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DYNAMICS AND STRUCTURE OF THE INCOMES OF THE POPULATION OF GEORGIA

***Abstract.** The study of the population's incomes in Georgia started in 1996 for different regions of the country, except Abkhazeti and Tskhinvali regions, by using the method of interview of the household producers. Our study considers the period from 2001 to 2016. It turned out that this period was marked by a significant increase in costs, decrease in the specific weight of expenses spent to buy food and increase in the costs spent for non-foods. The structure of expenses in rural and urban areas differs a lot and the level of differentiation among the different regions of the country is very high.*

***Keywords:** expenses, structures, variation, monetary incomes, non-monetary incomes, Georgia.*

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SPECIAL FEATURES OF STRATEGIC CHANGES IN TRANSITION COUNTRIES

***Summary.** For economical theory as well as social practice in the modern world, one of the most important issues is the issue of transition, that is, transition from economically irrational and totalitarian to economically rational and democratic society. From the aspect of the enterprise, the organization in general, the process of transition is undertaken with the aim of operating more rationally, more efficiently and profitable. The situation in*

the countries that are involved in the transition process is characterized by high unemployment rate, low level of economic activity, lack of investment, pronounced social stratification. Generally speaking, companies in transition countries operate in unstable economic conditions, most often operating in an environment characterized by not only investment problems, expensive loans, problems and difficulties in collecting receivables, outdated technology in production, unstable exchange rate, high level of corruption, high level bureaucracy, as well as political and social instability.

Key words: transition, competitiveness, strategic changes

Introduction. After the fall of the Berlin Wall (1989), the countries of Eastern and Central Europe found themselves in transition from an authoritarian to a democratic order. They returned to the very beginnings of modern society, in which, on the foundations of civil society, they began building a democratic community. After clearing the ruins of re-socialism, which often resembled anti-communist hysteria, a naïve, uncritical attempt to accept the institutions of the Western European political system followed. There are different explanations, why these changes occurred, and what these changes mean in a strategic sense. Is it a normal process, as a development phase, a particular social and economic system, that is, Are these transitional changes happening in all the economies and economies of the world. The explanation is observed already in 1996, when the World Bank stresses that "the long-term goal of transition is the same as the goal of economic reforms in other parts of the world — building a successful market economy ... which ensures long-term growth of living standards." However, is that right? In particular, whether in Serbia the transitional changes have opened the way to the possibilities of achieving long-term economic development, better standards and people's lives.

After the modest initial results of post-communist non-immigration, the world becomes more aware of the fact that the dramatic collapse of real socialism is in fact the collapse of the "old regime," but not the collapse of "old society," which, unlike the regime, cannot be changed and converted into civil society (Goati, 1996). Thanks to this self-awareness, today it is clear that the path of countries in transition to a modern democratic society is extremely difficult and painstaking. Consequently, the transition in almost all countries is accepted, somewhere with enthusiasm, and somewhere with fear, because it has led to unfavorable outcomes, such as an increase in social inequality. The fact that transition is necessary is not

controversial, but it is controversial how to implement it, which methods to use, which paths, means, at what speed, and how to choose the whole transition strategy.

Transition as a strategic change

The transition is most often viewed as a process of affirmation of economic freedoms, market laws and private property, which also means the freedom of individuals to deal with business, earning money, and that business and profit are a key factor in the development of society and the wealth of an individual. Strategic initiatives have led to private ownership and the strengthening of private-based institutions. It is also very important to build institutions that can tie global processes to the local environment. However, the critics of the transition paradigm, of the past, point out that it is not only important to remove obstacles and barriers, to open up new processes, and to build new institutions on that line; such that they are identical throughout the global space. Such a vision of the future of the planet should not be permitted. There are specific features of social incidents and cultures, and the strengthening of institutions, each in its identity, should not only be reduced to strengthening the state, but also at the same time strengthening the society, while preserving a culturally recognizable identity, both in the local, regional and global spheres .

The implementation of transition with a pre-arranged institutional arrangement, which is transcribed from the outside, and the lack of respect for culture, customs, morals, mentality of the people of the local community, would lead to limiting development, with resistance to transition. In particular, this problem must be taken into account when it comes to small countries (such as Serbia), and in that sense, it is necessary to organize programs of education, information, and further clarifications on what a small country can get from global processes, and what is prosperous for a small country? The chance of a small country is to be different, branded, accessible and recognizable. If there are not many products, they must be top-notch. Of course, the technology and the consequences it carries is necessary. Such as quick decision-making system, which effectively generates profit and fertilization.

The transition first indicated the necessity of proprietary democracy, much before political democracy. The starting point is that property, in addition to the state, is a key institution that regulates relations in one society. The property determines all relationships, all the way to the way people think and behave. That is why the first issue of transition (from socialism to capitalism) was to share all the

resources that a country has at its disposal to the citizens, how they become owners of the self-governing people, and to manage those resources themselves, but on other grounds. Give people the chance to open up processes through the capital market, learn what the market economy is, and understand what the global economy is.

The capital market is the supreme criterion of the performance of the financial market and the change of one system. Thus, transition is understood as a transition from one system of socialism to the other system of capitalism, but there remains uncertainty, whether it is the transition from the world of darkness to the world of well-being, or is it another paradigm of transition. From this it follows that, regardless of all tectonic disturbances during transition, the final outcome shows that transition is a process in which a state that, at the beginning of the breakdown of a system, loses power, can regain this power again.

How to achieve strategic priorities

Transition is perceived as a comprehensive process and as such it affects changes in all spheres of life; influences changes in economy, politics, culture, education. Given that we know that the political and economic systems are the two most important segments of social life, the question arises with which of these two systems to start the changes. The dominance of politics over the economy, in the former countries of re-socialism, is more than obvious, so the need for the entire process to begin by changing the political system is imposed. Otherwise, they would 'bang their heads in the wall'. Namely, the unchanged political system would never bring a law that would change the economic system or would, however, pass the laws that formally change the economic system, but fundamental changes could not be expected.

Transition, as a major social change, involves changing the entire social structure, which also implies a change of the state as an institution of society. The state should become a part of the society, that is, in the function of a society, as indicated by the process leading more to the fact that the state becomes "anachrona" (neglecting what corresponds to the spirit of times) institution. Only the countries that understand this could become centers of power in the future, which is the reality of many modern advanced countries. Accordingly, faith in institutions as a synonym for the state and a cumbersome institutional arrangement does not give positive results. In the turbulences that created the transition, as well as in those caused by it, it is imposed as inevitable strategic management (Madžar, 2000).

Productivity of the state is conditioned and directly determined by the productivity of its enterprises. The economy of a country cannot

be competitive as long as its enterprises reach a degree of competitiveness that they can deal with large companies in the global market. This is particularly true in today's situations when globalization, along with ubiquitous technological innovations, significantly influenced the changing world business conditions, and introduced new business orientation in the company. The struggle to conquer market space is becoming more aggressive and dynamic and only those companies that have embedded a high level of flexibility and innovation into the business environment survive. New marketing orientation of a company means shifting the focus from production to the consumer, but also to all other market players, especially in the competition. The issue of competitiveness becomes crucial for the survival and development of not only enterprises, but also the overall economy of a country.

The only way to improve the competitiveness of the company is to raise the level of productivity and product quality. Moreover, in the international context of modern conditioning, the ability of companies to differentiate products, establish network connections, and direct attention to intellectual property, has a significant impact on the price and quality of products. Nowadays, it should be borne in mind that market potentials through innovations and impacts of competition do not come only because of changing or applying a variety of co-operative strategies, but in practice they even have a different geographical origin. Changed conditions and the profile of the world market require that the company develop its competitive position through stronger international orientation, rather than relying on traditional forms of business and classic monetary support of the state (stimulation, exchange rate), since its possibilities in the new conditions are relatively limited.

Globally oriented and highly capable businesses become leaders in creating the challenges of the global environment and harnessing the chances that this environment provides. They are strategically defined by these characteristics, and their very global market enables them to have a strategic priority in global business. That is why they have advantages over other companies because it is precisely their commitment to doing business in the global market that makes them able to create ever-new challenges in the environment, to anticipate future business flows and conditions applicable to all companies that participate in the global market.

Continuous competitive advantages today depend a lot on the possession of highly qualified labor and general technical skills. They require continuous investment in specialized knowledge and

resources, as well as constant change. For these reasons, strategies involving high quality products, improving their features, a high level of service and a range of new product improvements are usually more sustainable than cost-based strategies that can be copied by competitors who purchase the latest equipment and drives. That is why permanent improvement is the key to achieving growth and survival of the company in modern conditions. But on the other hand, one gained advantage is maintained only by constantly finding new or better ways of working or constant changes in company behavior in a general strategic context.

Strong, competitive and efficient companies require efficient and well-trained managers. Development of skills and capabilities management is a priority of the company development strategy. A wide range of services based on the provision of information, business advice and training programs for the development of management are provided through adequate education and continuous education programs.¹

There for, for countries in transition, an important reform at the microeconomic level and strengthening the competitiveness of enterprises. Stable political, legal and social institutions and sound macroeconomic policies create a good potential for improving national prosperity. However, wealth is created at the microeconomic level — in the ability of the company to produce valuable goods and services in an efficient way.

Managing Change in Transition Conditions

Instead of interventionism and regulation, the new economic policy is characterized by processes of liberalization and deregulation, in the sense of abolishing restrictions and promoting equal conditions for all ownership forms. Nevertheless, in the new economic crisis, a decades-long belief in the power of the "invisible hand" of the market is being examined, which leads to a new paradigm, that the market must be managed and managed, like with any other sphere, or the area of social activity. Hence, when we try to define the contemporary meaning of the concept of transition in the economy, we could say that this is an economic phenomenon which, among other things, is the result of global changes in the world economy at the end of the

¹ In order to compete in any industry, companies need to undertake a wide range of separate activities, such as order processing, customer engagement, product assembly and employee training. Activities, understood in the narrow sense of traditional functions such as marketing, and research and development, create costs and value for customers; they are the basic units of competitive advantage [Michael E. Porter (Michael E. Porter), Competitive Advantage: Realizing and Maintaining Top-Level Business Results, ASEE, 2007].

20th century, as well as social interdependencies, denoted by the terms *Mcluhan globally village* and *Milgram's small world* it is said that these changes are conditioned by the existing development conditions and circumstances, a kind of complex of changes in the economic system and politics, which is aimed at achieving greater efficiency of the economy, that is, to establish a more efficient structure of economic subjects in relation to the previous state, how such a more efficient economic structure would achieve more complete activation of market mechanisms valid for all, for those who had previously marketed business, as well as for those in the previously dominated state-regulated economies.

The basic economic sense of transition does not differ significantly from the usual reforms undertaken with the aim of raising the efficiency of a certain system to a higher level, that is, applying an economic policy that supports the achievement of the planned development goals. However, what transitions differ from ordinary reforms is the radicality and fundamentality of the changes that occur with it. Under conditions where there is no clear ownership structure and when there is no competition, there is no interest in any kind of transition.

Large business systems in countries in transition, even in Serbia, were the basis for the functioning of the economy in times of crisis, but they are also important in normal times. Unfortunately, these systems still operate on a classical basis, although some of them, more or less, have changed the ownership structure, or have joined the process of transformation from social or state-owned enterprises into modern-type corporations. However, the change of ownership itself and the introduction of new information and production technologies are not a guarantee of success. It is necessary to change the way of thinking, as well as the way of work.

It is a general attitude that, in addition to capable management, the conquest of a competitive position is very important, and the context, ie business conditions. This means that competitiveness is conditioned by factors on two interrelated levels: at the state level (macro level) and at the level of the organization (companies, institutions, institutions) at the micro level. It follows that competitiveness is created within organizations, within the internal organizational structure, and hence is determined by the influence of internal factors that affect the productivity, innovation and efficiency of the work process, but it is confirmed in the environment, in relation to competition. In order to become high performance organizations, companies need to find and implement adequate components of the organization, which will have such performance and enable them.

Conclusion

As a comprehensive process, transition affects changes in all spheres of life, affects changes in the economy, politics, culture, education. In other words, as a major social change, the transition involves changing the entire social structure, changing the state and all institutions of society, all with the aim of creating a competitive economy and high productivity. In this way competitiveness equally becomes the concern of companies (primarily their management), which operate within the borders of one state, but also the care of the state and its organs. Hence, the economy of a country cannot be competitive as long as its enterprises do not reach a level of competitiveness, such a degree that it enables them to deal with large companies in the global market; in particular, in contemporary conditions, when globalization, along with ubiquitous innovations in the field of technology, significantly influenced the changing conditions of business on the world market, and introduced new business orientations.

The struggle of the transition countries and their companies to gain marketplace from day to day becomes more aggressive and dynamic, such that only those enterprises that have embedded a high level of flexibility and innovation into the business environment survive. The new marketing orientation of a company means moving the focus from the production process to the status and consumer profile as well as to all other market players, including competition. All this is because the issue of competitiveness today has become crucial for the survival and development of not only enterprises, but also the overall economy of a country.

Hence, the social transition process is making changes in matter, energy and information, as mandatory and constituent parts of each organization. An adequate strategy of organizations directs all these factors and achieves their goals. In doing so, strategy is also understood as a set of procedures that mobilize all resources and potential capabilities into valuable and profitable ones, which is the main task of the manager's work in the company, because only in this way can they find the best positions for the company, just from the aspect of the given resources, and given abilities.

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ROLLING BUDGETING: ПАНАЦЕЯ ЧИ ЕВОЛЮЦІЯ ТРАДИЦІЇ

Анотація. У дослідженні визначено сутність і узагальнено базові відмінності методики *rolling budgeting* від традиційного бюджетування. Проаналізовано переваги, недоліки і застереження щодо прикладного застосування цього методу для підприємств з різним типом організаційної структури в контексті глобальних змін управління інформацією в цифровій економіці.

Ключові слова: *rolling budgeting*, бюджетування, трансформація бюджетування, цифрова економіка, управлінські технології.

Актуальність. Управлінські технології, що роками доводили свою ефективність, в умовах цифрової економіки потребують суттєвого переосмислення, удосконалення або заміни сучасними методичними розробками. Повною мірою така ситуація справедлива і для бюджетування як технології фінансово-економічного обґрунтування управлінських рішень на підприємстві. Одним з методів осучаснення технології бюджетування консалтинговими компаніями визнається технологія формування бюджетів *rolling budgeting* як базовий метод концепції покращеного бюджетування (*better budgeting*). Потреба удосконалення управлінських технологій в цифровій економіці є загальним трендом. За даними опитування 2017 року «CEO Outlook», проведеного консалтинговою компанією KPMG, 74% з опитаних керівників очікують змін у веденні бізнесу у власних сферах діяльності і самі схильні до