

relationship that can be interpreted by environmental conditions: when the entrepreneur faces the high risk for not fulfilment of the obligations from the side of contractors, when the government and society organization in the face of third person cannot protect it, importance is gained by agreements and control for fulfilment of the obligation that are drawn by industrial actors.

Frequent practice of non fulfillment of the obligations speeds working out the protection norms. In the Western countries partner's trust comes from formal contract increase and development as in current Georgia it is in the first place non formal relationship.

According to some foreign businessman in Georgian there is wild market ethics. Economical area is received as behind raiding area of norms. Most dangerous is criminal structure joining white and dark segments. It must be mentioned that there is no more 90<sup>th</sup> year's criminal groups but still business and criminal diffusion still appears.

Experts mention about the negative attitude toward legal norms in Georgia underlining that Georgian mentality ignores the rules and act on their own view.

In the Georgian management style must be mentioned its negative marks. For example, frequently is talked about unprofessionalism of the Georgian managers that can be explained by not having adequate business school. Where can be found the followings:

- non sufficient development of business skills;
- not having affective analysis and communications;
- not enough knowledge of main administrative instruments

In the main business skills is found planning and financial analysis. Any type of antipathy toward planning can be explained by psychologists. Social scheduled economical years had negative trace not only on old formations but also in young managers. But unfortunately disappeared all the methods for project management when this gives opportunity to improve the result of work and for better organization of resources, planning the income and expenses, foreseeing the risks, evaluation of results and others. Adequate planning at every stage gives strength for responsibility, obligation division and management.

Financial management for Georgian managers or second important skill must be found in economic scheduling due to the fact that in Georgia sometimes cannot be planned more than for a year and so calculate the profit and lack.

In the management process must be mentioned positive characteristics of Georgians: novation, original decisions and risks, intensive working skills. Last period showed such characteristics as members and general work sensation, charity support and obedience for unformal leadership.

Business culture and management style learning in the first place has practical value that is based on finding the weak points, studying the management effective factor and some other ones. Georgian companies frequently use Anglo-Saxon model.

After finding the characteristic of the Georgian business culture we receive the following conclusion:

- Georgina business has some characteristics that is explained by historical and cultural development;
- transfer to market relationship development important changes in Georgian management but at the same time institutional areal slow development not corresponded principal changes in the evaluating system that gives lots of negative marks of modern business culture;
- Manager that works in Georgia must understand these characteristics and use them for increase of management effectiveness.

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## SOME ISSUE OF STRATEGIC DEVELOPMENT OF GEORGIA

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*In the study is mentioned that Georgia is one of those countries which does have clear, pragmatic, well-considered long-term strategy, which would be based on social, innovative and technological development prognoses and the views of future. The social and economic development author intend to implement the innovative break-through strategy, in which will be considered our country's current condition, specifics, capacity of the resources, global processes, the tendencies for the development of technologies and the views for future.*

**Keywords:** *Strategical development, Economics, Innovations, Georgia.*

The long-term political and economic crisis in Georgia creates unavoidable necessity to establish such values and ideology that for the developed countries have been the major priorities for a long time. Moreover, in the beginning of XXI century, the world enters the epoch of the stormy changes and because of this, usual rhythm and dynamic of social life radically are being changed. The world becomes much more unpredictable and requires a new scientific comprehension and from the State and the political achievements, it requires a long-term strategy of the development.

For 70 years Georgia was a part of the Soviet Union, its dissolution were caused by the strategic mistakes as well as by a wrong orientation. Later, the events developed in our country (political turbulences, ethno conflicts, permanent economic reforms and experiments) represent the results of the country's economic development vector was not directed forwards, to the post-industrial society of XXI century, but it was moving backwards, to the capital primary distribution, to the spontaneous games of the marketing forces and to the political dissipation.

Justice requires mentioning, that according to the reforms held during the last years the following positive tendencies are observed: In country have been established rather high rates of the economic growth; Is reached the eclectic power economy security; Continuous the economics liberation process; Were held the anticorruption measures, as a result, significantly was reduced the shadowed scales of economics. The corruption was minimized in all fields; Gradually increases the income of the population; The volume of the foreign

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trade turnover increases; Annually increases the State and municipal budgets; Tourism, infrastructure and agriculture were determined as the priorities and began the State programmes practical implementation from this point; The special economic zones (the system of “one window” principle) formation process is successful (Poti, Batumi, Tbilisi, etc).

Despite of above-mentioned tendencies, in the country takes place: High level of unemployment; the activities held in order to reduce it are ineffective; The agriculture backwardness; The high-speed growth of the entire State debt; Direct foreign investments amount reduction tendency; The high level of a consumer’s price index (inflation) and in last period its growth tendency; The high price on the credits; Negative balance of the export-import; Increase of the number of the population below the poverty line. The deepening of the existed unevenness among the regional development level. Thus, in Georgia, most of the carried out governmental activities were ineffective. E.g., employment multi-layered programmes, on which lately were spent rather huge sums, however, the situation from this point practically has not changed.

Even today, there is no entire complex strategy and appropriate actual programme. Therefore, the part of the reforms are hastily done, have groundless character and the results are ineffective. Not having the future views and non-existence of economic development strategy based on the actual calculations created instability countrywide, like in the municipal and regional fields.

Referring to the document issued in 2010, “Strategic ‘Ten-paragraphed plan’ for Modernization and Employment (2011-2015) of Government of Georgia” of the Programme of the Economic Development of Georgia, which intends creation of more and high-played job places, social condition amelioration for the citizens, especially health and welfare systems improvement, we have some remarks:

- The “plan” is excessively optimistic and does not come out from the established, real retrospective specifications of the country. There is not critically estimated the established retrospective specifications in the economic development field of the last years, the existed positive and negative sides and there is not opened and evaluated main reason factors and their causing reasons.

- The “plan” is far from nowadays crisis-ridden processes taking place in the world’s economics and is oriented on the automatic regime of economics development of the country. Considering that Georgia achieved economic benefit when in many countries economics almost was destroyed is wrong. The truth is, that during the Global Crisis the economics of Georgia was less damaged, as in 2008 received a 4, 5 billion finance support from the international community as well as with the help of foreign countries and international institutes were organised and held many different technical and humanitarian projects. This kind of support in the future is less possible coming out from the crisis-ridden processes taking place in the global economics. Moreover, the acute finance crisis in Europe definitely will be reflected on finance sector of Georgia as banking sector of Georgia is tightly linked to the foreign capital;

- The “plan” is not considering new risks and challenges that can come across in the future because of the existed social, political and economic situation. Planned parliamentary and presidential elections, like other countries in Georgia will cause unproductive and propagandistic costs growth consequently, it will cause economic activity reduction. It is possible, that other non-economic type risks will emerge, which is often followed the political balance alternation (I personally witnessed when new parliamentary majority refused the construction of a new city of “Lazika” in the western Georgia, though this represented the major priority of the ‘Ten-paragraphed Plan’ of the project);

- The “plan” does not consider the inertial nature of the economic development and the focus is on the weak, unreasoned and excessively exaggerated results of the final figures. Moreover, if we use widely acknowledged method of analogy in the scientific studies, clearly emerges the high risks of the intended goals achievement in short period;

- In the “plan” is not obvious the intended goals implementation exogenic and endogenic finance sources, and the terms of the given projects provide us with the ground for doubt for the practical realization. Probably, by this is stipulated the renovation of the “plan” in every 6 months, this fact of course reduces and belittle given document’s programme quality and its trustworthiness.

The same can be said about “The State Strategy on regional Development of Georgia 2010-2017” published in 2010. The necessity of its transformation and cardinal alternation is already in the agenda (It is confirmed by the government officials).

Thus, for the country, it is very important to work out the long-term views and the economic development strategy based on the actual calculations.

We consider that, in any case, a strategic document drawn up in the separate field will not be effective, before the long-term social-economic strategy of the entire country is not worked out. Above-mentioned strategy should be based on the future views, on the technological order prediction and on the prevision theory<sup>[1]</sup>. It is interesting, how can the reform of the system of education being developed, when there is no information about the country’s long-term orientations. The training of the employees is known to be rather a long-term process. Therefore, it should be known beforehand which and how many specialists are needed for the country after the age of 15-25 in order to start process of their training in time.

The entire and complex macroeconomic strategy of the economic and social development of the country, based on the field and regional strategies, should outrun the development of the separate fields of economics as well as the regional strategies creation. Without exaggeration, it can be said that nowadays, the development of the scientifically reasoned, entire complex strategy of the country and work out of the appropriate working programmes is one of the crucial issues. Independently and separately drawn up the field and regional strategies will be constantly in the regime of the turbulences and changes until it is not based on the entire and complex social-economic strategy of the economics and social development of the country. Economics represents the system of the systemic, multifaceted and causal connections, wherein even a single change of any indicator entirely changes the economic system. Consequently, it is advisable to create the firm ground for the economics, in the other words, to work out the country’s entire and complex development strategy and then the whole construction, in different words the systems of the fields, the inter-fields (clusters, techno parks, out sorting networks, holdings, alliances, free zones etc.) and regional development strategies. This kind of approach effectiveness is stipulated by the indicator system, accumulated into the entire global macroeconomic strategy of the country, which do not exist in the field-regional strategies. The conversation is on such parameters, which regulation, planning and orientation are in the competence of the central government and the field and regions are not able to influence them. For instance, inflation processes budgetary-tax policy, fiscal credit and monetary policy, etc. Any local (in our case field and regional) strategy is not able to ignore the country’s macroeconomic development long-term orientation and political views.

Naturally, without taking into the consideration above mentioned, the local strategies represent only passive, informative, publicistic character and in short, time suffers amortization. Adding the fact that in the world, on the modern level the technological order changes takes place rapidly as well as the economic transformations, in the agenda becomes actual the necessity of the appropriate correction in any strategy and inevitability of the changes.

Georgia, as a player of the world’s economic game (at this point, unilateral) cannot be exception. She is obliged to follow the modern demands of the economic globalization and turn to her benefit the world’s economic integration vector founder.

The second important issue, which is in the agenda of the long-term strategic view creation, represents the determination of the priorities.

It should be mentioned, that until the late in Georgia was not the profitable environment for the long-term priorities formation.

As a result, the country had only one urgent economic priority, which meant the final resolve of the power economy problems. In any list of the economic priorities, always and everywhere, power economy is on the top and naturally, it is logical, as without the power securing the realization of the other priorities is impossible. Justly should be said, that at this level, in Georgia, the top priority from the priorities – the problem of power economy is overcome, the power economy secure is reached. Onwards the door to the other priorities is open (in case of the willingness of the government).

Latest period, the focus of the priorities represents such fields and spheres as infrastructural complex, tourism and agriculture. However, the system of economic priorities practical realization requires appropriate methodological and organizational as well as strategic securing.

The matter is that from above mentioned three priorities none of them has improved, in the classic form written long-term strategy of development. As we have already defined, non-existence of the long-term future, objectives and their strategy prediction cause the lost of competition and focusing as well as the irrational expenditure of the restricted resources.

For the last 15-20 years, the government policy in Georgia is mostly concentrated on the macroeconomic level. Unquestionably, in economics the macroeconomic stability represents the firm ground for the success. However the traditional set of instruments used by the government is very limited and do not give opportunity to reach the main objective – the economic competitiveness and accordingly the increase of the population's welfare.

If the focus of the government moves from the macroeconomics towards microeconomics and if in the country are defined territories like necessary attributes for developing the economic centres and clusters, then the administrative role in the process of strategy work out will increase significantly, moreover, after the set in motion of the new law on the self-governing. The same can be said about the government on account of the State level strategic policy implementation.

The globalization of economics for Georgia caused to put in the agenda principally new projects implementation. Particularly, using geographical position of the country in order to develop the worldwide trade and create much more effective transporting and communicative infrastructure. The last ones are rather expensive projects and require intensive work. The interest towards these kinds of projects can be sparked only after the high-level international agreements are signed. The projects realization is impossible without the political willingness of the governments of the world's leading countries. However, in case of success for such initiatives the reward is high – actual attraction of huge investments, their "natural" flow instead of fruitless and infantile wait. Moreover, the realization of this project creates unique opportunity for the organization of the economic infrastructure of Georgia, as well as, inclusion of the human and manufacture resources, including scientific-technological potency, Georgia will become active part of the world's informative and transporting space.

This opportunity should be used. The State's strategic policy level will not be formed itself by the forces influencing the world's market, its creation is our goal and coming out from the country's interests, we are obliged to shape them.

Thus, the social-economic strategy for regions and countries is quite multi-plan and multi-level objective. Its resolve is unbelievable without government's clear consideration of the requirements. Administrative reform, geopolitical agreements and appropriate transformations in the economics should become undividable part of it. Simultaneously, its global character should not become a reason for postponing - "later"- of the strategy work out. The strategy work out is quite specific, technological and completely "reachable" objective for those, who understand its idea and the necessity of its resolve.

Thus, Georgia is the one of the countries, which does not have a clear, pragmatic, well-considered long-term strategy, which would be based on the prognoses of the social, innovative and technologic development and future views. Besides, the defined long-term policy would be a very significant instrument, in case of change of the political elite, population would received heritage of the guaranteed and foreseen stabile scenario of the State's policy.

Therefore, today, our scientists, public figures, politicians and the leaders of the business circles are facing the country's development long-term strategy creation historic objective (and responsibility) of the first part of this century, also it is clearly distinguished the innovative and break-through contour of this strategy. Referring to the last one, it must be mentioned, that nowadays in Georgia starting positions for the innovating development can be evaluated as rather unenviable and disadvantageous. Because of the neoliberal market "reforms" and long-term politic-economic and technological crisis scientific-educational and innovating activity sharply went down, was destroyed scientific-technological potential and main foundations became dramatically old. Intentionally were destroyed institutes of the scientific academy and their buildings were sold. In addition, reduced staff was united to the higher educational institutes. Because of this "reform", number of skilled scientists was left unemployed. Without any functions and institutions, scientific infrastructure and personnel Georgian National Academy of Sciences became usual meeting place for the academicians.

Not having a long-term innovating strategy, the ignorance from the State the innovations support, equalizing taxation system, the real inobservance of the intellectual property and incompatibility to the analogue systems of the other countries and indifference of the usage local inventories influenced and caused economics degradation. Additionally, the inobservance of the market and dumping prices on the imported goods which caused the loss competitiveness of the reprocessing industry, its banish from the inner and outer markets, the deepening of the economics for the structure of the raw-materials, orientation on the import and creating barriers for the exporting goods. Because of the above-mentioned policy were destroyed such successful competitiveness fields like silk manufacture, light industry, tea and cannery manufacture, machine-tool construction, shipbuilding, rural mechanical engineering etc. From the mechanical engineering is left only one plant of the aircraft construction. In the all over the world, on the background of demand growth on the metallurgical products, here, in Georgia intentionally was destroyed Rustavi Metallurgical Factory. The factory was destroyed consciously in order to not to be competitive for the metallurgical industry in the neighbouring countries. Finally, this kind of policy puts in very disadvantageous conditions local manufacturer - innovators and inventors provokes the further technological backwardness and loss of the Georgia's economics competitiveness during the world's current scientific-technological revolution conditions.

Overcoming of the above-mentioned negative tendencies and moving forwards on the country's innovative development is possible only by the help of the strategic innovative break-through simultaneously it will be needy to implement the selective scientific-technological and innovative policies by the narrow direction of the strategically priorities, the active support from the State of the basic innovations and creation of the desirable innovative climate.

Thus, a long-term strategy of the development of Georgia should be aimed:

- Towards the innovative potential recovery, modernization and development as it was destroyed during the crisis;
- Towards the correction of the reforms and effective innovative techniques formation, which harmoniously will fulfil the active support of innovative update from the State of the main capital with the business capability;
- In the framework of the national innovative system created technologies and product advance, their popularization on the foreign markets and towards the replacing of import production by them.

The innovative break-through strategy should work as a ground for the yet to be formed national innovative system, which

mission is on the ground of the selected priorities to provide country with the new innovative level, in order to become an axis for the perspective social-economic and scientific-technological policy, as well as to be a major active orienteer for the legislative, executive government and for the business.

Above-mentioned positive changes cannot be accomplished without alternation of the political elite as well as a without work out of a long-term social-economic development strategy and its consecutive implementation, which main direction should be a long-term innovative break-through strategy.

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### THE SYNTHESIS OF SCIENTIFIC RESULTS RESEARCHES OF PUBLIC ADMINISTRATION MECHANISMS OF THE OUTSTRIPPING DEVELOPMENT IN THE ECONOMY OF UKRAINE

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*This article summarizes the results of previous works analysis on the directions of scientific research of the public management mechanisms of the outstripping development in the Ukrainian economy.*

**Keywords.** Public administration mechanisms, outstripping development, economy of Ukraine, the outstripping development in the economy of Ukraine.

**Formulation of the problem.** The analysis of scientific research on the mechanisms of public administration of the outstripping development of the Ukrainian economy shows a large number of works devoted to the foreign policy of the state, oriented firstly to foreign economic activity in the context of Ukraine's integration into the world economic space under conditions of innovative development, secondly to domestic policy state on the outstripping development of the Ukrainian economy, namely: investment potential in Ukraine, public-private partnership, and innovation economy of Ukraine, economic stability, co-evolution of economy and education as a social institution, the economic basis of local self-government in Ukraine on the basis of a decentralized model of governance, social and economic (development) depressed areas, the welfare of the population of Ukraine.

**Analysis of recent research and publications.** This article presents the author's vision of the results of the preliminary analysis in the areas of scientific research on the mechanisms of public management of the outstripping development in the Ukrainian economy.

**Setting goals and objectives.** The purpose of the article is to synthesize the results of analysis in the areas of scientific research on the mechanisms of public management of the outstripping development in the Ukrainian economy.

**Presenting the main material.** In the field of science "Public Administration" over the past five years, the main areas of research for researchers are the analysis and improvement of public administration mechanisms that are oriented towards:

- the development of the transport system in Ukraine (the international transport consortium of the multi-level holding is offered in order to attract foreign investments, management of the transit potential of Ukraine, taking into account the world's and European integration of the country, the priority directions of implementation of transit potential are determined);

- the development of industry: food, light (by creating a competitive internal market through the construction of scientific and industrial clusters with a view to leaving the world's foreign markets);

- the development of agrarian entrepreneurship (on the basis of the interaction of agrarian entrepreneurs at the national level, the integration of agribusiness entities in the conditions of economic clustering, which includes programs for the integration of agrarian entrepreneurship, agrarian tourism, etc., as well as state support for innovation in the agroindustrial complex, which envisages an assessment of the regional resource, the potential and mechanism of pricing, the financial and credit mechanism, the mechanism of cooperation and integration in the agro-industrial complex. A separate direction of the development in agrarian business is the grain market in Ukraine by introducing a state agent for the export and import of grain, processing products to the market for the purpose of creating a pricing policy for the regulation of prices on the domestic market and towards the integration into the world markets);

- the development of the banking sector (in the conditions of globalization involves the interaction of economic agents, the state institution and society; the anti-crisis aspect of the banking system is based on multidirectional development with a focus on anti-crisis measures, implementation of automation tools, measures to prevent corruption among the staff of the National Bank of Ukraine, as well as the innovative development of the banking services institute (on the principles of syndical lending and public-private partnership, free movement of capital, Maastricht criteria and cooperation of central banks, which gives impetus to the eurointegration of the banking sector of Ukraine));

- the development of the stock market (in the conditions of modernization in the national economy and eurointegration implies a new depository system in Ukraine with new powers and functions of the National Bank of Ukraine, as well as a European model, where the banking system takes the main place in the redistribution of financial flows in the country. Deafshoring is considered as