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CHANGES IN ECONOMIC POLICY OF GEORGIA

The issue considered in a given article is quite sensitive, since the acceleration of economic growth in the country and ensuring the macroeconomic balance largely depend on economic policy adopted by Government. The political regime stability, the democracy level, budgetary-taxation regulations, the volume of government expenditures, the efficiency of the monetary and currency mechanisms, the corruption in the state machinery, as well as the effectiveness of international economic relations, especially of foreign investment policy, play especially important role in this field.

There is considered in a given work what kind of guidelines should be figured out in the near future achieving the acceleration of economic growth and macroeconomic balance. As is known, the economic development vector of Georgia in recent years was managed by the political force “The National Movement”, which was just only replaced by a new political coalition “Georgian Dream”. The quantitative analysis of these two political forces’ economic platform is in fact impossible, since there is no statistics yet on economic results of a new Government, because their activities are confined yet by very short period. Therefore, the test object at this time can be represented by only economic part of the political programs, their correlation, differences, novelties and key guidelines.

It is difficult to predict the near-term outlook; however, in consequence of the analysis and evaluation of the exiting situation, it is possible to formulate two different hypotheses. According to first hypothesis, there are possible the escalation of political opposition inside country and the negative pressure of outer exogenous factors on a new Government that should weaken the economic efforts and subsequently the decrease of the achieved economic growth. In this case, there are possible the increased social tension in the society and its negative subsequences.

THE ECONOMIC CRISIS IN THE SOUTH CAUCASUS

After demise of the Soviet System the South Caucasus is the subject of a great interest. There are three independent States in the South Caucasus - Georgia, Azerbaijan and Armenia. The region was called the „Transcaucasia” in the former Soviet Union.

After dissolution of the Soviet empire products that are produced by domestic companies could not compete with imported goods. Trends in the economy have shown similar results in all the countries of the South Caucasus.
For the purpose of researches in article it was studied current trends of economy and its prospect development opportunities.

It was learned that the share of the major industrial and agricultural fields in Post- Soviet period decreased significantly and the share of transport and communications have raised. Fast development of a services sector which is the main sector of economy in the region of the Caucasus is obvious.

Non-uniformly the national income per capita in all countries of the South Caucasus, in 1991, composed 2800 $ in Armenia, 3800 $ in Georgia and 3900 $ in Azerbaijan. The lowest point was found in 1995.

In the XXI century, the national income is increasing and today it is the level of $ 4800 in Georgia, 4900 $ in Armenia and 6500 $ in Azerbaijan.

It is hoped that in the XXI century, common sense will prevail, all participants in the great game will find a common language and it promotes economic development in the South Caucasus.

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ABOUT THE COMPETITION (ANTITRUST) ECONOMIC POLICY IN GEORGIA

The competition policy is the sphere of special interest, as the establishment of the fair business conditions in the state and prevention of the unscrupulous competition in the entrepreneurial practice are highly dependent on it.

It’s extremely important to analyze the stages of competition economic policy, development of the competition relations and establishment of the antitrust (competition) legislation. It’s also very important to review the role of monopolistic position and monopolistic activity at relevant commodity market in terms of limitation of the competition and application of various models of competition legislation.

We should pay the special interest to the influence of concentration of power upon the competition level. It proves the necessity of monitoring the market behavior and regulation of the „market” and natural monopolies, to provide the mechanisms of their implementation;

Some authors provide the methods of determination of the concentration rate and the specific criteria of ranging the commodity markets.

The study underlines the role and importance of competition laws in the strategy of gaining the competition advantage and competitiveness;

Due to the specificity of question area, we should pay special interest to the importance of competition policy and competition legislation in terms of establishment of the fair business conditions in the state and prevention of the unscrupulous competition in the entrepreneurial practice.

The state’s role in perfection of the business environment is also in the sphere of special interest, as the positive and negative aspects of antitrust economic policy and respectively the competition laws of Georgia against the statutory norms of EU competition law.

The purpose of this study is to analyze the development of the competition relations and establishment of the antitrust (competition) legislation and the problems of its practical application in Georgia, also to highlight the positive and negative aspects of the competition economic policy.

The state’s role in perfection of the business environment, as well as some aspects of regulation of monopolies and the competition policy development, also the problems of its practical application in Georgia were analyzed in the study.
**FARMS AS A SPHERE OF THE EMPLOYMENT OF LABOR RESOURCES AND THEIR DEVELOPMENT OPPORTUNITIES**

The major priority in the structural reorganization process of Georgian agricultural sector was given to the formation of peasant economies. However, there have been made a lot of mistakes. Their organization had not be considered as a goal itself, but it had to be directed toward further development of agricultural sector. The main condition for the efficient operation of farms consists in providing them with production means, industrial-technical maintenance and manufacturing and selling of products. As is shown by world experience in this sphere that the individual peasant economies cannot be developed even if they are based on a private ownership on the land.

I assume that the scales of the farms will be considerably expanded in the future, but with consideration of those changes that on the basis of them there more effectively and intensively will be created the cooperative and mini-integrated formations, which will extend the employment sphere.

The searched materials allow to envisage the optimal parameters for of Georgia farming economies by their main types, the practical application of which for some extent will be depend on country’s economic policy so on firm legislation base as well.

**ISSUES OF THE IMPROVEMENT OF ACCOUNTING REGULATORY**

For the current stage of Georgia’s development, the gradual turning to the entire world is typical, realizing that on the one hand, it is an independent country and the component part of the global rural economy at the same time. All these define the main directions of developments in the agriculture.

Proceeding from all the above discussed, the reform of accounting-calculation system has no alternative. For the execution of this task, the complex of the measures is to be implemented, including:

- Deep analysis of the current system;
- Based on the analyzing the international and European instructions, the creation of the suitable, national standards;
- In the issues related to the reforms implementation, the consideration of experience of the courtiers with transitional economies.

The aim of the research is study of the theoretical and methodological problems related to the implementation of accounting-calculation system reformation, defining the main directions of the reform, also coming up with concrete recommendations regarding the improvement some certain point of accounting.

The system of accounting calculation is being considered in complex scope with passed period, current situation and the future development directions considering country’s economical, social and juridical environment. Based on this, the main directions for the reforming of the accounting-calculation system have been prepared; all the scientific revelations done by research may be defined as follows:
It is proved that in Georgia it is necessary not direct duplication of accounting system or international standards from the experience of one, particular country but based on the international experience and practice, creation and introduction of the national standards;

- Based on the international standards, the model of accounting’s national conception has been created, it includes not only the basic principles of financial calculations, also the postulates regarding the entire accounting cycle including different issues;
- The structured model that consists of international standards and the requirements for the practical specifications in Georgia reality;
- According the international standards, national structured model for the accounting of the expenses has been created.

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GEORGIAN INSURANCE MARKET REVIEW 2012

The development of the private insurance sector starts in the end of 20th century in Georgia. Before, in times of Soviet Union, Government had monopolized this field in favour to governmental needs. There were no private insurance companies that could carry out voluntary types of insurance according to the needs of citizens. Insurance was carried out by the State Union Insurance Branch of Georgia.

Private insurance companies begin to start from 1990. One of the main goals of the Government following steps of Market Economy is having strong and stable insurance companies in its country that provides alternative warranty for the society’s financial interests. Eventually, effective insurance mechanism supports solution of business, employment and many social problems.

Therefore, there have been paid much attention to forming private insurance organizations since 1990. In result of reforms, there were created legislation base and normative acts in Georgia. There was created governmental regulator body - “Insurance Supervisory Board”.

Nowadays, there are more than 10 insurance companies in Georgia that are characterized by the experts as companies having strong and stable ability of reimbursement. They are distinguished by the diversity of insurance products and services in line with European Standards.

Georgian Insurance companies are actively engaged in Governmental Social Insurance programs, building and equipping new hospitals that is considered to be a step forward.

In fact, in result of reforms the role of private insurance companies in Healthcare have increased. As well as the trust of society and insurance culture has increased. Georgian companies are now more experienced and have much more assets. All these lead to the development of Georgian Insurance Market.

Consequently, the object of given research is to define those positive changes, that can support insurance field development, but task is to define perspectives of market expansion.

During research there have to be used financial statements of the insurance organizations. There will be analyzed society requirements and benefits of insurance services. The gaps in the legislation have to be corrected and all this will promote future growth of the insurance infrastructure.
SEVERAL ACTUAL QUESTIONS OF THE REFORM OF RATE OF EXCHANGE

Under the condition of globalization the most solving role acquires formation of the rate of exchange, which results has a great influence on success and failure of each economic unit.

Actuality of the problem defined in the topic is for the following: due to the fact that the level of development of the world puts new problems from the standpoint of definition of rate of exchange, action and stability, that is why the government of any country is forced to fulfill the questions and policy of their using in the global context.

Our goal and problem are to study international currency relations, currency mechanism, market and impacting factors, purchase and sale, their influence on national economics and finances, modern approaches of their origination, distribution, use and control.

The modern international currency relations, scales and duration make scientists to discuss problems by using new methods, accompanied to extend of processes of globalization and integration.

The currency policy is the most important part of financial policy of any country, which is delivered to regulate economic relations connected with currency values, to support development of economics, especially export-oriented industry, to create environment for investments in the country, increasing international reserves, stability of national currency and integration of the country in the world economics.

In Georgia there is a managing fluctuating rate of exchange regime, as it supports long-term economic increase more than it can be possible under the condition of fixed rate of exchange. Based on the foregoing fixation of the rate of GEL isn’t a problem of the National bank, correspondingly it doesn’t interfere in the process of currency market, except the cases when the rate of exchange has sharply changed.

SOME ASPECTS OF REGULATION OF AUDIT SPHERE (GEORGIAN LAW AND REQUIREMENTS OF EUROPEAN DIRECTIVES)

In any country existence of the system of audit sphere regulation (self-regulation) is one of the main condition for providing high quality of audit service. On June 29, 2012, Georgian parliament passed a law on “Audit of accounting and financial settlement”, which changes previous system of audit sphere regulation in the country since 2013. In recent years this old one wasn’t efficient and it needed to be changed with modern, correspondent regulation system relevant to international requirements.
One of the official international document determining audit sphere regulation principles at an international level, is a directive 2006/43EC of European parliament and European Council on compulsory audit of annual and consolidated settlement (May 17, 2006, Strasburg) and we think that the correspondence of Georgian audit sphere regulation system to the requirements of directive is an important indicator for efficient operation of this last one in the future.

Just that’s why we have analyzed the above-mentioned correspondence of the standards of Georgian law and requirements of European directive. We have displayed the questions, among which is a complete harmony. We have also analyzed questions which correspondence level is law. Based on analysis we’ve prepared sentences which realization shall provide harmonization of standards of Georgian law to the standards of internationally recognized directive. Though, we admit that in national legislation of audit regulation shall exist other important questions, which harmonization to European standards will have positive influence on the development of audit in the country.

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CRITICAL THINKING AND ACTIVE LEARNING
DURING THE DEVELOPMENT OF MANAGEMENT

In recent years, there is an evident that the traditional form of education (lectures, workshops and seminars) do not provide the critical thinking of students at the appropriate level. Graduates are not effective, and often can not even put into practice the theoretical knowledge.

Psychologists believe that in human memory it is stored an average of 10% heard, 50% of what he saw and 90% that he receives from the practice. Perception of knowledge as desirable not in a prepared way but by active creative working. The majority of students who have received extensive theoretical knowledge are not able to use them in a broader theoretical knowledge in practice. The point is to attend a lecture on literature and read specific books gives the low results to starter managers. Managerial experience is not transmitted this way. Therefore it is necessary to implement such forms of education, which will enable students to think critically. Critical thinking he critically evaluates the situations and makes wise decision. Critical thinking involves much more complex process that starts and ends perceive information in decision-making.

American philosopher and educator John Dewey believes that focusing on the problems stimulates natural curiosity of students and encourages them to think critically.

In foreign universities use active learning methods for the development of critical thinking successfully. Unfortunately in our universities these things are not important. There is a need to review the situation and to use such active teaching methods that provide the most in learning to move tasks and practical situations.

For this purpose, you can use the following active learning methods: modeling of specific situations method of role-playing games conducted business games.

The use of these methods requires the students of high academic achievement (held gaming) and the maximum of being at lectures.

In the end, active learning methods are given in the article, allowing for a high level of administrative culture of students.
GOAL OF ORGANIZATION, ADAPTED STRATEGY TO ENVIRONMENT AND PROPER MANAGEMENT STRUCTURE

At first to the creative character of managerial activity belongs the thing that it chooses goal of organization, also means of performance- strategy. Though, in competitive environment, the function of manager is much more. The most important is to create adapted strategy to environment and to prepare staff for execution. The practice confirms that the economic managers who achieved desired results at first, was stipulated through elaboration of adapted strategy properly and its execution.

It’s natural, that formation of the goal of organization needs proper ability of vision of business. And the ability of business vision is a gift and correspondingly everybody doesn’t have it. Modern organization, in this changeable world, shall not be successful if it has a manager without business vision. The matter is that in modern rapidly changeable and in some cases insufficiently predicted environment the process of long-term planning becomes difficult. Correspondingly, systematic renovation of the strategy is necessary, or modern management becomes obliged to work on changing the strategy with evolutionary, adapted strategy to environment. At first it means creation of such organizational structure of management which will successfully execute adapted strategy.

Science of management recognizes different kind of organizational structures. Though, basis of all structures is linear or functional approaches. But modern management requires creation of natural organizational structure made on current strategy. Under the structure preferable will be knowledge, experience, initiative, motivation and aspiration to realization of new ideas for achieving final results.

ENCOURAGEMENT AND ITS MANAGEMENT IN ORGANIZATION

Correct development of the system of encouragement is one of the key question of human resources management. The system of encouragement of employee consists of integrated policy, processes and practice in order to encourage his employees according to their bit, ability and competence. The system of encouragement consists of financial encouragement- fixed, variable payment and assistance of employee, which all together are entire payment and nonmaterial encouragement- recognition, responsibility, praise.

The managing elements of encouragement are: tariff scale, bonuses, allowance, nonfinancial encouragement.

From the standpoint of the employees the system of encouragement is requested:
- to treat them as shareholders, having right of participation in elaboration of the policy of encouragement, which has an impact on them.
To satisfy their expectation that they will behave fairly, will be impartial and consequent towards fulfilled works and their achievements

To be transparent, they shall know on the system of encouragement in the organization and what impact does it have on employee

The strategy of encouragement shall specify intention of the organization, how the policy of encouragement and process for satisfaction of business requests shall be developed. Efficient strategy of encouragement:

- Is based on values and belief of corporation
- Proceeds from business strategy and does a bit in it
- Corresponds to business strategy
- United organization and individual competence
- Corresponds to internal and external conditions of the organization- the essence of strategy shall be depended on these circumstances
- It is perspective and able to be implemented

Encouragement policy gives recommendations on taking decisions and actions. It touches to such issues as are:

- Specific payment. “Payment policy” or “Payment status” directs in the organization how much the organization shall be “produced by market” i.e. relation which the organization wishes to preserve between the level of payment and market standards.
- Individual and group encouragement- inevitability of encouragement concentrating on productivity of individuals and groups and etc.

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RESEARCH OF USED CARS MARKET
IN KUTAISI

The current situation in Kutaisi, development of scientific and technical progress requested using of market researching methods widely. Through methods it’s possible to receive highest effect in separate branches.

The work deals with used cars market researching in Kutaisi. The used cars market bring serious income for the country. The business can provide customers with used but comfortable cars. The fact is confirmed by permanent increasing of the customers.

The goal of research is to study cars market in Kutaisi and display difficulties and find ways for their solving.

It’s underlined, that from the standpoint of developing used cars market, it’s essential from the side of the state to pay proper attention to the businessmen of the field and take stimulated policy for supporting development of the business.

From the methods of the research in the work is mostly used methods of observation and making inquires. Making inquiry as one of the main method of finding information, provides direct contact with the great number of final customers and gives possibility to establish: who, what, when and how buys the used cars.

As a result of research there is displayed essential factors defining demands of different customers to used cars. These factors are: destination, price, kind of offered service, volume of customers expenses, seasonality and etc.
Based on the results of research we can make report that in Georgia, especially in Kutaisi the market of used cars is quite perspective branch and supporting to the branch will bring great success and correspondingly source of huge income for private business as well as for country. It’s significant that purchasing of the new cars isn’t accessible for 70-80% of population of Georgia. It’s essential for the companies and businessmen of the branch to use those marketing instruments that gives them possibility to find stable place in the market.

In that way, considering elaborated and directed recommendation and proposals shall give possibility to solve problems and improve condition of the abovementioned business in the country.

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MANAGEMENT OF ECONOMIC AND ECOLOGIC SYSTEM

Economic processes is the object of management for a long time, but nature defense, using natural resources, subordinated to it only in recent years. Besides, it’s significant that nature use shall not be an object of independent management as it has close relation with economics. Based on the foregoing, the problems of nature and economic management shall be discussed based on principles of unity. It’s significant that management of economic and social processes is characterized with general signs. In spite of this, we may say that nature management is providing rational utilization of natural resources under the conditions of ecological balance. With these characteristics nature becomes as one of the original branches of economics. In view of the foregoing on the basis of principles of unity of economic and ecological processes, the problems of management is fast development of economics by providing ecological balance and rational utilization of natural resources.

The difficult complex character of the modern problems requests extending integration of social, natural and technical sciences. This last one made a request on new methods of research and management. This method is based on deep knowledge of requests of the laws of difficult system operation. On the bound of integration of economics and ecology was created a science Econology. Econology is a science which studies laws of development and interaction of economic and ecological systems at different level, which gives natural character to this interaction and development in the united system.

Rational methods and systems of management of interaction process of economics and nature shall provide preserving and producing of nature in normal conditions. The foregoing shall be achieved through harmonious combination of scientific and technical progress, economic increasing and nature defense. Such complex approach of management of economics and nature interaction process is provided by reasonable activity of society.

The correct management of economic and ecological system requests scientific determination of managing object, goal and means. Its means are: economic bases, economic evaluation of natural resources, penalties for environmental pollution and etc. Using economic bases as means in economic and ecological management implies nature defense, producing its resources, but the goal is increasing efficiency of manufacture.
POTENTIAL OF GEORGIA’S TOURING BUSINESS

In the modern terms developing touring business is quite an actual problem. Tourism is one of the leading fields of the world economy and it has a great deal in developing the economy of any country. In Georgia the potential of developing tourism really exists.

The task and aims of the work are to show the potential of Georgia’s touring business, to estimate it objectively and to define how real it is in Georgia to develop tourism.

While doing the research I used the methods of analysis and observation. The research has shown that in Georgia we have the following touring potential: 102 resorts, about 350 resort sites, about 85 000 historical-architectural monuments and buildings of national style, and some of them are put in the list of the UNESCO’s world treasures. Several active national parks, over 1300 mineral springs, their debit in 24 hours is 130 million l, curing muds, about 1000 caves, there is a gulf in Georgia, named Kuberi which is the deepest on the earth. It was first discovered by Georgian explorers in 1960 till about the depth of 150 m. Because of Abkhazian events the explorers weren’t allowed to continue working in the cave. In the spring of 2009 the united expedition group of the former Soviet Union reached till the depth of 2191. There is also variety of climate, high level of education and culture, traditional hospitality and world-known Georgian cuisine.

By the prediction of the marketing department of the world’s tourist organization, in 2010-2020 there will be the most important marketing segments: 1. The sun and beaches; 2. Sport; 3. Adventures; 4 Tourism in the ground of countryside; 5. Cultural tourism; 6. Urban tourism; 7. Rural tourism; 8. Cruises; 9. Preserves and parks; 10. Meetings and conferences.

In 2011 a record-breaking number more than 2,8 million visitors arrived in Georgia. The statistics of tourism department has shown that 75% of the tourists are attracted by Tbilisi, Batumi is on the second place and it is followed by Mtskheta and Kutaisi. Last year the most tourists came from Azerbaijani, Turkey and Armenia.

The ways of solving the problem can be formed in the following way: developing tourism business is based on five main principles: working out the right policy: tourist resources; the appropriate developed infrastructure; qualified human resources; legislative basis of stimulating field; the lack of any of these things causes the destruction of the field’s function, its wrong development. For developing touring field there should be worked out the strategy of carrying out investments in the country, and the policy of tourism development should harmoniously combine with the processes of developing different fields of economy in the country.