CONTEMPORARY BUSINESS CHALLENGES IN THE GLOBALIZED WORLD

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Preface

The professors of the Georgian Technical University have been working in various directions of business development for many years, researching business activities in many areas, namely: management and organization of industrial and agricultural products; State relations with business at central, regional and local government levels; accounting problems and possible ways to solve them; supply chain and logistics; transport and communications management; Implementation of IT technologies in business, finance, production organization and management and many others. Our works include these directions of modern business.

The present work represents the works of faculty professors from recent years, grouped under one auspice - dedicated to the significant impact of globalization, which is visible in all types of activities worldwide, including business.

Globalization has both supporters and opponents. However, no one can deny that this is the objective reality in which we exist and conduct business.

Thus, we consider the present collective monograph a summary of the research conducted in recent years.

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INCREASE IN INNOVATIONS IN THE REGIONAL ECONOMY AS A RESULT OF THE INTEGRATION OF CLUSTERS INTO ITS STRUCTURE

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Abstract

The active application of the cluster approach, aimed at increasing innovative activity, will enhance the competitiveness of domestic producers and accelerate the sustainable socio-economic development of Georgia's regions. An analysis of domestic and foreign experience shows that the spread of clusters is one of the main characteristics of all highly developed economies. Efficient high-tech production is based on the integration of scientific, innovative, and manufacturing enterprises of various types.

Keywords: Cluster, spread of clusters, high-tech production.

Introduction

According to Michael Porter, a recognized authority on competition issues, in the modern economy, especially in the context of globalization, clusters emerge as a system of interconnections between forms and organizations, the significance of which as a whole exceeds the simple sum of its components [1].

The state program “Development of Science and Technology” for 2023-2030 noted the expediency of using such a tool as a means to increase the coordination of research activities in the country, utilizing the mechanisms of technological platforms and innovative territorial clusters [3].

A cluster is a geographically concentrated group of interconnected enterprises that compete with each other while also collaborating, as well as organizations that support their activities, such as educational institutions, research centers, and trade enterprises [2].

Studies show that the use of clusters to the greatest extent implements the idea of sustainable regional development [8].

The competitiveness and sustainable development of the region are interdependent [6]. The problems of cluster development in the Georgian economy, particularly in terms of increasing the competitiveness of domestic producers, have been explored in the works of many Georgian scientists. The factor of regionalization of international economic relations determines the creation of integration associations and transnational groupings [8].

Cluster solutions are also beneficial for use in the agro-industrial complex; their creation, along with other measures, improves the quality of life for rural populations, diversifies the economy, and has an external effect, providing reliable transportation and social infrastructure. The creation of an integrated agro-industrial association on a regional scale is economically feasible. At the same time, it is advisable to have four high-risk and high-profit areas in a diversified association [267].

In the regional economy, clusters are key points of growth. A successfully functioning cluster-forming enterprise extends its influence to the immediate environment: suppliers of raw materials, materials, components, semi-finished products, and other counterparties. In turn, the efficiency of the environment has a positive impact on the further growth of the market power of the cluster-forming enterprise itself. As a result, the effect of the regional multiplier of the cluster is provided.

It should be noted that the sustainable development of the region has the opposite effect on clusters:

- their composition is changing – the share of innovatively active enterprises, and organizations providing pre-sales, after-sales services, and warranty services is increasing;
- master the best practices of infrastructure companies, financial institutions, educational institutions, and civil society organizations;
- links between cluster elements are strengthened;
- Labor productivity increases at the enterprises included in the cluster.

Note that a cluster is a group of both geographically interconnected and mutually complementary organizations. Moreover, this set of organizations is distinguished by a high level of aggregation, therefore, in our opinion, the main advantage of the cluster mechanism is a complementary effect, which is expressed in an increase in labor productivity; development of small and medium business; accelerating the introduction of technological innovations; accumulation of a critical mass of human, innovative and production capital. This effect is enhanced by organizations providing services for the storage, processing, and transmission of information, as well as services related to the use of the Internet. The primary difference between the cluster of an innovative economy and a regional industrial complex lies in the fact that the former is primarily driven by virtual communication networks and new knowledge (innovation), which can maintain the cluster's competitiveness over a long period. The internal integrator of the industrial complex comprises production facilities designed for the manufacture of finished products.

An analysis of the literature made it possible to identify the following approaches to understanding the regional cluster:

- an institutional approach, from the point of view of which the basis of the cluster is not separate types of economic activity and not organizations, but institutions interacting within a particular geographical area;
- the functional approach, from the point of view of which the cluster is based on horizontal and vertical connections of the cluster members;
- integration approach, in which the cluster is based on integration links and unification processes, concentration, cooperation, and specialization of production;
- a strategic approach, within the framework of this approach, the cluster is a tool for implementing the development strategy;

- a systematic approach aimed at the optimal combination of strategic goals for the development of the state and business, allowing for taking into account the influence of external macroeconomic factors;
- process approach. The cluster mechanism is considered a continuous and consistent implementation of a set of interrelated actions focused on developing the business environment.

Foreign researchers of regional clusters predominantly use an institutional approach; in the works of Georgian authors, a structural component is more evident [6]. It is worth noting that, in practice, there is a significant overlap and interconnectedness among these approaches.

The cluster as a system includes:

- regulating and managing subsystems (legislative and executive authorities);
- support subsystem (banks and financial companies, educational and research institutes);
- service provision subsystem (suppliers of specialized services, infrastructure organizations, transport and communications organizations, etc.);
- supply subsystem (enterprises supplying raw materials, materials, semi-finished products, components, equipment, etc.);
- subsystem for the production of the final product.

The cluster approach emphasizes the interconnection and interdependence of participants in the production cycle for creating goods, services, and innovations. Clusters differ from other forms of cooperation in that the parties involved in a cluster are connected in a single chain and specialize in individual production activities or research.

The study of foreign experiences reveals that the formation of clusters can be considered a key component of a region's sustainable development. Efficient high-tech production is based on the integration of scientific, innovative, and manufacturing enterprises. As a result of the analysis of the foreign experience of clusters, the following models of cluster formation have been identified:

1) Italian;
2) Japanese;
3) Finnish;
4) North American;
5) Indian-Chinese.

According to the author, for use in our country, it is advisable to use elements of the Indian-Chinese model to a greater extent, in which the state plays a key role.

The objectives of the cluster mechanism are to enhance the economic, social, environmental, and institutional efficiency of cluster members' activities.

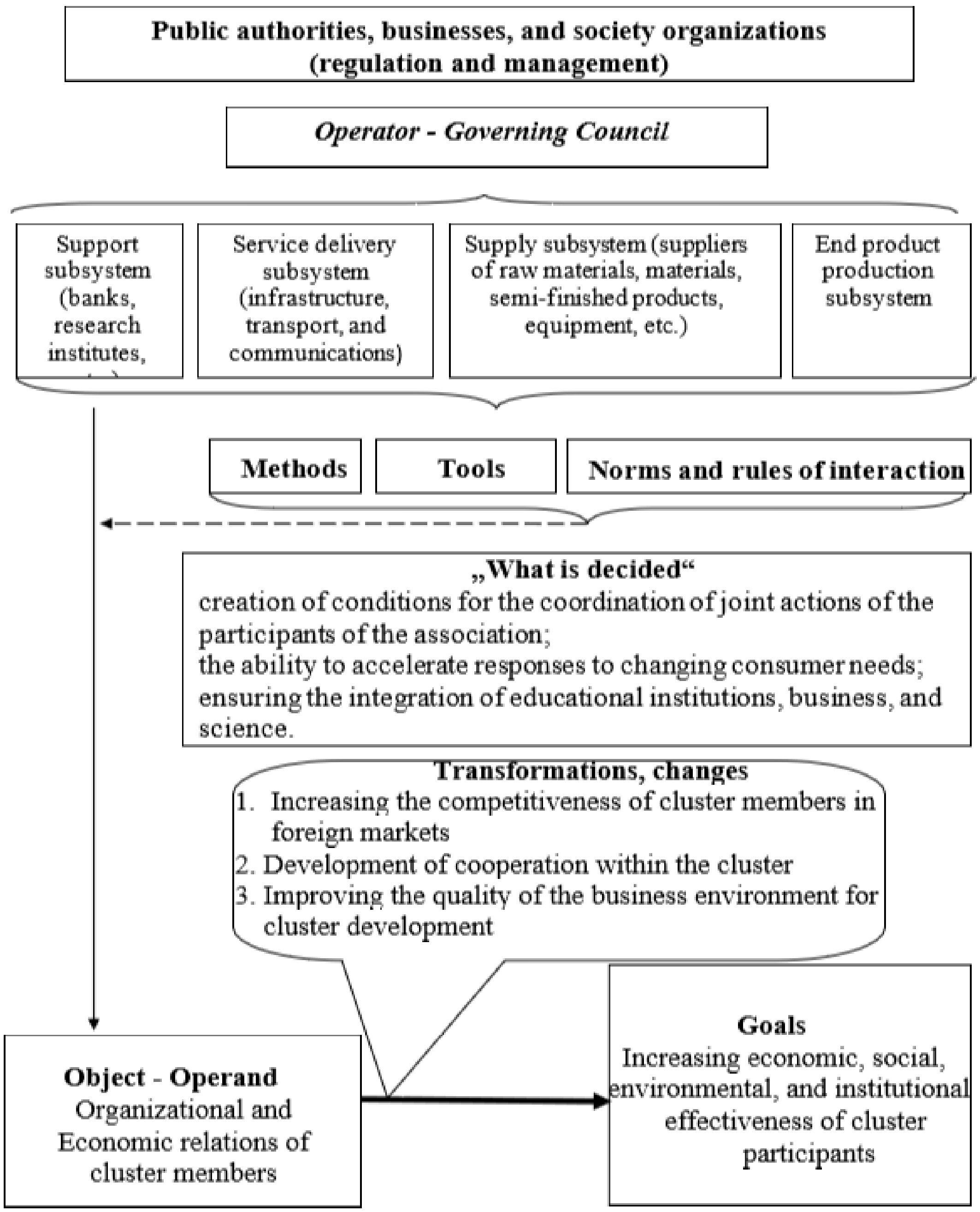
The cluster approach provides a new perspective on the region's development, primarily based on horizontal links between firms, infrastructure facilities, research centers, public authorities, local governments, other stakeholders, and a symbiotic interdependence founded on synergy. The cluster mechanism for managing the region's sustainable development is illustrated in Figure 1.

The increase in social efficiency is evident in the cluster through the implementation of more effective social policies, which include replenishing the regional budget, increasing wages, and improving working conditions at enterprises participating in the cluster.

Improving environmental efficiency in the cluster involves reducing the environmental burden by utilizing resource-saving, low-waste, and waste-free technologies.

The increase in institutional efficiency within the cluster is reflected in a more coordinated interaction among regional actors, which ensures the sustainable functioning of the region's socio-economic system.

Figure 1. Cluster Mechanism for Managing the Sustainable Development of the Region



Source: compiled by the author

It is worth noting that, although innovation is stimulated by horizontal competition between competitors operating in the same market, vertical relationships within the cluster, including those between suppliers, primary producers, and buyers, are also crucial for the success of innovation.

Increasing economic efficiency in the cluster is manifested by:

- increase in the number of taxpayers and the taxable base of the region;
- increase labor productivity at the enterprises of the cluster;
- increase the potential of innovations;
- development of research and development infrastructure.

Cluster members become more competitive when entering international markets. The theoretical study made it possible to highlight the following advantages of the cluster approach in terms of ensuring the sustainable development of the region:

1) For the entire country's economy and its regions in particular, clusters serve as growth points for the domestic market [2]. The high competitiveness of the regional economy is based precisely on the strong positions of individual clusters. Regional clusters largely determine the level of economic development in the long run;
2) Business processes are significantly optimized in the cluster, as cluster members can achieve the optimal scale of activity, resulting in a high level of productivity and efficiency due to specialization.
3) The cluster approach enables the region to acquire properties that foster a favorable environment for sustainable, innovative development, characterized by a creative atmosphere of competition and partnership among cluster members.
4) The cluster approach is a means of achieving the goals of industrial policy, including structural changes, increasing competitiveness, and strengthening innovation, among others. It is an effective tool for stimulating regional development, which has a positive impact on the region's trade balance. Employment, the level of average wages, and the competitiveness of the region's industry are also increasing [7];
5) The cluster form of organization for innovation activity creates a unique form of innovation - the "aggregate innovative product” - resulting from the activities of several organizations, which enables the acceleration of their distribution within the common regional economic space. At the same time, the processes of diversification of the region's economy are accelerating;
6) Cluster policy in the agrarian sector, based on stimulating the formation and development of regional forms of territorial production organization, also ensures the diversification and development of the agro-industrial complex, improving the quality of life for the rural population. This takes into account the social, natural-climatic, and economic-geographical components of agricultural production [6];
7) The use of the cluster approach increases the complexity and consistency of the activities of the authorities of the region [9];
8) Various types of synergy arise in the cluster [4].
9) The cluster approach is practical not only in the production sector but also in the types of economic activities associated with the formation, saving, and development of human potential.

Thus, the analysis of foreign experience demonstrates the effectiveness of clusters in modernizing the housing and communal sector, which is a crucial factor in creating a comfortable living environment. In particular, based on the cluster mechanism, it is possible to address the issue of the inflow of financial resources into the housing and communal sector and the need for radical renewal of funds.

The integration of education, science, and production in educational clusters enables the provision of significant external effects. Integration creates conditions for the development of an effective system of interaction between business and the labor market, based on increased opportunities to study best practices in the professional field. Business also benefits from cooperation, particularly in terms of increased competitiveness, as the enterprise's personnel are trained in advanced labor methods and technology is transferred [3].

Undoubtedly, the creation of clusters in the healthcare sector is promising, as they can significantly enhance the quality of medical and educational services, a crucial element in the overall quality of life for the population. As a result, the conditions for the formation, preservation, and development of Georgia's human potential are improving, as well as the competitiveness of the domestic healthcare and education systems, both within the country and on the global market. An analysis of the trends in the development of the healthcare management system reveals that the Georgian healthcare system, particularly at the regional level, has already adopted elements of cluster management.

Let us note the factors that positively influence the development of clusters in Georgia, including the presence of significant theoretical developments and practical experience in organizing territorial production complexes, as well as traditions of national education and a high technological culture.

Hinder the development of clusters:

- Lack of links between the scientific community and business structures;
- Poor quality of the investment climate;
- Low efficiency of functioning of associations and unions of entrepreneurs;
- Low level of trust between business, government, society, science, etc.
- Let's examine the prospects and possibilities of utilizing the cluster mechanism in Georgia's regions.

A key direction in the sustainable development of regions is the accelerated innovative transformation of their territorial and spatial structure, aimed at enhancing the quality of life for the population and creating favorable conditions for conducting financial and economic activities.

The problem of optimizing the spatial organization of Georgia's subjects, overcoming the region's insufficient infrastructural provision, and identifying support zones for development can be addressed by forming territories with a unique economic regime and utilizing a clustering mechanism.

The clustering mechanism will solve the following tasks:

1) to strengthen the framework of the settlement system by increasing the connectivity of territories, using the unique competitive advantages of the multi-core structure of the region. The effect is achieved by optimizing the distribution of productive forces, efficient use of transport, communal and social infrastructure, and spreading the diffusion of innovations to peripheral territories.
2) to form “growth poles” - territories with a unique economic regime, by saturating the region's territory with mining and manufacturing facilities and the agro-industrial complex, ensuring an

increase in employment of the population, as well as a redistribution of labor flows. These growth poles can attract significant investments and develop at an accelerated pace, thereby ensuring economic growth and enhancing the quality of life for the population.

3) create a hierarchical network structure of roads that ensures the interaction of the transit network of highways with inter-municipal and local transport systems;
4) Improve the quality and energy efficiency of engineering infrastructure.
5) It is advisable to address these problems in conjunction with the implementation of economic diversification, active support for innovation, and the use of modern forms of support for innovative enterprises, as well as encouraging high-tech medium and small businesses.

Development of Economic Sectors Based on the Cluster Approach. In the region of Kvemo Kartli and Imereti, metallurgical clusters are developing in Rustavi, Chiatura, and Zetafoni, a promising cluster in the gold and copper industries. Additionally, in Imereti, it is crucial to establish the machine-building cluster in Kutaisi, which will facilitate the re-profiling of unprofitable machine-building enterprises. Now, a technological platform and several technology parks have been based on the territory of the former machine-building plant.

- The development of the construction industry cluster in the regions of Adjara, Kakheti, Kvemo and Shida Kartli, Samegrelo, and Tbilisi is necessary to increase further the volume of new construction and the reconstruction of existing housing.
- The strategy provides for the formation of agro-industrial clusters, which include the entire technological chain up to the production of the final product with a high share of value added. Such associations operate in the regions of Shida Kartli, Kakheti, Kvemo Kartli, Imereti, and others. Two hundred stores in these regions represent the trading network of existing clusters.
- The most promising are the clusters in the field of animal husbandry and the production of meat products, primarily in poultry (“Dila”, “Koda”, “Savaneti”, and others).
- Georgia has unique natural and climatic conditions for the development of tourism business in all regions of the country.

  Three types of tourist clusters have already been created:
- Ski centers in Gudauri and Bakuriani, which have an international certificate of conformity.;
- National parks (regions of Kakheti, Samegrelo, Imereti, Samtskhe-Javakheti), and Lagodekhi State Reserve;
- Specialized natural-landscape and historical-archaeological center “Sataplia“.

These cluster formations have significant potential for further growth and an increase in the export component. The territorial planning scheme provides for the creation of a transport and logistics cluster:

A tourist and recreational cluster, based on the development of sports, ethnographic, religious, gastronomic, and ecological tourism, has a multiplier effect, ensuring the creation of new jobs. The tourism and recreation cluster, which offers opportunities for treatment, recreation, and medical tourism, can also be integrated into Georgia's regional healthcare development program. As a result of the expansion of the tourism cluster, an international tourist and recreational hub will be formed, offering tourists a range of cultural, educational, extreme, adventure, ethnographic, health, hunting, fishing, and sports activities. The expansion of the existing tourist cluster will enhance the quality of life for the local population.

Based on the results of the analysis of the problems of creating and functioning of clusters in the regions of Georgia, it can be concluded that it is expedient for the authorities to assist cluster members in the implementation of complex technical re-equipment, as well as to support the foreign economic activity of cluster members, including the presentation of clusters on the international market.

It is worth noting that institutional structures for supporting clusters, such as cluster development centers, have not been established in all regions of Georgia. Therefore, the experience of creating infrastructure for the sustainable development of areas, in the form of cluster development centers, is highly valuable for other areas of Georgia.

Conclusion

Thus, the study demonstrated that the use of the cluster mechanism significantly contributes to the development of Georgia's regions as a socio-economic system, to a great extent realizing the idea of innovative development of the territory. At the same time, state authorities at the central and regional levels and local governments should support the development of clusters, which are centers (points) of economic growth in the region, by:

- direct financial support for innovative projects;
- reducing the tax burden;
- ensuring the implementation of administrative procedures;
- provision of buildings and other infrastructure components;
- ensuring the transfer of information;
- ensuring transport links with other clusters or geographic areas;
- support in improving the reputation of the cluster;
- support in the development of business incubators and other forms and methods.

The following conclusions are of theoretical and practical significance:

1. When forming clusters in the regions of Georgia, several key factors should be considered: the geographical location of the area, the state of the institutional and business environment, the commonality of products, resources, and technologies, and the existing relationships between cluster members.
2. Business entities participating in the cluster aim to enhance their competitiveness in the market by increasing their influence on key components of the marketing microenvironment, including suppliers, consumers, and competitors. As a result, there is a shift in the boundaries of controlled and uncontrolled factors in the external environment of the organization. In turn, increasing the efficiency of counterparties has a positive impact on the further growth of an economic entity's competitiveness.

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THE FUTURE OF SUSTAINABLE INNOVATIVE ENTREPRENEURSHIP

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Abstract. Sustainable development is a community development system that, taking into account the interests of economic development and environmental protection, ensures human well-being, increasing the quality of life and the right of future generations to enjoy natural resources and the environment protected as much as possible from irreversible quantitative and qualitative changes. The concept of sustainable entrepreneurship is based on three main approaches: social, economic, and environmental entrepreneurship.

The concept proposed by Dr. Muhammad Yunus for entrepreneurship is the development of innovation capabilities in both potential and existing entrepreneurs. An entrepreneur will innovate for a noble purpose, primarily focused on social, economic development, and environmental protection. The most simplified form of the concept is "Entrepreneurship and innovation for sustainability - for a business reason" (Abrahamsson, 2006). The concept of social entrepreneurship (Abrahamsson, 2006) combines entrepreneurship with social and environmental development, and is somewhat similar to the concept of entrepreneurship. According to Abrahamson (2007), the concept of sustainable entrepreneurship should be applied in the fields of health, education, entrepreneurship development, digital integration, and sustainable energy distribution. The modern concept of entrepreneurship emphasizes creativity in business activities, product development, process development, problem-solving, and change management in general (Schumpeter, 1934; Drucker, 1964; Rahman, 1997; Robinson, 2004). Gerlach explains that for sustainable, innovative development, the key issues are poverty, health and sanitation, recycling, world peace and justice, and human security through innovative problem-solving or opportunity exploration. (Gerlach, 2003). Sustainable entrepreneurship is a concept that emphasizes the long-term effects of a company's decisions on the social and environmental landscape. The importance of sustainable entrepreneurship can be considered a unique perspective that links the creation of economic, social, and environmental value with an emphasis on the well-being of future generations. The primary objective of this paper is to highlight the significance of creative behavior in entrepreneurial development and the various types of entrepreneurs, particularly those driven by innovative aspects of sustainable development, which can contribute to the formation of a socially, economically, and environmentally sustainable society. What should be a sustainable innovative entrepreneur, and what is the future of innovative entrepreneurship? Data for the study were collected from secondary sources.

The paper discusses and explores the social, economic, and environmental aspects of sustainable entrepreneurship and its relationship with sustainability innovation, which has emerged as an influential concept for entrepreneurship policy, practice, and theory. By defining sustainable entrepreneurship, the paper provides a basis for exploring where future research can contribute to the development of this field.

Keywords: sustainable entrepreneur, sustainable production, innovative entrepreneurship

Introduction

Sustainable entrepreneurship and innovation are interrelated concepts that focus on creating economic value in a manner that considers environmental, economic, and social impacts. This approach aims to foster entrepreneurship and make decisions that are not only driven by profit, but also have a positive impact on the well-being of the planet and society. A sustainable and innovative entrepreneur integrates these considerations into their entrepreneurial model and contributes to building a more sustainable and equitable future.

The discovery, development, and exploitation of business opportunities that contribute to sustainability by generating social and environmental benefits for society is known as sustainable entrepreneurship. An innovative business considers social and environmental factors. Sustainability in business, whether in terms of the environment, society, or economy, is gaining popularity due to its impact on the business environment and its ability to foster innovation.

Discussion

Classification of Sustainable Innovative Entrepreneurship. People, Planet, Profit, Environmental Stewardship, Social Impact, Circular Economy Practices, Clean and Renewable Technologies, Inclusive Business Models, Corporate Social Responsibility, Eco-Friendly Product Innovation, By integrating these principles, sustainable entrepreneurship and innovation serve to create a more resilient business ecosystem, however, to address these challenges, entrepreneurs need creative behavior, which plays a crucial role in the development of entrepreneurship. Entrepreneurs with creative abilities often possess a better understanding of opportunities, as they can identify market gaps, predict trends, and leverage emerging technologies to create innovative solutions. Creative behavior enables individuals to develop unique approaches, embrace change, explore new opportunities, adjust their strategies, and introduce innovative products or services to maintain relevance in an emerging market. The ability to identify and capitalize on opportunities is a fundamental aspect of entrepreneurial success. A sustainable innovative entrepreneur must possess a set of traits, skills, and values that enable them to create a lasting, positive impact on society, the environment, and their entrepreneurial activities.

The importance of entrepreneurship and creative behavior lies in the organization of the production process, as the absence of which would render all other essential factors of production, such as land, labor, and capital, idle. Entrepreneurs do not invent new products, but rather utilize the achievements of existing science and technology to utilize other factors of production productively. The advantages of entrepreneurship and creative behavior include contributions to GDP, capital formation, employment generation, creation of business opportunities for others, improvement of economic efficiency, expansion of the range and volume of economic activities, reduction of social tension, increase in per capita income, and enhancement of living standards.

Entrepreneurs are classified into the following types:

By ownership: private entrepreneur, state entrepreneur, joint ventures

By business type: trading entrepreneur, manufacturing entrepreneur, agricultural entrepreneur

Technical entrepreneur: This type of entrepreneur manages industries based on scientific and technological principles.

Non-technical entrepreneur: This type of entrepreneur is not technically inclined, and they use alternative methods to survive in the industry

By gender: male entrepreneur, female entrepreneur

By enterprise size: small entrepreneur, medium-sized entrepreneur, large entrepreneur

By level of willingness to create innovative ideas:

Innovative entrepreneurs can think in new ways, introducing new goods, discovering new markets, exploring new production methods, and reorganizing enterprises.

Imitation entrepreneurs - These entrepreneurs do not introduce new ideas; instead, they imitate the ideas introduced by innovative entrepreneurs.

Fabian entrepreneurs - The meaning of the word "Fabian" is "seeking victory by delaying the process rather than by decisive struggle. Fabian entrepreneurs imitate only when it is clear that failure to do so will inevitably threaten their existence or lead to the loss of their relative position in the industry.

Drone entrepreneurs - A person who lives off the labor of others is called a drone entrepreneur. Drone entrepreneurs are not motivated by gaining market leadership; they are willing to suffer losses but are unwilling to make any changes to their existing methods of production.

Intrapreneur - A new type of entrepreneur is currently emerging within large industrial organizations, known as "intrapreneurs."

They emerge within the boundaries of an existing enterprise and act as entrepreneurs while working within a large industrial organization. Intrapreneurship has a positive impact on the growth and profitability of the organization. An organization can have a strong intrapreneurial orientation if it supports intrapreneurship. In organizations with a high intrapreneurial orientation, practicing managers strive to increase the innovative capabilities of the organization.

Intrapreneurship is the practice of creating an entrepreneurial environment within an organization, enabling employees to utilize their innovative skills to develop new products and processes. In developed countries, such as the United States, the concept is very popular. It has been observed that a significant number of intrapreneurs leave their organizations to start new ventures. Many of these intrapreneurs are very successful in their new ventures. An intrapreneur is a person who takes responsibility for innovating new ideas, products, and processes within an organization that are restorative, that is, they remove stagnation and promote organizational growth. Technopreneurship: The term "technopreneurship" is derived from the combination of the words "technology" and "entrepreneurship." In simple terms, technopreneurship refers to the use of technology as an integral and key element in transforming goods and services.

A technopreneur is an entrepreneur who is tech-savvy, dynamic, and follows uncharted paths, but begins with just an idea. He questions existing practices and systems and thinks of doing things differently. He creates a product or makes a decision that uses the power of technology to change the traditional way of doing things. He has achieved remarkable success. Examples of technopreneurship include Instagram and WhatsApp.

Entrepreneurial individuals who organize, create, and manage businesses to drive social change and develop innovative solutions to complex social problems are known as social entrepreneurs. They measure their success by the impact they have on society and do business to drive social change.

Sustainable Entrepreneur - The key difference between an entrepreneur and a sustainable entrepreneur is that a sustainable entrepreneur considers all levels of sustainability, ensuring that current needs are met without compromising the needs, desires, capabilities, and aspirations of future generations. The close connection between sustainable development and entrepreneurship is known as sustainable entrepreneurship.

Sustainable entrepreneurship is a concept that emphasizes the long-term social and environmental implications of business decisions. The primary goal of sustainable entrepreneurship is to define entrepreneurship and discuss the relationships between entrepreneurs.

The goal of an environmentally sustainable entrepreneur is to preserve natural resources, develop alternative energy sources, protect the climate and biodiversity, and reduce environmental pollution.

Social sustainability for business encompasses collaboration with people and society, combating poverty, upholding high standards of public health, paying fair wages to employees, providing equal opportunities to applicants, respecting the rights of minorities, and preserving cultural heritage.

Economic sustainability refers to practices designed to create long-term economic development for a company or nation while managing the environmental, social, and cultural aspects of its operations. It involves balancing economic growth and profit generation with their environmental and social impacts.

Traditionally, the goal of an entrepreneur has been to serve as a bridge between suppliers and end-users. Today, the vast majority of businesses operate in unsustainable ways, making it difficult for entrepreneurs to do business; market forces constantly influence them and strive to make their proposition more attractive to end-users. Sustainable entrepreneurship seeks to strike a balance between a business's immediate benefits and its long-term market success, as well as its social and environmental impact. The sustainable entrepreneur takes social responsibility for their actions. In other words, he or she is committed to meeting the demands of delivering his or her product or service while minimizing the negative environmental and social impacts of the product or service. Sustainable entrepreneurship is a game of “high risk, high reward”.

The fact that sustainable entrepreneurship is in its infancy means that access to knowledge about sustainable practices is limited. While investors, consumers, and governments are beginning to recognize the importance of sustainable entrepreneurship, it is still not being encouraged. Until now, entrepreneurs have continued to swim against the current of sustainability.

Sustainable entrepreneurship will pave the way for innovative business models. On the one hand, business ideas that incorporate sustainable practices will be novel and innovative. This will force existing corporations to rethink their strategies. In particular, tech giants will seize this opportunity to explore the negative aspects of technology and find ways to mitigate them, thereby creating new markets for their products. On the other hand, this will lead to positive ecological, environmental, and social changes. Overall, as a result of sustainable entrepreneurship, we can imagine a world where commerce and consumerism can coexist with equality and social well-being.

Sustainable entrepreneurship is the need of the hour, as well as our last resort to prevent the extinction of life on this planet. Hopefully, future entrepreneurs will truly fulfill the mission of saving the environment, rather than destroying it.

Conclusion

While it is difficult to predict the future with certainty (I want to believe there is light at the end of the tunnel), some key issues will play a significant role in shaping the future of innovative entrepreneurship. These are:

- Technology Integration - The growing integration of advanced technologies such as artificial intelligence, blockchain, and the Internet of Things (IoT) will continue to drive innovation across industries. In turn, entrepreneurs who creatively apply these technologies will have the opportunity to create new markets.
- Focus on sustainability - Entrepreneurs who integrate environmentally and socially responsible practices into their business models will increase their focus on sustainability
- Global collaboration - Digital communication and increased remote working opportunities will facilitate global collaboration and the formation of cross-cultural entrepreneurial ecosystems
- Growth of social entrepreneurship - Social entrepreneurship focuses on addressing social and environmental issues. Entrepreneurs should create entrepreneurial activities that not only bring them profit, but also make a positive contribution to the sustainable development of society
- Inclusive innovation - entrepreneurship should become more inclusive and focus on providing opportunities for underrepresented groups
- Health and Biotechnology Innovation - Advances in health and biotechnology are driving innovation in areas such as personalized medicine, genomics, and digital health. Entrepreneurs in these areas play a critical role in transforming healthcare delivery and improving patient health outcomes.
- Funding Models - The rise of alternative funding models such as crowdfunding, impact investing, and decentralized finance (DeFi) will provide entrepreneurs with a variety of funding options. Access to capital could become more democratized, enabling entrepreneurs to pursue entrepreneurial endeavors.

Ultimately, the future of innovative entrepreneurship is a dynamic process that considers technology, sustainability, and inclusivity. Entrepreneurs who can effectively leverage emerging technologies and address societal sustainability challenges will play a pivotal role in shaping the future entrepreneurial landscape.

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SOME ISSUES OF MARKETING EFFECTIVENESS IN GEORGIAN COMPANIES

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Abstract: This article explores the methods and characteristics of measuring and evaluating marketing effectiveness. The authors assert that assessing marketing effectiveness is crucial for modern company development strategies, as enhancing marketing activities boosts the company's competitiveness. They argue that all companies should consistently update their marketing tools. The authors' research indicates that a comprehensive methodological foundation for assessing marketing effectiveness, suitable for practical application in corporate analytical services and consulting, has not been established in the academic literature. This paper reviews different methodological approaches to evaluating marketing effectiveness and presents the authors' perspectives on this topic.

Keywords: Marketing effectiveness, company competitiveness, tools for enhancing competitiveness.

Results and their assessment. As the literature analysis has shown, scientists and practicing marketers still lack a unified opinion on assessing the effectiveness of marketing. For example, maximizing market potential involves developing new products, ensuring the reliability of forecast estimates, identifying a target segment for a given product, and enhancing the accuracy of market balance analysis, among other key objectives. We agree with this opinion and believe that making a complex quantitative assessment in these areas will be difficult.

M. Tugan-Baranovsky has proposed assessing marketing effectiveness in the following areas: buyers, marketing integration, information adequacy, strategic orientation, and operational efficiency [1; 27]. Moreover, he does not define the indicators for assessing the areas above and the algorithm for calculating effectiveness.

We studied the sources that consider marketing activities, including market research, assortment policy, sales activities, and communication, in terms of their indicators and functions. We generalized specific indicators, including profitability and activity strategy. These scientists developed an algorithm to calculate a marketing effectiveness indicator. However, this has not yet been applied in practice, as scales for assessing high-quality marketing and a model for estimating a consolidated performance indicator have not been developed.

As shown by a survey of American firms, most practitioners argue that marketing activities lead to increased sales and profits. The final results are influenced by the potential of the enterprise, personnel management, finances, production capabilities (including equipment and technology), and other components, so this assessment seems too simplistic.

G. Assel[6] suggests assessing the effectiveness of marketing activities in terms of marketing costs. Moreover, with the help of economic and statistical methods, the relationship between marketing costs and the result is the volume of sales or profit. This method assesses the effectiveness of costs, rather than the marketing activities themselves.

Based on a statistical test of narrow deductive hypotheses, the English scientist McDonald argues that an empirical approach is preferable to a quantitative one. He carried out an analysis of marketing effectiveness in the following areas:

- the internal attitude of company management to marketing (its definition, role, and function);
- the organization of this activity (inclusion in the strategic planning process, the level of coordination and information exchange between marketing functions);
- the practical implementation of marketing functions (marketing research, planning, participation in developing new goods, etc.) [7; 18].

McDonald's notes that to achieve flawless marketing in the UK, only three things are needed:

a) improving the information system;

b) measuring and monitoring the effectiveness of marketing activities;

c) investing in personnel training and development [2; 32].

Many foreign researchers have shown interest in marketing and related variables. However, only the research results were reported to stakeholders (top management of companies) and the general public, not the methodology of their behavior, since the latter is a commercial secret.

Independent verification of marketing quality is conducted by the International Organization for Marketing Quality Assurance (MQA), established in 1990. Its activities and structure correspond to the European standard EN 45012. MQA conducts certifications for companies by the international standards of the ISO 9000 series. MQA assesses marketing quality by 35 standards, which cover three areas:

1. Customer orientation;
2. Business, marketing, and sales plans;
3. Management responsibility [4; 8].

The marketing effectiveness assessment system, based on these standards, enables an accurate, objective, and multifaceted evaluation of marketing enterprises. However, this technique has also not been disclosed due to commercial secrets since remuneration for such certification services has not been received. Additionally, it is very laborious and cannot be applied in enterprises' internal practices.

Thus, the study demonstrated that science lacks methodological foundations for a comprehensive assessment of marketing effectiveness that can be applied in the analytical work of enterprises and consulting services.

In our opinion, the methodological approach to assessing marketing effectiveness should be based on the answers to 3 questions:

a) for what purposes the methodology is developed,

b) how the results can be used,

c) for whom it is necessary.

The assessment methodology proposed in this article meets the following conditions:

1. The purpose of the assessment is an operational audit of marketing, monitoring of marketing effectiveness, comparative analysis of marketing for enterprises, as well as evaluation of the competitiveness of enterprises (comprehensive assessment of marketing as a factor of competitive advantages);
2. Results. Enterprise employees can utilize the assessment results for marketing and competitiveness planning, enhancing the organization and decision-making within the marketing department, and improving the quality of marketing services.
3. Who is it intended for? This technique is intended for independent experts in consulting services, marketing centers, and researchers in marketing and competitiveness.

The logic of our approach to assessing marketing effectiveness is as follows: marketing activities are carried out in practice by performing marketing functions - market research, market segmentation and selection of target market segments, product positioning, development of an effective product range, introduction of new products to the market, implementation of a flexible pricing policy and selection of effective sales channels. The performance of these marketing management functions can only be assessed by expert evaluation. Experts should be specialists from the enterprise's marketing department.

Research content, scheme, and stages

In our research on marketing effectiveness, we considered 30 points as the maximum assessment. The assessment scale was developed on the principle of a progressive step to assess the effectiveness level. The step size was estimated at 4 points, and the values "very good" and “effective” were estimated at 5 points (since the highest assessments are more difficult).

Table 1. Marketing effectiveness rating scale (Source: Compiled by the authors)

Points	**0–4**	**5–9**	**0–14**	**5–19**	**0–25**	**26—30**
Level assessment	Low	Ineffective	Satisfactory	Good	Very Good	Effective

The approach was used to analyze the effectiveness of marketing in Georgian companies. The study covered 28 companies. We conducted a pilot study at Elite Motors, and the subsequent studies were carried out under the guidance of Mr. S. Zedginidze, the Commercial Director of Elite Motors. Profiles (given in Appendix 1) were sent to 28 Georgian companies. Twenty-eight responses were received.

The interviewed experts were employees of marketing services, sales, and commercial departments who performed marketing functions, with whom they had previously agreed in expert research.

Table 2. Research architecture and follow-up (Source: Based on authors' research results)

Number of companies	**To the end**	**SPSS (quantitative) evaluation**	**Qualitative evaluation**
10	1	5-9	Ineffective
8	8	10-14	Satisfactory
7	5	15-19	Good
3	6	20-25	Very good

The results of the effectiveness assessment of marketing activities are presented in Table 2.

The questionnaire (Appendix 1) contains 15 questions that assess the performance of marketing functions in the following areas: marketing research, market segmentation and product positioning, marketing organization analysis, marketing planning, and marketing complex development. Each question has three answer options, which are rated from 0 to 2 points. The maximum number of points for each item is 2. The number of points assigned to each question in the questionnaire is listed in Table 3.

Table 3. Research results and their evaluation (Based on the authors' research results)

Question	Answer	Evaluation	Question	Answer	Evaluation
1	a b c	0 1 2	**9**	a b c	2 1 0
2	a b c	2 1 0	**10**	a b c	0 1 2
3	a b c	2 1 0	**11**	a b c	1 2 0
4	a b c	0 1 2	**12**	a b c	0 1 2
5	a b c	0 2 1	**13**	a b c	2 1 0
6	a b c	2 1 0	**14**	a b c	2 1 0
7	a b c	1 0 2	**15**	a b c	2 0 1
8	a b c	0 2 1			

As can be seen from the table, nearly 80% of the studied enterprises conduct their marketing activities ineffectively or satisfactorily. None of the companies received the maximum assessment of effectiveness. The highest assessment was “excellent,” which was accepted by three well-known Georgian companies: Elite Motors, the new enterprise GeoSteel operating on the territory of the Rustavi Metallurgical Plant, and the Marneuli Canning Factory. These companies are well known to Georgian consumers. As a summary of the research results, we note that the weak areas for the studied companies (except for the three mentioned above) are “market segmentation” and “marketing planning.” None of them develops a marketing plan or determines the overall marketing strategy of the enterprise. As a result, the marketing complex is incomplete; marketing functions are not fully implemented.

Most enterprises do not develop products for target segments. They sell their products to everyone who buys them; that is, they use an indiscriminate marketing strategy, which is very dangerous in conditions of fierce competition. The result is that manufacturers do not put their goods on the market. Half (15) of the 30 surveyed specialists from the marketing and marketing services departments of these companies were unable to define the concepts of “market segmentation” and “product positioning.” The level of personnel professional training is low, making it challenging to implement an effective marketing policy.

Conclusion

Other marketing functions in the analyzed enterprises are also ineffective. Pricing strategies are not established; prices tend to be high, and most enterprises do not implement a flexible discount system. Advertising campaigns occur irregularly, with no established schedule, and their effectiveness is not regularly assessed. Sales stimulation measures are infrequently employed; tools such as coupons, gifts, cumulative bonuses, holiday discounts, discount cards, and others are neglected, significantly diminishing sales.

The commodity policy does not align with the marketing principle: “Produce what we can sell, not sell what we can produce.” Most companies plan their production program based on existing capacities and available raw materials. Consumer needs are studied superficially and irregularly. The capabilities of marketing staff do not allow for regular sociological research, and outsourcing such research is expensive. Consequently, products that do not fully meet consumer needs are produced, making them difficult to sell. As the analysis revealed, not all companies leverage the Internet for marketing research, advertising, and online sales to promote their products in the market.

To evaluate the accuracy of the marketing effectiveness assessment, we compared the results obtained by companies (measured in points) with the quantity of finished products delivered to their warehouses. It turned out that companies with low assessments of marketing effectiveness have 1.5-2 times more finished products in their warehouses than the standard.

From the analysis of marketing effectiveness in these companies, the following generalized conclusions can be drawn:

1. Many Georgian companies struggle with a low professional level among managers and marketers;
2. Consumer interests are either overlooked entirely or poorly regarded;
3. Marketing expenditures are minimal;
4. The motivation system for marketing staff is virtually non-existent;
5. The information system is ineffective;
6. There is an absence of marketing planning and control systems.

Thus, the marketing efforts of Georgian companies can be assessed as ineffective. An annual assessment of marketing effectiveness in these companies is essential to enhance marketing activities, verify the capabilities of marketing specialists, and improve the quality of decision-making and the qualifications of marketing department employees.

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Appendix 1

Questionnaire. The Marketing Data Processing Questionnaire is designed to help a company assess its level of customer focus. The questionnaire should show us what needs to be done to improve marketing and increase business efficiency.

It is necessary to provide answers based on an assessment of the marketing's effectiveness, rather than on how you think the customer would evaluate it. Suggested answers are provided, from which you should mark the one that is most suitable for the company being studied.

Marketing Research

Question 1. When did you last conduct market, customer, and purchasing research?

Answers: A. Several years ago (up to 5 years) or never.

B. Several years ago.

C. Recently (within the last few months).

Question 2. How well do you know the market segments, customers, sales, distribution channels, products, and profit potential?

Answers:

A. Very well - we do detailed analysis and research.

B. A little - there is information on specific issues.

C. We do not know at all

Question 3: How effectively is your marketing information system achieving high-level results?

Answers:

A. The information system is very effective, constantly updated, and usable.
B. The system is quite adequate, but sometimes, it is not fast enough, accurate enough, or complete enough to make a decision. The information is mainly on paper.
B. We do not have a formal system; instead, we collect information irregularly and intuitively.
Market segmentation and product positioning
Question 4. Do we develop different products and marketing plans for various market segments?
Answers:
A. We sell products to everyone who buys them. The segments are not clearly defined.
B. We differentiate products for different market segments.
C. We create products for specific target market segments and develop a tailored marketing mix for each segment.
Question 5. Do you define a strategy for positioning your products in the market?
Answers:
A. We have no idea what it is.
B. We identify and plan our positional advantages, which enable us to target buyers effectively through advertising, personal selling, and other channels.
Marketing organization
Question 6. How effective is your marketing compared to that of your competitors?
Answers:
A. Our marketing activities are much more active than those of our competitors.
B. Almost the same as those of our competitors.
C. Our marketing efforts are weaker than those of our competitors.
Question 8. To what extent is Internet marketing used in your company?
Answers:
A. We do not use Internet resources in our marketing activities.
B. We use the Internet for market research and advertising purposes. We have our website.
C. We conduct online market research, utilizing advertising on our website, in directories, through banner exchange services, and via e-commerce platforms.
Marketing Planning
Question 9. How widely is strategic planning used in your enterprise?
Answers:
A. We develop a strategic marketing plan, segmented by product, market, and target segments, as well as an annual marketing plan.
B. We develop an annual marketing plan.
C. We do little to no marketing planning.
Question 10. What is the quality of your marketing strategy?
Answers:
A. The marketing strategy is not clearly defined.
B. The strategy complements our past strategy.
C. The strategy is clearly defined and well-argued, saturated with new ideas.
Question 11. What are the main marketing goals?
Answers:
A. To achieve short-term profit and maintain the current position.
B. To dominate the market by significantly and aggressively increasing our market share.
C. There are no real strategic long-term goals - just survival.
Complex marketing
Question 12. What is your pricing policy, and how effective is it?
Answers:
A. We set prices based on our costs and average profit.
B. We set prices based on costs and are oriented to competitors' prices, but do not use a flexible system of discounts.

C. We determine a pricing strategy and utilize a flexible pricing system, incorporating discounts, price levels tailored to the relevant segment, and additional goods, among other factors.
Question 13. How effective is your advertising?
Answers:
A. Very effective - sales increase after the advertising campaign.
B. There is some but insufficient progress.
C. Ineffective. No one evaluates its effectiveness.
Question 14. How experienced and effective are your salespeople?
Answers:
A. Very experienced, mastering new markets
B. Experienced enough, working with existing clients, but not interested in finding new ones.
C. Inexperienced, not working effectively
Question 15. What is your commodity policy, and how effective is it?
Answers:
A. We develop a commodity assortment by analyzing consumer needs, internal resources, and external factors, including competitors and suppliers.
B. We plan a production program based on the existing production capacity and the raw materials we have purchased.

PROSPECTS FOR SUSTAINABLE DEVELOPMENT OF GLAMPING AND ECOTOURISM IN GEORGIA

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Abstract. This article addresses the emergence of new directions in recreational tourism. The authors maintain that innovations such as glamping represent one of the most popular forms of tourist accommodation in natural settings. Glamping is characterized as a modern variation of camping. The authors examine the interrelationship between the concepts of glamping, ecotourism, and sustainable development. A significant focus is placed on the historical context of glamping and the origin of the term "glamping." The article highlights the advantages of glamping, including time and effort savings, as well as enhanced opportunities for engagement with nature. Furthermore, the authors underscore the criteria for selecting glamping accommodations, particularly analyzing target groups.

The prospects for sustainable development in glamping and ecotourism in Georgia appear highly promising. According to industry experts, the glamping market in Georgia is projected to grow by 20-30% annually over the next five years.

Shortly, an increasing number of world-class glamping resorts are anticipated to be established, attracting discerning tourists from Georgia and abroad. Overall, glamping holds significant potential for the sustainable development of the tourism industry in Georgia. The rising popularity of this model will contribute to the diversification of tourism offerings and draw an increasing number of visitors to the stunning regions of Georgia. In this article, the authors examine the key features, advantages, and prospects of glamping and the sustainable development of ecotourism in Georgia.

Keywords: Glamping, sustainable development concept, sustainable tourism, ecological tourism.

Introduction. Over the last decade, the concept of sustainable development has gained widespread recognition. Global warming, ozone layer depletion, and air and water pollution are among humanity's most pressing international problems. The realities of our time include the desire for a healthy lifestyle, the consumption of environmentally friendly products, and the growing trend of residents of megacities returning to the countryside. Tourism has not been left out of this process either. In recent years, significant changes have occurred in the tourism sector. New directions have emerged, leading to the development of independent, new types of tourism. One of these types is ecotourism, which responds to people's desire to connect with nature. Ecotourism is closely related to agritourism, whose demand has grown significantly in recent years.

Discussion. New economic models that incorporate environmental factors into the context of sustainable development have become increasingly prevalent worldwide. Two of them are directly relevant to ecotourism: the Green Economy and the Blue Economy.

The Green Economy is the foundation for sustainable development, addressing pollution-related issues. The Blue Economy is a new model that considers the development of coastal areas, seas, and oceans. In this case, it involves the development of marine tourism. Both of these models are closely related to the concept of "sustainable tourism." New ideas have also appeared: "green marketing," "green tourism," and its variant, "agrotourism."

It is worth noting the growing demand for residential properties in environmentally friendly areas. Such facilities include camping and glamping.

The concept of "camping" is not new to the Georgian tourism market. Camping and wildlife travel were popular among tourists throughout the 20th century. However, earlier tourists were not as demanding; their primary concerns were having a tent, food, a boat, and a fishing rod, among other essentials. It is challenging for a modern tourist to forgo daily comforts, including access to the Internet, a comfortable bed, and a hot bath. A new type of vacation emerged in the tourist market: glamping.

The English word "glamping" consists of two words: "glamor" and "camping." Glamping is a type of camping that combines the comfort of a hotel room with the opportunity to enjoy the relaxation of nature.

The word "glamping" was first heard in 2005 in Great Britain, where the first accommodation of this type appeared. By 2010, glamping had gained widespread popularity and captured the hearts of millions of tourists worldwide. In 2016, "glamping" was added to the Oxford Dictionary.

Glamping, or glamorous camping, is a fast-growing trend in the travel industry. A hybrid between a hotel room and a tent, it allows campers to enjoy the benefits of outdoor activities while maintaining the comforts and luxuries of civilization.

Glamping is a new type of tourism that includes the comfort and luxury of hotel accommodations. Instead of an ordinary tent, vacationers can spend the night in a comfortable tent equipped with quality furniture, electricity, water, sanitary facilities, air conditioning, internet, etc.

This recreation format allows vacationers to enjoy the natural beauty of the landscape while maintaining comfort. The primary advantage of glamping is the opportunity for an active vacation in nature, allowing travelers to explore new places while enjoying a high level of service and comfort.

Glamping is also ideal for family or romantic vacations, offering vacationers privacy and seclusion in picturesque locations.

In recent years, glamping has gained significant popularity worldwide. Industry experts estimate that the global glamping market was worth more than $3 billion in 2022 and is projected to grow at a rate of 10-14% annually over the next five years. In Georgia, the demand for glamping has been relatively high since the COVID-19 pandemic. According to Giorgi Molashvili, ***Glamp.ge*** has been operating in the market for three years and has seen annual sales growth of 20% to 30%.

Among the primary growth factors are the increasing demand for active yet comfortable vacations in secluded natural settings, as well as the growing awareness among travelers of this type of accommodation. Glamping is most prevalent in North America, Europe, and Australia, where many high-quality glamping resorts are located.

This segment is also experiencing steady growth in Georgia, although it still lags behind the world leaders in tourism. In recent years, an increasing number of Georgian operators and investors have become interested in the prospects for glamping development in Georgia.

Glamping development in Georgia has its unique characteristics. The most popular glamping resorts are situated in picturesque regions, including Adjara, Racha, Lagodekhi Reserve, and the coastal areas. These places attract tourists with their unique natural landscapes, from mountain ranges to coastal regions.

Glamping companies in Georgia offer transparent dome tents and tree houses, which allow tourists to admire the starry sky. In addition to comfortable accommodations, the resorts offer tourists a wide range of entertainment options, including hiking, rafting, and fishing. Thanks to this, glamping in Georgia is gaining popularity among outdoor enthusiasts.

One of the most common forms of glamping is staying in large, luxuriously furnished tents. These tents typically come equipped with everything you need, including a double bed, furniture, TV, internet access, lighting, and air conditioning.

Some glamping resorts offer their clients accommodations in tiny, wooden or frame houses styled to resemble traditional homes. This accommodation option also features a high level of comfort and equipment.

Another popular glamping concept is accommodation in transparent dome tents or other structures that allow you to admire the starry sky and beautiful night scenery. Such options are especially popular for romantic or family travel.

An interesting initiative could be accommodating tourists in specially equipped buses, vans, or trailers, which combine comfort with the ability to change locations. This would allow glamping with active traveling, visiting, and exploring new places. Unfortunately, there is no such offer in Georgia yet.

Glamping attracts a diverse range of tourists, including young couples, families, and affluent middle-aged and older travelers. The primary user groups are:

1 Families with children. Vacationing with all family members combines active pastime, nature exploration, and comfort in glamping.

2 Young couples. Glamping is one way for young couples to spend a romantic vacation. Young people appreciate privacy and enjoy closeness to nature, of course, in a comfortable environment.

3 Wealthy travelers. Wealthy and affluent travelers choose glamping to combine active relaxation, good food, breathtaking nature, and silence and tranquility. The main choices of glampers are a unique natural location, a high level of service, exclusivity, and the opportunity to enjoy unity with nature in comfortable conditions.

One of the main features of glamping is its environmental friendliness and adherence to the principles of sustainable tourism. Many glamping resorts are in protected areas, and their owners try to minimize their impact on nature and the environment.

Glamping operators utilize environmentally friendly materials and technologies, implement energy- and water-saving systems, and actively engage guests in environmental activities. In addition, glamping helps to improve travelers' ecological literacy and instill in them a respectful attitude towards nature.

Thus, glamping offers a luxurious and responsible vacation that shows that comfort and ecology can be harmoniously combined. This makes glamping more attractive for individual tourists and corporate clients interested in eco-tourism.

The prospects for glamping development in Georgia look very optimistic. According to industry experts, the Georgian glamping market is expected to grow by 20-30% annually over the next five years.

The driving factor behind this growth will be the increasing demand for environmentally friendly yet comfortable vacations in nature, as well as government support for the development of glamping infrastructure. The primary trends in the development of glamping in Georgia include expanding the geographical scope of locations, enhancing the level of service and comfort, and promoting environmental friendliness and sustainability.

In the coming years, more world-class glamping resorts are expected to emerge in Georgia, attracting discerning tourists from both within the country and abroad. Glamping shows excellent potential for the development of the tourism industry in Georgia, allowing people to combine active recreation, luxury, and respect for nature and the environment.

The growing popularity of this format will help diversify the tourist offer and attract more guests to Georgia's beautiful regions.

Conclusion. Based on the above, we can conclude that today, there are conditions for developing glamping as an independent type of tourism in Georgia. Today, this direction is one of the most promising in the tourism market.

Georgia is rich in unique natural features, reserves, and forest areas, and the relevant legislation prohibits significant construction. Meanwhile, glamping is an opportunity for efficient and environmentally friendly land use. It can be concluded that glamping is not just a fashionable, seasonal, and fleeting phenomenon. Glamping is a growing tourism trend that is developing and expanding worldwide.

Glamping attracts young people not only as consumers but also as an opportunity for self-realization. Thus, there are all prerequisites for the development of glamping in Georgia to create a new type of recreation for domestic tourism and, of course, to create conditions for business development in the tourism sector, with appropriate support from the state.

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PUBLIC RELATIONS AND MODERN CHALLENGES

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Abstract. Public relations (PR) is a crucial component for raising awareness, increasing popularity, and promoting the effective functioning of any individual, organization, or company. PR combines all the tools that help establish harmonious relationships between an organization and the public, thereby eliminating misunderstandings and improving communication. It serves to interact with people, prevent crises, conduct preventive activities, and minimize unforeseen situations.

Branding, internal corporate PR, crisis management, media policy planning, communication campaign planning and release, image construction - these are the main elements that give a person or organization a positive image in the eyes of the public and, at the same time, a sure guarantee of success. The role of public relations in an organization often depends on the type of organization, perceptions of the highest governance structure, and the capabilities of public relations officials.

Public effective relations is a process, and the first step in this process is research, which public relations professionals now recognize as an integral part of the planning, program development, and evaluation process. Also, audience and segmentation - detailed information about the audience's demographics, lifestyle characteristics, and consumer habits, which helps the company and its public relations structure ensure that their message reaches the appropriate audience.

Keywords: public relations, organization, communication, branding.

Discussion

Public relations is a priority for the organization, defined in both narrow and broad senses. Public relations of an organization, in a narrow sense, refer to individual relations, a defined scope of communication with representatives of the civil sphere, including reception of citizens and their legal assistance. In a broader sense, it is based on the opinions, views, and proposals disseminated through a public position.

The organization's cooperation with the public is based on achieving set strategic goals, obtaining support, raising awareness of its activities, and increasing the involvement of various social groups in planned events. Together with the public, mobilize civil opinion to focus on the assessment of a specific case.

The organization's unique strategy is also a process of engagement with the international community, based on increased cooperation with recognized partner target groups, the delivery of ongoing and planned activities in the fields of democracy and human rights, the dissemination of the organization's vision and reporting, and effective communication.

An organization's strategy is often developed during periods of high public opinion, and responses are made based on the organization's interests and priorities.

The organization's priority is to establish, start, and develop relationships with partners. The organization is committed to being an equal partner, based on cooperation and guided by the same principles, and recognizes the necessity of relationships with its partners.

Any action taken by an organization in collaboration with a partner group is a decision made by the entire team, and it should be based on necessity, feasibility, and need.

The implementation of the above principles is limited by a unilateral decision of the Constituent Council, mainly when the partnership involves government bodies, legal entities under public law, political parties, and diplomatic missions accredited in Georgia. In such circumstances, the decision is made by the organization, a unified team.

The organization's relationship with the state is based on its relationship with state institutions, and the priority of the relationship stems from the organization's activities and administrative tasks.

With the executive branch – the organization interacts with the executive branch in terms of resolving existing problems in the field of human rights and freedoms protection and develops proposals, initiatives and recommendations, supervises the fairness of the policy chosen by the state in the field of human rights, assesses the declared priorities, the progress of legal reform, participates in the process and defends its position.

With legislative authority, the organization engages in the creation and conduct of a comprehensive legislative process in the field of human rights and freedoms protection, informed by the current situation regarding rights in the country. Presents proposals and opinions in the field of rights. Prepares assessments of the acceptability of submitted laws and draft laws and international standards, and lobbies for initiatives that positively change the exercise of civil and political rights.

With the judiciary – organization Based on the need for an impartial and transparent judicial system, judicial reform and professional qualification of judges, Communicates with the judiciary and participates in public meetings and discussions planned to improve the system, presents shortcomings in the conduct of cases and indicates their correction, protects professional rights and interests, Appears before the court with qualified proceedings and justifies the request based on the principles recognized by the European Convention and other international instruments, Thus, it takes on the mission of reminding the judiciary of its competence, impartiality, and professionalism.

The Constitution of Georgia acknowledges the distinctive role of the Georgian Apostolic Autocephalous Orthodox Church in Georgia's history and its autonomy within the Orthodox Apostolic Church. The organization prioritizes relations with the Church of Georgia and fully recognizes the constitutional agreement – the Concordat – concluded with the state.

The organization cooperates without discrimination with all religious denominations and public law entities in Georgia, protecting and recognizing the freedom of religion.

Public relations is increasingly about communicating authentically with key audiences that influence business outcomes, including media analysts, policymakers, influencers, customers, and shareholders. This is an essential element in supporting the power and value of an organization's brands to all stakeholders. All aspects of a corporate brand, from tone and personality to functional and emotional benefits, key messages, and ultimate goals, as well as its reputation, can be fully utilized with both internal and external audiences. If effectively leveraged, it can help improve performance and credibility. Building brand awareness and loyalty through public relations is typically an essential part of any overall strategy aimed at maintaining and raising standards of performance and credibility.

What are the various public relations challenges facing the world?

1. Proving that it is valuable

a. One of the most significant public relations challenges businesses face is proving value and demonstrating ROI. The 2022 JOTW Communications Survey found that it is challenging for PR representatives to measure the impact of their PR activities accurately. The problem arises from a lack of knowledge. The solution to this public relations problem is to create a system that requires effort, engagement, and results.

2. Maintaining face-to-face relationships

a. COVID has confined people to their homes behind screens, with office meetings replaced by Zoom calls that often include many distractions. This dramatic reduction in face-to-face meetings has led to PR companies losing their regular clients and making it challenging to create new ones.

3. Explaining the importance of communication to executives

a. Members of the executive team come from diverse backgrounds and skill sets, with marketing and communication being essential skills. For businesses whose executives are not well-versed in communications, things are different. The public relations team needs to teach them why it is necessary.

b. One of the most urgent problems in public relations is the solution when it comes to explaining a concept. To those executives who help them understand communication more, they deserve even more respect.

4. The facelessness of social media

a. One of the biggest challenges in PR that I see in the present time and around the world is the faceless, crowd-like nature of social media. People are quick to create an image, and they react to things in an almost mob-like manner, which gives businesses little or no time to manage the crisis. This is one of the challenges of public relations, when enterprises shy away from employing a PR team.

b. The solution to this most universal PR challenge is to be as politically correct as possible. Moreover, in all cases, let us choose an approach that does not ignore the backlash, and let us refrain from taking pleasure in all the comments.

5. Extended roles

a. There was a time when PR teams only had to contact media houses and coverage of the story. However, the job description of a PR person now revolves entirely around the job, encompassing finding the best media houses, content writing, creativity, and collateral creation, as well as working with media agencies and maintaining relationships with influencers.

b. This expanded role represents one of the central public relations challenges faced by individuals in this position. The solution to this specific public relations issue is to prioritize what is essential and what can be kept in the long term, like a bouquet. However, the key here will be to receive calls based on the activity that generates the most revenue.

6. Today, a significant amount of unorganized data, which comprises the information that underpins public relations efforts, is scattered across various platforms. Businesses receive data from multiple sources, including social media, websites, emails, forum comments, and other online platforms. The solution to this public relations issue is to acquire the right tools and personnel to organize the data in a manner that is not only comprehensible but also easy to track and analyze.

a. Until we reach a new normal, to maintain the mass visibility of our clients and their trends, the top six public relations challenges and solutions we will likely face for several years to come, if we want to master a particular public relations technique, we must first understand, That the main thing is not the technique - but the principles. Understanding them will significantly facilitate our use of specific methods and will enable us to create new ones.

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DIVERSIFICATION OF THE RURAL ECONOMY BY DEVELOPING SUSTAINABLE FOOD TOURISM SECTOR (CASE OF ADJARA MOUNTAIN REGION, GEORGIA)

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Abstract. Since 2012, the Government of Georgia has taken significant and unprecedented steps to develop agriculture and rural areas, as reflected in substantial state investments in these sectors. Nevertheless, the rural area of Georgia is still facing many challenges.

The development of rural areas in Georgia is crucial for addressing key challenges, including food security, environmental protection, economic growth, and achieving a high standard of living and national security (UNWTO, 2021). Tourism is an activity that contributes directly and indirectly to the development of rural areas. However, this development must be sustainable.

Food tourism fosters inclusive and sustainable economic growth, promotes social inclusivity, creates employment opportunities, reduces poverty, enhances resource efficiency, preserves cultural values, celebrates diversity, and supports heritage preservation.

Gastronomy is an integral part of the cultural, social, environmental, and economic history of nations and their people.

The process of tourism development in Adjara is quite active, which has a significant impact on both the number of tourists and foreign investments.

Based on the principles of sustainable development, economic opportunities in rural areas are diversified and developed, improving the standard of living and social situation. The direct beneficiaries of the strategy are the population living in rural areas and persons employed in the agricultural sector.

The paper presents an opportunity to experiment with the local cuisine of the Adjara mountain region. The primary objective of this study was to determine the perceptions of inbound tourists towards local foods and the factors influencing their choice of local food in the Adjara region of Georgia.

Quantitative and qualitative data were analyzed using both thematic and descriptive approaches.

Therefore, this study investigates vendors' perceptions of local food as a tourism product and tourists' intentions, specifically in the Adjara mountain region of Georgia.

Key words: Sustainable economic development, authentic local food, gastronomy tourism, rural economy, non-urban areas

Introduction

Innovation and knowledge creation present new challenges for policymakers and governance models, as they must find ways to integrate an increasingly large number of new business forms influenced by modern consumer lifestyles (Cavicchi & Stancova, 2016).

For sustainable economic development and inclusive economic growth, the country attaches great importance to the development of agriculture and rural areas. Since 2012, the Government of Georgia has taken significant and unprecedented steps to develop agriculture and rural areas, as reflected in substantial state investments in these sectors. Nevertheless, the rural area of Georgia is still facing many challenges.

Maximizing the potential of Georgia's agriculture and utilizing it effectively is crucial for the country's economic growth. That is why the primary guarantee of achieving positive results is given to the development of a clearly defined agricultural policy aimed at competitive production and the promotion of attracting financial resources to this sector of the economy. At the same time, ensuring the country's food security and food safety is particularly important, as it is the primary obligation of the Georgian government. The development of rural areas in Georgia is crucial for addressing key challenges, including food security, environmental protection, economic growth, and achieving a high standard of living, as well as ensuring national security.

An important role in rural development is the introduction of integrated management of natural resources in the country, as well as the functioning of various economic sectors, which contribute to the well-being of people, the eradication of poverty, and the country's sustainable development. (Agriculture and Rural Development Strategy of Georgia, 2021-2027, 2019).

With the implementation of the 2021-2027 strategy for agriculture and rural development, existing challenges are being addressed, marking a significant turning point in the direction of socio-economic development in rural areas. The Strategy of Agriculture and Rural Development for 2021-2027 covers the whole of Georgia's territory.

In terms of standard of living, there are significant differences between rural and urban settlements. There is also a significant difference between the capital and the rest of the regions. For example, the structure of employment by economic activity shows that in the agricultural sector, 12,699 people are employed, which accounts for only 1.8 percent of the total employed population. According to the latest 2015 data, 50.5 percent of those employed in the agricultural sector are women.

Poverty in rural areas is even higher than in urban areas, especially in the Capital city.

The number of operating enterprises in the agricultural sector is low, accounting for only 1% of the business sector. For Georgia, agriculture remains a priority sector in terms of contribution to GDP and economic growth. An assessment of the gender gap in the sector reveals that women are more likely than men to be involved in low-income activities, such as subsistence agriculture. Compared to men, women's participation in agricultural activities is relatively small. The role of women in rural and agricultural development is important. However, the contributions of women living in rural areas to agriculture are often overlooked, as their work is often associated with family responsibilities and remains unpaid. A total of 1,021 cooperatives with agricultural status are registered throughout the state of Georgia.

On the initiative of the Ministry of Environmental Protection and Agriculture of Georgia and the Danish International with the financing of the Development Agency (DANIDA) in 2018, the youth in rural areas started Support program for entrepreneurs - "Young entrepreneur"- the main task of the program Economic growth in the regions by providing financial and technical assistance to the youth, promotion and reduction of poverty, while the main goal is the development of the private sector in the regions, the promotion of youth involvement in business and the implementation of investments in the chain of production and sale of agricultural products. The program provides financing for agricultural and non-agricultural business directions.

A food safety system has been established and is operational in the consumer market, with state oversight continually monitoring the management of public catering facilities. To protect the interests of customers, increase their awareness, and improve market conditions, new regulations are enacted for this purpose.

The objectives of the strategy incorporate agricultural and non-agricultural sectors, such as:

- Market integration of farmers/entrepreneurs;

- Development of tourism and related tourism products in rural areas.

Strategy objectives are based on the principles of sustainable development and economic opportunities in rural areas.

Tourism is an activity that contributes directly and indirectly to the development of rural areas. However, this development must be sustainable. To achieve this, policies that positively impact these areas from an economic, social, and cultural perspective must be implemented in line with the Sustainable Development Goals.

Gastronomy tourism promotes inclusive and sustainable economic growth, social inclusivity, employment opportunities, poverty reduction, resource efficiency, cultural values, diversity, and heritage preservation.

This kind of tourism has become an additional economic activity, so they no longer depend exclusively on primary activities such as agriculture and livestock. There are extensive opportunities for agritourism, which combines tourism with agriculture-related activities, indicating the potential synergies between the two. The local authorities managing rural tourism must therefore implement policies to promote its development.

Providing economic benefits to local people can bring alternative sources of livelihood. It is important to use local suppliers and labor. e.g., employ locals where possible, utilize local facilities, and purchase local services; purchase, carry, and supply locally grown food and beverages.

UNTWO suggests that Rural Tourism activities take place in non-urban (rural) areas with the following characteristics: a) low population density, b) landscape and land use dominated by agriculture and forestry, and c) traditional social structure and lifestyle. Rural and mountain tourism have high potential to stimulate local economic growth and social change due to its complementarity with other economic activities, its contribution to GDP and job creation, and its capacity to promote the dispersal of demand in time (by mitigating seasonality) and across a more expansive territory (UNWTO, 2021).

Diversification/development, improvement of the standard of living, and specific characteristics of gastronomic tourism are as follows:

1. All countries have unique conditions for the development of culinary tourism.
2. Gastronomic tourism is not characterized by seasonality. You can choose a suitable tour at any time of year.
3. Culinary tourism is, to some extent, a component of all tours. However, unlike other types of tourism, the primary motivation of gastronomic travel is to experience the local cuisine.
   Supporting local farmers and producers is an integral part of any gastronomic tour.

Gastronomic tourism destinations include:

- Village tour.
- Restaurant tour.
- Educational tour.
- Ecological tour.
- Event tour
- Combined tour etc.

A village tour is a type of tour that involves the temporary stay of tourists in a village, allowing them to experience the local cuisine and products produced in the region. It may also include participation in agricultural activities. Thus, in "green" gastronomic tours, participants are offered the opportunity to collect wild berries in the forest and vegetables and fruits on farms. Such tours are interesting not only from a culinary perspective, but also because, through food and products, it is possible to gain insight into the daily life, habits, and culture of the local population.

Food Tourism can be considered in connection with ecotourism. The country's national minorities can utilize such a tour as an opportunity to preserve and showcase their unique identity and traditions, as reflected in their food culture. Tours - to local food producers, maybe with an emphasis on one specific product, for example, wine, cheese, coffee, tea, vineyards, farms. The development of gastronomic tourism is changing global social attitudes towards people, broadening our understanding of the role of nutrition and food in human development and its prospects in a shared world where everyone needs food.

Literature Review

In recent years, gastronomy has emerged as a crucial component in sustainable tourism destinations. Gastronomy is an integral part of the cultural, social, environmental, sustainable, and economic history of nations and their people.

This is because it reflects a particular lifestyle of the different geographical areas, strengthening traditions in rural areas and modernity in urban areas, as it is something rooted in their own culture and tradition (Cohen, E.; Avieli, N.,2004), although this implies a constant need for innovation in products and services to provide more excellent value and thus achieve greater competitiveness in a given location about other destinations (Harrington, R.J., Ottenbacher, M.C..2010). Therefore, local and regional food could give added value to the destination and contribute in this way to the competitiveness of the geographic area (Ignatov, E., Smith, S., 2006) and, in this sense, many researchers highlight that each country/region/city should promote food as a central attraction to tourists (Lee, K.H., Scott N. 2015) as dining out and trying national and local cuisines are pleasant activities for most tourists (Lee, K.H., Scott N. 2015. Marzo-Navarro, 2017). Gastronomy involves a transfer of knowledge and information about the people, culture, traditions, and identity of the visited place (Mitchell, R., Hall, C.M., 2006).

Rural tourism can help develop the most depopulated rural areas in a sustainable manner (Marzo-Navarro, 2017). It is essential to prioritize the social and economic sustainability of this type of tourism, which should be translated into enhancing the quality of life for the indigenous population.

Gastronomy tourism has emerged as an indispensable resource, adding value and providing a solution to an increasingly pressing need for destinations to differentiate themselves from homogeneous tourist offerings by presenting authentic products (UNTWO, Second Global Report on Gastronomy Tourism, 2017).

Describing Geographical Area

One of the most beautiful regions in Georgia, Adjara, is situated in the southwestern part of the country, along the Black Sea coastline. Ajara, as an autonomous republic of Georgia, has its flag and coat of arms. Turkey borders it to the south. Adjara was the first center of Christianity's spread in Georgia. It was Adjara where Apostle Andrew the First-Called and Nino of Cappadocia came to preach Christianity.

Adjara is primarily an agrarian region, where subtropical crops, such as tea and citrus, are cultivated. Important branches also include the oil industry, machine-building, and tourism. According to the sources, Apostle Matata is buried in Adjara, specifically in Gonio. Gonio Castle is a symbolic location in the land where Jason and the Argonauts arrived in search of the Golden Fleece, as well as a site where the armies of the Roman and Ottoman Empires were once fortified. The city of Batumi is known as the pearl of the Black Sea, built by European architects at the beginning of the 20th century. It is still a symbol of architectural innovation. Adjara is home to the beautiful beaches of Batumi, Kvariati, Sarpi, Gonio, Tsikhisdziri, Mtsvane Kontskhi, and Kobuleti. They host many tourists in summer and promise an unforgettable vacation. The nature of Adjara is incredibly diverse, featuring stunning mountains and seascapes, rich natural resources, beautiful parks, excellent cuisine, and unique traditions that attract both Georgian and foreign vacationers.

The process of tourism development in Adjara is quite active, which has a substantial impact on both the number of tourists and foreign investments. It is worth noting that domestic tourists are primarily drawn to the sea, while foreign visitors are more inclined towards ecotourism, particularly in the mountainous region of Adjara. The region is a popular tourist destination throughout the year.

Authentic local dishes can be a compelling reason to visit a particular destination.

Georgian/Ajarian Cuisine

Georgian cuisine is a culinary style that originated in Georgia and has been a staple of the country's culinary tradition for centuries. There is a significant difference between the regional cuisines of the country. Eastern Georgia is renowned for its abundance of meat, wine, bread, and animal fats. In contrast, Western Georgian cuisine is distinguished by its use of sauces, nuts, and dairy products, often combined with nuts and peppers. Georgia is the homeland of wine; here, vines are almost everywhere. Georgian wine is kept in vessels called Qvevri.

Adjarian cuisine is the most diverse. It has a whole palette of colours. Here, the aromas of the mountain and the gentle seaside are combined. Adjarian cuisine is experiencing the cultural impact of Turkish cuisine. Diary products are prevalent in Adjarian Cuisine. There are several types of cheese produced in Adjara; the most typical Adjarian cheese is “spun” (dastnuli) cheese, which is primarily made in the mountainous areas of Adjara. Producing spun cheese requires a special technique; its non-traditional shape and unique taste make the cheese attractive to all cheese lovers.

Kaimagi is a vibrant dairy dish throughout Adjara. The dish pairs well with cheese and a traditional corn bread called “mchadi”.

The warmth and genuineness of the hospitality one can experience during a traditional Supra or feast, where tourists enjoy not only the fantastic local food, but also experience local wine.

Regardless of wine tourism being included in food tourism, it can be seen as a category by itself (Charters & Ali-Knight, 2000), due to its capability of generating economic benefits to an array of local stakeholders and its complimentarity with other service sectors as hospitality, arts and entertainment (Carlsen & Charters, 2006).

Traditions and Rituals

Food is a key aspect of the travel experience and essential to understanding the culture of the place visited (Getz, Robinson, Andersson, & Vujicic, 2014).

The interest of visitors in food tourism is growing in tandem with their interest in culture, traditions, emotions, experiences, and creativity (Kiralova & Hamarneh, 2017).

Adjara is actively engaged in tourism development, exploring various directions to make the region attractive to tourists throughout the year. Adjarian traditions, customs, dialects, and folklore have made a powerful branch of the united Georgian culture:

Shuamtoba - a celebration. Shuamtoba is a holiday primarily associated with cattle breeding, which coincides with the mid-point of the mountain season, hence its name "Mid-Mountain." During this period, sports and cultural events are organized. Therefore, on this holiday, one has the opportunity to taste various Adjarian sweets, including: baklava, shakarlama, Burme, and others.

Dinner - the ritual of serving dinner at a wedding party. Five boys carry five specially decorated large baskets on their shoulders during the middle of the wedding. They cover the wedding tables with baskets and then place them in front of the bride and groom's table. Family members bring a dinner consisting of sweets, such as baklava and sugar lama, to the bride. The tradition of serving dinner was established in Adjara after conversion to Islam. However, today it does not matter whether a Christian or a Muslim performs the wedding; dinner is an integral part of any wedding. "Dinner consists of baklava and shakarlama. Standard dinner baskets contain 300 pieces of baklava and 80 sugar lamas. Today, chocolates and champagne, or liquor, are also added. The rule is as follows: Dinner consists of five baskets. One of these baskets is a special one—it belongs to the bride and groom; the other four belong to the guests.

New Year tradition - according to the old Adjarian tradition, before the New Year, the family must return any items or money borrowed during the year. A few hours before the arrival of the New Year, a ram decorated with colorful items is brought into the living room, which is considered a symbol of wealth and good fortune. At midnight, as a sign of the continuation of life and joy, the man would go outside and shoot a gun in the air. New Year's table is full of traditional Adjarian dishes: kharcho, halwa, walnut-honey cake, and the necessary attribute of the Adjarian New Year's table - boiled corn. When corn increases in volume during cooking, it is associated with an increase in the number of cells within it. This tradition has been preserved in the villages of Adjara to this day.

Marriage tradition - the most common form of marriage was a transaction. As a rule, parents of the girl and the boy participated in the transaction. Great attention was paid to family origin, wealth, and honesty. The marriage was settled through mediation. As a rule, in the past, they mostly got married without the girl and the boy knowing each other. Their meeting was on the wedding day. Several similar stories have been preserved at the cultural center of Kedi. This is what Lamara Khalvashi, who lives in the village of Kantauri, tells. "The engagement took place without the girl and the boy knowing each other. They got to know each other after the wedding. They had the wedding at night. If it was far, the bride was brought on a decorated horse; if it was close, on foot. The bride had a chador wrapped around her face. The groom had a mask over his mouth, so that no one could see him. The bride was accompanied by two dades (best men). They protected the bride so no one could see them. They used to bring her to the yard, call the mother-in-law, and sing: "Mother-in-law, look out, we have brought you the daughter-in-law to your house. If you look with your eyes, the dog will break your bones." A not-so-common form of marriage was the so-called “sit down”. If a woman liked a boy, she would get up, sneak out of the house, go to the boy's family, and get married. The boy had the right to take her back. This was considered a great shame for a woman. That is why a matchmaker was involved in such a case. Matchmaker was called "Jazi Nene" in Adjara. It was through her that the relationship between man and woman was resolved. In ancient weddings, a competition was often held between the brides and the grooms' accompanying men, featuring dancing, singing, poetry, riddles, and proverbs.

Unique events are held in various regions of Georgia, featuring authentic food, wine, and folklore that showcase the local heritage. Important measures are necessary to preserve the traditions and enrich the culture.

“As competition between tourism destinations increases, local culture is becoming an increasingly important source of new products and activities to attract and amuse tourists. “(Richards, G. 2002). “Foreign travelers’ satisfaction has a positive influence on both their intention to revisit and their intention to recommend” (Nam, J.H.; Lee, T.J., 2011).

Methodology

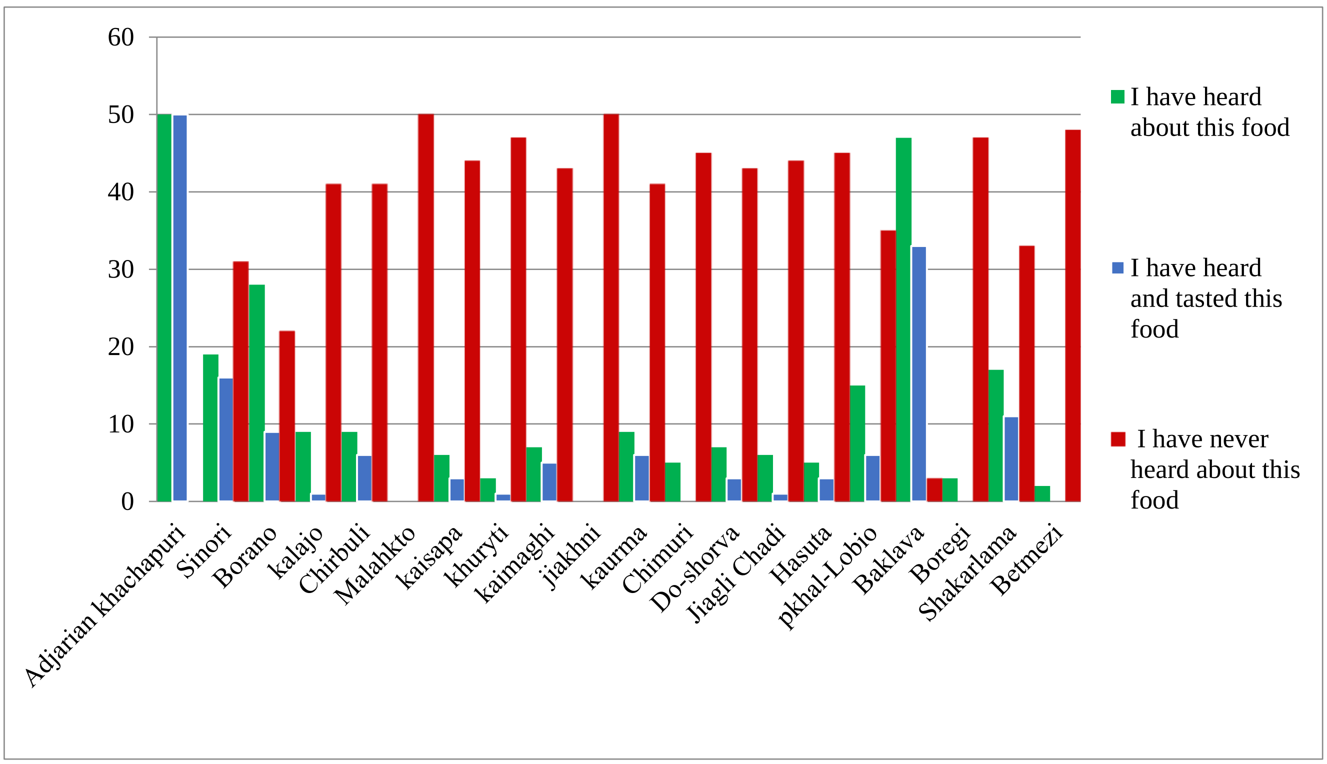
The paper presents a method for experimenting with the local cuisine in the Ajara mountain areas of Georgia. The primary aim of this study was to identify the perceptions of inbound tourists regarding local foods and the factors influencing their choice of local food in the Ajara region of Georgia. In order to investigate the awareness of Adjarian dishes in Adjara, two types of research were conducted:

1) Studying the menus of restaurants in Adjara in order to determine whether Adjarian dishes are prepared and whether Adjarian restaurants promote Adjarian dishes.
2) Surveying the inbound tourists. The questionnaire listed 20 (out of 70) of the traditional Adjarian dishes prepared in restaurants. They had to circle the blank correctly:
a) I have heard about this dish;
b) I have heard and tasted;
c) Never heard of this dish.

Primary data were collected from 76 tourists who visited Ajara by distributing questionnaires. Additionally, an in-depth interview method was employed to gather data from 45 local food vendors. Quantitative and qualitative data were analyzed using both thematic and descriptive approaches.

Results

The questionnaire mentions 20 traditional Adjarian dishes. The green column indicates the number of respondents who have heard of the dishes listed above. For example: Adjarian khachapuri is familiar to everyone; all 76 have heard about this dish. The blue column indicates the number of tourists who not only heard of but have also tasted the dish. For example: 76 out of 76 tourists have heard of Adjarian khachapuri and have tasted it. Moreover, finally, the red column shows the number of dishes that the participants have neither heard of nor tasted.



• Out of 70 Adjarian dishes, only 30 are prepared in the restaurants of Batumi and high-mountainous Adjara.

• Only 42% of Adjarian dishes are prepared in Adjarian restaurants. The rest of the dishes are entirely unknown to the public and are lost.

Conclusions

Based on the outcome, local food has great potential to promote gastronomy tourism.

The study has proven that the variety of local food in the mountainous region of Ajara is diverse.

Moreover, the study revealed that tourists were willing to try healthy, authentic local food. Therefore, this study investigates vendors' perceptions of local food as a tourism product and tourists' intentions, specifically in the Ajara mountain region, Georgia.

Ensuring the constant growth of the quality of life and social condition of the rural population of Georgia, gastronomy tourism should be based on:

1. Diversification of the rural economy by strengthening the agricultural value chain and developing sustainable non-agricultural sectors
2. Development of rural specificity and unique cultural identity.
3. Government involvement in promoting local food, whereas a strategic marketing campaign could be used to bring traditional local food to an international level. Restaurants' environments should be familiar to international tourists while maintaining the authentic features of the restaurants.

Gastronomy tourism has emerged as an indispensable resource, adding value and providing a solution to an increasingly pressing need for destinations to differentiate themselves from homogeneous tourist offerings by presenting authentic products and experiences. (UNTWO, Second Global Report on Gastronomy Tourism, 2017, v. 16). Therefore, Food Heritage can help to achieve the UN Sustainable Development Goals.

New stakeholders are increasingly involved and look forward to developing cross-sectoral and trans-regional collaborations to generate innovative agro-food products and services (Caviccchi & Stancova, 2016).

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FINANCIAL INVESTMENTS – A CONTRIBUTING FACTOR TO ECONOMIC GROWTH

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Abstract. In the context of globalization, investments have a significant impact on a country's economic growth and the employment opportunities available to its population. They are a necessary element of the base on which the economic development of society is based. The problem related to the effective implementation of investments requires serious attention, especially in today's conditions, as the market consolidates and property is redistributed.

Making investments is time-consuming; therefore, the enterprise formulates its investment policy to make the most efficient use of financial resources. The investment policy enables the enterprise to recognize and anticipate long-term economic development trends, thereby adapting to them.

Because investing is focused on the potential for future growth and earnings, there is always some risk. An investment may not generate income or lose value over time. Investing in a company that has gone bankrupt or a project that cannot be implemented is possible.

The viability and growth of any business or socio-economic system significantly depend on a rational investment policy, which can be risky and expensive. This means that investments do not exist without costs; they must incur an upfront fee. At the same time, it is impossible to foresee all the circumstances that may arise for the investor in the future, as there is always some risk involved.

Keywords: Investment, financial investment, investment policy.

Discussion

Investments encompass all types of property and intellectual property acquired by legal entities and individuals for business purposes and other activities, aiming to generate income and achieve a positive social impact.

Over time, the term „investment"gained new meaning and began to be used in various fields of activity. One of its meanings is the long-term investment of capital in some businesses. In business theory, investment refers to a producer acquiring physical assets, such as shares or technical means of production and equipment, which will help the business become profitable in the long run.

Investment refers to any investment, from the financial resources of the largest banks to the speculation of commodity values.

Any action taken to increase future income can also be considered an investment. The future is uncertain, and investments should be made wisely to avoid a financial crisis.

Investment is a process of interaction between two or more parties. When a person buys goods as an investment, the goal is not to consume them but to use them to create wealth in the future.

Investing is always about investing capital today—time, effort, money, or an asset—in the hope of a greater return in the future. For example, an investor may purchase a cash asset now with the expectation that it will generate income in the future or sell it at a higher price later.

An investment is typically a long-term commitment, and it may take several years to recoup the initial investment. An investment is made only after due research and analysis to understand the risks and benefits that may arise.

Economic growth in the country is related to investments. Companies and other entities that engage in sound business investment practices usually lead to economic growth.

Revealing the features of different types of investments and their classification is of great theoretical and practical importance, as it contributes to simplifying investment relations and further refining investment legislation.

There are various bases for classifying investments, as well as alternative approaches to this problem. It is necessary to distinguish between the concepts of „investment“ and „capital investment.” While capital expenditures typically involve the creation of new and depreciated fixed assets (such as buildings, structures, equipment, and transportation), investments also encompass investments in current assets, various financial instruments, and intellectual property. Therefore, considering „capital investments“ as an integral part and form of „investment" is more appropriate. “

When investing, it is possible to use one's funds, funds raised, and borrowed funds in various combinations, which are determined by both internal and external factors.

Investment goals are diverse: purchase of equipment, equipment, and land; construction of production and non-production facilities; purchase of securities, assets, and bonds; raising the level of education and professional qualification; purchase of a license or patent for the release of certain types of products or the provision of services; placement of funds in a bank deposit with a certain percentage; recovery of fixed assets, and others.

Thus, investment involves using capital today to increase its value over time. It requires an investment of capital in the form of time, money, effort, and other resources, with the hope of a more significant payoff in the future. An investment can refer to any means or mechanism to generate future income.

Financial investments are a type of investment. Financial investments are securities, such as stocks, bonds, bank deposits, and other financial instruments, that enable us to earn profits or income.

Financial investment involves setting aside a fixed amount of money and expecting a return on investment within a specified period. Investing in financial assets is a key component of the enterprise's investment activities, which include setting investment goals and developing and implementing an investment strategy.

Planning plays a crucial role in financial investments. Before starting an investment, careful analysis and a focused approach are necessary; all investment plans available on the market should be studied. The pros and cons of the plan should be thoroughly discussed and considered. It is essential to analyze the risk factors before finalizing the plan. Investments should be made in assets that will yield the maximum profit. In financial planning, the competence and professionalism of the manager, who must cater to all investment needs, are essential. A good knowledge of stock market composition and instruments is required from the financial manager. Before investing, it is essential to read the investment document carefully.

Financial investments can be made in various ways, depending on the type of investment. A loan from a bank is a good example of a financial investment, which, if the business is run effectively and the borrowed funds are used as intended, will bring economic benefits to the entrepreneur. The borrower repays the loan on time and without any problems because his income increases significantly, and at the same time, he makes a profit.

There are many types of financial investments. Each is suitable for a specific task—some for rapid capital growth, others for its preservation. Economic investments can achieve any investor's goal.

The organization's financial investments can serve other purposes beyond generating a profit. By investing available funds in financial instruments, the organization strengthens its influence on the market segment in which it operates. Investing in financial instruments can be considered an effective means of diversifying potential risks, particularly across various types of investments. A financial investment is a business transaction that requires strict accounting. Financial accounting involves categorizing all investment operations by their duration. This approach enables us to predict the economic impact of financial operations conducted over a specified period.

Conclusion

In conclusion, it can be said that investment activity is the most crucial element of any economy. In the interconnectedness of the economies of different regions and states, investments in developing and emerging economies can be made at the expense of foreign capital. Capital investments in industry development and increasing the efficiency of a specific sector are potent levers for raising the population's standard of living and economic growth. Both public and private companies and organizations can carry out investment activities. The investment climate in the state shows its attractiveness for capital. The state has a favorable economic development perspective if the financial resources are invested in the country's enterprises to earn income.

The profitability and success of an investment project largely depend on choosing the optimal financing scheme. Therefore, banks and other project financing organizations must play an active role. The most crucial stage in the investment decision process is the quality and timely evaluation of investment effectiveness.

Investments are used in all financial systems worldwide. They provide a business or government with capital to carry out its activities and generate revenue. At the same time, investors also receive some income from the invested funds, usually in the form of interest or dividends.

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BUSINESS ETHICS IN THE WORK OF A PERSONNEL MANAGER

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Abstract. The article is devoted to business ethics in a broad sense, and the authors note that it is a set of ethical principles and norms that should guide the activities of organizations and their members in management and entrepreneurship. It encompasses phenomena of various orders: the ethical assessment of both internal and external policies of the organization as a whole; the moral principles of the organization's members, i.e., professional morality; the moral climate within the organization; and norms of business etiquette, which are ritualized external norms of behavior. According to the authors, public attention to ethical problems forces the heads of organizations to conduct a moral analysis of their activities. From complaints about the elusive and uncontrollable nature of morality, which is common in research on ethics, attempts are made to transform the ethical aspects of an organization's activities into a planned and controlled order, thereby institutionalizing morality.

Keywords: Business ethics, head of the organization, social responsibility, professional ethics

The level of moral development of both an individual and an organization as a whole is currently determined by the orientation toward the universal principles of justice that emerged in the 20th century: equality of human rights and respect for the dignity of a human being as an individual (L. Kohlberg); the principle of reverence for life (A. Schweitzer). In the well-known book by A. Peccei, "Human Qualities," six goals for humanity are outlined, by which the goals of an organization's activities can be verified:

- "external limits" — understanding the problem of the biophysical limits of human existence on Earth, harmonizing the relationship between man and nature;
- "internal limits" — studying the physical and psychological capabilities of man;
- protecting and preserving the cultural characteristics of peoples and nations;
- "world community" — identifying ways to gradually transform the system of egocentric states into a system of coordinated geographic and functional decision-making centers;
- habitat, a general world plan for human settlements;
- production system.

Corporate ethical codes can also be based on other moral principles that have evolved over the past four centuries and that, to some extent, limit the maximum ethical requirements:

The utilitarian principle aims to provide the greatest benefit to the most significant number of people, while the individualistic principle seeks to achieve the long-term interests of each individual.

The introduction of abstract provisions on the values, goals, and philosophy of the organization in corporate ethical codes does not exclude the attitude of the company's management to them as mere rhetoric, while the moral standards that society places on organizations are, as a rule, very high. Corporations are required to address various social issues, including improving the quality of life for employees, protecting the environment, engaging in charitable activities, and enhancing the overall quality of life for all citizens of society.

There is a view that, ultimately, increasing the degree of social responsibility benefits organizations by contributing to the implementation of long-term goals.

PRO and CON Arguments for Corporate Social Responsibility

"**PRO**"

1. Social responsibility balances corporate power and corporate responsibility.
2. Voluntary social responsibility avoids the need for government regulation.
3. The public approves of organizations responsible to society, which ultimately contributes to their success.
4. By acting accordingly, an organization helps society solve its problems.
5. Social problems created by organizations, such as environmental pollution, should be solved by these organizations.
6. Organizations strive to accumulate resources to address significant challenges.
7. Organizations have a moral obligation to contribute to the betterment of society.

"**CONTRA**"

The price of such behavior is a decrease in corporate revenues and an increase in the cost of its products to the consumer.

1. A company heavily involved in social responsibility may be pushed aside in the competitive struggle by other companies.
2. The price of social responsibility may be lower wages, lower dividends, or higher prices.
3. Acceptance of social responsibility may mislead members of the organization regarding its primary
4. goals.
5. Acceptance of social responsibility may reduce an organization's power.
6. Responsibility for social problems lies with individuals, not corporations.
7. Corporate leaders are not trained to solve social problems.

The contradiction between what should be and what is in business ethics, which is specific to moral

consciousness, thus follows from the objective contradiction between the moral and ethical goals of the organization and its main goals - achieving success and profit. Ethical principles often fail to withstand the collision with reality. Ethics is often taught by those who are not engaged in business, do not manage others, and lack practical experience. Conversely, those who manage sincerely consider ethics to be a useless and abstract science.

The general basis of professional ethics is understanding labor as a moral value, as opposed to the Old Testament idea of labor as a punishment or a curse. Values are ideas about what is due, "the concept of what is desired" (according to Parsons). This area of human consciousness is most challenging to regulate externally and depends on individual preferences. A person is forced to work regardless of whether he considers work to be valuable, although he can avoid such a fate, like Socrates, who, as is known, considered leisure to be the most critical asset of a person. Labor becomes a moral value if it is perceived not only as a source of livelihood ("If anyone does not want to work, neither should he eat," wrote the Apostle Paul in the Second Epistle to the Thessalonians) but also as a way of forming human dignity.

The professional ethics of Protestantism poses and solves traditional ethical problems based on the assertion of the moral value and even sanctity of professional work: the problem of moral choice turns into the problem of choosing a profession, the so-called problem of calling; the problem of the meaning of life becomes the problem of the meaning of professional activity; moral duty is considered as a professional duty; moral responsibility is refracted through professional responsibility, the professional qualities of an individual receive an ethical assessment. The word "profession" (Latin: I declare it my business) means that work is a limited sphere of activity that requires specific training for each person. Several factors determine the choice of a profession: the presence of abilities and an individual inclination to a particular type of activity, high pay, the prestige of the profession, family traditions, and social environment - and can become decisive, and the concept of "calling" is a synthetic characteristic expressing the degree of satisfaction with one's work. Max Weber defined calling as a way of thinking in which work becomes an absolute end. However, such an attitude towards work is not a natural characteristic of human nature. Nor can it arise directly from high or low wages; such a direction can only develop due to a long education process."

The concept of "vocation" in its secular meaning was first used by Martin Luther when translating "The Book of the Wisdom of Jesus, the Son of Sirach." Here, there is no talk of a free choice of profession and responsibility for this choice, which is divine providence. For Luther, the attitude to work as a vocation is opposed to meaningless ascetic monastic exercises. "Everyone must be obedient to the work with which the Lord has punished him." However, a vocation is not only resignation to one's fate, but above all, conscientious work and responsibility for one's attitude to work lie entirely with the person. From this point of view, there is no fundamental difference between the work of a capitalist, an employee, an administrator, a manager, and anyone else. The definition of vocation undoubtedly contains an irrational element, which gives the profession an ethical meaning. Vocation simultaneously characterizes the choice of a profession from the perspective of its significance to a person. It sanctifies the choice by orienting it toward an absolute, external individual consciousness. In the 16th century, it could only be attributed to God's providence; in the 20th century, it is rooted in universal humanistic values.

Individual morality in the professional sphere also presupposes an awareness of professional duty.

The original content of this ethical category, historically formed within the framework of Protestant ethics, although it differs from the content in secular ethics, is nevertheless deeply connected with it by the requirement of self-denial. In contrast to monastic asceticism, Protestantism affirms the principle of worldly asceticism, decisively rejecting the immediate enjoyment of wealth. This ethic received its most consistent embodiment among the followers of Calvin in England - the Puritans, who condemned empty chatter, excesses, vain vanity, and sleep exceeding the necessary time as unforgivable activities and considered the useless waste of time a grave sin. Without accepting the extremes of Puritan asceticism, which border on hypocrisy, it should be acknowledged that achieving success in any profession is inevitably associated with certain self-restraint, without which professional self-realization is impossible. Self-restraint is characterized by the desire to cultivate qualities such as discipline, organization, honesty, efficiency, perseverance, and self-control. In the 16th century, followers of the practical ethics of

Calvinism were called Methodists for creating a strict method of all behavior, which pursued two goals: liberation from irrational instincts, the influence of nature, and the world of things, as well as subordination of life to a planned desire; and constant self-control and active self-control. If the categories of calling and professional duty express a person's attitude toward their work, then the problem of the meaning of professional activity is generated by the interaction of people in society, and in a simplified form, can be formulated as the question, "For whom should a person work?" Answer options: 1) for the benefit of future generations; 2) for the sake of oneself and one's material well-being; 3) for other members of society. Adam Smith presented the interaction of personal and public interests, regulated by market mechanisms, as follows:

We do not rely on the favor of the butcher, the baker, or the farmer, who wishes to get dinner, but on their interest. We appeal not to their love for their neighbor, but to their egoism. We do not speak about our needs, but always only about their benefit.

In other words, objectively, any demanded activity in bourgeois society considers someone's interests in one way or another, but indicating the addressee of the activity cannot give it moral meaning. Only awareness of the universal, general cultural significance of the goals set, no matter how abstract, idealistic, or unattainable it may sound, makes professional activity morally meaningful.

The professional ethics of a human resources manager encompasses all the listed principles and categories, but has specific features in terms of the form and content of the activity. Any decisions made by a personnel officer are burdened with the responsibility for the fate of others. Strictly speaking, representatives of all professions that involve a person as an object of their activity (e.g., doctors, teachers, lawyers, journalists) bear such responsibility. However, it is the manager who is responsible for implementing the professional capabilities of employees, their career development, and, consequently, their social status.

Moral and business qualities of people become the object of professional activity for the HR manager:

- Purely professional qualities - professional skills, work experience, knowledge of foreign languages;
- Moral and psychological as professional - purposefulness, endurance, honesty, integrity, dedication, exactingness;
- Moral - kindness, responsiveness, humanity, dignity, respect for others, decency, generosity, courage, justice, and conscience.

Evolution of professional ethics of a personnel officer in the 20th century.

The emergence of personnel management specialists is associated with the implementation of the principles of scientific organization of labor, which sets itself the task of utilizing all workers as efficiently as possible within the framework of a highly organized, high-tech production. A person, from the point of view of this doctrine, the “X” doctrine, was considered a cog that another person could replace if the use of the first became economically ineffective. The corresponding attitude towards an employee on the part of personnel services is that the average person prefers to be managed, tends not to take responsibility, has relatively low ambitions, is often perceived as lazy, and seeks a safe environment. He must be prepared to perform a strictly defined professional role and, if possible, minimize social conflicts and other negative phenomena that can affect labor productivity or increase production costs. The second wave, or revolution in personnel management, was characterized by the humanization of production relations, with personnel services focusing their attention on human relations. The second ethical doctrine of personnel work, the “Y” doctrine, treats a person as an employee who must be motivated in every possible way, create appropriate conditions for him so that he can work effectively, introduce him to the general values of the organization and, due to this, achieve the maximum economic effect. Responsibility and obligations regarding the organization's goals depend on the reward for the work's results. The most crucial reward is satisfying the need for self-expression and self-actualization. The differences between these doctrines are reflected in the theory “X” - “Y” developed by D. McGregor.

The last third revolution in work with personnel was associated with Y. Ouchi’s “Z” concept. It consisted of the goal of personnel work to use human resources as effectively as possible. Human potential becomes one of the most critical factors of entrepreneurship. From this perspective, the tasks of personnel services are to promote the maximum development of entrepreneurial activity among all employees, creating favorable conditions for this to occur. In organizations of the “Z” type, moral regulation mechanisms are consciously and systematically applied: interest is shown in a person as an individual, not just as an employee, and considerable attention is paid to informal relationships. While orienting personnel to work on the main productive goals of the organization, the HR specialist should not overlook the organization's ethical values and the highest principles guiding its activities. K. Hodgkinson, a professor at Oxford University, identifies four main administrative misconceptions about values:

- Naturalistic fallacy - distinguishes between facts and values. “It is impossible to know what should be from what is,” and what cannot be said, one must remain silent about;
- Homogenetic - equalization of values, while values are hierarchical;
- Remove the source of value conflict from the manager’s sphere of attention;
- Militaristic - separation of the organization’s goals from the means of achieving them.

According to K. Hodgkinson, a good leader is distinguished from a bad one, a strong one from a weak one, by the ability to regulate value conflicts, analyze information, identify the motives for the activities of both oneself and subordinates, determine value priorities and take them into account when making management decisions, relying not only on one’s intuition but also on logical analysis.

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GREEN FINANCING

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Abstract. In the paper, the traditional concept of “green” finance is represented by the fundamental idea of “flora financing,” which refers to the use of monetary resources in various forms and initiatives to conserve and develop flora.

Flora financing refers to financial efforts aimed at mitigating and eliminating harmful elements and occurrences that impact the climate and natural environment. All of this should be executed at all levels of the economy, based on the prudent use of financial instruments.

Considering financial instruments, initiatives for protecting and regulating climate change and environmental pollution should be prepared in accordance with the criteria of current international climate and sustainable development agreements.

Flora finance projects should be developed and implemented in accordance with state financial policy, which is a set of measures designed to reduce environmental pollution and mitigate climate change, as well as the flora finance policy developed by international organizations.

Flora credit is part of Flora Finance. Flora credit is money granted by legal companies and individuals for flora conservation and enhancement efforts that must be repaid after a set period.

Flora crediting is classified into several categories, including short-term and long-term, interest-bearing and interest-free, as well as commodities and monetary. Flora crediting usually operates only when specific general guidelines, known as flora credit principles, are followed. Flora Credit's fundamentals are purposefulness, collateral, maturity, repayability, and interest. In addition to the principles stated above, proper regulatory mechanisms should be employed based on the kind of credit. All of this should be reflected in the state's credit and monetary policies.

Keywords: “Green Financing”, “Flora Financing”, “Financial Projects”, “Flora Crediting”

Introduction

The fundamental concept of flora financing should replace the conditional notion of green finance, which, in its practical implementation, has a significant impact on improving the natural environment, as well as protecting and enhancing flora.

The paper examines financing and credit for flora, as well as various lending types and concepts. This should be reflected in the state’s financial and lending policies for its flora. The rational functioning of this policy will play a significant role not only in protecting and improving the natural environment, but also in conserving and rationally managing flora.

Green Financing

The term “green” financing is a conditional concept. Understanding it is challenging unless its definition is first examined. In one case, “green” in finance may refer to green-colored banknotes, while in another, the instruments and objects of its implementation do not necessarily possess a green color. Therefore, to overcome this conceptual ambiguity, it seems appropriate to replace the conditional term “green” finance with Flora Finance.

Flora financing refers to the financial resources allocated through various instruments and projects aimed at protecting and enhancing flora. More specifically, it encompasses investments and other financial mechanisms dedicated to implementing environmentally sustainable, energy-efficient, and low-carbon initiatives. The study of flora finances can be conducted not only to protect and develop the natural environment, but also for the efficient use of limited resources. Thus, problems concerning the origin, distribution, and use of flora financing, as well as the economic relationships developed throughout the process of origin, distribution, and use of flora financing, should be explored.

Flora financing, which involves financial projects aimed at mitigating and eliminating negative factors and phenomena that affect climatic conditions and the natural environment, should be implemented at all levels of the economy, based on the rational use of financial instruments.

In our opinion, the financial instruments currently in force — such as bonds, credits, preferential financing, mortgages, and subsidies — are irrational and less effective, as they do not explicitly reflect the proportional contribution of individuals and legal entities to environmental pollution. A more rational approach would involve incorporating fines as an additional financial instrument. Furthermore, a substantial ecological tax should be imposed on individuals and legal entities in proportion to the extent to which they pollute the natural environment and contribute to climate change, with their access to financing adjusted accordingly.

It is widely recognized that the emergence of flora financing instruments has been driven by a range of factors, including the following:

- Climate change;
- Implementation of economic security measures aimed at reducing environmental pollution caused by the expansion of extractive industries and the inefficient management of natural resources;
- Development of a low-carbon economy;
- Protection of natural resources and biodiversity;
- Introduction of efficiency mechanisms in production;
- Ensuring a healthy oceanic ecosystem, among others.

For the rational regulation of all the aforementioned aspects, climate and environmental protection projects must be developed, taking into account the use of financial instruments. These projects should align with the objectives of international agreements in the fields of climate action and sustainable development. National governments and international organizations should recommend the criteria for projects eligible for financing. Such projects may be implemented in various sectors, including waste management, energy, construction, industry, transportation, water supply, agriculture, biodiversity conservation, and environmental protection.

The development of flora financing initiatives should be consistent with national policy on flora financing, which means adhering to a set of regulatory procedures aimed at mitigating climate change and lowering environmental pollution. These initiatives should consider the unique aspects of flora finance, as well as the diverse range of financial services and connections. Furthermore, the public should be well-informed on flora financing policies and initiatives.

For the actual execution of these programs, skilled individuals must be trained, ensuring that businesses realize the considerable benefits of investing in flora financing. Flora financing programs, focused on addressing climate deterioration and environmental pollution, should be implemented at the corporate, national, and international levels, with a particular emphasis on small and medium-sized enterprises.

In 2013, Georgia established the Environmental Information and Education Center, a public law entity under the Ministry of Environmental Protection and Agriculture of Georgia. The center's primary objectives include:

- Promoting environmental and agricultural education and raising public awareness;
- Organizing public discussions and ensuring public participation in environmental decision-making processes;
- Facilitating access to environmental and agricultural information.

According to the latest reports on sustainable finance from the National Bank of Georgia, Georgian companies have actively started issuing green, social, and sustainability-related bonds. As of August 2023, the volume of such bonds in the local market had reached $188 million, a twofold increase compared to the previous year.

Since climate change and environmental pollution are not problems faced solely by individual firms or states, the financing and implementation of flora finance projects are also supported by international organizations on a global scale.

Last year, Special Insights 8 Consulting estimated that the global green financing sector was worth $4.18 trillion. This value is expected to reach $ 28.7 trillion by 2033, significantly reducing environmental pollutants and mitigating climate change.

Flora credit is part of Flora Finance. Flora credit is a loan used to improve environmental conditions while conserving and enhancing flora and fauna. This requires payments over a specified period of time. Flora credit may be classified into several categories, including short-term and long-term, interest-bearing and interest-free, commodity, and monetary.

Flora Credit's proper operation requires adherence to certain general principles known as the Flora Credit Principles. Without adhering to these principles, it is impossible to conduct regular Flora Credit activities, which are essential for the proper functioning of the economy.

The following loan principles can be identified: purpose, collateral, maturity, repayment, and interest rate. In addition to the criteria stated above, proper regulating mechanisms should be implemented based on the kind of flora credit issuer and the type of credit. This should be reflected in the state's credit and monetary policies.

Conclusion

“Green financing” is a conditional notion. Instead, an accurate definition of flora financing should be employed, which refers to financial resources used in the form of various instruments and programs for the conservation and enhancement of flora.

The government should implement a flora finance policy, a set of regulatory policies designed to minimize environmental pollution and mitigate climate change. This strategy should be implemented at all levels of the state, with a focus on small and medium-sized firms. Meanwhile, international organizations should implement flora financing programs on a corporate, national, and worldwide scale.

Flora credit is part of Flora Finance. Flora credit may be classified into several categories, including short-term and long-term, interest-bearing and interest-free, commodity, and monetary.

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MANAGEMENT ISSUES AND SOLUTIONS IN GEORGIAN BUSINESS

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Abstract. The paper discusses the role of management in business functions. A well-planned strategy, implemented and led by a professional team, is always the key to business success. It is essential to remember that the controls we remove can compromise the system's stability. Managing quickly, creatively, and innovatively in the face of global change is necessary. Managers have been given incredibly challenging exams during a pandemic that was virtually impossible to predict or prevent. Moving to a new, remote management model required considerable effort and prompt action, for which most organizations weren't prepared. In addition to these operations, it was necessary to mobilize significant cash flows in this technical field to modify the online mode. In recent times, the pandemic presented a considerable challenge, which ultimately upended existing and long-established methods, resulting in changes to management structures and a shift to online operations. This transition necessitated fundamental changes in structure, the distribution of responsibilities, and other key aspects. However, some people prefer to make decisions independently, whether they want to work from home or in an office. There has been a growing demand for online work since the 1990s. Most employees objected to this condition, but their attitude changed entirely after a year. Companies were obliged to analyze whether it would be better to stick to the hybrid model for positions that could be online even after the pandemic.

Keywords: strategy implementation, impact of the pandemic on management, governance, governance systems, control.

Introduction

Georgia has been able to restore its statehood for just thirty years. Suppose we examine the recent past and the problems the country faced. In that case, it is easy to discern that there would have been little to no progress in business development, especially considering that we were a member of the USSR. It was tough to think about capitalism and business development in general.

One of the most critical factors for business development is the control and selection of the appropriate management.

Discussion

The biggest problem of Georgian business is management. Assembling a professional team and establishing trust remain challenging tasks. Most Georgian entrepreneurs still believe that, instead of hiring skilled personnel, they should employ trusted individuals from the local community, which is detrimental to their business.

Georgia lacks a long history of business education; consequently, the country also suffers from a shortage of professionals.

Poor management is the main reason companies fail, not only in Georgia but worldwide. Improperly delegated responsibility and power create additional complexity in business.

Current global problems have a significant impact on companies, so it's essential for management to quickly adapt to changes in the governing structure and align with modern times.

In recent times, the pandemic presented a significant challenge, ultimately upending existing and long-established methods. The management structure changed, and most businesses transitioned to an online mode, necessitating fundamental adjustments in their organizational structure, distribution of responsibilities, and other key aspects. However, some people prefer to make decisions independently, whether they want to work from home or in an office. There has been a growing demand for online work since the 1990s. Most employees objected to this condition, but their attitude changed entirely after a year. Companies were obliged to analyze whether it would be better to stick to the hybrid model for positions that could be online even after the pandemic. After the survey, large organizations decided to leave 60 to 70 percent of their box offices in this mode, as this would significantly reduce their expenditures, including utilities, rent, and other related costs. However, there was a need for a new system that would facilitate the easy management and control of online-working staff. It was necessary to create specific programs and provide funding for technical equipment, but this was still a one-time expense and ultimately cost less than the financial support for office workers.

Unfortunately, many companies were unprepared for such a problem, which led to severe management issues and put the future of many businesses in doubt. Considering that the majority of management teams in companies and organizations in Georgia are comprised of local specialists, we adopt this approach.

We believe it's essential to have proper governance systems and implement them effectively within organizations. As a company grows, it's necessary to review the system and adapt it to its reality. The four primary functions of management are implementation, organization, leadership, and control.

At the implementation stage, goals are defined and a strategy is developed. It is essential to have the correct set of goals and strategies in place. Often, a mistake made here diverts the company to other tracks, causing it to miss its original aim. In this case, management must react quickly and adequately to explore a way to a new goal. The reality is that most managers make important decisions without considering the alternatives, which is a mistake that can lead to a company's collapse due to untargeted spending of funds and a deviation from the set goal. If the strategy processes are implemented, it will be possible to translate the strategic plans into action. Reviewing the chosen strategic plan to eliminate mistakes promptly and periodically is necessary. It would also be beneficial if the strategies were broken down into criteria based on the company's specific needs, such as operational and corporate strategies.

We believe that appropriately delegated rights and duties are the key to success. But that's the Achilles' heel for managers. Currently, Georgia faces a shortage of qualified personnel, making it even more challenging to assemble a well-equipped team. Based on reality, managers have to hire unqualified and inexperienced people and retrain them. On the one hand, employing such personnel is much cheaper, but on the other hand, the length of the training process and the associated financial costs can be problematic.

Suppose the manager does not have the opportunity to recruit personnel according to their positions and must combine several duties with one personnel member. In that case, it is hard to achieve success. No matter how low-budget this approach may be, it will ultimately fail. It's significant to create a system that will increase employee motivation. Leaders must never forget that their success depends on the honest and effective performance of the duties assigned to their employees. It is recommended that such events be conducted in organizations that will enhance the effectiveness and benefits of employee work. The manager must be an unconditional leader and be able to delegate the work process properly. He should be a motivator and show the function of an initiator. He should be well aware of his team's abilities to delegate tasks as correctly as possible, taking into account the capabilities of team members, for the results of his work to be effective and profitable.

For control, it is necessary to observe how correctly the tasks are performed, how well they fulfill their assigned duties, and whether they are being fulfilled adequately. Control needs to be implemented at all levels. Inaccuracies and errors discovered at the final stage can be fatal for the company. That is why control is one of the most essential functions. Comparing strategy to actual processes is a crucial element of management, and with the appropriate governance, many problems can be identified and their immediate impacts can be mitigated. For example, if it turns out that the actual process is irrelevant to the planned strategy, or a predefined plan is not working effectively in reality, and is not leading to the desired goal, and so on.

The state's approach to governance issues and its priority approaches are noteworthy. Based on the resources available in Georgia, private businesses are primarily categorized into small and medium-sized companies, considering their respective capabilities. The government has taken specific steps, introducing tax incentives to help companies thrive. Several projects were implemented, including "Enterprise Georgia" and "Promotion of Green Economy in Eastern Neighboring Countries," among others. These projects aim to financially strengthen Georgian enterprises, which will have a corresponding impact on the country's economic progress. An entrepreneur facing financial problems will devote more time to internal management problems, focusing on highly qualified personnel, which will ultimately affect the achievement of the goal and the progress of the business.

In our country, companies often fail to align their strategies with reality, resulting in significant problems. In our opinion, a control mechanism should be implemented and used from the outset.

Summarising all the above, we can conclude how to solve the management problems of companies in Georgia. The primary issue is the lack of effective strategies. Unfortunately, finding a company with a written strategic plan has become difficult. It primarily exists verbally in the company, and you can hear a thousand interpretations of it, but not on a documentary level. It is essential to define the strategy immediately after the organization's creation and make it accessible to all employees. They must be familiar with the company's goals and mission and understand their role within it. The lack of communication between the upper and lower links leads to chaos and misdirection. The managers of most companies operating in Georgia often overlook the structure and do not consider it a key factor in the company's success. This is related to the primary shortcomings and management problems. One manager can't lead two or more critical tasks because none will perform well. The staff in the organization cannot perceive the unity of the organization, which is why employees struggle to understand that their function is part of a specific task and that they are not only responsible for one particular assignment but also for the overall performance of the task to which they contribute. This is difficult for many people to understand, ultimately damaging the overall cause. Progress will not be achieved if self-awareness is not raised and the staff does not know that this system functions as a whole, rather than being divided into separate functions. Some companies have a well-defined and qualitative structure, with clearly defined functions, but their specific tasks are often vague. Often, employees are aware of their duties, but they lack an understanding of the responsibilities they entail. The cadre cannot be outcome-oriented if they are unaware of their rights and obligations. From the outset, the cadres' assigned duties and responsibilities should be defined explicitly and in writing.

The role of innovation in business development is essential. Innovation is the usage and realization of scientific achievements in material or non-material form. We believe the instillation and actualization of innovative management are vital for our country.

Most businesses in Georgia are not thoroughly analyzed: what path they are taking, where they are headed, what perspective they have, what they need to change, and what they need to strengthen, among other things. This is why businesses often move with inertia; most of them cannot advance to the next stage of development and remain stagnant. They are not focused on innovation, including the introduction of new ideas, the creation of new directions, and the development of new products. Every product has a life cycle that is often overlooked and receives little attention. They go with the flow of life, mainly on the principle of "as long as it lasts," and do nothing to introduce innovations. There is virtually no training process in the organization, and very few companies periodically retrain staff, educate them on new developments, and enhance their level of expertise. For some reason, business ethics haven't gotten to the point where professionals bring more to the business. However, another factor here is the competitiveness of the conditions and payments for professionals. Many managers prefer to have low-skilled and inexpensive staff, yet undemanding, but the profitability of this approach for the business is a controversial issue.

Conclusion

Under market economy conditions, considerable work remains to be done in operating organizations in Georgia to improve their management systems—this is evident.

Current events and increasing knowledge in the fields of management, taxation, law, and other legislative changes give us hope that business management approaches will continue to improve and become key to economic growth.

In our opinion, the association agreement, which imposes certain obligations on the state of Georgia, also presents a favorable condition for addressing specific business issues. Within the framework of the Association Agreement, the "Labor Safety Law" was tightened, the Institute of Accredited Specialists was established, and the Labor Law was amended, among other measures.

Suppose most Georgian businesspeople do not realize that their businesses depend on the people they hire, from high-level managers to service staff, and therefore do not prioritize their employees' satisfaction. In that case, there will be no systematization, progress, or success of Georgian businesses.

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EU REGIONAL POLICY AND NON-EU COUNTRIES

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Abstract: Significant disparities have emerged among member states and regions since the onset of the European integration process, particularly with each successive enlargement. In the early models of European regional investment, resources were concentrated on large-scale infrastructure projects, especially transportation networks and public utilities. The EU's willingness to finance projects beyond individual regions illustrated a practical expression of solidarity in building the European Union. These initiatives were primarily funded within a national context; no comprehensive European vision addressed regional issues, resulting in the absence of a distinct regional policy for the Union. It later became clear that strategies needed to be more extensive to promote sustainable economic growth and employment in disadvantaged regions. While infrastructure continued to be essential, an increasing need for investments in research, innovation, training, marketing development, and more emerged. Numerous innovation programs were launched during these years, further affirming the EU's commitment to investing in people through training and adapting to the evolving needs of the labor market amid technological advancements.

Keywords: Regional policy, EU countries' experiences, comprehensive strategies, innovation programs, and technological development.

Introduction. Throughout the 1990s, a growing awareness emerged of the need to combat the environmental consequences of economic growth. Cohesion policies were also intended to bring present and future generations closer together. Regional strategies were designed to ensure that production growth and employment did not conflict with environmental protection and that businesses and other economic actors were held directly accountable for the damage they caused. The polluter-pays principle was thus implemented in legislation, and European regional programs provided the necessary financial support.

The 1990s are known as an era in which, due to a prolonged period of economic restructuring, social disparities between groups became more pronounced, with particularly adverse effects on marginalized groups. Combating social exclusion was necessary to prevent the goals of cohesion from being undermined.

The result was a refinement of regional policies, recognizing that unequal access to opportunities would undermine growth. European policymakers adopted laws to address socio-economic challenges, ensure better value for money, and support the EU in coping with the diverse economic and social situations following enlargement. Integrated programs ensured growth and the development of new skills, while also attempting to involve local communities, protect them, and enhance their living environment.

Discussion

1. The current EU model for integrated regional development. Today, European regional policy has three main directions. First, there is an emphasis on promoting economic convergence to help less developed regions, primarily located in the new member states, narrow their economic gap with more developed countries. Second, broad measures are aimed at improving regional competitiveness and employment. The third category of strategies aims to promote cooperation between regions and countries, thereby reducing the economic significance of national borders.

There are also three primary funding sources, which were established at different times during the EU's development. The European Regional Development Fund (ERDF) focuses on initiatives that promote economic growth, employment, and competitiveness, including investments in infrastructure. The Cohesion Fund focuses primarily on transport and environmental infrastructure, including renewable energy sources. Thirdly, funding under the European Social Fund is directed towards investments in human capital, particularly in education and training.

2. The main objectives of modern regional policy. Supporting growth within the Lisbon Strategy: Under the Lisbon Strategy, an agreement was reached in 2010 to make economic growth and job creation the highest priority of EU policy. EU ministers adopted this strategy to make the EU the world's most competitive and dynamic knowledge-based economy. It included a timetable for reviewing and monitoring various sector strategies to continue the EU's progress towards achieving competitive employment levels, economic growth, and increased research expenditure, among other objectives, by 2020.

In 2005, a new emphasis was placed on promoting innovation and prioritizing growth and job creation, with regional policy at the center of efforts to improve the EU’s competitiveness. Increasing levels of innovation are crucial for helping European companies, as well as enhancing employment opportunities in Europe.

Regional policy is no longer viewed as a mechanism to help regions reach the EU average, although this aspect remains essential. Competition among world market regions is intensifying, with successful regional economies emerging as significant players in global production networks.

“EU regional policy is now a policy that identifies and targets opportunities for the future, mobilizing under-utilized potential rather than compensating for past problems.”

3. Reforming the process of developing and implementing strategies for regions. EU regional policy is a continuous review and adjustment process to ensure it remains relevant in a changing world. The last reform, which took place in 2016, was based on four main areas: developing the “knowledge economy”; decentralizing more responsibility for the management and financial control to Member States and regions; simplifying and accelerating procedures; developing the potential of each European region while focusing on the resources of the weakest ones.

4. Addressing climate change and sustainability. Sustainability, i.e., achieving a balance between economic, social, and environmental priorities, has long been considered a core principle of EU regional development policy. Let us consider four main ways of orienting regional policy towards solving ecological problems: by directly investing in environmental infrastructure, particularly in wastewater treatment plants; by ensuring that Strategic Environmental Assessments (SEAs) are carried out for relevant programs; by ensuring that environmental impact assessments are carried out in the preparation of all significant projects; by stimulating the participation of representatives of environmental groups and agencies in the design and monitoring of programs. Total European support for environmental investments (both direct and indirect) from 2017 to 2023 amounts to €105 billion, representing 30.4% of total funding.

Climate change is a significant challenge and a business opportunity. The diversity of landscapes and climates among the participating countries is striking. While 7% of the population lives in areas at risk of regular flooding, another 9% live in areas at risk of drought.

The regional programs aim to take a balanced approach that protects natural resources by utilizing renewable and alternative energy sources, including wind, solar, and biomass. They also develop modern technologies that give European companies a commercial advantage over their overseas competitors. Smart investments in environmentally sustainable technologies can enable Europe to meet its emissions targets and modernize its production capacity. Recent innovations in individual programs have included eco-auditing to ensure the final impact of carbon emissions is neutral.

5. ***Leveraging regional and local resources and skills: Innovation often comes from smaller companies with local knowledge***. However, broader collaboration within relevant networks can achieve even more significant gains. The Regions for Economic Change initiative (RfEC) encourages local and regional networks in the public and private sectors to share best practices and experiences, facilitating learning and the implementation of change. The Regions for Economic Change initiative, launched by the European Commission in 2016, aims to enhance the capacity of cross-regional and city networks to test innovative policy ideas and integrate them rapidly into regional policy frameworks. The essence of EU membership lies in more significant political and economic convergence. Recognizing the importance of diversity, the EU aims to capitalize on new opportunities by fostering closer ties among local communities. Many challenges cannot be contained within standard administrative boundaries (at the national or regional level) and, therefore, often require a coordinated, joint response from multiple regions or countries, leading to the creation of new forms of cooperation.

In 2018, the Commission presented a new discussion paper on territorial cohesion, arguing that the EU's territorial diversity is a strength that can contribute to its sustainable development.

6. ***Bringing Member States closer together through transport.*** Around 22% of EU cohesion policy resources are allocated to investment in transport projects, reflecting the significant contribution of modern, efficient transport links and distribution systems to economic success and social development. Regional programs are designed to achieve ambitious connectivity targets in all areas of the transport network. They provide new investment in roads, rail, and maritime transport. They focus on developing sustainable public transportation systems in cities, creating improved transportation conditions for residents. For landlocked countries, European regional programs offer a unique opportunity to look beyond national borders and promote investment in transport networks that make economic sense.

7. **Balancing urban and rural development**, which includes all regions regardless of geography. European regional development programs acknowledge the distinct challenges facing cities and rural areas, and propose various yet interconnected solutions.

The European URBAN Community Initiative was launched in cities in the mid-1990s to create opportunities for innovation in policy development. These programs focused on strong local partnerships, improving local ownership, and addressing issues that negatively impacted the city's quality of life. They were complemented by networking through the 'URBACT' program. From a small pilot project, this methodology for sustainable urban development has become a key component of the primary strategy since 2017.

In rural areas, the approach has long been to support companies and local communities where agriculture cannot guarantee prospects.

One of the challenges in implementing the strategy for improving territorial cohesion is ensuring that administrative and institutional capacities are in place at the appropriate level, aligned with the levels and scales at which problems need to be addressed. The relevant territorial scale can vary from inner-city to large cities, river basins, and mountainous areas. For general reasons, there is a clear need for greater coherence between European strategies with a territorial impact, including regional policy and strategy in transport, agriculture, environment, employment, competition, and research.

8. ***Demonstrating solidarity in the face of natural disasters.*** The EU Solidarity Fund, established at the initiative of the Commission in 2012, assists Member States and candidate countries in restoring infrastructure and services following a significant natural disaster. It is one of the most concrete demonstrations of solidarity between Member States in times of urgent need. Between 2014 and 2019, the Fund provided funding to 18 Member States on 34 occasions, with a total amount of € 700 million made available in response to emergencies.

9. ***Integration through financial solidarity.*** In the context of negotiations aimed at EU accession, countries can count on preparatory assistance, depending on their economic situation. Such assistance aligns with the EU's regional policy model, which supports economic development and the improvement of infrastructure and administrative institutions. In December 2015, €160 billion was allocated for regional development programs in 12 new member states for the period 2017-2023. This represented an almost threefold increase compared to the previous period, and budget revenues equivalent to 3.2% of the country's GDP. The new member states had to work hard to develop their capacity to spend these resources effectively. The scale of this task is considerable, although the initial results have given some hope.

10. ***Building strong administrations and institutions***. Economic growth depends not only on investment but also on effective mechanisms for managing development programs, with due attention to the efficient management of public resources. This requires a functioning and reliable administrative system, as well as a transparent legal framework. The new system for implementing EU regional policy from 2007 to 2013 includes support for specific programs to create conditions for administrative reform and train civil servants in the latest management methods.

11. ***Providing funding together with technical assistance (JASPERS)***. One mechanism for assisting new member countries is to develop effective programs and complete all financial and technical stages before approval. JASPERS (Joint Actions for Support Projects in the European Regions) are opportunities that combine contributions from the European Commission in the form of funds to enable the involvement of experts and other staff from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development.

European regional policy provides vital investments at the local and regional levels. This is especially important given the recession that began in 2008. One of the main assets of the EU regional policy is its flexibility in adapting to changing conditions.

The need for forward-looking, adaptable strategies has never been more evident in the current global economic downturn. European Regional Policy provides a stable, secure, and targeted source of funding that can be used to stimulate economic recovery.

12. ***Utilize flexible and innovative funding mechanisms to support small and medium-sized enterprises (SMEs).*** Regional development in Europe benefits from a wide range of diverse funding options. The primary funding sources are the European Regional Development Fund, the Cohesion Fund, and the European Social Fund. Still, other mechanisms are related to raising capital and different types of funding. Projects, especially those that can generate revenue, are increasingly financed through grants, loans, or other financial instruments, such as equity participation.

The economic framework conditions are of critical importance. On the one hand, the European experience clearly shows that a level playing field for businesses and other financial actors, which is ensured at the European level within the Single Market, is fundamental to the success of the European economy. According to the second observation, the success of growth strategies largely depends on their interaction with individual national strategies, which are closely tied to specific sectors, taxation, and the labor market. Adequate macroeconomic conditions and a favorable microeconomic environment, including regulatory conditions and a business climate, are prerequisites for effective strategies to help lagging regions. If national strategies encourage regions to remain stagnant, then development becomes a struggle against higher authorities. There is a need for tailored strategies with a mix of appropriate measures. EU experience has demonstrated the importance of regional and local knowledge as a key factor in achieving sustainable development. Programs should be carefully tailored to the specific needs and aspirations of the region in question. Many potential actions can be taken, so providing the right mix from the outset is vital.

While prestigious investment projects have their place and can be an essential starting point or catalyst for future benefits, the EU experience tends to support the view that the most critical factor in economic growth is investment and innovation in small and medium-sized companies.

The importance of stable budgets and coherent programming. The European Union's seven-year budget cannot be overestimated for the success of regional policy. It provides stability by promoting investment in long-term projects, aligning with a strategic vision, and is relatively insulated from volatile political conditions.

The need for international cooperation. Since its inception, promoting cross-border, transnational, and interregional cooperation—an integral part of EU regional policy—has yielded significant benefits. On the one hand, the ability to foster constructive relationships between regions across the EU’s external borders has helped many candidate countries prepare for the responsibilities of EU membership and has also helped convince their populations of the benefits of EU membership. On the other hand, cooperation between regions across internal EU borders has strengthened relations between sometimes relatively divided or isolated territorial communities, as seen most clearly in the Northern Ireland peace process. The ability to bring together regions of several countries that share common problems, notably in the Baltic Sea region, increasingly encourages a practical and constructive approach to the familiar concept.

Creating efficient transport networks is one prominent example of a policy area in which the supranational concept transcends national borders.

Agglomeration economics and urbanization. In Europe, as in other regions, urban agglomerations—large city areas—are key factors in economic growth. The European experience shows the mixed spatial effects of economic concentration. With its relatively high population density and land prices, Europe faces problems such as overcrowding, pollution, and crime. Particularly in developed economies, the economic benefits of urbanization must be weighed against the costs associated with the corresponding problems, including the role of small and medium-sized cities and local centers. Europe has learned that it is not only large cities that drive growth. The experience of regional policy in Spain and elsewhere demonstrates the importance of connectivity in the context of small and medium-sized towns, particularly in polycentric development, as well as the role of local centers in rural areas. The role of medium-sized cities is to connect large and small towns, as well as remote rural areas. Medium-sized cities also play a crucial role in promoting integration, connectivity, and economies of scale. They also play a vital role in curbing rural depopulation through local employment and capacity-building initiatives. Local development plays a key role in stimulating economic growth in lagging regions. There is also a strong interest in poverty reduction, and the focus has shifted to the role of employment in reducing the risk of poverty. Additionally, Europe is characterized by relatively low geographical mobility among workers.

We thus find ourselves in a situation where there is a relatively strong consensus on the need to promote local employment and capacity-building initiatives, enabling lagging regions to capitalize on opportunities for linkages with the mainstream economy.

Strong institutional support. The need for strong institutions has increased with each successive step in the EU enlargement process. The wide diversity of economic strengths, wealth, social trends, natural environment, and cultural and ethnic heritage all add up to an exceptionally diverse union geographically.

The EU's regional development has thus revealed the need for strong institutional leadership at all levels, which requires respect for all parts of society. At the EU level, an effective political system, sound economic analysis, strategic planning, and technical expertise must guide project managers on the ground. At the national level, institutions must be well coordinated.

Multi-level governance. Successful development strategies must have "owners" at every level. European regional policy is designed to maximize both vertical and horizontal integration. In the vertical governance system, the different levels of European, national, regional, and local government are guided by a system of planning and programming that has evolved over the years to facilitate information sharing and alignment, ensuring local benefits. Companies, social groups, and civil society organizations are actively involved in the process and government activities in the horizontal governance system. This means they can influence and shape the development strategy in their sectors and areas.

Conclusion. One way to leverage the EU's experience in regional policy is to identify key questions or issues that should have been considered in developing and implementing the strategy over the past twenty years. Let us consider ten such considerations.

Firstly, regional policy requires a long-term strategic vision to achieve its goals. These may include the development of key sectors, particularly transport, or geographical areas, for example, when EU policy prioritizes less developed regions. EU programs are characterized by both a sectoral and a geographical approach. In the case of transport, priority has been given to projects that contribute to implementing trans-European networks, a transport strategy aimed at ensuring connectivity within the EU, as defined by the participating countries.

Secondly, an objective, or ‘non-political,’ must be used to raise and distribute resources. In other words, how money is raised and distributed within the programs or regions must be clear. Statistical indicators must support this; therefore, the implementation of regional policy requires a statistical service and the corresponding investments. One of the key issues central to the European debate on strategies has been the choice between an exclusive and an inclusive approach to beneficiaries. Today, EU policy has adopted an inclusive approach to beneficiaries, whereby all regions are entitled to claim some form of support. At the same time, there has been a very high concentration of resources in the least developed areas.

Third, we have observed that a system combining co-financing and partnerships enhances property rights. The governing bodies that bring together a wide range of interests must also cover between 15% and 50% of the costs associated with specific projects from local (public or private) sources. Projects imposed by higher-level bodies often lack clarity, so they should be assigned to the community that benefits from their implementation.

Fourth, it is essential to separate the legal framework, which outlines a wide range of rules governing the implementation of the strategy, from individual decisions on specific projects. In the EU, this results from an institutional architecture in which the political level, the Member States, and the European Parliament choose the legal framework. At the same time, the choice of projects is delegated to national and regional authorities, which are separate from the European institutional level.

Fifth, decisions have to be made on whether to support integrated programs (i.e., support linked actions in infrastructure, human resources, and business development) or to support individual projects. Today, the EU works in both directions within the framework of different funds. It can be said that integrated programs require greater institutional capacity at the regional level. Accordingly, a project-based approach can be recommended when institutional capacity is weak.

Sixth, there is the problem of reliance on grants or a combination of grants and reimbursable forms of support. EU policy is shifting towards increasing the volume of aid that requires reimbursement, aiming to boost available resources and create additional incentives for efficiency among beneficiaries, as well as to leverage the expertise provided by banks and the financial services sector. Seventh, the EU recognizes that adequate formal and informal institutional capacity is critical to successfully managing programs. This includes financial management and control capacities, economic development planning, and identifying and motivating relevant partners. The issue of institutional capacity is significant for the successful implementation of neighboring country programs, which often involve bringing together administrative structures that may have limited experience in joint action.

Eighth, monitoring and evaluating actions are necessary to demonstrate the value created for beneficiaries and taxpayers. This requires the inclusion of technical capacity in program management, although some specialist tasks, such as macroeconomic modeling, may be carried out by research institutions or universities.

Ninth, the issue of program conditionality is essential for the EU. Key conditions for receiving EU support include respect for open markets within the EU, as well as adherence to the rules of competition for state aid and the principle of open access.

Tenth, transparency in implementing the strategy and program is essential to good governance in the 21st century. Therefore, effective communication and information systems should be incorporated into program management processes, for instance, to show which projects have received assistance, the outcomes of monitoring and evaluation, and how potential beneficiaries can access government support.

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RECREATION OPPORTUNITIES OF WELLNESS TOURISM IN GEORGIA

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Abstract. The work examines Georgia's wellness tourism directions and potential. In this regard, it emphasizes the Positive factors of wellness tourism in the country's economic development.

The article presents research results aimed at establishing prospects for domestic wellness tourism among potential Georgian consumers.

Among the research results, it is especially worth noting the position of the Georgian consumer, who has correctly understood and, accordingly, the Georgian society is mentally ready to contribute to the development of domestic wellness tourism.

The article emphasizes the importance of conducting effective PR campaigns and engaging all categories of consumers.

The research presents the behavioral profiles of Georgian consumers, their preferences regarding wellness tourism, and the positive and negative aspects of the local resorts. This knowledge provides essential information in the industry reformation process.

Ultimately, it can be stated that interesting findings are obtained by answering questions crucial to achieving the research goal and testing the proposed hypotheses. On this basis, the prospects for Georgia in wellness tourism are presented, and a range of recommendations for promoting industry development are provided.

Keywords: Wellness tourism, SPA-centers, eco-tourism, balneotherapy, resort.

INTRODUCTION

Wellness tourism is one of the areas of global tourism that is rapidly expanding and is closely linked to medical and health tourism. It is one of the highly profitable branches of the tourism industry. The wellness industry, as a branch, is rapidly developing and includes healthy eating facilities, fitness centers, sports halls, cosmetology services, spa centers, and wellness hotels. In addition, it encompasses various branches of the tourist industry, including transportation, tours, eco-tourism, and horse-riding tourism, among others, thereby covering a broad range of services.

Currently, Georgia has enormous potential to take a leading position in the global wellness industry. First, it is stipulated by a rich recreation environment, resorts rich in mineral waters, and a healthy climate. In separate cases, we have resorts renowned for their wine therapy, mud therapy, mineral waters, magnetic sand, or spa centers (Georgian National Tourism Administration, 2017).

DISCUSSION

Foreign tourists represent the core of the resort and wellness consumers in Georgia. Still, the pandemic and the global military situation have significantly impacted tourist flows, thereby posing a threat to the tourism industry, including recreational and wellness tourism. To prevent these risks and maximize the potential of the resident population, it is also essential to determine how well the citizens of Georgia understand the nature of this matter and whether they consider the development of this branch of industry to be crucial.

That is precisely why we believe it would be necessary and interesting to investigate the wellness-behavior characteristics of Georgian consumers and thereby discover the vast possibilities of this prospective field of tourism for them.

The article aims to highlight the potential of the wellness industry in Georgia, particularly in the post-pandemic era.

It also sets the goal of identifying the prospects of domestic wellness tourism from the perspective of potential Georgian consumers, which, in turn, serves to elaborate the necessary recommendations for planning and organizing activities that contribute to the development of domestic wellness tourism.

1. The recognizability of wellness resorts existing in Georgia and their services.
2. Determination of situations, frequency, and other preferences (behavior characteristics) related to the usage / possible usage of Georgian wellness resorts and their services.
3. The attitude towards Georgian wellness resorts that may limit their usage prospects.
4. Readiness for Utilizing Georgian Wellness Resorts in the Post-Pandemic Period.
5. Foreign alternatives to Georgian wellness resorts for Georgian customers.

Research hypotheses:

1. **"For a Georgian customer, a wellness resort is mostly associated with a therapeutic place necessary to visit only in case of health problems, which hinders the development of domestic health tourism"** was not confirmed because, according to the study, a potential Georgian customer mostly correctly perceives the concept of wellness and thus, this reason can't be considered as a factor hindering the development of this industry;
2. **"Georgian consumers are little aware of the services offered by Georgian wellness resorts and, therefore, are mostly looking for acceptable alternatives to health-improving (rather than therapeutic) procedures abroad"** was not confirmed since the awareness of services offered by Georgian wellness resort is also relatively high, and local customers do not give preference to foreign wellness resorts.

The target segment of the study consisted of Georgian citizens, specifically men and women aged 21 and above with average and above-average incomes, who utilize various health-improving and beauty treatments for their own health and/or aesthetic purposes. Quantitative research was used as the study method, particularly an online survey. The research instrument is a strictly structured, self-administered questionnaire; the sampling method is non-probabilistic and convenient; and the sample size consists of 250 completed interviews.

Considering the research results that implied **demonstration of the prospects of domestic wellness tourism in the view of potential Georgian customers,** we obtained pretty interesting and important information related to the explored issues/tasks, which have been answered at the previous stage of research, namely:

<u>Task 1:</u> Recognizability of wellness resorts existing in Georgia and the services offered by them.

As a result, we have seen that the top five rated answers entirely consist of not curative but health-improving, relaxing, and stress-releasing services or conditions, which precisely reflect wellness characteristics. In this case, they are not focused solely on treatment and health promotion, but rather set a goal to achieve harmony between their spiritual and physical states, which serves their well-being, and these criteria necessary for welfare are individual for different categories of consumers. **The fact that a Georgian consumer correctly understands the wellness resort concept demonstrates a high level of awareness among Georgian society regarding the wellness industry and, therefore, its readiness for developing domestic wellness tourism.**

<u>Task 2:</u> Determination of situations, frequency, and other preferences (behavior characteristics) related to the usage/ possible usage of Georgian wellness resorts and their services;

As a result, we have established what types of service are the reasons for the customers' visit / future visit to another wellness resort, namely: health-promoting (54%) and relaxational (42%), SPA services (23%), different procedures related to stress release (12%), fitness, cosmetological, dietetic or other services (12%);

- The most essential thing that directly fits into wellness resort concept characteristics is the reason—simply taking a rest and relaxing in a calm atmosphere—which 48% of respondents call the reason to take a holiday at the wellness resort.
- The fact that a relatively small part of resort consumers name the healing goals as the selection criterion confirms that focusing on curative opportunities of the specific resort with the purpose of wellness tourism development is an incorrect policy.
- This explanation is confirmed by another question of the preferences block, which was related to the interestingness of the offer made by wellness-resort to a customer and which shows that health-promoting and relaxational (59%), SPA (23) and anti-stress (21) services are the top priorities for a wellness resort visitor;
- No less significant part (41 %+24 %) would be interested in the offer of comfortable and affordable rest in a calm atmosphere;
- Worth noticing the emergence of critical parameters of the wellness concept, such as an ecologically clean and authentic (pristine) environment on the wellness resort (12%) and possible proposals for adventure and educational tourism (11%);

These two latter components align entirely with the characteristics of the modern wellness concept, and their emphasis could be a good recommendation for the tourism industry's development in this direction.

- We have identified the services that respondents and wellness resorts would prefer to offer, including nutritional therapy, aqua-aerobics, one-day trips, yoga courses, horse-riding expeditions, meditation, bike rides, various events related to amateur performance, breathing exercises, and acupuncture.

Except for relaxation, health-promoting, anti-stress, and SPA services of other types, they name activities, among other answers, which indicate their desire for a very active form of rest. Thus, it is a valuable tip for the tourism development process in this direction.

<u>Task 3:</u> The attitude towards Georgian wellness resorts that may hinder the prospects of their usage;

- A wellness resort, attractive in the eyes of respondents, has to create natural or artificial conditions for obtaining health-promoting, relaxing, and anti-stress services. It has to provide the customers with financially affordable offers to rest in a calm, comfortable atmosphere;

- It has to meet the expectations of enthusiasts of active and creative recovery, as well as of the category of respondents waiting for treatment-related preferences;
- Thus, the necessity of an ecologically clean and authentic environment and conditions is clearly expressed in this case, too.

The presented model of an ideal wellness resort will be beneficial for developing a PR strategy and properly prioritizing communication activities with customers.

We have identified what Georgian holidaymakers consider the positive aspects of Georgian wellness resorts.

As a result, one may say that in favor of Georgian wellness resorts, almost all characteristics necessary for wellness resorts are named by Georgian customers as positive aspects of Georgian resorts. The ***fact that the conditions required for wellness resorts are already available in the reality of the Georgian wellness industry lays the ideal groundwork for adding other necessary and desirable services, thereby opening up opportunities for the maximum gratification of customer interests.***

- Among the negative characteristics of Georgian wellness resorts, respondents point to the difficulty of modern and comfortable rest at an affordable price.

This fact confirms that the opportunity for diverse infrastructural offers adapted for all customer categories makes the resort more popular and attractive for use.

We want to emphasize the second top-rated important parameter: "Peculiarities of wellness industry are not comprehended well (28%)." This parameter highlights the importance of understanding the scientific principles underlying this modern field of tourism and implementing its practical components for the enhanced development of the ***Georgian wellness industry.***

One especially noteworthy negative characteristic is that customers often lack information about the resorts. This parameter directly indicates the incorrect communication policy of wellness resorts with their target audience, and therefore recommends carrying out a strategic, consistent, and targeted PR campaign***, which will increase the frequency of wellness resorts used by both Georgian and foreign customers.***

Generally, the attitude towards Georgian wellness resorts is very positive, as confirmed by unanimous consent regarding the desire to take a holiday at Georgian resorts.

Task 4: ***Readiness for Utilizing Georgian Wellness Resorts in the Post-Pandemic Period.*** The main reason for the possible expansion of wellness resorts is stated to be the desire to relieve stress caused by the pandemic background (22%), while the wish to take preventive measures, improve immunity, and undergo relaxing SPA procedures takes a similar place in the rating (22% + 5%). ***Therefore, emphasizing these parameters among the communicative activities of resorts in the post-pandemic period will convey the correct and goal-oriented message for potential customers to choose the desirable resort.***

Task 5: ***Foreign alternatives to Georgian wellness resorts for Georgian customers;*** Respondents name resorts known and used by them, as well as speak about preferences of their usage, among which they point out comfortably arranged and financially affordable resting places equipped according to up-to-date standards (34%), which "provide more accessibility of treatment and health-promoting procedures, have more natural or artificial curative and health-improving conditions, well-adjusted and well-ordered infrastructure, comfortable and customer-oriented environment – for any category of holiday-makers" (24%). ***Affordability is the primary preference of wellness and resort services since,***

according to the modern wellness concept, it does not have to be expensive and luxurious or even a health-promoting and calm resort – its central idea is to provide such an environment in which any holiday-maker will feel well; it has to be a place oriented at keeping vacationers well (well-ness), which has to take into account and fit not only physical but emotional and financial interests of all categories of humans.

That is precisely why the readiness for diverse curative, health-promoting, entertaining, and relaxing services, infrastructure, interests, and various financial needs is the primary initial point of the wellness concept and the cornerstone of success, as well. Its provision is the main path to achieving success in this industry. The other preference, named: *„wellness concept is more protected (7%), and wellness industry features are better comprehended (7%)* ***- is a direct indication of the fact that, first of all, Georgia needs the understanding, perception of this industry concept and afterward, its adaption for Georgian customers, the more so as natural and service prospects of Georgian wellness and resort places not only stand toe-to-toe with foreign analogs but also are better in quite a few cases.***

CONCLUSION

In conclusion, we can state that we have tested our hypotheses thanks to the findings of the given study: We assume that the wellness resorts are associated among Georgian consumers with a curative place, and they planned to visit them in case of health-related problems only, which inhibits domestic wellness tourism; Recognizability of services offered by Georgian wellness resorts is very low among Georgian customers, and thereby they mainly look for affordable alternatives of health-promoting (but not curative) procedures abroad.

It should be noted that none of them has been confirmed. As we have seen, customers' limited understanding of the opportunities offered by Georgian wellness resorts doesn’t hinder the development of wellness tourism; moreover, Georgian customers are well aware of the features and possibilities of wellness tourism.

The recognizability of services provided by Georgian wellness resorts is either low or incorrect, which could lead to a decline in the flow of Georgian customers to foreign wellness resorts.

The attitude towards Georgian wellness resorts is generally positive, although a range of problems has been identified. Solving these issues could promote the development of the wellness industry and thereby bring this type of tourism to the forefront.

Current problems and reasons impeding development have been identified. The main findings of the research are presented, based on which we will attempt to provide recommendations in support of the wellness industry.

Based on the information obtained through the research, I am inclined to believe that the work's goal has been achieved. Consequently, it is possible to provide recommendations for promoting wellness tourism.

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MAIN TRENDS OF AGRITOURISM DEVELOPMENT IN THE POST-PANDEMIC PERIOD

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Abstract: This research paper evaluates Georgia's readiness to develop agritourism and rural tourism, particularly in the post-pandemic era. Consequently, the paper primarily aims to identify and evaluate the opportunities and needs of agritourism development in Georgia.

The paper's theoretical framework analyzes the scientific works of world scientists, international and national organizations, government reports, and strategic documents.

A study used analysis and synthesis methods. A pilot study was conducted to explore the potential demand for agritourism services. Five tourism experts tested the questionnaire. A total of 104 people participated in the survey.

As significant results, the paper summary describes the opportunities for agritourism development in Georgia and evaluates the strategic developmental trends of agritourism in the post-pandemic period.

In the knowledge management process, the practical and social implications of the research are considered to be the feedback of the questionnaire used within the study. This feedback may extend beyond the pilot study, encompassing more respondents and being utilized for a large-scale study in the post-pandemic period, not only in Georgia but also in the South Caucasus Region.

It provides a tool to promote the employment of local populations and communities, as well as economic growth through sustainable tourism development in the country's regions.

Keywords: Agritourism; post-pandemic period; rural tourism; sustainable development.

Introduction. Before the COVID-19 pandemic, tourism was one of the fastest-growing and most sustainable socio-economic branches in many countries worldwide. Over the past decade, tourism services have accounted for 7% of global trade and generated millions of jobs, both directly and indirectly. It is worth noting that the majority of the profit generated from tourism was concentrated in urban areas. At the same time, proper support and promotion of rural tourism can bring a range of versatile socio-economic benefits, including increasing the viability of rural settlements, overcoming demographic challenges, reducing migration, and preserving cultural values.

The Hague Declaration on Tourism acknowledges tourism's exceptional contribution to significantly improving the living standards and quality of life for the world's people. At the same time, it should be underlined that tourism is an effective force in establishing world peace and globalizing cultures and, given development outcomes, cannot be replaced by any branch of the world economy (Metreveli, 2011, pp. 371-377).

The hard blow to the tourism sector due to the Pandemic has affected the world's economies. Therefore, for at least a few more years, the further development of tourism will continue to be a significant challenge in the ongoing scientific and political debates. Maintaining several jobs and earning a decent income depends on the survival of the tourism sector, which has become a significant social pressure in countries heavily dependent on tourism.

As António Guterres, the Secretary-General of the United Nations, noted, “This crisis is also an opportunity to rethink how tourism interacts with our societies, other economic sectors and our natural resources and ecosystems; to measure and manage it better; to ensure the fairer distribution of its benefits and to advance the transition towards a carbon-neutral and more resilient tourism economy” (United Nations, 2020).

The World Tourism Organization (UNWTO) considers that “in the context of the COVID-19 pandemic, the role of tourism in rural development is more relevant than ever. Tourism in rural areas offers important opportunities for recovery as tourists look for less populated destinations and open-air experiences and activities” (Tourism & Rural Development, 2020).

The development of rural tourism, including agritourism, can play a crucial role in the post-pandemic recovery of the tourism sector and in enhancing rural society and economic diversification through the expansion of tourism products and markets. This is because rural tourism is “a type of tourism activity in which the visitor’s experience is related to a wide range of products generally linked to nature-based activities, agriculture, rural lifestyle/culture, angling, and sightseeing. Rural Tourism activities take place in non-urban (rural) areas with the following characteristics: i) low population density, ii) landscape and land-use dominated by agriculture and forestry, and iii) traditional social structure and lifestyle” (UNWTO).

The paper evaluates the opportunities and needs of agritourism development in Georgia. Using Georgia as an example, it also tests the expert opinion that agritourism services will increase post-pandemic.

Literature Review. Many researchers are interested in the development of agritourism, and scientists worldwide are studying its role in various aspects.

One of the most important roles of agritourism is supporting sustainable development, which must be combined with meeting the needs of stakeholders. For instance, Andéhn and L’Espoir Decosta (2021) note that, when studying the various issues of agritourism, it is emerging as a viable solution to sustain agriculture-based communities that lack economic viability. Drawing on the intersecting literature of product country-of-origin and destination branding, we employ a case study to demonstrate how agritourism in Messinia, Greece, generates and embodies a multitude of meanings suitable for tourism consumption. The study highlights the challenge for the destination to sustainably convey experiential authenticity and interpret its role in a broader product geography to maintain that capability.

The explanation of the agritourism concept covers its value in developing agriculture and agricultural regions. Metreveli (2006) underlines that agritourism is a type of tourism centered on agricultural products. A farm that receives tourists must be located in an ecologically clean environment, surrounded by beautiful natural scenery, with historical and cultural monuments concentrated in the area, and produce at least 40% of the food needed by the tourists on the farm. The development of such tourism requires the preservation of traditional agricultural technologies on the farm territory, which are just as enjoyable to tourists.

Other researchers view the development of eco-friendly activities as one of the most important trends of modern tourism development. It is primarily associated with the natural resources and biodiversity, as well as the cultural heritage, and the development of agritourism and rural tourism. Researchers Sadowski, A. Wojcieszak, M. M. (2019), when talking about the agritourism of Poland, accent its cultural and natural context and conclude that the cultural and natural attractiveness of a destination is an important exogenous development factor; another finding was that the intensified efforts undertaken by the farmers to access EU funds were not focused on areas with valuable natural or cultural resources and an untapped agritourism potential; instead, they were oriented at regions dominated by semi-subsistence or family farms. For many farmers, the new form of support is about to become a source of additional income.

Based on the study conducted at a farming level aiming at identifying how the various approaches of comparative advantage affect the degree of the economic activity associated with an agritourism enterprise, the scientists (Van Sandt et al., 2019) found that "the county's entrepreneurial spirit and scenic byways increase the propensity to adopt agritourism, but natural endowments and agglomeration are the primary drivers of agritourism economic activity."

When studying the demand for agritourism among international tourists in Armenia, the researchers note that "Armenia boasts a rich history and culture, beautiful natural scenery, delicious cuisine, and Armenian villages offer a traditional way of life and ethnic diversity." All these factors are important for developing agritourism in rural places offering various activities for tourists: participation in agricultural activities, farming, animal care, hunting, fishing, horseback riding, beekeeping, carpet weaving, handicrafts, harvesting, winemaking, making national dishes, baking bread, also visiting historical and cultural places, participation in various festivals, etc."

The tourists' proposals to develop agritourism in the said country are interesting: making everything more natural and fresher, doing good marketing, organizing training for local people and farmers, etc. (Tovmasyan et al., 2020)

The modernization of agricultural tourism initiated in Romania in the 1990s is described in the paper „Analysis of Agritourism and Rural Tourism Situation in the North East of Romania" (Stoian et al., 2019), which states that the development of rural tourism legislation and focusing on the European standards has played an important role in the successful development of agritourism in many Romanian regions. At the same time, the researchers have analyzed tourism development in the northeastern region of Romania, which boasts a rich history and tradition, and whose tourism development could contribute to the area's economic growth, thereby promoting Romania and its rich cultural heritage.

Other scientists (Morea et al., 2021) analyze the role of agritourism development in the growth of the incomes of Romanian farmers and state that it can also serve as an instrument to revive the regional economy and conserve rural societies and landscapes; proximity to mass tourist attractions creates a high-competition economic climate for agritourism enterprises. At the same time, the researchers conclude that the success of agritourism enterprises could be enhanced by increasing the training level of staff to overcome competition from other accommodation and leisure providers and establish sustainable strategies for agritourism development.

Roman, M., & Golnik, B. (2019) conducted a questionnaire-based survey to study agritourism development in the Lombardy Region of Italy. He found that people are generally satisfied with the presence of tourists. Residents view them as an opportunity to boost the local economy, generate new jobs, and enhance the region's reputation. They see some threats, such as more pollution or noise, but the chances of development are much more significant. One of the most important aspects of tourism in Lombardy is the growth of agritourism.

The results of the empirical study conducted in Poland revealed that, when focusing on the material components of their offer, owners of Polish agritourism farms should also recognize the need to design memorable experiences for their clients (SIECZKO et al., 2020).

The study of 2020 developed by the Georgian Civil Society National Platform for the Eastern Partnership, "Challenges of the tourism industry during the Pandemic, social-economic analysis of the situation and recommendations for tourism development," states that increasing awareness of the issues of environmental protection and sustainable development of wild natural sites in the country contributes to the growing public interest in this field. A vital role in motivating potential tourists will be increasingly assigned to sustainable tourist products and services that are oriented towards maintaining the ecological environment. Consequently, in the post-pandemic period, more sustainable and ecological forms of open-air tourism, such as agritourism and ecotourism, will be promoted, becoming increasingly attractive to traveling families.

Discussion

Opportunities and needs of agritourism development in Georgia

The development of agriculture and rural areas plays an important role in the country's sustainable and inclusive economic growth. The rural economy in Georgia is underdeveloped and less diversified.

According to 2020 data from the National Statistics Office of Georgia, 41% of Georgia's total population resides in rural areas, and 75% of them are employed, primarily in agriculture (Agriculture and Rural Development Strategy of Georgia, 2021-2027). However, agriculture is less productive than other branches of the economy: in 2019, 38.1% of labor was employed in agriculture, while the sector's share in the GDP was 7.1% (National Statistics Office of Georgia, 2020).

Less diversified economies and low agricultural productivity in rural areas lead to a weak rural economy. It is worth noting that over 50% of the country's total added value is generated in Tbilisi, the capital of Georgia, indicating a high level of urbanization in the Georgian economy and highly concentrated activities in the urban area (National Statistics Office of Georgia, 2020).

The standard of living differs significantly between rural and urban settlements. In 2019, the share of the rural population below the absolute poverty line was 23.7%, while the same index in urban areas was 16.4% (National Statistics Office of Georgia, 2020). In the same year, the average monthly income of rural households was 961 GEL, 15% less than the average monthly income of urban households (1132 GEL).

The primary challenge to rural development is the migration and outflow of young people from rural areas (ISET Research Institute, 2019). Human, material, and financial resources are limited in developing and diversifying the rural economy. The rural population has poor access to the financial resources needed to implement new business initiatives and vocational education and training. This is particularly true with female villagers. The low quality of basic, social, and tourist infrastructure is a significant barrier to rural development (Georgian Agriculture and Rural Development Strategy, 2021-2027).

This strategy views tourism, particularly agritourism, as an opportunity to diversify the rural economy and provide alternative employment for rural people. Agritourism is a type of rural tourism, with its primary attraction being farming. It involves offering tourism services on a farm, promoting local food production, engaging tourists in agricultural activities, and introducing them to traditional agricultural practices that have been preserved in the countryside. Agritourism facilities are situated in an ecologically clean environment, in the countryside, near historical and cultural monuments, and, among other services, offer tourist accommodations.

Georgia's rich cultural heritage and diverse traditions related to rural life provide a solid foundation for developing agritourism. Each region is distinguished by its unique customs and agricultural production peculiarities.

Following the abovementioned, the goal of our pilot study of the needs for agritourism development is to survey potential tourists interested in agritourism products to identify the key motivations and requirements for their participation in agritourism.

The paper identifies opportunities for agritourism development in Georgia by analyzing and synthesizing various methods. In particular, it analyzes the results of empirical studies conducted by the National Statistics Office of Georgia, the Georgian National Tourism Administration, the Georgian Civil Society National Platform for the Eastern Partnership, as well as relevant studies and strategic documents from other organizations.

The pilot study was planned to study Georgia's potential demand for agritourism services. A questionnaire, primarily consisting of closed-ended questions, was developed for the study. At the end of the questionnaire, participants were asked to provide additional feedback through an open-ended question. A group of five tourism experts tested the questionnaire. The primary survey was conducted through social networks and other internet-based means. A total of 104 people participated in the survey.

We also utilized the materials from the National Statistics Office of Georgia to evaluate the results and statistical methods of the branch expansion.

The stresses caused by the COVID-19 pandemic and other hazards lead people to seek a peaceful and safe environment in which to relax. Compared to other types of tourism, the open rural environment offers more or less favorable opportunities to meet the present restrictions and regulations. In such cases, focusing on access to safe tourism services can play a positive role in diversifying tourism services and supporting the development of national economies that have declined significantly due to the Pandemic in countries highly dependent on tourism (Metreveli, M., & Dolidze, T., 2024).

It should also be noted that the expected lockdown of countries in the event of a complicated Pandemic may once again halt international travel and potential revenues from foreign tourism. So, it is essential to stimulate domestic tourism and identify opportunities for national economic growth.

Given the above, we believe that developing rural tourism, including agritourism, is crucial. At the same time, we anticipate that people's demand for this type of tourism will increase significantly compared to the past.

To test this expert opinion or hypothesis, we conducted a pilot survey of the population. We developed the questionnaire, which included both closed-ended and open-ended questions, to allow respondents to provide additional feedback.

The questionnaire-based survey aimed to identify the demand for agritourism among the potential tourists to Georgia. The survey was conducted through social media and other internet-based means. One hundred four respondents participated in the survey. 95.2% of the respondents recognize the importance of agritourism or rural tourism, which is essential for analyzing the survey results. Ninety-five point two percent of the respondents said they would participate in agritourism during their tourist trip. Such a result suggests that the demand for agritourism will likely be high if the supply is organized correctly and customers are adequately informed.

Regarding the question of what motivated the respondent to participate in agritourism activities (with several possible answers), most respondents (74%) sought to be close to nature, 47.1% wanted to experience new adventures, and 29.8% aimed to escape the stressful pace of life. Only 17.3% of respondents cited urban pressure as a reason for seeking relief through agritourism.

Making and tasting food products proved to be the most attractive option for the respondents (76%), followed by the exhibition and sale of agricultural products (48.1%). Subsequent rankings included participation in agricultural shows (38.5%) and agricultural education (31.7%) as the primary methods of receiving agritourism services.

82.7% of respondents consider participation in agritourism activities to be beneficial for people; 66.3% and 29.8% think such participation is pleasant and somewhat pleasant, respectively, during leisure time. Approximately 57% of the respondents stated that they had an excellent impression of spending time on an agritourism farm; 13.5% had a good impression, and 12.5% (83%) had a fair impression.

71.2% of the respondents think that the cost of agritourism services is lower than that of recreation in a non-agricultural region; 96.2% state that more people from the city should participate in agritourism activities.

The results of the above-described survey clearly show that most respondents have a positive attitude towards agritourism activities. This suggests that, if appropriately offered, agritourism services will be in high demand among tourists.

Regarding whether the demand for agritourism products would increase significantly in the post-COVID period, 56.7% of respondents answered positively, 34.6% partially agreed to this opinion, 3.7% hesitated, and only 2% disagreed. It is worth noting that only tour operators currently offer these services to tourists.

Regarding the quality of agritourism services in Georgia, approximately 57% of respondents rate it as average, 26% as good, and very few rate it as excellent, indicating a need to improve the quality of agritourism services nationwide.

34.6% of the respondents stated that they would spend three days in agritourism, 25% would spend two days, 24% would spend four or more days, and 16.3% would spend one day. When offering tourism services, diverse types of agritourism should align with the relevant number of days, as several agritourism products are associated with specific activities and seasonal variations (Metreveli, M. (2015).

Various studies have demonstrated that agritourism can play a positive role in the development of regional and rural communities, as well as in the local economy, contributing to the growth of the national economy.

To the question inquiring about the role of agritourism, the respondents answered as follows: 55.8% believe that agritourism can have a significant effect; 16.3% think that the effect of agritourism may be more or less significant; 21.2% assume that agritourism can give a moderate effect; 4.7% think that the effect of agritourism is tiny and only 2% of the respondents think that agritourism has no effect at all.

Tourists have always shown a keen interest in the natural environment, and the COVID-19 pandemic has further increased this interest. Therefore, it is clear that countries with a favorable natural environment for agritourism activities offer good chances to gain benefits. Ninety-nine percent of respondents in Georgia believe that the local natural environment offers favorable opportunities for agritourism development. At the same time, about 70% of respondents fully agree, and about 23% partially agree that agritourism will help Georgia protect its natural environment. 80.8% of respondents fully agree, and 13.5% partially agree, with viewing agritourism as an ecological and sustainable form of tourism. For relevant campaigns and agritourism activities, it is worth noting that only 50% of respondents are interested in participating in tourism related to environmental protection and sustainable development.

It is worth noting that representatives from different age groups participated in the survey, including approximately 10% of respondents under 22 years of age, 24% of respondents aged 46-55 years, and approximately 27% of respondents aged 56 years or older. The proportions of the remaining respondents were roughly evenly distributed across the 22-35 and 36-45 age groups. Considering that 85.6% of the respondents are employed and 83.7% live in urban areas, it is evident that agritourism is appealing to all age groups, particularly those associated with urban living.

Classifying the respondents' opinions in the open-ended question format revealed opinions describing the study's primary results, suggesting that Georgians are interested in developing agro-tourism alongside agriculture, as the Georgian people have been engaged in farming for many centuries. The country has rich and versatile traditions, with local travelers and foreign tourists growing interested in acquiring and participating.

However, most respondents are interested in any information related to agritourism and develop interesting views about a single database to receive relevant information about the locations and types of agritourism services, which will enable tourists to make informed choices.

Conclusion. International organizations and scientific circles believe that the development of agritourism is crucial in the post-pandemic era.

The development of agritourism is associated with the economic development of villages and regions, as well as job generation, on the one hand, and environmental activities and travelers' education, on the other (Metreveli, 2012).

The pilot study conducted in Georgia confirmed the viability of our hypothesis, as evidenced by the compliance of our opinions and the motivations and desires of potential tourists.

The need for this study is underscored by the essential points raised at the 2013 Davos Economic Forum regarding the non-directional orientation of tourism development in Georgia towards tourists.

Following the above-mentioned points, it is essential to expand the study to encompass tourist motivations, which are often overlooked in strategic governmental documents and hinder branch development.

Politicians may use the study's results to develop a tourism and agritourism development strategy in rural areas, particularly in the post-pandemic period. They may also diversify the tourist products and ways to offer them by tour operators, and integrate agritourism services with the major activities of farmers and farms.

The study's primary contribution is to identify and evaluate opportunities for agritourism development in Georgia, and to develop a questionnaire to assess the demand for agritourism services, which can be expanded and utilized for large-scale research in the country.

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INNOVATIONS IN EXCURSION ACTIVITIES AND THEIR IMPLEMENTATION IN GEORGIA

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Abstract: In the article, excursion tourism is described as the primary type of tourism. It is especially emphasized that excursion tourism remains highly relevant and in demand in almost all countries worldwide, as it is one of the most popular types of tourist services.

The article aims to study and generalize the most popular innovations adopted in excursion activities. The article discusses four key points: first, innovative forms of excursion activities; second, excursion products are systematized; third, innovative excursion products are analyzed; fourth, acceptable options for innovative excursion products in Georgia, along with the ways and means of their implementation, are outlined.

It has been concluded that the most promising innovative products today can be considered radio guides, QR codes, and quest excursions, which are of great interest to tourists today.

Keywords: excursion activities, innovation, excursion tourism product, QR-code, quest, competitiveness.

Introduction

To maintain demand in competitive conditions, tourism industry enterprises must continually evolve and adapt. The role of innovations in tourism in Georgia has not yet been adequately understood, despite their representation as one of the key methods of competition. Specific features characterize the innovation process, but the general laws of economic development govern them. This applies to both the tourism business and excursion activities as a component of it. Innovations introduced into excursion activities contribute to the promotion of excursion services in the tourism market, as they create a competitive advantage for one excursion service over another. At this time, importance is attached to the quality of training for both tour guides and the excursions themselves, as well as to mastering the techniques and methods of conducting them.

The main part. Georgia's significant historical and cultural potential creates boundless opportunities for tourism and excursion activities. Enterprises creating an excursion product should develop their original brand, taking into account consumer demand and the importance of service differentiation. The creation of new routes is accompanied by the emergence of new excursion facilities, the diversification of products and their delivery forms and methods.

Excursions have come a long way in evolution - from simple narrations by tour guides to theatrical performances delivered in modern 3D mode. Innovative processes of excursion activities can be presented in various forms, characterized by their unique individual characteristics, which influence their development and, ultimately, competitiveness.

The innovativeness of the travel industry is reflected in the development of new travel products with unique themes and routes. Traditional, classic excursions can also become innovative, but only after they are perfected, that is, after something new is introduced into them. Marketers, advertising specialists, methodologists, professional tour guides, and representatives of the scientific and cultural spheres participate in the development of an innovative product.

- Innovations in excursion activities can include:
- Excursion product innovation,
- Innovative technology developed for conducting excursions,
- Technical innovation of excursions,
- Marketing and management innovation,
- Personal innovation (for example, the appearance of the tour guide, or the style of conducting excursions, etc.).

The variety of excursions offered to consumers today is truly amazing. Twenty or thirty years ago, this could even have shocked tourists. However, modern tourists can no longer be satisfied with traditional and thematic excursions alone. Innovations in the excursion product include visiting mystical places, visiting places of great wars, murders or executions, visiting places of natural and artificial disasters, that is, there is an increased interest in underground tunnels, labyrinths, castles, old prisons, old equipment and weapons arsenals and similar objects; in addition, there is an excellent demand for romantic routes, open-air museums (so-called skansens), historical and military reconstructions.

Interactive and animated methods of conducting excursions are very popular today, as excursionists not only listen to the tour guide but also actively participate in the excursion. Most of the innovations concern the forms and methods of conducting excursions, including costumed, theatrical, or animated excursions that incorporate elements of master classes or games, as well as excursion runs, bicycle and Segway excursions, and sights presented in virtual and 3D modes. In the section on providing the excursion with technical tools, we should mention one or more multilingual radio guides and automatic GPS tour guides. Additionally, we should highlight separately innovations that enable independent viewing and study of excursion objects, such as QR codes, mobile guides, directories, and online services. Thus, today there are a sufficient number of innovations that can be used in excursion activities. As one of the primary services in the tourist product, the excursion serves cognitive and educational functions, and the excursion guide plays a significant role in educating the population. Additionally, the excursion serves as both an integral part of the tour and a standalone service, resulting in consistent demand growth. Today, numerous multi-profile tourist companies operate worldwide, offering customers a diverse range of tourism and excursion services. In addition to recreation and treatment, excursion programs are popular.

The United Nations World Tourism Organization conducted a study in 2017 on the existing innovative forms and methods of conducting excursions, within the framework of which a survey of directors and managers of successful tourism enterprises was conducted, the summarized results of which showed that the reasons for the lack of use of innovative forms and technologies of conducting excursions are considered to be:

- The cost of developing and implementing most innovations, which accordingly affects the price of the produced tourism product and increases it.
- The slow pace of growth in demand for tourism attractions featuring innovative elements negatively impacts countries with low tourism demand, reducing their tourist flows.

In this regard, let us consider several ways to introduce innovations.

The radio guide can be used in the process of any thematic or sightseeing excursion, which, as a rule, are combined. The device can be used during bus movement, when getting off the bus, and while viewing the excursion object. Its use is recommended in case of large flows of tourists;

QR codes can be used during a quest excursion or at the stage of its development, since such an excursion implies competition and independent viewing of information, and QR codes are the fastest way to obtain information. In addition, it should be noted that the development and implementation of QR codes in the city space is within the competence of city authorities, and the consolidated efforts of tourist enterprises, tour guides, and the interested public in this case are only an auxiliary driving force, not an initiator. In our opinion, the use of QR codes in several languages (English, Chinese, Turkish, Russian) located in Georgia today should be implemented on the most popular tourist attractions. This will arouse interest not only among visitors and tourists to the country, but also among the population itself. In addition, we should not forget that this is also an image factor;

Unlike theatrical and animated excursions, the development and implementation of a quest excursion requires minimal costs, since its implementation does not require the use of costumes and additional human resources. A quest excursion is a new direction in tourist excursion activities, which combines an excursion with a game. This is an excursion without traditional guides, combining a quest and an adventure. During its implementation, historical reality is mixed with biographies of historical figures, historical events, and is interspersed with interesting puzzles and riddles.

Conclusion

In recent years, a strong trend of introducing innovations in the organization of excursion activities has been observed. In this regard, in Georgia, it is advisable to utilize innovations such as radio guides, QR codes, and quest excursions, the implementation of which will enhance the quality and competitiveness of excursion services, and lead to increased income at the city, regional, and national levels.

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OPPORTUNITIES FOR UTILIZING BLOCKCHAIN TECHNOLOGY AND CRYPTOCURRENCIES IN GEORGIAN TOURISM

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Abstract. Recent developments in technology and innovation have had a profound impact on the tourism industry, with one key aspect being the adoption of modern technologies and new payment methods. In this regard, blockchain technology and the cryptocurrencies based on it create new possibilities for the evolution of modern payment systems.

Although cryptocurrency mining is quite popular in Georgia, especially in its regions, the application of cryptocurrencies in transactional contexts remains limited in Svaneti and Abkhazia. (As indicated by the Global Crypto Adoption Index, Georgia is ranked 51st out of 154 countries globally). Moreover, substantial work is being undertaken to implement blockchain technology within Georgia's public registry, which is expected to mitigate the risk of document falsification in the future.

Additionally, the tourism industry in Georgia largely fails to utilize the capabilities of blockchain technology and cryptocurrency in its operations. This creates a necessity for conducting relevant research and confirms the relevance of the article's topic. The study aims to identify the role and prospects of blockchain technology and cryptocurrencies in Georgia's tourism industry.

This article defines blockchain technology, characterizes the global cryptocurrency market, and examines Georgia's position within it. It also discusses the competitive advantages and potential opportunities that widespread cryptocurrency adoption presents in the tourism industry under modern conditions. The author also highlights the significance and potential of cryptocurrencies and blockchain technologies in the tourism sector. An analysis has been conducted on the risks and restrictions of using cryptocurrencies in tourism.

Most importantly, the author provides specific recommendations for implementing blockchain technologies and cryptocurrencies in Georgia's tourism business.

Keywords: tourism, tourism industry, digitalization, blockchain, cryptocurrency.

Introduction

Tourism, globalization, and digitalization demand easy-to-use and low-cost technologies for international transactions and payment systems. Recent technological advancements and innovations have significantly impacted the tourism industry, with one key component of these changes being the implementation of new payment methods. One such technology is blockchain, along with cryptocurrencies developed on its basis, which can be used for transactions in the tourism sector. Blockchain technology has accelerated this development. Due to its decentralized nature, blockchain technology offers a secure environment for financial transactions. This is also true for the tourism industry, where the mentioned technology has not been adequately implemented, and cryptocurrency transactions are rarely seen. However, implementing blockchain technology and using cryptocurrencies undoubtedly have great potential for the tourism industry in Georgia.

Discussion

Recent technological developments and innovations have significantly impacted the tourism industry, with one key component being the introduction of new payment methods. The emergence of cryptocurrencies in the hospitality and tourism sector has made it necessary to consider their integration into payment systems.

Recently, there has been an increase in the use of cryptocurrencies as a payment method across various service sectors, including trade, finance, healthcare, and public registry management.

Regarding market capitalization, the financial services market is the largest in the world, underscoring the significant advantages of blockchain technology in the delivery of financial services. Blockchain technology can perform all three essential financial services functions: transaction registration, identity verification, and contract execution. These advantages of blockchain were the key factors for its implementation in the Public Registry of Georgia. This memorandum, signed between BitFury Group and the National Public Registry Agency, facilitated the implementation of blockchain technology in real estate registration in Georgia. According to this memorandum, the process of registering property rights will be protected by this technology, ensuring security, transparency, and trust in the registration process. Introducing this technology will help protect registered documents from manipulation and illegal activities. Blockchain has one more advantage – the ability to conduct transactions remotely. This makes conducting transactions much more manageable for individuals and legal entities abroad. This way, customers outside the country can manage their property more efficiently. Integrating blockchain into real estate registration operations enhances these services, making them more secure, accessible, and transparent globally. In addition to the financial services sector, blockchain technology has significant potential in contract management, including in companies operating in the tourism industry.

Georgia's leadership in technological achievements can help foster the creation of a more transparent, efficient, and equitable system for all its citizens.

It should be noted that necessary steps have been taken to address land registration issues, where the transfer of land records to blockchain technology has been implemented. In doing so, the main challenge of property disposal in the economy has been significantly mitigated. By adapting to cryptocurrency and blockchain, introducing "open-source interface" technology enables the potential buyer to access information about the real estate mortgage and its history of buying and selling. The issue of inheritance in real estate is also particularly noteworthy. Registration of a will in the blockchain system provides public access to the will in the blockchain database and eliminates unauthorized changes.

It is worth noting that the use of cryptocurrencies is viewed as a promising approach to reducing corruption in public service. In the modern era, a 'DEFI' platform enables cryptocurrency exchanges to be conducted without third-party intervention, thereby reducing both the need and the costs associated with administering financial services. This platform is not based on centralized financial institutions; any two parties can negotiate an interest rate for a transaction. A progressive step would be to integrate this system with „smart contracts" published on the blockchain and made accessible to every individual, regardless of geographical location and nationality. In the future, as a result of successful efforts, it may be possible to establish a city transport and tax system within the blockchain framework; however, this would require state intervention and cooperation, necessitating further adaptation to the technology. [1].

However, the tourism industry is significantly lagging behind these areas in implementing blockchain technology and integrating and using cryptocurrencies, which necessitates appropriate theoretical research and underscores the relevance of this article's topic.

Recently, digitalization has increased in the Georgian media and tourism sector [2,3,4]. These publications show that the potential of cryptocurrencies lies in the possibilities of instant and low-cost transactions, which makes it easier to pay for travel services and provide global access to cryptocurrency accounts. Given that many issues remain, this area requires research to develop effective and innovative solutions for enhancing the tourism sector.

Blockchain technology was first introduced into the Bitcoin cryptocurrency (Bitcoin, BTC), which is by far the most widely used cryptocurrency in the world, with a market capitalization of $1.3 trillion as of April 2024, demonstrating Bitcoin's dominant position over other cryptocurrencies at 50.82% [5]. According to GlobalData [6], the blockchain technology market is expected to grow to USD 24.1 billion by 2025, up from USD 3.6 billion in 2020, at a compound annual growth rate (CAGR) of 46%.

A blockchain is a distributed database that stores an ordered chain of records, known as blocks, and continues to grow indefinitely [7; 8].

According to CoinMarketCap, as of April 2024, approximately 23,000 cryptocurrencies were listed on cryptocurrency exchanges, with a total market capitalization exceeding $2.42 trillion. Bitcoin (BTC) and Ethereum (ETH) dominate the market, accounting for 53.54% and 15.87%, respectively [9].

According to the 2023 Global Crypto Adoption Index [10], India, Nigeria, Vietnam, the United States, and Ukraine are the leading users of cryptocurrencies, while Western European countries are still exploring and developing the potential of digital currencies. As for our neighbors in the region, Turkey (12), Russia (13), Iran (28), Azerbaijan (73), Armenia (88), and Georgia (51) are ranked accordingly [10]. In brief, the Global Crypto Adoption Index identifies the countries that are leading the world in cryptocurrency adoption.

It should be noted that Bitcoin is widely used for transactions, and it can also be stored and created electronically. Unlike traditional currencies, Bitcoin does not circulate as cash, is not issued by central banks, and does not accumulate in bank accounts, rendering it entirely beyond the control of state agencies. Bitcoin is not traditionally backed by gold, either. A centralized authority does not interfere with decentralized currencies and consequently does not adhere to the rules and norms established by higher authorities.

The production of bitcoins in Georgia has some peculiarities. The point is that this production is highly electricity-intensive. It is worth noting that the mining boom in Georgia and the artisanal extraction of cryptocurrency were primarily driven by the socialist-era practice of providing electricity for free, which led to electricity shortages and ultimately caused damage to the energy system. For example, in 2021, electricity consumption in Georgia increased by 13%, mainly due to the mining company Bitfury [11]. This company consumes the most electricity after the Zestafoni Ferroalloy Plant, but its contribution to the national economy is limited to employee income taxes. The Rustavi Metallurgical Plant employs several thousand people and makes a significant contribution to Georgia's GDP, although it consumes less electricity than BITFURY alone. It is logical to discuss the need to tax mining companies, which should be implemented as soon as possible since countries with weaker economies, including Georgia, face the risk of an energy crisis.

The advantages and opportunities of the widespread adoption of cryptocurrencies and blockchain technology in the tourism industry are pretty evident:

1. **Simplify payments and reduce taxes.** Cryptocurrencies' first and most prominent role in tourism is simplifying payments and lowering fees. Traditional payment systems often rely on intermediaries, such as banks, financial institutions, and payment services, which involve currency conversion, resulting in higher costs and transaction delays. Cryptocurrencies allow for reduced fees, as they eliminate the need for additional intermediaries and currency conversion.
2. **Security and transparency.** Another important aspect of using cryptocurrencies and blockchain technologies in tourism is ensuring security and transparency. Blockchain ensures data security, as all information within it is highly cryptographically protected and cannot be altered or deleted by any individual participant. This is particularly important in tourism, where personal and financial data is exchanged between tourists, hotels, airlines, and other parties.

Thus, this technology helps prevent providers from falsifying data and engaging in unethical behavior.

3. Cryptocurrencies also enhance **accessibility and convenience** in the tourism industry. Cryptocurrencies eliminate the disadvantages of currency exchange (e.g., high fees, difficulties in exchanging less common currencies) and credit card usage (e.g., high costs, double conversion). Several companies in the tourism and hospitality industry already accept cryptocurrencies as a payment method for services. Examples include services such as AirTreks, Surf Air, CheapAir, Bitcoin Travel, Expedia, Travala.com, BTCtrip.com, Travel Bybit, and others.

These factors collectively demonstrate the importance and potential of cryptocurrencies and blockchain technologies in the tourism industry. However, using cryptocurrencies in the tourism business has some limitations associated with significant risks. Considering all these risks, tourism business owners should carefully evaluate the pros and cons of incorporating cryptocurrencies into their operations. Making informed decisions and developing risk management strategies will help mitigate adverse outcomes and enable the successful adoption of blockchain technology and cryptocurrencies:

1. High Volatility: The market value of cryptocurrencies can fluctuate rapidly, potentially impacting the financial stability of businesses. Bitcoin has no official exchange rate; its value fluctuates based on market demand and supply dynamics, making it susceptible to informational shocks. Moreover, Bitcoin transactions are irreversible, meaning that funds sent by mistake cannot be recovered. While Bitcoin offers users convenience and anonymity, these features can facilitate illegal activities, posing challenges to regulatory authorities and government agencies in the financial sector. Such illicit activities can erode trust in financial systems, which are crucial for maintaining economic stability.
2. **Unfavourable regulation.** Cryptocurrencies are relatively new instruments, and their legal status varies across different countries. This situation can lead to issues with taxation, accounting, and relationships with banks and financial institutions. There are many examples: Since September 2023, cryptocurrency has been banned in countries such as Algeria, Afghanistan, Bangladesh, Bolivia, Ghana, the Dominican Republic, Egypt, Iraq, Qatar, China, Morocco, Nepal, North Macedonia, and Tunisia [12]. However, cryptocurrency-related activities, such as mining and trading, are on the rise worldwide, and Georgia is no exception. Additionally, Georgian legislation does not regulate activities related to virtual currency, and cryptocurrency is not recognized as legal tender. It is characterized by high price fluctuations, which puts consumers at a financial disadvantage. The unregulated nature of cryptocurrencies presents challenges for their integration into the formal economy. Cryptocurrencies are unlikely to have a positive impact on the economy, as they are not fundamentally based on economic principles. A regulated economy provides flexibility by addressing specific issues based on economic needs; in contrast, cryptocurrencies operate beyond traditional economic regulatory frameworks. It logically follows that cryptocurrency yields contribute to a shadowy economy, as they operate without regulation, which makes them attractive to illegal businesses. Additionally, due to its unregulated nature, income from cryptocurrencies cannot be accounted for effectively. [13].

3. **Cybersecurity.** The use of cryptocurrencies presents additional opportunities for cybercriminals. Hackers may try to gain unauthorized access to cryptocurrency wallets or use fraudulent schemes to steal digital assets.
4. **Lack of regulatory protection.** One of the advantages of cryptocurrencies is their decentralization. However, this also means they do not have the same level of regulation and protection as traditional financial instruments. This can create legal problems, mainly when dealing with fraud, asset loss, and court disputes.
5. **Low percentage of spread for cryptocurrency transactions.** As of 2023, only 4.2% of the world's population (more than 420 million "crypto users") use cryptocurrency transactions for various purposes [14].

Given all these risks, travel business owners should consider the advantages and disadvantages of using cryptocurrency in their activities. Making an informed decision and developing a risk management strategy can help reduce negative impacts and ensure the successful use of blockchain technology and cryptocurrencies.

Therefore, to unlock the full potential of cryptocurrencies and improve the efficiency, security, and convenience of financial transactions in the tourism sector, the Parliament of Georgia, the Government, and other stakeholders (business associations) must address several issues:

- Awareness of the benefits and risks of using cryptocurrencies in the tourism business and among the general public should be raised;
- A clear and comprehensive legislative framework should be created to ensure the stability and security of cryptocurrencies;
- Legislators and financial regulators should develop clear instructions for transferring cryptocurrencies into existing currencies and taxing transactions. It is also necessary to conduct targeted work with participants in the cryptocurrency market, enabling them to formulate and implement comprehensive security measures.

Conclusion

Cryptocurrencies are still a relatively new and rapidly developing technology, and their integration into the tourism industry requires active cooperation among government agencies, financial regulators, and the hospitality industry (a triple helix approach).

Recently, there has been an increase in the use of cryptocurrencies as a form of payment in various sectors, including trade, finance, healthcare, and public registry management. However, the tourism industry lags far behind these areas in implementing blockchain technology in the context of cryptocurrency integration and use, which necessitates appropriate theoretical research and underscores the relevance of the topic addressed in this article.

Although cryptocurrency mining (issuance) is quite popular in Georgia, particularly in the regions of Svaneti and Abkhazia, it is still not widely adopted in the country's monetary payment system. This is especially evident in the tourism industry. In addition, significant work is underway to introduce blockchain technology into the Public Registry of Georgia, which will, in the future, prevent the falsification of documents stored there.

Thus, the advantages and opportunities of widespread cryptocurrency and blockchain technology use in the tourism industry become apparent: 1. Simplify payments and reduce taxes; 2. Security and transparency; 3. Accessibility and convenience.

Cryptocurrencies in the tourism sector are promising, as blockchain technologies, in general, and cryptocurrency transactions offer security, convenience, and benefits to both tourists and companies. With the development of information technology and increased awareness of cryptocurrencies, this trend is expected to continue, opening up new opportunities for the tourism sector in Georgia, which is developing at an increasingly rapid pace. However, since the issues surrounding the role and application of cryptocurrencies require in-depth scientific study and analysis in the field of tourism, it is necessary to conduct further research and promote it effectively.

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DETERMINING FACTORS THAT INCREASE AND DECREASE INFLUENCE IN BUSINESS PROCESS, TAKING INTO ACCOUNT FOREIGN EXPERIENCE

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Abstract. The usefulness of reengineering is explained by the objective correctness of its constituent elements and its overall reliability, as well as the novelty of its fundamentals and practical applications, and the analysis of the problems inherent in reengineering. The changing business environment surrounding the company requires a renewal of the concept of strategic planning. G. Ansoff was the first to recognize the problem and the need to seek solutions actively. The company's strategy must meet the rapidly changing conditions of the external environment. The well-established concept of reengineering claims to offer managers a procedure for making effective decisions, but it also presents various problems. In times of such a combination of serious deviations from strategy, existential threats to the company, and, in some cases, a sense of managerial helplessness when using outdated techniques and methods to solve future development problems, it becomes difficult to understand and adequately appreciate the appeal of reengineering.

Keywords: matrix, business environment, business process management, Matrix of Changes.

Introduction

In particular, interest lies in the findings published by Ilom and Collinsom on the results of a study of 73 large companies in Northern Ireland, which is part of a more extensive study focusing on the use of incremental improvements and radical innovations in organizational change management. The analysis of the study's results and a review of relevant literature enable us to draw several critical theoretical conclusions about the circumstances in which business process management is most appropriate, as well as when to utilize total quality management and business process reengineering as a strategy.

The main objectives of the survey conducted in Northern Ireland were as follows:

- Obtain some information (from within) about the understanding, understanding, and application of BPR in Northern Ireland
- Discuss the positioning of BPR (and, to a lesser extent, TQM) in a long-term organizational change strategy.
- Research the relationship between Total Quality Management (TQM)- based improvements and Business Process Reengineering (BPR) as a change management approach.

Some authors believe that reengineering can be successful in all three organizational situations: a company may be in crisis, it may be in a strong competitive position but anticipate more significant competitive pressure in the near future, or it may be in a highly competitive situation and want to maintain a leading position in the future. Many experts believe a radical reengineering process must have a strategic context. Before a company chooses a process for reengineering, strategic analysis of the business, products, competition, and customers should be conducted. Once the company's current position is determined, a vision of a desired future position can be developed. This, in turn, facilitates the selection of appropriate processes that will help the organization move towards this desired future state.

BPR and TQM are seen as essential elements of organizational change strategies shortly. TQM appears less like a competitive change model and more like a competitive imperative. Large companies seem to be increasingly aware of the need for radical changes, both now and in the future.

Moreover, incremental improvement is a vital foundation for business survival and change. Although some authors believe that the link between TQM and BPR is only continuous improvement, Research has shown that other factors, such as culture change and a focus on performance, are essential elements of both approaches. It also shows that it can drive organizational change when used in an integrated manner.

Thus, the primary characteristic that distinguishes the concept of reengineering is the synthesis of elements from previous concepts, achieved through a complex approach, which has significantly greater potential for enhancing efficiency in business processes. Attempts to deny the historical heritage that underlies the idea of business process reengineering contribute to the accusation that reengineering is based on exaggerated estimates rather than convincing analysis and proven benefits.

Economic reengineering involves completely redesigning business processes using the latest management technologies, but without considering the existing order of business processes. However, not many companies have the opportunity to re-engineer their business processes, including financial ones, from scratch: people, technology, and business knowledge cannot be easily subjected to radical changes. In addition, new, unforeseen obstacles and new opportunities will inevitably emerge in the company transformation process. It is worth noting that companies often encounter challenges when implementing both radical and gradual changes. This is mainly because many leaders, both from Georgian and foreign companies, do not fully consider the connection between technology, practice, and strategy. Often, new product development, updating work technology, changing decision-making strategies, or changing communication systems are considered separately. Still, implementing these actions affects many aspects of the company's organization.

Managers' recognition of the crucial role of the interdependence of various business elements and their impact on final results has led to fundamentally new analysis methods. Strategy planning should consider and coordinate all components of the business system. This interaction can also create several positive effects that enhance even small steps in change management. A change matrix is a way of identifying the connections between different practices of existing business processes. It is a graphical representation and consolidation that interpolates the relationships between business processes, revealing the synergistic effects of these interactions.

Armed with this method, a change leader can intuitively identify key strategies and levers for a smoother company transformation. Once a new system is in place, it becomes easier to delegate authority for precise execution and optimization. The matrix graphically depicts an organization's business practices, both positive and negative, and their impact on the business. The rating system is designed to rank the company's most critical practices. The matrix analyzes the interaction between these practices and identifies potential challenges in transitioning from existing group practices to the desired ones.

In addition to the “change matrix,” there are four methods, each of which has its pros and cons:

1. The coercive method is used in conditions of high necessity for change and planning for change. This method allows for determining the sequence of changes and involves the use of force to overcome resistance
2. Adaptive method—The adaptive method of planning changes involves developing a series of sequential measures that are planned to be implemented over a long period. This process is slow, but it has its advantages—resistance is negligible at all times. This technique enables changes to be implemented in situations where proponents of the shift lack administrative authority.
3. Planning method in crisis conditions—used when changes in the environment threaten the firm's existence, time is strictly limited, and the organization is in a state of crisis. In a crisis, planning should consider that resistance gives way to support. Although solutions are not yet clear, time pressure is increasing.
4. Resistance control method - can be used when the time is longer than required by the coercive method and less than that required by adaptive changes. When planning with this method, the duration of the change process fits into the available time. This feature is acquired by using a phased approach.

The "Matrix of Changes" method consists of two stages: building the matrix and examining it.

The Change Matrix is the most effective and efficient tool for analyzing change. It consists of three matrices and a change process field and represents:

I. Current practices of organizational actions
II. Desired set
III. Transition state that connects 1_ and 2

Building a matrix involves four steps:

I. Identifying critical processes
II. Identifying the interaction system
III. Identifying transitional interactions
IV. Assessing the Organizers of the Change Process.

Conclusion

Successful enterprise transformations, especially those aimed at large-scale, long-term, and competitiveness-oriented changes, have tended to be implemented organically rather than mechanically. Preliminary testing and model testing could have been used here. For business transformation efforts not to be in vain, it is essential to have a clear vision of the goal, linked to actionable steps, effective leadership, strategic directional changes, and practical project management skills. Detailed management of the change program is required to ensure stakeholder engagement and support. Additionally, it is crucial to monitor the emotional reactions of the workforce involved in the business, as a company's survival depends on its ability to understand the nature of the challenges and opportunities it faces and respond to them effectively.

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IMPACT OF SOCIAL MEDIA ON CONSUMER DECISION-MAKING PROCESS IN GEORGIA

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Abstract. Influencing consumer decision making is a modern business challenge. The rapid development of social media has led to the transformation of the consumer decision-making process. With the mentioned media, users have access to significantly more information, and the purchase process typically lasts from a few seconds to a few minutes. By 2024, social media platforms will have evolved into a unified environment where consumers can make purchases without needing to leave the platform. For example, the Facebook environment enables the placement of advertising, product descriptions, ratings, as well as various user feedback, reviews, and purchase tools on a single platform. This technology enables users to discover products, access information about them, search for additional details, learn about the experiences of other users, gather more information through direct interaction, and complete the purchase process all on the same platform. A consumer's purchase decision is the process by which a consumer chooses among the various options available for a product or service. A purchase decision can be motivated by a practical necessity, such as the need for food, clothing, or a more subjective desire, like fashion products or a new electronic device. Although social media enables consumers to conduct research and learn about the experiences of others, it remains heavily focused on facilitating impulse buying decisions. This is determined by the methods, approaches, authors, and social network algorithms used to spread information about products on social media. The importance of using social media platforms for their intended purpose plays a significant role in the decision-making process. The information and society with which the user interacts represent the circle of interests of the said user or the circle of potential interests for him. The social network represents a specific lifestyle for the user (Basit, Wai Yee, & Sethumadhavan, 2021). The presence of lifestyle and interest areas drives consumers to make impulse purchases, transforming the purchase decision process.

The work addresses this issue and presents the determination of the decision-making process made by users through social media, as well as recommendations for adapting the sales process to the new reality.

Keywords: social media, decision making, social commerce.

Introduction. Social media is a group of interactive media technologies for websites and applications that facilitate the creation and sharing of information, ideas, and other forms of expression of interest through virtual networks. The term "social media" describes platforms that are user-centric and facilitate social interaction. As such, social media can be viewed as online facilitators or enhancers of human connections—a collection of individuals that foster social connectedness. Due to the diversity of individual and embedded social media services, defining social media presents challenges; however, specific common characteristics remain.

- A social network is a user-oriented platform based on the Internet

- Social media allows users to create their accounts.
- Is interactive
- Contains information (content) created by the user in various forms (video, text, photo image, and others)

The ability to create user-generated content has enabled people to share news and insights on any subject, bringing individuals together based on their interests and lifestyles. This process had a positive impact on commerce and marketing. Currently, social media platforms represent a type of ecosystem that enables customers to complete the product purchasing process without even having to leave their current location. Social media enables advertising, product presentation and description, user ratings and feedback, and the selection of purchase tools in one convenient location. This technology allows users to discover products, access information about them, learn about the experiences of other users, gather more information through direct interaction, and purchase the desired product or service, all within the platform.

Discussion. Social media marketing has a significant impact on consumers' decision-making processes. A growing technology that enables product or service advertising to be delivered to potential or active customers.

Consumer behaviour in the purchase process involves several fields of science, including psychology, biology, chemistry, and economics.

In social media, four main behaviours of the user in making a purchase decision are distinguished (Shivansh & Krup, 2024):

Complex buying habit - the mentioned behaviour mainly refers to an expensive product, which the consumer rarely buys. At this time, the customer is fully involved in the buying process. Researches the product in detail, seeks additional information, and pays attention to the experiences of other users.

Reducing dissonance in the purchase process - at this stage, the consumer is deeply involved in obtaining additional information about the product, as they struggle to distinguish between products of the same category from different brands. Their primary motivation is the fear of making the wrong choice. It is essential for the user not to make the wrong choice.

Habit purchase - the mentioned action represents the behavior when the consumer buys the product out of habit. Such behavior is generally limited to a specific product category or price range. A customer with this habit is characterized by low brand loyalty.

Multi-Purchase - A consumer with this behavior does not purchase due to any specific factor. Impulse purchases in various categories are the primary characteristic of these purchases.

Determining consumer behavior enables marketing activities to be planned effectively and products to be presented to consumers in a way that aligns with the characteristics of the social media platform.

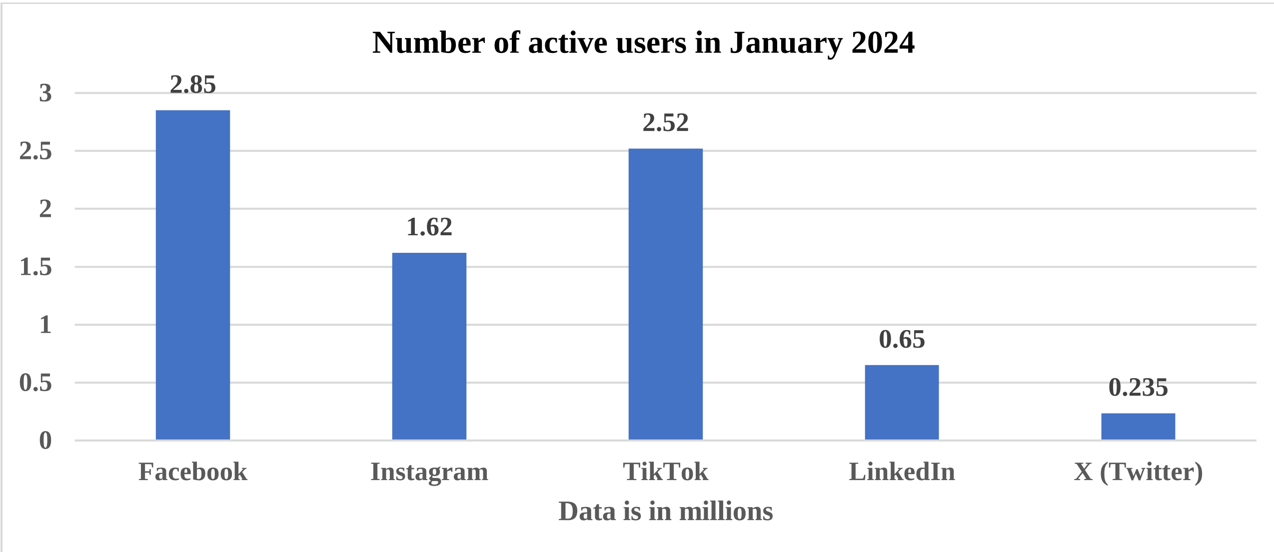
Ways of decision-making by the user in the Georgian social media space

In 2024, according to datareportal.com, 2.85 million users from Georgia were registered on various social media platforms (Digital 2023: Georgia, 2023). Their distribution across platforms (see Figure 1).

During the 2023 research, 1,064 respondents were interviewed. The survey results showed that 79% of respondents were female (832 respondents), and 21% were male (232 respondents). 35% of respondents indicated that they actively use social networks for purchasing, in addition to other purposes.

Additionally, 14% reported using it for their business interests. Approximately 50% of the surveyed respondents indicated that the primary reason for purchasing the product was that they encountered it with an acceptable price on a social network.

Figure 1. Number of active users in Georgia



Source: (Digital 2023: Georgia, 2023)

According to the survey results, the products purchased by consumers are diverse and span various categories. The mentioned fact indicates that a large number of consumers exhibit impulse buying behavior. At the same time, the largest share in terms of quantity is occupied by medium- and low-value products, as research shows that high-value real estate, vehicles, digital assets, and similar luxury categories account for the lowest share of the total number of products purchased (see Table 1).

Table 1. Structure of purchased products

	Female	%	Male	%	All	%
Self-care products	444	53%	40	17%	484	45%
Household appliances	200	24%	0	0%	200	19%
Sports equipment	52	6%	40	17%	92	9%
Real estate	8	1%	12	5%	20	2%
Clothes	524	63%	96	41%	620	58%
Vehicles	24	3%	36	16%	60	6%
Digital property	28	3%	36	16%	64	6%
Pastry products	156	19%	24	10%	180	17%
Handmade items	272	33%	48	21%	320	30%
Furniture	68	8%	16	7%	84	8%
Hobby entertainment	48	6%	44	19%	92	9%

Source: (Digital 2023: Georgia, 2023)

It is worth noting that in the survey, the influence of the influencer on the purchase decision is in the last place, which in our opinion is due to the low development of the influencer marketing market, because as a certain number of respondents noted, the product offered by the influencer contained advertising signs and not an honest assessment. We hope that this market will improve and that users' trust in influencer marketing will increase, which will help Georgian entrepreneurs generate sales (see Table 2).

The results of user activity and the specificity of social media platforms allow us to define and highlight the features and characteristics of the user acquisition process in Georgia.

From the purchase decision-making processes, the consumer most often exhibits impulsive behaviour in making various purchases, followed by a purchase habit, where the consumer is accustomed to purchasing products within a specific price category or product category.

Table 2. Peculiarities and characteristics of the customer acquisition process in Georgia

	Female	%	Male	%	All	%
From the groups	496	60%	104	45%	600	56%
From ads	380	46%	96	41%	476	45%
From Market Place/shop	184	22%	72	31%	256	24%
From influencers	156	19%	12	5%	168	16%

Source: (Digital 2023: Georgia, 2023)

Also worth noting is the dissonance-reducing behaviour that occurs during the purchase process, where consumers search for product information and discuss it with other consumers in groups. Their behaviour is not impulsive and is mainly based on the experience of different users.

Conclusion. The behaviour of the complex purchase habit yields the lowest result, which is explained by the fact that consumers in Georgia do not trust social networks when making expensive purchases.

The culture of buying and selling through social networks is relatively new to the Georgian market, with its central development coinciding with the start of the pandemic. During this period, consumer behaviour is in the formative stage of the decision-making process and is heavily influenced by the features of the social media platform. In our opinion, consumer behaviour in Georgia will change and balance over time. Relatively, consumer confidence is expected to increase, and along with this, complex purchasing behaviour among consumers is also likely to rise.

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FOR SOME ASPECTS OF THE INNOVATION MANAGEMENT METHODOLOGY

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Abstract. The article aims to identify the key aspects of innovation management through a detailed analysis of the available scientific literature and the outcomes of the empirical research conducted. With the identified main elements, we identified problematic areas related to innovation management and proposed several recommendations to correct these issues. The article thus provides managers with a handy tool in the form of a set of recommendations that support the problem-free use of innovation management within a company. Innovations implemented to improve the quality and comfort of human life, such as clothing that protects us from rain or frost, are one of the largest areas of modern business organizations. Most products and services are designed to enhance the quality of human life. However, this is not always the case. Sometimes, they are genuine innovations that significantly impact the quality and comfort of human life (a type of clothing mentioned earlier); at other times, they only work in the psychological field, artificially creating market needs (fashion).

Keywords: Innovation Management, Innovation Capabilities, Innovation Process, Technology. Successful innovation.

Introduction. Innovation and its dimensions: Technological advances, changes in customer behavior, intensified competition, and a changing business environment are some factors that create the need for innovation in organizations (Goffin & Mitchell, 2010). According to Tidd, Bessant, and Pavitt (2008), innovation is closely tied to an organization's ability to identify market opportunities and establish commercial relationships that render them economically viable. It is associated with the development of new products, new processes, or the creation of new ways to work on established and mature markets. However, one of the most prominent challenges organizations face is testing and managing the innovation process, considering various circumstances (such as the type of innovation, product, or industry), which may result in differing innovation management processes. Innovation might be analyzed through many dimensions. Authors such as Nonaka and Takeuchi (1995), Nonaka (1994), Cohen and Levinthal (1990), and Van der Bij, Song, and Weggeman (2003), among others, discuss the importance of generating and managing knowledge cycles to create and sustain innovation.

Discussion

Today, innovation is becoming one of the most searched topics worldwide. Regarding innovation management, innovation is also becoming a crucial component of business growth. According to the Accenture 2015 US Innovation survey, it was observed that 84% of executives rely on innovation for their business's growth. Many companies around the world have started adopting innovation in their business because:

- It enhances the company's growth.
- It keeps Organizations Relevant.
- It reflects the organization's uniqueness.

Innovation management is defined as the process of designing and introducing new concepts to drive business growth. The simplest way to understand this term is by focusing on its key elements, and they are:

- **Collaboration:** Collaboration is a crucial term that holds significant weight in Innovation Management. It involves a group activity that leads to community development. In this competitive world, it is essential to devise multiple solutions to address a problem efficiently.
- **Ideation:** Coming up with unique and fresh ideas is an essential feature of innovation management because it helps an organization to stand apart from ordinary companies.
- **Implementation:** Intelligent people must be present in an organization who can implement ideas to move the company forward. Implementation is an integral part of innovation, enabling organizations to make informed decisions in emergencies.
- **Value Creation:** If an organization's products do not receive the value they deserve, then innovation is highly lacking in that company. To bring value to its services, an organization must propose innovative ideas and new approaches to enhance the value of its offerings.

Successful innovation appears to be a challenging task in the business field. Still, in simple terms, for an organization, successful innovation management can be defined in terms of how effective the product is, how beneficial it is to the world, and many other factors. Here are the best ways to begin innovation management in a workplace:

- Involve Everyone at discussion time: To introduce an organization with innovation management, it is essential to make everyone part of the discussion. Involving every person will promote diverse ideas and perspectives.
- Run Idea Campaigns: Running idea campaigns is highly important. It helps improve employees' productivity and improves the innovation approach to guide the business toward success.
- Transparency: Transparency regarding the organization is an essential key to creating the art of innovation.
- Transparency: Transparency regarding the organization is an essential key to creating the art of innovation.
- Rewards and Recognition: Rewarding employees fosters a positive image in their minds. The rewards and recognition system helps create a positive environment that naturally encourages employees to drive innovation and propel the business forward.

Innovation is transforming the world at an exponential rate, propelling it toward even greater success. With the increase of innovation, productivity, and the economy, both increase proportionally. Innovation is an art that can be learned and gained only if one has a good vision for the business environment.

The right institution can help you by providing guidance and mentorship, enabling you to navigate the dynamic business environment effectively. Among some top premium institutes is MIT ID Innovation, which has a proven track record of excellence. If you also want to become tomorrow's leader, then the MIT ID Innovation program is the right place to develop thinking and innovation skills.

Innovation management is a process through which companies seek growth by introducing new procedures and approaches to innovation. These procedures guide the innovation process from the ideation stage through project completion. The primary idea behind innovation management is to use business structure and methods to enhance employees' ability to develop new ideas and strategies. While managers and executives typically lead the process, a business that practices innovation management requires the participation of every employee.

Innovation management is essential because it allows companies to develop new ideas and procedures more quickly and effectively. This can help companies remain sustainable and competitive by increasing their productivity, profitability, and flexibility. By incorporating innovation management practices into a business, managers can ensure that all employees have the necessary infrastructure to develop innovative ideas. Innovation can benefit a company in various ways, from developing groundbreaking technology to creating products that outpace competitors.

Four areas play a key role in innovation management, and those are:

1. Capabilities refer to a business's ability to innovate, encompassing talent, internal knowledge, and available financial resources. The innovative capabilities of a workforce are a significant factor in determining a company's ability to innovate, so managers seeking to increase innovation may want to assess the strengths and weaknesses of the employees involved. This might include formal training, a specific aptitude, or unique insights that an employee brings to a project, which can be highly valuable. A manager may ask employees to analyze what they can offer to encourage the team to participate in brainstorming their capabilities. Finances can also affect a business's ability to innovate. A company that wants to innovate but cannot afford to do so may struggle just as much as a business that is less interested in innovation but has ample resources. However, it is possible to use a lack of available funds as motivation, as employees may consider cheaper solutions.
2. Structures refer to factors such as infrastructure, policies, processes, and organization that can either positively or negatively impact employees' ability to innovate. Businesses with effective innovation management typically have clear communication channels, sound decision-making policies, and an organizational structure that enables employees to be flexible and act as intrapreneurs. It is helpful for managers to identify the areas where innovation is most important. Teams that are expected to generate innovative ideas may benefit from greater flexibility in decision-making, a less prescriptive reporting framework, and a structure that enables them to shift directions quickly.
3. Culture plays a vital role in a company's ability to innovate. A culture that does not reward creativity and innovation may encourage employees to withhold ideas or seek employment elsewhere if they value innovation. While corporate culture typically begins with leaders and managers, employees can also have a significant impact on company operations. Suppose an employee sees room for improvement and would like more ability to innovate. In that case, it can be valuable for that employee to speak with management about shifting the company culture towards innovation. A company that has a culture that supports innovation usually has these attributes:
    - Led more by vision and culture than oversight management;
    - Prioritizes speed, examination, and learning;
    - Gives employees freedom and responsibility to develop new ideas;
    - Value those employees who see the need for improvement;
    - Does not punish failure but instead sees it as part of the innovation process.

4. Strategy is one way to direct innovation toward specific areas. For instance, if a company has a strategic plan to innovate in the vinyl record storage industry, management and employees would not focus on developing a better computer monitor. Innovation is only as valuable as the company's ability to utilize it strategically. Innovation requires a certain amount of freedom for all employees involved; therefore, excessive strategic oversight may limit creative solutions. It is helpful for managers to strike a balance between the need for autonomy and the company's need to offer a specific product type or remain in a particular industry.

There are three methods for innovation management that a company can practice individually or collectively for different types of projects. These methods include:

1. Incremental innovation relies on gradual improvements to a product, service, method, or process over time. Companies that practice incremental innovation may prefer to offer their products and services regularly, with more minor changes, as this approach seems more reliable. For instance, a computer company might decide that rather than trying to design a completely new computer product, it will instead focus on creating an improved computer model each year. These innovations may not make the news every time, but the steady improvement can grow the business and tempt repeat buyers.

2. A breakthrough innovation enables a company to significantly alter a product or service while remaining within its industry. This is especially common in technology, where intense competition and a high pace of innovation make breakthroughs highly valuable. For instance, a cell phone manufacturer might develop a more minor and advanced chip for its phones, making its next model significantly more powerful than previous ones. While this represents more than incremental innovation, it is unlikely to have a significant impact on the entire industry.

3. A disruptive innovation changes a market entirely because it creates a significant gap that competitors cannot quickly close. A company that introduces a disruptive innovation may receive considerable press and challenge consumers to understand and adopt it. While disruptive innovation can offer significant advantages, it is much more challenging than other types of innovation. Examples include the rise of the smartphone and the rise of the hybrid car when gas-powered cars were the primary option.

Innovation management offers a wide range of benefits but also carries some risks. These include:

- Creating a company culture that embraces innovation management may take time.
- If innovation has not been a priority previously, employees at any level may resist the change.
- Innovation can be challenging for employees and companies that do not have a growth mindset.
- A lack of funding or other limitations may keep employees from innovating or make what they innovate impossible for the company to invest in.
- Innovative projects may fail if there is not enough business support in other areas, or customers do not understand the product or service.
- Investing a lot into an innovative idea only for it to fail can be a waste of time and money.

Conclusion

Measurement of the innovation process is crucial for practitioners and academics; however, the literature is characterized by various approaches, prescriptions, and practices that can be confusing and contradictory. Conceptualized as a process, innovation measurement lends itself to disaggregation into a series of separate studies. The consequence is the absence of a comprehensive framework that encompasses the activities necessary to transform ideas into valuable and marketable products. We aim to address this gap by reviewing the literature on measuring innovation management at the firm level. Drawing on a vast body of literature, we first develop a synthesized framework of the innovation management process consisting of seven categories: inputs management, knowledge management, innovation strategy, organizational culture and structure, portfolio management, project management, and commercialization. Second, we populate each framework category with empirically demonstrated factors significant in the innovation process and illustrative measures to map the territory of innovation management measurement. The review makes two important contributions. First, it undertakes the challenging task of integrating a vast and diverse literature into a unified framework. Second, it provides a framework against which managers can evaluate their innovation activities, explore the extent to which their organization is nominally innovative, or whether innovation is embedded throughout the organization, and identify areas for improvement.

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ARTIFICIAL INTELLIGENCE (AI) IMPACT ON INNOVATIVE BUSINESS DEVELOPMENT

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Abstract. Artificial Intelligence (AI) has emerged as a rapidly accelerating and transformative force, reshaping innovative businesses worldwide. This paper presents a comprehensive framework for assessing the impact and dependency of AI, aiming to quantify the extent to which companies and countries adopt and rely on AI technologies. We propose a multifactorial analysis that integrates various indicators, including the contribution of AI-related industries to GDP, the rate of AI technology adoption, the availability of skilled AI professionals, government initiatives supporting AI development, and the readiness of infrastructure for AI deployment. Each indicator is weighted based on its relative importance, determined through expert judgment and statistical analysis. Through case studies and empirical analysis, we demonstrate the application of the proposed framework in evaluating AI dependency. Moreover, the intensity of AI usage in various business sectors is discussed, along with its advantages and challenges. Our findings highlight the diverse landscapes of AI readiness and dependency, providing insights for business top management, policymakers, researchers, and stakeholders to understand and address the challenges and opportunities associated with the AI-driven economy.

Keywords: Artificial Intelligence, AI Dependency, Economic Impact, Multifactorial Analysis, Policy Implications, Innovative Business Growth.

Introduction:

Artificial Intelligence (AI) stands as one of the most transformative technologies of the 21st century, reshaping business industries, economies, and societies at an unprecedented pace. In this introduction, we embark on a journey to explore the profound impact of AI on the global economy, unveiling the opportunities it presents and the challenges it poses. As we examine the multifaceted aspects of AI's impact, we aim to illuminate the complexities and nuances that characterize the AI-driven economy.

The proliferation of AI technologies across various sectors highlights their pervasive impact on the global economy. From healthcare and finance to manufacturing and transportation, AI is revolutionizing workflows, optimizing processes, and unlocking new frontiers of innovation. For instance, in the healthcare industry, AI-powered diagnostics and predictive analytics are enhancing patient outcomes, streamlining treatment protocols, and driving precision medicine initiatives. Similarly, in finance, AI algorithms are revolutionizing investment strategies, risk management practices, and fraud detection mechanisms, offering unparalleled insights into market trends and consumer behavior.

The rapid advancement of AI is fueled by a confluence of factors, including exponential growth in computational power, vast repositories of data, and breakthroughs in machine learning algorithms. As AI continues to mature and evolve, its applications are becoming increasingly diverse and ubiquitous, permeating every aspect of our daily lives. From virtual assistants and autonomous vehicles to smart cities and personalized recommendations, AI-driven technologies are shaping our interactions with the world around us, redefining how we work, communicate, and navigate our environments.

However, amidst the excitement and promise of AI, profound questions and challenges loom large on the horizon. The rise of AI has sparked debates and concerns surrounding issues of ethics, accountability, and societal impact. As AI systems become increasingly autonomous and sophisticated, questions of bias, transparency, and algorithmic accountability emerge, raising essential considerations regarding fairness, privacy, and human autonomy.

Furthermore, the transformative potential of AI also highlights broader socio-economic implications, including shifts in labor markets, income inequality, and the redistribution of wealth. While AI promises to unlock new sources of economic value and productivity gains, it also threatens to disrupt traditional job roles, exacerbate skill mismatches, and widen existing socio-economic disparities. As such, the pursuit of AI-driven innovation must be accompanied by a concerted effort to address these challenges and ensure that the benefits of AI are equitably distributed across society.

In this introduction, we embark on a comprehensive examination of the impact of AI on the economy, exploring its transformative potential and identifying the opportunities and challenges it presents. Through rigorous analysis and critical inquiry, we endeavor to illuminate the complexities and nuances of the AI-driven economy, providing insights that inform policy decisions, drive innovation, and shape the trajectory of economic development in the 21st century.

Main Body Text:

The background of Artificial Intelligence (AI) encompasses a rich tapestry of technological advancements, theoretical breakthroughs, and societal implications that have shaped its trajectory from conceptual inception to widespread adoption. Understanding the historical context of AI is crucial for comprehending its evolution and the profound impact it has on the global economy.

The roots of AI can be traced back to the mid-20th century, with seminal works by pioneers such as Alan Turing, John McCarthy, and Marvin Minsky laying the groundwork for the development of intelligent machines. In the following decades, AI research progressed along multiple fronts, fueled by advances in computer science, cognitive psychology, and mathematical logic.

The turn of the 21st century witnessed a renaissance in AI research, fueled by exponential growth in computational power, the availability of vast datasets, and breakthroughs in algorithmic efficiency. Deep learning, in particular, emerged as a dominant paradigm, enabling machines to learn intricate patterns and representations from raw data with unprecedented accuracy and efficiency. Applications of deep learning, ranging from image recognition and natural language processing to autonomous driving and robotics, permeate diverse sectors and domains, reshaping industries and economies worldwide.

The transformative potential of AI extends far beyond technological innovation, encompassing broader socio-economic implications that encompass ethical, legal, and regulatory considerations. As AI systems become more autonomous and pervasive, questions of accountability, transparency, and algorithmic fairness come to the forefront, necessitating robust frameworks and standards to ensure the responsible deployment of AI.

Moreover, the rise of AI has profound implications for labor markets, employment patterns, and income distribution, raising essential questions about the future of work in an increasingly automated and digitized world. While AI promises to unlock new sources of economic value and productivity gains, it also poses challenges related to job displacement, skill mismatches, and workforce retraining, necessitating proactive measures to mitigate adverse impacts and promote inclusive growth.

In summary, the background of AI encompasses a rich tapestry of scientific inquiry, technological innovation, and societal transformation, underscoring its profound impact on the global economy. By tracing the historical trajectory of AI from its conceptual origins to its current state, we gain valuable insights into its evolution, its challenges, and its potential to shape the future of humanity in the 21st century.

Methodology:

The methodology section elucidates the systematic approach employed to assess AI dependency in the economy, providing insights into the framework, data collection methods, and analytical techniques utilized in the study. By outlining the steps involved in the assessment process, this section provides transparency and rigor, thereby ensuring the credibility and reliability of the findings.

Framework Development:

The development of the AI dependency assessment framework forms the cornerstone of the methodology, providing a structured framework for evaluating the extent to which countries rely on AI technologies for economic growth and development. The framework encompasses a comprehensive set of indicators, each capturing different facets of AI adoption, readiness, and impact. Drawing upon existing literature, expert consultations, and stakeholder feedback, the framework is designed to be holistic, adaptable, and contextually relevant, catering to diverse national contexts and priorities.

Indicator Selection:

The selection of indicators is a crucial aspect of the methodology, as it determines the breadth and depth of the assessment framework. Indicators are chosen based on their relevance, measurability, and significance in gauging AI dependency in the economy. Key indicators include the AI contribution to GDP, AI adoption rates across various industries, the availability of AI talent and expertise, government initiatives supporting AI research and development, and the readiness of infrastructure for AI deployment. Each indicator is carefully curated to capture different dimensions of AI dependency, enabling a comprehensive and nuanced assessment of national AI ecosystems.

Data Collection and Validation:

The methodology employs a multi-faceted approach to data collection, drawing upon a diverse array of sources, including government reports, academic studies, industry surveys, and international databases. Data collection efforts are guided by principles of reliability, validity, and transparency, ensuring the accuracy and integrity of the findings. To enhance data quality and robustness, multiple data validation techniques are employed, including cross-referencing, triangulation, and peer review. Moreover, efforts are made to mitigate biases and errors inherent in secondary data sources, such as sampling biases and data inconsistencies.

Weighting and Aggregation:

Once the data is collected, the next step involves weighting and aggregating the indicators to derive composite scores for AI dependency. The weighting process consists of assigning relative importance to each indicator based on its perceived significance and impact on AI dependency. Weighting criteria may vary depending on contextual factors, stakeholder preferences, and expert judgment. To ensure transparency and accountability, stakeholders are engaged in the weighting process, providing input and feedback on the relative importance of different indicators. Once the weights are assigned, indicators are aggregated using appropriate mathematical techniques, such as weighted averages or composite indices, to generate an overall score for AI dependency.

Sensitivity Analysis and Robustness Checks:

To enhance the reliability and validity of the findings, the methodology incorporates sensitivity analysis and robustness checks to assess the stability and robustness of the results. Sensitivity analysis involves examining the impact of variations in input parameters, assumptions, and weighting schemes on the outcomes. Robustness checks involve testing the consistency and reliability of the results across different scenarios, datasets, and analytical techniques. By subjecting the findings to rigorous scrutiny and validation, the methodology ensures the credibility and trustworthiness of the assessment outcomes.

AI Dependency Index Formula:

The AI Dependency Index formula is at the core of our assessment methodology, serving as a quantitative framework for evaluating and comparing AI dependency across different countries. The formula is as follows:

$$\boldsymbol{AI}\ \textbf{Dependency Index} = \boldsymbol{w1} \times \boldsymbol{AI}\textbf{Contribution} + \boldsymbol{w2} \times \boldsymbol{AI}\textbf{AdoptionRate} + \boldsymbol{w3} \times \boldsymbol{AI}\textbf{Workforce} + \boldsymbol{w4} \times \boldsymbol{Government}\textbf{Initiatives} + \boldsymbol{w5} \times \boldsymbol{Infrastructure\ Readiness}$$

Where:

*AI*Contribution - represents the contribution of AI-related industries to the country's GDP.

*AI*AdoptionRate - denotes the rate of AI technology adoption across different industries within the country.

*AI*Workforce - signifies the availability and skill level of AI professionals within the country.

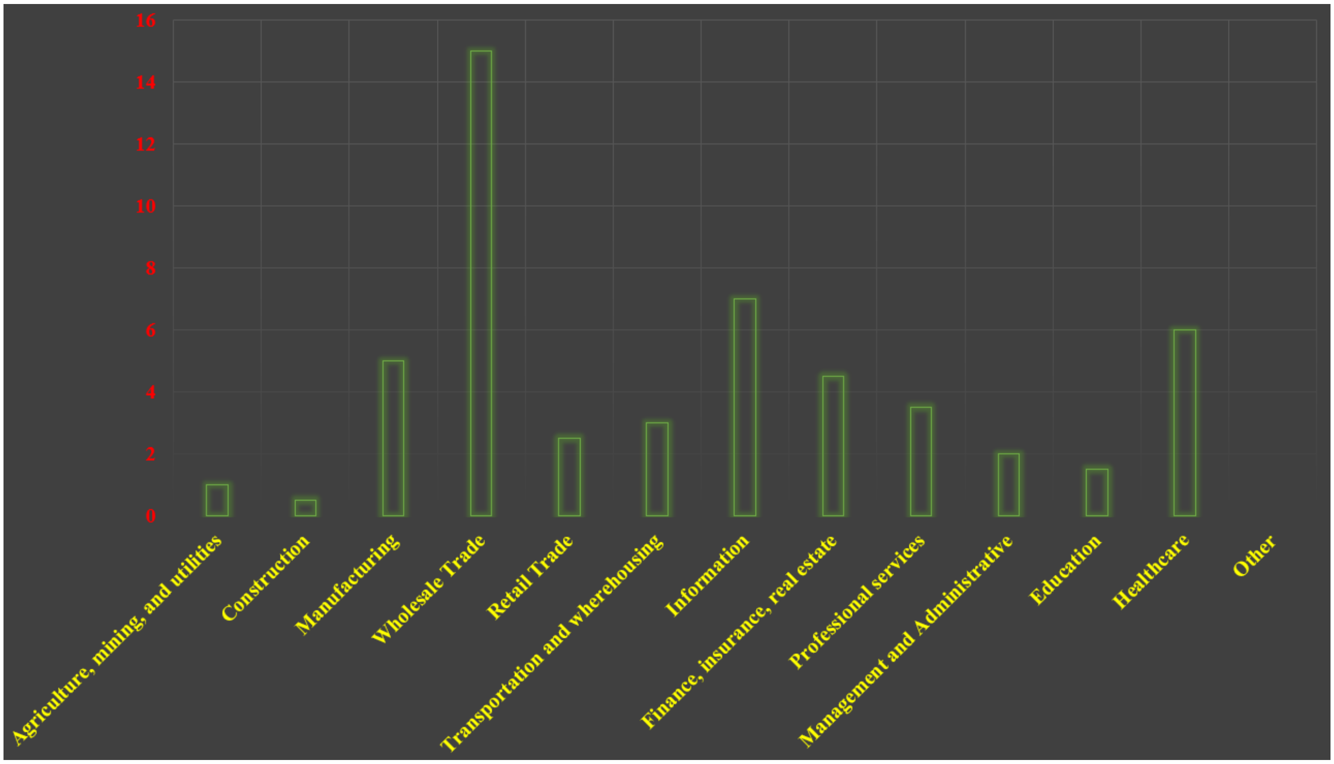
Government Initiatives - represents the effectiveness of government policies, investments, and initiatives aimed at promoting AI research, development, and adoption.

Infrastructure Readiness - denotes the readiness of a country's infrastructure for AI deployment.

*w*1, w2, w3, w4, w5 - are weights assigned to each indicator based on its relative importance or significance in assessing AI dependency.

This formula enables policymakers, researchers, and stakeholders to quantify AI dependency, identify areas for improvement, and inform strategic decision-making and policy formulation in an increasingly AI-driven world. Therefore, AI is being widely adopted and implemented in various business sectors, as confirmed in the table below (N1).

Table N1. AI use intensity and testing rates by sector, %



Source: https://ventionteams.com/solutions/ai/adoption-statistics

As Table N 1 shows, AI is intensively used and implemented primarily in the IT sector (7%), followed by the Healthcare sector (6%), Manufacturing (5%), and Finance and Real Estate (4.5%).

Case Studies:

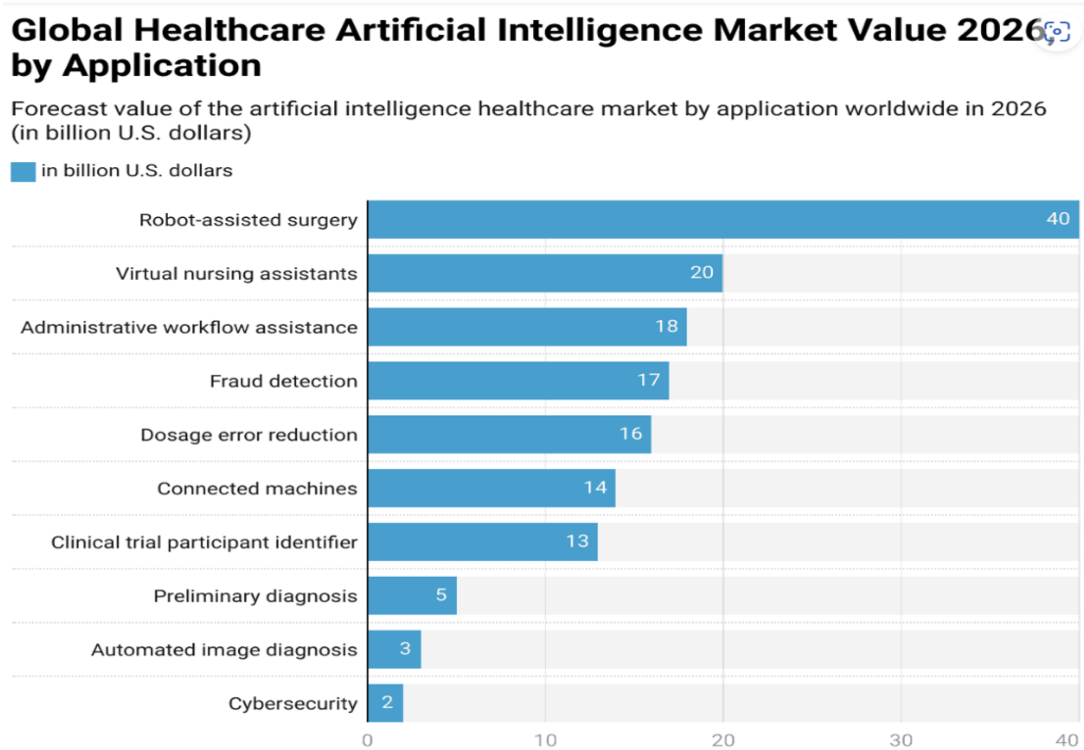
Healthcare Sector Transformation

The healthcare sector is experiencing a profound transformation fueled by the integration of AI technologies. From disease diagnosis and treatment planning to drug discovery and patient care, AI is revolutionizing every aspect of healthcare delivery. One of the key areas where AI is making significant strides is in medical imaging, where deep learning algorithms can analyze complex imaging data with unprecedented speed and accuracy, aiding clinicians in early detection and diagnosis of diseases such as cancer and cardiovascular disorders. "*Advanced Telehealth and Remote Patient Monitoring*" is already widely utilized in the United States.

Moreover, AI-powered predictive analytics are enabling healthcare providers to identify patients at risk of developing chronic conditions, allowing for timely interventions and personalized treatment strategies. AI-assisted surgery and Robotics are being intensively implemented in many international hospitals and are forecasted to be worth $ 40 billion in the future (Table 2 below). According to some research, the AI precision medicine market is anticipated to reach $14.5 billion by 2030; 52% of respondents consider AI-based skin cancer detection to be a breakthrough in healthcare. Fifty-six percent of those familiar with AI-driven surgical robots believe it represents a significant advancement.

By harnessing the power of AI, the healthcare business sector is poised to achieve greater efficiency, efficacy, and accessibility in delivering quality care to patients worldwide.

Table 2



Source: AI in Healthcare Statistics and Facts (2025)

Financial Services Innovation

The financial services industry is undergoing a period of rapid innovation driven by advances in AI and machine learning. From algorithmic trading and risk management to customer service and fraud detection, AI-powered solutions are transforming the financial services landscape, enabling institutions to optimize processes, mitigate risks, analyze large datasets, and enhance customer experiences in innovative ways. For example, AI algorithms are being used to analyze vast volumes of financial data in real-time, identifying market trends and investment opportunities with unprecedented speed and accuracy.

Similarly, chatbots and virtual assistants powered by natural language processing are revolutionizing customer interactions, providing personalized recommendations and assistance around the clock. As financial institutions adopt AI-driven innovation, they can gain a competitive edge in a rapidly evolving market environment, unlocking new sources of value and differentiation in an increasingly dynamic and competitive global marketplace.

Table N 3. The AI Adoption Usage (%) in Financial Services

Description	Many financials are either assessing AI or have already adopted it in 2024	Of finance leaders reported their organizations were deploying AI in some manner in 2023	Many companies utilize AI adoption in financial services for fraud detection and anti-money laundering purposes.	A total of $ AI investments were made in 2021 by banking and securities.
Percentage	91 %	99%	87 %	22%

Source https://ventionteams.com/solutions/ai/adoption-statistics

Research indicates that AI plays a significant role in the financial industry, particularly in fraud detection and anti-money laundering efforts. Supported by substantial investments in AI from the banking and security industries, this trend indicates a strategic pivot toward enhanced automation, more personalized service offerings, improved security risk management, and advanced financial data analytics.

Manufacturing Industry Disruption

The manufacturing industry is undergoing a paradigm shift driven by the integration of AI technologies into production processes and supply chain management. From predictive maintenance and quality control to demand forecasting and inventory optimization, AI-powered solutions are revolutionizing every aspect of manufacturing operations, enabling companies to achieve greater efficiency, flexibility, and responsiveness in meeting customer demands. For instance, AI-driven predictive maintenance algorithms can analyze sensor data in real-time to detect equipment failures and performance anomalies before they occur, minimizing downtime and maximizing productivity. Similarly, AI-powered robots and cobots are transforming assembly lines and warehouse operations, automating repetitive tasks and enhancing worker safety and ergonomics. By harnessing the power of AI, manufacturers can unlock new levels of productivity and innovation, driving sustainable growth and competitiveness in an increasingly digital and interconnected global economy. According to some research, 93% of companies believe that the adoption of machine learning in manufacturing will be crucial for growth and innovation. The valuation of the AI in the manufacturing market was $5 billion in 2023. A significant amount of investment in Manufacturing is driven mainly by Industry 4.0 and a desire to improve production workflows. Together with the leading-edge technologies, AI is critical to advancing smart manufacturing, which leverages data-driven models to identify defects, minimize downtime through predictive maintenance, quickly adapt to demand fluctuations, and guarantee seamless production processes.

Conclusion

In conclusion, the multifactorial analysis presented in this study, grounded in the AI Dependency Index formula, provides a robust framework for understanding the complex dynamics of AI adoption and its impact on economies and businesses worldwide. Through a systematic evaluation of indicators such as AI contribution to GDP, technology adoption rates, workforce expertise, government initiatives, and infrastructure readiness, we gain valuable insights into the level of dependency on AI technologies across different countries.

The AI Dependency Index formula serves as a quantitative tool to gauge the relative importance of these indicators and to compare AI readiness and dependency among nations. By assigning weights to each indicator based on their significance, policymakers and stakeholders can prioritize areas for intervention and investment to foster AI-driven innovation and economic growth.

The case studies presented in this research underscore the diverse applications of AI across various sectors, including healthcare, finance, and manufacturing, highlighting the transformative potential of AI technologies and their role as a growth accelerator in many innovative businesses. As AI continues to reshape industries and societies, it is crucial to adopt responsible AI practices, promote ethical considerations, and ensure that the benefits of AI are distributed equitably.

To conclude, the AI Dependency Index formula serves as a powerful tool for assessing AI readiness and dependency, as well as their impact, guiding policy decisions, and shaping the trajectory of economic development in the 21st century. Through collaborative efforts and forward-thinking initiatives, we can harness the transformative power of AI to build inclusive, resilient, and prosperous societies for future generations.

In summary, while artificial intelligence is transforming and enhancing innovative healthcare businesses with AI-assisted robots, the financial sector is benefiting from minimized fraud and AML risk, and the Manufacturing business is thriving during Industry 4.0. – To drive innovation in manufacturing, AI-driven systems must also address several challenges, including ethical concerns, regulatory complexities, data quality issues, and high implementation costs. By addressing these challenges, AI can make a significant positive contribution and ultimately lead to innovative Business Development across all sectors, while maintaining trust, fairness, and long-term sustainability.

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THE CLUSTER MECHANISM AS A MEANS TO STIMULATE INNOVATION ACTIVITIES IN THE REGION

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Abstract. The active application of the cluster approach aims to increase innovation activity, enhancing the competitiveness of domestic producers and accelerating the sustainable socio-economic development of Georgia's regions. An analysis of domestic and foreign experience demonstrates that the proliferation of clusters is a key characteristic of all highly developed economies. Effective high-tech production relies on integrating various scientific, innovative, and manufacturing enterprises. According to M. Porter, a recognized authority on competition issues, in the modern economy, particularly within the context of globalization, clusters emerge as systems of interconnected forms and organizations, the significance of which as a whole transcends the simple sum of its constituent parts. A cluster is a geographically concentrated group of interconnected enterprises that compete with one another while also collaborating alongside organizations that support their activities, such as educational institutions, research centers, and trading enterprises. Studies indicate that the implementation of clusters primarily promotes the idea of sustainable regional development.

Keywords: Cluster, sustainable regional development, efficient high-tech production, social infrastructure.

Introduction

Cluster solutions are also suitable for application in the agro-industrial complex. Their establishment, along with other measures, enhances the quality of life for the rural population, diversifies the economy, and provides an external benefit - a reliably functioning transport and social infrastructure. Establishing an integrated agro-industrial association on a regional scale is a viable economic option. At the same time, it is advisable to incorporate four high-risk and high-income areas within a diversified association.

Discussion

Clusters serve as growth points in the regional economy. A well-functioning cluster-forming enterprise extends its influence to its immediate surroundings, including suppliers of raw materials, materials, components, semi-finished products, and other contractors. In turn, the efficiency of this surrounding environment has a positive impact on the continued growth of the cluster-forming enterprise's market power. As a result, the effect of a regional cluster multiplier is realized.

It should be noted that the sustainable development of the region has an inverse effect on clusters:

- Their composition evolves - the share of innovatively active enterprises and organizations providing pre-sales, after-sales, and warranty services increases;
- Infrastructure companies, financial institutions, educational institutions, and civil society organizations adopt best practices;
- Connections between cluster elements are strengthened;
- Labor productivity at enterprises within the cluster increases.

Recognizing that a cluster consists of geographically interconnected and mutually complementary organizations is essential.

Furthermore, this set of organizations is marked by a high level of aggregation. Thus, we believe the primary advantage of the cluster mechanism is its complementary effect, which manifests in increased labor productivity, the development of small and medium businesses, the acceleration of technological innovations, and the accumulation of a critical mass of human, innovative, and production capital. This effect is further enhanced by organizations that offer services for storing, processing, and transmitting information, as well as Internet-related services. The distinction between the cluster in the economy of innovative development and the regional industrial complex is that in the former, the key integrating factors are virtual communication networks and new knowledge (innovations) that can sustain the cluster's competitiveness over time, while the internal integrator of the industrial complex consists of production facilities aimed at producing finished products.

Analyzing the literature allowed us to identify the following approaches to understanding the regional cluster:

- Institutional approach, which views the cluster as based not on individual types of economic activities or organizations but on institutions interacting within a specific geographic area;
- Functional approach, which considers the cluster to be based on the horizontal and vertical connections of its participants;
- Integration approach, where the cluster relies on integration connections and processes of unification, concentration, cooperation, and specialization of production;
- Strategic approach, within which the cluster acts as a tool for implementing a development strategy;
- Systemic approach aimed at optimally combining the strategic goals of state and business development, taking into account the influence of external macroeconomic factors;
- Process approach, viewing the cluster mechanism as a continuous and consistent implementation of interrelated actions to develop the entrepreneurial environment.

Foreign researchers of regional clusters primarily employ an institutional approach, while the works of Russian authors essentially contain a structural component. It is worth noting that in practice, there is significant overlap and interrelation among these approaches.

This dissertation addresses the functioning problems of regional clusters based on a combination of institutional, systemic, and process approaches.

A cluster as a system includes:

- A regulatory and management subsystem (legislative and executive authorities);
- A support subsystem (banks and financial companies, educational and research institutions);
- A service provision subsystem (providers of specialized services, infrastructure organizations, transportation and communication organizations, etc.);
- A supply subsystem (enterprises supplying raw materials, materials, semi-finished products, components, equipment, etc.);
- A final product production subsystem.

The cluster approach emphasizes the interconnection and interdependence of participants in the production cycle of creating goods, services, and innovations. Clusters differ from other forms of cooperation in that the parties involved are linked into a single chain and specialize in distinct production activities or research.

The study of foreign experiences indicates that the formation of clusters can be viewed as a key component of sustainable regional development. Effective high-tech production relies on integrating scientific, innovative, and manufacturing enterprises. As a result of analyzing foreign cluster experiences, the following models of cluster formation were identified:

1) Italian;
2) Japanese;

3) Finnish;
4) North American;
5) Indian-Chinese.

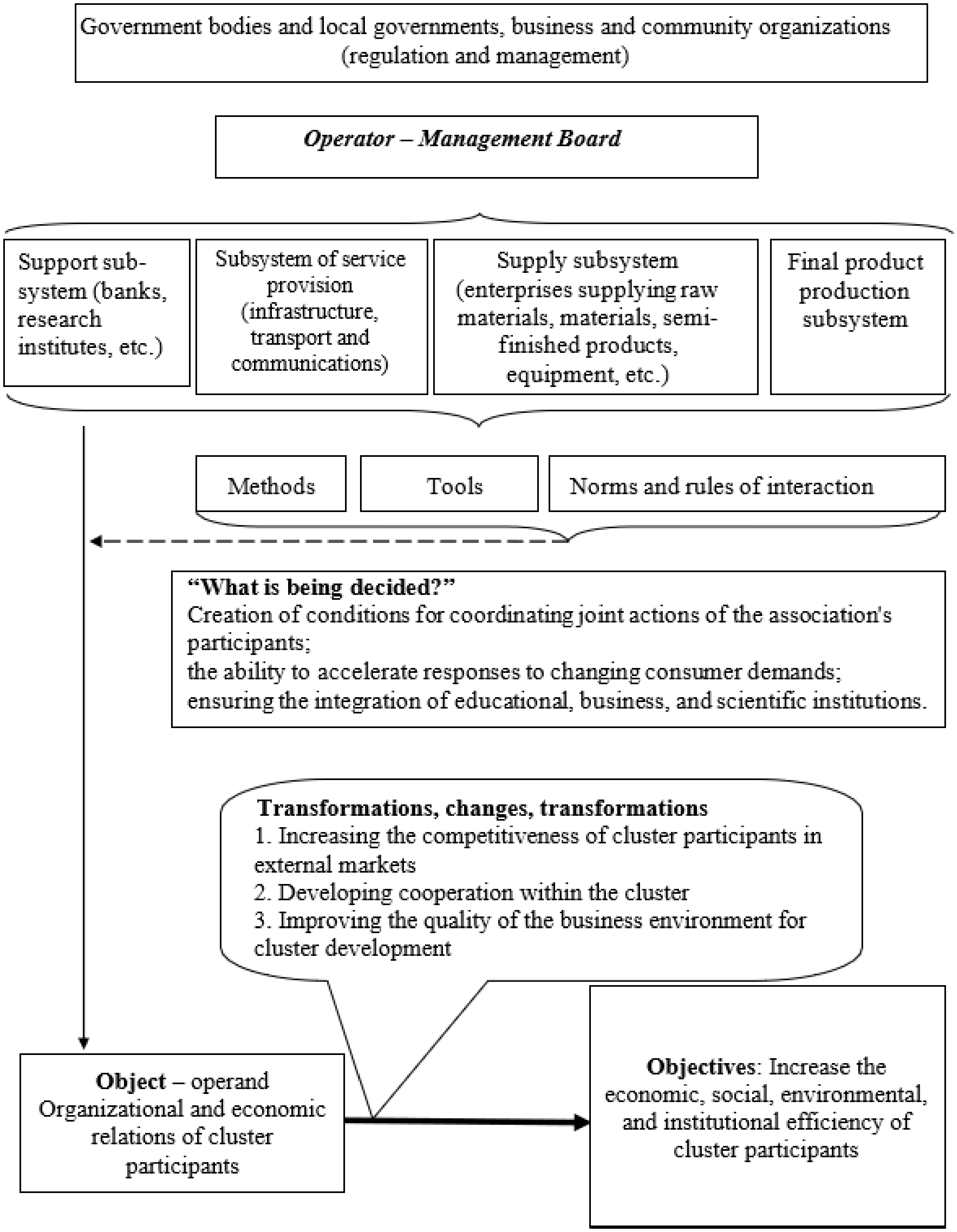

Figure 1. Cluster mechanism for managing sustainable development of a region (Source: Compiled by the authors)

According to the authors, for implementation in Georgia, it is advisable to utilize elements of the Indian-Chinese model more extensively, in which the state plays a critical role.

The objectives of the cluster mechanism are to enhance the economic, social, environmental, and institutional efficiency of the cluster participants. The cluster approach provides a fresh perspective on regional development, primarily based on horizontal connections among firms, infrastructure facilities, research centers, government bodies, local governments, and other participants, supported by symbiotic interdependence and synergy. The cluster mechanism for managing sustainable regional development is illustrated in Figure 1.

The cluster reflects increasing social efficiency through a more effective social policy achieved by replenishing the regional budget, raising wages, and improving working conditions for enterprises participating in the cluster.

Boosting environmental efficiency within the cluster involves lowering the ecological footprint by utilizing resource-saving, low-waste, and waste-free technologies.

Enhancing institutional efficiency in the cluster is evident in the more coordinated interactions among regional actors, ensuring the sustainable operation of the region's socioeconomic system.

It is essential to recognize that while the introduction of innovations is driven by horizontal competition among competitors in the same market, vertical relationships within the cluster, including those among suppliers, major manufacturers, and buyers, are also crucial for the success of innovation activities. Increased economic efficiency in the cluster is reflected in:

- an increase in the number of taxpayers and the taxable base of the region;
- improved labor productivity at enterprises participating in the cluster;
- enhanced innovation potential;
- development of research and development infrastructure.

Cluster participants become more competitive when entering international markets.

Theoretical research has identified the following advantages of the cluster approach in terms of supporting sustainable development in the region:

- For the overall economy of the country and the regions specifically, clusters serve as growth points in the domestic market. The high competitiveness of the regional economy is based on the strong positions of individual clusters. Regional clusters significantly determine the long-term level of economic development;
- Business processes in the cluster are greatly optimized, as cluster participants can achieve an optimal scale of activity, leading to a high level of productivity and efficiency through specialization;
- The cluster approach enables the region to develop properties that foster a favorable environment for sustainable, innovative development, characterized by a creative atmosphere of competition and partnership among cluster participants;
- The cluster approach aims to achieve industrial policy goals, including structural changes, increased competitiveness, and enhanced innovative focus, thereby effectively stimulating regional development and positively impacting the region's trade balance. Employment, average wages, and competitiveness within the regional industry also rise;
- The cluster model for organizing innovative activity creates a unique form of innovation—"aggregate innovative product"—resulting from the collaboration of several organizations, facilitating faster dissemination within the regional economic space. This simultaneously accelerates the diversification of the region's economy;
- Cluster policy in the agricultural sector, which promotes the formation and development of regional forms of territorial organization of production, also ensures diversified growth of the agro-industrial

complex and improvements in the quality of life for the rural population. Additionally, social, natural-climatic, and economic-geographical aspects of agricultural production are considered;

- Adopting the cluster approach enhances the complexity and systemic nature of regional authorities' activities;
- Various forms of Synergy develop within the cluster.

The cluster approach is practical in the production sector and economic activities related to fostering, conserving, and developing human potential.

Therefore, an analysis of international experience demonstrates the effectiveness of clusters in modernizing the housing and utilities sector—an essential component in creating a comfortable living environment. Specifically, the cluster mechanism can address the challenges of attracting financial resources to the housing and utilities sector and facilitate a radical renewal of these resources.

Integrating education, science, and production within educational clusters has significant external effects. This integration fosters an effective interaction system between businesses and the labor market, facilitating opportunities to study best practices in the professional field. Businesses also benefit from this cooperation, particularly as enterprise competitiveness rises through training personnel in advanced labor methods and technology transfer.

Establishing clusters in the healthcare sector holds considerable promise as they can significantly enhance the quality of medical and educational services, which are vital for the population's quality of life. Consequently, the conditions for forming, preserving, and developing human potential in Georgia improve, and the competitiveness of domestic healthcare and education systems increases domestically and globally. An analysis of healthcare management system trends indicates that elements of cluster management are already being employed within the Russian healthcare system, primarily at the regional level.

Let us highlight the factors that positively impact the development of clusters in Georgia, including significant theoretical advancements and practical experiences in organizing territorial production complexes, traditions of domestic education, and a high technological culture.

Barriers to cluster development include:

- Insufficient connections between the scientific community and business structures;
- Poor investment climate;
- Ineffective operation of entrepreneurial associations and unions;
- Low trust levels among business, government, society, science, etc.

Let's examine the prospects and opportunities for using the cluster mechanism in the districts of the Kvemo Kartli region. A key area for the sustainable development of the districts within this region is the accelerated innovative transformation of the territorial-spatial structure, aimed at improving the quality of life for residents and creating favorable conditions for financial and economic activities. The challenge of optimizing the spatial organization of the entities in Kvemo Kartli, addressing the region's inadequate infrastructure, and designating support zones for development can be tackled by establishing areas with a unique economic regime and applying the cluster mechanism.

1) The clustering mechanism can help address the following challenges:
2) Strengthen the foundation of the settlement system by enhancing connectivity among territories, leveraging the region's unique competitive advantages stemming from its multi-core structure. This effect is achieved by optimizing the distribution of productive forces, utilizing transport and utility services efficiently, and fostering the diffusion of innovation into peripheral areas.
3) Create “growth poles'—special economic zones characterized by high concentrations of extraction and manufacturing industries, as well as the agro-industrial complex—thereby increasing local employment and redistributing labor flows. These growth poles can attract substantial investments and develop rapidly, ensuring economic growth and improved living

standards for residents.
4) Establish a hierarchical network of highways to facilitate proper interaction between the transit highway network and local and inter-municipal transport systems;
5) Enhance the quality and energy efficiency of engineering infrastructure.
6) Address these challenges alongside efforts toward economic diversification, actively support innovation initiatives, employ modern support mechanisms for innovation and implementation enterprises, and encourage high-tech small and medium businesses.

Next, let's discuss the prospects of clusters in the Kvemo Kartli region, specifically in the city of Rustavi and the municipalities of Bolnisi, Gardabani, Dmanisi, Tetritskaro, Marneuli, and Tsalka.

In the Gardabani district, the following types of economic activity are the most promising for cluster development: metallurgy, chemicals, pharmaceuticals, IT industry, trade, education, and transport. ***The International Development Strategy for the Years 2021-2027*** [1] This bill provides for the creation of the following cluster associations: pharmaceutical cluster, IT cluster, electrical and energy equipment cluster, chemical and metallurgical cluster, agro-industrial cluster, scientific and educational cluster, innovative construction cluster, and clusters intended for the manufacture of medical devices, machines, and tools.

The strategy involves forming agro-industrial clusters that encompass the entire technological chain, producing final products with high added value. One such association is the Canning Factory in Marneuli, which produces canned fruits and vegetables, caviar, jams, preserves, salads, side dishes, sauces, and gravies. These products are available in 2,000 stores across all regions of Georgia and beyond.

The most promising clusters are in livestock farming and meat production, particularly poultry farming, which includes notable poultry farms such as Dila, Koda, and Savaneti, among others.

The Tsalka district boasts unique natural and climatic conditions conducive to tourism. Three types of tourist clusters have already been established:

- Mountain recreation centers and tourist trails in distinctive natural areas,
- National parks and state reserves;
- Specialized natural-landscape and historical-archaeological centers.

The cluster formations in the region hold significant potential for further growth and increased export capacity.

The territorial planning scheme for Kvemo Kartli outlines the creation of the following clusters:

- Construction (in Rustavi, Bolnisi, Tsalka, and Gardabani);
- Agro-industrial (development of livestock, poultry, fish farming, and crop production);
- Transport and logistics (in Rustavi, Marneuli, Bolnisi, and Tetritskaro).

The most appealing locations for investment projects in the metallurgical and chemical industries have been identified along the main transport corridors and around Rustavi.

Rustavi and Marneuli are the most attractive areas for the mechanical engineering industries. Given the existing vehicle re-export site, these areas will become focal points for new investment projects.

The Tsalka, Marneuli, and Bolnisi districts are the most enticing locations for investment in the forest industry complex.

The manufacturing industries, particularly those involved in the production of deep-processed

[1] Ministry of Regional Development and Infrastructure; Kvemo Kartli Region Development Strategy 2021-2027. Available at: https://mrdi.gov.ge/ka/regions/kvemokartli

food products, will play a key role in the agro-industrial cluster.

The purpose of establishing and ensuring the operations of the Center for Small and Medium-sized Businesses, which includes participants in innovative territorial clusters, is to facilitate decision-making and coordinate projects that promote the development of clusters, including innovative territorial clusters, and foster cooperative interaction among cluster participants.

The Center for Cluster Development oversees regional innovative clusters that align with the strategic guidelines of the cluster policy within the Kvemo Kartli region. Based on the region's socioeconomic development priorities, the primary focus of spatial development is creating support zones and regional clusters.

The placement of regional clusters aligns with functional zoning. The following regional clusters are considered promising:

- chemical and metallurgical;
- forest industry;
- mining;
- scientific and innovative;
- tourism and recreation;
- medical;
- agro-industrial.

The formation of the mining cluster is linked to mining enterprises that plan to employ innovative technologies for extracting and processing gold ores on a large scale.

The rising demand for wood products in the regions, including window and door units, wooden frame-panel houses, and block-modular houses, drives the prospects for the forest industry cluster's development. Advancing the forest industry cluster requires the integration of new technologies and the expansion of deep wood processing.

Through the establishment of the tourist cluster, an international tourist and recreational center (hub) will be developed, offering tourists a variety of cultural, educational, extreme adventure, ethnographic, health, hunting, fishing, recreational, and sports tours. The formation of the tourist cluster will enhance the quality of life for the local communities in the district by creating new job opportunities.

Conclusion

Thus, the study has demonstrated that the use of the cluster mechanism significantly contributes to the development of regions within the Kvemo Kartli region as a socioeconomic system, effectively implementing the idea of innovative development of the territory to the greatest extent. At the same time, federal and regional government bodies and local governments should support the development of clusters, which are the centers (points) of growth of the region's economy, through:

- Direct financial support for innovative projects;
- Reducing the tax burden;
- Ensuring the implementation of administrative procedures;
- Providing buildings and other infrastructure components;
- Ensuring the transfer of information;
- Providing transport links with other clusters or geographic areas;
- Support improving the cluster's reputation and developing business incubators and other forms and methods.

According to the authors, the following conclusions have theoretical and practical significance:

1. When forming clusters in the districts of Kvemo Kartli, several features should be taken into account: the geographical localization of the region, the state of the institutional and business environment, the commonality of manufactured products, resources, technologies, and existing relationships between the entities participating in the cluster;
2. Business entities participating in the cluster strive to enhance their market competitiveness and influence key components of the marketing microenvironment, including suppliers, consumers, and competitors. As a result, the boundary of controlled and uncontrolled factors of the organization's external environment shifts. In turn, an increase in the efficiency of counterparties has a positive effect on the further growth of the business entity's competitiveness.

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THE ROLE OF HIGHER EDUCATION IN SHAPING BUSINESS LEADERSHIP: A HISTORICAL PERSPECTIVE

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Abstract. Higher education has long played a pivotal role in shaping business leadership by providing foundational knowledge, critical thinking skills, and networking opportunities. In this context, business refers to the broad spectrum of economic and commercial activities that involve the production, exchange, and management of goods and services across various organizational structures, including startups, corporations, and global enterprises. This paper explores the historical evolution of higher education's influence on business leadership, tracing its impact from the early universities of the medieval period to modern business schools. By examining the interplay between academic institutions and the corporate world, this study highlights the transformative role of higher education in producing visionary leaders, adapting to economic changes, and responding to global challenges.

Keywords: Business leadership, Business education, Business History

Introduction

A business is defined as an entity engaged in the production, purchase, or sale of goods and services with the primary objective of generating profit. These entities can vary in size and scope, ranging from sole proprietorships to large multinational corporations. Businesses play a fundamental role in economic development by creating employment opportunities, generating income, and providing goods and services that fulfil societal needs. At their core, businesses integrate key resources, including labor, capital, and intellectual capital, to deliver value to both customers and stakeholders.

Effective business leadership is a crucial determinant of an organization's success. It provides strategic direction, fosters a motivating work environment, and facilitates the achievement of long-term goals. Competent leaders not only inspire and engage employees but also make informed decisions, address challenges, and drive innovation. Furthermore, leadership plays a vital role in cultivating a positive organizational culture, enhancing productivity, and ensuring adaptability in dynamic market environments. Without capable leadership, even the most well-structured business models may struggle to succeed. Thus, leadership serves as a foundational element in the sustainable growth and competitiveness of any business enterprise.

Higher education institutions have played an essential role in shaping business leadership for centuries. Universities have historically been centres of intellectual development, fostering skills that are crucial for leadership, such as critical thinking, strategic decision-making, and ethical reasoning. As the business landscape has evolved, so too has the role of higher education in preparing individuals to lead organizations effectively. This study examines the historical and contemporary significance of higher education in shaping business leadership, considering how various educational models have influenced leadership development over time.

This research aims to address the following key questions:

How has higher education historically contributed to the development of business leadership?
What are the key educational models and methodologies that have influenced business leaders?
How have business schools adapted to changes in the economic and technological landscape?
What role will higher education play in shaping future business leadership?

The objectives of this study are:

- Explore the historical evolution of business education.
- Examine the relationship between academic institutions and leadership development.
- Assess the effectiveness of various educational approaches in business leadership training.
- Provide insights into future trends in business education and leadership formation.

This research adopts a historical and qualitative approach, analysing secondary sources such as academic literature, case studies, and historical records. A comparative analysis of different business education models and leadership development programs will be conducted to understand their effectiveness. Additionally, the study will explore how economic, technological, and social changes have influenced the curriculum and pedagogy of business education. The scope of this research encompasses an examination of educational institutions, from the medieval period to contemporary business schools, with a particular focus on their role in cultivating business leadership.

Literature overview

The role of higher education in shaping business leadership can be traced through historical developments in educational philosophy and instructional design, particularly as they relate to business management concepts and leadership practices. Various studies demonstrate how business schools have evolved to meet the multifaceted demands of contemporary leadership, transcending mere technical competence to cultivate holistic, ethical, and transformative approaches to leadership education. Higher education institutions, particularly business schools, have played a pivotal role in cultivating the leadership skills necessary for future business leaders. These institutions offer diverse programs designed to nurture competencies in finance, marketing, strategic management, and entrepreneurship, thereby preparing students for dynamic leadership roles within organizations (Teo, 2024). The historical narrative indicates a shift from conceptual frameworks based primarily on technical skills toward a more integrative approach that prioritizes soft skills, ethical considerations, and critical thinking (Brahma, 2019; Elmuti et al., 2005; Dust & Gerhardt, 2020). For instance, the criticism of traditional business education that highlights a lack of focus on essential leadership skills, such as emotional intelligence and ethical decision-making, underscores the evolution of curricula in higher education settings ("Bringing Mindfulness Practice to Leadership and Business Education", 2019; Dexter & Prince, 2007). Moreover, the significance of experiential learning in leadership development has gained increased momentum. Research emphasizes the importance of real-world applications and reflective practices as crucial components of effective leadership education (Zaar et al., 2020; Dust & Gerhardt, 2020). Programs that blend theory with interactive experiences provide students with the opportunity to engage in transformational learning processes. This experiential approach not only equips students with relevant skills but also fosters a mindset that embraces adaptive leadership practices in the face of continuous change (Spendlove, 2007; Arnesen, 2018). The contributions of educators are equally crucial in this narrative. University professors and instructors are encouraged to adopt transformative leadership models that can significantly influence the educational climate and empower students toward responsible leadership (Caldwell & Anderson, 2021). Their role extends beyond the dissemination of knowledge; it includes fostering a culture of ethical leadership and social responsibility among students, making it imperative for educators to embody the leadership qualities that they seek to instill in future leaders (Barrett et al., 2019). Additionally, evolving perspectives on leadership within the context of higher education have led to debates about the most effective leadership styles suited for various educational environments. The transition toward collaborative models of leadership reflects a broader understanding of the complexities involved in educational administration (Drigas & Mitsea, 2020; Creaby, 2021). Research has documented successful leadership models that prioritize inclusivity and shared governance, which, despite their challenges, encourage a participatory approach to decision-making in educational settings (Tintoré & Güell, 2015). The historical perspective on the role of higher education in shaping business leadership reveals an ongoing evolution characterized by a shift from traditional models emphasizing technical expertise to transformative educational paradigms that promote ethical, holistic, and adaptive leadership. As educators and institutions strive toward continuous improvement in leadership training, it remains essential to align educational practices with the ever-changing landscape of business and society.

Higher education institutions have historically played a significant role in shaping the leadership styles of business leaders through their curricula, mentorship opportunities, and the values they instill in students. The educational backgrounds of prominent business executives often reflect a complex interplay between formal academic training and experiential learning, which has evolved over decades to meet the changing demands of the corporate landscape. One key aspect of how universities influence leadership styles can be observed through the development of specific educational programs tailored to cultivate essential skills. For instance, transformational leadership—a style characterized by vision and inspiration—has gained prominence within higher education curricula designed to develop future business leaders. This shift is characterized by educational models that foster participatory decision-making and mentorship, enabling students to develop these leadership traits as they transition into managerial roles (Yayu, 2024). Notably, research reveals that university administrators who adopt transformational leadership styles tend to foster a more positive working environment, thereby influencing similarly effective leadership styles among their protégés (Wooi, 2020). Moreover, the evolution of business education has emphasized the integration of practical and experiential learning alongside theoretical frameworks. Case studies and real-world simulations are now integral components of many business programs, allowing students to practice adaptive leadership strategies that align with the needs of their teams and the organizational context (Welch, 2020; Walker & Black, 2000). This experiential learning model not only prepares students for dynamic business environments but also instills values of resilience and innovation, essential traits of effective leaders capable of navigating complex challenges. An examination of the educational backgrounds of notable business leaders reveals a diverse array of academic paths that contribute to various leadership styles. Many CEOs and influential business figures have backgrounds in economics, finance, or management, suggesting that foundational knowledge in these areas equips them to make strategic decisions effectively (Ma & Jiang, 2018; Hayibor et al., 2011). However, the depth of their experiences—including internships, mentorships, and leadership roles in student organizations—often proves equally beneficial in shaping their leadership practices. For instance, the integration of social and emotional intelligence training within business curricula has been linked to the fostering of empathetic leadership, which is increasingly valued in contemporary organizations (Li, 2016; Choongo et al., 2023). Research also indicates that the pedagogical approaches adopted by universities can influence leadership styles beyond the formal classroom setting (Musaigwa & Kalitanyi, 2023; Amborowati & Harsono, 2024). The shift from traditional authoritative teaching methods toward more collaborative and inclusive learning environments reflects broader changes in workplace dynamics that value shared leadership. These innovative educational strategies have often yielded graduates who are prepared to adopt diverse leadership styles tailored to their respective organizational cultures, characterized by openness and adaptability. As institutions continue to evolve, the emphasis on interdisciplinary learning and global perspectives becomes paramount. This is particularly relevant in today's interconnected business environment, where cultural competence and ethical decision-making are essential for effective leadership. Leadership programs that integrate these elements into their curricula not only reinforce foundational skills but also promote a leadership style that is responsive to global challenges (Wooi, 2020). In conclusion, the historical role of higher education in shaping business leadership is characterized by an evolving dialogue between instructional design, experiential learning, and a focus on developing transformative leadership capabilities. The impact of educational backgrounds on the leadership styles of prominent business figures underscores the importance of incorporating comprehensive educational frameworks that equip future leaders to navigate the complexities of the modern business landscape.

Business Education

Before the establishment of formal business schools, business knowledge was primarily transmitted through guilds and apprenticeships. Guilds, especially prevalent during the Middle Ages, were organizations of craftsmen and merchants that regulated trade, maintained standards, and protected the interests of their members. Apprenticeships provided young individuals with practical, hands-on training under the guidance of experienced mentors, instilling essential commercial skills and ethical practices. These systems laid the groundwork for vocational learning and the development of early business ethics.

The founding of medieval universities in Europe introduced a more structured form of learning that extended beyond religious instruction. Institutions such as the University of Bologna and the University of Oxford began incorporating law, philosophy, mathematics, and eventually, commerce-related subjects into their curricula. These programs helped prepare future business leaders by providing them with analytical tools, legal knowledge, and moral reasoning—all crucial for successful commerce and entrepreneurship.

The Enlightenment era, spanning the 17th and 18th centuries, promoted reason, scientific inquiry, and economic liberalism. Thinkers such as Adam Smith, whose work*, The Wealth of Nations, is considered a cornerstone of classical economics, emphasized individual enterprise, the division of labor*, and the invisible hand of the market. Enlightenment ideals profoundly influenced the evolution of economic and business thought, prompting universities to integrate economic theories and systematic thinking into business education.

The Industrial Revolution of the 18th and 19th centuries brought profound changes to production, transportation, and organizational management. As businesses grew in scale and complexity, the demand for trained managers and administrators increased. This led to the emergence of dedicated business schools and university departments focused on commerce and economics. Institutions began to offer structured courses in accounting, finance, and organizational behaviour, marking the beginning of modern business education.

The 19th century witnessed the formalization of business education in response to industrialization and economic expansion. With increasing demand for managerial expertise, universities began to offer courses in business administration, finance, and management. Institutions such as the ÉcoleSupérieure de Commerce de Paris (founded in 1819) and the Wharton School (established in 1881) pioneered structured business education, laying the groundwork for future business schools.

The Master of Business Administration (MBA) program emerged in the early 20th century as a response to the growing complexity of corporate management. Harvard Business School introduced the first MBA program in 1908, emphasizing case-based learning, leadership development, and practical problem-solving. The MBA model soon gained global recognition, with institutions worldwide adopting and adapting the curriculum to suit different economic and cultural contexts.

Harvard Business School (HBS) set a precedent for business education through its case study method, which immerses students in real-world business scenarios. This approach fosters analytical thinking, strategic decision-making, and leadership skills. HBS also pioneered the concept of executive education, allowing mid-career professionals to enhance their business acumen without enrolling in full-time programs. The success of the Harvard model has influenced business schools globally, shaping curricula and teaching methodologies.

By the mid-20th century, business education had become a global phenomenon. Universities in Europe, Asia, and Latin America established business schools, adapting Western methodologies to local economic conditions. The rise of online education and international partnerships has further expanded access to business education, making it more inclusive and diverse. Today, business schools continue to evolve, integrating technology, sustainability, and ethical leadership into their curricula to prepare the next generation of business leaders.

Higher Education and Leadership Development. Leadership education has its roots in classical philosophy, psychology, and management theories. Scholars such as Max Weber, Kurt Lewin, and Warren Bennis have made significant contributions to leadership studies, providing models that explain how leaders emerge and function. Higher education institutions incorporate these theories into their curricula to help students develop leadership skills. Transformational leadership, servant leadership, and situational leadership are some of the prominent theories explored in business education, emphasizing adaptability, vision, and ethical decision-making.

Liberal arts education plays a vital role in shaping business leaders by cultivating critical thinking, ethical reasoning, and practical communication skills. Subjects such as philosophy, history, and literature provide students with a broader perspective on human behaviour, ethics, and societal development. Many prominent business leaders, including CEOs and entrepreneurs, have credited their success to a liberal arts background, which equips them with the ability to analyse complex problems and make informed decisions.

Experiential learning is a cornerstone of business education, allowing students to apply theoretical knowledge to real-world scenarios. Business schools utilize simulations, case studies, and internships to immerse students in decision-making processes that mirror real-world business environments. Simulations such as stock market trading exercises and business strategy games help students understand risk management, competitive analysis, and market dynamics. These practical experiences enhance students' problem-solving abilities and leadership capabilities.

Mentorship and networking are critical components of leadership development in higher education. Business schools often have strong alum networks that provide mentorship opportunities to students, helping them navigate career paths and develop leadership skills. Networking events, industry conferences, and executive mentorship programs connect students with experienced professionals, fostering relationships that contribute to long-term career success and growth. Alumni influence extends beyond mentorship, as business schools leverage their graduates' success stories to inspire and educate future leaders.

In recent decades, collaborations between universities and corporations have become increasingly prevalent. Corporate sponsorships provide financial support for research, infrastructure, and student scholarships, while universities contribute innovation and talent to the business sector. Joint initiatives, such as industry-funded research centers, customized corporate training programs, and co-developed curricula, ensure that academic offerings align with the evolving needs of businesses.

Universities play a critical role in driving innovation through business-focused research. Faculty-led studies in fields such as finance, marketing, organizational behaviour, and entrepreneurship yield insights that help companies refine strategies and adopt new technologies. Academic publications, think tanks, and collaborative projects between institutions and businesses have created pathways for transferring cutting-edge research into practical applications in the corporate world.

Online education has revolutionized access to business learning, enabling professionals worldwide to upskill without leaving their jobs. Executive education programs cater to mid- and senior-level leaders seeking to enhance their competencies through short-term, intensive courses. Despite these benefits, challenges remain in ensuring the quality and engagement levels of virtual learning environments. Institutions continue to experiment with hybrid models and immersive technologies to improve learning outcomes.

As business becomes increasingly global, higher education institutions have internationalized their curricula to reflect cross-cultural dynamics, global markets, and multinational operations. Courses now include topics such as international business law, intercultural communication, and global supply chain management. Exchange programs, international campuses, and dual-degree options further enrich students' exposure to global business practices, preparing them for leadership roles in diverse environments.

Many of today’s influential business leaders attribute their success to the educational foundation laid in higher education institutions. Leaders such as **Indra Nooyi (former CEO of PepsiCo) and Tim Cook (CEO of Apple Inc.) pursued advanced degrees, which provided them with a strong foundation** in business principles, strategic thinking, and leadership. Nooyi earned an MBA from Yale School of Management, which equipped her with the global perspective and analytical tools essential for leading a multinational corporation. Cook earned an MBA from Duke University’s Fuqua School of Business, a credential that complemented his engineering background and prepared him for executive leadership roles. These leaders exemplify how structured academic training can foster critical thinking, resilience, and long-term strategic vision.

While many leaders follow conventional academic paths, others have achieved success through non-traditional routes. For example, **Richard Branson**, founder of Virgin Group, famously dropped out of high school, relying instead on experiential learning and entrepreneurial instinct. Similarly, **Steve Jobs**, co-founder of Apple Inc., briefly attended Reed College before leaving to pursue his vision. These examples highlight that while higher education can significantly enhance leadership potential, real-world experience and self-motivation can also lead to business success. A comparison of these paths reveals that while formal education offers theoretical frameworks and structured environments, non-traditional paths may foster creativity and innovation.

Continuous education, including executive education programs and professional certifications, plays a vital role in ongoing leadership development. Leaders like **Satya Nadella**, CEO of Microsoft, have consistently emphasized the value of lifelong learning. Nadella holds a Master's degree in Business Administration from the University of Chicago Booth School of Business and has spoken openly about the importance of curiosity and a growth mindset. Many executives regularly participate in executive education programs at institutions such as INSEAD, Wharton, and the London Business School to stay ahead of industry trends and sharpen their leadership skills. These programs support adaptive leadership by helping leaders navigate technological change and global competition.

Historical business leaders such as **Andrew Carnegie**, **Henry Ford**, and **John D. Rockefeller** provide rich examples of leadership development outside traditional academic structures. While some had limited formal education, they often engaged in self-directed learning and mentorship. Carnegie, for instance, credited much of his knowledge to his library and voracious reading habits. Ford revolutionized industrial manufacturing through practical experience and continuous process improvement. These leaders exemplify that while higher education provides an advantage, traits such as innovation, perseverance, and vision remain central to effective business leadership. Their stories underscore the evolving yet enduring value of education—whether formal or informal—in shaping leaders who are capable of transforming industries.

Future Perspectives on Business Leadership Education

As the global economy becomes increasingly interconnected and technology-driven, business education is transforming. Trends such as interdisciplinary learning, data-driven decision-making, and the integration of sustainability and ethics are gaining prominence in business school curricula. Institutions are increasingly offering programs that merge business studies with technology, public policy, and social entrepreneurship to produce well-rounded, forward-thinking leaders. Additionally, personalized learning experiences enabled by AI and adaptive platforms are transforming the way students engage with content.

Artificial intelligence (AI) and digital technologies are not only disrupting traditional business models but also redefining leadership education. Business schools are incorporating AI, machine learning, and big data analytics into their programs to prepare leaders for digital economies. Courses on digital strategy, innovation management, and technology ethics are becoming essential components of MBA and executive education programs. Moreover, virtual and augmented reality tools are being used for immersive leadership simulations, enhancing experiential learning.

The growing emphasis on environmental, social, and governance (ESG) criteria has made ethical leadership a critical area of focus in business education. Business schools are developing modules on corporate social responsibility (CSR), stakeholder engagement, and ethical decision-making. Future leaders are being trained to strike a balance between profitability and social and environmental impact, fostering long-term, sustainable thinking. The COVID-19 pandemic further underscored the need for compassionate, adaptive leadership that can navigate complex human and economic challenges.

Higher education institutions are uniquely positioned to address global business challenges such as climate change, income inequality, and the digital divide. Through research, policy advocacy, and public-private partnerships, universities can drive systemic change. Business schools are increasingly collaborating across borders to offer joint degrees, global study programs, and cross-cultural training. These initiatives aim to produce global citizens who are not only business-savvy but also socially conscious and culturally aware.

As the world continues to evolve, the role of higher education in shaping ethical, innovative, and resilient business leaders remains more vital than ever. By embracing technological advances, ethical imperatives, and global perspectives, higher education can continue to cultivate leadership that meets the demands of the 21st century:

As mentioned earlier, Artificial intelligence is being increasingly integrated into business education through personalized learning platforms. These systems utilize AI-driven learning analytics to tailor content delivery to individual learners, identifying strengths, weaknesses, and leadership traits in real time. Adaptive learning tools and virtual AI mentors offer a customized educational experience, enhancing the effectiveness of leadership development by tailoring training to the learner's unique profile. The use of virtual reality (VR) and augmented reality (AR) is also revolutionizing experiential learning in business schools. Immersive simulations enable students to engage in high-stakes decision-making scenarios, including crisis management, boardroom negotiations, and cross-cultural communications. This approach enhances emotional intelligence, critical thinking, and adaptability—key attributes of successful business leaders.

Beyond the traditional emphasis on sustainability, a new paradigm known as regenerative leadership is gaining traction in progressive business schools. This model encourages leaders to actively restore and renew ecological and social systems rather than merely minimizing harm. Curricula incorporating systems thinking, biomimicry, and circular economy principles are helping students develop a holistic approach to leadership that aligns with the United Nations Sustainable Development Goals (SDGs).

Future business environments will likely involve collaborative decision-making between human leaders and AI agents. Leadership education is beginning to explore these co-leadership models, training students to understand, manage, and ethically collaborate with intelligent systems. This includes developing skills in AI governance, data ethics, and human-machine interaction to ensure responsible and effective use of emerging technologies.

Business Education and Leadership Development in Georgia. The inclusion of Georgia in this study provides a unique lens through which to examine the development of business leadership education in a post-Soviet, transitional economy. Unlike countries with long-standing traditions in business education, Georgia lacks a historical foundation in structured business leadership training. However, its recent efforts to modernize higher education and integrate Western models—primarily through participation in the Bologna Process—make it a valuable case for examining how emerging economies adapt global educational practices to local contexts. Studying Georgia's experience enables an examination of the challenges and opportunities faced by nations establishing business education systems from the ground up, offering insights into innovation, policy reform, and institutional capacity in regions without established traditions of business leadership development.

Since gaining independence in 1991, Georgia has undergone significant reforms in its higher education sector. Guided by the Bologna Process and the European Higher Education Area (EHEA) principles, Georgia has sought to modernize its universities, align curricula with international standards, and enhance the employability of its graduates. The Ministry of Education and Science of Georgia has prioritized autonomy for institutions, quality assurance, and internationalization.

Business and management education has expanded across Georgia, particularly in public and private universities in Tbilisi and other urban centers. Institutions such as Ivane Javakhishvili Tbilisi State University, Caucasus University, and the Georgian Institute of Public Affairs (GIPA) offer programs in business administration and leadership at the undergraduate, graduate, and master's levels. These programs integrate core subjects such as finance, marketing, strategic management, and, increasingly, entrepreneurship and innovation.

However, leadership development remains an emerging field in Georgian higher education. While some institutions offer dedicated courses on leadership, experiential learning, and mentorship opportunities are limited. Business education often emphasizes theoretical knowledge, and practical, skills-based training is still evolving.

Several challenges hinder the effective development of business leadership through higher education in Georgia:

Limited industry-academia collaboration: Partnerships between universities and businesses are still in their early stages, limiting real-world exposure for students.

Underfunded institutions: Financial constraints limit universities' ability to invest in faculty development, research, and modern teaching tools.

Brain drain: Many talented students and graduates seek education or careers abroad due to limited local opportunities, weakening the leadership pipeline.

Curricular rigidity: Many programs still adhere to outdated models, with an insufficient focus on ethics, sustainability, digital transformation, and global leadership.

Despite these challenges, there are promising developments:

Increased international cooperation: Georgian universities are engaging in Erasmus+ projects, dual-degree partnerships, and faculty exchanges.

Focus on entrepreneurship: New initiatives, often supported by international donors or NGOs, promote startup incubation and entrepreneurial leadership.

Digital integration: Following the pandemic, institutions have invested more in digital infrastructure and online learning platforms, thereby enhancing flexibility and access to education.

To foster a more substantial business leadership culture, Georgian higher education institutions must further modernize their curricula, promote interdisciplinary learning, and create stronger ties with the business sector. Government policies and donor support can play a pivotal role in enabling these changes.

In the context of Georgia, the aforementioned innovations present an opportunity for the country to position itself as a regional leader in ethical, technology-driven business education. Georgian universities can lead by integrating AI literacy, digital ethics, and cross-sector partnerships into their curricula. Establishing innovation hubs, promoting interdisciplinary programs, and collaborating with international institutions could enhance Georgia's global standing in business leadership education.

Conclusion. This paper has traced the historical development and contemporary relevance of higher education in shaping business leadership, emphasizing its evolution from early apprenticeship systems and medieval universities to the establishment of globally influential business schools. Alongside traditional components—such as liberal arts integration, experiential learning, and mentorship—this study has identified innovative educational trends, including AI-powered personalized learning, immersive technologies like virtual and augmented reality, and the emergence of regenerative and ethical leadership paradigms. These innovations are transforming the way future business leaders are prepared for complex, rapidly evolving global markets.

The paper also presents the case of Georgia, a country with no long-standing tradition in business leadership education, as a unique and insightful example. Georgia's active reforms in higher education, growing international collaborations, and strategic focus on entrepreneurship and digital integration demonstrate how emerging economies can creatively adapt and build educational systems that align with global standards.

As business becomes more interconnected, data-driven, and ethically demanding, the role of higher education institutions must evolve accordingly. Business schools must remain agile by adopting interdisciplinary curricula, fostering stronger industry partnerships, and leveraging technology to deliver inclusive and personalized leadership training. Future research should continue to explore the effectiveness of hybrid and AI-driven learning models, as well as conduct comparative studies across regions, to understand better which practices most effectively cultivate ethical, innovative, and resilient leaders.

Ultimately, higher education remains a critical engine in preparing visionary business leaders. By integrating tradition with innovation and local experience with global perspective, universities can shape leaders who are equipped not only to succeed in business but also to address the broader societal challenges of the 21st century.

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PECULIERITIES OF FORMATION OF INNOVATIVE STRATEGY IN SMALL BUSINESS IN GEORGIA

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Abstract. The innovative perspective of small businesses determines their future opportunities, potentially elevating them to a new level of competitiveness. This contrasts with strategic policy, which is characterized by incrementalism—analyzing past and coming trends, involving multiple decision-makers, and implementing gradual rather than large-scale changes. These two factors shape the development trajectory of small businesses: whether they will emerge as competitive innovators or remain competitive as imitators.

Global competition in the modern market requires companies to create differentiated value. To achieve this, it is crucial to establish synergy between strategy and innovation. The integration of strategy and innovation is both logical and inevitable; however, for this to be effective, organizational management must have a clear understanding of their functional significance, potential, and the expected synergistic effects of their combination.

Strategic innovations generate competitive advantages for enterprises worldwide. However, strategy alone does not inherently imply innovation or an innovation-driven approach. Understanding the distinctions and interactions between these concepts is fundamental to achieving true competitiveness. When analyzed separately, strategy and innovation may seem mutually exclusive—both in definition and function. However, when effectively combined, they complement and reinforce each other.

Keywords: Small business, innovation, competitive advantage, strategic innovation

Introduction

Increasing the innovative capacity of small business organizations is one of the most critical levers for enhancing their profitability and sustainability. Innovative organizations act as creators of new value, continuously advancing to new levels of development while actively shaping and redefining their growth trajectory. Their success is driven by personnel whose competencies, mindset, and functional characteristics foster the organization's overall innovativeness. These organizations are proactive, cultivating a corporate culture with high innovative potential, ultimately shaping innovative organizational behavior.

Discussion

For a decision made by an organization to be truly innovative, it must be grounded in a forward-thinking vision, acknowledging that this path is both challenging and risky. Based on this vision, organizations must establish a strong foundation for developing and utilizing innovation-supporting competencies, enabling them to compete with rivals through unique, innovation-driven strategies. This, in turn, allows them to identify, explore, and expand into untapped market spaces.

However, this approach stands in stark contrast to the traditional strategic management model still employed by many companies, which often leads to the mere imitation of competitiveness rather than true innovation. This distinction is especially significant in today's rapidly evolving macro environment, where the life cycle of strategies is becoming increasingly shorter.

Innovative businesses tend to achieve more tremendous long-term success. This raises an important question: how can small business entities develop creative skills in today’s competitive environment?

The first step is to understand the interaction between business strategy and innovation. Strategy formation is primarily based on management systems, which, in turn, are guided by an organization’s goals, mission, and development vision. The process of strategy implementation establishes the framework and boundaries for growth, which, to some extent, may constrain a business organization's innovative orientation and potential (Dobni, 2008).

It is essential to distinguish between strategy and innovation. While innovation involves novel thinking, new rules, and visionary approaches, strategy focuses on executing planned actions.

The essence of innovation management within an organization differs fundamentally from strategy management:

- Innovation is unpredictable and exploratory. It emerges as a result of market orientation and involves the creation and dissemination of new value and opportunity spaces, while the strategic process focuses on planning and control.
- Strategy formulation is both an analytical and intuitive process, built on the foundation of rational incrementalism, which compels the organization's manager to anticipate future development trends based on experience. However, innovation operates in a completely different way. It is generated in alignment with the organization’s desired future position rather than attempting to predict it. Innovation does not require schedules, frameworks, structures, or rules. To some extent, it remains independent of institutionalized traditions and past trends.

Today, it is becoming increasingly clear that a productivity life cycle based solely on strategy is declining. As a result, management must actively seek new ways to drive growth and ensure the sustainability of companies. This includes exploring new approaches to value creation, which compels production leaders to reassess their business models critically.

The modern global competitive landscape demands deep strategic transformations within an effective and innovative context. Since organizational development today primarily relies on the strategic process, it is essential to identify an “opportunity zone” within this process—one in which new value creation and innovative profit generation can be systematically planned and implemented.

The innovation implementation zone represents the space between future opportunities and the organization's innovative potential. Within this zone, a context rich in approaches and visions aimed at value creation must be gradually introduced and integrated into the market. To successfully implement innovations, it is crucial to establish a supportive and incentivizing environment—one that enables employees to work effectively without fear of failure.

Strategies are generated from various fundamental processes, which together form a set of actions that often diverge from the ultimate goals. However, a key challenge organizations face when developing a modern anti-crisis strategy is that not all actions and processes can be precisely defined or planned.

Often, management must link strategy to final goals based on situational decision-making, adapting to emerging challenges within the constraints of planned budgets and available resources. Consequently, when formulating an anti-crisis strategy, a noticeable lack of clear decisions regarding plans and resource allocation may arise.

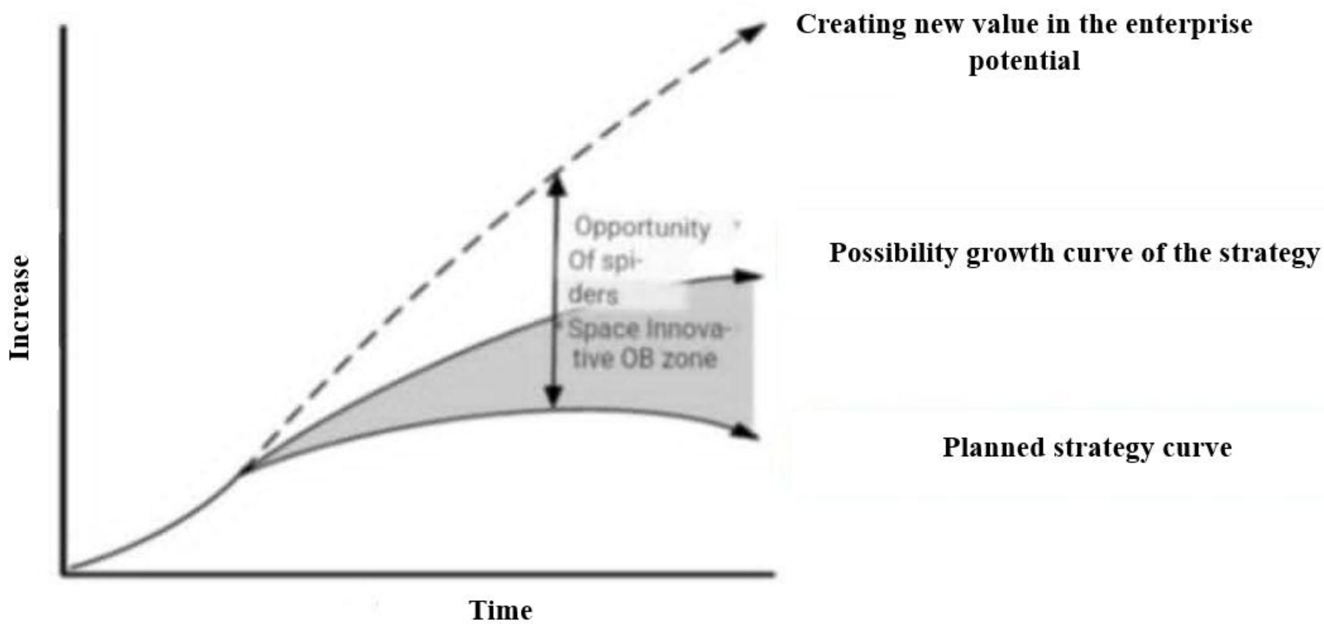

Figure 1: Formation of an innovation zone in the enterprise strategy[2]

Therefore, organizations and management are required to be resilient, agile, and decisive—even in conditions of heightened risk.

The joint integration of situational management and strategy creates a niche of opportunity for innovations and new visions. This intersection—where strategy functions as a process and innovation as an orientation (the "gray zone")—ultimately enables innovation to become a profitable element within the organization.

Introducing innovation into a business organization requires fundamentally different, and sometimes entirely new, approaches, resources, or technologies. However, to successfully implement these changes and achieve synergy, it is crucial to find the right balance between strategy and innovative transformation.

In this context, an analysis of the management practices of modern Georgian small business

[2] Henry Mintzberg's scheme adapted by the authors

organizations revealed the following patterns.[3] The majority of surveyed organizations consider continuous market sensing and the introduction of innovations essential for maintaining competitiveness and sustainability. Among them, the vast majority agree that integrating innovation into the organization's core strategy is necessary. To support this, they allocate budgetary resources for risk management, employee training, infrastructure development, and other essential initiatives.

When asked about the most critical factors for a company's innovative development (where they had to rank the given indicators by importance), all respondents prioritized the company's stable financial situation. Approximately 75% also considered the presence of a creative management team equally important, while only 20% identified the innovative potential of the staff as a key factor.

The most interesting response came in response to the question about their understanding of innovation. Approximately 88% of respondents (13 out of 15) viewed innovation as the adoption of technologies, approaches, and practices from local or international competitors, driven by market demand. In contrast, only 12% (2 respondents) defined innovation as the generation and implementation of original ideas, approaches, and solutions within the company.

In addition to these findings, the survey revealed that:

- Organizations are only partially focused on long-term perspectives when implementing innovations, citing a lack of resources as the main reason.
- Organizations allocate resources very conservatively, limiting their ability to establish a systematic process for supporting innovation.
- The most significant obstacles to innovation stem from internal financial and managerial challenges, including limited resources, lack of market information, an unsuitable corporate culture, weak incentives, and a poorly defined innovation strategy.

Conclusion

For organizations, it is crucial to encourage employees to create new value. However, employees often feel that they lack full access to competitive, innovative knowledge. For those who think creatively, enthusiasm for innovation is usually diminished by a lack of incentives, organizational indifference, and a fear of reprimand if risky initiatives fail.

The pursuit of innovation is a long-term commitment that requires financial, human, and structural

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[3] As part of our pilot study, we randomly selected 15 successful small business managers. They were asked to answer the following questions as comprehensively as possible:

1. Do you think that the competitiveness and sustainability of your organization should be based on a formulated strategic policy or an innovation policy?
2. What do you understand by innovation-

a. Based on market demand, sharing competitors' technologies, approaches, and other relevant information.
b. Based on your own experience, generating and implementing new ideas, approaches, solutions

3. If you are trying to combine innovations with strategy, do you consider the costs for risk insurance, personnel training, creating appropriate infrastructure, etc.
4. For the innovative development of a company, it is important

a. Stable financial condition of the company;
b. Creative management circle;
c. Innovative potential of the staff;
d. Development of an appropriate motivational policy and structure (please rank the given options according to their importance to you)

5. How old is your company?

resources—including technology and physical infrastructure. Organizations should focus on developing employees' innovative skills through continuous retraining, providing technological and financial support, and motivating them through incentives and encouragement.

In today's competitive market environment, we firmly believe that striking the right balance between innovation and strategy is essential for organizations to thrive and achieve long-term competitive advantages.

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