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CAPACITY BUILDING AND DEVELOPMENT OF GEORGIA'S TRANSPORT-LOGISTICS SYSTEM COMPETITIVENESS

Abstract

Introduction

The aim of this concept is to inform public about the possibilities of transport system development of Georgia, which can contribute to significant growth of Georgian economy and competitiveness in the medium-term perspective.

Context

Georgia can achieve higher economic benefit through more efficient use of its geographical location. The development of the transport system aims to achieve two main economic goals:

1. Growth of Economy (Maximization of Income);
2. Growth of Economy competitiveness.

According to the authors of the concept, Georgia can achieve those goals as efficiently as possible if the country's transport system will be established as one of the most important transport hubs for Eurasia.

The concept reviews and evaluates growth and development capabilities for the entire system and defines the general parameters of system components' progress.

✓ **Georgia's Competitiveness**

- Time for delivery and transportation;
- Shipping price/tariff;
- Shipping quality/reliability;
- Simplicity of administration.

✓ **Maximization of income (economy growth)**

- Georgia as a hub / logistical center;
- Priorities according to transport types;
- Replacement of import;
- Cost reduction reserves according to sectors.

✓ **Full integration of the Georgian transport system with Eurasian transport space;**

✓ **Population employment;**

Georgian Transport System – multi-modal transport hub of the region connected with regional and domestic transportation networks.

Possibilities for transport system development

According to the concept, Georgia should become a marine, railway, automobile and air transport hub through implementation of integrated, optimal and modern corridors, logistics centers and systems.

Opportunities for Development

1. Growth of cargo turnover with the help of additional cargo attracted by maritime transport;
2. Growth of turnover as a result of growth of agro and other production;
3. Enhancing development of modern transport parks;
4. Uniformity of legal base and tariffs;
5. Development of Infrastructure;
6. Increasing efficiency of cargo turnover and shipping through development of modern logistics centers;

Results

1. GDP growth as a result of turnover growth;
2. Increase of competitiveness and consequently:
 - i. Import replacement;
 - ii. Export growth;
3. Growth of investment in the field of development;

There are large reserves of growth and competitiveness in almost all sectors of the transport system, but these reserves are especially large in the following areas:

1. Development of management and personnel;
2. Growth and development of movable components of sectors;
3. Development of Logistic Centers;

The role of a state

1. Promotion of development projects:
 - i. Financing feasibility studies;
 - ii. Co-investment / loans
 - iii. Promotion of obtaining permits and agreements
2. Field regulations;
3. Development of infrastructure, which is not usually funded by the private sector;
4. Development and approval of country's transport strategy and development plan.

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NEW TECHNOLOGIES IN NAVIGATION (THE USE OF WIND FORCE)

Abstract

The course of the vessel in relation with the wind is an angle between the direction of the wind and the midship line of the vessel. One of

the most widespread use of the wing is its application in the wind-driven ship. But these ships are not so fast. But there also is an alternative way to use wind for ship movement despite wind speed and stream force – the application of Magnus Effect, which is the result of mutual impact of the physic phenomenon, such as Bernoulli effect and creation of border layer around streamlined object. Using this effect, the first rotor vessel was created. In 1980s more complicated form of turbo sail was developed by French engineers under supervision of oenologist Jacques Yves Cousteau. In comparison with the best of the usual sails, the turbo sail provided 3,5-4 larger propulsive coefficient. It was supposed to install turbo sails to the tankers, bulkers and the large ships to decrease fuel consumption rate. Nowadays there are attempts to put rotor sails into mass usage. The rotor sails give possibility to save 30-40% of fuel at 16 knots speed. The experience of German shipbuilders will show if it is useful to develop the sails, working in application of Magnus effect. We hope, that in future the world navigation will apply the principle, described by the talented German scientist more than 150 years ago.

Keywords. Magnus Effect, Bernoulli effect, rotor vessel.

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URBANE POLITICS AND CONSTRUCTION DEVELOPMENT REGULATION IN GEORGIA

Abstract

In the modern world within the development processes of urbanization, it becomes actual urbane politics, which is implemented by the governments of the cities. In tight urbanization conditions, it is especially increased demand from the customer to the flats and homes in the cities. Accordingly, to the demand from the customers in the capital of Georgia Tbilisi and other important cities of Georgia (for example Batumi) begin massive construction processes. Chaotic buildings create ecological problems, which makes environments in bad conditions to live. Therefore, it is very actual how is regulating construction in Georgia. In the precede article it is discussed urbane politic, which is implemented in the capital of Georgia from the founded to the present time. In the article analyzed legal acts which are regulating construction development in Georgia.

Key words: urbanization, development, construction, Tbilisi

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MODERN APPROACH TO MARINE NAVIGATION

Abstract

Today, all spheres of human activity are inconceivable without information technology. Each of these spheres needs processing of a huge number of information and information service. Nowadays, the most optimum and only universal remedy of information processing is the computer, helping the person with his intellectual activity now. It is widely used information technologies in Marine Navigation. It allows to increase considerably efficiency and safety of ships operations, at the same time reducing load of vessel Masters, especially in difficult conditions of Navigation. Considering the still insufficient level of safety of navigation, further measures are needed to increase it, including the introduction of new information technologies, in particular, the development of Marine Navigation. It represents the concept for support and improvement of decision-making process through management of Navigation information.

This concept was developed under the auspices of the IMO with the aim of increasing the need for safety, safety and efficiency of marine commercial shipments, in view of the more brutal organization of data on ships and on the shore, and better information exchange between ships and the ship and the shore.

In this manual, are considered the issues of implementing innovative technology in Marine Navigation. Main attention is paid to the current implementation of the concept of Navigation. Briefly are characterized the constituent elements of the global integrated information communication system.

Keywords: *Marine Navigation, Modern Tendencies, Information Technologies, Innovative Technology in Marine navigation, Modern System in Navigation.*

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LOGISTIS SERVICE - AS THE TOOL OF INFLUENCE TO BUSINESS EFFICIENCY

Abstract

The article explores the issue of logistic, customer service and its system of measurement and evaluation. Describes the impact of service level performance of the company. The level of customer service should be viewed as integral index, including logistic services such as order fulfillment, supply chain management, assortment, loyalty to the delivery, accuracy of order fulfillment, accessibility and so on. Also discussed the development of logistic services in the organization. Definition of logistic service, reviewed the major groups of logistic services. Analyzed logistic service on the competitiveness of the organization, identified criteria of service quality, which effects on consumer attitude to the organization. Logistic service is inextricably linked with the process of distribution and is a complex of services in the delivery of goods to the consumer. Logistic service is closely connected with the process of distribution which offers the range of services that provided delivery of goods to the consumer. The

object of logistic service is the enterprise manufacturing and non-manufacturing sectors, customers. Logistic service is inextricably linked with the process of distribution and is a set of services provided during the order process, purchase, delivery and maintenance of products. It is determined that, the level of service is directly proportional to the level of the cost of service and inversely proportional to the losses causing deterioration of customer service quality.

Keywords: *service, logistic of customer service, service level, indicators of service level, competitiveness, logistic services, competitive advantage.*

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REGULATION OF BANKING ACTIVITIES IN THE CONTEXT OF THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE EUROPEAN UNION

Abstract

The features of the world market of banking services, of which the European Union is a part have been analyzed in the article. Features, scale and dynamics of this market, its role in the socio-economic development of the EU member states have been shown. The characteristics of cross-cultural differences in the functioning of banking systems in different EU member states have been given.

The socio-economic nature and modern mechanisms for regulating banking activities have been disclosed in the interests of stabilizing the macroeconomic indicators of the national economy and improving business performance. The advantages and weaknesses of the liberal and administrative concepts of banking regulation have been shown. Differences in the functioning of national banks in the EU member states

have been disclosed. The role and mechanism of the European Central Bank's influence on the social and economic development of the European Union have been analyzed. The problems of the functioning of the banking system of the EU after the withdrawal of the Great Britain from the European Union have been revealed.

The article describes the ways of integration of the banking system of Ukraine into the financial structure of the European Union in the context of the implementation of the Agreement between Ukraine and the EU on a free trade area. Attention have been drawn to the need to take into account the significant differences in the levels of development of the banking business of Ukraine and the EU, in particular the ratio of net loan portfolio and gross domestic product, which in Ukraine is respectively 0.45, and in Poland 0.7 with double the GDP. The directions of the convergence of the European and Ukrainian banking systems have been shown on the basis of the increase in the European international trade turnover.

Key words: *banks, international banking, regulation, European Union, financial market, globalization.*

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DEVELOPMENT OF THE EDUCATION MARKET: GLOBAL AND REGIONAL TRENDS

Abstract

In the article modern trends of higher education have been analyzed. These trends are: in the leading countries expected duration of education at all levels approaching 20 years, rapidly increasing number of the student population and the population with higher education. For 14 years from 2000 to 2014, the student population worldwide has more than doubled - by 208.5% and reached almost 208 million. The growth in the number of students is observed in all countries, but most in the countries of Asia (284%), South America (222.5%) and Africa (213.7%). The lowest

dynamics is observed in the countries of developed educational industries - in Europe by 120.5% and North America by 151.5%. Accordingly, the share of different regions in the global market of educational services varies. If in 2000 European countries occupied more than a quarter of it (25.6%) and North American 17.7%, then in 2014 these two regions together represent 27.7% of the contingent of students in the world.

Challenges of the modern development of education are: the need to increase the scale of education, promote life long learning principles, change qualitative characteristics of human resources and increase the value of intellectual function in the labor process. The increase in demand for higher education is reflected not only by the increase of the number students, but also by the increase of the level of education of the population in general. In average in OECD countries, less than one-third of the population (29%) have only primary and lower secondary education, 40% - secondary, and 31% - higher education. The growth of demand for higher education is reflected by such indicators as the increase in student population and the proportion of the population with higher education.

The rapid growth in the number of students in the world is accompanied by another important trend - an increase in its international segment. The process of internationalization of education is manifested in the growth of the number of foreign students in the world in absolute and relative terms. The first characteristic feature of the process of internationalization of education is the increasing the number of foreign students in the world in absolute and relative terms. The global education market is developing very dynamically it can be seen that for 10 years from 2000 to 2012 the number of foreign students has increased more than two times (217%). It shows an understanding of the world of the international prospects of this market activity. The structure and development trends of the global education market have been disclosed (the increase of international students by countries and in general, the market share of countries). This trend means that at the same time rapidly growing part of other countries in the global market there are new actors, who insisted on the claim itself, choosing an active strategy of export of educational services. Among these countries - South Africa, China, India, Mexico, Malaysia, RF, and other. At the same time, in different regions the growth in the number of foreign students has different meanings: the greatest growth is demonstrated by the countries of Latin America, Asia, Oceania and Europe. The smallest growth is in North America and Africa.

Key words: *internationalization and globalization of education, number of students, length of study period, international mobility.*

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**DECENT WORK AND HUMAN DEVELOPMENT:
INTERRELATION AND INTERDEPENDENCE**

Abstract

The article theoretically investigates the interrelation between decent work and progress in human development and substantiates the connection statistically in the case study of Eastern European countries. Decent work foresees not only increase of educational and health opportunities, but also the human development revealed directly in the process of work, acquiring new knowledge and skills. Creating the conditions for productive employment is one of the most important areas of the decent work principles' implementation in the context of continuous human development, as well as expanding opportunities for high-quality education and healthcare.

² Doktor nauk (literally translated as “Doctor of Sciences”) is a higher doctoral degree, the second and the higher post-graduate academic degree in many post-Soviet states. Sometimes referred to as Dr. Hab. The Doktor Nauk has no academic equivalent in North America, as it is a post-doctoral degree. The German Habilitation and, to some extent, the French “habilitation à diriger des recherches” (HDR) are comparable to it, as are the British higher doctorates (e.g. Doctor of Science), although the last-mentioned are not required for career advancement.

Key words: *decent work, human development, productive employment, education, healthcare, fields of expanding human development opportunities*

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**RESEARCH OF ECONOMIC ESSENCE OF THE NOTION
“TAXABLE CAPACITY OF BUSINESS ENTITY” AS THE
BASIS OF ITS IDENTIFICATION AND ASSESSMENT**

Abstract

One of the main conditions for the efficient growth of revenues of the budget system is a qualitative improvement of tax administration through monitoring and application of modern methods of economic analysis of tax burden in certain economic activities. The main components of the methodology of a complex analysis and planning of tax revenues to the budgets of different levels of the country include the following objects of research: the tax basis and its changes depending on the level and dynamics of major macro- and microeconomic trends and qualitative characteristics of tax policy; taxable capacity which is the maximum possible amount of accrued taxes and fees under the existing tax law; taxes and fees in Ukraine in general and in the regions by the levels of the budget system, by economic activity and groups of taxes; debts and arrears on tax payments, overdue fees and financial sanctions at the levels of the budget system of Ukraine.

Taking into account the importance of scientific results of the scholars it should be noted that today there is a need to develop scientific statements concerning the nature of the essence of "taxable capacity" in order to work out practical recommendations on the formation of the system of informational support for the assessment of taxable capacity at different levels: country, region, business entity.

The study of scientific and practical approaches to interpreting the essence of "taxable capacity" in the national and international scientific

literature shows that this economic notion is used primarily in the context of the notions of "taxable capacity of the country", "taxable capacity of the region" and is rather limited in relation to the term "taxable capacity of a business entity (company, institution, organization)". Therefore, there is not a distinct, clearly formulated view on the interpretation of these notions.

Taking into account the analysis of modern concepts defining the essence of taxable capacity at micro and macro levels the authors' definition of "taxable capacity of a business entity" can be offered. Taxable capacity of a business entity is a target identifying variable of the business entity's resources can be transformed into tax revenues to the budgets of different levels under certain conditions of formation and use of the resources during normal proceedings of the business entity and the creation by the entity added value and maximizing it.

Based on the place and the role of taxable capacity of a business entity in the system of tax administration it is appropriate to classify it for optimal and effective. The optimal taxable capacity of a business entity is the maximum possible value of the resources of a business entity that can be transformed in the system of taxation of the entity into the tax payments in the course of the proceedings of ordinary activities at standard conditions and tax effort, the optimal use of resources and added value. The factual is the real value of the resources of a business entity that is the subject to seizure in the tax system of the business entity in the form of tax payments in the course of the proceedings in the normal course of business, under certain conditions, the actual formation and use of resources (non-standard) due to the influence of factors internal and/or external environment of functioning of the entity in the creation of added value

The prospects for future research are to develop specific practical recommendations to build up an integrated system of accounting and informational support of the assessment of taxable capacity in the system decision-making.

Key words: *capacity, taxes, tax relation, taxable capacity, taxable capacity of a business entity*

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THE PROCEDURE FOR PERFORMING ECONOMIC EVALUATIONS IN UKRAINE

Abstract

Economic evaluation as one of the evidentiary arguments has been used since the time of Aristotle, Demosthenes and Xenophon. The evaluation is aimed at studying the financial and economic activities and includes examination of accounting and tax accounting documents, researching financial, economic and credit activities of economic entities.

The evaluation on economic issues is appointed on general grounds in compliance with the requirements of the Law of Ukraine "On Forensic Examination" and the procedural legislation. The performance of the evaluation is in the subordination of the Ministry of Justice of Ukraine. The framework of the judicial economic examination includes the following: examination of documents of accounting, tax accounting and reporting; examination of documents on the economic activities of enterprises and organizations; examination of documents of financial and credit operations.

The Tax Code of Ukraine contemplates the examination in the case when special knowledge in the field of science, art, technology, economy and other industries is needed to solve tax control issues.

The specifics of performing economic evaluations in the Criminal Procedural Code of Ukraine, the Civil Procedural Code of Ukraine, the Economic Procedural Code of Ukraine and the Code of Administrative Proceedings of Ukraine make it possible to assert that, in general, the procedure for the appointment and performing forensic economic examination, as well as the rights, duties and responsibilities of forensic experts in Procedural legislation are similar.

According to the procedural legislation of Ukraine the experts perform primary, additional, repeated, commission and complex examinations. The duration of the examination is determined depending on the complexity of the study, taking into account the workload of the experts.

During evaluations (expert studies), in order to fulfill a certain expert task, the experts apply the appropriate research methods, methods of

performing forensic examinations, normative and legal acts and regulatory documents, as well as the existing standards of the former Ukrainian SSR and state classifiers, industry standards and technical conditions of the former USSR, scientific and technical, reference literature, software products and so on.

The selection of the way of performing the examination (the choice of certain methods, (methods of investigation)) is carried out within the competence of an expert. The basis for the examination in accordance with the current legislation is a procedural document (decision, specification) on the appointment of examination drawn up by an authorized person (body), or a written appeal of the victim or a party to the defense of criminal proceedings, which necessarily specifies the requisites, a list of issues raised to the expert, as well as the objects to be investigated.

The results of expert studies are presented in a written form as the expert's conclusion or a report on the impossibility of giving the opinion. The expert's report is made out on the form of the expert institution and signed by the expert conducting the research. The signatures in the final part are certified by the seal of the expert institution on each page of the text of the final conclusions.

Key words: *economic evaluation, forensic examination on economic issues, procedural legislation, procedure of performing evaluations, expert's report*

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PROFESSIONALISM IN NEW SOCIAL AND ECONOMIC REALITY

Abstract

The appeal to a problem of professionalism is caused by many theoretical and practical problems. First, the concept "professionalism" has no theoretically reasonable definition now. In ordinary practice it is identified with a set of certain production functions. Secondly,

professionalism in conditions a vozrastanyaiya of a role of social qualities of the person hypothetically appears in a complete dependence not so much from a set of information, knowledge, and from the relation to use. Even the small analysis of publications concerning the attitude towards knowledge allows to say that the dominating place is taken by highly specialized approach. Respectively he is followed by strengthening of requirements to production management processes. The serious gap in responsibility of heads and organizers of production and direct performers is noted. Thirdly, special concern is caused by strengthening of contradictions between requirements of time, i.e. development of a civilization and organization of educational process. In S. Huntington's work "Collision of civilizations" is the surprising characteristic of the place and a role of culture in human life. "Obvious or implicit models which would allow us are necessary: to systematize and generalize reality, to understand causal relationships between the phenomena ... to separate important from unimportant, to show in what way to move to achieve goals". Quoted the author I addressed to processes of realization of the international relations. In our opinion, professionalism is necessary at all levels of the organization of production.

The relation to vocational training and implementation of professional skills and competences, requirements to them are concentrated in functions. Fully responds an entity of the abstract model. Undoubtedly, it is useful to definite purposes and on rather small time slot. In too time extension of requirements to professionalism, determination of its level is fraught with serious negative consequences. A large number of information complicates a choice. Society, and not just production needs such interpretation of an essence of professionalism which is capable to combine objective reflection of reality and the high level of abstraction. The solution of the designated problem lies in the plane of the response to a question of priorities of human qualities and production skills.

Development of scientific and technical progress, complication of the equipment and technologies is followed by strengthening of requirements, first of all, to human qualities. Responsibility, organization, high level of the general and hygienic culture became direct factors of production long ago. Technogenic accidents, accidents is a result of man-made activity of the person. In real life I received the name "human factor". Unfortunately, its structure extremely seldom reveals. Examples of the human relation traffic jams can serve evident. How many from them arises because of elementary non-compliance with traffic regulations it is unknown. There is no answer to a question of expenses which are incurred not only by participants of the movement, but also production.

It is necessary to recognize that system of values, the defining culture of the person, exerts decisive impact on results of all kinds of activity. Therefore it is already necessary to start solution of the problem of formation of future professionalism at the first stage of education. Our offer is based that the existing various productions and skills have the general, universal basis in system of human qualities. The growing interrelations, interactions between people it is difficult to present without the highly cultured communication relations. Roughness, moral and physical abuse, deception, many other deviant forms of behavior serve as latent system of braking. Inability to effective communication, unfortunately, is perceived now separately from professionalism. From the economic point of view leads to high expenses. Narrowing of "spirituality of human life" according to the statement To. Jaspers is followed by emergence of latent counteractions to development, rational and predictable expectations are replaced by fears, uncertainty, violation of stability of activity. Use of reasonable opportunities of the person is impossible. The world emotions with all that it implies begin to govern social and economic consequences.

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THE CULTURE AS THE FACTOR OF ECONOMY AND BUSINESS IN THE CONTEXT OF EUROPEAN INTEGRATION FOR GEORGIA

Abstract

In modern conditions of globalization, culture acquires the importance of a factor in the spheres of economy and business. Competence in the field of cross-cultural relations significantly determines the effectiveness of using all other factors. The institutional approach allows us to present the systemic concept of culture, presenting it as an informal institution. It is in this perspective that it is possible to trace the functioning and dynamics of culture as a complex and determinant of the social and economic development of any country. It is especially important to take into account the socio-cultural limitations of international business as well.

Based on the generalization of various cultural models, the conceptual - systemic model of culture is represented. Also, the culture as a concept of informal institute is introduced. The quantitative characteristics of culture have been used to investigate the ratio of these indices for Georgia compared with the same indicators of the EU and various world states. Depending on the informal nature of the culture institute, it is noted that the long-term mechanism of culture transformation should be considered together with the institutionalization process as a whole. Within the problem of the institutionalization it is of great importance to ensure the regular ratio of formal and informal institutes in the development of the country's social-economical institutional structure. The directions of long-term transformation of cultural values have been identified. In this respect, the necessity for improvement of trainings for decision-making structure officials and prospective business managers and formation of their business culture has been highlighted. It has been indicated that activities for the systemic change of cultural values should be reflected in the country's long-term social-economic development strategy. A naturally raised question - are there any substantial setbacks for the country in terms of the indicators such as Market Openness (Investment freedom and Financial freedom) and development of Law and Order Institute (Property rights and Freedom from corruption). Thus, the gradual reduction of the above mentioned deficit should be the main direction to consistent institutionalization of Georgia, which will allow to fully using the potential of modern European institutional structure and the EU business environment for the country's socio-economic development. The implementation of the complex of some actions is included in the Association Agenda between the European Union and Georgia as well as the socio-economic development strategy of Georgia (Georgia 2020). For innovative development of the country, it is important first of all, the changes in the cultural indicators such as the reduction of power distance, the increase of individualism and the strengthening of long-term orientation (pragmatism). It is also important to gradually enhance the rational and self-expression values.

Keywords: culture as a factor, informal institute, cultural dimensions

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**TRENDS IN THE DEVELOPMENT OF COOPERATIVES
AND THE POLICIES FOR SUSTAINABLE DEVELOPMENT
OF AGRICULTURE IN GEORGIA**

Abstract

The paper shows that in the country in which over half the population is employed in agriculture, modernization of this sector is of particular importance. Small scale of individual farm lands significantly increases the cost of agricultural production, complicates investment process and makes it difficult for new technologies to enter the market. That is why the sustainable development of agriculture in Georgia is important for the development of farming.

The research analyzes the advantages of the establishment of agricultural cooperatives in Georgia. The study is presented in Georgia's Agricultural Cooperative Development Strategy and its findings are given as the recommendations.

Key words: *Agricultural Sector, agricultural cooperative, cooperative policy, law on cooperatives, sustainable development of agriculture.*

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GEORGIA'S HAZELNUT MARKET AND ITS ROLE FOR THE SUSTAINABLE DEVELOPMENT OF AGRICULTURE

Abstract

Paper deals with the trends in development of Georgia's hazelnut market, evaluation of competitive advantages, export potential, expansion strategies on the hazelnut market and its priorities in sustainable development of agriculture.

Georgia's hazelnut production and export dynamics are discussed together with the domestic and international markets of hazelnut. Hazelnut export dynamics to EU, Asia and CIS countries are evaluated and product safety and quality issues are analyzed.

Competitive advantages of Georgian hazelnut for establishing on an international market, its weaknesses and problems are revealed. Respective conclusions are drawn based on the analysis of hazelnut market development.

Key words: *Hazelnut market, hazelnut export, sustainable development, hazelnut competitiveness.*

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METHOD OF AN ESTIMATION OF FINANCIAL AND ECONOMIC STABILITY OF THE REGIONAL BUDGET

Abstract

None of the territorial authorities would be able to perform the functions of management of economic and social processes in their territories, to make adequate decisions appropriate in concrete situations, without knowing the status of their territorial budget.

An analysis of the budgetary process includes several directions of research characteristic of its different phases. At the stage of budgeting it includes an expert study of the budget in terms of justification of its basic parameters. At the stage of implementation, it includes an operational analysis of the current state budget and a systematic study of trends in the income and expenditure budget. The final stage includes an analysis of the effectiveness and efficiency of use of budgetary resources.

On this basis, the paper presents a system of indexes which makes it possible to assess the quality of the regional budget process and to identify the causes of breaches of development. It includes: 1. indexes specific to the structure of regional budget revenues and the dynamics of the relations between them; 2. absolute and relative indexes of the regional budget balance, 3. indexes of the income and expenditure proportionality in the budget; 4. a rhythmic analysis of expenditure from budgetary funds within the current budget; and 5. indexes of regional budget liquidity.

Keywords: *index system, financial-economic stability, regional budget*

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**LEGAL ELEMENT THE PUBLIC ADMINISTRATIVE
MECHANISM
IN THE HOUSING SECTOR OF CITIES**

Abstract

Modern life dictates the dynamic changes in various areas of human activity. New scientific developments, technical innovations, information and communication technologies affect on social relationships and change the shape of their implementation. The existing legal framework of post-soviet countries do not fully meet the new forms of business structure and associations of communities of people. These current changes also apply to the housing sector of cities and urban infrastructure.

The aim of our study is testing versions of legislative changes in the field of the housing sector and bringing them to the level of public expectations.

Basic material. Implementation of the power is using by the public administrative mechanisms. Such mechanisms involve the complex of special laws. These rules govern the organizational structure of the executive branch and the processes of their functioning and development. The hierarchical structure of power is gradually losing public confidence and proves to be ineffective. Therefore, there is need for transformation of existing the public administrative mechanism, namely bureaucratic leverage to partnership cooperation between the state, business, society and local authorities. Such cooperation should take place under conditions of transparency payments, equity compensation and reduction of monopoly in the industry.

Effective relationships between these entities may establish by creating new forms of governance. There are the virtual management teams, combined (recombined) management groups, project management, which should be legally allowed to use in communities and the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine. Implementation of power involves the expression of the policy subject in the form of regulations and duty-conscious of society to perform them. In order to encourage society to not forced, conscious implementation

of legal norms it should be developed the new fair housing policy in Ukraine on parity principles. The use of alternative forms of management, combined with the new information technologies, will give impetus to further development of the housing sector and enhance its attractiveness. The openness of these forms of management and information for decision making based on BIG DATA will liberalize these areas.

The Housing Code is the most preferred legal instrument which should be taken in the new version. The new Housing Code should include a conceptual, institutional framework of the relationship of various public policies - regional development, reform in housing sector and communal services, power decentralization, liberalization of economic relations and others. This novelty in legislation should take the interests of the local community on the area of the housing sector. We should consider forms of management and maintenance of obsolete housing sector, which is alternative to condominium, under the auspices of municipalities, reconstruction and regulations relevant sources of funding.

The new Housing Code should consider measures for the implementation of energy saving policy, repair and modernization of housing to attract investors into the industry. The new national program of housing sector reforming needs the development at the executive level in the medium term (next three years) with the definition of organizational and institutional support tasks for establish effective area.

Suggestions: thus, we propose to develop the new regulations and legislation acts in the field of housing infrastructure. Such acts are based on the principles of partnership between government, business and society in conditions of transparency of payments, equity compensation and reduction of monopoly in the industry. This is appropriate to use of new forms of governance - virtual management teams, combined (recombined) management groups, the project management.

Conclusion. So, we propose the improved legislative element of the public administrative mechanism in the housing infrastructure of cities. It can be used in the management practice of local communities and the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine in order to create an effective housing policy.

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FOR FOREIGN REGIONAL MANAGEMENT ISSUES

Abstract

The article is dedicated to the peculiarities of foreign regional management. It is noteworthy that foreign managers feel the sense of belonging to their own elite and superior governance.

In addition, the authors discuss the profile and career of managers of East and West European countries, pointing out that the leading countries in the world are developing a regional (spatial) policy-driven implementation, with a strong expression: "Powerful Center - Powerful Regions and Strong Regions - Powerful Center."

At the end of the article, considering the foreign practice of regional economic policy, the authors have concluded that its uniform, typical methodology is not developed and each country pursues its economic strategy and resources from the region's resources.

Key words: *Regional Management, Spatial Policy, Employment Structure, Experience of European Countries*

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THE ROLE OF THE STATE IN THE FORMATION OF EUROPEAN CLUSTERS

Abstract

The article discusses some issues of clusters and it is also noted that the main issue for the state today is to define the level and quality of their own interference. The authors believe that the phenomenon around this issue can be brought down to two main problems: restriction and possibilities.

According to the authors, national clusters are usually financed from several sources. They emphasize that according to statistics, the main source of funding comes from the national budget and only one program out of five is financed by the EU funds.

In addition, the authors of the article formulate a view that the different form of cluster politics is often create innovations in the private sector of the European countries. The second most important target group of funding programs is the scientific-research fie.

Keywords: *cluster applications, innovative sectors of the European countries, cluster model.*

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REGIONAL FEATURES OF TOURISM DEVELOPMENT IN GEORGIA

Abstract

Due to the extremely high competitive environment on the global market in the tourism industry, it is essential to gain a place in the area for particular region by creating a final result-oriented, well evolved, planned and developed strategy, in order to establish the level of the regional tourist product, which would provoke both local and foreign tourists to travel and spend holidays there over and over again.

The resources and potential for tourism development has not been studied yet at regional level. There have not been conducted detailed search for natural and other resources available (Eco-tourism, cultural tourism, recreation, etc.) in the region for the development of separate sectors of tourism. Accordingly, long-term strategies for tourism complex development of the particular region are not designed, which should be based on unified information base of the regional tourism potential and resources. Regions need to strengthen the tourism sector support and the management of tourism industry must be conducted properly. Depending on other areas of tourism, it is necessary to take into consideration the development opportunities of tourism in the region, when planning the development of the special sectors in the tourism industry, considering every pros and cons of the field.

One of the priority of the state economic policy in the XXI century is environmental protection, which is directly related to tourism development. Moreover, solving the problem of environmental protection is essential for human survival. This is also due to the consequences of global warming and lack of certain resources, which can also cause unbelievable damage to the regional tourism as well as the economy.

For a long time scientists have argued that solving the problem of environmental protection is essential in regional tourism development. Therefore, it is necessary to provide regions with governmental structures' recommendation and give them "status of green regions". In addition, resort

places, where special natural-recreational resources are located, should be granted with the status of the Nature Reserve, Protected Area and National Park, which will significantly contribute to the safe development of tourism.

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**ANALYZE OF BUSINESS DEVELOPMENT
TENDENCIES IN SOUTH CAUCASUS ACORDING
TO ECONOMIC FREEDOM AND GLOBAL
COMPETITIVE INDEXES**

Abstract

The main topic of the article is to define business development trend in South Caucasus countries - Georgia, Armenia and Azerbaijan according to Index of Economic Freedom and Global Competitive Index.

According to the index of Economic Freedom Georgia is Mostly Free country, while Armenia and Azerbaijan are Moderately Free countries. According to Global Competitive index Georgia is only one which has positive trend in all factors (such as: basic requirements, efficiency enhancers and sophistication and innovations). Also we have to remark that doing business problems in Georgia is not connected to corruption and inadequate tax regulations. In case of Armenia and Azerbaijan, they have a positive trend about efficiency enhancers and innovation and sophistication sub indexes, but basic requirements have negative one. The reason of this is institutional, infrastructural and macroeconomic problems. Also corruption problem which still exists in these countries.

These 3 South Caucasus Countries still have to work hard to achieve high economic standards. Such indexes are good indicators to see where is problem and in which direction country should work to overcome it.

Key words: *Business, Economic Freedom and Global Competitive indexes, South Caucasus*

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INVESTMENT THEORY DURING THE PROCESS OF ECONOMICAL VIEW EVOLUTION

Abstract

The aim of the work „The Theory of the Growth of Economics in the Existence of Process of Evolution” is review of investment theories, concepts and models in economical area; Special attention is paid to macroeconomical and microeconomical aspects of investments, enterprise model, and macroeconomical influence on enterprise investment. While working on the article, I had to study contribution of various scientists in formation and development of investment analyses.

key words: *Investments, genezis of investment merkantilists about investments, physiocrates points, classic political economy, marginalists, institucionalism, neoclassical direction, Kains’s new investment theory, monetarists.*

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“ONE BELT - ONE ROAD” AND PROSPECTS OF GEORGIA’S TRANSPORT CORRIDOR

Abstract

By the end of 2014, the central government of China declared the readiness to develop “alter of the Great Silk Road” – “One Belt - One Road”. According to this project, China will economically be connected to

Europe, the central and South-West Asia, Africa and Australia. The goal of this project is to export technology and "know-how" from China, high-speed railways, infrastructure development and service delivery to the whole world. Instead China will be able to import agricultural, health care and energy products, also other important commodities that are essential for China. The modern version of the "Great Silk Road" has the serious basis to fully change the global economic landscape. China from "World Factory" will become the main exporter of technologies and techniques, "World Trade Center" and the main hub of central electronic trade. "One Belt - One Road" will not only increase cargo turnover between China and the rest of the world, but also will make it possible to exchange experience between Europe and Asia. The project includes the following directions: 1. China-Central Asia-Russia-Europe (with the Baltic Sea); 2. China-Central Asia-West Asia-Persian Gulf-Mediterranean Sea; 3. China-North-East Asia-South Asia-India Ocean. The international economic corridors are planned to be created in these directions of: "China-Mongolia-Russia", "China-Central Asia-West Asia", "China-Indochina", "China-Pakistan", "Bangladesh-India-China" and "China-Mediterranean Sea".

Implementation of this project is important for Georgia, because the economic corridor of China-Mediterranean Sea borders the territory of Georgia and the country's favorable geopolitical location can be used in this context. It should particularly be noted that in May 2017, the Free Trade Agreement was signed between Georgia and China, and China expressed readiness to establish an international bank in Georgia with a capital of 1 billion US dollars. Especially important is the prospect of the use of marine ports of Georgia. On the official map, which includes the project "One Belt - One Road" the Deep Sea Port of Anaklia is marked.

It can be said that the new project of China will give a new possibilities to the transit function of Georgia, which will facilitate the country's geopolitical strategy and should be the basis for political security and economic growth of the country.

key words: *One Belt - One Road, China, Georgia, Transport Corridor, Trade Agreement*

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**PECULIARITIES OF THE FINANCIAL BEHAVIOR
OF THE POPULATION IN GEORGIA**

Abstract

The latest literary sources and the rich factual materials, consistently studied the behavior of financial features in Georgia. The methodological basis for Economic Cooperation and Development / International Financial Education Network (OECD / INFE) developed by financial education and financial inclusion measuring 2015 manual.

OECD / INFE-’s manual makes it possible for information to be collected and rescued dogs or cats-Neil for determining the level of financial behavior scores. Georgia, the collected data is entered OECD / INFE-’s 2016 international comparison report, which will identify common challenges and similarities between the countries, and indicates a number of effective solutions.

The article deals with the financial behavior of important issues, such as basic financial concepts, knowledge and real-life application of skills, personal and household financial management, financial goals and achieve them to take concrete steps, saving and budgeting, financial unexpected circumstances and the age of retirement readiness, borrow and Ali’s management, financial products and other awareness and usage.

According to the survey, the total rate of the financial behavior of the positive behavior of all counts, which are discussed in the field of answers to the questions have been revealed. Financial behavior of a maximum rate of 9 points, while the minimum value - 0 points. OECD / INFE-’s methodology, 6 or more points higher compared to the behavior of

the indicator considered. The score only 36% of respondents in Georgia. At the same time, a majority of respondents positive behavior characterized by: 5% of the population to 28.7, while 19.2% of them - 4 showed a positive behavior. The average population of a behavioral indicator of the maximum 9 points and 5.0 points.

The data obtained as a result of the survey have been important for the setting up of certain standards and orientations towards the financial behavior of the population, as well as for the development and implementation of separate programs within the National Strategy of Financial Conduct.

In order to encourage useful financial behaviors, it is important to have special channels where reliable and comparable information is available, such as resource centers, Internet portals and mobile channels. In addition, it is recommended to activate campaigns on savings benefits and develop and disseminate different mechanisms for promoting savings.

Keywords: *budgeting, active savings, pension self-confidence, financial goals, current account, loan liabilities, financial assets, debt burden, non-financial assets, online loan.*

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**ASSESSMENT OF THE POPULATION'S FINANCIAL
EDUCATION AND ENGAGEMENT
IN GEORGIA**

Abstract

Based on the latest literary sources and rich factual material in the article, the financial education and involvement of the population is

gradually assessed in Georgia. The methodological basis for the research is the 2015 manual of Financial Education and Financial Engagement Measurement developed by the Organization for Economic Cooperation and Development (OECD / INFE).

The article discusses important issues of financial education such as the knowledge of basic financial concepts and the ability to use real life, managing personal and household finance, setting financial goals and making them specific steps for achieving, saving and budgeting, financial uncertainties and pension age, willingness to borrow and debt management, awareness of financial products And use and more. Within the scope of research, OECD / INFE question was added to the question of the use of financial products and household debt, to determine the approximate level of financial engagement of the population.

Respondents have made it possible to evaluate the level of financial education in the country and withdrawal of the conditional scores for this purpose. Financial education is a combination of financial knowledge, financial behaviors and financial attitudes. These components were studied separately and each individual score was awarded. The level of financial knowledge was evaluated by a 7-point scale based on the answers of 7 key questions to be tested, where each correct answer is given 1 point. The financial performance level was evaluated by 9 questions and 9 questions related to the behavior and the answers to the provision. Financial attitudes were evaluated by 5-point scales according to the average indicator of the answers given in the three regulations. In this case, the respondents assessed their dependence (ie, how much they agree with a certain provision) from 1 (fully agree) to 5 (fully disagree) scores.

Summary of the overall level of financial education The sum of three individual points will be accepted [knowledge (7), behavior (9) and attitudes (5)]. Consequently, the overall score of financial education may be between 1 and 21 of any value. There may be a score of up to 100, and multiplied by 100/21. According to the survey results, the general rate of financial education of the Georgian population is 12.3 points on the 21-point scale and 58.8 points on the 100-point scale.

The results obtained in the survey have emphasized the following: the level of financial education of different segments of the population is uneven; It is important to deepen the financial knowledge of the population; With financial education, attention should also be paid to financial behaviors; One of the priorities is the positive change of financial attitudes in the country; Particular attention is paid to the financial purpose of spreading financial education; In terms of spreading financial education it is

recommended to develop cognitive TV programs and websites, as well as educational reminders, text messages and newspaper articles; Finally, the improvement of the framework and approaches of the financial education is a complex challenge, in the nearest future, the close and coordinated cooperation between private and public stakeholders is critical to the use of diverse approaches and formal and non-formal educational spaces.

Keywords: *financial education, financial involvement, financial behavior, financial dependence, financial goals, channels loans, debt burden.*

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THE PUBLIC FUNCTION OF A STATUTORY AUDIT

Abstract

The traditional approach to define the essence of the audit is based on the fact that it is often viewed as a special kind of entrepreneurial activity since this aspect visibly emerges in the conditions of a market economy and it is the key in the development of legislative documents for the audit regulations. But there is a number of scientific problems that were not studied fully and first of all, it concerns a statutory audit being the initial one in the history of the formation of an audit as an element of social and economic relations in a society.

The necessity to perform a statutory audit arises if the state wants to protect information rights and legitimate interests of the group in obtaining reliable information about the activities of individual entities. In other words the state carries out the function of regulating the production and distribution of informational products which are essential for the development of a society. This creates more or less equal opportunities in the consumption of information products because the interests of the society require much of the information to be available, so the state should create the mechanism to ensure access to information. Thus, a statutory audit should be considered as a public good and its functions go up to a higher

level, since the state considers the obligation to reduce the information risk, primarily its own, and not the responsibility of a shareholder.

The relations arising in the course of a statutory audit have to a large extent public and legal character and act as a tool to reduce or prevent a conflict of interests. Although the choice of the auditing organization and payment of the services are carried out on a commercial basis within the framework of a civil law contract, by its objectives, purpose and functions a statutory audit is performed in the interests of a certain group of people that can not be determined in advance and the state. So these are public interests. Statutory audit should be considered as a public service based on public (social) interest that is a socially significant activity regulated by the law, which in turn needs additional requirements for the activities of such subjects of auditing activity and the content of statutory audits.

It should be noted that indirectly the recognition of statutory audit as a "public (social) service" is confirmed by the fact that the European Community legislation uses the term "public interest entities" to define criteria for the statutory audits; it is considered that the degree of significance of public interests should determine those entities that must necessarily be subject to annual audits. These entities include enterprises of significant public interest due to the following factors: type of business, volume of activities, number of employees, corporate status which provides a significant number of shareholders (credit institutions, insurance companies, investment firms and funds, pension firms and funds, and listed companies).

The establishment of the institution of statutory audit in Ukraine was conditioned by the state's demand in the conditions of property relations reform and only later the need of "classical" users of the audit results appeared that determined its formation in the world economy.

It is necessary to understand and use all the advantages of auditing activity from the point of view of its social benefit in the system of social and economic relations. Despite the difficulties that arise while performing a statutory audit it is difficult to deny the need for its application, since, as J. St. Mill underlined "there are things where the intervention of the law is not necessary in order to rethink the judgments of people about their own interests, but in order to give these judgments a real power because people themselves are not able to do this differently than by mutual consent. And such consent will not be valid unless it is reinforced or sanctioned by the law". Sometimes only a joint agreement can ensure the coincidence of private and public interests and to provide the necessary level of social utility which is completely true of the statutory audit.

Key words: *audit, auditing activity, subject of auditing activity, statutory audit, public (social) services, subject of public (social) interests*

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**PECULIARITIES OF ACCOUNTING FOR CORPORATE
INCOME TAX**

Abstract

Important changes have been made to the Georgian tax legislation during the recent period. In particular, these changes have affected the Corporate Income Tax. Every concept related to the Corporate Income Tax have either been changed or modified: Taxpayer, Taxable Income, Tax Rate and Accounting Period. For tax purposes, it has become necessary to separate allocated and retained income and, also, certain types of expenses such as expenses related to non-economic activities and providing goods or rendering services without compensation have become taxable. Taxation rules for representative expenses have been changed, tax exemption parameters have been modified and Corporate Income Taxes paid during the 2008-2016 period have become creditable against the state budget. Therefore, accrual and allocation dates of income might become confusing due to conflicting definitions provided in various statutory acts, which need further clarification.

In order to correctly calculate and account for Corporate Income Tax, we believe the following changes have to be made to firms' chart of accounts, defined by their accounting policy:

1. Account 1480 "Advances paid to suppliers" should have two sub-accounts:

1. Advances paid to firms registered in exempt countries;
2. Advances paid to firms registered in non-exempt countries.

3. Separate account for loans given will be necessary with two sub-accounts. For instance, it will be under account 1900 “Other current assets” group: 1. Loans given to physical persons and non-resident entities; 2. Loans given to other entities.
4. Account 2430 “Investments in other entities” should be divided into two sub-accounts: 1. Investments in resident firms; 2. Investments in other firms.
5. Account 3310 “Corporate income tax” should be divided into the following sub-accounts: 1. Claimable corporate income tax; 2. Non-claimable corporate income tax.
6. Account 5100 “Shareholders equity” should be divided into the following sub-accounts: 1. Acquired through shareholders’ contribution and 2. Acquired through dividends, or Account 5110 “Common shares” should be divided into the above-mentioned accounts.
7. Account 5310 “Retained earnings” should be divided into several sub-accounts; for instance, Account 5331 – Retained earnings from 01.01.2008 to 01.01.2017; Account 5313 – Retained earnings from 01.01.2017; Account 5314 – Retained earnings from nonresident (non-exempt) subsidiary’s dividends or Retained earnings from bank interest.
8. General and administrative expenses (Account group 7400) should have the following accounts: 1. Representative expenses within the norms and 2. Representative expenses above the norm.
9. Account 7490 should be divided into the following accounts: 1. Documentary confirmed expenses; 2. Goods (services) acquired from micro-business (fixed) taxpayer entity; 3. Supply of goods or services without compensation to non-state entities; 4. Supply of goods or services without compensation to state entities; 5. Other non-economic expenses.
10. It has become necessary that separate account titled “Accrued fines and other penalties” (for instance, under the account group 8200 “non-operating expenses”) to be divided into the following accounts: 1. Fines and penalties accrued by firms registered in exempt countries; 2. Fines and penalties accrued by firms registered in non-exempt countries.
11. Account 8210 “Interest expense” should be represented by the two sub-accounts: 1. Interest expense within the norm; 2. Interest expense above the norm.

Keywords: *Corporate Income Tax, Accounting, Accounting Policy, Chart of Accounts, Retained Earnings, International Taxation, Estonian Model*

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**ISSUES FINANCIAL ACCOUNTING AND TAXATION IN
GEORGIA**

Abstract

Simplification of tax legislation and tax declaring provides effective increase of company's activity and significantly reduces cost of tax administration. In this regard many issues of tax administration in Georgia's tax legislation, still needs to be refined.

Tax code of Georgia occupies a leading place in tax legislative system of the state. Tax Code of Georgia represents complex normative act, which includes not only material, but procedural norms.

From January 1, 2017, an amendment introduced into tax legislation entered into force, according to which, existing profit tax changed by tax of distributed profit, that is similar to Estonian model. Small and middle sized enterprises have the right of reinvestment without taxation of received income, the same rule is set for large business; when the business has much financial resource in the form of untaxed income, it can carry out reinvestment, and expand production. This must be reflected on reducing of unemployment level, growth of economy and finally, on the increase of budgetary income. This is considered one of the main advantages of Estonian model.

Declaring of tax payments is fully conducted electronically and compatible with international standards of financial accounting. All type of

tax privileges set for profit tax is abolished. It should be considered, that income is determined according to financial reporting prepared in compliance with international financial reporting standards.

In June 2016, The law of Georgia on “Financial Accounting, Reporting and Audit” was signed. The shall have a significant impact on business environment in Georgia because it is related to financial reporting prepared in compliance with international financial reporting standards, to its usage, publishing and society’s accessibility. The law divides companies/enterprises into 5 categories. Enterprises from the first, second, and PPI categories, whose accounting period coincides, must to implement financial reporting according to IFRS by the finished year of 31 December , 2017. Also, they are required to ensure financial reporting audit by the same period. There is a close connection between the amendments put into Georgian tax legislation and the Law of Georgia on “Financial Accounting, Reporting, and Audit”. Tax base is entirely based on financial reporting data produced according to IFRS. Consequently, substantially increases responsibility and the importance of implementation for readiness of mentioned changes.

Although, it cannot be said that the abolition of tax privileges over tax administration and simplification of tax legislation is conditioned by the introduction of Estonian model. Indeed, in our opinion, these type of changes require perfect ensuring of financial accounting, keeping the IFRS and hard work from the side of accountants while presenting monthly income declarations.

The work should be continued towards improvement of tax legislation system of Georgia.

Keywords: *Financial accounting, tax accounting, tax legislation, profit tax, Estonian model.*

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**OPTIMAL FISCAL POLICY - FACTOR THE FORMATION
OF THE OPTIMAL ECONOMIC AND SOCIAL MODELS**

Abstract

The formation of the optimal economic and social organization model of the country is essentially dependent on the correct fiscal policy implementation.

For optimization of the budget system effective correlation between the state, regional and local budgets revenues and expenditures is particularly important as the social-economic development of the regions and territorial units of the country is impossible without the financial relations. For it the just differentiation of tax base in the section of state, regional and local budgets and transfers system for support of the budgets of the territorial units from the central budget are necessary. Just these matters are covered by the present work.

Keywords: *Finance, State Budget, Tax Policy, Optimal Taxation, Public Administration.*

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EDUCATION AS A CATALYST FOR IMPROVEMENT OF OWNER'S EQUITY STRUCTURE OF GEORGIAN JOINT STOCK COMPANIES

Abstract

Education is a catalyst through which major societal changes take place. This paper is based on the premise that Georgian state-owned joint stock companies need financial statements in order to improve its capital structure. The above-mentioned premise is also based on the assumption that implementation of high quality accounting standards is crucial to the provision of financial statements that are necessary for joint stock companies to improve its owner's equity financing opportunities. Therefore, the role of education must be examined in the context of implementation of International Financial Reporting Standards.

The research process was organized as follows: the Global Competitiveness Index of 2014-2015 by Klaus Schwab published by the World Economic Forum was obtained as a source of data to examine educational systems and the implementation of IFRS in various countries of the world. It was evident that Georgia's educational system and the level of IFRS implementation both need improvement.

The goal of this research was to study if there is any cause and effect relationship between the quality of educational system and IFRS implementation in 144 countries of the world, including Georgia. Empirical evidence suggests that the quality of countries' educational and research institutions are a 57% precondition to the successful implementation of IFRS. Furthermore, collaboration between educational institutions and private sector entities is a 62% precondition to the full implementation of IFRS.

Keywords: *Education, International Financial Reporting Standards, Joint Stock Companies, Financial Statements, Owner's Equity, Initial Public Offering*

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**PECULIARITIES OF ACCOUNTING FOR VALUE ADDED
TAX**

Abstract

Value added tax (VAT) – important indirect tax to the state is a form of tax collection that is assessed incrementally on each stage of production, sale of goods and provision of services. VAT taxpayer is either a physical person or a legal entity and the registration as a VAT taxpayer is either mandatory or voluntary.

VAT is an indirect multi-stage tax, payable on each stage of production, sale of goods and provision of services, represents one of the most prominent components in the formation of Georgia's state budget.

VAT taxable base is determined based on compensation received or compensation to be received by VAT taxpayer. Tax period for VAT purposes is deemed to be the time of supply of goods or provision of services, but no later than receiving full or partial compensation for the supply of goods or provision of services, in case the payment is made before the goods are supplied or services are rendered.

If full or partial payment is made before the supply of goods, the compensation that has been received is subject to VAT at the time of receiving such compensation. The amount of such compensation paid is the

taxable base of VAT, as long as all the other Georgian Tax Code requirements are met at the time of receiving such compensation.

During the recent period, important amendments have been made to the Georgian Tax Code in terms of VAT, several parameters related to VAT have either been changed or clarified, which require pertinent representations for accounting and declaration purposes of input and output VAT.

Keywords: *Value Added Tax; Georgian Tax Legislation, Accounting, Tax Reporting, Public Finance, Estonian Model*

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ANALYSIS OF FINANCIAL STABILITY OF ACTIVITY OF ENERGY ENTERPRISES

Abstract

Financial analysis is the element of financial management and audit. As the cognition method of economic processes it holds a prominent place in the factory management system and is a prerogative of top echelon of management structures.

Under contemporary economic situation the independence of enterprise when taking management decisions permanently grows. Economic status of enterprise and its financial independence and **stability** are depended on correctness of decision taken.

The goal of **financial condition** is getting the most quantity of key parameters giving objective and exact picture of financial status of enterprise: its profits and losses, changes in actives and passives, settlement of accounts with debtors and creditors and identification of the most effective ways of attainment profitability and stability.

As the subject of **financial analysis** is selected the specific **Electric Enterprise** of Georgia, financial information (accountability) of which meets all requirements, such as: validity, openness, clearness, utility and significance, completeness, consistency, comparability, carefulness, neutrality etc.

As is known financial status of enterprise is characterized by the unity of indicators reflecting the process of **establishment** and application of its financial resources. Analysis of complete financial status includes consequent implementation of following types of analysis: financial indicators in the accounting period, **financial stability** of **enterprise**, **solvent**, **creditworthiness** and **liquidity** of enterprise; financial results; potential bankruptcy of enterprise.

In the process of analysis of financial accountability of **Energy Enterprise** over the last 3 year period has been calculated a number of absolute and relative financial indicators. One of the most important tasks raised before us when determining financial status of **Energy Enterprise** was a study of indicators of financial **stability** of facility. As a result of carried out work is identified that at the given specific enterprise indicators of **financial stability** are expressed in positive dynamics, i.e. state of its accounts guarantees or almost guarantees paying capacity of enterprise. Paying capacity is of the key signs of normal (**sustainable**) financial status of enterprise.

Keywords: *Financial analysis, Financial condition, Financial sustainability, Creditworthiness, Solvent, Liquidity, Energy Enterprise.*

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THE ISSUES OF IMPROVEMENT OF CONSOLIDATED FINANCIAL STATEMENTS: GEORGIAN EVIDENCE

Abstract

Business Combinations represent one of the biggest units of Georgian economy. And the consolidated financial statements prepared and presented by them are the main basis for investors when they make their decisions on investing in the company. Therefore, it is rather important that the financial accounting principles applied by the company and prepared and presented consolidated financial statements based on that principles are reliable and reflect a company's financial position, its performance, cash flows and changes in capital fairly. In that case, the economic decisions made by the investors will be correct and this will increase their trust towards the company.

The analysis of information presented in the consolidated financial statements of some Georgian holding companies regarding the acquisitions made by them is provided in the Paper. The assessment criteria are the requirements of IFRS 3 Business Combinations regarding business combinations accounting and the requirements of IFRS 10 Consolidated Financial Statements concerning the consolidated financial statements prepared and presented by holding companies.

The conducted analysis has revealed some problems which are common to all considered Georgian companies and their solution will improve the accounting of business combinations by Georgian holding companies and preparation and presentation of consolidated financial statements as well. To achieve this goal the preparers of financial statements should:

- describe main motives of business combination in more detail in the consolidated financial statements, as this will provide more transparency for investors and other interested parties;

- include intangible assets that cannot be recognized separately from goodwill in the qualitative factors causing goodwill along with synergy effect expected from combination;
- develop the identification procedures of intangible assets acquired in business combinations and recognize them (separately from goodwill) according to IFRS 3 and IAS 38;
- describe the calculation techniques of recoverable amount of cash generating units used in goodwill impairment test, as well as assumptions and assessments applied in these procedures;
- describe the fair value evaluation method of assets acquired and liabilities assumed in business combination.

The gained results strengthen the assertions of practitioners and scientists regarding the difficulties of identification and evaluation of intangible assets acquired in business combinations and the importance of this issue.

The results confirm our assumptions that consolidated financial statements prepared and presented by Georgian business combinations reliably reflect their financial state, performance, cash flow and changes in capital and corresponds to International Financial Reporting Standards. However, the results have also shown that there are some issues (recognizing and evaluations of intangible assets acquired; the transparency of goodwill impairment test) which business combinations have to consider in their financial accounting and include in consolidated financial statements.

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MARITIME ENGLISH CLASSROOM INSTRUCTION IN GLOBAL MARITIME CONTEXT

Abstract

The seafarers, who transport the world's international trade back and forth across the oceans, are of all nationalities and speak hundreds of different languages. Their lifestyle has many attractions but it can also be austere and physically demanding. This combined with brutal weather, hazardous cargoes and attacks by pirates all makes for very dangerous

working conditions. To make things safer, the International Maritime Organization (IMO) acts by setting international standards and procedures for ships and seafarers. One such action was taken in 1995 when, aware that many marine accidents were caused by seafarers simply not being able to understand each other, the IMO established English as the international language of the sea.

With more and more multi-lingual and multicultural crews joining the transnational seafarers' maritime community, their competence in maritime English becomes a public concern. There is a need for maritime English lecturers to use some effective pedagogies. During the process of maritime English teaching, teachers found some teaching and learning problems relating to four macro skills in the English language communications. Regarding proper teaching techniques, suggestions are made to teach maritime English.

In the context of global maritime industry, the shortage of seafarers in the world makes it necessary to muster different nationalities on board. The cross-cultural labor mobility makes many maritime English instructors aware that getting proper teaching pedagogy will ensure the quality of the cadets in the global seafarers' community. Maritime English, the language of the sea, is needed in today's shipping industry. The demands for competent seafarers require their proficiency in understanding and using maritime English. The mixture of seafarers' different cultures makes maritime English a compulsory linguistic medium in aspect of the safety of life at sea, ship property, pollution preventions, etc. People commonly admit knowledge and skills of maritime English can ensure the effectiveness of communication between English speaking seafarers and non-English speaking seafarers; and between seafarers and offshore personnel. To some extent, guarantee of safety at sea relies on seafarers' communication in maritime English. Proper command of maritime English is not only for the essentials of seafarers but also for the appropriate operation of ship. Although IMO has officially adopted maritime English as the language of maritime industry, there is a clear necessity for ensuring seafarers to gain maritime English communication skills in the current globalizing world shipping market. Most of maritime institutes are aware that mastering communication skills is one of the important components which ensures the safety at sea. In order to cultivate the high-quality seafarers, maritime English instructors should focus on teaching the particular terminology and communication skills that include listening, speaking, reading, writing as required by IMO conventions in the international shipping industry. MET institutions should perfect the syllabus of teaching maritime English; and

maritime English instructors should find effective ways to teach the language. All these will benefit maritime English education in the globalization of maritime industry. Through analysis of the situation of maritime English teaching in Georgia, the paper is aimed at enriching the teaching approaches in MET institutions. It reveals difficulties in maritime English teaching, with focus on how to improve four communicative skills in maritime English teaching. Maritime English lecturers play an essential part in realizing the goal of maritime English teaching. The quality of ME teaching decides whether the cadets will become competent seafarers to meet requirements of IMO Conventions, and whether they will be communicating freely in the global maritime community.

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LIFE CYCLE OF STARTUPS IN THE MODERN STAGE

Abstract

In modern conditions, it is important for the development of the country to create startups and support for them. As is known, startup is a form of progressive development of the production. One of the main prerequisites for establishing startups is their mobility in terms of innovative ideas. The main resource for creating a new startup is a good innovative idea that requires considerable financial resources. If the idea is not implemented in reality it does not possess any material value, so cooperation is important for startups in this direction. It is also noteworthy that young people are most interested in creating startups by world practice. The age group of startups and tendencies is important in Georgia.

The life cycle of startups itself are considered. As a rule, the startups are among the companies operating in the risky area, which is why they should consider the duration of their existence on the market, and what stage of life cycle is the most characteristic and beneficial for them.

Keywords: *Startup, Startupper, Age Composition, Innovative Idea, Cooperation, Life Cycle, Financial Resources.*

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EFFECTIVE INNOVATIVE MANAGEMENT - TO IMPROVE THE COUNTRY'S INTERNATIONAL IMAGE

Abstract

The paper deals with the international image of the country and the Georgian nation on the critical edge. The reasons are considered to be the unresolved problems in the country such as the low level of economic development, human constitutional rights and infrastructure.

It is worth mentioning that the weakening of the nation and the village is the destruction of the country's history and traditions. It is necessary to improve the demographic situation. One of the main directions of the demographic policy is to create stimulating and facilitating effective conditions. Special attention should be paid to the reduction of child mortality and the improvement of healthcare in general. Establishment of harmonious relationship between people and state institutions will promote the welfare of the country and its population. All these should be based on the consideration of the traditional values of the nation, overall care of the people and the country's well-being. The main resource of the country must be a healthy, well-educated, morally formidable and patriotic spirit.

The priority of the country should be the introduction of innovations in all areas. There are many competitions among young people, innovative clubs are created, finances are spent and the result is that distinctive young people are taken abroad to study.

Unfortunately, the best of them do not come back anymore, who returns they are without prospects, because there is no environment here where they can use their knowledge.

Because of the errors in education we do not have a qualified staff, we lose the interest of education and labor, there is the sharpest decline in living standards, the deepening of alienation, the demographic situation

worsens, the feeling of unconsciousness increases, the emigration increases, the national values are evaluated, damaged, and ruined. The national treasures are on the critical edge. The country's ecology is dramatically worsening, as a result of the unexplained exploitation and misuse of spoils made a negative effect on the ground that is already blown out. Even in the Colchis Valley, the initial processes of desertification are observed.

Create a legal base in order to monitor strictly the terms of the contract with investors. There are all conditions in the country to use our natural resources reasonably and use the country's regions effectively.

The decisive measures in the country should be taken to create such a legislative basis for the rational use of natural resources, in the management of investments which will damage less the interests of the country and will benefit more from its economic development.

One of the most important steps for the growth of economic is the creation of new types of products, diversification of new markets and mobilizing new resources. More activity is needed to implement innovations in the economy and activate still unused resources.

These and other negative developments in the country have had a negative effect on the living conditions of the country's population. The attention of the agro-sector that is the vital importance for the country has relaxed. That left most of the population behind the poverty line.

One of the main goals of the government is to increase the global competitiveness of the country. There is still a shortage of innovations and scientific researches, which is caused by ineffective reforms of the education system, deliberate attacks on scientific institutions and the intellectual drive out of the country. Because of this the index of country's global competitiveness is quite low.

Key words: innovation, management, resources, Finance, diversification.

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**EXPERIENCE OF FOREIGN CLUSTERS IN AGRO
BUSINESS AND THEIR ADAPTATION IN GEORGIA**

Abstract

The present article presents overview of foreign agro clusters and it's similarity in Georgia. Idea of the article is to identify similarity between Georgia and foreigner countries economical situation, their resources and potential. From the day Georgia became independent, country tries to find a place in global surroundings. There is a bad economical and social problem in the country, frequent political conflicts which has a result on populations, life quality and economical state. Even though there were many reforms populations financial situation gets worst day after day. High inflation, national Currencies devaluation, there is lack of investment.

Country needs strong and stabile economical situation, which on its ones makes population more content, makes level of unemployment decrees and so on. So I decided to recall foreign clusters experience in one of most important field, agriculture. To compeer foreign countries and Georgian resources, their geographical and economical similarities and based on this make a conclusion on how possible it is to form a cluster in Georgia.

Key words: *Business, Agriculture, Agro clusters, Agro industry, Strong economic*

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THE PREFERENCES OF PROGRAM BUDGETING AND ITS FORMATION IN GEORGIA

Abstract

Nowadays, it is considered that the preparation of budget by the program budgeting style is the most important achievement for Georgia. It should be admitted, that the researches show, that by the transparency of its budget Georgia is on the one of the leading positions among the numerous countries.

The great value of program budget is, that it relies on the main priorities of the country, which main goal is to achieve them and get desired results, for these proposes are determined future relevant measures, valuing indicators and sources of financing. Each program has its title, executive-spending institution and its description from its purposes.

It should be emphasized, that despite some achievements and significant progress in the the method of program budget, there are still some problems, focusing on solving them and making changes will lead to the real and effective results of program budgeting.

Key words: *program budget, budget transparency, indicator of results measurement, wellbeing and living level of population, priorities of the country, budgetary code of Georgia*

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**SMALL AND MEDIUM SIZED ENTERPRISES IN GEORGIA,
EUROPEAN UNION AND
UNITED STATES**

Abstract

Small and Medium Sized enterprises play an important role and develop world economy. Strong and well-developed Small and Medium Sized businesses offer opportunities like innovations, creation of modern business culture, export growth and access to international markets and future use of it. The Organization for Economic Co-operation and Development (OECD) estimates that small and medium enterprises represent 90% of companies in the world, create jobs in the states and employ 63% of the world's population. Furthermore, small and medium entrepreneurial contribution is important in the development of science and new products.

The national policy of United States and EU member states aims to offer better and more effective conditions for Small and Medium Sized businesses. In addition, to enhance competitiveness and production through commercial and industrial chambers, private financial organizations and private research structures.

Over the past few years, Georgia has made significant reforms, such as economic reforms. The main purpose of the reform was to fight corruption, to start a business easily and to create a favorable environment for direct foreign investment.

Keywords: *Small and Medium Sized enterprise, OECD, European Union, United States, economic reforms.*

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**THE TRANSNATIONAL CORPORATIONS DEVELOPMENT
STAGES AND EFFECTS**

Abstract

At the end of the twentieth century and the beginning of the twenty-first century, globalization and trans nationalization became the main process of world economy. These processes determine the level of living and social-economic situation in the country, most of which are involved in transnational companies, since they are the main participants of regional integration and development of social economies. The development of today's economy and technology is through them.

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**COGNITIVE CONSTRAINTS IN GEORGE KELLY'S
THEORY OF PERSONALITY**

Abstract

Knowledge of the theory of personality gives a manager an opportunity to create a certain opinion about the person's psychological characteristics and his/her nature as well as helps him to develop his management techniques.

George Kelly's Personal Construct Theory views a person as a unique creature. The theory studies and touches upon:

the actual difference in perception of the world subjectively and considering these similarities and differences in the process of management. the person's desires to enquire about the future and make proper interpretations.

the issue of successful communication being dependent on mutual knowledge, opinions and actions.

the issue of impossibility of changing the already happened events and creating the experience of successful management through proper interpretations of the facts.

the issue of working out the effective management strategies through managing objective reality in the perceptions of people.

Keywords: *Cognitive constrains. Effective management. Successful communication. Subjective perception of reality. Alternative construct.*

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AGRIBUSINESS DEVELOPMENT OPPORTUNITIES IN GEORGIA

Abstract

In this work the author discusses potential of resources and technology of country and reviews existing problematic. The rational usage of existing resources is the guaranty of Food safety of country. The author listed the variation of resources and offers mechanisms of effective usage of existing resources. Underlie of Annalise and experience of foreign countries, there are some suggestions of rational ways of usage of resources.

Key words: agrarian sector, effectiveness, farmer, planning, agribusiness, control.

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**ON THE ISSUE OF ASSESSING THE EFFECTIVE
EXERCISING OF MUNICIPALITIES
OWN POWERS**

Abstract

During the last decades, the efforts of Governments across the world have been directed towards creating an effective civil service. Modern requirements pose new challenges for the organs of state administration, and they have to re-examine traditional administration methods and be constantly mindful of increasing the effectiveness of their activities.

It is obvious that local authorities also face similar challenges. One of the main objectives of municipalities is to exercise their own powers completely and to offer appropriate services to the population. For the purpose of assessing the effective exercising the own powers of municipalities provided for in Local Self-Government Code of Georgia, in April 2017, we conducted a survey of 520 respondents in municipalities of Imereti (12 municipalities in all).

For each parameter, we derived the arithmetical average, which formed the basis of the calculation of the overall index of analysis parameter.

Analysis revealed that the relatively better situation is observed with establishing the municipal preschool (kindergartens) and out-of-school education institutions and with ensuring their functioning. It is noteworthy that the index appropriate to this kind of services is higher than the highest index existing between municipalities (3,40>3,14). The index of water supply, water carriage and melioration is also high (3,1).

We believe that within their framework of powers, municipalities have to attach more attention to the regulation of street-trading, exhibitions,

markets and fairs, disabled people, as well as to sheltering and registration of the homeless.

It is desirable to conduct the similar surveys in all regions of Georgia every year that will contribute to identifying the weak points and resource mobilization to address the encountered challenges.

Keywords: *effectiveness; survey; ranking; satisfaction level; powers; self-governance.*

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THE EFFECT OF STRESS ON THE EFFECTIVENESS OF THE WORK

Abstract

In any organization in implementing its goals and objectives, along with other factors, key role play people, their qualifications, skills and experience.

The modern environment poses a significant challenge to people. With new technologies and new information, the pace of changes is so fast that it often becomes a victim of stress. Stress is an integral part of modern business and operates on any level of employee of the company. Because of the above mentioned reasons, the role of organizational management increases in the development and implementation of their management strategies, which are the factors that influence the topic. Human resources management occupies a special place in many businesses and this is a permanent instrument for successful business.

One of the most important parts of the Human Resource Management is stress management.

The paper deals with the essence of the stress, their species and methods of solution.

Keywords: *stress, stress management, stressful situation, conflict.*

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THE ROLE OF VALUES IN GEORGIAN AND FOREIGN TOURIST FIRMS MARKETING ACTIVITIES

Abstract

In the modern period, if the firm wants to be successful and competitive, they must implement values into their corporate culture. Supervisors of the firms must perceive these actions as the most integral part of the firm's existence.

Tourist firms should offer real values to consumers and therefore should be focused on providing them. Disregarding the values will influence on firms competitiveness and cause negative attitude from the consumer. Modern foreign tourist firms are now actively and effectively using values, but this problem is the acute and significant challenge for developing Georgian Tourist firms.

The combination of values determines the culture and nature of the firms. Corporate values in the firm have the same role as morality in society. It allows the company to exist and develop. In such kind of circumstances, the firm, where corporate values are formal will be unviable in the long-term perspective.

Foreign tourist firms, such as „Coral Travel”, „House of Travel”, „Hot”, „Apus Peru”, „Amadeus” and others effectively use their values in practice and therefore offer to consumers various values. For example: reliability, honesty, business solidity, customer orientation, payment convenience, highly qualified staff, independence, activity and creativity, innovation, group work, responsibility and others. But Georgian Tourist firms - „Discover Georgia”, „VIP Travel”, „Georgica Travel”, „Adjara Tour” and others have limited values such as: take care of customer and service quality, honesty, group work and sincerity.

Key words: *marketing, tourism, competitiveness, values, corporate values, group values*

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GLOBALIZATION, COMPETITION AND PERSPECTIVE OF MODERN BUSINESS

Abstract

In my conference work is generalized Georgian and international economical experiences actual issues, in researches.

Nowadays, when the Georgian economy is noticeably damaged by the international monopolies, the researches are analyzed to reveal the unconscientiously monopolies and we set in motion the working innovations.

The dangerous monopolies often try to betray the consumers and beat the opponents in order to win the monopolies.

In my opinion, under the governmental economical structures such as: ministry of economy, the ministry of finance, antimonopoly service, the agency of state purchase. It's important to activate and subfields especially to use the local advantages with as peculiarities and they'll define the norms to defend the local markets.

Key words: *The term globalization is derived from the word „globalize” which refers to the emergence of an international network of economic systems. The term competition is derived from the word „concurrentia” which means fight between economic agency*

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THE MAIN ASPECTS OF THE DEVELOPMENT OF GOVERNMENT PROCUREMENT SPHERE IN GEORGIA

Abstract

The state procurement is one of the most important spheres of the country, where 12% of the gross domestic product comes from it. Therefore, the significance of importance is given to the government financial resources rational spending, fair and non-discriminatory environment formation, development of healthy competition in the state procurement process and the information transparency. For state and private sectors the functioning of the state procurement is important.

Until 2010, state procurement in Georgia was carried out through means of a paper. Since December 1, 2010, the new procurement system was launched. Due to lack of proper transparency, there was discriminatory approach and corruption, availability of information was limited, high fees in tender participation and territorial inequality restricted competition.

All tender procedures were carried out through means of a paper. Currently operating state procurement electronic system is characterized with a maximum transparency. The system can be used by the purchaser, supplier and any person interested in it.

Keywords: *state procurement, e-procurement, procurement sphere, tenders, procurement policy.*

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INNOVATIONS IN THE CONTEXT OF GLOBALIZATION

Abstract

This article deals with essential advantages of innovations: on the one hand in business for the purpose of receiving profit or "personal welfare", on the other hand for the society, "general wellbeing" or for the purpose of increasing the standart of living of the population, as well as for the economy of the country in order to support economic growth.

The level of innovations in the countries is analyzed. It is measured using the components of the index of global innovation: institutions (political environment, regulatory environment, business environment); human capital and researches (general education, high education, researches and development); infrastructure (technologies of information and communication, general infrastructure, ecological state); the level of market development (loans, investments, trade, competition and scale of the market); the level of business development (the level of knowledge of employees, availability of links for innovations, possibility of obtaining knowledge); knowledge and technologies (knowledge formation, influence of knowledge on the process of creating innovations, dissemination of knowledge); creativity (intangible assets, creative products and services, electronic creativity).

Innovation is considered as an element of strategic globalization, compatibility of innovative strategy with global challenges, balance between foreign and local innovation operations, and development of long-term innovative opportunities for expanding globalization.

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GEORGIAN ELECTRICITY MARKET MODEL

Abstract

The energy sector is the most prioritized one in the economic field. The associated agreement's (between Georgia and European Union) obligations contain important changes in different areas, especially in the energy sector and needs to be harmonized with European legal bases. Therefore, nowadays electricity sector has many challenges.

To create competitive electricity market in Georgia, we must prevent any company having dominant influence on market. To modify the electricity market model into competitive market model it is necessary to create:

- Deadlines and conditions of energy sector's restructuring in the law;
- The regulations for easier access on the market and the alternative electricity suppliers;
- Developing an independent market operator and implementing competition on the retail market.

Keywords: *energy sector, energy market, market model, market participants.*

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**COMMUNICATION AS IMPORTANT TOOL FOR
MANAGING A COMPANY**

Abstract

Communication is the transfer and understanding the meaning. This means that if no information or ideas have been conveyed, communication hasn't taken place. The speaker who isn't heard or the writer who isn't read has not communicated. More importantly, however, communication involves the understanding of meaning. For communication to be successful, the meaning must be conveyed and understood. Another point to keep in mind is that good communication is often erroneously defined by the communicator as agreement with the message instead of clearly understanding the message.

Why is communication important to managers and organizations? It serves four major functions: control, motivation, emotional expression and information.

Communication acts to control employee behavior in several ways. For instance when employees are required to communicate any job-related grievance first to their immediate manager, to follow their job description, or to comply with company policies, communication is being used to control. But informal communication also controls behavior. When work group members tease a member who is working too hard or producing too much (making the rest of group look bad), they are informally controlling the member's behavior.

Communication encourages motivation by clarifying to employees what is to be done, how well they are doing, and what can be done to improve performance if it is not up to par. As employees set specific goals, work towards those goals, and receive feedback on progress towards goals, communication is required. Communication is a primary source of social interaction for many employees by which they share frustrations and feelings of satisfaction. Communication, therefore, provides a release for emotional expression of feelings and for fulfillment of social needs. Finally, individuals and groups need information to get things done in organizations. Communication provides that information.

No one of these functions is more important than the others. For groups to work effectively, they need to maintain some form of control over members, motivate members to perform, provide a means for emotional expression, and make decisions.

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**GLOBALIZATION AND THE PLACE OF GEORGIA IN THE
SYSTEM OF WORLD ECONOMIC PROCESSES**

Abstract

For Georgia's rapid economic development, it is important that Georgia's economy is at a competitive global level. The global indexes of the global world are different.

The findings of the research published by International Organizations are discussed in details within the article and the positions of Georgia in the International rating are defined, which enable us to conclude that Georgia is comparatively competitive according to the following criteria: low criminal, lack of bureaucratic procedures for launching doing business, whereas a comparatively problematic state is observed in the following directions: innovations, science and re-production, professional workforce, public trust towards to the politicians and instability of the politics..

International indexes help the governments of the country to see the problems at a particular moment for the country. He can take effective steps and correct existing shortcomings.

Key words: *Globalization, International indexes: Logistics Performance Index, the Global Competitiveness Index, KOF Index of Globalization, Doing Business Index.*

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THE PARTICULARITIES OF THE LABOR MARKET IN THE HOTEL BUSINESS

Abstract

Unemployment is one of the major problems of Georgian society, which is more or less equal to all social groups. One of the main priorities is to address the problem of unemployment in the country. In recent years, the hotel market has a healthy and rapid growth in tourist destinations. Tourist sites and the whole tourist market are developing attracting foreign investments. Hotel business is the most dynamically developing subdivision of the tourism industry that brings millions of profits to the economy in many countries. Hotel business development is a crucial factor in tourism development. Growth of tourist flows and efficient functioning of hotel facilities create jobs and provide filling up regional and national budgets. The leading role in Georgian economy belongs to trade and service sectors where the most people are employed

keywords: *Labor market, unemployment, hotel business, hotel market, statistics.*

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THE IMPORTANCE OF BUDGET FEDERALISM IN ECONOMIC DEVELOPMENT OF REGIONS

Abstract

Work provides analysis of the issues of budget federalism. The author's opinion is that formation of the part of costs of the budgets of local self-government units based on the social standards and financial norms should provide basis for the methodology of budget regulation. It emphasizes that the legislative basis for regional development in Georgia requires improvement and development in accordance with the requirements of European Charter on Local Self-government. Foreign Experience of Regional Economic Policies provides comparative analysis of the experience of regional economic policies of Georgia and foreign countries.

Full realization of the economic potential of the region greatly depends upon regulation and control of local financial relations, as well as development of the relevant legislative basis etc., discusses also the problems of budget federalism.

Keywords: *Budget federalism; Regional economy; Local self-governance; Transfer*

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DECISION MAKING THEORIES AND MODELS IN MODERN MANAGEMENT

Abstract

The environmental is Regularly changing, accordingly manager requests to take decisions in extreme timetables, need it fast react and correct decision.

The issue is relevant, accordingly many scientist is interested study of the decision making process. There are studies at different times and places with relevant results, as well as different methods of decision-making, theories and models.

In the article we will consider diferent decision makings methods, theories, and models by various scientists.The managers can use models of decision-making in their activity to be more effective.

Keywords: Manager, Decision making process, Decision.

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CHARACTERISTICS OF ACCOUNTING OF INVESTMENT PROPERTY IN THE PUBLIC SECTOR

Abstract

In the article there are examined characteristics of accounting of investment property in the public sector, according to IAS 16.

Economical essence of investment property. There are different circumstances when units of public sector own the property with the purpose of increasing of capital's cost or gaining of incomes from their

leasing. According to the standard such property is considered to be investment property. Investment property does not participate in production and supply of goods and services, and also is not used for sale in the ordinary course of business

Earning by subject of monetary flows via investment property is realized independently from other assets. This is what differs investment property from the property held by the owner, use of which during production and supply of goods, and also during rendering of service creates monetary flows together with other assets used in these processes. Examples of investment property are land, building and property, which is under construction or reconstruction, with the purpose of its future use in form of investment property.

Recognition of investment property. Standard offers criteria for recognition of asset as investment property, which actually correspond to the general criteria of recognition as the asset.

Evaluation during recognition. Investment property at initial stage shall be evaluated by its prime cost, which includes purchase price and any direct expenses. And when investment property is acquired by non-exchange operation, prime cost shall be evaluated by its real cost for the date of acquisition.

In the article there are also examined **models of accounting of real cost and prime cost**, evaluation after recognition of investment property, as an independent accounting object, and reflection of caused changes in financial statements.

Transmissions to other category. Purpose of using of property by the state units can be changed with time. This conditions reclassification of the property, i.e. transmission to the category of investment property or withdrawal from this category.

If the unit uses model of accounting by **prime cost**, than transmission of objects between categories of inventory holdings, property occupied by the owner and investment property does not cause changing of balance cost of transmitted objects. But when immovable property occupied by the owner is transmitted to the category of investment property which shall be accounted by **real cost** and the unit uses rules and conditions of accounting of basic assets defined by IAS 17 before the date of changing of property purpose, the unit shall account any difference existed for this date between balance cost and real cost of the property as **revaluation**.

In the conclusion there is noted significance of information about investment property in the financial statements for management and analysis of financial resources.

Key words: *investment property, prime-cost model, real cost model, capital increase.*

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BASIC TENDENCIES OF DEVELOPMENT OF INTERNAL AUDIT

Abstract

At the modern stage purpose of internal audit was significantly increased, because service need not only large, but small business enterprises, and internal audit, as significant instrument of management and control system of the company, assists to preparation of transparent financial statement. Rationally organized system of internal audit allows to monitor, analyze and evaluate business processes what supports improvement of efficiency of company's activity and maintaining of assets.

In modern conditions of development internal audit provides: delivery to management recommendations about condition of internal control system, preparation of recommendation and conduction of consultations on problematic questions of internal control and corporation management.

Importance of internal audit defines purposes of internal audit report in the process of management, what can be formed as following: delivery of recommendations and influence over organizational changes; study of control problem and their deep examination; provision of actions corresponding to facts and recommendations revealed as result of audit; reflection in documents of conducted audit works and facts restricting audit scales; provision of certification for management; provision of management with information. Task of the internal audit, as of business function, was limited by inspection of control system, operations and information about past period of the company. According to such approach it was called as "Systems-based approach". For modern management results of internal

audit of processes and systems submitted in financial statement are not enough. It became important to establish objects of audit valuable for business by the way of evaluation risks, and according to the determined objects to define themes containing highest risks. In selection and definition of check-objects of internal audit the main thing shall be business purpose and strategy of its development. If recommendations of “systems – based” internal audit are directed to the increase of efficiency and optimization, strengthening of control system, recommendations of “risk-based” internal audit are directed to the mechanisms of avoiding of risks, transferring of risks and control. “Systems-based” is an independent evaluator in the company. And “risk-based” internal audit is integrated in the company in the system of risk management and corporation management.

Therefore, internal audit realizes evaluation of efficiency and reliability of risks management system, establishes compliance of corporation management systems with corporation management principles; Internal audit is multifunctional, but it is not an universal way for solving of company’s problems;

Key words: *internal audit, audit risk, systems-based audit, risk-based audit, risks management. Limiting factors.*

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HISTORICAL LITERATURE OF ADJARA AUTONOMOUS REPUBLIC

Abstract

The term "cultural tourism" established in international tourism terminology in tourism development is somewhat alien to Georgian mentality, but recent events have become relevant to the development of cultural tourism in Georgia. Cultural tourism includes all tourism related branches to popularization of history, culture, ethnography, material and spiritual heritage. The goal of this tour was "Tourism Industry 2016", which was hosted by

"Business Georgia" at Hotel "Castelo Mare" in Tsikhisdziri, which was attended by over 300 local and international business leaders. The business forum touched upon almost all areas, including the development of historical and cultural tourism.

Georgia is rich with historic and cultural monuments, including our side - Adjara, they clearly state the greatness of Georgian national purity. Here you can not recall one very common phrase: "Imagine a nation with no history, give her a grocery and a brilliant story. " Many historical monuments of our region can be used as a means of tourism development. For example, I will preserve the Gonio Fortress. Far from 12 km south of Batumi. The Gonio-Apsaros fortress (I century) is located on the left bank of the Chorokhi river. One of the oldest settlements in Georgia was located around this fort. The Gonio-Apsaros fort had an unique strategic importance: it protected the entrances of the Chorokhi and the Adjaristkali gorges that connected Southwest Georgia and the regions with the Black Sea coast. Because of this location, the Gonio Fortress was once the Roman Empire, and then one of the Byzantine and Ottoman monasteries in the eastern Black Sea. Accordingly, the castle consists of several layers: Roman (III-IV cc), Byzantium (VI-VII cc) and Ottoman (XVI c.). The history of Gonio-Apsaros is closely related to the Argonauts myth. It is known that King Aite buried here his son Apsaros, who was killed by Jason. Here is one of the 12 apostles of Christ who was buried. The museum-reserve was founded in 1994. The museum-reserve area includes the Gonio-Apsaros fort and surrounding area. The archaeological excavations on the territory of the Hellenistic period have been obtained. Public transport facilities, substance material, are noteworthy mentioned in Gonio's treasure, which consists mostly of unique designs of jewelry and all of these are now protected in the Adjara State Museum. Taking into consideration these great historical values, according the recent survey of the 24 August 2016 the Gonio-Apsarosi Fortress Museum was visited by about 50,000 visitors and the main part of the visitors is foreigners. As well as these many historical material monuments can also contribute greatly to the development of the region.

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VISIBILITY ON THE BLACK SEA

Abstract

Visibility, in the meteorological sense, is a measure of the transparency of the atmosphere and may be defined as the greatest horizontal distance at which an object of specified characteristics can be seen by a person of normal vision under condition of average daylight illumination. Whether an object can be seen at a distance depends, among other things, upon the nature and size of the object. Accordingly, the sort of object to be used in estimating visibility needs to vary with its distance from the observer.

In a large vessel the lowest ranges present no difficulty because objects at known distance on deck can be used. Visibility at the higher end of the scale can be determined as follows. When coasting and when fixes can be obtained, the distances of points when first sighted, or last seen, may be measured from the chart. In the open sea, when other ships are sighted, visibility may be estimated by noting the radar range when the vessel is first sighted, and again when it disappears from view. The horizon, whether, and how well, one can see it, is also used to estimate visibility. This, however, must be used with caution. The distance of the horizon is obviously a function of the height of the observer above sea level, which could be considerable from the bridge of a large ship. Also there are occasions of abnormal refraction which give a false impression of the visibility. With a vessel close to a precipitous shore there might be occasions when an elevated coastal tower could be seen at 2 n. mile but owing to a shallow for layer the horizontal visibility might be only $\frac{1}{4}$ n. mile.

At night, visibility is difficult to estimate. Whether or not there is bright moonlight will considerably affect how far one can see, but it should make no difference to the meteorological visibility which is concerned with the atmospheric clarity or obscurity. If there is no change in the meteorological conditions the visibility just after dark will be the same as that just before dark. Caution is needed, however, in that, near to land,

changes in thermal conditions which commonly occur at sunset tend to favour a deterioration a deterioration of visibility at this time.

On the Black Sea area visibility is 5-10 miles or more. The best visibility conditions are observed from April to October-November. The greatest visibility is observed during the day, the smallest in the morning.

When invading cold air masses, there is sometimes exceptional visibility; At this time, with refraction in the southeastern part of the sea, it can reach 160 miles.

Sharply improves visibility even with hair dryers, which are characteristic of the mountainous coasts of the sea.

Decrease in visibility is observed during fog and precipitation. In the northern part of the area in the spring, visibility may be worsened due to dust storms that sweep over the south of Ukraine, but these cases are rare.

The longest continuous fogs are observed on the northwest coast of the Black Sea during the cold period, when they can last more than 100 hours in a row. So, in the area of Odessa port in winter fogs are sometimes observed for 10 days, in other parts of the coast the maximum continuous duration of fogs reaches only 40 hours, however such long fogs are rare. In the open sea, the continuous duration of fogs does not exceed 12 hours.

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BOND MARKET AND ITS IMPORTANCE

Abstract

At present, the largest part of the financial sector is held by the commercial banks. The role of the capital markets is modest. For the development of the capital market it is essential to make legislative amendments, to improve many regulatory or legislative acts and to comply with the international practices. In this regard, the most important is to review and improve the tax code, since a lot of vague and ambiguous records in the tax code need to be specified, to become more simple and understandable to the reader. The current approach to the taxation regime shall be changed and the burden shall lay on the net investment income

instead of transactions. This does not meant to provide tax privileges, but to provide a fair and economic growth-oriented approach.

Keywords: *Capital Market; Securities Market; Bond; Foreign Direct Investment ; Employment.*

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Modern marine technologies, problems of socio-economic
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