

*Lekashvili E.R.*, PhD.,  
Associate Professor of Economic Policy Department  
Iv. Javakhishvili Tbilisi State University  
[eka.lekashvili@tsu.ge](mailto:eka.lekashvili@tsu.ge)

## FOR THE ELABORATION OF INDUSTRIAL POLICY INFORMATION DATABASE IN GEORGIA

*Summary.* The analysis of theoretical economic approaches shows that, at the present stage, the new industrial policy relies on strategic cooperation between government and business to identify the most important factors for restructuring and the types of interventions to overcome. The new industrial policy is to support the formation of firms, their agglomeration, innovation and competitive advantage by the state in an open economy. New approaches to evaluate new industry policies that must address the key policy challenge - solving the problem of information asymmetry between government and business.

*Key words:* Industrial policy; Information database.

**Introduction.** Development policies have replaced by market-oriented approaches since the 1980s, limiting government intervention and increasing market outcomes through competition or by the supply of public goods [1;2;16;17;18]. However, at the modern stage, due to public pressure to reduce unemployment and stimulate economic growth, interest in industrial policy has revived, including in Georgia [7;11].

Industrial development involves both quantitative and qualitative changes in economy, which are reflected in the spatial distribution of economic activity between different sectors. In all cases, when discussing industrial policy, the emphasis is on changing the structure of economic activity.

**Purpose.** Due to the complex nature of the new industrial policy, it is not possible to study the research question based on only one theoretical background. In industrial research, as in other economic studies [8;9;10;13;14;19], the key question is to achieve maximum efficiency under limited resources and to develop economic policies that improve the situation. In evaluating new industry policies, policy makers and the academic community often use rigid methods such as random and experimental methods (<http://www.oecd.org/sti/inno/smartspecialisation.htm>) as well as linkage techniques and instrumental variables, econometric methods. It is worth noting that there is a significant difference between traditional and developmental approaches to evaluation, which includes process and impact assessment (Patton, 2006). Process evaluation is used to improve a program or policy, and impact assessment - to evaluate the value of the policy to determine whether policies should be stopped, expanded, or maintained.

**Results.** Even when modern economic theory focuses on the opportunities, the role of opportunity in industrial development, many economic and social factors must be taken into account in its development, such as education, information, research, technology, etc [3;4;5;6;12;15].

Discussion of industrial policy at the level of national industrial strategy should be carried out in a dynamic, interrelated manner with a particular instrument, sector or cluster policy, as it involves the selective aspect, vertical industry policy and horizontal policy.

Assessing the impact of industrial policy on business and the economy takes years to materialize. The leading European countries have set up special institutions to assess the impact of industrial policy, cluster policy and innovation development.

One of the major challenges facing Georgia in developing a new industrial policy is the issue of information asymmetry between government and business. Getting more information from the private sector can lead to a "better quality policy". Information should be provided to the government in order to be able to support the development of this sector in terms of both competitiveness and social and regional benefits. Without this kind of information, the state would not be able to focus on specific areas where it should play an active role.

At present, there is no research institution in Georgia that produces such strategic information. Information provided by ministries is usually statistical, lacking in analytical data, and universities have limited access to economic research. The current state is confirmed by the Global Competitiveness Index 4.0 of the World Economic Forum for 2019, which indicates that the cost of research by companies and universities is very problematic for Georgia. The state budget allocated to science in general is 79 million GEL, which is not spent on strategic directions. The amount of funds spent in the field of scientific industrial and economic research and the effectiveness of its performance have not been analyzed.

**Conclusions.** Developing an industrial policy information database in Georgia requires systematic and well-organized state support. The following issues are important to consider:

- Industrial policy makers must act as mediators, dialogues, support businesses with infrastructure development and encourage links between the university and industry at local level in order to develop successful industrial policies;
- Develop an information strategy and formulate a national research policy;
- There is needs of significant increase in budgetary funding for "bottom-up" and strategic research, including in the area of sector-economic research;
- Solve the problem of coordinating research organizations based on an effective institutional mechanism;
- Quality examination of scientific programs, monitoring and assessment of implementation.
- The Industrial Research and Development Fund should be set up to develop and implement effective industrial policy.

Thus, the analysis of economic theoretical approaches shows that, at the present stage, the new industrial policy relies on strategic cooperation between government and business to identify the most important factors for restructuring and the types of interventions to overcome. The new industrial policy is to support the formation of firms, their agglomeration, innovation and competitive advantage by the state in an open economy. New approaches to evaluating new industry policies that must address the key policy challenge - solving the problem of information asymmetry between government and business.

#### References

9. Chang, HJ. *Industrial policy: Can we go beyond an unproductive confrontation?* Paper presented at the Annual World Bank . Conference on Development Economics, (2009).22-24 June, Seoul, Republic of Korea. Available at: <http://siteresources.worldbank.org/INTABCDESK2009/Resources/Ha-Joon-Chang.pdf>.

10. Chick Victoria, *Industrial Policy, then and now*, <https://rwer.wordpress.com/comments-on-rwer-issue-no-84/> (18.12.18).

11. Gagnidze, I. and Dominici, G. *Effectiveness of an Entrepreneurial Universities and Spin-offs: Experiences and Challenges*. 6th Business Systems Laboratory International Symposium, *BORDERS WITHOUT BORDERS: Systemic frameworks and their applications for sustainable well-being in the global era*. BOOK OF ABSTRACTS, ISBN 9788890824272, Pavia, Italy, (2019).Ab.61 <http://bslab-symposium.net/Pavia-2019/BSLAB-%20Book%20of%20Abstract-Pavia-2019.pdf#page=234>

12. Gaprindashvili, G. and Shaburishvili, Sh. *Features of Innovative Networks in the Context of Globalization. Foresight management: Formation and Transformation Adaptive Business Organizations*. International collective monograph, (2017). Volume 2. Tbilisi-Kherson;

13. Gogorishvili, I., Gagnidze, I., Papachashvili, N. *Innovative Approaches in Higher Education System*, 6th Business Systems Laboratory International Symposium, *BORDERS WITHOUT BORDERS: Systemic frameworks and their applications for sustainable well-being in the global era. BOOK OF ABSTRACTS*, ISBN 9788890824272, Pavia, Italy, (2019) Ab.56 <http://bslab-symposium.net/Pavia-2019/BSLAB-%20Book%20of%20Abstract-Pavia-2019.pdf#page=214>
14. Gvelesiani, R. *Role of Assessment in Decision Making and Empirical Examination of Their Results*, volume 18, № 2, 2018, Las Vegas, Nevada, p41-44, [www.iabe.org](http://www.iabe.org).
15. Gvelesiani, R. *The problem of making optimal decisions on the implementation of economic policy objectives*, *The 2nd International Conference on business, Management and Economics*. The Acavent, Vienna School of International Studies, Vienna, Austria, 21-23 June (2019). <https://www.icbmeconf.org/june-2019-vienna/>
16. Johnson, C. *MITI and the Japanese Miracle: The Growth of Industrial Policy*, (1982). Stanford University Press. Stanford, CA. pp. 1925–1975.
17. Kim, L, and Nelson, RR. *Technology, Learning and Innovation: Experiences of Newly Industrializing Economies*. (2000). Cambridge University Press. Cambridge, UK.
18. Lee, K. *Industrial policies for upper-middle-income countries*. E15Initiative. International Centre for Trade and Sustainable Development (ICTSD) and World Economic Forum. Geneva. (2015). Available at:<http://e15initiative.org/publications/industrial-policiesfor-upper-middle-income-countries/>
19. Lekashvili, E. *Current issues of new economic policy*. *International Scientific and Practical Internet Conference Business Strategy: Futurological Challenges*, November 20-22, 2019, Kyiv, pp.19-24. KHEY, (2019). 495. ISBN 978–966–926–310–0; УДК 005.21:001.18]:004.773.7. <https://www.bsfucon.org/>
20. Lekashvili, E. *Management on Innovations in Georgian Higher Educational Institutions: Key Problems with teaching Economic Science*. *Marketing and Management of Innovations. Issue 1*, (2019 ). ISSN 2227-6718 (online), ISSN 2218-4511 (print), UDC 378.147:33, <http://doi.org/10.21272/mmi.2019.1-23.>, pp.281-293; <http://mmi.fem.sumdu.edu.ua/en/journals/2019/1;>
21. Li, Y., Zhongfeng Su & Yi Liu. *Can Strategic Flexibility Helps Firms Profit from Product Innovation?*. *Technovation*, No. 30 (2010), pp. 300 – 309.
22. Rodrik, D. *Industrial policy for the twenty-first century*. CEPR Discussion Paper 4767. (2004). Centre for Economic Policy Research. London.
23. Seturidze, R. *University – Business cooperation – one of the way for IT innovative development of HEIs*. BSLab – 6<sup>th</sup> International Symposium, (2019). Italy
24. UNCTAD. *Least Developed Countries Report 2009: The State and Development Governance*. United Nations. Geneva and New York.
25. Wade, R. *After the Crisis: Industrial Policy and the Developmental State in Low-Income Countries*, London School of Economics and Political Science. *Global Policy*. (2010). pp.150-156.
26. Warwick, K. *Beyond industrial policy: Emerging issues and new trends*. OECD Science, Technology and Industry Policy Paper No. 2. Organization for Economic Cooperation and Development. (2013). Paris.
27. Widati, E. *Resolving the Strategy Paradox Applying the Strategic Flexibility: A Case Study of PT BNI Life Insurance*. *International Research Journal of Business Studies*. Vol. 5, No. 2 (2012), pp. 145 – 163.