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THE STATE'S ECONOMIC ROLE AND IMPACT DIRECTIONS FOR BUSINESS

The article investigates the issue of government-business relations problems, which has a great theoretical and practical importance. The solution is highly dependent not only on the normal functioning of the market economy, but also the social and political stability in the country.

Keywords: State Impact on Business, Economic Growth, State's Economic Role.

State and Business Communication is dialectical in character. As possesses significant resources, business in various fields of farming combining them reaches their main objective – Profit maximization. To achieve this goal it will be necessary for the state to support and help.

The state's role in economic evaluation is necessary to clarify the concept of economic power.

In general, viewpoint, economic power means a skill and ability of single person or group, using economic means (leverages), make influence on the other person, a group of people or an entire society in order to subordinate their behaviour (action) to their own interests.

For successfully functioning and development of business, the proper environment is necessary, in formation of which the state (government) has the leading role. Business environment is the combination of the objective and subjective conditions and factors, which influences on the possibility, direction, speed and scale of the implementation of the business.

Economists classify business environment on a variety of grounds. It's establishing on business, as on the object of the influence, directed after various activities of the state. Proceeding from the content and nature of such influence they can be divided in events related directly and indirectly on the business. The first group includes the activities, which are mainly related to the essential functions of the state. In particular:

- The protection of the country's political stability, public order, security and property of the individual entrepreneur;
- Encouraging economic growth appropriate monetary, fiscal, investment – structural and other types of means of policy;
- Creation of the competitive environment within the framework of anti-monopoly policy;
- Legal Support for Business, civilized elaboration of rules of market game and sustained protection. Together with the state to create the business-friendly environment, the society can put great contribution, which is reflected from it's side in creation a benevolent mood for Businessmen (Entrepreneurs) and the final score, in the formation of market mentality for the public members Thus Business and enterprise development prerequisites can be unite into three groups:
 - State policy in respect of the business;
 - The culture and value system of the society;
 - Human inclination and their ability regarding business (business) activities.

Together with creation the business-friendly environment the state-oriented activities is of crucial importance for business, in particular, for small and medium businesses, which include effective use of financial (tax and monetary), organizational and institutional, Informational and educational and other kinds of mechanisms and levers. Let's consider some of them in more detail.

Taxes – tax-paying for individuals and legal entities is the price, which they pay to the State for personal and corporate security, for creation predictable business environment, for risk minimization and for use public goods (Defence, public order, social services, etc.). At the same time, the majority of people, including of course businessmen payment of taxes perceive as losing part of their income and wealth or the tax burden, which, in their view, in most cases are much more than the State goods. Therefore, their attitude towards their taxes are negative. However, it is less expressed in the form of an open process and usually manifests itself in various forms: Attempting tax avoidance, to move economic activity «in the shadow», etc. Such efforts are a response to the country's tax policy, which is part of a common economic policy.

In viewpoint of private business, tax pay increases unit cost of their product or service and reduces their competitiveness. The mentality of the tax is human subjective mood in respect of taxes and determined with the general mood of Society. Tax morale expresses human attitude (position) in respect of tax law violations. Any business, regardless of its size, needs support from the state and therefore generally business itself should be interested in existence of effective and efficient state structures. It is necessary to avoid sharp decline in budget

revenues, at the same time, avoid lose the incentive to expand for businesses and avoid their desire to move from the legal fields of «shadow economy». Despite the fact, that in any country State tax policy concerns to the State, firms and citizens, it is not community consensus result in not any of the countries. Its adoption and implementation everywhere and always is the prerogative of the state.

In Georgia, tax policy and practice has gone through a difficult and controversial road. We remember the periods, when tax discipline in the country was on extremely low level while hiding taxes almost had become the norm. Later, some success has been achieved in the field of taxation. Significantly strengthened tax discipline, simplified tax administration, significantly reduced corruption in this area, reduced the number of taxes, etc. At the same time, as entrepreneurs and business surveys shows, tax legislation and its implementation rules require serious improvement and refinement. Much can be done in tax culture and raising responsibility in citizens. We consider particularly important to give to entrepreneurship supporting character, which may be realizes in the following directions: Active involvement of Small entrepreneurs and their support organizations in elaboration of tax Policy improvement activities, Fiscal support for small and medium businesses, which In addition to the tax benefits takes into consideration issuance of various kinds of subsidies. For the development of entrepreneurship we believe, that:

- From the beginning of functioning of newly created small enterprises, during 2 years, their income tax halving;
- The entirely liberation of small and medium enterprises from profit tax on reinvested capital;
- Give the right to small enterprises to benefit from the accelerated depreciation norms;
- Using the simplified accounting procedures in respect to the Small Enterprises;
- Reducing the number of taxes through their aggregation.

As we have seen, businesses, particularly small and medium-sized businesses can't be developed without the support of the state's financial-credit and investment. Absolutely the most part of surveyed small and medium enterprises their main reason for the delay of their activities identify high interest rates on the bank and non-bank loans, which in turn was caused by a high degree of risk and absence of proper guarantees for given loans. Accordingly, it is necessary to improve the mechanism, which can be carried out in different directions. We think the most important goal is to establish institutional base of Business Support, which may include the following directions:

- Stimulate the formation of non-bank microfinance institutions;
- Banking services sector diversification;
- Small banks' development, which has limited license;
- Establishing remote financial services practice;
- Promoting spread of mobile and electronic means of payment, including electronic money.
- Support of creation of the securities trading branches network.

Innovative Business

Innovative Business is modern promising direction of small and medium business development. Accordingly, it is necessary to create the financial and credit-guarantee schemes for new, innovative, resource-efficient and environmentally clean technologies creator and provisioner projects. Such projects may include:

• To create venture intellectual fund and specialized bank for small and average business area to finance science-contained technologies.

- Guaranteed by intellectual property high-tech companies capital issues and investment horizons forming.
- Forming networks of: venture financing institute, lessors and guarantee funds.

For innovative businesses it is very important to pursue a structural policy, which means choosing priority industries and factories that will give maximum economical net output if provided with supplies. On different stages of economical development, these priorities can be different, however, it is possible to separate out some more stable areas than others:

- Reprocessing industrial and farm products.
- High-tech, science-contained providing and innovations.
- Export and import-replacing manufacturing.
- Tourism and infrastructure.

Because of there stage of scientific-technological progress, for small and average factories is very important to encourage engineering procedures, which means:

- Determination of sources for technologies and techniques.
- Using things such as licences and know-how, factories co-operation, co-production etc.
- forming of technical and technological centres, lessors etc.
- Teaching how to use new technologies and have consultations.
- Reward entrepreneur who are oriented on importing and encouraging advanced technologies.

Past experiences show that for supporting entrepreneurship can be used effective mechanism such as business-incubator. It helps to reveal personal initiatives and increases speed of scientific-technological progress. business-incubator is space, where are gathered new factories. They use local infrastructure and necessary services. Business investitons are driven from local investors and also from other countries. Manufacturing is

focused on creating high-tech export productions. It is recommended that in Georgia business-incubators must work, because:

- To support entrepreneurs in entrepreneurship and sales areas.

It is necessary to connect business-incubator to regional policy, also staff should be carefully chosen.

From the beginning of last century's 90th years, when industrial society started to become post-industrial, companies started to form learning centres and started to train personnel. Centres like these are equipped by technical equipment and employees are both professional teachers, who mainly lead theoretical courses, and young interns. Respectively, places like that managed to mix fundamental knowledge with practical skills and whole learning process is close to real manufacturing environment. These places are most frequently and effectively used by famous motor companies such as: American «Ford», French «Reno», Italian «Oliveti». Western scientists think that professional development of engineer-technical and other employees appears from modern temper of entrepreneurship and they also think that this process should last for lifetime long.

Conclusion

So, country's economical power is important form of economical power, which is expressed in state's economical role and is realized in it's economical functions. Government should encourage business-structures in different ways to participate in this process. Government should openly and directly support business and create effective system in order to develop and successfully function it. Government determines and protects a context, where market self-adjusts. In modern conditions relationship between government and market is based on partnership, that gives economical agents ability of adaptation to harsh and changeable mega and macro environment. Refreshes competition and innovations. Control systems are being formed that fills in and regularizes market.

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