

DEVELOPMENTAL TRENDS FOR STARTUPS IN GEORGIA

Summary. *The article describes the trends of setting up and development of startups in Georgia. Despite the fact that the growing number of the successful business companies by establishing startups is viewed as the priority for the country, following the present-day situation, the rate of their growth or their contribution to the economy is not important.*

Keywords: *start-up, innovation, fab-lab, technology, accelerator*

Introduction. At present, the technological development and introduction of innovations is an important factor to improve the competitiveness and productivity of the companies. In 2013-2014, the analysis of small and medium businesses in Georgia made it clear that the added value formed by them was low, and the insufficient use of technologies and innovations was named as the major reason (3, 2017).

In recent years, the stimulation of technologies and innovations became very topical in Georgia, and startups are viewed as a significant tool to establish and develop them. A startup, as a business in its initial phase of development, develops innovative product and/or service by using up-to-date technologies as a means for a business growth.

In order to establish and develop startups and make them competitive businesses, the countries including Georgia, apply various measures. Setting up and development of startups in Georgia is considered as one of the important priorities in the economic development of the country, and providing the relevant conditions to achieve this purpose is a serious challenge for the country's authority and relevant bodies engaged in his deed. Despite a number of favorable steps to set up and develop startups, on the background of the present-day situation, the rate of development of startups fails to make a significant contribution to the economic development of the country. In this respect, the article considers the trends of setting up and development of startups in Georgia, the advantages and disadvantages, as well as prospects.

Purpose. The purpose of the study is to analyze the peculiarities and evaluate the prospects of setting up and developing startups in Georgia.

Methods of the study. The process of study relies on the qualitative and quantitative study methods. The statistical information and other information sources were used for the study purposes. The information was processed based on the analysis, synthesis and comparison methods.

Results. Setting up and development of startups in Georgia, what on its turn will promote the improvement of business activity throughout the country and employment and the resultant economic growth, has been an important priority of the strategy of economic development of the country since 2016. Consequently, the country started to establish an eco-system to develop startups with the goal to establish a common entrepreneurial environment, encourage novice businesses and developing the product in the country to be a milestone on the Georgian and foreign markets.

The first step to form the eco-system necessary to develop the startups, which is the innovative business in Georgia, is associated with the establishment of LEPL "Georgia's Innovation and Technology Agency" (GITA). It was founded in 2014 and is subordinate to the Ministry of Economics and Sustainable Development of Georgia. The goal of the Agency is "to promote the improved entrepreneurship and innovations in the country, and for this purpose, the Agency supports: a) the implementation of the legal reform in the field of innovations; b) the training and technical assistance supporting innovations and entrepreneurship; c) an improved

access to the relevant funds for the startups; d) the establishment and development of innovative infrastructure; and e) the commercialization of research and development (R&D)” (8, 2020).

Since 2014, the Agency has been actively engaged in drafting and developing technological parks, innovation centers, innovation laboratories, accelerators, business incubators and other projects supporting innovations. One of its first and major projects was “Technology Park” (Tech Park) created in 2016. The Tech Park is a high-technology space provided on over 18000 m² area, bringing together the people with different ideas and trends and giving them the opportunity to develop through various trainings and mentoring. The training centers and show rooms of high-technology companies, high-technology incubator, universal laboratory of industrial innovations, co-working space, conference hall and other services supporting the development of high-technology industry operating within the limits of the Tech Park.

In order to consolidate startup eco-system in Georgia, the Agency, in addition to the Tech Park, has launched incubators, training centers and industrial innovations laboratories (fab-labs), as well as large company offices and co-working and recreational spaces.

The fab-labs have become an important tool for the practical realization of the innovative ideas on the one hand and the means to promote the development of startup business in the country on the other hand. The operation of fab-labs is based on the use of computer technologies and modern information technologies, which can be applied to realize the ideas in practice. The fab-labs are equipped with modern technologies: 3D printers, laser cutters, CNC routers, vacuum-forming machines, PCB machines, programmable sewing machines, etc.

As of January of 2018, there were 1278 fab-labs in 107 countries of the world. With the number of fab-labs (36 fab-labs), operating all over Georgia, the country ranks the 11th. As the number of fab-labs increased, the process started in 2016, two trends were identified: first, the majority of the society started to realize their business ideas with the help of fab-labs and limited themselves mainly to small businesses; another, the smaller segment of the society made an accent on the establishment of innovative ideas and startups. However, they had to face a number of challenges on this way (1, 2018).

The use of fab-labs to develop startups became an important priority in 2017 and the implementation of beneficial consulting, organizational and technological measures at all stages of the development of startups into successful businesses: “Idea-Prototype-Prestart up-Startup-Growth” has become topical for “Georgia’s Innovation and Technology Agency”.

In a financial respect, a number of projects have been developed so far to support startups either by immediate participation, or under the coordination of “Georgia’s Innovation and Technology Agency”.

The most important projects of “Georgia’s Innovation and Technology Agency” are ongoing grant projects, including a small grant project realized with the aim to encourage the establishment of startups and development and improve prototypes in Georgia by the Agency, as well as to organize hackathons, maycathons, creathons and innovative arrangements for swift development of innovative products. Within the scope of the said project, 31 startups were financed in 2018 and 71 startups were financed in 2019 (7, 2020).

. Since 2018, “Georgia’s Innovation and Technology Agency” has been implementing a co-financing grant project within the scope of the WB Georgia National Innovation Ecosystem (GENIE) Project aiming at delivering grants of no more than 1000 000 GEL to a novice/up to 2 years old small private enterprises. In 2019, 20 startups were financed, with the total financing of 2 million GEL; in 2018, 17 startups were financed, with the total financing of 1 632 000 GEL (7, 2020).

One of the most important projects is “Startup Georgia”, which, under the resolution of the Government of Georgia, was launched as a venture investment program in June of 2016. The project coordinators are: “Partnership Fund” and “Georgia’s Innovation and Technology

Agency". The Agency finances only unique high-tech innovative ideas, while the "Partnership Fund" finances innovative projects. With the high-tech projects, "Georgia's Innovation and Technology Agency" has a status of a partner of a joint enterprise for not more than 7 years and does not participate in the startup management. The goal of "Startup Georgia" is to support the development of business based on innovators' ideas in Georgia and pushing it to the international market. Within the scope of the innovative component of "Startup Georgia", 78 winning projects were identified in 2016-2018 with the total investment volume of 6 million GEL (5, 2019).

In addition to the investment projects, the Tech Park incorporates Sakpatenti, Deloitte and Management Academy offices to support startups; there is a mentor network established rendering consulting services to promote startups (6, 2018).

An important part of the Georgian eco-system is a business incubator and accelerators found in Tech Park and at industrial innovation centers in different regions of the country. Presently, there are about 22 operating business incubators offering the startups not only financial aid, but also consultations and other services.

An important role in the support and swift development of startups is played by accelerators. A startup accelerator has contacts and competence to present an interesting project to the venture fund. Such accelerators in Georgia are: Startup Marani, bringing the novice entrepreneurs and investors together; Smart-up Georgia, a student startup competition making the people with different professional backgrounds into entrepreneurs and helping them to create unique innovative products/services; 500 Startups, one of the biggest accelerators of the world introduced in 2020 bringing about an important positive attitude.

In terms of the existing eco-system of Georgia, the rate of startup establishment is high. However, like in many countries of the world, the rate of their development and establishment as ultimate businesses is low. Today, 24 successful startups are known in the country, including: Lingwing – a language learning platform, Hand4help – high-tech hand prostheses, Optio Discovery- digital mobile wallet; VRex Immersive – company's virtual reality platform; Qvevry – producing Georgian traditional wine vessel Qvevry with the use of modern technologies; Iventals – events organizing platform, etc (7, 2020).

The observation over the startup activities has made it clear that despite the steps towards the eco-system consolidation, there are a number of trivial matters the startups have to overcome on their way from idea through final product. Some startups have zero experience in making business. Therefore, despite their impressive ideas and prototypes, they think it difficult to develop themselves into a business, thus losing business interest and abandoning it before the final product is made. A second category of startups has theoretical knowledge of making business. They have sufficient knowledge in the fields of finances, management and marketing. However, their ideas or products are not competitive and lack the added value to interest the consumers and support the establishment and/or growth of their products on the market. The third category of the startups has no problems in terms of idea, product or experience and it seems, they have everything needed to be successful. However, the different attitudes and ideas about various matters of the startup founders hinder development of startups and ultimately, they close down.

Conclusions. So, the growth of the number of successful startups in Georgia is important for the economic development of the country. The steps made by the state support the development of startups. However, the rate of growth is low and the eco-system is not perfect. There are many issues startups face on the way of development that cannot be solved on the background of the existing eco-system as there is still vacuum in respect of different matters. Such state of affairs often hinder the operation of startups with the prospects of success and global business development what on its turn, may put the country at the risk of losing such

opportunities as establishing the country brand as a global business, gaining incomes and attaining high employment rates and economic growth.

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SOME ASPECTS OF GREEN TOURISM MANAGEMENT IN GEORGIA

Annotation. *The paper discusses the economic benefits that a country will receive at the national, regional and local levels in the long run through sustainable development of tourism and implementation of proper, integrated policies. Proper management of green tourism development is discussed in the paper based on the example of Gobroneti – one of the most beautiful villages in Georgia situated in Adjara, rich in natural monuments, located on a high mountain slope and distinguished with picturesque landscapes and the guesthouse Zebo located in that village.*

The paper analyzes the state support for promoting the private sector operating in tourism sector to develop tourism products, as well as for encouraging participation in trainings and non-formal education activities, participation in educational and practical tours in Europe and the U.S. with the purpose to introduce new forms of services in hotel management, assistance from USAID, the EU, national grants etc.

Keywords: green tourism, management, guesthouse.

Georgia is an ancient country famous for its amazing history, its 8 thousand-year-old winemaking tradition, splendid mountains of the Caucasus, coastline of the Black Sea, good