



BOOK OF PROCEEDINGS

International RESEARCH CONFERENCES

on The Problems of Socio-Economics Development
at The Present Stage And Solutions

June 24, 2016. Batumi-Georgia



National Institute of Economic
Research (Batumi, Georgia)
2016

International Research Conference on “The Problems of Socio-Economics Development at The Presents Stage and Solutions”, 2016

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International Day of the Seafarer International scientific-practical conference: The problems of socio - economic development at the present stage and solutions, Batumi, Georgia 24-th day of June 2016

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National Institute of Economic Research; Batumi Navigation Teaching University.

Dear Colleagues,

The scientists are fully aware of the challenges posed by the continuous development of technologies. Regular scientific-technological upgrades increase efficiency and competitiveness of higher education institutions and instruction as such. Therefore, I, the head of a higher education institution will gladly host research and training conference on contemporary management. IT play the key part in Economics and management, namely the corporate, transportation or knowledge management. The globalization and stronger economic or intellectual ties call for the know-how exchange with foreign partners since management based on scholarly communication is a prerequisite of success.

Higher education in our country is in a transitional phase. Coordination between manufacturers and customers, market-specific production and the management based on the state-of-the-art technologies form the basis of successful economic policy. Geography makes Georgia an important location in terms of shipping logistics. Consequently, research into and upgrading of the deepwater, land and air transportation is the call of the day.

Owing to academic achievements of our professors and its international standard material and technical resources, along with the other similar institutions, our university prepares the cross-border shipment specialists. The local and visiting specialists impart their knowledge to the students, the would-be professionals of the industry. We hope, the international conferences, joint programs and a regular communication with foreign partners will make our graduates more competitive.

I wish success to the first international research and training conference Problems os Socio-Economics Development at The Present Stage And Solutions and hope it will mark the beginning of a tradition.

Sincerely,


Professor Badri Gechbaia, Conference Chair

ORGANIZERS OF CONFERENCE:

National Institute of Economic Research (Georgia)
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Conference Plan

The Problems of Socio-Economics Development at The
Presents Stage and Solutions, 2016
June 24, 2016
Batumi, Georgia

| June 24, 2016 | |
|----------------------|---|
| 17.00 | Participants` registration |
| | Opening Conference Session International Scientific Refereed and Reviewed Journal “Innovative Economics And Management” First edition of Presentation <i>Welcoming words:</i>  <i>Badri Gechbaia, Doctor of Economics, Associate Professor, The Chief Editor of the Magarine «Innovative Science Economy and Managment»</i> <i>Chairman of the Organizing Committee:</i> |

| | |
|-------|---|
| | <ul style="list-style-type: none"> ✚ <i>Natiia Mikeltadze, Doctor of Philosophy, Professor, Head of Quality Assurance Service of Batumi Navigation Teaching University</i> ✚ <i>Deputy Chairmen: Paata Aroshidze, Doctor of Economics, Assoc. Professor</i> ✚ <i>Gela Mamuladze Doctor of Economics, Professor Batumi Shota Rustaveli Shtate University</i> ✚ <i>Ketevan Goletiani, Doctor of Technical Science, Professor, Dean of the Faculty of Logistics of Batumi Navigation Teaching University</i> ✚ <i>Mamuka Akhaladze, Director of Maritime Transport Agency of Georgia;</i> ✚ <i>Merab Khalvashi, Rector of Batumi Shota Rustaveli Shtate University, Assoc. Professor;</i> ✚ <i>Ermile Meskhia, Rector of Batumi Art teaching Univerity, Professor;</i> ✚ <i>Yevhen Romanenco, Doctor of science in Public Administration, Associate Professor, Ukraine, Kiev, Head of the Dept. of public administration of Interregional Academy of Personnel Management</i> ✚ <i>Halyna Kuzmenko, Doctor of Economics, Professor, Kirovohrad National Technical University, Ukraine</i> |
| 17.00 | <p>Plenary Session Reports:</p> <p>MYKOLA KYZYM, VIKTORIA KHAUSTOVA <i>“ANALYSIS OF FEATURES OF INDUSTRIAL DEVELOPMENT IN EUROPEAN UNION COUNTRIES”</i></p> <p>NATALIA VDOVENKO</p> |

| | |
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| | <p><i>“GLOBAL PRODUCTION OF AGRICULTURAL PRODUCTS OF ANIMAL ORIGIN AND IT’S IMPACT ON FOOD SECURITY”</i></p> <p>ETER KHARAISHVILI, GULNAZ ERQOMAISHVILI <i>“SOCIAL-ECONOMIC PROBLEMS OF AGRO TOURISM DEVELOPMENT IN GEORGIA”</i></p> <p>NATALIA SHAMILOVA, HALYNA KUZMENKO <i>“FINANSIAL REPORTING AND AUDITING IN THE CONTEXT OF ASSURANSE OF INFORMATION TRANSPARENSY OF THE ACTIVIRY OF ECONOMIC ENTITIES OF UKRAINE”</i></p> <p>YEVHEN ROMANENKO, IRINA CHAPLAY <i>“CREATION OF RESEARCH CENTER FOR INSTITUTIONAL DEVELOPMENT OF PUBLIC ADMINISTRATION ON THE WAYS OF IMPROVING OF THE SYSTEM OF PUBLIC ADMINISTRATION IN UKRAINE”</i></p> <p>NINO TCHILAIA <i>“RURAL TOURISM AS A DRIVER FOR SOCIOECONOMIC DEVELOPMENT OF AJARA REGION”</i></p> |
| 18.00 | Familiarization of Material-Technical Base of University |
| 19.00 | Dinner |

REPORTS

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ANALYSIS OF FEATURES OF INDUSTRIAL DEVELOPMENT IN EUROPEAN UNION COUNTRIES

Abstract

The article studies the main differences and development trends of industry in the EU countries. The information base of the research comprises data of interbranch balances of the EU member countries for the period of 1995-2011. Within the framework of the study there were analyzed: the dynamics and structure of industrial production in the EU countries, dynamics and structure of exports and imports of industrial products, development indicators of high-tech branches in the EU countries. There have been ranked: 20 EU countries - the largest producers, exporters and importers of industrial products, 20 EU countries leading in capacity of the internal market for industrial products, the EU countries with the highest level of import dependence of the internal market for industrial products, the EU countries leading in terms of GDP of high-tech branches of industry. The basic features of

the industrial development of the EU member countries have been identified on the basis of the conducted analysis.

Keywords: *industry, industrial products, the European Union, high-tech branches, dynamics, structure, trends*

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Abstract

GLOBAL PRODUCTION OF AGRICULTURAL PRODUCTS OF ANIMAL ORIGIN AND IT'S IMPACT ON FOOD SECURITY

It is theoretically proved and empirically confirmed that among the main segments of the livestock products plays an important role in the fish production with all infrastructure. On a global scale aquaculture is a young industry of agrarian sector of economy. The volume of aquaculture production over the last 50 years grew to 55.1 million tons in 2009 and 58.3 million tons in 2010, and to 66.6 million tonnes in 2012. Studies have shown that if current rates of development, it is projected that by 2030, half of the produced fish and other aquatic biological resources will be of artificial origin.

Proved the mechanism of realization of state policy in the sphere of fisheries and fish industry, protection, use and reproduction of water living resources, fisheries management, safe navigation of vessels fleet fisheries.

Proven that government regulation of fisheries, formed on similar principles of the current legislation of Ukraine, and in other branches of agriculture. However, the paper notes that the fisheries sector has its own technological features that determine the specificity and production and organizational structure of the industry, represented by companies specializing in the production, cultivation, processing of fish.

The work proves that the calculations, over the past 10 years indicate a significant budgetary allocations aimed at financing the spawning-nursery fisheries, hatchery, nursery, plant-eating fish

hatcheries ordinary fish, sturgeon and trout plants. They have a tendency to a gradual increase from 33.9 million USD (including costs of fisheries regulation) to 116,4 million USD per year. Also noted that the current system of budget financing of fisheries is being substantially improved. Earlier, the public expenditure was carried out on one item of expenditure on the reproduction and protection of water live resources and fishery regulation. Today there are separate articles for the organization of activities of bodies of fish protection and reproduction.

Justified to achieve the increase of competitiveness of aquaculture production, it is necessary to create conditions for the effective operation of the Law of Ukraine "On fishery, industrial fishing and protection of aquatic bioresources". Undoubtedly also to fulfill the tasks set in the current and developed with the help of the author of "State target economic program of fishery development for 2012-2016".

This will enable to accelerate the process of raising effective ownership in the enterprise sector and to create necessary mechanisms for internal and external investors.

Systematic suggestions for improving the methodological tools of regulation of economic activities in fisheries. In perspective necessary to Refine the technique of counting fish at all stages of development to determine aggregate supply and the method of determining the fair value of material for breeding of aquaculture and commercial fish given the prices of the active market.

Asked to summarize methodological approaches to the formation of a competitive system of regulation of the agricultural sector at the level of international standards and to substantiate scientifically balanced distribution of functions, powers and responsibilities between the regulatory bodies in the field of fisheries to achieve consistency and effectiveness of economic processes.

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HIGER EDUCATION IN INDIA: GROWTH, ISSUES AND CHALLENGES

Abstract

Higher education system in India is complex and third largest in the world; followed to the United States and China. It has experienced significant growth in terms of institutional expansion, variety of courses, enrolment and diversity of; social, cultural, ethnic, religious, and ideological composition. Investment in higher education is a vital contribution to accelerating the process and rate of economic growth. The present paper has used descriptive research methodology. It has evaluated genesis of higher education system in India. It describes the growth and trend of expansion in higher education institutions in terms of number and types of universities and colleges along with the enrolments. Paper also discussed the role, responsibilities and functions of **important bodies associated with the management of higher education in India. It has been observed that** the number of Universities has increased 40 times from 20 in 1950 to around 800 in 2016 and the number of colleges has also registered manifold increase of around 82 times with just 500 in 1950 growing to 41178 in 2016. At present more than 20 million students are enrolled in Indian Higher Educational Institutions. Expenditure on education as percentage of Gross Domestic Product in India is less than 4 percent which is around 6-8 percent in most of the developed nations in the world. Major issues faced by the Indian higher education are Low Gross Enrolment Ratio with interstate variations, disparities with respect to gender, caste,

religion, and region as far as concern of inclusion and access of higher education. Enhancing quality of education is one of the major challenge faced by higher education segment in India due to shortage of qualified faculties and lower expenditure on research and development. Paper has also provided suggestions for improving in quality of higher education with diversity, inclusion and access.

Keywords: *Higher Education, Gross Enrolment Ratio, Diversity, Inclusion, India*

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**SOCIAL-ECONOMIC PROBLEMS OF AGRO
TOURISM DEVELOPMENT IN GEORGIA**

Abstract

Georgia has favorable conditions to develop agro tourism. The most developed tourist products/services in the country are: family hotels, agro-gastronomy services, participating in manufacturing process, walks and horse riding, introducing local cuisine, agritourist excursions, wine tasting and etc. But, the researches underlined that the quality of agro tourism products is still low. This is the main obstacle to develop this sector. Involving tourists in this process is connected with some risks (Sznajder and Przezborska, 2004)². Developing this type of business is the main source to increase income of local population.

Agro tourism includes different types of tourism. It considers offering such tourist products which develops agricultural sector. Also, it is connected with natural environment to keep biodiversity, renew cities, recreation activities and etc. Also, it includes educational visits

² Sznajder and Przezborska, 2004

and buying agricultural products and handmade (Jansen-Verbeke and Nijmegen, 1990)³.

Agro tourism has several functions which are divided into several categories (Lakovidou al., 2000)⁴:

- Social-psychological;
- Economic;
- Spatial-environmental.

Agro tourism incorporates economic, social and cultural aspects of rural development. The term comprises many interactions between agriculture and tourism. It is a connecting link between them.

Agro tourism has gained in Georgia a new level of importance as a potential income and job generating activity for the mountainous population. Georgia has a big potential to develop agro tourism in mountainous regions, which can cause to solve a lot of problems, first of all, reduction of poverty and stop the migration process from rural areas to towns/cities.

It will be useful for Georgia to take into account agro tourism experience of developed countries. According to the similarities of terrain and territory with other countries, Georgia should implement appropriate economic policy.

Developing agro tourism can solve social-psychological, economic and spatial-environmental problems. It is needed to increase the involvement of government and private sector to achieve these goals. The government should implement appropriate programs, political directions and strategies, while private sector should work increase the quality of products/services.

KeyWords: *Agro Tourism Development, Tourist Products/Services, Agro Tourism Policy, Functions of Agro Tourism.*

³ Jansen-Verbeke and Nijmegen, 1990

⁴ Lakovidou al., 2000

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FOR SOCIALLY ORIENTED INNOVATIVE DEVELOPMENT

Abstract

In conditions of global competition and an open economy, it's impossible to catch up with the world's highly developed countries by the level of welfare and efficiency.

If advanced breaking kind of economic development doesn't happen, in those sections which define its specialization in world's agriculture and makes it possible to happen the realization of national competitive advantages.

The transition on innovative type of economical increase is connected with formation of new mechanism of social development.

One of the internal resistance of the established growth model is that, the increase of welfare is definitely going on the bases of economical differentiation of population, as well by break principles of social fairness. Herewith, objectively increases, requirements of different kind of social groups. Between them which are not taking part in redistribution and appropriation of natural rent. To solve this barrier inquires formation of new mechanisms of social development which is balanced with resourceful possibilities of economic and its innovative

effectiveness. The bases of such balance is the unite of principles of industrial freedom social responsibilities and national competitiveness.

In our opinion such approachment requires further directions of oriented kind of transfer of development of economy.

First direction: development of human potential . On the one hand it is for developing of each person's possibilities , favorable conditions for improvement of humans living conditions and of degree of social environment. On the other hand development of its maintainer economical sectors as economical factors and the increase of human capital supportive competitiveness.

The second direction: creation of highly competitive institutional environment, which will stimulate industrial activity and attraction of capital in economics.

The third direction – structural diversification of economics on the bases of innovative technological development.

The forth direction- strengthening of global competitive advantages and expansion in traditional areas (agricultural sector traffic social service, building mineral resources.)

KeyWords: *Innovative Development, Economic Development, Mechanisms of Social Development, Development of Human Potential , Economical Factors.*

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ESTIMATION OF GLOBAL COMPETITIVENESS IN MODERN GEORGIA

Abstract

The work underlines that the growth of Competitiveness is the most important task for any country and for Georgia as well. In the period of globalization the national business oriented on modern technologies and innovations is considered to be the main motive power for national competitive strategy. The competitive advantage of a state is conditioned by the success reached in producing of scientifically capacious and informational technologies, stable business environment and the strategy oriented on export. High level of education is also very significant.

KeyWords: *Competitiveness, Country, Technologies, Export.*

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**FINANSIAL REPORTING AND AUDITING IN THE
CONTEXT OF ASSURANSE OF INFORMATION
TRANSPARENSY OF THE ACTIVIRY OF ECONOMIC
ENTITIES OF UKRAINE**

Abstract

The purpose of the study is to disclose the interdependence of the processes of forming and publication of the financial reporting and audit quality as interdependent elements of ensuring the information transparence of the activity of economic entities of Ukraine. Such shortcomings of Ukrainian system of information disclosure that is publication of annual financial statements in scope which is not satisfy the requirements of laws and regular acts, unconformity between the scope of published financial statements and auditors` obligation, discrepancy between managerial staff obligations and auditors` obligation have been analyzed, the ways of its solutions have been proposed. The results of investigation show that the increasing of audit quality will be promoted by the improvement of organization of enterprise`s accounting, internal control and management what have to be provided by the elaboration of the obligatory regulations concerning assessing the observance going-concern principle, observance of laws and regulation which are influenced the enterprise`s activity, organization of internal control and fraud`s preventing system. The

components of guarantying information transparency of enterprise's tax relations in the system of financial reporting have been investigated. The format of disclosure the information about qualitative status of taxation in the annotations to the financial reporting taking into account the demands of Ukrainian Tax Code as regards to the process of tax administration has been proposed.

Keywords: *financial reporting, information transparency, tax relations, auditing, auditor's report*

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**THE LEGISLATIVE, LEGAL AND INSTITUTIONAL
PROVISION OF BANKING COMPETITION IN GEORGIA**

Abstract

In the article, the latest literary sources and legal acts on the basis of consistently studied the theory of financial and agricultural practices in a number of important issues, such as competition in the banking legislation-legal and institutional provision in Georgia.

The study established and economic life has been proven that an effective surveillance system is based on banking supervision and regulations, proper supervision regime, the legal environment, and accounting methods. In addition, the control system for the institutional set-up around the world with dynamic changes. In particular, a time of widespread classical model, where the banking, insurance and securities sectors separate supervision was more of an exception than a rule.

The report concludes "Competition" of the processing, the banking supervision function in implementing the structural unit of the National Bank of the resignation.

Keywords: *Banking competition, cartel agreements, financial supervision, institutional arrangement, the credit policy, unfair competition, deposit insurance, macroprudential regulation, mikroprudentsiuli regulation, the credit portfolio, the Basel Committee.*

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ASSESSING THE LEVEL OF COMPETITION IN THE GEORGIAN BANKING SECTOR

Abstract

In the article, the latest literary sources and rich factual materials, is consistently analyzed and assessed the level of competition in the banking sector.

The study established and economic life has been confirmed that the banking market competition has some specific features, making it different from other markets konkurentsiebisa it. One important difference is that the bank's money market operation, the liquid goods, which can not be replaced by other goods. The second major feature is related to the banking sector and financial capital mobility.

It is concluded that the Georgian economy has a low level of debt servicing burden of each borrower is too hard, leading to higher interest rates and shorter maturities determined. Accordingly, the reduction of interest rates is desirable not only for the overall economic development, but also a necessary prerequisite for the further growth of banks.

Keywords: *Banking competition, market concentration, the competition agency, herpindal-hirshmans index, net loans, total assets, market structure, credit rating, the credit market, the market of deposits, bresnahanis model, Baro-Modesto model, panzar-Ross model, oligopolistic market.*

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**CREATION OF RESEARCH CENTER FOR
INSTITUTIONAL DEVELOPMENT OF PUBLIC
ADMINISTRATION ON THE WAYS OF IMPROVING
OF THE SYSTEM OF PUBLIC ADMINISTRATION IN
UKRAINE**

Abstract

This paper puts forward providing of practical recommendations in order to solve public administration-related tasks in various areas of the society functioning and, as a result, augment the spiritual values and national wealth of Ukraine.

It is no secret that organization of scientific activity in the sphere of public administration represents an important criterion for development of Ukraine, which should integrate all its key resource elements towards achievement of socially important goals adequate to the changing environment.

Today, unfortunately, processes of the decline of the science of public administration in Ukraine occur much faster than in the West, although domestic scientists hate to admit it. Western science has turned out to be more protected because it has a larger safety margin [1, p. 631-635].

The impossibility to effectively integrate the post-soviet science of public administration into western trends is due not so much to subjective factors in Ukraine – lack of reflexive realization of these trends and, accordingly, lack of individual efforts to become integrated

into them, as to the absence of such institutions and social patterns of public administration, whose creation took long in the West and which are virtually impossible to be created anew in the context of such a decline.

All these problems of integration into western trends or ways of developing the science of public administration have determined poor capacity for its structural management – lack of independent differentiation and integration processes, when new branches of science and new ways of its interdisciplinary integration are created. This also means structural-functional backwardness of the science of public administration in Ukraine.

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**CREATIVE CLASS OF THE SOCIETY: THE MAIN
CHARACTERISTICS AND PROBLEMS OF DEVELOPMENT**

Abstract

In addition to traditional social science classes are increasingly referred to a new social class - creative. Most of them are salaried class, living by their labor, but - a class that is aware of its special significance and requires a special respect.

The main features of the representatives of the creative class are:

- 1) The content of work - mostly one to creative work, which has its roots in a creative, non-standard, non-traditional, original thinking;
- 2) Representatives of the creative class demonstrate personal identity, self-affirmation, and openness;
- 3) In the creative class is highly valued and recognized the importance of personal ability and merit;
- 4) Creative class of its activity eliminates the bureaucracy and technocracy;
- 5) Representatives of the creative class to earn money for his livelihood, creating and developing innovative one product alone, while representatives of the working class and the service is mainly carried out

the work in accordance with the allegations brought to their plans and tasks.

Model of modern class structure of postindustrial society the United States can serve. At the beginning of the century creative class of America it was about a third of the workforce. The superiority of the Americans in creative fields to a much greater extent than even the growth of labor productivity was the main reason to strengthen their position in international competition.

However, in the Ukrainian society, there are real problems and obstacles for the development of the creative class. One of them - a migration of representatives of the class, qualified high-tech industries, intellectuals, talented managers and financiers abroad, which leads to serious Ukraine lost its intellectual, artistic, scientific, scientific-technical potential and condemns her to a further development of the most capital-intensive industries science. And, leave the country, as a rule, young researchers, which lead to a significant increase in the average age of scientists. The loss of highly qualified professionals of the creative class is wrapped in that society, having spent significant financial resources to the training of scientists, managers, professionals, bankers, intellectuals, not only did not receive the expected return in the form of normal development possibilities of the country and society in the future, but also irrevocably lost money spent.

Keywords: *creative class, development, society, migration, personal ability and merit*

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**PROSPECTS OF TOURISM IN GEORGIA AND THE
REQUIREMENTS OF INTERNATIONAL TOURISM
MARKET**

Abstract

Accelerated rhythm of modern life has great influence on the humans spiritual and physical health. So periodically, often we have a desire to rest up and get engaged in agrotourism in the outside of the city, in quiet surroundings . Agro-tourism is a type of tourism, when the tourists goal is to to live by a local resident, to work with him.

Depending on the existing resource potential of our country, there is the prospect of development of agro tourism. That is on the development stage In Georgia. In recent years the the number of foreign visitors coming to for a relaxing on the mountain and sea resorts, to visit the historical and cultural monuments. However, Georgia as the agricultural traditions country, have the possibility of for agricultural tourism development. We hope in the future more and more tourists will come view the wide variety of nature, culture and sights. However, in this area also we have weaknesses. The lack of appropriate infrastructure in rural areas. Also there are no special programs for the development of agrotourism, Who will carry out the restoration of and decoration of houses in the rural maintaining in national style with modern amenities and comfort, which will allow tourists to get to know the local culture, traditions, folklore, relax in mountain villages. The same important is training of rural population, How to engage in this

field easily, how managed to obtain a small amount by new revenues. The government considering experience of other countries, must involve the villages of this field, in accordance with their customs and traditions and rules to boost motivation for the long-term period.

Mainly tourist firms must export agro-products in the international tourism market, as the rural population still does not have the opportunity to use the direct marketing, funding the advertisement on abroad, or selling a product over the Internet.

Keywords: *Agro-tourism; Resource potential; Agro-products; The international tourist market.*

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**TRANSPARENCY OF INNOVATIVE ACTIVITY AS A
CONDITION OF EXISTENCE AND DEVELOPMENT OF
UKRAINE FOOD INDUSTRY**

Abstract

Generalization of modern innovation patterns in the food industry in the system of international cooperation on the basis of a transparent innovation to determine the characteristics of its use on the territory of Ukraine is the main component in the presentation of the main article material.

In today's economy, transparency is the lead element of the strategy subject of food industry and its relations with stakeholders. In a broader sense the transparency means the effective communication and interaction between the management, on the one hand, and the shareholders, creditors, the media, other market agents, and even society as a whole - on the other. Openness is based on the amount of information provided by, and transparency on its qualitative characteristics such as understandability, relevance, reliability, richness of content, essence.

Innovative activity is an integral part of industrial and economic activities of the food industry, focused on the renovation and improvement of its productive forces, as well as organizational and economic relations. It aims at creating and engaging with the external environment of innovation processes, which would significantly

increase the level of competitiveness, strengthen market positions, would ensure the development perspective.

Innovative activity in the food industry of Ukraine is affected by instability, lack of balance of financial sources, lack of clearly defined priorities, calls for significant actions at the state level and at the level of each individual in food industry. At the same time, in Ukraine there is a global trend of a balanced approach to the use of innovation to find new ideas. Too high level of transparency may adversely affect the company's long-term success in innovation, as it can lead to the loss of control and core competencies.

So, the main task of each subject of the food industry is to find the right balance between the use of the concept of transparency, innovation, whereby they are able to use all available tools to create successful products and services faster than their competitors, as well as build their own core competencies and intellectual property protection.

Keywords: *innovation, food industry, transparency, products, information transparency.*

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**HIGHER EDUCATION FUNDING IN EUROPEAN
NATIONAL POLICIES**

Abstract

Nowadays the majority of European national policies tend to encourage higher education institutions to increase the private sources of funding. However, direct public funding continues to be a considerable part of the higher education budget. The paper highlights the methods used to fund higher education institutions in European countries of the Eurydice Network.

The need for longer-term planning and development of strategies for higher education is widely recognised across Europe. The countries investigated in this paper implement specific policy documents that outline national strategic priorities for ensuring the financial sustainability of the higher education sphere.

Some common medium trends in the variety of countries` policies are determined: increasing public funding for higher education; granting more autonomy to institutions for managing financial resources; establishing direct links between results and the amount of public funding allocated; encouraging the diversification of funding sources as well as the creation of partnerships with research institutes, businesses, and regional authorities.

The methods public authorities use to fund HEIs has been analysed in the paper, as they are likely to significantly influence the institutional strategies. This paper answer such issue as the public funding of HEIs based on their performance; European public

authorities grants for specific higher educational projects; accountability for the public funding. The following main characteristics of the public funding of HEIs in Europe have been identified in this paper: funding formulas are used almost everywhere in the allocation of public funds; performance indicators based on students' results are used in funding formulas in the majority of countries; public funding is awarded in accordance with a performance contract in twelve countries; public funds for research are allocated according to various mechanisms.

Key words: *higher education, public funding, funding models.*

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**THE EMISSION AND CIRCULATION GENESIS OF GEORGIA
MONEY**

Abstract

Georgia, as an independent country and plenipotentiary member of the world community of nations, appeared on the political map 18 years ago. But it doesn't mean that its state history is limited to this 18 years. Georgia has a history of many centuries (Three thousand year anniversary of Georgian state was officially celebrated in 2000).

So long is the history of the emission and circulation of Georgian money as well.

The first coin in Georgia was in VI century BC, large denomination of the so called "Colchis tetri" – Tetrdrachma. It belongs to the number of rarest coins, whereas small denominations (Triobolis) are known thousands from the historical territories of Colchis, which mainly cover West Georgia.

The emission of Georgian money lasted for centuries; however, circulated money of the territory of the country was not always original national currency. But as the foreign political pressure weakened, Georgian government immediately implemented its sovereign regalia – cut its own money.

At the beginning of XIX century, after Georgia was converted within Russian Empire, with the loss of independence Georgia ceased the emission of the so called "Sirma abazi" the last Georgian money, which was very popular in the whole Caucasus. This was followed by the emission of Russian-Georgian coins in Tbilisi mint.

In 1918-1921, there were produced Bonis of Transcaucasia Commissariat and Democratic Republic of Independent Georgia, and Georgian and Transcaucasia Federation Bonis as well, released after Soviet Russia annexed and occupied Georgia, in 1921-1924.

On April 9, 1991 Georgian independence was announced. From April 5, 1993 to October 2, 1995 circulated Coupons of Georgian National Bank.

On October 2, 1995, new Georgian National currency “Lari” was announced as a legal tax means on the whole territory of the country. It undergoes modification in order to be perfect: 1999, 2000, 2004, and 2016.

The emission of Georgian money for National economic development is unequivocally determinant.

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**RURAL TOURISM AS A DRIVER FOR SOCIOECONOMIC
DEVELOPMENT OF AJARA REGION**

Abstract

Rural tourism is one of the branches in the field of tourism, which entails farm/agricultural tourism, cultural tourism, nature tourism, adventure tourism, and eco-tourism. In many literatures and even in everyday life the terms rural tourism, Agri-tourism and eco-tourism are deployed in the same context. Although, these three terms are very strongly interlinked, the difference between them is noticeable. At first glance the term rural tourism can be defined as any activities that take place in the countryside. But on deeper consideration, it is a broader concept that encompasses eco-tourism, Agri-tourism, cultural tourism, adventure tourism in rural areas. Rural Tourism is an opportunity to diversify and improve the local economy in all countries, including Georgia and its south-western corner Ajara region.

Ajara is a tourist destination mainly focused on summer. Its current tourism industry is largely structured around its beach resorts and it enjoys a rapidly developing tourism infrastructure and a business environment specifically tailored to encourage mass tourism. These efforts have brought an increase in tourist numbers and investors in the sector.

Across with the seaside holidays Ajara region has presently untapped great potential for rural tourism. Due to different reasons such

as a lack of information on rural guesthouses and eco-tours available in Ajara region, lack of capacity and relevant experience to offer proper service, lack of marketing activities aimed to promote rural tourism of Ajara region and image deficit among tourists hamper the development of rural tourism of Ajara region. However, promotion of this sector can play a significant role in the sustainable development of Ajara rural areas, it can motivate farmers to expand their activities, open up a new selling market of locally sourced products, attract new investments, contribute to the increased number of tourists, establish the image of Ajara as an international tourist destination offering diverse tourism opportunities, and finally, improve the socioeconomic conditions of the local population of the rural Ajara.

Taking into consideration the importance of rural tourism development for Ajara region, the research will provide information on pattern of rural tourism sector, a comprehensive picture of tourist profiles, access to inputs from tourist and service providers sides , as well as the perspectives of this sector and prospective contributions to the local economy.

Key words: *rural tourism, sustainable development, socioeconomic development, rural economy*

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**INTEGRATION PROSESES IN THE CONTEXT OF
BUSINESS CLUSTERING**

Abstract

Clusters are usually formed within the next three programs the subject of one of the initiative, including: Own small businesses, local authorities and / or large corporations.

Clusters integration process itself Continue from property assets and their management control. It can be done in two ways. The first way can be found in the production and sale of goods, is expanding the company's internal sources.

The second ways suggests to expand business to other companies or to buy assets at the expense of being a classic form of integration.

of overseas experience to the Clusters integration process would be advisable to try to use in the Georgian reality and consolidation efforts in the field of innovative small enterprise development.

Keywords : *Enterprise clusters, clusters in the integration process, network associations, allocation, spontaneous, industrial clusters*

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**SOME ASPECTS OF THE LEGAL FRAMEWORK OF THE
ACCOUNTING PROFESSION**

Abstract

Key questions of accounting and audit regulations, exists in Georgia nowadays and correspondingly, legal changes, executed towards the above said direction is given in this scientific thesis. The task of this thesis is to present the audit role and possibility of accounting in modern management system, and it is not covered only by the registration of economical operations, but it is also the necessary instrument of financial information, linking ring among the economical activity and the entities, who make the decisions, which have the great meaning in functioning of economical subjects in order to make correct management discussions.

Practical realization of a problem, made in our country was done by the Georgian professional accountants and audit federation (BUF), which was created in April 1998 on the result of confluence of Georgian accountant club and Georgian accountant association. On the way of accounting activity's improvement, important step was taken by the mutual force of Georgian professional accountants and audit's federation and USA international development agency (**USAID**), which

has the law “about accounting and calculation”, adopted by the parliament, by which, the Joint stock companies, from January 1, 2000, Limited liability companies and cooperatives are making the accounting and calculations from January 1, 2011 in compliance with the international accounting standards.

Due to it, the aim of this research is to represent the experience, existed in the sphere of accounting and audit of Georgia, criteria of accounting professional acknowledgment and correspondingly on the base of legal bases of changes, executed on the modern stage.

World known practice of accounting activity reveals, that role of international accounting standards and the meaning, is gradually increased and it is said by increasing of world economical globalization, which means the participation of world’s capital in separate countries’ economy. Follow from this, interested investors, creditors and etc. need timely and hopeful information in return for the invested capital about get a possible economical profit, getting of such information is not possible without foreseeing of international standards principles of accountant in national calculation system..

For nowadays, sharing of international experience in accounting is very urgent and correspondingly its introduction in accounting and calculation sphere. Follow from this, world known concepts, settled in the modern accounting and audit sphere is discussed in this scientific research, including, the experience of European countries and USA towards the abovementioned direction.

Keywords: *Accounting, Auditing, Standards, Regulation.*

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GLOBALIZATION, SMALL COUNTRIES AND ECONOMICAL FUTURE OF GEORGIA

Abstract

Attitude to globalization is not similar, it's perception takes place in different ways. Generally, globalization is a permanent process of strengthening the inter influence and inter relation between the countries and regions, which breaks the language, territorial, economic, political, psychical barriers and directed to greet cultural-civilized unity and super national system of regulation.

Economic globalization may be called to the process taking place in the scale of world economic, which continuously strengthens the inter influence and inter relation of the national economies. The real model of social-economic development of the country, which will be correspondent with peculiarities of Georgia, should be contemplated and should depict achievements and progressive ideas existed in Western, as well as Eastern civilizations.

Georgia, with its potential will be able to take an essential place in world commonwealth. It should be imagined as a plenipotentiary and worthy member country involved in Euro Union, what will make a stable and safe conditions of development for it. Formed social-economics balance, as a firm guarantee of evolutionary development of the country. As it was mentioned for several times, Georgia has the enough basis resources, in order to find its historical place under the

conditions of modern globalization end maintain a role of leader in the Region, as the country based on strong cultural traditions and orientated on positives of globalization.

Keywords: *Globalization, National Economy, Economic Growth, The New World Order.*

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SOCIAL RESPONSIBILITY OF BUSINESS AS THE CREATION OF PUBLIC WELFARE

Abstract

Development and implementation of effective policy of corporate and social responsibility is a step on the way to recognition of a company as an image-founder not only in the country, but also in the international market. In the world where reputation and brand are the greatest values, social responsibility contributes to the acquisition of confidence of the company which is a guarantee of its successful and stable future. It makes business more attractive to the partners, causes increase in demand for the goods and services manufactured by the company, contributes to their safety, attraction of labor resources and greater staff loyalty and also to improvement of the relations with the government which is together reflected in creation of more favorable business environment.

Managers of the companies actually realize positive influence of corporate social responsibility on activity of the company (its importance in formation of a positive image of the company and in an issue of the consumer loyalty) though despite it problematic issues are the factors influencing the companies focused on social responsibility; these are lack of similar practice within the country, imperfect legislation, insufficient quantity of finance for activity and other factors.

The present article studies the concept of corporate social responsibility. It's defined as a balanced system of the company which

is oriented on social-responsibility, which on the other hand includes: to provide business profitability, take care about the environment, to provide social projects in the different sphere.

It's analyzed how it impacts the company's social responsibility, As the company's business-also the activity of the society. It's considered companies which are oriented on social-responsibility on the one hand, is it a loyal community, and on the other hand what obstacle factories are influencing on it's development, that hinders the development of corporate social responsibility.

Keywords: *business, Social responsibility, public welfare.*

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**THE METHODS OF SELECTIN AND EVALUATION A NEW
PRODUCTION, IN MEDERN CONDITIONS
(THEORETICAL APPROACH)**

Abstract

It is important to manage an innovative activity for production`s effective development, in modern condition. Innovative activity is a progressive form of development. That's the market creates real opportunities of development scientific and technological progress, which is based on the cycle of "research-design-consumption".

Selection of innovation should be based on the assessment of selectivity. There are used several methods/factor of a new productions` selection and evaluation, theoretically. The important things from this factors are: social factors scale, business risk factors scale, demand analysis factors scale, market acceptance and competitive factors scale. The marketing concept of an innovation project may be processed based on the analysis of the potential market, which provides the ability to minimize the risks associated with the project`s realization.

Management of innovative project`s marketing strategies suggests procedures. Within the framework of this procedure is developed several approaches theoretically, that is for selection of criteria on a new production`s commercial effectiveness.

Key words: *Innovation, Innovative activity, A new production, selection and evaluation of a new productions, Scientific and technical progress, Selection Methods, factors scale*

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**COMPARATIVE ANALYSIS OF THE STATE AUDIT
OFFICE OF GEORGIA AND THE COURT OF AUDIT OF
BELGIUM**

Abstract

In many countries of the world, there is a need to professionalize the audit and accountancy profession. The gains of having a professionalized audit include oversight by professional bodies, strict codes on ethics, access to modern audit methodology, training and guidance, and various peer review mechanisms.

The research centered on the comparative analysis of the Georgian State Audit Office and the Belgian Court of Audit. This research is important for improving public sector management and take an examples from the developed European country. The efficient and effective management of financial resources forms the basis for achieving good governance. In achieving the good governance, fiscal transparency and accountability must be ensured. State Audit Office of Georgiasupervise the use and expenditure of public funds and other material values. It shall also be authorized to examine activities of other state institutions of financial and economic control, submit proposals on improving tax legislation to the Parliament. The Court of Audit's vision and value of its activities is to develop and to help improving public management by means of its reviews and assessments of public policies. Public administrations have to set and achieve their goals in the most effective, efficient and economical way. The paper is focused on the public sector as an important part of the national economy from the perspective of its evaluation and maintaining efficiency. The results obtained from the studies clearly indicate that it is necessary to improve and change some structural and functional parts in SAO.

The paper seeks to explore the argument for this necessity of changings and perfections of State Audit Office of Georgia. The paper draws on the literature on auditing, the legislative literature, the author's own experience working and studying in this sphere, and interviews with audit staff.

Keywords: *State Audit Office of Georgia, Court of Audit of Belgium, Audit.*

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CAPITALISM AS A DEVELOPMENT FACTOR OF PRIVATE OWNERSHIP FOR EFFECTIVE ORGANIZATION

Abstract

“Opportunity often vanishes through excessive deliberation”
(Publius Syrus, a Syrian writer, 1st century BC)

The present paper outlines the characters of capitalism, the advantages and disadvantages of private ownership. Initially, we will pay attention to aspects of organizational culture and the innovation process. Then we will examine the process of change within organization, growth models, restructuring and the “learning organization”. At the end of the article, attention will be paid to organizational consultation and research.

It is known that capitalism is a social system based on the principle of individual rights, including property rights, in which all property is privately owned. Politically, it is the system of laissez-faire. Legally it is a system of objective laws. Economically, when such freedom is applied to the sphere of production its result is the free-market. Private property rights are central to a capitalist economy, its execution and its legal defenses. Capitalism is built on the free exchange of goods and services between different parties, and nobody can rightfully trade property they do not own. Most political theorists and nearly all economists argue that capitalism is the most efficient and productive system of exchange. Private property promotes efficiency by giving the

owner of resources an incentive to maximize its value. The more valuable a resource, the more trading power it provides the owner of the resource. This is because, in a capitalist system, someone who owns property is entitled to any value associated with the property.

The paper emphasizes that private ownership involves individuals and group of people who set up and run a business and this business need effective management and more innovation. Organizations are collaborations with a view to realizing certain aims. All activities that take place within the organization are directed towards achieving these set aims. The degree to which the set aims are achieved is what we describe as the organization's effectiveness, goal-orientation, or efficiency. Organizations can be described as having an organizational balance. To have an organizational balance entails rewarding the internal as well as the external shareholders in such a way that they remain motivated to participate within the organization.

Research into successful organizations indicates that there is a relationship between success and an organization's cultural characteristics. These cultural characteristics are its striving for quality, its customer orientation, its flexibility, the degree of internal entrepreneurship and innovative power, its teamwork, its management style, and shared norms and values of the organizational members.

The paper mentions that in commercial culture, everything revolves around either the customer or the market. It is constructed around the myths that anything can be bought for money and that organizational members can achieve anything by working hard. This is a highly competitive culture and the individual is central. The organizational culture must be attuned to the organization's pursuit of effectiveness. Moreover, organizations usually contain more than one type of culture. The marketing division will have one culture; the production division another. As such, orientation, aims, and power will differ. If the organization contains a powerful division or group of individuals, that culture may be dominant.

The paper points out that the organizations have to continually adapt to changes in their environment. One could regard them as living organisms trying to achieve an internal balance as it were. In doing so, the organization itself will change, as will its members. Organizational development is a process of change during which its members and the organization itself undergo development, and come out functioning better. The past years have witnessed an overwhelming degree of change in organizations. However, changes can be expected to take place even more rapidly and be even more dramatic in nature. Forces within the external environment will only increase, and organizations will have to make greater cost saving, develop more new products and markets, deliver higher quality, and increase productivity ever more. The pace will also increase.

Organizations change constantly. As has been stated before, organizations are living systems in a changing environment. To be able to evaluate whether changes are necessary to an organization, organization research is necessary. By organizational research we mean a systematic investigation and evaluation of any part of the organization. Attuning to the internal and external environment is, after all, an ongoing developmental process. The goal of organizational research and the research subjects do not necessarily correspond to each other. The goal may be to remain ahead of possible future problems or to resolve existing problems.

The paper concludes that the organization and its developments on the market economy system during the capitalist process are central to this article. The degree to which the set aims are reached is what we term the organization's effectiveness. An organization should be effective in four different areas: technical, economic, psychosocial and managerial. Research into successful organization has shown that there is a relationship between success and an organization's cultural characteristics. Processes of change are often under the guidance of an organizational consultant. To be able to evaluate whether the

organization needs to implement change, organizational research is necessary.

Keywords: *Capitalism, private ownership, individual rights, collaborations, organizational balance, successful organizations, commercial culture/customer or the market, organizational development, organization research.*

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**INFRASTRUCTURAL DEVELOPMENT OF SMALL
BUSINESS: PROBLEMS AND IMPROVEMENT WAYS**

Abstract

A precondition of supporting small business is existence of developed infrastructure. Its formation process and development of infrastructural elements leads to effective functioning of small business. Therefore, a sort of basic system is developed which creates a concrete organizational-economic environment that in turn facilitates rapid adaptation of small enterprises to market conditions.

The aim of the paper is to analyze impact of infrastructural development on functioning and entrepreneurship efficiency of small business.

Key words: small entrepreneurship infrastructure, current situation, analysis of state support and improvement ways.

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THE PROBLEM OF FOOD SAFETY AND SOME OF THE WAYS TO SOLVE THEM

Abstract

Food safety, providing it and matching with modern Georgian reality is the basic objective of the state therefore. This issue is very actual for local authorities and for the entrepreneurs which are acting subjects of this process. While working on the article the following problematic issues were set: economic conditions, reducing lands, migration process (emptying the villages).

Besides, great attention is paid to the prices and on its stability in the present Article. Those issues which may assist the government in solving the mentioned problems are briefly reviewed in the Article, this can be Acts of Law or any governmental measures by simplifying some barriers. On the other hand those ways are set for the entrepreneurs, which will support them in growing food potential and in development of local crops, as well as which will return the population migrated from village to the city for taking care agricultural lands in village.

This all are in compliance with Georgian economic policy. "Food Security Program" by European Union is discussed separately with its priorities and financial grants given to Georgia, as well as orientation fields are given which is the vivid example of foreign experience.

Keywords: *Food Security, Demographic issue, Agriculture, Food potential, Traditional crops*

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RISK MANAGEMENT IN COMERCIAL BANKS

Abstract

The establishment and development of market relations is impossible without the successful operation of the commercial banking system, since it plays an intermediary role between the creditors and the debtors and practically defines the vector of its development and officially plays the role of the implementer of monetary policy. Worldwide experience in banking practice reveals that adoption of new types of financial reporting, which, in turn, along with the transparency of banking activities considers the development of risk management and corporate governance of banks, comprehensive analytical and complex assessment of the opportunities, should be taken into account in the process of the functioning of the banking system in Georgia.

The main problem of commercial banks is the credit portfolio risk analysis and assessment in the critical conditions; banks have to develop an effective credit risk management system. Successful realization of a bank's commercial objectives is impossible without a fundamental reorganization of its risk management system. Credit risk management field related to physical and legal entities, requires a particular change. Improvement of Commercial Bank's risk management system should be tailored to each category of customer, however the development of interest rate, market and operational risk management systems should be considered as well, that is a main task of banks.

The main goal of operational risks should be elimination of drawbacks that are associated with simultaneous removal of the surplus control mechanism. The work shall be based on:

- Deeper inventory of expected operational risks;
- Assessment of expected economic outcomes of operational risks;
- Economic analysis of the control system;
- Qualitative modernization in regard to market risks considering financial risks.

Accordingly, the processes associated with the credit risk require adoption of fundamental changes:

1. Development of a system for each client which will allow the client to openly assess the expected level of the credit risk;
2. In case of commercial lending commercial priorities coherent to risk assessment;
3. In the decision making process to increase the role of the function, when the credit is developed by several persons reviewing the risk management.

We conditer a number of measures that should be taken for the operation of changes of commercial banks and its effective development. In particular :

- a) to introduce new types of financial statements, it will significantly contribute to the decision-making process and to the usage of new products by the customers, as well as raising public awareness and increase the confidence to the banks;
- b) the reforms that reduces the risk for creditors and depositors will improve the commercial bank's activity transparency.

Key words: *Credit risk; The credit portfolio; Corporate governance; Inventory; Modernization; Monetary policy.*

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**PROBLEMS AND PROSPECTS OF ATTRACTING
FOREIGN INVESTMENTS IN GEORGIA**

Abstract

Of particular importance for attracting foreign direct investment. Liberal investment environment and equal conditions for local and foreign investments, Georgia attractive for foreign investors. Stable economic development, liberal and free-market economic policies, only 6 taxes and reduced tax rates, licenses and permits, administrative simplicity, preferential regimes with foreign countries, a favorable geographical location, well-developed and integrated transport system, an educated, skilled and competitive labor force, and many other factors of a solid foundation for successful development of business in Georgia.

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**METHODOLOGICAL ISSUES OF ACCOUNTING
IMPROVEMENT IN EDUCATIONAL INSTITUTIONS**

Abstract

Improvement of accounting methodology in the aim of perfect management of educational institutions is significant.

Current accounting system that is established in educational institutions considers collecting financial data on actual costs not according to faculties but on the whole, which significantly reduces importance of accounting rates for taking important decisions.

Particularly is important information about expenses and income, structural units, educational programs, and teaching courses according to direction of specialties and undergraduate studies.

Determination of break-even point will enable us to define minimally necessary contingent of students in compliance with concrete specialties, which can cover the variable and fixed costs. Income ratio analysis of financing received from different sources will allow us to evaluate the degree of independence of educational institutions.

Great importance is attached to the correct cost accounting, distribution and redistribution methods development. When discussing the costs, marginal or incremental spending should be distinguished. In addition, it should be taken into considerations that regulation of existing issues is possible on the ground of financial accounting regulation in accordance with international financial accounting standards.

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SUPPORT OF SMALL BUSINESS AND TAX DIFFERENTIATION IN GEORGIA

Abstract

Modern world's leading states' experience clearly approve the necessity of highly developed and efficient small and medium enterprises in any country's economy. This sector of economy represents the strongest link, on which is based the community's economic and social development in the future. On the efficient operation of this sector are depended the market competition, the consumer market saturation degree, the creation of the new jobs. The accelerated development necessity of small and medium businesses in Georgia is conditioned by the fact that the small business has the flexibility, visibility, because of it is characterized by the rapid response capability on the market demand, the high degree of specialization, and increased capacity of the resource mobilization. It represents a significant source of tax incomes.

For the micro and small business status holders apply special, preferential tax regimes in Georgia. Micro Business status holder is not taxable for income tax, while the small business status holder have preferential taxation regime.

Micro Business status may be granted to an individual who does not use hired labor, for today in Georgia there are granted 42500 entrepreneurs by the status of a small business, 38500 individuals benefit by the micro businesses preferential regime, while there are 4000 taxpayers. The portion of SME business in the GDP is less than 20 per cent in Georgia.

The simplified and preferential tax system have harmonized the issue of small business taxation.

Thus, the analysis gives the opportunity to conclude that with the legislative provision of the status to business and differentiation of the tax system has resulted the decrease of the need for the use of the shadow economy. The entrepreneur was given a chance to develop, and at the start the sale's revenue was reinvested, has expanded the scope of business and ultimately was increased solvency.

Keywords: *Small Business Status; Fixed payer; Micro Business Status; Tax exemption.*

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**THE SIGNIFICANCE OF FIRMS FINANSIAL STABILITY IN
THE CONDITIONS OF GROWING COMPETITION**

Abstract

In the conditions of market economy, when the development of any firm is based on your own expenses, a great importance has their solid financial status. Firm carries out the activity in an ever-changing environment, normative-legal base, tax regulations, prices, rates and etc. are changing. Finally, all internal or external changes reflect on the results of the activity.

Financial stability of the organization is the basis of its survival and steady-state. Under it, it is meant such situation of financial resources, when the organization freely manoeuvres with its own financial resources and provides the continuity of its activity. The main aim of the financial activity of organization is to ensure proper funding. The activity of the organization can be carried out with: your own financial resources, borrowed financial resources, charity, donation, foreign investments and other sources, which doesn't conflict the existing legislation. The financial activity of the organization is characterized by: profitability, capital turnover, financial solidity, with the structure dynamics of funding sources, with the ability to pay the debt obligations and so on.

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**BITCION – A NEW INTERNATIONAL VIRTUAL
CURRENCY**

Abstract

The Bitcoin is defined as an international virtual digital currency invented by Satoshi Nakamoto. The bit coin is the internet source of saving and payment. The Emission of bitcoins is called **mining**. This process is not managed by any central government that enables to avoid the devaluation of the currency. There exist the following subunits of the bit coin: **Micro** bitcoin (uBTC) = 0.000001BTC, **Milli** Bitcon (mBTC) = 0.001BTC, **Satoshi** is the lowest possible unit of bitcoin (0.00000001 BTC). There are listed the World’s Top 10 Bitcoin-Friendly Countries⁵: Estonia, The USA, Denmark, Sweden, South Korea, The Netherlands, Finland, Canada, the UK, Australia.

However, the Bitcoin has its advantages, such as: **Freedom in payment, Control and security, Information is transparent, very low fees and etc.** and the disadvantages- **Not widely used, No physical**

⁵ news.bitcoin.com

Form. However the bitcoin becomes popular also in our country gradually. The leader company of bitcoin-mining, the member of international **Bitfury group** has established 2 companies in Tbilisi and Gori. That means to **open the opportunities to the World innovative technologies Map. That can be regarded the key source to attract extra investments and to create the new vacancies. All these will have its important effect on the Georgian socio-economic development.**

Key words: Bitcoin, Mining, Socio-economic Development, Investments, Satoshi, Virtual Currency.

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HOTEL GUEST SERVICE TECHNOLOGY

Abstract

The Technology of Hotel Guest Service procedure is the core factor that affects not only the quality of service in general terms, but also it affects hotel income and management process. For the same type of Hotels the technological procedures – transactions - are typical. Meanwhile there are different approaches to hotels differing by location, standard of service, type of guests, size of the hotel.

Four phases constituting the guest cycle are shown in Figure 1. In each phase of the cycle there are certain standard transactions which occur between the guest and the hotel. Different transactions and services are shown. They are involved in the different phases of the guest cycle. These are listed below:

- reservations
- check-in and registration
- uniform service and baggage handling
- telephone calls and messages
- handling guest accounts
- check-out and bill settlement

The Four phases of the guest cycle and the various transactions and services within each phase are explained and identified.

The First Phase is connected with Reservations. Reservations can be booked in a number of different ways, including through a local reservations clerk, or through a nationally centralized reservations system, or through Global Distribution Systems.

The Second Phase – is associated with a greeting and registration. A doorman or a porter is a position in most medium to large hotels. It is individual of great importance to the reputation of a hotel. Registration or check-in transaction is provided by room clerk. If the guest has booked a reservation in advance the reservation information must be verified.

Room assignment, Issuing Keys and Baggage handling are accompanying transactions of the second phase. Most hotels require guest to pay for their room in cash at check-in or guarantee payment through a credit card. After registration a room assignment is made or key card is issued.

The Third Phase is an Occupancy or Communication Phase. Traditionally messages, mail and other valuable information about restaurants, theatres, and tourist attractions are provided.

The Forth Phase – recording all guest charges and issuing the final statement at guest check-out. A copy of the statement is picked up at departure. This Phase includes several transactions as follows: bill settlement, baggage handling and, in most cases, it includes an additional service -transfer to the airport.

Most Hotels know through experience that they will incur some no-show reservations. To combat this loss of income overbooking of rooms is a relatively common practice. Apart of overbooking the hotels may cater for guests with no advance reservation which means that the First Phase in the Guest Cycle is annulated.

Key words: *Transaction /Services, Reservations, accommodation, check-out.*

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SOCIAL RESPONSIBILITY OF BUSINESS AS MARKETING INSTRUMENT

Abstract

Social responsibility of business means protection of rules of relationship. It is participation of companies in social life, and their active politics in helpings, public relations in educational, economical and public health sphere. Responsibility like this isn't rule and isn't necessary to do, although it is civilized ethical principle, which is inevitable and very important for modern life. Despite that social responsibility isn't profit-oriented, activities like this can many good things for companies , particularly companies like this are avoiding intervention by controlling organs and convincing society and government in social profit, also they are getting benevolence of society, which finally is very good for their financial condition.

Key words: *social responsibility of business, ethic, social marketing, society.*

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THE IMPORTANCE AND ROLE OF THE MEDIA IN PROMOTING THE SOCIO_ECONOMIC ASPECTS OF LIABILITY INSURANCE IN GEORGIA

Abstract

On the national insurance market liability insurance is characterized by low demand, in spite of the idea implied under the insurance product. Liability insurance is an essential attribute of the financial and insurance system and it is difficult to imagine a modern, highly developed country without it. It can be said that along with the development of the socio-economic system of a developing country the insurance, and in particular, liability insurance, should become more accessible to people. It should not be a burden for the society, but should give the customers the feeling of peace and security. Therefore, it is necessary that the insurance premium for the policyholder was smaller than a potential loss or damage.

Georgia experiences a number of problems in liability insurance like in many other types of insurance business in general. It should be noted that the following problems, as a result of which the society will feel more secure, can only be solved by the state. However, it is necessary to carry out the relevant actions with the insurance companies involved.

It is possible to divide the problems of liability insurance into several closely related categories, namely: at present on the national market there is a liability insurance product for physicians, but survey has shown that the product is used only by 0.3%. So, we believe that it

is necessary to make the product mandatory with the assistance of insurers and medical institutions. They can protect professional liability of each physician against the accidental risks. It is possible to implement an appropriate scheme through a specially designed program where medical institutions and insurance companies will serve as the mediators between the state and a physician.

In addition, we consider it necessary to note that, like in any other relations it is necessary to maintain the element of competitiveness between the state and insurance companies, which will make the insurers take care of their clients in order to attract new customers and keep the old one.

As a rule, the information about any innovation that should be provided to the civic society needs to be correctly, timely and purposefully disseminated. Preferably, the traditional media and the Internet media should take responsibility to periodically and comprehensively disseminate the information about the social-economic aspects of liability insurance as a well-informed society is an educated civil society. This is directly proportional to the socio-economic progress of liability insurance in Georgia.

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INTERPRETATION AND ANALYSIS OF FINANSIAL STATEMENTS

Abstract

This article shows how we use financial statements to evaluate a company's financial performance and condition. We explain financial statement analysis, its basic building blocks, the information available, standards for comparisons, and tools of analysis. Three major analysis tools are presented: horizontal analysis, vertical analysis and ratio analysis. We apply each of these using Research in JSC "Telasi" financial statements. This article expands and organizes the ratio analyses introduced at the end of each article. Financial statement analysis applies analytical tools to general-purpose financial statements end related date making business decisions. It involves transforming accounting data in to more useful information. Financial statement analysis reduces our reliance on hunches, guesses, and intuition as well as our uncertainty in decision making. This article describes the purpose of financial statement analysis, its information sources, the use of comparisons, and some issues in computations.

Key words: *Vertical Analysis; Common-Size Statement; Comparative income Statements;*

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ANALYZING THE PURPOSE OF MANAGEMENT CONSULTING

Abstract

Historically, management consulting grew with the rise of management. Nowadays with the knowledge democratized and more and more information available for everybody the role of management consulting is growing. Applying for management consulting services is increasing trend among companies which try to solve existing organizational problems through getting deep, functional expertise and feasible recommendations in the form of strategy consulting, operational consulting, marketing consulting, financial consulting and so on. Therefore management consulting is considered as one of the most rapidly grown interesting, intellectually stimulating and financially rewarding work available in the professional services market.

Management consulting includes a wide range of activities and most management consulting firms define their practices in different manner, either according to professional area of expertise, such as competitive analysis, corporate strategy, operations management, or human resources, or they view the process as the sequence of phases like entry, contracting, diagnosis, data collection, feedback, implementation, or according consulting purposes.

The aim of this article is to clarify and analyze fundamental purposes of management consulting, because when there is clarity about the activities and the purpose both parties the consulting service provider and the company which needs these kind of service are more likely to be involved in the engagement process more satisfactory.

Key words: *management consulting, purpose, strategy, diagnosis, data collection, process.*

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