

які дані необхідні та як правильно з ними працювати, та потребує вирішення низки нових завдань з питань інформаційної безпеки.

Висновки. Ускладнення середовища призводить появи нових факторів впливу на підприємство. Це доводить необхідність удосконалення існуючої методології дослідження систем моніторингу з метою своєчасного та оперативного опису середовища функціонування підприємства, на основі суміжних областей знань: математики, програмування і економічної теорії. Подальші дослідження будуть пов'язані з побудовою інформаційної моделі підприємства, що поєднує описані технології управління, дозволяє інтегрувати цю модель у загальну систему економічного управління підприємства з метою пошуку рішень на нові виклики у середовища його функціонування.

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SOME PECULIARITIES OF THE DEVELOPMENT OF SMALL ECONOMIES

ABSTRACT. In terms of intense globalization, the development of economics acquires certain peculiarities. National, regional and international interests intersect and much effort is needed to avoid conflicts, support the development and strengthening of the country.

Small scales of economy have a certain affect on the limited resources, and therefore, some extra stimuli to make the development permanent and irreversible are needed. In this respect, direct foreign investments can be prioritized.

When describing the association between the GDP and direct foreign investments, the reliability and methods of calculation of statistical data must be considered. In addition, the question as how reasonable it is to make direct foreign investments in some or other field is to be considered. Thorough understanding of the problem and foreseeing the prospects gives the countries with small open economies a chance to develop their national production in the way to support the improvement of the country's competitiveness.

KEY WORDS:Development, Small Open Economies, Direct Foreign Investment

Introduction. In the course of rational management of small economies, a number of vitally important questions related to the economic and national security, among other things, are determined. The governmental bodies must try to maintain the achieved level of economic development and activate the reserves supporting the improvement of the economic growth.

Modern trends of global development clearly evidence that as the economic integration of small countries at the world and regional levels expands, the urgency of extending and perfecting the national economy, importance of the national ideology, necessity for using quantitative methods to characterize the economic regularities increase, investment environment improves, etc. Only through a thorough approach it is possible to maintain and develop the diversity, one of the principal values of modern world.

There are a number of scientific views about competition and competitiveness. One of the evidences is the urgency of development of innovative economy in the developed countries. Consequently, unless the prospects to develop the innovative economy in small countries are identified, a number of problems are anticipated in the future. In this respect, increasing GDP is one of the strongest urges for such changes to happen.

Purpose. The purpose of the paper is to show the association between the direct foreign investments, one of the most important resources of small economies, and gross domestic product.

Results. Georgia is a small open economy with scarce local finances to develop the economy. A country's international rating plays an important role in attracting foreign investments. As the latest report published by the World Economic Forum suggests, Georgia

ranked the 69th among 144 countries with 4,2 points (7 as a maximum point) [11]. Georgia has been referred to the Forum reports since 2004 showing an apparent progress for 11 years. As per the estimations of the World Economic Forum, Georgia is in the phase of development where its economic growth depends both, on natural factors and foreign financial resources.

Of the foreign financial resources, direct foreign investments and investment environment established in the country are of a particular importance. The investment climate in Georgia is usually determined by such factors, as social-economic and political situation of the country, personal safety and business security, legislative base, tax system, value of production factors, etc.

The major trend of the last decade seen in the world and particularly, in the developing and Asian countries is the evidence of a very acute competition in attracting direct foreign investments. In such terms, the relevant bodies need more efforts to establish attractive investment environment, which, inter alia, must be favorable for protecting both, state and national interests. The major function of investments is to support the acceleration of the national economy growth, revive and support the industries in crisis, supply the production with necessary funds, support the engagement in the process of integration, improve the local staff qualification, etc.

Direct foreign investments are very important for developing countries, including Georgia. In order for a country to change a developing status, it must overcome and abolish poverty and reach as high rate of the economic growth as possible and maintain it for as long as possible. Direct foreign investments may be used as measurement of trust expressed to the economy of some or other country.

Direct foreign investments do not mean only the flow of foreign capital to the country, but as the International Currency Fund explains, direct foreign investment gives the recipient country the following opportunities: technology transfer and support of the competition growth on the domestic market; the employees of the recipient countries of the direct foreign investments gain knowledge, experience and new skills and are given trainings what in the final run, is a good precondition for human capital growth; the profit increases what on its turn, boosts tax incomes in the country [4]. As the International Currency Fund explains, direct foreign investment is the investment made by a resident of a foreign country in a local enterprise, with a significant influence over the enterprise management. In fact, significant influence means the right to vote, and

the investor must own more than 10 % of the company shares, or direct foreign investment is the investment of an investor owning more than 10 % of the local enterprise (company). In case of a simple transfer of the property from one entity (who is foreigner) to another (country native), the total size of the investments does not change, but the total size of the direct foreign investments changes. Moreover, less than 10 % of the shareholding is fixed with his method what surely leads to an error.

The liberal investment environment in the country, equal conditions for local and foreign investments, stable economic development, free market economic policy, tax rates, reduced number of licenses and permits, geographical location, integrated vehicle system, qualified labor and many other factors make Georgia attractive for foreign investors.

The link between the GDP growth and direct foreign investments is important. A simple regressive analysis of the macro-economic indicators of 2013-2015 showed that the correlation between the direct foreign investments and Gross Domestic Product was 0.544584, coefficient of determination was 0.296571 and corrected coefficient of determination was 0.218412, not implying a close link between these values. However, a similar study [5] accomplished for the period of 1997-2010 showed a close association.

Conclusions. The indicator of the direct foreign investments does not consider the nature of investments and sees all kinds of investments as of a one type only. This means that calculating the foreign investments, or considering their dynamics with absolute indicators yields less reliable data. Desirable investments must give the country the real profit in a pre-determined time. Certainly, not all direct foreign investments can be equally useful or profitable, particularly, if they cause damage to the eco-system or fail to generate employment, and/or exploit the local labor.

How much the growth of the size of the direct foreign investments is desirable, particularly for small economies, cannot be determined unilaterally. In this case, the size and field of the concrete investment must be considered. Advantages of investing can be the opportunity of the production process perfection, contribution to the competitive environment, stimulation of the qualification improvement, income growth, etc. However, as it was mentioned, direct foreign investments contain some threats, too. Certain regulations are needed for the direct foreign investments to support production and not to put the enterprises or group of enterprises to bonded labor. The government must evaluate the economic impact of the attracted direct foreign

investments and support the useful investments and refuse the doubtful ones. Only such an approach can guarantee the GDP growth. Talking about the economic development only referring to the growing or reducing indicator of the direct foreign investments cannot be expedient.

There is another issue regarding the reliability of the statistical data, or information provision worth mentioning. The discussion may be generalized to a certain extent to cover other macro-economic indicators, as well.

In the course of any study, it is implied that the data processed by using various methods or models are reliable. However, it should be noted that sometimes, the question of reliability needs further specification. In relation to the direct foreign investments, the data are gathered by the National Statistics Office of Georgia for different quarters for different the sectors and countries. The sources of the data gathered were the questionnaires filled in by different companies and information supplied by the National Bank of Georgia and Ministry of Economic and Sustainable Development of Georgia. If the two last sources are reliable, this is hardly true with the first one.

In respect to the interpretation of macroeconomic indicators, there is another worthwhile issue, which is related to the size of economy. A large single injection for a relatively small economy may drastically change the current picture, but the qualitative change may be minor.

So, generally, an expedient management of the investments including direct foreign investments may play a key role in the economic development of a country.

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SOCIAL ATTITUDES TOWARD STARTING BUSINESS AND CHALLENGES OF ENTREPRENEURIAL ACTIVITIES IN GEORGIA

ABSTRACT. The paper describes the tendencies of social attitudes toward entrepreneurship, analysis the results of research on population's attitude towards entrepreneurship in Georgia conducted by several prominent research organizations, discusses the empiric data derived from the survey. The analyzed survey reveals specific characteristics of respondents attitudes toward entrepreneurship. One of the research question of the study is identification of Georgians attitudes toward entrepreneurship, its specific features, various aspects of entrepreneurial attitudes, future expectations of respondents, identification of attractive sectors for self-employment and entrepreneurial activity.

KEY WORDS: Entrepreneurial Attitudes, Entrepreneurial Activity, Female Entrepreneurship, Post-Soviet Georgia