

The professors of Georgian Technical University have been working for many years in different directions of business development, researching business activities in many areas: management and organization of industrial and agricultural I productions, the State's relationship with business at the central, regional, and local government levels, accounting problems, and possible ways to solve them, supply chain and logistics, transport and communication management, implementation of IT-technologies in business, finance, production organization, and management and many others. Our works cover exactly these directions. This monograph represents the works of faculty professors of recent years, which are grouped under one aegis - it is dedicated to the significant impact of globalization, which affects everything in the World, including business. Globalization has both supporters and opponents. But no one can deny that this is the objective reality in which we have to exist and do business. Thus, we consider the present collective work as a kind of summary of the research conducted in recent years.



Anzor Abralava
Rusudan Kutateladze
Maia Chechelashvili

CONTEMPORARY BUSINESS CHALLENGES IN A GLOBALIZED WORLD (VOLUME 5)

COLLECTIVE MONOGRAPH

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Abstract. The modern world can no longer be imagined outside of globalization processes that have affected many spheres of human life, including economic, political, social, and cultural. Globalization has received its greatest development in the economic sphere. The removal of cross-border barriers to the movement of goods works, and services, as well as the emergence of modern means of communication and transport, have radically changed the rules and conditions for conducting economic activity. Like all processes in the life of society, globalization has positive and negative sides. Supporters of deepening globalization processes focus on reducing global poverty, simplifying doing business, and other positive aspects. Opponents of globalization express their arguments that show the negative side of the process. In this study, we tried to systematize and briefly present the arguments that comprehensively characterize the economic aspects of globalization.

Keywords: Globalization, economics, process, resources, security.

Introduction

Globalization, which has become an integral part of the economic life of countries around the world, plays a key role in the development of mankind and marks the beginning of a new stage in the integration of economic activities.

The views of specialists interested in this issue are sometimes radically opposite. This circumstance is primarily associated with different views on the results of globalization processes. If desired, everyone can see in them what is closer to their worldview. Apologists focus on the objectively positive aspects of globalization, citing as an example, first of all, positive changes in the economy, expressed in the reduction of poverty on the planet and the removal of excessive administrative barriers. Opponents cite the negative phenomena introduced into society by globalization. These phenomena are primarily of a socioeconomic and cultural nature, expressed in the loss of national socio-cultural characteristics of countries and peoples, under the powerful influence of mass culture that accompanies globalization. The existing debate on this issue has intensified even more after the rapid spread of the COVID-19 coronavirus pandemic as a result of the openness of borders and freedom of movement of citizens. The globalization of international relations has affected all areas of life in human society, including economics, politics, technology, fashion, sports, ideology, ecology, sociocultural sphere, including the fundamental conditions for the existence of humanity. It has established itself as the most important trend in the world economic system, becoming a force determining the further development of our planet. Under the purpose of this study, we will look at the impact of globalization on the world economy.

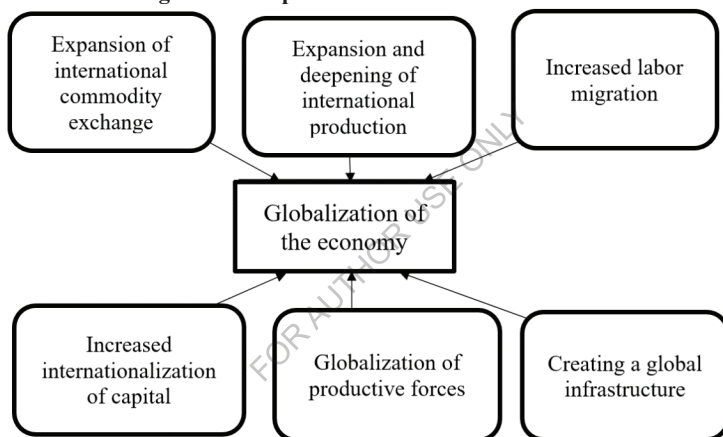
Discussion

Currently, no national economy can be 100% self-sufficient, focusing on the available factors of production, technology, and cross-country division of labor. There are no states in the world capable of developing and successfully implementing a development strategy, without taking into account already established economic ties and the priorities of the main participants in the economic process.

Even though the term “globalization” itself is currently the most frequently used in economic literature, a thorough understanding of this term, both conceptually and practically, is still very far away.

Expansion and deepening of international production increased labor migration. In our opinion, the globalization of the world economy can be described as the deepening of dependence and influence between countries in various areas and processes of the world economy, expressed in the consistent transformation of the economies of the world into a common market of goods, works, services, technologies, capital (Figure 1).

Figure 1. Components of Economic Globalization



The process of economic globalization covers various areas of the world economy, namely:

- International trade in goods, services, capital, investments, technologies, intellectual property;
- Interstate movement of production factors – capital, labor, information;
- Interstate financial and gold and foreign exchange transactions;
- Cooperation in the field of innovation.

It is expected that shortly globalization will contribute to:

- Increasing integration processes at the regional level;
- Greater openness of the economies of states that remain outside the globalization process;
- Barrier-free access for all participants to any markets;
- Unification of laws and regulations for trade and financial transactions;
- Greater formalization of regulation and control over markets;

- Universalization of requirements for the movement of capital, investments, and finance.

Positive consequences of globalization processes. The positive changes of globalization are great and varied. World economic globalization creates a springboard for solving many problems of humanity.

Among the positive consequences of globalization processes are the following:

1. Globalization creates conditions for deepening specialization and international division of labor. In the context of globalization, material and labor resources are distributed more evenly and efficiently. This circumstance has a positive effect on increasing the standard of living of the population.
2. A significant competitive advantage of globalization processes is economies of scale, which leads to cost reductions and lower inflation, and ultimately to sustainable economic growth.
3. Free trade on a mutually beneficial basis, which is a consequence of globalization, can satisfy the various needs of people in all parts of the world.
4. Globalization increases competition, which in turn stimulates the further development of new technologies and their dissemination among all countries of the world. These processes in the global economy are beneficial, first of all, to consumers, since competition allows them to choose and reduces prices.
5. Globalization leads to an increase in labor productivity as a result of the optimization of production at the international level and the dissemination of advanced technologies, as well as competition in favor of the permanent development and implementation of the results of scientific and technological progress on a global scale.
6. Globalization provides states with the opportunity to accumulate a large amount of financial resources since investors can use a diverse range of financing instruments in a multiply increased number of markets.
7. Globalization creates prospects for solving common problems of humanity, a wide range, including social and environmental, which is predetermined by the unification of the efforts of the world community, resources, and coordination of actions in various fields.

The result of world globalization, as many experts believe, should be a general increase in prosperity in the world.

Negative sides of globalization. As we noted earlier, globalization processes in the world economy are not perceived unambiguously. Not only scientists express directly opposite opinions, but also ordinary citizens in all countries of the world. In this case, it should be noted that in developed countries globalization is generally welcomed, in contrast to developing countries, where it causes great concern. The reason for this circumstance lies in the fact that the benefits brought by globalization are unevenly distributed. In this regard, the main question causing the most heated debate is - who is the main beneficiary of globalization?

Globalization primarily affects industrialized countries, leaving developing countries on the periphery of the process. This in turn leads to the strengthening of the positions of the former and the weakening of the latter, transferring them from the category of subjects of globalization to objects. Accordingly, we can conclude that the main economic profits from this process are received by rich countries, transnational corporations, and individuals representing the "prosperous world."

Due to the uneven distribution of benefits from globalization between countries of the

world, there is a threat of conflicts at the regional level. Many scientists note that there is not an equalization of income between “rich and “poor” countries, but rather an even greater stratification is intensifying. Highly developed countries are becoming even richer and are moving away from poor countries in their development. A situation is emerging in which 80% of all the planet’s resources are in one way or another controlled by the highly developed countries of the “golden billion,” which represents only a fifth of the planet’s population. The rich 20% of countries control 84.7% of the world's GNP, their citizens account for 84.3% of world trade and 85.4% of savings in accounts. For the period from the 60s. last century, the gap between rich and poor countries doubled, which confirms the unviability of any promises of justice in providing support to developing countries [4]. Developed countries, using transparency and globalization to their advantage, are strengthening the existing situation in every possible way. A clear example is the United States with its desire to strengthen the unipolarity of the world. It is not surprising that in Latin America and the Arab world, for example, globalization is associated with “American aid” - this is assistance the consequences of which place a heavy burden on the population of the countries receiving it.

The main problems causing negative consequences of globalization throughout the world include:

- disproportionate distribution of benefits from globalization across individual countries and sectors of the economy;
- potential deindustrialization of the economies of developing countries;
- the likelihood of loss of control over the economies of developing countries from their governments to other hands, in particular to stronger states, transnational corporations, and international organizations;
- regional or global instability due to the interdependence of national economies at the global level. Particular economic crises in one country can spread to other countries, regions, and continents.

In addition to the above problems, for developing countries, globalization brings specific problems caused by the fact that they are assigned the role of suppliers of raw materials or producers of labor-intensive products. For this category of developing countries, the following characteristic problems can be noted:

- worsening technological gap from developed countries;
- deepening socioeconomic stratification of the population;
- degradation of traditional connections between people, loss of belonging to a particular social community, a sense of belonging to a specific professional or ethnic group;
- impoverishment of large sections of the population;
- the growing dependence of developing countries on the stability and sustainable functioning of the world economic system;
- pressure from transnational corporations on sovereign governments of countries to limit their ability to pursue nationally oriented economic policies;
- an increase in external borrowings, mainly from international financial corporations, which greatly hinders further development.

However, developed countries can also suffer from globalization processes. Among the most acute socio-political problems occurring in developed countries and associated with globalization processes are:

- growth of unemployment due to the emergence of new technologies, primarily in the industry;

- the established tendency to move the production of industrial consumer goods to developing countries, which has become a big problem for the traditional industries of these countries, provoking the closure of many industries;
- growth in labor mobility;
- the greatly increased influence of transnational companies, often putting their interests above state interests, as a result of which the economies of sovereign states suffer.

Conclusion. What does globalization ultimately bring to states – new opportunities or threats? It is practically impossible to give a definite answer to this question since the balance of positive and negative consequences is constantly changing.

To summarize, we can say that the process of globalization, which has gained great momentum in the last twenty years, is not fully understood and contains many contradictions, becoming the subject of heated debate in scientific and business circles. We express the hope that the discussion of various aspects of globalization will help to minimize its negative aspects and maximize its positive ones.

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Modern Business Challenges in Georgia

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ABSTRACT

Business development in Georgia is directly related to developing the country's economy. Business is an interesting and relatively complex activity, especially attracting the younger generation. For most citizens, business is the main type of work or a source of additional income. As we know, business is an economic activity, the purpose of which is to sell goods and obtain monetary profit. The first important factor for its start and development is the business environment in the country where we are going to start the business, which determines the growth and development of the business in its way. Along with new opportunities, the open economy with frequent changes in legislation and unpredictable trends presents businesses with quite serious challenges. Every rational government that cares about the development and economic well-being of its population pays special attention to laws and normative acts related to promoting the development of small and medium-sized businesses. Effective regulation of business allows the introduction of certain types of innovations into the country's economy.

Keywords: small and medium business, economy, bank loans, export, macro-environments....

Introduction

There are many ways to start a business in Georgia. For example: many banks have suitable loans, as well as investors, the number of which has increased significantly in recent years. Today, the development agency's auxiliary project "Produce in Georgia" is still effective, and the population is very interested and is gradually becoming familiar with business activities. As we know, the business environment is greatly influenced by micro and macro environmental factors. A tool called PESTEL analysis allows us to monitor and analyze these factors, which is often used for creating new businesses or for those who want to enter a foreign market. To improve the existing company, the five forces of the portrait and the SWOT analysis are used together. Let's explain each of them briefly: "PESTEL" stands for a set of political, economic, sociological, technological, and legal analyses that describe macro-environmental factors and are used in a strategic management system. These factors are part of the external analysis when the company conducts strategic analysis or market research and provides information on various macro-environmental factors that the company should take into account. It is a useful strategic tool to understand/analyze market growth or

decline trends, business position, business potential, and operational direction. SWOT analysis, is a method for identifying and analyzing internal strengths and weaknesses, external opportunities, and threats that shape current and future operations and also contribute to the development of strategic goals.

Also, Porter's Five Forces is a business analysis model that explains why different companies earn different amounts of profit. It helps a company to identify its weaknesses and strengths and to use the 5 competitive forces analysis in any industry. These forces are often used as a measure of the intensity, profitability, and attractiveness of competition in a market.

In general, there is no field or activity in the world where business, with its challenges and solutions, is not to be discussed or debated.

In Georgia today Low level of investments and high interest rate of bank credit can be considered as one of the strong challenges. Our country ranks 32nd among the countries of the world in terms of the cost of bank loans, because the average annual loan interest is 12.5%. In terms of high interest rates in the world, Madagascar takes the first place with 48.3%, and the lowest interest rate is 1% in Denmark.

We can also consider unhealthy competition in the market as a modern challenge. Competition is the competition of entrepreneurs, and the rivalry of economic agents to gain an advantage in the market. However, there is unhealthy competition that contradicts and even violates ethical norms, such as patent problems, as well as companies that steal other companies' ideas and create identical products with lesser quality and other...

One of the challenges is the lack of modern technologies and having technologies that do not match the standards. In Georgia, modern technologies are not widely used, and the reason for this may be the high cost of these technologies, as well as the lack of highly qualified personnel, who can work with these modern devices.

In recent years, an important challenge for small and medium-sized entrepreneurs has been the increase in energy costs and the increase in product prices, which in their way have a significant impact on profitability. This issue is the most concern to investors, as their goal is to maximize profits by increasing prices and reducing costs.

also very noteworthy, which has a significant share (15.9%) in the economy of Georgia is the automobile business. 2023 turned out to be a challenge for this business. Consumer demand has halved compared to the previous year, which was caused by regulations adopted by the government. Importers, on the contrary, imported a large number of cars in 2022, which led to an excess of the supply-demand balance. This excess in itself created a traffic jam, which was reflected in the price.

One of the important challenges is winemaking. We know that Georgia is called the "homeland of wine" because it has the potential for the winemaking sector to develop more, which is beneficial for the Georgian economy. Even though wine exports are increasing every year, the share of wine exports in total exports was 5.7% in 2015-2021. In the total export of the country, wine is the fourth export product in a row, and today, unfortunately, the Georgian wine sector is facing quite a big challenge, which is manifested in the lack of professional personnel and lack of marketing activities. There are also challenges in grape farming. In recent years, every year the state has to subsidize grapes, and the amount of money given in the form of the latter increases accordingly:

1. 2021 year-138 000 000 GEL,
2. 2022 year-150 000 000 GEL,
3. 2023 year-150 000 000 GEL...

The main objective of the subsidy was to increase exports, and it can be said that this objective has been achieved, although the subsidy program has led to the overproduction of grapes. Also, farmers do not have the motivation to produce quality grapes. Growers have become dependent on viticulture subsidies and are no longer engaged in other labor activities, which leads to recruitment and employment problems in the region. To solve this problem, it would be correct to change the strategy and direction of subsidy expenditure. The state should spend subsidy costs on such factors that will help to gain a foothold in the foreign market, for example, marketing costs in the foreign market. It would be right for the state to participate in the costs of entering international markets, to give entrepreneurs an incentive to increase the area of the export market. Accordingly, the profit of the company and its production will increase. It is also necessary to take control measures in the international market so that Georgian wine brands are not falsified.

Conclusion

There are many business challenges in Georgia today, such as a lack of modern technologies and unqualified personnel. There are competition issues rising energy costs and many other factors. The state takes appropriate measures to eliminate business problems and improve the economy by taking these measures. A micro and small entrepreneurship promotion program was also created, in which any adult Georgian citizen can participate. A grant program has already been developed, the purpose of which is to create new enterprises, expand existing enterprises, and increase the competitiveness of the private sector. Almost all banks operating in Georgia have business loans, which can be used by both existing businessmen and startups. Finally, it can be said that despite many business challenges, Georgia manages to deal with these problems and maintains economic stability.

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Mechanisms to Increase the Role of Human Resource Management in Georgian Companies

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Abstract. The subject of the study is the Role played by Human resource management in Business growth. The purpose of the present study is to evaluate the role of Human resources Management in Georgian Organizations in both public and private sectors and to define how it helps the organization meet its goals by following the basic concept of Human Resource Management. Increase the understanding of the Importance of Human Resource Management in organizations and discuss the reasons for organizations to have a Human Resource Management strategy as well as the business drivers that make the strategy imperative for organizational success. Human resources are the most unique and valuable capital for organizations. Its effective management is a major factor in the country's economic growth. Subsequently, human resource management perfection has special importance for the development of society at the present stage. Also, taking into consideration the constant changes in today's business world, it is explained how essential it is to increase the role of human resource management in Georgian organizations to create a fair working environment for employees, which in itself helps to maintain qualified employees in an organization and business development.

Keywords: Human Recourse management, Evaluation of factors and mechanisms of increase.

Introduction

The paper also describes and analyses how companies can achieve the goals and mission of the organization through the proper implementation of human resource management functions.

Based on the summarized information, we present human resource management as an essential component of modern business development. Analysis of its functions and perspectives for the development of human resource management in Georgia.

Discussion

In the context of continuous evolution in the business environment, companies shall stay vigilant because there are loads of external factors that may affect their business, they shall be aware of changes in the environment and how they may influence on HR system.

External factors influence organizations from the outside. For example, legislative changes, that affect human resource management, and operations, like changes in minimum wage laws, also changes in occupational safety regulations or workplace harassment laws. As already mentioned, technology is one of the most crucial external factors that affects HRM. Within this fast-changing environment, human resource managers need to follow it and ensure employees that their private data is kept confidential. Also, culture changes can be defined as an external factor that has the power to influence human resource management and the workplace, which includes the time off employees ask due to religious holidays and related issues.

That is why Human resource professionals must adapt to these external changes by

altering their responsibilities and functions. First of all, they should follow and stay informed about the changes that may occur in the labor code, or other issues related to employment laws, workplace discrimination, or harassment laws. Employee handbooks should be updated regularly considering the changes in company policy. Political factors cause political climate change and affect labor-related issues such as tax laws, minimum wage legislation, etc... but because in the public sector human resource management roles and responsibilities are limited and act within frameworks, so political climate change affects it more. As for the response to external factors, conducting training for employees and performing upgrading programs are considered an effective tool.

Besides external factors, human resource management's role is affected by internal factors as well. Which involves events and changes taking place within the organization itself. Generally, it involves changes of ownership, radical changes in the internal management system, high levels of staff turnover or hiring trends, etc.

Internal factors may also involve additions or removal of company products. Increasing the number of clients or on the contrary, losing them. In addition to these internal factors, restructuring of departments can be defined as a major reason that influences corporate culture the most. The roles and responsibilities of HRM professionals often shift as internal factors materialize.

Of course, Human resource management professionals must be ready for these internal changes and they shall respond adequately and professionally. Typically, they are informed about the changes that occur within a company, and time is given to them to alter their roles and responsibilities to better reflect the dynamics of the shifting workplace environment. Since the roles of employees change, human resource professionals shall act in an advisory capacity, establish new job descriptions, shape benefit systems, and make changes to profit-sharing and other corporate tasks. As written already, human resource managers shall implement training programs for company employees and follow their personal and professional development, which are essential for achieving organizational goals.

According to the above-stated, factors influencing human resource management formation can be discussed at macro and micro levels. The macro level includes government, industry, and region, and the micro level includes companies. The main factors that influence the formation of human resource management at the macro level are economically active people and the working-age population because they provide labor supply, goods production, and services. A microsystem, that influences the formation of the labor force is the employee policy in a company. The main elements are attracting skilled and professional candidates, training programs availability, development of effective upgrading systems, creating a positive climate within an organization, and also good organizational culture. Below given table, clearly describes the factors that affect the formation of human resources at the macro and micro levels.

Based on the research, I can say that the role of Human Resource Management in Georgian companies is misunderstood. For a company, having its human resource management service is very important. An employee of a human resource management service can show leaders well how important human capital is in the lower echelons of a company.

In particular, human capital is critically important in small companies because many small companies have employees who perform a variety of jobs. When a company has a small

workforce and this time when one person leaves the company it leaves a big gap the profitability of the company is at risk.

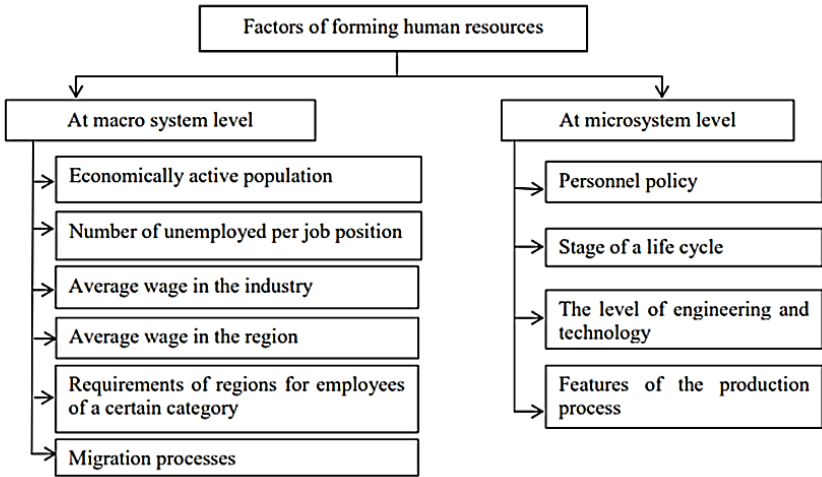


Figure 1. Factors shaping labor activities

By reducing the costs required to manage the workforce, the HR service is framing excessive costs. This includes getting better benefits for employees, such as health insurance. Additionally, through labor market research, the Human Resources Service ensures a competitive and realistic payroll system. Taking into consideration that small companies have budget constraints, this feature becomes very useful.

Human Resource Management supports the company in arranging or avoiding conflicts between employees. Conflict in the workplace is inevitable to some degree - due to the diversity of people, work styles, qualifications, and experience levels. A human resource manager who has the relevant knowledge to deal with employee relationship issues can identify and eliminate conflict between employees or between the supervisor and subordinate and create positive working relationships. This department helps businesses to have qualified employees and achieve long-term goals through them, it identifies requirements for current employees of the organization to determine what kind of training and development plan is needed to upgrade skills and qualifications. Moreover, companies that are in the early stages of development can benefit by determining what training their existing employees need. This is less expensive than hiring an additional or more highly qualified employee and it is one of the strategies to reduce employee turnover and retain them. As was mentioned, employee satisfaction is crucial for productivity, when employees are satisfied with a corporate culture, benefits, and the policies that are provided by companies it positively affects a company's business, because a motivated employee is ready to do his/her best to perform duties perfectly. The human resource management service must determine the level of employee satisfaction. Through well-designed questionnaires, focus groups, and an interviewing strategy when an employee leaves, the HR manager identifies what is causing employee dissatisfaction and uses these issues to create the right motivational system and increase employee motivation.

From the viewpoint of companies' expenses, the cost of hiring or replacing new employees, including training and upgrading them, can be overwhelming for employers, especially for small companies. With a well-organized hiring and selection process, the HR service can reduce costs associated with posting vacancies, training new employees, and the costs related to new employees' benefits plans.

The Human Resources Management Service creates a performance appraisal system. Without a human resource manager, who can develop a plan to evaluate employee performance, employees may work in positions that do not match their skills and qualifications. With the successful planning that will be done by the Human Resources Management Service, the company can identify skilled staff with all the necessary capabilities to transfer them to leadership positions in the company in the future. This is important because it can ensure the future stability and success of the company.

In a modern competitive business environment, companies want to have the status of "The best Employer". The best employer is a company that is gaining recognition for how it treats its employees. These are companies where people want to work. Becoming the best employer means that the HR service can balance the hiring process with the most qualified candidates, select the most suitable candidates, and retain the most talented employees.

The Human Resources Management ensures that employees to know the company philosophy and business principles. It is essential for small companies to create a cohesive work environment. The first opportunity a human resource management service can achieve is making the right decisions at the time of selection, defining the desired professional qualities as well as developing an orientation program.

Considering all the above mentioned, the role of Human Resource management in an organization is clear, but unfortunately, many Georgian companies ignore the role of HR and the results are demotivated, unhappy, and less productive employees, which puts the company's future and income at risk.

According to Lisa Brown Morton (Nonprofit HR Solutions) – "One of the most significant ways that HR can strategically contribute to an organization and its ability to deliver on its mission is through organizational development. The most impactful and successful organizations are deliberate about how they are organized, how their work is carried out, and how they use and develop their talent to achieve effectiveness. The most successful HR leaders are also deliberate about driving forward organizational effectiveness for the benefit of the staff, leadership, and the community".

Companies shall understand the importance of human resource management role in organizational development:

- HR shall evaluate which structure works best for the organization, its clients, and shareholders based on the company mission, vision, organizational culture, and values, and then provide advice to the Management of a company;
- HR shall understand the wide range of organizational structures available to the company. Evaluate the effectiveness of a process when there is a major change in strategic programs;
- Structures of successful peers should be identified;
- Actively search top talents;
- HR shall know their talents, their strengths, and weaknesses;

- Workplace barriers should proactively be addressed to individual and company effectiveness;
- HR professionals shall treat performance goals like fundraising goals and measure what matters;
- They shall develop and make a plan to remove performance gaps at the individual, department, and organizational levels;
- Low performances must not be ignored. It should be noticed and implemented development plan;
- They shall find resources for employees' development and train staff to make them professionals in their areas of focus.
- Georgian companies must consider above stated roles of human resource management and follow the steps, such as:
 - Companies shall recognize the strategic value that HR brings to their organization;
 - They shall make HR a fundraising and finance source;
 - Companies shall engage their HR leaders in all strategic planning and request from them workforce developing plan and hold them responsible for results;
 - The Board of Directors should be regularly informed about the achievements of the organization through HR;
 - HR shall be empowered to be an organizational conscience and a strategic partner;
 - Organizations need to hire qualified, experienced HR professionals.

Conclusion

In conclusion, I can say that the role of Human Resource management really plays a huge role in business growth. This is due to the fact that any kind of development requires human resources. Moreover, due to its commercial nature, human resource management has an invaluable role in all kinds of organizations.

One of the problems that employees meet at Georgian companies is that their good performance at work is not rewarded. That is why employees' motivation decreases and they start to search for new jobs.

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Digital Nomadism - a Challenge for Georgian Sustainable Tourist Destination

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Abstract

Digital nomadism, as a new form of tourist mobility, brings opportunities and challenges for destination management. Due to their lifestyle, digital nomads are often experienced travelers and they also have specific needs - to experience the local lifestyle, which indicates the flourishing of the local tourism business and is directly or indirectly linked to other sectors of the economy, community development, expansion of connections, and others. It is recommended that both small and large business representatives start considering digital nomads as a new audience, especially this applies to developing countries, such as Georgia.

Along with increasing the quality of service, hotels and tourism companies must take into account the needs and requirements of new audiences to attract Digital nomads as long as possible and through them to get double benefits, such as direct sales, as well as indirect sales, which are carried out by nomads through social media.

Keywords: Digital nomads, Social media, Destination management

Introduction

Digital nomadism, as a new form of tourist mobility, brings opportunities and challenges for destination management. To attract this new market, smart destinations need to innovate to develop readiness and competitiveness. (Lingxu Zhou, et al, 2024).

Digital nomadism refers to a lifestyle that allows individuals to work remotely, typically relying on digital technology to perform their job duties, and often choosing to travel and live in different locations rather than staying in a fixed place. Digital nomads use the flexibility provided by technology to carry out their work while enjoying a location-independent lifestyle.

Key characteristics of digital nomadism include:

Remote Work: Digital nomads leverage digital tools and the internet to work remotely. This could involve telecommuting for an employer, freelancing, or running an online business.

Location Independence: Digital nomads are not tied to a specific geographic location for work. They have the freedom to choose where they live and work, allowing them to explore different cities, countries, or even continents.

Flexibility: The lifestyle of a digital nomad is characterized by flexibility in work hours and location. This flexibility allows individuals to adapt their work schedules to different time zones and to balance work with personal interests and exploration.

Technology Dependence: Digital nomads rely heavily on digital technologies such as laptops, smartphones, high-speed internet, and collaboration tools to communicate and perform their job responsibilities.

Diverse Work Arrangements: Digital nomads engage in various types of work, including freelance writing, web development, graphic design, digital marketing, consulting, and more. The ability to work online opens up a wide range of possibilities.

Community and Networking: Digital nomads often seek out communities of like-minded individuals, both online and in physical locations known for attracting remote workers. These communities provide support, networking opportunities, and shared experiences.

Challenges and Solutions: While digital nomadism offers freedom and flexibility, it also comes with challenges, such as managing work-life balance, dealing with different time

zones, and ensuring a stable internet connection. Digital nomads often develop strategies to overcome these challenges.

Growing Trend: The rise of remote work and advancements in technology have contributed to the growth of digital nomads. More people are embracing this lifestyle, and various programs and services cater to the needs of remote workers and digital nomads.

It's important to note that Digital Nomadism is a diverse lifestyle, and individuals may approach it in different ways. Some digital nomads travel constantly, while others may adopt a slower-paced approach, spending longer periods in specific locations. The trend has gained popularity in recent years, especially as remote work opportunities have become more widely available.

These are different from those of short-term leisure and business tourists. Destinations tend to portray digital nomads as a homogenous group, although different segments have been identified. The long-term impacts of digital nomads on local economies and societies have yet to be fully explored (Lingxu Zhou, et al, 2024).

The development of technology and the emergence of digital nomads have been accompanied by a global pandemic, which on the one hand has greatly affected the global tourism industry, closing borders, freezing and/or canceling scheduled tours, and causing unemployment to rise. On the other hand, the pandemic has accelerated the development of remote work, while by 2018 only millennials used the remote work style, 2022 research showed that the number and classification of people working remotely has increased significantly, and tourism destinations have seen new opportunities for these people. For example, during the pandemic, a number of countries have already appeared that have established special visas for people who travel for work or travel while doing work. For example, Barbados was the first to issue similar types of visas or simplified conditions of entry into the country, followed by other countries. Georgia was among them.

It turned out that the favorite places of digital nomads are those cities that are distinguished by beautiful nature, beautiful views, and low prices of living.

Due to their lifestyle, digital nomads are often experienced travelers and they also have specific needs - to experience the local lifestyle, which indicates the flourishing of the local tourism business and is directly or indirectly linked to other sectors of the economy, community development, expansion of connections, and others. During the COVID-19 pandemic, there has been an increase in the number of people who can work from anywhere, and now "professional tourism" is a much larger market. Over the past three years, a group of researchers have collaborated to conduct extensive research on digital nomads. According to statistics, the number of Americans who call themselves this name increased from 7.3 million to 10.9 million between 2019 and 2020 – a 49% increase in percentage terms (<https://www.mbopartners.com/state-of-independence/digital-nomads/>).

Today, remotely employed specialists include writers, consultants, translators, social media representatives, bloggers, vloggers, and many other specialized people. The main thing is that these people have a continuous Internet connection, and access to FI WI, and where they will be physically for work does not matter (Green C., & Lomanno M.V. 2016). A profile of digital nomads was created, and classified by generation. The oldest and most common is the use of photos, after that comes the publication of videos and RILs (short videos), posts where interesting text is given along with the photo and video.

Literature Review

The usability of Internet Communication Technologies (ICTs), Web 2.0, and online digital

platforms have strengthened the concept that tourism is an information-intensive industry (Kumar, Mishra, & Rao, 2021). These are also the constituent elements of social media that facilitate tourists and DMOs in destination marketing (Molinillo et al., 2018) by sharing memorable experiences. Shared experiences of tourists and DMOs are present in the media in a digital form offering big data (McCreary et al., 2020) for being referred by tourists

in the future.

Influencer marketing has impacted all industries, including travel and tourism. Many Destination Management Organizations (DMOs) are leveraging the influence of online personalities for diverse purposes, including attracting visitors to their destinations. (Francisco Femenia-Serra, 2020).

Favorite destinations for digital nomads are places with low cost of living and natural beauty. At this point, it is important to point out that a large proportion of these professionals are paid salaries corresponding to countries such as the USA, Great Britain, or Canada, so their purchasing power is often much greater than that of the locals (<https://www.circleloop.com/nomadindex>).

In terms of their importance to the tourism industry, digital nomads are considered the new form of travelers. The economic surface allows them to feed directly into the tourism sector. Since they can carry out their work wherever they are online, they often move around, which creates huge opportunities for tour operators and travel agents (Green C., & Lomanno M.V. 2016). Digital nomads are ideal customers.

Often these are experienced travelers, so they also have specific requirements. They want to experience the way of life of the locals, which means that local businesses will flourish. They will greatly benefit local economies and societies since they aim to develop links with local communities (Hannonen O., 2020).

Some tourist destinations are turning their offer to digital nomads to cover the newly enlarged market while helping to offset the sharp decline in leisure tourism revenues.

One of the main driving forces of the success of tourism marketing activities in social media is influence. In marketing activities, influencers act as parties who deliver messages from the company to their followers based on a pre-established follower-influencer relationship. Several studies have examined influencer influence on tourism attraction marketing activities in social media. One of them is a study by Ong, Y.X. & Ito, N., 2019, which states that influencers are the key to social media tourism attraction marketing strategies because they can change followers' behavior and perceptions of tourist destinations. The relationship between followers and influencers is strongly influenced by the influencer's performance strategy. Influencers' promotional actions affect their credibility, and followers' attitudes and behavioral responses toward the influencer (i.e., to continue following, imitate, and recommend them to other users). (Belanche D. et al., 2021).

Methodology

The research was conducted on 50 tourism companies in Georgia. A quantitative comparison (expressed in %) of likes and comments of the advertised product on the social platform in 2016-2022 with the sales of the named product was arranged. The research includes a questionnaire, most of the questions of which are related to the activity of social networks, especially Facebook, Instagram, and YouTube.

Research Topic included Quantifying the Impact and Correlation of Comments and Reactions from Social Platforms with Sales Made. The questionnaire was drawn up to determine the impact of public activity (comments, likes) carried out through social platforms on sales in the field of tourism (outbound, inbound, domestic tours). As part of the research, the same companies were interviewed, of which about 5% pay attention to the age division of users, and the remaining 95% believe that there is no age differentiation when using social media.

Discussion

Use of social platforms of Georgian tourism companies in 2016-2022 Source: The reflection of comments and reactions received on these platforms in sales is fixed even up to 50% by 2016-2022. The first place is occupied by the activity of Facebook and Instagram users, despite small changes in dynamics, they remain relevant and remain the number one working social platforms for travel companies. 80% of the 20 tourism companies participating

in the survey use hashtags, and the majority of them, 68.8%, named widely used hashtags, such as #travel, #tours, #tourism. As a result of the same survey, tourism companies note that the use of hashtags increases the role of social media in their activities, which is reflected in the increase in the number of followers and likes. It should be noted that the number of tourists who prefer targeted hashtags has significantly increased.

Hashtags help tourism organizations get more organic reach, which is necessary to gain followers and engage them, in other words, help them become more visible. Research has shown that hashtags increase social media engagement by 12.6%. As a result of the use of hashtags, the following data were obtained: according to the majority, sales increased from 2 to 20 percent. Most of the Digital domains act as influencers.

For the last 10 years, influencer marketing has been the most popular way to grow a business. Whether it's an Instagram influencer or a YouTuber, it's a strategy that helps many companies in the tourism industry increase brand awareness, reach, and sales. According to statistics of Georgian tourism companies' only 10% of tourist companies cooperate with influencers.

According to industry analysts, the COVID-19 pandemic was a driving force that had a major impact on growth in 2020 and 2021. This is expected to continue in the following years.

Conclusion

The majority of digital nomads are representatives of the most active generation in terms of tourism, this is certainly a factor to be considered by all those manufacturers who work in the tourism industry.

Global research on digital nomads has begun to some extent, which provides an opportunity for tourism companies, hotels, and other organizations to develop by adapting to new audiences and gaining an advantage in the competitive market.

- Digital nomads are characterized not only by directly benefiting the tourism market but also by indirect cooperation, which is manifested in their activities through social media.
- Digital nomads are tech-friendly, and because of their dominant traits, they enjoy sharing content about their work process and travel experience through social media platforms with their loved ones, friends, colleagues, etc.
- The main factors that digital nomads are interested in are an ecologically clean environment;
- Comfortable working conditions; Low prices; Beautiful landscapes; Varied cuisine;
- Authentic environment; and the Culture of the country.
- Digital nomads are characterized by high solvency, therefore they financially strengthen the country's economy and develop the tourism industry.

It is recommended that both small and large business representatives start considering digital nomads as a new audience, especially this applies to developing countries, such as Georgia.

Along with increasing the quality of service, hotels and tourism companies must take into account the needs and requirements of new audiences to attract them as long as possible and through them to get double benefits, such as direct sales, as well as indirect sales, which are carried out by nomads through social media.

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EXPERIENCE MARKETING AS A TOOL FOR INCREASING THE COMPETITIVENESS OF THE COMPANY

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Abstract This article explores a new way of promoting a product that will help businesses and organizations become more competitive and increase their bottom line. Special attention is paid to complex experience marketing. An innovative chain of product promotion is considered.

Keywords: competition, marketing mix, experience marketing, brand, purchase.

Introduction

The modern hyper-competitive market creates its conditions and the primary task of companies is to choose the right marketing strategy. In marketing, a set of marketing tools is distinguished, which include: - “agents of influence” (marketers, sales representatives) - a promotion complex, which includes an integrated range of marketing communications - a marketing research complex. All companies in the market must use these tools wisely to be competitive. But in conditions of hyper-competition, prices for goods fall, and sellers have to fight for a buyer. Therefore, it becomes necessary for marketers to master new ways of attracting customers and new concepts. New marketing strategies include a) brand creation and development, b) guerrilla marketing, c) experience marketing, and more.

Discussion

Marketing tools can be divided into two categories. They do not involve contact with customers - they are not personalized, and they involve direct contact with the consumer.

Branding and experience marketing fall under the second group of marketing tools. In my work, I would like to dwell on experience marketing in more detail. Our modern world is the world of brands. A brand is a trademark that, in the minds of consumers, has certain characteristics valuable properties, and attributes. The brand creates an emotional connection between the product (service) and the consumer. The tool for creating this connection is experience marketing. Experience marketing (experiential, experiential) is a tool that creates an emotional connection between a product and a consumer in an event, an event organized by a manufacturer.

Experience marketing immerses the consumer in the product world. “Each impression arises because of the “contact” of the set action and the state of the person.” The major problem in the relationship between the buyer and the seller is invisible barriers. They arise when the seller aggressively wants to impose his product. The buyer very often perceives the advice of the seller as an imposition of a product. Thus, the barrier becomes higher, and the consumer refuses to purchase if it is beneficial for him. In order not to lose your customers, you need to use experience marketing, which will allow you to close the distance between the seller and the buyer.

The main mechanism of experience marketing is to reorient the chain of relationships. In conventional marketing activities, the chain consists of the following: the impact of marketing tools; purchasing decisions; purchase; and appraisal of goods. Experience marketing works a little differently: the impact of the marketing tool; grade; purchasing decision; and purchase. The consistency of the tools has a profound effect on the consumer. The buyer is convinced of the value of the consumer properties of the product before purchasing it. The consumer gets the impression that he made the purchase decision himself, this emphasizes his individuality and increases self-esteem. The main task of experience marketing is to understand the psychology of consumers, to interest, emphasize the importance and individuality.

How does experience marketing affect the consumer?

- The consumer remembers the product better against the background of impressions;
- The consumer gets good emotions, thus the product becomes better for him. This effect remains for a long time;
- The consumer makes his own choice;
- The product is loyal.

The main goal of experience marketing is to influence a person's emotions. What are the ways to do this? First of all, you need to identify the desires of the circle of consumers, what is important to them, what is useful, and necessary, and what they want. Further, "their desires" must be presented as a property of the proposed product. A bias can be made for environmental friendliness, fashion, originality, and exclusivity, as well as statements in the spirit of "this thing was bought by the" great and terrible "himself, buy it too!" Next, it is very important to pay attention to the design. Nice packaging will evoke much more emotions and will be remembered for a long time. The next step is to demonstrate the production of the product. It can be excursions, or cooking in the presence of the consumer.

Theatricalization of the action is very important. You need to create a story for your product. If this is a cafe, it is desirable to choose a theme: sea, in the spirit of the Middle Ages, and so on. So that the consumer, visiting this institution, plunges into the "world of goods". One of the methods to attract customers is to allow the consumer to try the product before purchasing it. The consumer is not forced to buy a product; he can make a choice. Selling ceases to be just an exchange of goods or services for money; the seller becomes a supplier of positive experiences.

Conclusion

So, in today's hyper-competitive environment, it makes sense to use savvy marketing. The company has been enjoying competitive advantages for some time since emotions last for a long time and delirium is better remembered. Experience marketing has a softer impact on consumers than other marketing tools, which is a definite plus for the buyer.

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PERSONNEL AS AN OBJECT OF MANAGEMENT

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Abstract

The central place in the modern period is occupied by the concept of the "labor market", which reveals the essence of the relationship regarding the exchange of functioning labor abilities (functioning labor force) for living resources, i. e. for wages. In a more general sense, the labor market acts as a concrete expression of the system of social organization of wage labor in terms of commodity-money relations.

The labor market ensures the functioning of a market economy based on the law of supply and demand. Its main function is to redistribute the labor force between industries and spheres of production and provide jobs for the currently unemployed population.

In the labor market, employers (subjects of ownership of the means of production) and employees interact, forming the volume, structure, and ratio of supply and demand for labor. The main components of the labor market are:

- aggregate demand or the general need of the economy for hired labor;
- aggregate offer, which includes the entire hired labor force from among the economically active population;
- cost (price) of labor;
- competition (between employees, employers, employees, and employers);
- reserving the workforce.

Keywords: Labor market, Object of management, Supply of labor, labor force

The aggregate demand for labor is determined by the number and structure of jobs that exist in the economy and need to be filled.

The demand for labor covers the entire sphere of public labor and includes both staffed and vacant jobs. At the same time, effective demand is distinguished, determined by the number of economically feasible jobs, and aggregate demand, which includes inefficient jobs filled by employees. The difference between effective and aggregate demand is an excessive number of employees, of which hidden unemployment is an integral part. The demand for labor in the current market is determined by the need for employees to fill vacancies on the terms of the main activity or part-time work, as well as to perform one-time jobs.

The total labor supply covers all categories of the working-age population applying for employment (men, women, youth, pensioners), as well as persons who want to work for self-employment or entrepreneurship.

The labor supply in the labor market has three main components:

- people who are not engaged in labor activity and job seekers;
- persons intending to change their place of work;
- persons wishing to work in their free time from work or study.

The supply of labor varies qualitatively and quantitatively depending on changes in the

age structure of the population, in the system of vocational and general training, the strength of the influence of the external labor market on the internal one, etc. Differentiation in the supply of labor is enhanced by the fact that workers of the same age and profession differ in gender, health status, and quality of professional training, and this undoubtedly affects the ability to perform a specific job.

Labor force is a person's ability to work, i.e. the combination of physical and spiritual forces used by them in the production process. Labor is a commodity in a market economy and has a consumer value and a monetary value (price).

Labor is a mental and physical process carried out with the help of such human efforts (abilities) that are aimed at the production of goods and services. There are such types of work: intellectual and productive, simple and complex, useful and abstract, surplus and past.

The cost of labor is the price of material and spiritual goods necessary for the reproduction of labor, i.e. for the satisfaction of the needs of the employee and his family members.

The process of transformation of labor resources goes through three stages: potential able-bodied population; vocational training with employment at enterprises; labor is realized in production and creates consumer value.

How does the labor market work in a market economy?

The aggregate offer of labor resources enters the market and after the cycle of reproduction, the population receives payment for labor. The money received, including pensions and benefits from the state, is used by the population to buy goods and services and pay income tax to the state, and on this basis, consumer demand in the market of goods and services is formed.

The labor market provides labor to enterprises and organizations that generate demand for industrial and intellectual labor. State management bodies determine the state order for enterprises' products and organizations' services, carry out regulatory regulation of production (laws, instructions, requirements), and receive taxes and contributions from the production sector (a share of the surplus product).

In management theory, different approaches are taken to classify personnel depending on the profession or position of the employee, the level of management, and the category of employees.

This classification provides for the allocation of two main parts of the personnel involved in the production process: workers and employees.

Workers, or production personnel, carry out labor activities in material production with a predominant share of physical labor. They provide production, exchange, sales, and service. The production staff can be divided into two components:

- the main staff are workers, mainly employed in the assembly shops of the enterprise;
- support staff – workers mainly employed in the procurement and maintenance workshops of the enterprise.

The result of the work of the production staff is products in physical form (buildings, cars, televisions, furniture, food, clothing, etc.).

Employees, or management personnel, carry out work activities in the process of production management with a predominant share of mental labor. They are busy processing information using technical controls. The main result of their work is the study of management problems, the creation of new information, changing its content or form, the

preparation of management decisions, and after the head chooses the most effective option, the implementation and control of the execution of decisions. The management staff is divided into two main groups: managers and specialists.

The fundamental difference between managers and specialists lies in the legal right to make decisions and the subordination of other employees. Depending on the scale of management, there are line managers responsible for making decisions on all management functions, and functional managers who implement individual management functions. In addition, there are heads of the highest level of enterprise management (director and his deputies), middle level (heads of workshops and departments), and lower level (heads of sites, foremen).

The company's specialists can be divided into three main groups depending on the results of their work:

- functional management specialists whose activities result in management information (referents, economists, accountants, financiers, marketers, etc.);
- engineering specialists whose activities result in design and technological or project information in the field of engineering and production technology (technologists, engineers, designers, builders, etc.);
- employees – technical specialists (typists, operators, couriers, lifters, storekeepers, waiters, etc.) who perform auxiliary work in the management process.

Management theory uses a sufficient number of terms reflecting people's participation in social production: labor resources, human resources, human factor, organizational behavior, labor organization, personnel management, personnel policy, team, team, social development, human relations, etc. Singling out a person as a core object, they reveal various aspects of the personnel management problem and approaches to its solution. We propose to consider some modern concepts of personnel management strategy.

The proposed areas of work with personnel deserve attention because they concentrate on the experience of successful companies and modern management concepts. However, the operating conditions of enterprises differ in terms of financial condition, staff remuneration, and corporate morality.

Personnel management is a specific function of managerial activity, the main object of which is a person belonging to a certain social group. Modern concepts of personnel management are based, on the one hand, on the principles and methods of administrative management, and on the other hand, on the concept of comprehensive personality development and the theory of human relations.

The personnel management system is a set of principles and methods of personnel management of workers and employees at the enterprise.

The organization's personnel management system consists of six interconnected subsystems:

- personnel policy;
- recruitment of personnel;
- personnel assessment;
- staff placement;
- staff adaptation;
- staff training.

The policy defines the general line and fundamental principles in working with

personnel for the long term. The State personnel policy is formed by the Parliament, the ruling party, and the Government and is largely determined by the type of power in society. The type of authority has a significant impact on the strategy and style of leadership, as well as personnel requirements. The most complete use of a person's creative potential is possible only in a democratic society. The transition to a market economy is accompanied by a process of democratization of management and is reflected in the philosophy of the organization. The personnel policy at the enterprise is formed by the board of directors, the management board, and the director of the enterprise.

Recruitment consists of the formation of a reserve of personnel to fill vacant jobs. Recruitment should include procedures for calculating the need for personnel by category of employees, a normative description of professional requirements for workers and employees, methods of professional selection of personnel, as well as general principles for the formation of a reserve of personnel for vacant positions. Thus, the main task of personnel selection is to identify a set of people who can take new jobs (positions) and soon change their occupation, based on internal motivation, and material or moral incentives. Recruitment is largely determined by the personnel requirements formed in the subsystem of personnel policy and workplace models.

Personnel assessment is carried out to determine whether an employee is suitable for a vacant or occupied position. When filling a vacant position, it is important to establish the potential of an employee, i. e. professional knowledge and skills, life and work experience, socio-psychological personality type, level of general culture, state of health and efficiency, and several other characteristics. The assessment of potential allows us to judge the prospect of applying the abilities of a particular person in a certain position. The analysis of the employee's compliance with the position (certification) is necessary after a certain period and is possible through a joint assessment of creative potential and individual contribution, taking into account the results of work.

The placement of personnel should ensure a constant movement of personnel based on the results of an assessment of their potential, individual contribution, planned career, age, terms of employment, and the availability of vacant positions in the staffing table of the enterprise. Scientifically based personnel placement provides for career planning, taking into account their vital interests; a rational combination of appointment, competitiveness, and electability, depending on the category of employees and the personnel reserve; systematic movement of staff (promotion, relocation, demotion, and retirement) depending on the results of the assessment; determination of the terms of employment and the age of management personnel; scientific organization of the workplace; determination of working conditions and remuneration.

Personnel adaptation is the process of adapting a team to the changing conditions of the external and internal environment of an organization, and individual individuals to the workplace and the workforce.

Employee adaptation also includes key elements such as adaptation criteria, organization of probation, adaptation of young professionals, mentoring and consulting methods, and human resource development. The adaptation is completed by the entry of employees into a permanent position.

Staff training is designed to ensure that the professional knowledge and skills of employees correspond to the modern level of production and management. There are four types of training: training of workers and employees in vocational schools, technical schools,

and universities, providing for obtaining a basic specialty; advanced training in educational institutions (centers, schools, institutes), i.e. obtaining new knowledge in the basic specialty of an employee; retraining of personnel to acquire a new specialty; postgraduate professional education (master's degree, postgraduate, doctoral studies). The interaction of these types of training makes it possible to provide opportunities for continuous improvement of the education of each employee and to timely regulate the correspondence between the number of employees and the professional qualification structure of the staff.

The personnel management system is reflected in such important documents:

- the company's charter;
- the company's philosophy;
- internal labor regulations;
- collective agreement;
- staffing of the company;
- regulations on remuneration and bonuses;
- regulations on divisions;
- employee's employment contract;
- job descriptions;
- workplace models;
- management regulations.

So, work with personnel should be considered as a system that includes personnel policy, selection, evaluation, placement, adaptation, and training of personnel, and be reflected in the main regulatory documents of the enterprise.

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The Culture of Public Administration and the Challenges of Good Governance in Contemporary Georgia

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Abstract. The article refers to the principles of good governance and EU recommendations that must be followed for Georgia to develop democratically and pursue membership in the EU. This paper covers the difficulties that contemporary Georgia faces in light of the notion of good governance and the public administration culture. According to empirical data, achieving the goals of the country's existential narrative depends on meeting the expectations of the public administration culture. This article covers a variety of topics, including the definition of good governance, its application methods and guiding principles, EU recommendations, the demands of public governance culture, and more. By better understanding the concept of good governance and the demands of the public administration culture, the research's conclusions will assist those interested in the aforementioned issues and help prevent anticipated mistakes in the nation's democratic development. Those working on public administration reforms will greatly benefit from the research's final results.

Keywords: Georgia, EU recommendations, good governance, culture of public administration

Introduction

Sustainable development in any state is contingent upon the efficient and well-run operation of public administration organizations. A worldview that is broadly expressed in terms of democratic governance reflects the clear conditions that the civilized portion of the world has established for the successful and democratic development of the nation. However, such pragmatic measures that unequivocally demonstrate the need for several particular actions are required if democratic values are to be firmly established in the state.

These particular steps illustrate today's so-called concept of good governance and the principles established within it. Today, there is no question that the state's ruling class must promptly and practically apply the concepts of good governance in every facet of the nation's existence if it is to live in a developed, democratic nation where social harmony and economic prosperity prevail for all. For Georgia, along with the principles of good governance, there are also recommendations (and now reservations) necessary for EU membership, which can be said to represent the development and specific interpretation of good governance.

On the other hand, it will be completely impossible to realize the political will of the state if the institution of civil servants does not act in unison with it, which is determined by the culture of public administration. The readiness of public administration organizations and civil servants to achieve grandiose, vitally important goals facing the state requires an analysis

of the modern challenges of public administration culture and a timely solution to existing problems, both by developing appropriate legislation and effective management of public organizations, which is already the prerogative of the leadership of these organizations.

Discussion

The fundamentals of good governance. Recent years have seen a notable increase in the popularity of the idea of "good governance." "Government" is not a brand-new idea. The history of human civilization extends back to this notion. In short, "governance" is the process of making decisions and deciding which policies will be implemented and which won't, or, to put it another way, the method by which decisions are carried out (or not).

This idea has several meanings that correspond to different interpretations. Essentially, though, the fundamentals of good governance remain the same across definitions and uses. In summary, poor governance is increasingly viewed as a contributing factor to all social ills in our communities. International financial institutions and major donors are increasingly predicating loans and aid on a country's reforms, ensuring "good governance."

The definition of governance given by the United Nations (UN) is the actions taken by all political and administrative authorities to run their nation. In addition, the International Monetary Fund (IMF) defines governance as the framework that encompasses all facets of a nation's legal, political, and economic systems of government. The World Bank was the first international organization to publicly introduce and adopt the idea of good governance in lending arrangements for developing nations in the 1990s. Good governance is the process of using authority to control a nation's social and economic resources to promote development, according to a 1992 report titled *Governance and Development*. Nowadays, both national and international organizations frequently use the term "good governance." When minorities and vulnerable individuals are involved in the decision-making process, good governance seeks to reduce corruption by actively addressing their concerns and listening to their opinions about the present and future needs of society. Therefore, a general definition of good governance is a state management process, also known as public governance, whose implementation guarantees the public organization's efficacy, the expansion of its capacities to attain universal well-being, and its capacity to handle new issues or challenges. All other kinds of organizations, including non-governmental ones, are dependent on sound governance. In this instance, the general governance principles—which we shall address later—will be the same or somewhat similar, but the standards for accomplishing governance objectives differ noticeably. Any organization can improve its overall effectiveness and efficiency, build trustworthy relationships, and promote fruitful collaboration with partners and other subjects by implementing good governance. This leads to an increase in their level of independence, which is predicated on the proper application of good governance principles.

In the modern democratic governance system, the form of state management, i.e., good governance, has several main characteristics. These are participation, consensus-orientedness, accountability, transparency, rapid response, efficiency, results-orientedness, impartiality, inclusiveness, and the rule of law. Good (effective, democratic) governance ensures the establishment of a public administration system where:

- There is a public service focused on providing the public good that operates in consideration of the public interest;
- Open and transparent governance is ensured.
- Different branches of government ensure mutual accountability and control.

- Under the rule of law, everyone has equal rights and opportunities, and law enforcement and judicial bodies act independently and impartially.
- Public conflict resolution mechanisms are effective.

Another meaning of governance is the use of authority to run a company. Making decisions is an essential part of governance, even though it also encompasses ideas like accountability, rules and policies, communication, and transparency. It is a procedure that focuses a group's opinions and efforts in the direction of a decision. Stakeholders in the organization participate in the decision-making process by, among other things, expressing their interests, influencing decisions, and taking certain actions. Nonetheless, to make informed decisions, decision-makers need to be aware of these data and consider them while also holding themselves accountable to the same stakeholders for the organization's performance and execution.

Likewise, the three primary concerns of good governance are as follows:

1. How are strategic goals and objectives defined within the organization?
2. What kind of oversight does the organization's governing body exercise over its operations?
3. In what ways does the governing body act in the members' best interests? A definition of good governance, for instance, has been developed specifically for sports activities.

It suggests a collection of bureaucratic methods, regulations, guidelines, or principles, the application of which improves the efficacy and efficiency of the organization's operations and its capacity to react quickly to the resolution of unethical situations, infractions, and other issues. "Good governance" is not the end in and of itself; rather, it is a method to reach the intended outcome.

The Principles of the Good Governance Concept. The process of comprehending the appropriate principles and putting them into practice in daily life is necessary to clearly define the essence and role of good governance and to develop an appropriate action plan. Various defined, good governance has many essential elements.

For instance, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) developed the eight guiding principles of the concept of good governance, while the Council of Europe expanded upon its original 12 principles. These include attributes like inclusive, accountable, transparent, accountable, participatory, and consensus-driven governance that respects and upholds the rule of law, minimizes corruption, takes into account the opinions of racial and other minority groups, and guarantees making decisions that respect the rights and opinions of the most marginalized members of society. The needs of society both now and in the future are taken into consideration by such governance.

The European Council of Good Governance developed 12 slightly modified principles that largely restate the previously covered ideas while adding new elements. In this instance, responsible public affairs and resource management are the main goals of good governance. The 2008 Council of Europe Committee of Ministers decision approved the innovation and good governance at the local level strategy, which is based on 12 principles. The following is how the good governance principles are expressed in this instance:

- 1) Fair Conduct of Elections, Representation, and Participation
- 2) Responsiveness
- 3) Efficiency and Effectiveness
- 4) Openness and transparency

- 5) Rule of Law
- 6) Ethical conduct
- 7) Competence and Capacity
- 8) Innovations and readiness for change (innovation and openness to change)
- 9) Sustainability and Long-term Orientation
- 10) Sound financial management
- 11) Human rights, cultural diversity, and social cohesion (human rights, cultural diversity, and social cohesion)
- 12) Accountability

To assist local governments and, in certain situations, the federal government in adhering to these principles and subsequently offering citizens improved services, the Council of Europe Center of Expertise has created a suite of tools. Municipalities that attain a high degree of good governance are given "The European Label of Governance' Excellence (ELoGE)," which then opens up additional benefits as a means of promoting the application of good governance principles. As we can see, despite some differences, the principles of good governance are similar to each other according to their main components. In each specific case, it will be necessary to focus on the principles that are assigned an existential role. In some cases, for example, for problems of urbanization, other 7 principles of good governance are considered, which are focused on solving the problems of cities. There are different principles for managing schools, for local government, for the Olympic movement, etc. However, the principles mentioned above should be taken into account in all cases. The recommendations of the European Commission, which Georgia had to fulfill to be granted the status of a candidate country for the European Union, can be considered a sign of good state governance. Ending political polarization, carrying out judicial reform, "deoligarchization", strengthening the fight against organized crime, ensuring media freedom, and others are among the priorities. Georgia has received the status of a candidate country of the European Union, but the European Union still has demands for governance reforms, which were expressed in nine new reservations.

Implementation of the concept of good governance. Public authorities are crucial in advancing good governance in all spheres of public activity because of their obligations under international political and legal frameworks.

It is widely believed that the best way to avoid and resolve problems in the operations of public, private, and non-governmental organizations is to promote and uphold the principles of good governance. Organizations that implement this kind of governance gain credibility because they are more accountable, transparent, efficient, and inclusive. Due to the large number of participants and groups with varying interests in the management process or the activities of the organization, large organizations are particularly challenging to manage effectively. Typically, these groups have distinct relationships and priorities within and outside of the company. Multi-organizations are often defined by a complex web of legal, regulatory, and self-regulatory frameworks, contractual relationships, and a multitude of interests and roles. The role and legitimacy of governing organizations depend on trust in their institutional structures, governance arrangements, rules, and dispute mechanisms. The Council of Europe was the first intergovernmental organization that began to draw special attention to the need to uphold the principles of good governance in various fields.

Accordingly, the Council of Europe urges member states to develop and implement

appropriate policies and measures for improving governance, which should include minimum requirements for organizations such as clear and regular election procedures, professional standards of management, a code of conduct, and clear rules on conflicts of interest; also, adherence to the principles of transparency and accountability in the decision-making process and financial operations; and a fair approach to the members of the organization, including adherence to the principles of gender equality and solidarity. According to the 2005 recommendation, the Council of Europe directs the member states to establish appropriate monitoring mechanisms, thereby supervising the implementation of the defined principles of good governance.

- To introduce effective legal regulations to facilitate the investigation of corruption cases and the prosecution of criminals, as well as the interaction of police and investigative agencies;
- Implement a policy of zero tolerance for the facts of corruption;
- monitor the process of applying good governance principles by organizations;
- encourage those organizations that strictly adhere to the principles of good governance in their activities;
- Provide effective protection of whistleblowers. Since 2000, the principles of good governance have been found in various documents of the European Union, including transparent and democratic management of activities by organizations as well as ensuring accountability and participation in various subjects, for example, sports activities.

In 2013, the EU expert group, which included representatives of government agencies, various organizations, and the civil sector, developed the principles of good governance to achieve gender equality, etc. As a rule, this and other similar documents state that those organizations that ignore the application of good governance principles pose a threat to the independence of the organization. The document is a kind of guide for various types of organizations operating in the territory of the European Union. According to the document, the responsibility for the implementation of good governance principles and detailed recommendations lies with all members of society, as well as with the organizations themselves, both local and international. Some important international entities (e.g., the International Olympic Committee, UNESCO, and others) have not defined what the term good governance means in sports. However, many components, dimensions, or principles are used for its definition (e.g., transparency, democratic processes, accountability, and others). The role of the European Union as an institution is to facilitate the compliance of organizations with defined principles. According to the document, the European Union should encourage its member states to recognize and implement relevant approaches in their territory. The 16th goal of sustainable development of the United Nations—peace, justice, and strong institutions—or, more specifically, its 6th task—the creation of effective, accountable, and transparent institutions at all levels—is directly related to the need to implement good governance. Sustainable Development Goals (17 goals and 169 indicators) that all UN member states have agreed to achieve a better and more sustainable future. These goals address the global challenges we face today: poverty, inequality, prosperity, peace, and justice, as well as climate and environmental challenges. These goals are closely related to each other, and to ensure that no one is left behind, each of these goals and indicators must be met by 2030. The quality of "good governance" should be checked and properly monitored

according to the components that lead to good governance. Among them are such directions as transparency, democratic processes, internal reporting, and social responsibility, which are closely related to each other. To facilitate additional analysis, the primary methods, protocols, guidelines, and metrics appropriate for the aforementioned domains of good governance must be identified. You can check the indicators. This will facilitate our assessment of the organization's official and informal bureaucratic operations.

Georgian public administration culture Regarding the requirements of the EU and good governance. Every historical and social development era is marked by transformative processes that are followed by a range of obstacles and difficulties. The introduction and application of the principles of good governance, both throughout the state and particularly in the area of public administration, is one of Georgia's primary challenges. There have been numerous achievements in this regard, but as the European Commission's conclusion shows, even though Georgia was given candidate status for EU membership, the nation still has the so-called Reservations, which entail taking specific actions in nine different directions. The European Commission's June 2022 set of twelve recommendations is carried over in part by the nine conditions outlined in Georgia; the other recommendations are entirely independent. A novel approach to combating misinformation and manipulation of foreign information concerning the European Union and its principles is reserved. Georgia must align its foreign and security policies with those of the European Union, the European Commission further emphasizes. As of June 2023, Georgia has fully implemented three of the twelve recommendations that were determined by the conclusion of the European Commission: "Choosing an independent public defender";

- "Gender equality and fighting against violence against women"
- "Taking into account the decisions of the European Court of Human Rights." The European Commission critically reviews the remaining nine recommendations but does not define performance levels.

These recommendations are:

- Deoligarchization;
- Overcoming political polarization
- independence of institutions;
- Inclusive and effective judicial reform;
- media pluralism;
- fight against corruption;
- fight against organized crime;
- protection of human rights;
- ensuring the participation of civil organizations in the decision-making process.

Within the now-defined nine reservations, the three separate points in the 12 recommendations—human rights, media inclusion, and civil society participation in the decision-making process—are combined into a single issue. Third of the twelve, as a result, recommendations were deemed to have been fulfilled and excluded from the new reservations. Two were added, three were merged into a single issue, and the remaining ones were kept with some changes. Everyone can agree that generally speaking, Georgia's democratic development is ensured by its legal foundation, its institutional structure that meets European standards, the rule of law, and an engaged civil society. It is also evident that the polarization and conflict between political parties, the lack of constructive participation

from opposition politicians and civil society in existential decision-making, and the lack of broad agreement on issues of fundamental national interest all impede the process of appropriate reforms. All this negatively affects the process of making existential decisions and the implementation of reforms. One of the ways to fulfill the mentioned reservations at the level of state management is the real implementation of the above principles of good governance; for this, the following should be ensured in the process of state management: Fair Conduct of Elections, Representation, and Participation, Rule of Law, Efficiency, and Effectiveness, Openness and Transparency, Accountability and Sound Financial Capacity, Competency, and Management Human rights defense, cultural diversity, and social cohesion Protecting human rights, cultural diversity, and social cohesion; promptly attending to societal needs; acting ethically; being adaptable and willing to change; and having a long-term focus on sustainability and innovation The political will of the state's rulers—the legislative, executive, and judicial branches—as well as the establishment of appropriate state discipline at all governmental levels are critical factors in the aforementioned list. Simultaneously, the willingness of public officials and civil society as a whole to embrace and carry out reforms is crucial for the actualization of state decisions. In Georgia, civil servants' preparedness is assessed.

The culture of public administration. It is impossible to identify a single cultural model of public administration, but we can assess how closely a given public administration style adheres to the values outlined in the value system. Power, authority, institutions, the state, government, international organizations, justice, freedom, democracy, morality, and equality are all topics covered by the public administration culture and communication abilities for settling disputes, carrying out successful social and economic projects, and creating a free and legal state.

Agency and organization positions at the high- or medium-level civil service, central and municipal bodies, and the state administration apparatus Management positions at the upper or intermediate levels in foreign organizations, as well as Georgian representation overseas and domestically in international organizations. The main function of any democratic and developed state should be the observance of all ethics and general rules of conduct in the public service at the highest level. Their constant protection and control in daily activities ensure the raising of the culture of civil servants and their growth in habit, which will increase their confidence in public service day by day. The main goal of a public institution is public trust, which constantly needs the control and mobilization of public officials to deepen and increase this trust day by day. This calls for the creation of an appropriately chosen unified mechanism. That is why any democratic and developed nation has laws that are regulated. The Law of Georgia "On Public Service," the Law of Georgia "On Conflict of Interest and Corruption in Public Institutions," and the Law of Georgia are all part of Georgia's public administration reform, which started in 2012.

"About the border from the general rules of ethics and behavior in a public institution." All of this attempts to operate within the bounds of the law and the public service, which will lessen illicit and dishonest practices in government organizations. Thus, all the above-mentioned issues are unequivocally noteworthy at all levels of implementation of public management, including the individual employee, but we should approach these issues most and with special care when dealing with a leader or manager, that is, the subject at the head of management. The leader is the face of the system, the service, and most importantly, the state,

so he must be thoroughly good from an ethical and moral point of view. As Plato pointed out, management is a very complex phenomenon, and an ideal person must be at its head. Plato's ideal state required an ideal leader. The ethical and moral dilemma of a leader is a very broad and inexhaustible issue in management. The culture of public administration is the orientation of administrative substructures to a system of values (ideas, approaches, opinions, worldviews, and ideologies) that determines the style of social behavior of these structures. In other words, this definition refers to the orientation of public administration to the values from which the administrative culture is or should be operationalized. Obviously, in a particular social system, this system of values (so-called "patterns of orientation") or the process of their operationalization is influenced by the economic, political, and legal culture of a particular country. Therefore, we cannot talk about some unified cultural model of public administration, but we can only determine how much a specific style of administration corresponds to the principles established based on the above-mentioned value system and operating in a specific time and space. In Georgia, in terms of constitutional foundations, the legal and social state, liberal and pluralistic democracy, human rights, environmental protection, moderation, etc. can be named as the basic values of public administration. Also, the commitment made within the framework of the Association Agreement with the European Union, the so-called.

About "good governance". Regarding the latter, Article 41 of the Charter of Fundamental Rights of the European Union implies impartial, fair, and timely decision-making in the field of governance, full involvement of the interested person in the decision-making process, and other procedural standards. In addition to these objective criteria, to establish a culture of public administration that will be adapted to both the internal customer and the welfare of citizens, it is necessary to have appropriate standards of behavior for public officials (reference, non-legal ethics norms). The criteria for evaluating the culture of public administration can be divided into two main types:

1. criteria defining the style (culture) of public administration communication with the outside world, which include well-known characteristics of management: professionalism, legality, independence, motivation, speed, flexibility, transparency, availability, reliability, and effective protection of rights, which are manifested in relations with citizens;
2. criteria defining the style (culture) of internal relations in public administration, which include collegiality, sincerity, constructiveness, openness, justice, equal distribution of resources, and fair evaluation of the work performed. The study of the mentioned issues and the identification of the main trends will be the subject of our further research. In this case, we should identify the challenges that exist from the point of view of the culture of public administration and then draw up an action plan for the leadership of the public organization to overcome the mentioned difficulties. Mainly, it will be necessary to focus on the following issues:
 - attitude of civil servants towards the principles and values of public administration;
 - SWOT analysis of existing administrative procedures and decisions;
 - Management, leadership, and informal governance of public organizations;
 - The policy on personnel in public organizations, including the rules of hiring, promotion practices, evaluation system, etc.
 - Financial and social guarantees in public service;
 - Code of ethics, discipline, and freedom of expression in public service;

- According to public officials, disciplinary proceedings in public service, and others
There are various studies related to these issues.

The results of the research conducted in Georgia provide an opportunity to draw interesting conclusions, despite the fact that the research itself is not representative. As a general trend, it turns out that, for the majority of civil servants, professionalism and public interest are important, which the respondents consider "state interest" or "public service." Values such as the principles of justice, legality, transparency, impartiality, and loyalty were also reported. - The bureaucratic apparatus in Georgia is still not fully organized. However, electronic production is at a high level. - Defects were revealed about admission to public service and career advancement; the subjectivism of the competition commission is noticeable. Thus, most of the opinions expressed to improve public service reform refer to personnel policy. The existence of qualified personnel is considered the main problematic issue; therefore, the expectations of the respondents are also related to the attraction of more competent personnel in the public service. From the perspective of public administration culture, public organization leadership can work to eradicate the shortcomings and difficulties in public service.

In this instance, it is important to consider both the managerial strategies that impact the productivity and efficiency of civil servants' work and the distinctive elements of the public administration culture. It is important to consider the patterns and inconsistencies of the public management system's reforms, as well as how to work in the public sector, among other things.

Conclusion

The requirements of "good governance" and EU recommendations are covered in this paper, along with the main issues with public administration culture. These topics should be analyzed, taken into consideration, and put into practice in order to enhance Georgia's democratic development process. Following the establishment of a clear consensus on the definition and principles of good governance, we should discuss how these principles can be applied at various levels of government, including the state level, local self-governments, ministries, and public administration organizations in cities and villages. Therefore, to comprehend the potential for effective and efficient management of public administration organizations, it is necessary to first grasp the fundamentals of public administration, particularly its culture, good governance, consideration of European recommendations, and the organization's role in the nation and its citizens. Essentially, public administration is a means of upholding the existing order, and its primary characteristic is the capacity for decision-making and execution. Furthermore, the orientation of administrative substructures to a system of values (thoughts, methods, viewpoints, worldviews, and ideologies) that dictates these structures' social behavior style is known as the culture of public administration. It should be noted that decisions can be made either individually or collectively. However, in public administration organizations, competent individuals make collective decisions.

The decision's actual implementation, the governance structures, and the state institutions that decide how public administration decisions are carried out are additional considerations. The manner in which decisions are made and carried out, as well as their mechanics, are part of the public administration culture.

It is necessary to be aware of the fact that governance acquires its public character

(which directly leads to democratic governance), especially when it is directly related to the formal and institutional processes operating in the state and is primarily intended to promote collective activity. The culture of public administration determines all areas of public life, including the content of administration, its character, purpose, and form. The process of public administration includes the whole of society and public relations in general. Thus, the process of public administration is distinguished by a number of specificities and peculiarities, and this itself is characterized by certain difficulties and contradictions. One of the peculiarities of public administration is its creative character. In the process of public administration, it is essential to determine the strategic direction of society's evolution, to plan tactical measures for the operative and optimal management of socio-political processes, and then to implement them. For public administration to be effective and ultimately successful, one of the most important factors must be taken into account in its strategic plan: the development of a general program direction to meet the needs of society. The second important determinant for the efficient management of public administration is the function of the leader and his role in public administration.

When discussing the fundamentals of state governance, political leadership and, to a lesser extent, management, and governance leadership should be prioritized in the context of managing particular organizations. Any form of government that acts too firmly (authoritarian governance) or too softly (chaotic governance), without considering the features of public governance culture, is bound to fail. This scientific research's primary objective is to explore the potential for synergistic harmony between public administration culture and leadership. It also provides recommendations for the establishment of such an administration in Georgia, which should serve as the cornerstone for Georgia's public administration and state management.

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Economic Globalization and Business

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Abstract

In today's market economy, it is becoming more and more difficult to occupy an important marketplace for enterprises or countries, because the growing impact of globalization has changed the picture of the world economy. It spreads new technologies and innovations, so outdated goods and services are no longer valuable to society. According to that, if companies want to become knowledgeable, they should catch up with modern changes, and therefore innovative development became a fundamental part of the basic business of enterprises because it brings new and improved products and services to the market, increases its efficiency and most, importantly, improve its profitability.

Keywords: *Business, Innovative development, globalization.*

Introduction

In today's market economy, it is becoming more and more difficult for enterprises to establish a significant place in the market, for the countries, because the growing impact of globalization has completely changed the picture of the world economy, and therefore the goods and services are no longer valuable for society, which was even a few years ago. Therefore, if companies want to establish their name in the market, they have to adapt to these changes. Accordingly, today innovative development has become an integral part of the main activities of enterprises, because it ensures the creation of completely new and improved products and services in the market, increases the efficiency of the firm, and most importantly increases its profitability.

Discussion

Globalization, which is a new stage in the internationalization of economic life, is the most important event in the development of the world economy. Its characteristic is the formation of economic systems based on close economic cooperation and overcoming national borders. The current economic situation in the world is distinguished by the processes of deepening international economic integration. These processes are at the global stage of development and involve more and more countries. The expansion of the quantitative scope of internationalization gave it a new character. Large dominant entities have become participants at the global level, and the ratio of internal and external factors of social development has changed radically. Determining the level of the globalization trend and analyzing the process makes it possible to identify countries that are more open and ready for open relations.

The ever-increasing pace of change has become the main driver of economic growth. For economic entities to remain competitive, they must maintain a high level of innovative

activity. All kinds of innovation are at the same time a factor of both the viability and competitiveness of economic entities. Practical use of new ideas, latest products, and technologies contributes to the economic growth and social development of modern society. [3]

At the modern stage, the process of introducing innovations in Georgia is ongoing in many areas of the economy from developed countries, to overcome backwardness, restore territorial integrity, and raise the standard of living, it is necessary to develop high technologies and science-intensive fields. [2]

The result of globalization is also the opening of labor markets, which again and again benefits primarily the representatives of developing countries. As a result of globalization, large investors are increasingly attracted to less developed countries with much cheaper labor and infrastructure. This measure provides new jobs and a chance for economic development in such countries. Globalization also creates more opportunities to exchange ideas, for higher education and thus the development of humanity. Nowadays, physical movement is no longer required, which makes the process of receiving education, exchanging ideas, and creating and implementing innovations much easier and cheaper. As a result of globalization, people have easy access to other cultures, and they know the traditions of other nations, which is one of the most effective ways to develop a culture of tolerance. [4]

Opponents, however, claim that despite new opportunities and access to foreign markets, globalization has not yet brought countries closer together or closed the gap that still exists between developed and developing countries. According to anti-globalists, common markets and global economic processes still function in favor of the rich and the ruling class, while the lower classes still struggle to survive. Some say that the convergence of countries and regions has a bad effect on the traditions and identity of nations - almost all countries have the same architecture, they watch the same movies or listen to the same songs, eat the same food. This especially annoys the nationalists. However, some consider this phenomenon to be negative on the other hand - travel is no longer as interesting as it was a few decades ago, because, with rare exceptions, everyday life, clothes, transport, and food are very similar in almost all countries.

Of course, such a complex phenomenon as globalization will not be uniquely positive or negative for each country or individual. It should be noted that innovations in the country are still taking place against the background of globalization, but they are not implemented in most enterprises and are a private initiative of individual business representatives. This is because the personnel of many enterprises and organizations are not ready to introduce large-scale innovations, moreover, they are less interested in using their knowledge and skills to introduce innovations in the organization. The reason for this is that the infrastructure is underdeveloped.

Although benefits are provided for the operation of venture funds, technological parks, business incubators, and other innovative business structures, their volume is not sufficient for the sustainable development of an innovative production company.

In this regard, it is necessary to involve higher educational institutions in the development of innovations, they will help business entities and government agencies to solve problems through the development of innovations. solving this issue is quite a difficult task and requires systematic work, in which both the state and the academic and industrial spheres should participate.

The reason for the small number of innovations in Georgian enterprises is the periodic

lack of funds, due to which the received funds cover current costs and cannot finance development.

To overcome these reasons, the state should take into account the trends of the modern world, which have a strong influence on the development of the innovative economy and are closely related to each other. These trends are:

- Innovative business support;
- Increasing the demand for innovations in the economy;
- Development of innovative infrastructure;
- Effective integration into the global innovation system.

Based on these trends and for the successful formation of the innovative economy, a complex of scientific and organizational-technical measures should be developed and implemented, which will form the basis of the state innovation policy.

Conclusion

Competition policy can increase a country's competitiveness in the international market because free competition encourages innovation, improves the quality of goods and services in domestic and foreign markets, and ensures price regulation. All of the above together increase productivity. A healthy competitive environment is necessary to create a fair and free business environment. The impulse that drives an enterprise to compete is to outperform others and increase profits. [1]

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Importance of the Electronic Procurement System for the Country Based on the Experience of Georgia and EU Countries

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Abstract. According to the annual data of the unified budget of Georgia, the funds allocated for state procurement are quite large, therefore it is important to have a means of assessing the purpose of these funds and to observe all norms related to this procedure in the process of state procurement. Unwise spending of public funds as a result of corruption and poor performance in the field of procurement remains a challenge for the whole world, especially in developing countries. Georgia is among them. To solve this problem and increase the effectiveness of the procurement system, as a result of the radical modernization of this system in Georgia, at the end of 2010, the country completely switched to the electronic procurement system. Thus, it is important to analyze the strengths and weaknesses of the system and compare the mentioned results with the experience of European countries.

Keywords: electronic procurement system, state procurement, state tenders.

Introduction. The introduction of the new procurement system is a positive development and helps to reduce the level of corruption while increasing efficiency and competition. However, the openness and transparency of the public procurement system do not always mean that the system is equally successful in providing savings, proper competition, etc. Despite the transparency of the public procurement system, several closely related problems remain in the system, among which are the saving of public funds, the availability of the system for all potential suppliers, the equal access of bona fide suppliers to the public procurement market and the resulting proper competition, non-discriminatory approaches, and ensuring the effectiveness of spending public funds.

The role of „State Procurement Agency“ in the state

The State Procurement Agency, a legal entity under public law, is a state procurement regulatory body. The agency operates by the Constitution of Georgia, the Law of Georgia "On State Procurement" and subordinate normative acts. The main goal of the agency is to ensure the transparency of state procurement processes and create healthy competition conditions for suppliers so that state funds are spent openly and rationally.

To achieve the above-mentioned goal, the Agency carries out a systematic study of the current situation in the country in the field of state procurement and, to perfect the state procurement procedures, develop and issue normative acts on state procurement. Its functions include administration/supervision of the unified electronic system of state procurement, administration of the system's user base, monitoring of state procurement procedures, consideration of disputes arising between interested parties and procurement organizations during the process of state procurement, provision of advisory and recommendation services to procurement organizations, alerted suppliers register and suppliers white and production of

blacklists and others.

In 2010, the agency created and introduced a unified electronic system of state procurement, through which the implementation of state procurement became possible through electronic tenders. Any action taken by purchasing organizations and suppliers in the unified electronic system of state procurement is systemically open both to the monitoring group of the State Procurement Agency and to any interested person.

Since December 2010, state tenders have been conducted only through the unified electronic system of state procurement, the link of which is posted on the official website of the State Procurement Agency: <https://tenders.procurement.gov.ge/login.php> The unified electronic system is a platform that not only connects procuring organizations and suppliers but also allows the procedures stipulated by the legislation related to state procurement to be carried out in electronic form, namely: fixed in the unified electronic system and accessible to any interested person Annual plans of purchasing organizations, tender statements and documents, tender proposals of suppliers, minutes of tender commission meetings, correspondence with suppliers, agreements and other relevant information related to procurement are made.

Openness of information allows, on the one hand, the public to see for what purposes the funds they paid into the budget were used, and, on the other hand, the procuring organization to take into account the tenders conducted by other organizations when conducting its procurements. In the preparatory stage of procurement, steps need to be taken by procurement coordinators and other responsible persons of the organization to, first of all, develop the annual procurement plan, and, at the next stage, preparatory work for each procurement. In the annual procurement plan, according to the needs of the organization, it is necessary to take into account any procurement objects that will be purchased during the next financial year.

After the annual procurement plan is developed, the preparatory work for each procurement begins. Individual procurement planning is a continuous process of decision-making about what characteristics of goods or services should be purchased, when, and by what procedures purchases should be made so that the purchase object is at the disposal of the purchasing organization at the right time and in the required quantity. As a rule, individual procurement planning begins with researching the relevant supply market, the task of which is to obtain the availability of the procurement object, prices, terms of delivery, the area of specialization of the suppliers, their capabilities, interest in participating in the procurement procedures and other necessary information for the successful implementation of the procurement.

The importance and impact of properly formulating requirements

During the individual planning of the purchase, the requirements of the purchasing organization are established both for the purchase object and potential suppliers. The specified requirements for suppliers serve to determine from the beginning what criteria, if met, the supplier will be considered knowledgeable, financially and technically equipped, and reliable. When determining each separate request, the procuring organization must analyze in advance the purpose for which the separate request is fixed in the tender documentation. When making requests, it is necessary to observe the principles of objectivity and non-discrimination, which implies a direct and moderately proportional connection of the requested requests with the purchase object.

Purchasing opportunities

Any purchasing organization, except for exceptional cases, makes purchases by the pre-determined annual purchase plan. Exceptions include the Special Service of State Protection, procurement organizations included in the system of the Ministry of Internal Affairs of Georgia and the system of the Ministry of Defense of Georgia, the administration of the President of Georgia, and the administration of the Government of Georgia.

In other cases, under the pre-written procurement plan (where the procuring organization must be prepared on an annual basis based on its needs, experience gained from similar procurements carried out in previous years, and other types of information), it may be announced:

- **Simplified purchase**

In the case of simplified procurement, the procuring organization has the right to conduct public procurement through direct procurement, without conducting an electronic tender, which allows the purchaser to obtain the object he needs in the shortest possible time. As a rule, simplified procurement is used for the purchase of uniform objects worth up to 5,000 GEL.

- **Simplified e-tendering and e-tendering**

An open tender is one of the world-proven means of procurement, which makes information about the needs of the procuring organization available to any interested person. Therefore, as a rule, open tender provides a high level of competition and a better ratio of the price and quality of the purchase object. In addition, the principles of transparency are observed in open tenders, which allows any interested party to control the spending of public funds.

The announcement of the simplified electronic tender and the electronic tender depends on the monetary thresholds, that is, on the total estimated value of uniform procurable objects during the year; In particular:

- The announcement of electronic tender is mandatory only for the state procurement of homogeneous objects worth 200,000 GEL or more;
- The procuring organization has the right to announce a simplified electronic tender during the state procurement of uniform objects worth up to 200,000 GEL.

The main difference between e-tendering and simplified e-tendering lies in the duration of the process.

Public procurement procedure in EU countries

Which regulations apply to the public procurement procedure largely depends on whether the estimated value of the contract is above or below the European thresholds. Threshold values depend on different types of purchases, such as, on the one hand, the purchase of goods and services or, on the other hand, construction services. With exceptions, they are established every two years by the EU Commission and then published by the Federal Ministry for Economic Affairs and Climate Protection.

Procurement procedures „above the thresholds“ of the EU:

The so-called In the Upper Threshold Zone, the National Procurement Law provides for various procedures for the award of public supply, construction, and service contracts. These are:

- Open procedure
- Not an open procedure
- Negotiation procedure

- Competitive dialogue
- Innovative partnership

In an open procedure, the contracting authority publicly invites an unlimited number of companies to submit offers.

In a limited procedure, which requires participation in a preliminary competition, after a public invitation, the institution selects companies according to a limited number of objective, transparent, and non-discriminatory criteria.

The client can always freely choose between open and restricted procedures, both procedures have equal status. The aim is always to ensure the widest possible competition.

Other types of procedures are:

- Negotiation procedure
- Competitive dialogue
- Innovative partnership

These procedures are related to the existence of certain qualification requirements specified in the Ordinance on the award of public contracts.

(VgV) and for construction contracts are detailed in the Procurement and Contracts Regulation for Construction Works Part A EU (VOB/A EU). A public body can only choose one of these procedures if the requirements are met.

The negotiation procedure allows the negotiation of the subject of the contract between the client and the companies involved. For example, content and price can be negotiated, but not the minimum requirements of the service description. The negotiation process can be carried out with or without a preliminary competition. The latter option does not require Europe-wide publication and is therefore allowed only in exceptional cases.

As part of the innovative partnership, the initiator negotiates the initial and subsequent offers with the selected companies in several stages after participating in the competition.

Procurement procedures „below the thresholds“ of the EU

Below the EU threshold values, in the so-called sub-threshold area, different types of procedures are mainly based on sub-threshold procurement regulations. The state body can freely choose:

- Public tender for an unlimited group of recipients and
- Limited public tender with competition of participants.

These two procedures have priority over other types of procedures.

Below a certain value of the contract, the contract can also be awarded as a direct contract without a procedure.

It should be noted that to activate the fight against corruption and economic crime, a competition register was also created. The register will be fully operational from June 1, 2022. The register contains, among other things, records of companies that may be charged with certain crimes. In case of a contract value of EUR 30,000 or more, public clients are obliged to check whether the company that is to receive the contract is registered in the competition register. This means that public clients can better decide whether to exclude a company. Customers can also request a registry below value limits.

Conclusion

With the changes implemented in Georgia, we got one of the most transparent procurement systems in the world, which was positively evaluated by many international

organizations. The new transparent procurement system has reduced the likelihood of corrupt deals, simplified procurement procedures, and significantly increased competition. However, in such a short period, it is a difficult task to fundamentally eliminate all shortcomings and minimize corruption risks. The audit revealed that, despite the positive changes, there are some gaps in the legislation and significant shortcomings in all stages of procurement, especially in the planning stage. In particular, the needs are incorrectly identified and their subsequent formulation in the tender documentation;

Buyers do not use Georgia and/or internationally recognized standards when determining the technical specifications of the purchase object, which in some cases leads to a discrepancy between the actual need and supply; Several procedures and documentation related to purchases are not standardized, which would facilitate the activity of buyers and reduce costs; Buyers do not regularly study the market, which sometimes leads to uneconomical purchase; In areas where centralization is appropriate, purchases continue to be decentralized, thereby missing opportunities to save money; Cases of simplified purchases made based on unjustified emergency conditions were identified;

However, it should be emphasized that it is impossible to eliminate all shortcomings centrally, only through the measures taken by the coordinating body, if the interest and involvement of the authorities and relevant state bodies in the mentioned issue do not increase, and the qualification of personnel responsible for procurement of budgetary organizations is not significantly raised.

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PROSPECTS OF POPULARITY AND DEVELOPMENT OF ECOTOURISM IN GEORGIA

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Abstract

In today's world, the development of the tourism business is becoming increasingly important from both socio-economic and ecological points of view. Against this background, all studies confirm that one of the most popular types of tourism is ecotourism—a dynamically developing direction of the world tourism industry, which accounts for 7-8% of the world capital turnover in the tourism business.

Georgia has great potential for ecotourism to become a leading type of tourism, which can stop the migration from the mountainous regions to the lowlands and preserve the country's beautiful villages with their special traditions and customs. Ecotourism provides great public benefits and investments, and many problems need to be solved at the governmental level for its development, as well as providing the participation and interest of the private sector, attraction, and placement of foreign investment in the development of ecotourism at the same time. The country has the prospects for development. The main thing is how correctly they will be used.

Keywords: tourism business, ecotourism, protected areas, correlation, analyze.

Prospects of popularity and development of ecotourism in Georgia

Global tourism is expanding astoundingly, targeting new, unexplored regions. This triggers various environmental problems. Nature must therefore be conserved, and a vast network of protected areas is being established.

The most promising directions of tourism in the XXI century have been identified according to the forecast of the UN World Tourism Organization (UNWTO) (Tourism 2020 Vision). This enables us to state that ecotourism, one of the rapidly growing segments of the global tourist sector, is among the most popular forms of travel. It is estimated to account for 7-8% of global tourism revenue.

The development of tourism business is becoming increasingly important from the socio-economic and environmental point of view. The trend of dramatic growth in tourism increases its economic benefits. It should be noted that last year the direct contribution of tourism to the GDP of Georgia amounted to 7.2% and this figure is expected to increase to 10.5% by 2028¹. In many countries, tourism creates additional jobs, fills the state budget, and increases the gross domestic product, although tourist centers and regions care not only about the income from tourism, but they allocate huge funds for the harmonious development of the tourism industry, especially for ecotourism.

Our country has great potential and ecotourism may become the leading type of

¹Collection of the Conference of the National Tourism Administration of Georgia "Prospects of Tourism Development in Georgia". Tbilisi 2022, p. 23

tourism, bringing much more benefits than economic income. In particular, it can stop migration from the mountains to the plain and preserve the country's beautiful villages with their special traditions and customs.

The cultural and natural heritage of the world is one of the main factors in the development of ecotourism, and its reasonable utilization is not only a prerequisite for the economic growth of the country but also for the harmonious development of regions. 'Ecotourism - Green Industry' is a new concept in the tourism industry. Its area of interest is the preservation and improvement of the natural environment with proper organization.

Ecotourism should be considered as an important component of sustainable development. Its sustainable development is a continuous process of change that utilizes resources and makes investments. The 21st century has seen a rapid growth of ecotourism and ecology has taken a central place in tourism development.

Georgia has great potential for tourism business development based on its natural, geographical, climatic, and recreational opportunities and historical and cultural heritage. Georgia ranks 12th in the list of 36 important and outstanding places in the world for its unique biodiversity and beautiful landscapes. There are not many countries in the world with such a diverse range of landscapes in such a small area: the Caucasus Range covered with eternal snow and glaciers, the subtropical zone of the Black Sea coast, abundant rivers and waterfalls, karst caves, resorts and mineral springs, unique monuments of history, culture, and nature, i.e. recreational resources - all this contributes to the development of ecotourism in Georgia and shows great promise. The touristic area of the country is 69.7 thousand square kilometers, with 102 resorts and 182 resort sites. There are 14 state natural reserves (139,048 hectares); 14 national parks (445,767 hectares); 26 managed reserves (75,207 hectares); 40 natural monuments (2748.99 hectares); and 5 protected landscapes (138,327 hectares). Ecotourists are drawn to the richness of ethno-culture, people's traditional hospitality, variety of state holidays, peculiar Georgian cuisine, customs, and crafts, but ecotourism in Georgia has not yet reached its full potential.

As already mentioned, ecotourism is one of the most popular and fastest growing industries that aims to interact with wildlife. The development of ecotourism contributes to the economic income of the population in the protected areas and regions.

Protected territories in Georgia have more than a century of history. The first reserve was established in Lagodekhi in 1912. This is where the development of the network of protected areas in Georgia began. For this purpose, on March 7, 1996, the Parliament of Georgia adopted the Law on the System of Protected Areas². Protected areas are established to protect and restore unique, rare and representative ecosystems, plant and animal species, natural formations and cultural areas, which are the most important national treasures. The main function of protected areas is to protect the country's natural heritage. They also have many other functions, one of which is to promote tourism development.

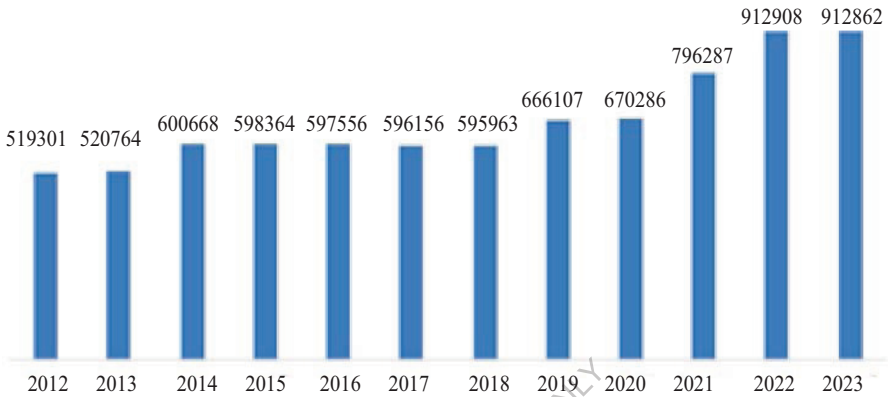
The Ministry of Environment and Natural Resources of Georgia, the Department of Protected Territories, Reserves and Hunting Farms, and the Forestry Department have laid the foundation for the undertaking of creating a new system of protected areas. The Georgian office of the Worldwide Fund for Nature Conservation took the initiative. The Government of Georgia adopted an important decree on measures to promote the establishment of the

²Collection of the Conference of the National Tourism Administration of Georgia "Prospects of Tourism Development in Georgia". Tbilisi 2020, pp. 66

protected area system and the Borjomi-Kharagauli National Park and a concept for the development of ecotourism in its support zone was developed.

In Georgia (according to IUCN criteria) 100 protected areas of six different categories occupy 13% (912,908) of the total area of the country,3 Showing a 38% increase compared to 2012 in dynamics.

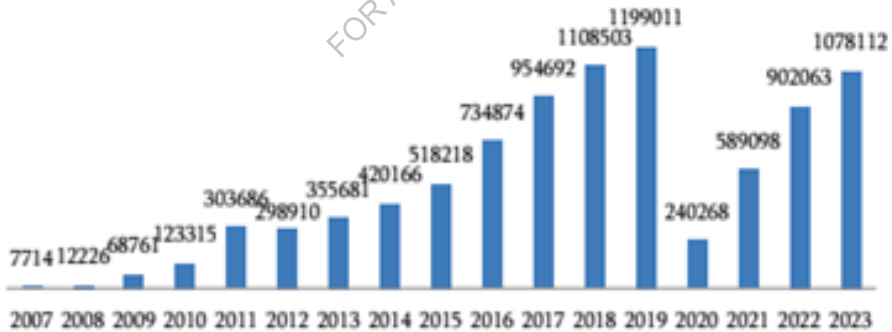
Areas of the Protected Areas, ha, 2013-2023



Source: www.apa.gov.ge

In 2023, there were 1,078,112 visitors recorded in Georgia’s protected areas, a 19% increase over 2022 data (902,063 visitors).

Statistics of visitors on the Protected Areas in different years



Source: www.apa.gov.ge

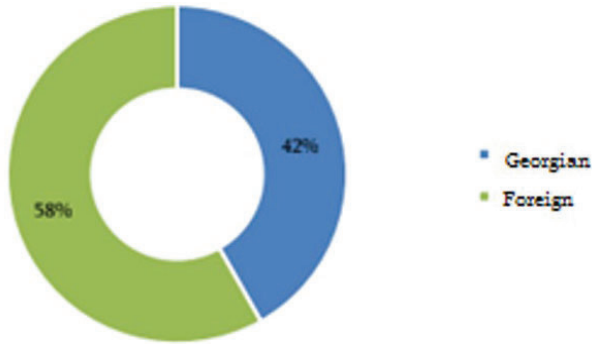
In 2023, 42% of visitors were Georgians (450,615 visitors), showing an increase of 9% compared to 2022 data (413,655 visitors), and 58% were foreigners (627,497 visitors), showing an increase of 28% compared to 2022 data (488,408 visitors).

The number of visitors recorded in 2023 compared to 2019 data (1,199,011 visitors) decreased by 10%.

3www.Apa.gov.ge 2023 Report, p. 79

The number of Georgian visitors recorded in 2023 compared to 2019 data (587,022 visitors) decreased by 23% and the number of international visitors compared to 2019 data (611,989 visitors) increased by 2.5%.

Statistics of Georgian and foreign visitors, 2023



Source: www.apa.gov.ge

Georgia’s national parks had a record 1,199,011 visitors in 2019, the highest number of visitors in the history of the Protected Areas Agency.

Revenues from ecotourism services in the Protected Areas



Source: www.apa.gov.ge

Increased visitor numbers in recent years have also had an impact on protected area revenues. In 2023, the revenues generated from ecotourism services amounted to a record GEL 10,447,166, an increase of about 26% compared to the previous 2022 (GEL 8,314,439). In 2023, revenues from ecotourism services increased by 12% compared to 2019 (GEL 9,363,447).

Increased visitor numbers in recent years have also had an impact on protected area revenues. In 2023, the revenues generated from ecotourism services amounted to a record GEL 10,447,166, an increase of about 26% compared to the previous 2022 (GEL 8,314,439). In 2023, revenues from ecotourism services increased by 12% compared to 2019 (GEL

9,363,447).

It should be noted that the presence of PAs has a positive impact on the local population living near them: the number of employees in the settlements increases (mostly guides, escorts, vehicle owners, people engaged in catering services, hotel owners, people engaged in horse rental or other services, etc.), tourism infrastructure and tourism services develop and their incomes increase.

As of 2023, there are 780 employees in the PA system, including 116 in the central offices and 664 in the territorial offices; of the 780 employees, 640 are male and 140 are female. The total ranger staff is 400 people, including 4 women. As a result of the establishment and development of protected areas, the population living in the vicinity is actively involved in providing various tourist services to visitors of protected areas, which significantly increases the economic income of the local population. There are 1853 people working in the vicinity of the protected areas, 576 hotels, 276 stores, and 222 catering enterprises, the income of the local population is approximately 9,052,614 GEL4.

The income from ecotourism services is a multifactorial indicator, which is influenced by the number of visitors, investments, infrastructure, economic and political stability of the country, as well as other primary and secondary factors. We cannot estimate the magnitude of the impact of all of them, but we will highlight the main ones and try to make the most accurate calculation.

In today's Georgia, the study of tourism, first of all, the relationship between the number of visitors to protected areas and the income of the people living in the vicinity of the protected area is of great interest. For this purpose, we conducted a one-factor correlation-regression analysis based on 2007-2023 data and estimated the magnitude of the influence between the number of visitors to the protected area and the income received from ecotourism services. The data are summarized in the table below.

For the analysis, we used a linear function and performed calculations from which we obtained the following equation:

$$y = 8.4751 x - 1181564.2931$$

As a result, we obtained the following economic interpretation of the model parameters: an increase in the number of visitors (X) to the protected area by 1 unit leads to an increase in income from ecotourism services (Y) by an average of **8.475** units. The linear correlation coefficient is 0.915, so the relationship between factors X and Y is quite high and direct. The statistical significance of the equation was tested using the coefficient of determination and Fisher's criterion. It was determined that 83.79% of the total variation in income in the study situation is explained by the change in the factor of number of visitors.

Any type of ecotourism has a limit of pressure on the natural environment and it can cause serious damage from economic, social, and environmental points of view. For example, due to construction work, sand has disappeared from the shoreline of Hawaii. Similar problems occur on other continents, e. g. in Antarctica, where the number of tourists has increased by thousands resulting in increased amounts of waste. To solve this problem, the International Association of Antarctic Tour Operators was established in 1991. They take care of tourists' safety and environmental protection as much as possible.

To achieve sustainable development of ecotourism, tourism activities should match the

4www.apa.gov.ge

capacity of existing natural and man-made resources.

Table N 1

Year	Number of visitors to PAs (x)	Incomes from ecotourism services (y)
2007	7714	34427
2008	12226	56026
2009	68761	84962
2010	123315	118387
2011	303686	435859
2012	298910	737122
2013	355681	982869
2014	420166	1320793
2015	518218	1589756
2016	734874	2313697
2017	954692	4504472
2018	1108503	8436125
2019	1199011	9363447
2020	240268	899076
2021	589098	5832764
2022	902063	8314439
2023	1078112	10447166
Total	8915298	55471387

There were many problems hindering tourism and especially ecotourism in Georgia, including the fact that in no other post-socialist country has the tourism industry suffered such losses as it did in Georgia, where the state had to accommodate up to 300,000 people relocated from Abkhazia and Samachablo in the best sanatoriums, hotels and boarding houses and resort accommodations. This has led to a complete paralysis of the tourist and resort infrastructure.

Lack of human resources is one of the important problems in tourism. Along with the growth of tourist flows, the number of hotels and national parks, and the need for competent human resources are increasing. Even though the majority of higher educational institutions in Georgia today train tourism specialists with higher education, in our country, as well as in the whole South Caucasus, there was almost no school of tourism professions oriented to the training of low- and middle-tier personnel, while the demand for such personnel is the greatest.

There are many vacancies in travel agencies and there is a lack of qualified staff to fill them. The state takes due care of this and gradually opens vocational schools in different areas of tourism.

To solve environmental problems caused by tourism development, tourism development programs and construction processes of tourist facilities should undergo environmental impact assessment. This will allow us to achieve sustainable tourism development in such a way that we receive economic benefits from tourism and do not harm

the environment.

Based on the above, we consider it advisable to recognize the priorities of ecotourism development by states and environmental programs and integrate ecotourism companies into environmental programs, develop recommendations for ecotourism development in priority regions as a way to solve the problems facing ecotourism. All this should take into account the experience of existing ecotourism development sites (national parks) in the world, as well as the proper elaboration of the main directions of the state policy of tourism development.

According to studies by the International Ecotourism Organization, the tourism industry worldwide generates \$8.8 trillion in revenue, of which ecotourism accounts for about 10% (\$800 billion to \$1 trillion). Ecotourism employs more than 11 million people. Its annual growth ranges from 10% to 12%, hence it is the fastest-growing segment of tourism.

There are two models of ecotourism worldwide: Australian and Western European (German), and the third one is “Georgian”. At the stage of ecotourism formation, it is similar to the Australian model and has features of the Western European model. Its important distinguishing feature is the social factor, i. e. ecotourism is aimed at minimizing the anthropogenic load, improving the welfare of the local population, and increasing the level of environmental education and general culture of both visitors and residents. Many specially protected natural areas of Georgia have used this model in the realization of ecotourism. Every year several million tourists visit protected areas abroad. For European and American ecotourists, ecotourism in strictly protected areas is the most popular way of recreation. In Georgia, ecotourism is relatively new, and many people do not know how this type of tourism differs from ordinary recreation in nature. The development of ecotourism in protected areas greatly contributes to the economic development of tourism and the country as a whole, especially positively affecting the socio-economic status of the local population. Every year the number of tourist infrastructure facilities and employed population in the vicinity of protected areas increases. In 2017, according to a study conducted by German experts, the effect of just 5 protected areas in the economy of Georgia amounted to 87 million GEL.

According to 2023 data, the most visited were Martvili Canyon (21%), Prometheus Cave (21%), Sataplia (9%), Mtirala National Park (9%), Tsalka Canyon (8%), Okatse Canyon (8%), Tbilisi National Park (5%), Borjomi-Kharagauli National Park (4%), Kazbegi National Park (3%), Kinchkha Waterfall (3%), and the remaining 9% visited Algeti, Tusheti, Kolkheti, Lagodekhi, Tetra, Javakheti, Vashlovani, Navenakhevi, Kobuleti, Kintrishi, Chachuna, Machakhela, Pshav-Khevsureti, Ajameti and Mariamjvari protected areas.

Because ecotourism provides great public benefits and investments, it is advisable to increase budget expenditures in this field. In recent years, many ecotourism attractions have been established in Georgia and a lot of investments have been made. However, there is a need to focus more attention at the governmental level and to establish integrated and coordinated cooperation between ministries in the field of ecotourism. It is very important to involve and interest the private sector in tourism as a whole so that investments can be made appropriate infrastructure (trails, visitor centers, village houses, etc.) can be developed, the environment can be preserved, and residents, businesses, and the state can receive economic benefits.

In 2019, for the first time, private international investments were made in the development of ecotourism in protected areas, which amounted to more than 40 million GEL. In 2023, the value of a portfolio of grant projects of the Agency of Protected Areas unprecedentedly exceeded GEL 100 million. However, this is not sufficient and it is

necessary to create even better conditions, legal framework, strategy, and business environment on the part of the state, in which the activities of private businesses will yield substantial profits. There are prospects for development as evidenced by the diversity and beauty of Georgia's nature, on the one hand, and geographical proximity to the main tourist market - Europe, on the other hand.

Conclusion

As we mentioned in the article, ecotourism is an important part of the tourism sector, one of the fundamental principles of which is the protection and preservation of the environment. Because ecotourism provides great public benefit and investment, it is advisable to increase budgetary allocations in this area. In recent years, many ecotourism attractions have been established in Georgia and a lot of investments have been made. However, there is a need to focus more attention at the governmental level and to establish comprehensive and coordinated cooperation between ministries in ecotourism. It is very important to involve and interest the private sector in tourism as a whole so that investments can be made appropriate infrastructure (trails, visitor centers, village houses, etc.) can be developed, the environment can be preserved, and residents, businesses, and the state can receive economic benefits.

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The Social Responsibility of Business: Theoretical Aspect

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Abstract. The article deals with the theoretical aspect of social responsibility of business, discusses the origins of the concept of social responsibility by analyzing classical and modern scientific research and schools, and provides the structure and definitions of this notion. The author presents the factors that influence the increasing significance that social responsibility of business has in society, and the problems of Georgian business on its way to socially responsible behavior.

Keywords: Social responsibility of business, Georgian business, corporation, organization.

Introduction

The term “corporate social responsibility” was initially introduced into the scientific literature and was used only for large joint-stock companies (corporations). Later, this term began to be used for all, including small and medium-sized businesses. The terms “corporate social responsibility” and “business social responsibility” are identical in their content.

Discussion

The primary sources of the concept of business social responsibility can be found, first of all, in the works of the authors of the conservative economic approach, Adam Smith and David Ricardo, and their followers - M. Friedman and P. Haynes, who believed that intervention in the economy should be minimal. For example, A. Smith, who is not only the founder of the basic principles of economics but also its ethical principles, noted in his works the problem of reconciling public and private interests.⁵ According to the philosopher-economist, the functioning of society is subject to a certain regular process, as a result of which a relationship is formed between private and public interests. The responsibility for ensuring that the final result of the egocentric action of each individual is favorable for the whole society is assumed by a transcendental phenomenon - the "invisible hand". Smith argued that each individual, increasing his own profit, ultimately maximizes public profit. Thus, individual interest appears as the motivator of actions committed in the public interest. The thinker considered the economic interest of people to be the root of everything and emphasized their priority importance.

A follower of Smith, a representative of a relatively later period, Milton Friedman,

⁵ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*; P. – 786, <https://eet.pixel-online.org/files/etranslation/original/The%20Wealth%20of%20Nations.pdf>

expressed his attitude towards social responsibility in the article "The Social Responsibility of Business Should Increase Its Profits". He believed that it was not worth talking about corporate responsibility, since it was an "artificial person" and, accordingly, did not bear any responsibility. For this reason, it is possible to talk only about the responsibility of individuals, that is, of those individuals who manage the business. But Friedman also noted that these managers are hired by the owners, that is, he considered them agents of the owners, and he considered their function to bring profit to the shareholders. According to the scientist, social programs require additional costs, which inevitably reduces the income of shareholders; moreover, in the process of implementing such socially responsible actions, business takes on state functions and thereby undermines the foundations of a free society.

Second. The concept of social responsibility of business is partially presented in the works of representatives of the ethical-economic school - S. de Sismondi, A. Marshall, F. Knight, A. In the works of Tsen and others. The emergence of this approach is due to the influence of such processes as the transformation of the value system, forms of social control, the information environment, the strengthening of the relationship between the corporation and society, and the recognition of the social role of the corporation by business.

In the first third of the 20th century, works appeared in the United States that became the basis for the concept of social responsibility of business. The work of economists F. Berle and G. Minz, "The Modern Corporation and Private Property", published in 1932, caused a wide public resonance". According to these authors, large corporations should become "a neutral technocracy, balancing the demands of different social groups and securing and allocating to each of them a certain part of the revenue stream, guided by the principle of public policy, not private greed." 6

In the years after World War II, in particular, in 1953, the work of the American economist G. Bowen, "The Social Responsibility of the Businessman,"⁷ had a great influence on the development of the concept of social responsibility in business, in which the researcher defined social responsibility as "the obligation of businessmen to make decisions and pursue those directions of activity that are desirable in terms of public values and goals".

Generalizing all of the above, we will conclude that the social responsibility of business is the making of thoughtful and conscious business decisions taking into account public opinion, the understanding that business is involved in the socio-cultural environment and the success of its activities is directly related to the well-being of society. The social responsibility of business is not a law that has legal force, it is an ethical-cultural principle that should become a determining factor when making business decisions. Social responsibility is both a factor and an indicator of the company's sustainable development, demonstrating the level of awareness of business decisions. It implies a systematic approach at the stage of formation and direct implementation, as well as accountability and control from society and the state.

Representatives of modern American and Georgian scientific schools combine in the

6Adolf A., Barley, Jr., Gardiner C. Means, *The Modern Corporation and Private Property*, Indiana Law Journal; Vol.8, Issue 8, Article 11;
<https://www.repository.law.indiana.edu/cgi/viewcontent.cgi?article=5120&context=ilj>

7 H. Bowen, *Social Responsibilities of the Businessman*, University of Iowa Press, 1953.
<https://muse.jhu.edu/book/29080>

structure of social responsibility:

- the subject of responsibility (a person or group of people whose actions are charged with the content of responsibility),
- the object of responsibility (that for which the subject is responsible) and the instance (a kind of social unity that evaluates the subject's responsible activity).

Social responsibility should be understood precisely as a system since it functions systematically. It is probably difficult to determine which of these three elements is the most important. The subject has the necessary qualities and resources to carry out such activity; the instance can not only stimulate, control, and evaluate social responsibility, but also “formulate an order” for the subject; The object, as an element of the social responsibility system, performs a passive function; it arises on the basis of an agreement between the subject and the instance, but it can actively state its own needs and justify the necessity of satisfying them before the owner of the resources.

In our opinion, the social responsibility system will not make sense if we do not include a goal in its composition, which will meaningfully complement and complete the process. The goal should have a long-term direction, which is precisely why corporations formulate a mission, that is, a company's strategic goal.

In our opinion, the growth of the importance of business social responsibility is due to the following factors:

1. At the macroeconomic level: in the general context of the processes of economic globalization, large scientific, industrial, and technical resources are being combined - as a result, transnational corporations are emerging. This requires all participants involved in this activity to adhere to common, universal rules for conducting business;
2. At the microeconomic level: in the process of activity, every entrepreneurial entity must take into account the interests of society and the state and combine them with their own needs in making a profit, developing a business, and producing quality products;
3. At the modern stage, a new type of consumer is emerging who, when making a decision about buying a particular product, relies not so much on the quality of the product as on the positive social portrait of the company, which includes the ethical behavior of the company, its acceptance of social, ecological, and cultural factors, and the like.

Globalization processes contribute to a significant increase in the profits of large corporations at the expense of the growth of target markets. Against this background, social contradictions are particularly exacerbated, since the gap between the incomes of different strata of society has significantly increased. One of the sources of the conflict is the so-called “elite”, which shares the corporation’s income, and on the other side – the rest of the population, which is forced to serve the “elite”. In most cases, large corporations ignore this situation: no one cares about the standard and quality of life, safety, and security of the population - “They Don’t Care About Us”.

In Georgian reality, these processes are even more difficult. Georgian companies are introducing corporate codes to declare to the capital market and potential investors their readiness to rely on ethical and cultural norms of business. However, there are certain contradictions here: on the one hand, Georgian businesses are trying to introduce international

principles of transparency, environmental safety, and partial solutions to social problems; on the other hand, companies are saving their assets to stabilize the company's sustainability in times of crisis. In such a duality, the principles of social responsibility of Georgian business should be developed taking into account modern Georgian realities.

Conclusion

Adherence to the principles of social responsibility can raise Georgian business to a higher level, and increase its competitiveness in international markets by sharing common international ethical and cultural norms and adhering to Western rules of business. At the present stage, the social responsibility of business is becoming the main vector of humanization of Georgian business.

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Characteristics of innovative management in organizations

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Abstract

Innovation is a process of learning, and learning is a collective process that occurs within an organized setting. This chapter has examined the nature and development of innovative organizations from three different but interdependent perspectives: 1. the relationship between organizational structural forms and innovativeness; 2. innovation as a process of organizational learning and knowledge creation; and 3. organizational capacity for change and adaptation. The analysis suggests that building innovative organizations entails not only matching structural forms with Alice Lam 175 technological and market opportunities but also embedding the capacity for learning and knowledge creation within team processes and social relationships. There are different types of learning and innovative organizations and their dominant features tend to vary over time and across institutional contexts. However, a fundamental characteristic of innovation is that it always consists of a new combination of ideas, knowledge, capabilities, and resources.

Keywords: Transparency of information; management encourages, reward systems, innovative practice

Introduction. Companies that are innovative practice a few things that other companies either have not thought about or have not yet put in place. What are the key characteristics of innovative companies? The first and most important characteristic of innovative companies is that they recognize that people are their most important asset and that those who are innovators need special attention. While this is a cliché, it is an important starting point. Other characteristics of innovative companies are perhaps less obvious. What are the management practices that encourage innovation? Innovation just doesn't happen automatically. There is some spark (a culture perhaps); there is a person, a group, or a circumstance that results in some companies becoming more innovative than others. Having been innovative does not guarantee that innovation will be sustained. Innovation is manageable; it can be discouraged and it can be encouraged. Based on a growing body of knowledge about corporate innovation, there are several major characteristics of innovative companies that need to be considered to encourage innovativeness.

Discussion

Companies that are innovative practice a few things that other companies either have not thought about or have not yet put in place. What are the key characteristics of innovative companies? The first and most important characteristic of innovative companies is that they recognize that people are their most important asset and that those who are innovators need special attention. While this is a cliché, it is an important starting point. Other characteristics of innovative companies are perhaps less obvious. What are the management practices that

encourage innovation? Innovation just doesn't happen automatically. Having been innovative does not guarantee that innovation will be sustained. Innovation is manageable; it can be discouraged and it can be encouraged. Based on a growing body of knowledge about corporate innovation, there are several major characteristics of innovative companies that need to be considered to encourage innovativeness.

1. Board members and senior management consistently place a heavy emphasis on the value of innovation. They take pains to communicate the importance of innovation to all stakeholders, particularly to employees.
2. Mavericks are deliberately hired so that the company can bring in fresh ideas or, through synergy with existing staff, stimulate new thinking and therefore generate new corporate opportunities. Some companies have a maverick as their C.E.O., but this is not always a necessary step as long as there is a sense and an acceptance that mavericks represent valuable input to the management process.
3. Transparency of information on a whole host of topics is encouraged through the use of information-(knowledge) sharing systems along with an emphasis on broad consultation throughout the organization.
4. Management, supported by the Board, views new initiatives as taking longer than the achievement of the next quarterly results. Their decisions sustain the necessary commitment of resources for the long term.
5. There is a tolerance for failure and risk-taking is viewed as part of the management process. Different criteria are applied to new initiatives as compared to the returns expected for established businesses. Corporate Innovation Online Ideas, Self-help and News 6. Management empowers those with new ideas to make the idea a reality.

This can be done by separating the new initiative from the business mainstream or by establishing dedicated individuals or groups, both formal and informal arrangements, for accomplishing the tasks involved in bringing ideas to fruition. Management has a well-understood business model which comes expeditiously into play when a new initiative is to be supported. Having a well-known and broadly understood business model also strongly supports the idea of management's commitment to innovation and saves time in organizing the launch of new initiatives. Reward systems reflect the corporation's interest and commitment to innovation. Rewards in the form of cash and stock are but a part of an overall mechanism to provide incentives and recognition to innovators.

Management encourages the movement of people among various parts of the organization to stimulate ideas and overcome overspecialization and conventional thinking. Innovative companies stay close to their employees through the use of attitude surveys and the organization of any number of forums or opportunities that are meant to encourage employee interaction. The above policies and practices contribute to the best culture for encouraging innovation. With the proper culture in place, there is every reason to expect that innovation will take place and that the corporation's economic and overall well-being will be enhanced.

Innovation is an important source of growth and a key determinant of competitive advantage for many organizations. Achieving innovation requires the coordinated efforts of many different actors and the integration of activities across specialist functions, knowledge domains, and contexts of application. Thus, organizational creation is fundamental to the process of innovation. The ability of an organization to innovate is a pre-condition for the

successful utilization of inventive resources and new technologies. Conversely, the introduction of new technology often presents complex opportunities and challenges for organizations, leading to changes in managerial practices and the emergence of new organizational forms. Organizational and technological innovations are intertwined. Schumpeter (1950) saw organizational changes, alongside new products and processes, as well as new markets as factors of 'creative destruction'. Extant literature on organizational innovation is very diverse and can be broadly classified into three streams. Organizational design theories focus predominantly on the link between structural forms and the propensity of an organization to innovate. The unit of analysis is the organization and the main research aim is to identify the structural characteristics of an innovative organization or to determine the effects of organizational structural variables on product and process innovation. Theories of organizational cognition and learning. This strand of work provides a micro-lens for understanding the capacity of organizations to create and exploit new knowledge necessary for innovative activities. A third strand of research concerns organizational change and adaptation, and the processes underlying the creation of new organizational forms (Lewin and Volberda, 1999). Its main focus is to understand whether organizations can adapt in the face of radical environmental shifts and technological change. In this context, innovation is considered as a capacity to respond to changes in the external environment, and to influence and shape it.

The structural perspectives discussed above treat innovation as an output of certain structural features. Some organizational researchers regard innovation as a process of bringing new, problem-solving, ideas into use. Central to theories of organizational learning and knowledge creation is the question of how organizations translate individual insights and knowledge into collective knowledge and organizational capability. While some researchers argue that learning is essentially an individual activity (Simon, 1991; Grant, 1996), most theories of organizational learning stress the importance of collective knowledge as a source of organizational capability. Collective knowledge is the accumulated knowledge of the organization stored in its rules, procedures, routines, and shared norms which guide the problem-solving activities and patterns of interaction among its members. Collective knowledge resembles the 'memory' or 'collective mind' of the organization. It can either be a 'stock' of knowledge stored as hard data or represent knowledge in a state of 'flow' emerging from interaction. Collective knowledge exists between rather than within individuals. It can be more, or less, than the sum of the individuals' knowledge, depending on the mechanisms that translate individual into collective knowledge. Both individuals and organizations are learning entities. All learning activities, however, take place in a social context, and it is the nature and boundaries of the context that make a difference in learning outcomes. Much of the literature on organizational learning points to the importance of social interaction, context, and shared cognitive schemes for learning and knowledge creation.

All organizations can learn and create knowledge, but their learning patterns and innovative capabilities vary. During the past two decades, extensive literature has examined new organizational models and concepts designed to support Alice Lam 171 organizational learning and innovation. These models include 'high-performance work systems' or 'lean production' (Womack et al., 1990), pioneered by Japanese firms in the automobile industry; and the 'N-form corporation' (Hedlund, 1994) and 'hypertext organization' (Nonaka and Takeuchi 1995). More recently, concepts such as 'cellular forms' (Miles et al., 1997); 'modular forms' (Galunic and Eisenhardt, 2001); 'projectbased networks' (DeFillippi, 2002),

and 'new economy firms' (Lazonick, 2005) reflect the growth of flexible and adaptive forms of organization with a strategic focus on entrepreneurship and radical innovation in knowledge-intensive sectors of the economy. The existence of stable organizational careers rooted in an internal labor market provides an incentive for organizational members to commit to organizational goals and to develop firm-specific problem-solving knowledge for continuous product and process improvement. New knowledge is generated through the fusion, synthesis, and combination of the existing knowledge base. The disappointing performance of Japanese firms in such fields as software and biotechnology in the 1990s may constitute evidence of the difficulties faced by 'J-form firms' in entering and innovating in rapidly developing new technological fields (Whitley, 2003). Adhocracy is an organic and adaptive form of organization that can fuse professional experts with varied skills and knowledge into ad-hoc project teams for solving complex and often highly uncertain problems. Learning and knowledge creation in an adhocracy occurs within professional teams that often are composed of employees from different organizations. Careers are usually structured around a series of discrete projects rather than advancing within an intrafirm hierarchy. The resulting project-based career system is rooted in a relatively fluid occupational labour market which permits the rapid reconfiguration of human resources to align with shifting market requirements and technological changes. The adhocracy has a much more permeable organizational boundary that allows the insertion of new ideas and knowledge from outside. This occurs through the recruitment of new staff, and the open professional networks of the organizational members that span organizational boundaries.

Thus, maintaining the openness of an organization for absorbing new knowledge and ideas from a variety of sources increases the scope for new combinations and enhances the possibility of producing more sophisticated innovations. An enduring challenge facing all innovative organizations is the encapsulation of dual structures, processes, and capabilities that reconcile stability and exploitation with change and exploration to ensure current viability and long-term adaptability. The notion of an 'ambidextrous organization' has become popular to denote the paradox of managing innovation in the contemporary business environment. Organizational innovation is a multifaceted phenomenon. The extensive literature in organization studies has advanced our understanding of the effects of organizational structure on the ability of organizations to learn, create knowledge, and generate technological innovation. We know relatively less, however, about how internal organizational dynamics and actor learning interact with technological and environmental forces to shape organizational evolution. It remains unclear how and under what conditions organizations shift from one structural archetype to another, and the role of technological innovation in driving the process of organizational change is also obscure. The bulk of the existing research has tended to focus on how technology and market forces shape organizational outcomes and treat organizations primarily as vehicles or facilitators of innovation, rather than focusing on the process of organizational innovation itself. For example, we tend to assume that technological innovation triggers organizational change because it shifts the competitive environment and forces organizations to adapt to the new set of demands. This deterministic view neglects the possibility that differences in organizational interpretations of, and responses to, external stimuli can affect the outcomes of organizational change. Treating the organization as an interpretation and learning system (e.g. Daft and Weick, 1994; Greve and Taylor, 2000) directs our attention to the important role of internal organizational dynamics, actor cognition, and behavior in shaping the external environment and outcomes of

organizational change. A promising direction for future research would be to take greater account of endogenous organizational forces such as the capacity for learning, values, interests, and culture in shaping organizational change and innovation.

Conclusion. The induced process develops initiatives that are within the scope of the organization's current strategy and build on existing organizational learning (i.e. continuity). In contrast, the autonomous process concerns initiatives that emerge outside the organization and provide opportunities for new organizational learning (i.e. change). These twin processes are considered vital for successful organizational transformation. In a similar vein, Brown and Eisenhardt (1997) note that continuous organizational change for rapid product innovation is becoming a crucial capability for firms operating in high-velocity industries with short product cycles. Based on case studies of multi-product innovations in the computer industry, the authors conclude that continuous change and product innovations are supported by organizational structures that can be described as 'semi-structures', a combination of 'mechanistic' and 'organic' features, that balance order and chaos. The dual search for stability and change constitutes a central paradox in all forms of organizing and poses a major challenge for firms operating in today's business environment. In the past, many organizational theorists maintained that the structures, processes, and practices that support stability and reliability were largely incompatible with those needed for change and flexibility.

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The Challenges of Financial and Sustainability Reporting Integration for Business Entities

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Abstract

Nowadays, Finance and Investment play a crucial role in business development and expansion. The commercial sector's main goal is to make as much profit as possible. However, due to global changes, the new era represents new requirements. For surviving, or developing businesses, profit-making can be only a short-term goal. Much attention should be paid to social, ecological, and environmental issues. In other cases, due to global climate changes and other factors, obtaining enough financial resources will not be the only safety factor for surviving in the long term. So, society would like to see that the companies are about themselves, the environment, and ecology by sharing proper financial and non-financial data. That is why the connectivity between Financial and Sustainability reporting is highlighted. It discusses how accounting of contingent liabilities and provisions (IAS 37) and revenues from Contracts with Customers IFRS 15 (international financial reporting standard) can be connected with sustainability indexes. Financial Transparency is essential however transparent operational and business management processes are also crucial. So, Sustainability reporting helps entities to communicate rationally the environmental, social, and governance (ESG) impacts of their businesses in parallel with financial information. As a result, it improves business reputation, attracts investors, and complies with new sustainability-related regulations.

Keywords: Financial Reporting and Transparency; Sustainability; KPIs; ESG; Sustainability Reporting European Directive; Business Development;

Discussion

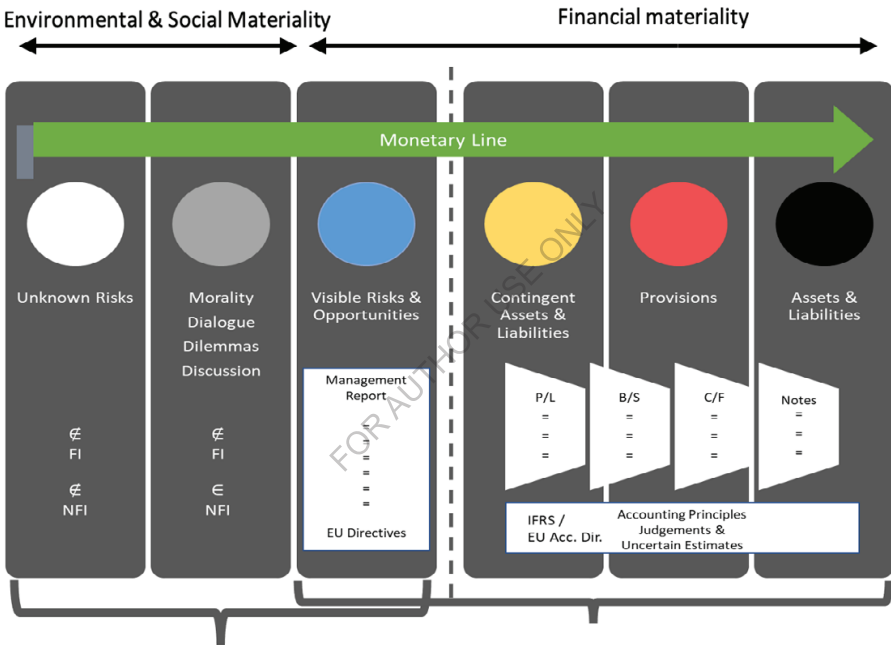
Recently due to climate change and different globalization issues, sustainable development has become a quite key topic, especially in the development of many business companies globally. The European Commission issued a special Directive that explains the importance of ESG (Environmental, Social, and Corporate Governance) issues. The Accounting Directive (2013/34/EU 1) as amended by the Corporate Sustainability Reporting Directive (CSRD - 2022/2464 2) requires large companies and listed small and medium-sized companies to include in a separate section of their management reports the information necessary to understand the company's influence on sustainability issues, and the information or special metrics that evaluate how sustainability matters affect the company's development, performance and position[5]. Georgia is actively involved in implementing these reforms in

the companies, that will promote our country to the membership of the EU. Truly nowadays companies generally issue management reports with financial reports however it will be better to establish special metrics to disclosure for each sector of the economy.

There are issued IFRS S1(Sustainability 1) and IFRS S2(sustainability 2). IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied. The goal of IFRS S1 is to require an entity to disclose information about its sustainability-related risks, uncertainties, and opportunities that is useful to various users of general-purpose financial reports who make significant economic and financial decisions.

“IFRS S1 requires an entity to disclose all kind of information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s cash flows, its access to finance or cost of capital over the short, medium or long term “[6].

Figure 1: Monetary Line



Inside-out Perspective **Outside-in Perspective with Rebound Effect**

Source: PTF-NFRS Report- Appendix 4- Page 13- Figure 4

IFRS S1 discusses sharing particular disclosures about:

- The governance main processes, procedures, and controls the entity uses in managing sustainability-related risks and opportunities;
- the processes the entity uses to identify, assess, prioritize, and monitor sustainability-related risks and opportunities; and
- the entity’s performance regarding sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation framework.

In addition to these issues, the EFRAG also focuses in detail on the **connectivity between the Financial.**

Figure 2

Source: <https://www.efrag.org/Assets/> From this –potential project for discussion purposes

EFRAG FRB- FR TEG
Joint meeting
8 February 2023
Paper 09-01
EFRAG Secretariat:
Connectivity team



Appendix 2: Illustrative Examples of ERSR monetary and non-monetary metrics (Climate change, biodiversity and own workforce)

SRS	Required disclosure metrics (monetary and non-monetary metrics)	Possible connection to IFRS financial reporting information as stated in ERSR	EFRAG Secretariat Comments
SRS E1 Climate Change metrics			
E1-5, E1-6	Energy intensity based on net revenue, GHG intensity based on net revenue	Revenue in financial statements, segment reporting	These two metrics are examples of direct connectivity (i.e. revenue used in the ratio) is expected
E1-8	GHG Emissions		The application requirements illustrate how GHG emissions can be used in the calculation of potential liabilities. GHG emissions can be material from both financial and impact materiality perspectives. GHG Scope 1, 2 and 3 emissions can inform on an entity's susceptibility to transition risk (e.g., high emitters face a higher risk to their business model when authorities pursue net-zero goals).
E1-8	Internal carbon prices	Consistency with carbon prices used in carbon pricing schemes with useful life and impairment of assets and fair value of acquired assets	This is an example of indirect connectivity
E1-9	Assets at material physical and transition risk including stranded assets	Assets at material physical and transition risk including stranded assets	Direct connectivity- Information of assets at risk is expected to be derivable from current financial statements

Figure 3

Source: <https://www.efrag.org/Assets/> From this –potential project for discussion purposes

Connectivity between Financial and Sustainability Reporting Information- Issues Paper

E1-9	Net revenue vulnerable to material physical and transition risk	IFRS 15 revenue; segment reporting information	Direct connectivity- Information of revenue at risk is expected to be derivable from current financial statements
E1-9	Potential liabilities (e.g., due to failure to meet emissions targets)	Unrecognised liabilities; contingent liabilities IAS 37	May not necessarily translate to financial statements liabilities
E1-9	Climate opportunities-Cost savings	Cost savings are undefined under IFRS requirements	Could be direct connectivity or indirect where reference is made to related line item
ESRS E2 Pollution metrics			
E2-4, E2-5	Air pollutants, Water emissions, Inorganic pollutants, Ozone-depleting substances, Microplastics, Substance of concern generated		
E2-6	Potential financial effects from pollution-related risks	IFRS 15 revenue; segment reporting information	Direct connectivity- Information of revenue at risk is expected to be derivable from current financial statements
E2-6	Potential financial benefits from pollution-related opportunities	IFRS 15 revenue; segment reporting information	
E2-6	Substances of concern used based on revenue	IFRS 15 revenue; segment reporting information	Direct connectivity
E2-6	Operating and capital expenditures incurred from major incidents and deposits	IAS 37 Contingent Liabilities	
E2-6	Provisions for environmental protection and remediation costs	IAS 37 Provisions	May not necessarily translate to financial statements liabilities
ESRS E4 Biodiversity metrics			
E4-3	Biodiversity offsets key performances		

And Sustainability Reporting, by mentioning the border between **Financial Materiality** and **Environmental and social materiality** [7]. As Figure 1 shows, in connection with unknown or known systematic risks, Profit and Loss Statements of Financial Position and Cash flow Statements help to identify any risks hidden in unrecognized contingent liabilities, provisions, or segment revenues in terms of ESG issues. To evaluate how well these issues were shared in Georgian Companies reports, we have searched out (reportal. ge) the register of different entities in the field of construction and hotels. As these business directions may have a more apparent impact on the environment, that is why they were chosen. These construction companies have disclosed several issues, such as related to employees, their health, and increasing motivation, different operational, and corporate governance risks, and uncertainties; and construction-related regulation issues; only 1/3 of them have disclosed their environmental protection projects. Moreover, the status of contingent Liabilities (IAS 37) was checked to find out if there were any significant court cases related to breaking construction-related regulations, pollution of the environment, etc. It should be mentioned that in 2022 Construction companies made more clear and detailed ESG disclosures rather than in previous 2021 and 2020 years (fig.2). [8]

Furthermore, IAS 37 Provisions, Contingent Liabilities, and Contingent Assets outline the accounting for provisions (liabilities of uncertain timing or amount), with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable). Provisions are measured at the best estimate including risks and uncertainties [9]. In terms of disclosure, some space for creative accounting can exist in terms of not sharing detailed probable potential obligations; it may refer to possible fines related to bad effects on the environment, ecology, and court cases while providing some specific construction services.

IFRS 15, establishes the principles an entity applies when reporting information about the nature, amount, timing, and uncertainty of revenue and cash flows from a contract with a customer.

Figure 2 shows some intensive connection between these two Financial Reporting (FR) and Sustainability Reporting (SR) issues. Some fixed assets especially used in the Energy Sector or Environmental protection projects can be impaired in both terms and it may have a big influence on the statement of financial position, in particular cases—on the liquidity positions of a company. Additionally, as in financial reporting and sustainability reporting, materiality aspects play a crucial role in what to share and what not.

Table 1- **Social KPIs**

N	Description
	Percentage of Female Employees
	Number of Customer Accidents at a factory, hotel
	Customer satisfaction scores;
	Number of Customers Complaints

Source: ACCA –AAA Practice and revision KIT-BPP Learning Media

Table N2-**Environmental KPIs**

N	Description
	% of Waste recycled at a hotel

Amount spent on eco-friendly products such as energy-efficient light bulbs or rubbish bins with separate sections for recycling in all rooms

% change in utility usage in previous years by companies since the prior year (comparison of actual budgeted use of utilities with ...

% of sustainable or recycled materials used in building new hotels or when undertaking refurbishments

Source: ACCA –AAA Practice and revision KIT-BPP Learning Media

As Figure 3 shows, segment information on revenue and liability accounting specifics also must be considered in sustainability reporting issues. Potential liabilities may arise if emissions targets are not met. Unrecognized liabilities may be an important case to focus on. Company Top management must evaluate provisions, and contingent liabilities, and disclose them accordingly.

Moreover, in addition to construction directions, *hotel specifications* could be of great attention. For practical considerations, we can divide out the following practical social and environmental metrics to share business impact:

All these metrics are specific however companies are not limited to establishing their own criteria and ratios to monitor their progress and comply with new sustainability regulations.

In Summary, Sustainable Development of Business is becoming a more and more key topic nowadays. Due to climate change or other global effects, most entities should integrate sustainability issues into their long-term strategy. Meanwhile, in parallel with financial reporting and accounting issues, more and more detailed sustainability reporting KPIs and metrics should be disclosed properly, especially in sensitive fields, such as construction, gas corporations, and hotels. However, as in financial reporting, business top management should consider the social and environmental materiality aspects of what to share and what is not necessary. As a result, they will contribute their share in the general sustainable development of the future business world in the long-term perspective.

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RESEARCH SYSTEM IN GEORGIA: ITS BIBLIOMETRIC ANALYSIS

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Abstract. The research system is the main determinant of the country's economic development. On the one hand, The research system is a generator of innovations, and it ensures the adaptation of external innovations to the local environment, on the other hand. Both of these processes require highly qualified personnel and contribute to the training of such personnel as well. Science in small countries has directions and infrastructure similar to big states. But there is a big difference between them. The science of small countries has limited financial resources, and insufficient staff resources for research, which forces them to strictly define scientific directions. The paper describes the issues of reforming science and scientific activity in Georgia in recent years. Special attention has been given to the issues of research funding in state research organizations, the characterization of the process of evaluating research results using bibliometric methods, and the issues of international distribution of scientific publications created based on research results. The problems in the activity of Georgian publishing houses and the possibilities of reflecting scientific publications in international databases are characterized. The works in this direction carried out in the last years in the GTU institute Techninformi are mentioned. A new tool for evaluating scientific publications – Altmetrics - and its effectiveness in recording the interest of scientists in scholarly publications and determining the ranking of scientific journals are characterized.

Keywords: research system, scientific publication, bibliometric analysis, scientific personnel, citation index.

Introduction

Research systems and scientific studies play an important role in the development of the economy of a small country. The research system is a main determinant of the economy - the growth of labor productivity. Productivity tends to increase primarily through technical innovation driven by the research system. This means that the research system is a generator of innovations, on the one hand, and it ensures the adaptation of external innovations to the local environment, on the other hand. Both of these processes require highly qualified personnel and contribute to the training of such personnel as well. Thus, at the modern stage, the development of science is the main, necessary direction of the country's economic development.

The research system is an organic part of the economy, so its study is one of the main tasks of economic research. It should be noted that in the modern world much attention is paid to the study of the state of the research system as the most significant factor of global development. [1].

Changes in the research system

Science in small countries has directions and infrastructure similar to big states. But there is a big difference between them. The science of small countries has limited financial

resources, and insufficient staff resources for research, which forces them to strictly define scientific directions, to give priority to applied research, and to pay more attention to the introduction of innovative research. For development, small countries need to share and implement the experience of large countries, active international cooperation and collaboration.

In recent years, science research activities have been reformed in Georgia, which has led to many changes in this field. The status of research institutions, the system of financing science, the system of training scientific personnel, etc have changed.

The evaluation of the state research system in Georgia has become especially relevant during the period of reformation of the scientific field. Care for the development of science, as well as research management improvement have become prioritized by science management bodies. Special attention is devoted to the targeting of funds allocated for research and the application of research results in practice.

Scientific researches are conducted in Georgia by various organizations with different sources of funding. A large part of the research is carried out by public research organizations. Therefore, the science management bodies will systematically study the issues of implementation, dissemination, and commercialization of the research of the state-financed organizations.

Table 1: The number of research institutions and the volume of performed research works

	2019	2020	2021	2022
Number of institutions, total (unit)	48	58	59	63
The volume of completed works, mln GEL	140.2	139.9	151.1	171.0

Source: 2019 - National Statistics Office of Georgia (www.Geostat.ge)

Since 2020 - Ministry of Education, Science and Youth of Georgia (www.mes.gov.ge)

As can be seen from the table, the volume of research works in Georgia increased by GEL mln 30.1 in the last four years. At the same time, more organizations are interested in researching the problems of various branches of the economy.

Scientific researches in Georgia are financed from the state budget, by the Shota Rustaveli National Science Foundation of Georgia (The Foundation) and by various grant funds. The Foundation has been allocated a certain amount from the state budget, with which it finances the priority directions of science in the form of a competition. Project proposals participating in the competition are evaluated/peer-reviewed by experts in the field selected by the Foundation, following which the projects highly ranked by them are selected for funding. [2].

The Foundation finances both fundamental research and applied research, in a total of seven fields of science. These are Natural Sciences, Engineering and Technology, Medical and Health Sciences, Agricultural Sciences, Social Sciences, Humanities, and Georgian Studies.

The Foundation funds come from the state budget, so it aims at financing the priority areas for the country and at promoting the development of young scientists and assisting them in finding a worthy place in the practical field of science.

Table 2: Number of staff (persons) engaged in R&D

	2019	2020	2021	2022
R&D personnel, total	13732	14589	14040	15099
of which				
Researchers make	10191	11859	12030	12991
Technicians and equivalent staff	1790	1380	1162	1168
Other supporting staff	1742	1322	848	922

Source: National Statistics Office of Georgia (www.Geostat.ge)

The number of personnel employed in scientific research in Georgia has been characterized by small changes in recent years.

The training of scientific personnel is the prerogative of the universities as a whole. Research institutes actively participate in the personnel training system. The demand for scientific staff is growing faster than the appropriate system can supply. The interest of young personnel in the research field is also rather low. [3]

Special attention is devoted to the thematic evaluation of scientific research in the country. The assessment implies the determination and analysis of quantitative data: the analysis of the distribution of scientific products according to fields and subfields, that is, disciplines; determining the share of interdisciplinary studies; determining the place and share of the conducted research in the relevant scientific discipline; productivity evaluation of individual scientists and scientific groups, etc. The analysis is based on the data from national information databases representing scientific research and scientific publications and the information from bibliographic databases representing world science.

Evaluating scientific papers

Bibliometric methods are used for the thematic study of scientific research. Because through these metrics the state of the research field and the quantitative indicators of changes taking place in it can be measured.

The first attempt to use bibliometric methods in Georgia was made in 2003, at the beginning of the process of state certification of research institutions. However, this analysis had serious methodological flaws. [4]. During the evaluation process, it was common to compare institutions of different profiles in terms of performance, visibility in international databases, citations, etc. Since then, research methods have changed, as well as the approach to the process of measuring the effectiveness of R&D activities and the performance of research institutions.

The review of these issues showed us the necessity of further analysis of the research system, using bibliometric methods and/or other research techniques, with a focus on studying the full flow of scientific publications. This implies determining the number of publications reflected in both national and foreign editions, as well as systematizing publications according to the subject theme.

Because of all the above, the issue of internationalization of research in Georgia has become very relevant today, especially as the citation index of publications is being considered as an indicator of the scientific value of academic publications and scientific productivity. [5].

For this purpose, the interest of Georgian scientists and scholars in the international distribution of scientific publications is increasing. Accordingly, the number of scientific

publications of Georgian scientists in international scientific databases has also grown.

In the course of the research, the flow of Georgian scientific publications in international databases, the control of which is carried out systematically, was studied, Analysis and assessment of bibliometric indicators was made according to the information of international scientific databases. [6].

The possibilities of placing scientific publications of scholars and researchers of different countries in international scientific databases are expanding more and more. The interest of the scholars and researchers of our country towards the distribution of their works in international scientific societies is also increasing. Therefore, the number of Georgian scientific publications in the mentioned databases has increased in the reporting year. More and more authors' works are placed in databases such as Scopus and Google Scholar.

In the reporting year, the state of citation of the scientific publications of the academic staff and scholars of the state universities of Georgia in the above-mentioned databases was studied. For example, the number of works of academic staff and researchers of Georgian state universities in the Scopus databases shows a tendency for growth, albeit at a slower pace.

Table 3. The number of publications of the state universities of Georgia in the Scopus database, December, 2023

Institution/ Field of Science	The number of publications of the state universities of Georgia
Total	22701
Including:	
Physics & Astronomy	7490
Mathematics	3098
Engineering	2527
Material Science	1423
Chemistry	1066
Medicine	2161
Earth and Planetary Sciences	1087
Biochemistry, Genetics, Molecular Biology	846
Social Sciences	1027
Computer Sciences	880
Multidisciplinary Sciences	1096

Source: www.scopus.com (December, 2023)

According to the Scopus database, the most cited documents are in the natural sciences, less in the social sciences, as well as in the computer and multidisciplinary sciences.

The number of publications of Georgian scientists in the Scopus database is increasing every year. If in 2022 there were more than 16000 documents of 5030 authors in the Scopus database, in 2023 more than 18000 documents of 5400 authors were placed in the database.

However, such a pace of reflection of Georgian publications in the international base is not enough. The placement of publications of Georgian scientists in international scientific databases is still a problem. There are many reasons for this. One of them is the language barrier. A large part of the works are printed in Georgian scientific publications, which creates a barrier to their international distribution. Georgian scientists and researchers try to find rated foreign publications and cooperate with them to publish their research results in high-ranking journals; however, the number of Georgian publications in international databases is still very

small.

Second, there are problems in the work of publishing houses. Scientific publications cannot meet the standards that would help them to be placed in foreign databases. Many new national publications, including paid ones, have been founded in Georgia in recent years. This changed the pattern of scientific communication. There are often cases when there is a conflict of interest - between the desire to receive a fee and the demand for the quality of the publication.

Different countries have academic journals that do not meet the requirements of the Web of Science but are authoritative and weighty within the country. Such journals are known as "local journals". Articles published in them are not cited internationally. These publications are reflected in national citation databases. Therefore, in the first stage, the work on the selection of Georgian academic journals should be started, along with the development of measures for the improvement of their quality.

In order to prepare scientific articles according to international standards, the Institute Techninformi has developed relevant recommendations. Information about international standards and recommendations was provided to research institutions, scholars, and researchers who are less familiar with the features of international databases.

Today, the world scientific field recognizes two main scientometric databases, Web of Science (WoS) and Scopus. Lately, in relation to Georgian publications, Google Scholar database data is mostly used. This database helps national publications a lot, as the language barrier is less of a hindrance therein.

In order to fully study the Georgian scientific flow, the work on creating a Georgian Citation Index should be started, insofar as the publication of a report in foreign academic journals takes a lot of time and effort. The placement of Georgian academic journals in international scientific databases is also very time-consuming. Regulating the flow of Georgian scientific publications will greatly help the evaluation of research using bibliometrics.

To conduct bibliometric analysis in the direction of evaluation of research, the quantitative ratio between thematic indicators needs to be determined. The Georgian translation of the terms of several international classifiers, namely, Web of Science (WoS), Essential Science Indicators (ESI), Scopus, and OECD, made at Techninformi helps to determine the ratio between indicators. The classifier is available in print and electronic format to make it easier to use.

And finally, to evaluate scientific publications, of importance and interest is the new alternative metrics, known as Altmetrics, which make it possible to evaluate publications not by their quantitative indicators, but by the real interest rate of the publication. Altmetrics, as a new bibliometric method, helps to cope with the difference of opinions regarding the merits of the Citation Index (CI) as a true and correct publication evaluation metric, the implication of using/citing a publication by other scientists, etc. Therefore, this new opportunity shows more specifically the interest of scholars and researchers in a scientific publication; making it easier to count how many scientists or specialists have got interested in scientific research or a scholarly article.

It should be noted that the publication of a report/article and the process of its citation are far apart in time. Therefore, this new Internet tool reduces the impact of the time factor and provides us with information indicating interest in the publication promptly.

Altmetrics is also a good tool for evaluating the ranking of scientific journals. At present, academic journals are required to have their scientific articles peer-reviewed. This mechanism creates prerequisites for alternative examination of publications. Moreover, the field of examination/peer-review is wide and the list of open-access journals is growing for scholars who wish to publish their articles in peer-reviewed journals.

Conclusion

For the planned development of a research system, in-depth and comprehensive investigations of the system with bibliometric methods are necessary.

Planned structural, rather than spontaneous, changes in scientific research works are needed. The basis for the implementation of changes should be the priority scientific direction for the country.

More attention should be paid to the implementation of applied experimental works, the selection and financing of innovative prospective research, the funding of research from the industry, the familiarization with and the implementation of foreign research practices.

In order to increase the rate of citation of academic journals and scientific works of individual authors, it is necessary to strengthen the work in two directions: the quality of Georgian academic journals should be improved; qualified publications, which have a high rating, a high citation index, and which are located in various international databases, should be selected for publishing as scholarly articles.

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Abstract

The main priority of the Georgian government is the formation of a strong education system, which will help the country overcome several problems. In this regard, it is very important to improve one of its constituent parts, the system of professional education, because it is professional education that is the most effective tool for socio-economic development, progress, and strengthening of the country.

For the country to have a quality professional education system based on business and labor market requirements and adapted to it, which will be able to immediately respond to challenges and deal with them, it is necessary to adapt professional education to the requirements of the labor market, strengthen the role and involvement of public-private partnerships, education forms and methods. Renewal - development of a set of implementation mechanisms, which ultimately means perfecting the state management system of vocational education.

Keywords: labor market, professional education

The main task of professional education is to prepare a qualified, competitive professional staff in the labor market. This is a system where the graduate goes to employment most shortly. Training is carried out in professional educational institutions with the involvement and participation of partner organizations.

Vocational education allows any person to develop/display/acquire both theoretical and practical professional skills, which in turn allows for successful employment.

In 2021, 11,414 vacancies were registered by⁸ 875 employers in the labor market management information system, which is an average of 13 vacancies per employer. The majority of vacancies belonged to the main occupational groups: service and sales (39%), beginner qualification (26%), craftsmen (21%), and industrial equipment operators (6%). Accordingly, qualification requirements for the majority of vacancies included secondary (46%) and **professional (42%) education**, and the specific share of vacancies requiring higher education (6%) is quite small. Like the main professional groups, the following are the leaders in terms of vacancies entered into the system: trade (31%), other services (18%),

⁸ It is a public web portal created on the principle of “one window”, which provides updated information on labor market trends, career planning, and professions in the country to various users.

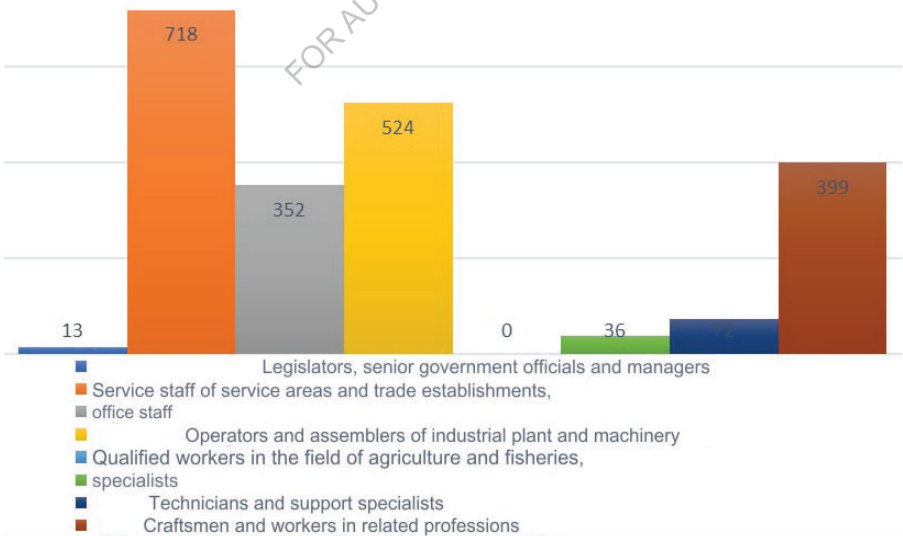
tourism (15%), and construction (9%) sectors. (Ministry of Economy and Sustainable Development of Georgia, 2022)

Based on the data of the labor market information system, which in turn is based on the processed information of the two employment agencies Worknet⁹ and HR.GE¹⁰, we can create a general picture of the vacancies in the labor market and their qualification requirements. It should be noted here that the given information is grouped according to the main groups of the International Classification of Employment (ISCO 08). (International Labor Office, 2012) Since the criteria of the mentioned classifier are used during the analysis of the data, the qualification requirements of the employers are comparable to the criteria of the international employment classifier.

According to ISCO-08, two dimensions of qualifications are used to classify occupations into groups. These are qualification level and qualification specialization. Qualification level is defined as a function of the range and complexity of the tasks and assignments performed within the profession. It is measured according to the following operational factors: 1) by the nature of the work performed within the profession, related to the typical assignments and tasks defined for each qualification level of ISCO-08; 2) with the level of formal education defined by the International Standard Classification of Education (ISCED-97) (UNESCO, 1997) and which represents the established requirement for the competent performance of specific tasks and duties; 3) The amount of informal, on-the-job training and experience within the relevant profession required to competently perform the aforementioned tasks and duties.

With the mentioned classifier, four ISCO qualification levels and their definitions are also defined.

Diagram 1. Worknet: Vacancies received by the State Employment Agency according to the main groups of the International Classification of Employment (ISCO 08)

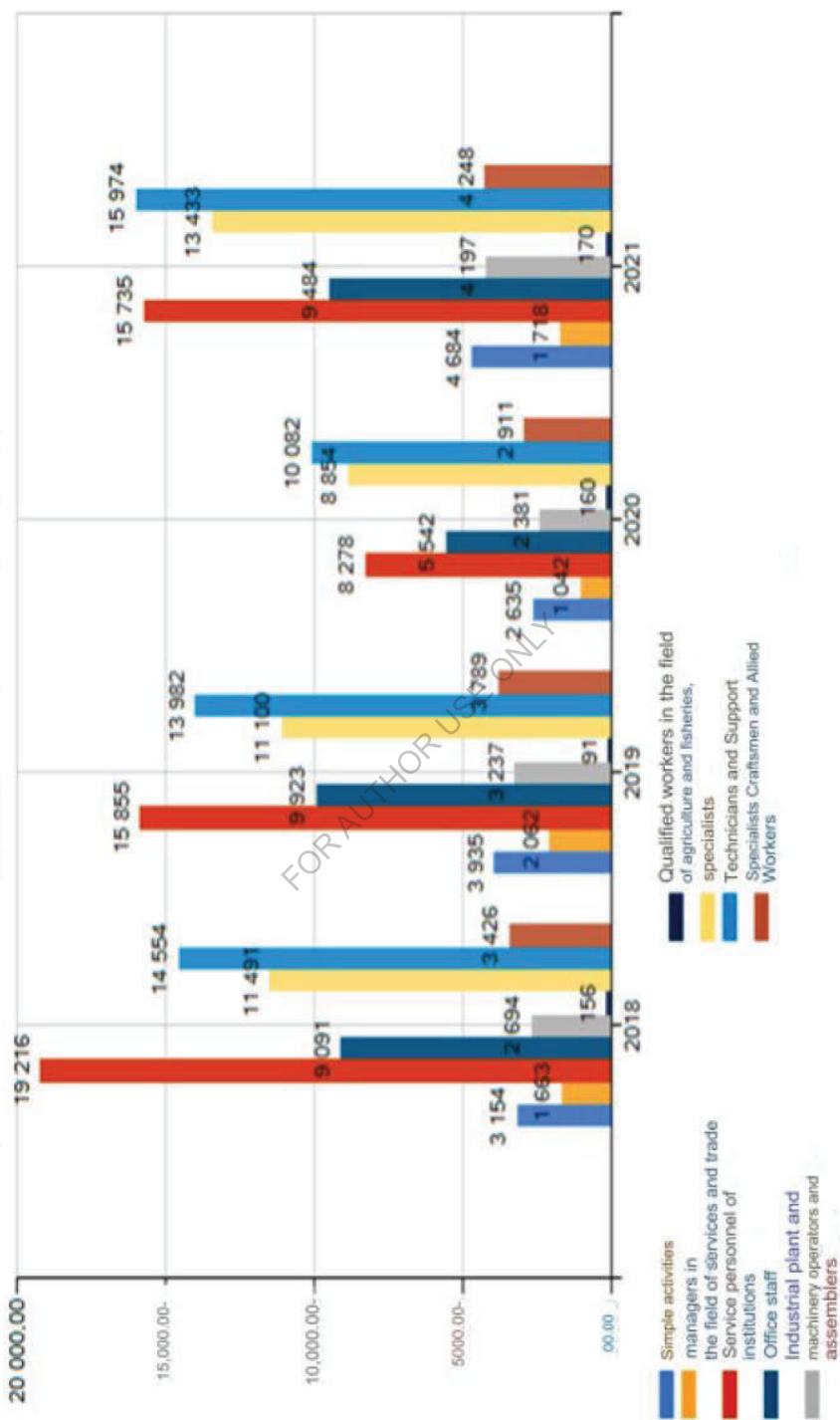


Source: (Labour Market Information System, 2023)

⁹ State Employment Promotion Agency

¹⁰ "Employment Agency Eichar"

Diagram 2. HR.GE: The number of posted vacancies according to the main groups of the International Classification of Employment (ISCO 08) 2019-2021. Source: *Labour Market Information System, 2023*



We focus on the second level of qualification, which combines the use of machinery and electrical equipment, driving a vehicle, repair and maintenance of electrical and mechanical machinery and equipment, and sorting, retrieving, and storing information.

At the second level of qualification, in the case of almost all professions, it is necessary to have such skills as the ability to read information related to safety instructions and make a written report on the work performed, as well as the ability to perform simple arithmetic calculations. Many occupations at this qualification level require relatively high levels of literacy, numeracy, and interpersonal skills. Some occupations at this level require vocational training after secondary education (ISCED-97 Level 4). In some cases, experience and advanced training can replace formal education. Occupations classified at level two include bus drivers, secretaries, accountants, tailors, clothing designers, sales consultants, police officers, hairdressers, building electricians, and car mechanics. (International Labor Office, 2012).

In the same document, according to the correspondence between the qualification levels of the basic groups of ISCO-08, the second qualification level corresponds to the support staff of the 4th office; 5th service and sales specialists, 6th agriculture, forestry and fishing specialists; and 7th Craftsmen and allied workers, and 8th Industrial plant and machinery operators and assemblers. It is according to these groups that the information about vacancies is processed by the above two agencies.

The demand for technicians and support specialists (3rd main group) includes vacancies: In terms of business, information and communication technology, healthcare, scientific, and legal support specialists. There is a high qualification requirement for vacancies in the main professional group of technicians. (3 years of formal education in a Higher educational institution) Accordingly, vacancies also require experience and high-level skills from job seekers. Among the main professional group of technicians, the greatest demand is for business and administrative support specialists (74%), of which it is worth noting, Commercial sales representatives (53%), credit and loan officers (17%), and office supervisors (12%). From the mentioned subgroup, the elementary professional groups of insurance representatives (5%), real estate agents (5%), buyers (4%), and accounting specialists (3%) also stand out due to the abundance of vacancies.

The qualification requirement for the main occupational group of industrial plant and machinery operators requires vocational education. Among the above-mentioned main group, vacancies are mostly for operators of sustainable industrial equipment and machines, whose work is related to work on the production line (61%), metal (28%), and paper (10%) equipment operation. (Employment agency Eichar HR.GE, 2023)

According to the information of the Ministry of Education and Science of Georgia (Professional Education, 2023), there is a qualification (620) certificate (409) Professional Education Program. These programs are implemented by various types of educational institutions.

We randomly selected 10 organizations from the mentioned list and studied the professional programs implemented by them. Eight of the selected colleges mainly offer vocational education programs in a narrow field: College "Ikaros" in the direction of cooking and restaurant services; Ltd - public college Natali academy - in the direction of make-up artist and stylist, nail, hair and skin care; Ltd - Naval Training Center "Equator" and Ltd - Batumi Navigation Training University in the direction of training ordinary sailors; Ltd -

„Sio“ ღღ Ltd - The College of Tertiary Medicine offers nursing, home care and pharmacy programs. Ltd - Yakob Gogebashvili Georgian College offers only the "Financial Services" program, Ltd - The Aviation University of Georgia offers training programs for aircraft pilots and technical service specialists.

Table 2. Educational institutions implementing professional programs

		<i>Frequency</i>	<i>Percent</i>	<i>Valid percent</i>	<i>Cumulative percent</i>
<i>Valid</i>	<i>Authorized private professional/Community College</i>	35	46.7	46.7	46.7
	<i>Authorized State College</i>	19	25.3	25.3	72.0
	<i>General educational institutions implementing professional programs</i>	2	2.7	2.7	74.7
	<i>Higher educational institutions implementing professional programs</i>	12	16.0	16.0	90.7
	<i>A college established with equity participation of the state</i>	7	9.3	9.3	100.0
	Total	75	100.0	100.0	

Source: (Ministry of Education and Science of Georgia, 2023)

Two educational institutions, LEUNL (Legal entity under public law) - College "Spectri" and LEUNL - College "Tetnuld" implement professional programs of various engineering and construction directions, which are included in the list of analytical indicators of the labor market discussed above.

Recently, various studies conducted on labor market issues in the country studied the attitude of employers and society towards professional education. In addition, they revealed difficulties in terms of finding a workforce, of professional groups with both high and low qualification requirements. Employment difficulties are due to the lack of jobs (especially in the regions) on the one hand, and the lack of personnel with relevant knowledge, skills, and experience on the other hand. This is accompanied by global trends caused by internal and external factors. In particular, increased migration opportunities, demographic changes, new work organization arrangements, and the use of new technologies.

The majority of employers consider vocational education to be important both for the company's activity and for reducing unemployment in the country and strengthening the economy. Despite such a positive attitude, the degree of cooperation between employers and vocational schools is quite modest, which is explained by the lack of information, the absence of narrow specialty study programs, the lower prestige of vocational education, and the scarcity of relevant human resources in the company. Companies also believe that the initiation of cooperation should come from vocational schools and be linked to informing them about programs and various opportunities. According to employers, professional education more or less meets the requirements of the labor market however, at the same time, they believe that it is an opportunity to quickly master the profession and find employment.

Employers positively assessed the availability of professional education from a financial and geographical point of view. At the same time, they highlighted the challenges related to the choice of professional education by young people and the desire to start work. The opinion was expressed that those who choose vocational education have little understanding of professions and employment opportunities. Choosing a profession is often not related to one's interests. There are frequent cases when vocational school students do not agree to the offered service after completing industrial practice. Low motivation may be related to expectations related to pay. Along with low wages, the problem of finding staff is related to the outflow of the labor force from the country. Research has shown that professional education is rarely mentioned in qualification requirements and employers specify higher education in positions without need. This significantly reduces the popularity of professional education. At the current stage, the vocational education system is not yet fully oriented to the labor market and changing needs.

Conclusion

Compliance and compatibility of professional education with the requirements of the labor market is one of the system's priorities – the employer chooses what skills and competencies he needs. It is better if the state allocates more material resources, tries to attract employers, develops mechanisms to encourage them, and provides them with qualified personnel since the passive involvement of employers in developing this direction of education remains a problem. It is desirable to conduct systematic studies that will help them better define the labor market requirements and train professional students accordingly. The state should pay special attention to the professional education system so that professional education can effectively meet and provide the requirements of the labor market with appropriately qualified personnel.

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Foreign Interference in Electoral Processes as a Factor of International Politics: Mechanisms and Counteraction

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Abstract. The relevance of the study is conditioned by the need to better understand the mechanisms and ways of foreign interference in electoral processes in North America and Europe. This is necessary to develop effective measures to counter attempts to undermine democratic processes and improve them under the challenges of the digital media era. The purpose of the study is to analyze the current policy of China and the Russian Federation in the sphere of influence on electoral processes in democratic countries and to analyze possible measures to counteract this interference. The following methods were used in the study: heuristic, induction, synthesis, abstract, and logical. According to the results of the study, electoral processes in North America and European countries are subject to constant interference from China and Russia, since each of these countries has its motives for dismantling democracy in these countries. There is an increase in these manipulations due to digitalization processes. Based on the results of the analysis of manipulation mechanisms, a classification of the types of interference of these states in electoral processes is developed, in particular, three main scenarios of such influence and five types of interference are indicated. It is determined that Russia mostly resorts to manipulating information, implementing the concepts of “post-truth”, and China – to subversive activities in society. There are many measures in both the EU and the US to counter such interference, but most of these measures consist of exposing the interference, spreading such information to the public, and taking technological action. It is concluded that the defense of democracy should be based solely on open and democratic ways of countering foreign interference, and the violation of citizens’ rights will only further undermine faith in democratic values. It is concluded that countering interference in electoral processes, first of all, should be based on informing citizens about the risks of manipulation, media literacy, critical thinking, and readiness for constant political activity. The practical significance of this study is that it will help in developing a strategy for countering foreign interference in democratic processes

Keywords: diplomacy; civil participation; manipulation; vectors of influence; methods of counteraction

Introduction

The relevance of this study lies in the fact that foreign interference in electoral processes remains a threat to the political stability of countries and democracies around the world. Interference in electoral processes not only poses a threat to national security but also

discredits democratic values. Understanding intervention mechanisms and measures to prevent or counteract them will help ensure the sustainability of electoral systems and protect the democratic values of the states under study.

Elections are an important process for every democratic country. The entire system of representative democracy is based on the idea of delegating power to the people to representatives who should be independently responsible for foreign and domestic policy. Such a system can function successfully only if there is freedom of choice and fair voting (Boryslavska, 2018). However, current trends indicate that the principles of freedom of choice are increasingly being used to deliberately manipulate the political preferences of the electorate. This is especially evident in cases of foreign interference in national elections in states with a high level of democracy development: the United States of America (USA) and the states of the European Union (EU) (Authoritarian Interference Tracker, n.d.).

The problem of protecting the information system and countering foreign interference in the electoral process of countries is considered in many studies by Ukrainian researchers. Exploring digital technologies in the electoral process, I.M. Zharovska, & V.B. Kovalchuk (2020) determined that despite the significant superiority of digital technologies in the election process, digitalization of life increases the risks and opportunities for external interference in electoral processes. Other Ukrainian researchers M.A. Buchyn & M.V. Kitsiak (2020) noted that the mechanisms and forms of foreign interference in the national elections of other states are not just a means of strengthening the influence of manipulators in democratic regions, but are an element of the hybrid war waged by authoritarian states. Investigating the protection of the electoral model of political participation, N. Rotar (2021) determined that a powerful element of such a hybrid war is disinformation of the population, which affects the future of political institutions. Analyzing the information security of the 2020 US election, I.O. Chernovol & I.Y. Charskykh (2021) concluded that the main consequence of foreign interference in the US election is not the victory of a particular candidate, but the long-term impact on democratic processes and state institutions. As a result, there is a distrust of citizens towards politicians, the government, and democracy in general. Foreign interference in electoral processes is an element of hybrid manipulative attacks, the so-called “sharp power”, which was investigated by

Y. Vaida (2022) on the example of EU states. As a result of the study, the researcher concluded that as of 2022, the problem is so acute that the EU has begun an institutional fight against external interference in electoral processes.

The study of foreign interference in electoral processes consists of at least three aspects: violation of democratic principles, a threat to national security, and the role of digital technologies. That is, foreign interference affects the process of democracy since the influence of foreign states on the electoral process of the state violates the right of citizens to free choice. Attention should be paid to the problem of threats to the national security of the state that is being interfered with. In addition, this problem is not new, but with the development of digital technologies, such intervention is becoming more accessible and effective. Analyzing most of the conducted research, some gaps in the area can be identified. In particular, the mechanisms of foreign interference in the electoral process of another state are considered mainly as an integral part of other forms of interference, such as “sharp power” or hybrid warfare, which does not always allow describing the process of interference in democratic institutions. In addition, studies usually consider the problem and consequences but do not provide specific recommendations for preventing and countering foreign

interference at the cognitive level for citizens. This creates the need for a detailed investigation of intervention mechanisms and prevention measures, and counteraction recommendations for both the USA and EU states.

The purpose of the study is to analyze foreign interference in the USA and EU electoral processes to further identify possible consequences for the democratic system and develop principles on which to base counteraction to such interference.

Materials and Methods

In the course of the study, general scientific and special research methods were used. The genetic method was used to identify the origin of certain patterns and mechanisms of interference in electoral processes and other democratic institutions in Europe and North America. Using the method of synchronous and asynchronous comparison, the difference in the tactics and mechanisms of intervention used by different political agents was revealed, along with this, the use of these methods identified regional features of intervention and tracked how the methods and intensity of influence changed during the 21st century. Using the heuristic method, current views on the nature of interventions were analyzed and information was collected about political parties that express support or have a loyal attitude towards countries that interfere in democratic processes. An abstract and logical method was used, which allowed the forming of conclusions based on the results obtained.

The analysis of the problem was based on analytical reports, statistics, and indices that show the level of public confidence in democratic institutions and the executive branch. The analysis of quantitative data identified states that interfere and states that most often interfere in democratic processes, in particular, in electoral processes. The main resource was the “Authoritarian Interference Tracker” developed by the Alliance Securing Democracy (ASD) (Authoritarian Interference Tracker, n.d.). This tracker is represented by five interrelated asymmetrical tools – information manipulation, cyber operations, malicious financing, subversive activities against civil society, and economic coercion. Many of the data records are crosslegged with multiple tools, highlighting how the Russian and Chinese governments simultaneously use different tactics to undermine and destabilize democracy. The data provided by ASD is taken from open sources, and therefore, they are usually incomplete and indicate mainly key trends rather than exact characteristics. Due to the hidden nature of authoritarian interventions, it is quite difficult to determine clear and direct authorship, so the data in the Tracker includes only those incidents for which the initiator country is more or less established. In addition, to determine the specifics and consequences of interference in electoral processes, the indicators of the Democracy Index for the period 2006-2022 and indicators of the level of support for democracy calculated and presented by the Economist Intelligence Unit were used (2023). Quantitative data on citizens’ trust in public institutions in Europe and America were used, presented in many specialized studies, and calculated using various methods (Big Think, 2021; Brennan, 2021). Using an IPU Pirline (n.d.) resource and a heuristic search for information about European political parties, the share of pro-Russian or Russian loyal parties in the parliaments of European countries was estimated. The database on the Russian presence in Europe was used to assess the sources of influence on EU policy (Texty.org.ua, 2022), created by many analysts based on an analysis of 1,300 individuals and 900 organizations.

Results and Discussion

First of all, foreign interference in elections is motivated interference in which a foreign state interferes with the elections of another state to pursue its interests and improve its status (Chernovol & Charskykh, 2021). Interference is a component of illegal influence characterized by the use of material, information, and economic resources for cognitive effect to influence the target audience (Berzina & Soula, 2020). Cases of foreign interference in the electoral process of other states are not a new phenomenon in the international political arena. However, the use of influence or interference by one state to change the course of elections by another state is increasingly served. For the most part, such interference is caused by technological progress, which has positive consequences for the overall development of society in certain areas but creates negative consequences for democracy in the 21st century (Boryslavska, 2018).

Illegal actions to interfere in the democratic and electoral processes of other states in the international arena are most often carried out by the People's Republic of China and the Russian Federation (Authoritarian Interference Tracker, n.d.). Other states also try to influence democratic and electoral processes but with much fewer resources and less success at the international level than Russia and China (Jiangène Vilmer *et al.*, 2018). The total number of attacks identified by ASD reaches 643 cases. Of these, 68% (438 attacks) were carried out by Russia, and 32% (208 attacks) were carried out by China (Authoritarian Interference Tracker, n.d.). It should be emphasized that interference in the electoral process of the Democratic states of the EU and the United States is observed by states that are characterized by an authoritarian regime. So, as of 2022, Russia has a Democracy Index of 2.28, and China – 1.94 (EIU, 2023), while the average level of the EU Democracy Index is between 9.39 in Sweden and 6.45 in Romania with an average of 7.9, and the US Democracy Index – 7.85 (EIU, 2023). That is, Russia and China have not only failed to form a perfect democratic system in the country but also worsened it in individual states, interfering in their democratic processes, in particular elections. Due to various reasons, including foreign interference, the level of democracy in the EU has fallen by 0.2 points in recent years (Hungary shows the most negative trend, where the Democracy Index decreased by 0.89) (EIU, 2023). In the USA, the level of democracy fell by 0.37 points. To establish a correlation between foreign interference in electoral processes, there is currently little data, and the methodology and specifics of such calculations have not yet been investigated, but it can be assumed that China and Russia also contribute to the destruction of democracy and trust in Europe, as evidenced by the decline in confidence in national parliaments in Europe (Big Think, 2021).

For the period 2008-2022, the EU and the United States became the targets of the largest number of interventions in democratic processes, of which more than 20% accounted for the United States – 138 attacks according to the Authoritarian Interference Tracker (n.d.), and 505 for Europe (Fig. 1). For comparison, during the period 1946-2000, Russia interfered in every ninth US election (Levin, 2016). Now, with the development of digital technologies, such interference occurs during every US election, as well as in the periods between elections. Analyzing the period 2008-2022, it can be argued that the greatest activity on the part of Russia and China was manifested in the period 2013-2022 (Authoritarian Interference Tracker, n.d.). Long before the election process – in 2014 – Russian disinformation spread among Americans (Berzina & Soula, 2020). In the same year, Chinese hackers engaged in

unprecedented cyber espionage. In 2017, American experts determined that the Russian intelligence group APT28 was involved in interference in the 2016 US election (Brattberg & Maurer, 2018). Russian intelligence hackers stole the email of the Democratic National Committee and distributed it on social networks (Ross *et al.*, 2022).



Figure 1. The number of foreign interferences in democratic processes at the international level for the period 2008-2022

Source: Authoritarian Interference Tracker (n.d.)

About USD 100 million was also spent on spreading disinformation on social media, reaching 120 million Americans. The goal was to sabotage the electoral process, undermine the candidates' campaigns, and form a negative public opinion about each candidate (Henschke *et al.*, 2020; Schmitt, 2021). Thus, the consequence of foreign interference was not only the deterioration of international relations (Rato, 2018), but also the undermining of the electoral process and the attitude of citizens to democracy. Thus, according to data calculated based on the Christopher Klassen methodology, the level of support for democracy in the United States, after exposing information about election interference, experienced a rapid decline (EIU, 2023). Never before have so many citizens of the United States viewed democratic institutions so negatively. Thus, this example proves that exposing information about foreign interference in democratic processes leads to a rapid decline in the authority of democracy.

After the election of D. Trump as president, the spread of Russian disinformation continued for a long time. For example, for the period 2015-2017, Russians posing as Americans organized about 130 events aimed at clashes between groups of US citizens (Berzina & Soula, 2020). After the 2016 presidential election, the United States government

took a more active stance on countering foreign interference in the electoral process: public warnings were issued, sanctions were imposed, and social media accounts were removed. However, such actions did not cause foreign interference on the part of Russia to discredit the figure of D. Biden, and China – D. Trump (Luther *et al.*, 2021). In addition, to undermine US democratic institutions, Iran became more active in 2020, whose influence in the 2016 elections was not noticeable (Eichensehr, 2021; Pylypiuk, 2022).

In 2018, on the eve of the US presidential election in 2020, China’s manipulation and subversive actions in American society were again recorded. The mechanisms of Chinese intervention were somewhat different from those of Russia. China did not act directly by falsifying election data, as Russia did. But it showed mechanisms of influence through trade: using tariff policies for political gain and specifically targeting industries and states that played an important role in the elections and were less supportive of

D. Trump. For example, goods produced in the districts of P. Ryan and Senate leader M. McConnell were most affected (Brutger *et al.*, 2023). This period represents a sharp decline in American confidence in the federal government, as demonstrated by M. Brennan (2021).

For the period 2016-2022, experts estimate that China spent about USD 280 billion on actions to influence US policy. Unlike Russia, which mainly focused its influence on undermining democracy in general, China has made attempts to change the views of the United States in a broader sense (Che *et al.*, 2021). “Russian intelligence services are creating bad weather, and China is changing the climate” – this is how the Director General of the British Intelligence Agency, C. McCallum, described China’s foreign interference in the UK (Kurlantzick, 2022).

Table 1. Russian influence in Europe

Country	Number of Russian organizations in Europe	Number of pro-Russian politicians and lobbyists
Germany	196	216
France	62	200
Italy	86	162
United Kingdom	70	81
Serbia	67	79
Bulgaria	43	61
Czech Republic	43	60
Spain	43	43
Greece	22	59
Austria	22	54
Poland	21	51
Hungary	41	28
Belgium	35	27
Sweden	27	27
Netherlands	20	16
Romania	18	31
Slovakia	16	28
Ireland	15	16
Denmark	13	11

Source: compiled by the authors based on Texty.org.ua (2022)

In 2022, China introduced mechanisms of influence through print and online media (hereinafter – mass media) and propaganda through radio, thus trying to influence the course of the upcoming US elections in 2024. Thus, China is trying to harm possible candidates who do not cooperate with the PRC. This happens through bots and fake social media profiles (Kurlantzick, 2022). Researchers note that China controls 4.5 thousand television channels, more than 2 thousand radio stations, about 2 thousand newspapers, 10 thousand magazines, and 3 million websites where it criticizes the countries of Western Europe and the United States (Jiangène Vilmer *et al.*, 2018). In other words, China is increasingly copying Russian mechanisms of influence (Kurlantzick, 2022). The interference of Russia and China in the democratic processes in the EU countries is served in a smaller volume compared to the United States. Analyzing the data in Figure 1, it can be concluded that Germany, the Czech Republic, the Republic of Lithuania, Great Britain, Italy, Hungary, Serbia, Ukraine, France, and the Baltic states experienced the greatest interference in democratic processes by the Russian Federation (Fig. 1). However, the interventions shown in Figure 2, in addition to interference in electoral processes, also characterize other types of interventions to undermine democracy in states (Authoritarian Interference Tracker, n.d.).

The largest number of interventions by China and Russia was experienced by five countries: Germany, France, the United Kingdom, Sweden, and the Netherlands. There is a tendency to increase the number of pro-Russian lobbyists in Western European countries (Table 1)

China has been less influential in the EU than in the USA. In particular, back in 2013/2014, the Chinese strategy “One Belt, One Road” was announced to develop infrastructure in 70 countries, including the EU, improving political trust and joint development. In its foreign policy strategy towards Europe, China relies primarily on strengthening its global influence in the economic, political, and cultural spheres (Akdemir, 2020). In 2013/2014, in anticipation of political overtones in such a strategy, EU countries only resorted to preventive actions in 2015 and strengthened the protection of the market and their political interests. Researchers note that this strategy of China contributes not only to the development of interests but also acts as a counteraction to the influence of external media (Jiangène Vilmer *et al.*, 2018).

Both in terms of the number of interventions in democratic processes and the number of lobbyists in Russia, Germany is the “leader” among EU countries. Russia’s interference in Germany’s democratic processes was noticeable in 2014, right after the sanctions were imposed on Russia, because of its military invasion of Ukraine, as the sanctions were supported by German Chancellor Merkel at the time (Shekhovtsov, 2018). Since the EU imposed sanctions on Russia in 2014, German concerns have suffered significant economic losses. According to experts, such losses amounted to about EUR 13 billion. Therefore, the mechanism of Russian interference in the German electoral process was as follows: strengthening Russia’s interaction with the heads of leading German corporations (Martynov, 2017). In addition, hacker attacks were carried out on the Bundestag, the Christian Democratic Union party. Merkel, the Ministry of Finance, and the Ministry of Foreign Affairs blamed the Russian intelligence unit APT28 for this (Brattberg & Maurer, 2018; Baezner & Robin, 2017). China in 2017 acted mainly indirectly through some political parties in the election campaign. For example, the “Solidarity Civil Movement” Party argued that “The future of Germany is the Silk Road” (Authoritarian Interference Tracker, n.d.).

In 2017, national elections were held in France. According to experts, Russia’s attempts to interfere in the electoral process in France were the most brazen that year. The

main target was the party of E. Macron. Therefore, all mechanisms of intervention were carried out through cyberattacks on this party. First, this included attempts to hack the headquarters website. Second, it was confirmed that Russian agents created twelve accounts on the social network Facebook (now Meta Platforms) under the guise of close acquaintances of E. Macron to get secret information about him. In addition, targeted fraudulent emails disguised as a fake Microsoft repository website attempted to obtain passwords and login details from employees (Brattberg & Maurer, 2018). In addition, stolen files and emails of election candidates were distributed (Berzina & Soula, 2020). A large number of fraudulent attacks were carried out, of which the APT28 division was accused (Baezner & Robin, 2017). Two months before the start of voting for Russia’s assistance, propaganda news and false reports were distributed. False information about candidates was spread on “Twitter” (Brattberg & Maurer, 2018). In addition, the second candidate in the election M. Le Pen – received direct financial assistance to participate in the electoral process from a banking institution associated with Russia (Shekhovtsov, 2018). The high volume of capital investment in right and leftwing populist movements in France is evidenced by the fact that as of 2023, the country is one of the leaders in the number of pro-Russian or relatively loyal forces in the national parliament (Table 2).

Table 2. Share of pro-Russian and loyal forces in the parliaments of European countries

Country	%
Serbia	49
France	34
Hungary	29
Slovakia	24
Italy	23.5
Germany	22
Romania	20
Lithuania	19.9
Austria	16.2
Bulgaria	14.4
Czech Republic	11
Poland	7.7
Greece	7
Latvia	5
Portugal	4.3

Source developed by the authors using the IPU Pirline (n.d.)

In 2017, elections were held in the Netherlands. The main mechanism of interference in the conduct of these elections by Russia was the dissemination of false information during public debates. Researchers suggest that this “weak” influence compared to other EU countries can be caused by two aspects: the Netherlands is a major trading partner of Russia, and fears of further inflaming public opinion in a country where almost 200 Dutch citizens were killed by Russian-backed militants, as a result of the downing of Flight MH17 in Ukraine (Brattberg & Maurer, 2018).

Russian interference in the electoral process in 2017 was also observed in the UK. The

mechanisms of intervention were mainly in the form of cyberattacks. 188 cyberattacks were carried out, not to harm the vote of a certain candidate, but to cause distrust of democracy in the state. In addition, disinformation was actively carried out on social networks (Brattberg & Maurer, 2018). China also conducted propaganda through Confucius Institutes, which hid political interference and the imposition of an authoritarian regime under cultural ideas. The UK has the largest number of them – 29 in higher education institutions and 148 classes in schools (Vaida, 2022). In 2018, Sweden held national elections. As of 2018, Sweden was a member of the EU but was not a member of the North Atlantic Treaty Organisation (NATO), but cooperated with the alliance in many programs. This was the reason for Russia’s active interference in the state’s electoral processes (Shekhovtsov, 2018). The mechanisms of Russia’s interference in Sweden’s electoral processes included: hacking operations, spreading information, determining stability, spreading false news, daily cybertacks, and creation of fake political accounts on social networks. All these actions were carried out with the aim of polarising Swedish society. Simultaneously with the national elections in the country, Sweden, along with other NATO countries and the United States, conducted military exercises. Russia took advantage of the moment to spread a false picture of the purpose of the exercises and presented them as provocative and aggressive with an emphasis on nuclear weapons to incite fear and distrust among the Swedish public (Brattberg & Maurer, 2018). While law enforcement agencies informed the public about Russian interference, the response was the growing intra-European distrust. That is, counteractions indicate insufficient protection against interference (Silvestre, 2022).

In 2022, China actively pursued actions to steal and share information about European officials and political aspects (Kurlantzick, 2022). China continues to use the following mechanisms: penetration into EU organizations, such as the Council of Europe, manipulation of Chinese diasporas in the EU, manipulation of European statesmen who push China’s interests, payment of funds to the EU population for distributing the news app in the largest EU newspapers. Democratic governments have used a wide range of approaches to counter and deter information operations, ranging from the exchange of information between states to the fight against disinformation (Jeangène Vilmer *et al.*, 2018).

Table 3. Regional features of mechanisms of interference in democratic processes

Region	Subversive activities	Economic coercion	Cyber operations	Information manipulation	Illegal financing
North America	19%	7%	33%	31%	10%
Western Europe	28%	12%	18%	32%	9%
Central and Eastern Europe and the Balkans	23%	21%	14%	29%	12%

Source: developed by authors based on the Authoritarian Interference Tracker (n.d.)

Summarising the analyzed data, it can be understood that Russia and China operate on the principle of three main scenarios: interference in the electoral process itself, direct or indirect interference in election campaigns, and measures even before the start of the electoral process (Brattberg & Maurer, 2018). Mechanisms of influence can be divided into five types (Table 3): economic coercion, subversive activities aimed at the public, cyber operations, information manipulation, and illegal financing. Economic coercion should be understood as the use of financial resources to create the dependence of individuals. Subversive activities

aimed at the public should be understood as influencing individual target groups of the population to separate their opinions and views. Cyber operations should be understood as illegal actions aimed at information in the online space. Information manipulation should be understood as the coordinated use of the media to intentionally spread false information. Illegal financing refers to the financing of parties and individual candidates to influence public opinion.

Analyzing the recorded cases of interference, it can be determined that China most resorts to subversive activities aimed at the public, and least of all – to illegal financing. Russia uses information manipulation the most, and economic coercion the least. At the same time, subversive activities were more successful in Western Europe. Cyber operations were directed mainly against the United States and Canada, and to a lesser extent against the countries of Central and Eastern Europe and the Balkans, which may be due to their relatively lower digitalization. These countries are least protected from illegal, harmful financing and economic coercion by Russia and China.

Countering foreign interference in electoral processes is extremely important for ensuring the integrity and independence of electoral processes in any country. The analysis of the mechanisms of such influence allows for forming a number of principles on which the policy of countering such a phenomenon should be built.

Awareness of information security: citizens should be aware of the possibility of disinformation and electoral interference. Ensuring information security and teaching citizens critical thinking are key aspects of this principle. Information protection: Improving the level of cybersecurity and protecting citizens' data from unauthorized access by third-party forces is critical. Intercountry cooperation: International cooperation and information exchange between countries can help identify and prevent interference. Legislative measures: Adoption and strengthening of laws related to electoral processes and cybersecurity can provide legal protection against foreign interference. Checking information sources: Governments, political parties, and citizens should check information sources before using or distributing it, especially during election campaigns. Training and professional development: Political leaders, election commission officials, and citizens should be trained to recognize possible threats of foreign interference and effectively protect electoral processes. First of all, attention should be paid to the introduction of a mandatory media education course in educational institutions that teaches recognition of disinformation and the importance of checking information sources. Campaigns should be carried out to raise public awareness of foreign interference and its impact on democracy. Transparency and openness: Openness in electoral processes, including the financing of political campaigns, can reduce opportunities for external influence. Support for journalists and researchers: Support for journalists and independent researchers studying foreign interference can lead to the detection and disclosure of misconduct. International support: Attracting support from international organizations that specialize in democracy and electoral processes can strengthen a country's ability to resist foreign interference.

Discussion

After investigating the scale and mechanisms of influence of Russia and China on the electoral processes of the United States and EU countries, researchers are increasingly discussing various measures to prevent and counteract such influences. Analyzing the impact of Russia and China on EU countries, Y. Vaida (2022) points out that as of 2022, the EU

member states have only begun to combat interference, as prevention has not been introduced in all EU states, and at the institutional level, there is only a for realization of countermeasures without punishment. The researcher notes that the most important measure is the development of a strategy to protect the population from information manipulation.

Analyzing opposition to foreign interference in liberal democracies, A. Henschke *et al.* (2020) noted that in modern conditions, both in the EU and in the US, there are five vulnerabilities that, without protection, can lead to the degradation of the democratic system in the state: democratic institutions, electoral infrastructure, individuals, industry, and ideas. The researchers point to the weak opposition of the United States against Russia and China regarding data from five key elements of the 2018 election results, which was a striking example of the feasibility of developing measures to prevent such interference from happening again in the next election. The authors of this study fully agree with this statement, since according to the results of this study, it became clear that Russia's influence on political processes in the United States is not limited only to the direct results of the election race. The disclosure of information about election interference, which leads to a decrease in the level of confidence in democracy in the United States, has much deeper consequences.

Investigating the interference of some states in the national elections of others, D.H. Levin (2016) noted that the activation of intervention recently is caused by two factors: motive and opportunity. The motives of China and Russia are mostly different, while the opportunities are equal both from the side of funding and from the side of technological development, which is fully consistent with the results of this study because China is gradually increasing the number of subversive activities.

Investigating measures against foreign interference,

M. Rahman *et al.* (2020), note that legislation is one of the important parts of counteraction, but should be applied strategically in an integrated approach. That is, it should consider not only intelligence activities to expose interference, the development of new technologies for the possibility of exposing interference, the use of mass media and the dissemination of information, but also public support, public education in the field of media literacy, and critical thinking. If only the aspect of already exposed acts of foreign interference is communicated to the public, such actions can be perceived as an attack and accusation against opponents in the electoral process.

Describing the threat of information warfare using cybersecurity, H. Lin (2019) noted that the impact on electoral processes and the undermining of democracy is increasingly caused by the criminal use of digital technologies, which is confirmed, in particular, by data provided by the ASD (Authoritarian Interference Tracker, n.d.). The researcher draws attention to the problem of limited cognitive resources of people, which can be "spent" in conditions of mental stress. Emotions and motivations affect cognition. It is these aspects that are mostly the basis for foreign interference in the electoral processes of other states. Disinformation has always been an effective mechanism for influencing a large number of people. But today, people are more vulnerable to information warfare than at any time in human history. Countering such a mechanism of influence in the United States is poorly developed and ineffective, given the course of the 2018 elections.

The impact of digital technologies was also noticed by A. Bendiek & M. Schulze (2019) in a study of disinformation in EU elections. The advantage of digital disinformation is that it has low costs and at the same time has a great impact: with a small number of resources, it is possible to reach a global audience through individual disinformation. Digital disinformation

uses legitimate advertising industry tools to target users based on their individual behavior profiles. Therefore, it is difficult to counteract such mechanisms of influence at the legal level. L. Lonardo (2021) came to a similar conclusion while investigating EU legislation against hybrid threats. The researcher noted that all actions that characterize foreign interference in the democratic processes of EU countries cover such a wide range of issues that the adoption of a single law is impractical and probably undesirable. It is worth noting that the existing legal and regulatory instruments allow the EU to resist only some mechanisms of influence. For example, the EU has the EU Cyber Security Act, the EU Data Protection and Online Services Act, etc., but it is necessary to develop comprehensive legislation that will incorporate and harmonize the regulation of certain areas related to the protection of democracy from foreign influence.

N. Rotar (2021), investigating the protection of the electoral model of political participation in the EU, notes that the European approach to countering disinformation consists of five main comparable parts: a transparent online system (creating open and transparent mechanisms for the dissemination of information and communication); safe electoral processes (ensuring the security of elections to avoid the impact of disinformation on election results); the development of media literacy (teaching citizens to critically evaluate the information they consume and reorganize disinformation); the maintenance of high-quality journalism (ensuring the independence and professionalism of journalists to ensure reliable information); strategic communications (developing effective communication strategies for the authorities and other institutions to prevent the influence of disinformation). But these measures have long been known to the interfering states, so in modern conditions, the gap for the EU is to expose nontransparent financing of political activities by foreign states. Addressing this approach requires Europe-wide action. Exploring the European approach to online disinformation, A. Casero Ripollés *et al.* (2023) concluded that the EU's disinformation policy is based on two opposing logics. On the one hand, disinformation through the online space is perceived as a threat to democracy. Digital platforms, on the other hand, are self-regulating with clear rights and minimal interference in their policies. Despite the adoption of a new law on digital services, internal disputes in the EU regarding countering disinformation in the online space are unresolved.

However, analyzing the studies that have already been conducted, it becomes clear that EU states are deeply concerned about Russia's influence on elections as the election process approaches, although their actions are not always effective (Brattberg & Maurer, 2018). This is because states can only counteract based on international law, and the mechanisms of the foreign interference in question are in the so-called "grey zone" (Berzina & Soula, 2020). Therefore, relying on international law as guiding principles for regulating these activities would not be sufficient, and national governments should pursue targeted policies to protect the democratic values on which the existing political system in Europe and the USA is based.

Conclusions

Consequently, states with a low Democracy Index interact most actively in the electoral processes of states in the modern world. By doing so, they plan to undermine the trust not only of individual political leaders or parties but also of the general trust of the people of Europe and North America in the institutions of democracy. The main modern political actors who use such mechanisms of influence in the political arena are Russia and China, whose official representatives often show an open disregard for democratic values. In turn, the

countries where the most active interference in electoral processes takes place are mainly countries with a high level of the Democracy Development Index, which may indicate that Russia and China are waging a global hybrid war against the leaders of the liberal world. The motives of this war among its initiators are different. In the case of Russia, this is mainly an attempt to weaken the impact of sanctions, which is manifested in the high number of pro-Russian forces in the legislative power in Europe, manipulating the population with Eurosceptic views. The results of the study show that the number of recorded Russian interference in electoral processes in key Western European countries has a strong connection with the share of these forces in parliament, and the number of Russian lobbyists in society. In the case of the countries of Central and Eastern Europe and the Balkans, the high level of support for Russia can be explained by historical factors and long-term propaganda. In the case of China, the main motives for intervention are to protect its economic and geopolitical interests. The opportunities of these countries are relatively equal and only increase in the era of digital transformation.

The method of identifying and classifying interference mechanisms requires further improvement, but it can be argued beforehand that the division into subversive activities, cyberattacks, information manipulation, economic manipulation and coercion, and harmful financing allows investigating and identifying the specifics of the policy of interference in the democratic processes of various political actors. At the same time, it allows the analysis of specific features of intervention in different countries and regions. In particular, it was found that Russia most often resorts to manipulating information, while China to subversive activities and cyber operations. Certain regional features of intervention have been identified, in particular, North America is more vulnerable to cyber operations, Western Europe is more likely than other regions to be subjected to subversion, and Central Eastern Europe and the Balkans – to economic coercion and illegal financing.

The relevance of this topic and problem encourages further analysis. Therefore, the prospect for further study is the issue of more detailed research and development of strategies and measures to protect democracy and electoral processes. Further research should be based on more data to establish a correlation between electoral interference, economic cooperation between countries, declining democracy indices, and public confidence in governments and democratic institutions.

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THE ROLE OF MANAGEMENT IN TOURISM

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Abstract. The article discusses the tasks of management in tourism. According to the authors, it consists of identifying general trends and patterns of its development and finding its specific features. The authors believe that tourism is characterized by a great depth of penetration and the complexity of the relationships between its components. The article shows that the tourism industry has many enterprises and organizations that must fit into a unified regional management system, where the goal is to ensure long-term competitiveness in the market. The authors believe that an important problem of regional management is at the same time an important distinguishing feature of the management of a tourism organization. At the end of the article, the authors conclude that with the help of management, a development strategy for both the entire region and an individual tourism organization should be developed.

Keywords: Management in the tourism industry, management tasks in tourism, regional management.

Introduction

Most often, they try to determine the degree of tourism development in a certain region through indicators of overnight stays. But such indicators say nothing about the accumulation of values. To calculate indicators of accumulated values, serious research is needed, which cannot be carried out in full due to a lack of time and financial resources.

Discussion

Tourism has a major impact on areas such as economics, ecology, and politics; in turn, these areas hurt tourism. The tourist region receives income from guests. The revenue received from their services is primary revenue and is more significant than that received from permanent residents of the region. Profit from tourism flows into the local economic circuit in a new stream and has a multiplying effect: it “passes” through the local economy.

The amount of money that remains in the region will be higher the more services are sold directly locally, i.e., the stronger the local production. The region can also benefit from tourism in terms of ecology if royalties from it are used to preserve the landscape and maintain it in order.

Very often, at the initial stage of tourism development, various structures are built at its expense. At the same time, tourists create high traffic congestion, a high degree of cleaning of the territory from household waste, and exploitation of local nature.

Tourism as an object of management is expressed in the complexity of tourism services. A tourist service is everything that a tourist takes into account or uses during his trip.

In recent years, the importance of collaboration between tourism enterprises, which can be carried out horizontally or vertically, has increased.

Horizontal cooperation is working together. Used by businesses with the same interests in the areas of accommodation, services, tourism intermediation, healthcare, etc. An opportunity for cooperation that has emerged recently is the franchising system.

Vertical cooperation is an association of enterprises and organizations that seek to own the market and reduce dependence on other institutions. Such organizations include state tourism organizations formed in most cases at the national, regional, and local levels, engaged in the arrangement of recreational facilities and accommodation of tourists. These organizations are subject to various integration influences depending on the level of economic development of their state. These are also associations of enterprises in the areas of travel and hotel accommodation (for example, air transport companies with a chain of hotels).

A special feature of tourism is its zoning, i.e. the dependence of the volume of tourist services on natural and climatic conditions. When solving the problem of management in tourism, this phenomenon should be taken into account by the managers of tourism enterprises, since fluctuations in demand can significantly worsen the operating conditions of the entire tourism industry.

1. System theory and its components. The tourism system is based on two subsystems: the subject of tourism and the object of tourism. The subject of tourism is understood as a participant in a tourism event or a tourist who is looking for opportunities to satisfy his needs by obtaining specific tourism services. These services are provided by the tourism facility.

The object of tourism is understood as everything that can become the purpose of travel for the subject of tourism (tourist). This can be a tourist region of broad or narrow specialization with all its tourist structures.

The tourism system exists in a public environment. The world surrounding the tourism system is represented by the economy, ecology, technology, politics, and social system. The listed systems of the social environment have a strong impact on tourism, although they are not the only ones. The dependence of tourism on the external environment is an open system that can and should be managed using the methods and principles of modern management. Management needs to identify the most significant factors of external influence and develop effective ways to respond to them.

2. The concept of a tourist region. The World Tourism Organization defines a tourist region as a territory that has a large network of special facilities and services necessary for organizing recreation, educational process, or health improvement, which are sold to a tourist or a group of tourists by the service provider. Thus, a tourist region is both a travel destination, a tourism product, and a competitive entity that must be managed as a strategic commercial unit.

Depending on the experience, motive of the trip, and distance from the place of residence, the vacationer identifies the following parameters: housing, location, landscape, and excursions.

There may be different overlapping levels of sales in tourist regions. For example, a sports center is offered by its owner as a region. The locality in which it is located may be offered for selling services.

The strategic goal of the entire region as a competitive unit is to ensure competitiveness for a long period. The interaction of industries (hotels, transport, trade), their

markets, the population, and the environment affects the competitiveness of the region. Markets place high demands on products and thereby stimulate the work of industries, and vice versa - competitive industries are interested in maintaining and increasing the number of demanding local customers. Industries that receive good profits from tourism create a certain positive opinion among the local population. A population with a positive attitude towards tourism in their area is a guarantee of hospitality, which facilitates the implementation of innovative tourism projects. The attitude of the population towards positive and negative external effects also affects the state of competitiveness of the region.

The tourist region as a competitive unit includes:

- socio-economic system;
- tourism policy;
- environmental policy;
- interests of the economy;
- interests of the state;
- interests of the population;
- resources;
- ecological system.

The organizational structures included in tourism management include public and private organizations at the international, national, regional, and local levels. They are necessary for planning tourism development and coordinating the sale of tourism products.

State organizations at the regional level are developing programs to support tourism in their region. Such programs contribute to the development of tourism infrastructure, crafts, resort institutions, and social tourism. In addition, these organizations carry out marketing.

When analyzing the problems of management of any tourist region, it should be borne in mind that, along with state ones, there are also private tourism organizations. Among them are:

- associations of tourist intermediaries;
- tourist organizations of hotel and restaurant type.
- local tourism organizations.
- advertising organizations to attract foreign tourists to the country.

Functions of organizational structures of regional tourism:

An analysis of small and large tourist destinations showed that higher-level organizations place high demands on the marketing of large regional companies. In addition, functions such as planning a leading image and creating and agreeing on proposals are not mentioned. This fact seems justified since local organizations focus their activities on these functions because they have great opportunities for this.

From the point of view of management of a regional organization, different requirements are imposed on higher and lower organizations.

The higher-level tourism organization is required to: form the image of a large region; conduct marketing abroad (coordinating joint activities); and represent a local organization in important tourism markets.

The term “management” does not translate literally into another language. In English-speaking countries, it is used freely and in different meanings, but it is always about managing economic activities.

The basis of management is the organization. She is the reason for its existence. Therefore, before studying management, you need to understand what an organization is and

why it needs management.

Management is management in a market environment and a market economy, determining: the orientation of the enterprise to the demand and needs of the market, to the needs of specific consumers, as well as the organization of production of those types of products that are in demand and can make a profit; constant desire to improve production efficiency, i.e. obtaining high results at lower costs; economic independence, providing freedom of decision-making to those who are responsible for the final results of the company's activities; constant adjustment of goals and programs depending on market conditions; the final result of the company's activities, manifested on the market in the process of exchange (product - money); the need to use a modern information base and computer technology for multivariate calculations when making optimal decisions.

Type of human activity is the process by which professionally trained personnel (specialists) form companies or individual areas of their activity and manage them by setting goals and developing ways to achieve them; hierarchical organizational structure within which management functions are implemented; category of people engaged in management.

A travel agency is a complex socio-technological system, which is influenced by numerous and varied factors of both the external and internal environment. Therefore, management is a science and an art, it is learned theoretically and experimentally, and only people who have a talent for it master it perfectly. Managers must learn from experience and modify subsequent practice accordingly to consider the theory's implications. This approach allows us to combine science and the art of management into a single process, which requires the constant replenishment of scientific knowledge but also the development of the personal qualities of managers and their ability to apply knowledge in practical work. Hence the need arises for a more detailed consideration of the content of the manager's work if he is perceived as a subject of the management process.

3. The tasks and functions of management are carried out through the activities of managers. A manager is a specialist professionally engaged in management activities in a specific area of the company's functioning (in this case, excursion or methodological).

Management work in an excursion company has some features. The specificity of the tasks to be solved presupposes a predominantly mental, creative nature of managerial work. Managers make human, financial, and physical resources as productive as possible. They have a special subject of work - information that helps them make decisions necessary for management functions. Therefore, the tools of work for managers are, first of all, tools for working with information. The results of their activities are assessed after achieving their goals.

The manager defines the objectives in each group of goals and decides what must be done and how to achieve these goals. By communicating them to staff, he makes them achievable; organizing the production of excursions and excursion programs, their promotion, implementation, and execution. The manager analyzes the activities and decisions necessary to achieve goals; groups processes and tasks into an organizational structure; selects people to manage these processes and solve assigned tasks; determination of criteria for performance indicators (quality, quantity of labor). The manager analyzes, and evaluates the results and reports them to management, subordinates, and colleagues; supports motivation and communication. He forms a team of people responsible for certain areas of activity. This is done using specific techniques, through personnel decisions on pay, appointments, promotions, and through many different decisions that determine the so-called quality of

working life. The manager maintains constant communication with his subordinates, colleagues, and superiors; and promotes people's career growth. Managers are the company's main resource. But it easily depreciates. Therefore, along with the growth of the company's requirements for managers, its investments in this resource should also grow.

The specifics of excursion activities as an object of management predetermine the nature of the work of managers and the requirements placed on them. The work of a manager is creative, requires versatile knowledge, and presupposes an individual's inclination toward analytical activity.

The nature of the activities of a particular manager when making management decisions is determined by the composition of the powers delegated to him.

This composition is established under the company's system of division of labor and specialization of management personnel.

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Consequences of using the technological capabilities of the Fourth Industrial Revolution in Reengineering Supply Chains

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Abstract. The article discusses supply chains and highlights their crucial importance for modern business. The article describes a situation in which the world could no longer replenish supplies and manufacturers could not find the necessary materials to continue working. At this time, companies and consumers simultaneously realized how important supply chain sustainability was to them. Today, after the Covid pandemic, much is being done to transform supply chains. All this serves to ensure the sustainability of companies' businesses in the event of future crises. The article notes that most companies around the world see two main paths for future development: the transition from global "long" chains to local "short" chains and their construction through systematic use.

Keywords: Supply chain, crisis, new technological opportunities.

Introduction

Companies and their integrated supply chain management (SCM) systems, which include artificial intelligence, machine learning, and big data predictive analytics, can use these tools to make intelligent decisions to quickly respond to unforeseen circumstances and maintain their sustainability.

Discussion

The Covid pandemic has highlighted the need to localize supply chains and industrial production. Georgia's geographical location and level of economic development, political activities in recent years, prospects for obtaining EU candidate status, Georgia's free trade regime with Turkey and the European Union, the People's Republic of China, the European Free Trade Association (EFTA), and all CIS countries open new doors for Georgia to use this opportunity to its advantage. The pandemic has dramatically changed the world picture of organizing and conducting business, and much more will change in the post-pandemic period. According to the British economist and author Paul Donovan, "to adapt to the new conditions, businesses should first consider accelerating the process of localization of production, in light of the problem of disrupting global supply chains. In this context, the task of creating local chains becomes especially relevant"¹¹

Companies that produce products with the help of global supply chains are faced with the need to adapt to changing environmental conditions and thus maintain their business. A

¹¹ Paul Donovan Finance in Revolutionary Times, Journal of Financial Transformation, 2023

special role in solving this task is assigned to the reengineering of supply chains - their organizational transformation based on systemic digitization.

As scientists Stafford-Smith M.; Griggs D.; Gaffney O. and others believe that the foundation of "Industry 4.0" is built on four important groups of modern technologies. As shown in Figure 1, these are:

1. Networks, data, and computing (smart sensors, Internet of Things (IoT), blockchain, and cloud computing),
2. Analytics and intelligence (artificial intelligence, machine learning, and big data). analytics),
3. human-machine interaction (automation, robotics, and drones), and
4. additive manufacturing (intermediate additive manufacturing).

Their use is expected to radically change both the entire production process and the performance of supply chain and logistics functions and others believe that the foundation of "Industry 4.0" is built on four important groups of modern technologies. As shown in Figure 1, these are:

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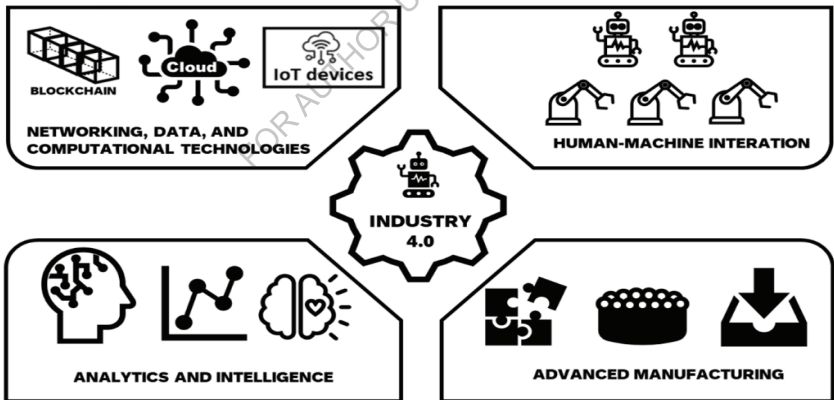


fig. 1. "Industry 4.0" technologies

Gone are the days when supply chain and logistics management were viewed as a network of functions that worked to transform raw materials and deliver finished products to end users. The scale of the modern supply chain has grown beyond traditional boundaries and faces new challenges related to business competitiveness and profit growth. The supply chain as a whole is entangled with many internal and external factors that put enormous pressure on the day-to-day operations of a business.

In modern research, supply chain performance is measured by evaluating reliability, flexibility, quality, operational efficiency, and asset management. Organizations are currently using technological innovations to create effective communication channels and collaboration

mechanisms to improve the performance of supply chains by expanding information exchange. A new stage of SCM development has arrived, known as "Sustainable SCM 4.0", which represents a significant level of integration of automation and digital technologies, coordinated with internal material, information, and financial flows of business networks.

SCM - Managing supply chains, which are now more complex than ever, will benefit greatly from the introduction of digital technologies. According to studies, interconnected digital supply chains can increase business speed, flexibility, accuracy and efficiency, while reducing operational costs by more than 30% and inventory requirements by 70% or more.

The crisis created by the coronavirus pandemic has shown why the industry needs short, simple supply chains. The reasons are many: companies are under pressure to increase domestic production and employment in their own countries, reduce their reliance on risky sourcing, and rethink lean inventories and just-in-time delivery strategies.

What should be emphasized:

- diversification of supply base;
- reducing dependence on China;
- Creation of safety stock;
- Adoption of process innovations with new technologies.

The global economy needs shorter supply chains that can respond more quickly to crises.

Research shows that Industry 4.0 technologies can play a critical role in maintaining the resilience of supply chains during the COVID-19 pandemic, political instability, hostilities, and other unexpected and dynamic disasters. These technologies include the Internet of Things, Big Data, Cloud Computing, Additive Manufacturing, and Blockchain. The results are summarized in Figure 2.

Without the use of modern technologies, organizations do not have a reliable system to control the product life cycle from the raw material stage to the finished product. This is primarily because various key functions of the supply chain, such as demand forecasting, planning, procurement, manufacturing, quality assurance, inventory management, information management, logistics, and customer service, use traditional autonomous technologies that do not communicate.

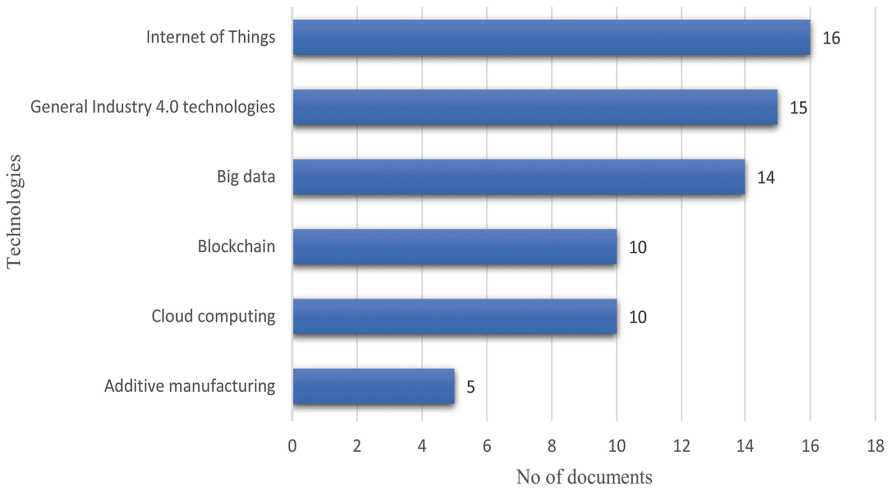


Fig.2. Frequency of technologies used

In addition, such centralized technologies are prone to hacking attacks and do not provide data transparency across supply chain participants, which can lead to reduced supply chain productivity. However, the integration of blockchain technology across all actors in the supply chain, such as suppliers, manufacturers, logistics providers, distributors, wholesalers, and retailers, allows for the collection of data from all sources that can be stored in one place in a transparent and digitally distributed format that can be accessed without any intermediaries.

Giving participants only the access they need ensures that they can only view or add the information they need to see or add. The technology also enables participants to have digital proof of asset ownership, helping them avoid counterfeiting and double-dealing.

The systematic use of the capabilities of "Industry 4.0" technologies in the organization and management of the supply chain has considerably increased their effectiveness. The "intelligence" behind today's "smart" supply chain solutions, operating based on the visions of "Industry 4.0" partner-enterprises working in the operating memory of modern databases and ERP systems, cloud connectivity and computing capabilities, machine learning, artificial They create intelligence. Through a network of interconnected machines, communication mechanisms, and computing power, the modern supply chain becomes a single value-creating manufacturing system in which data analysis, automated process management, and "learning by doing" are based on shared principles¹².

Conclusion

The organization of a local network of supply chains will partially replace the use of traditional global networks. The appropriate approach is based on the automation of industrial and general business activities, the use of modern "smart" technologies, the establishment of "machine-to-machine" (M2M) communication, and the systematic use of the Internet of Things (IoT). The integration of supply chain participants into business processes creates the basis for the use of production equipment that can independently analyze and diagnose problems without human intervention. The basis of progress in this direction is the use of "Industry 4.0" opportunities.

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UDC 338

Synergism Strategy, Synergism Effect in Companies' Merger or Amalgamation

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Abstract

The article discusses the strategy of synergy - i.e. the strategy of obtaining competitive advantages by combining two or more economic substructures into one hand. The authors believe that the presence of the synergy effect and the ability to manage it creates a certain competitive advantage, which is realized at the enterprise level. The article notes that the synergy effect, ultimately, manifests itself in a decrease in the level of costs in various commodity markets or the acquisition of unique properties by by-products. The article describes in detail the strategy of synergy, which involves increasing the efficiency of activities through the joint use of resources. This phenomenon is called by the authors "synergy of technology and costs." In their opinion, the importance of the strategy of synergy is that it contributes to obtaining higher profitability of production with interconnected business units than with their separate management.

Keywords: Synergy, synergy, efficiency, cost technology, joint use of resources.

Introduction

Synergism strategy - a strategy for gaining competitive advantages by combining two or more business units (economic substructures) into one hand. The presence of the effect of synergism and the ability to manage this effect creates a specific competitive advantage, which is realized at the level of the enterprise in general and which, ultimately, manifests itself in reducing the level of costs in various product markets or in acquiring unique properties by-products. Synergism strategy involves increasing the efficiency of performance through the joint use of resources (synergy of technologies and costs), market infrastructure (joint sale) or scopes of activities (synergy of planning and management). Therefore, the importance of the synergism strategy is that it helps to obtain higher profitability of production with interconnected business units rather than when they are managed separately.

American economists W. King and D. Cleland consider synergism an important element in choosing, developing, and detailing a strategy. They note that synergistic effects – no matter how potentially large they are – will not happen by themselves, they must be planned and exploited. This is possible if synergies are identified, defined, and invested in reasonable and prudent plans. The synergistic effect is most clearly manifested at the portfolio (corporate) strategy level but is also possible within a single business unit. Economic practice shows that the effect of joint activities is always higher than the simple sum of individual efforts, due to the potential of cooperation and interaction.

B.Karloff notes that many managers avoid using the term "Synergism" (Synergy) and

use synonyms that differ only slightly in meaning. Such synonyms are the concepts of "strategic leverage", "interconnections", "rationalization", and "value advantage".

The term was first introduced by I. Ansoff to evaluate the relationship between the types of activities within a company. According to him, "In the original sense, the concept of synergism was the transition from the principle of economy of scale of production in the manufacturing industry to the broader principle of strategic economy, the source of which is the mutual support of various strategic business units". The market conditions for the use of this strategy are joint ownership of resources and scopes of activity or voluntary pooling of efforts. It is this synergistic effect that managers refer to when justifying the acquisition or merger of businesses.

However, the synergistic effect is an extremely complex phenomenon, its obtaining depends on the successful combination of many different elements. Omitting even one or part of these elements may eliminate the possibility of achieving such an effect. To avoid this, it is desirable to introduce a collective discussion of this event by specialists with appropriate knowledge in the fields under study. This eliminates thinking at the level of desires and expectations that are so characteristic of synergy-seeking strategies. In addition, the management of the enterprise should be organized in such a way as to achieve the realization of potential synergies by the managers of the business units. Otherwise, a negative synergistic effect appears. I. Ansoff believes that managers should be guided by the following considerations when choosing a synergy strategy:

It is believed that the higher the expected volatility of external factors and the severity of competition, the higher the importance of synergy for success.

The main problem in developing a synergy strategy is related to the contradiction between management flexibility and synergy: increasing management flexibility reduces potential profits and potential synergism. At the same time, it is believed that the main danger of this strategy is the lack of flexibility, as well as possible compromises and delays in decision-making. These disadvantages can negate all the value advantages.

It should be noted that this strategy is the basis for the creation of various unions, alliances, and financial and industrial groups both at the national and international levels. On a national scale, the result of such a strategy is the creation of different types of marketing networks, allowing to use of the synergistic effect of the interaction between production and sales.

The synergism effect should be considered as a tool for selecting prospective M&A transactions. If there are several options, the optimal choice of object for the acquiring company is considered to be the target company, the acquisition of which ensures the achievement of the greatest synergy effect. If the target company is the only object, then the decision to acquire it will depend on whether it is possible in principle to achieve a positive synergy effect. If the answer is positive, the transaction will be recognized as promising and expedient for conclusion, or vice versa. Taking into account all the features of the transaction and based on the results of the assessment of all possible synergies in this situation, comparing them with the costs of the transaction, the company may ultimately reach a negative synergy value.

Conclusion

Thus, synergism is one of the possible key components of corporate-level strategy. I. Ansoff defined the economic basis of synergism (the possibility that the result of the joint

efforts of several business units will exceed the final performance of their independent activities). The synergy equation is partly based on economies of scale. For example, it is possible to reduce the costs of two business units by increasing the load factor of a particular company, by using common staff, or by combining sales efforts.

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Digital Money as an Important Resource of the Economy

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Abstract. The digital revolution is changing the life of society at an unprecedented speed and with unprecedented intensity while creating both enormous opportunities and colossal difficulties. New technologies can make a significant contribution to achieving goals in the field of sustainable development. The digital economy, as a rule, refers to any economic activity related to the production, sale, and consumption of goods and services using digital technologies, as well as e-commerce and the Internet economy. The role of the digital economy is growing day by day. Digital money has become an important resource in the modern economy, changing the way transactions and financial activities are conducted. It offers several advantages, including convenience and efficiency, allowing people to make electronic payments and transfers seamlessly. The rise of cryptocurrencies, such as Bitcoin, has introduced new forms of digital money, expanding investment opportunities. In addition, digital money can promote financial inclusion by providing access to banking services that are affordable to the underprivileged. As the digital economy continues to develop, the importance of digital money in facilitating global trade, investment, and economic growth cannot be overstated.

Keywords: Cryptocurrency, Bitcoin, Digital Wallet.

Digital money, such as cryptocurrencies and digital payment systems, has become an increasingly important resource in today's economy. Digital currencies offer many benefits, including:

Accessibility: Digital money is easily accessible to a global audience, allowing financial transactions to be conducted across borders without the need for traditional banking systems.

Efficiency: Transactions involving digital money are faster and cheaper than traditional banking methods, reducing transaction costs and processing times.

Financial inclusion: Digital money can help bridge the financial inclusion gap, providing access to banking services to those who previously had limited or no access to traditional banking services.

Security: Blockchain technology, often used in digital currencies, offers enhanced security through decentralized ledgers, making it more difficult for fraud and hacking to occur.

Innovation: The adoption of digital money leads to innovation in the financial sector, which encourages the development of new technologies and services that can benefit the economy as a whole.

Digital money, also known as cryptocurrency, has become an integral part of the modern economy. Its importance stems from several key factors:

Global accessibility: Digital money enables instant, borderless transactions, allowing people to send and receive funds around the world without the need for intermediaries such as

banks.

Financial inclusion: It has the potential to provide financial services to the unbanked and underbanked population, allowing them to access a wider range of economic opportunities.

Innovation and technological advancements: The underlying blockchain technology of digital money has paved the way for innovation in a variety of sectors, from supply chain management to smart contracts.

Hedging against inflation and economic uncertainty: Some view digital money, especially Bitcoin, as a store of value and a hedge against inflation, offering an alternative to traditional assets such as fiat currency or commodities.

Overall, digital money has changed the landscape of finance, and its continued growth and adoption are likely to play a crucial role in the future of the global economy. However, it is important to note that regulatory frameworks and safeguards must evolve along with this change to ensure the stability and integrity of financial systems.

Digital Money in Georgia:

As of the last update in January 2022, Georgia, a country in the South Caucasus region, was gradually embracing digital money and electronic payment systems. Here are some key points related to digital money in Georgia:

Digital Payment Infrastructure: Georgia has seen significant growth in its digital payment infrastructure, with a growing number of businesses, both small and large, accepting digital payments. Payment cards, mobile wallets, and online banking have become popular.

Government Initiatives: The Georgian government is promoting digital money and electronic payments as part of its efforts to modernize the economy. Various initiatives have aimed to reduce cash transactions and promote financial inclusion.

Mobile wallets: Mobile wallets such as PayBox and iPay have gained popularity, allowing users to pay and transfer via their smartphones. These wallets have made it easier for people to manage their finances and make digital payments.

Online banking: Georgian banks have invested in online banking services, making it easier for users to access their accounts, pay bills, and transfer money digitally. This has further accelerated the shift towards digital money.

Cryptocurrency: While cryptocurrency regulations are evolving, some Georgians have also been involved in trading and investing in cryptocurrencies, with several businesses accepting digital currency as a form of payment.

Digital Money in the United States:

Digital money in the United States refers to any form of currency that exists electronically rather than in physical form, such as coins or paper bills. This includes various forms of digital currency, such as:

Central Bank Digital Currency (CBDC): The Federal Reserve, which is the central bank of the United States, is exploring the possibility of creating a digital version of the US dollar. A CBDC would be a digital representation of the traditional US dollar and would be issued and regulated by the Federal Reserve.

Cryptocurrencies: These are decentralized digital currencies that use cryptography for security and run on blockchain technology. Bitcoin is the first and most well-known cryptocurrency, but there are thousands of others, including Ethereum, Ripple (XRP), and many others.

Digital Payment Systems: These are platforms that allow individuals and businesses to

conduct electronic transactions. Examples include PayPal, Venmo, Cash App, and various mobile payment apps like Apple Pay and Google Pay.

Bank Deposits and Digital Banking: Traditional banks offer online banking services that allow customers to manage their accounts, transfer money, and make payments electronically. These include services like direct deposit, wire transfers, and online bill pay.

Prepaid Cards and Gift Cards: These are physical or virtual cards that can be loaded with a certain amount of money and used for purchases. They are often used in place of traditional cash.

Electronic Funds Transfers (EFT): These are electronic methods of transferring money from one bank account to another. These include methods like wire transfers, Automated Clearing House (ACH) transfers, and electronic checks.

Contactless payments: This involves using near-field communication (NFC) technology to make secure payments by simply tapping a card or mobile device on a payment terminal.

Digital wallets: These are software applications or hardware devices that store digital versions of credit cards, debit cards, and other payment methods. They are often used for online shopping or in-person payments via a smartphone or other digital device.

Cryptocurrency ATMs: These are machines that allow users to exchange cash for cryptocurrency, or vice versa.

It is worth noting that while digital money is becoming increasingly popular and convenient, physical cash is still widely accepted and used in the United States. Additionally, the regulatory landscape for cryptocurrencies and digital currencies is still evolving, and there may be legal and tax implications to consider when using them for transactions.

Digital Money in Japan:

Japan has made significant progress in adopting digital payment methods, but it is still a country where cash is still widely used. Here are some key points about digital money in Japan:

Cash-centric culture: Japan is a traditionally cash-oriented society, with cash being the primary and most widely accepted form of payment. Many small businesses, local markets, and even some large retailers may prefer cash transactions. However, there has been a push in recent years to reduce the use of cash, especially as Japan prepares for the Tokyo Olympics, where electronic payment systems have been promoted.

Contactless payments: Contactless payment methods such as IC cards (e.g., Suica and Pismo) and mobile payment platforms such as Apple Pay, Google Pay, and local variants such as Rakuten Pay and PayPay have gained popularity. These payment methods are widely accepted in public transportation, convenience stores, and various retail outlets, making them more accessible to both residents and tourists.

QR code payments: QR code-based payment systems, similar to those used in China, have been introduced in Japan. These include services such as Line Pay, which is associated with the popular Line messaging app. QR code payments are increasingly used for a variety of transactions.

Digital wallets: Many Japanese consumers have adopted digital wallets and mobile payment apps for convenience. These apps are linked to bank accounts and credit cards, allowing users to make electronic payments, transfer money, and manage their finances on their smartphones.

Banking services: Japanese banks offer online banking services that allow customers to manage their accounts, pay bills, and conduct financial transactions electronically.

Regulations: The Japanese government has been working on a regulatory framework to encourage digital innovation and the development of fintech. This includes considerations for digital currencies, although specific regulations are still being developed.

It is important to note that the digital payment landscape in Japan is evolving, and the use of digital money is expected to continue. The COVID-19 pandemic has also accelerated the adoption of digital payment methods in many countries, including Japan, as people seek contactless and remote payment options. For the latest information on digital money in Japan, it is recommended to consult the latest reports and sources.

3 Countries Known for Using Digital Money:

The adoption of digital money varies by region, and it is important to note that it may change over time. As of the last update in January 2023, there were three regions where the use of digital money was particularly prominent:

Scandinavia (Scandinavian countries): Scandinavian countries, including Sweden, Norway, Denmark, Finland, and Iceland, were among the leaders in adopting digital money and moving towards cashless societies. Sweden, in particular, stood out for its widespread use of mobile payment apps and the reduction of the use of physical cash. Governments and businesses in these countries actively support electronic payments, and digital wallets and mobile apps are widely used for everyday transactions.

China: China is the global leader in digital payments, with the widespread use of mobile payment platforms such as Alipay and WeChat Pay. Mobile payments are deeply integrated into everyday life, and even small street vendors often accept digital payments. The Chinese population has embraced digital money to the extent that cash is less common in cities.

South Korea: South Korea has seen significant adoption of digital money, with mobile payment apps such as Samsung Pay, Naver Pay, and KakaoPay being widely used. These apps offer a variety of payment options, including contactless payments and peer-to-peer transfers. South Korea has a highly developed digital infrastructure, which has helped drive the popularity of digital payment methods.

Keep in mind that the landscape of digital money adoption is subject to change, and other regions may see significant growth.

Digital Money in 10 Years

Predicting the exact state of digital money and financial technology (FinTech) in 10 years is difficult, as the field is evolving rapidly and many factors can influence its development. However, we can make some educated guesses based on current trends and emerging technologies. Here are some possibilities for the state of digital money in ten years:

Widespread adoption of central bank digital currencies (CBDCs): Many countries may introduce their CBDCs, which could become the standard form of digital money issued and regulated by central banks. This could offer a more stable and secure digital currency compared to cryptocurrencies.

Enhanced Privacy and Security: As digital currencies become more widespread, there is likely to be a focus on improving the privacy and security features of these systems to protect users' financial data and transactions.

Interoperability: Efforts to make different digital payment systems and currencies more interoperable could lead to easier cross-border transactions and global financial integration.

Decentralized Finance (DeFi): DeFi applications and platforms could become more sophisticated and mainstream, offering decentralized lending, borrowing, and trading, reducing the need for traditional financial intermediaries.

Blockchain and Smart Contracts: The use of blockchain technology and smart contracts is likely to become more widespread, providing automation and transparency to financial transactions and agreements.

Increased integration of artificial intelligence: AI will play a more important role in personalizing financial services, fraud prevention, risk assessment, and investment advice.

Biometric and multi-factor authentication: Digital money systems may rely on advanced biometric and multi-factor authentication methods to enhance security and make transactions more convenient.

Green and sustainable finance: Sustainability will be an important consideration in the development of digital money systems, with a focus on reducing the environmental impact of blockchain and cryptocurrency mining.

Regulation and compliance: Governments and international bodies will continue to develop regulatory frameworks to ensure the legality, safety, and stability of digital money systems.

Financial inclusion: Efforts to extend financial services to unbanked and underbanked populations can lead to innovative approaches such as digital IDs and mobile-based banking in remote and underserved regions.

It is important to note that the trajectory of digital money over the next 10 years will be influenced by a complex interplay of technological advances, regulatory developments, consumer preferences, and global economic trends. As such, the future of digital money is likely to be shaped by a combination of factors that are difficult to predict with absolute certainty.

The nature and uses of digital money:

The primary meaning of “digital money” refers to a form of currency or monetary value that exists electronically rather than in a physical form such as coins or paper notes. Digital money is also often referred to as “electronic money.” It is used for various financial transactions, including payments for goods and services, transfers, investments, and more, all conducted through digital and electronic means.

Digital money is represented and stored electronically in various forms, including: Bank deposits: Money held in bank accounts and managed electronically through online banking or mobile banking applications.

Cryptocurrency: Digital currencies, such as Bitcoin, Ethereum, and many others, that exist on decentralized blockchain technology.

Digital wallets: Software or hardware applications that store and manage digital representations of traditional currencies (e.g., the U.S. dollar) or cryptocurrencies.

Mobile payment applications: Smartphone applications that facilitate transactions and payments, such as Apple Pay, Google Pay, PayPal, Venmo, and others.

Prepaid cards: Cards that can be loaded with a specific monetary value and used for electronic payments.

Digital payment systems: Payment systems that allow electronic funds transfers, including Automated Clearing House (ACH) transfers, wire transfers, and more.

Central bank digital currencies (CBDCs): A digital representation of a country’s official currency, issued and regulated by a central bank.

Digital money has become an integral part of the modern economy, providing convenience, efficiency, and accessibility in financial transactions. Its use continues to grow, impacting the way people and businesses transact and manage their finances.

Digital money in the economy:

In recent years, there has been growing interest in central bank digital currencies (CBDCs). The Payments Committee and the Market Infrastructures and Markets Committee have recently completed their work on CBDCs, analyzing their potential implications for payment systems, the conduct and transmission of monetary policy, and the structure and stability of the financial system. The main features of the work are:

A CBDC is a potentially new form of digital central bank money that could be distinguished from reserves or settlement balances held by commercial banks at central banks. There are various design options for a CBDC, including access (widely versus restricted); degree of anonymity (ranging from full to none); operational availability (ranging from business hours to 24 hours a day, seven days a week); and interest-bearing features (yes or no). Many forms of CBDC are possible, with different implications for payment systems, monetary policy transmission, and the structure and stability of the financial system. Two main variants of CBDC are analyzed in this report: wholesale and general-purpose. The wholesale variant would limit access to a pre-defined group of users, while the general-purpose variant would be widely available. CBDCs raise long-standing questions about the role of central bank money, the scope of direct access to the central bank, bank liabilities, and the structure of financial intermediation. Traditionally, central banks have, for various reasons, restricted access to (digital) account-based forms of central bank money to banks and, in some cases, certain other financial or public institutions. In contrast, physical central bank money, or cash, is widely available. This approach has generally served society and the financial system well, setting a high bar for changing the current monetary and financial structure. Wholesale CBDCs, combined with the use of distributed ledger technology, could enhance the efficiency of the settlement of securities and derivatives transactions. The currently proposed implementation for wholesale payments – designed to meet the current requirements of a central bank system for capacity, efficiency, and resilience – appears broadly similar to and not superior to existing infrastructures. While future proofs of concept may rely on different system designs, more experimentation and experience will be needed before central banks can usefully and securely implement new technologies that support a wholesale CBDC option. As cash rapidly disappears in their jurisdictions, some central banks are exploring CBDCs that could be widely available to the general public and serve as an alternative safe, robust, and convenient payment instrument. In a context where the traditional approach of central bank money provision – physical to the general public and digital to banks – has been replaced by the disappearance of cash, the provision of CBDCs could bring significant benefits. However, it is appropriate to explore whether these goals can be achieved by other means, as CBDCs will raise important questions and challenges that will need to be addressed. Importantly, while situations vary, the benefits of a widely available CBDC may be limited if fast (even instant) and efficient private retail payment products already exist or are in development. While a general-purpose CBDC could be an alternative to cash in some situations, a central bank implementing such a CBDC would need to ensure that it complies with anti-money laundering and counter-terrorism financing (AML/CFT) requirements, as well as other public policy requirements, supervisory and tax regimes. Furthermore, in some jurisdictions, central banks may not have the legal authority to issue a CBDC, and ensuring the robust design and operation of such a system may prove challenging. An anonymous general-purpose CBDC would raise further concerns and challenges.

While it is unlikely that such a CBDC will be considered, it is not limited to retail

payments and could be widely used globally, including for illicit transactions. That said, compared to the current situation, a non-anonymous CBDC could allow for digital records and traces, which could improve the application of AML/CFT rules. The issuance of a CBDC is unlikely to replace the main mechanisms for implementing monetary policy, including the use of open market operations by central banks. A CBDC would introduce a new type of central bank money, the demand for which – like cash – must be met.

CBDCs would also not necessarily affect the discretion that central banks have in choosing monetary policy techniques (e.g., reliance on securities purchases or credit operations with banks) as well as the maturity, liquidity, and credit risk of their assets. However, if the flow into CBDCs becomes large and is not linked to the decline in physical banknotes, as might be the case in times of financial stress, challenges could arise (such as the need to expand the range of assets that the central bank can provide or accept as collateral).

A CBDC could enrich the options offered by the central bank's monetary policy toolbox, such as enhancing the transmission of policy rate changes to other interest rates or applying a zero lower bound (or even lower, effective bound) to interest rates. However, it is unclear whether the current transmission is anything but adequate. In addition, other more conventional tools and policies could achieve similar outcomes to some extent without introducing new risks and challenges (such as the introduction of negative interest rates on public holdings of a general-purpose CBDC). Some of these gains may not arise without the discontinuation of higher-denomination banknotes, which – while helping with AML/CFT requirements – itself entails some costs. The impact is more pronounced in the transmission of monetary policy and financial markets, particularly if a CBDC were to be created as, or de facto become, an attractive asset. As a liquid and creditworthy asset, a wholesale option available to institutional investors that would be similar to interest-bearing central bank reserves or reverse repo facilities, but widely traded, could function as a safe-haven asset comparable in nature to short-term government bonds. A general-purpose option could compete with guaranteed bank deposits, affecting the cost and composition of bank funding.

The introduction of a CBDC would raise fundamental issues that go beyond payment systems and the transmission and implementation of monetary policy. A general-purpose CBDC could lead to higher volatility in the funding of commercial bank deposits. Even if it is designed primarily for payment purposes, note that in times of stress, a flight to the central bank could occur rapidly and on a large scale, challenging commercial banks and the central bank to manage such situations. The introduction of a CBDC could lead to a broader presence of central banks in the financial system. This, in turn, could mean a greater role for central banks in the allocation of economic resources, which could lead to losses for the economy as a whole. Such entities would be less efficient than the private sector in allocating resources. It could also lead to greater political interference.

For currencies that are widely used in cross-border transactions, all of the above considerations will apply with added force, especially in the context of a generalized security flight. Introduction of a CBDC in one jurisdiction may have adverse effects on others. Central banks that have introduced or are considering introducing a CBDC should consider cross-border issues where relevant.

Any move towards the possible launch of a CBDC should be cautious and thorough. More generally, central banks and other authorities should continue to monitor the wider digital space, continue to review how it may impact their operations, and continue to engage closely with each other. This includes monitoring the emergence of private digital tokens that

are neither the responsibility of any one person or institution nor supported by any authority. The general judgment at this time is that their volatile valuations and inadequate protections for investors and consumers make them unsafe to rely on as a common means of payment, a stable store of value, or a unit of account.

Cryptocurrency is an important type of digital money.

Cryptocurrencies, often simply called "crypto", are a type of digital money. They are decentralized digital currencies that use cryptography for security. There are thousands of cryptocurrencies, but some of the most well-known and widely used include Bitcoin (BTC): Bitcoin is the first and most well-known cryptocurrency, created by an anonymous entity known as Satoshi Nakamoto in 2009. It is often referred to as "digital gold" and is primarily used as a store of value and a medium of exchange. Ethereum (ETH): Ethereum is known for its smart contract functionality, which allows developers to create decentralized applications (DApps) on its blockchain. It has its cryptocurrency called Ether, which is used to power transactions and execute smart contracts. Ripple (XRP): Ripple is designed for cross-border payments and is often used by financial institutions to facilitate international money transfers. Its goal is to provide fast and cheap money transfer services. Litecoin (LTC): Litecoin is often considered the "silver" to Bitcoin's "gold". It offers faster transaction confirmation times and is used for everyday transactions. Bitcoin Cash (BCH): Bitcoin Cash is a fork of Bitcoin and is designed to make transactions faster and cheaper. Its goal is to function as a digital cash system for everyday payments. Cardano (ADA): Cardano is a blockchain platform known for its focus on sustainability, scalability, and interoperability. ADA is the native cryptocurrency used in the Cardano ecosystem. Polkadot (DOT): Polkadot is a multi-chain network that allows different blockchains to interoperate. DOT is the base token used for governance and staking on the network. Stellar (XLM): Stellar is designed for cross-border and peer-to-peer payments, focusing on financial inclusion and making money transfers more efficient and accessible. Chainlink (LINK): Chainlink is a decentralized oracle network that connects smart contracts to real-world data. LINK is used for transactions on the network. Binance Coin (BNB): Binance Coin is the primary cryptocurrency of the Binance exchange. It can be used for trading on the Binance platform with discounted trading fees and for various other services. Tezos (XTZ): Tezos is a blockchain platform focused on self-correction and smart contracts. XTZ is used for network governance and staking. These are just a few examples of the many cryptocurrencies in existence, each with its own unique features, use cases, and technology. It is important to research and understand the specific cryptocurrency you are interested in, as their goals and functions can vary significantly. Yes, Bitcoin (BTC) is indeed one of the most valuable and well-known cryptocurrencies. It was the first cryptocurrency to be created, and it has consistently maintained its position as the largest and most valuable cryptocurrency by market capitalization. As of the January 2023 update, Bitcoin's market capitalization was significant and its price has experienced significant growth over the years. Bitcoin is often referred to as "digital gold" and is used for a variety of purposes, including as a store of value, a medium of exchange, and speculative investment. It is important to note that cryptocurrency prices are highly volatile and can change rapidly. If you are interested in Bitcoin or any other cryptocurrency, it is important to stay informed about the latest developments and prices and consider the associated risks before making any investments or transactions.

What would happen to the economy if digital money suddenly stopped working:

If digital money suddenly stopped working, it would have a profound and devastating impact on the economy. Digital money has become an integral part of the global financial system, and its sudden failure would have a variety of consequences, including

Payment disruption: Digital money is used for everyday transactions, both online and in person. If it stopped working, people would be unable to make payments, causing disruptions in trade, retail, and basic services.

Chaos in the financial system: The backbone of the modern financial system relies on digital money, including banks, payment processors, and exchanges. If digital money fails, the financial system could experience serious disruptions, leading to panic in the banking sector and financial markets.

Loss of confidence: Trust in the financial system and digital payment providers would be severely damaged. This could lead to a loss of confidence in the stability of financial institutions, potentially leading to bank runs and a crisis of confidence in the economy.

Economic slowdown: The sudden loss of digital money could lead to economic stagnation as businesses struggle to process transactions and consumers cut costs due to payment difficulties.

Supply chain disruptions: Many supply chain operations rely on digital payments to function smoothly. A disruption in digital money could cause disruptions in the production and distribution of goods and services.

Loss of access to funds: Individuals and businesses could lose access to funds held in digital accounts, leading to liquidity problems and financial distress.

Increased use of cash: In response to the failure of digital money, people may resort to using physical cash. This could lead to increased demand for cash, which could strain the supply of physical currency.

Regulatory and legal challenges: Governments and regulators need to respond quickly to the crisis and take measures to protect the financial system and protect consumers.

Potential cybersecurity concerns: If digital money were to fail due to a cyberattack or security breach, this could raise significant cybersecurity concerns and prompt efforts to strengthen cybersecurity protocols.

Economic uncertainty: The uncertainty caused by a sudden failure of digital money could lead to market turmoil, reduced investment, and a lack of confidence in economic stability. It is important to note that the chances of a complete and unexpected failure of digital money are extremely low, given the redundancy and security measures of the financial system. However, this scenario highlights the importance of robust cybersecurity, risk management, and regulatory oversight to maintain the stability of digital payment systems.

Conclusion:

Thus, the systematization of the results of the analyzed scientific literature shows the abundance of expected negative consequences, the existence and emergence of which require greater literacy from the modern citizen and the government. Negative effects are associated with many uncertainties, the expected decrease in employment of the low-skilled elderly population, the increase in stressful working conditions of managers, the unfair distribution of income, the growth of the digital shadow economy, cybercrime, the growth of dishonest financial profits, which will strengthen the financial sector and increase the size of speculative assets. As a result, regulation will become more complicated, prices will inflate. The connections between financial centers and political power will acquire greater importance. From an economic point of view, the digitalization of the economy, although it requires large

additional costs, reduces the costs of searching, copying, transporting, tracking, and verifying information during current operations. In addition, the emergence of digital money accelerates turnover. It is cheaper, faster, and carries global content compared to traditional monetary means. In the conditions of simplification of the formation of databases, it will be necessary to develop a methodology for accounting for information productivity. To find tools for effective management of these and other challenges, it is important to establish a new economic mindset, based on which a new economic model in the form of a digital economy should be explored.

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Digital Culture and Modern Technologies

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Abstract: Since the 21st century, the world has been moving into a new technological dimension, as the digital model is actively introduced into all spheres of human activity. At the same time, significant changes are taking place in world culture - a new, different from traditional digital culture is being formed. On the one hand, as a "live" (real) culture, and on the other hand, technological. Human consciousness is changing - narcissism, global relations, a new perception of time and space, and disregard for authorities are being introduced, and an intergenerational divide is becoming apparent. Several generations of young people are being formed, who, unlike previous generations, think and live with other values and values. In the technological platform of the cultural space, people actively exchange diverse information with each other in various forms and video materials - send messages, make comments, and practically live in a virtual world, thereby creating a digital culture. The promise of "cultural space" is contradictory: in one direction it fights against the traditional, established, and in the other direction it consciously establishes the virtual, which opposes traditional values. In modern society, postfigurative, co(n)figurative, and prefigurative cultures exist simultaneously, the first of which is oriented towards the past, the second towards the present, and the third towards the future.

Keywords: culture, digital, information, phenomenon, identity, communication, global, transformation, postfigurative, co(n)figurative, prefigurative.

As we have mentioned, there are three types of society cultures:

1. Post-figurative society: the behavioral standards of the older generation are mandatory and a role model for the young, the traditions of ancestors are passed on unchanged to subsequent generations. Although in modern times it changes slowly and imperceptibly, intergenerational conflicts do not arise.
2. Co(n)figurative society: for ordinary people, their contemporaries are role models; it exists where changes occur; the behavioral forms of different generations are not identical, which causes conflict between them. Although in this society the older generation still retains a leading role, for the younger generation it is not ideal and a role model; difficulties arise when the crisis of the post-figurative system begins. Such a situation may be permanent emigration abroad, where the older generation, due to many circumstances, has difficulty fully adapting to the new environment. In this regard, modern generations are fundamentally different from their predecessors, as they are much faster at mastering the new digital culture.
3. Prefigurative (post-industrial) society, this society is characterized by a faster and more intense transformation. The current older generation cannot slow down this pace. Therefore, modern generations come to the fore. Not only do the younger ones learn from

their elders and peers, but the older ones also learn from the younger ones. Today's society is located between co(n)figurative and prefigurative cultures, in more developed countries, because, often, the experience of the past is insufficient, and sometimes even harmful. From whom does the younger generation learn what it then teaches the older generation? - The younger generation, through self-development and/or with the help of peers, absorbs all kinds of technological innovations, including digital technologies, much faster and is more informed and skilled. Ultimately, post-figurative culture is oriented toward the past, co(n)figurative - towards the present, and pre-figurative - towards the future.

Modern digital generations In today's world, several generations exist simultaneously (for information, a new generation appears every 20-25 years). In such conditions, problems often arise that complicate the coexistence of generations, and sometimes even cause acute conflicts. Each new generation always rebels against the established style and standards of life, because it feels superior to previous generations: it has different visions, priorities, and goals. It sees the shortcomings and shortcomings of what was created earlier and tries to improve them. We believe that this is the essence of social progress because otherwise, we would have universal stagnation. However, each previous generation is dissatisfied with the next generation and believes that the new generation cannot adequately cope with the inexorable demands of the time. It has been so since ancient times, it is so today, and it will be so in the future. Today's sociologists believe that the older generation looks at and evaluates modern generations from afar.

Modern generations include: "Generation 1" (those born in 1980-2000), "Generation 2" (those born in 2001-2010), and "Generation 3" (those born from 2011 to the present). These generations have different life orientations. In general, for each generation, what is scarce is valuable: for example, for older generations, books, as the main source of information/knowledge, were rare, but today they are still extremely valid and valuable for them. Generations "2" and "3", who live in conditions of a surplus of electronic devices, usually lack live relationships.

They are together and, at the same time, apart because they share their personal experiences through social networks. For them, the main source of information/knowledge is a smartphone. Unlike older generations, modern generations have broken the "strong connection with time". They can simultaneously receive and promptly process a large amount of information from different sources. Therefore, instead of text, they prefer to work with graphic and video content of information. Unlike older generations, they think differently. For example, why should I remember some important event when I can quickly find this information with the help of Google? That is, each generation has a different relationship with the outside world, with previous generations, and with each other. In general, it is very difficult, and sometimes impossible, to transfer one's values to someone else. Therefore, it is necessary to find opportunities for the convergence of intergenerational values, for which dialogue needs to be developed. Otherwise, conflict is inevitable.

Formation of a new digital culture. Modern generations are creating a new digital culture that knows no restrictions and barriers in relationships, including neither national nor age boundaries.

Their own perception of the world. Virtual communication has increased the power of IT specialists and given rise to a new culture of freedom and openness. Everyone can both create and consume any innovation through network platforms.

A different development of the cognitive sphere. The availability of knowledge-

containing information weakens cognitive processes in today's generations and leads them to load information into technical devices, thereby increasing the "memory" of gadgets, and decreasing that of humans, which ultimately negatively affects the creative and critical thinking of the individual. On the one hand, they are poorly oriented in the digital cultural space, and on the other hand, they have not yet formed communication skills in real life. They are in a prefigurative cultural space, which is quite contradictory in intergenerational relations.

Human Consciousness in the Digital World

For several centuries, philosophers (Hobbes, Locke, Rousseau...) have been interested in the human relationship to the environment. In their opinion, each individual has an inherent self-esteem, which is supplemented by personal skills, interests and behavioral motives. Their combination forms people with different qualities.

The consciousness of modern youth is constantly influenced by a powerful arsenal of diverse information. Research confirms that more than half of the waking time a person spends in front of a screen, and this period is increasing. In the era of the universal Internet, the actual becomes more valuable to a person than the expected, than the prospective, more factual than the conceptual, more consensus than self-analysis. Such components of the human spiritual sphere as information, knowledge, and wisdom are transforming. The Internet is increasingly intensifying its efforts to form an informational world. As for excessive information hinders the acquisition of true knowledge and further distances us from wisdom. As a result, the distinction between information, knowledge, and wisdom is gradually being lost. Information obtained from the Internet cannot replace the knowledge acquired by reading a book. Although reading a book requires more time and energy, in return it develops a person's conceptual thinking. Previously, another traditional way of acquiring knowledge and sharing experience was personal conversations, which allowed for the exchange of interesting thoughts and discussion of them. Today, the culture of short text messages is becoming widespread, which is often replaced by correspondence with symbols. That is direct intellectual communication between people is increasingly disappearing, especially among young people. Although the desired information is provided to us for free, in return we pay a price by disclosing our data, which gradually creates our profile, which is perhaps more accurate than we would describe ourselves personally.

It is impossible not to note that the digital cultural space has three basic criteria:

1. Time and space In the conditions of the technological revolution, time has "accelerated" a lot, the meaning of the concept of space has increased infinitely, everything has merged into the electronic field, and the world has become an unlimited area of instant digital communication of people and technology, geographical barriers have been erased, the competitive advantage of proximity to other people and natural resources has disappeared. Spatial freedom is used especially well by the younger generations. When receiving and sending information, they do not know territorial and temporal restrictions: they can communicate freely with each other at any time (sharing opinions, discussing prospects for relationships, etc.). This makes digital culture a global media culture, where its participants have the entire world of virtual space open to them for action. As a result, digital space is formed into a networked space without territorial and temporal boundaries.
2. The digitalization of their lifestyle and thinking style has disrupted the previous balance between the private and public spheres and has revealed signs of individuality that are independent of their social status, age, race, and physical location. This has been

especially evident in modern generations, as they largely “live” in a virtual technological environment that is natural to them, where they feel very comfortable: they socialize, learn about the world, make comments, sell and buy things, send messages, and so on. For them, real and virtual space exist simultaneously.

3. Form of communication Digital technologies have made diverse information content a very valuable resource. The process is actively establishing and developing in all areas of human activity, economic sectors are merging and taking on a cluster form, and technological convergence is strengthening. It is noteworthy that the coexistence of modern generations in the living environment is contradictory: on the one hand, they have hundreds and thousands of “friends” in virtual social networks, often physically invisible, and on the other hand, in real life, they are left alone with their views, ideas, desires, hopes and feelings. However, they undoubtedly want public recognition, decent employment, and the full realization of their mental potential; digital communication also has many negative sides: the difficulty of finding what is important, and essential in the large mass of available information, the lack of critical assessment of the obtained ready-made content and its superficial consumption.

Conclusion

1. Today, post-figurative, co(n)figurative, and pre-figurative cultures exist simultaneously in modern society. The first is oriented towards the past, the second towards the present, and the third towards the future.
2. Nowadays, several generations of young people are emerging on the global stage, who think and live with different values and norms.
3. In the 21st century, human consciousness is changing, a virtual identity is being formed, and a new perception of time and space is.
4. The digital cultural space has three basic criteria: time and space, digital identity, and the form of communication. Each of them acquires different characteristics in the digital environment.
5. In the 21st century, the concept of “cultural space” is contradictory: on the one hand, it fights against the traditional, previously established, although a person physically exists in this environment and will continue to exist; on the other hand, it establishes the virtual, which opposes traditional values.
6. In the 21st century, digital technologies have created a new digital culture, characterized by a dual perception of the world: on the one hand, as real, and on the other, as technological.

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**INVESTIGATION OF THE CORRELATION BETWEEN EMPLOYEE
PRODUCTIVITY AND MOTIVATION IN THE “INNOVATOR” COMPANY**

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Abstract

In the article in the period of 2018-2022 (number of observations $n=5$), the strength of the correlation between productivity (y) and motivation (x) in the company "Innovator" is calculated and assessed. The calculation is made both in terms of the entire number of employees and on average per employee. In any organization, there is a consequent (effect) event and its cause (or causes). In this particular case, in the company "Innovator" the effect indicator is productivity, i.e. turnover (y), and the causal indicator is labor remuneration (x). The correlation is one-factor, i.e. pairwise, and also linear. In the paper, the strength of the correlational relationship is calculated by a special formula. (Υ_{yx}), It is perceived as positively functional if its value is placed in the norm of the numerical connection between the x and y values $[-1; 1]$. The research found that the correlation coefficient between productivity and motivation in the company "Innovator" is: for the total number of employees - 0.8075 (ie 80.7%); per employee on average - 0.7959 (ie 79.5%) Both these coefficients are placed in the interval between -1 and +1, which indicates the essentiality of this relationship. The essentiality (significance) of these coefficients in the paper is substantiated using the Student's distribution table. The paper concludes that more than 80% of overall productivity in the company "Innovator" is influenced by extrinsic motivation, i.e. the amount of remuneration, and the rest by the intrinsic human factor, i.e. "motivation 3.0".

Keywords: correlation; correlational relationship; strength of correlation; pairwise correlation; consequential event; causal event; correlation coefficient; Student criteria.

Introduction. A necessary condition for the success of any company is to have an employee who is motivated to do quality work. It is believed that if the employee is properly economically motivated, i.e. has a high salary, receives bonuses, etc., then she/he will do the job well. But it's not always like that. There are people for whom the main thing is to do their favorite work, the pleasure they get from it, and not the salary and bonus.

Today in the motivation of employees, the priority belongs to economic incentives, i.e. extrinsic motivation. This is especially relevant for developing countries with high levels of poverty. Georgia is in such a situation. An example of employee motivation at the company "Innovator", proves this situation.

Main text. Deep economic analysis of any event or process, and making optimal managerial decisions in this area require the use of powerful mathematical methods, such as correlation and regression, as well as the scientific apparatus related to them. Therefore, any events or processes should be considered not in isolation, but with each other. Events are involved in the process of mutual influence, and the analysis of the relationship between them, they are grouped based on the factorial (causal) or effect (consequential) sign. The

factorial group includes those events or processes that affect the development of other events, and the consequential group includes those events the development of which is caused by the impact of other events.

One of many factors can affect the development of the consequential event. A single-factor relationship is called a **pairwise relationship**, or a **pairwise correlation**, and a multifactorial relationship is called a **multiple correlation** [Cendel M. 1955].

In this paper, we investigate the one-factor correlation between the productivity and work motivation of employees at the company "Innovator". We make calculations both for the total number of employees in the entire company and for one employee on average. The calculation was based on the economic indicators of the company "Innovator" for the years 2018-2022 (see Table 1).

Along with the increase of the causal factor, sometimes there is a continuous increase or decrease of the consequential event. This is a type of linear relationship and is expressed mathematically by a linear equation [Tkeshelashvili, Svanidze, 2013, p. 75]:

$$y = a + bx$$

In this equation, y is the quantitative representation of the consequential event, a and b are parameters expressing the relationship, x is the quantitative representation of the causal (factorial) event.

Table 1. Economic indicators of business activity of the company "Innovator" in 2018-2022

	Company performance indicators	2018	2019	2020	2021	2022	Dynamics						
							2019 in % compared to 2018	2020 in %		2021 in %		2022 in %	
								compared to 2018	compared to 2019	compared to 2018	compared to 2020	compared to 2018	compared to 2021
1	Annual turnover GEL	420000	1100000	940000	420000	820000	262%	223%	85,4%	100,0%	44,7%	195%	195%
2	Number of employees	14	14	15	16	22	100,0	107,1	107,1	114,3%	106,6%	157%	137,5%
3	Annual remuneration salary, bonus, etc. GEL	289996	304990	334995	394992	469986	105,1%	115,5%	109,8%	136,2%	117,9%	162,0%	119%
4	Productivity of one employee (1:2)	300000	785714	626667	262500	372727	262%	208,8%	79,7%	87,5%	142%	124,2%	142%
5	Remuneration of one employee (salary, bonus, etc.) (3:2)	20714	21785	22333	24687	21363	105,1%	107,8%	102,5%	119,1%	110,5%	103,1%	86,5%

Source: the table was compiled by the author based on the information of the company "Innovator".

In the example of the company "Innovator", to calculate the coefficient of pairwise correlation between the productivity of employees and their motivation, the following symbolic notations are used :

- x_1 - Indicates the total amount of remuneration for employees of the company "Innovator" (total compensation fund).
- y_1 - Indicates the overall productivity (turnover) of the company's "Innovator" employees.
- x_2 indicates the average remuneration of one employee.
- y_2 indicates the average productivity of one employee.

As we mentioned, the correlation coefficient essentially reflects the strength of the linear statistical relationship between two quantities. This fact is indicated by its following properties:

When $\varphi_{xy} = 0$, There is no relationship between x and y values, that is, x and y are mutually independent. When $\varphi_{yx} = -1$, There is a linear negative relationship between these quantities, and when $\varphi_{xy} = 1$, The relationship between them is positive and functional. Therefore, the relationship between x and y values numerically are placed between minus one plus one $[-1; 1]$ [Gabidzashvili, 2007, p. 252].

To calculate the coefficient of correlation between the total productivity (turnover) (y_1) and the total remuneration (x_1) Of the employees of the company "Innovator", we should use the following formula [Ananiashvili, 2008, p. 127]:

$$\varphi_{y_1x_1} = \frac{\frac{1}{n} \sum_{i=1}^n y_{i1} \cdot x_{i1} - \bar{x}_1 \cdot \bar{y}_1}{\sqrt{\left(\frac{1}{n} \sum_{i=1}^n y_{i1}^2 - \bar{y}_1^2\right) \left(\frac{1}{n} \sum_{i=1}^n x_{i1}^2 - \bar{x}_1^2\right)}}$$

where

$$\bar{x}_1 = \frac{1}{n} \sum_{i=1}^n x_{i1} \text{ - arithmetic mean}$$

$$\bar{y}_1 = \frac{1}{n} \sum_{i=1}^n y_{i1} \text{ - arithmetic mean}$$

n - number of data (years) ($n=5$);

For the convenience of calculating the correlation coefficient, we should compile the following table (Table 2).

Table 2. Table for calculating indicators

	Annual turnover y_1(in GEL)	Annual remuneration x_1 (salary, bonus, etc.)	y_1^2	x_1^2	$y_1 \cdot x_2$
1	$42 \cdot 10^5$	289996	$1764 \cdot 10^{10}$	84197680016	$12179532 \cdot 10^5$
2	$110 \cdot 10^5$	304990	$12100 \cdot 10^{10}$	930189001100	$33548900 \cdot 10^5$
3	$94 \cdot 10^5$	334995	$8836 \cdot 10^{10}$	112221650025	$31489530 \cdot 10^5$
4	$42 \cdot 10^5$	394992	$1764 \cdot 10^{10}$	156018680064	$16589664 \cdot 10^5$
5	$82 \cdot 10^5$	469986	$6724 \cdot 10^{10}$	220886840196	$38538852 \cdot 10^5$
Total	$370 \cdot 10^5$	1794959	$31188 \cdot 10^{10}$	66634343750401	$132346778 \cdot 10^5$

Source: compiled by the author

$$\bar{y}_1 = \frac{1}{5} 370 \cdot 10^5 = 74 \cdot 10^5$$

$$\begin{aligned} \overline{y_1^2} &= 5476 \cdot 10^{10} \\ \overline{x_1} &= \frac{1}{5} 1794959 = 358991,8 \\ \overline{x_1^2} &= 358991,8^2 = 20858295907,24 \\ \overline{x_1 \cdot y_1} &= 74 \cdot 10^5 \cdot 358891,8 = 26565392,2 \cdot 10^5 \\ \frac{1}{5} \sum_{i=1}^5 x_{i1} \cdot y_{i1} &= 370 \cdot 10,5 \cdot 1794959 = 42244740 \cdot 10^5 \\ \frac{1}{5} \sum_{i=1}^5 y_{i1}^2 &= 6237,6 \cdot 10^{10} \\ \frac{1}{5} \sum_{i=1}^5 x_{i1}^2 &= \frac{1}{5} \cdot 666343750401 = 133268750080 \end{aligned}$$

Therefore,

$$\begin{aligned} r_{y_2z_1} &= \frac{42244740 \cdot 10^5 - 26565393,2 \cdot 10^5}{\sqrt{(6237,6 \cdot 10^5 - 547610^{10})(133268750080 - 128875112467)}} = \\ &= \frac{15679346,8 \cdot 10^5}{\sqrt{761 \cdot 10^5 \cdot 4393739613}} = \frac{15679346 \cdot 10^5}{2758623 \cdot 10^5 \cdot 66285,2896} = 0,8075 \end{aligned}$$

Typically, in economic studies, the value of the correlation coefficient module within the limits of 0.7-0.9 is assessed as a strong linear relationship, and in the range of 0.2-0.4 - as a weak linear relationship. But such an assessment is expert-approximate. For a more accurate assessment, it is necessary to justify or reject the null hypothesis.

The null hypothesis for the correlation coefficient is the assumption that there is no correlation in the entire population and, therefore, the correlation coefficient is equal to zero. To clarify the compatibility of the selective Z_{yx} coefficient of correlation with this hypothesis, it is necessary to construct an appropriate criterion [Dougherty C. 2007].

When the sampling volume is small, in particular as in our case, since n - the number of observations is 5, a random variable is used as such a criterion,

$$t_r = \frac{r_{yx} \sqrt{n-2}}{\sqrt{1-r_{yx}^2}}, \quad (2)$$

which is distributed according to Student's law with $n-2$ degrees of freedom, provided that the null hypothesis is true.

To reject the null hypothesis, and, therefore, to justify the value of the Z_{yx} the correlation coefficient, it is necessary to satisfy the following inequality.

$$|t_r| = \frac{|Z_{yx}| \sqrt{n-2}}{\sqrt{1-Z_{yx}^2}} > t_{kr}$$

Where, t_{kr} is the tabular value of the student's distribution, which is determined according to the degree of freedom ($n-2$) and the level of significance - δ (delta is the value of percentage confidence, and n is the number of observations).

The correlation coefficient $Z_{y_2z_1}$ calculated between annual turnover y_1 and annual remuneration x_1 , is equal to 0.8075. Therefore, t_r is calculated by the following formula:

$$t_r = \frac{0,8075 \sqrt{5-2}}{\sqrt{1-0,8075}} = 2,8868$$

According to the Student's table, $t_{kr} = 2,353$ is the value at the point of intersection of the 3rd row of the Student's table and the 10%-5% confidence level column [Капиш П. оҥн Р, ПерсеиЛ., 2005, p. 337], i.e. $t_r > t_{kr}$ ($8868 > 2,353$), w is a necessary condition for justifying the significance of the correlation coefficient r_{yx} [Ananiashvili. 2008. p.

125].

Thus, the value of the correlation coefficient is within the theoretical limits of 0.7-0.9, which, together with the Student's criterion, confirms the strong linear relationship between the annual turnover. y_1 and labor remuneration (x_1)

As to the correlation coefficient between one worker's labor productivity (y_2) and his labor remuneration (x_2), it is calculated according to a similar formula (1). Use table #3 to apply the formula.

Table 3. Table for calculating indicators x_2 and y_2

	Productivity of one employee (y_2)	Remuneration of one employee (salary, bonus, etc.) x_2	y_2^2	x_2^2	$y_2 \cdot x_2$
1	300000	20714	$9 \cdot 10^{10}$	429069796	$62142 \cdot 10^5$
2	785714	21785	617346489796	474586225	17115779490
3	626667	22333	392711528889	498762889	13995354111
4	262500	24687	68906250000	4609447969	6974077500
5	372727	21363	138228416529	456377769	7962566901
Total	2367608	110882	21178896852	2468244646	52262978002

According to Table 3: $\bar{y}_2 = \frac{1}{5} \cdot 2367608$;

$$\bar{x}_2 = \frac{1}{5} \cdot 110882 = 22176,4;$$

$$\overline{y^2} = 224222895075;$$

$$\overline{x^2} = \frac{1}{5} \cdot 2468244646 = 493648929,2;$$

$$\frac{1}{5} \sum y_2^2 = \frac{1}{5} \cdot 21178896852 = 42357793704,2;$$

$$\frac{1}{5} \sum_{i=1}^5 y_{2i} x_{2i} = \frac{1}{5} \cdot 52262978002 = 10452595600,4$$

If we put the obtained calculations into the correlation coefficient formula, we get:

$$\begin{aligned} \varphi_{y_2 x_2} &= \frac{10501008845,5 - 10452595600,4}{\sqrt{(42357793704,2 - 22422289507,5)(493648929,2 - 491792716,96)}} = \\ &= \frac{48413245,1}{\sqrt{19935504196,7 \cdot 185621,24}} = \frac{48413245,1}{141193,15 \cdot 430,898} = \frac{48413245,1}{60831347,77} \\ &= 0,7959 \end{aligned}$$

$$\varphi_{y_2 x_2} = 0,7959$$

So, the correlation coefficient $\varphi_{y_2 x_2}$ Is in the range of 0.7-0.9, which means that the significance of the correlation between the labor productivity of one worker (y_2) and one worker's labor remuneration (x_2)Is estimated as a strong linear relationship.

Thus, in the company "Innovator" the coefficient of correlation between the productivity of all employees and their work motivation (total remuneration) is 0.8075 (i.e. 80.7%), and the correlation between the productivity of one employee and her/his

remuneration is on average 0.7959 (i.e. 79.6%). Both of these coefficients are placed in the numerical interval between the values of x and y $[-1; 1]$, which means that the relationship between these two events is strong. In particular, in the company "Innovator", the overall productivity or total turnover, which is the effect indicator of its activity, is determined by the total salary fund paid for labor compensation (as a causal factor) by 85.7%, while the average rate calculated per employee is a little small and amounts to 79.6%. This was obtained by averaging the indicators. More reliably, we get a correlation between the productivity of the total number of employees in the company "Innovator" (y_1) and their remuneration (x_1), which is 0.8075, or 80.7%. So, we determined that in 2018-2022 the total turnover of the company "Innovator", i.e. overall productivity, was 80.7% caused by extrinsic motivation, i.e. "Motivation 2.0", and the remaining 19.3% by intrinsic motivation, with "Motivation 3.0"

Conclusion. To reduce the costs of employee motivation, the company "Innovator" needs to reduce routine (algorithmic) tasks in its activities and increase creative tasks, for the performance of which intrinsically motivated people will be employed.

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