of an ordinary artist. Students need to go through management practice, it is advisable to enter the appropriate content in the programs of existing practices. The relevance of this position is obvious: students will more deeply delve into the content of the external relations of an enterprise, a specific subdivision, study management documentation and information flows, familiarize themselves with the formulation of personnel management, study the socio-psychological climate and organizational culture, i.e. the start of activity of any enterprise or organization. The program of practice should provide special tasks for the application of theoretical knowledge, working out the relevant skills. It is obvious that students armed with knowledge and skills in the basics of management will be much more prepared for competitive conditions of employment. [2]

If the students' professional interests are connected with management in the field of education, they, as a rule, turn to books on pedagogical management. This is true, since in such publications the specifics of the object of management, the educational system, are taken into account as much as possible, and all the recommendations are given with regard to this specificity. However, practice shows that creatively working teacher-managers are more and more often turning to works of a more general nature, such as "Basics of Management", "Management", "Strategic Management", "Innovation Management", etc. Meanwhile works are not directly focused on education as an independent industry, which has its own explanations. First, the excessive adaptation of the general management theory to the object of management under consideration - the education system - leads to the fact that pedagogical laws and theories become dominant. This limits the creative search processes for the development of theory and practice of management in the educational sphere. Secondly, the education system as one of the most conservative systems is not the best practice for studying management theory: many aspects of management are not generally reflected in the theory and practice of pedagogical management (for example, risk management, certain aspects of general and strategic management, etc.). Thirdly, the historical period of development of the theory of management in the field of education is not long enough, especially if it concerns the Georgian education system.

Consequently, the knowledge of the laws and laws of management theory and practice is generally more appropriate to implement on the material, not associated with the pedagogical theory and practice. In addition, it will allow deeper and more thoroughly study and realize the field of education as an independent industry, and the theory and practice of its management - as industry management. In addition, the study of the characteristics of management in other areas of human activity makes it possible to get to know the education industry as a field of people's workforce creation, not only within educational institutions, but also in the service sector, based on personnel centers and training centers in enterprises workplace. If you believe the forecasts, then with the development of society, the need for specialist educators in non-pedagogical enterprises will increase. Such specialists are needed today, for example, as employees in the emerging knowledge management structures. [3]

The limited knowledge of science and art of managing only the theory of pedagogical management sometimes justifies itself in the system of advanced training of teachers and heads of the educational system, since this contingent of learners learns everything from the point of view of their professional, namely pedagogical, experience. For them, in the cognitive process, the starting point is manufacturing practice. In our opinion, management training at a higher educational institution should be structured differently: theoretical issues should be disclosed on the example of the activities of enterprises of various forms of ownership, including the example of the activities of educational institutions. With this approach, the learning component of the cognitive process is greatly expanded, because:

- the range of situations, methods, methods, means in respect of which specific issues of management theory and practice are being considered is increasing;

- the study of management practices outside the educational sphere will allow future specialists in the field of service and tourism to bring something new into the theory and practice of management;

-it is possible to compare, transfer ideas from one sphere of human activity to another, the opportunity to develop a creative beginning.

In other words, the study of management is carried out with the wide application of management theory in the management of various objects and processes, including in the education system.

According to M. Demarest, learning management will be effective if it is possible to overcome barriers to learning and knowledge creation; problems associated with the storage and distribution of knowledge (in particular, implicit); difficulties associated with the assessment of knowledge.

The main importance of the practice, according to S.L. Rubinstein, is that it includes acquired knowledge and skills in a life context in which knowledge and skills acquire new qualities. The identification and selection of practical skills within a particular academic discipline today is a difficult pedagogical problem. On the one hand, the introduction of state educational standards entitles an educational institution and a teacher to independently draw up educational programs in educational disciplines. On the other hand, in state educational standards for specialties and specializations only general qualification requirements for graduates are given. This, again, allows for the independent selection of those skills and practical actions that should be formed in the student during the study of the relevant discipline.

According to UNESCO research, basic skills are an important component in providing high-quality vocational education. Moreover, the improvement of basic skills training is one of the tools for reforming the professional education of a service and tourism specialist. Basic skills are understood as “personal and interpersonal qualities, abilities, skills and knowledge, which are expressed in various forms and in diverse situations of work and social life”.

The relevance of basic skills due to the following circumstances:

1. Society, the market for goods, services, labor are characterized by rapid rates of change. In order for individuals to react to changes adequately, appropriate new approaches, knowledge, skills and abilities are needed that would ensure that every specialist in the service industry is ready for systematic changes and the ability to master new approaches needed in both work and social life.

2. The rapid pace of change has a multi-level character, which creates a greater degree of uncertainty and complexity and raises the need for new personal and interpersonal skills. At the global level, these are political transformations, lower trade barriers, the growing importance of information and communication technologies, higher rates of technology and product obsolescence, internationalization, and the influence of massive flows of international capital.

At the level of society, this is the creation of market mechanisms in the sphere of public services, increasing preoccupation with the preservation of the environment, new forms of management, etc.

At the enterprise level, this includes reducing organizations, decentralization, procurement partnerships and strategic alliances, capital mobility, the impact of computers and software, the demand for flexible labor and staff mobility, as well as the activation of individual entrepreneurship, small and medium business, etc.

At the individual level, there are situations when a specialist in the working environment faces a great deal of uncertainty in planning a profession and career, with the need to work in conditions of partial, contract employment, with increased territorial mobility, with increased workload, with increased responsibility and stress.

There are tendencies to the reduction of social protection from the state, the need to independently take care of pensions, etc. In a developed market economy, the tendency of direct correspondence between the level of basic skills that a person has, the possibility of obtaining employment and the subsequent well-being in life.

These trends create a high degree of uncertainty for the service specialist, which creates the need for additional knowledge, skills and abilities, makes new types of personal and social competence in demand. The possibilities of the discipline "Management" in this regard are undoubted. This discipline is part of the federal component of the curriculum in many specialties of the University of Service and Economics. The specifics of the content of management education makes it possible to develop basic skills in addition to professional ones.

The formation of basic skills allows the service specialist to plan, work effectively in a team, competently solve problems, show initiative and creativity, master leadership skills and develop entrepreneurial skills, acquire organizational and communication skills.

At present, there is no single classification of basic skills. As an example, consider the eight main categories into which these skills proposed by Simon Sho (1998) can be distributed:

- basic skills - reading and writing; they enable people to read, write, speak and use numbers at the level necessary to function successfully and to advance in work and in society;
- life skills - relationships with other people, skills of self-management, professional and social growth. They allow people to live a full social life and contribute to society;
- key skills - communication, problem solving, teamwork. These skills contribute to the development of fruitful activities on a wide range of indicators, mainly at work, but also from the point of view of society and the immediate environment;
- social and civic skills - social activity, moral rules and values, cooperation. They help people to live together and to take a useful part in the social and economic life of a state or state association, such as the CIS and the European Union;
- skills for obtaining employment - information processing, adaptation, independent decision-making. They are most often sought after by employers and provide access to employment, and also help people develop competence and their careers;
- entrepreneurial skills - independent activity, search and research of business opportunities. These skills broaden opportunities for starting your own business, its improvement and development;
- management skills - communication, counseling, analytical thinking, training, mentoring. These skills are used by people to self-manage and control others (mostly at work);
- broad skills - analysis, planning, control. They belong to the "higher order" skills that people apply in contexts, in each of which they already possess professional or specific skills and knowledge.

In our opinion, the categories of skills developed by S. Sho take into account the needs of specialists and organizations in mastering skills, abilities and ways of working and in acquiring relevant new knowledge.

Conclusion

In addition, knowledge of the issues of theory and practice of management makes it possible to:

- to get acquainted with the legacy of outstanding scientists in the field of management, their ideas, systems, approaches, theories;
- through historical reflection to join the management ideas and experience.

The development of management in the field of education is a promising promising scientific direction and reserve for the development of the theory and practice of management of the educational system.

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Management of Call Queues in the Call Center

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Abstract

It is quite difficult to achieve the efficient operation of any call center, because there are thousands of calls every day, a lot of questions are answered and a lot of problems are solved during these calls. In order to improve the quality of service, it is extremely important to introduce methods that will reduce the duration of call service.

The article shows the factors that irritate the customer the most when calling in the call center, analyzes the situations that create a series of calls, presents the results of customer surveys, which relate to the needs of customers in terms of standing time. The paper discusses the mechanism for prioritizing calls, the algorithm for its implementation, as well as ways to manage non-targeted calls.

The paper considers a program created for the automatic management of telephone call queues in the emergency response center. The program reduces customer downtime and provides them with more efficient service.

Keywords: call center, analytics system, queue of telephone calls, queue management, average call duration.

The effective operation of the call center is greatly influenced by the way how the queue of incoming calls works. Call centers use a variety of methods, tools, and practices to reduce customer downtime. Our goal is to have the lowest possible waiting time, which will result in more efficient service and customer satisfaction.

It is essential to constantly monitor call center queues and to take appropriate actions to reduce customer dissatisfaction and interruption of calls before they are answered. Each call is an opportunity to give customers an impression about our company.

Figure 1 shows the factors that most irritate the customer when calling in the call center. As we can see, one of the most irritating factors is the high waiting time.

While waiting for an answer, the customer has two choices: wait until he/she is answered, or hang up the call and try to connect later. The high waiting time for the call center causes many disconnected and repeated calls, as well as dissatisfied customers.

When connecting to a telephone system that uses call queues, the call initiator usually hears a welcome message and then a call is sent to the queue where the answering machine announces its position in the queue.

In the case of normal queuing, calls are answered in the order in which they were added to the queue. Telephone exchanges use an Automatic Call Distributor (ACD) to transfer calls to operators. The ACD stores the call until the respondent operator is released.

Some operators are constantly involved in queuing calls. There are rows that allow us to dynamically add responding operators to the queue. This allows us, in case of high workload, to include additional staff who will answer the calls and ensure the smooth operation of the center. After the end of the busy period, the added operators leave the queue and continue to perform their standard duties.

Call queue creation situations are:

High duration of call processing. The call center is delayed due to the long duration of the call, which means that each call takes longer than expected. This may be due to the inattention of the operator, the interruption of the initiator's conversation or the lack of necessary experience to solve the problem.

Fig.1. User irritating factors

Lack of staff. Increased queues are sometimes the result of a lack of operators. If we do not have an operator proportional to the volume of calls in the call center, we will get a long queue of calls and high waiting time.

Outdated technology. Outdated or unusable mobile phone software affects the efficient operation of the call center operator. Advanced telephone systems provide the operator with caller information before answering a call, which reduces talk time.

Represented in fig. 2 diagram, created by Vocal Laboratories (Vocalabs), shows how long users expect to be in a reasonable standby mode. It also provides a rate of customer satisfaction that decreases in proportion to the length of time it can take.

Because no one reckons it to be pleasant the waiting mode when a customer calls the call center, they want to get a quick service. The longer a customer is waiting, the lower their satisfaction will be. The easiest way to get a high satisfaction rate is to get a low rating from your customers. During the long wait, customers become frustrated and may become customers of another, our competitor company.

The longer a customer is waiting, the greater the chance that he or she will hang up. In some cases he/she will try to call again later, in other cases he/she will become a customer of another company. In both cases he/she remains unhappy. By reducing the waiting time, call centers can reduce the number of disconnected calls and process larger calls.

Normally, when you enter the call center, the calls are answered in the order in which the call was received. For example, if the number 123XXX rang at 14:15 and the number 246XXX rang at 14:16, then the number 123XXX would be answered when the operator became free and 246XXX when the next operator became free.

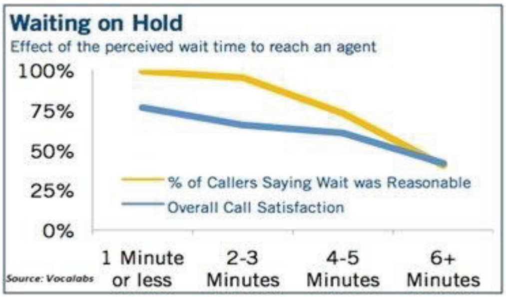

Fig. 2. Consumer opinion on being in standby mode

This sequence is logical and fair, although it is sometimes in the company's interest to prioritize some calls more or less, which in turn will lead to its relocation. Many factors can affect the change in the number of queues. It may be the decision of the manager himself that the number he has chosen should take less time to respond than other numbers. An automated system for allocating queue priorities uses a variety of algorithms to create a list of number priorities.

The analytical system makes an analysis of each call based on the collected data. By grouping these calls by number, the system has different indicators for each number, such as the average number of calls, how long it takes to wait, how long it takes to solve its problem, how the customer estimates the received service, and other analytical data.

The call center has the freedom to change this or that number in order of priority, according to any indicator. Several algorithms are introduced in the system, which automatically assigns numbers to priorities. Some of these algorithms increase the priority, while others reduce it. Priority can also be negative, which means that a number with a negative priority can be answered later than a number that has no priority at all.

The queue management system works as follows: according to the priority value of the number added to the priority list, this number will change position and move forward (in case of positive priority) or backward (in case of negative priority).

Positive priority. Suppose a number has a positive priority with a value of 3. In this case, if a call is made from this number to the call center and 6 people are waiting, the given number will be in 4th place instead of 7th. If the number of pending calls is less than the priority value of the number, the number will be answered as soon as any operator gets free.

Negative priority. Consider the following example: The number has priority -2. If, when making a call from this number to the call center, 5 calls are waiting, this number will initially be in 6th place. If other calls are added before answering this number, this number will move first to 7th and then to 8th place. The shift will occur a maximum of twice, as its priority value is -2.

If it so happened that no calls were added to the queue (or less calls were added than its priority value) and that number came first in the queue, then it will usually be answered.

The list of priorities is shown is Table 1.

The number is added to the list for a certain period of time. The deadline is determined by the data processing of the analytical system.

The customer's patience rate is defined as his/her ability to wait for the service to be delayed and not to hang up the call. This human trait plays an important role in the mechanism of the call center. As mentioned above, each call can be considered as a possibility of losing or retaining the customer and the result depends on the satisfaction of the initiator. Moreover, the customer is more likely to remember one disappointing service better than twenty good ones. Therefore, an abandoned call is a negative experience that affects the future customer's choice.

Table 1. List of priorities

Phone number	**Add time to list**	**Time to remove from the list**	**Priority value**
111111111	17/07/2019 15:30	20/07/2019 15:30	3
222222222	16/07/2019 12:13	19/07/2019 12:13	2
333333333	17/07/2019 18:05	20/07/2019 18:05	2
444444444	18/07/2019 20:25	21/07/2019 20:25	–1
555555555	18/07/2019 14:12	19/07/2019 14:12	–2
666666666	18/07/2019 21:43	23/07/2019 21:43	–2

If the customer receives inconvenience from the call center several times in a row, it can be a long wait, an unnecessarily large amount of time spent on solving the problem, or frequent necessity of repeated calls, there is a high probability that this user will stop using our service or product.

The system has calculated different analytical indicators for each number, according to which it is possible to assess the risk of losing this or that user. For example, if the average waiting time of the customer or the duration of working on his/her calls is higher than the established, the probability of losing him/her is significantly increased. Customer dissatisfaction can also be determined by the rating recorded by the user.

All of the above factors can be used to increase the priority of this or that customer in the queue of calls. For example, if we have 5 minutes of acceptable call time in the call center and any customer has to wait 8 or 10 minutes to do so, then the system will give it priority “+1”, if this is repeated, its priority will be increased to “+2” and so on.

Automatic priority change is based on the length of the time period. The time it takes for the numbers to appear in the list can be chosen by the company itself when configuring the system. In this example, it is assumed that the number is added to the list for 3 days.

When a customers contact an organization's call center, their purpose may be to obtain information about a service or product. They may also need to perform some operation and contact the operator for this purpose.

It is also possible that the initiator's call is unintentional to the company, for example, if he or she is calling for fun, or with a question that is not relevant to the receiving company. Such calls are simply a waste of time for operators and negatively affect the long-term expectations of other users.

There are many ways to detect unsolicited calls. One of the easiest ways is for the operator to fix the call as an unintentional call after it is completed.

To identify such calls, we might use a conversational analytics system that can identify the text of the conversation and give us a percentage indicator of relativity of the unintentional call. Also, we can reckon unintentional calls that last 3-5 seconds or that do not contain more than 2 or 3 words (we also get this information using a speech analysis system).

Once we evaluate the call as inappropriate, we can use this information to blacklist its initiator number, or to reduce its priority in the call queue. If, for a period of time, the system detects that this or that number is repeatedly making an irrelevant call to the company, we will enter this number in the call priority list with negative priority for some time. For example, if the system detects that from 1pm to 3pm, number 456XXX made 3 non-targeted calls, then this number will be assigned priority equal -1. If similar calls continue from 15:00 to 17:00, its priority will be reduced to -2 and so on.

Queue priority management system has many advantages. If the system is used properly, it is possible to improve the level of customer satisfaction, avoid the loss of some users and reduce the waiting time. With negative priority given to non-targeted calls, customers who actually have a problem and need operator assistance will have to spend less time in line. The advantage of the system is that the numbers are added to the list automatically, as a result of processing analytical data.

In addition to all this, the system also has a disadvantage. When using this system, the telephone system will need to reject the answering machine announcing the queue position, as the position of the calls in the queue may change. While queuing, the user will hear a standard text, such as “Please wait for the operator”.

The call management program has the following structure:

Priority type:

```
public class QueuePriority{}

public string PhoneNumber  {get; set}

public DateTime AddTime {get; set}

public DateTime RemoveTime {get; set}

public int PriorityValue {get; set}
```

If the current time is between the *AddTime* and *RemoveTime* tokens, it means that the given number is currently a priority. *PriorityValue* determines how many positions the incoming call from the given number moves forward or backward.

Queued call type:

```
public class CallInQueue

public CallInQueue(string phoneNumber, DateTime callDateTime)
    {PhoneNumber = phoneNumber;
    CallDateTime = callDateTime}
    public string PhoneNumber {get; set}
    public DateTime CallDateTime {get; set}
```

Numbers added to the list of priorities:

```
var priorityList = new List<QueuePriority>
new QueuePriority
PhoneNumber = "111111111",
        AddTime = new DateTime(2019, 07, 17, 15, 30, 10),
        RemoveTime = new DateTime(2019, 07, 20, 15, 30, 10),
        PriorityValue = 3},
    new QueuePriority
        PhoneNumber = "222222222",
        AddTime = new DateTime(2019, 07, 16, 12, 13, 0),
        RemoveTime = new DateTime(2019, 07, 22, 12, 13, 0),
        PriorityValue = 3
    new QueuePriority
        PhoneNumber = "333333333",
        AddTime = new DateTime(2019, 07, 17, 18, 05, 15),
        RemoveTime = new DateTime(2019, 07, 18, 18, 05, 15),
        PriorityValue = -1
    new QueuePriority
        PhoneNumber = "444444444",
        AddTime = new DateTime(2019, 07, 18, 20, 25, 45),
        RemoveTime = new DateTime(2019, 07, 21, 20, 25, 45),
        PriorityValue = -2
```

Current status of the queue:

```
var queue = new List<CallInQueue>
new CallInQueue ("123456789", new DateTime(2020, 07, 20, 15, 21, 18)),
```

new CallInQueue ("123123123", new DateTime(2020, 07, 20, 15, 23, 11)),
new CallInQueue ("222222222", new DateTime(2020, 07, 20, 15, 25, 5)),
new CallInQueue ("123321456", new DateTime(2020, 07, 20, 15, 21, 43)),
new CallInQueue ("444444444", new DateTime(2020, 07, 20, 15, 20, 54)),
new CallInQueue ("333333333", new DateTime(2020, 07, 20, 15, 22, 3)),
var queueWithoutPriority – queue.OrderBy(c => c.CallDateTime).ToList();

queueWithoutPriority is a series of calls, sorted by call entry time.

Queue status:

1: 444444444
2: 123456789
3: 123321456
4: 333333333
5: 123123123
6: 222222222

Var corrected With Negative = CorrectWithNegativePriorities(queueWithoutPriority);
A queue that is adjusted for negative priority numbers.

Queue status:

1: 123456789
2: 123321456
3: 444444444
4: 333333333
5: 123123123
6: 222222222

The number 444444444 moved from 1st to 3rd position because its priority was -2. var finalCorrected = CorrectWithPositivePriorities(correctedWithNegative);

The final state of the queue, corrected for both negative and positive priority numbers.

Queue status:

1: 123456789
2: 123321456
3: 222222222
4: 444444444
5: 333333333
6: 123123123

The number 222222222 moved from 6th to 3rd position as its priority was 3.

The number 333333333 is also on the priority list, although its *RemoveTime* is missing from the current date. So it does not change position.

Sorted by call entry

-2	444444444
	123456789
	123321456
~~-1~~	333333333
	123123123
3	222222222

Corrected with negative priority Sorted by call

	123456789
	123321456
-2	444444444
~~-1~~	333333333
	123123123
3	222222222

Corrected with negative and positive priority

	123456789
	123321456
3	222222222
-2	444444444
~~-1~~	333333333
	123123123

Managing call queues has an impact on maintaining and improving the level of call center service. Due to the large workload and small time, the efficient operation of the call center may seem very difficult, but by tracking the correct indicators, we can greatly improve the operation of the call center.

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Models for the Sustainable Development of the Georgian Regions

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Abstract

This paper examines and analyses: of the state of the art of region sustainable development problems and regional politics of Georgia, defining of region sustainability aspects and social-economic factors of development; system formalization of region development problems and grouping of sustainable development criteria in a blocks; conceptual characteristics of the basic factors in the process modeling; systematization of the tasks.

Keywords: level of sustainable development, process modeling, universal indicators, uncertainty.

Introduction

The globalization process stipulated significant changes in a development of world economy. Transition to market economy changed mechanisms of regional development. States face the problem of efficient development of regions. Therefore, it's necessary to develop new approaches to development of regional economy.

A modern region is a complex socio-economic and industrial-technical system that operates in a rapidly changing environment. This environment creates complex, diverse and hardly predictable conditions. That's why professionals of corresponding field have to develop mechanisms of region's sustainable development that guarantee region's economic growth in diverse and changeable environment.

Ministry of Regional Development and Infrastructure of Georgia established governmental commission of policy of Georgia's regional development in 2009. Commission developed the project of state strategy of Georgia's regional development. Current project includes state strategy of regional development for 2010-2017. Its goal is to guarantee establishment of favorable environment for regions' socio-economic development and improve life standards of population. For this purpose it's necessary to guarantee balanced socio-economic development of regions, increase competitiveness of regions and decrease economic inequality among regions.

Study and Analysis of Georgian Regional Economic Policy
The Modern Problems of Region's Sustainable Development

The modern concept of sustainable development is based on three components: optimal conjunction or equilibrium among interests of society, environment and economy (Eastern Partnership and Socio-Economic Policy of Georgia).

There are many different schemes for visualization of a concept of sustainable development, but most of them are variants of diagram shown on Fig. 1 with different levels of elaboration. First of all, such scheme is interesting, because it shows how low is the quantity of subsets in the sets of interests of three components. Correspondingly, it's hard to orient on this "goal" in a management process (http://en.wikipedia.org/wiki/Sustainable_development).

Mechanisms of interaction of above-mentioned three components (Fig. 2) are complex and simultaneously very dynamic. Therefore, it's almost impossible to select universal and apparently correct strategy of sustainable development and to implement this strategy without deviations. Therefore, each country individually determines strategic goals and tactics of activity (http://computingforsustainability.wordpress.com/2009/03/15/visualising-sustainability).

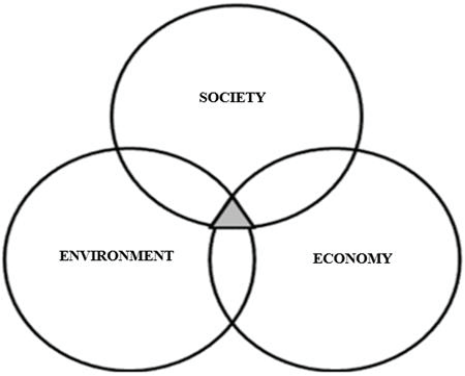

Fig. 1. Components of a system of sustainable development

The diagram shows that components of a system of sustainable development interact with each other.

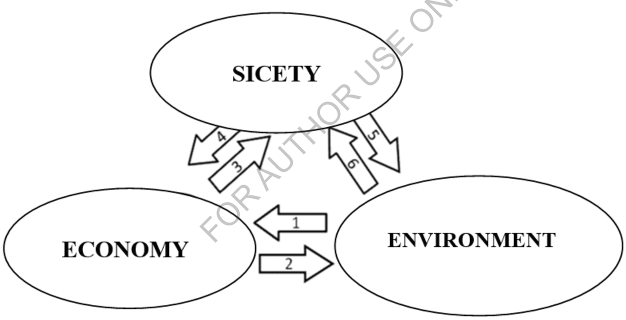

Fig. 2. Interaction of components of system of sustainable development

Economic activity frequently has influence (negative, as well as positive) on environment (arrow 1). Global ecosystem supplies economy with natural resources (arrow 2). Besides, environment has significant influence on a society. Health and progressiveness of a society is usually determined by means of accessibility of natural resources and adequacy of life conditions (arrow 3). Society also has influence on a nature with demographic conditions, consumptive process, institutional and legislative systems (arrow 4). Economy is the product of societal activities. Therefore, two-way interaction of these components is apparently logical. Society supplies economy with labor force, demands from family enterprises, institutional and legislative systems, education and science (arrow 5).

Economy supplies society with employment, incomes, capitalization and many other things that have direct influence on development of this society (arrow 6).

Level of Sustainable Development

Level of sustainable development is determined on the basis of system of indicators. Selection and substantiation of indicators of sustainable development is a complex process. Scientific society has to prepare methodological and methodical recommendations for establishing and using indicators that enable to estimate level of sustainable development of particular countries and regions.

Reference to development of indicators of sustainable development can be seen in the document of world conference of UN environmental protection and development (Rio de Janeiro, 1992) "Agenda for XXI century". Today we have several recommendations about a methodology of selection of indicators for systems of a different scale, particularly global, regional, national, local and provincial scales. One sophisticated methodology implies determination of ecological indicators and index of development of human potential. Indicators are determined quantitatively and qualitatively. Quantitative indicators are estimated by means of so-called Bespot specifications and determined on the basis of correlation of hazard, system response and speed of distribution of this hazard. For the classification of indicators, systemic approach is used, when considered design includes societal and ecological systems, as well as socio-economic and natural interactions. Efficiency of each system is determined on the basis of certain indicators. For example, X. Bosselt offers 6 core metrics defined by the environment: presence, efficiency, flexibility, adaptability, and coexistence. The system defines 3 key indicators: reproduction, psychological need, and the reaction of scientists. M. Zalikhanov, V. Matrosov, A. Shelekhov define the term “indicator”: “indicators of sustainable development are those criteria and characteristics that allow assessing the level of development of a particular geographic region (country, city, continent, world community), predicting its future economic, political, environmental, demographic and other state and draw conclusions about sustainability. These indicators are basis for planning activities in the direction of sustainable development and developing policy in this field".

Selection and substantiation of indicators of sustainable development is a complex process from methodological and methodical perspective. Today it's too early to say that we have established system of indicators of sustainable development. Scientific society has to prepare methodological and methodical recommendations to develop and use universal indicators that enable to estimate level of sustainable development.

System of indicators of sustainable development (EU SDIs) used by EU includes 10 themes and more than 100 indicators are distributed through three levels (http://epp.eurostat.ec.europa.eu/portal/page/portal/sdi/indicators). These themes are:

1. Socio-economic development;
2. Sustainable consumption and production;
3. Social participation;
4. Demographic changes;
5. Health protection;
6. Climate change and energetics;
7. Sustainable transport system;
8. Natural resources;
9. Global cooperation;
10. Good governance.

TABLE I: EUROPEAN INDICATORS OF SOCIO-ECONOMIC DEVELOPMENT

<table>
<tr><th>First level</th><th>Second level</th><th>Third level</th></tr>
<tr><td rowspan="15">Real GDP per person, its growth rate</td><td colspan="2">Economic development</td></tr>
<tr><td rowspan="3">Investments in institutional sectors</td><td>Regional distribution of GDP</td></tr>
<tr><td>Pure national income</td></tr>
<tr><td>Growth rate of family enterprises</td></tr>
<tr><td colspan="2">Innovations, competitiveness and eco-efficiency</td></tr>
<tr><td rowspan="4">Productivity growth per 1 working hour</td><td>Expenses on applicable researches</td></tr>
<tr><td>Real efficient exchange rate</td></tr>
<tr><td>Incomes from innovations</td></tr>
<tr><td>Energetic efficiency of economy</td></tr>
<tr><td colspan="2">Employment</td></tr>
<tr><td rowspan="4">General level of employment</td><td>Employment according to gender</td></tr>
<tr><td>Employment according to education level</td></tr>
<tr><td>Regional distribution of employment</td></tr>
<tr><td>Employment according to age groups</td></tr>
</table>

When specifications are selected for particular countries, international indicators and agreed methodology is used, because it enables to make comparative analysis. Besides, governmental structure of particular country and other distinctions are taken into account.

It’s advisable to develop sustainable indicators on the regional scale.

Because of growth of economic significance of nature and necessity of improvement of ecological conditions in regions, it's necessary to activate regional policy, rationally use natural resources and protect environment.

This process stipulated development of theoretical and methodical studies for solution of problems of regions' sustainable development. Consideration of foreign experience is necessary to develop a system of indicators of sustainable development. As we mentioned above, every leading international organization, including UN, OECD, European Community, World Bank and others, permanently take activities to modify indicators of sustainable development.

For the regulation of basic parameters of regions' sustainable development, it's necessary to use the system of social indicators in state management and guarantee parity of incomes.

Every social indicator of sustainability is related to a critical condition of a social field. Scheme of solution of potential problems of guaranteeing sustainability includes following activities:

1. Probability of particular situation is determined and if the process is inclined towards unsustainability, state regulations and compensative resources are used.

2. Alternative options for overcoming unsustainability are developed.

State agencies should develop two types of systems of indicators related to social welfare and social aspects of welfare. The first type enables to analyze social welfare of region and it should include wide range of indicators. The second type is oriented on narrower range of indicators and it should be used for estimation of region's social climate as mobile instrument of comparison to country's average level.

The blocks of any system of indicators

System of indicators can be represented on the basis of the following blocks:

I. Population. Demographic situation can be described on the basis of indicators, such as life expectance, mortality, etc. Health – morbidity of population, types of diseases, length of diseases, number of beds in hospitals, accessibility of doctors, correlation of state expenses and expenses of medical facilities in percent. Education – level of education of population, accessibility of preschool facilities for children, correlation of region's GDP (Gross Domestic Product) and expenses on education in percent, expenses on educational facilities (in percent) correlated with all state expenses.

II. Labor. Labor market has indicators, such as dynamics of unemployment, share of unemployment in economically active population, correlation of unemployment insurance and number of registered individuals in employment agencies, number of unemployed individuals per vacancy.

III. Quality of Life. Average income per person and concentration of incomes of different groups of society, share of wage in population's cash income, correlation of wage with living-wage, minimal consumptive and rational budget, level of cash income of population.

IV. Social security and social services. Municipal services, transport services, communications, etc.

V. Ecology and public security. Indicators of pollution and hazardous emission, quantity of registered crimes.

Nowadays, it's hard for regions' population to socially adapt to new economic conditions that influence on stability of society's social level. Therefore, it's recommended to use additional indicators, such as attitude towards property and social characteristics of population that are related to strengthening of socio-economic status, etc.

The indicator of population's quality of life is especially important in the system of social indicators. This indicator can be expressed as correlation of incomes (expenses) and cost of life. The system of indicators can be correctly estimated by means of level of social welfare. These indicators express population's welfare and consumptive budgets on the basis of normative technique.

The basic indicators used in official statistics, such as living-wage, average incomes per person and average wage, don't fully answer their purpose. Living-wage can't be considered as economically and socially substantiated "normative" limit of life quality. Average wage also isn't an indicator of life quality, because it doesn't include illegal incomes and doesn't reckon with secondary and non-registered employment.

In the regions, distribution of property and quality of life are quite different, that's why it's recommended to use system of relative and not absolute values, such as correlation among average income per person, living-wage, minimal and rational consumptive budgets. These values should be clarified on the basis of change of size of population's group whose income is below living-wage.

The system of consumptive budgets should include social norms that express level of state's social guarantees in the fields of housing (normative of living-space per person), employment (conditions of employment and unemployment benefit), education (free education and quality of education) and health protection (set of free medical services).

Classification of indicators appropriate of the goals of guaranteeing region's sustainability

We think that the following classification of indicators corresponds to the goals of guaranteeing region's sustainability:

1. Quality and level of life (per person):

- region's nominal GDP, region's real GDP, private income, average wage, share of wage;
- share of wage in reproductive value;
- consumptive expenses, private saving;
- norm of saving (share of private saving in private incomes);
- index of differentiation of incomes (Decile coefficient);
- index of concentration of incomes (Gini coefficient)
- Social living-wage (upper limit of poverty);
- Level of poverty of population, indicator of pure economic welfare (Nordhaus-Tobin indicator).

2. Rate of unemployment (norm), %.

Above-mentioned macroeconomic indicators give us sum. They are derivatives of basic indicators and include whole set of private social indicators. Private social indicators define their values and therefore, limits.

Private social indicators include:

1. Correlation between incomes (including wage) and growth of prices;
2. Differentiation of consumption;
3. Quantity of animal proteins, glutens, vitamins and organic food per person; average consumption of household goods per person;
4. Share of imported goods in the assortment of household goods;
5. Accessibility of accommodations and other services (health protection, culture, recreation, etc.);
6. Level of education and its indicators;
7. Life expectancy, birth-rate, mortality (depopulation), indicators of morbidity;
8. Employment rate according to field of activity, gender and age groups;
9. Indicators of population's migration;
10. Indicators of population's labor motivation.

We offer very important system of limiting indicators of social sustainability related to region on the basis of studies of national and foreign scientists, as well as references.

Level and quality of life. The indicators representing demographic situation and development are among the most precise indicators of level and quality of life of population. Demographic situation and socio-economic conditions of population should be analyzed with consideration of several factors including:

- population's natural movement;
- population's mechanical movement;
- wages, population's cash incomes, their distribution and correlation with living-wage;

When we describe the limiting values of indicators of quality and level of life, it should be noted that if inflation rate is 50% per year, growth with at least 500-600 American dollars must be guaranteed per person.

According to Okun's law, if yearly growth of region's real GDP is 2.7%, then unemployment rate doesn't vary. Every additional 2% growth of region's GDP decreases unemployment rate with 1%. Similarly, every additional 2% decline stipulates 1% growth of unemployment rate.

If we wish to guarantee at least 2.7% growth of real GDP, growth rate of production should be positive. Decreased wages maintain low unemployment rate, but hamper growth of efficiency, lower labor motivation and positive selection of personnel changes with negative.

Decile coefficient (index of concentration of incomes, i.e. difference between incomes of the richest 10% and the poorest 10% of population) shouldn't be more than 6.

Unemployment rate (norm). It implies natural and real norms of unemployment.

Natural norm of unemployment is share of unemployed population related to recommended rate of full employment in economy.

In developed countries natural norm of unemployment is 4.5-4.7%. According to Kaynes's law, even in the case of full employment, unemployment rate is 3-4%, because several types of unemployment (frictional, structural) are impossible to avoid.

When we use social indicators, it's important to delimit the elements of social aid and encouragement. In the first case state partially or fully compensates minimal living-wages of individuals according to state's general social standards. In the second case corresponding expenses are oriented on mobilization of population's skills to encourage economic activity and self-support.

It's necessary to determine acceptable parameters of social aids, when deviation from these parameters stipulates destructive processes in society and economy. The basic "limiting" indicator of sustainability is summary index of level of consumption and any value below this limit is inadmissible. It is living-wage or special indicator used of European countries that is equal to half of population's medial income.

At the modern stage it's important to create unified social space by means of non-market techniques. It requires financial centralization to lower regional differentiation of incomes as much as possible.

When we develop and use the indicators of social sustainability, it's necessary to differentiate the basic condition (specifically minimal social standards) and guidelines of financial support of social field. Besides, we must decrease socio-economic contrasts and correct level of population's social security.

To decrease a number of sources of social instability, it's necessary to accurately distribute social functions among state agencies and enhance motivation.

This requires:

- Improve legislation in the field of social policy and social security,
- To differentiate the responsibilities and duties of central and local government bodies;
- To develop an integrated approach to the interaction of the region and the center in social policy for the formation of equal economic and legal opportunities;
- To create a unified hierarchy of executive power in order to guarantee the interaction of executive bodies in social policy.

Conclusion

Study of strategy of Georgia’s sustainable development, as one of the critical processes of European integration, revealed several important problems:

1. Government underlined importance of sustainable development, but in reality it doesn’t pay necessary attention to this problem. It’s noteworthy that Ministry of Economy and Sustainable Development don’t have delegated powers of coordination.
2. Government considers the task of sustainable development in obsolete, i.e. environmental context. In other case, it’s hard to understand why responsibility for development and implementation of strategy of sustainable development lies on Ministry of Environment and Natural Resources Protection instead of apparatus of Prime-Minister.
3. Certain programs (activities) are more implementation of good wishes than adequate and interrelated projects. For instance, “teaching of computer” to every specialist of information technologies in the context of “Eastern Partnership” and Georgia’s socio-economic policy is absurd, because specialist working with office programs and in automated working place needs totally different competence that programmer or system administrator. It’s beyond comprehension which field requires such trainings.

4. Georgian system of indicators of sustainable development still doesn't exist. Therefore, corresponding programs don't imply criterions of success, where it's possible. For instance, activities such as reduction of poverty and struggle with unemployment have explicit indicators of success, but government hasn't affirmed such indicators. Apparently government doesn't own adequate methodology to develop efficient strategy of sustainable development.

5. Study on the basis of absolute and relative indicators shows that there are many urgent problems that require instant reaction to avoid economic collapse in medium and long-term perspective. Government needs action plan and drastic revision of priorities to perfect strategy of sustainable development and its economic component. We have several recommendations for timely and adequate response to above-mentioned problems:

- establish strategic group of sustainable development with prime-minister or Ministry of Economy and Sustainable Development (in the second case with participation of prime-minister) consisting of members of state agencies and civil society;
- begin work on development of Georgian system of indicators of sustainable development with joint effort of Ministry of Economy and Sustainable Development and National Statistics Office of Georgia (with active participation of civil society);
- on the basis of European experience, develop legislative framework and plan activities that are necessary to conform legislative practice and goals of sustainable development. Ministry of Economy and Sustainable Development must have internal and external resources to analyze critical reforms in the context of sustainable development;
- civil society must actively monitor the process of development and implementation of government strategy of sustainable development.

Mathematical and statistical challenges for sustainable development is elaborated in the works [1-5].

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Management of Social Problems in the Conditions of the Covid-19 Pandemic in Georgia

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Abstract

In the modern world, shocks and catastrophes are becoming more and more frequent and intensifying. An example of this is the current COVID-19 pandemic, which has killed millions of people worldwide and shut down the global economy. In this context, it was necessary to change the approach to doing business by designing and administering emergency help programs (short-term, separate, autonomous operations with parallel systems) and establishing links between ambulances, disaster risk management, and development programs. Resolving the crisis requires a more effective response, creating a flexible system, and responding to the needs of the population in crisis zones.

Keywords: Social problem, pandemic, government support, anti-crisis plan.

Introduction

In Georgia, as everywhere, the severe consequences of the pandemic have primarily affected the most vulnerable groups of the population. To reduce the harmful effects of the pandemic, the government has developed a four-step anti-crisis plan, the measures of which were mainly aimed at maintaining the social stability of vulnerable groups. The able-bodied, the self-employed, and those employed in the informal sector who have lost income, and so on.

Discussion

There are three main types of social transfers in Georgia and we have issued each of them for over 15 years. The old-age pension is the most important transfer and covers 794,171 people over the retirement age (60 years for women and 65 years for men). The transfer fee is 240-275 GEL per month, which is about 20% of the average salary. We issued the social package to the following categories of persons: orphans, persons with disabilities, victims of political repression, and missing persons of a family member in an armed conflict. The amount of transfers varies according to the category of beneficiaries, although most of them receive from 100 to 250 GEL per month. Currently, 177,850 people receive these transfers. Targeted social assistance is family assistance based on an assessment of the socio-economic status of the family. It is issued to 87,504 families with 622,266 members. The amount of transfer is limited to 30 to 60 GEL/per family member/per month and depends on the family welfare rating. In addition, families registered in the targeted social assistance program receive a monthly salary of GEL 50 per child if their welfare rating is below a certain threshold if they do not meet the family support requirements. 189,227 households (including those receiving the cash assistance component) are eligible for this benefit. Due to their universal nature, the elderly pension and social package are not concentrated in specific locations. Since the targeted social assistance program is a targeted transfer for poor families, it is more concentrated in rural settlements and regions where poverty levels are higher. There is no specific rule for indexing these transfers, although the old-age pension and social package increase more often than targeted social assistance. The main component of the targeted social assistance program - Family Transfer - has not increased since 2015, although the child support component has increased from GEL 10 per month to GEL 50 per month in 2019. It should be noted that targeted social assistance is more focused on poverty than the other two major contributions.

Prior to the COVID-10 crisis, discussions on the potential role of emergency social transfers in emergencies were not discussed. But shortly after the crisis began, the government announced the development of a number of new emergency transfers. These measures have been agreed with major donors: the International Monetary Fund, the World Bank, the EU Delegation, and the Asian Development Bank - organizations that provide loans to the Georgian government in response to the crisis.

Social transfers are an important component of government efforts to reduce the social impact of the COVID-19 pandemic. Shortly after the first cases of the virus were detected, the government provided universal subsidies to almost every household in Georgia for three months to cover a specific amount of electricity, natural gas, and water, for which GEL 150 million was allocated. Also, as part of the anti-crisis plan, the government has announced a number of social protection measures. These include:

- Expanding the targeted social help program to an additional 70,000 families (approximately 190,000 individuals) whose condition has already been assessed but who previously did not meet the eligibility criteria;
- Increasing the child support component for beneficiary families with 3 or more children involved in the program (approximately 21,000 families with 130,000 members);

- Increasing the level of the social package for people with severe disabilities and children with disabilities (approximately 40,000 people);
- Introduce unemployment benefits for those who have lost their official jobs because of the crisis (approximately 350,000 people) and a onetime transfer for the self-employed.

The total cost of these measures is 618 million GEL.

Georgia has well-developed social protection legislation, which clearly defines the purpose of various social transfers, the eligibility criteria required for help, the administrative procedures, and the responsibilities of various government agencies in distributing these transfers. Compared to the legislative framework, relevant policy frameworks are less comprehensive as there is no specific social protection strategy and/or action plan. The Key Data and Directions Document (the government's main strategic document, updated annually) sets out key policy changes in social protection over a four-year period. There is no rule for indexing social transfers, but the old-age pension and certain parts of the social package (e.g., transfers for people with severe disabilities) generally increase about once every two years. As in the case of social protection, the legal framework governing emergency preparedness and response is quite comprehensive.

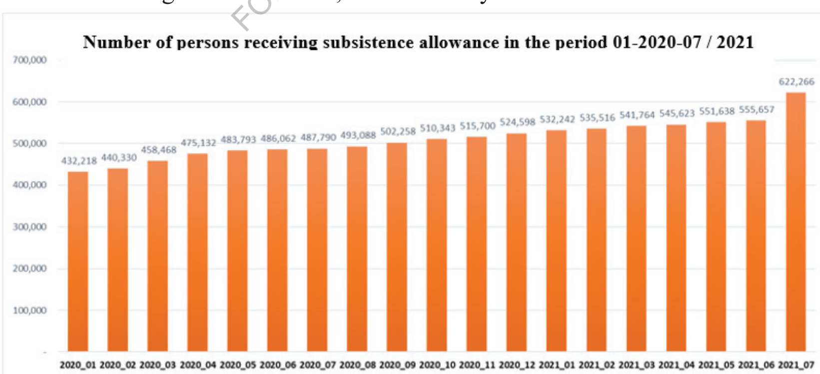
Normally, all central social transfers are funded from the state budget and there is no sort of reserved social contributions. While spending on social security has been unrestricted, for the past 18 years, there has been no planned case of cutting spending by reducing the volume of social transfers.

The amount of the transfer depends on the scope of the welfare score. Families with a well-being score of less than 30,001 receive the maximum amount of assistance - GEL 60 per month per family member. If the score ranges between 30,001 and 57,001, families receive GEL 50 per month per family member. Families with a score between 57,001 and 60,001 receive GEL 40 per month per member. Those whose score is between 60,001 and 65,001 receive 30 GEL per month per member. In addition, all households with a rating score of less than 100,001 receive GEL 50 per month for each child under 16 years of age. In some municipalities, this GEL 50 grant is divided into two parts: a GEL 20 cash grant and a GEL 30 food voucher. Following the temporary extension of the program during the current crisis, families with scores ranging from 65,001 to 100,001 receive GEL 70 per month for the first family member and an additional GEL 20 per second family member.

Number of families with a rating score from 65000 to 100001 registered in the unified database in the period 05 / 2020-06 / 2021

If the number of family members is over two, each member receives 35 GEL per month. Also, every family with a score of less than 100,001, where they have three or more children, receives an additional 100 GEL per month for the child support they have been receiving so far. The well-being scores do not meet specific housing standards or incomes and are therefore conditional. The volume of transfers is too low to have a significant impact on the well-being of families. It brings a few relatively less poor beneficiaries above the poverty line. One of the chief advantages of targeted social assistance is that it can be expanded both horizontally and vertically, without changing the program design. The government has used this opportunity during the current crisis.

In addition, the government made an important decision to temporarily suspend systematic screening of beneficiaries, which directly affected the number of beneficiaries.



Self-employment is very common in Georgia, accounting for 45% of all employment and 36% of non-agricultural employment. The government helped the self-employed (who are not involved in agriculture, as there are separate agrarian subsidies for the agricultural sector depending on the area of land owned by the farmers). This was an aid in the amount of GEL 300, estimated at 250,000 self-employed.

In addition, all employers received state subsidies (totaling GEL 250 million) for each keep job, while citizens left without a job received GEL 200 per month for GEL 1,200 (total program budget - GEL 460 million).

The fundamental problem here is that the vast majority of the self-employed are not registered in any public database, as their employment is informal. Another structural challenge that the state-starting anti-crisis program has sharply put on the agenda has been the neglect of those employed in the formal employment sector or those employed under a service contract. Their unregistered labor activity or service contracted activities prevented them from being identified by state institutions as hired employees. If such persons could not qualify for the 1200 GEL help, they would not even have access to the 300 GEL help. The reason for this was often that their employer refused to issue an employment notice that shadow accounting was hidden.

Such cases were frequent in salons, aesthetic centers, ateliers. To address this issue, the government has announced that it will receive any proof of income from the self-employed (e.g., service receipts or bank statements showing product and service fees) and written confirmation from registered businesses that a particular person has hired them for a particular job. Another difficulty is that self-employed persons have to register on the Ministry of Health website to receive assistance, and some of them, especially the most vulnerable, do not know how to use a computer. The pandemic has made it clear to the state that the availability of information on the labor force in the country is extremely important.

In this regard, some steps have already been taken, from January 2021, the register of hired persons in the country has been regulated by law. This register contains information on the employment status of employees throughout the country. Despite this positive change, the state has not yet taken any effective action against the most vulnerable group of informal employment, despite the fact that the pandemic has made the acute needs of this sector very clear.

The anti-crisis plan developed by the government and the measures taken to date has ensured the avoidance of catastrophic social consequences for the most vulnerable groups of the population.

In response to the crisis, the government has developed several large-scale assistance. However, as with any one-time event, these aids come with some limitations. It is unclear at this time whether it is possible to make any changes to the emergency assistance provided over the past 6 months, and as the negative impact of this crisis is likely to be felt for much longer, the government should address these challenges in its systematic efforts to improve the situation of poor families in Georgia. To improve. The first issue concerns the difference between unemployment benefits for formerly employed persons and other transfers. So far, the government has given priority to the former, as it accounts for 75% of the total budget allocated for emergency social transfers.

However, most of the recipients of unemployment benefits are less vulnerable to targeted social assistance beneficiaries, people with disabilities, and the self-employed. Consequently, if emergency transfers continue, it will be advisable to allocate more financial resources to those transfers that are more targeted at the poor. Second, most likely, a large proportion of the self-employed will not receive any assistance as they will not be able to approve informal employment. The most optimal way to solve this problem is to convince the self-employed to apply for targeted social assistance. However, since they were likely to have higher incomes (and therefore better welfare rates) before the onset of the crisis than most recipients of targeted social assistance, these individuals may not be eligible for this assistance unless significant changes are made to the targeted social assistance program. Design changes ”).

Conclusion

We consider it important for the executive to take the following steps:

- In-depth study and analysis of the needs of the population in social protection;
- Develop a method for assessing the impact of measures taken during the Covid-19 pandemic on the social protection rights of different the populations, evaluate and plan activities based on the results got;
- Develop a system of population support that includes all groups facing socio-economic vulnerability and adequately assists them. It is important that such support includes not only cash transfers but also includes other components (eg provision of support services; provision of housing or food, etc.);
- Actively inform the public about existing services and initiatives, especially in a pandemic, using the means/language/formats available to them.

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UDC 330.3

Stages of Environmental Responsibility Assessment of Industrial Enterprises

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Abstract

Environmental liability assessment remains a topical issue for both industrial enterprises and all stakeholders. An environmental liability assessment of an enterprise cannot be carried out independently because of a lack of required time and information resources by stakeholders. Thus, the aim of our research was to develop a method for assessing the environmental responsibility of industrial enterprises that would be simple and wide-ranging and would not require significant time expenditure.

Keywords: Economic Responsibility, Ratio, Reporting, Environmental Responsibility.

Introduction

The economic activity of the company is a prerequisite for the emergence of environmental responsibility. Under the Environmental Liability Assessment method, we mean a set of methods for assessing the environmental liability status of industrial enterprises. The results of the evaluation allow industrial enterprises to identify the pros and cons of the practice of environmental responsibility, as well as to consider and justify activities to improve it. Such an assessment should give us an idea of the level of environmental responsibility of an industrial enterprise, group of enterprises, or the industry as evidenced by results, statistics, social reports, and further analysis, identification of potential risks, and decision-making.

Discussion

The results of the environmental responsibility assessment are the basis for decision-making in the economic, ecological, and social activities of industrial enterprises. The research hypothesis was: The high level of environmental responsibility of industrial enterprises in the current period is a guarantee of their high economic results in the future.

We make the following assumption: economic development and environmental responsibility are intertwined and intertwined.

In order to determine the validity of the hypothesis, we have developed a method for assessing environmental responsibility, which includes several stages:

Stage 1: Defining the research object. An individual enterprise or a group of industrial enterprises, as well as the whole industry, can act as an object.

Stage 2: Identify the source of the information. The choice of source of information for evaluation directly depends on the object of research. If the object of research is the field - the main source of information is statistical data, which is available on the official websites of statistical information. If the role of the object is a specific enterprise or group of enterprises, then it is advisable to use social (non-financial) reporting, which, as we have already defined, is one of the main tools for the implementation of environmental responsibility of industrial enterprises at the corporate level.

Stage 3: Identify the indicators that are the empirical basis of the research. As part of the environmental liability assessment of a particular industrial enterprise, it seems possible to work only on material data published in social (non-financial) reporting and combine them into a single index. Thus, it is necessary to determine the environmental responsibility indicators of the industrial enterprise, which will become the empirical basis of the research within this methodology. In our view, environmental liability assessment rates are key for enterprises that claim to be environmentally responsible and their disclosure does not pose a significant threat to gaining and maintaining a competitive position. The main problem that complicated the assessment and comparative analysis of industrial enterprises were the characteristic differences in social (non-financial) reporting regarding the level and format of information disclosure.

The ecological aspect occupies an important place in the reports of any industrial enterprise and in the development statistics of the field. It is the most developed and recognized, including the study of the dynamics of environmental impacts: emissions into the atmosphere, runoff into water bodies, waste, and more. Corporate accounts provide information on the initiative to reduce the harmful effects of production on the environment, as well as the number of funds invested.

The components of environmental responsibility must be quite informative in order to determine the compositional index (index). They should reflect all the important events.

Environmental responsibility of industrial enterprises within the framework of this methodology is represented by the following components: costs of environmental measures; Protection of atmospheric air; Waste management; Protection of water resources; Land reclamation works. Economic development is represented by 3 components: financial, educational, and investment.

Table 1. Impact of indicators on the overall level of environmental responsibility of industrial enterprises

Rate	Impact on the overall level of environmental responsibility
Environmental costs and investments	Positive
Total volume of air pollution	Negative
Total mass of production waste	Negative
Full intake of water	Negative
Emission of pollutants into wastewater	Negative
Total area of restored land	Positive

Stage 4: Convert to an inverted pointer. It should be noted that the higher the value of the proposed indicators, the more positively or negatively will affect the level of environmental responsibility and economic development of industrial enterprises (Tables 1 and 2).

Table 2. Impact of indicators on the overall level of economic development of industrial enterprises

Rate	Impact on the overall level of economic development
Income	Positive
Number of trained staff	Positive
Total cost of capital investment	Positive

Source: Compiled by the author

The indicators included in the integrated indicators reflecting the overall level of environmental responsibility and economic development of industrial enterprises need only have a positive impact. We propose to convert the index according to the following formula:

$$x_{ij}^{gar\ dai\ q} = \frac{1}{x_{ij}} \qquad (1)$$

Where $x_{ij}^{gar\ dai\ q}$ - the converted i-value of the j-number indicator;

x_{ij} - the i-value of the j-pointer

Step 5. Bring the indicators to a comparable form and change the range from 0 to 1. We based this stage on the work of the leading scientist N.A. Vinogradova's method-use of mathematical statistics methods to compare figures. It is mentioned in the works of the author that bringing the indicators to a comparative form comprises several stages.[1] Consider each of them. Check the initial data for normal distribution and convert them.

The basis for the use of statistical methods of analysis is that empirical data belong to the law of normal distribution. Some of them formed the basis of the method for assessing the environmental responsibility of industrial enterprises in relation to economic development.[2] Therefore, all indicators must correspond to the normal distribution. It should be converted to the quotient, quotation marks, etc.[3]

Data conversion is necessary to move to the next step. At this stage of the study, compliance with the normal distribution of test scores can be determined using the Shapiro-Wilk test. According to some authors, the use of this method is the most reliable, which fully meets the requirements of this study.[4]

The Shapiro-Wilk criterion for the study of the level of conformity of the normal distribution study parameters is:

$$V = \frac{\left\lfloor \sum_{i=1}^{t} = a_i \left(x_{(n-i+1)} - x_{(i)} \right) \right\rfloor}{\sum_{i=1}^{n} = \left(x_i - \bar{x}_i \right)^2} \qquad (2)$$

Where

$\sum_{i=1}^{t} = a_i \left(x_{(n-i+1)} - x_{(i)} \right)$ - is an estimate of Lloyd's mean square deviation;

n - the amount of data (sampling volume);

$\bar{x}_i$ - The average value of the j number;

x_i - The actual value of the j-number indicator;

k- index that takes values from 1 to n / 2 when n is even or from 1 (n - 1) / 2, when n is odd;

a_i - The coefficient that varies according to n is a tabular value.

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[1] Yandyganov Y. Ya. Environmental management in the region (theory, methods, practice) Yekaterinburg, 1999.

[2] Sorokin N.A. Titova A.I. Environmental legislation. In two volumes. SPb 2000

[3] Callan S. Environmental Economics and Management: Theory, Policy and Applications. Chicago, 1996

[4] Sorokin N.A. Titova A.I. Environmental legislation. In two volumes. SPb 2000

Because of calculating the criterion, it is necessary to interpret its level of significance. We consider the deviation from the normal distribution substantial when p is less than 0.05.[5]

2) Standard deviation normalization procedure. At this stage of the study, we proposed to use the standard deviation method of standardization. The following formula performs the standardization procedure according: [6]

$$z_{ij} = \frac{x_{ij} - \overline{x}_i}{\sigma_i} \qquad (3)$$

Where

z_i - is the normalized value of the i-th value;

$\overline{x}$ - the average value of the -j indicator;

x_{ij} - the actual i-value of the j-number indicator;

σ_i - The standard deviation of the j-digit, which in turn is calculated by the formula:

$$\sigma_i = \sqrt{\frac{\sum (x_i - \overline{x}_i)^2}{n}} \qquad (4)$$

Where n is the amount of data (sampling volume).

Given that the z-deviation is based on the mean value of the index, it is necessary to substantiate that the mean value correctly describes the selective set, otherwise the use of standardization according to the standard deviation is incorrect. This can be confirmed by calculating the coefficient of variation of the indicator:

$$V_j = \frac{\sigma_i}{\overline{\overline{x}}_i} \times 100 \qquad (5)$$

Where V_j is the coefficient of variation of the j-value.

If the coefficient of variation of the j-value is greater than 33%, this shows heterogeneity of the selective combination and the mean value, therefore, the z-transformation can not be used.

3) Convert a standard normal integral distribution of indicators (from 0 to 1) as a function. We use the formula:

$$Z_{ij}^{norm} = \frac{1}{\sqrt{2\pi}} \times e^{\frac{-z_i^2}{2}} \qquad (6)$$

Where Z_{ij}^{norm} - is the normal distribution of the i-value of a j-'s indicator.

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5 Lemeshko B.Yu. Lemeshko S.B. Comparative analysis of the criteria for checking the deviation of the distribution from the normal law, 2005. № 2. P. 3-23.

6 Eriashvili N.D. Environmental law: Textbook for universities M. UNITI, 2000;

Step 6: Find the indicators in the compiled indexes. There is an opinion that every industrial enterprise, including in industry, has its own development trajectory, both in economic and ecological development, so separate indicators should be selected individually for each enterprise.

It is necessary to consider the use of formal methods for determining indicators. As part of this method, we propose to use the pair-wise advantage method. The criterion is to take the arithmetic mean of the coefficient of determination of the index.[7]

The criterion is the arithmetic mean of the index determination of z_i^{norm} coefficient.

$$\overline{z} = \frac{\sum_{i=1}^{n} z_i^{norm}}{n} \qquad (7)$$

Thus, the closer the index is to the mean value of the index in the field of study, the more accurately it reflects the processes and should be included in the integral index.

When determining weight coefficients (*hi*), we got a matrix, each element of which gives us an estimate of the precedence of one indicator over another by dividing the corresponding coefficients of determination (Table 3).[8]

Table 3. Pair comparison matrix

	Z_1^{norm}	Z_2^{norm}	……	Z_n^{norm}
Z_1^{norm}	1	R_{z1}^2/R_{z2}^2	R_{z1}^2/R_{z3}^2	R_{z1}^2/R_{zn}^2
Z_2^{norm}	R_{z2}^2/R_{z1}^2	1	R_{z2}^2/R_{z3}^2	R_{z2}^2/R_{zn}^2
……	…….	……	1	R_{z3}^2/R_{zn}^2
Z_n^{norm}	R_{zn}^2/R_{z1}^2	R_{zn}^2/R_{z2}^2	R_{zn}^2/R_{z3}^2	1

Source: Compiled by the author - Яндыганов Я.Я. Management of natural resources in the region (theory, methods, practice). Yekaterinburg, 1999. - According to the source.

[7] Sorokin N.A. Titova A.I. Environmental legislation. In two volumes. SPb 2000.
[8] The same

Finally, the mean geometric value got for each string is divided by the sum of the mean geo-geometric values of all the strings. We weighted the result coefficients of 0 to 1 for each row of the matrix. The sum of all weight coefficients must be equal to one.

Step 7: Define the Environmental Responsibility and Economic Development Index. To calculate the index of ecological responsibility and economic development of industrial enterprises, we propose to use the weighted average arithmetic formula:

$$I_{ekol/ekono} = \sum_{i=1}^{n} h_i \times z_i^{norm} \tag{8}$$

As the values of the indicators change from 0 to 1, the indices also change.

Table 4. Classification of integral pointer values

Characteristic	**High**	**Above**	**Average above**	**Average below**	**Low**
Range	0,8-1	0,6-0,799	0,4-0,599	0,3-0,399	0-0,299

Within this method, we introduce the classification of an integral index, which determines its nature based on its level (Table 4).

Step 8: Establish a relationship between environmental responsibility and economic development. The next stage of the study is to determine the density of the relationship between the two indices. We used statistical correlation for this. We used two types of correlation within the proposed method: the Spearman correlation coefficient and Pearson correlation coefficient.

The famous statistician K. Pearson proposed a mathematical method for measuring the magnitude of a linear relationship between two quantitative variables. This method is widely used in practice and is known as the Pearson correlation coefficient (r):

$$r = \frac{\operatorname{cov}(x:y)}{\sigma_x \times \sigma_y} \tag{9}$$

Spearman's correlation coefficient estimates the density of the relationship between two variables, it can be described by means of a monotonic function. If data duplication is not found, Spearman (r) +1 or -1 is ideally correlated when each variable represents another's ideal monotone function:

$$r = 1 - \frac{6\sum D^2}{n \times (n^2 - 1)} \qquad (10)$$

Where D is the difference in rank; n is the number of observations in the study.

Conclusion

There are additional means of correlation that allow us to determine the relationship between variables. For example, the Granger test, which is about checking the cause-effect relationship between time rows. The Granger test shows whether it is possible to predict a single variable to be repeated and whether it is possible to perform a simple accounting model. [9] But other models require a large amount of informational data. In addition, questions from other articles, such as heteroscedasticity, autocorrelation may arise.

Product, a method for assessing the environmental responsibility of industrial enterprises in relation to their economic development, has been developed.

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THE ESSENCE OF STRATEGIC SUCCESS AND ITS DETERMINANTS

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Abstract

In the article – **„The Essence of Strategic Success and its Determinants“** – it is discussed the strategy in companies, among them the process of developing a competitive strategy and justifying the necessity which should have every company to be developed by a team of specialists who will be able to analyzethoroughly and competently and assess the internal and external environment of the company, being able to identify success factors. In particular, the identification of key factors and at least one unique factor that will form the basis of the company's strong competitiveness. The authors conclude that in any company, it is desirable for such a unique factor to be a human capital, as it best meets the four criteria that will be the unique success factor. These are: difficulty of reproduction, long duration of use, significant advantage and inability to neutralize. The article finishes with the summarizing conclusion.

Keywords: Strategic success; success factors; key factors; uniqu factors; solid competitiveness.

Introduction. Georgian companies created on the basis of former Soviet factories (Borjomintsklebi), JSC Amalthea, JSC Cotton Yarn, JSC Electrodvigatel, JSC Sarajishvili, JSC Transmshen, JSC Tbilisi Tea Weighing Factory, JSC Nonwovens“, etc.) Have inherited practical experience. in the development of current plans, but did not know how to develop a strategic policy, because in Soviet times, strategic plans were developed not by companies, but only by industry and the country as a whole. After the transition to a market economy, it is difficult to develop effective strategies even for newly created companies, especially for those who have not received an education in strategic management either in Georgia, or even more so abroad. However, this education is often not enough. Developing a successful strategic company policy requires a unique mindset, a big mindset, and an unwavering commitment to the future. There are few such people who can be called ideal people not only in Georgia, but all over the world. But there is actually another resource that every company should use. I will talk about this in the article below.

Methodology.Due to the lack of ideal people, ideal companies do not exist, but "there are effective companies that grow and develop ... they are provided with a culture of strategic management [Management of modern organizations, Synergy Group Collection, 2012: 56]. Culture of strategic management This is the rule of long-term vision of the company, setting goals and setting goals. If this culture is based not only on the analysis and objective assessment of the strengths, weaknesses, opportunities and expected threats of its competitors, but also on the company, it will see the right tomorrow and the right strategy. Companies that see the future best and choose the right path for their own development will consistently outstrip their competitors.

However, it is so rare for a company that has been successful thanks to its ingeniously intuitive manager (such as Will Durand, founder of General Motors), but most of them are not so lucky. "Everyone else should benefit from strategic management based on analysis and its proper assessment" [Fred David, Forrest David, 2017: 44]. This strategic management culture must be present in all organizations, and if not, it must be created.

However, it is so rare for a company that has been successful thanks to its ingeniously intuitive manager (such as Will Durand, founder of General Motors), but most of them are not so lucky. "Everyone else should benefit from strategic management based on analysis and its proper assessment" [Fred David, Forrest David, 2017: 44]. This strategic management culture must be present in all organizations, and if not, it must be created.

The term strategy is of Greek origin („Strategus") and means leadership. At first he was engaged in military affairs. Good strategists are those who plan well to fight. Such were Alexander the Great, Hannibal and others. The term used in business management refers to a good strategist as a person who "selects a unique and valuable position from the available opportunities, which is completely different from the capabilities of competitors" [Porter, 1996].

Strategy development is one of the key functions of company management. Without a strategy, a manager lacks a detailed action plan, a guide to the business world, and a coherent program to achieve the desired results [Thompson, Strickland, 2010: 26]. For a company without a strategy, scientists compare it to an uncompressed ship heading in a specific direction. We are of the same opinion and believe that organizations, subsectors, industries and, of course, the state itself should have a strategy. Unfortunately, in practice, most Georgian companies, as well as some industries and subsectors, have not developed development strategies. Among the companies in this situation, there are more small and medium enterprises. They need methodological help in this matter. This should be done by the government by opening training and counseling centers staffed by qualified professionals who, if not free, will serve them at a reduced cost to address this problem.

As mentioned, before developing a competition strategy, the team that undertakes to develop this strategy first begins with a thorough analysis of the company's external environment, and then with an analysis of the internal environment. When analyzing the external environment, the company should mainly focus on identifying the strengths and weaknesses of competitors, opportunities and threats (SWOT analysis). Then he must do the same for himself and compare his actions with the results of his rivals: there is Sun Tzu's book The Art of War, in which he writes: When you ignore the enemy, but know yourself, you have an equal chance of winning and losing. If you do not know anyone, neither the enemy, nor yourself, be sure that you will lose every battle [Sun Tzu, 1961]. This advice of war, suggested by Sun Tzu, can be successfully used to develop competitive business-related strategies. Doing a SWOT analysis within the company as well as with competitors is literally accepting and applying this war advice to Sun Ja in business. Thanks to this, the company will be able to take a strong and reliable position in the market, which guarantees success in the competition.

SWOT analysis - at the analysis stage, the company will assess the competitive strengths of both parties in relation to competitors, identify the key success factors and evaluate them point by point. The grade is given on a 10-point scale (grade 1 - very bad, grade 10 - very good). Scientists put together a master list of success factors used to assess competing forces. These are: product quality, reputation (image), enterprise capabilities, technological innovation, core network, marketing (advertising), financial condition, competitor value and customer service [Thompson, Strickland, 2010: 208].

To our surprise, the professionalism of the staff was not included in this list. In our opinion, and this is not only our opinion, the high professionalism of employees, created with knowledge of the matter, should be not only the usual, but also the primary factor in the victory of any company in the competition. Georgian scientist N. Paichadze writes: “Analysis of the activities of leading companies confirms that their successful economic activity is largely determined by human resources [Paichadze, 2009: 19].

Indeed, the aforementioned factors enumerated by science - Thompson and Strickland, be it product quality, new technology, customer service, or something else - are created by the labor of the company's employees. And the higher the intellectual side of this work, that is, creativity, the higher these characteristics of the company in comparison with competitors. In today's tough competitive environment, success is impossible without educated, knowledgeable people. The most valuable person for an employer is a person, - writes the scientist G. Jolia, who quickly combines creativity, flexibility, communication, knowledge and problems ” [Jolia, 2016: 19]. Most scientists have a similar view.

To achieve a strategic goal and ensure market competitiveness, a company does not have to outperform its competitors 10-15 times. Even 3-4 factors are enough for this, but these factors must be key, that is, valuable, unusual factors.

Key success factors. These are factors that companies should pay special attention to, since they determine the company's success in the market, its competitive capabilities [Thompson, Strickland, 2010: 161]. Key success factors vary from industry to industry.

Key success factors ensure a company's competitiveness in the marketplace, but for competitiveness to remain sustainable for some significant time, at least one of these key success factors must be unique. This unique factor can be a completely different competence compared to competitors - the best product quality, the latest technology or the best sales organization, and so on. Sh. It is this factor, this competence that ensures the company's competitiveness for a long time and therefore is uniquely called the main resource [Burchall, Tovstiga, 1999: 1-16].

These key success factors, which are more unique, which academics also refer to as unique competencies, should be viewed as the company's first-class competitive resources, and we advise Georgian companies to identify them and use them as a basis for developing strategies.

Agreed with the scientist G. Jolia that „for such a small country like ours, as well as for a country with relatively scarce natural resources at the global level, a real chance to survive and succeed in a hypercompetitive struggle is to find, promote and effectively develop highly intellectual human capital“ [Jolia, 2016: 19-20]. The scientist gives this proposal to Georgia as a whole and comes to the conclusion that “there is only one way out - to turn the national human potential into a key factor in the country's development” [Jolia, 2016: 2].

Georgian scientist G. We regard this offer from Jolia as an offer for Georgian companies. This means that companies in all sectors or subsectors of Georgia, if they are leaders and if not, will create human capital by developing their own staff, which will be not only a key but also a unique factor in their development. market success.

Result and conclusion.Thus, sharing foreign and Georgian scientific and personal views, we believe that in order to write a good strategy in a company, a team of specialists should work on it, who will be able to thoroughly analyze and competently evaluate the internal and external environment. , highlighting the factors of success, including the key ones. The main thing is to find that unique factor (competence) that a given company should provide while being highly competitive in the market.

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THE PARADIGM OF DISTANCE ENGINEERING TRAINING

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Abstract: Today, under pandemic conditions, distance learning has become perfectly acceptable for some areas of knowledge, but engineering sciences have encountered some problems due to the need for laboratory training.

The paper discusses the low quality of distance laboratory training and its causes and aspirations to improve the quality of it. At the same time, it is said in this article that with the passage of time, the user has less and less physical or psychological contact with the technological process in order to manage it.

Thus, the user, who manages the technological process through a computer, in most cases does not need direct contact with the technological process and, consequently, the technological "feeling of machines". It is concluded that for distance laboratory training the user only needs to interact to the computer managing technological process. This indicates that there is no difference between the face to face and distance laboratory training for computerized technological processes.

Keywords: distance learning, engineering training, laboratory training, IoT technology, control of technological process.

Distance engineering training actuality. Distance training has been made actual by the pandemic but on the other hand this style of teaching was already actual before [1,2,3]. For some areas of knowledge, distance training has become absolutely acceptable but not for the engineering sciences as it is essential laboratory training in this sphere. Nevertheless, distance laboratory training is still becoming more and more popular in the engineering sciences, for instance:

- It is cheaper for the educational institutions and the users;
- Users can access laboratories anytime and from anywhere on the earth;
- Users have more choices. The choice is not limited to specific requirements, such as the prestige of the educational institution, place of residence, language of instruction, and so on.

A major impediment to the development of distance engineering training is the inefficiency of distance laboratory training, it causes a relatively low quality of the teaching process.

The low quality of distance laboratory training is due to [4,5]:

- In the absence of physical contact of the user from the experimental device, that is: the user has no visual, auditory, or general physical perceptions of the device.
- In the absence of psychologically contact of the user from the experimental device, that is: the user has no subjective feelings derived from the experiment process.

Those users who use the remote laboratory, note, that although they have performed "real" laboratory work and the data obtained is genuine, they would still prefer a physical laboratory, because in the case of a remote laboratory, the feeling of involvement in a physical experiment is less than in the case of a physical laboratory[6].

Attempts are being made to reduce this negative issue by using modern information or digital technologies [7]. The abilities of modern technology are huge, also efforts for solving distance training problems are huge. However, these negative effects can not be resolved yet fully.

And here we ask the main question that needs to be answered in this paper: Is it necessary to solve the problems of distance laboratory training?

Development tendencies of user interfaces or devices/equipments. The Third Industrial Revolution was characterized by the development of automation of industrial-technological processes [8]. The role of the person/user in this process was to manage the machines involved in the automation scheme, which in turn meant by human:

- Perception of the process by the sense organs;
- Decision making;
- Influence the technological process, i.e. influence the process by using the appropriate buttons, handles.

Thus, in this case the user is in full physical or psychological relationship with the technological process.

With the development of technology, the user moved away from the technological process and interacted with it using sensors, actuators and augmented reality, which became natural for him/her with the passage of time.

As an example, consider the technology of bread baking. When the level of automation was relatively low, the user would notice the end of the bread baking with the smell of the product and visual observation. Today, this has changed completely, and after undergoing the processes provided by technology, embedded system completes the baking of the bread itself and gives the appropriate signal to the user. Thus, the consumer is in contact with the technological process of baking bread through computer equipment and has no direct contact with it (the process). Modern users must possess the ability to perceive and analyze the information provided by a computer (visual and voice signals) due to the technological process of bread baking.

Here is a second example of a SCADA high-voltage substation management project implemented years ago by the authors of this paper [7].

As you know, the control shield is traditionally used for the management of the substation and, consequently, the service staff of the station manages it using the control shield. Thus, the station service personnel have the skills to manage the station shield. As a result, the station service personnel are in direct contact with the shield control buttons and handles, indication tools, as well as it is in visually connected to the station performing units.

At the same time, it is clear that the use of SCADA system for station management increases the quality and reliability of management processes. This is achieved by using of multiple additional sensors and actuators in the SCADA system, with the presence of databases, by increasing the content and visuals of the mnemo scheme. Therefore, the service personnel should have other skills for managing the station, especially when it comes to increasing the quality of station management. Thus, the staff manages the processes using only the engineering station (analog of personal computer): they retrieve information in digital format from the mnemoscheme which dynamically changes content and colors, they use virtual buttons and handles, analyzes additional information etc.

In the process of reconstruction the high-voltage substation, the contracting energy company did not decide to fire Staff, instead of planned to Staff training step by step and, if necessary, replace them.

Based on this approach, we have equipped the SCADA system with the ability to manage simultaneously from the control shield and the engineering station.Thus, the old experienced staff can manage the station from the control shield, the new staff with other skills can manage the station from the engineering station (Fig. 1; Fig.2).

Fig. 1. High voltage substation control shield with additional monitor

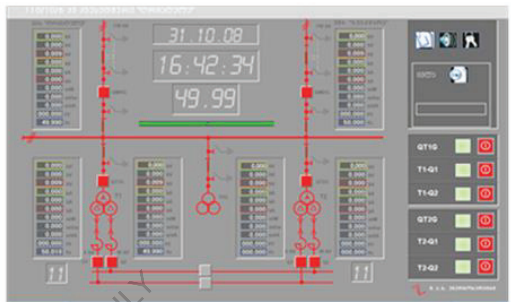

Fig.2. Engineering station control interface

IoT technology is rapidly developing today, in this technology it is considered that the user must be able to work remotely. Thus users should be able to imagine the state of remotely existing technological process aggregates using sensors, actuators and augmented reality.

From the above examples we can conclude: the user who manages the technological process through a computer, in most cases does not require direct contact with the technological process and, therefore, the "feel" of the technological equipment.

Engineering laboratory training. The article [8] shows the technologies for conducting a remote laboratory experiment when the laboratory/real machine is equipped and operated by a computer. Thus, this issue is quite well elaborated and there is a clear pathos everywhere: it is possible to conduct a laboratory/in-kind experiment on this type of equipment, but close to the real process, as the user does not have direct contact with the laboratory equipment.

Based on the discussion in the previous paragraph, computer-controlled laboratory equipment can be divided into two groups:

- In one case, the management process requires a direct connection with the technological equipment and, consequently, the technological process;

- In the second case, the management process does not require a direct connection with the technological equipment and the technological process.

The development trends of management technology process prefer the second case. The pace of development of IoT technologies and 4th Industrial Revolution should also be considered.

Therefore, the engineering sciences and training are in the second group, i.e. distance laboratory experiments, do not differ from the face to face training, therefore, in some cases, may be better, due to the advantages of distance training. We will give again IoT technology example, which by its very nature implies remote control. Thus, face to face laboratory training in IoT technology would not be a perfect representation of reality. Thus, in order to eliminate the shortcomings for the face to face laboratory training of IoT technology must be created the distance artificially, from the control center to sensors and actuators, which is associated with additional costs.

Conclusions

- Due to the technology of providing distance learning, distance learning has advantages that can not have face to face training;
- In computer-controlled laboratory equipments, there is a group that does not require a direct connection of the user to technological process.
- Based on the previous conclusion, there is no difference in the quality of face to face training and distance training in such group equipment.
- Concerns about the quality of distance training due to future trends in technology development are exaggerated and untrue.

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To the Assessment of the Safety Risks of Dams in Georgia

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Annotation

Based on the factual data presented in the paper on hydroelectric power plants (HPP) - high-risk facilities, the method for calculation the potential energy accumulated in the water reservoir at an early stage of design and its proper assessment is proposed. The main factors influencing the scale of a possible catastrophe are the useful capacity of the reservoir and the height of the center of gravity of reservoir from the bottom of the riverbed at the dam section. Based on these data, the potential energy of the water mass was determined, in case of a possible breakthrough of the dam. As an example, the results of calculations performed according to the proposed method for reservoirs of hydroelectric power plants in Georgia are given. With this in mind, it is possible to rank hydropower facilities and determine the frequency of inspections to reduce the risk of accidents and associated with it adverse environmental impacts. Among the reasons contributing to the occurrence of a possible emergency at the hydroelectric power station, the following were noted: untimely performance of a proper repair and rehabilitation. The need for a timely assessment of the structural integrity and stability of dams using periodic commission surveys (technical audit) and the modern instrumental monitoring systems of technical condition are indicated.

Keywords: Dam safety, reservoir, risk of accidents, potential energy, ecology

Introduction

Among the natural resources of Georgia, hydropower resources are in the first place. On the territory of Georgia there are 26 060 rivers, 319 rivers have been studied to determine the feasibility of developing energy, with a potential (theoretical) total capacity of 15.63 million kW [1, p. 85], with an average annual output of 137 billion kWh [1, p. 85]. As for the technical hydropower potential of Georgia's rivers, it is estimated at 80–85 billion kWh [1, p. 85].

Today, there are 97 hydroelectric power plants operating in Georgia with the total capacity of 3227,81 MW [2]. Of them, 72 are small hydroelectric power plants (with an installed capacity of up to 13 MW), with the total capacity of 259,79 MW [2]. Existing hydroelectric power plants of Georgia in 2020 generated 8.248 billion kWh of electricity [2], which is more than 70% of the country's total electricity production.

Study objective

The objective of paper is to develop the methodology for determining and assessing a risk of possible dam accidents based on the real parameters of reservoirs in Georgia. With this in mind, it is possible to rank hydroelectric power plants and determine the frequency of technical inspections on them.

The zone of influence of hydropower facilities includes: a zone of a hydroelectric power plant with a reservoir and its surrounding territory along the entire perimeter of flooding, as well as a downstream, where the influence of the reservoir on the landscape, hydrology, hydrogeology, geodynamic processes, climate, etc. is manifested. Priorities of human activity in this area are also changing to some extent.

Hydraulic engineering structures of the hydropower structures in Georgia are classified as old one. As a result of long-term operation, the technical condition of waterworks is deteriorating, their physical and moral deterioration is going on, filtration processes, erosion of the coastal strip are developing, landslide processes are activated in the rocks surrounding the object. At the same time, the attitude of the population to the design and safe operation of hydraulic engineering structures, especially dams and reservoirs, is becoming tougher in accordance with modern environmental requirements. This makes it very important to study the safety of hydroelectric plant’s dams.

The distribution of runoff of Georgian rivers is characterized by a pronounced seasonality, and their optimal energy use on an annual basis is possible only through the construction of regulating reservoirs. Since this process faces environmental difficulties, in the present time basic attention is paid on the construction of low-capacity hydropower plants operating on natural runoff, as well as small hydropower plants with not a big reservoirs.

Due to the mountainous relief and small unused land fund of Georgia, a significant part of the country's reservoirs are located in mountainous regions and are characterized by a small mirror surface and significant level fluctuations. The latter leads to the processing of the banks of the reservoir, which on one hand depends on the intensity of the reservoir drain, and on the other hand, on the physical and mechanical characteristics of the surrounding soil mass (density, strength indicators). In addition, the physical and mechanical properties of rocks are weakened as a result of the impact of the filtration flow of groundwater and atmospheric precipitation. All above contributes to the disruption of a static balance of the base part of slopes and becomes a provoking factor in such dangerous phenomena as: avalanches, landslides, collapses. In addition, Georgia is in a zone of active seismic impact, which further increases the likelihood of landslides. A landslide collapsed in reservoir reduces its regulating ability, and can also cause overflow of mass of water over the dam and a large-scale disaster in the downstream bluffs of the river.

Study methods

From the above, it's clear that the "water retaining structure - reservoir" system carries a high degree of risk in terms of loss of life and health of people, destruction or serious damage to their property, as well as destructive impact on the environment. On the other hand, there is no complete guarantee that these risks will not materialize with their catastrophic consequences.

One of the most important places in the list of man-made disasters with their negative consequences is a breakthrough wave or flooding from the overflow of water mass over dikes, dams, locks into the downstream, which may result in the destruction of industrial and agricultural facilities and human casualties. A breakout wave can have a significant negative impact on the environment. In particular, it can change the landscape, damage flora and fauna, provoke landslides, to change river banks, flush the riverbed over long distances, etc.

From the above, it can be seen that, taking into account the negative consequences of possible accidents, the safe exploitation of reservoir dams is of great socio-economic and environmental importance, which puts on the agenda the task of quantifying the possible impact of a breakout wave.

The capacity of reservoir and the height of dam are characteristics that largely determine the parameters of a breakout wave as a result of possible dam accident and the scale of the disaster caused by it. In order to assess the potential risk associated with a dam accident, it would be correct to determine the ability of the accumulated water in the reservoir to flow into the downstream. Considering that when a dam breaks through, as a rule, only the outflow of water accumulated in the useful capacity of the reservoir to the downstream is taken into account, this can be expressed as [3, p. 152]:

$$E = \gamma \cdot W_{\text{usef.}} \cdot H$$

where:

E - is the potential energy of water mass, J;

1 ton of TNT (trinitrotoluol) = $4{,}184 \cdot 10^9$ J;

$\gamma = 9810$ N/m^3 - is specific weight of water;

$W_{\text{usef.}}$ - is useful capacity of a reservoir, m^3;

H – is the vertical distance from the center of gravity of the reservoir to the bottom of the riverbed at the dam section, m.

Study results

Calculations for the dam's waterworks in Georgia were carried out according to the proposed formula, results of which are presented in Table 1.

Table 1

№	Name of waterworks	Useful reservoir capacity $W_{\text{usef.}}$, mln. m^3	Depth of water level fluctuations, m	H, m	E, $\times 10^{13}$, J	E, kilotons TNT
1	**2**	**3**	**4**	**5**	**6**	**7**
1	Enguri HPP	676	70	236,5	156,8	375
2	Zhinvali HPP	370	40	82	30,8	74
3	Sioni HPP	300	54	56	16,5	39
4	Khrami HPP-1	292	14,5	25,5	7,3	17
5	Dzevrula HPP	87	7,5	32	2,7	6,5
6	Shaori HPP	85	8	7,5	0,63	1,5
7	Vardnili HPP-1	37	3,55	53	1,9	4,5
8	Ladzhanuri HPP	18	16,0	61	1,1	2,6
9	Gumati HPP-1	13	4,0	50	0,64	0,25
10	Zahesi HPP	3	1,5	25	0,07	0,17
11	Vartsikhe HPP-1	2,6	0,5	10	0,33	0,07

Columns 6 and 7 of Table 1 show the potential energy of the water stored in the reservoir in Joules and Kilotons (equivalent to the energy released by the explosion of TNT), which makes it possible to clearly understand the hazard in the event of a dam break. She emphasizes the need to ensure the high safety of water protection facilities.

According to the International Commission on Large Dams (ICOLD) [4], 300 of the world's 36,000 dams have collapsed. Most of them were accompanied by catastrophic flooding (inundations). Often this was due to both the technical condition of the structure itself and its foundation, as well as incomplete design documentation and the improper operation of maintenance services. Due to the latter, during flooding, it’s not possible to open the main gates latch timely (or because of their malfunction), and water is discharged by overflow through dams, which is accompanied by the destruction of the structure. Overflow through dams can also be associated with malfunctions of the hydromechanical equipment of a dam, or technical reasons due to infrequent use, absence of preventive maintenance, lack of periodic checks of their serviceability, as well as power outages.

Speaking of catastrophic flooding the downstream bluffs, one should take into account the issue of stability of the riverbed slope under the influence of washing out of their base, which can provoke a landslide and, as a result, flood the territory to new boundaries (usually more extensive).

A breakthrough of dams formed as a result of a landslide is also possible, causing a breakout wave with all negative consequences.

From above, it’s obvious that the technical system «water retaining structure - reservoir» contains a high level of risk to the life and property of people, infrastructure, industrial and agricultural facilities located in the zone of possible flooding. On the other hand, the possibility of these extreme situations is not unfounded. Naturally, the public's interest on issues of ensuring the safety and increasing the reliability of reservoir’s waterworks is understandable, which, together with other solutions, presupposes the implementation of complex engineering and technical measures.

Engineering and technical measures (monitoring, investigation, studies) include the classification of dam’s waterworks by dimensions of retaining structures and the capacity of reservoirs, in order to establish the timing and schedules of their examination (technical audit). The criteria for their safe operation to minimize risks of emergencies, and with the point of view of threats to the life and property of the population should be developed. Due to the fact that the operating conditions of water retaining structures and reservoirs can change over time, the established classification should periodically be subject to revision.

One of the reason for emergence of an extreme situations at the HPP is untimely performance of proper repair and rehabilitation. It should also be noted the need for timely assessment of the structural integrity and stability of dams, embankments and tailings (for example, Madneuli, Tkibuli reservoir) and their impact on water quality, taking into account the aggressiveness of the waste materials.

In the case of cascade of hydropower facilities, it's necessary to take into account the intensity of catastrophic discharges from upstream water reservoirs to downstream structures and take measures to transform excess runoff and safely discharge it downstream. This issue is of particular importance when placing the cascading objects in different neighboring countries. In this case, the safety conditions and, accordingly, the possible impact of facility on the environment should be observed on the basis of an agreement between countries.

In Georgia, to date more attention is paid to issues of a dam safety and related environmental protection measures. More and more dams are equipped with modern monitoring systems for control the technical condition of dams and other hydraulic structures (Enguri HPP, Zhinvali HPP, Vardnili HPP-1, Sioni HPP, Algeti and Narekvavi reclamation dams). Early warning systems are being implemented both at energy facilities (Zhinvali HPP) and at important infrastructure facilities (Landslide in Tskneti-Betania road, Devdoraki glacier near the Georgian Military Highway) to prevent or minimize the risk of both economic damage and human victims.

Conclusion

1. The method has been developed for determining and assessing the risk of possible accidents based on the real parameters of reservoirs in Georgia.
2. According to the proposed methodology, it's possible to rank hydropower facilities and determine the frequency of their inspections in order to reduce the risk of accidents and related negative impacts on the environment.
3. Other aspects of the safety of hydraulic structures, related environmental problems and measures to reduce risks are discussed.

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Labor Market Analysis

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Abstract

Higher Education Program Accreditation Standards 1.1. "Program Objectives" and 1.2. criterion for evaluating the "learning outcomes of the program" is - "Local labor market requirements and international market trends, as well as the specifics of science / field, the development requirements of the state and / or society", but evidence,_ analysis of labor market and employer requirements.

A labor market Requirements research was planned on the basis of the academic departments of the GTU Faculty of Business Technology, on the basis of which the academic staff developed a research methodology, Reflection of analysis results of which is an important indicator of the development of educational programs.

The labor market research methodology sets out the procedures for defining, planning, implementing, analyzing, and concluding current and future demand for labor force research at the University.

Keywords., Accreditation Standards, Labor market, market analysis

Introduction. Higher Education Program Accreditation Standards 1.1. "Program Objectives" and 1.2. criterion for evaluating the "learning outcomes of the program" is - "Local labor market requirements and international market trends, as well as the specifics of science / field, the development requirements of the state and / or society", but evidence,_ analysis of labor market and employer requirements.

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Programs' s within development labor market research has two main destination:

1. It provides information to the University on the type of staff available in the labor market and/or the shortage and/or on the requirement of new staffing characteristics (skills, professional activity). This information allows the University to:
   - Develop new programs;
   - Plan a student contingent in existing programs and/or identify existing program development targets;
   - To determine the most effective, educational methods and tools of delivering them (required skills / skills);
2. The university "creates" new jobs. In the context of this type of research (as in many other cases), it is also important that in the context of modern globalization, democratization of higher education and internationalization, the employment market is both local and international labor market, specific region and / or environment (village, city).

Methodology. The labor market research methodology sets out the procedures for defining, planning, implementing, analyzing, and concluding current and future demand for labor force research at the University.

Research Hypothesis. Following the growth of real GDP, the employment rate is expected to increase in the coming years. Consequently, the demand for higher education in the field is determined by the growing trend, which is confirmed by the high employment rate of graduates of educational programs in line with market demands.

Purpose of research. Analysis and evaluation of the modern international / local labor market, finding promising labor force demands in the international / local labor market.

Tasks of research:

- Study of employers' demand for professional knowledge and skills in the workforce in companies and public institutions
- Labor force exploring security challenges
- Attitudes of employers towards the higher and vocational education system
- To reveal professions, On which in the current period demand is not satisfied and / or an increase in demand is expected in the near future
- Rate the level of employers' satisfaction with the professional knowledge and skills of the workforce

- Employers' views on the expected demand for professions in the relevant field.

Research area – Workforce market

The Academic Department of the Faculty manages the research process, determines its periodicity, the composition of the working group. Also, the working group will submit the collected data to the Faculty Quality Assurance Service for further processing.

The Faculty Quality Assurance Service coordinates the sequence of research procedures, processes the analysis results, prepares conclusions for the report.

Research methodology includes both qualitative and quantitative research methods.

In the first stage of the research, a list of research objects will be selected. The questionnaire developed by the working group consists of structured questions. In order to collect data, the interview can be conducted by oral, written or online survey method.

Surveys are conducted in several areas, interviews are conducted with academic staff, students, alumni, employers and other stakeholders.

Respondents are provided with several types of questionnaires, including the following content questionnaire to study the labor market:

1. Do you agree that universities in Georgia provide staff with the necessary knowledge and field skills?

- We completely agree
- Partly agree
- Do not agree

2. Which of the following programs reflects the practical skills you will gain:

- Business Administration (Georgian)
- Business Administration (Russian)
- Business Administration (English)
- Banking and financial technologies
- Management of banking processes
- Public administration
- Hotel services

3. What level of teaching do you prefer:

- Undergraduate
- Master's degree
- Doctorate

4. **To what extent do the specialties of the people employed in your organization match the functions they perform?**

- Fully compliant
- Partially compliant
- Does not match
- Other

5. **In your opinion, to what extent does the educational program provide competent and competitive staff training?**
   - Fully provides
   - Partially provides
   - Does not provide
   - Other

6. If you needed to train new employees (transfer additional knowledge and / or skills to them) where and in what form did this happen and how much time and money did it take to train?

7. **Which of the following skills and knowledge levels do you require:**
   - Extensive general education
   - Relevant specific theoretical knowledge of the field
   - Knowledge of industry-specific practical methods
   - Interdisciplinary thinking / knowledge
   - Level of foreign language proficiency
   - Computer skills
   - Knowledge of complex social, organizational and technical systems
   - Planning, coordination and organization
   - Apply rules and laws
   - Economic justification
   - Document opinions and information
   - Problem solving ability
   - Analytical skills
   - Creativity
   - Work in a stressful environment
   - Accuracy, concentration on detail
   - Time management
   - communication skill
   - Independent work
   - team work

- Initiative
- Ability to adapt
- Loyalty, honesty
- critical thinking
- Tolerance, respect for dissent
- Leadership
- Taking responsibility for the decision

8. Please, provide recommendations on how to increase the competitiveness of graduates in the labor market in your field (changes in educational programs, internships, internships, etc.)

9. **Research tool**. Data processing and statistical analysis software through SPSS, statistical evaluation of the results is done.

If necessary, the following issues will be explored:

- Problems related to hiring and firing staff in the field
- Criteria for personnel professionalism, qualification assessment
- Issues related to the expected and current demand for professions in the labor market
- Discuss the employment classifier (occupational classifier).

10**. The corresponding questionnaire consists of 3 blocks:**

First block:

- Information about the enterprise / organization;
- Employers' requirements for theoretical knowledge and practical skills acquired within the qualification
- Factors to consider when selecting an employee

Second block:

- Information about the respondent
- Assessment of the quality of higher education by employers in Georgia
- Image of Georgian Technical University among employers.

Third block:

- Basic information about the workforce in the enterprise / organization

Technical side of the research.

Before starting the research, the questionnaire must pass a pre-test (5 pilot interviews).

The length of the interview is determined by the volume and content of the questionnaire. Processing of interview questionnaires. The questionnaires are processed by the Faculty Quality Assurance Service.

Prepare a conclusion. After processing the questionnaires, the report is prepared by the Head of Quality Assurance Service and submitted to the Academic Department.

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Management as an Integrated Discipline

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Abstract

At the modern stage of development the strategy of any company or organization is focused on how to increase product quality and increase competitiveness, which is based on concepts proven in the world of management, methods, approaches and the others. In todays sense management means much more ,than just managing in global competitive environment. The modern organization must respond not only requirement of traditional management , but also challenges such as : product quality , ecology, social policy, health care and others. In addition to the modern era characterized by the rapid pace of change , consequently a majot challenge for any organization is not just identifying and responding to change , but also pre-determined and take appropriate preventive mesures to avoid possible negative consequences.

Keywords: Management, integrated, human resources, leadership, HR managers.

Introduction

What is the definition of “management”? How do people understand this term? The public is familiar with several definitions of management. Let’s discuss a few of them: “Management means leading the enterprise towards the set goal with all available resources” - Henri Fayol “Management means the ability to achieve set goals based on the use of other people's labor, intellect, and behavioral motives”. “Management is a specific and separate body, subject, profession, art and vision always and everywhere for all organizations” - Peter Drucker

“Management is an integrated discipline, that includes universal values and human behavior, social order, and intellectual needs that are nourished by economics, psychology, mathematics, political theory, history, and philosophy. In short, management is a liberal art" - Peter Drucker.

Management is the science of management, and management is the process that transforms a disorganized mass of people into an effective and purposeful team - Peter Drucker.

The challenges of modern management are exactly how to manage this or that organization with idealistic goals and how to achieve a pragmatic result. Before we get there, let's try to answer such popular questions, as:

- When and how did management arise?
- What does classical and modern management mean?
- Is the management the same in Somalia, Denmark, USA and Georgia?
- How to manage the organization?
- Is there one specific way to manage people, or is there one right organizational structure?

I will not review the "institute" of rulers and kings after the reins of managerial thinking and communal setup. Let us look directly at the events of the late 19th and early 20th centuries.

Management as an integrated discipline

At the end of the 19th century and the beginning of the 20th century, there were enterprises, which consisted of two "classes" of people. One part was large entrepreneurs, the owners of the enterprise, while the other side was the oppressed workers. In the beginning, they were not difficult to manage, the workers were mostly obedient to the so-called "Kabbalistic conditions" and had to work hard to obtain the food they needed to survive. Over time their demands have increased. Some geniuses, at the instigation of the inner voice, have developed a system and type of management that is still under discussion today (Henry Ford). Some organizations were slowly but surely developing some details of management, and for others to be able to handle the competition, it became necessary to change their views on management with the conclusions and guidelines created by scientific research. Management as science begins to form in the late nineteenth and early twentieth centuries.

The development of scientific thinking is mainly a continuous evolutionary process and focuses on changes in the world economic and political landscape, as well as on the goals, strategies, and objectives of organizations. As soon as the goals and strategy of the organization change, the specific tasks also change and consequently change the structure and methods of management. Unlike other principles of collective management,

management includes in itself a feature of constant renewability. A large part of principles and motivational techniques that were needed yesterday for effective management of the organization is no longer used today. It is also possible that today's methods will no longer be effective tomorrow.

The founder of scientific management is the American scientist Frederick Winslow Taylor. Taylor's opinion about organizational management is very interesting. He thought that:

There should be strict rules and principles in the organization on which the staff action plan will be based. Strictly defined rules should create a system that dictates to performers how to act in some kind of situation. He, as to the executor, placed all the responsibility on the system and not on the person.

The worker always tries to avoid doing the job and/or do it slowly and inefficiently. Therefore, a system is needed that will not allow him to do so. To solve this problem, he developed a so-called "labor distribution" approach, which meant that all people have different abilities and they have to be distributed according to these abilities to get the job done. Opportunities include the knowledge, education, experience, and skills of the people, which determine the duration and quality of work. That is why the proper use of human resources requires the redistribution of labor, which includes the division of large-scale work into small tasks, and these tasks should be redistributed to the working staff, taking into account the above capabilities.

Taylor focuses on motivating and motivating employees through salary. He believes that with the effective work of the organization, the level of production increases, and it should be accompanied by an increase of the staff salaries, which stimulates their effective work.

As mentioned above there were obviously enterprises, factories, workers, and managers who ran the organization before Taylor's scientific research. One of them was Henry Ford, the owner of the Ford Motors Company.

His style of governing is still surprising today, as many of Ford's established management principles are still included in the recommendations of modern management. He was also one of the first to independently trace the principle of division of labor when he launched the Model T, unofficially known as the Tin Lizzie Flivver - a car manufactured by Henry Ford's Ford Motor Company from 1908-1927. The Model T became historic in 1908 when the car became usable to the masses. It is generally considered to be the first available car to put America on wheels.

Universal principles of management of the organization were established by the French scientist Henri Fayol in 91841-1925, who said that "To manage, means leading the enterprise towards the set goal with all available resources". He has established 14 basic principles of management, the observance of which determines the effectiveness of management. These principles are:

- Distribution of labor - means the most efficient use of human resources. This is achieved by rational redistribution of work according to the capabilities of the staff, and their job objectives.
- Authority and responsibility - the authority must be commensurate with the responsibility, and the person issuing the order must be held accountable for its outcome.
- Discipline - an agreement reached between an employee and a firm that must necessarily be performed. One of the main tasks of the manager is to reach an agreement between the firm and the employee, which will define the rule of behavior in a particular situation.
- One-person management - The worker should receive instructions from only one supervisor
- Unity of leadership - all groups operating within a common goal should be united by a single plan and they should be led by one person.
- Subordination of personal interests to common interests - the interests of one employee or even a certain group should not exceed the interests of a larger scale, which may include the interests of the same company or other organization.
- Fair Remuneration of Staff - In order to achieve loyalty and support from the workers, they should receive a fair wage for their work.
- Centralization and Decentralization - Rational use of power concentration and centralization of distribution to increase the efficiency of governance activities.
- Scalar chain - This is a series of individuals who hold leadership positions, starting with the highest and ending with the lowest ranking leaders. In the interests of the organization, there should be an appropriate hierarchical system
- Order - "a place for everyone and everything in its place" Everyone should do their job.
- Fairness - The administration must have a fair relationship with the subordinate. He must respect each of them, which ensures the loyalty of the staff towards him.

- Low staff turnover and staff workplace stability - High staff turnover reduces the efficiency of the organization and leads to additional organizational costs, as well as is a sign of poor management.
- Initiative - The manager should enable subordinates to show their potential, he should always listen and understand the opinion of each employee, which will help the development of an action plan and its effective implementation
- Corporate spirit - In order for an enterprise to be strong and efficient, all its employees must be united and act together.

German scientist Max Weber (1864-1920) plays a big role in shaping the principles of organizational management.

Weberian bureaucracy is characterized by:

- Hierarchy of power
- The manager must be highly competent and at the same time impartial
- The rules and laws of organizational behavior should be presented in written form. Employees should be promoted based on their merit, experience, accumulated knowledge, qualifications, and based on exam results.
- Division of labor in the organization should be done according to specialization
- All work must be performed with maximum efficiency

While all three scientists are great and they are progressive-minded people of all time, from today's perspective most of their recommendations are outdated. Here are some of the obvious defects of classical theories.

Disadvantages of classical schools/theories:

- Lack of diverse approaches to personnel management, lack of the necessary professional level and professional ideology in this field Lack of priority of the organization's heads towards personnel management functions. HR managers mainly perform the role of advisors and are not responsible for the development and implementation of the organization's strategy
- Personnel management specialists from the very beginning formed the image of an advocate for ordinary employees, which, in the opinion of fellow managers in other fields, hindered the achievement of the goals of the organization.
- Personnel management was considered as an area that did not require special education, unlike managerial functions in other areas, it seemed that common sense and experience in managing staff was enough. That an experienced worker

seemed to always be able to perform the functions of a personnel manager normally.

Taylor points out that the manager as an individual is powerless to solve organizational problems. He will not be able to eliminate them completely, therefor a system is needed that will work on its own and people only need to follow strictly defined management rules and laws. Fayoli directly emphasized the priority of the interests of the organization over the interests of individuals. Max Weber has developed a linear bureaucratic model where the opinion of the subordinate is not taken into account during the management process of the organization.
The above-mentioned negative factors were and are limiting circumstances limiting the full disclosure of individual opportunities, which will hinder the effective operation of the organization.Lack of special professional training and qualifications reduces the authority of personnel management specialists in the eyes of the organization's leadership and line managers.

From classical schools to modernity

The underestimation of the human factor and the simplistic notion of the implications of human behavior, which was characteristic of scientific management and classical schools, led to the development of a movement to study human relations following the development of psychological science. This was a reaction to the imperfection of the classical school.

Psychology has been strongly rooted in management since the 20s and 30s of the twentieth century, and management theorists agree on the use of psychology in management.

Prominent sociologist and psychologist Elton Mayo and his student Fritz Rotrissberger emerged as one of the leaders in the new movement in management. Mayo's most important works are “The Human Problems of the Industrial Society” (1933) and “The Special Problems of the Industrial Society” (1945).

Mayo was one of the first who recognize the need for psychological motivation in management. Elton Mayo was interested in many problems of industrial production. Among them, he studied the motivation of people in the organization, the reasons for monotony in labor, and fatigue. He was one of the few academically educated people who possessed both scientific management theory and psychology. Mayo became famous in 1923-1924 for an experiment conducted in a textile factory in Philadelphia. At the factory floor, the management of the enterprise was unable to stop the flow of staff using material incentives and turned to Mayo and his friends for help.

Mayo and his students were able to solve the problem by studying the situation and changing working conditions. Mayo found that the labor of the workers met the criteria of the monotonous model, the workshop failed to meet the norms of the enterprise tasks, and the workers were pessimistic about the future, which was the reason for their high level of outflow. Mayo's proposal introduced breaks during work and remuneration according to output, resulting in staff turnover dropping to 5-6%. When the inspector canceled the breaks the situation returned to as it was before. It was proved that Mayo's experiment improved the situation at the workshop. This experiment deepened the belief that a supervisor needs to understand the psychology of workers.

Mayo concluded that the basis of human motivation is social needs and they perceive their individuality in relationships with other human beings. Because of the industrial revolution and the rationalization of the labor process, work lost its charisma for the workers, and people experienced satisfaction in social relations. People are more responsive to social influences than to control by leaders. Ordinances of leaders are only effective if they also meet the social needs of their subordinates.

The original purpose of the experiment was to determine working conditions and labor attitudes. In particular, to determine what effect light intensity had on labor productivity. It was a logical continuation of the dominant scientific management theory of the time. Coincidentally, the researchers found a more important correlation that led to the emergence of the theory of human relations in management science. The initial task, which became a further 4-stage experiment, was to determine the effect of light intensity on labor productivity. According to the set goal, the experimenters divided the workers into control and experimental groups, although the lighting in the experimental group was first increased and then reduced, labor productivity was equally increased in both groups. The researchers found that the impact of lighting on labor productivity was negligible and the experiment was not successful because of factors beyond their control. Thus, the first phase of the Khotorn experiment has ended. At the second stage, Elton Mayo, a scientist from Harvard University already known at the time, joined the group of researchers.Under the leadership of Elton Mayo, a group of six volunteer relay assemblers was isolated from the rest of the staff, and a laboratory experiment was conducted on them. They were given preferential remuneration. Working women were free to communicate with each other unlike the rules in the factory. As a result, a close connection and relationship were established between them. A group of researchers introduced an additional break. This dramatically increased labor productivity. Initially, the results coincided with the initial hypothesis - the introduction of additional breaks in the work mode increased labor productivity. First reduced the working day, then the working week. Labor productivity was still increasing. There was controversy over whether improving working conditions motivated employees or the human factor and social relations, but when scientists restored the old model of work, labor productivity remained at a high level, which was not predictable at the time. Based on this, the researchers came to the conclusion that some element of the human factor has a greater impact on labor productivity than the technical conditions of labor.The results of the experiment did not correspond to the management theory existing at that time. A survey of participants in the experiment was conducted to find out the reasons for the result. The third phase of the experiment began, which was originally conceived as a simple plan to improve people-to-people leadership and improve employee attitudes toward work. But the plan has grown into a huge program aimed at surveying more than 20,000 employees. A huge amount of information was collected, based on the analysis of which it was found that the labor productivity and status of each employee depends directly on him, as well as on the team and the principle of teamwork, i.e. human relations.To study the impact of human relations on labor productivity, the scientists decided to conduct the fourth phase of the experiment, which was conducted to determine the impact of colleagues on labor productivity, and it was conducted at the output of the banking alarm system. Based on the theory of scientific management, researchers have thought, that workers who worked faster than others and were motivated to increase the amount earned would be less lazy. But researchers were expecting a surprise here as well. In the activities of the best workers, there was a tendency to slow down the process of work. It turned out that they wanted to not break the rhythm adopted by the team. They did not want to be seen as violating the established rhythm or seeing themselves as a threat to the well-being of other team members. The scientists who participated in this experiment came to the conclusion that high productivity is the result of human relationships and their collective action: human behavior at work and the results of their work are due to social relationships with colleagues and formal and informal relationships with managers. In this sense, if the organization works effectively, then socio-psychological factors have a decisive influence on the labor productivity of people placed in defined social conditions because in addition to economic needs, they also have social needs.Thus, Khotorn's experiment showed that social and psychological factors have a stronger impact on labor productivity than physical factors. Mayo concluded that the main reason for the increase in the output of labor was social relations.The Khotorn effect was therefore one and not the only factor affecting labor productivity. The experiment also showed that labor productivity is also affected by the form of control.

During the experiment, the workers were less controlled by the masters than usual, which turned out to be more important to the workers than breaks, free lunch, shorter working days, and higher wages.Seeing the connection between the quality of work and form of control aroused interest in exploring leadership style issues. It has been found that social and psychological factors have a greater impact on physical productivity than physical factors in conditions where the organization of work is already quite effective. Under the influence of Khotorn's experiment, researchers and practitioners of management theory became aware of the fact that an organization is a socio-economic system of interconnected individuals, formal and informal groups.Mary Parker Follett, a well-known management theorist, had similar views on the management of the organization. In her research, she has addressed many topics: power, functional design of organizational structures, organizational conflict resolution, and socio-psychological aspects of management. Her work "Creative Management" is especially noteworthy. She believed that for effective management, the manager should abandon formal relationships with employees and become a recognized leader for them. She saw management as the art of achieving the actions of others based it on a flexible and harmonious relationship between managers and employees. Parker Follett opposes depressing management and predicts that such an organizational structure will soon collapse. Only in 1932 did they accept some of her ideas and start studying her papers. Ironically, Mary Parkell Follett died in December 1933, a few months after her confession.All this work has laid the foundation for the formation of behavioral, psychoanalytic, and human relations currents in management.

Behaviorism

The development of the psychological and sociological sciences after World War II made it possible to scientifically study human behavior at the workplace. This gave rise to the so-called behaviorist school of management. Behaviorism in psychology studies how a specific type of behavior is controlled by a specific stimulus in the environment. Behaviorists first and foremost analyze the preconditions of the environment, the conditions that precede the behavior and make a person think to react or not. They then discuss the behavioral reactions that are the main object of their research, the behavior we need to understand, predict, and control. Finally, observable results on the reaction are investigated. Behaviorism has been strongly entrenched in the management sciences since the 1950s. Behaviorism in management involves the use of scientific methods and research to study human behavior. The main purpose of this direction is to analyze and study the driving motives of workers' behaviors and their determinants of relationships with other people. This direction was founded in the 50s of the twentieth century and continues to this day. A behaviorist approach to the management process has not only played a positive role in the evolution of management theory but has also helped organizations regulate internal relationships and manage changes. Its most important representatives were: Abraham Maslow, Friedrich Herzberg, Chester Barnard, Rance Likert, Douglas McGregor, William Ouch, and others. They studied various aspects of social values, motivation, power and authority, organizational structure, leadership, formal and informal connections, job content, and quality of work activities. The main results of the researches of these authors are reflected in the discussion of relevant topics in the following chapters of the book, and here we will try to present their role and place in the development of this science.

Abraham Maslow's book "Motivation and Personality" (1954) defined motivation as the study of human limit goals; and made three assumptions while studying human nature:

- Humans are living creatures whose ever-increasing needs cannot be fully unsatisfied
- Partially or completely unsatisfied needs motivate people to take action
- There is a hierarchy of needs in which low-level needs are located at the lowest level and high-level needs at the highest level.

Therefore, in his opinion, people are characterized by a hierarchically complex structure of needs and their management should be based on identifying the needs of employees and using appropriate methods of motivation. Frederick Herzberg was distinguished by a peculiar approach to motivation, who in his independent and co-authored books: "Attitudes Toward Labor" 1957, "Motivation to Work" 1959, "Labor is Human Nature" 1966 divided into hygienic and self-motivating factors, that were affecting employees. He considered hygienic factors as internal factors of motivation according to the impact on the process of human satisfaction-dissatisfaction with the done work. He offered managers a variety of labor processes to solve employee motivation problems.

The structural and personal elements in the management of the organization were first connected by Chester Bernard. In this construction, however, he considered not the individual himself but his behavior and organization as an open system in which the cooperation of human activities is based on the concept of the ratio of stimulus and contribution. In his only work, "The Functions of an Administrator", Bernard presented a theoretical model of a cooperative system, the construction which was based on the individual's behavior. In his view, individuals are distinguished by uniqueness and independence, while organizations are cooperative and people themselves have to decide their attitude towards the cooperative system. People collaborate to achieve common goals effectively, so formal and informal connections to the system need to be explored. The power scheme developed by Bernard is based on the authority of a position or leadership, for which subordinates give rulers the right to direct their activities. This process is influenced by decision making, information communication system, organizational structure, the competence of management staff, employees' perception of their place and role in the organization, their mental and physical characteristics, and general management style of the organization.

A vital theory for the use of behavioral theories in management was formulated by Douglas McGregor, which is still relevant today, and will continue to be so as long as human action is stimulated by external factors. One of the first to focus on these factors was the American scientist and psychologist Douglas McGregor from 1906-1964. His work “The Human Side of the Organization” formulates the most famous management theory: Theory “X” and Theory “Y”. McGregor combined classical views of management and control. McGregor sets out a hierarchy of needs that addresses a person’s psychological, security, social, personal, and self-realization needs. To meet them, it is necessary to create a new "Y" type organization.

To maximally use human resources, it is necessary to take into account the psychological and moral factors affecting the staff. One of the first to address these factors was the American scientist and psychologist Douglas McGregor 1906-1964, who combined traditional views on management and control. Theory "Y" is based on the integration of individual and team interests.

The main features are as follows:

Theory “X”:

- Most people hate their job;
- Most people want to avoid responsibility
- Most people are ambitious
- Most people want to be a follower and not a manager
- Most people have less ability to solve problems
- Most people need strict control to avoid making mistakes

Theory “Y”:

- For most people, a job is in most cases a pleasant and desirable place
- Most people have a sense of responsibility

- Most people have clearly defined goals, wanting self-realization
- Most people periodically want to be a leader
- Most people can solve a problem well
- Most people do not need strict control
- Most people are independent and autonomous

Theory X's manager creates a poisonous toxic environment, while Theory Y's manager creates the environment necessary for healthy, cheerful, and productive work, in which case the activity is much more productive.
McGregor's theory falls into several sub-theories: X-type organization and X-type organization staff, Y-type organization, and Y-type organization staff.

X type organization:

- Only the manager is responsible for organizing the production elements of the organization in terms of economic interest, be it money, materials, equipment or people.
- The manager is responsible for properly addressing employees' efforts, motivating them, controlling their actions, and making changes in their behavior and work according to the needs of the organization.
- People are passive in the organization, do not follow the organizational dynamics without being forced or remunerated by the manager, do not take into account the needs of the organization.

X type employees:

- The average employee is by nature lazy and tries to work as little as possible.
- The average employee tries to avoid responsibility, preferring to be led and pointed by someone else. He has no ambitions.
- He primarily cares about his own interests and is indifferent to organizational needs.
- He is by nature opposed to any changes
- He is very naive, has an average intellect and can easily be deceived or influenced by a demagogue

Y type organization:

- The manager together with the team is responsible for organizing the production elements of the organization in terms of economic interest, be it money, materials, equipment or people
- People are not passive by nature nor do they oppose organizational needs. They gain professional experience and the necessary skills as the organization develops.

- They have the motivation, the potential for development, the ability to take responsibility, they can do the work that is necessary to achieve organizational goals. The manager's duty is limited to assisting employees to demonstrate their skills and qualities.
- The main task of the manager is to create favorable organizational conditions and to develop operational methods so that people can achieve their own goals while achieving organizational goals.

Type Y staff:

- Is motivated
- Takes responsibility for himself
- Acquires professional skills with the development of the organization
- Shows initiative
- Tries to use its capabilities as much as possible to develop the organization

McGregor believed that setting up an X-type organization, if allowed to do so by a leader, would be easy. Type Y organization needs to introduce to and analyze the new directions and approaches that will contribute to organizational transformation. After creating a climate, the corresponding energy and qualities are revealed in humans.

If a person is a follower of Theory Y:

- Behaves according to the relevant theory
- The manager's behavior according to Theory Y leads to the transition to the relevant theory of organizational climate.
- Organizational climate consequently determines the behavior of followers
- The behavior of the follower reinforces Theory Y in the manager.

In the case of Theory X, everything happens the other way, so the activities of the organization end up with a disastrous result for everyone. Ultimately Theory X leads to failure on a personal and organizational level.

When a person does not know what to do at his job, does not feel valued, does not feel that others value his work, is not allowed to use his mind creatively, is not treated kindly or has to do something that is not in his area of interest, he automatically becomes a follower of Theory X.

Where a person is trusted, valued, his creativity is encouraged, he will definitely be the initiator, responsible and will definitely be a follower of Theory Y. According to McGregor, the organizational climate depends on the manager. According to McGregor, spending physical and spiritual energy at work is as natural as the process of relaxation. People have the ability of self-government and self-control to achieve the set goal, have a sense of responsibility to the organization. Responsibility and duty towards organizational goals depend on the remuneration of labor outcomes - the greatest reward for people is meeting the need for self-expression. People are not only willing to take responsibility, but also trying to take it somehow, and most of them are inclined to take a creative approach to solve organizational problems, using knowledge, experience, and imagination.

The School of Human Relations

The School of Human Relations originated in the 1930s and 40s. The biggest representatives of this movement were Elton Mayo, Mary Parker Follett, and Chester I. Bernard, who rejected the concept of the "economic human" developed by classical theorists. Follett argued in his writings that service personnel maximizes their potential only through teamwork. Parker Follett considers this fact as a key aspect of the organization's effective work. Managers and service staff are members of the same team and are equally interested in the success of the company. In order to achieve the goals of the organization, people must be able to meet their own needs in the process of labor. Along with increasing the efficiency and profitability of the organization, this is also the main concern of the manager. The most prolific contributor to the School of Human Relations was Harvard University psychologist Elton Mayo. The human relations movement originated in the School of Behavior Management, taking root in the 1950s and 1960s, after the spread of humanistic psychology in the civilized world. School of Human Relations Management has established several principles precisely as a result of the influence of humanistic psychology. The merit of the representatives of this school is a new vision of their role in motivating the needs of individuals and service personnel. Thus, the concept developed by the School of Human Relations of Management is based on the following basic principles:

At first and foremost human is social being who not only works but also lives in an organization. He has distinctive features from others:

- It is not individual but crucial team interests, which are realized through the informal structure of the team.
- Formal structural relationships are perceived as uncomfortable by people due to strictness and hierarchy and this approach only achieves effectiveness in exceptional cases.
- Establishing human relationships in the organization depends on managers, the ability to take the right approach to governance.

- Principle of individual characteristics: All individuals are different from each other. What is stimulating for one can have the opposite effect for the other. An effective organization and an experienced manager must recognize the uniqueness of each person and must consider an industrial organization as a defined social system.

The positive side of the School of Human Relations:

- Using interpersonal relationships to raise the level of human needs and labor productivity.
- Employ workers in the management process according to their potential and qualifications.

The dispute between behavioral and psychoanalytic approaches to management is interesting: According to the behaviorist approach, human behavior is controlled by external incentives

The psychoanalytic approach considered internal forces as the main driving force of human behavior. Abraham Maslow tried to solve this issue interestingly and peculiarly through the pyramid of needs created by him. He created a 5-step pyramid that sorts out basic human needs according to hierarchy. These are physiological, security, love and belonging, and appreciation and self-realization. Let's consider each of them:

1. Physiological needs - food, water, clothing, procreation. If these needs are not met then the other needs lose their meaning as the regulation of the human body is violated.
2. Security needs - protection from the enemy, poverty, disease. If these needs are not met then the regulation of the human psyche is violated.
3. Needs of social contacts - love, friendship, attention and care. If these requirements are not met then the regulation of a person's social activities is violated.
4. Respect requirements - recognition, achievements, status, prestige. If these needs are not met, then the regulation of human behavior is violated, human no longer represents value to others or is no longer full member of society.
5. Self-realization needs - expressing one's possibilities and capabilities. That is, it is the ability to achieve what a person has the potential to achieve. It is directly related to the human spiritual world.

If any of these stages are violated, then a person can not be self-realized, and if all the conditions are met, a person reaches the zenith, reveals his maximum potential, and is self-realized.

According to Maslow's theory, most people will only try to meet high-level demands when they can at least partially meet the needs that lie at the bottom of the hierarchy. Maslow's Pyramid is very often criticized, the main thing critics say is that it is clear that a person has some needs, but not only these five Maslow's main point is the resolution of the dispute between the psychoanalytic approach and the behaviorist approach. External stimulus are controlled, but in Maslow's hierarchical model, external stimulus motivate behavior at the level of the first two-physiological safety requirements, while at the other three levels human behavior is based on the internal stimulus.

Dispute # 2, also known as the Behavioral and Humanities Schools of Management, was the subject of much debate as to which recommendations are the main motivators for staff in the organization, and the answer was found in the Elton Mayos' experiment above. As we know, in the second part of the experiment, a group of six relay assemblers led by Elton Mayo was isolated, isolated from the rest of the staff, and on them, a laboratory experiment was conducted. They were given preferential pay. Working women were free to interact with each other as opposed to the factory rules. As a result, a close connection was established between them. A group of researchers introduced an additional break. This dramatically increased labor productivity. Initially, the results were consistent with the initial hypothesis - the introduction of additional breaks in the work mode increased labor productivity while reducing the length of the working day and week has increased its level even more. The researchers explained this by less fatigue of the workers. Changes in the direction of improving working conditions continued. First reduced the working day, then the working week. Labor productivity was still rising. There was controversy over whether improving working conditions motivated people (hereinafter the behaviorist theory) or the human factor and social relations (hereinafter teamwork, the School of Human Relations), but when scientists restored the old way of working, labor productivity was maintained at a high level. It was not predictable in the views of that time. Based on this, the researchers concluded that some element of the human factor has a greater impact on labor productivity than the technical conditions of labor. Accordingly, it was revealed that the corporate spirit and team spirit have more effect on the person than external factors (School of Human Relations).

By the way, he attributes his confession to Abraham Maslow. A few years later Abraham Maslow 1908-1970 showed in Eupsychain Management (1962 new edition entitled - Maslow Management) that both McGregor and Drucker were very wrong. He eventually concluded that different people should be governed differently. I quickly became his follower - Maslow's testimony is very impressive, but it is noteworthy that very few people paid attention to him.

In the end, the disagreement between classical and modern management will be reduced to the question - pragmatic and material profit or staff? What is managements' last stop?

The result or a change in people's lives for the better? Which principles of which school of management should we rely on?
We conducted a mini "social survey" about what management is, not by definition, but at the level of the work process and the ultimate goals. The question was as follows:
What is management - the result or change for the better? The probable answers were:

- Result
- Changing people's lives for the better
- Both together
- I find it difficult to answer

Obviously, the research methods are not preserved here, neither the study field nor the experimental fields are separated, although the ruling and managed people were interviewed separately. The ruling class includes some of the governing positions of TBC Bank, the Association of Clinics Madison, and the Georgian Technical University, and the list of people they manage is as follows:

- Technical University staff
- Also, people employed in non-managerial positions in different organizations
- Also potential future managers in the form of students studying management

The survey was also conducted on social networks, where people employed in non-managerial positions participated in the survey.

A total of 34 people working in managerial positions were interviewed, the results look as follows:

Options	Quantity	As a percentage
Result	9	26.47%
Changing peoples' lives for the better	5	14.70%
both together	20	58.80%
I find it difficult to answer	0	0

A total of 35 people working in non-managerial positions were interviewed and the results are as follows:

Options	Quantity	As a percentage
Result	5	14.28%
Changing peoples' lives for the better	19	54.28%
both together	10	28.57%
I find it difficult to answer	1	2.85%

Does management relate to people's lives and should staff inside and the client outside be a priority for the organization's management? Here again, Peter Drucker gives us the answer: “Management is much more than the use of rank and privilege, it is much more than doing things and showing results. Management is about people and their lives." Here, too, the answer is unequivocally clear: care about the staff should not be the only priority, the organization is sick if human relationships become more important than job performance and achievement, there is also a kind of pseudo-authority called good authority. Its essence is as follows: “Always be kind”. This is the motto of a soft-spoken supervisor who does not react harshly to any behavior of the staff, of course, such kindness lowers the demand and by doing this the manager renders bad service to himself and his subordinates.

The final conclusion is as follows:

- Someone in the organization should have the power to make the final decision and there should be someone who gives orders in crises
- The most important principle is that the authority should have a suitable responsibility.
- A person should have only one senior in an organization
- Individuals must be able to work at the same time in different organizational structures, for one task they can work as a team, but for another task they must work in a hierarchical and controlled structure.
- The organization needs to be transparent - people need to understand the organizational structure where they work. This is obvious but is often violated in most institutions.

Primary functions of the manager:

- The main task of the manager is to make people effective and their weaknesses insignificant
- The primary responsibility of the manager and the company is to create the client and his service
- The task is to guide peopleThe goal is to make each individuals’ strengths and knowledge productive.

No school of management is unambiguously right. There is not one organizational structure and one right way to lead people. We need to be able to choose different management styles for different situations and different times, that will work effectively in the organization at that moment, however, in terms of ultimate long-term effectiveness,

modern management principles have no alternative. Each principle and recommendation should be selected from all modern schools as needed and applied as needed. When and which of them we should use, depends on the manager's instinct. A manager who uses the right method at the right time is what Drucker calls a top-class manager-entrepreneur who is revolutionizing management, but it is a revolution without breakdowns. Stanford University professor and business consultant Jim Collins name five levels of manager from good to excellent in his book. The principles are the same on both sides, Collins after his 15 years of research calls the managers of brilliant companies strange people. At the beginning of the study, Collins's research team tried not to take into account the role of individuals in the development of the organization, but the results showed the opposite. The companies were led by rather strange managers, and their strangeness was precisely in the correct choice of management principles, they were focused on people, staff, and clients and not on pragmatic results. Focusing on people brought brilliant results itself. Elton Mayo's recommendation - the principle of individual characteristics - should be taken into account in almost all situations: “Every individual is different from each other. What is stimulating for one may have the opposite effect for the other. An experienced manager must recognize the uniqueness of each person and must consider an industrial organization as a defined social system. American writer, orator, businessman, educator, and psychologist Stephen Cavi, according to his book The 7 Habits of a Highly Effective Human/Leader, every person has almost the same desires and needs in the heart, mind, body, and soul.
Heart - treat me kindly, which gives rise to social relationships,
Mind - Develop me and then use me creatively
Body - Fight for survival, pay me fairly.
Spirit - reassuring the team that their efforts can change other people's lives for the better.
Final the primary functions of a manager are:

1. To make people effective as a result of an individual approach, and to make their weaknesses insignificant
2. Build an army of satisfied customers and serve them conscientiously
3. The primary task of a manager is to guide people
4. The primary goal is to make the strengths and knowledge of each individual productive

Conclusion

Any model of organizational development in itself is bsed on relevant scientific analysis and research, which is necessary prerequisite for the effective management of the process. Existnce of theoretical foundations provides any level acting for potential managers to give such knowledge, which is essential to make the right, timely and effective decision and which in turn determines the existence of the organization to develop in a modern rapidly changing and highly competitive environment.

Modern oranizations are moving to a new stage , which main featureless is inculcate and develop systems of integrated management .The integrated discipline of management is based on relevant scientific analysis and research which is an necessary prerequisite for effective process a management. The existence of theoretical foundations ensures potential managers such knowledge which is essential to make the right, timely and effective, and which in turn determines the existence of the organization and develop in a modern rapidly changing and highly competitive environment.

The articles discusses current issues such as:

- Goals and objectives of modern management;
- Modern concepts of management;
- International management models;
- Methodological foundations of management;
- Principes of management;
- Motivation and motivation theories;
- Social responsibility, Management ethics;
- Organization as a management function;
- Issues of determining an individuals professional inclination;
- Factors of successful professional activity;
- Innovative potential of management;
- Professionalization of management;

Objects of management can be any organization (institutions, enterprises, state bodies and others…), and its subjects- people who perform official functions and managerial tasks.

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For the Issue of the Influence of Covid Regulations on the Georgian Mentality in Business

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Abstract

The article is dedicated to the COVID-19 pandemic crisis and the shock that humanity has experienced, the new rules of world life in the crisis's wake, the new order and new conditions that are changing the face of humanity, the lifestyle, and worldview of people. According to the authors, the economic consequences of the crisis in the business sector look quite serious. The article examines the decline in economic activity because of the simultaneous shortage of supply and demand in the market, even compared to the global financial crisis of 2008-2009. The authors review the partial recovery of economic activity after the removal of quarantine restrictions and explain that the risk of stagnation remains quite high. The authors believe that social distance has decimated demand, which has had a significant impact on SME services. The authors, however, cite retail trade as an exception.

Keywords: Covid-19, small and medium business, mentality.

Introduction. The COVID-19 pandemic crisis has become a shock to people's lifestyles and their worldviews. The economic consequences of the crisis in the business sector look quite serious.

Because of the simultaneous shortage of supply and demand in the market, economic activity decreased more than it did during the global financial crisis of 2008-2009.

Following the lifting of quarantine restrictions, the economic activity has partially been restored, although the risk of stagnation remains quite high. Social distancing has drastically reduced demand, which has had a significant impact on the services provided by small and medium-sized businesses. The exception is the food retail trade. An unprecedented decline in sales has led to staff reductions in companies, such as the number of employees.

Discussion

The decline in population incomes has affected consumer behavior, which has become increasingly price sensitive. The created situation changed the user's priorities and desires. Solvency demand for cheaper goods increased, sales of elite goods and luxury goods decreased. Online sales have increased significantly. Delivery services.

The priority of online sales and delivery services, the change in production volume, the need to transform the logistics and corporate culture, the rearrangement of market priorities, the emergence of new service segments because of new realities have led companies to need to reconsider their business processes.

An unprecedented situation required an unprecedented response that would be optimal in a particular situation and should allow for the best decision-making among alternative options.

Whereas the rate of change of environmental factors in a crisis situation is quite high. Naturally, it requires a quick response. Speed increases the risk of making wrong decisions and the likelihood of making a mistake, even if not all the circumstances are taken into account by the management. But destabilization and crisis can also drive positive change - companies showing flexibility in responding to the situation, initiating crisis management and innovation.

Inactivity is an extreme situation, failure to make quick choices and the right decision means creating uncertainty in the company, which is tantamount to its demise.

Those who are able to make a quality decision and implement it can overcome the created uncertainty, but in this regard, the most important thing is the practical implementation of the decision. The secret of success lies in the realization of the decision, so it is better to have a middle strategy that we will definitely implement than the best strategic plan that we can not implement.

Management should always be motivated to make the best decision, but there are no ideal solutions, especially in a dynamically constantly changing uncertain environment.

As change is known to bring about conflicts that are unavoidable, it is the source of business life, the basis for action. The key is for management to avoid conflicts within the company, as the company is a set of subsystems that must function as a whole. Despite the difficult situation created, the new reality has given companies a chance to break through the market, seize new segments, and discover new perspectives that they could not afford before. In a pandemic environment, risks have increased significantly, the management of which is an integral part of systemic management.

Creating a comprehensive risk management system involves pre-mitigating / avoiding the effects of critical change, preparing for a response, responding, and resolving the situation. The company must have an integrated approach to the increased risks that will occur in the post-crash reality, namely market risk, credit and price risk, asset and liability management and technological risks, human resource risks, strategic and disaster risks, competition, and regulation.

A risk management system includes action, period of validity, expected benefit, or impact. The crisis has actually revealed obvious or hidden painful problems in the business before Lockdown. Consequently, the pandemic has become a catalyst for the transformation and modernization of organizational processes. That’s why companies are actively starting to transform their business and business culture.

In this process, it is important to have management behavior methods that are driven by national mentality, tradition, culture, history. Knowledge of the national mentality helps management to effectively manage the business, optimize staff and business culture, and perfect the business model.

Let us briefly review the peculiarities of the manifestation of the Georgian mentality in management, business, and business culture. National cultural differences influence the behavior of managers as they are elements of the governance process. The value system, the intensity of different needs, the picture of the world, the peculiarities of the cognitive process, the perception of risk, the ways in which relationships are formed between management and individuals influenced the style of the leader.

Business traditions were formed in Georgia (conditioning the formation of business) under the influence of natural, historical-political, and social factors, at the same time the diversity of religious and cultural customs and the arrangement of farms in Georgia contributed to the diversity of business relations.

Considering the scale of influence in the formation's history of Georgian business culture, the following main stages can be conditionally distinguished: the so-called Pre-socialist, Soviet and modern periods.

There are no strong roots of capitalist entrepreneurship in the business history of Georgia, which ensured the development of business traditions. The short period of new business development was celebrated in the early 20th century, during the existence of the

Independent Republic of Georgia (1918-1921), but after the Soviet Union, business was considered illegal for 70 years, which was enough to lose the historically established entrepreneurial skills. And Georgian entrepreneurial traditions and culture would be forgotten.

The basis of Soviet-era Georgia economic management was a state-owned planning system that practically disintegrated during the modern Georgian economic reform process after the collapse of the USSR.

During the Soviet era, the state, which was the owner, cared more about control and restrictions than about a creative approach and encouragement. The five-year economic development plans aimed at politically oriented specific tasks that were largely measured naturally. As a result, vicious events such as waste of resources, production of unnecessary products, disproportions of economic development, artificially created inefficient regional unions, fictitious execution of the plan, bribery, and other negative practices were widespread in the economy of Soviet Georgia. This negative practice of the 1970s formed the ugly mentality of the Soviet era.

After the collapse of the Soviet system, the transition to market-type management of the economy led to changes in governance behavior and forced people to reconsider their outdated views and principles. Unfortunately, there are still many negative signs of modern Georgian business culture, including a low level of business ethics. The main reason for this is that the pace of development of the institutional sphere in Georgia is slowing down and does not correspond to the principled and drastic changes in the value system.

First of all, the socialist system, which preached collectivism and the absence of individual (private) values, changed the market economic system, based on entrepreneurship, diversity of forms of ownership of industrial assets, free-market pricing, contractual relations between the subjects of trade, state relations.

Radical changes have been accompanied by adequate development in politics, economics, and the social sphere. Given the environmental conditions of the new system, including the existing experience, knowledge mentality, communications, infrastructure, the reform process was accompanied by a mix of definitions and values. It has become difficult to correctly identify and evaluate ethical or unethical norms. Determining right and wrong positions. This affected both daily life and business behaviors.

Despite the difficulties, the process of Georgia's integration into the world system, the impact of globalization, and membership in the World Trade Organization have required Georgia to develop a certain concept in the field of governance.

Many foreign and Georgian scholars have tried to analyze the Georgian business culture by highlighting its main features, focusing on its strengths and weaknesses, and its historical origins. On the negative impact of the 70-year period of the communist regime.

At present, there is no standard definition of Georgian business, although there are some parallels between the concepts of individual scholars in this regard.

Many studies focus on the negative traits of the Georgian people, such as jealousy, carelessness, and lack of initiative, which are resulting from historical events and regimes operating in different periods, although some experts believe some traits are hypertrophied or belong to earlier periods of Georgian development. Does not represent its basic characteristics.

Georgian ethnosociology is now focused on the West (USA, Western Europe) and not on the East. While the Eastern tradition (e. g., Japanese) ethnology is characterized by the predominance of theory over practice, the Western tradition has a pronounced practical, instrumental character - it is concerned not so much with the causes and in-depth nature of research, but with the means of applying it.

Very often, Georgian and foreign researchers agree it can draw some parallels between the recognized and Georgian analogs in the Western world. The following features of the Georgian mentality are typical for the Georgian style of management:

- Attitude towards wealth.
- High rate of power distance. Georgian daily management practice manifests itself as a high hierarchy, special attitude towards leadership. The high level of power in Georgia leads to centralization, an autocratic style of decision-making, and the need for constant control of subordinates.
- The advantage of collectivism over individualism.
- High level of avoidance of uncertainty. According to sociologists, Georgians are not characterized by long-term plans.
- Femininity of business culture. It means that it is focused not on the goal „life for work“, but on the goal of “work for life“. The so-called In female cultures, constant attention to employees is valued, good relationships within the workforce, lack of desire to compete, support for the weak. Managers focus on human relationships, humanity, prone to compromise. Spiritual values prevail over material ones, work is seen not as a goal but as a means of ensuring a comfortable life. Recently, however, this trait has undergone some transformation.
- Georgians are characterized by over-mobilization and demobilization in ordinary situations, which was dictated by a tiring struggle for self-preservation in unstable

conditions. Unrhythmic, „intermittent“ work habits are reflected in all types of areas of activity.

- Resistance and striving for extremes. Dualism, duplication, and sometimes even contradiction, are some of the clear features of Georgian business culture. According to researchers, Georgia occupies an intermediate position between polyactive and reactive cultures.
- Disrespect for laws and norms, ie striving to „bypass“ the law. The „shadow sector“ in Georgia traditionally has a large impact on business. There is a constant desire among the Georgian people to deceive any system, and the correctness of the decision is sometimes determined by the opinion of the majority and not by law. Some foreign scholars see the main reason for this phenomenon in the fact that the Georgian legislative system is built in such a way that it is impossible to comply with the laws and was successful.
- The Georgian Orthodox Church has had other influences on the entrepreneurial culture, persecuting people for their faith because of their faith. The closure of economic relations in Georgian entertaining communities developed trust, the passivity of the given word, mutual assistance, and support.

Conclusion

In the process of analyzing the Georgian style of management, its negative signs should be mentioned separately. For example, there is often talk of insufficient professional competence of Georgian managers in some management procedures.

The positive qualities of Georgians in relation to the management process are also worth mentioning: propensity for innovation, original decisions, and risk, ability to work intensively. Recently, Georgians have shown qualities such as a sense of common cause and team membership, a willingness to help unselfishly, and a tendency to obey an informal leader.

The practice of developing business cultures of other countries argues that countries that are successful in their economic development have for many years created a management system based on their own culture and harmoniously adapted to the peculiarities of the business environment. While the foreign technologies used only organically complemented the existing model.

We believe that in a modern crisis environment in Georgia there are all the resources (including the education system) to develop a modernized business model of management, due to the historically established mentality and the synthesis of the modern mentality formed as a result of the crisis. This will help establish a business model of creative management so that Georgian management can respond to today's challenge:

1. Ensuring the company's ability to exist in uncertain circumstances in the face of a modern crisis.
2. Rapid response to changes in environmental factors. In this case, however, management should be aware that the momentary pause may renew the need for the impact of the changes and the proper evaluation of their consequences.
3. Focus on adapting the management model to a rapidly changing environment. In this regard, traditional business models need to be revised to ensure a rapid response to change and urgent decision-making.
4. Make compromises, identify them if necessary and set priorities;
5. Quickly receive, use and disseminate information for instant response, using the appropriate digital platform.
6. Reach for external support based on customer interests and needs.

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Internet Market Development Trends in Georgia

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Abstract:

The evaluation of the Internet connection showed that certain strategic actions are needed to make the Internet service in Georgia quality, the environment competitive, to have a high level of service and technical support. The internet connection in Georgia should be accessible and high quality for everyone, the internet infrastructure should be perfect, the institutions operating in the internet market should be transparent and competitive.It is the formation of the information society, the economic growth of the country, raising the level of education of the society, etc., depending on how easily this or that information is accessible to any member of the society and what is the information environment of the country.

Keywords: Internet, Market, Development, Service, Institutions.

Introduction

Georgian electronic communications segment is characterized by economic attractiveness, which is reflected in the growth of revenues of the electronic communications market. In general, it should be noted that the revenues of the communications sector, since 2016, are characterized by an annual growth trend of 20%, while in 2015 the annual growth rate reached 42%, however, in 2014 the growth rate was 11.2%, in 2013 - 16,7%. It should be noted that this increase was observed against the background of lowering the level of electronic communications service tariffs. At the same time, the share of this sector in the total GDP is characterized by systematic growth. Investments are growing, employment is in high demand for specialists in this field.During the mentioned period, the incomes of the internet service providers operating in the Georgian internet market also increased. It is true that ISP revenues tend to increase in numbers, but in percentage terms they are characterized by a variable trend.

Discussion

The following ratio of Internet users has been revealed on the Georgian Internet market: 60% of the total number of users is in Tbilisi, and 40% in the regions. Internet use in Georgia is mainly represented by work and home Internet channels (33% and 31% respectively). Relatively there is less (18%) usage of the Internet through educational institutions for certain activities. The share of services provided by the Internet cafe is 14%. Very little use of the library (Internet access is free in these facilities) and other means (through friends, relatives, friends, etc.) (2% each). [1]

Quite a solid segment is the group of people (15% of users) who use several channels of Internet access. Internet use at home and at work accounts for 8% of the total number, 4% of consumers go to home and educational institutions, 3% to Internet cafes and libraries. In order to be aware of the current processes, discoveries or other news in the Georgian Internet market, Georgian users use various means of communication through which they are informed.

The survey showed that Georgian consumers receive information about the Internet market mainly from friends (30%), e-mail (23%) and advertising (22%). Relatively little information is received by electronic press (10%), colleagues (9%) and specialists (4.5%). A small part of the audience receives information independently, in particular through Internet search, television and other channels, which account for up to 0.5% of the total. [2]

However, 34% of respondents use several sources of information. The last 10 years can be considered as the period of formation of the Georgian Internet consumer market, however, the creation of the main segment has less history. In fact, the internet usage time of the internet users in the market is 2 years, the number of new internet subscribers who have been using the internet for 6 months is quite high. 25% of users use the Internet for more than 2 years (2-10 years). The survey of Internet consumption intensity showed that the majority of users (83%) use the Internet every day and often, i.e. several times a week, including 34% of users use the Internet daily, 49% several times a week, 5.5% once a week, 8.5% several times a month and only 3% once a month. The research revealed the goals and interests of Internet users. It became clear that the respondents access the Internet mainly for sending / receiving e-mail, i.e. for communication, because it is an effective, pragmatic, convenient, economical and modern means of communication. The main subject of interest on the Internet is searching or browsing of information. In 3rd and 4th place come the use of entertainment and video-audio films. Also popular are: photography, photo uploading / viewing, automobiles, motorcycles, downloading and reading online publications / books, sports, sports equipment (inventory), playing / partnering online, economics, business, culture, art, etc. [3]

English, Georgian and Russian are the priority languages in the Georgian Internet market in order to use information technologies, communication, computer and Internet relations, information retrieval, competitiveness in the human resources market, level of education. Our research shows that they account for 96% of the languages used in the Georgian Internet market, where the share of each is very high. [4]

The activity of Georgian Internet users in the electronic market is relatively low. Only half of the consumers in the surveyed segment use Internet services. The reason for this is the delayed development of the Internet market in our country, the slow growth of the plastic card market, the difficult economic and social situation of the population, the low activity of market participants, the low level of development of Georgian electronic technologies. The survey of consumer activity towards certain types of Internet services gives such a picture: 24% of the surveyed users use the online store, 21% apply to the Internet bank, 18% make cash payments.

14% pays taxes online, auctioneers - 13%, ticket booking 6%, and other segment of the electronic market (Internet - casino, GPRS, payroll, etc.) - 4%. The Internet market has also identified individuals who use multiple network systems simultaneously. Their number is quite small and makes up 4% of the total number of customers. [5]

In general, Georgian Internet users express a negative attitude towards Georgian online stores and note that mainly foreign online stores are better. This is not surprising, since the establishment and development of e-business with us, including online stores, has been quite late. Increasing the competitiveness of Georgian products in the world market will contribute to the development of e-business in our country. This is achieved by enhancing economic processes and facilitating production and turnover by the state.

70% of the total number are postal, search, entertainment and corporate type sites. The most in demand are search servers (18%) and entertainment sites (16%), followed by mail (13%) and corporate servers (13%), and the share of educational, government, music, sports and news sites separately is 10%. The survey of Internet users evaluated Georgian websites, revealed the disadvantages and problems that are typical for the Georgian website market. In particular, the main problem of Georgian websites is the lack of popularity (17%), less information in the native language (15%), updates (14%), less advertising (13%), original design (12%), lack of interest (10%), structure expansion (9%), dynamic menu (3%), flash animations (2%).

At the same time, a large number of segments of the daily computer market are occupied by the circle of people with higher education. Observing their consumer behavior and motivation can lead to the following: [6]

- The economic and social status of such users is relatively high;
- The active position of working with the computer and the sense of participation in the processes of computer technology cause two benefits to Georgian users: the first is to get the necessary expectations while using the computer and the second is to feel satisfied with the experience accumulated in the virtual mode;
- Having computer and Internet technologies, organizations should use differentiated approaches when working with Georgian consumers;
- Georgian consumers initiate the purchase of Internet products only through interactive communication - through a site that is integrated with the structure of the company. It is therefore necessary to develop flexible ways of defining and managing their perceptions, attitudes and values;
- Due to the diversity of information and the perfection of technologies, Georgian consumers are in demand for the quality of computer Internet services;
- Due to the proliferation and efficiency of computer information systems, the values and areas of interest of Georgian consumers are high, and the Georgian computer market and usage intensity is dynamically increasing;
- Consumer behavior and motivation in the Georgian Internet market can be determined only through marketing information.

Conclusion:

Clearly, the development of telecommunications networks is associated with high costs, so the interests of Internet providers are also focused on large cities and settlements, as the low socio-economic situation in the regions affects the demand for communications. This has the effect of expanding the communication area of the business sector and, consequently, the communication infrastructure is developing unevenly across the country. It is true that the Georgian government, in its action plan, considered telecommunications as one of the priority sectors of the country's economy, reduced the volume of taxes and the number of business licenses and permits, activated the privatization process, reduced customs duties on imports. But so far the country has not developed a national strategy for the development of the Internet market across the country, which will develop the telecommunications network, the process of building an information society, re-equipping the media and communications facilities by European standards and their cooperation with the network of developed countries.

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Export Potential of the West Georgian Agricultural Sector

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Abstract

The world's most developed country experience clearly shows that the export policy production, investing its national economy and foreign investments in terms of priority areas improves the competitiveness of domestic production and is realistically possible to achieve economic growth.

Georgia has a very important economic, industrial and labor-technical potential, as well as natural - climatic conditions, which ensures a high level of scale and export potential.

The paper deals with potential export of the nuts, subtropical crops and blueberries, which is demand in neighboring markets as well as in European markets.

According to statistical data of the three products in recent years, demand has increased significantly. It is desirable to develop a similar program for the citrus production anda special program for blueberries, under which the Ministry of Agriculture emissions subsidies, which will help to further the export of Agriculture and the country's economic growth.

Keywords: Agricultural Sector, nutproduction, citrus culture, blueberries production

Introduction

The experience of many developed countries of the world convincingly proves that by developing a correct export policy, investing our own foreign investments in priority sectors of the national economy, increasing the competitiveness of domestic products, it is possible to achieve economic growth and progress in all areas.

Our country has significant economic, production, technical and labor potential, which provides a fairly large scale and level of export potential. With the right work, the joint efforts of scientists and practitioners, one can achieve serious success in export policy. Moreover, all over the world, each country with its geopolitical position, natural and climatic conditions, historically established culture of economic activity, customs. According to moral norms, the peculiarities of production, exchange, distribution and consumption of goods, it occupies a different place in the international business space. In this respect, Georgia, which is located at the crossroads of Europe and Asia and plays the role of an important political and economic corridor, stands out for its unique and specific features. This circumstance presents Georgia as a favorable country from the point of view of world business development, the potential of which has not yet been fully utilized.

An important condition for agricultural production is the minimum threshold temperatures allowing the spread of certain crops. So, for example, subtropical crops (tea, citrus fruits) can be grown in Georgia only in the Black Sea region, up to about 200 m above sea level, because frosts are expected on the heights, during which these crops die.

Hazelnut culture is one of the most important for agriculture in Georgia. This culture is well adapted to local ecological and climatic conditions. The hazelnut culture is mainly widespread in the subtropical zone of the Black Sea of western Georgia - on the plains of Samegrelo and Abkhazia, as well as in the regions of Guria and Imereti. Thus, nuts are one of the sources of income for these regions.Due to the rich natural conditions in Georgia, there are about 30 types of hazelnut varieties: Anakliuri, Gulshishvela, Shveliskura, Tsaritsa's finger, etc.

On the basis of laboratory studies, it was found that hazelnut varieties grown in Georgia are high in calories. Caloric content is 62-72%, which is 7-8% higher than that of Turkish, Spanish, Greek and Italian varieties.

Nuts are in particularly high demand on the world market today. Georgian hazelnuts, due to their high quality and taste properties, have great prospects and, as a result, are in growing demand. Nuts are the largest and most strategically important industry for Georgia.As of 2014, the total value of the export of hazelnuts from Georgia is $ 183.4 million. US dollars, while in 2015 it amounted to 176.6 million US dollars. With these data, wine exports have exceeded and moved to the first place among Georgia's agricultural exports.

Europe is one of the largest markets for producers and exporters of nuts and dried fruits. Germany (373.1 tons) and the Kingdom of the Netherlands (242.1 tons) consume the largest share of this product from the EU countries. This is facilitated by a well-developed trade infrastructure and high demand.

Under good climatic conditions, the harvest of widespread varieties of hazelnuts in Georgia (as a result of processing, in particular drying and removal of shells) yields about

7000 tons of hazelnut kernels. Basically, hazelnuts are produced in Western Georgia; Most of the raw materials are processed here.

95% of the hazelnuts produced and processed in Georgia are exported and successfully sold to the countries of Eastern and Western Europe (Italy, France, Germany, Holland, Belgium, Spain, Ukraine, the Baltic states).

If several years ago Georgian hazelnuts were sold raw (whole), today this product is mainly sold in processed form (dried, roasted, chopped hazelnuts). The need for this arises due to trends in the international market, and the opportunity is created thanks to the capacities of the hazelnut industry developed domestically.

One important circumstance was also revealed, namely, that most of the newly planted hazelnuts are located in those areas where the tea crops was grown. The hazelnut crops is distinguished by the fact that it does not require large capital investments, requires less time and less requirements for climatic conditions.

It is a fact that due to market demand, many regions of Western Georgia have changed their profile and made priority sectors for which there is a high demand in the world market.

Citrus crops have been known in Georgia since the 12th century. Its industry first emerged in the late nineteenth and early twentieth centuries. In the former USSR, more than 90% of citrus plantations came from Western Georgia, where tangerines, oranges, lemons, grapefruits and others were grown outdoors.Georgian specialists are carrying out fruitful scientific work on the distribution of citrus fruits and the production of new varieties. Measures for the maintenance of citrus crops and an agrotechnical program have been developed. Abundant and early varieties of tangerine, frosty lemon "Dioscuria", and umbilical cord orange were obtained.

In 2012, citrus orchards of the Chakvi Citrus Nursery of the Agroservice Center of the Ministry of Agriculture were planted in Adjara on an area of 21.0 hectares and a sown area of 15 hectares.

There are 28 varieties of mandarin, 16 oranges, 14 lemons, 6 pomelos, 3 grapefruits, 3 kinkans, and 1 orange.

In 2007-2011, the government did not provide any subsidies for white citrus fruits, while in 2013 the government allocated 12 million GEL for subsidizing citrus fruits, which would add 0.15 GEL to 1 kg of standard citrus exported to the farmer. GEL 1.8 million has been allocated to subsidize non-standard citrus fruits.

Table 1. Citrus production in Georgia

Year	Citrus (thousand tons)
2011	54.9
2012	77.0
2013	110.4
2014	76.2
2015	85.5

*** National Statistical Office of Georgia**

As of 2013, the export of citrus fruits from Georgia has increased. According to statistics, in 2013, 37,936.7 tons of citrus fruits were exported from Georgia in the amount of 20 187.7 thousand dollars, and in 2012, 17 129.0 tons of citrus fruits were exported from Georgia in the amount of 7 669.8 thousand dollars.

Table 2. Citrus production by type

Citrus (thousand tons) including:	2011	2012	2013	2014	2015
mandarin	53.1	71.1	107.1	71.8	78.6
orange	0.6	3.5	1.4	1.9	3.6
lemon	1.2	2.4	1.9	2.5	3.3

*** National Statistical Office of Georgia**

According to statistics, in terms of export volume of citrus fruits, the number one exporting country of Georgia is Ukraine, where in 2013 20 607.5 tons of citrus fruits were exported to the amount of 9 195.0 thousand dollars. In 2014, Russia was also an important market, where 12,088.4 tons of citrus fruits were exported. In 2012, Russia exported 19.3 tons of citrus fruits.

In 2015, the export of citrus fruits amounted to 13.4 million pieces. US dollars (9% and $ 1.3 million less). The main export supplies were carried out to Russia (72%), Ukraine (14%) and Azerbaijan (8%).

Imports of raw berries to the EU have doubled over the past 5 years. In 2014 alone, imports from non-EU countries reached around 400 million euros, of which 72% came from developing countries. The demand is growing every year, which cannot satisfy local production. Imports of raw berries to the EU have doubled over the past 5 years. In 2014 alone, imports from non-EU countries reached around 400 million euros, of which 72% came from developing countries. The demand is growing every year, which cannot satisfy local production.

American blueberries, well adapted to the climatic conditions of the highlands of Guria and Adjara, are in great demand in the world market due to their unique properties. 12 tons of blueberries grown in Georgia entered the UK market for the first time this year. It is now also exported to Russia. If in Russia 1 kg of blueberries costs 3.5 euros, then on the EU market its price ranges from 4 to 10 euros.

Company "Vanrik Agro Group" started growing blueberries in the village of Laituri, Ozurgeti region at the end of 2012. $ 5 million was invested in the project. Currently, the blueberry plantation is cultivated on 50 hectares. In the near future, the company's management intends to expand the farm to 400 hectares.

Georgian farmers became interested in blueberries after learning about the USAID study. At the first stage, 147 thousand seedlings were planted. 16 varieties of blueberries are grown and harvested by August 15th. All varieties bear fruit at different times. Blueberries grown in Georgia have a special taste and are very popular in the European market. 12 tons of blueberries were imported to the British market, and 25 tons to the Russian market. Vanrik Agro Group packs blueberries in 200 gram and 4 kg packages. American berries adapted to Georgian soil are also sold in the local market. The price of 1 kg of blueberries in Georgia ranges from 3 to 9 GEL. Vanrik Agro Group also plans to build a blueberry processing plant. Arrangement of the technological line has already begun. The demand for blueberries in the world is growing every year and it is profitable to grow them. Since 2016, Vanrik Agro Group expects to harvest about 50 tons of the crop. The products will be exported mainly to the EU countries.

For this purpose, a memorandum has already been signed with a Polish company - this Polish company will import blueberries grown in Georgia to European countries.

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Image of the Country in Promoting Educational Service on the Global Market

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Abstract

In this article, the authors will consider how the country's image affects the beliefs of consumers about products (services) and, in turn, their attitude towards the manufacturer's brand. The article defines how the image of a country, which is a general reflection of the perception of a country by consumers, is formed from the concept of a country of origin. The authors adhere to the idea that the image of a country can improve or worsen consumers' perception of the quality of products, as well as influence the decision of students to choose a university in a particular country.

Keywords: image, education, university, country of origin, competition.

Introduction

All over the world, educational organizations, like consumer goods and services, strive to create a positive image. They use a variety of marketing communications strategies and branding for their “product”, including names, logos, symbols, slogans, etc.

The distinctive visual identification of the university leads to its favorable perception, which, in turn, increases the performance of teachers and students, inspires them, improves the perception of the university by the external environment.

Universities with a positive image can charge higher tuition fees, pay less for intermediary services, attract and retain the best students, employees, and actively engage with their target audiences and even competitors.

Discussion

Currently, educational institutions of higher education operate in a dynamic environment with fierce competition and many comparable alternatives. All over the world, universities are forced to compete for public and private funding and for potential students. To survive this competition, some educational organizations focus on their historical heritage, stability, academic reputation and position themselves as guardians of tradition and experience. Those who cannot emphasize their historical heritage or, conversely, innovativeness, position themselves as flexible structures ready to meet students' needs.

Abroad, many universities shape their image with such simple things as choosing a Latin phrase for a motto or determining a color scheme for a sports uniform. For example, the University of California began by creating a set of standards and formats for interacting with various media.

UK universities are focusing on rankings and focusing efforts on creating powerful feelings of identification in graduates with their alma mater. With second-tier universities, an emphasis drives success on excellent geographic location, simple strategies and programs for image formation, representation in the media, and internal support for all processes and innovations by staff and students.

Back in the middle of the twentieth century, E. Diecher [1] said that “the little phrase “made in...“ can have a tremendous impact on the perception and success of products. Foreign researchers [2] noted the growing importance of the country's image for consumers, marketers, and government officials. This was due to the use of “made in” as a key to consumers trying to simplify information processing in a highly diverse environment in today's markets; companies wishing to determine the unique position of their product in highly competitive markets; governments focused on protecting domestic producers or promoting exports.

In some countries, consumers prefer domestic products to foreign ones, while in other countries the situation is the opposite. According to such consumers, foreign brands are more recognizable and memorable than domestic ones. A. Nagashima suggested that this may be due to the fact that foreign names stand out against the background of those written in the native language [3]. This “memorability” factor underlines the importance of the country of origin in international marketing.

In higher education and the 'country of origin' of universities, the same trends and stereotypes persist as for consumer products 30 years ago. Educational institutions located in the UK, USA, Germany, Australia, Canada, Japan actively use the attractive image of their countries when forming their image and promoting educational services on the world market. Although not always behind the concept of “British college” or “American university” there is an educational institution of the level that a foreign student presupposes when choosing a place to study.

In the future, the liberalization of international trade in the field of higher education will intensify, which is already legally enshrined in the inclusion of the export of educational services in the WTO General Agreement on Trade and Services. This gave rise to the philosophy of exporting higher education.

A number of authors [5] argue that higher education is gradually becoming a highly profitable branch of the economy, which is based on foreign and domestic students and their funds. Australia, the United Kingdom, and the United States each year host 36% of all international exchange students. The economic impact of international students is enormous.

Given the importance of international students, there is a need to be aware of the increasing competition among providers of higher education. Despite the globalization of the educational services market, there is little literature on the impact of the country's image in the context of services, especially international educational services.

Meanwhile, the country's image is especially important for services such as education, since they are difficult to assess in advance and the risk of perception is high, which can affect student preferences. The intangible nature of educational services makes it difficult to assess their quality. Understanding what ultimately influences the final choice of the student will help educational service providers implement more effective marketing strategies and activities to shape their image. A number of scientists [4, 5] hypothesized that the country's image is important when foreign students choose a place to study.

In the case of higher education, consider the following example. The degree curriculum (service) was developed at an Australian university (country of origin), but the training itself is conducted in Malaysia, in an overseas branch, or through distance learning online. If the proper quality of education is not ensured in the overseas branch, then the image of the Australian university will also be damaged. In addition, studying in an overseas branch will initially be perceived as biased by students, the physical location of the service provider in Malaysia will influence perception, and students may think that the quality of the services provided to them is lower than at the Australian university itself. A favorable image of the country can be used in the context of promoting educational services in foreign markets [6].

Thus, the image of the UK as a country is very strong and positive and has a beneficial effect on the image of British education. The UK's image allows it to effectively compete with Germany and Canada, which explains the increasing marketing activity from British universities. According to research, most international students do not see a significant difference between a diploma from Oxford University and a diploma from Oxford Brooks University; for them, it is only important that the diploma is obtained in the UK.

Conclusion

Thus, we can say that the more positive the country's image, the more information about its higher education institutions is presented on the international education market, the more opportunities to attract foreign students and funding.

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Changing Management Paradigms

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Abstract. In this article, the authors investigate the most fundamental feature of the processes taking place in the modern economy–the reorientation from the production of material goods to the production of services. The authors argue that in the service sector of the economy from the point of view of changes in the structure of work, the most intensive changes occur where the production and consumption of services are closely related to each other. The authors conclude that the market is driven by a management model that relies on engagement and front-line staff with training and pay for all tasks at all levels of the organization. Another concluding comment by the authors is that there is a difference between production and service-oriented management models. According to the authors, a new customer-oriented accounting model needs to be developed.

Keywords: production of services; consumption of services; service-oriented management models.

Introduction

The economic history of the twentieth century is partly confirmed by D. Bell's theoretical concept of the stages of development of civilization in pre-industrial, industrial, and post-industrial societies [5]. The most economically developed countries of the West entered the stage of post-industrial development more than 20 years ago. This circumstance allowed Francis Fukuyama to surprise the intellectual community at one time, prophesying about the end of history. According to Fukuyama, humanity has already reached the final forms of optimal state organization and economic development. In other words, Fukuyama believed that civilization had come to the creation of a "progress matrix" scheme, which leaves no room for individual countries to choose their own, special path of development. Today, when the philosopher himself rejected his previous concepts, we can talk about the complete unpredictability of the world, impending chaos, the impossibility of sharing experience with other developing countries. Nevertheless, humanity could not help finding a way out of the dead-end of its so-called evolution.

Discussion

According to the general recognition of the supporters of the post-industrial society, the most fundamental sign of the ongoing processes is the reorientation of production from the production of material goods to the provision of services and information processing. In turn, in the economic sphere of services, in terms of changes in the structure of the labor force and employment, these processes are most intense not Section 3. Management in those areas where traditional services are offered (household, transport, trade), but in those where people and consumed their services are closely related to each other. Thus, modern views on the future of society are associated with personal and professional development and improvement of the person himself. This leads to the identification of long and complex chains of personal and social needs as the main task, for example, favorable living conditions, health care, awareness-raising, human intellectual development, and other areas. Accordingly, at the top of this chain of needs should be healthcare, leisure and entertainment, telecommunications, and other industries, as well as the infrastructure that supports them.

In the twentieth century, fundamental changes in the nature and orientation of modern society led to the replacement of specific economic models of development and the corresponding paradigms of managing economic objects in a chronology that fully coincides with Bell's chronology:

− The beginning of the XX century is a period characterized by the orientation of companies towards production capabilities, the effective use of their resource potential, and the offer to consumers what the business entity considers necessary to produce (a striking example of such products is the serial production of standard products over the course of many years);

− The middle of the 50s – the period of dominance of the marketing approach with a focus on large segments of the mass market;

− The modern stage of economic development is characterized by the fact that the main issue of business success is the needs of client groups and, if possible, a specific client. The national economies of developed countries, which have passed to the post-industrial stage, are moving from mass production of standard products to highly specialized and small forms of production, taking into account individual needs.

The latter phenomenon, first introduced in England and then in international scientific literature and business practice, is known as customization and means a unique, individual approach to creating a product and meeting the needs of a particular client. This is not only ethically attractive but also beneficial from an economic point of view, as it creates a concrete advantage for the customer by providing more value and quality. This concept has been scientifically developed among a number of researchers and has received the name "service factory" when its objects refer not only to the service sector but also to any business activity, externalization of business processes, a network of partnerships (often with a rather narrow content system). Creation of the term–"outsourcing". Under these conditions, the application of the principles and methods of operation of the "service factory" is seen as a competitive necessity, which is often referred to as a service imperative [3].

Thus, the provision of services aimed at meeting the specific personal and corporate needs of the client is carried out mainly by modern organizations, including its concepts, methods, and tools are used to manage service organizations, and competitive operating strategies are determined based on the best delivery skills services. A society whose economic institutions are willing to adopt such approaches becomes truly service-oriented, along with the transformation of the industrial economy into a service-oriented economy.

For the development of service theory and, in particular, the theory of service management, it is necessary to identify a number of still changing management paradigms. Let us agree that paradigms are made up of values and procedures that determine our thinking and beliefs and, accordingly, the behavior of the organization. In this context, paradigms are part of organizational culture and, in theory, form the basis of scientific research. For paradigms to underpin innovation and change, they must first be defined – this is the first step in verifying their adequacy and taking advantage of new management approaches and practices.

To determine the essence of values associated with the characteristics of a particular type of managerial thinking, three management paradigms can be distinguished: production, bureaucratic and legal, and service. It should be especially noted that paradigms cannot be named according to the type of organization from which they originated. The role of paradigms is that they represent an archetype.

The manufacturing paradigm is product-oriented. She focuses on technology research and projects, design, mass production, mass marketing, large-scale operations, automation, computer technology, and specialization. Productivity plays an important role here, and therefore the paradigm focuses on cost and capital use, while quality is reduced to adherence to technical standards and specifications.

The scientific approach to management is problematic in the sense that it is standardized. This philosophy is based on the concepts of authors of the late nineteenth and early twentieth centuries, such as Frederick Taylor, Henry Ford, and others. The idea is that the organization will be more efficient if the emphasis is on the division of labor and specialization. According to scientific leadership, the efficiency within each specialization becomes maximum or, in extreme cases, optimal. This concept worked quite effectively throughout the twentieth century. The industrial management paradigm is rooted in the manufacturing sector and is still used by many service organizations today. Organizations using this approach find positioning strategy, promotion, and advertising to generate sales revenue; At the same time, labor and other operating costs should be kept to a minimum. In general, the industrial paradigm focuses on revenue and operating costs and does not consider the role of staff in meeting customer needs and generating significant profits [1]. Industrialists believe that good workers are hard to find.

The industrial model supports the idea that "everything is the same, so it is better to trust people than technology, machines, and systems." [4]. Adherents of this approach believe that most service providers are indifferent, low-skilled, and unable to do anything but simple tasks. Thus, the workplaces in the industrial model are narrow and leave almost no room for service personnel to make independent decisions. To reduce operating costs, many firms, following the industrial model, are replacing their permanent staff with less experienced and less dedicated temporary workers. In some cases, employees are laid off in order to minimize the company's operating costs until the conditions for mandatory wage increases and other benefits are introduced. However, with the development of post-industrial society, this approach no longer "works", because society has reached a state where a service is important, and service is not a function, but a process that includes many business functions.

Conclusion.

The three types of paradigms discussed highlight different aspects of governance. The discipline, precision, and standardization of the manufacturing paradigm can be used in part in service operations as well as in efforts to treat clients with respect in the context of the legal-bureaucratic paradigm. The appeal to the service paradigm occurs in all types of organizations, but the transition period lasts a long time, so the paradigm of management services in practice is often more fashionable rhetoric than the actual activity. Achieving leadership in the service sector and economic well-being is becoming the main task of single enterprises. This problem is all the more relevant both for theory and practice. We can only wish the service paradigm to be at the center of all types of business in the future.

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UDC 338.2

Modern Values of Service Management and Boundaries of the Subject Area

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Abstract. In the article, the authors discuss the concept of "Service Management," which is becoming an increasingly used term. According to the authors, the service is an amalgamation of various disciplines. The service includes competition, interactive and internal marketing, long-term relationships, concepts and models of perception of the quality of services often used by sellers; psychology of communication with people; operations performed by the customer and the external environment; approach to the implementation and refinement of the concept; operations management and service guarantees; focusing on the market economy and promoting customer base analysis, etc. All the above are just a few of the important components. We must hope that future research will broaden and deepen the perspective of service industries.

Keywords: Service-management, modern concepts, subject boundaries.

The concept of “service management” enteredscientific and practical use in Sweden and Englandin the early 80 s. Since then, it has gradually becomea generic term that reflects the general point of view of disciplines such as marketing, organization theory,human resource management, and operations management.

Service management as a perspective has emergedwithin at least 5 different disciplines, namely marketing, operational management, organization theory,human resource management, and service quality management. Finally, the sixth part of the educationalprocess can be considered the activities of career man-agers and consultants, whose approach was initiallygreatly influenced by well-known service companies, especially SAS (Scandinavian Airlines System), thehotel and travel company Club Med, professional services (Andersen Consulting), Experience in logistics management (Federal Express), retailers (Wal-Mart)and others. To these areas are also added individualwriters of other disciplines (for example, the theoryof the firm).

However, it should be noted that researchers interested in services often did not even try to change the old models and concepts of management. This is especially true of the so-called "Scandinavian school" that emerged in the mid-1970s when marketing was seen as an area inseparable from general management. Instead, a completely new approach to the problem of managing various aspects of service organizations was taken and this was the beginning of what RichardNorman would later call "service management."

We discuss the essence of service management, which includes:

1. Usefulness (value) that customers receive when using the organization's independent services or in combination with real physical goods;
2. The process by which an organization (people,technology and physical resources, systems and customers) can produce and provide utility or quality;
3. The process by which an organization shouldbe developed and managed in such a way as to achieve the desired utility or quality;
4. The organizational function by which this utility or quality is achieved, as well as the goals andinterests of the parties involved (organizations, customers, other stakeholders).

Karl Albrecht offers a shorter explanation. He believes that some of the above definition is outdated, but it clearly shows closeness to some of the key aspects of service management in the proposed definition: "Service management is a total organizational approach that makes customer experience perceived quality of service and is the main driving force be-hind business operations."

The content of the above explanations shows the basic idea and importance of service management. The 5 key aspects of the service management conceptcan be summarized from the following points of view:

1. In terms of overall management, which shouldcover all areas of decision making and not be limited to providing management principles for a specific function such as customer service;
2. From the point of view of client managementor the stock market (not only from the point of viewof the criteria of internal efficiency);
3. From a full point of view, emphasizing the importance of internal organizational and cross-functional cooperation;
4. From the point of view of quality managementas an integral part of service management, and not a separate problem;
5. In terms of supporting existing internal staff development commitments, goals, and strategies.

Hence, from a methodological point of view, the study of service management should be associatedwith the search for a typical service enterprise with atypical, stable, repetitive internal organizational environment. This follows from the following principles:

a) The repeatability of the environmental parameters of the tasks of service enterprises;

b) Management decisions and strategies.

Discussion of general problems of service management, in our opinion, requires the connection of its conceptual vision with the mechanism and parameters of practical implementation, primarilythrough the development of design processes forservice systems, procedures, strategies, and business plans. In this respect, the integration of actionsbetween the management functions of the service enterprise (marketing, operations, and human re-source management) is at the heart of the servicemanagement problem.

Service firms were the first to discover the problems caused by the old governance structure. Initially,marketers were interested in studying specific problems of the service. The development of new models,concepts, and tools based on the characteristics ofservices, their production, and delivery began in the 1970s. These issues have been the subject of doctoraldissertations and articles in the past, offering a description of the nature of the service and identifying problems in service marketing. The work of Wilson (1972) and Ratmel (1974) on professional servicesand the service sector pioneered the study of markeging problems in such firms.

Other areas of research on the nature and nature of customer relationships (operations, service provision, delivery processes) have been discussed separately by management researchers. Service quality has been proven to be created and perceived differently from traditional manufacturing models. However, researchers interested in services often did not even try to change old management models and concepts in order to benefit from their services. Especially for the Scandinavian school, which dates back to the 1970s, when marketing as an area was notyet separated from general management. Instead, acompletely new approach was taken to the problem of managing various aspects of service organizations, which Richard Norman (1982–1984) later called "service management."

The long-term perspective typical of service management has a significant impact on marketing. This is clearly considered to be in line with currentbusiness trends (Kotler, 1992). Partnerships andnetworks, as well as strategic alliances formed in international business in many areas, are becomingincreasingly important in domestic markets – this is the conclusion of Frederick Webster in his analysisof current business trends.

A uniform approach to service management has had several implications. In marketing, he clearly showed the need to promote the concept of a seller. Hamson introduced the concept of "part-time sales-people", which was a great achievement for all of thefirm's non-marketing staff, who usually have no business knowledge, but care about customer contactand thus influence customer behavior. Thus, it was concluded that every worker is a seller in a given situation (Grenroes, 1982; and Hamson, 1990; see alsoWebster, 1998).

Output. The term "service management" is becoming more common, referring to an overall perspective. But the point of view itself arose much earlier than the term, entering the conceptual apparatus of such disciplines as marketing, organization theory, human resource management, and operations management.

Various disciplines have made specific contributions to service management.

For example:

- servicecompetition;
- longterm relationship marketing;
- internal marketing;
- freelance provider concept and service quality perception model;
- service management system;
- the difference between high-contactand low-contact personnel;
- authority and attitude to people as to the main resource of the company;
- a customer-centric approach to operations and an outward-looking environment as a concept for sup- port and support services;
- operational managementand service guarantees;
- market economy orientation and customer base analysis are just some of the considerations.

However, truly interdisciplinary researchis still rare. We must hope that in the future such research work will further broaden and deepen theservice prospects.

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UDC 330

Economic transformation of the pandemic in Georgia

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Abstract

As the new coronavirus disease (COVID-19) continues to spread, its disruptive impact is becoming more pronounced, posing unprecedent challenges for all countries. Governments have seen their priorities shift overnight towards upscaling public health preparedness and emergency support measures to cater for the vulnerable segments of their population. The challenges facing Governments are further complicated by supply-chain disruptions that have left enterprises struggling to survive. In many countries pay cuts, furloughs and lay-offs have been on the rise, so that losses in lives are compounded by a livelihood crisis. If anything, countries across the globe are suffering setbacks that are akin to complex humanitarian emergencies associated with disasters. The coping strategies of enterprises and State agencies are being depleted by the unfolding economic crisis, so that vulnerabilities are aggravated and the impact on productive capacities, institutional dexterity and business confidence is severe. Therefore, it stands to reason to avoid treating the pandemic as a temporary shock whose effects can be swiftly reversed once normalcy is attained.

Keywords: annual average rate, domestic demand, direct investment, alternative source of income.

Georgia's economy expanded rapidly during the pre-COVID period, growing at a robust annual average rate of 5 percent from 2005 to 2019. Rapid growth contributed to the halving of the national poverty rate between 2007 and 2019. Responsible macro policies, intensifying global integration, sound public investments, an attractive business environment, improving governance, and rising public spending underpinned the progress. The country has a shared consensus on national priorities, including participation in Euro-Atlantic integration, more efficient government, stronger growth, and a better functioning welfare state. This paved the way for the signing of an Association Agreement with the European Union (EU) in 2016, including a Deep and Comprehensive Free Trade Area preferential trade regime. Free trade agreements with major trade partners, such as the EU and China, position Georgia well to attract foreign direct investment (FDI).

Georgia	**2021**
Population, million	3.7
GDP, current US$ billion	15.9
GDP per capita, current US$	4,275
Life Expectancy at birth, years	73.3

Georgia's economy expanded rapidly during the pre-COVID period, growing at a robust annual average rate of 5 percent from 2005 to 2019. Rapid growth contributed to the halving of the national poverty rate between 2007 and 2019. Responsible macro policies, intensifying global integration, sound public investments, an attractive business environment, improving governance, and rising public spending underpinned the progress.

In Asian Development Outlook (ADO) 2020, the bank's annual flagship economic publication, ADB projects Georgia's gross domestic product (GDP) growth to decline to 0% in 2020 as the impact of COVID-19 and lower oil prices constrain consumption and limit expansion in tourism and trade. However, Georgia's economy is expected to bounce back with a 4.5% growth in 2021.

"As a leading reformer, Georgia has already taken measures to soften the economic shock of the pandemic, such as imposing a moratorium on collecting property and income taxes in the hospitality sector, easing bank lending regulations, and increasing spending on infrastructure, among others," said ADB Country Director for Georgia Shane Rosenthal. "The country can lay a foundation for fast recovery by further supporting private sector development and investing in technological advancement, science, and digital education."

Gains in retail trade and higher government spending on education are forecast to boost services by 1.1% in 2020. The figure is projected to rise to 6.3% in 2021 as tourism recovers. Growth in industry, meanwhile, is projected to contract to 3.1% in 2020 due to a slowdown in construction and manufacturing, before recovering to 2.1% in 2021 with higher mining output. Inflation is projected to slow to 4.5% in 2020 and 3.0% in 2021—in line with the central bank's target—as a result of the introduction of administered prices on food. Georgia's external prospects will depend heavily on developments in its trading partners. The current account deficit is projected to narrow further to 4.4% of GDP in 2020 and 4.2% in 2021, with a continued decline in imports as much lower oil prices help trim the trade deficit.

Risks to economic growth include greater than expected sluggishness in trading partners' economies, weaker than expected domestic demand, slower growth in tourism revenues, and tighter liquidity in global financial markets, in part reflecting the impact of COVID-19. The ADB report highlights the need for Georgia to promote technological innovation for business development. While the country has made tangible progress in creating innovative digital services, the government can make electronic commerce more trustworthy and viable by improving legal and regulatory frameworks while creating more efficient mechanisms for setting taxes and tariffs. The government should also continue reforms in education and improve familiarity with digital technologies, particularly in rural areas, to make growth more inclusive.

ADB has supported Georgia since 2007 and is one of the country's largest multilateral development partners. Sovereign and nonsovereign loans to Georgia total $3.5 billion. ADB's key development priorities in Georgia include fostering inclusive and sustainable economic growth, reducing poverty, enhancing regional connectivity, and improving public service delivery. ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.

The country has a shared consensus on national priorities, including participation in Euro-Atlantic integration, more efficient government, stronger growth, and a better functioning welfare state. This paved the way for the signing of an Association Agreement with the European Union (EU) in 2016, including a Deep and Comprehensive Free Trade Area preferential trade regime. Free trade agreements with major trade partners, such as the EU and China, position Georgia well to attract foreign direct investment (FDI). However, years of sustained growth had a limited impact on quality job creation, and many Georgians continue to rely on low-productivity employment, especially in agriculture and the informal sector. Export volumes have increased but exports remain unsophisticated, and firms face low growth and survival rates. These outcomes indicate an incomplete structural transformation and an economic divide among regions. Education outcomes remain poor, and workers are generally not equipped with the skills demanded by employers. The tense political environment is also a concern for the private sector.

The COVID-19 pandemic reversed some of Georgia’s gains. After the country achieved early success in containing the spread of the disease, infections surged in late 2020, and by the summer of 2021 Georgia had one of the world’s highest infection rates per capita. Economic output fell, contracting by 6.2 percent in 2020, as mobility restrictions were implemented and tourist arrivals collapsed. Despite a robust fiscal response, estimated at 7.5 percent of GDP, close to the regional average for Europe and Central Asia, the poverty rate at the international upper-middle-income poverty line ($5.50 per capita per day) rose from 42 percent in 2019 to an estimated 46.6 percent in 2020.

However, years of sustained growth had a limited impact on quality job creation, and many Georgians continue to rely on low-productivity employment, especially in agriculture and the informal sector. Export volumes have increased but exports remain unsophisticated, and firms face low growth and survival rates. These outcomes indicate an incomplete structural transformation and an economic divide among regions. Education outcomes remain poor, and workers are generally not equipped with the skills demanded by employers. The tense political environment is also a concern for the private sector. The COVID-19 pandemic reversed some of Georgia’s gains. After the country achieved early success in containing the spread of the disease, infections surged in late 2020, and by the summer of 2021 Georgia had one of the world’s highest infection rates per capita. Economic output fell, contracting by 6.2 percent in 2020, as mobility restrictions were implemented and tourist arrivals collapsed. Despite a robust fiscal response, estimated at 7.5 percent of GDP, close to the regional average for Europe and Central Asia, the poverty rate at the international upper-middle-income poverty line ($5.50 per capita per day) rose from 42 percent in 2019 to an estimated 46.6 percent in 2020.

The Covid-19 pandemic has reduced Georgia's economic dependence on other countries, including Russia. In 2019, Georgia received USD 1.6 billion in revenue from Russia through tourism, remittances and exports, which was 9% of Georgia's GDP. In 2020, Georgia received about USD 900 million in revenue from Russia through the same channels, which was about 5.7% of GDP. **In 2020, Georgia's economy depended on Russia mainly through foreign trade and remittances. Particularly high dependence was observed in the export of Georgian wine and the import of Russian wheat.** Georgia is less dependent on Russian electricity and gas. Moreover, Russian investments in Georgia are small.

In recent years, exports of Georgian products to Russia have increased and in 2019 reached USD 497 million. The impact of the Covid-19 pandemic on exports to Russia has been significant, and in 2020 it decreased by 11.2%. However, due to the further decline in Georgia's total exports, Russia's share in Georgian exports slightly increased - from 13.1% to 13.2%.

In 2020, Georgian wine exports to Russia decreased by 10% and amounted to USD 120 million. Moreover, Russia's share in the total export of Georgian wine decreased slightly by 0.2 percentage points and amounted to 56.8%.

Compared to 2019, in 2020, imports from Russia to Georgia decreased by 9.2%, although since 2012, imports of Russian products have almost doubled to USD 900 million. Russia ranks second in Georgia's importers after Turkey.

Up to 70% of wheat consumed in Georgia comes from Russia. Russia accounts for almost 100% of wheat imports. Compared to 2019, in 2020, wheat imports from Russia to Georgia increased by 18%.

Due to the pandemic, in 2020, the dependence of Georgia's economy on tourism, including Russian tourists, was radically reduced. In 2020, 208,677 Russian visitors came to Georgia, which is 86% less than in 2019. Before pandemic, Georgia was most dependent on Russia through tourism. In 2019, Russian visitors spent about USD 700 million in Georgia. In 2020, this figure stood at USD 50 million.

In 2020, remittances from Russia to Georgia decreased by 15% to USD 364 million. In 2019, Russia's share in total remittances to Georgia was 24.8%, and in 2020 this figure fell to 19.3%. The decline in remittances from Russia began in 2019, as Europe has become more attractive to Georgian emigrants. In recent years, remittances from European countries have been on the rise.

Introduction

Many scholars believe that Georgia's economic dependence on Russia causes some threats, as Russia has repeatedly used economic leverage against Georgia over the past 15 years. For example, in 2006 Russia cut off natural gas and electricity supplies to Georgia, then it banned the export of products from Georgia to Russia. At the end of the year, it started deporting Georgian citizens. After the events of June 20, 2019, the Kremlin banned flights from Russia to Georgia and this restriction is still in force.

Therefore, it is important to be informed about the level and trend of Georgia's dependence on Russia. Last year Transparency International Georgia has explored key areas where Georgia's economy heavily depended on Russia. These areas are: foreign trade, tourism and remittances sent by emigrants. This time we offer an updated study that highlights 2020 trends. Of particular interest to the study was the impact of the Covid-19 pandemic on the Georgian economy's dependence on Russia.

In recent years, energy dependence on Russia has become less relevant for Georgia, as Russia has not been playing a significant role in Georgia’s import of electricity and natural gas. In 2020, the share of electricity imported from Russia in total electricity consumption of Georgia was up to 4.5%. 65% of the electricity imported to Georgia came from Azerbaijan and Turkey. In 2020, the share of gas imported from Russia in Georgia’s total natural gas consumption was up to 7%.

Foreign direct investments from Russia have not been significant in recent years. In 2015-2019, the share of Russian investments in Georgia's total foreign investment averaged 3.4%. A total of USD 260 million was invested from Russia during this period. Russia invested USD 20 million in January-September 2020, accounting for 2.7% of Georgia’s total foreign investments. However, about 38% of Georgia’s foreign investments come from offshore zones, and in some cases, they were linked to the money of Russian origin.

Exports

In 2006, when Russia declared de facto trade boycott to Georgia, Russia's share in Georgia's total exports was 18% (USD 154 million). After that, Georgian exports to Russia almost stopped and, in 2008-2012, Russia's share was up to 2% (an average of USD 34 million a year).

The export of Georgian products to Russia was fully restored in 2013 after the change of the Georgian government. In 2013-2014, Georgia's exports to Russia increased by 487%, compared to 2012, and reached USD 275 million. In 2015, this figure decreased due to the economic crisis in Russia, but in 2016, rapid growth began again, and in 2019, Russia's share in Georgian exports was 13.2%. Last year, Georgia exported USD 497 million worth of products to Russia, which was 2.8% of Georgia's GDP.

In 2020, the spread of the Covid-19 significantly affected Georgia’s economy, including trade. Compared to 2019, Georgia's exports to Russia fell by 11.2% in 2020. However, Russia's share in Georgia's total exports slightly increased from 13.1% to 13.2%, as the country's total exports fell more (by 12%) than exports to Russia. In 2020, USD 441 million worth of products were exported from Georgia to Russia.

Wine exports

Compared to 2012, in 2019, Georgian wine exports increased by 244% and amounted to USD 158 million, out of which USD 110 million went to Russian market. In 2012, only USD 23 thousand worth of wine was exported from Georgia to Russia. In 2019, this number increased to USD 133 million. During the same years, Russia's share in Georgia's wine exports increased from 0.04% to 57%.

As already mentioned, in 2020, wine exports to Russia decreased by 10%, compared to 2019, and amounted to USD 120 million. Russia's share in Georgia's wine exports fell by 0.2 percentage points, to 56.8%.

High dependence of Georgia's wine exports on the Russian market carries certain political risks**.** As we have already mentioned, the 2006 boycott of Georgian products by Russia, as well as potential restriction of Georgian wine exports to Russia, discussed at the Russian Duma due to the events of June 20, 2019, clearly showed that reliance on the Russian market is a challenge to Georgia's economic and political security. People living in Kakheti region most heavily depend on the revenue from wine exports, and in case of the export ban, they will suffer the most, since many families do not have an alternative source of income.

Imports

Georgia has a negative trade balance with Russia - we import more products than we export. Imports from Russia have had a growing trend in recent years. Imports of Russian products have almost doubled since 2012. Russia ranks second in Georgia's imports and is only behind Turkey.

In 2020, USD 887 million worth of products were imported from Russia to Georgia. Imports from Russia decreased by 9.2%, compared to 2019, although the share of Russian products in Georgia's imports increased from 10.3% to 11.1%. The reason for the increase was that the imports from Russia decreased less than Georgia's total imports (decreased by 16%).

Gasoline has the largest share in imports from Russia (15%). Although more than 15,000 tonnes of gasoline was imported from Russia in 2020, the value of gasoline imports fell by USD 70 million due to price reductions.

Wheat is the second largest imported product from Russia. In 2020, Georgia imported 488 thousand tonnes of wheat from Russia, which was valued at USD 107 million. Compared to 2019, it is an 18% increase. At the same time, in 2020, 99.4% of the wheat imported to Georgia was Russian wheat. The focus on wheat is important, as up to 70% of the wheat consumed in Georgia comes from Russia.

Such a high dependence on wheat imports from Russia also poses some dangers, as the cessation of wheat imports from Russia to Georgia for political or other reasons will lead to a shortage of wheat in Georgia for some time and increase the price of bread. Russia has twice temporarily suspended its wheat exports due to the Covid-19 pandemic last year. The average price of one tonne of imported Russian wheat has increased from USD 210 to USD 220.

Sunflower oil also accounts for a significant share (up to 5%) of imports from Russia, which was increased by 21% to USD 41 million, in 2020.

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Factors Affecting the Territorial-Recreational System and Principles of Sustainable Resource Utilization

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Abstract

The present article discusses both: the negative and the positive internal and external influences affecting the territorial-recreational systems that in fact ensure the viability of these systems. It separately describes the nature of above positive and negative influencing factors and reflects the findings by means of a math-economic models showing the perspectives of different scenarios.

The article outlines the significant role of the principles of sustainable use of the exhaustive recreational resources that directly refers to the optimal resource use. Such an approach is envisaged to ensure the constant optimal exploitation of exhaustive recreational resources for present and future generations.

Key words: Natural resources; optimal utilization; positive/negative impact; Territorial-recreational systems; exhausting natural resources.

Introduction. Territorial-recreational systems worldwide play a very important role both in protecting and improving human health and in maintaining the necessary balance of sustainable use of recreational resources.

It should be noted that the territorial-recreational systems are affected by both internal and external influences, which in principle mainly ensures the viability of these systems. In this process, an important role is played by the principles of sustainable use of exhaustive (forest, flora, fauna, etc.) recreational resources, which should be directly related to the optimal resource use. Only such an approach will ensure the constant exploitation of exhaustive recreational resources for future generations.

Discussion

Any kind of territorial-economic formation is affected by the influences determining the quality of its functioning and, to some extent, its viability.

The territorial-recreational system may be affected by external and internal, positive and negative factors.

The factors of positive external influence are mainly of economic nature, which is manifested in attracting investments from outside the system, in various economic ties outside the system, in adopting various legislative acts promoting the functioning of the system, and so on.

The factors of internal positive impact are: economic relations between the subsystems composing the system, job creation, maximizing income from recreational facilities, promoting the development of non-productive industries, etc.

The main factors of negative external impact are: various types of ecological pollution affecting the system from the outside, which is directly related to the functioning of existing enterprises in the country; As well as making ineffective decisions by the central government; Imperfect Legislation, Economic Isolation of the System, etc.

The internal negative impact factors include: internal ecological pollution of the system; failed inter-connections between the components of the system; inefficient management; unsustainable use of natural resources, etc.

In general, natural resources are unequally distributed in the territory of any country, so their use should be based on the principle of sustainability and the amount of natural resources within a region or within a territorial recreational system.

Sustainable use of natural resources can be deduced from the following formula:

$$\left(\sum_{tij=1}^{n} W\ tij + \sum_{tij=1}^{n} V\ tij\right) - \sum_{tij=1}^{n} Z\ tij = Ps - Qs = Cs$$

Where:

W – is the volume of existing natural resource reserves;

V - the reserves created as a result of reproduction of natural resources;

Z – the natural resource to be used;

t – the area where there exist and is used natural resources and it varies from 1 to n;

i – the types of natural resources and it varies from 1 to n;

j – the volumetric capacity of natural resources and it varies from 1 to n;

Ps - stable yields obtained from the exploitation of natural resources;

Qs - stable production costs for the exploitation of natural resources;

Cs - stable net profit from the exploitation of natural resources;

S - Stability rate in funds

Sustainable use of natural resources is obtained when:

$$\sum_{tij=1}^{n} Z\ tij = \sum_{tij=1}^{n} V\ tij$$

Then,

$$\sum_{tij=1}^{n} W\ tij = \text{const. when} \quad Ps, Qs, Cs = \text{const.}$$

whereas,

$$\sum_{tij=1}^{n} Z\ tij < \sum_{tij=1}^{n} V\ tij$$

In such case there is an increase in the volume of existing resources as the result of reproduction, but there will be a decrease in returns (P), production costs (Q) and net profit (C) from the exploitation of natural resources that do not meet the conditions for optimal use of the resources. This process can be represented as follows:

$$\left[\sum_{ti=1}^{n} Wti \sum_{j=x}^{n} W(j+x) + \sum_{ti=1}^{n} Vti \sum_{j=x}^{n} V(j+x)\right] - \sum_{tij=1}^{n} Ztij = \sum_{s=y}^{n} P\ (s\text{-}y) - \sum_{s=y}^{n} Q\ (s\text{-}y) = \sum_{s=y}^{n} C\ (s\text{-}y)$$

Where:

X - variable indicates the amount of resources;

Y - variable denotes monetary expression; whereas,

$$\sum_{tij=1}^{n} Z\ tij > \sum_{tij=1}^{n} V\ tij$$

Then there is a breach of sustainability. Which means that the volume of resource reserves (W) decreases, and the returns obtained from the exploitation of resources (P), production costs (Q) and net profit (C) increase. This is expressed as follows:

$$\sum_{tj=1}^{n} Wti \sum_{j=x}^{n} W(j - x) - \sum_{ti=1}^{n} Zti \sum_{j=x}^{n} Z(j + x) = \sum_{s=y}^{n} P(s + y) - \sum_{s=y}^{n} Q(s + y) = \sum_{s=y}^{n} C(s + y)$$

If production continues to grow, natural resources will eventually be depleted, resulting in cessation of production. This is expressed as follows:

$$\left(\sum_{tij=0}^{0} W\, tij + \sum_{tij=0}^{0} V\, tij\right) - \sum_{tij=0}^{0} Z\, tij = \sum_{s=0}^{0} P0 - \sum_{s=0}^{0} Q0 = \sum_{s=0}^{0} C0$$

This formula indicates that in case of depletion of natural resources, yields, production costs and net profit are equal to zero, which means the cessation of production processes.

Sustainability must be taken into account when using depleted natural resources, which means that resources must be conserved for sustainable use in the future.

Conclusion

The article shows the external and internal, positive and negative impact factors affecting the territorial-recreational system related to:

- Attracting investments from outside the system, entering into various economic relations outside the system, adopting various legislative acts promoting the functioning of the system, and so on.
- Concerning the jobs creation in economic relations between the subsystems of the system, in order to promote the maximization of revenues from recreational facilities for the development of non-productive sectors, etc.
- With various types of environmental pollution affecting the system from outside, with inefficient decisions made by the central government, imperfect legislative acts and economic isolation of the system, etc.
- Internal ecological pollution of the system, broken connections between the components of the system, inefficient management, unsustainable use of natural resources, etc.
- Inefficient management of the relationships between the internal components of the system with the internal ecological pollution, inefficient management, unsustainable use of natural resources, etc.

We hereby present the principles of sustainable use of natural resources related to: volume of natural resources, stocks generated as a result of reproduction of natural resources, utilizable natural resources, areas where the natural resources exist and are utilized, natural resource types, natural resource capacities, natural reserves with stable production costs for the exploitation of natural resources;

With stable profits and stability rates from the exploitation of natural resources.

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Globalization and Interest of Corporations in Global Markets

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Abstract

In the last decade of the 20th century the human society reached the new stage of development called globalization. According to one of the studies, globalization is the continuous process which makes markets more efficient, provides benefits to independent economies in the world, enables technologies to boost, increases investments and in general spreads wealth around the globe. This process is one of the unique opportunities for the individuals and corporations to be involved in business transactions at the minimal cost possible and find business partners around the globe [1]. It is apparent that most corporations are interested in having diversified global resources and product markets, access to new ideas and technologies and so on. And not only big corporations are referred to have such interest but small and medium enterprises as well, which strive to have access to international contractors in order to have and share new ideas, resources and technologies. This article tries to investiagate and explain why corporations are interested in the globalization of their operations.

Keywords: Globalization, international corporations, business communication, competition, strategic alliance.

Introduction

Any company that is registered in one counry and operates in more than one country at a time is regarded as an international company. Its activities are regulated by commercial agreements signed by individual companies or public organizations at regional or international levels [2]. International companies are also referred as multinational, global or transnational companies.

The term “multinational corporation” is used to indicate a company which is actively involved in international business. Multinationals are busy with direct foreign investments, own subsidiaries which are located in different countries and control their operations. Besides having controlling functions over subsideries, multinational corporations purchase resources and produce goods and services in various countries and then sell the products globally. The activities of multinational corporations are coordinated by the headquarters.

In recent years the most influential companies have emerged which have made dramatic influence on global sales, profits, assets and market value. They have subsideries worldwild. The total sale by these companies is huge. If by 1990 their number was 200 and total sale was 24% of the world's overall trade, according to more recent data the number of those multinationals which have tremendous influence on the global business has increased and the same happened to the total volume of their global sales. According to Global 2000 [3] publicly-traded corporations from 60 countries account for $39.1 trillion in sales, $3.2 trillion in profit, $189 trillion in assets and $56.8 trillion in market value. All metrics are up double-digits year-over-year, with profits up an impressive 28%. The U.S. still dominates in terms of the amount of companies on the overall list, boasting almost 30% of the total. China and Hong Kong's 291 companies are up from 262 in 2017. On the inaugural list in 2003, there were just 43 companies from China-Hong Kong. Meanwhile, Japan, the United Kingdom and South Korea also broke into the top five countries with the most companies. Among the leading corporations there are ICBC, China Consturction Bank, JPMorgan Chase, Berkshaire Hathaway, Bank of America, Apple, Royal Dutch Shell, Toyota Motor, Sumsung Electronics and so on.

As we mentioned, in various economic literatue multinational, international, global and transnational are interchangeably used to indicate companies operating globally. The most commonly used form is "a transnational company".

Any kind of transnational company has the below given common characteristics: [4]

- Possesses subsidiaries units operating in different countries. Each of them may be at a different stage of development;
- Owns private industrial and/or trade organization;
- Employes management team which in most cases are staffed by host countries nationals;
- Encourages diversity at the top management level;
- The company ownership is shared by citizens of different countries.

The emergence of transnationl companies became remarkable by the 1940s. That time there were 300 transnational companies in the world, since the end of the 1980s such companies have been spread widely across the globe. Now, they are the main driving force of the world's financial capital.

By the beginning of the 21^{st} century the number of international corporations reached 63 000 (830 000 subsidiaries) [5]. Most of them are located in the USA, China, Germany, Japan and Switzerland.

The history of transnational companies dates back to the 17^{th} century. It was the Indian company called `Fast India company~. This company went through several stages of transformation. At the beginning it was only Indian legal entity registered in India. At the second stage the company started revealing first signs of an international corporation, namely it became involved in producing goods in foreign countries, the organizational structure was also characterized by the signs of an international corporation. At the third stage company's presence in the global arena increased and it started using international resources in manufacturing goods and the company started allocating production facilities in those countries where production cost was relatively lower than in India [6].

Today transnational companies control about 50% of the world production, 60% of exports, own 80% of patents and licenses, 90% of wheat, corn and wood businesses.

There are 2 types of international corporations:

1. A transnational company (which is registered in one country and operates in more than one country at a time).
2. A multinational company (which belongs to two or more countries and invests worldwide)

According to the Transnationality Index developed by the UN conference on Trade and development, there are number of characteristics common for transnationals: [7]

- Total sale of a company is more than 1 bln. Dollars;
- A company possesses subsidiaries in more than 6 countries;
- A company owns foreign assets which is minimum 20-25% of total assets;
- A company's market share at global level is minimum 20-30%.

Most transnational companies operate in the developing countries. The Transnationality Index (TNI) is one of the valuable mean to assess activities of transnational companies. It ranks the multinational companies which has global presence. It is calculated as the arithmentic mean of the following three ratios: [8]

1. Ratio of foreign sales to total sales;
2. Ratio of Foreign assets to total assets;
3. Ratio of foreign employment to total employment.

The higher the index the more importance a transnational corporation places on foreign subsidiaries, assets and employment. Among the world's top multinational corporations by

TNI there are Xstrata (UK), ABB Ltd.(Switzerland), Nokia (Finland), Pernod Richard SA (France), Vodafone Group Plc and etc. [9]

According to global corporations's perspective the world is viewed as one common market, with no national boundaries. Each global corporation has access to huge pool of resources, produces goods and services and manages global markets at minimum available cost. Among the world's largest corporations most companies are registered in the US, China, Japan, the UK, France, Germany, Canada, Switzerland, Holland, The South Korea Italy. So, in total about 11 countries own 85% of multinational companies with about 428 subsideries worldwide [10]. The ranking of multinational companies changes every year mainly according to the annual turnover.

Case of Georgia

There are number of transnational companies operating in Georgia, including McDonalds, Coca-Cola, Toyota, BP. Even though Georgia itself does not possess any transnational companies so far, there are strategic alliances with foreign corporations.

The aim of such strategic alliance is to form relationship whereby two or more entities cooperate to achieve the strategic goals of each partner. This kind of partnerships can be called "a joint go-to-market approach". In other words "strategic alliance is a long-term partnership aiming to share resources, know-how, technologies, to mitigate risks and all in all to gain competitive advantage in the global market". [11] One of the attractive benefits of forming strategic alliances is increased opportunity to enter new markets and enjoy the low barriers to entry. Each partner in the strategic alliances is interested in their own business objectives but view the alliance as the best available mean to realise their global ambition.

More and more companies are gaining experience in building strategic alliances. Their business relationship may be compex and broad (to collaborate in all operations) or narrow and specialized limited to form alliances in functional areas such as **marketing, production, finance, technology or R&D**.

Marketing alliance helps partners to collaborate in marketing activities via delivering resources, sharing experience and knowledge in this field, helping to solve problems in a highly competitive field of marketing.

Those companies which form **production alliances** manufacture and sell certain goods and services in exclusive geographical areas. It is a lower-risk way to produce an expand the reach of the product compared to building own manufacturing and distribution channels.

Financial alliances aim to share financial resources and mitigate risks associated with implementation of particular projects. Besides financial help partners share experience. “To secure associated risks partners mutually agree about the contract conditions which can be revised and changed according to contingencies”. [12]

Technology alliance is “the case when trade marks, intellectual property and other trade secrets can be licensed to an external firm (partner)” [13] Each partner has access to shared technologies and scientific works. Japanese companies pioneered in this direction.

Strategic alliances based on **R&D** benefit from conducting shared researches, skills and expertise.

Choosing partners, defining forms of ownership, understanding a partner’s business model and defining who owns the relationship development capability within the newly created strategic alliance, all these factors together are considered as key success points while forming any types of strategic alliances. Partners’ experience and resources have to match and complement each other rather than create competition in different markets. Successful alliances create the environment of mutual trust and professional development. [14]

In order to avoid threats from forming strategic alliances it is necessary to define all the expacted outcomes from the relationship. This can be done through analysing all weak and strong sides of each partner, investigating each partners’ experience in previous strategic alliances, be certain that partners’ strategic views and plans correspond one another.

There are number of challenges which make companies struggle to convert the potential of strategic alliances into reality. The most reported reasons are **disagreements among partners**, **unclearly defined income distribution channels**, **loss of independence** and **changes in business conditions**.

In most cases sources of **disagreement among partners** can be incompatibility of corporate cultures, different goals and objectives and different business models. To avoid the clash among partners the degree of decision-making authority, the new shared strategy, organizational structure and staffing procedures have to be agreed upon. [15]

Income distribution problem may arise if partners in a strategic alliance do not have a common view and documented precedures about income distribution and sharing risks from joint activities. In such case a strategic alliance may not have enough money to reinvest back in activities of the strategic alliance.

If managed incorrectly and unfairly one of the pratners may be exposed to the risk of being aquired by the stronger partner and in this way it will lose autonomy. Unfortunately there is evidence that 75% out of 150 strategic allliances ended up with having one of the partners aquired.

Any positive and negative changes in **business environment** will always be reflected on activities of strategic alliances. The terms of collaboration may become more attractive or outdated due to changes in business, technological and legal environments.

Conclusion

Good governance of international corporations and strategic alliances is an ideal which is difficult to achieve. There are a lot of direct and indirect factors which influence the content and structure of the problems faced by international companies and strategic alliance. The main problems arise when each entity in the strategic alliance has own goals, objectives, motives and organizational culture which are totally incompatable to another partners' goals and culture. This incompitability hinders success of strategic alliances at the global level. To solve the mentioned problems international companies need strong and ethical corporate governance. For the implementation of good governance companies have to come together at regional and international level and draft corresponding guidelines.

International corporations interact in various ways in the global market. Each corporation has own and at the same time mutual rights and responsibilities which have to be indicated in the commercial contract and protected by the domain of law. Following rules and terms are critically important in doing business globally. The stronger the legal framework of business relationships the higher the commitment of international companies is to develop the global market in the right direction. [16].

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Economic Policy of Georgia. Reality VS Theory

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Abstract

The paper deals with the issues of economic strategy of Georgia, which should be taken into account in accordance with the country's European integration processes. There are discussion on the economic theories which, according to the opinion of the authors, hinder the full-fledged economic development of a small country, including Pareto optimality principle and Ricardian model. The inconsistency of these theories with the real situation is shown. Problems in international trade are presented. It has been shown that the notion of relative advantage is no longer the dominant indicator in the modern era. The economic situation of Georgia and some small countries is characterized and opinions are expressed about the directions of economic revival and development of Georgia Including the need to create the new relative advantages if that is necessary. As well, paper discuses economic development prospects and plans which have been identified as a priority by the Government of Georgia for Medium term.

Keywords. Georgian economy; Pareto-optimality; Ricardian model; Prosperity for all.

Introduction

The Covid-19 pandemic has hit the global economy hard and it's consequences represent one of the most formidable challenges in recent history of mankind. Following the economic crisis caused by imposed restrictions on economic activity, the global economy appears to be emerging from one of its deepest recessions and beginning a recovery. The pandemic has impacted Georgia's economy even more than other countries due to the high contribution of tourism sector in Georgian economy - as around 12% of Georgia's economic output comes on tourism sector. After economic contraction by 6.8 percent in 2020, Georgia's economic recovery has gained surprising momentum and according to projections (State Budget of Georgia for year 2022) economic growth in

2021 be double digit and 6 percent economic growth is projected for 2020. Medium term (2022-2025) average economic growth rate is expected to reach 5.5 percent according to which Georgia will have one of the heist growth rates in the region, as well in Europe (IMF, World Economic Outlook Database 2021).

Another question is whether the expected economic growth is enough for Georgia to converge its economy to more developed economies in Europe. Georgia will need at least 15 years with current growth rate forecasts to achieve same per capita output as Bulgaria or Serbia. Swift Covid crisis recovery is possible for countries with strong governance standards and sound institutions. The Georgian government has already shown it’s ability to manage crisis effectively and efficiently. Now it is necessary to create new economic relations, new management, strategic planning and, efficient use of resources (minerals, time, knowledge, capital), etc. in order to seize new opportunities opened up by crisis and become strong regional economic player.

It should be noted that the economic development of Georgia is often hindered by the use of some economic theories that are in fact contrary to the real situation, including Is Ricardo's model, Pareto's principle of optimality, and, to some extent, Keynesianism.

Pareto's principle of optimality VS well-being for all

According to the Pareto optimality principle, no indicator of a system in equilibrium can be improved without deteriorating another indicator. This principle, is thoroughly validated mathematically, and has became the basis of the first and second theorems of well-being, which are central concepts of modern theory of economics. Pareto optimum implies that the total well-being of society reaches a maximum and the distribution of goods and resources becomes optimal if any change in this distribution worsens the well-being of at least one subject in the economic system. Pareto-optimal situation is a market situation where it is impossible to improve the position of any participant in the economic process, even without reducing the welfare of one. This provision has been reflected into a number of specific governance decisions. Namely, some argue that due to of limited resources in economy, it is impossible to improve the condition of all layers of the population at the same time. Therefore it is necessary to find the optimal compromise. Which means that for example, transport improves, ecological situation, demographics, construction, but after some time, at a certain stage, it is possible to improve only two factors and the other deteriorate. Pareto then applied this principle to sociology as well, stating that individuals with better capabilities are actively seeking to strengthen their social position, while privileged members of the lower class are constantly striving to use their opportunities and penetrate the “elite” of the upper layer. The opposite tendency is observed in the upper layer. Thus, it is as if there is a "circulation of elites" and social classes are created. It is no coincidence that because of the elite superiority theory, Pareto was sometimes associated with fascism.

While pareto-optimality and its social considerations may theoretically seem convincing, it still evokes a sense of inadequacy. In this regard, we can discuss work of Ludwig Erhard, whose efforts have resulted in practically "prosperity for all" in Germany. Ludwig Erhard proved, both theoretically and practically, that with hard work, patience and professionalism, as well as the transition from a state-run economy to a social market economy, the whole country can achieve "prosperity for all", named as "German miracle". As a result, in just 5 years after the devastating consequences of World War II, Germany was already providing economic assistance to other countries, and after became a world political and economic leader country. According to Ludwig Erhard, the more freedom a state gives to improve its standard of living, the greater the chance of enhancing the welfare of the country.

Small countries success VS Ricardian theory

International trade relations are necessary for economic development of any country, including Georgia. Obviously, no country will be able to produce all the necessary goods and services. Thus meaning that international trade ensures the growth of global output by the specialization of an individual country in the production of those commodities, which this or that country is best able to afford.

Ricardian model and the concept of comparative advantage is one of the theoretical foundations of international trade (Formaini; Ruffin 2002). In practice the reality is much more complicated. International production and trade are determined by market needs, depended on demand and supply and other, not only economic factors and common concept of utility.

There are a number of unresolved issues facing any entity involved in international trade:

- Is it really possible to get universal benefits for all countries through international trade?
- Do countries really produce the goods in which they have a comparative advantage?
- Should countries only produce goods in which they have a comparative advantage? Will such production increase economic well-being of these countries? etc.

It turns out that the desired answers to these questions are becoming increasingly difficult. Since the 1970s, the United States, Canada, and other countries have debated the need to use state regulation in international economic relations to protect their own markets from imports of foreign goods, primarily Japanese goods. Then new competitors emerged from South Korea, Taiwan, Brazil, which almost caused panic in American business circles. Because of this, many congressmen in the United States became "protectionists" and even demanded an import ban. No one remembered the free market economy, trade liberalization and Ricardo's model. It is true that imports were not banned, however several restrictions were imposed on certain types of products. On the other hand, Japan itself, which requires free access to foreign markets, has imposed trade barriers.

Other problems are coming from the exchange rate fluctuations of different currencies against the US dollar, which can not always be explained by the traditional economic theories. It is often necessary for the state to intervene and prevent high uncertainty of exchange rate. Uncontrolled migration of labor creates other problems. Other deviations from traditional theories may arise from the existence of branches of brand enterprises in developing countries, where the production of several important products is much cheaper, etc. Particularly detrimental for the global economy is the emergence of economic crises that due to the several reasons, have proved practically impossible to predict. Despite the existence of many scientific theories, the economic crisis always happens suddenly and only by the analyzing of the fact that has happened, economic science tries to explain the causes of the crisis. However, this does not help, the level of production and purchasing power decreases, the export-import balance is disturbed, unemployment rises, which also creates political problems.

Thus, Ricardian theory is correct theoretically and in some circumstances, but does not correspond to complicated reality. The experience of advanced small countries (sormer Yugoslavia republics, new Baltian states, Finlandia, Taiwan and “Asia Tigers”, etc) are not consistent with Ricardian theory. They found and realized new opportunities (is is possible to say – they invented “new comparative advantages”) , and today they are economically and politically advanced countries. So, economic policy consistent with Ricardian theory is not the solution for Georgia’s economic development.

The question is what a small and developing country like Georgia can do in order to not only deal with existing challenges, but also utilize new opportunities and become an economically developed country which potential it seems to have.

Challenges of Georgia’s development

After gaining independence Georgia was not ready for a market economy, although it seemed that the country already had entrepreneurial skills, mainly due to the civil war that broke out at the time, but no less important was the unpreparedness of both the scientific community, government and the society to live in new economic environment.

The main task of Shevardnadze's administration was to stop the collapse of the country and create the fundaments of statehood, which has partly fulfilled, even in 1996-97 economic recovery. However, obviously, this was not sufficient for a full-fledged statehood. Besides, in this period on the one hand, government was not committed to carry out radical reforms, on the other hand the destructive actions of the opposition parties was harmful for the economic stability.

Saakashvili's rule has given a serious impetus to the economic and political development of the country, a number of reforms have been implemented, the country is moving towards the so-called a libertarian economy, the main ideologue of which was the famous businessman Kakha Bendukidze. Unfortunately, the circumstance that a libertarian economy justifies itself has not been taken into account only when, along with radical and energetic reforms, there is a truly democratic institution in the country for which there is full readiness in both government and society. As we have seen, the reality turned out to be completely different. The country was governed by authoritarian methods, which were compounded by the short war with Russia in 2008, which further diminished the country's economic potential.

Today, the country is still trapped in unhealthy business relationships because of difficult political and economic situation, that weakens rapid development potential of the country. Today, Georgia ranks 127th out of 215 countries in terms of GDP per capita (nominal), ahead majority of European countries, as well as a number of countries in Asia and Latin America.

Georgia underperforms in industrial development, innovative technologies and Research and Development. Consequently, we need to create/invent new comparative advantages, as other small and less developed countries did. We can learn based on the experience of such countries like Finland, Taiwan, Estonia, Slovakia and others. In order to accelerate economic development of our country, significant transformations are necessary, and, first of all, transformations in economic priorities. Unfortunately, so far the country is oriented on the utilizing of existing natural advantages that our country seems to have – mostly tourism opportunities and some agriculture products.

To develop Georgia's economic development strategy, it will be useful to consider the economic development path of European countries comparable to Georgia. Clearly, comparing Georgia to such rich and powerful countries like France, Germany, Great Britain, Switzerland, even Spain and Italy is irrational. It is preferable to consider post-socialist small countries with relatively small populations like Georgia. Such countries are the Baltic states and the former Yugoslavia: as well as Slovakia, and Bulgaria (World Population Review, 2019). Georgia underperforms the GDP compared to those countries. Not to mention post-socialist states such as Poland, Hungary and the Czech Republic.

The economic well-being of these countries is largely determined by sound fiscal policies and the development of the industrial sector. A superficial analysis also shows that Georgia can freely develop its economy in similar ways. Moreover, before the declaration of independence, there were quite well-developed enterprises in similar fields in the country. However, unlike to post-socialist European countries, which have maintained and developed existing capacities, we have undergone different processes, as well we have not sufficient institutional foundations especially important for the country's socio-economic development. Of course, the membership in NATO and the EU is especially essential, vital for peaceful economic development of the small countries.

The economic strategy of Georgia should be formed similarly to the aforementioned small countries, where the priority is the development of high-tech industry, innovative technologies, etc. In this case, tourism and the service sector will also successfully develop.

When it comes to the economic success of the small countries mentioned above, they also focus on the resources that these countries have. Of course, without certain resources it is very difficult to develop the country economically. It should be noted that Georgia has sufficient natural resources for successful economic development, but they need to be inventoried and used purposefully, including the rational land management system should be developed (Mineral Resources of Georgia).

However, it should also be noted that the country can not develop solely on the basis of natural resources. There are countries in the world that are rich in natural resources, which are still economically less developed, and their population does not live in prosperity at all. Examples of such countries are Venezuela, Brazil, Iran, Iraq, Russia, partly China. In contrary, countries like Finland, Taiwan, South Korea, Israel (not to mention Japan), which have virtually no natural resources are still highly developed and economically viable.

As well it is not difficult to realize that the normal functioning of a country is determined, among other things, by a balanced import-export ratio. Niko Nikoladze still mentioned these circumstances. But what should improve this figure? Of course the development of local production, without it is not possible to ensure balanced trade. The need for local, self-sufficient agriculture has been clearly seen in the pandemic, however this should be provided by increasing competitiveness in agriculture and not trade barriers.

Specialists and politicians have pointed to the need for agricultural development. Despite the positive developments in this regard agriculture sector still lags behind, mainly due to the lack of competitiveness and productivity enhancement technologies. An individual farm can not bring useful results without its industrialization, which means not only the production of products, but also the processing, packaging, storage, transportation and sale of products in a single process. And all this must be accomplished with high labor productivity and discipline. The latter must be properly motivated along with the self-awareness and responsibility of the society.

It should also be noted that in modern Georgia, especially in rural areas, with rare exceptions, a nihilistic attitude towards long-term projects prevails. Potential farmers still do not trust the government, are not sure that for various reasons, including under the conditions of change of government, their property will not be protected, due to the unfortunate experience during the previous government of “national" movement.

But, agriculture alone, even industrial, is not enough. It is also necessary to restore the country's existing industrial potential while there is still engineering potential. Both existing and new manufacturing enterprises (aircraft and locomotive factories, Kutaisi car factory, carpentry factory, etc.) may be considered in this category. At the same time there is need on the development of port construction, including the construction of the port of Anaklia, which does not currently have a substantiated justification for economic profitability, but this large-scale project has great state-political and strategic potential.

It should be clearly understood that the service business, including tourism can not ensure the economic security of the country. In general, tourism is an effective source of employment and income generation, but unreliable.

Prospects for the development of the Georgian economy

Despite the increased resilience of the Georgian economy in recent years and high economic growth relative to its main trade partners, economic growth was mainly driven by growth in gross productivity and capital, thus limiting the positive impact of economic growth on employment. The labor market is one of the main challenges of the Georgian economy and includes many interrelated structural problems. In addition, the labor market is characterized by numerous other structural problems, including: high youth unemployment, incompatibility of qualifications and skills between supply and demand, high share of employment in low-productive sectors of the economy, and low labor market flexibility and mobility. The agricultural sector employs 20% of the total employment, which actually accounts for only 8.4% of GDP.

However, reforms are needed to expand economic opportunities and increase potential growth, as well as to foster the creation of more (and more productive) jobs to lessen outward migration of skilled human capital (IMF, 2021), it is especially important to stimulate employment, improve the quality of the labor market and solve structural problems, which are a necessary precondition for inclusive economic development. In order to achieve above mentioned, on one hand, it is important to conduct an evaluation of effectiveness of the existing active labor market policies and reorient them - in a way to support the inclusion of the marginalized population into the labor market and reduce the gender gap in the labor market. On the other hand, improving the quality of education and training, and the cost-effectiveness of education spending should be prioritized. Additional funding for the education sector over the medium term should be oriented to improve the quality of teachers and prioritize funding for the various education levels (pre-school, primary, secondary, and higher/vocational). As well, strengthening vocational education and training system will be pivotal to ensure adequately skilled workforce in compliance with countries development goals.

High levels of poverty remain a major challenge for our economy, although poverty levels have declined significantly in recent years. In particular, in 2019, the poverty rate reached a record low of 19.5% (Geostat 2021). However, economic crisis associated with the pandemic has had a negative impact on the economies of all countries globally and has significantly contributed to the rise in poverty globally. According to World Bank, COVID-19 pandemic pushed around additional 185 million persons into poverty (World Bank, 2021). Accordingly, in Georgia poverty and unemployment also rose, undoing much of the progress of recent years (IMF, 2021). In particular, the level of absolute poverty in 2020 increased from 19.5% to 21.3% compared to the previous year (Geostat, 2021). However, it should be noted that income inequality in Georgia decreased during this period, which was facilitated by anti-crisis measures and the economic support package during the pandemic. Income inequality - the so-called "Gini Coefficient" reached a lowest point of 0.37 in 2020 (Geostat, 2020).

Protecting the most vulnerable will be a key priority over the medium and long term. Government has already declared that social protection measures will be reviewed, in a way to support employment of socially vulnerable population by improving Targeted Social Assistance programs and introducing so called "social work concept" based on different EU countries experiences.

Improving private sector competitiveness and access to finance is of particular importance for creating jobs and tackling poverty. In 2021, new state support programs were launched with the aim to create jobs and expand export potential by promoting local production. State support program participants will receive a grant in the amount of 15% of the approved loan, in parallel with loan interest rate subsidy and credit guarantee scheme (Enterprise Georgia). From 2022, state support programs will offer technical assistance component to exporting companies, which includes co-financing of company certification procedures, branding and product packaging and international networking costs in the form of a grant.

Due to the pandemic, attracting foreign direct investment remains a challenge. Globally, the FDI fell by 35% in 2020 (UNCTAD, 2021) (a 20% deterioration after the 2009 economic crisis), and the recovery trend in 2021 in developing countries is slow. Particularly noteworthy is the fact that the so-called "greenfield" projects, which are especially important for Georgia, has almost halved. At the same time, the increase in the share of efficiency-seeking foreign direct investment - which implies the introduction of international and multinational companies focused mainly on the export remains a challenge. In order to support FDi inflows Georgia should continue to improve the business environment, including for foreign direct investment. Substantial advances has been achieved and Georgia shall continue investments on core infrastructure, including the East-West Highway and North-South Corridor (IMF, 2021), which will better integrate regions within the country, facilitate exports, and support the establishment of Georgia as a transport and logistics hub connecting Europe with Asia. As well, new insolvency law is being operationalized which will improve the efficiency of insolvency procedures, with the training and licensing of insolvency practitioners gaining pace. Besides, strategy for attracting foreign direct investment has been developed, which is focused on attracting new and efficiency-based investors. As well, Modern approaches have been introduced in terms of attracting investment, which involves working individually with companies and submitting tailored offers (Enterprise Georgia).

The government of Georgia prioritized the structural reforms to focus on long-term development goals. The priorities of structural reforms are oriented toward structural transformation of the economy, inclusive access to the economic opportunities, decrease of external vulnerability, increase of savings and productivity enhancement.

Pension reform and capital market development have the potential to generate significant economic benefits. The pension reform, which came into force in January 2019, is being successfully implemented. At this stage, more than 1,2 million participants are involved in the system, who have mobilized more than 1.90 billion GEL in the form of pension contributions, while the accrued benefits amount to more than 234 million GEL (Pension Agency, 2021). Capital market reform is underway which will provide greater investment opportunities for pension assets.

The development of local capital markets has been a long standing policy question for Georgian government. On the one hand, a long-term domestic money capital accumulation process is taking place, which is boosted by the country’s economic development as well as the reforms in pension. Meanwhile on the other hand, the demand for the long-term domestic capital is increasing. Therefore, in order to efficiently connect these two major macro-economic trends and to ensure the productive capital circulation process, the development of the local capital market becomes crucial. The capital market development will support larization in a market based way, reduce external vulnerabilities, advance efficient mechanisms of savings allocation and promote structural improvement of the economy.

In order to create adequate legal framework for capital market development, it is important to continue refining the legislation that ensures protection of investors and the development of the capital market. It is planned to introduce legislative initiatives to Parliament in the near future, which will make our investment environment even more attractive to foreign investors, open access to alternative savings for Georgian population, and enable small and medium-sized businesses to find cheaper alternatives to bank lending. It should be noted that most of the reforms involve the fulfillment of the obligations under the Association Agreement with the European Union, which will bring Georgian economy even closer to the West. At the same time, work on the government strategy for the development of the capital market is ongoing. A developed capital market is an essential component of a country's economy to be economically strong, independent, and sustainable in the long run, and to be less dependent on external political or economic factors.

The process of reforming state-owned enterprises is underway and efforts in this direction will be intensified in the near future. Government of Georgia in cooperation with IMF has developed comprehensive SOE Reform Strategy (IMF, Public Corporation Reform Strategy, 2021). As part of the reform of state-owned enterprises, a corporate governance code for state-owned enterprises was developed and a wide range of enterprises was defined, to which the code would be disseminated. A number of measures are also planned to prioritize the commercial goals of state-owned enterprises, introduce corporate governance standards and increase efficiency, as well the formal rational basis and policy of ownership of state-owned corporations are defined.

In order to support increasing efficiency of natural resource management and utilization complex and large-scale reform in mining industry, supported by EBRD is ongoing. The first phase of the reform has been finalized and Georgia’s first Mining Sector Strategy was successfully approved by the Government. In June 2020 2nd phase of the reform was launched, which focuses on updating the legislative framework. Within the second phase of the reform new mining code will be developed, which will focus on the following matters: Award of rights; License categories & definitions; License rights & obligations; Environment; Geodata management; Updating the fiscal regime; Health & safety; Social protection; Mine plans and Dispute resolution.

Georgia is committed to continue promoting energy savings and independence, security in energy supply and energy efficiency by expanding Georgia’s power generation capacity in a fiscally sustainable manner and promoting energy generation from renewable sources through a feed-in premium scheme to limit fiscal risks. Besides new Electricity Market Concept Design has been approved in 2020, which will make the process of electricity price formation more transparent, will introduce a European model of trade, which is an important factor for Georgia's energy sustainability.

The development of energy infrastructure in the country is especially important. Within the framework of the "Georgian Energy Sector Development" program, it is planned to continue promoting the development of energy efficiency and to develop such important projects and directions as related to the development of green hydrogen, preparing Georgia for inclusion in the carbon dioxide and emissions trading system. Green digitization, etc.

A comprehensive feasibility study will be conducted on the construction of the Georgian-Romanian Black Sea underwater transmission line and internet cable. The project envisages the installation of a high-voltage DC power transmission cable under the Black Sea, which should connect the power systems of Georgia and Europe. If implemented, the 1,195-kilometer 1,000-megawatt cable will connect Romania to the eastern Balkan coast, enabling the South Caucasus and Romania to take advantage of expanded export opportunities and import electricity at hourly market prices.

Structural recovery of the economy will also be facilitated by the maximum inclusion of state-owned resources in economic activity, including the privatization of state-owned property.

In view of the significant structural challenge of Georgia - the reduction of the current account deficit, Georgia will continue to actively take appropriate measures to increase exports and diversification. In particular, it will continue to promote entrepreneurs' access to international markets and harness the potential of existing free trade agreements , which will enable entrepreneurs to develop international standards and systems to find new markets. In addition, there will be further expansion of the area of free trade agreements (Israel, India, USA, South Korea, Gulf Arab countries); Among them, the signing of a free trade agreement with the United States will be a priority. In 2021, negotiations continued to conclude free trade agreements with various countries. Today, Georgia has the opportunity for free, non-tariff trade with 46 countries, which is about 30% of the world's consumers. (MoESD, 2021)

One of the main priorities of the Government of Georgia in the century of digital technologies is the development of Georgia's digital economy and information society through information and communication technologies . It is also important to support innovation and technology and further develop communications in order to improve the competitiveness of the private sector .One of Georgia's priorities is to support innovative startups. The Agency for Innovation and Technology's three grant programs (GEL 15,000, GEL 100,000 and GEL 650,000) have already funded more than 200 global innovative startups, with state investment not exceeding GEL 20 million at this stage. The startups attracted a total of more than GEL 200 million in foreign private investment.

About 1,200 km of fiber-optic infrastructure will be built within the framework of the “State Internet Program”, 230 settlements and 150,000 inhabitants will be covered. In order to provide internet access to the mountainous regions of the country, where the population is less than 200 and is not included in the target geographical areas defined by the State Broadband Infrastructure Development Program in Georgia. With the support of World Bank it is planned to develop "National Strategy for Development of Broadband Networks of Georgia 2020 - 2025 ". The project will develop a concept of digital corridor connecting Europe and Asia and the development of a digital hub in Georgia, which will describe the general state of international Internet connection development in the region, its development trends, activities to be implemented by the state and private sector to establish a digital transit corridor and regional data centers. .

In terms of diversification of Georgia's economic functions, strengthening of economic ties and improving the country's competitiveness in the global arena, it is vital to realize the potential of Georgia as a regional hub and, consequently, the development of transport, logistics, communication and energy infrastructure.

Conclusion

As a result of the pandemic, both the world and Georgia must draw appropriate conclusions. Although no catastrophe has occurred worldwide economically, it has shown everyone how vulnerable people are and how important it is for our planet and the interdependence of peoples, states and nations. Therefore, similar to the attempt to stop the "arms race" the expansion of economic development must be slowed down. In order to preserve the planet and humanity, man must become accustomed to where life and rational production are.

Georgia must learn to live a self-sufficient life so that it does not constantly rely on the help of other big countries. It seems banal, but for the economic development of Georgia (and the world as a whole) peace is needed first and foremost. The lessons of successful small, former socialist countries are the best sample for Georgia's economic strategy. Once again we have to repeat the well-known truth (Baghaturia, 2021): only modern education, high-tech industries (including industrial agriculture) and innovative technologies are the way to prosperity. So, the government has to plan and realize the relevant longterm goals with strong administrative policy.

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UDC 331.1

Influence of Age Structure of the Population on Labor Resources

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Abstract

The demographic factor of the population influences the formation of labor potential, largely determines the development and distribution of the productive forces of the country. The paper discusses one of the tendencies of changing the age structure of the population, an irreversible process of global importance and unprecedented scale, such as demographic aging, and describes the peculiarities of this process in Georgia. Both the theoretical and practical aspects of the demographic characteristics of aging, the urgency of the study, and the need for a detailed analysis of the dynamics of the demographic situation in order to make policy decisions that affect the public interest: health, education, staff training and retraining, insurance, social security , Pension system and other areas. Factors affecting the demographic aging of the population and various indicators for its assessment are identified; Relative absolute as well as general and specific indices describing this process are calculated. The findings obtained using statistical methods of analysis of statistical data reflecting population change confirm the trend of demographic aging in the country and show the peculiarities of this process in different directions.

Keywords: Age structure of the population, demographic aging, labor resources, trend, statistical analysis.

Introduction

The age structure of the population is one of the main demographic and socio-economic characteristics of any state. Its indicators are important for studying and predicting the models of population growth, morbidity and mortality, for the prospective calculation of the population and for determining the ratio of its various groups. The age structure reveals the type of population reproduction, the share of labor resources, including the economically active population, the balance of supply and demand in the labor market, gives an idea of the country's military potential and many other data necessary in the formation of social policy, planning a number of important indicators of economic and social infrastructure of society.

The age structure of the population is in constant dynamics, however, one of its tendencies in the last century - demographic aging - has become unchanged. The process of demographic aging of the population is one of the most acute socio-economic problems of our time, requiring special attention and rational use of resources. Back in 1956, the French demographer A. Sauvy noted that this is the most reliable, least controversial and most suitable for measurement and even forecasting. If at the beginning of the twentieth century. The aging process has affected only developed countries; today, almost all countries are experiencing an increase in the proportion of older people.

The increase in the proportion of the elderly and the elderly in the population makes us study the composition of this section, their needs, needs, biological and social capabilities. Demographic aging is becoming a national problem that needs to be addressed now and carefully prepared for many years to come. This process includes social, economic and demographic aspects, and its regulation should be one of the strategic directions of state policy. Consequently, a comprehensive study is needed not only by demographers, but also by economists and statisticians, sociologists, psychologists and representatives of medicine in order to objectively assess this process and identify its positive and negative aspects.

Demographic aging of population meaning the increased specific weight of the aged people (65, sometimes 60 years or older) in the total number of population, is the result of long demographic changes in the kind of the population reproduction, birth rate, death rate, ratio between them, increased average life span and partially, changes in the migration modes. Unlike the biological aging of people, it is a social process and is associated with the age structure evolution of the population.

As per the international criteria, Georgia is a demographically aged country and is the poorest country of the world. Such state of affairs puts the question of solving a double problem – the rapid aging of the population and the incomplete shift to the developed market institutions – on the agenda.

In order to correctly identify the major trends and reference points in the social and economic development of Georgia, the study of the number of population and their demographic aging in respect of gender, region, city and village is much important. Consequently, the goal of this study is to conduct **the statistical study of demographic aging of the population and describing the peculiarities of this process in Georgia.**

Results.

Georgia is a demographically aging country having acquired this status as early as in the 1970s. In the 1990s, the process of demographic aging in Georgia was accelerated as the social-economic crisis reached its peak. This process was particularly intense in 1992-1997 due to two major reasons: (1) the birth rate among the population was lower than the rate of simple reproduction in 1992-1993, and (2) the first half of the 1990s was marked by intensified emigration of the population mostly under 60. (Fig. 1)

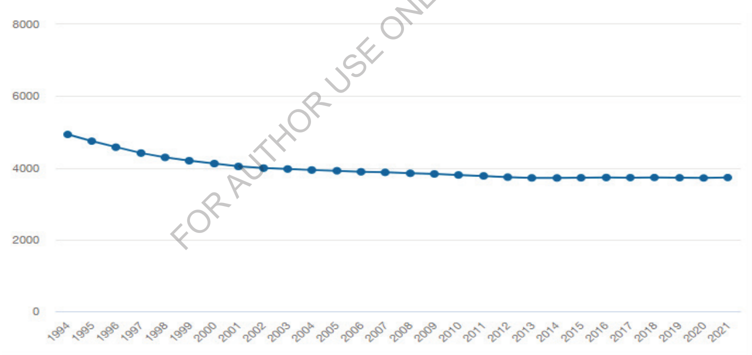

Fig. 1 Population 1994-2021 years (thousands)[10]

In 1990-2008, the population of Georgia decreased by 19,5%, while a 11% growth was fixed in 1975-1990. This was followed by the population aging. The described processes pose a serious danger to the regeneration of the generations and are a heavy burden for the employed population. (Fig. 2)

[10] www.geostat.ge

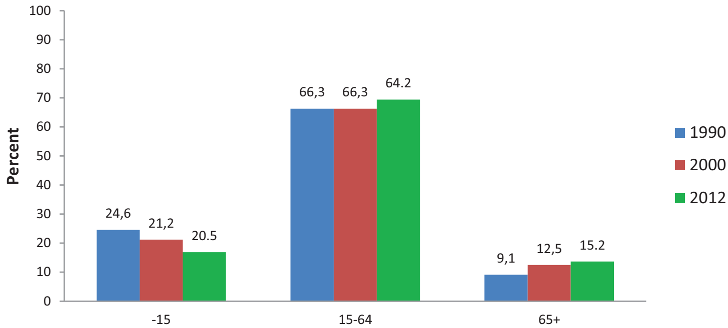

Fig. 2 Population by age[11] (1990, 2000 and 2021) years (%)

The statistical data of 2005-2012 are worth attention, as they evidence the growing number of the lively born (refer with: Table 1). This indicator significantly increased in 2009 and 2014 and the growth reached 22,8 % and 31,6 % while 2020 reached 0,99 % respectively, as compared to the same indicator in 2005. (Fig. 3)

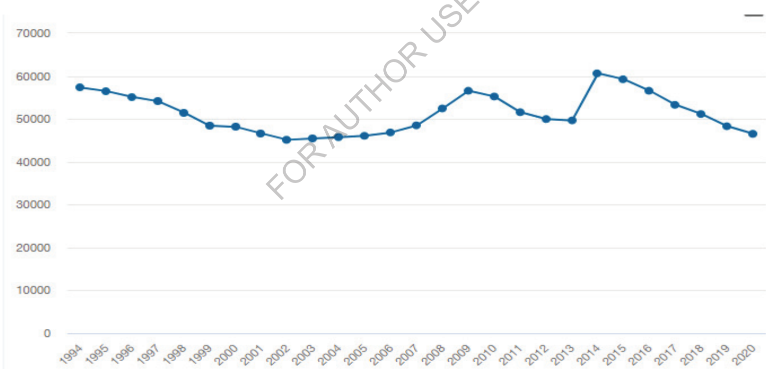

Fig. 3 Number of Live Births[12]

The growth was fixed both, in urban and rural areas. In addition, the number of lively born increased in the regions traditionally Georgian population. In addition, the same growth is fixed in the regions with the majority of the population being non-Georgians. However, one moment is worthwhile.

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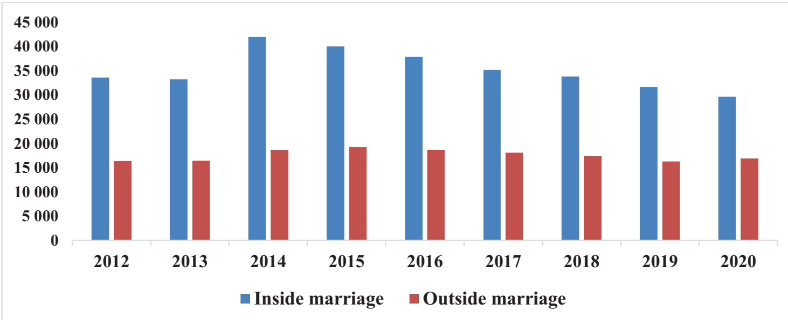

Fig. 4 Live Births Inside and Outside Marriage[13]

The increased number of the registration of newborns must not create an illusion of the increased birth rate. However, the given indicators are quite high for such a small country, as Georgia is and naturally, would lead to significant changes, as the indicator of the natural growth of the population has significantly increased. Besides, the regeneration of the generations has also become more intense, and this is another important indicator in demography. The number of marriages increased and the number of children born without the registered marriage decreased as compared to the past years. (Fig. 4)

In a certain respect, this is also a positive change. The births of the second and third babies in the family have also increased, and there is no disturbed quantitative ratio between the sexes of the lively born. (Fig. 5)

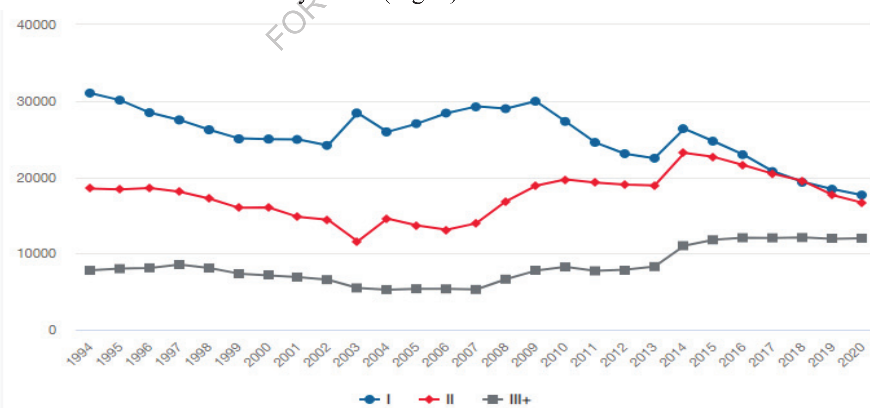

Fig. 5 Live Births by Birth Order[14]

[13] www.geostat.ge

As per the data of 2012, 109,7 boys were registered per 100 girls. As for the following years, the number of boys per 100 girls was as follows: 106,9 in 2014, 104,4 in 2016, 107,9 in 2018, 109,3 in 2020 and 109,1 in 2021, evidencing a regular ratio. These changes are the result of not some active demographic policy, but the initiative of the Patriarch of Georgia regarding the birth of every third baby in a family. (Fig. 6)

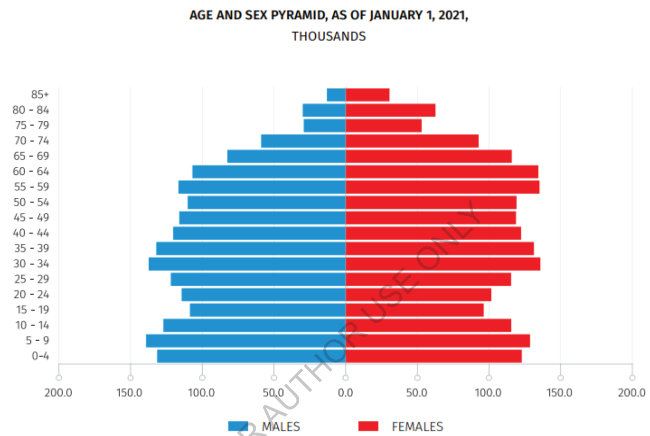

Fig. 6 Population by Sex and Age in 2021 years (person)[15]

At this point, it should also be mentioned that no matter how favorable the statistics of the recent 5 or 6 years is, this only cannot compensate the situation established for the last two decades in Georgia. A 2-year-long increase in the birth rate cannot cause cardinal changes. Such changes are possible through long processes only. However, aging of the nation is directly linked to the birth rate, which is one of the primary components in this respect. Generally, the longer the lifespan, the more people survive and the nation gets more aged. However, the birth rate is a more important factor than lifespan in this respect.

The indicator of the demographic aging of population, which is the specific weight of the people aged 60 or more in the total number of population was 19-21% and the specific weight of the people aged 65 or more in the total number of population was 14-

[14] www.geostat.ge
[15] www.geostat.ge

15% in 2012-2021. According to the Rosette and UNO Scales, this is a very high indicator of aging. In the period between the censuses of 2002 and 2014, the average age of the population in Georgia increased by 2.5, and is now 38 years. As of January 1, 2021, the number of male population equaled 1 796.2 thousand persons, and the number of female population - 1 932.4 thousand persons. Compared to previous year, the number of male and female population increased by 0.3 percent. The sex ratio, i.e. number of men per 100 women, equals 93. It is worth mentioning, that under the age of 40 the number of men exceeds that of women, while the opposite situation is observed for the age group of 40 and over, which could be explained by females' higher life expectancy.

Table 1. Main Demographic indicators of Georgia in 2013- 2020[16]

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Population for the beginning of the year (thousands)	3 718.4	3 716.9	3 721.9	3 728.6	3 726.4	3 729.6	3 723.5	3 716.9
Live births	49 657	60 635	59 249	56 569	53 293	51 138	48 296	46 520
Deaths	48 564	49 087	49 121	50 771	47 822	46 524	46 659	50 537
Natural increase	1 093	11 548	10 128	5 798	5 471	4 614	1 637	-4 017
Life expectancy at birth	72.5	72.8	73.0	72.7	73.5	74.0	74.1	73.4
Birth rate (per thousand population)	13.4	16.3	15.9	15.2	14.3	13.7	13.0	12.5
Mortality rate (per thousand population)	13.1	13.2	13.2	13.6	12.8	12.5	12.5	13.6
Natural increase rate (per thousand population)	0.3	3.1	2.7	1.6	1.5	1.2	0.4	-1.1

The life expectancy also increased by 1,3 years in 2021 as compared to the data of 2012 and compared to previous year, in 2020 the life expectancy at birth has decreased by 0.7 unit and equals 73.4 years, including 69.1 years for males and 77.7 years for females.[17] (Fig. 7). It should also be mentioned that in 2020, 8.0% of the economically active population was older than 60 years old, 8,4% of the economically active population was older than 65 years old and only 10.3% of the economically active population was younger than 25 years old. Thus, in a demographic respect, the aging of the population in Georgia is an obvious trend. The most aged population of Georgia is found in south Caucasus: in Azerbaijan the aging index is 6,7% and it is 10,6% in Armenia.

[16] www.geostat.ge
[17] www.geostat.ge

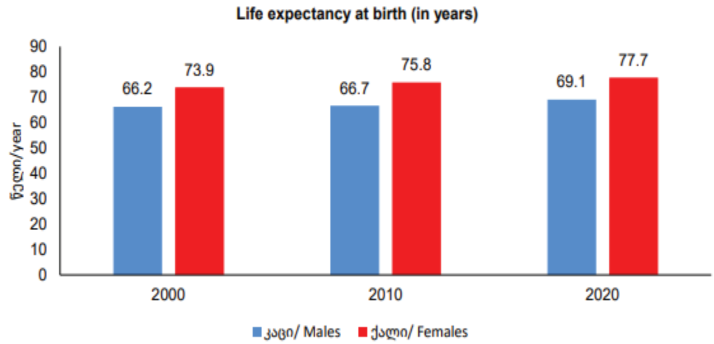

Fig. 7 Life expectancy at birth (in years)

The demographic aging of the population is followed by the increased demographic-economic load for the able-bodied (particularly, for the employed people). The proportion of the disabled per one thousand able-bodied people in Georgia is increasing. If considering that the level of unemployment is persistently high, the demographic load will seem a much severer problem. The specific weight of the people not having reached the working age in the demographic load increases and the specific weight of the people older than the working age increases accordingly. The load of the aged in 2019 was 4% higher than in 2002, and has doubled since 1897. The specific weight of the children younger than 16 decreases and the number of pensioners increases. The aging index for the last fifty years has increased almost 8-fold, from 10,4% to 81,2%. This process is particularly intense in rural areas with the people migrating to urban areas due to hard living conditions. Migration of the people from villages to cities (mostly, of the young people) is most intense in the northern high-mountainous regions of Georgia of all the regions of the country. Consequently, the major population in these regions is the elderly. The rate of death in the regions distinguished for demographic aging is drastically higher than the mean value in the country, it often exceeds the birth rate and cause depopulation.

The aging process is particularly painful for the labor market and system of social protection, as the social costs increase is a hard load for the employed. At present, there are 75 hired employees per 100 pensioners, while the optimum proportion is 350-400 hired employees per 100 pensioners. Moreover, if considering that over half of the employed are women, the income tax paid by the employed women used to give out pensions is augmented by the women's labor in their own families while taking care of the elderly, being a double load for a woman. The aging index for the last fifty years has increased almost 8-fold, from 10,4% to 81,2%.

The indicators of migration are worth attention. From 1990, mass migration took place in Georgia. As per different sources, 2/3 of the migrants have left the country for economic considerations, while 1/3 of them left the country for ethnic reasons. In addition, the number of the reproductive and able-bodied people was particularly high in the total number of the migrants. In 2012, 90.584 people left the country, with 80,2% of them being able-bodied, while 76,8% of the emigrant women were of a reproductive age and in 2020, 74. 264 people left the country, with 82.5% of them being able-bodied, while 63,8% of the emigrant women were of a reproductive age.

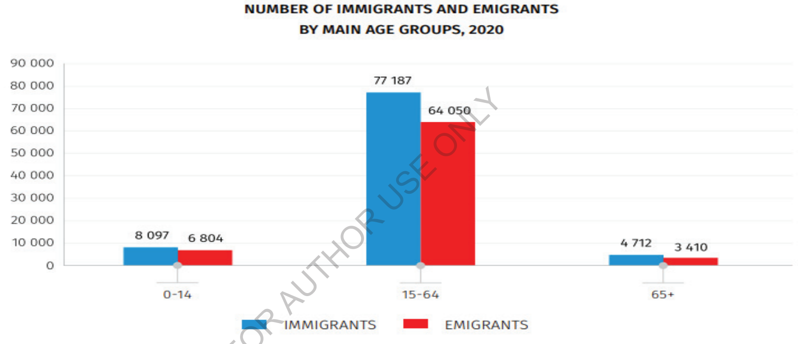

Fig. 8 Emigrants and Immigrants by Sex and Age (2020 year)[18]

The calculated prediction values prove the forecast of the UNO experts about the demographic aging of the population in Georgia continuing in the future; however, if we manage to maintain the state of recent years, aging will be slower.

In 2020, the number of emigrants totals 74 264 persons decreasing by 29.3 percent compared to the previous year. The number of immigrants decreased by 7.1 percent, amounting to 89 996 persons. In the same time period, 85.8 percent of immigrants and 86.2 percent of emigrants represent the working age population (15-64 year age group) (Fig. 8). In 2020, 74.1 percent of immigrants and 58.4 percent of emigrants are citizens of Georgia.

[18] www.geostat.ge

Conclusion

The study has demonstrated that Georgia is among the aging countries and is the most aged country in the South Caucasus. The medium age of the population in Georgia is 5 years more than that in Armenia and is 7 years more than that in Azerbaijan. Besides, Georgia is 30% older than the average world index suggests (37 and 29 years, respectively).

Increase in the birth rate will not be endless or thorough; however, in this respect, Georgia is in a much better position than say, the Russians or Ukrainians. The latter have much severe demographic problems. Similar trends are observed in Armenia and Azerbaijan. The difference between our country and them is not as great as it was ten years ago. However, the level of demographic aging in those countries is lower than in Georgia, because the negative demographic trends started much later there than in Georgia. However, sooner or later, the South Caucasus, as well as the whole world will face this problem.

Such state of affairs has had a significant impact on the demographic aging of the population, and with great probability one can talk about the Georgian type of demographic transition, which is closer to the French type characterized by decreased birth rate in terms of factually unchanged (permanent) of the death rate. As per the forecast of the UNO experts, the demographic aging of the population of Georgia will continue further and by 2050, the proportion of the people aged 60 or more will nearly double in the total number of the population, reaching 35,8%

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Banking System of Georgia During the Pandemic

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Abstract

The impact of the pandemic has significantly reduced economic activity and increased financial stability risks worldwide. The financial system of Georgia was prepared to handle the shock of the pandemic and maintained resilience thanks to the financial stability policy that has been implemented in recent years. Previous capital requirements imposed by the National Bank of Georgia and the profits made by commercial banks have allowed banks to accumulate sufficient capital buffers to address stressful situations. As for the liquidity of the financial market and the stability of the financing sources of commercial banks, the National Bank of Georgia has ensured this by introducing pre-pandemic liquidity coverage and net stable funding ratios. Most importantly, Georgia's financial system is now stable against the backdrop of uncertainty associated with the pandemic.

Keywords: Financial system, Pandemic, Stability, Sustainability, National Bank of Georgia, Banking system.

Introduction

The policies pursued by central banks and governments to address the recession and the existing challenges caused by the pandemic were immediate, timely and reliable.

In the banking sector, most banking operations have gone smoothly, despite the problems outlined above. Banks have accelerated and effectively implemented technology, demonstrating unprecedented flexibility, resilience and sustainability. Above all, banks have played a decisive role in stabilizing the economy and implementing government incentive and assistance programs.

The adequate level of capital in the banking prior to the pandemic was of great help in mitigating the negative effects of the crisis and should contribute to the development of the global economy.

Results

In order to mitigate the negative impact of the pandemic on the financial system and to stimulate the economy, the National Bank of Georgia has adopted prudential measures, both at the macro and micro levels, and developed a *temporary supervisory plan*. The temporary supervisory plan implies to use the capital and liquidity buffers of the banking sector during the financial stress.

Capital requirements for commercial banks have been reduced. Banks are able to use foreign currency buffers for GEL liquidity management *and by doing so, maintain the total liquidity demand.* The National Bank of Georgia ensures an appropriate level of liquidity in the financial system.The National Bank has launched swap operations to provide liquidity to the banking system.

The National Bank continues to work to increase the sustainability of the financial system. The National Bank monitors the current situation and uses all instruments to reduce the impact of the pandemic shock on the financial system. It is noteworthy that there is still high uncertainty regarding the timing of the end of the pandemic, as well as in assessing the impact of the pandemic on the financial sector.

Currently, the country's financial sector is healthy. It has accumulated sufficient capital and liquidity buffers to mitigate the shocks caused by the pandemic. Due to the pandemic, it is expected the share of non-performing loans will increase, but that commercial banks have already created reserves for possible losses.

Georgia remains sensitive to global economic and financial trends, as it is a small open economy with a high rate of dollarization, a current account deficit, and a growing dependence on international financial flows.

The Georgian banking sector undoubtedly has elevated concentration, although it does not limit competition. This is positively confirmed by the downward trend in interest rates.

A supervision strategy was developed in early 2020 to aid Georgia in advancing a sustainable, stable, and reliable financial system. Its ultimate goal is to define strategic priorities for 2020-2022 and plan related activities to achieve these priorities. One of its main components is to promote the development of a sustainable financial technology ecosystem. This, of course, will encourage innovation in the financial sector [1].

In order to encourage competition in the financial sector, as well as to introduce new players to the market, the National Bank has established a Financial Innovation Office. It is a communication channel between financial technology innovators and regulators. The mission of the Office is to promote responsible innovations in the financial sector and to help Fintech organizations perceive the supervisory approach of the National Bank's regulations.The National Bank of Georgia has also established Regulatory Laboratory Framework. It will help financial sector entities to test an innovative service and/or product in the supervised environment and the real-time regime [2].

The National Bank of Georgia is considering the issue of digital bank licensing. The emergence of digital banks as new players in the financial sector in Georgia will promote the development of digital ecosystems and innovative business models, as well as increase competition.

Because of the fact that commercial banks have switched to a remote operating mode, operational risks have increased considerably. It is noteworthy that cyber-risks in the financial sector in Georgia have not increased significantly, but there have been attempts at fraud. It should be noted that cyber-security oversight requirements entered into force in 2019.In addition, the National Bank of Georgia has established a relevant cyber-risk oversight unit to study and mitigate cyber-risk in the financial sector. According to the data of 2019, the total operating loss of Georgian commercial banks is 22.4 million GEL, which is 2% less than the total loss for 2018. The pandemic is expected to increase the risks of cyber-attacks. Therefore, the financial sector needs to be prepared for them [3].

Sustainability issues can be a source of financial risk. The goal of financial risk management is to ensure financial stability. Assessing/studying the impact of risks related to sustainable development on financial stability and financial institutions is the responsibility of central banks and financial supervisors.

In early 2021, the National Bank of Georgia signed a Cooperation Agreement (CA) with the International Finance Corporation to support the development of sustainable financing. Its goal is to support the National Bank in developing a sustainable financing system, including developing sustainable financial products and managing environmental and social issues in Georgia [4].

One of the important changes in the banking system of Georgia is that the National Bank has been authorized to implement resolution of a commercial bank. Since January 1 of this year, the Supervisory Authority has had a full-fledged basis for the rehabilitation and reorganization of commercial banks, which will make a great contribution to the stability of the financial system of Georgia [5].

In the event of difficulties for a commercial bank, the dispute resolution mechanisms allow the National Bank to react at an earlier stage. If the measures taken fail, the resolution calls for the restructuring of the commercial bank so as not to jeopardize the country's financial stability.

Table 1. Indicators of Georgian Commercial Banks
(End of period, Billion of GEL)

Period	Total Assets	Loans to Non-Financial Sector and Households	Loan Loss Reserves	Equity Capital	Non-bank Deposits
01. 2019	38,8	26,4	1,32	5,18	22,59
02. 2019	38,9	26,4	1,34	5,26	22,91
03. 2019	39,4	26,8	1,35	5,29	23,14
04. 2019	40,0	26,7	1,38	5,26	23,13
05. 2019	41,2	27,6	1,39	5,18	23,94
06. 2019	43,1	28,7	1,41	5,22	24,64
07. 2019	44,4	29,3	1,45	5,31	24,96
08. 2019	44,9	29,6	1,44	5,42	25,30
09. 2019	45,8	30,1	1,43	5,48	25,57
10. 2019	46,3	30,8	1,45	5,52	26,27
11. 2019	46,5	31,4	1,47	5,59	26,25
12. 2019	47,2	31,9	1,35	5,75	26,24
01. 2020	46,7	31,9	1,36	5,86	26,47
02. 2020	46,2	31,6	1,35	5,96	26,52
03. 2020	50,1	35,0	2,53	4,98	28,88
04. 2020	49,1	34,2	2,51	5,05	27,58
05. 2020	49,4	34,2	2,51	5,13	28,22
06. 2020	49,3	33,8	2,44	5,20	28,77
07. 2020	51,1	34,5	2,45	5,28	30,54
08. 2020	51,0	34,5	2,43	5,38	30,93
09. 2020	54,3	36,4	2,49	5,46	32,84
10. 2020	53,9	36,4	2,44	5,63	32,28
11. 2020	55,9	37,4	2,45	5,74	33,59
12. 2020	56,9	38,2	2,44	5,85	34,63

As of January 1, 2021, there were 15 commercial banks in Georgia, including 14 foreign-owned banks.In December 2020, as compared to the previous month, the total assets of commercial banks (in current prices) increased by 966.9 million GEL, or by 1.73%, and as of January 1, 2021, they constituted 56.9 billion GEL (Table 1).

The equity capital of the banking sector is 5.85 billion GEL, which makes up 10.28% of the commercial banks total assets.

Table 2. Income, expenses and profit dynamics of Commercial banks of Georgia (End of period, Thous. of GEL)

Period	Income	Expenses	Net Profit
01. 2019	352 007	276 926	67 755
02. 2019	324 452	261 442	55 743
03. 2019	360 245	269 868	75 104
04. 2019	357 612	284 370	64 196
05. 2019	359 832	288 359	63 984
06. 2019	345 001	309 542	33 993
07. 2019	386 658	297 051	82 672
08. 2019	383 690	262 597	110 106
09. 2019	380 552	273 615	96 620
10. 2019	399 564	301 127	87 886
11. 2019	394 811	305 197	83 557
12. 2019	452 796	299 671	132 019
01. 2020	410 942	305 938	96 026
02. 2020	383 296	272 958	100 030
03. 2020	405 960	1 485 337	-943 130
04. 2020	352 422	266 702	80 297
05. 2020	362 625	301 914	53 353
06. 2020	386 356	234 973	136 789
07. 2020	398 676	330 439	63 493
08. 2020	399 955	293 344	96 363
09. 2020	441 697	373 735	64 641
10. 2020	442 057	250 527	166 189
11. 2020	433 708	337 933	84 481
12. 2020	464 343	349 423	100 730

The net profit of commercial banks in 2020 amounted to 99.26 million GEL, which is almost 10 times less than in 2019 (953.63 million GEL).

Table 3. Non-cash payments by method of payment order initiation and money transfers dynamics (2019-2020)

Period	Internet Banking (Volume)	Internet Banking (GEL)	Mobile Banking (Volume)	Mobile Banking (GEL)	Money Transferts Inflow (Thous. of USD)	Money Transferts Outflow (Thous. of USD)
01. 2019	1 652 349	6 633 634 297	760 583	224 477 234	115 693,0	15 506,0
02. 2019	1 787 548	6 891 649 883	830 723	232 861 320	125 467,8	17 737,6
03. 2019	2 015 642	7 564 462 017	1 045 701	273 504 067	138 383,5	18 534,3
04. 2019	2 126 583	7 850 238 460	1 046 092	296 795 695	137 118,0	19 131,3
05. 2019	2 161 267	8 008 568 248	1 172 898	331 965 788	145 783,5	20 453,0
06. 2019	2 035 491	7 922 150 566	1 183 694	346 728 360	143 634,5	17 467,8
07. 2019	2 556 888	8 668 676 850	1 222 269	432 541 477	154 526,2	19 238,2
08. 2019	1 957 916	7 723 359 180	1 220 632	403 054 859	146 424,1	19 033,5
09. 2019	2 032 580	8 120 463 497	1 288 147	421 325 493	149 765,7	20 465,6
10. 2019	2 156 445	8 467 322 902	1 438 806	457 319 537	153 208,1	22 456,6
11. 2019	2 032 094	8 028 273 273	1 551 658	432 066 857	151 042,6	21 880,1
12. 2019	2 344 525	11483 237 861	1 765 225	510 206 149	172 270,4	25 520,1
01. 2020	1 808 881	7 363 586 409	1 551 359	407 247 886	125 635,7	18 465,3
02. 2020	1 850 580	7 186 741 513	1 727 818	440 192 107	137 325,5	21 711,5
03. 2020	1 942 312	8 529 052 845	1 771 491	513 074 550	125 865,4	20 409,2
04. 2020	1 516 866	6 367 220 767	1 756 573	405 224 180	**79 078,5**	**9 999,8**
05. 2020	1 672 782	6 225 877 449	2 029 203	511 459 579	131 845,5	13 567,9
06. 2020	1 795 741	6 972 304 792	2 180 253	582 136 839	169 235,0	21 900,7
07. 2020	1 963 548	8 464 435 347	2 278 840	627 766 837	188 723,0	22 234,8
08. 2020	1 994 262	8 936 686 894	2 433 308	860 073 767	184 207,8	23 117,9
09. 2020	1 888 823	8 624 854 926	2 418 731	714 846 586	192 721,0	25 054,6
10. 2020	1 926 399	8 947 871 182	2 573 852	725 115 435	181 729,2	23 870,2
11. 2020	1 856 413	8 240 651 699	2 686 864	740 745 089	169 936,5	21 869,1
12. 2020	2 175 114	11471 313 134	3 365 429	899 162 376	199 678,9	24 663,2

Because of the pandemic, 2020 was a challenging year for commercial banks (Table 2). In March they suffered 943.1 million in losses. Banks' net profit in December was 100.73 million GEL, which is 16,249 million GEL more than in November (84.48 million

GEL), and 31.29 million GEL less than in the corresponding period of the previous year (132.02 million GEL).

Table 3 presents the dynamics of Internet and mobile banking, as well as payments before the pandemic and during the pandemic period -2019-2020. Remarkable in terms of remittances (inflow/outflow) is the month of April 2020, when the inflow of remittances amounted to only 79 078 thousand USD, and outflows -9 999.8 thousand USD.

Conclusions. Generally, we may say that today, as a result of the reforms carried out in previous years, the National Bank of Georgia has many, and most importantly, effective monetary and macro-prudential policy instruments. Georgia's financial system is generally stable and has accumulated enough reserves to help the economy overcome the crisis faster and with less loss.

The National Bank of Georgia should promote competition in the financial sector. We also believe that the framework of the recent resolution is a timely step.

The National Bank will continue to work actively to ensure sustainability and stability of the financial system.

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UDC 338

The Role of Information Technology in the Reengineering of Business Processes of Higher Education Institutions

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Abstract

In the article the author considers the own directions and goals of development of higher educational institutions and methods of their achievement.

The article focuses on the goals of business process reengineering of higher education institutions, which means increasing the level of training of specialists.

The article notes that information technology alone does not provide the radical renewal that is expected from the introduction of reengineering. Obviously, business process reengineering involves the use of a systematic approach if it is implemented. Business process reengineering concerns absolutely every component of the organizational system, because they are closely interconnected and require their complete or partial transformation.

The result of reengineering of higher education institutions is: business process structuring, optimization and analysis of business processes, development of business process description criteria, automation system implementation.

The role of information technology in conducting business processes of higher education institutions is important, although information technology is not the only essential element of reengineering.

Keywords: Business processes; reengineering of business processes; business process management; information technology.

Introduction

The crisis events in the economy require higher education institutions to use new management tools. One of the most effective managerial approaches to radically improve the quality of higher education institutions, as well as to increase the efficiency of its activities at the present stage is the reengineering of business processes, which is based on the use of modern information technology.

One of the reasons for the development of business process reengineering as a strategic tool is extending the role of information technology in almost every area of higher education institutions, as well as increasing the potential of these technologies. Modern information technologies enable new ways of working and, therefore, give rise to a new approach to process design. They allow:

- to automate an existing process, i.e., the new information technology is used in this case to automate the process, not to change it;
- to use computers as a tool of analysis, i.e. to automate intellectual work;
- to use new technologies when a radical, creative change in the business process is required, not just automation.

Improvement of higher education management system is one of the important socio-economic problems. The need to improve the management system of higher education at the present stage is due to rapid changeability and stiff competition of organizational and economic conditions of higher education institutions in the market of educational services.

At present, higher education institutions independently determine the directions, goals, and methods of their development, coordinating them with the goals of state policy.

It should also be noted that the requirements to the level and quality of education have changed with the changes in the social and economic life of society. The increased requirements of society for the quality of education have become a fundamental factor in evaluating the activities of higher education institutions.

The changes occurring around higher education institutions require them to respond appropriately. First of all, introduction of organizational and managerial innovations, which include strategic planning, balanced scorecards, result-oriented budgeting, project management, reengineering of business processes and other managerial innovations.

Currently, university management implementing managerial innovations faces a number of challenges, the main ones being:

- Mismatch of goals and objectives at different levels of management;
- Ineffective implementation of managerial innovations;
- Ignoring the opinions of technical staff involved in the training process, etc;

The solution to these problems involves the integration of various methods based on process management and reengineering of business processes, of course, managerial. This will involve the structural units and employees of the higher education institution in the management of the university. It will also increase their interest and responsibility, evaluate their contribution to achieving strategic goals and performance of higher education institution.

The purpose of business process reengineering of higher education institutions is to increase the level of specialists training.

Business Process Reengineering (BPR) is the practice of rethinking and redesigning the ways of doing things to better support the mission of the organization and reduce costs, prioritizing business processes and analyzing their optimality, as well as building optimal models for implementing these processes.

The need for reengineering is due to the high dynamism of the modern business world. Continuous and quite significant changes in technologies, demand for high-level specialists is a common phenomenon, and higher education institutions, trying to maintain their competitiveness, are forced to transform the strategy and tactics of business processes.

Business process reengineering is a scientific and practical field, which appeared on the boundary of two different disciplines. Therefore it requires new specific means of representation and processing of problem information, which would be clear to both managers and creators of information systems. Such tools require the integration of major advances in information technology and the development of appropriate tools to support reengineering.

The tools and methodology for reengineering educational processes are similar to those used in the reengineering of business processes in industry, although the reengineering of educational processes has its own peculiarities.

In case of reengineering in higher education institution the following categories of business processes are distinguished:

- Processes that directly provide training to students;
- Processes that contribute to the planning and management of the learning process;
- Processes related to the admission of applicants;
- Processes related to document management;
- Infrastructural processes;
- Transformation support processes used in situations where it is necessary to replace existing technology.

In order to improve the cost-effectiveness of the higher education institution, the following activities should be undertaken:

- Highlighting key business processes or key information flows;
- Description of business processes (as is) - the content of processes, the relationship between participants in processes, the relationship of the roles of process participants and databases in the information flows;

- Redesign of business processes;
- Preparation of decision-makingю

The result of the analysis of existing technologies for the implementation of business processes is the improvement of higher education institution. Typically, this includes:

- Upgrading existing business process technologies to sound technologies;
- Changes in the systems of planning, management and control of the activities of a higher educational institution.

Currently, information technology is not only the basis of many other important technologies (personal computers, networks and communications, robotics, etc.), but also the means by which information is transmitted to the consumer.

Therefore, the strategic goal of information technology is to facilitate management, respond to market dynamics, create, maintain and enhance competitive advantage.

At present, IT departments of educational institutions are tasked not only to provide IT services to all departments of universities, but also to participate in the achievement of business results, modeling, analysis and optimization of business processes. IT and business should work as a team, and the more coordinated they are, the better the results will be. The practice of business process reengineering showed that reengineering is not only possible but necessary, although for its successful implementation it is important to use modern tools corresponding to reasonable methodologies and adequate tasks to be solved. It should be noted that information technologies by themselves cannot provide the radical upgrade that is expected from the introduction of reengineering. Obviously, business process reengineering implies the use of a systematic approach in its implementation. Business process reengineering concerns absolutely all components of the organizational system, because they are closely interrelated and require their complete or partial transformation.

As a result of reengineering of higher education institutions we get the structuring of business processes, optimization and analysis of business processes, development of business process description criteria, implementation of automation system.

The role of information technology is important in higher education business processes, although information technology is not the only necessary element for reengineering.

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Domestic Tourism Prospects for Georgian Economy in the Pandemic

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Abstract

Tourism is one of the most important sectors of Georgian economy. Special attention is paid to International tourism, though domestic tourism is no less important for the country, domestic tourism still remains a leading segment of the economy and the poverty alleviation. Domestic travel addresses the seasonality in the regions, regulating tourist arrivals in less visited villages, which may be neglected by foreign visitors. The COVID-19 pandemic made it clear that if not for domestic tourism most hotels in Georgia would cease to operate, leading to a deplorable state of the country's economy. The research reveals the necessity of constant innovations, offering Special packages and disclosure of safety procedures in this field of tourism.

Key words: Domestic tourism, safety procedures, COVID-19, safety procedures, innovations

Introduction

Domestic Tourism does not involve the crossing of international borders at entry points. It has been a well-established practice, happening in every country or region in the world. It can be described as tourism motivating residents of one given country traveling within their own country.

Domestic tourism remains the leading form of tourism, representing an important tool for regional economic growth and development [4]

With over 50% of the global population now categorized as “middle class” or “rich”, more and more people can afford to travel. Research suggests that domestic tourism demand picks up at an income level of about US$35,000, while international travel takes off at around US$50, 0001. An increasing number of households in emerging economies, which are approaching or have already reached these thresholds, including in China and India, are likely to contribute to sustained growth in domestic travel spending. In effect, in the next ten years an additional 65 million Chinese and 9 million Indians will enter the middle class. Using the World Travel & Tourism Council’s (WTTC) annual economic impact data, the position paper assesses the importance of domestic travel to 185 countries, considers the trends driving this phenomenon and provides policy recommendations for the continued growth of domestic travel in the global economy [4,10].

The ten countries (USA, Japan, Germany, China, UK, France, Italy, India, Brazil, Mexico) with the highest reliance on domestic tourism to drive the performance of their Travel & Tourism sector are emerging economies. [7]

Domestic travel is the main driving force of the Travel & Tourism in major economies. To support and sustain the strong growth in the sector's demand, capital investment in Travel & Tourism infrastructure is essential. Weaker growth in domestic spending may be associated with lower discretionary income levels - which limit residents' ability to travel - as well as a lack of supportive government policies in some of these countries, and a need for more affordable tourism products to serve this market [5].

Tourism is one of the most important sectors of the Georgian economy. Special attention is paid to international tourism, but domestic tourism, during which the residents' incur costs for activities and accommodation, thus contributing to the development of the local economy, is no less important for the country [9].

According to 2019 data, the total amount of expenditures made by domestic visitors to Georgia was 1.8 billion GEL, while the average expenditure per visit amounted 129.3 GEL. According to surveys, citizens spent the largest share of their spending on shopping (over 609 million, 33.1% of total spending); Expenditures on food and drink came after shopping (more than 451 million GEL); Transportation costs amounted 18.2%, with domestic visitors accounting for 4.5% of the total cost (82 million GEL). According to economic activity, most domestic visits were performed by employed (30.6%), self-employed (16.2%), and unemployed (14.9%). In 2019 and 2021 international visits decreased by 85%, compared to 2020, the number of visits increased by 40.4% in 2021, which was somehow due to the easing of regulations in the summer of 2020. In the period of COVID-19 pandemic, both international and domestic visits decreased. The total number of visits in 2020 amounted 12.5 million. This figure was -12.5% less compared to the same period last year [8].

The role of hotels in Georgia is of great importance for the development of domestic tourism. Hotels are responsible not only for the safety of tourists, but also for the safety of the service personnel. Consequently, the hotel industry is facing a major challenge in a pandemic ensuring a safe environment at affordable prices for the local population.

Literature Review and Conceptual Analysis

Domestic travel supports and develops local and national pride, provides a rationale for an upgrading of infrastructure, disperses visitors geographically across regions, smoothes seasonality and creates employment opportunities. It can play an important role in improving the attractiveness of destinations, which in turn promotes well-being for locals and helps to attract the educated young professionals upon which high value-added sectors increasingly depend [4].

Most domestic tourism research focuses at a national level (although not micro states), and thus relatively little is known about more localized contexts (such as in-state versus national and international [1].

Resource to support domestic tourism can be given to organizations that will develop products and services that will suit the local tourist market, or in some cases, directly to the residents themselves [4].

Quality transport infrastructure enhances the experience of a destination and quality of life within it for both visitors and residents [4].

Today's travelers need more information, reassurance, booking flexibility, and fewer risks when it comes to booking travel. Brands can meet these needs by establishing more meaningful and direct relationships with customers and reducing reliance on third parties [6].

Support for an otherwise ailing tourism industry may help to protect facilities and infrastructure used by the wider community, maintain tourism capacity, and provide atmosphere attractive to foreign visitors [2].

"Over the last few months, we have started to see how different government policies and tactics have been employed to stimulate demand". "…but not all markets can survive without overseas tourists. In these cases, the only option is to innovate their way to safely reopening borders."[6]

Travel companies are treading a fine line, in some cases having to resist the urge to open their doors wider amidst staff shortages, operational hurdles, and continued public health restrictions as Covid-19 rages in parts of the world and simmers, ready to boil over again, in others. [6]

Methodology

The purpose of the study was to examine the travel motivation of Georgian residents in the pandemic period. Personal interviews were conducted, questionnaires were distributed, and analyzed. Data were gathered and processed from September 2020 to May 2021 from various regions of Georgia.

During the research period 112 residents were interviewed, 98 completed cards in electronic format were introduced, 14 interviews (personally gathered) were conducted.

Results

"Now, businesses are rethinking their digital roadmaps to understand how to best transform in preparation for a fast-changing future." [6]

The data result has revealed that 55% of respondents would travel more frequently within the country if the seaside resorts had high-standard beaches and there were loyal prices for locals. An important factor for 36% of the population was ready to travel in case of more active recreation and entertainment proposals, while 9.1% of survey participants would travel more frequently within the country if the resorts (especially ski resorts) could offer better safety regulations for tourists and loyal conditions for local community.

Pandemic revealed the diversity of Georgia's tourism resources. The development of domestic tourism for Georgia is a prerequisite for more diverse and economically sustainable tourism. For encouraging people to visit natural attractions in their own country it is necessary to understand the motivation of their travel. Post pandemic Domestic tourism should focus on more specific questions for market research.

It is necessary for tourist facilities to offer domestic tourists the benefits of travel- the travel rewards. Customers should feel that internal travel is beneficial. Local tourists are looking for unique and diverse experience.

Furthermore, the range of adventure in Georgia is wide and it has a great advantage. It is important for Tourist facilities to offer the tourist product to the local population according to the market segment. Even in a pandemic, the tourism sector needs to develop tourist destination, tourist destination must have a wider range of activities and events. Accordingly, state support and investment in the tourism sector is essential, as the increase in the level of satisfaction of local consumers of tourism sector has a direct impact on the sustainable economic recovery of the country.

Poverty alleviation is one of the main goals of tourism industry. Therefore, domestic tourism promotes the participation and employment of local population. The research revealed structural shortcomings in the tourism system and showed us that Pandemic Domestic Tourism can be seen as a means of recovering the country's economy and overcoming poverty alleviation.

Conclusions

The results showed how hotels can contribute to the development of domestic tourism:

1. Promote awareness through local media. It is important to invest in marketing, even during a pandemic. Hotels need to work with local and national media to reach local customers.
2. Activate in the social network: most of pandemic time people spend in the social network. It is imperative that hotels take advantage of this opportunity and work with social media channels. Hotels should use different holidays to attract locals and offer reduced rates.
3. Create special offers for customers: Hotels can acquire their loyal customers by creating special offers, they can push customers to maintain close connection e.g. by using the bonus for repeated guests. Hotels have to announce about COVID-19 safety procedures, focusing on what the hotel sector does to maintain the health of the staff and customers. How seriously they follow the hygiene and safety procedures. Share Videos on how they clean and disinfect to increase customer confidence.
4. Develop off-season tourism - Educational and cultural events are well-suited to the development of off-season tourism. Training courses and international meetings do not fully require good weather. Accordingly, hotels can offer off-season rates. Therefore, tourist facilities can attract customers in any season.
5. Fine Arts - exhibitions of local art and handicrafts near the hotel can play an important role for the economic activity of the local population, as well as raising the awareness of the locals about the opportunities of the local population. Items can be exhibited for sale and at the same time have a load of scenery for the hotel.
6. Music Entertainment - Hotels can use music resources to raise awareness and promote the development of domestic tourism. In some countries, music is the source of satisfaction and pleasure for visitors. Resort hotels have a special potential to give guests the pleasure of presenting local music. The use of music resources can alleviate the pandemic crisis for musicians and dancers, while hotels can attract more domestic tourists.

"Some companies are clearly benefiting in the short-term…And why not? They need to recover,"… "But they need to think very carefully about their pricing strategy and how they engage with their customers both now and in the future."

The pandemic has shown that the need for a mature, yet agile, digital capability that enables new levels of customer-centricity is as relevant today as it will be for building better tomorrow."[6].

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Profit Tax Reform Results In Georgia

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Abstract

The main purpose of the tax system is to provide the state with financial resources. Both in previous years and in 2021, most of Georgia's planned budget revenues (approximately 62%) came from tax revenues. Therefore, proper determining tax policy and good tax administration is important for the budgetary process and the development of the country.

In general, the most reliable and popular indicator of the economic progress in the country is the Gross Domestic Product growth rate. In recent years, a number of tax reforms have been implemented in Georgia to accelerate it.

Such changes are always accompanied by several important issues, including whether they have an adequate impact on the growth of the country's macroeconomic performance and what challenges the country may face as a result of these reforms.

Keywords: Profit tax, distributed profit, taxation, tax revenues of the budget

"Estonian Model" of Profit Tax

Today it operates in three countries: Estonia, Latvia and Georgia. It was introduced in Estonia in 2000 and is known in academia as the "Cash flow taxation model". In Estonia, according to the tax regulations, the profit distributed in 2000-2004 was taxed at 26%, then until 2018 - at a rate of 20%, and from January 1, 2018 - at a rate of 14%. At the same time, the dividend tax rate is 7%. It should be noted as so-called "Regularly distributed profit". Regularly distributed profit means the arithmetic average of the profits distributed by the enterprise during the last (previous) three years. If the profit tax base for the current year exceeds the above arithmetic mean, then the distributed profit will be taxed not at 14% but at 20%.

The Estonian model of profit tax has been introduced by Latvia since January 1, 2018. The tax rate is 20%, while the tax base is divided by 0.8 and multiplied by 20%. 25% interest rate is actually accepted (for comparison: in Georgia there is a 15% interest rate, while the tax base is divided by 0.85 and multiplied by 15%. In fact, a 17.65% interest rate is accepted).

It should be noted that the term "profit" itself is considered in many academic and practical terms. We are interested in the profit of the enterprise in terms of taxation. Thus, the mechanisms of profit distribution and redistribution are interesting.

When an enterprise sells goods and / or services, it first distributes the received revenue. In particular, it pays salaries to employees, dividends to founders, interest to creditors, and so on. This results in the initial distribution of revenue and profit. Accordingly, the payment of salaries, the payment of dividends, etc. This is followed by (sometimes preceded by) further distribution or redistribution of the enterprise income in the form of income and profit taxes. For example, if an enterprise operating under the Estonian model distributes the profit to the founders of the individual (primary distribution), it is obliged to pay the profit tax and the income tax of these persons at the same time. In this way, the enterprise distributes the already distributed profit to the budget. An enterprise that operates on a non-Estonian model and makes a profit distributes and redistributes it to the founding individuals in two possible ways:

a) at the end of the year receives the net profit and distributes it in the form of dividends, in this case, the enterprise first pays the profit tax and withholds the income tax at the time of issuing the dividend;

b) The enterprise does not expect to receive a net profit at the end of the year and regularly issues dividends (so-called interim dividends) during this reporting year. In this case, when paying the dividend, he withholds only the income tax, and at the end of the year pays the profit tax in the prescribed manner. In both cases, there is a distribution of profits.

The peculiarity of the Estonian model is that it does not tax "income" but "expenses". These terms are emphasized because "revenue refers to profit and expenditure refers not to all costs associated with economic activity but to non-deductions in ordinary taxation and some other costs**." [1:1].**

Profit taxable under normal income tax terms may not coincide with financial income (accounting profit). It is known that this is caused by the difference between the principles of accounting and tax accounting. It should be noted that costs that are not deductible under normal taxation are usually taxed under the Estonian model. However, it is interesting that in the case of ordinary taxation the non-deductible amount is taxed at 15 percent, and in the case of the Estonian model - the "grossed" amount of the non-deductible amount. For example, an expense that is not documented is not normally deductible under the terms and conditions and therefore does not reduce the gross income, which means that it is included in taxable profit. In the Estonian model, undocumented expenses must be "grossed" (divided by 0.85) and taxed, which results in different tax burdens. **[2:1]**

The Estonian model is a model of "costs". Excluding dividends, such expenses are generally classified into three groups:

Non-economic costs; Gratuitous expenses; Representative expenses. According to the Estonian model, the following are subject to profit tax: resident enterprise; Permanent establishment of a non-resident enterprise; Organization that carries out economic activities - from January 1, 2019; Commercial Bank, Credit Union, Insurance Organization, Microfinance Organization and Pawnshop - from January 1, 2023.

The object of taxation of profit tax for a resident enterprise is: distributed profit; non-economic costs; gratuitous expenses; representative expenses.

Profit distributed under the Tax Code of Georgia is a profit that is distributed by the enterprise to its partner in the form of dividends, in cash or in kind. According to this norm, the distributed profit can only be a dividend. This does not mean that profit can be distributed in a way other than dividends, although the term "distributed profit" as the object of income taxation means only dividends. However, the TCG allows cases where any other event that is not a direct distribution of profits is still considered a distribution of profits. In this case, such a distribution of profits does not constitute a dividend (for example, prices different from the market price established between interdependent persons, controlled transaction prices, etc.).

The effect of the “Estonian model”

The Estonian economy itself can be considered uniquely positive, as it became a rapidly developing country very soon after the declaration of independence. Estonia is today rated by the World Bank as one of the highest-income countries in terms of GDP(Gross Domestic Product) per capital.

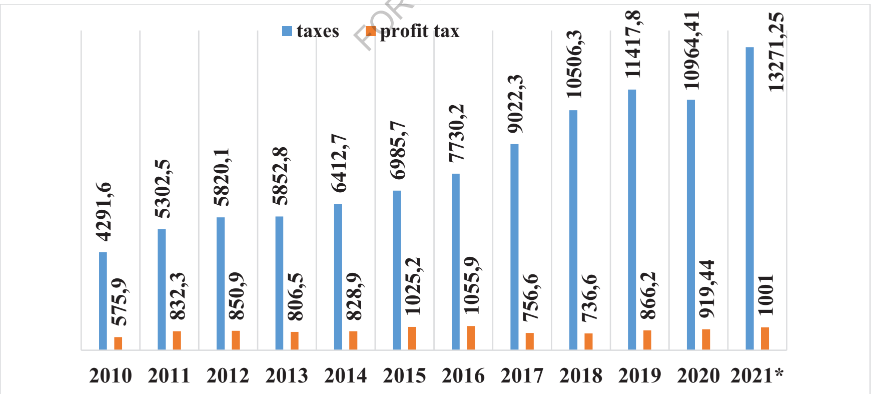
Preliminary results of the Estonian model profit tax regime in Georgia were predicted within the framework of the USAID-funded Governance for Development (G4G) project. With this, the possible macroeconomic consequences of the Estonian model tax regime were assessed. The neo-classical general equilibrium growth model was developed by economists. According to the study, the reform will have an investment incentive effect: "Stock capital will increase by 3.23% in 1.5 years. The reform will lead to an increase in net investment. In about 1.5 years, real GDP will grow by 1.44%; Total private consumption will increase by about 0.85% in 1.5 years; The reform will increase the annual government budget deficit by a maximum of 3%.

At the same time, an increase in income tax by 1% and an increase in value added tax by 1.25% will eliminate this deficit. To achieve a new budget balance, the government should consider not increasing spending for 2-3 years after the reform; The current account deficit will be slightly reduced as companies leave dividends in Georgia due to the investment effect of the reform; The result of the reform will become tangible in about 1.5 years. **"[3:1]**

Whether this reform has had an expected positive impact on the growth of economic indicators, we can assess on the basis of statistical data analysis.

First of all, let's consider the dynamics of profit tax and budget taxes in 2010-2020:

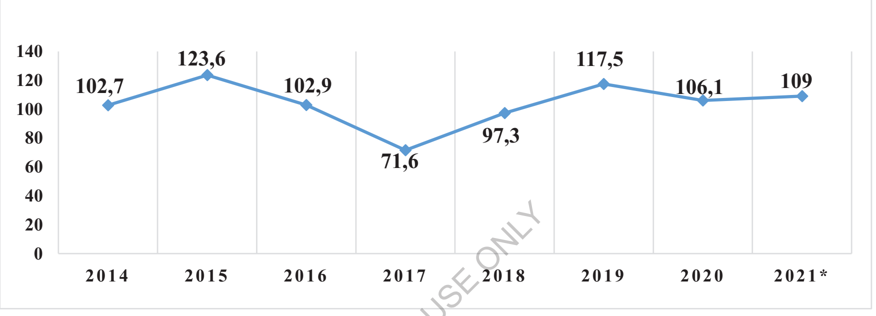
Figure 1. Tax dynamics 2010-2020 (million GEL)



Source: https://www.mof.ge/finansebis_statistika_naerti_biujeti [4]

As can be seen from the figure, the highest rate of profit tax was recorded in 2016, 1055.9 million GEL. As for the taxes included in the budget as a whole, there has been a trend of continuous growth since 2013, and The highest actual rate was recorded in 2019, 11417.8 million GEL. If we do not take into account the 2010 figure, the lowest rate of profit tax in the budget in 2018 was recorded at 736.6 million GEL.

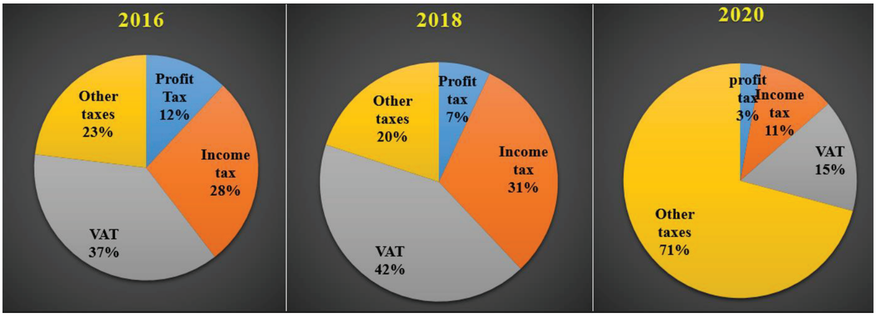
Figure 2. Profit Tax Trend Analysis (%) (Chain)



Source: https://www.mof.ge/finansebis_statistika_naerti_biujeti [4]
https://www.mof.ge/5395 [5]

To analyze how the share of profit tax in budgeted taxes has changed as a result of the reform, we took the data for 2016 and 2018, when the highest and lowest profit tax rates were recorded:

Figure 3. Structure of tax revenues in the budget



As can be seen from the diagrams, the share of profit tax in total taxes has been significantly reduced, although total taxes increased by almost 65% in 2018 compared to 2016. But In 2020 the share of profit tax in total taxes was reduced to 3%"

Along with profit tax reforms, the COVID 19 pandemic is noteworthy. With COVID-19 emergencies affecting the lives of many people, governments around the world are taking many-sided actions to provide services to their citizens, businesses and vital public services. In particular, to alleviate the tax burden on taxpayers, to support businesses that have cash flow problems or difficulties in their tax obligations. The Government of Georgia has taken a number of measures like other countries, to impose point restrictions, which have led to the deferral of property and income taxes, in particular, the introduction of income and property deferrals to alleviate taxpayers' tax burden. In 2020, income and property taxes were deferred to a total of 6,545 taxpayers, for a total of GEL 219,810,061. **[6:9]**

According to our G4G survey above, it was expected that the reform would result in a reduction in profit tax on total revenues and an increase in income and VAT taxes. The authors of the study suggested that in order to achieve the new budget balance, the government should maintain a sfigure rate of spending. Our analysis of the actual figures for budget expenditures shows that the government has failed to increase this figure compared to previous years. The figures for 2021 in the figures brought by Chen are forecast. This year’s actual figures are only available for 9 months. In the first 9 months of 2021, the forecasted revenue from consolidated budget taxes was set at GEL 9,406 million, with GEL 9,504.7 million mobilized during the reporting period, representing 101 percent of the forecast.

GEL 2,717.4 million was mobilized as income tax, which is 102 percent of the forecast (GEL 2,664.8 million). 90 790.9 million GEL was mobilized as profit tax, which is 103.4 percent of the forecast (764.7 million GEL). 4 GEL 4,337.9 million was mobilized as value added tax, which is 102.4 percent of the forecast (GEL 4,236.4 million). 1,277.6 million GEL is mobilized as excise, which is 103.4 percent of the forecast (1,235.3 million GEL). 60 60.8 million GEL was mobilized in the form of import tax, which is 102.8 percent of the forecast (59.2 million GEL). 39 394.5 million GEL is mobilized in the form of property tax, which is 101.9 percent of the forecast (387 million GEL).

In the third quarter of 2021, compared to the same period of the previous year, consolidated budget revenues increased by 33.9 percent, while expenditures increased by 6.9 percent. At the same time, the consolidated operating budget, which represents government savings, amounted to GEL 152.9 million, while the total balance was set at

GEL -745.6 million. A significant share of budget revenues is accounted for by tax revenues, accounting for 90.4 percent in the third quarter of 2021. The consolidated budget received GEL 3,496.2 million from taxes, which is 32.4 percent more than the previous year. Revenue from income tax increased by 64.2 percent year on year and amounted to GEL 1,039.5 million. High growth is observed in the form of value added tax revenue, which increased by 22.7 percent year on year compared to the previous year and amounted to GEL 1,651.5 million, accounting for 47.2 percent of tax revenues. At the same time, there is a significant increase in tax revenue from profit and import taxes. In particular, revenue from profit tax increased by 30.3 percent, while revenue from import tax increased by 18 percent. Revenue from excise tax increased relatively slightly, accounting for 15 percent, while the growth rate was 5 percent. Expenditures in the third quarter of 2021 increased by 6.9 percent year-on-year to GEL 3,713.5 million. The largest share of budget expenditures is in social security expenditures, which account for 41.8 percent of total expenditures, while the annual growth rate is equal to 0.6 percent. Expenditures in the form of subsidies also increased significantly, with an annual growth rate of 39.7 percent, amounting to GEL 443.8 million, accounting for 12 percent of total expenditures. As for other items of expenditure, wages (12.9 percent of total costs), goods and services (15 percent of total costs), interest (4.9 percent of total costs) and other costs (13.3 percent of total costs), respectively, compared to the corresponding period of 2020, respectively. 4.4 per cent, 13.7 per cent, -6.3 per cent and 8.7 per cent more were targeted at them. **[7:18-19]**

As for the change in other economic indicators, which is recorded in the statistical indicators of the analytical years, to what extent the "Estonian model of profit tax" is implemented, to determine this requires a more detailed and in-depth study, because their change is influenced by other environmental factors. According to experts, the economically justified "Estonian model" in Estonia could not have achieved similar results without as figure macroeconomic environment.

Conclusion

In Georgia, a reduced profit tax alone will not attract foreign investment, will not give a strong signal of reinvestment to business entities, if the representatives of the local business sector or foreign investors are warned about the instability of the national currency, "comprehensive" political fluctuations or protectionism. Therefore, let us not have the illusion that the Estonian model will be able to significantly stimulate economic growth independently. The success of this tax model depends on the creation of the environmental conditions that are, in itself, necessary for economic development.

As for the change in other economic indicators, which has been recorded in the official statistical data, we have done a correlation analysis of some of them and profit tax changes over the last five years:

Table 1. Profit tax changes over the last five years

	Profit tax	**GDP at market prices (at constant 2015 prices)**	**Investments in fixed assets**	**Final consumption**
2015	1025.2	33935	4333.6	30795.9
2016	1055.9	34921.1	4665.4	30487.2
2017	756.6	36612.5	5586.1	34115.4
2018	736.6	38385.5	4967.8	36801.3
2019	866.2	40298	4877.3	41206.5
2020	919.4	37573.7	4350.1	47018.3
CORREL		**-0.634759804**	**-0.743783999**	**-0.30471367**

Source: http://pc-axis.geostat.ge/PXWeb/pxweb/ka/Database [8]

As it can be seen from the table, there is a negative correlation between profit tax and all three macroeconomic indicators. In particular, there is a rather weak inverse relationship between profit tax and final consumption. Are these changes caused only by the "Estonian model of profit tax"? To answer this question a more detailed and in-depth study is required. Because their change is influenced by other environmental factors. According to experts, the economically justified "Estonian model" in Estonia could not have achieved similar results without a sfigure macroeconomic environment.

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UDC 338

Resort Lebarde Renaissance, for the Sustainable Development of Tourism

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Abstract

Lebarde resort, located in the Samegrelo region, is distinguished by beautiful nature, mountains, meadows and stunning views make a great impression on the visitor. If you are a fan of relaxing in the mountains, in the tranquility of nature, then you will really like this resort. You will not find modern infrastructure here, however the wooded small cottages create a very cozy atmosphere. If you love wandering, you can also arrange hikes here, especially popular are the large and small lakes of Lebarde. Alpine lakes and beautiful panoramas will create indelible impressions on you. Wildlife, fabulous trails, cliffs and rolling lakes are truly magical and attracts many adventure lovers. Lebarde Valley may soon again become a favorite spot for local and foreign tourists soon. As it is known, the development plan of the resort has already been approved. According to the plan, hotels, entertainment complex and various tourist infrastructure will be arranged in this beautiful place. Lebarde has a chance to become a four-season resort due to its location and climatic conditions.

Keywords: Tourism, Resort, Sustainable Development, Ecosystem.

Introduction

By the beginning of the 21st century, tourism has emerged as a field of sustainable development in world culture and economy, which has taken a special place in the global economic structure. In order for tourism to bring economic benefits to the country, its development must be sustainable. The Government of Georgia recognizes tourism in our country as one of the important sectors of national economic development, which should play a major role in implementing the most important tasks of socio-economic development of the country. This field has another important function - to offer tourists ecologically clean, uncluttered and natural places. Tourism activities are related to the protection of nature, historical heritage and cultural identity of the respective area. Georgian resorts and tourist bases have long been widely recognized. Millions of people spent their vacations in Georgia decades ago, which was served by more than 500 resort-tourism establishments. It is noteworthy that our sanatoriums, boarding houses, holiday homes, tourist camps and other recreational facilities could accommodate more than 120 thousand people at a time. Currently the tourism industry is re-emerging. In our country there are resorts of world importance both in the bar and in the mountains. There are more than 100 known resorts in Georgia, some of which are of international importance. The high aesthetic environment and comfortable climate of our resorts are remarkable. There are especially many balneological resorts in Georgia. This is understandable, because all kinds of water flow into us. Their number exceeds two thousand.

The most beautiful region of Samegrelo is located in the west of Georgia, which is characterized by a temperate climate, natural beauty and protected fauna allows the development of winter and summer tourism. Samegrelo is a real oasis with beautiful valleys, waterfalls, lowland or alpine lakes and many thrilling caves. On this side people of different tastes can find their little paradise. Lebarde resort in Samegrelo, with its beautiful nature, mountains, fields and amazing views impresses the visitor. If you love to relax in the mountains, in the tranquility of nature, you will definitely like this resort. You will not find modern infrastructure here, but the small cottages in the woods create a very cozy atmosphere. If you love to wander here you can also arrange hikes, especially popular are the large and small lakes of Lebarde. Alpine lakes and beautiful panoramas will fill you with indelible impressions. Wildlife, fabulous trails, cliffs and rolling lakes are truly magical and attract many adventure lovers.

Methods:

This article is based on following research methods: Empirical, Sociological and Statistical research methods

From the History of the Resort Lebarde

Samegrelo is rich in cultural monuments of different epochs and impressive nature, rolling blue lakes or beautiful canyons. Lebarde is a climatic-balneological resort located in the middle of western Georgia, in Martvili municipality. Here, several Narzan-type mineral springs have been spontaneously surfaced, discovered by shepherds. The first holiday season in Lebarde was recorded in 1922. Due to the lack of roads and amenities, traffic was difficult and only the locals used the resort. In the 1940s, despite the fact that the access road to the resort led to the steep valley of Tekhuri and was dangerous, the number of tourists during the season reached several thousand. The villagers who first came for treatment and recovery lived in small shelters - tents and sheltered houses. In 1948-50, after the construction of the highway, medical facilities and rest houses were built here. The resort was very popular during the Soviet period and during the season it was visited by a large number of tourists. Bottling of mineral water in glass bottles also began in the 1980s, but due to the political events of the 1990 s, the resort infrastructure here collapsed.

Challenges and Prospects of Resort Lebarde

The resort is located on both banks of the River Lebarde, in a relatively flat area that is visibly sloping to the south and south-east. Distance, distance to Lebarde resort: from Tbilisi (via Tbilisi-Khoni-Martvili) - 335 km; 75 km from Senaki railway station; 50 km from the center of Martvili municipality. Within the radius of 200 km from Lebarde, there are three airports (including Kutaisi International) - Ambrolauri (170 km), Kutaisi (95 km) and Mestia (191 km). - 340 km. Height above sea level: 1600 m. Climate: Medium mountain (upper belt). Winter is cold. January average temperature -40C. Sustainable snow cover from November to May. Summers are moderately warm and dry. The average temperature in August is 15.40C. The healing properties of the essential oils, have long been known in ancient times. Its riverbed is characterized by beautiful rocky canyons and an abundance of caves, which creates ideal conditions for rafting enthusiasts. The rich ichthyofauna of Tekhuri is also noteworthy, which contributes to the development of such tourism as amateur fishing. Currently, Lebarde is just a resort, as there is no longer the basic infrastructure needed to run the resort. Lebarde has the potential to develop a four-season resort. For the development of the resort, it is necessary to study the needs for the development of the tourist infrastructure and to consider the potential of the resort in terms of the potential of both medical and leisure resources. According to the development strategy of Samegrelo-Zemo Svaneti region (2014-2021), the plan has already been approved. One of the goals of this development strategy is the redevelopment - renaissance of Lebarde resort. According to the plan, hotels, entertainment complex and various tourist infrastructure will be arranged in this beautiful place, a rope line from the resort area to the surrounding ridges. The whole area of Lebarde Resort will be presented as a single protected ecosystem, with the highest degree of environmental properties, a unified system of ecological balance protection and monitoring will be launched. The construction and development of the resort will have a positive socio-economic impact on the communities of Martvili Municipality. In particular:

- Locals will be employed in the tourism sector
- Local small businesses will benefit from the provision of ancillary services (catering services, small maintenance work, etc.)
- Resort development will lead to demand for tour operators and route escorts
- Construction-rehabilitation of the access road will increase traffic safety

- In case of investments, Lebarde resort has a sustainable precondition to become a balneological resort with modern international standards.
- An environment with a green economy and green landscape design will be created

Conclusion

The development of Lebarde resort will have a positive impact on the Georgian economy. The revitalization of the resort started after the Georgian government initiated and started the process of developing city planning documents for the resort, which will play a major role in the future development of the resort and will occupy an important and attractive place among the tourist resorts of the country. Consistent elaboration of documentation ensures the creation of a healthy, safe and convenient tourist-recreational environment and conditions. There are all the conditions that, in the event of a steady investment, LeBard will regain the popularity of a unique spa resort in the long run.

Lebarde will maintain a spatial planning of therapeutic functions and meet all international standards adopted for the balneological resort.

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The Mutual Relationship between Builders and Tourists, and Their Impact on Economic of Georgia

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Abstract

Georgia is a rich country in its own construction traditions. But by the end of the 20th century, with the proclamation of independence, construction industry was stated in the most deplorable condition. Issues associated with a radical change in the political system led to a complete stop of the construction complex. Almost all construction organizations were liquidated, all the machinery and equipment factories and enterprises of the construction industry began to be exported abroad as scrap metal or simply scalded, expert specialists went to different countries to earn money. There were only a few cases of construction of residential buildings, mainly in Tbilisi. An upward trend in the situation was observed only after 2000, when tourism sector became a prior direction of Georgian economy. The massive construction of tourist facilities with the appropriate infrastructure has become a watershed for the construction sector. For many years, tourism and construction have had an almost equal influence on the growth of the country's economy.

Keywords: Construction, tourism, investment, reconstruction, crisis, building materials, construction equipment, economic growth

Introduction

The recent years have clearly shown in Georgia the inseparable dependence of the development of the construction sector with tourism. Success in tourism is immediately and directly reflected in the flow of local and foreign investment. For example, in 2019, when Georgia was visited by a record number of tourists (9.4 million), the largest number (223) medium and large hotels and many tourist facilities were built. As a rule, construction of housing, social and cultural facilities, roads, transport communications, etc. is always closer to such objects. At the same time, special attention is paid to the reconstruction of historical buildings in order to preserve the traditional architectural appearance of the area. Therefore, it is not surprising that at the end of 2019, the country recorded the maximum number of legal entities engaged in construction - almost 7,000, and construction and tourism turned out to be the most developing sectors of the Georgian economy. Their share in the gross domestic product was 8.6% and 8.3%, respectively. At the same time, the construction sector stood out with the highest growth - 57%. Exactly the opposite was recorded in the construction industry during periods of crisis for tourism - after the Georgian-Russian conflict in 2008 and in 2020 during the coronavirus pandemics. In both cases, with a general decrease in tourist flows, interest in the construction of tourist facilities immediately dropped and their funding decreased several times.

Discussion

In case of full understanding the role of tourism in the development of modern construction in Georgia, it is necessary to follow closely the stages of their interdependence from the beginning of the century to the present day.

From the beginning of 2000 to 2005, the period, appreciation to the intensification of tourist activity in the country, was marked by the exit of the construction industry from the deepest crisis and stagnation. From the beginning, the main work was carried out in the capital of Georgia to restore buildings destroyed during the Tbilisi Civil War in 1991-1992. Gradually, the construction of housing from monolithic reinforced concrete instead of the traditional prefabricated technology began, since all factories producing the necessary structural elements were destroyed. With the decision of the government on the priority development of tourism, the question of building hotels immediately arose. In fact, at that time there was only one high-class hotel, “Sheraton Metechi Palace”, in Tbilisi. In all other hotels, hostels, accommodations and tourist centers of the city, were accommodated with families of refugees from Abkhazia, therefore operation of the hotels for tourism purpose was no longer available. The restoration of the hotel “Marriott Tbilisi” was completed at the end of 2002, taking into account the most difficult conditions of the energy crisis in the country. In the same period, with the beginning of the implementation of the unprecedented large-scale project of the Baku-Tbilisi-Ceyhan oil pipeline, the construction of a new hotel "Courtyard Marriott" was carried out rapidly on the territory of Georgia with active cooperation and support by the representatives of Western countries in a special order. In connection with several tourist places linked with Tbilisi, the outstanding summer and winter resorts as: Batumi, Ureki, Kobuleti, Bakuriani and Gudauri have been visited by a numerous quantity of small and medium-sized travel groups that have been growing up every year. With the increasing of construction business, was being increased the number of the production companies producing construction materials. In 2004, after the re-armament of the former cement plant in Rustavi and Kaspi, the well-known international company HeidelbergCement started its production in Georgia. The company became the main partner almost for every construction company supporting and providing with concrete. In Rustavi, the Indian company GeoSteel implemented installing high-quality armature. Many new companies followed suit. In accordance with additional needs, almost in all regions, foreign international companies established and started new enterprises for the production of adobe and other stone materials, modern and metal-plastic departments. Expanded the acquisition and processing of many local building materials. From a serious deficit, at the local level, there are more and more options to transport waterproofing and thermal insulation materials, paints, glue, experimental tiling materials, etc. show the construction of modern construction machines and mechanisms in the construction facilities.

In 2006, the Georgian government joined the construction of the main highway East-West, which is the most convenient and important project mainly connected with the expectations of tourist purposes.

Place with them the subsequent development of the new tourist center of Georgia. Adjara stood for them. In Batumi, in 2007, a new airport was built. In the city itself and in the nearby resorts have been constructed and developed with incredible quick period of time. Without exaggeration, it is remarkable that almost the entire population of the region was actively involved in this process. They were provided eligible loans for construction guest-houses and other tourist infrastructure facilities. Currently the major part of construction works is carried out in Adjara region with the support of international construction companies. As a result, in 2008, tourist accommodations in Adjara region were almost completely destroyed followed by a newly built accommodations on the base of international investments.

The years 2008-2009 are characterized by severe consequences of the recent military conflict between Georgia and Russia in August 2008. Before, 20-25% of the tourist streams was increased by 3-4 percent. It's unfortunate that this situation has affected the construction of tourist facilities. Local and surrogate investments were reduced to a minimum. The construction of many buildings was generally completed. As a result, at the same time in 2008, the indicator of the growth of the construction sector was determined in negative percentages (-12.4%). For example, at a rate of 30% reduced the number of jobs in a given area. In recent years, these indicators may have been even more insidious if they did not support the landed parties, investments which were basically made on the construction for new tourist facilities.

In 2009-2015, intensive construction of large-scale and unique architectural buildings was carried out in the basic tourist designation. With the growing number of international tourists, tourism has taken all measures to develop not only traditional but also new tourist locations. The Municipality of Tbilisi has expanded its coverage by conservation and reconstruction sightseeing in old town. The most important works were carried out after the capital overhaul of the building as: Theater named after Rustaveli, Tbilisi Opera House, Tbilisi State University, etc. In 2015, for the implementation of the European Youth Sports Festival in Tbilisi, a 5-star hotel Hualing was built, as a sports and modern complex. At that time, there were implemented construction of several accommodations as: Moxy, Rixos, Ambassador, Rooms Tbilisi Design Hotel. The buildings really decorated the city with their own and unique architecture. In 2016, the first building with a height of 100 meters was built in Tbilisi - hotel Biltmore (138). They were followed by a new skyscraper by non-traditional architect as King David. It was followed with the same high-altitude skyscrapers-twins Axis-Tower. The center introduced into a number of new shopping, recreational and development centers.

For the development of tourism and the expansion of construction spheres in Georgia, a greater significance came from the reconstruction of the cities of Mtskheta and Signagi. In Kakheti region, special guest centers and accommodations were discovered with corresponding modern infrastructure in Telavi, Kvareli, Kachreti, Gremi, Nekresi, Gurjaani. They revived old building traditions in this region. Huge construction work is also done in other regions of Georgia. Among them are especially noted the lakes, where the tourist potential developed intensively. In 2010, in the town of Mestia, was built and airport connecting to Tbilisi airport. The airport included in the list ten unusual airport ports. The museum of history and ethnography is also positioned as main attraction and sightseeing for tourists. There is a large number of guest facilities and accommodations where is involved actively local population. New high-speed overpasses are being unveiled sooner or later, which has not happened at all. This tourist attraction has been frozen in all ages.

In 2011, with the reconstruction of the Rabat fortresses and the construction of a fully-fledged cave town Vardzia in Georgia increased the number of local and international tourists. The process required construction of new accommodations an guests facilities in the close to the tourist attractions. At the same time several high class hotels and accommodations have been constructed on the resorts in Borjomi and Bakuriani,

One of the main attraction for tourists in Georgia is highland of the country. For this purpose, a number of tourists visit the Tusheti National Park and mainly places as Shatili and Omalo. In 2017, it was introduced in the exploitation of the airport in Ambrolauri, which gave the opportunity to successfully develop tourism in the Racha-Lechkhumi region. Newly built accommodations give the opportunity to tourists enjoy nature in summer or wintertime in such remarkable resorts as Shovi and Utsera. High-class accommodations were constructed in the Kazbegi district and in the Upper Adjara. All this further confirms the greater possibilities of construction companies Georgia. Expansion of construction work and appropriate production of construction materials in the region. A lot of tourist accommodations has been renovated in Tskhaltubo, that was the most popular destination for post-soviet countries. In Kutaisi has also been renovated Complex of Bagrati Monastery that is listed as one of the main tourist attractions in Western part of Georgia. The newly discovered Sataplia footpath was recently discovered for the purpose of attracting international tourists. Has also been renovated canyons in Okace and Martvili.

The development of tourist infrastructure on a seaside resort of Shekvetili Ozurgetsko district, has been inflicted positively to other resorts located nearby. A new and unique 5-star hotel Paragraph was built on this resort, that attracts a lot of tourists from European countries. Consequently, was built a concert venue accommodating 10000 guests. Here is constantly performed concerts and shows of the worlds' famous artists that also attracts a lot of local and international tourists in this region. The number of tourists is consistently growing up.

During this period, Batumi turned into the vibrant tourism center for Georgian tourism. People with construction and all new and very modern buildings and equipment are rapidly expanding. In 2020, the square increased to about 4.5 races after the 2003 meeting. Due to its beaches, boulevards, recreational centers, aqua park and many other tourist attraction centers, Batumi attracts tourists not only in summer but round the year.

In 2020 not only for Georgia, but in the whole world pandemic fully limited the free movement and travel of people. Year in Georgia began with an increase in the number of tourists in comparison with a very successful predecessor year. The number of visitors in January 2020 was 19% better than in January 2019. After the closing borders of foreign countries for the entry of tourists, in the first place, tourism was inflicted mostly. At the same time in 2020, at a negative growth in the economy of Georgia (-5.5%), only the largest sector overcame the guest and restaurant sector (-32%). During the pandemics there was no limited work in the construction industry in Georgia, but due to the complexity of the construction of new tourist facilities, the construction of a large number of buildings made sense and almost all of them were built. Due to the great success in the field of tourism and construction of tourist facilities, Word Trend Awards in 2019-2020, which is how Georgia gained the seventh place as largest tourist destination in Europe. In 2021, the pandemic continues, but in compliance with the regulations adopted around the world to protect against coronavirus, many tourist sites were able to receive guests and contribute to the growth of the Georgian economy, which, compared to the previous year, according to preliminary data, will necessarily be expressed in a double-digit positive number. As for the construction, work is underway to complete only some of the long-started hotels in Tbilisi, Batumi, Borjomi, Sighnaghi, etc. Work does not continue at most of the suspended facilities, as investors, based on the current situation, are trying to switch their profile or completely get rid of them. It should be noted that this year the construction of new, previously planned hotels has not begun and, in general, an insufficient increase in the share of the construction sector in the country's economy is expected.

Conclusion

1. Construction and tourism are two of the most advanced and successful industries economies of Georgia, which for many years have contributed to a very intensive mutual development and made the most significant contribution to the growth of the country's economy. There were only two periods of crisis: The Georgian-Russian war in 2008 and the coronavirus pandemic in 2020. Wherein. after the first crisis, thanks to the flow of investments, both areas almost simultaneously emerged from an unsatisfactory state. In 2021, the pandemic continues and despite all efforts, there has been only modest improvement in both areas.

2. After many years of stagnation, the development of modern construction in Georgia began only with the acquisition of a leading role in the country's economy by tourism. Thanks to the construction of many modern tourist facilities, the construction

sector has reached a fairly high level and these two sectors largely determine the growth of the country's economy.

3. With the expansion of the volume of construction, which before the construction of tourist facilities was mainly limited to the construction of residential buildings and then mainly in Tbilisi, it became necessary to establish the production of the necessary building materials with the maximum use of local raw materials. In recent years, quite a lot has been done in this direction, but due to the shortage in the domestic market, there are a lot of building materials, construction equipment, machines and mechanisms still have to be purchased abroad, which in turn adversely affects the country's economy.

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HUMAN RESOURCES MANAGEMENT: CHALLENGES OF XXI CENTURY

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ABSTRACT

Intense changes (in global, regional, national, demographical, field, corporative, vocational and individual dimension) in human resources field will obtain revolutionary nature in the future and human resource field specialist will face with radical changes from established vocational ole stereotypes (administrator – bureaucrat and manager, supporting to reactive style) to the principally new roles of strategist, entrepreneur and marketing specialist.

Keywords: Human Resources Management, Human Resources, Corporation, Human Resources staff, corporation strategy.

Vocational sphere holding an unique human resources potential – such is the main competitive supremacy of that company, which tries to strengthen its position on global markets. According to the assessments of foreign specialists, in XXI century, this maxima will acquire the power of inevitable law for the successful entrepreneurship, as only highly mobile and permanently developing staff is able to adopt with current changes in the market field, which have preliminarily unimaginable and often chaotic nature. But, this circumstance itself will sharply increase all the requirements towards the human resource work in corporation. If we consider the existed tendencies, the intense changes in human resources field (in global, regional, national, demographical, field, corporative, vocational and individual dimension) will acquire revolutionary nature and human resource field specialist will face with radical changes from established vocational role stereotypes (administrator – bureaucrat and manager, supporting to reactive style) to the principally new roles of strategist, entrepreneur and marketing specialist.

Revolutionary changes in external and internal field of modern corporation

On the edge of new millennium, the changes set in corporate management, which are caused by globalization of markets and industrial structure, with changes in architecture of labor places and demographics of the workforce, owners` orientation on the high incomes, rapid and continuous organizational and technological changes, definitely have the strategic nature. They not only cover the whole business, but organization of human resource`s operation as well. We are talking about the following changes in the business:

- From autonomous self-supplying to unlimited partnership;
- From hierarchical or / and centralized structures to plastic and decentralized structures;
- From the patriarchal models of management to delegation of authorities;
- From high capacities and low cost price to orientation towards the quality, speed and newly established rules;
- From flawless work to its measurable improvements;
- From the closed organizational system to open systems.

In the human resources field of the corporation:

- From the narrow specialization and limited responsibility related to charged task to the wide professional and official profiles;
- From the planned career to informed and flexible choice of vocational development trajectory;
- From the responsibility of managers about development of the staff – to the responsibility of the workers about their self-development;
- From controlling the problems, which face the workers – to the creation of possibility to develop each worker widely in his vocational field;
- From avoiding the feedback from delegated workers – to its active search;
- From discussion of success factors, vacant positions and secret discussion about the specialists adjustment – to the open discussion of competency level of the workers, existing vacancies and the ways to fill them.

From one side, these changes firstly cover the corporate strategy, thus becoming the key elements of the same human resources strategy. From another side, the human resource work loses its sense without the sharply formed strategic aims of corporation and the main ways of their achievement. In case if the corporation`s strategy "is not articulated", then the human resources manager should gather the information about its significant components one by one. These components are as follows: the key factors of external and internal environment, strategic trends, expected financial results, strategic threats and risks, conduct strategy on service and production market, production development strategy, segmentation of vitally important markets and main tendencies of their restructuring. Thorough and continuously updating knowing of existing condition of business matters, the corporation has dedicated its activity to, will became the crucial element of human resource specialist`s vocational competence. Without this knowledge, it is impossible to work out and realize the human resource strategy with vitality, which should became the well-planned answer to business strategy of the corporation.

The mission of human resource specialist in modern high-competitive environment is to increase the human resource potential, thus realizing his business-strategy. The staff manager is becoming someone, who establishes the mastership, without the participation of which, none of the company`s strategies would work out and realize and so won`t be assessed the correctly achieved results. Ensuring the high-competitiveness of the company without partnership with human capital becomes more and more hard issue for the management of corporations.

How to attract and maintain the responsible, workable, highly qualified and skilled persons in corporation? this is the task, that staff managers should work on, who are called to play the "Catalyst" role in the corporation for that multidimensional and long-term staffing processes, which benefit the company with competitive supremacy on the account of unique human potential and all the high quality responsibility of its workers. The corporate culture creates the responsibility and the human skills – competitive benefits. Thus, the staff manager should solve two strategic tasks:

1) The creation of company`s competitive advantages by increasing the responsibility levels of its workers, for what he should use the corporate culture management means. Strong corporate culture makes possible to attract and maintain the skilled persons, and the product of their work creates its high reputation, attracts a new customer and highly qualified workers The update of corporate culture and permanent adaptation to the external environment`s dynamic terms is intended to increase the quality of the work and ensure the feedback from workers and customers. This is served by seminars, forums, focus-groups, round tables, advertising campaigns. The workers involvement in corporation`s marketing activity encourages and promotes the rise of initiative and increase the vocational self-assessment level.
2) Ensuring the company`s competitive advantages by increasing the human potential together with comprehensive increase of workers` vocational competitiveness. Notwithstanding the fact, that corporate culture is much attractive, the eradication of difference between the requirements of global market and organization`s potential is only possible on the account of development of staff`s vocational skills and competences. The development of human resources, workers concentration on their vocational competence level won`t become not only human resource office, but line managers activity leitmotiv. Besides, one types of companies include the issues

related to increase the staff`s competence level in any of worked out strategies as its composite parts and another companies discuss this issue, like the special initiative strategy`s realization mean, which is organically filled by other competitive strategies of the corporation.

Conclusion

At any case, the success depends if how thoroughly individual development plans will be made on the basis of diagnostics conducted by human resource specialists and line managers. These plans are designed to eradicate the difference between the increasing professional requirements (which are not always explicated simply and are not standardized) and the competence level existed for each single worker. The making of these plans are based on competence models, which are worked out for each official position.

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Peculiarities of human resource management in the public sector

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Abstract

The article reviews the peculiarities of human resource management in the public sector, in particular,the paper tries to highlight the interesting and important trends and peculiarities in the field of human resource management in the public sector,Assess and demonstrate established practices, areas for development, impediments, and examples of civil service organizations.

Keywords: Managment, Human resource management, public sector, Organization

Introduction

Human resource management is an area that over time, more and more attention is paid to Georgia.Accompanying business development, technological advancement or other processes characteristic of the rapidly changing modern world,naturally highlighted the need to use more in-depth approaches and methods to human resources and capital than ever before.Georgia is no exception in this regard. It can be said that this field is still at an early stage of development in our country and in the field.With the current chaotic processes, HR is taking the initial steps towards achieving modern standards.Along with increased interest and intensive work, the field is gradually developing and improving.

Discussion

Human resource management, as an ancillary part of general management, helps organizations to function effectively and achieve their goals,at the global level, the successful and effective functioning of both public and private organizations is a catalyst for the social and economic progress of the country.

People involved in the public sector are a central component of the ongoing reforms in the country, as they provide public services and their activities contribute to the implementation of processes focused on the introduction of innovation and efficiency at the country level. The function of human resource management should play a strategic role in staffing and retaining valuable personnel, introduce a culture focused on increasing organizational efficiency and high-level performance. In this way, human resource management plays an important role in establishing democracy, transparency, meritocracy and effective and efficient performance in public administration.

The private and public sectors have their own specifics and need different planning and implementation in this regard. In the development process of human resource management in Georgia, as a rule, the private sector is leading, that is, the main trends and practices are created, shaped and established by private sector companies, which is natural and logical, whereas private organizations have a wide range of freedom and flexibility in implementing the approaches they desire. For a number of reasons, public organizations have a special specificity and it can be said that, in their case human resource management takes place in a drastically different context.

Given this, it is not surprising that, usually, human resource management issues, rather, it is based on the example of the private sector and it is interesting to see what the situation is in public institutions in this regard, which is the largest employer in Georgia together with the private sector, moreover, due to their publicity, they have a special responsibility to the public and it is even more critical to properly manage human capital in these types of organizations.

The study of human resource management features in the public sector is also relevant given the circumstances that, a new law on public service has been enacted in the last few years, which, among other relevant issues, regulates the management of human resources in public service.[19] The new regulations were developed after a long work based on the best experience of European countries and were/are considered, that human resource management policies and procedures need to be significantly improved through the introduction of innovative management approaches and methods in public services. Considering that working with new regulations significantly different from the old legislative framework was/is in fact a "test regime" for Georgia, given the experience of the past few years, it is interesting how much the situation has changed and improved, in fact, what is the result in practice, what are the shortcomings and whether even more different planning is needed.

The people involved in the sector are the center of the ongoing reforms in the country, providing public services and promoting the introduction and management of ongoing innovation processes in the country. The quality of human resources is a crucial

[19] http://www.csb.gov.ge

factor in the government's ability to fulfill its mandate, and the human resource management function must play a strategic role in properly staffing and retaining staff.

Human resource management strategy should ensure the management of the activities of employees in the organization so that, to achieve as much as possible the achievement of the goals and objectives set at the level of the organization.[20]

Human resource planning based on the goals of the organization	ARM Strategy: Creating growth opportunities Staff development
	Arm Goals: Harmonization-approximation of the goals of the organization and employees
	Arm Tasks: Quantity, qualification, time, price
	Arm events: Arm cycle from selection to release

Especially important is the importance of proper planning for the proper management of the resources owned by the organization. Without proper planning, any resources will be wasted and therefore inefficient. Which will negatively affect the provision of public services and call into question the purpose of the existence of a public institution as a whole.

Sectoral distribution of employees in Georgia[21]						
	The data is presented per thousand people					
	2020	**2019**	**2018**	**2017**	**2016**	**2015**
Total	**1 241,8**	**1 295,9**	**1 296,2**	**1 286,9**	**1 294,5**	**1 308,5**
public sector	294,7	299,7	299,8	283,8	271,9	286,6
private sector	947,1	996,2	996,4	1 003,1	1 022,6	1 021,9

In the case of other countries of the world, as well as in our country, the effective functioning of public organizations is noteworthy due to several interrelated circumstances. First of all, this is due to its non-commercial nature, which means that their inefficient work is directly related to the embezzlement of the state budget. This circumstance is especially noteworthy in the context of Georgia, as Georgia is

[20] Gabashvili M. "Manual of Human Resources Management in Public Institutions", Part I, Tbilisi, 2013, p. 17
[21] https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevroba

distinguished by budget organizations and, consequently, with the large number of people employed in them, the public sector in Georgia, together with the private sector, is the largest employer (Table).

Regarding the management style of the organization, a circumstance that is especially characteristic of public organizations should be mentioned - the number of decision-making and agreement steps, which in practice prevents quick response in case of need for immediate implementation.

There are cases when the HR unit does not have its own strategy and / or action plan, which is logically related to the management of administrative, reactive, mechanical human resources. In some cases, the department has developed a strategy, but it is not implemented in practice and the document remains a document, while the strategy is in writing, only on paper. Therefore, the degree of implementation and implementation of the strategy, as well as the degree of contribution to the activities of the organization is not assessed.

In most cases, HR analysis and auditing are not performed, HR monitoring and control functions are not specified.

In addition to the problems caused by management attitudes, lack of competence and poor planning, strategic human resource management is hampered by the lack of financial resources, and here I will review the issues to be identified in practice at specific functional and operational levels:

Evaluation system - not so positive attitude towards the evaluation system of the work performed is formed in the employees, which is largely determined by the attitude of the managers, or evaluators, towards the evaluation process. The assessment is of a formal, procedural nature and is carried out only because it is mandatory by law. Often despite the efforts of HR specialists, it is difficult to convince managers of the need and appropriateness of evaluating the work performed by employees.

Professional development - can not be implemented effectively due to lack of finances or poor planning and it is not part of the strategy. Since it is mandatory by law to define an employee professional development plan based on the results of the evaluation of the work performed, sometimes it also has a formal character.

Motivation and incentives - Public institutions do not have a wide range and flexibility in implementing motivational systems, which is due to legislation and lack of financial resources.

Remuneration of labor - In many cases, remuneration is not competitive and leads to an outflow of personnel into the private sector, especially since there are not many other means of incentives used in addition to remuneration.

Career development- Under the new Civil Service Law, there is virtually no career development as there is no possibility of transferring senior staff to a higher position through non-competitive, direct promotion, and this is one of the main reasons for staff outflow.

Employees' motivation to work in a public organization is mainly determined by the factor of stability and prestige.

Conclusion

In general, in relation to the Law on Public Service, it can be said,that it needs to adapt to the Georgian reality and adjust the directions presented in it to each other,that they acted in agreement with each other and not in fragments, in opposition to each other and out of context.

Finally, the private and public sectors are distinguished only by labor law,what specific human resource management practices are still depends on the approaches and qualifications of the top manager and HR managers.

Despite the findings, it can still be said that work is really underway in the public sector in terms of planning modern HR policies and procedures,the field is refined and innovations are introduced as much as possible, albeit slowly, though slowly progress is also progress.

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The Role of the State in the Anti-Crisis Management of the Economy In a Pandemic

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Abstract

The government's role in pulling the country out of the crisis is critical. It has the main responsibilities in: maintaining peace in society, normal living and working conditions; fostering business growth, attracting investment, increasing productivity and exports. Proper anti-crisis management can mitigate challenges by aligning the interests of both owners and employees, the public and the state, and by sustaining the long-term balance of the economy. The source of economic development is technological progress, which should be stimulated by the state and big business with the support of broad sections of society. Technological advancement requires massive amounts of capital owned by large corporations and monopolies. Even in a free market environment, without state regulation, technological progress would be counterproductive. Research in universities should be developed and support is required for this. The fundamental values of the State should be: the rule of law, the establishment of order; the development of democracy and the protection of property rights.The short-term goal of the Georgian government's economic policy should be: to minimize the losses caused by the Covid-19 pandemic; to recover and ensure rapid economic growth. In the medium term, the ultimate objectives should be: enhancing regional and international competitiveness; facilitating truly sustainable production and exports; promoting domestic and foreign investment. It is vital to maintain the goodwill of the society and to satisfy their needs.

Keywords: role of the state, economic crisis, anti-crisis management, unemployment, social issues.

Discussion

At the present stage, it is critical for the recovery of the socioeconomic system of Georgia that the Government, business and society jointly coordinate crisis situations to achieve effective results. The crisis jeopardizes the viability of the economic system. Therefore, the role of the Government in bringing the country out of the crisis is vital. It primary responsibilities include: to maintain peace in the society, normal living and working conditions; Promote business development, attract investment, increase production and exports.

Proper anti-crisis management can alleviate issues by harmonizing the interests of owners and employees, the public and the state, and through maintaining long-term economic balance. It is key to preserve goodwill and to address their needs. In times of crisis, authority should be clearly distributed. Priority should be given to public interests over private interests. To sustain as many jobs as possible in order to ensure a healthy and stable internal environment, minor injustices may trigger a social explosion. The public should trust and have confidence in government measures and should continually feel its support. Otherwise volatility will become inevitable.

J. Mayo and F. Rothlisbergel, two of management science's most eminent representatives, argued persuasively for the supremacy of human interactions in anti-crisis management. It is critical for each member of the community to be adequately and effectively informed about current issues, which professionals play a significant role in resolving.

The modern epidemic in the socioeconomic system has resulted in economic, social, organizational, and psychological crisis. Due to difficulties in the manufacture and sale of goods, it is difficult to retain competitiveness and has a negative effect on solvency. Financial imbalances have a detrimental effect on economic growth, which is why GDP growth in 2020 is negative 5%. The financial and economic balances are disturbed. The national currency is increasingly devalued. . The National Bank spends a sizable portion of its reserves, despite the fact that the consequence is negligible. Lenders have difficulty repaying the loan, which has an adverse impact on the functioning of commercial banks. Government external debt is increasing, reaching 6 billion 143 million in 2020. Our solvency was dependent mostly on foreign remittances and the tourism sector, which was a mistake wrong approach from the outset. Tourism has plummeted worldwide as a result of the pandemic, not just in our country. Unemployment grew, incomes declined, as shown in the negative multiplier effect of the aggregate demand contraction. The government's policy of import substitution and promotion of domestic production proved to be fairly late.

The escalation of the economic crisis inevitably results in a social crisis. The relation between society, business, and the state is deteriorating. The public's trust in government is eroding, further complicating governance processes. The state can use leverage more actively through property taxes, profit taxes, progressive taxes, and dividends. The tax system is a critical tool for mobilizing resources to expand social protection. Although

721 thousand citizens received social aid, many remained in need of support. We need to strengthen our ties with international organizations as well as major local enterprises.

Organizational relationships are strained. Conflicts and unrest erupt, which the opposition forces conveniently use to their advantage. Increased irresponsibility makes system control more challenging. The state's role in this direction becomes even more critical. The "privileges" of some unscrupulous enterprises operating under governmental protection in the health industry should be eliminated. International organizations have allocated the equivalent of 3.5 billion GEL in dollars to deal with the economic crisis, the allocation and management of which are not transparent. There is interest lobbying, which is employed by some unscrupulous "businesses." Additionally, there is no transparency about the allocation of the $ 4 billion received following the August war. The public requires specific information about the distribution's purpose and priority, which is unfortunately lacking. Lobbying and nepotism must be abolished. (However, the manner in which this will occur in Georgia is uncertain.)

All of this culminates in a psychological crisis. Society is continually subjected to stress and panic, as well as anxiety of social insecurity and uncertainty.

The anti-crisis strategy establishes the correct vector for financing small farms, which is a social approach, albeit there is some ambiguity here as well... The social component of the anti-crisis strategy is committed to addressing the issue of unemployment. It is unclear how the coronavirus crisis will impact the labor market. Unfortunately, we only have a subsistence allowance system at present; nevertheless, the transition to unemployment benefits is costly and nearly unattainable in the current budget. Furthermore, there is no registration of individuals working in the informal sector currently, which explains why these people regularly remain outside the social security system. Similarly, bureaucratic procedures are cumbersome. Indeed, there is no clear data on those who have lost their jobs, complicating their access to immediate assistance.

Therefore our country requires radical reforms, particularly in terms of unemployment and poverty reduction. While some positive reforms have been implemented, the underlying problems persist. The government's objective of inclusive economic growth continues to be unattainable.

According to the economic development strategy's central tenet, the private sector is the primary engine and the driving force of economic development. And the state ensures each individual's right to development and well-being. Along with efficiency, the country's economic policy ensures social security, including access to education and health care, as well as the inclusion of fundamental social security systems. The degree to which an economy is socially oriented is critical, and it is determined by a variety of factors, including the composition of the consumer basket, the ratio of average wages to subsistence, the number of people living below the poverty line, the share of social program spending in GDP, income inequality and more. Their ignorance has a detrimental negative effect on the economy's development and impedes the preservation of national independence. Environmental and dietary difficulties have a significant impact on the country's statehood. Maintaining economic equilibrium becomes more challenging, which has been aggravated by the modern pandemic.

Humankind's development has reached a certain point, and the degradation of nature caused by agricultural operations, combined with the deepening of the world's unequal development, has culminated in the current epidemic, which may have irreversible consequences for humanity. We have corrupted the planet by poisoning it spiritually and environmentally.

Regional development plays a critical part in ensuring overall national success in any given situation, which entails identifying the comparative advantages of specific regions and the proper allocation of priorities.

According to 2020, the economic development strategy aimed to achieve the following indicators: GDP per capita nominally 13 000 GEL, today's value is 13 239 GEL; GDP per capita at constant prices is 9,200 GEL, today's value is the same, indicating that inflation has boosted this rate, while it has remained nearly unchanged at constant prices. The Gini coefficient should have been 0.35; it is currently 0.41; Inflation should have been under 3.0 percent, but it is currently 5.2 percent; Unemployment was predicted to be less than 12%, however it is now 17.6%; Exports were supposed to account for 65 percent of GDP; the current account deficit was planned to account for 6% of GDP; however, it stands at more than 9.1 percent; The ratio of public debt to GDP should have been reduced to 40%, but it is currently 59.9 %.

Among other factors, these challenges were exacerbated by the Covid-19 pandemic crisis, which wreaked havoc on the country's economy and practically every facet of public life.

The tax revenues of the 2020 budget alone were reduced by GEL 1.3 billion. Additional budgetary expenditures totaled 1.6 billion GEL. In aggregate, the 2020 budget deficit has increased to 9.1% of GDP.

The government carried out a rapid mobilization of international aid in the amount of $ 1.7 billion. These funds were utilized to cover the shortfall in budget revenues and crisis-related expenditures, resulting in a rise in the public debt-to-GDP ratio to 59.9 %. This is a critical sign. The government is trying to keep the debt ratio below 40% in the coming years.

According to the International Monetary Fund, Georgia's economy will resume positive growth by 2021, reaching 4.3 percent. To this purpose, the Government of Georgia's short-term economic policy priority will be: mitigating the losses caused by the Covid-19 outbreak; and restoring and ensuring quick economic growth.

The medium-term priorities will be to strengthen the country's regional and international competitiveness; to promote competitive domestic production and exports; and to encourage domestic and foreign investment.

In 2020, there were 330 943 households registered in the database of targeted social programs, and 146 619 families receiving subsistence benefits. Tbilisi had the highest number of registered families by region, at 63.1 thousand, and the number of recipients at 32.7 thousand. The overall number of social package recipients was 174,612, with 35.0 percent being women and 65.0 percent being men. g72.5 percent of social package recipients are disabled, 12.6 percent are family members who have lost their breadwinners, 8.9 percent are war veterans, 5.7 percent are state compensation recipients, and 0.3 percent - recipients of other types of social packages.[22]

Despite the pandemic and global economic crisis, Fitch maintained Georgia's sovereign credit rating at "BB."[23]

It is known that "Fitch" downgraded Armenia's credit rating in October-November 2020, as well as the outlook for Slovakia, Belarus, and Latvia. Additionally, the government's commitment to maintain a deficit of less than 3.0% of GDP by 2024 will contribute to medium-term debt reduction.

Conclusion

While the forecast is encouraging, achieving it will be challenged by government measures. It is critical to involve large businesses actively in these processes. Georgia, in particular, had prominent patrons who played a significant role in helping impoverished families. The Sarajishvilis, Zubalashvilis, and others should serve as role models of charity for modern businessmen. The emergence of a culture of social responsibility is critical at the moment.

[22] https://www.geostat.ge/media/36401
[23] http://gov.ge/index.php

Through their endeavors, various generations of Zubalashvilis have demonstrated their ability, vitality, and usefulness. Numerous students were educated thanks to the generosity of philanthropic brothers, Alexander Janelidze, Sargis Kakabadze, Alexander Paghava, Geronti Kikodze, Pavle Ingorokva, and Leo Kiacheli were among those.

David Sarajishvili was another prominent patron. His countrymen contended that wealth was a servant, not a master, to him. He was the first in the Caucasus to start distilling cognac alcohol and aging it in oak barrels employing French technology. He was a pioneer and founder of cognac production. . Many young people were educated overseas with David's sponsorship, including Dimitri Arakishvili, Meliton Balanchivadze, Professors Solomon Cholokashvili, Mikheil Shalamberidze, Sargis Kakabadze, Filipe Gogichaishvili, and Ilia Kipshidze, who eventually became Catholicos-Patriarch Kalistrate. He aided Akaki Shanidze, Davit Kasradze, Tedo Sakhokia, and Geronti Kikodze financially, among others. Davit Sarajishvili was well aware that educated citizens contribute to the development of a society. He was instrumental in the establishment of Tbilisi State University. His ambition was to foster civic awareness, an upright way of life, and the principles espoused by Ilia the Great and his associates.

The merit of Niko Nikoladze is immense. He transformed Poti from a filthy, muddy wasteland into a beautiful city, relocating the city's lifeblood. However, his letter to the newspaper "Imereti" in March 1913 demonstrates unequivocally that we are Georgians: "I am being held accountable. The helper is nowhere to be found throughout this hardship; else, the anguish is endless. Each nettle, lizard, and undergrowth can be harmed, even by telling lies through the eyes... " He was accused of accepting a bribe, which he never considered. Although he was acquitted in court, his heart was breaking.

Maecenas will continue to undertake charitable work since it is necessary for our survival. It will be feasible to address the challenges that have accumulated throughout this time period with the cooperation of the state and business, as well as popular support.

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Participatory Budget as a Tool of Budget Planning of Territorial Community Funds

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Abstract

An important form of social and power interaction, which is emerged in the late twentieth century, is *a participatory budget*, which is related in meaning to the terms of "public budget" and "budget of participation", that are understood as tools of direct democracy. The participatory budget provides participation of citizens in decision-making on the allocation of budgetary funds.

The public budget (budget of participation, participatory budget, etc.) is one of the mechanisms of public participation in the budget process and is a democratic process that provides citizens with the right to distribute part of the local budget. This model allows residents to decide for themselves on what needs to direct the specified meansThe article highlights benefits of a participatory budget, which is presented as a new platform for dialogue between government and community to solve jointly community problems, in particular: improvement of streets, recreation areas, living conditions, organization of leisure, improvement of an ecological situation in settlements, emergence of new community leaders; a level of participation, a level of expansion of services and transparency, acquisition by citizens of new competencies related to participation in public life.

Keywords. State support, local authorities, community.

Introduction. An important form of social and power interaction, which is emerged in the late twentieth century, is *a participatory budget*, which is related in meaning to the terms of "public budget" and "budget of participation", that are understood as tools of direct democracy. The participatory budget provides participation of citizens in decision-making on the allocation of budgetary funds.

The public budget (budget of participation, participatory budget, etc.) is one of the mechanisms of public participation in the budget process and is a democratic process that provides citizens with the right to distribute part of the local budget. This model allows residents to decide for themselves on what needs to direct the specified means.

The participatory budget was first introduced in Brazil, in the city of Porto Alegro in 1989. This city has 1.5 million inhabitants and takes 10th place in Brazil in terms of population. Porto Allegro is a river port, educational and industrial center. The first democratic elections in Brazil took place in 1974 and a military dictatorship still existed until the mid-1980s. In Porto Allegro there were socio-economic problems: a low level of tax revenues, spontaneous urbanization, unauthorized construction in the form of outbuildings, housing problem, and a high level of corruption. All vacant land plots were under the control of 15 powerful family clans. Therefore, there were no lands that belonged to the city and where it was possible to conduct housing construction; kindergartens, hospitals, schools were in decline. There were other social problems, which caused dissatisfaction among the city's residents. Since then, every year the residents of the city take part in the discussion and decision-making on the planning of the city budget.

Since then, the participatory budget has spread around the world. Since the late 1990s participatory budgeting has taken place in different forms in Central and Eastern Europe, Asia, African countries of sub - Sahara, in the Middle East and North Africa. Municipalities of France, Germany, Italy, Spain, Great Britain, and Canada popularized this approach also.

In the United Kingdom, participatory budgeting has been used mainly to allocate resources for restoration and allocation of statutory funds to voluntary sector organizations. Local councils in the UK have begun an experiment with compiling of a participatory budget, as it was called «community kitties» since 2006 in Coedpoeth in North Wales, Harrow in London, and Bradford in Yorkshire.

In 2007, the National Department for Community Affairs and Local Self-Government published jointly with the Association of Local Self-Government own «An Action Plan for Community Empowerment: Building on success».

In Lebanon a new experience of cooperation with a local community has practiced since 2017, in particular, in Sarafand, a small beautiful town located on the southern coast of Beirut. The first step was to set up the annual budget of the Municipal Council through a participating budget method or partnership method that is used for each sector separately.

Because this type of budget did not exist in Lebanon before, the municipality has held separate meetings for each sector that concern to all citizens of the town. In a dialog with citizens, the annual budget was created based on proposed opinions, suggestions and vision of development of the fishermen sector, in particular. Products of the agricultural, industrial, handicraft, trade sectors, and the tourism sector with restaurants, clubs and cafes were discussed. In the agriculture sector the discussion was about production of bananas, citrus and export abroad fruits, vegetables and legumes. Additionally, an education sector was discussed.

The youth and sports sector prepares the participatory budget for each year in this manner. Meetings hold at the end of each year to provide annual accounts cut and report citizens about what has been actually done. It increased people's confidence in the performance of the local authority and led to raise the level of services development in the society. As a result of this, people have become more responsive to decisions taken by the local authority and an increase in transparency at a workplace, which, in return, facilitated a remarkable growth in all fields mentioned above.

A participatory budget benefits the community by providing value for money. Public participation budgeting has a number of benefits for local government, including:

- new financing opportunities;
- making reasonable decisions;
- state support;
- the role of public administration is growing;
- educating people about management and knowledge;
- helps to obtain funding from other sources;
- improvement of relations between local authorities and the community.

Community authorities should make budget with participation of the public for two reasons: it is a source of training for government officials, who seek performing their work to involve the public, and a significant public influence on the allocation of funds that offsets allegations of corruption.

Since 2011, the participatory budget has been used in Poland as a tool for public cooperation. Mechanisms for the use of participatory budgets vary from country to country and municipality to municipality.

Methodology. The participatory budgeting process usually requires the participation of citizens at different stages of the budget cycle to identify capital investments and projects to meet the most pressing local needs. Citizens take part in the process of participatory budgeting, making proposals for the provision of services and development of public infrastructure.

Participatory budgeting involves joint work of citizens, councilors and local government staff. Participatory budgeting creates opportunities for greater efficiency in allocation of municipal funds and greater community cohesion.

- The main features of participatory budgeting include:
- a geographically defined area, such as a local authority, a decentralized area of a local authority or a specific area;
- regular meetings and discussions in each geographical unit;
- cycle of activities closely related to local development;
- a network of individuals and organizations involved in training, informing and mobilizing local residents.

The mechanism of public participation in the budget process provides for:

- participation in events held by the local council, its commissions and committees;
- providing written proposals and requests for the formation of the local budget and the use of budget funds;
- sending written requests to local councils, their executive bodies, local financial bodies, budget managers;
- implementation of public monitoring of the use of budget funds;
- participation in evaluation of effectiveness of budget programs;
- public budget hearings and local initiatives.

The formation of a participatory budget should take place under the following conditions:

1) availability of financial resources;

2) a permanent character of this approach;

3) public participation in budget discussions.

The stages of development and adoption of a participatory budget are: submission of projects, verification and selection of projects, voting, definition of tasks and implementation.

As part of the Polish-Canadian Democracy Support Program, a co-financed Polish cooperation program of the Ministry of Foreign Affairs of the Republic of Poland and the Canadian Ministry of Foreign Affairs, Trade and Development (DFATD) in Ukraine in 2016 was launched the project “Participatory Budget - Opportunities to partnerships with the authorities ”.

In December 2016, the results of the monitoring of the adoption of local budgets for 2017, which was conducted by the Public Partnership “For Transparent Local Budgets!” were published in more than 30 cities of Ukraine. It turned out that in 20 cities covered by the monitoring, there is a possibility of free participation of citizens in the session of the local council, in 10 cities there is a possibility of limited participation – by temporary passes or invitations.

An important practice of involving citizens in the preparation of the budget is conducting of consultations of authorities with citizens on the discussion of the draft decision on the budget after its publication. In 11 cities covered by the monitoring, consultations with citizens on budget discussions were not held, among them: Kramatorsk, Kropyvnytskyi, Lviv, Mykolaiv, Poltava, Severodonetsk, Kherson, Bilozerka, Zdolbuniv, Izmail, and Mariupol.

Electronic consultations were held in 4 cities, in particular: Odessa, Sumy, Voznesensk and Chuguiv. In 19 cities, there was a public discussion of draft budgets with the use of a presentation or an open meeting of the profile commission of the City Council, a public expert discussion.

In September 2019, a new initiative was launched in Ukraine – the All-Ukrainian Public Budget – a new democratic practice for Ukraine, which allows residents proposing regional development projects that will be implemented through a special state fund. In autumn 2018, the Government of Ukraine amended the Budget Code, and the State Fund for Regional Development received UAH 500 millions for the implementation of citizens' projects at the regional level. Regions were able to independently identify priority development projects to which funding should be directed. Moreover, all citizens of Ukraine could take part in distribution of means and development of areas.

Citizen participation-based budgeting allows citizens playing a direct role in deciding how and where to spend resources. Participatory budgets create opportunities for attracting, educating and empowering citizens, which can contribute to a more active civil society. Public participation promotes transparency, which can reduce government inefficiency and corruption. Because the most citizens who participate in budget discussions have low incomes and low levels of education, participatory budgeting allows citizens making choices that will affect the actions of their government.

Advantages of the participatory budget are: participation of citizens in decision-making, a new platform for dialogue of the authority and the community, an experience of joint problem solving, improvement of residential districts, streets, recreation areas, improvement of living conditions, organization of leisure, improvement of the ecological situation in a city, preservation and restoration of the historical and cultural heritage of the city.

The dynamics of the development of relations with the population of local self-governments in Georgia. In 2017, the Institute for the Development of Freedom of Information (USAID) conducted a survey to assess citizens' engagement practices in Batumi and Akhaltsikhe self-governments how citizens relate to municipal government and how their positions are reflected in local government short-term and long-term priorities and budgets. The assessment also touched on the Legislative Base of Citizen Involvement and the Electronic Democracy Tools, which were launched in 2017 by the Institute for the Development of Freedom of Information, a favorable environment for engagement. IDFI also investigated how national or local legislation is enforced.

According to the results of the study, there is a need and desire in each municipality to improve the practice of civic engagement. Among the problems named as the main issues were the lack of modern infrastructure and the low level of capacity of public servants.

The Local Self-Government Code (approved in 2014) contains a separate chapter that not only obliges municipal public institutions to ensure the involvement of citizens in the implementation of local self-government, but also offers forms and means of involvement.

Civic engagement is regulated in the budgetary process of the municipality - by the Budget Code of Georgia and the Local Self-Government Code.The budget execution report is prepared quarterly by the City Hall and sent to the City Council. Once a year, a public hearing on the budget execution report is held at the plenary session of the City Council.

Despite the low level of public involvement, there are successful cases of partnership and cooperation, which are the best forms of citizen involvement.

IDFI obtained information about the city. Batumi, st. Akhaltsikhe and st. From the departments of Kutaisi City Councils and City Halls: Budget Department, Administrative Department, Public Relations Service, Legal Department / Service, Human Resources Department / Service, Information Technology Department. Researchers believe that, along with the political leadership of municipalities, most of these departments are responsible for the effectiveness of citizen participation.

Some representatives of the administrations of the municipalities discussed in the survey did not see the need to create more detailed legislation on citizen participation.

Batumi Executive and Legislative Bodies mainly use social networks, media, official websites and personal meetings for public relations, in general, for communication. St. Batumi Municipality uses Facebook as one of the main means of communication with the public. Representatives of the municipality also cited Twitter as one of the channels of communication, although St. The current user profile of the Batumi City Council could not be found during the research process. Batumi City Council has its own official website, which is a rarity in Georgian municipalities.

As a rule, the official websites of the City Hall or the City Council and social network profiles have their own administrators, which can be considered as a repetition of duties and improper use of resources. Websites have the function of publishing questionnaires that are actively used to ensure citizen engagement. The website of the Batumi City Council allows the live broadcast of the City Council sessions, which is a positive and innovative step to increase the awareness of citizens.

Result and conclusion. Thus, the positive aspects of introduction of the participatory budget mechanism are: improving of informing of the population about plans and intentions of local governments; increasing of a level of trust of residents to the authorities; reduction of social conflicts and social tensions; emergence of new public leaders; a level of participation, a level of service expansion and transparency, and improving of civic education – citizens gain new competencies related to participation in a public life.

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Supply Chain Disruptions Caused by the Global Pandemic

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Abstract

This article summarizes the issues, challenges and implications of the COVID-19 pandemic on supply chain activities globally. The paper also provides strategies and insights into the risk mitigation opportunities for the supply chain disruptions brought on by the impact of the pandemic. Supply chain resilience is critical to economic recovery and in order to effectively mitigate the impact of COVID-19, companies must deploy innovative measures across the value chain. Understanding the ways global manufacturers are tackling disruptions to their supply chains will aid all businesses in structuring their own responses. It has been challenging for many companies to determine how far their supply chain disruption has progressed.

Keywords: logistics, supply chain, pandemic, production, disruption

Introduction

Global supply chains have always been vulnerable to the risks associated with unpredictable and long-term events such as natural disasters, trade wars, pandemics, political instability, etc. The coronavirus pandemic has disrupted global operations in all sectors and industries of the economy. The disruptions are largely due to blocking measures that countries have adopted and implemented globally as a strategy to combat the spread of the pandemic. Production halts, movement restrictions of people and goods, border closures, logistical constraints, as well as the slowdown of trade and business activities are the result of COVID-19 lockdown measures.

The COVID-19 pandemic, which started in Wuhan, China, was first officially registered at the World Health Organization (WHO) China office on December 31, 2019. As of December 17, 2021, more than 271 million cases have been reported, of which more than 5.3 million have died [1]. The emergence of the virus in China, which is one of the major hubs of manufacturing and distribution globally, has had a major impact on the supply of finished and semi-finished products to countries around the world that are logistically linked to China.

The aim of the work is to identify potential solutions and mitigation opportunities for the crisis caused by the pandemic. Many countries are analyzing and reviewing their supply chain approaches, while international companies are restructuring their outsourcing strategies to deliver the resources necessary for internal operations to help mitigate the risks of external interruptions from lockdown measures. Governments in developed economies have increased their appeal to businesses to carefully review processes that ensure resilience to disruptions in global supply and industry value chains.

Given new uncertainties, some governments and utilities are delaying procurement, which means reduced order books and cash flow for suppliers. While it's too soon to assess a long-term impact, some analysts suggest that in the immediate future, several entities may shift priorities and business models, looking into repowering existing assets, for example, and adopting more flexible payment terms.

Thematic part

Information is growing daily about how the Covid-19 pandemic affects supply chains and disrupts manufacturing operations worldwide. The most vulnerable companies are those that rely on Chinese factories for parts and materials. Historically, pressure to reduce supply chain costs encouraged companies to pursue strategies such as lean manufacturing, offshore services, and outsourcing. Such cost-reducing measures mean that in the event of a supply chain breakdown, production will quickly stop due to lack of parts. Most global companies have limited visibility into all the moving parts in their supply chain.

In the near future, the cost of supplies from China may increase due to overtime and congested freight costs. It will be crucial for companies to identify alternative supply sources. Entrepreneurs around the world are under increasing political and competitive pressure to increase their domestic production and employment in their own countries, reduce or even eliminate dependence on risky sources, and reconsider their use in effective manufacturing strategies. Once information on the epidemic is received, it is likely that the competitive leader in the supply chain will move to more complete proactive modeling of operations. Companies need to analyze their supply chains more deeply and systematically, and focus on these key areas:

Improving the visibility of supply chains

Companies should deploy supply chain visibility tools to provide line of sight to capacity constraints into first, second, and third-tier suppliers. [2] This will allow global manufacturers to get more complete information about where components are coming from for their sub-assemblies.

Modeling new risks and costs

Business leaders should also consider how new tools and technologies can deliver more intelligence. For example, risk assessment tools using machine learning can find templates that indicate risks or opportunities for macroeconomic, geopolitical, and global health, exchange rates, and other data. These tools can also quickly model alternative supply and transportation scenarios.

Big Data and Data Analytics can transform supply chains. "The three biggest benefits for using big data within supply chains are traceability, relationship management (*e.g.*, better customer service), and forecasting/predictability," states Thomson Reuters report [3]. "The benefits of traceability are obvious. Knowing where your goods are located at any point of the supply chain, being able to predict or be notified of supply chain disruptions, and having contingency plans to address these issues have an enormous impact on profitability, resource planning, and customer satisfaction."

Concentration on endurance

The COVID-19 explosion may lead to the readjustment of long-term supply chains to create sustainability. The long, lean and low-cost global supply chains that have dominated the last few decades will never be the same again. Offshore production by low labor cost countries, which at one time was profitable because of price, efficiency and speed, found themselves vulnerable to extreme shocks of pandemic-like supply and demand.

"Before the pandemic, companies had been very successful at cutting costs dramatically from the supply chain with practices like lean manufacturing, outsourcing, and consolidation," said David Simchi-Levy, a professor of engineering systems at the Massachusetts Institute of Technology (MIT) and director of the MIT Data Science Laboratory [4]. "All of these strategies have allowed them to reduce value, but dramatically increase the likelihood of risk."

The earlier strikes on supply chains were temporary, and remedial. But COVID-19 hit everywhere at once and an unprecedented situation presented itself: borders were closed, factories were closed, transportation was stopped, workers were locked in homes and companies were unable to ship goods. Global supply chains broke down.

Risk management has never been a high priority. However, it is now necessary to focus on risk management, as resource depletion and the climate crisis will lead to wider and more frequent global shocks in the near future. The topic of global supply chains has never been more relevant.

There are two main dimensions to consider:

1. **Recovery Time:** The time that each node - supplier facility, distribution center or transport node - will need to be after a complete breakdown. By removing an item from the supply network during the recovery period, the firm can estimate lost sales, revenue, or margin.
2. **Survival time:** The maximum duration during which customer demand can be met by existing stock.

The relationship between these two measures helps to identify the hidden risk. For example, if the recovery time of a given facility is longer than the survival time, supply chains will not be able to meet demand without a backup plan. Companies can use digital tools to simulate disruptions and identify potential problems, allowing them to assess the cost of disruptions and prepare mitigation plans for the most critical parts of supply chains [5].

The main benefit of having local suppliers is that they can be more reliable, responsive and visible. Not only is it possible to develop individual relationships with local suppliers and meet on a regular basis, but the tools available for collaboration are less complicated. This also reduces the overall risk. Companies can simulate shorter supply chains and determine where the risks of supplied extended global chains can be reduced by increasing localization.

One trend that may work in favor of switching to local suppliers is that the labor value advantage that companies previously found from countries such as China has deteriorated. Most organizations try to increase the number of their suppliers, potentially reduce redundancy, while suppliers are close to their business - this is an attempt to reduce the risk associated with pandemics and global trade and ensure supply continuity.

More than half of the 341 manufacturers and retailers surveyed by the logistics provider's equal group said they had problems with production and distribution activities and were forced to consider alternative agreements [6]. Now one-quarter plan to move certain operations out of China over the next three years. But just moving production closer to market demand does not provide durability. Organizations therefore need to conduct stress testing on their chains.

Companies can also segment supply chains with some products aiming for cost and efficiency while others for durability. Many American companies analyze that they can buy products made in China from other low-cost geographies, such as Mexico [6]. Or companies may choose regional suppliers that are more expensive but have reduced logistics costs and provide less risk of disruption as we have seen in the case of a pandemic.

Conclusion

We can no longer rely on data from the past to predict the future. Among the practices that need to be reviewed is the use of historical data to make decisions. On-demand forecasting allows companies to manage supply chains in real time.

Real-time data supply of existing statistical models was found to be the best indicator, eliminating the historical biases permeated in them. By using machine learning, companies will be able to better anticipate rapid changes in demand. Today it is a pandemic, but tomorrow it may be another unexpected event.

Using such integrated capabilities, in addition to machine learning, businesses can analyze better real-time supply and demand scenario planning and optimize their supply chains [7]. Through automation, organizations can collect and analyze in real time to provide the hyper-localized visibility needed for production and distribution under expansion or contract.

The pandemic has brought some companies to the brink and many more are struggling to survive. Demand for some products may be lower for some time. Many businesses will focus on analyzing supply and demand shifts, and mitigating them, as well as figuring out how to get employees back to safe and productive working conditions.

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The Role of the State in Shaping a Socially-oriented Market Economy

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Abstract

Representatives of both neo-Keynesian and neoclassical schools today have a sense of dissatisfaction with the solution to the problem of market regulation. In addition, in strengthening the international interdependence of national economies, there is a need for agreed international anti-crisis regulation, which should strengthen the impact on market development. The question of the role of the state in the market economy still provokes animal debate among economists. State participation in agricultural management is one of the most pressing and unresolved problems in economic theory. The need to establish a socially-oriented market economy (social market economy reinforced the urgency of this problem for the country).

Keywords: Social Market Economy; the role of the state in the market economy; a model of a socially-oriented market economy.

Introduction

Interest in regulating the market economy emerged after the global crisis of the 1930s. During this period, Western countries armed themselves with J.M. Keynes. According to the Keynesian concept of state regulation. He rejected some postulates of classical and neoclassical doctrines, namely the market, as an ideal self-regulatory mechanism. The market, according to J. M. Keynes, can not provide effective demand, so the state should stimulate it through fiscal and monetary policy. The practicality of Keynesian theory ensured his success in the postwar years. Keynesian recipes formed the basis of the concept of a "universal welfare state" and a mixed economy.

However, with the onset of the global economic crisis, belief in the possibility of state regulation of the economy was shaken in the early 1970s. The protracted crisis of the 1970s led to the cessation of state macroeconomic regulation. Privatization processes accompanied this process. Although privatization has had a significant economic impact, we have not yet achieved stabilization of economic development. This resulted in dissatisfaction with the solution to the market regulation problem. The role of the state in the market economy, state participation in the economy's management, is being actively discussed.

Discussion

Among the scholars of the system of regulation were those whose aim was to bring the economic process to a state approaching equilibrium. Among them, we must single out L. Erhard et al. Aiken. They attached great importance to state intervention in the economy. In their opinion, it is the economy that should organize the market. This was reflected in Germany.

In the specific historical conditions created, the boundary between state and market regulation is completely determined by the needs of public reproduction, national traditions, and customs. State intervention should not violate the automation of the market mechanism, which is based on free pricing, decentralization of economic decisions. State regulation should not replace competition.

The urgency of this problem for the country is reinforced by the need to build a socially-oriented market economy (social market economy).

The modern highly efficient market economy is not at all what it was in its early stages of development in the seventeenth and eighteenth centuries, when small-scale manufacturing and private entrepreneurship prevailed, mostly on individual private property. There is currently no free-market disaster when smallholder-entrepreneurs run their farms at their own risk and fear, independently of the state, when they obey the so-called market. The "invisible" ruling hand, about which A. wrote in his time. Smith. Dominant large production, with a high share of small and medium producers, operates not only in its own country but also in the world market. Property is presented not only as an individual-private form but also it is a significant association with private property. In addition, there are also forms of state, municipal and other property. And since production and property transcend the boundaries of individual people, at the level of the interests of the broad masses of people and the entire population of the country, the state must naturally and inevitably accept the economy as a whole with which the fate or well-being of the whole country and its people depends. He must take care of the economy, do everything for its success and efficient development. This is usually the case in countries with modern highly developed economies.

At the initial stage of the transition of the market economy to the rails, the reformers were of the opinion that in this case the state would have less interference in the economy and therefore it should have moved away from the economy. Let the economy develop on its own, under the market rule. All hopes were linked to market governance laws and mechanisms, with the state taking on the role of observer. Enterprises and farms that were previously under state care were given the opportunity to develop independently during that period, however, for objective or subjective reasons they were unable to maintain a guaranteed supply of raw materials, supplies, working capital, key markets for their products. During the period when prices for energy, metals, timber and other imported material resources increased, then there was also competing in the market for cheaper and more attractive imported goods. They hoped that the market itself would put everything in its place and ensure the normal and efficient development of the economy. When the pace of production slowed, revenues declined, budget deficits widened, spending on education, health care, science, culture, social security increased, and the state's role in your economic and social development grew, the talk began that the state could not avoid interfering in the economy. It must affect the economy and that in countries with developed market economies such as Japan, France, and others. The state also implements indicative planning for the development of the country's economy.

Currently, no one doubts that the state should play an active role in the country's economy and social development. We can argue that the state, not voluntarily, but out of natural necessity, should become one of the most important elements of the system, ensuring the development of the country's market economy in a socially-oriented way. The most important role of the state lies in its regulatory activities, which have lost their directive character and are currently manifested in creating a proper business economic environment. On the one hand, it means maintaining a healthy and sustainable macroeconomic situation through monetary and other forms of economic policy. The state establishes equal rules for all participants in implementing economic activities, ensuring a competitive environment.

As already mentioned, there are conditions in the country, thanks to which its farm complex can finally become a highly efficient market economy, which will be able to give the population of the country material and social goods in the most modern and accessible form. The natural development process serves this purpose and ultimately leads to this. Entrepreneurship is able to achieve this goal, however, it is necessary to take targeted actions and appropriate measures by the state, which will be aimed at creating an appropriate, sustaining, and stimulating environment for this.

The most important task of state bodies, first of all, the government, should be to find opportunities and ways to mobilize domestic savings and attract foreign investment, so that they can be used for hydropower, advanced engineering, tourism, and sanatoriums. As well as agriculture, which provides opportunities for the development of agricultural processing industries, food, and light industry. The complexity of these fields can fill the domestic market of the country with cheap and quality products and goods, create the necessary conditions to meet the basic vital needs of the population, to create internal savings for other promising fields. It is necessary to combine all existing and attracted investment instruments and use them in such a way as to increase their productivity in creating a highly efficient market economy.

The end result of the realization of a social market economy is the high standard of living of the country's population. To achieve such a goal, the government in its socio-economic policy must, first of all, ensure that able-bodied people have jobs and output. Of course, it is necessary to equalize the level of production of modern highly developed countries, but this can not happen at once. It will be possible only when the agricultural sector complex finally shifts to the rails of a highly efficient market economy. At the same time, in the wake of natural development, it is necessary to gradually, step by step, attract large sections of the population to participate in the capital and profits of enterprises or firms. It should be achieved that people invested their free cash in banks and other monetary institutions with some interest, buying their shares and other securities to earn income in the form of dividends and interest rates. This path of material security leads to the universal well-being of the people and it must definitely be used.

In the model of a social market economy, the state should also take care of the socio-cultural development of the population. In principle, the socio-economic development of the population within a highly efficient market economy can be carried out at the expense of both the state budget and the population itself. But the peculiarity lies in the fact that for several decades, in Soviet times, it was provided in a centralized manner, at the expense of the income of the whole society. Eventually, a kind of stereotype was formed when all these goodnesses came only from the state, although, of course, initially they were remunerated by the labor of the people who enjoyed this goodness. It would be more correct to determine that the required basic level of use of these goods is provided from the state budget, and in a higher and better form - at the expense of the citizens who can pay for this type of service. Providing free goods at the basic level provides universal access to goods regardless of human income, excludes cases where someone can not get an education, emergency medical care, etc.

The social market is also clear economic relations, material and social security of the unemployed, the disabled, pensioners, and the homeless. In principle, the high quality of employment of people and their highly productive labor are the basic foundations of the material and social well-being of the vast majority of society. However, there are still some sick, needy, disabled, elderly people who cannot provide for themselves and who do not have proper help and support from their children and loved ones. It is the duty of the state to take care of these people, to provide them with shelter, food, clothing, and services. A highly efficient market economy, which brings great profits to the entire society, allows allocating means that ensure the creation of normal living conditions for these people within the average social standard of living.

Conclusion

Thus, in the Georgian model of social market economy, the activity of the state is manifested in revealing effective energy for citizens, initiating and revealing energies, creating and opening the most favorable conditions in the economy. Consequences for the economy and society. The state must purposefully and in a short time lead the country to the establishment of a highly efficient social market economy. This is his most important role.

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UDC 338

On One Effective Way to Manage Healthcare Costs

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A b s t r a c t

This article discusses the current challenges related to expenditures in facing the Georgian healthcare system. In terms of costs, healthcare is a very specific field, where the service buyer - a patient is little or not at all informed about types and methods of treatment of the disease, which is why a patient can not choose the right method of treatment himself and the doctor does it for him. Therefore, in the medical services market, both a customer and a supplier of the form and price of the service are physicians.

In Georgia, the salaries of medical staff, including doctors, are determined by the volume of medical services provided by them. Consequently, there are sometimes cases when doctors prescribe unnecessary procedures to patients based on own interests (to increase salary). This artificially increases the cost of treatment, which is covered from the State Budgeting .

To solve above problem, this article analyzes the possibilities of cost optimization and justifies the effectiveness of choosing the best path among them.

Keywords: Cost management, Medical service provider, Remuneration for services rendered.

Introduction

In order to identify problems in Georgian healthcare and finding ways to solve them numerous studies have been conducted. Nevertheless, the problem of proper, adequate reimbursement of medical care for patients remains a very acute issue. Most costs of medical services are covered from the State Budgeting , and only small part (on average 10%) is paid by patient himself.

Numerous studies, including those carried out by us, confirm patients' complaints about inflated costs. This fact, as well as various publications in the open media, clearly point out the existence of cases of corruption in a number of clinics in Georgia. This situation can be eliminated by introducing a properly implemented system of medical expenses in the Georgian healthcare system.

Healthcare costs coverage - shortcomings in this specific field

Healthcare is the specific field. Its specificity is determined by the peculiarity of medical services market, which is reflected in the fact that both the service provider and the determinant of market in the medical services market is a medical institution, more precisely a doctor. That is why the American economist Dr. William Hsiao calls healthcare - Pathological [1. p. 1047].

Complexity of a medical market is that if in the market of ordinary goods (clothes, food products, etc.) a client knows what to buy and for what price, the potential consumer of the medical service (patient) does not know in advance when he/she will need it, and what its price will be. However, even when they need it, they will still not be able to choose a treatment method, because patients do not know which type of medical assistance is effective for them. It is difficult, and often even impossible, for a patient to determine the usefulness of the medical services offered because they have no medical education. Patients do not have enough knowledge and information to make a qualified treatment decision, so they are forced to rely entirely on the treating physician. So it's true that patients formally act as buyers of medical services, but instead, the form of service, the type and duration of treatment and, most importantly, its price are determined by the medical institution, in most cases the treating physician.

In such cases physicians, as the main providers of services, in addition to treating patients, have their own economic interests, which creates the potential for provision of the unnecessary medical services. [2. p. 77].

This so-called commercial approach to cost covering (profit maximization) has greatly rooted the net market approach in the health care system. [3]. For patients, physicians are advisors, treating doctors, and advocates for their interests at the same time. Georgian scientist Verulava calls such relations - the Agent Relations [2. p. 77]. But since doctors often abuse their special role and when prescribing medical services are guided by their own selfish interests (more services - more profit), Verulava does not consider them to be full-fledged agents.

The basis of the relationship between a seller and a buyer of goods (services) in any market is the price and quality of these goods. Through it, a financial relationship is formed between them. The same is true for a medical market, except that in the ordinary (typical) market this relationship is formed before the purchase of goods (services), but in the medical market because of patients' lack of understanding of the form, type, price and other needs of treatment, relationship is formed after treatment. In some cases, when medical intervention is urgent (let's say an urgent surgical intervention is required) and only in the process of this service the need for various medical interventions is revealed, obviously, their cost cannot be determined in advance. So unlike other field the healthcare field is distinctly characterized by uncertainty. Physicians can not determine in advance exactly how the patient will be treated, what drugs they will need, and finally, what the final outcome will be [4]. So, not only patients, but in some cases even doctors can not predict how the disease will be treated, what treatment methods will be used, even doctors can only make assumptions about all this. This situation and this specificity is a peculiarity of healthcare in general and it does not apply only to Georgia. On health risks and the phenomenon of uncertainty there is a lot of research being done abroad, and many scientific papers are being created. This means that the problem raised in this article exists in developed countries as well, and not only in Georgia. But unlike Georgia, they have a rich practice of market relations, and when a medical services "market failure" was detected, they fixed it with tough government regulations.

Analysis of theoretical and empirical studies of the issue

Already 30 years since Georgia became an independent state and is on the way to a market economy. Undoubtedly, this situation has affected healthcare as well. In the field of healthcare many reforms have been carried out, many innovations have been introduced, methods of diagnosis and treatment have been adapted to European standards, the training of medical personnel (mainly doctors) in Europe and the United States has begun, and etc. This has brought great, extremely great benefits to the given field and, most importantly, to the population of Georgia. But in the Georgian healthcare system, is still one unresolved problem mentioned above, which patients are complaining about and scientists are pointing out as well. This is an adequate determination of the price of medical services actually provided.

As we have already mentioned, in the current financial relations between a doctor and a patient in Georgia, the “fate” of the price of medical services is determined both by the trust in the doctor and by the extent to which the doctor is guided by the principles of professional ethics. Unfortunately, as practice shows, not all doctors are trustworthy and not all doctors behave ethically and in good faith.

The behavior of the doctor and the medical staff in general is influenced by the method of remuneration, i.e. the salary calculation method. The salary of medical staff in Georgia today depends on the types, quantity and complexity of services provided. This situation increases the "moral threat" of doctors, i.e. the risk that the doctor will use the patient's lack of education in this area to increase his own income, prescribe unnecessary medical procedures and thus increase the volume of services provided by him. As we have mentioned, a doctor needs this to increase his/her salary, and in Georgia, where the average inflation rate is 7%, and the average monthly salary is 1036.5 GEL (in small clinics - 692 GEL) [5. p. 120], there is a temptation for a physician, and not just for a physician, to violate the norm of a physician's professional ethics. Not only in the such actually poor country like ours, where, according to official statistics, 19.5% of the population lives in absolute poverty [6. p. 58-59], and in relative poverty lives - 27.5% (some studies indicate a much higher figure), but even in the highly developed countries like the USA, there are such cases [2. p. 80]. In Germany and France, situations are similar, what cannot be said about the UK. In the UK, medical staff are paid according to the number of patients referred and not the amount and volume of services provided by them. Unlike in Georgia, clinics in the US, Germany and France are under strict state regulations, especially in cases of prescribing expensive drugs.

Above we have mentioned shortcomings, which have also been confirmed by our individual studies. Within the framework of research, both doctors and patients of 3 hospitals in Georgia were interviewed. They received questionnaires with 10-15 questions. The distribution of questionnaires to patients was agreed with the hospital management. In the questionnaires, along with other questions, there were questions regarding number of treatment procedures, the cost of treatment, and etc. Patients everywhere gave us only a positive response. Thereby, two of the 3 hospitals surveyed reported patient complaints (in one - 5, and in the other - 11 cases). Therefore, it was obvious that respondent patients avoided honest answers.

This suspicion is also confirmed by the fact that all three surveyed clinics acknowledged the actual cost overrun compared to the established limit. Clearly, it cannot be unequivocally argued that this excess was entirely the cost of unnecessary or less necessary treatment procedures that clinics carry out to increase revenue, but it certainly has a large share in it.

Experts suggest many ways to solve this problem, in particular, to increase the number of competitors in the medical services market [7], strict regulation by the state in the field of healthcare [8], financing from the Global Budgeting [9. p. 137-141] etc.

In our opinion, increasing the number of competitors will only work in densely populated areas such as cities. In cities, patients can easily move from one hospital to another if they do not like the service offered or its price, but what should the residents of villages and districts do? Almost everywhere there is only one hospital, and if more will be opened, they will not be able to work due to the small population.

As for the second way to solve the problem - the strict financial control of clinics by the state, in the conditions of the liberal economy in which we are today, the state has no right to intervene in the private sector at this dose.

The third way to solve the named problem is to finance hospitals through a Global Budgeting. In this case, the healthcare facilities will be pre-determined the total amount of reimbursable expenses, which will be based on the volume of medical services provided by this institution in previous years, which is then adjusted (in case of actual excesses or underperformance) by introducing the so-called "risk corridor".

From the above reasoning, it becomes clear that in order to correct the financial irregularities in the Georgian healthcare system, we support the UK model of financing clinics, i.e. Global Budgeting funding, the volume of which will be determined not by the volume of services provided to patients, but by the number of referrals.

Conclusion

In case of introducing a Global Budgeting in the Georgian healthcare system, the volume of services provided in previous years should not be taken as a benchmark, as it will most likely be artificially inflated. It is recommended to take the number of patients as a baseline, which can be easily determined by the number of referrals.

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Strategic Human Resource Management

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Abstract

The article discusses the essence of Strategic Human Resource Management (SHRM) and the combination of Human Resource Management (HRM). It is noted that strategic human resource management became popular in the 2000s. It is also stated that strategic human resource management is a combination of strategy and human resource management, which means that human resources are better aligned with business strategy to provide value through which organizations strive to achieve competitive advantage.

The paper also writes that strategic human resource management is much more than it seems. The human resources manager not only needs to combine his or her practice with the business strategy to be truly strategic, he or she needs to understand where the strategy comes from and reach out to the various stakeholders for which the strategy has been developed.

Keywords: human resource management, strategic human resource management, strategy

Introduction

Strategic human resource management is a combination of strategy and human resource management (HRM). According to Storr (1995), HRM is a distinctive approach to employment management that seeks to achieve competitive advantage through the strategic deployment of highly developed and capable workforces, using an integrated array of cultural, structural, and personnel techniques.

Discussion

Human resource management involves the use of various techniques:

- Staffing techniques such as hiring, promoting and rewarding employees;
- Structural techniques such as organizational design;
- Cultural techniques such as creating and maintaining high quality work cultures.

According to Story, the goal of all this is to achieve a competitive advantage. Competitive advantage is what differentiates an organization from competitors and companies strive to achieve this.

Strategic human resource management became more popular in the 2000s. According to Ulrich, human resources must become value-added - and thus more strategic. This means better aligning human resources with business strategy to ensure value.

Strategic human resource management is the result of this call. It aims to focus the human resources management business on the business. Strategic HRM is the achievement of business goals through smarter human resource management.

According to Ulrich, the task of human resources is not only to look in the mirror of strategy, what HR should do, but also to look at it as a window that shows how we can do our job better for external stakeholders.

External stakeholders include consumers, investors, key suppliers, government agencies and communities. HR can become a lever for external factors that require further integration. Not only are the different HR practices relevant to the strategy, but the strategy is also relevant to these external stakeholders. The best way to do this is to focus on creating values. HR should not focus on what it does, but on what it creates.

Strategic human resource management is much more than it seems. HR not only needs to integrate its practice with business strategy to be truly strategic, HR needs to understand where the strategy comes from and reach out to the various stakeholders for which the strategy has been developed. When HR is able to do that, it will be able to add tremendous value to the organization.[24]

More specifically Strategic Human Resource Management This is a strategic approach to the successful management of people in the business, resulting in the company having a competitive advantage over others. Strategic HRM This is the way the HR department proactively supports the company's business goals and results.

In this case the HR function is no longer just administrative. It is now fully integrated into the company's strategy, policies and goals to support long-term sustainability and a great organizational culture.

Today, senior management positions are increasingly focusing on employee-related issues and how they will affect an organization’s long-term business success. They realize that aligning business goals and strategies with human resources can lead to better organizational performance.

[24] https://www.aihr.com/blog/strategic-human-resource-management/

There are still very few companies really keen to improve their human resource practices for better business.

The article lists three leading companies that demonstrate exemplary human resource strategies. Consider how their strategic approach to human resource management has become one of their main competitive advantages.

Google - focused on employee privilege and comfort for them. Its strategic approach to human resources goes beyond the standard approach. Like most tech companies, they are obsessed with data and the HR function is no exception. Google has hired some smart people to conduct in-depth statistical analysis of how managers are perceived by their employees as good managers. They identified eight common behaviors exhibited by top managers and then trained in the rest.

It would be nice if a human resources manager would collect data from his employees and use it to improve employee experience. It is no coincidence that Google employees are one of the most productive in the world.

The second organization is CISCO, which has developed its own HRM technology that will help the strategy and at the same time better serve the needs of the business.

CISCO gives managers transparency about the skills and experience of the company's 70,000+ employees. In addition, it provides employees with the tools and insights they need to take the initiative and advance their careers.

This approach allows managers to form the best team needed to complete a particular project, while giving employees the opportunity to learn how to work on a project that helps them achieve a specific goal.

Senior managers can also gain access to real-time team work, how they produce results, meet priorities, and engagement levels. Cisco calls this "one-size-fits-all employee experience" and it seems to work. CISCO ranks first in Fortune's top 100 companies.

Third Company Hilton Worldwide Holdings Hilton is recognized as one of the best global companies where people with quite a lot of achievements work.

The secret to Hilton's success lies in their company's highly strategic approach to managing culture. Culture is important because it reflects how people work on a daily basis as well as on projects.

Knowing this, Hilton's approach was to introduce a method of quantitative analysis to preserve his culture. One is the "Balanced Scores Card" and the other is the "Team Members Survey".

The Balanced Scorecard seeks to blend in closely with the corporate vision, strategy and goals of team members. It constantly monitors revenue maximization, customer loyalty, employee satisfaction, skills training and diversity. Staff can see how their roles and performance affect the company.

Surveying team members compliments the balanced scorecard. It is held globally once a year and measures factors such as morale, leadership effectiveness, pride and development. Hilton employees at all levels are highly motivated to contribute to the company's mission.[25]

Conclusion

Strategic HRM, or "People Strategy," is the creation of a consistently planned framework for hiring, managing, and developing employees that supports the organization's long-term goals. This helps to ensure that different aspects of people management work together to create the behaviors and climate needed to achieve value and performance goals. It focuses on people's long-term issues, the adequacy of resources for future needs, and the broad-based concerns about structure, quality, culture, values, and commitments. It must also be an answer to the evolving nature of the work itself.

There is no HRM strategy that will succeed in all cases. Organizations need to define their own unique strategy according to their specific context, culture and goals.

Professionals are tools that use their experience to understand organizational circumstances and create human capital value chains that reflect the needs of stakeholders.

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Competitiveness is the Prerequisite to a Successful Business

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Abstract: The competitive strategy of a business depends on the introduction of modern management practices. According to competitive strategy, businesses can be classified as market leaders, challengers, followers, and market nichers, and the key aspects of their competition are analyzed. It is noted that the competition strategies are difficult to implement and require a considerable amount of resources.

Considering the examples of successful companies around the world, there is no universal model of competitive strategy for a particular business. Each firm must individually select the strategy that suits it, based on its goals, challenges, and opportunities.

Keywords: Business, Competition, Strategy, Management.

Introduction: As a business cannot exist without a market, it is also impossible to imagine a market without competition. The main subject in each competition is resources- information, finances, technology, etc. However, the most important is the customer (“Client”) itself, without whom competition could not exist.

Study Results: Competitive strategy includes several factors that are essential for a business’s success such as competitive pricing and quality, customer value for products (services), the professionalism of the employees and a well-established image, business experience and reputation, credit history and a relevant level of management culture, etc.

To be competitive, one would need relevant information and experience. Business development concept should be drafted - “comparative competitive strategy”, related to the search and study of modern methods of business management and their implementation. This practice is called Benchmarking.

Any type of benchmarking means measuring competitor’s metrics and business processes to draft the perfect model for your own business. The benchmarking process allows a company to focus on best practices from competitors and apply it to their business needs.

The first stage when entering a competitive market is the study of competitors. Who is the immediate competitor? Who is the indirect competitor (producer of substitute goods)? The best way to do this is to become competitors' client - buy their goods, use their services, experience the pros and cons.

Recommendations for monitoring competitors are as follows:

- Always keep an up-to-date list of competitor companies. Make an additional list of which ones interest you the most. For example, you have a furniture business. The main focus for you is its realization;
- Periodically collect information about the names of competitor companies. Also, if you stumble upon names and surnames of employees in top management, gather information about them as well;
- Gather information on competitors' mailings;
- Enroll in business forums where competitors participate;
- Regularly monitor mass media, web portals and Facebook pages;
- Fill out various forms of queries on competitors' websites, so you can keep track of their operations, service levels and quality of service.

Suppose the firm has identified key competitors, selected distribution channels and marketing plans for target audience. This is a strategy group that you should attack vigorously.

In the nineties of the 20th century, the famous Japanese firm Honda, a manufacturer of motorcycles and motorcycles, invested heavily in the construction of a new factory in the United States. Therefore, it temporarily reduced the output of the product to the local market. Its competitor, Yamaha, thought it was the perfect time to launch a new model series of motorcycles on the market, as well as an active advertising campaign.

Despite the difficult financial situation, Honda's top management responded immediately to this challenge. It reduced the amount of FDI, directed it to the local market and launched a new motorcycle model every month for a year. As a result, Yamaha was unable to withstand the competitive struggle and forced to leave this market segment.

To develop an effective competitive strategy, we need to get the most information about our competition. We need to continuously monitor our products/services, pricing dynamics, key incentive channels with competitors' similar products, identifying competitive advantages or disadvantages.

When identifying key competitors, marketers should find answers to the following questions: What is the competitor's goal? What is its behavior on the market? After that, the company must decide whether to attack or, on the contrary, protect the market segment. If a competitor adopts a new segment, this can be considered a good opportunity to launch an attack. And if you find that a competitor is trying to get into your segment, you should switch to a defensive strategy. "Whoever is informed - he is armed." Every market player responds in a unique way to the competitor's response. Some slowly and weakly, some immediately.

A classic example of a delayed assessment of trends in the automotive market is the well-known case of the "Big Three" of American automakers of the 70s of the last century - General Motors, Ford Motor Co., Chrysler. The sharp rise in fuel prices on the world market and a large number of middle-income and small families have dramatically changed demand in the auto market.

There was a sudden demand for cars with economical engines. Before the aforementioned American companies reacted to these changes, the Japanese, quickly learning about the trends in the US automotive market, responded quickly to the demands and occupied the niche of the US small car market. It marked the beginning of the first known US-Japanese trade wars. Later sanctions came were applied.

Timely response to market changes is essential. For example, an analyst at a South Korean company, Samsung, accidentally read in a local American newspaper about the closure of the latest American guitar factory. He communicated this information to the top management of the company headquarters. They analyzed the information and decided to export the guitars from their warehouse to the US immediately. Expectations were justified – the US government increased tariffs on imported products to encourage local producers. But Samsung at that point already had huge stock quantities on

American territory, and consequently gained significant profits as soon as the new tariffs were introduced.

Some market players react only to certain types of offensive action from the opponent and ignore all others. Some respond quickly and sharply to all competitors' actions. Some companies make such strategic actions that it is very difficult to calculate and guess their plans.

It has to be noted that lately, the intensity of competition increased in many business segments of the Georgian market. For example, retailers and shopping centers, medical and transportation services markets, construction markets, etc.

According to competitive strategy, businesses can be classified as market leaders, challengers, followers, and market nichers.

Market leader - leader of the market where the business exists, which defines the "rules of the game". Here are some possible strategies for maintaining a market leader position:

- Position defense - is aimed at building barriers (price, license, etc.) that are difficult to overcome, as well as innovation - at the expense of continuous upgrade of goods and technologies;
- Flank defense - protecting the weakest areas of business on the market, which may be targeted by competitors;
- Preemptive defense - means to act in advance on "weak signals";
- Counter-offensive defense – Last resort strategy where all previous defensive efforts have failed. In this case, you can hit the weak spots of the competitor. For example, use damping;
- Mobile defense - aimed at identifying new market segments
- Contraction strategy- This strategy is based on conceding weak market segments to competitors and, at the same time, mobilizing efforts and funds into more important and stronger segments of the market, allowing the economy and resources to be used rationally.

Thus, the use of active and offensive strategies is not typical of market leaders, since their main purpose is to maintain advanced positions and not to outperform competitors.

Challengers **-** Companies trying to increase their market share by formulating strategies for attacking market leaders. They try to occupy the seat next to them and replace the leader. Here are some typical market challenger strategies:

- Frontal attack – Where the market challenger matches the competitors' product, price, advertising and promotion activities. Flank attacks focus only on competitors' weak points, finds out where the competitor is underperforming and makes efforts to take advantage;

- Encirclement attack - attacking the market leader or a competitor from all the fronts simultaneously. Used when a challenger pretends to break a competitor's resistance and willpower within a short period and occupy his or her position;
- Bypass attack - indirect attack, wherein the market challenger does not attack the leader directly but broaden its market share by attacking the easier markets, by expanding into the untapped markets, diversifying into the unrelated products, etc.
- Guerrilla warfare - intermittent attacks imposed by the challenger to demoralize the competitor and develop suspicion attacks in small periodic attacks to demoralize a competitor. Such a strategy is usually used by small firms that have just entered the market and operate for a short time against larger competitors.

It should be noted that all the above-mentioned attack strategies are usually difficult to implement and require considerable resources.

Unlike challengers, *followers* do not aspire to increase market share. Following a leader often saves resources at market leaders expense. Followers gather information on leaders' key success factors, gain experience from top companies and carefully position themselves in local market segments.

Competitors in some areas may act harmoniously, while the in other areas be in constant competition. Knowledge of future reactions gives rivals the keys to deciding how to act - to attack or defend their positions.

During competition, business agents often choose similar or different strategies, under the concept of Game Theory. For example, Georgian beer manufacturers Kazbegi and Natakhtari have chosen the same strategy of competition - they are waging a "price war". To do this, they must gradually reduce the price.

If the competition is healthy and in line with legal and ethical norms – the winner will be the leader. The strengths are expressed in high production and sales, advanced technology, relatively low cost of raw materials, which ultimately results in reduced cost of production. As a result, those who can produce at a less cost will be likely to win.

During competition, company can change strategy and, after proper analysis, choose different tactics. Quoting O. Bismarck, "Learn to see the world differently than your competitors see it."

Table 1. Ranking of corporations with the highest turnover

	Corporation	Turnover $	Country
1	**Walmart**	523	USA
2	**State Grid**	384	China
3	**Amazon**	280	USA
4	**China National Petroleum**	379	China
5	**Sinopec Group**	407	China
6	**Apple**	260	USA
7	**CVS Health**	257	USA
8	**UnitedHealth Group**	242	USA
9	**Toyota Motor**	275	Japan
10	**Volkswagen**	283	Germany

Samuel Walton, the Founder of Wal-Mart's Chain of Stores, belongs to the category of businessmen who study the successes or failures of others (competitors). He learned that the customer of a direct competitor, the major retailer Sears, was dissatisfied with stock replenishment, pointing to flaws in the distribution system. As a result, Walton himself created a modern distribution network system with its parking, which provided the clients with the time needed to service them. Later, with the launch of its food delivery service, its online sales rose by 40%. These strategic decisions have brought the company huge revenue and today it is considered to be the largest turnover corporation. As of 2018 worldwide corporations' turnover rating looks like this (table 1). [8]

Conclusion: There is no universal model of competitive strategy. Each company must individually select the strategy that suits it according to its goals, capabilities, and resources.

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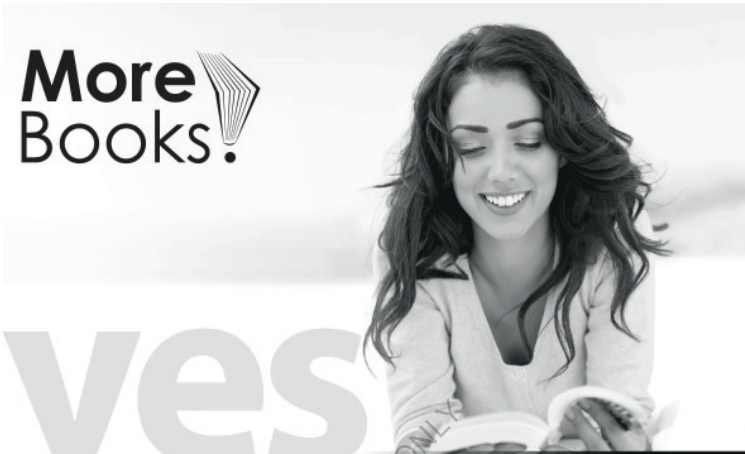
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