

EUCALYPTUS CULTURE IN GEORGIA AND ITS ECONOMIC IMPORTANCE

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RESUME

Satisfaction of Georgian enterprises with domestic raw materials will be an important contribution on the political and material advancement of the country. As a result of years of research we got solid quarantine that all Georgian medical enterprises and pharmacy therapy have to learn the mass of local raw materials and products of Eucalyptus. At the end we should mention that in future a treatment with medicinal plants will be very important, and will take a huge place in the applied and fundamental investigations of medicinal plants in Phytochemistry. So, in the place with this must be created a scientific technical group, which will be staffed with high qualified specialists, who will be in charge of practical results, and will provide the link between practice and knowledge.

Key words: medicinal herbs, eucalyptus, medical, subtropical crops.



SOME ASPECTS OF DEVELOPMENT OF INNOVATIVE BUSINESS

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ABSTRACT

Nowadays, one of the most important factors for the development of innovative business and generally for the innovative economy is to invest in creative people, beginning from the assistants including company founders, leaders. In the 21st century world economy, business incubators, startups, and so on should become the mechanism for promoting the private innovative business. Because they allow the creative people to go through the process of establishing and developing their own business in a special easy way, by offering them various services, trainings, direct contacts with investors, as well to assist in the implementation of the latest technics and technology.

Key words: Innovative business, business incubators, startups, the renewal forms of morally outdated scientific-technological knowledge, creative person, Investment.

MAIN TEXT

In the modern rapidly-changing, hyper-competitive conditions, economic growth in any country is unlikely to progress without the innovation development. Most share of the development in such an

innovative direction comes from small businesses, and generally from innovative business.

In general, innovations in developing countries, including in the Post-Soviet countries, were in fact in crisis, and are still being delayed. There exist many reasons for this but we would like to pay attention to one reason, such as the morally outdated scientific-technological knowledge, of which rapid development will naturally result in promoting innovative business considering the pace of **scientific-technological** progress. In the twenty-first century of knowledge, the operativeness is significant, because knowledge is constantly updating and we should also be changed quickly. In these circumstances, "*the business*" by one American financier (Louis Piron) is like the man sitting in the boat and swimming against the flow. If he stops, the flow will take it back." Truly, if business is not taking into account the international requirements of modern scientific and technical progress in comparison with its competitors, it will definitely go bankrupt. As people die, so does business, including small and medium-sized businesses. Some companies will go bankrupt and some will survive. This is a natural process and there is nothing to blame for the state. The main reason lies in the founder of this business, in his thinking, approaches to knowledge-education.

During globalization, the scientific and technical progress is increasing the scale and speed of competition between countries. In all of this it should be emphasized that the leading role is devoted to scientific and technical knowledge and the possibilities for innovation introduction. In such conditions, in our view, like technique and technology, the scientific and technical knowledge cannot bypass the global process of moral aging.

The *first form* of morally outdated scientific-technical knowledge is related to the cost reduction of getting scientific results by the improvement of the methods of performing repetitive research operations.

The *second form* relates to the emergence of new scientific-technical knowledge, or the new decision, the application of which re-

sults in principally new results, which makes the old scientific-technical knowledge, and also the technique in which this knowledge is recorded, economically ineffective.

With above mentioned two forms together, in our opinion, in a socially oriented market economy, the completely *new third* form is established-the socially inefficiency of some scientific findings what society already knows during trying to achieve and to implement the new techniques. This form of morally outdated scientific-technical knowledge applies only to a socially oriented, civilized market economy.

The existence of all three forms of morally outdated scientific-technical knowledge, its objective recognition also prompts us to discuss the actual existence of the renewal-reproduction forms of scientific-technical knowledge, since otherwise progress can be impossible.

In the *first-incomplete*, restricted form of renewal of science-technical knowledge, the employee cannot fully possess the knowledge-experience accumulated by humanity. Therefore he/she cannot be fully competitive.

During the *second*, simplest form of renewal-re-production of the scientific-technical knowledge, the field worker in his or her specialty almost possess all human-acquired accumulated knowledge (this knowledge is unchanged for a long time), retains business contacts, the positive image and the job. Therefore, he/she is competitive to the extent until his/her knowledge is exhausted by its marginal limited benefits and until is subject to the process of "moral aging" .

Moreover, during the *third form*, the field worker in his specialty is not only experienced, but also is additionally active and independently involved in the creative (creative) development and implementation of updated knowledge, adequately responses to the environmental changes, the scientific-technical progress, has many business contacts, the positive image and the good job. The person with such modern features is not looking for work but the job looks for her/him. The employee with such qualities will be competi-

tive not only in his home country, but in any country in the world [1.p.18]. During the third form of renewal-update of scientific-technical knowledge, the upgrading process of knowledge is more intensive and expanded in parallel of the scientific-technical progress. It can be argued that only this form is directly related to creativity, unconventional, non-traditional, new thinking, or connected to the creatively increasing human capital. However, without such creative people it is impossible to develop innovative business, overall economic growth and development of the country.

For businesses in order to survive in the modern hyper-competition and not to go bankrupt, they need to be on the path to innovative development in a timely manner. The company has to update many traditional approaches in its business practice with a non-standard approach, new thinking. The company representatives should have the high intellectual potential and must improve it permanently. Furthermore, it is essential to systematically hire creative competitive professional people. We pay attention to this aspect, because companies, corporations, unfortunately, often do not possess big and effective human capital, or they do not appreciate the potential, unlimited resources, opportunities, or creativity hidden in it. If a person finds his/her right job, "its place", then she/he represents a self-increasing, self-realized value and no inflation or crisis affects that value. On the contrary, in a crisis situation, the potential of a "creative human" increases. Of course, it does not matter the employee is the manager, or the junior specialist, all of them do their job. Human nature is so arranged that he/she has always the desire for self-realization, personal perfection [2.p.129]. Therefore, human capital, as one of the types of intellectual capital (unlike other types of capital), is characterized by the tremendous increase, more than the amount invested in it can by itself. This is why in the 21st century, in the face of strict competition, companies (and not just companies, but any organization, whether it refers to manufacturing, educational institutions, schools, higher education, etc.) must addict to the constant, continuous improvement, to the usage of the

company's common wealth-the collective rationally by its skills and capabilities, qualifications, creative ideas.

By the World Bank, Innovation is the chance and perspective for developing countries to catch up the highly-developed countries. Because Innovation helps to promote the competitiveness, raises the productivity, improves the quality of living standards with sustainable development. There should be mentioned the global innovation index (GII). The Research results are published annually by Cornell University, INSEAD and the World Intellectual Property Organization (WIPO). As it is known, this innovation index considers many factors and indicators, such as:

- Institutions (political, regulatory, business climate);
- Human capital and research (education, research);
- Infrastructure (information and communication technologies, infrastructure, ecological sustainability);
- Market Sophistication (credits, investing, trade, competition and market scale);
- Business Sophistication (knowledge workers, innovation linkages, adaptation to the innovation);
- Knowledge and technology outputs (knowledge creation);
- Creative outputs (knowhow, creative goods and services, online creativity).

Switzerland is the world's most innovative country followed by Sweden, the United States of America (U.S.), the Netherlands and the United Kingdom (U.K.), according to the GII 2019. Moreover, as there are mentioned in the key finding, Israel firstly enters the top 10 in 2019, while Switzerland has ranked 1st position since 2011. (see table N1).

As for Georgia, in 2019 our country succeeded, and moved to the 48th position, while it held the 59th position in 2018 (see table N1).

Table N1 - Movement in the GII, top 10, 2019¹

Position	Country
1	Switzerland
2	Sweden
3	United States of America(USA)
4	Netherlands
5	United Kingdom(UK)
6	Finland
7	Denmark
8	Singapore
9	Germany
10	Israel

Table N2 - Georgia Ranking in 2018 and 2019²

Decription	Georgia's Ranking in 2019	Georgia's Ranking in 2018
Institutions	36	39
Creative outputs	58	73
Human capital and research	63	67
Infrastructure	72	71
Market Sophistication	15	39
Business Sophistication	70	91
Knowledge and technology outputs	62	57

¹ <https://www.globalinnovationindex.org/>

² <https://www.globalinnovationindex.org/>

As we discussed above, the human capital, creativity, knowledge and its upgrading play a key role in implementing innovation in a county. By analyzing the table N2, it is clear that Georgia improved these indicators in 2019 by comparing 2018 data. The **Human capital rank** has moved forward from 67 to 63. But referring the knowledge and technology position, Georgia's position is quite bad, it has worsened by 5th position that points out that more investments in continuous education, implementing innovations, creation new patents, ISO 9001 quality certification, innovative business and etc. are necessary to orient in. However, Georgia's another ranks referring to the market and **business sophistication** indexes have positively moved forward by 24 and 21 positions correspondingly (Table N2). From Business sophistication many fields are advanced: University Research collaborations are intensified, Intellectual property payments are a bit increased. Furthermore, the **creative outputs** was positively radically changed by 15 position, that include the following fields: from intangible assets-trademarks, business and organizational model creation have improved, from creative goods and services-national feature films, creative goods exports, mobile applications creation shares are increased.

CONCLUSION

a) In Summary, it is necessary the right management for any kind of staff, also to establish the international standards for working conditions, innovative environment (an environment in which people feel free to feel fully motivated, feel support from management in innovative activity) and to attract in this direction proper *investments* (both local and foreign);

B) It is also a well-known fact that if a person is happy to work in a collective, then he/she develops himself /herself and is exposed to self-actualization, unconventional thinking, the desire for creative development etc and if not happy vice versa. Companies must thank to its staff. Truly, the staff that is the key, decisive factor in a competitive battle. The practice of modern advanced organizations

shows that in order to survive and successfully operate the system, it is necessary to focus on the factors that make up the system. If we lose the market share, the budget is reduced, the organization falls out of the list of high-ranking and prestigious institutions - costs can be reduced, the system can be reorganized and staff reduced, we can cut advertising costs and finally end up the managerial carriers. Or companies can do it differently: Remember that people behind all these problems are employees of the company (any organization), that is, they should “ease” the company with its difficulties, but find salvation and survival within them too! Many corporations have consciously survived during the crisis thanks to the team and people who can perform miracles in critical moments (2.p.128-129). One striking example of this is *Lee Iacocca*, the Chrysler corporation CEO, mentions in his book “The Career of a Manager”, where he says: “Earlier I did not know how people will act in a difficult situations. And now I know that most of them will help ... I have also learned that in a crisis, people can maintain their dignity and act completely peacefully. ... I’ve found that people make the biggest sacrifices when everyone around them shares their point of view”. When the hardest trials are dealt with equally, you will be able to turn “even the mountains” (our additions).”

Innovative business development along with creativity takes time and expense. Large investments are needed. But the inflow of investments is unfortunately hampered by frequent changes in laws and regulations (such as a feeling of instability), as the result can be unacceptable. Sometimes it seems that for investing in the innovative business there exist unfavorable conditions and often the traditional non-innovative sectors are stimulated. However, in the last period, some progress can be seen for small enterprise development. Some Techno parks, business incubators (Silicon Valley), venture funds emerge. It is the State prerogative to create them.

In addition to scarce financial resources, the development of innovative business is hindered by the fact that the work as a civil servant is more prestigious than that of an entrepreneur. The promo-

tion and development of local small-scale entrepreneurship is not so prestigious. In such circumstances, it should not be surprising that when the country's economic borders are open, foreign entrepreneurs, money-makers, invest in trade rather than manufacturing. Local entrepreneurs still are in difficulty in the condition of high credits to get basic first capital. In this case, the state should give the small business some tax breaks. The main focus of innovation policy should be to support links between local SMEs and foreign investors. In the 21st century world economy, business incubators, startups, and so on should become the mechanism for promoting the private innovative business. Because they allow the creative people to go through the process of establishing and developing their own business in a special easy way, by offering them various services, trainings, direct contact with investors, as well to assist in the implementation of the latest techniques and technology.

Finally, one of the most important factors in developing innovative business and generally in an innovative economy, is investing in creative, competitive people with modern thinking, taking into consideration all kind of employees, beginning from the assistants finishing by the company founders and executives.

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ინოვაციური ბიზნესის განვითარების ზოგიერთი ასპექტი

რევაზ შენგელია, ემდ, სტუ პროფესორი,
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რეზიუმე

ინოვაციური ბიზნესის და საერთოდ ინოვაციური ეკონომიკის განვითარების ერთდერთი თუ არა ერთ-ერთი უმნიშვნელოვანესი ფაქტორია **ინვესტიციების წარმართვა** სწორედ კრეატიული, შემოქმედებითი კონკურენტუნარიანობის მატარებელი ადამიანებისაკენ, დაწყებული მომუშავე პერსონალიდან კომპანიის დამფუძნებლების, ხელმძღვანელების ჩათვლით. 21-ე საუკუნის მსოფლიო ეკონომიკაში კერძო ინოვაციური ბიზნესის ხელშეწყობის მექანიზმად უნდა იქცეს ბიზნესინკუბატორები, სტარტაპები და ა.შ. რადგან ისინი კრეატიულ ადამიანებს საშუალებას მისცემს გარკვეულ შეღავათიან პირობებში გაიარონ საკუთარი ბიზნესის ჩამოყალიბებისა და განვითარების პროცესი, შესთავაზონ სხვადასხვა სერვისები, ტრენინგები, პირდაპირი კავშირები ინვესტორებთან, ასევე დაეხმარონ უახლესი ტექნიკისა და ტექნოლოგიების დანერგვაში.

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