

які вказують на існування максимального потенціалу для соціальних інвестицій в Україні. В результаті, активізація соціально-відповідальної діяльності великих компаній; компаній-лідерів у галузі своєї діяльності; компаній з міжнародними зв'язками; виробників диверсифікованої продукції; учасників ринку олігополістичної конкуренції стане одним із наріжних каменів для розширення потенціалу соціальних інвестицій в контексті збалансованого людського розвитку в Україні.

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Dyba M. I., Doctor of Science, Proffesor,
Proffesor of corporate finance and controlling Department,
SHEE «Kiyv National Economic University named after Vadym Hetman»
dyba_m@ukr.net
Gernego Iu. O., PhD.,
Assosiate Proffesor of corporate finance and controlling Department,
SHEE «Kiyv National Economic University named after Vadym Hetman»
iuliagern@ukr.net

PARAMETERS OF SOCIAL BUSINESS SUSTAINABILITY IN UKRAINE

Summary. A map of business incentives for implementing human development policy is represented within the current research. The main directions of human development priorities realization by business entities in Ukraine are defined. The directions of human development business support in Ukraine are offered.

Key words: corporate social responsibility, social business, social investment, human development financing.

JAMAGIDZE LELA
Phd in Economics, Assistant professor
Ivane Javakhishvili Tbilisi State University
E-mail: lela.jajagidze@tsu.ge

TRADE PERFORMANCE AND POLICY CHALLENGES UNDER GLOBALIZATION 4.0

Summary. The goal of the present paper is to analyze trade-related effects of globalization 4.0 and highlight trade performance and policy-making challenges faced by businesses and governments. Based on desk research of theoretical and empirical sources, recommendations are given on how Georgia's small and open economy can position itself in the global trade.

Keywords: Globalization, digital trade, plurilateral trade policy, Georgia

Introduction. Globalization of the world economy is characterized by a cyclical development with uprising trends followed by retreats. Study of the course of historical economic processes shows that each new wave of globalization was preceded by crises. One of the prominent scholar of economic globalization issues, Baldwin distinguishes four waves of globalization. Globalization 1.0 and 2.0 took place in pre-World War I and pre-World War II periods, respectively. The third wave of globalization began in the 1990s and was characterized by G7 firms crossing borders along with know-how (Baldwin, 2018), which is critically important element for firm performance. Big multinationals and companies that followed global strategies were the main agents of the third wave of globalization (Jamagidze, 2010). Efforts to obtain large market share and goods standardization gave them cost advantages, while competition pushed them to follow production and capital concentration at the global scale.

The current wave of globalization is based on the advances of the fourth industrial revolution and therefore is often referred to globalization 4.0. It was also preceded by the global financial and economic crises 2008-2009. Although main distinction is digital technologies allowing arbitrage of international wage differences without the physical movement of workers (Baldwin, 2019), the effects of globalization 4.0 go much further as the new technologies have varying impact on all cross-border flows and forms of economic activities.

Identification of basic distinctions and challenges brought by the current wave of globalization is important for both businesses and governments because they need to find new synergy between public policy and institutions on the one hand, and corporate behavior and norms on the other (World Economic Forum, 2019). The studies of the impact of globalization 4.0 on the future of trade performance is relatively scarce in Georgian reality. Georgia's external relations, economic transformations and development aspects at the modern stage are studied by Papava, who discusses the process of globalization and technological backwardness (Papava, 2016). In order to identify employment challenges (Silagadze, 2017) identifies several post-Soviet paradoxes. The role of new industrial policy in Georgia's economic development is emphasized by (Lekashvili, 2019); (Gogorishvili, 2018) explores small and medium sized enterprises under digital economy. The role of entrepreneurial Universities and technology transfer offices in smooth transfer of new technologies is emphasized by (Gagnidze, 2019). Industry 4.0 effects on trade reflected by recent literature is reviewed by Papachashvili (2018).

Purpose. The goal of the present paper is to analyze trade-related effects of globalization 4.0 and to highlight trade performance and policy-making challenges. It aims to fill some gaps and explore potential impacts of globalization 4.0 on trade from the perspective of Georgia's small open economy.

Results. One of the important implications of globalization 4.0 is that advances of the fourth industrial revolution intensify digital trade and trade in services. It represents not only a structural change, but also a qualitative transformation, which challenges some of the well-embedded theoretical models of international trade. Current evidence is that not only big firms from G7 countries can be leading participants of the global trade but also small firms begin to play increasingly important role. Digital trade alters export vs foreign direct investment alternative which firms used to face under globalization 3.0. In our view increased participation of small firms in global trade challenges the argument about the distribution of productivity gains at the industry level by shifting resources away from low-productivity firms and towards high-productivity firms (Melitz, 2012). Theory suggests that exporters and investors abroad are normally larger and have higher productivity than their domestic counterparts. Digital technologies reduce trade costs significantly. Many small firms can export through digital platforms and can engage in global value chains without physical presence on certain locations. Global value chains proliferated due to lower transport costs, as well as technological advances and loose financial conditions (World Bank, 2019). The majority of Georgian firms (67.12%) are small and medium-sized businesses. They should explore new opportunities opened by digital technologies in order to increase their presence in global value chains.

Considering the above, development of digital infrastructure and knowledge capital is paramount under globalization 4.0. Access to information and communication technologies is essential to get involved in digital trade. Investments in digital infrastructure is a significant determinant of trade cost reduction. In addition to hard infrastructure better awareness about the potential benefits and opportunities of digital trade and improved IT literacy are those challenges that the country should respond. Empirical studies on business environment in Georgia show that new technologies and new products are adopted without much resistance (Jamagidze, 2011). According to the (World Bank, 2019) 48.5% percent of firms spend on R&D and 43.2% of firms introduced a new product or service. These indicators are higher than world average. However, Readiness for Future Production index developed by the (World Economic Forum, 2018) demonstrates a number of weaknesses of Georgia's production system. Georgia falls into the category of Nascent Countries, characterized by a limited current production base and low readiness for the future. Significant investment will be needed in Georgia, especially for small and medium sized businesses to go through the transformation process.

Globally by using digital technologies an increasing number of small and relatively low-productivity firms tend to become exporters. Therefore trade policy measures, such as standards and conformity assessment procedures need to be adjusted to them (Simonen, 2017). Also, the diverse range of behind the border measures are further extended by imposition of digital regulations, which are restrictive to small exporters. Digital technologies, on the one hand, allow businesses to overcome geographical and border-related trade barriers and enter new market more easily, but on the other hand they raise many regulation issues. As a rule digital regulations of trade are connected with other policy areas, such as personal security, intellectual property and technology transfer regulations, which may have restrictive effects on trade. Thus under current globalization trade policy is becoming more and more complex, encompassing diverse economic policy areas and institutions and relying more heavily on behind the border regulations in order to meet the national policy goals.

Trade, based on the advances of industry 4.0 and its regulation challenges, is one of the manifestations of the fundamental feature of the modern global economy, that markets transcend national boundaries, while economic policy remains vested at the national level (Obstfeld, 2020) In order to resolve potential conflicts between global markets and national rules bilateral and plurilateral trade integration offer some options. Most of the plurilateral liberalization that currently occur through free trade agreements cover most economic sectors and there is a growing tendency among groups of countries spanning different regions to align their policies within specific economic sectors, particularly in relatively new areas (World Economic Forum, 2019). In our view Georgia should go on the path of bilateral trade integration through free trade agreements and take part in regional integration initiatives. Deep and Comprehensive trade with the EU should be further enhanced and developed so that the success and achievements in institutional cooperation be adequately translated into economic gains (Papachashvili, 2017). When countries engaged in deep integration differ in their economic and institutional development levels, weak partners gain access to the developed markets, while the latter exports its best regulatory practices. Deep integration is helpful to equalize uneven development levels between trade partners and lower trade costs (Jamagidze, 2019), thus improve their trade performance. There is empirical evidence that digitalization increases the benefits from regional trade agreements (RTAs). When combined with an RTA, a 10% increase in digital connectivity increases exports by an additional 2.3% (OECD, 2019). Digital trade regulations are being developed under EU Digital Single Market and also within bilateral trade agreements with non-member states. Adjustment with the EU institutions and further development of the infrastructure in the area of digital trade will contribute to increase gains from trade in Georgia.

Conclusion. Small and medium-sized businesses from Georgia should explore new opportunities opened by globalization 4.0 in order to increase their presence in global value chains. Significant investment will be needed to develop digital infrastructure and knowledge capital and go through the transformation process. Georgia should go on the path of bilateral

trade integration through free trade agreements and take part in new integration initiatives in the age of digitalization in order to increase exports and gains from regional trade.

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Jibuti Mariami., Doctoral Student
Ivane Javakhishvili Tbilisi State University
mariami.jibuti382@eab.tsu.edu.ge

Keshelashvili Giuli, Doctor of Economy
Associate Professor of Management Department
Ivane Javakhishvili Tbilisi State University
giuli.keshelashvili@tsu.ge

REGIONAL DEVELOPMENT POLICIES AND GOVERNANCE CHALLENGES IN GEORGIA

Summary. Work provides discussion of Georgian regional development policy and its key directions. It studies the regional development directions of the EU Association Agreement and analyses how well are harmonized the documents setting economic policies of the country with one another and how well they respond to the challenges facing Georgia today.

Keywords: Regional, Policy, Economic, Development