

# გლობალიზაცია და ბიზნესი

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# GLOBALIZATION AND BUSINESS

ევროპის უნივერსიტეტის გლობალიზაციის  
ეკონომიკური და სოციალური პრობლემების  
კვლევითი ინსტიტუტის საერთაშორისო  
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ევროპის უნივერსიტეტის გლობალიზაციის  
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**საერთაშორისო პოლიტიკურ ეკონომიკური ურთიერთობები  
და საერთაშორისო უსაფრთხოება**

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და ოპტიმალური ზომა  
თენგიზ ვერულავა





**საერთაშორისო პოლიტიკურ  
ეკონომიკური ურთიერთობები და  
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**INTERNATIONAL POLITICAL-ECONOMIC  
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# SILK ROADS, TRADE AND TERRITORIAL EXPANSION: KINGDOM OF GEORGIA IN 11<sup>TH</sup>-14<sup>TH</sup> CENTURIES

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**Abstract.** Regional or international trade has always played a central role in the history of Georgia. Trade routes made it possible to establish close political, cultural and economic relations with neighboring as well as distant countries. The kingdom of Georgia's territorial expansion towards Arran, Shirvan, and Armenia in the 11<sup>th</sup>-13<sup>th</sup> centuries was largely driven by economic and trade reasons, namely the desire to control the regional trade routes which criss-crossed Dvin, Barda, Ganja, Tbilisi, Ani, Trebizond, Ahlat, Tabriz and many other major cities along Georgia's southern borders.

The present article will also pay attention to the changes to the trade routes in the Caucasus region caused by the Mongols and how their invasions changed the kingdom of Georgia's position in the regional commerce. By mid-13<sup>th</sup> century new major trade corridors connecting Asia with the Middle East and the Black Sea were geographically distanced from Georgia harming the latter's geopolitical position in the region.

**KEYWORDS:** SILK ROADS, KINGDOM OF GEORGIA, SOUTH CAUCASUS, TRADE, MONGOLS

## INTRODUCTION

In the period from late 11<sup>th</sup> to the Mongol invasion in 1220s-1230s the kingdom of Georgia experienced the golden age characterized by economic ascendancy and southward territorial expansion. The present article will discuss what caused the rulers of the unified Kingdom of Georgia to carry out territorial expansion to the south in the 11<sup>th</sup>-13<sup>th</sup> centuries. Despite a large body of literature on the subject mostly in the Georgian historiography, the issue has yet to be researched beyond obvious military and political reasons Georgian monarch had at the time. A few scholars, only briefly, have mentioned trade and trade routes as one of the reasons for Georgian political expansion to the south.

J. Stepnadze, for example, noted that one of the main foreign political goals of the Georgian

kings was to control the trade routes running through the Armenian lands (Stepnadze, 1985: 50-57) [1]. V. Gabashvili shared this viewpoint, but only confined himself to a few sentences when discussing the subject (Gabashvili, 1967: 202) [2]. G. Japaridze too mentioned the importance of trade routes in a similar context, arguing that during the time of David IV the Builder, Georgia aimed at accessing the key trade routes of the region (Japaridze, 1995: 59) [3]. R. Kiknadze mentioned the Georgian kings' intention to exploit the trade routes located to the south. Sh. Meskhia likewise drew attention to the economic interests of Bagrationi kings when it came to the annexation of Tbilisi and the general need to annex cities with a large population (Meskhia, 1972: 122-130) [4]. In Georgia, the legal position of merchants (mainly during the rule of David IV) was

also given a due scholarly attention (Aleksidze, 1968: 141-170) [5].

Therefore, in the Georgian historiography, mostly military and political aspects of the territorial expansion of the kingdom of Georgia in the 10<sup>th</sup>-13<sup>th</sup> centuries and its relations with neighboring nations are discussed (Asatiani, 1968: 7-54) [6].

As to the foreign historiography, the study of hypothetical trade routes from Central Asia and then passing through the Mtkvari (Kura) river occupies a special place in the study of trade routes running through the Georgian territory, which, however, extends beyond the period discussed in this chapter.

As a result, there is a gap in the historiography regarding the study of the unified kingdom of Georgia's trade and economic policies. Furthermore, to date no single work has been written that would review in its entirety the history of the silk roads that ran through Georgia or along its borders from late antiquity to the end of the Mongol period in 14<sup>th</sup> century. When discussing regional trade, control over caravan routes, and the importance of obtaining military booty, modern historians have often omitted essential details from Georgian and foreign sources.

Below it will be argued that the reason for the southward expansion of the kingdom of Georgia, along with the military-strategic one, is purely economic: access to important trade routes and rich cities near the borders of Georgia, their control and exploitation. Furthermore, we have a few hints in the sources that the Georgian kings had a well-thought-out long-term foreign policy, as evidenced by nearly two centuries of continuous military expansion, by attempting to control the roads passing through Arran, Shirvan, and Armenia. We also have hints in the sources that the Georgian kings had their sights set on far more distant lands (northern Iran, city of Ahlat at the lake of Van), which, as shown in the description, was also due to the economic allure of these regions.

It can be argued that since the end of the 10<sup>th</sup> century, the Georgian kings tried to expand the newly unified state from the peripheral economic position to the rich trade routes of Arran, Shirvan, and Armenia. This can be seen in all of Georgia's military campaigns to conquer distant cities such

as Dvin, Ahlat, Ani, Shirvan, and even parts of the northern Iran.

## **GEOGRAPHIC CONTEXT**

To better understand the kingdom of Georgia's expansion, we should look at the geography of the region which often served as a major motivator behind territorial aggrandizement.

Georgia's southern border was the Mtkvari River, which separated it from Arran, once controlled by the Kurds. In the north, the border of Shirvan was the eastern part of the Caucasus Range and the Samuri River. Of these two borders, the northern border was geographically more solid. The Mtkvari River and the Mtkvari-Araxes confluence could not provide a suitable geographical barrier to stop hostile attacks to the west and south. Furthermore, Shirvan's territory was mostly plain, which made it easy to attack and difficult to defend (Minorsky, 1958: 84-85) [8].

Rivers were another important geographical component. The territory of Shirvan consisted of six small and medium-sized rivers, which stretched over the entire space of this side. By capturing the river lines in the region, a way was opened to control the Shirvan area more effectively.

Due to the lack of a firm geographical barrier/border with Arran, the Shirvan rulers were constantly attempting to expand westward and southward. Due to its strategic importance as a gateway to the North Caucasus and as a major port city for trade in the Caspian Sea, Derbent was another natural area of expansion for the Shirvan rulers (Istakhri, 1937: 3) [9]. Thus, Arran and Shirvan represented a single, indivisible geographical space.

When we look at a map of the South Caucasus, we see that Tbilisi is at the very northern end of a geographical corridor that extends from Tbilisi itself and goes southeastwards along the Mtkvari River to the modern Mughan plain, which borders the Caspian Sea from the west. There is no significant geographical barrier that would impede the movement of people and conquerors in this corridor from Tbilisi to the southeast and vice versa. As a result, it is not surprising that the corridor along Mtkvari was used by foreign troops in major military campaigns directed against Georgia.

Therefore, it was natural for Georgian kings to be highly interested in the events taking place in Arran and Shirvan. This also resulted in the Bagrationis' permanent efforts to prevent the creation of a single powerful state in the territory from the Georgian lands to the Caspian Sea. We can also assume that if it had not been for the geopolitical cataclysms that occurred in the 13<sup>th</sup> century following the arrival of the Mongols, the Kingdom of Georgia would have attempted to expand into more territories toward Arran/Shirvan. In other words, guarding/controlling the said corridor was vitally important from a military point of view for the Georgian leaders.

The territory of Shirvan was strategically important because it was also a kind of geographical springboard for the invasion of the territories of Georgia (i.e. eastern Georgia). This explains why the Georgian kings conducted active defensive, and sometimes preventive, military campaigns in Shirvan. Mtkvari-Araxes areas were rich lands both in terms of agriculture and regional trade. It is not surprising that one of the main targets of Seljuks and other nomads in the subsequent centuries was to occupy the lands across Mtkvari-Araxes. The fall of Shirvan into enemy hands usually undermined the defense of Georgian territories and increased the risk of territorial encroachment. Accordingly, active military intervention of the Georgian kings in the south-eastern direction served as a kind of long-term strategic goal.

This essentially meant that both the states emerging on Iranian territory, as well as Georgia, always strove to prevent the establishment of a unified and powerful centralized state in Shirvan. The simple geography of the region – the predominantly plain land of Shirvan, open on several flanks – made it almost impossible for the rulers of Shirvan to form a strong state.

The campaigns carried out by the Georgians in the direction of Shirvan started soon after the formation of the unified monarchy of Georgia. For example, in 1067, Bagrat IV captured the fortress of Daskarat al-Husayn in Shirvan. Moreover, it seems that Bagrat was motivated by large-scale plans because, for example, in Sadr ud-Din al-Husayni's work, "Akhbar ud-Duvlat is-Seljuqiya", capture of Barda by Bagrat is also mentioned (Asatiani, 1968: 18-20) [10].

In addition to the military-strategic importance of Arran-Shirvan for Georgia, trade and economic reasons too should be considered. As is often the case with trade routes, the geographic corridor functioned as a trade corridor. Arran and Shirvan were precisely such regions famous for vibrant economic activity, where many large cities with large populations had grown. The cities of Arran and Shirvan were well connected by a vast network of roads. Control of these roads would provide the Georgian kings with significant financial gain. Furthermore, as previously stated, Arran and Shirvan are geographically contiguous with northern Iran (Azerbaijan) in the south, which meant that the cities of Arran and Shirvan were directly connected to the larger economic centers in the Iranian highlands of Tabaristan and Khorasan – Tabriz, Maragha, Ardabil, and so on.

Another important direction for the geography of trade routes along Georgia's borders was the southwest or the expansion toward Armenian lands and Anatolia. Here, unlike the Arran/Shirvan areas, the geography was more complex (due to the mountainous terrain), which historically hindered the movement of peoples and armies. Nevertheless, throughout Georgia's history this direction was one of the important corridors for attacks on the country as well as an essential point for economic activity due to its geographic proximity to empires of the Middle East.

Roads led from Artanuji, Javakheti, to Ani in the southwest, Trebizond in the west, Kars in the south, Kalikala, Ahlat, and Lake Van. Sprawling road network led from Lake Van to Syria, Palestine, and Iraq. Controlling the Trebizond-Ani-Kars-Ahlat route, as in the case of Arran/Shirvan, would have given the Georgian kings access to regionally important highways as well as significant financial gains.

Accordingly, there were two trade (and, at the same time, military) routes along the borders of Georgia, the importance of which was primarily determined by the geography of the region.

It can be safely argued that the expansion of Georgia in the south-eastern direction was a long-term policy. The result of this policy was at least partial dependence of Shirvan on Georgian monarchy from about 1123 when the western part was directly under the influence of the Bagrationis

and the eastern part of Shirvan was independent (Stepnadze, 1990: 34-35) [11].

The non-payment of 40,000 dinars by the ruler of Shirvan prompted Seljuk Sultan Muhammad's campaign to Shirvan in 1123. It is possible that the reason for this was Shirvan's dependence on Georgia at that time. It seems that this dependence on Georgia continued throughout the 12<sup>th</sup> century (including during the reign of Demetre I).

When considering the geographical context, it is worth noting the role of rivers in the region. The control of the rivers was significant from a commercial point of view. Honey and other goods, for example, were often imported into and exported from Tbilisi via the Mtkvari river (Istakhri, 1937: 4) [12]. According to Ibn-Hawqal, Mtkvari, and Araxes were used for navigation and thus highly likely for trade purposes. Interestingly, it is clear from the historian's account that he was well aware of which river was used for trading purposes. Not every river, however, was used in that way. Ibn-Hawqal used the river Sabidrud near Ardabil as an example, claiming that it was not navigable due to its small size. Istakhri mentioned that ships from Barda reached the Caspian Sea by river.

Controlling the entire space of Mtkvari-Araxes rivers must have been economically profitable. Numerous undetailed and direct references to rivers being used for regional trade can be found in Arabic/Persian sources. Because they catch fish and transport them to other cities (Zakaria Al-Kazvini, 1975: 39) [13]. The fish in the Araxes River was shurmakh, which was not found elsewhere and was transported to numerous locations. Araxes banks were well-known for their pomegranates (Yakut, 1964: 59) [14]. Controlling Araxes and Mtkvari was also important due to the proximity of many cities on their borders. It is conceivable that the primary focus of the region's economic activity should have been on the territories that were already present at the confluence of these two rivers.

Therefore, it should not be surprising that various political forces in the region were making continued attempts to seize Mtkvari and a large part of Araxes. By controlling these two regional arteries, it was possible to control a large part of the South Caucasus from a military point of view: the transfer/shipping of troops, necessary items, or food. The case of the Russians campaigning in

Barda and Shirvan, for example, clearly demonstrated that rivers were actively used for military purposes. It was easy to enter Arran by controlling the upper part of Mtkvari, as well as to enter Shirvan by the Araxes River and vice versa. In other words, Georgia would not be completely safe if a significant part of the Mtkvari and Araxes rivers were in the hands of another power.

Due to these economic and military considerations, one of the most important tasks of the Georgian kings was to occupy as much of the Mtkvari and Araxes riverbanks as possible. Hence the constant attempts of the Georgian kings in the 11<sup>th</sup>-13<sup>th</sup> centuries to go as far south as possible and reach some kind of natural border. The middle of the Araxes River can be considered a border because it separates Arran and Shirvan (the traditional space of Georgian interests) from Azerbaijan (Northern Iran).

Araxes could not fully fulfill the role of a protective barrier, but in ancient times and the Middle Ages, such geographical barriers were purposefully chosen to draw a simple frontier zone and construct rudimentary defensive barriers.

Surely it is difficult to imagine that before the start of military campaigns, Georgian kings and other high-ranking political leaders of the kingdom explained the potential expansion of Georgia in the southern direction in terms of the so-called "grand strategy". However, the geography of the region (the direction of rivers, roads, mountains, valleys, and ravines), as well as the economic wealth there, directed the expansion of the unified kingdom of Georgia towards Arran, Shirvan, and Armenia in the 11<sup>th</sup>-13<sup>th</sup> centuries.

## REASONS FOR BAGRATIONI'S MILITARY CAMPAIGNS

Apart from Tbilisi, the trade potential of other Georgian cities is only partially reflected in foreign sources. Georgian sources also provide us with very little information on trade relations between Tbilisi and the rest of Georgia. Moreover, it is especially difficult to discuss Bagrationis' economic policy or the role of trade in 10<sup>th</sup>-13<sup>th</sup> Georgian foreign policy. Naturally, these circumstances pushed the Georgian historiography to focus at-

tention mostly on the political and military processes between Georgia and its neighbors in the 10<sup>th</sup>-13<sup>th</sup> centuries (wars, peace agreements, etc.).

As a result, the wars of the unified Kingdom of Georgia for the cities of Armenia, Arran, and Shirvan are perceived more as wars of self-defense (with the signs of a front-line-defense strategy).

Although the above geographical excursion, as well as a detailed description of the trade routes and rich cities on Georgia's borders, reveal that the natural and logical directions of the expansion of the unified Georgian monarchy were the southwest, south, and southeast territories (Armenia, Arran, and Shirvan), it would be incorrect to deny a purely military component as causes behind these wars.

That is why it is necessary to bring forward the small amount of direct and indirect information preserved in Georgian and foreign sources about the attitude of the Georgian royal government towards trade and what role it played in the foreign policy of the Bagrationis.

Already during the reign of Giorgi I, first attempts can be seen to spread influence in the lands located to the south of Georgia. This policy is more clearly seen during the reign of Bagrat IV when the king occupied the royal throne of the Kvirikians – the city of Dmanisi and made several attempts to capture Tbilisi. During the reign of Bagrat, the first Georgian expedition to Barda was carried out (1067-1068).

The Kingdom of Georgia expanded to the south more extensively during the reign of David IV the Builder (1089-1125). He annexed Kakheti-Hereti in 1103, and Samshvilde, Kaladzori, Lore, Rustavi, and other nearby small towns in 1110-1118. David conquered Dariali pass and the surrounding fortresses in 1118.

In 1122, David took Tbilisi, and in 1123 campaigned twice in Shirvan reaching the city of Shaburan in the following year. Around the same time (before David died in 1125), Georgians should have established control over Derbent. In 1124, David captured the following fortresses of the Armenian kingdom of Tashir-Dzoraketi: Gagni, Terunakal, Kavazinn, Norbed, Manasgomn, Tavushi Kaian, Kaitson, Lore, Tashir and Mahkanaberd. In the same year, David took Dmanisi.

David's military campaigns were a continuation of the policy pursued by Bagrat IV, and in turn, laid the foundation for a larger expansion of the Kingdom of Georgia in the southward direction. Though the first years of the rule of David IV's successor, Demetre, turned out to be unsuccessful (Dmanisi was lost, and in Ani, the Shedadians, returned to power), the situation was nevertheless rectified when Demetre soon recaptured Dmanisi, and in 1139 Georgians captured the city of Ganja.

Georgians took Ani in 1161, during the reign of Giorgi III (though the city was handed over to the descendants of Shedadid in 1163), and Dvin in the following year. In 1163, Georgians attacked Erzerum. In 1174-1175, Giorgi again attacked Ani and established direct political control over the city.

Later in 1192-1193, to celebrate the birth of Lasha-Giorgi, successor to Queen Tamar, a campaign was organized in the city of Barda. Then another campaign to Erzurum. After the victory in the Battle of Shamkhori in 1195, Shamkhori and Ganja came under the influence of Georgians. In 1196, the Georgian army occupied the Armenian side of Amberd.

In 1199, Ani directly entered the domain of Georgia. An interesting conquest in the same direction was the capture of Bijni in 1201. The Battle of Basiani, fought in 1202, was critical for Georgians to expand their influence into neighboring territories. They captured Kars in 1203 and then again in 1206, and they failed to capture Ahlat, a significant trading city on the shores of Lake Van, in 1208-1209.

Around 1210, Georgians made the largest foreign campaign, when the army reached the north of Iran and, probably, the modern Iran-Turkmenistan border. Let us discuss in detail the campaign of Georgians to Iran, because this was one of the most famous military campaigns in the history of Georgia and was also related to trade and economic interests. In the Georgian historiography, there is a widespread opinion that the Georgian military campaign in Iran was an endeavor against the Khwarazm (Stepnadze, 1989: 187-200) [15]. Other researchers name the ravaging and pillaging of the territories as the reason for the campaign (Topuria, 1975: 224; Gabashvili, 1971: 128) [16].

Although it would not be correct to deny the military-strategic reasons, it is also necessary to

take into account the trade and economic interests behind the Georgian military campaign.

According to “Histories and Eulogies of the Crowned”, the Georgians campaigned in the northern Iran after the looting of Ani by the Sultan of Ardabil. The Armenian historian Kirakos Gandzaketsi also mentions the cruelty committed by the Sultan of Ardabil. To take revenge, the campaign of Georgians to Ardabil was followed by Zakaria Mkhargrdzeli’s decision to burn alive the people gathered in one of the shrines of the city (Gandzaketsi, 1978: 129) [17].

The Georgian campaign to Ardabil should have familiarized the Georgian troops with the wealth of this part of Iran. The Georgians most likely attained valuable information about important trade routes that passed through the region, which led to Tabaristan, Khorasan, and central Iran.

In 1210, during the campaign directly against Iran, the Georgian army took Marand, Tabriz, and Mian and reached the southern coast of the Caspian Sea to the modern Iran-Turkmenistan border, to the city of Jurjan. The sources describe the innumerable wealth (pearls, gold, silver, rugs, horses, mules, and camels) that fell into the hands of the Georgians, which gives the reader the impression that the Georgians were only interested in getting booty (Histories..., 1959: 104-107) [18].

It is worth noting that the mentioned military campaign’s route served as an important economic artery for the entire region, connecting northern Iran to rich Tabaristan and Khorasan. Many cities famous for their trade potential were located along this major highway, most likely causing Georgians’ interest. It is also possible that Georgians had detailed knowledge of the wealth of Tabaristan and Khorasan, as well as the key routes leading there, before the campaign to Ardabil.

Moreover, we can assume the existence of economic relations between Georgia and Khorezm through Tabaristan. According to Ibn Isfandiari, one hundred thousand Nishabur dinars, Byzantine (Rumi), Baghdad, and loads of Tbilisi fabrics were sent from Tabaristan to Khorezm (Beradze, 1976: 70) [19].

The last point of the Georgians’ campaign in Iran – the city of Jurjan – is especially interesting. According to Yakub, Jurjan, located on the southeastern coast of the Caspian Sea, was famous for its timber and silk production. Furthermore, Jurjan was a kind of pivot point in Central Asia, specifically in the fight against the Kingdom of Khwarazm. Trade routes from Central

Asia to Tabaristan and large cities in the central parts of Iran passed through the city, from which direct routes reached Arran, Shirvan, and Armenian cities that were (partially) part of the kingdom of Georgia. According to Istakhri, who although reports on the 10<sup>th</sup> century, the city of Jurjan was quite large and famous for its trade activity, given its commercial links to the ports of the Caspian Sea. Various products were transported from the city to Derbent. We can assume that at the start of the 13<sup>th</sup> century, the trade route passing through Jurjan, as well as the city itself, should have been a more important center than in previous centuries. Near Jurjan, on the shores of the Caspian Sea, there was the city of Astarabad, from where goods were transported by sea to Derbent.

This is a list of the major campaigns carried out by Georgians in the direction of Arran, Shirvan, Armenia, and Iran. Georgian, Armenian, and Persian-Arabic sources provide very little information on the reasons for these campaigns, which, as previously stated, are primarily limited to the Georgians’ plundering intentions.

The conquered cities and entire regions had undeniable military-strategic importance for the Georgian kingdom. Expansion to the south enabled the Georgian monarchy to form a front-line defense, keeping the enemy away from native Georgian lands and resulting in less economic and human resource loss. The conquered lands of Armenia, Arran, and Shirvan, as well as their powerful fortresses, created a sense of territorial (geographical) depth. If the enemy was able to penetrate the depths of the territory with troops from various fortresses, it would be possible to weaken the enemy through minor skirmishes and then drive them into undesirable areas for eventual defeat.

In addition to these military-strategic reasons, as we have seen above, the south-west (Armenia, Anatolia), south (Armenia), and south-east (Arran, Shirvan) directions were the wealthiest territories in terms of trade and transit near the Georgian borders. Although Georgian and foreign sources almost unanimously mention the capture of booty as one of the reasons for the military campaigns carried out by Georgians, it is clear that this expansion of Bargationi stay in three directions aimed at establishing control over the trade routes and capture rich cities.

Furthermore, another important factor for the expansion to the south should have been the large merchant class living in the cities of the region. These classes had already developed extensive trade networks with both



nearby and distant countries. Following the military conquest, it was in the interests of the Georgian rulers not to break these contacts as controlling these trade classes would result in large incomes for the kingdom of Georgia.

As a result of the aforementioned Georgian campaigns, by the 20s of the 13<sup>th</sup> century Georgia gained control of the two main trade routes, Dvin-Erzurum and Derbent-Shamakha, as well as numerous, relatively minor trade routes. The capture of the Archesh-Ahlat trade route became a new strategic goal for the Georgian kings.

Despite the brief period when the kingdom of Georgia controlled vital trade routes and centers (cities) before the arrival of the Mongols, the Kingdom of Georgia grew prosperous. According to Hamdallah Qazvin, Georgia's income was 500 tumans (5,000,000 dinars), which exceeded the revenues of Arran and Mughan, Shirvan, Greater Armenia, Kurdistan, and Khuzistan. In general, Hamdallah Qazvini's data should be seen as realistic. In Georgia's case, income from tax-paying countries (Ahlat, Shirvan, and Arran) should not be included in state income. Georgia's total income was at least slightly lower than that of other wealthy neighbors, indicating the country's wealth and economic importance. Furthermore, comparing the incomes of Western European countries demonstrates Georgia's relative financial strength. Ivane Javakhishvili drew attention to the fact that by 1300, the income of the king of England was 4,000,000 francs, and in 1311, while that of France 3,000,000 francs.

As previously stated, little information can be found in Georgian and foreign sources about the importance of trade and economy in the foreign policy of the kings of the unified Georgia. However, a number of revealing direct and indirect reports can still be gleaned.

The Seljuk invasions caused great damage to the lands of Armenia and Georgia, not only through direct raids, as we read in Armenian and Georgian sources. The Seljuks began to occupy important trade routes connecting Georgian lands to Arran, Shirvan, and Armenian cities. It is difficult to discuss the details due to a lack of information, but it is easy to imagine that by blocking the main roads near Georgia's borders, its cities suffered significant economic losses due to reduced trade flows.

As previously stated, the capture of the main regional military and economic highways was extremely important to the Georgian kings. The Tbilisi-Ganja-Barda road was one of them. The wars between Georgian

kings and Seljuks in the 12<sup>th</sup> century can be described not only as a struggle for political supremacy but the competition over the South Caucasus trade routes. Indeed, David Aghmashenebeli's historian gives us a small hint about the importance of capturing the trade routes when he mentions that the area of attacks by the Seljuks was particularly noticeable on the section of the Tbilisi-Barda road. The historian also adds that the Seljuks were interested in this road because of the abundance of water, firewood, hay, and various wild animals (Life..., 1955: 332) [20]; in other words, because of the wealth of the territories along this road.

We can assume that the regional trade on this important road was affected as a result of the Seljuks' invasions. However, Georgians could also cause damage which was a good way to weaken the enemy. Most likely, the main reason for the military campaign conducted by the Seljuks against the Georgians in 1121 was David IV's intensified preparations for the capture of Tbilisi. The Seljuk Turkic leaders could not have overlooked that, because there were close economic contacts between Tbilisi and Arran-Shirvan and information was easily transmitted by merchants. As the Seljuk Turks could block the roads, the Georgians could also block them to achieve strategic goals. Most likely, David followed this tactic when he tried to blockade Tbilisi while preparing to capture it. It is not surprising that the reason behind the Seljuks' invasion of Georgia in 1121 was forestalling the loss of the trade center of Tbilisi and the desire to regain control over the Tbilisi-Ganja-Barda trade route.

David Aghmashenebeli's historian directly mentions that before the military campaign of 1121, oppressed Turks and the merchants from Gandza, Tbilisi, and Dmanisi came to seek help from the Seljuk sultan. Behind this worry of the merchants should have been their difficult economic situation, harassment of caravans by Georgians – robbery, blocking of roads, etc.

However, like many other conquerors, after capturing Tbilisi in 1122 and partially burning it down, David began to effectively use the trade and economic potential of the city. The king introduced preferential tax conditions for the non-Georgian population of Tbilisi. For example, coins were minted in the name of the Caliph for the Arab population of the city. Coinage reform was directly related to connecting Tbilisi and other Georgian cities closely with regional and international trade. In addition, David imposed fewer taxes on the Muslim population than on people of other faiths (Sikharulidze, 1985: 89) [21]. Assuming that most of this Muslim pop-

ulation was engaged in at least regional trade, David's tax and monetary decisions were aimed at encouraging trade with Georgia's neighbors.

The creation of favorable financial conditions for foreign merchants by Georgian kings has been widely discussed in the Georgian historiography. Foreign merchants in Western Europe, Russia, and the Byzantine Empire, for example, faced a number of restrictions. Such a policy may reflect the Georgian kings' humane outlook, but we believe it should have been more due to the economic importance of the Arab, Armenian, and Jewish populations to the kingdom of Georgia.

The annexation of Tbilisi by David IV in 1122 was a significant ideological and military-strategic step in the formation of a truly unified Georgian kingdom. However, it is also significant that the long-term efforts of the Georgian kings to annex Tbilisi should have been motivated by purely commercial and economic considerations. The newly formed Georgian monarchy, with its growing economic potential, noticed that there were a number of cities (some Georgian, some not) that were distinguished by great economic wealth outside its borders.

### **BAGRATIONIS AND MILITARY BOOTY**

Military booty was a significant source of state income, consisting primarily of money, sale of the captives, and valuables (gold, silver). Indeed, according to Georgian and foreign sources, Georgian campaigns in the south were primarily motivated by the seizure of property in wealthy cities.

Capturing booty was extremely important. However, we believe that explaining Georgian campaigns in the 12<sup>th</sup>-13<sup>th</sup> centuries solely through the capture of the valuables does not provide the full picture.

Consider some examples. According to the information preserved in "Histories and Eulogies of the Crowned", as a result of the capture of Dvini by Giorgi III, the country was filled with wealth. An abundance of captives and treasure covered the fields. Tbilisi was filled with captives, who were sold for one dram (Histories, 1959: 5-6) [22].

Later, in 1163, when Athabeg Il-Deniz of Arran recaptured Dvin with a coalition army, the invaders took innumerable property such as gold and silver from the Georgians.

According to Basili Ezosmodzghvari, after the battle of Shamkhori, Tamar's army entered Ganja, where they found plenty of gold. Furthermore, when describing the army's return to Tbilisi, the historian gives us a detailed picture about the property that fell into Georgians' hands. It seems that the booty was so large that when the Georgian army reached Tbilisi, they spread all their booty in the vast Didube-Avchala-Gldani area, to the north of the capital. The army brought many slaves and started selling them cheaply in the city. Then, immediately after entering Tbilisi, the items that the Georgians obtained as a result of the battles and as a tribute from the territory of Arran are described: gold, jewelry, dishes, gems, pearls, helmets, swords, colorful gold fabrics and luxurious clothes, horses, mules, gold necklaces, spices, copper pottery, many captives, gold, Indian stones, and innumerable pearls (Basili, 1959: 127-129) [23].

"Histories and Eulogies of the Crowned" provide information on the Georgian army arriving in Ganja following the battle of Shamkhori where it was met by nobles, big merchants, judges, and legislators. When the population of Ganja took down the gate of the city, they began to spread precious fabrics and threw gold and silver, drams, and drachmas on the heads of the Georgians. The army returned to Tbilisi with countless gifts to Tamar: 12,000 captives, 20,000 horses, 7,000 mules, and 15,000 camels. Also, various flags, treasures, gold and lari (Histories, 1959: 72-73) [24].

As a result of the Battle of Basiani, Basili Ezosmodzghvari mentions the countless properties that fell into the hands of the Georgians. In the next section, he mentions gold vessels, pearls, and gold and crystal vessels decorated with Indian stones.

To celebrate the birth of Lasha-Giorgi, Georgian troops campaigned to Barda, raided Arran, and freed 3,000 captives for the long lives of Tamar and her son. During the capture of Archesh near Ahlat, the Georgians likewise amassed much wealth.

According to the sources, the Georgian campaign in northern Iran holds a special place with the scale of booty obtained. In response to the brutal campaign led by the ruler of Ardabil against Ani, Georgians took Ardabil, and all the property

was found in their hands: pearls, gold, silver, carpets, horses, mules, and camels.

According to "Histories and Eulogies of the Crowned", one of the goals of the Georgians' campaign in Iran was to march to Tabriz because of the wealth in the city. The wealth of Tabriz was indeed so great that the Georgians were surprised by the amount of gold, silver, pearls, and clothes they received from the inhabitants of the city. Moreover, during the campaign in Iran, the Georgians also received a large income from the lord of the city of Mian, took the city of Zangani, and then marched to Khorasan.

Although there are numerous reports of Georgians marching to foreign countries to collect booty, this should not be interpreted to mean that Georgian kings were interested in that goal. In ancient times and the Middle Ages, the capture of booty was often an unavoidable process that accompanied the conquest of wealthy cities.

In the case of the Georgian kings, we see more than just the capture of booty. The Bagrationis correctly valued the opportunities arising from the control of new trade routes, which was reflected in a series of measures taken by the royal dynasty to ensure free and safe trade in Georgian-controlled lands. Access to new trade routes, as well as increased economic income, came with increased financial costs. It was necessary to maintain security along these roads by building new forts and stationing military units. A minor incursion by the enemy could disrupt trade activity throughout the region and divert caravans, resulting in significant financial losses to the royal treasury. Georgian kings were frequently confronted with the issue of road protection. For example, David IV's historian, while talking about Tbilisi, mentions the Turks who sneaked into the city with a rich caravan.

The kings of unified kingdom of Georgia well understood the importance of regional trade relations and road safety for Georgia. This became especially important when Georgians moved further south to the economically much richer areas.

Apparently, harassing the caravans and individual merchants was a problem in 12<sup>th</sup>-13<sup>th</sup>-century Georgia. For example, in one of the sections of "The Knight in the Panther's Skin" (1033), Baghdad merchants talk about robbed Egyptian caravan. The author of "Histories and Eulogies of the

Crowned" mentions the episode when Zakaria and Ivane Mkhargrdzeli went to raid from Lori to the banks of Araxes, an army of Dvinians, Bijnelians, and Amberdians appeared out of nowhere to raid the trade caravans. The Mkhargrdzeli brothers went out to stop the pirates, restrained the enemy thus restoring security to the entire region (Histories..., 1959: 60) [25].

Vardan, an Armenian historian, also preserved reports of Georgian kings' protection of caravans and regional trade in general. According to the author, Giorgi III launched a large-scale campaign against thieves and other evildoers in 1180 (Vardan, 1861: 162) [26]. According to Queen Ana's "The Georgian Chronicles", Giorgi III and Tamar launched a widespread fight against thieves and brigands (The Georgian Chronicles, 1942: 241) [27]. Undoubtedly, this also involved measures to restrain attacks on caravans and individual merchants.

The protection of the roads on the territory of the country and the caravans passing through them is also described in the chronicler of the time of Lasha-Giorgi. According to the author, no one in Georgia could rob caravans during Tamar's reign (The chronicler..., 1955: 369) [28].

Creating favorable trade conditions entailed more than providing only military security. It was likewise necessary to construct roads, bridges, and other infrastructure, as well as to establish new settlements and cities. It should be noted that, based on the few references preserved in the written sources, the multifaceted promotion of trade played an important role in the policy of the kings of Georgia in the period from the 11<sup>th</sup> to early 13<sup>th</sup> centuries. As early as the reign of Bagrat IV, special attention was paid to the cities which were experiencing significant economic growth (it was at this time when Ateni was founded). Moreover, Bagrat IV must have had trade and economic considerations when he decided to widen the mountain roads after capturing Tbilisi for the third time.

The city of Gori experienced particular economic boom during the reign of David IV when ethnic Armenians were settled in most likely for trade and economic reasons. The Georgia king helped organize cities and built roads, bridges, and special houses for merchants while successfully fighting the Seljuks.

As can be seen from numerous sources, the Georgian kings were well aware of the need to protect the kingdom's frontier perimeter and internal roads from outside enemies. This suggests that, while the capture of booty was important to the Georgians, it was not the only motivator for the military campaigns to the south. Booty was only the first step, while subsequent decisions were more related to the security and economic exploitation of newly conquered/annexed lands.

### **THE MONGOL REVOLUTION AND THE DECLINE OF GEORGIA'S POSITION ON SILK ROADS**

The Mongols hold a distinguished place in world history. They transformed much of Eurasia, a change well reflected in shifts in the continent's land and sea trade routes. By the 1220s, these existing trade routes underwent a total transformation. With the Mongol campaigns, the extreme points of the Eurasian continent, from China to Europe and from the Eurasian steppes to the Near East, became interconnected through various trade corridors. In essence, the Mongols achieved what the Sasanian rulers had attempted in the 6<sup>th</sup>-7<sup>th</sup> centuries and the Arabs in the 8<sup>th</sup>-9<sup>th</sup> centuries but failed to fully realize (Avdaliani, 2019: 26-36) [29]. Both powers endeavored to link several major trade and economic centers, but they only achieved partial success.

Thus, the Mongols revolutionized trade in Eurasia. The routes they established were trans-Eurasian in nature (Prawdin, 2005: 347-348) [30]. By creating new corridors, the Mongols spurred economic growth in Europe. Consequently, European merchants could forge direct connections with Central Asia, China, and Iran, bypassing Egypt and the rest of the volatile Middle East.

By the mid-13<sup>th</sup> century a new reality emerged around Georgia. Trade routes around the Georgian kingdom underwent significant changes. The transformation was both rapid and tumultuous. Following the second and more expansive invasion of the Mongols and the establishment of their military-political dominance in the South Caucasus, trade routes through Ani, Dvin, Kars, Bardav, Ganja, and Shirvan were drastically altered. Initially, this change was influenced by Jalal ad-Din.

Furthermore, subsequent military campaigns by the Mongols had even more profound effects. The Central Asian nomads took numerous cities, decimated their trade and economic foundations, and in many cases either displaced or eradicated large parts of the populations.

At the same time, the Mongols conquered or partially destroyed many distant cities that were significant to Georgia. These included Tabriz, Khlat, and areas in northern Iraq, all of which had close trade relations with Georgian cities before the 1220s. The decline of these cities led to a decrease in the regional exchange involving Georgian cities.

The establishment of Mongol power had the anticipated consequences. The directions of trade routes changed. Georgia lost control over the rich trading cities to the south, southwest, and southeast of its borders. Although the new roads did not shift far to the south from Georgia, they nevertheless were still distant enough to deprive the Georgian monarchy of significant economic benefits it had enjoyed until the 1220s.

The major trade routes which ran from north Iran to Trebizond, other cities of Asia minor were complimented by another major road from the north of the Black Sea to Central Asia and China. South Caucasus and Georgia in particular thus found itself in between these major trade and economic highways undermining the country's position on the silk roads. Nor did the situation change after the fall of the Mongol domination in the first half of the 14<sup>th</sup> century. The invasions by another Central Asian conqueror, Timur Lang further entrenched Tabriz-Trebizond trade connection and undermined Georgia's economic power.

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# UNDERSTANDING ACCULTURATION FACTORS TO ENSURE WELL-BEING AMONG ETHNIC MINORITIES IN GEORGIA

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**Abstract.** This comprehensive article provides a deep dive into Georgia's intricate and diverse cultural landscape. With a particular focus on the country's ethnic minorities, specifically Armenians and Azeris, the research examines the various acculturation strategies these groups employ. The purpose of the research is to identify and thoroughly understand the multitude of factors that influence the selection of these acculturation strategies amongst these ethnic minorities. Acculturation strategies can take several forms, including integration, separation, marginalization, and assimilation. Each strategy has different implications for individuals and groups, influencing their cultural identity, social relationships, and overall psychological well-being. The research presented in this article pays special attention to the integration strategy. Integration as an acculturation strategy has been linked to numerous positive outcomes. Among these are the successful coexistence of diverse ethnic groups within a single society and improved psychological well-being among ethnic minorities. This research aims to contribute to understanding how integration as an acculturation strategy can foster harmonious multicultural societies. The exploration of these complex dynamics of cultural integration within Georgia aims to shed light on the country's multicultural fabric. This understanding can be used to inform policy decisions and foster a more inclusive society that respects and values its diverse ethnic groups.

**KEYWORDS:** GEORGIA, ETHNIC MINORITIES, ACCULTURATION, INTEGRATION, ARMENIANS, AZERIS, PSYCHOLOGICAL WELL-BEING

## INTRODUCTION

Georgia has a rich history of multiculturalism, with various ethnic groups having inhabited the country for centuries, as documented by Maisuradze (1999) [1], Vadachkoria (2003)[2], Tetvadze (1998)[3], and Jaoshvili (1996)[4]. Today, different ethnic groups continue to reside in Georgia, with

one in every six citizens belonging to an ethnic minority and a significant proportion of these minorities living in compact settlements in the regions of Samtskhe-Javakheti and Kvemo Kartli. According to the 2014 general population census, 86.8% of the Georgian population are Georgians, 6.3% are Azeris, 4.5% are ethnically Armenian citizens, and the remaining 2% are comprised of vari-

ous other ethnicities, such as Russians, Ossetians, Yezidis, Ukrainians, Kists, Greeks, Assyrians, and others (GeoStat, 2014)[5].

The task of merging ethnic minorities into a country's majority culture is quite challenging, considering the diverse ethnic makeup of many nations. Ethnic groups use various methods to co-exist with the main culture, which Sam and Berry (1997)[6] classified as integration, separation, marginalization, and assimilation under the concept of acculturation. Among these, integration is key for successful coexistence. It involves maintaining one's cultural individuality while adapting to the host culture, and it's linked to the mental health of ethnic minorities (Rogler et al., 1991[7]; Suinn et al., 1987[8]). Other studies by Berry et al., (2006)[9], Paluck et al., (2019)[10], and Rios & Wynn (2016)[11] highlight that integration fosters positive relationships between different groups and that multicultural beliefs help decrease bias against minority groups. Further research (Berry et al., 2021[12]; Nguyen & Benet-Martinez, 2013[13]; Stogianni et al., 2021[14]) also indicate positive outcomes for immigrants who adopt integration strategies, such as increased life satisfaction, improved self-esteem, and better sociocultural adjustment.

This research aims to identify factors that predict the choice of different acculturation strategies identified by Berry (1997)[15]. The study examines the acculturation strategies chosen by ethnic Armenians and Azeris, who constitute the two largest ethnic minority groups in Georgia and are predominantly settled in the regions of Kvemo Kartli, Kakheti, and Samtskhe-Javakheti (GeoStat, 2014)[16]. The research seeks to identify the factors that help or hinder the choice of integration as an acculturation strategy, which is one predictor of the well-being of ethnic minorities.

## LITERATURE REVIEW

### Acculturation

The interaction between different cultures is not a new phenomenon and has been the subject of scholarly attention for decades, as evidenced by the works of Adler (1975)[17], Redfield et al. (1936) [18], Richardson (1957)[19], Thomas & Znanieck (1918)[20], van Osch & Breugelmanns (2012)[21],

Ward & Kennedy (1994)[22], and others. Acculturation, which refers to the changes that occur when two or more cultures come into contact with each other, has been the focus of numerous theories, including Milton Gordon's (1964)[23] assimilation theory, the multidimensional model of acculturation (Ward, 2001)[24], the model of acculturation strategies (Sam & Berry, 2006)[25], the interactional model (Bourhis et al., 1997)[26], and more.

The term acculturation originated in American anthropology and was first used by John Wesley Powell (1883)[27] to describe the psychological changes that occur when two cultures meet. Stanley Hall (1904)[28] is considered the first psychologist to write about acculturation, although it was Thomas and Znaniecki (1918)[29] who developed the first psychological theory of acculturation. They defined culture as shared conscious processes, such as habits, associations, attitudes, and beliefs, referred to as schemas. According to them, "The individual who is creative [+F+C] modifies existing cultural schema in order "to widen the control of his environment, to adapt to his purposes a continually increasing sphere of social reality" (Thomas & Znaniecki, 1918, p. 1856)[30].

In 1936, Redfield, Linton & Herskovits [31] proposed the first classic definition of acculturation, determining it as "the process of cultural change that occurs when individuals from different cultural backgrounds come into prolonged, continuous, first-hand contact with each other" (pp. 149-152). They later revised their definition to include cultural change caused by the union of two or more autonomous culture systems, direct cultural transmission, ecological and demographic modifications, and changes related to the host culture (Social Science Research Council, 1954)[32]. According to Bogardus (1949)[33], Imposed acculturation "is found wherever the people of one culture try to suppress the culture patterns, for example, of immigrants and to impose their patterns of behaviour and of thought upon these immigrants" (p. 125).

The term "psychological acculturation" was introduced to distinguish between group and individual acculturation (Sam, 1994a)[34]; (Ward, 1996) [35]. Graves (1967)[36] defined individual acculturation as the changes that a person experiences as a result of interacting with another culture, while group-level acculturation involves changes in the

culture itself and manifests in population-level changes caused by contact between cultures (Berry et al., 1986)[37].

In 1964, Sociologist Milton Gordon [38] introduced a linear assimilation model, charting the cultural shifts seen within minority groups. This model presents acculturation as a stepping-stone within the broader process of assimilation, with biculturalism serving as a temporary phase between total segregation and total assimilation. The model assumes that individuals from one culture will shed their original identity as they integrate into another culture (LaFromboise et al., 1993)[39]. It suggests that any acculturation issues immigrants face are due to their failure to properly integrate into the new society (Bourhis et al., 1997)[40]. Other models in social psychology also depict acculturation as a one-way process, moving from the preservation of cultural heritage to total assimilation (Lambert et al., 1986)[41].

In 2001, Berry's [42] theory has undergone many modifications over the years. Berry refined his earlier theory (Berry et al., 1972)[43]; (1980)[44], which implied eight types of acculturation, and distinguished four types of acculturation strategies that a minority representative may apply in the process of interacting with the dominant culture (Berry, 1980, 1997 [45]; Berry, 2006 [46]; Sam, 2006a [47]; Sam & Berry, 2010 [48]; Ward & Kus, 2012 [49]; Celenk & Van de Vijver, 2011 [50]):

1. Assimilation: when an individual does not want to have a connection with the native culture and tries to be more actively involved in the host culture. The process of interaction between two cultures, as a result of which one of them loses its identity and is absorbed by the other.
2. Integration: when an individual maintains a connection with the native culture and at the same time is actively involved in the host culture.
3. Separation: the individual maintains close ties with the native culture while contact with the host culture is minimized. It applies to individuals of different races, cultures, and backgrounds who do not assimilate with the dominant culture and try to remain separate.

4. Marginalization: The individual avoids both native and host culture. The members of the majority avoid the members of the minority group. The minority group and issues related to them become invisible to society. The process of making a class or group of people less or associated with a secondary position.

Berry's (1980 [51], 1997 [52], 2006 [53]) theory, modified in different years, deals with two main issues of acculturation of individuals – the first approach concerns how important it is for an individual to preserve his cultural heritage when in contact with the host culture. The second approach concerns how important it is for the individual to participate in the activities of the larger society. From these two approaches, four strategies of acculturation are derived. These strategies can be grouped in the following direction: strategies focused on the host culture and strategies focused on preserving the native cultural heritage. An individual's strong orientation to the host culture leads to assimilation, and vice versa (to the native cultural heritage) to separation, while those who avoid both cultures have an orientation to marginalization (Berry, 1997 [54], 2005 [55]).

### **Acculturation and well-being**

The process of acculturation, or the learning and adaptation to a new culture, can be an exhilarating yet challenging journey for immigrants (Berry, 2005[56]; Bista & Gaulee, 2017[57]; Chun, Chesla, & Kwan, 2011[58]). When these individuals encounter significant cultural adaptation stress and perceive a lack of resources to handle this stress, it can often result in conditions such as stress, anxiety, and depression (Suinn, 2010[59]; Wang & Mallinckrodt, 2006[60]). These conditions can prompt harmful health behaviours like drinking and smoking (Schnitzer, Schulenberg, & Buchanan, 2013[61]; Mee, 2014[62]).

Berry's (1997[63]) model of acculturation suggests that practices like alcohol abuse and smoking tend to increase in reaction to cultural adaptation stress. In this context, international students with no access to coping resources are more susceptible to this stress and may develop



harmful practices as a coping mechanism. However, a higher degree of acculturation correlates with lower smoking rates among these students (Sa et al., 2013[64]).

## METHODOLOGY

The current study utilized quantitative research methods to collect data. A quantitative research method was used; in particular, 452 participants (46.5% Azeri, 53.5% Armenian) took part in the survey (n=452).

Based on the research objectives and research questions, a survey of ethnic Armenians and Azeris living in Georgia was conducted. For this purpose, a quantitative research questionnaire was created, for which the questions were developed considering the theoretical framework and also based on the analysis of in-depth interviews conducted with field experts (n=15) (the average duration of the survey process was 45 minutes).

The questionnaire consisted of different blocks; along with other questions, measures of psychological characteristics (various self-description tools) were built into the questionnaire. To determine acculturation strategies, the East Asian Immigrants' Acculturation Assessment Scale (EAAM) (Barry, 2001[65]) was used in the questionnaire, adapted into Georgian by Ia Shekrladze in 2017[66].

Because the ethnic Azeris and Armenians living in Georgia are not proficient in the official state language (BTCC, 2008[67]), the questionnaire was adapted to the Armenian and Azeri languages in accordance with all the rules – the questionnaire and all the questions and statements contained in it were translated from Georgian into Armenian and Azeri and then back into Georgian to compare them with the original version. Professional translators (ethnically Armenian and Azeri) were involved in translating the questionnaire.

Before fieldwork, 7-7 pilot questionnaires (cognitive interviews) were conducted with representatives of ethnic minorities to determine how well each question was understood (these 14 questionnaires were not used in the final data processing).

Data were processed using a statistical program designed for the social sciences (SPSS v25).

## SAMPLING

Purposive sampling methods were used in the research conducted within the study framework. The non-probability sampling method, known as available sampling, was utilized during the interviews conducted with field experts. A total of 15 in-depth interviews were conducted.

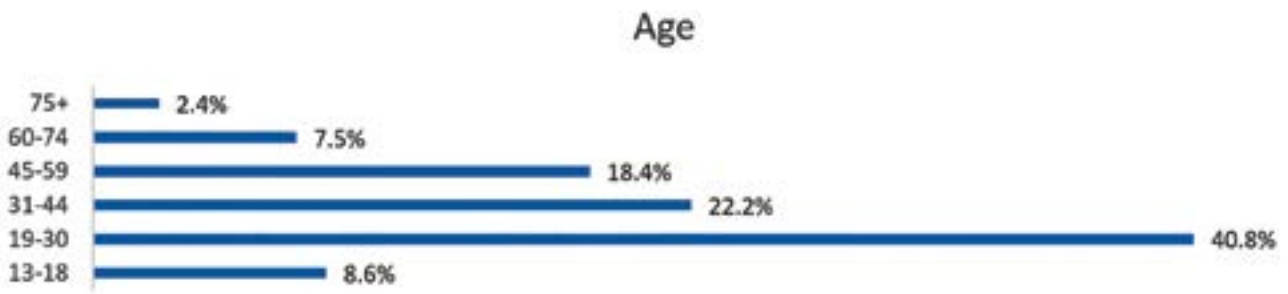
For the quantitative research, convenient and snowball sampling were identified as the purposive sampling methods conducted with ethnic minorities. 452 Armenian (n=210) and Azeri (n=242) respondents living in Georgia participated in the quantitative research, and 42 (n=20 Armenian, n=22 Azeri) took part in the qualitative research.

The survey was conducted using a self-administered questionnaire, with a door-to-door (D2D) approach adopted. However, interviewers were only involved in filling out the questionnaire if the respondent had a question regarding a specific topic.

## RESEARCH PARTICIPANTS

1. The expert survey included interviews with experts with experience working with ethnic minorities, including representatives of local non-governmental organizations, linguists, anthropologists, ethnographers, historians, education experts, and other stakeholders. A total of 15 field experts participated in the research. Notably, these field experts work directly on planning and implementing various initiatives and projects related to ethnic minorities and have direct contact with the representatives of ethnic minorities living in the regions and the capital city.
2. The quantitative research with ethnic minorities included a survey conducted in Tbilisi, Samtskhe-Javakheti, Kvemo Kartli, and other areas of Georgia. A total of 452 ethnic minority representatives participated in the study, including 210 ethnically Armenian and 242 ethnically Azeri participants. Participants from different age groups took part in the research, ranging

FIGURE 1. DISTRIBUTION OF AGE



in age from 13 to 82 years old. The highest number of participants (40.8%) fell within the age range of 19-30 years old, followed by the 31-44 age range. The smallest number of respondents were above 75 years old.

These findings provided valuable insights into the experiences of ethnic minorities in Georgia and helped inform the development of future policies and programs to promote interethnic understanding and social cohesion in the country (See Figure 1).

The research participants were composed of 46.5% Armenians and 53.5% Azeris. Accordingly, 46.5% of participants reported speaking Armenian at home, while 53.5% spoke Azeri. The research took place in the Samtskhe-Javakheti, Tbilisi, Kakheti, and Kvemo Kartli regions, with 40% of participants living in Samtskhe-Javakheti, 12% in Tbilisi, 40% in Kvemo Kartli, and 8% in Kakheti.

Armenians and Azeris reported knowing the state language above the average level, with Armenians reporting a mean of 3.5 (SD=1.171) and Azeris reporting a mean of 3.33 (SD=1.022).

Most participants had secondary and high-

er education, followed by incomplete higher or technical education. Approximately 83% of participants stated that they received their education in Armenian or Azeri, while 9.5% stated they received education in mixed languages (Georgian and Armenian/Azeri), 3.1% in Georgian, and 4.2% in Russian.

These findings provided valuable insights into the demographic characteristics of the study participants, as well as their language abilities and educational backgrounds (See Table 1).

TABLE 1. EDUCATION

EDUCATION	
	%
Primary	1,3
Incomplete Secondary	4,2
Secondary	39,2
Technical	12,4
Incomplete Higher	16,2
Higher	24,1
Masters	2,7

TABLE 2. CHOSE OF ACCULTURATION STRATEGIES BY ETHNICITY

ETHNICITY		ASSIMILATION	SEPARATION	INTEGRATION	MARGINALIZATION
Armenian	Mean	2,18	3,66	4,15	2,13
	St. Deviation	1,16	1,61	2,02	0,88
Azeri	Mean	2,43	3,50	3,40	2,85
	St. Deviation	1,14	0,95	1,24	0,83
Total	Mean	2,31	3,58	3,75	2,51
	St. Deviation	1,15	1,30	1,69	0,92

TABLE 3. ASSIMILATION AND MARGINALIZATION BY LONELINESS

LONELINESS		ASSIMILATION	MARGINALIZATION
LOW	Mean	1,8	2,0
	SD	1,1	0,7
HIGH	Mean	2,6	2,8
	SD	1,1	0,9

## RESULTS

By analyzing the results of the quantitative research conducted with ethnic minorities, it is clear that the most commonly used acculturation strategy is integration ( $M=3.8$ ;  $SD=1.1$ ), followed by separation ( $M=3.6$ ;  $SD=1.2$ ), and finally marginalization ( $M=2.5$ ;  $SD=0.9$ ) or assimilation ( $M=2.3$ ;  $SD=1.1$ ) (See Table 2).

The study found that the choice of acculturation strategies among ethnic minorities was related to various personal factors, including loneliness rate, life orientation, trust, locus of control, and self-esteem. The assimilation index had a positive correlation with the loneliness index ( $r=0.269$ ;  $p=0.000$ ) and a negative correlation with the locus of control ( $r=-0.249$ ;  $p=0.000$ ), particularly with the external locus ( $r=0.352$ ;  $p=0.000$ ). The correlation showed that as the loneliness index rose, so did the assimilation index, while it declined as the external locus index increased.

Analysis of the data by ethnic groups showed that in the case of ethnic Armenians, assimilation was positively correlated with self-esteem ( $r=0.406$ ;  $p=0.000$ ) and Azeris ( $r=0.157$ ;  $p=0.015$ ). The choice of assimilation is more likely in people with high self-esteem for representatives of both ethnic groups. The rate of separation was related to optimism ( $r=0.187$ ;  $p=0.000$ ), trust ( $r=0.246$ ;  $p=0.000$ ), and locus of control ( $r=0.223$ ;  $p=0.000$ ) internal locus ( $r=0.123$ ;  $p=0.029$ ); external locus ( $r=0.197$ ;  $p=0.000$ ), and was negatively correlated with the self-esteem index ( $r=-0.104$ ;  $p=0.028$ ).

The choice of separation is higher among ethnic minorities with high levels of optimism, trust, and locus of control, while it is lower among people with a rate of self-esteem. The integration strategy was positively correlated with self-esteem ( $r=0.362$ ;  $p=0.005$ ) and negatively correlated

with trust ( $r=-0.138$ ;  $p=0.003$ ), locus of control ( $r=-0.337$ ;  $p=0.000$ ) internal ( $r=-0.17$ ;  $p=0.002$ ); external ( $r=0.269$ ;  $p=0.000$ ) and loneliness index ( $r=-0.132$ ;  $p=0.000$ ).

For ethnic Armenians, loneliness and integration were unrelated, although there was an additional correlation between integration and optimism ( $r=0.161$ ;  $p=0.02$ ). The selection of integration strategy exhibited an upward trend in conjunction with elevated self-esteem, while it exhibited a decline with rising levels of trust, locus of control, and loneliness. The marginalization rate had a positive correlation with loneliness ( $r=0.621$ ;  $p=0.000$ ) and locus of control ( $r=0.376$ ;  $p=0.000$ ), particularly with the internal locus of control ( $r=0.329$ ;  $p=0.000$ ), and a negative correlation with optimism ( $r=-0.433$ ;  $p=0.000$ ) and self-esteem ( $r=-0.408$ ;  $p=0.000$ ).

In our study, the between-group analysis showed that the rate of loneliness had a statistically significant effect on assimilation ( $F=0.447$ ;  $p=0.504$ ) ( $t(450)=-7.23$ ;  $p=0.000$ ) and marginalization ( $F=3.365$ ;  $p=0.067$ ) ( $t(450)=-10.967$ ;  $p=0.000$ ) on the indicator. People with high loneliness rates were more likely to choose the strategy of assimilation and marginalization than ethnic minorities with low loneliness rates, which confirms the results of the research of Neto and his colleagues (2017) (See Table 3).

According to the study, the life orientation had a statistically significant effect on separation ( $F=68.893$ ;  $p=0.000$ ) ( $t(231.3)=-2.035$ ;  $p=0.043$ ), integration ( $F=79.8$ ;  $p=0.000$ ) ( $t(232.5)=-2.679$ ;  $p=0.008$ ), and marginalization ( $F=2.533$ ;  $p=0.112$ ) ( $t(450)=11.227$ ;  $p=0.000$ ) indicators. Respondents with an optimistic life orientation tended to prefer separation and integration strategies, while those with a pessimistic life orientation preferred the marginalization strategy (See Table 4).

**TABLE 4. SEPARATION, INTEGRATION, MARGINALIZATION BY LIFE ORIENTATION**

LIFE ORIENTATION		SEPARATION	INTEGRATION	MARGINALIZATION
PESIMISM	Mean	3,47	3,58	2,83
	SD	1,060	1,379	0,866
OPTIMISM	Mean	3,77	4,07	1,93
	SD	1,639	2,117	0,719

**TABLE 5. ACCULTURATION STRATEGIES BY CONTROL OF LOCUS**

CONTROL OF LOCUS		ASSIMILATION	SEPARATION	INTEGRATION	MARGINALIZATION
INTERNAL LOCUS	Mean	2,5	3,4	4,1	2,3
	SD	1,1	1,2	1,7	0,9
EXTERNAL LOCUS	Mean	1,9	3,9	3,0	2,9
	SD	1,1	1,4	1,5	0,9

Our study also confirmed the relationship between locus of control and acculturation strategies. Locus of control affected all four acculturation strategies – assimilation ( $F=0.241$ ;  $p=0.642$ ) ( $t(450)=4.493$ ;  $p=0.000$ ), separation ( $F=1.59$ ;  $p=0.208$ ) ( $t(450)=-3.677$ ;  $p=0.000$ ), integration ( $F=4.26$ ;  $p=0.04$ ) ( $t(289.6)=6.817$ ;  $p=0.000$ ), and marginalization ( $F=0.175$ ;  $p=0.676$ ) ( $t(450)=-6.562$ ;  $p=0.000$ ). Respondents with an internal locus of control preferred assimilation and integration strategies compared to those with an external locus, while respondents with an external locus prefer Separation (See Table 5).

Regarding self-esteem, the study found that the self-esteem was statistically significantly different between integration ( $F=9.442$ ;  $p=0.002$ ) ( $t(30.9)=-3.116$ ;  $p=0.004$ ) and marginalization ( $F=1.28$ ;  $p=0.258$ ) ( $t(450)=4.59$ ;  $p=0.000$ ) indicators. Respondents with high self-esteem were more

likely to be integrated than those with low self-esteem, while respondents with low self-esteem were more likely to choose marginalization than those with high self-esteem (See Table 6).

Following the correlational and intergroup analysis of the data, multiple linear regression analysis was conducted to examine the predictive factors of each acculturation strategy. The results of the regression analysis revealed various factors that significantly predicted integration ( $R^2=.656$ ,  $F(11)=76.235$ ,  $p<0.01$ ). These factors included age ( $\beta=-0.133$ ,  $p<0.01$ ), education ( $\beta=0.177$ ,  $p<0.01$ ), knowledge of the state language (Georgian) ( $\beta=0.385$ ,  $p<0.01$ ), knowledge of the Russian language ( $\beta=0.09$ ,  $p<0.01$ ), perception of the equality of ethnic groups ( $\beta=0.147$ ,  $p<0.01$ ), equality of opportunity to start a job ( $\beta=-0.13$ ,  $p<0.01$ ), ability to use the Russian language ( $\beta=-0.258$ ,  $p<0.01$ ), perception of Orthodoxy as a characteristic factor

**TABLE 6. INTEGRATION AND MARGINALIZATION BY SELF-ESTEEM**

SELF-ESTEEM		INTEGRATION	MARGINALIZATION
LOW	Mean	3,0	3,3
	SD	1,1	1,0
HIGH	Mean	3,8	2,5
	SD	1,7	0,9

TABLE 7. REGRESSION ANALYSIS OF INTEGRATION STRATEGY

	INTEGRATION	
	$\beta$	p<
Age	-0,133	0,01
Education	0,177	0,01
Knowledge of the state language (Georgian).	0,385	0,01
Knowledge of the Russian language	0,09	0,01
Perception of equality of ethnic groups	0,147	0,01
Perception of equality of opportunity to start service	-0,13	0,01
Ability to use the Russian language	-0,258	0,01
Perception of Orthodoxy as a characteristic factor for Georgians	-0,138	0,01
Trust in the shrine	0,117	0,01
Performing religious rituals	0,114	0,01
Frequency of going to pray	0,138	0,01

for Georgians ( $\beta=-0.138$ ,  $p<0.01$ ), trust in the shrine ( $\beta =0.117$ ,  $p<0.01$ ), performance of religious rituals ( $\beta=0.114$ ,  $p<0.01$ ), and frequency of going to prayer ( $\beta=0.138$ ,  $p<0.01$ ) (See Table 7).

The study examined the relationship between personal characteristics and integration, finding a small relationship between the two ( $R^2=.25$ ,  $F(3)=49.799$ ,  $p<0.01$ ). The choice of integration strategy was only explained by 25% of personal characteristics such as locus of control ( $\beta= -0.317$ ,  $p<0.01$ ), self-esteem ( $\beta=0.416$ ,  $p<0.01$ ), and optimism ( $\beta=-0.226$ ,  $p<0.01$ ). Ethnic minorities with an internal locus of control, high self-esteem, and low optimism were more integrated in the Georgian environment. However, the data analysis for ethnic Azeris did not reveal any statistically

significant predictors. For ethnic Armenians, personal factors such as locus of control ( $\beta=-0.262$ ,  $p<0.01$ ), optimism ( $\beta=-0.318$ ,  $p<0.01$ ), trust ( $\beta=-0.191$ ,  $p<0.01$ ), and self-esteem ( $\beta=0.51$ ,  $p<0.01$ ) predicted the integration rate ( $R^2=.41$ ,  $F(4)=35.583$ ,  $p<0.01$ ) (See Table 8).

For ethnic Armenians, the integration index ( $R^2=.926$ ,  $F(10)=248.829$ ,  $p<0.01$ ) was predicted by various factors such as age ( $\beta=-0.208$ ,  $p<0.01$ ), knowledge of the state language (Georgian) ( $\beta=0.361$ ,  $p<0.01$ ), perception of women's active involvement in public life ( $\beta=0.243$ ,  $p<0.01$ ), perception of equality of ethnic ( $\beta=0.545$ ,  $p<0.01$ ) and religious ( $\beta=-0.571$ ,  $p<0.01$ ) groups, perception of the possibility of using the Russian language ( $\beta=-0.297$ ,  $p<0.01$ ), trust in the shrine ( $\beta=0.138$ ,  $p<0.01$ ),

TABLE 8 – REGRESSION ANALYSIS OF INTEGRATION RATE (PERSONAL CHARACTERISTICS) FOR ETHNIC ARMENIANS

	INTEGRATION	
	$\beta$	p<
Locus of control	-0,262	0,01
Optimism	-0,318	0,01
Trust	-0,191	0,01
Self-esteem	0,51	0,01

**TABLE 10. REGRESSION ANALYSIS OF INTEGRATION RATE FOR ETHNIC AZERIS**

	INTEGRATION	
	$\beta$	p<
Knowledge of the Georgian language	0,323	0,01
Perception of equality of religious groups	0,256	0,01
Education	0,228	0,01

**TABLE 11. REGRESSION ANALYSIS OF ASSIMILATION RATE**

	ASSIMILATION	
	$\beta$	p<
Age	-0,295	0,01
Knowledge of the state language (Georgian).	0,422	0,01
Knowledge of the Russian language	0,112	0,01
Equality of ethnic groups	0,148	0,01
Equal opportunities to start service	-0,227	0,01
Shrine trust	0,152	0,01
Government trust	-0,128	0,01
Performing religious rituals	0,101	0,01
The importance of knowledge of the Georgian language for the start of service	-0,273	0,01

the president ( $\beta=-0.185$ ,  $p<0.01$ ), the public defender ( $\beta=-0.187$ ,  $p<0.01$ ), and non-governmental organizations ( $\beta=0.277$ ,  $p<0.01$ ) (See Table 9).

Linear multiple regression analysis confirmed that for ethnic Azeris, only a few factors significantly predicted integration ( $R^2=.314$ ,  $F(3)=36.392$ ,  $p<0.01$ ), including knowledge of the Georgian language ( $\beta=0.323$ ,  $p<0.01$ ), perception of equality of religious groups ( $\beta=0.256$ ,  $p<0.01$ ), and education ( $\beta=0.228$ ,  $p<0.01$ ) (See Table 10).

Similarly, for assimilation, multiple regression

analysis revealed that factors such as age ( $\beta=-0.295$ ,  $p<0.01$ ), knowledge of the state language (Georgian) ( $\beta =0.422$ ,  $p<0.01$ ), knowledge of the Russian language ( $\beta=0.112$ ,  $p<0.01$ ), equality of ethnic groups ( $\beta=0.148$ ,  $p<0.01$ ), equal opportunities to start a job ( $\beta=-0.227$ ,  $p<0.01$ ), perception of the importance of the Georgian language for starting a job ( $\beta=-0.273$ ,  $p <0.01$ ), trust in the government ( $\beta=-0.128$ ,  $p<0.01$ ), the performance of religious rituals ( $\beta=0.101$ ,  $p<0.01$ ), and perception of the equality of opportunity to start a job ( $\beta=0.152$ ,  $p<0.01$ )

**TABLE 12. REGRESSION ANALYSIS OF THE ASSIMILATION RATE ACCORDING TO PERSONAL CHARACTERISTICS**

	ASSIMILATION	
	$\beta$	p<
Loneliness	0,427	0,01
Locus of control	-0,322	0,01
Self-esteem	0,164	0,01
Trust	0,128	0,01

**TABLE 13. REGRESSION ANALYSIS OF THE RATE OF ASSIMILATION ACCORDING TO PERSONAL CHARACTERISTICS FOR ETHNIC ARMENIANS**

	ASSIMILATION	
	$\beta$	p<
Loneliness	0,477	0,01
Locus of control	-0,396	0,01
Self-esteem	0,386	0,01

**TABLE 14. REGRESSION ANALYSIS OF ASSIMILATION RATE FOR ETHNIC ARMENIANS**

	ASSIMILATION	
	$\beta$	p<
Knowledge of the state language (Georgian).	0,278	0,01
Perception of the possibility of using the Russian language for communication	-0,407	0,01
The importance of religion	0,166	0,01
Shrine trust	0,248	0,01
Government trust	-0,488	0,01
Trust of the President	0,103	0,01

significantly predicted the assimilation strategy ( $R^2=.528$ ,  $F(9)=55.043$ ,  $p<0.01$ ) (See Table 11).

Furthermore, the multiple regression analysis between assimilation and personal characteristics revealed a weak relationship ( $R^2=.212$ ,  $F(4)=29.986$ ,  $p<0.01$ ). Personal characteristics such as loneliness ( $\beta=0.427$ ,  $p<0.01$ ), locus of control ( $\beta=-0.322$ ,  $p<0.01$ ), self-esteem ( $\beta=0.164$ ,  $p<0.01$ ), and trust ( $\beta=0.128$ ,  $p<0.01$ ) were found to predict only 21.2% of the choice of the assimilation strategy (See Table 12).

The analysis of data based on nationalities revealed that for assimilation, personal characteristics predicted 46.7% of the variance for ethnic Arme-

nians ( $R^2=.467$ ,  $F(3)=60.088$ ,  $p<0.01$ ): locus of control ( $\beta=-0.396$ ,  $p<0.01$ ), self-esteem ( $\beta=0.386$ ,  $p<0.01$ ), and loneliness ( $\beta=0.477$ ,  $p<0.01$ ) (See Table 13).

Data analysis based on ethnicity found that the following factors significantly predicted assimilation for ethnic Armenians ( $R^2=.854$ ,  $F(7)=169.365$ ,  $p<0.01$ ): knowledge of the state language (Georgian) ( $\beta=0.278$ ,  $p<0.01$ ), perception of the possibility of using the Russian language for communication ( $\beta=-0.407$ ,  $p<0.01$ ), importance of religion ( $\beta=0.166$ ,  $p<0.01$ ) and the shrine ( $\beta=0.248$ ,  $p<0.01$ ), distrust of the government ( $\beta=-0.488$ ,  $p<0.01$ ), and distrust of the president ( $\beta=-0.103$ ,  $p<0.01$ ) (See Table 14).

**TABLE 15. REGRESSION ANALYSIS OF ASSIMILATION RATE FOR ETHNIC AZERIS**

	ASSIMILATION	
	$\beta$	p<
Knowledge of the state language (Georgian).	0,397	0,01
Perception of equality of religious groups	0,19	0,01
Assessment of the necessity of the Georgian language for starting the service	-0,362	0,01
Assessment of the ability to use the Russian language	0,191	0,01
Perception of Orthodoxy as a characteristic feature of Georgianness	-0,137	0,01

TABLE 16. REGRESSION ANALYSIS OF SEPARATION

	SEPARATION	
	$\beta$	p<
Age	0,254	0,01
Education	-0,13	0,01
Knowledge of the state language (Georgian).	-0,359	0,01
Perception of Orthodoxy as a factor characteristic of Georgianness	-0,303	0,01
Board/Mayor Trust	0,214	0,01
Parliamentary confidence	-0,18	0,01
Material condition	0,219	0,01

For ethnic Azeris, the following factors predicted assimilation ( $R^2=.366$ ,  $F(5)=27.229$ ,  $p<0.01$ ): knowledge of the state language (Georgian) ( $\beta=0.397$ ,  $p<0.01$ ), perception of the equality of religious groups ( $\beta=0.19$ ,  $p<0.01$ ), assessment of the necessity of the Georgian language for starting a job ( $\beta=-0.362$ ,  $p<0.01$ ), assessment of the possibility of using the Russian language ( $\beta=0.191$ ,  $p<0.01$ ), and perception of Orthodoxy as a characteristic feature of Georgianness ( $\beta=-0.137$ ,  $p<0.01$ ) (See Table 15).

Regarding separation, statistically significant linear multiple regression analysis ( $R^2=.484$ ,  $F(7)=59.461$ ,  $p<0.01$ ) revealed that the following factors were predictors: age ( $\beta=0.254$ ,  $p<0.01$ ), education ( $\beta=-0.13$ ,  $p<0.01$ ), knowledge of the state language (Georgian) ( $\beta=-0.359$ ,  $p<0.01$ ), perception of Orthodoxy as a characteristic sign of Georgianness ( $\beta=0.303$ ,  $p<0.01$ ), confidence in the administration/city hall ( $\beta=0.214$ ,  $p<0.01$ ), confidence in the parliament ( $\beta=-0.18$ ,  $p<0.01$ ), and financial status ( $\beta=0.219$ ,  $p<0.01$ ) (See Table 16).

Personal characteristics were also found to be predictive factors of separation, albeit to a lesser extent ( $R^2=.173$ ,  $F(4)=23.364$ ,  $p<0.01$ ). Personal characteristics such as locus of control ( $\beta=0.248$ ,  $p<0.01$ ), self-esteem ( $\beta=-0.203$ ,  $p<0.01$ ), optimism ( $\beta=0.288$ ,  $p<0.01$ ), and trust ( $\beta=0.173$ ,  $p<0.01$ ) predicted the choice of separation strategy by 17.3% (See Table 17).

When analyzing the data according to ethnicity, similar trends were only present for ethnic Armenians, and the predictive percentage also increased to 44.3% ( $R^2=.443$ ,  $F(4)=40.838$ ,  $p<0.01$ ), with the following factors predicting the choice of separation strategy: locus of control ( $\beta=0.335$ ,  $p<0.01$ ), optimism ( $\beta=0.267$ ,  $p<0.01$ ), trust ( $\beta=0.287$ ,  $p<0.01$ ), and self-esteem ( $\beta=-0.417$ ,  $p<0.01$ ). No statistically significant regression relationships were found for ethnic Azeris (See Table 18).

For ethnic Armenians, the choice of separation strategy can be predicted by the following factors ( $R^2=.879$ ,  $F(9)=161.375$ ,  $p<0.01$ ): age ( $\beta=0.263$ ,

TABLE 17. REGRESSION ANALYSIS OF THE SEPARATION RATE ACCORDING TO PERSONAL CHARACTERISTICS

	SEPARATION	
	$\beta$	p<
Locus of control	0,248	0,01
Self-esteem	-0,203	0,01
Optimism	0,288	0,01
Trust	0,173	0,01



TABLE 18. REGRESSION ANALYSIS OF SEPARATION RATE BY PERSONAL CHARACTERISTICS FOR ETHNIC ARMENIANS

	SEPARATION	
	$\beta$	p<
Locus of control	0,335	0,01
Self-esteem	-0,417	0,01
Optimism	0,267	0,01
Trust	0,287	0,01

TABLE 19. REGRESSION ANALYSIS OF SEPARATION STRATEGY FOR ETHNIC ARMENIANS

	SEPARATION	
	$\beta$	p<
Age	0,263	0,01
Knowledge of the state language (Georgian).	-0,394	0,01
Perception of equality between men and women	-0,344	0,01
Perception of equality of ethnic groups	-0,704	0,01
Perception of equality of religious groups	0,569	0,01
Perception of equality of opportunity to start service	0,342	0,01
Assessment of the importance of knowledge of the Georgian language for starting the service	-0,131	0,01
Georgianness is equated with Orthodoxy	0,214	0,01
Performing religious rituals	0,108	0,01

p<0.01), knowledge of the state language (Georgian) ( $\beta=-0.394$ , p<0.01), perception of equality between women and men ( $\beta=-0.344$ , p<0.01), perception of equality of ethnic ( $\beta=-0.704$ , p<0.01) and religious ( $\beta=0.569$ , p<0.01) groups, the perception of equality of opportunities to start a job ( $\beta=0.342$ , p<0.01), assessment of the importance of knowledge of the Georgian language for starting a job ( $\beta=-0.131$ , p<0.01), identification with Georgian Orthodoxy ( $\beta=0.214$ , p<0.01), and performance of re-

ligious rituals ( $\beta=0.108$ , p<0.01) (See Table 19).

For ethnic Azeris, the choice of separation strategy can be predicted by the following factors with 15% accuracy ( $R^2=.15$ ,  $F(4)=10.485$ , p<0.01): assessment of the importance of group membership with neighbors ( $\beta=-0.262$ , p<0.01) and relatives ( $\beta=0.356$ , p<0.01), trust in the administration/city hall ( $\beta=0.267$ , p<0.01), and financial status ( $\beta=0.237$ , p<0.01) (See Table 20).

Regarding marginalization, the linear multiple

TABLE 20. REGRESSION ANALYSIS OF SEPARATION RATE FOR ETHNIC AZERIS

	SEPARATION	
	$\beta$	p<
Assessing the importance of membership in a neighborhood group	-0,262	0,01
Assessing the importance of kin group membership	0,356	0,01
Confidence in the Board/City Hall	0,267	0,01
Material condition	0,237	0,01

**TABLE 21. REGRESSION ANALYSIS OF MARGINALIZATION RATE**

	MARGINALIZATION	
	$\beta$	p<
Loneliness	0,501	0,01
Locus of control	0,236	0,01
Self-esteem	-0,148	0,01

regression analysis only showed statistically significant relationships with the personal characteristics of ethnic minorities ( $R^2=.46$ ,  $F(3)=127.357$ ,  $p<0.01$ ), which are loneliness ( $\beta=0.501$ ,  $p<0.01$ ), locus of control ( $\beta=0.236$ ,  $p<0.01$ ), and self-esteem ( $\beta=-0.148$ ,  $p<0.01$ ). For ethnic Armenians, the predictors of marginalization are loneliness index ( $\beta=0.546$ ,  $p<0.01$ ) and locus of control ( $\beta=0.521$ ,  $p<0.01$ ) ( $R^2=.694$ ,  $F(2)=235.246$ ,  $p<0.01$ ) (See Table 21).

Predictors for ethnic Armenians were age ( $\beta=0.452$ ,  $p<0.01$ ), perception of equality between men and women ( $\beta=-0.317$ ,  $p<0.01$ ), attitudes of women towards work ( $\beta=0.443$ ,  $p<0.01$ ), neighbors ( $\beta=-0.237$ ,  $p<0.01$ ), friends ( $\beta=-0.302$ ,  $p<0.01$ ), colleagues ( $\beta=-0.243$ ,  $p<0.01$ ), importance of group membership of relatives ( $\beta=0.247$ ,  $p<0.01$ ), perception of the importance of knowledge of the Georgian language for starting work ( $\beta=0.174$ ,  $p<0.01$ ), and assessment of the possibility of using the Russian language for communication ( $\beta=-0.481$ ,  $p<0.01$ ) (See Table 22).

**DISCUSSION**

The current study substantiates global patterns and supports previous research (Nguyen & Benet-Martínez, 2013 [68]; Rudmin, 2003 [69]; Ward & Rana-Deuba, 1999 [70]), demonstrating an inclination towards integration among ethnic minorities. However, unique trends surface upon examination of the ethnic groups Armenians and Azeris individually. Both groups express a willingness to conserve their cultural identities. Armenians, however, attribute significant importance to preserving cultural values for their identity and sense of belonging, a feature accentuated by the worldwide Armenian diaspora (Aghaie, 2019 [71]; Ghazarian, 2017 [72]). Similarly, Azeris consider their cultural values central to their heritage, emphasizing the preservation of their customs and traditions (Mammadova, 2015 [73]). It can, therefore, be deduced that Armenians and Azeris favour acculturation strategies that underscore cultural pres-

**TABLE 22. REGRESSION ANALYSIS OF MARGINALIZATION FOR ETHNIC ARMENIANS**

	MARGINALIZATION	
	$\beta$	p<
Age	0,452	0,01
The importance of membership in a group of friends	-0,302	0,01
The importance of membership in a neighborhood group	-0,237	0,01
Importance of kin group membership	0,247	0,01
The importance of employee group membership	-0,243	0,01
Perception of equality between men and women	-0,317	0,01
Attitudes of women to work	0,443	0,01
Perception of the importance of knowledge of the Georgian language for starting the service	0,174	0,01
Assessment of the ability to use the Russian language for communication	-0,481	0,01

ervation. According to Berry's theoretical model (Berry, 2001 [74]), these strategies would be separation or integration as both encompass the maintenance of cultural identity.

Observations from field experts indicate a divergence in the strategies adopted by Armenians and Azeris, with Armenians displaying a greater degree of integration into Georgian society than Azeris. This variation is ascribed to the superior educational achievement and openness of ethnic Armenians compared to Azeris. Our quantitative analysis reveals that ethnic Armenians predominantly adopt an integration strategy, while Azeris favour a separation strategy. These findings corroborate our hypothesis that both ethnic groups endeavour to preserve their ethnic values. However, ethnic Armenians also incorporate elements of the host culture, while Azeris focus solely on their native culture.

This study aimed to investigate the association between personal characteristics and the selection of acculturation strategies. By employing various scales, including the Rotter Locus of Control Scale (1966 [75]), Rosenberg's Self-Esteem Scale (1965 [76]), Loneliness Scale (Russell, Peplau & Cutrona, 1980 [77]), the revised version of the Life Orientation Scale (Scheier & Carver, 1985 [78]), and the General Confidence Scale, we discovered that marginalization escalated with feelings of loneliness and external locus indices, and diminished with higher optimism and self-esteem indices. The integration strategy demonstrated a negative correlation with loneliness, suggesting that the more a migrant integrates with the culture, the less likely they are to experience high levels of loneliness. Conversely, loneliness positively correlated with assimilation and marginalization strategies (Neto et al., 2017 [79]).

Previous studies (Roncancio et al. (2013) [80], Knight & Stone (1977) [81], Yao (1983) [82], Prigooff (1984) [83], and Negg & Woods (1992) [84]) have established connections between locus of control and self-esteem, and integration and acculturation. For example, Latin Americans with a high internal locus of control displayed a higher degree of acculturation than those with an external locus (Roncancio et al., 2013 [85]), and a correlation between acculturation and locus of control and self-esteem was observed in Mexican Americans (Knight & Stone [86]).

The likelihood of choosing an integration strategy in Georgia was higher in individuals who were young, educated, and members of an ethnic minority, who were fluent in both Georgian and Russian, acknowledged the equality of all ethnic groups in Georgia, believed that proficiency in the Russian language did not eliminate the necessity to learn Georgian, maintained faith in the shrine, practised religious rituals, frequently attended prayers, and did not view Orthodoxy as a defining characteristic of Georgianness. These variables were identified as reliable predictors of integration, accounting for 65.6% of the variance in integration.

Integration, predicted by 41%, was associated with an internal locus, low optimism, high self-esteem, and low confidence. Intriguingly, a high trust score was a negative predictor of integration, suggesting that the higher the trust score, the lower the integration. This implies that while evaluating the statements on the trust scale, respondents took into account trust in their native culture. Hence, the lower the level of trust in the native culture, the greater the desire to integrate with the host culture.

## CONCLUSION

The research carried out in this comprehensive study provides illuminating insights into the cultural landscape of Georgia, revealing the complex dynamics of acculturation strategies at play. Particularly, the study focused on the country's ethnic minorities, the Armenians and Azeris, and their strategies to navigate their cultural identities within the broader Georgian society.

The research found that among the various acculturation strategies, integration is crucial in promoting successful coexistence and psychological well-being among ethnic minorities. Integration allows these ethnic groups to maintain their unique cultural identities while participating actively in the wider society.

This crucial finding underscores the importance of policymakers recognizing and supporting the integration strategy in their decisions and actions. By encouraging integration, a more inclusive society can be fostered, one that respects

and values the diverse cultural identities of all its ethnic groups. Looking ahead, there is a need for further research in this area. Potential future research directions could include exploring the impact of these acculturation strategies on other critical aspects of societal life. These could encompass economic development, political participation, education, and social mobility. By continuing to investigate these areas, we can deepen our understanding of the multifaceted dynamics of multicultural societies and better learn how to support and nurture their growth.

Furthermore, the findings of this study contribute to the broader understanding of multicultural societies. They highlight how a successful integra-

tion strategy can weave a rich tapestry of diverse cultures, enhancing the societal fabric.

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**ტურიზმის გლობალური  
პროცესების მიმდინარეობა  
და საქართველოში ტურიზმის  
განვითარების ტენდენციები**

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**GLOBAL PROCESSES OF TOURISM AND  
ITS DEVELOPMENT TENDENCIES IN  
GEORGIA**



# CULTURE AND TOURISM IN URBAN SPACES: OPPORTUNITIES AND CHALLENGES (Kutaisi Case)

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**Abstract.** Cultural heritage and cultural environment determine the face of the country and give us special features that we got from our ancestors. It is the basis of our identity, a source of knowledge and experience, containing a lot of information which needs to be deciphered and passed on to future generations. Urban tourist destinations are distinguished not only by their cultural-historical heritage but also by the diversity of their cultural landscape. In this regard, Kutaisi has a unique opportunity to emerge as one of the tourism urban centres in Georgia and bring great benefits to the country. Therefore, our research aims to evaluate and study Kutaisi as a cultural-tourist urban centre through its natural and cultural heritage monuments, considering future trends, opportunities and challenges. Based on the study of the mentioned issues, we tried to identify the city of Kutaisi as an authentic tourist destination and prove its competitiveness. To achieve the goal and objectives of the research, we were guided by qualitative research methods and an analysis of statistical information, literature, and publications within the framework of desk research. We collected data and formulated a set of innovations. The conducted research theoretical and statistical materials allow us to analyze the development of the cultural destinations of Imereti to identify the existing tourist potential in the Kutaisi municipality using the systematic analysis method. By developing and implementing the right destination planning strategy, Kutaisi will be one of the leading cities in terms of tourist destinations, bringing us economic benefits in the long term.

**KEYWORDS:** CULTURAL HERITAGE, IDENTITY, URBAN TOURISM, IMERETI

## INTRODUCTION

The historically formed cultural environment and cultural heritage define the face of the country and give each of us special responsibilities inherited from our ancestors. It is the basis that moves us forward, gives us self-confidence, and defines our identity. However, we often do not properly realize these factors. Therefore, we don't take care of them properly. Our cultural heritage is a source of knowledge and experience containing a lot of information, which needs to be deciphered, announced and passed on to future generations.

The Faro Convention comprehensively indicates the meaning and importance of cultural heritage and emphasizes the role of urban tourist destinations in tourism development. (FARO,2005) [1]. Urban tourist destinations are distinguished not only by their cultural-historical heritage but also by the diversity of their cultural landscape. In this regard, Kutaisi has a unique opportunity to emerge as one of the tourism urban centres in Georgia and bring great benefits to the country.

With the growth of tourism as a global phenomenon, cities are becoming increasingly attractive to tourists. The city meets the expectations of the growing flow of tourists, attracting them with rich and diverse cultural facilities, sports, business, and constantly renewed opportunities.

There are interesting and valuable urban tourist destinations in Georgia, distinguished not only by their cultural-historical heritage but also by the diversity of their cultural landscape. In this regard, Kutaisi has a special place in the Georgian urban heritage. (Beridze, 1974) [2]. Therefore, our research aims to evaluate and study Kutaisi as a cultural-tourist urban centre through its natural and cultural heritage monuments, considering future trends, opportunities and challenges. Based on the study of the mentioned issue, it will be possible to identify Kutaisi as one of the authentic tourist destinations in Georgia and justify its competitiveness.

To achieve the goal and objectives of the research, we were guided by qualitative research methods and an analysis of statistical information, literature, and publications within the framework of desk research. We collected data and formulated a set of innovations.

Based on the comparison and analysis of numerous archaeological artefacts and written sources, the question of the origin of the original clothing on the land and water of Kutaisi, the transition to production, the development of bronze and iron metallurgy, urban processes, the topography of the city at different stages of development (outer appearance), connections with the outside world, fortification, secular and monuments of cult architecture, the results of the archaeological research of Bagrat temple. The treasure of Georgian national culture enriched with discoveries is extremely interesting. They depict the continuous path that brought Kutaisi to the capital of united Georgia a thousand years ago (Lanchava, 2015) [3].

When we talk about heritage and tourism, we should consider that the tourist is primarily interested in seeing and perceiving the unique character of the host country and understanding its cultural heritage, through which he will know the authenticity and greatness of this country. That is why, in the 21<sup>st</sup> century, states, including Georgia, at the crossroads of Europe and Asia, pay great attention to developing heritage tourism. In this regard, Kutaisi, with its 3500-year history, is really attractive to tourists. People have lived in Kutaisi and its surroundings since the Lower Paleolithic period. Dinosaur footprints have been found here, and even traces of the "Argonauts" in search of the "Golden Fleece" come to this city. For centuries, Kutaisi was the cultural and political centre of the country and, from the 8<sup>th</sup> to the 11<sup>th</sup> century - the capital of Georgia. In different eras, it was referred to by different names - Aya, Kutaia and Kutatisium. It combines architecturally interesting urban structures, historical centre, unique archaeological monuments, church architecture, and landscapes of self-made beauty, which, if properly presented to the tourist, is the best way to see the connections between cultures; that is why the urban fabric of Kutaisi can be considered as a "mixed heritage". Besides, Kutaisi is the only large city in Western Georgia with a large development space. 2400 hectares, on which industry, logistics, construction, service sector and tourism can be developed simultaneously [4].

While speaking about the tourism of this city's cultural heritage, we must consider the principles of sustainable development. Based on such an

approach, a place of tourist destination can bring significant economic benefits to a city or region. "Sustainable development of tourism implies the use and management of all resources, during which economic, social and aesthetic needs will be supported with the preservation of cultural heritage, basic ecological processes and vital requirements" (WTO, UNP, 2005) [5].

**MAIN PART**

A country or a city is often identified with some monument or landmark that defines the identity of that city. For Kutaisi, such is the Ukimerioni Hill, where the Bagrati Cathedral, a symbol of the united Georgia, is located and the Rioni River, or in antique sources, Phasis, with its white stone bottom, which is visible most of the year and gives the city a special appeal. The Rioniphenomenon is pivotal for old Kutaisi because the city is directed towards Rioni. There, you can see the only secular building of the 17<sup>th</sup> century, "Okros Chardakhi" that survived from the Imereti Royal Palace complex. The building has the status of a cultural heritage monument. (Isakadze R. 2017) [6].

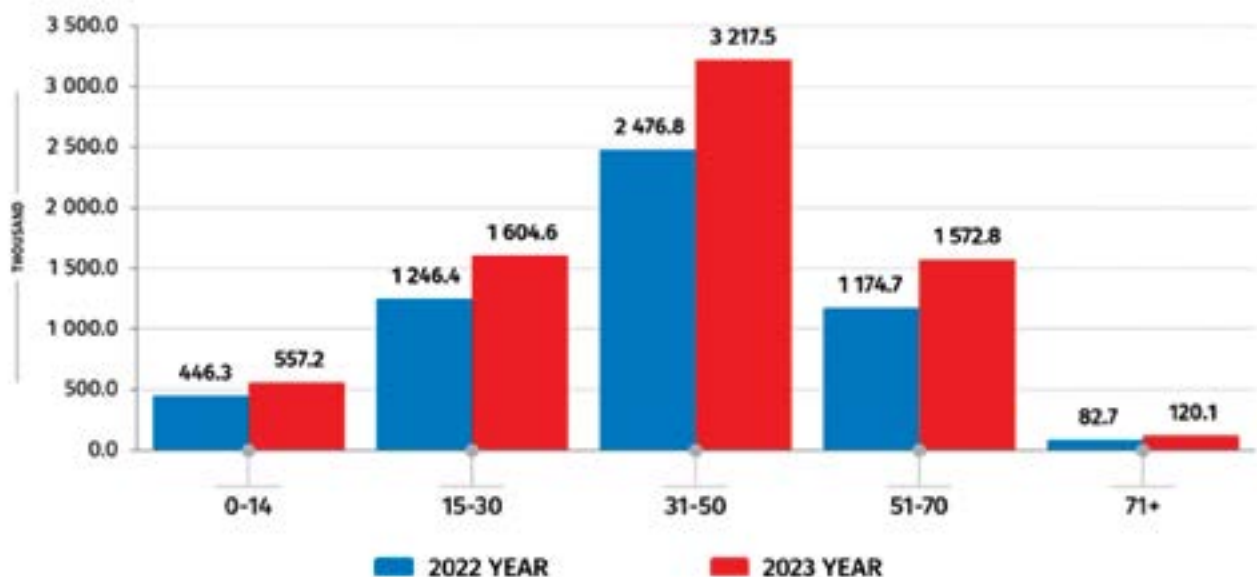
In the first half of the 21<sup>st</sup> century, as a result of the restoration of the city centre implemented

by the central government, Kutaisi presented its European beauty. Tourists have the opportunity to feel the authenticity of the city not only through the classic and modernist style architecture but through crooked paths, homestead-type buildings spread over the hills, which are hidden in the greenery, the bridges over the Rioni, stone-paved, cobbled streets, the hospitality of family hotels, delicious cuisine available in the chamber-type cafe-bars and restaurants.

The cultural landscape of Kutaisi is attractive for tourists with a variety of monuments of both church and secular architecture (the well-known Bagrat Cathedral, Gelati Academy and Monastery Complex, the Mtsvanekhvavila Pantheon of public figures, the remains of the Imereti kings' residence and fortress-wall on Uimerion Hill, Geguti Royal Hall - Georgian secular special monument of architecture, Jewish synagogues, etc.) in Kutaisi, the monuments of natural and material architecture are combined in such a way that they become one fabric and give the historical part of the city an authentic beauty.

Kopitnari International Airport, from which flights to Europe and Middle and Far East countries are carried out, made the city attractive for tourists. This allowed us to receive tourists from the Eastern civilization, which is a completely new

**Diagram 1. DISTRIBUTION OF ARRIVALS OF INTERNATIONAL NON-RESIDENT TRAVELLERS BY THE AGE GROUPS IN 2022-2023 YEARS**



Source: *Inbound-Tourism-Statistics-(2023-year)* ([www.geostat.ge](http://www.geostat.ge))

page and a great challenge in the history of Georgian tourism. 2023 was a historic year for Kutaisi International Airport. Last year, the passenger flow of Davit Agmashenebeli Airport increased by 103% compared to 2022 and served 1,671,017 passengers (2022: 822,486 passengers). In terms of the number of flights, 2023 was also a record year for Kutaisi airport. Kutaisi International Airport served 5,040 flights in January-December 2023, which is 57% more than in the same period of 2022 [7].

Since Georgia attracts tourists in all four seasons of the year, their distribution varies according to the country's regions. Statistical studies of tourist flows in Georgia, parameters related to the number of tourists, their distribution by countries and cities, and the visitors' goals are interesting. International travel makes a significant contribution to the development of the country's economy.

In 2023, the number of arrivals of international non-resident travellers in the territory of Georgia equalled 7.1 million, which is 30.3 per cent higher compared to the previous year's data. Most of the incomes, 45.5 per cent, were made by travellers of the 31-50 age group [8] (See Diagram 1).

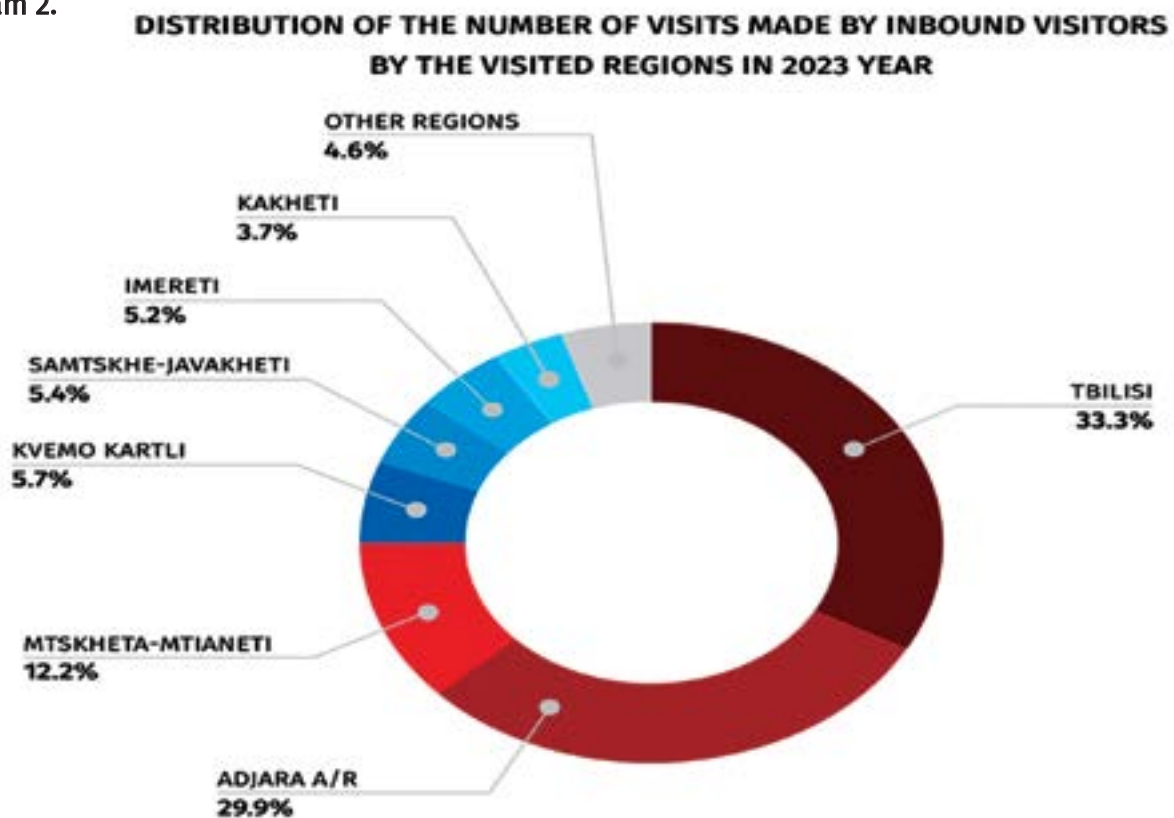
Tourists actively travel to the regions of Georgia,

diagram 2 presents the statistical data of different parts and the number of Visits By Region. Tourists actively travel to the regions of Georgia, diagram 2 presents the statistical data of different parts and the number of Visits By Region. According to the data of the DMO Imereti Information Center, in 2023, most of the tourists who visited their centres were from Poland, followed by Kazakhstan, the United Arab Emirates, Germany, Latvia, and Russia (See Diagram 2).

The Department of Statistics of Georgia distinguishes tourists according to the purpose of their visit; the groups formed by them are recreation and leisure (tourists who come for vacation), business and professional (tourists who come on a business trip), treatment (tourists who come to health resorts) other purpose (tourists who visit friends and relatives). (The chart shows the number of visits by goal) (See Diagram 3).

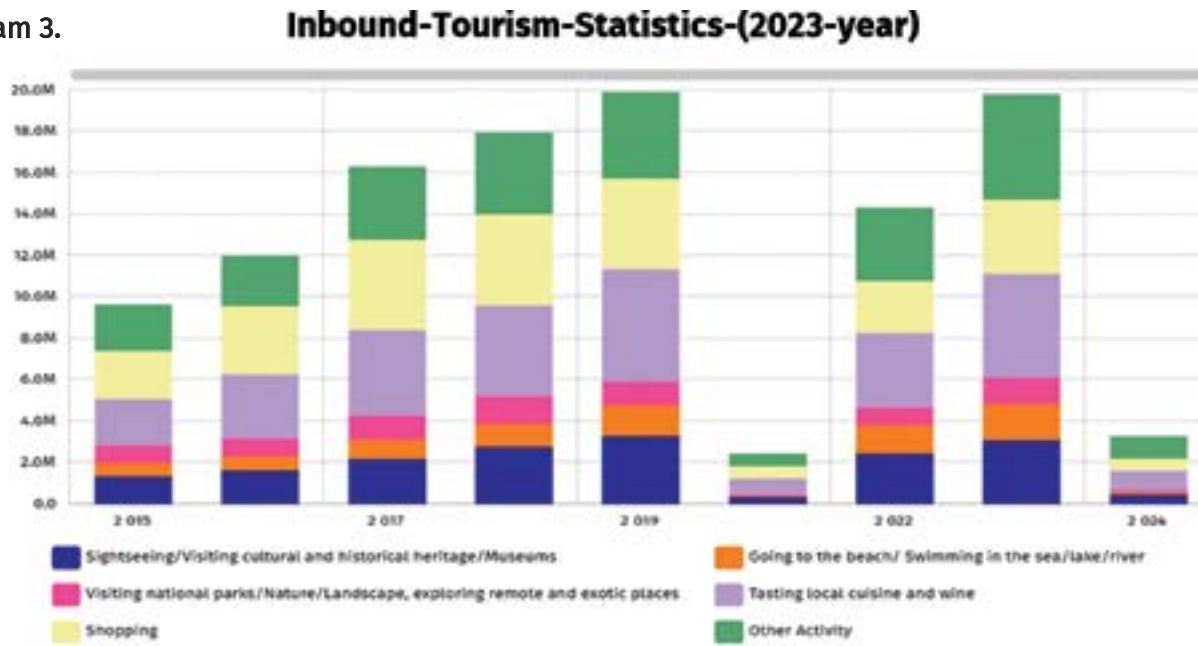
It turned out that the Imereti region is the most interesting for local tourists. The characteristics of domestic travellers are slightly different from those of international travellers. The three most frequently visited places are Tbilisi, Kutaisi and Batumi [9] (See Diagram 4).

Diagram 2.



Source: Inbound-Tourism-Statistics-(2023-year) - (www.geostat.ge)

Diagram 3.



Source: (www.geostat.ge)

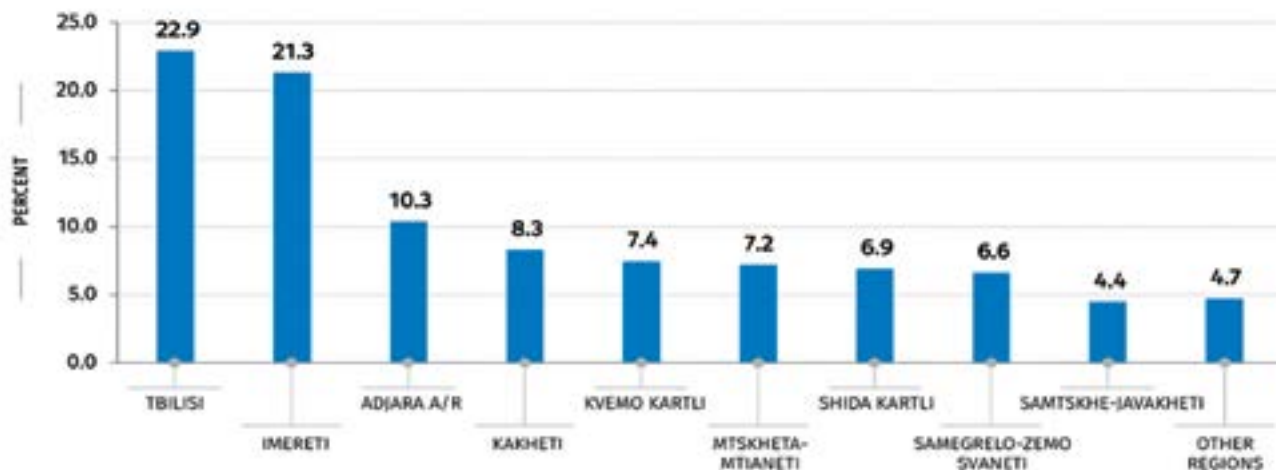
Despite great efforts, we believe that the city's tourism potential is still not fully exploited. First, we must understand that so far in our country and Kutaisi in particular, few wealthy tourists have arrived. The main flow of tourists is the middle class, so we should direct our tourism potential to satisfy this segment. The religious factor should also be taken into account. Muslim tourists are less interested in our religious monuments, so we

should offer them secular architecture and natural monuments, such as the caves on the outskirts of Kutaisi or the nearby canyons with their magnificent beauty. There is a lot of work to be done in this regard.

Kutaisi is a seasonal city, tourism is active from March to the end of October. Recently, the number of visitors has increased considerably. Still, much effort is needed to make the city attractive for

Diagram 4.

**DISTRIBUTION OF THE MONTHLY AVERAGE NUMBER OF VISITS MADE BY THE GEORGIAN RESIDENTS OF AGE 15 YEARS OR MORE ON THE TERRITORY OF GEORGIA BY THE VISITED REGIONS IN 2023 YEAR**



Source: National Statistics Office of Georgia. <https://www.geostat.ge/en>

them and make tourists more informed about the city's tourism potential.

## CONCLUSION

Tourism is vital for Kutaisi, and infrastructure development is of great importance; as you know, since the second half of the 19<sup>th</sup> century, the city was bypassed by the railway, and it became a dead end. This has been supplemented by a major transit highway that also bypasses the city. In such a situation, the opening of Kopitnar airport became a lifeline for Kutaisi. The airport turned tourism into an important economic resource of Kutaisi. If the city's tourism potential can be properly managed, it will allow us to create jobs, attract foreign investment, improve local infrastructure and help raise the profile of the country and the city.

However, many factors need to be solved. In particular, logistical problems include insufficient parking space at the airport and in the city of Kutaisi, which is one of the hindering factors in tourism development.

It should be noted that the role of Imereti Regional DMO is big on the management, marketing, development and success of the city's destination as a tourism centre, though the local authorities should develop strategies that will realize the demands of the government and other stakeholders.

For this purpose, cultural heritage should become part of a unified local (municipal) spatial planning plan.

We have to consider that the government, public, private and non-governmental sectors should be actively involved in developing tourism policy. Their involvement in the processes will allow us to objectively assess the current situation and develop plans in a specific (cultural) direction in short-term and long-term dynamics.

Through grant projects, it is possible to advertise different heritage areas and make them known to foreign markets. That is why there is a need for more educational programs related to the protection of cultural heritage, conducting training for young people, and promoting the development and modernization of the scientific research system of the cultural sector.

It should be noted that Kutaisi, as one of the outstanding cultural-urban centres of Western Georgia, is an attractive place with its history, socio-cultural and tourist opportunities, and with proper management and economic calculations, it will be possible to create a new niche in the international tourism market.

It is necessary to develop and implement a detailed annual marketing strategy for the tourist destination of Kutaisi, to present the target markets' priorities, clearly define the activities, and determine the success evaluation measures.

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# STRATEGIES FOR MITIGATING FINANCIAL LEAKAGE: MAIN DIRECTIONS OF GEORGIA'S TOURISM INDUSTRY

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**Abstract.** Tourism is a vital economic driver for countries worldwide, fostering growth and diversification across various sectors. However, the issue of financial leakage poses a significant challenge, particularly for countries heavily reliant on imports. This article delves into the strategic direction required to mitigate financial leakage in the Georgian tourism industry. The study identifies rural and gastronomic tourism as promising avenues for addressing this challenge through a comprehensive methodology encompassing in-depth interviews, statistical analysis, and literature review. By leveraging Georgia's diverse culinary heritage and distinctive cuisine, these alternative tourism forms promote local products and services and offer tourists authentic experiences. The research underscores the growing global preference for authentic and unique tourism experiences, aligning with the shift towards locally sourced, high-quality offerings. Through strategic initiatives focused on rural and gastronomic tourism, Georgia can differentiate itself as a leading destination while ensuring equitable distribution of tourism benefits within local communities. This study contributes to the broader discourse on sustainable tourism development, emphasizing the importance of local resources, traditions, and community involvement in shaping the tourism landscape.

KEYWORDS: TOURISM VALUE CHAIN, FOOD TOURISM, RURAL TOURISM

## 1. INTRODUCTION

The tourism industry is important for a country's economy as a significant revenue generator and a catalyst for broader economic development. The tourism sector has the potential to stimulate growth and diversification across various economic fields. Tourism is a diverse industry that connects hospitality, transportation, entertainment, and local services. It contributes to job creation, infrastructure development, and economic

prosperity through collaborations with other sectors. Tourism provides employment and boosts the market for locally sourced goods, fostering economic diversification and rural advancement in developing countries and mountainous regions (Sharia, 2019:98) [1]. That's why tourism is considered a tool to address poverty in developing countries. Nevertheless, doubts and criticisms have been raised about the supposed link between tourism growth and poverty reduction (Giampiccoli, 2014:1667) [2].

The tourism industry's effort to cater to visitors' requirements leads to an increased demand for various products and services in the market, ultimately driving the growth of various economic sectors. This is expected to positively impact the country's overall economic strength. However, in countries reliant on imports with undiversified economies highly dependent on tourism, where the industry heavily relies on imported goods, it gives rise to the issue of financial outflow (Sharia, 2023:208) [3].

International researchers consider financial leakage a major issue for developing countries. UNEP references a report conducted in Thailand and other countries, which reveals that approximately 70% of tourist expenditures exited Thailand via foreign-owned establishments such as airlines, hotels, tour operators, and imported food and beverages. Leakage estimates for similar developing countries are around 80% for the Caribbean region and 40% for India (Giampiccoli...2017:3) [4].

As a state reliant on imports, rather than the tourism sector energising different sectors of the economy within the country and being reinvested in various activities domestically, a significant portion of the funds garnered from tourism exit Georgia and are utilised in the economies of importing countries (Sharia, 2023:218). This financial leakage significantly challenges Georgia's tourism industry's sustainability and economic growth.

Lately, there has been a shift in tourist preferences towards alternative forms of tourism. This may have been influenced by discovering novel, previously unexplored destinations and interest in destinations prioritising local customs, history, ethics, and unique culture. Consequently, cultural diversity is seen as a way to enhance the experiences of increasingly adventurous tourists seeking fresh encounters (López-Guzmán...2011:69) [5]. From the viewpoint of developing nations, sustainable tourism can be considered as encouraging a more inclusive, fair, culturally and environmentally suitable approach to tourism growth. By adopting strategies that prioritise community participation, poverty alleviation, and the conservation of natural and cultural heritage, developing countries can ensure that the benefits of tourism are distributed equitably among the local com-

munities and that negative impacts are minimised (Giampiccoli, 2014:1668).

The Georgian tourism industry has the potential to contribute significantly to economic development and sustainable tourism. By implementing rational strategies to mitigate financial leakage, the industry can retain a larger share of tourist spending within the country and ensure that local communities and the economy benefit from tourism-related activities. Therefore, the article's main question is: What should be the strategic direction of the Georgian tourism industry to reduce/mitigate financial leakage?

## 2. METHODOLOGY

This article is based on several stages of research conducted as part of a doctoral thesis, "Main Directions of Special-Territorial Planning of Sustainable Development of Tourism Value Chain on the Example of Georgia".

In 2020-2021, in-depth interviews with experts and structural surveys of accommodation were conducted. A purposive sampling method was used for in-depth interviews with experts to determine the share of Georgian products in the total purchases made by accommodations. The study also explored changes in this share over recent years and assessed whether Georgian products meet quality standards, competitive pricing, quantity, stability, and safety. The accommodation survey primarily aimed to identify the key product categories within the accommodation value chain and assess the proportion of Georgian products in each category.

In 2022, statistical information was processed. To confirm the survey and in-depth interview findings, data on importing and exporting key products within the accommodation value chain was obtained from the National Statistics of Georgia. The analysis involved over 20,000 inputs using HS4 product codes.

In 2023, additional in-depth interviews were conducted with representatives of guest houses and small hotels to find strategies for mitigating financial leakage. These interviews aimed to gather insights and perspectives from tourism businesses in Georgia on how they address the issue

of financial leakage within the industry.

In 2023-2024, we use a comprehensive literature review approach. This method involved systematically gathering and analyzing existing scholarly works, research articles, reports, and other relevant sources about the subject matter. The review process entailed meticulous examination and synthesis of key findings, trends, theories, and methodologies from the selected literature. Efforts were also made to critically evaluate the sources' credibility, reliability, and relevance to ensure a robust review. This methodological approach enabled a thorough understanding of the current state of knowledge, gaps in research, and emerging themes related to the strategic direction of the Georgian tourism industry and its implications for mitigating financial leakage.

MAXQDA was used to process and analyze the qualitative information, and Excel for quantitative data.

### **3. RESULTS AND DISCUSSION**

#### **3.1. The result of empirical studies and statistical analysis**

The country's tourism value chain is a very complex issue; therefore, within the scope of this study, the topic was narrowed down to the study of the value chain of accommodations. A quantitative survey and expert interviews identified 22 primary product categories within the accommodations value chain: 1. Accommodation appliances and furniture; 2. Cleaning products; 3. Disposable amenities and items; 4. Building materials; 5. Alcohol; 6. Mineral and freshwater; 7. Juices; 8. Sugar and confectionary additives; 9. Canned foods and jams; 10. Food oil and butterfat; 11. Flour; 12. Spices and pepper powder; 13. Coffee and tea; 14. Fruit and dried; 15. Nuts; 16. Potatoes; 17. Vegetable; 18. Cereals and legumes; 19. Fish and seafood; 20. Dairy products; 21. Egg; 22. Meat.

The combined trade balance for these 22 product categories stands at a deficit of – 468886 thousand U.S. dollars. Out of the total, only eight groups demonstrate a positive trade balance: alcohols, mineral and freshwater, juices, spices and pepper powder, fruit and dried, nuts, potatoes, and eggs (Sharia, 2023:2014).

A negative trade balance of the main product groups involved in the accommodation value chain indicates financial leakages received through tourism. It is essential to identify the strategic directions for tourism in the country. This will maximize the incorporation of local products and services into the tourism value chain, ultimately reducing financial leakage.

The in-depth interviews revealed that local small hotels, family-owned hotels, and concept hotels are more willing and able to integrate local products as much as possible than large branded and international hotels. Representatives of small local hotels understand that using local products enhances their prestige and helps them position themselves well in the market. For international brand hotels, the most important thing is that the purchased product is economically profitable in terms of price and quality, and the product's origin is of no less importance to them. Empirical studies have shown that Georgian products often cannot compete with imported products regarding price, quality, and supply stability.

Expanding and strengthening local production will undoubtedly increase the share of local products in the tourism value chain. In light of the current situation, exploring existing opportunities for reducing financial leakage within the tourism industry is intriguing. That is why we explore the types of tourism that imply and innovate the use of local products and services.

#### **3.2. Literature Review – Alternative Types of Tourism**

The increasing importance of mass tourism has come under examination and faced significant criticism. Meanwhile, alternative approaches to tourism development, which are believed to offer improved outcomes for development, particularly in developing countries, have been put forward. As a result, alternative types of tourism have garnered attention since the 1980s (Giampiccoli, 2014:1667). These alternative concepts emphasise sustainable development, community engagement, and minimising negative environmental and local cultural impacts. Various forms of alternative tourism have been evaluated in different ways. Alternative

approaches to tourism have been proposed, such as pro-poor tourism, responsible tourism, fair trade tourism, ecotourism, and community-based tourism. A notable distinction between CBT and other alternative forms of tourism is based on voluntary self-regulating frameworks adhering to a specific set of principles. In contrast, CBT is not a self-regulating voluntary process. Unlike mainstream tourism, which operates from outside the community, CBT originates within the community, with ownership and management vested within the residents (Giampiccoli...2016:3) [6].

In the scientific works, next to the types of alternative tourism, sustainable tourism types are also found; the following main ones are distinguished: ecological tourism, ecotourism or green tourism, soft tourism, rural tourism, equitable tourism, solidarity and responsible tourism (Juganaru...2008:798-801) [7].

International researchers widely discuss community-based tourism, but since we currently do not have the level of decentralisation in governance in Georgia that would facilitate this type of tourism, we will not discuss it in detail within the scope of this article. Instead, we will focus on other types of tourism that are more relevant to mitigating financial leakage in Georgia's tourism industry, namely agro-tourism and food tourism.

Gastronomy has not traditionally been seen as a key attraction for tourists in the past, but it is now increasingly recognised as an important aspect of tourism. It serves as a significant draw for visitors and can cultivate loyal travellers. Gastronomy tourism presents opportunities to integrate local food systems into tourism, fostering economic development and meeting the specific demands of customers or tourists. Furthermore, it can be regarded as a sustainable form of tourism that supports local producers and stimulates the local economy. The bond between tourism and gastronomy is substantial; while eating is a necessity for travellers, gastronomy enhances their overall travel experience by contributing to its quality (Kyriakaki... 2013:2) [8].

To mitigate financial leakage in the tourism industry, one main strategy is to focus on developing and promoting gastronomy tourism. This involves showcasing local cuisines, promoting food experiences, and highlighting the unique aspects

of gastronomy that can only be found in a particular destination. By embracing gastronomic tourism, destinations can attract visitors seeking authentic culinary experiences. To mitigate financial leakage in the tourism industry, one main strategy is to focus on developing and promoting gastronomy tourism.

Exploring the unique flavours of different regions has been attributed to various terms in literature, including food tourism, cuisine tourism, culinary tourism, gastronomy tourism, and taste tourism. Defining gastronomy as a form of travel is complex and has been approached by several authors. However, they generally agree on two main points: that gastronomic activities can be the primary reason for travel or support it, and that these activities must offer an exceptional and memorable experience. Recent research indicates a shift in tourist preferences over time. It appears that tourists are interested in visiting significant cultural, historical, and environmental sites and seeking out new elements, such as culinary resources, when exploring a destination (Kyriakaki...2013:3). In simple terms, gastronomy helps highlight what makes a place special by letting tourists experience its culture and connect with its history, traditions, and heritage.

Experiencing the local cuisine in a specific location is a significant activity for tourists and plays a key role in their choice of destination and intention to revisit (Nevin, 2019:1) [9]. In international scientific literature, there are many studies on the relationship between specific food characteristics of a region and food tourism or how a particular dish represents a tourist destination. For example, Dr. Francesc Fusté-Forné discusses in detail the development of cheese tourism in Valle de Roncal, Spain. According to him, cheese tourism has recently attracted growing attention from scholars and is considered a niche area within food tourism. Cheese landscapes are an emblem of rural identity and are key in attracting tourists to specific destinations. Food tourism involves exploring a location's distinctive cultural and natural aspects through its culinary traditions, particularly emphasising lesser-explored areas such as rural, natural, and mountainous settings that safeguard age-old customs. Food tourism involves exploring a culture through its cuisine. Gastron-

omy tourism focuses on understanding, experiencing, and savouring the culinary traditions of a specific region. The unique landscapes, cultural practices, local products, cooking techniques, and traditional dishes all contribute to the distinct gastronomic identity of a destination and form an essential part of the tourism experiences provided to guests (Fusté-Forné, 2020:1-2) [10].

In this context, some authors emphasise the importance of geographical indication. Local food and products play a significant role in tourism, with their registration under geographical indications being crucial for preserving them for future generations. Geographical indication safeguards the region's culture, traditions, customs, touristic assets, and cultural heritage while promoting sustainability. Therefore, items registered with geographical indications significantly contribute to tourism development (Pamukçu...2021:1) [11].

In the article "The Role of a High-quality Restaurant in Stimulating the Creation and Development of Gastronomy Tourism", the authors discuss the role of Michelin-star restaurants. Michelin-star restaurants attract a lot of media coverage and customers, contributing significantly to the local economy. For example, the three-star Michelin restaurant El Celler de Can Roca emphasises its principles and philosophy connected to the region, drawing in many tourists. Food and wine play a crucial role in modern-day living and have emerged as key contributors to the growth of tourism and a unique market segment (Meneguel...2018:220-221) [12].

Since cultural factors influence dietary patterns and traditions play a role in bolstering national identity, scholars consider traditional and regional cuisine integral to a nation's cultural heritage. They argue that local products are an essential part of the destination's cultural heritage for tourists and reflect the region's cultural traits (Gonda... 2021:94-95) [13].

### 3.3. Discussion

On the one hand, we have a situation where the types of tourism that create an authentic and unique experience are becoming increasingly popular in the international tourism industry. Talking

about local products has become popular nowadays. There is increasing opposition, particularly within the food industry, to the negative economic, social, environmental and cultural impacts of globalisation and free trade. The food industry is undergoing significant changes with a shift towards mass-produced foods using industrial methods and high-quality premium category foods. Local and seasonal products are gaining renewed appreciation, and the traditional knowledge associated with their production has evolved into a valuable asset. As a result, creating local products and promoting their sales on a large scale could incentivise tourism, gastronomy, and rural development. Introducing local products to the market while emphasising their purchase and consumption has become fashionable (Gonda...2021:92).

On the other hand, we have a diverse and rich Georgian cuisine with a distinctive cultural identity and history. Also, from the groups of products involved in the tourism value chain of Georgia, the products representing the agriculture and food industries have a positive trade balance. In the in-depth interviews conducted for the study, representatives of local small hotels and guesthouses expressed awareness of the benefits of using locally sourced products. They believe that doing so makes their services more distinctive and attractive. By incorporating local products into their offerings, small hotels and guesthouses in Georgia's tourism industry can differentiate themselves and appeal to visitors seeking authentic experiences.

In light of the critical analysis of the literature review and Georgia's potential in alternative types of tourism, two strategic directions emerge: rural tourism and gastronomic tourism/food tourism. These incorporate local products and services into the value chain and help reduce financial leakage.

Both international and local researchers agree that food is one of the defining characteristics of tourism. They recognised that one-third of tourists' complete vacation expenditure and acknowledged that tourist preferences for food could even dictate entire destination choices (Li...2019:1) [14]. Georgian cuisine is a top attraction for international visitors to Georgia and reflects the country's unique features as the birthplace of wine and home to diverse ethnographic regions. Historically, each region expressed its authentic-

ty through dress, architecture, and food tradition, with modern times preserving gastronomy most effectively. The distinctive geography of Georgia—encompassing alpine and subtropical zones—has given rise to an impressive culinary tradition. Georgian cuisine features specific products found in the Caucasus region, leading to globally renowned dishes. It is a prominent expression of the country's ancient and rich culture, reflecting regional natural resources that have shaped distinct ethnic food traditions regarding ingredients used, cooking methods employed, and frequency of meals consumed (Meladze, 2015:222, 224) [15].

In various parts of the world, numerous successful examples of destinations and tourist services are developed around products unique to specific regions. For example, Spain and “oleo tourism” (olive oil tourism) encompass a range of experiences centred around the production and culture of olive oil. These activities may involve tours of olive groves, visits to historical and modern mills during the olive harvest, scenic routes like those found in wine tourism, and opportunities for tasting olive oils and local dishes where olive oil plays a prominent role. Thus, “oleo tourism” incorporates diverse cultural pursuits related to nature, heritage, environment, and regional traditions (Folgado-Fernandez... 2019:2) [16].

Because Georgia is a homeland of wine, Georgia's ancient tradition of winemaking is an Intangible Heritage of Humanity, and we have marvelous cuisine; the country can be a leading “brand destination” in the food tourism field worldwide.

Food tourism is very closely linked with rural tourism. Both of them allow tourists to experience the authentic flavours of a destination and feel the local atmosphere fully. Therefore, strength-

ening rural and food tourism in Georgia's tourism industry can play a crucial role in mitigating financial leakage by promoting local products and services involving local populations, resources, and customs.

#### 4. CONCLUSION

In conclusion, the evolving landscape of the international tourism industry underscores a growing preference for authentic and unique experiences, particularly evident in the rising interest in local products. Simultaneously, there is a discernible shift within the food industry towards locally sourced, high-quality offerings, reflecting a broader opposition to the adverse impacts of globalization. Georgia's rich culinary heritage, with its diverse and distinctive cuisine, presents a valuable asset in this context, offering an authentic taste of the country's cultural identity and history. By integrating local products into the tourism value chain, particularly within rural and gastronomic tourism initiatives, Georgia can not only differentiate itself as a destination but also mitigate financial leakage by promoting local economies and preserving cultural traditions. Drawing parallels with successful examples from around the world, such as Spain's “oleo tourism,” underscores the potential for Georgia to position itself as a leading food tourism destination. Embracing food and rural tourism as strategic directions aligns with global trends and presents a promising avenue for sustainable development, emphasizing the importance of local resources, traditions, and community involvement in shaping the tourism experience.

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**გლობალიზაციის პირობებში  
ფინანსების თეორიისა და  
პრაქტიკის აქტუალური საკითხები**

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**THE LIVE ISSUES OF THEORY AND  
PRACTICE IN FINANCE IN THE  
CONDITIONS OF GLOBALIZATION**



JEL Classification: E3, E4, E5

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# THE UNFORESEEN RESULTS OF UNCONVENTIONAL MONETARY DOMINANCE

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**Abstract.** This empirical study investigates the implications of the substantial size of central banks' balance sheets and the potential risks of their gradual normalization. Following the global financial crisis of 2008, central banks worldwide implemented unprecedented monetary stimulus measures, including large-scale asset purchases and unconventional policy tools like quantitative easing (QE). As a result, central bank balance sheets expanded significantly, reaching historically unprecedented levels in size and composition. While these measures played a crucial role in stabilizing financial markets and supporting economic recovery, concerns have arisen regarding the eventual reduction of these balance sheets and the possibility of disruptive market dynamics. This research examines the challenges and risks of normalizing central bank balance sheets. Furthermore, it explores the potential occurrence of "hard landing" scenarios, where sudden reductions in balance sheets could trigger financial market turmoil and economic downturns. By analyzing historical precedents and theoretical frameworks, this paper offers valuable insights into the intricate relationship between central bank balance sheets and the dynamics of financial markets. It provides policymakers and market participants with valuable perspectives on navigating the path toward monetary policy normalization.

**KEYWORDS:** UNCONVENTIONAL MONETARY POLICY, CENTRAL BANKS' BALANCE SHEET, 2008 FINANCIAL CRISIS FRACTIONAL RESERVE BANKING

## INTRODUCTION

The aftermath of the 2008 financial crisis witnessed central banks across the globe implementing unprecedented monetary policy measures to revive struggling economies. These measures included large-scale asset purchases and quantitative easing (QE), which substantially expanded central bank balance sheets. Although this expansion played a crucial role in stabilizing financial markets and stimulating economic recovery, it has also raised concerns regarding

the potential risks associated with the eventual normalization of these excessively large balance sheets. As central banks now contemplate the gradual unwinding of their unconventional policies, the possibility of a "hard landing" becomes a significant concern. This introduction establishes the context for examining the implications of central banks' oversized balance sheets and the potential risks they entail. This complex and urgent issue can be better understood and analyzed by drawing on historical precedents and theoretical frameworks.

## ACADEMIC CONCEPTS AND SIMPLE REALITY

Before the 2008 financial collapse, the combination of lenient monetary policies and the widespread use of financial derivatives created a deceptive perception of continuous economic growth. This interdependent relationship between these two factors resulted in a misleading illusion of stability and prosperity, concealing the underlying vulnerabilities within the financial system.

The central banks' implementation of easy money policies, which involved lowering interest rates to stimulate borrowing, spending, and investment, aimed to foster economic expansion. However, these policies had unforeseen consequences. The availability of cheap credit sparked a borrowing frenzy, as individuals and institutions accumulated substantial debt, assuming they could easily repay it due to the low interest rates. Nevertheless, nothing can endure indefinitely, especially events that are artificially stimulated.

In reality, the economy lacks the extraordinary capacity to absorb and transform such a vast amount of credit into real economic growth, particularly when there is insufficient savings to support consumer demand. To conceal this reality, the financial market has constructed a false perception of prosperity by excessively relying on financial derivatives. Financial derivatives, such as mortgage-backed securities (MBS) and collateralized debt obligations (CDOs), have long been regarded as sophisticated instruments whose value is derived from underlying assets or indices. While initially designed to manage risk, their intricate structure and lack of transparency often gave investors a false sense of security. These derivatives were bundled and traded as stable, secure assets,

leading to the perception that they were low-risk investments (See Table #1). However, the complexity of these financial instruments and the utilization of subprime mortgages and other unreliable debts as underlying assets masked the inherent risks. This complexity and flawed risk assessment contributed to the eventual downfall (See Table 1).

Applying derivative instruments in the financial market can create a perception of economic growth that exceeds that of the real economy. However, it is crucial to recognize that finance serves as a means to efficiently allocate resources for the real economy rather than acting as the primary source of economic expansion. Finance plays a vital role in facilitating the effectiveness of the real economy and deserves a just portion of economic growth for its invaluable services. The eventual collision between this illusion and reality was simply a matter of time.

The financial crisis of 2007–2009 was the culmination of a credit crunch that began in the summer of 2006 and continued into 2007. Most agree that the crisis had its roots in the U.S. housing market, although I will later also discuss some factors that contributed to the housing price bubble that burst during the crisis. The first prominent signs of problems arrived in early 2007 when Freddie Mac announced that it would no longer purchase high-risk mortgages, and New Century Financial Corporation, a leading mortgage lender to risky borrowers, filed for bankruptcy. (Thakor, 2015) [2].

The accessibility of low-cost credit has significantly impacted the market, leading to a surge in the development and exchange of intricate financial derivatives. Driven by the allure of high returns, this phenomenon has fueled unprecedented borrowing and speculation. Unfortunately,

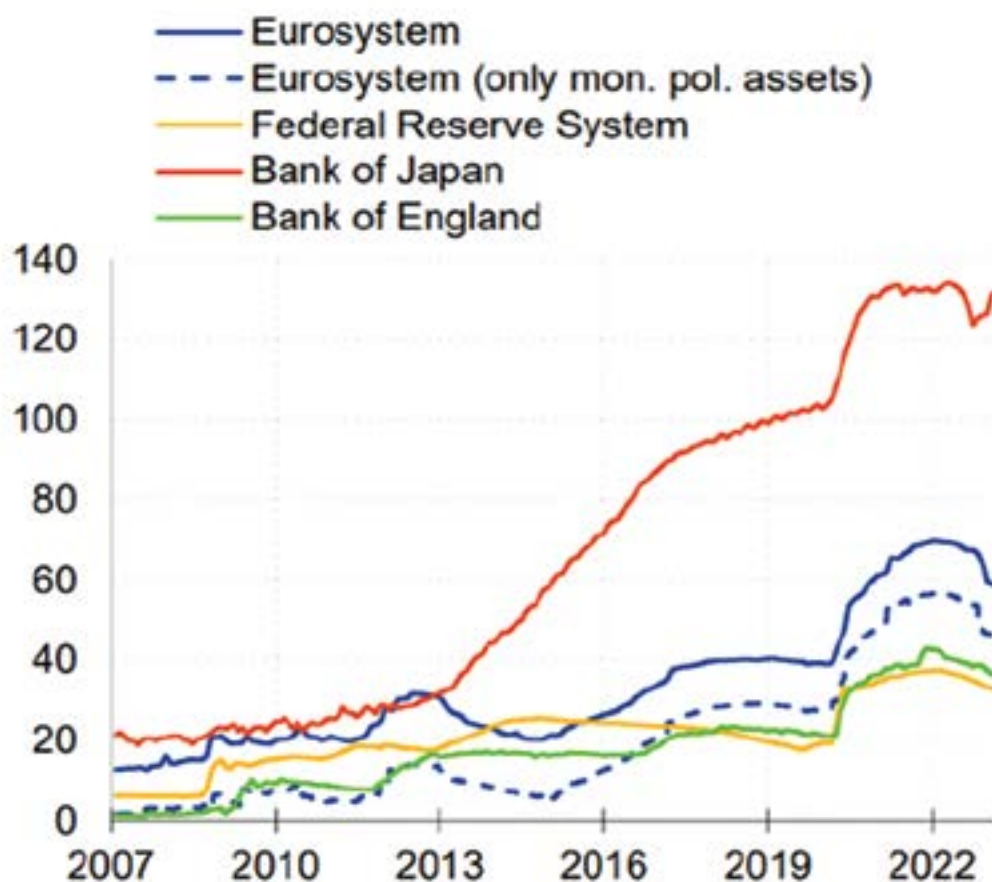
TABLE 1. FINANCIAL DERIVATIVES IN THE WORLD (MILLION USD)

### Financial derivatives in the world, \$ million

Market	Open positions In nominal		
	1990	2004	2007
Stock trading	2 290.4	46 592.1	80 575.9
Overseas trade	3450.3	181 132.0	596 004.0
Total	5 740.7	227 724.1	676 579.9

Source: (Khidasheli & Chikladze, 2019) [1].

FIGURE 1. CENTRAL BANKS' BALANCE SHEET (% OF GDP)



Source: (Wyplosz, 2023) [4].

this self-perpetuating cycle has obscured the true economic reality, as those involved in the financial realm have become increasingly disconnected from the authentic fundamentals. Ultimately, the 2008 financial crisis could serve as a sobering wake-up call to the fragility of this facade. When the housing market experienced a sharp decline and the true risks associated with financial derivatives were revealed, the intricate network of unsustainable debt and distorted asset values unravelled, ultimately causing a widespread financial breakdown.

The 2007-08 credit crunch has been far more complex than earlier crunches because financial innovation has allowed new ways of packaging and reselling assets. It is intertwined with the growth of the subprime mortgage market in the United States—which offered nonstandard mortgages to individuals with nonstandard income or

credit profiles—but it is a crisis that occurred because of the mispricing of the risk of these products. New assets were developed based on subprime and other mortgages, which were then sold to investors in the form of repackaged debt securities of increasing sophistication. These received high ratings and were considered safe; they also provided good returns compared with more conventional asset classes. However, they were not as safe as the ratings suggested because their value was closely tied to movements in house prices. (Mizen, 2008) [3].

The phenomenon of evolution emerges from introspecting on previous mistakes, but in finance, it manifests distinctively. In the aftermath of the 2008 financial debacle, artificially low interest rates were introduced to address issues fundamentally triggered by the same factor. Furthermore, conventional academic theo-

ries were contrived solely to rationalize the notion that the root cause of the crisis would also function as its “cure”.

### ANOTHER ACADEMIC CONCEPT AND THE SAME REALITY

The extensive discourse and scrutiny of non-traditional monetary strategies have drawn focus to the contentious notion of money printing as a method to foster economic expansion. Nevertheless, a prevalent misunderstanding regarding these measures is that they bear no consequences for inflation, coupled with the assumption that accomplishing a smooth and effective transition is effortless.

Printing money, often carried out through implementing quantitative easing (QE), involves central banks injecting significant amounts of money into the financial system to boost economic activity. While this strategy may result in a temporary boost, assuming that these measures can be maintained indefinitely without triggering inflationary pressures is flawed (See Figure 1).

On 1 March, the ECB started quantitative tightening (QT) after eight years of balance sheet expansion. At the peak in 2022, the Euro system held monetary policy assets corresponding to around 56% of the euro area GDP. This was substantial

both from a historical perspective and an international comparison. The first wave of balance sheet expansion was a response to the low-inflation environment prevailing in the aftermath of the euro area sovereign debt crisis. Between 2014 and 2016, headline inflation ran persistently below our target of 2%, averaging just 0.3%. (Schnabel, 2023) [5].

Infusing significant liquidity into the economy via non-traditional monetary measures entails the potential hazard of inflation. Although the immediate effect on consumer prices may not be immediately discernible, the surplus money supply can generate inflationary strains gradually. The notion of a costless strategy of printing money for economic advancement overlooks the fundamental economic principle that continuous monetary expansion without proportional augmentations in actual economic production can undermine the worth of a currency (See Figure 2).

By late 2014, the monetary base had topped US\$4 trillion. But where was the inflation? It didn't happen because people weren't borrowing, and/or the banks weren't lending. U.S. bank excess reserves held on deposit at the Fed had historically been an even more quaint US\$2 billion or less, but after 2008, they put the flood of cash on deposit at the Fed, accumulating US\$2.6 trillion in excess reserves by late 2014. This resulted in a declining velocity of circulation, which neutralized the effect of the monetary expansion. (McKittrick, 2022) [7].

FIGURE 2. HICP ANNUAL AVERAGE INFLATION RATES (2013-2022)



Source: (Eurostat, 2023) [6].

## INFLATION SNOWBALL

In 2008, Queen Elizabeth II famously asked the London School of Economics (LSE) professors about the global financial crisis: “Why did no one see it coming?” If Charles III were following in the footsteps of his late mother, he would surely ask a similar question today, but about high inflation. This question is more compelling for two reasons. First, before the recent inflation spike to levels not seen in 40 years, many central banks in advanced economies were overwhelmingly concerned about low inflation. Second, they confidently contended that inflation was transitory and failed to restrain it even as prices rose rapidly (Shirakawa, 2023) [8].

The global financial crisis profoundly impacted the world’s markets, resulting in a severe financial crunch characterized by heightened uncertainty and a reluctance among investors to take risks. In response to this crisis, central banks, particularly the Federal Reserve, implemented unconventional monetary policies such as quantitative easing (QE). One of the main goals of QE was to address the financial crunch by injecting liquidity into the financial system. This injection of liquidity aimed to stabilize the financial markets, restore confidence, and prevent a collapse of the entire system. As a result of increased uncertainty and a desire for safety, investors turned to traditionally safer assets, such as government bonds. Through QE, central banks actively purchased these government bonds and other financial assets, leading to a surge in demand for these safe-haven assets. The heightened demand for safe assets, in turn, led to lower yields on government bonds.

The lower yields on government bonds had a cascading effect on the wider economy. It influenced interest rates across the financial spectrum, including borrowing costs for businesses and consumers. The cost of borrowing remained relatively low, which encouraged investment and spending. Furthermore, the financial crunch and the flight to safety influenced the behaviour of both consumers and businesses. In the face of economic uncertainties, households prioritised saving over spending, while businesses adopted a cautious approach and delayed investment decisions. This environment of subdued demand further mitigated inflationary pressures.

Moreover, the preference for holding liquid and secure assets, driven by seeking safety, contributed to a lower velocity of money—the rate at which money circulates in the economy. When money circulates slowly, it has a dampening effect on overall demand and, subsequently, on inflation. However, implementing non-traditional monetary measures, such as the extensive purchase of assets and the maintenance of low interest rates, started to have noticeable effects on the economy. As confidence was restored and economic activities gained momentum, the surplus liquidity injected into the financial system began circulating faster. This accelerated velocity of money and a stronger demand for goods and services created favourable conditions for the emergence of inflationary pressures.

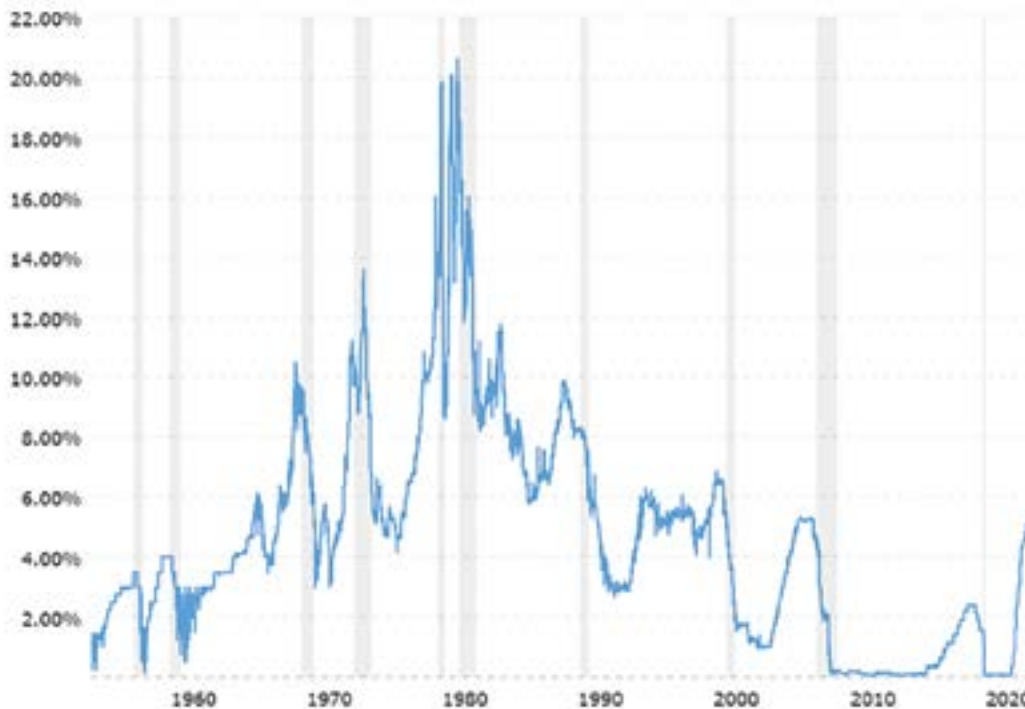
Various factors converged to contribute to inflation in the later stages of unconventional monetary policy. Businesses, buoyed by a more positive outlook, increased their investments, while consumers became more inclined to spend. The combination of heightened demand and a swifter money circulation gradually pushed prices upwards.

The faith and notions about “too big to fail” or “anticyclical monetary policy” were merely wrong, and it is an empirical fact, but the truth is that both cases were predictable. Before 2008, the financial derivative market created an illusion that finances were separated from the real economy and existed separately. After 2008, the same circus continued in different formulations about monetary policy’s ability to eliminate recession and the outcomes of the financial crisis. Figuratively, the plot is the next: “For filling the hole, we have to dig deeper”. Therefore, we have Conventional results of unconventional monetary policy: central banks’ balance sheets are unprecedentedly high, credit markets are overheated, prices are skyrocketing, and economic growth is slowing down globally. The same picture that we had in 2008, but now it is bigger. (Khidasheli, 2022) [9].

## “SOFT LANDING” DILEMMA

After experiencing those peaceful times, when central bank independence came to be widely accepted, central banks started to deploy uncon-

FIGURE 3. THE EFFECTIVE FEDERAL FUNDS RATE, 1960–2021



Source: (St. Louis Fed Economic Data, 2024) [10].

ventional monetary policies. There was a somewhat naïve assumption that the policy could be unwound easily enough when necessary. Unfortunately, the world has changed. The environment that fostered benign supply-side factors is under attack from many directions: heightened geopolitical risk, rising populism, and the pandemic have disrupted global supply chains. Central banks now face a trade-off between inflation and employment, making unwinding challenging (Shirakawa, 2023).

The prolonged implementation of non-traditional monetary measures led to inflationary pressures and posed a significant risk of excessive reliance on the financial sector and the overall economy on the “mighty” central banks. This form of dependence deviates from the principles of capitalism and market orientation, resulting in severe price distortion effects that contribute to the inefficient allocation of resources and the detachment of the financial system from its intended role as an efficient allocator of resources (See Figure 3).

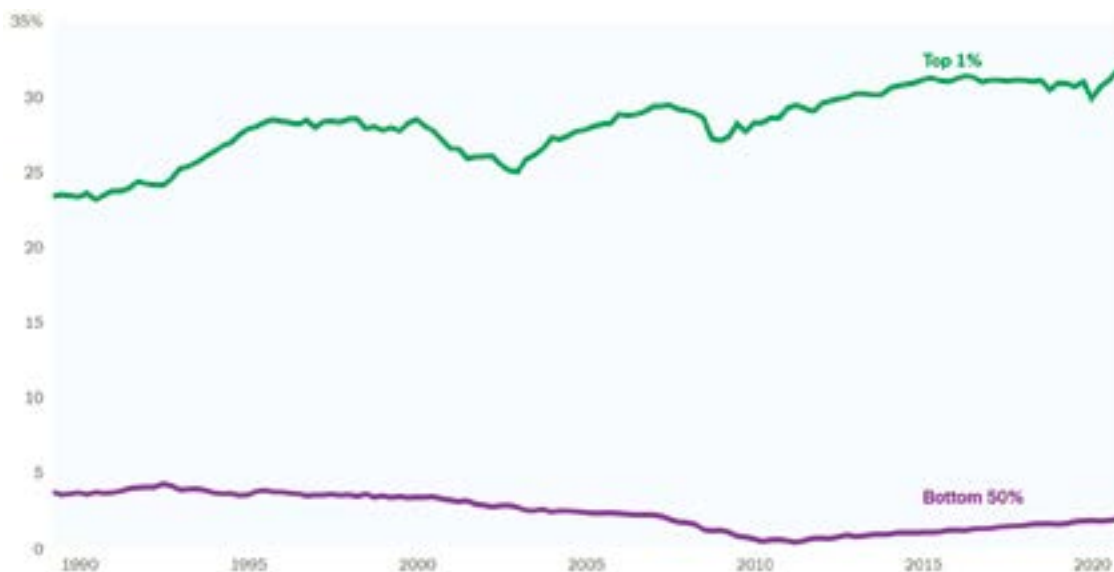
Now, in an environment that compels central banks to raise rates to combat inflation, their goals of inflation stability and financial stability conflict.

The reliance of the private sector, especially the capital markets, on central bank liquidity has led to financial dominance, in which concerns about financial stability restrict monetary policy. In such an environment, monetary tightening could wreak havoc on the financial sector and further render the economy vulnerable to even small disturbances. The extent of financial dominance depends on whether private banks are sufficiently capitalized to withstand losses and on the smoothness of private bankruptcy proceedings. A well-functioning insolvency law would insulate the system from spillover effects from the failure of an individual institution and make it less likely that a central bank would feel compelled to bail it out. These issues make it difficult for central banks to bring down inflation without causing a recession—and somewhat undermine their de facto independence. (Rajan, 2023) [11].

The above-mentioned academic perspectives revolve around the predicament central banks face in determining their rightful position and role. The extended efforts to “facilitate” stability within the financial sector yield conflicting outcomes concerning the allocation of resources, the



FIGURE 4. SHARE OF US NATION'S WEALTH NET WORTH BY SOCIAL GROUPS



Source: (Petrou, 2021) [12].

influence of market forces, and the disparity in wealth distribution (See Figure 4).

Yet stopping the postmortem at this point is probably overly generous to central banks. After all, their past actions reduced their room to manoeuvre, not only for the outlined reasons. Take the emergence of fiscal dominance (whereby the central bank acts to accommodate the government's fiscal spending) and financial dominance (whereby the central bank acquiesces to market imperatives). They are not unrelated to central bank actions of the past few years. (Rajan, 2023).

The emphasis on acquiring assets and maintaining low interest rates tends to inflate the values of financial assets, thereby favouring individuals with substantial holdings. Those with greater wealth, often characterized by significant investments in stocks and real estate, witness a disproportionate increase in their overall net worth. Consequently, this exacerbates the existing wealth disparity as the affluent segment benefits more prominently from the surge in asset prices.

Conversely, the impact of interest rates affects savers and borrowers in contrasting ways. While borrowers may relish the advantage of reduced interest payments, individuals who rely on interest income, such as retirees, may experience a decline in their earnings. This disparity in income distribution particularly affects those with fixed

incomes who heavily rely on interest returns for their sustenance, thereby contributing to income inequality (See Figure 4).

In a free-market economy, where there is no fractional reserve banking practice, the source of credit resources is savings, temporarily free money funds, which, through the banks as the mediators, flow from the savings holders to business operators in the form of loans. The existence of savings is, on the one hand, the means for obtaining credit resources for business, and on the other hand, the indicator of the existence of additional demand, which should provide support for economic growth, as well as the application of the additional issue. Everything changes in the conditions of a fractional reserve system when the source of the loan is not real savings but a monetary multiplier (Khidasheli & Chikladze, 2019).

The protracted implementation of non-traditional monetary policies presents obstacles that limit the scope for achieving a smooth economic transition. Although these policies initially aim to stimulate economic activity and alleviate the effects of financial crises, their prolonged usage may give rise to complexities that impede a seamless shift toward a more sustainable economic environment.

The continuation of extremely low interest rates can contribute to the accumulation of financial im-

balances. In a low-rate setting, investors, in search of higher returns, may engage in riskier behaviours, leading to inflated asset prices. When these imbalances eventually occur, correction can be sudden and disruptive, making it challenging to orchestrate a gentle economic landing (See Table 2).

The Fed cannot default or go bankrupt because it can always create reserves to cover its losses. Most of the time, the Fed's earnings on its balance sheet are positive, and it remits any profits above its operating costs back to the Treasury. In the case of a loss, the Fed would halt its remittances to the Treasury until it had offset its losses with subsequent profit. (Sablik, 2022) [14].

The heavy reliance on non-traditional measures, such as quantitative easing, may distort market mechanisms. Markets become accustomed to interventions by central banks, creating a dependency that, when unwound, can result in heightened uncertainty and turbulence in the market. This challenges the central bank's ability to engineer a gradual and controlled economic transition.

## CONCLUSIONS

The 2008 financial crisis profoundly impacted the global economy, revealing the inherent vulnerabilities present in fractional reserve banking. This practice, which allows banks to create money through lending based on only a fraction of reserves, proved fragile and susceptible to collapse during economic

downturns. Despite this realization, there has been a lack of meaningful reform to address the fundamental flaws in the system's operation.

Instead of tackling the underlying structural deficiencies, the response to the crisis primarily focused on short-term stabilization measures. Central bank intervention and accommodative monetary policies were relied upon as quick fixes to stimulate economic growth. However, these policies have only exacerbated the vulnerabilities within the system. They have encouraged excessive risk-taking and speculative behaviour, leading to the inflation of asset bubbles and widening wealth inequality.

Furthermore, the failure to address the structural issues within the financial system has left us vulnerable to future crises. The proliferation of complex financial products, opaque derivatives markets, and interconnectedness among financial institutions continue to pose significant risks. Comprehensive reform is necessary to ensure the stability and resilience of the financial system.

Printing money is not an effective solution as it fails to generate or sustain prosperity. In addition, it disrupts the price function and results in the misallocation of resources. Fiat money, in and of itself, cannot be consumed nor directly utilized as a producer's good in the productive process. It is essentially unproductive, serving as dead-stock that yields no tangible output. According to Say, commodities are ultimately paid for not with money but with other commodities. Money simply

TABLE 2. THE ELEVEN MONETARY POLICY TIGHTENING SINCE 1965

	Dates	Total basis points (effective rate)	Inflation two years later	Landing hard or soft?
1	Sept. 1965–Nov. 1966	174	Higher	Quite soft—but was it a landing?
2	July 1967–Aug. 1969	540	Lower	Softish
3	Feb. 1972–July 1974	962	Higher	Hard
4	Jan. 1977–Apr. 1980	1,300	Lower	Hard
5	July 1980–Jan. 1981	1,005	Lower	Hard
6	Feb. 1983–Aug. 1984	313	Lower	Very soft—but was it a landing?
7	Mar. 1988–Apr. 1989	326	Higher	Likely would have been a soft landing
8	Dec. 1993–Apr. 1995	309	Lower	Soft
9	Jan. 1999–July 2000	191	Same	Softish
10	May 2004–July 2006	424	Higher	Hard—but not due to Fed
11	Nov. 2015–Jan. 2019	228	Lower	Hard—but not due to Fed

Source: (Blinder, 2023) [13].

serves as a commonly accepted medium of exchange, playing a role solely as an intermediary. Ultimately, sellers aim to receive other commodities in exchange for the goods they sell.

The policies initially intended to tackle the fundamental reasons behind the 2008 financial crisis inadvertently prolonged the cycle of financial instability and worsened the inherent structural weaknesses of the global economy. Unconventional monetary measures, such as money print-

ing and aggressive asset acquisitions, may have offered temporary respite, but they ultimately fell short of addressing the underlying problems associated with the fractional reserve system. Going forward, policymakers need to acknowledge the constraints of such approaches and shift their attention toward implementing sustainable reforms that foster financial stability, accountability, and long-term economic resilience.

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**გლობალური სოციალურ-  
ეკონომიკური და ბიზნეს გარემოს  
კვლევა**

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**RESEARCH OF GLOBAL SOCIAL-  
ECONOMIC AND BUSINESS  
ENVIRONMENT**



# FACTORS AFFECTING THE USE OF E-BANKING SERVICES AMONG CUSTOMERS OF ALGERIAN BANKS: A QUALITATIVE STUDY

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**Abstract:** This study aims to identify the factors influencing the use of e-banking services among clients of Algerian banks. To this end, a theoretical model was proposed based on the technology acceptance model (TAM) and the concept of electronic word of mouth (eWOM). To validate the variables of the proposed model in the Algerian context, we conducted a qualitative study using semi-structured interviews, which were carried out with 17 clients from various cities across Algeria, including those in the east, west, north, and south of the country. The data collected were subjected to thematic content analysis using a constructivist research approach. The results revealed significant effects of perceived usefulness, perceived ease of use, perceived trust, and electronic word-of-mouth (eWOM) on the use of e-banking services among clients of Algerian banks. The results also uncovered other variables that are expected to have a significant effect on e-banking use in Algeria, namely perceived costs and perceived service quality.

**KEYWORDS:** E-BANKING USE, ALGERIA, TAM, EWOM

## 1. INTRODUCTION

The use of technology in modern banking services, known as e-banking systems, enhances banking performance, impacts productivity, and reinforces the intention to use these technologies in the digital age (Fatonah et al., 2018, p. 13) [1]. Designated by other terms, such as internet banking, electronic banking, tele-banking, mobile banking, etc. (Hasan et al., 2010, p. 3) [2]. The evolution of e-banking has put an end to endless queues in front of different bank counters, as the internet now allows for multiple banking transactions from

anywhere and at any time (Ataya & Ali, 2019, p. 6) [3]. Moreover, in developed countries, many financial transactions are conducted through electronic money (Anouze & Alamro, 2020, p. 11) [4]. Like other developing countries, the Algerian banking sector has made colossal efforts over the past two decades (Bellahcen & Latrech, 2020, p. 6) [5]. These efforts have yielded results since 2023 with the circulation of 10.712.133 interbank cards, of which 70% were active, and the establishment of 3.030 ATMs and 38.144 POS machines for merchants (GIE-Monétique, 2023) [6]. Despite the progress made by the banking sector to keep up with the rapid pace

of innovation and ICT worldwide, the use of e-banking in Algeria is still in its early stages compared to the density of the national economic fabric (Bellahcene & Mehdi KHEDIM, 2016, p. 4) [7]. This has been proven by the numbers provided by the Economic Interest Group, where only 2.204.836.081,42 DZD of transactions per bank card were carried out in 2023. This is a very small number considering a population of 44.6 million inhabitants and a GDP per capita of around 2,568 dollars in 2023, according to the IMF (2023).

In contrast to this situation, it would be crucial to investigate with clients of Algerian banks the factors likely to influence their use of electronic banking services, namely, Algeria has made a remarkable leap in the development of electronic banking systems during the past two decades. A wide range of research studies worldwide have been interested in this subject, aiming to demonstrate the effect of different determinants influencing clients' use of e-banking.

Previous research concerning the adoption of e-banking has utilized prominent innovation adoption theories, such as the technology acceptance model (TAM) (Salloum & Al-Emran, 2018) [8], with its two pivotal variables. We note that perceived ease of use was identified as a key factor in the study by Sarkam et al., (2021), p. 6 [9], and perceived usefulness in the study by Kurnia et al., (2010). p. 11 [10]. Likewise, in Algeria, the studies by (Bellahcen & Latrech, 2020, p. 9) [11] confirmed the effect of perceived ease of use and perceived usefulness on the adoption of e-banking, as well as the Theory of Planned Behavior (TPB) (Hanafizadeh et al., 2014, p. 2) [12] in which behavioural intention is a significant determinant of the use of information systems. While their findings identify various factors responsible for the limited adoption of e-banking, a consensus has yet to be reached on the specific variables that influence e-banking adoption, and results vary depending on the location, context, and timeframe (Bellahcene & Latreche, 2023, p. 6) [13]. Moreover, the issue has not been extensively explored in the broader context of developing countries and, more specifically, in the case of Algeria.

Henceforth, the aim of this research is to examine the principal factors that influence the use and adoption of electronic banking services among Algerian bank customers. More precisely,

this study puts forth, tests and validates an all-encompassing theoretical framework for customer adoption of e-banking by incorporating both, the Technology Acceptance Model (TAM) and the theory of planned behaviour (TPB).

The subsequent sections of this paper are organized as follows: Section two provides a literature review. Section three puts forward the conceptual framework. Section four elucidates the research methodology employed in this study. Section five presents the findings. Lastly, section six concludes the work and suggests avenues for future research.

## 2. LITERATURE REVIEW

Electronic banking services have been defined by (Daniel, 1999, p. 4) [14], as providing banking services to customers via the Internet. The same researcher has defined them as an information service where banks provide certain banking services via the Internet (Sheikh & Rahman, 2020, p. 9) [15], describes e-banking as all banking activities that can reduce customers' different expenses when they can access their accounts without visiting bank branches. At this stage, the researchers have directed their attention to technology adoption, drawing upon several theories, among which the most well-known is the theory of reasoned action (TRA) (Fishbein & Ajzen, 1975, p. 19) [16]. The technology acceptance model (TAM) (Davis et al., 1989, p. 7) [17]. The theory of planned behaviour (TPB) (Ajzen, 1991, p. 3) [18], and the unified theory of acceptance and use of technology (UTAUT) (Viswanath Venkatesh et al., 2003, p. 6) [19].

In recent times, there has been significant academic interest in adopting electronic banking, with many researchers, such as Roy et al., (2017), p. 9 [20], integrating the technology acceptance model. The analysis indicates that the level of acceptance of internet banking among customers is influenced by two critical factors – perceived ease of use and external risk. On their part, Gharaibeh et al., (2018), p. 11 [21] employed a mixed-method approach to the Unified Theory of Acceptance and Use of Technology (UTAUT 2) to demonstrate that the acceptance of mobile banking services is significantly and positively influenced by factors such as



mass media, trust, effort expectancy, performance expectancy, facilitating conditions, and social influence. However, it was observed that there was no significant relationship between hedonic motivation and the adoption of mobile banking services in the Malaysian context. Similarly, Martins et al., (2014) [22] used the UTAUT model to understand the main determinants of internet banking adoption in the Portuguese context. The findings provide support for certain relationships posited by the UTAUT model, including performance expectancy, effort expectancy, and social influence, as well as the significance of risk as a stronger predictor of intention. Furthermore, Ahmad et al., (2020), p. 9 [23] examined the current usage of e-banking through the Technology Acceptance Model (TAM). The study's findings demonstrate that e-service quality has a positive impact on perceived usefulness, perceived ease of use, and intention to use e-banking, while perceived usefulness has a positive effect on attitude towards using e-banking and behavioural intentions to use e-banking. Alalwan et al., (2015) [24] employed an extended TAM model by including two external variables, namely perceived risk and self-efficacy, to investigate customers of the Jordanian bank. The findings indicate that perceived usefulness, perceived ease of use, and perceived risk significantly influence behavioural intention. On the other hand, Anouze & Alamro, (2020), p. 10 [25] introduced confusion between the TAM and TPB models in testing the intention to use electronic banking services. The data analysis shows that several key factors, such as perceived ease of use, perceived usefulness, security, and reasonable pricing, emerge as barriers to the intention to use e-banking services in Jordan. To explore the intention to use m-banking, Thanh D. Nguyen et al., (2019), p. 5 [26] integrated electronic Word of Mouth (e-WOM) into the TAM model. Based on the research findings, it can be inferred that e-WOM holds a predominant position within the structural model of the intention to adopt mobile banking. On the other hand, in the United Arab Emirates, Salloum & Al-Emran, (2018), p. 8 [27], expanded the Technology Acceptance Model (TAM) by incorporating the trust factor to study the use of electronic payment services among students. The findings from the empirical study indicate that trust plays a significant role in predicting perceived usefulness, perceived

ease of use, and adoption of e-payment. Moreover, perceived ease of use is a crucial factor influencing perceived usefulness and adoption of e-payment. Employing the modified Technology Acceptance Model (TAM) in an under-researched Zambian context, Mwiya et al., (2017), p. 3 [28] explored how the perceived usefulness, perceived ease of use, and trust (in terms of safety and credibility) of e-banking technology impact its adoption. The results indicate that the perceived usefulness, ease of use, and trust each have a significant positive influence on the attitude towards electronic banking. In Algeria, Mansour et al., (2022), p. 6 [29] incorporated socio-demographic factors into the TAM model to predict the factors influencing the adoption of e-banking among clients of Algerian banks. The results revealed that gender moderates the influence of perceived usefulness and perceived trust on e-banking adoption and that profession moderates the relationship between perceived ease of use and e-banking adoption.

There is a low level of internet user penetration in developing countries, as a result, many individuals prefer traditional methods (such as personal contact) for obtaining financial services when conducting business, which could account for the low adoption rate of online banking (Anouze & Alamro, 2020, p. 9) [30]. In Algeria, the use of e-banking still remains in the embryonic stage (Bellahcene & Mehdi KHEDIM, 2016, p. 4) [31].

### 3. PROPOSED MODEL

To identify the factors likely to influence the use of e-banking services among Algerian bank customers, an integrated model combining the Technology Acceptance Model (TAM) and the Theory of Planned Behavior (TPB) was constructed.

Based on previous studies, TAM, originally proposed by Davis (1986), p. 6 [32], aims to provide verification and explanation of the determinants of acceptance and use of information technologies. Over the past two decades, the Technology Acceptance Model (TAM) has been the most commonly employed framework among researchers in the field of information systems and has amassed substantial empirical evidence (Bellahcene & Latreche, 2023, p. 11) [33]. Therefore, the conceptual

model proposed in this study includes all factors adopted by TAM. Then, and in addition to the TAM, our model was based on TPB.

The theory of planned behaviour (TPB) (Ajzen, 1991, p. 13) [34] represents an expansion of the Theory of Reasoned Action (TRA) developed by Lai, (2017), p. 8) [35], which was deemed necessary due to the TRA's limitations in accounting for behaviours that are not completely under individuals' voluntary control. In the theory of planned behaviour, similar to the original theory of reasoned action, the individual's intention to perform a particular behaviour is a central factor (Ajzen, 1991, p. 6) [36]. Building upon this, we have augmented our proposed model by including the behavioural intention factor to predict the adoption of electronic banking services. In addition, our proposed model incorporates e-WOM and perceived trust, in addition to the TAM and TPB. Accordingly, the research model contains five main factors affecting e-banking use, figure (1).

**Electronic Word-of-Mouth (e-WOM):** as defined by Thanh D. Nguyen et al., (2019), p. 9 [37] represents the dynamic and continuous process of exchanging information among potential, actual, or past consumers regarding a product, service, brand, or company, which is available to a multitude of people and institutions via the internet. e-WOM is also an extraordinary tool for free communication about services or products and has become an interesting research topic for managers on social media (Nguyen et al., 2019, p. 11) [38].

This variable has been discussed in several studies, such as the study by (Augusto & Torres, 2018, p. 7) [39], which focuses on e-WOM in the banking industry context, as well as the study by (Petrović et al., 2021, p. 8) [40], which examines the influence of electronic word-of-mouth on the use of m-banking. From there, we propose the following hypotheses:

**H1a:** eWOM will affect the perceived usefulness of behavioural intention to use e-banking among clients of Algerian banks.

**H1b:** eWOM will affect the perceived ease of use of the behavioural intention to use e-banking among Algerian banks' clients.

**H1c:** eWOM will affect the perceived trust in the behavioural intention to use e-banking among Algerian banks' clients.

As previously stated, the original TAM is based

on two main variables:

**Perceived usefulness:** Defined by (Davis, 1989, p. 4) [41] as a measure in which a person believes that the use of a technology should increase work performance. This arises from the definition of the term "useful": "capable of being used advantageously". (Farrell & Petersen, 1982, p. 8) [42]. The IS community has also conducted extensive research providing evidence of the significant impact of perceived usefulness on usage intention (Mansour et al., 2022, p. 4) [43]. Thus, we have tested the following hypothesis:

**H2:** Perceived usefulness will have a positive effect on the behavioural intention to use e-banking among clients of Algerian banks.

**Perceived ease of use:** Defined as the measure in which a person believes technology can be used without significant effort (Viswanath Venkatesh et al., 2003, p. 9) [44]. Previous research on the adoption of e-banking has established that consumers' attitudes towards e-banking adoption are significantly influenced by their perception of ease of use (Sarkam et al., 2021, p. 8) [45]. Consequently, we propose the following hypothesis:

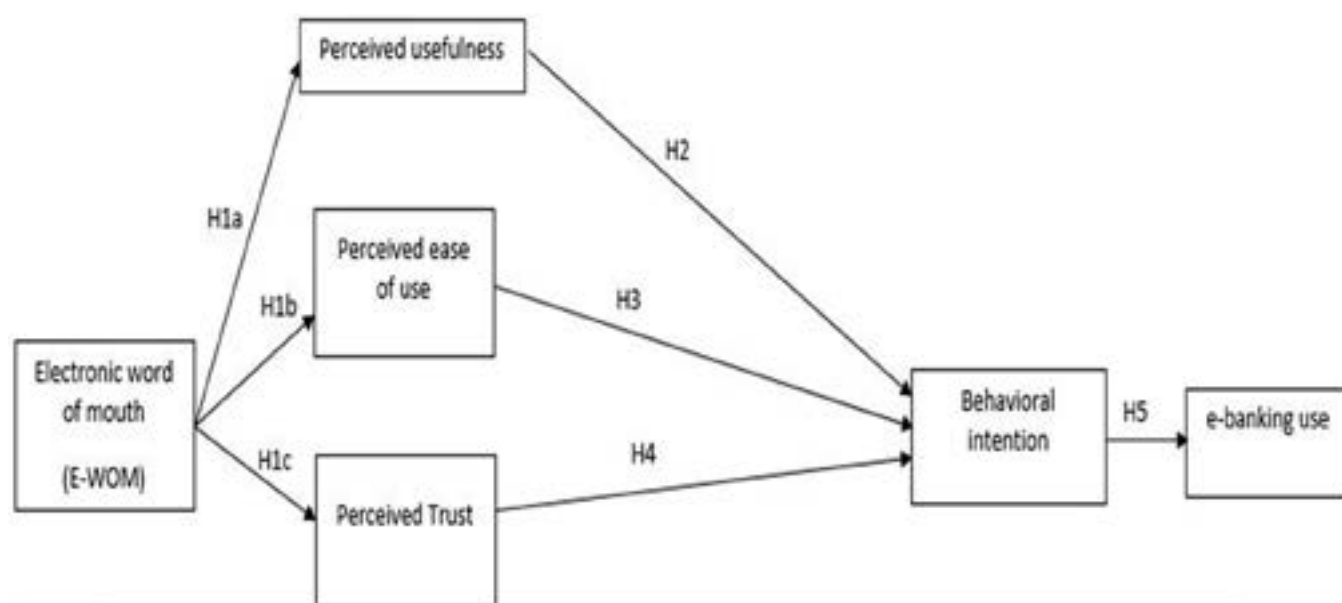
**H3:** Perceived ease of use will have a positive effect on the behavioural intention to use e-banking among clients of Algerian banks.

According to the TAM, these two variables determine the intention to use, which determines the behaviour of using technology. Over the past two decades, numerous studies have tested the TAM, demonstrating the positive influence of perceived usefulness and perceived ease of use on the adoption of information technologies in general and e-banking in particular (Bellahcene & Latreche, 2023, p. 11) [46].

The research model introduced a third independent variable: perceived **trust**. Gefen et al., (2003), p. 2 [47] defined trust as the affection reflecting a sense of security towards another party. Doney & Cannon, (1997), p. 6 [48] suggested that perceived trust is a complex concept in marketing and social psychology. Moreover, several studies using the TAM have emphasized the importance of the trust concept in using ICT. Therefore, the fourth hypothesis of this model was formulated as follows:

**H4:** Perceived trust will have a positive effect

FIGURE (1): THE PROPOSED MODEL



Source: (Viswanath Venkatesh & Davis, 1996, p. 7)

on the behavioral intention to use mobile banking among clients of Algerian banks.

**Behavioural intention:** The Theory of Planned Behavior (TPB), posit that adoption behaviour is driven by behavioural intentions which are a function of an individual's attitude and the influence of external factors (Hanafizadeh et al., 2014, p. 8) [49]. Behavioural intention measures the strength of one's willingness to exert effort while performing certain behaviours (Lee, 2009) [50]. TAM suggests that two specific beliefs perceived ease of use and perceived usefulness, determine one's behavioural intention to use a technology, which has been linked to subsequent behaviour (Viswanath Venkatesh, 2000, p. 6) [51].

**H5:** Behavioral intention positively influences the use of e-banking among clients of Algerian banks (See Figure 1).

#### 4. RESEARCH METHODOLOGY

According to relativists, people who belong to different social classes and ethnic groups experience the same reality differently. This is why we chose a constructivist research approach that acknowledges a subjective epistemology and relativist ontology.

To validate the proposed variables in the Algerian context and identify any potential new variables, an exploratory qualitative survey was conducted with bank customers, randomly selected from several cities across Algeria, namely the provinces of Tlemcen, Ain-Temouchent, Sidi-Bel-Abbès, Oran, Algiers, El-Bayad, M'sila, and Khenchla.

The construction of the Interview Guide, also known as a grid or framework, the interview guide represents "the inventory of themes to be addressed during the interview and data that, at some point in the exchange, will be the subject of intervention by the investigator if the interviewee does not address them spontaneously (Marie et al., 2016, p. 13) [52].

An interview guide was developed based on previous research on "The use of electronic banking services". During this process, measurement tools – including the reliability of coding used in previous studies – were used to evaluate the proposed conceptual model.

To avoid biased information that may result from a misunderstanding of the questions by respondents, the interview guide was tested on a small sample of two (2) respondents who were interviewed face-to-face. This allowed us to modify our question framework appropriately, avoid

poorly worded questions, and address them accordingly. It should also be noted that the appellations of some constructs adopted in our model were modified in our interview guide, using synonyms to facilitate perception by the interviewees.

## 5. DATA ANALYSIS TECHNIQUE

To address the research question, the collected data was subjected to the following techniques:

- Descriptive analysis using Nvivo 10 to highlight the characteristics of the sample;
- Thematic content analysis, also on Nvivo 10, involves frequency coding of words to identify repetitive and similar words referencing the variables in our proposed conceptual model. Additionally, a description of coding words was used to link expressions with keywords to obtain reliable support for confirming our proposed model.

### **Sample Characteristics and Description:**

Initial contact with the respondents was made through various methods, such as phone, email, or Facebook, to explain the purpose of the interview the project goal, obtaining prior agreement to record the interviews, scheduling appointments, and agreeing on the location of the interview. The constructed interview guide covered seventeen (17) interviewees from all over Algeria, including the East, West, North, and South regions. The only requirement was that interviewees be users of e-banking services, regardless of the degree of their usage.

As shown in Table 02, the age of the respondents ranged from 24 to 48 years old. The majority of the respondents (6 persons) were managers in the public sector, while the rest consisted of two (4 persons) PhD students, two (2 persons) branch managers, three (3 persons) managers in insurance, one (1 person) retired and one (1 person) unemployed. With regards to their domiciliary banks, we observed that the interviewees had no preference between public banks such as BEA, CPA, BDL, BNA, BEA, CNEP, or Algérie poste, and multination-

al banks such as AGB, TRUST BANK, and SGA. The seventeen interviewees used at least one bank. Regarding the number of e-banking services used, we noticed that there is only one interviewee who uses a single electronic banking service, while the others use between two and five services. Regarding their city of residence, we found that four (4) respondents lived in Tlemcen, while the remaining respondents were dispersed, with only one respondent residing in each of the following cities: Ain-Temouchent, Sidi-Belabess, Oran, Alger, M'sila, El-bayadh, or Khenchla (See Table 1).

However, we observed an average interview duration of thirty-eight (38) minutes, conducted in various locations and recorded by several means and in different modes, either face-to-face or online, as shown in Table 2 below (See Table 2).

## 6. RESULTS

### **6.1. Trustworthiness of qualitative findings:**

The trustworthiness or rigour of a study is determined by the level of confidence in the data, interpretation, and methods used to ensure its quality. For a study to be considered credible by readers, researchers must establish the necessary protocols and procedures for each study (Connelly, 2022, p. 11) [53]. To do so, we conducted a coding reliability test as follows”.

#### **Coding Reliability Test:**

We performed a data coding operation during this stage by categorizing them into significant words or phrases related to the research question. In a qualitative study, coding reliability refers to the stability of the coding, and it helps to verify if the coding rules are unambiguous (Allard-Poesi, 2003, p. 16) [54]. This coding reliability test was implemented through the steps proposed by (Allard-Poesi, 2003, p. 17) [55].

Coding stability or intra-evaluator reliability: when the same coder codes the data repeatedly. To do this, we performed several coding operations several times, with consistent results, which confirmed the accuracy and reliability of the coding.

Coding reproducibility (or inter-coder reliability ICR): The extent to which the coding produces the same results when different people code

**TABLE 1: SAMPLE CHARACTERISTICS**

INTERVIEWS	SEX	AGE	PROFESSIONAL SITUATION	DOMICILIARY BANKS	E-BANKING SERVICES USED	TOWN OF RESIDENCE
Interviewee 1	Male	44	Manager in insurance	BEA, TRUST BANK	1	Tlemcen
Interviewee 2	Male	27	PhD Student	AGB, Algérie Poste	4	Tlemcen
Interviewee 3	Male	37	Branch Manager	CPA	2	El bayadh
Interviewee 4	Male	38	Branch Manager	CPA, BNA, BEA	4	Tlemcen
Interviewee 5	Male	36	Manager in the public sector.	CPA, Algérie poste	5	Tlemcen
Interviewee 6	Male	33	Manager in insurance	BEA, AGB, CNEP	3	Oran
interviewee 7	Male	48	Retired	SGA, Algérie Poste	2	Sidi Belabes
Interviewee 8	Male	36	Manager in insurance	CPA, Algérie poste	4	Tlemcen
Interviewee 9	Male	26	Manager in the public sector.	CPA	3	M'sila
Interviewee 10	Male	43	PhD Student	BDL, Algérie Poste	3	Khenchla
Interviewee 11	Male	28	Manager in the public sector.	BNA, Algérie Poste	3	Alger
Interviewee 12	Male	29	Manager in the public sector.	TRUST BANK, Algérie Poste office	5	A i n Temouchent
Interviewee 13	Female	26	PhD Student	Paysera bank	5	Tlemcen
Interviewee 14	Female	32	Manager in the public sector	Trust bank	3	Oran
Interviewee 15	Female	28	Manager in the public sector	Algérie Poste office	3	Alger
Interviewee 16	Female	24	Unemployed	Algérie Poste office	2	Alger
Interviewee 17	Female	25	PhD Student	BEA	4	Tlemcen

*Source: By researchers based on Nvivo10 outputs*

the same data. A high level of ICR demonstrates that the coding is both reliable and replicable, which therefore strengthens evidence that the results of a qualitative study are scientifically valid (MacPhail et al., 2016, p. 8) [56]. To pass this test, we handed our data to another researcher, "PhD student", who performed an independent coding. A similarity test was then conducted using the Nvivo 10 software, which allowed us to assess the reliability of our data coding, with a similarity exceeding 85%.

## 6.2. Thematic analysis approach

This study employed a qualitative approach to thematic analysis. Thematic content analysis is centred around identifying recurring patterns or themes across the entire dataset and is a widely utilized technique for qualitative data analysis (Braun & Clarke, 2006, p. 3) [57]. The first step of analysis involved open coding, an important process of breaking down the data into units (Jin & Hurd, 2018, p. 7) [58]. Therefore, we opted for two coding approaches to clarify our content analysis.

TABLE 2: CHARACTERISTICS OF THE INTERVIEWS

INTERVIEWS	RECORDING EQUIPMENT	DURATION OF THE INTERVIEW	LOCATION OF THE INTERVIEW	MODE OF THE INTERVIEW
Interviewee 1	Smartphone OPPO F11 Audacity	26,44 mins	Tlemcen	Face to face
Interviewee 2	Smartphone OPPO F11 Audacity	41,57 mins	Tlemcen	Face to face
Interviewee 3	Smartphone OPPO F11 Audacity	42,06 mins	Tlemcen	Online
Interviewee 4	Smartphone OPPO F11 Audacity	40 mins	Tlemcen	Face to face
Interviewee 5	Smartphone OPPO F11 Audacity	44,06 mins	Tlemcen	Face to face
Interviewee 6	Smartphone OPPO F11 Audacity	39,58 mins	Oran	Face to face
Interviewee 7	Smartphone OPPO F11 Audacity	31,34 mins	Sidi Belabes	Face to face
Interviewee 8	Smartphone OPPO F11 Audacity	33,03 mins	Tlemcen	Face to face
Interviewee 9	Smartphone OPPO F11 Audacity	35,11 mins	Tlemcen	Online
Interviewee 10	Smartphone OPPO F11 Audacity	34,10 mins	Tlemcen	Face to face
Interviewee 11	Smartphone OPPO F11 Audacity	46,28 mins	Tlemcen	Online
Interviewee 12	Smartphone OPPO F11 Audacity	44,18 mins	Ain Temouchent	Face to face
Interviewee 13	Smartphone OPPO F11 Audacity	41,22 mins	Tlemcen	Online
Interviewee 14	Smartphone OPPO F11 Audacity	39,58 mins	Tlemcen	Online
Interviewee 15	Smartphone OPPO F11 Audacity	34,20 mins	Tlemcen	Online
Interviewee 16	Smartphone OPPO F11 Audacity	31,06 mins	Tlemcen	Online
Interviewee 17	Smartphone OPPO F11 Audacity	40,04 mins	Tlemcen	Face to face

*Source: By researchers based on Nvivo10 outputs.*

### 6.2.1 Coding by word frequency

Each coding process begins with the preparation of the corpus. This preparation involves working on the corpus and its indexing (Gavard-Perret et al., 2008, p. 11) [59]. Following Quivy and Van Campenhoudt (1995), p. 12 [60], we first coded the

relevant data for the research during the data collection phase. The first form of coding involved selecting all sources from the corpus, including all interviews and attributes, and searching for repetitive keywords with unlimited word count and a maximum word length of four (04) letters. The

goal of this step is to avoid overwhelming the researcher with the richness of information presented in the analysis corpus (See Table 3).

Emerging from the first coding, we unveiled a significant list of keywords (Table 3), which can serve as the basis of our content analysis and confirm our research model. These words were shared either multiple times within a single interview or across all interviews, confirming the shared similar ideas among the interviewees regarding the different factors discussed, which can influence the use of online banking services.

It is essential to note that some constructs, as cited in the literature and theories, were replaced in our interview guide based on their understanding by the interviewees. As observed by (Frédéric, 1996, p. 8) [61], “even with rigorous coding procedures, the researcher intervenes in the actor’s own language by transforming the discourse’s form”. Hence, it was necessary for us to integrate similar

names for our variables to facilitate maximum understanding among the interviewees.

### 6.2.2. Coding by text frequency (Categorization):

BARDIN (1977) [62] defined the unit of analysis, which can be a word, the meaning of a word or group of words, a whole sentence, sentence fragments such as “subject/verb/object,” one or several paragraphs, or an entire text. To better illustrate the frequency coding of words, we deemed it necessary to move to a phrase-based coding method in relation to all the codes demonstrated in Table 3 above. This method aims to highlight and identify expressions related to codes to have broader and more indicative confirmation support to validate our proposed research model. Table 4 below shows a description of the codes (See Table 4).

**TABLE 3: CODES**

INTERVIEWS	E-BANKING	TRUST	EASE	USE	E-WOM OR SOCIAL MEDIAS	ADVANTAGE OR USEFULNESS	COSTS, FEES	QUALITY
Interviewee 1	5	2	0	1	2	0	1	2
Interviewee 2	6	7	1	2	2	4	1	1
Interviewee 3	8	4	1	7	2	1	1	1
Interviewee 4	14	3	0	0	1	0	1	1
Interviewee 5	11	2	0	4	3	2	1	3
Interviewee 6	5	4	0	3	3	0	1	2
Interviewee 7	1	1	1	2	4	0	2	1
Interviewee 8	5	2	0	2	3	1	1	0
Interviewee 9	10	2	1	4	4	0	1	1
Interviewee 10	1	2	0	4	3	0	1	2
Interviewee 11	2	2	1	2	3	1	1	2
Interviewee 12	6	3	1	1	2	3	1	1
Interviewee 13	9	2	1	2	1	2	1	1
Interviewee 14	5	1	0	4	5	2	1	2
Interviewee 15	3	2	2	2	3	1	1	1
Interviewee 16	6	3	2	1	1	2	3	1
Interviewee 17	8	2	3	1	0	1	2	1
<b>Total</b>	<b>104</b>	<b>44</b>	<b>14</b>	<b>42</b>	<b>42</b>	<b>20</b>	<b>21</b>	<b>23</b>

*Source: Resulting from Nvivo10’s word frequency coding*

Referring to Table 4 above, sentence encoding has provided a significant analytical framework for each of the keywords listed above. To extract salient points, randomly selected sentences from the corpus were used.

**Main theme 1: e-banking use**

Regarding the concept of e-banking, all interviewees repeatedly mentioned that electronic banking services are of immense importance and necessary for daily life. For example, one respondent stated, *“I think it is now obligatory to use e-banking services given all the advantages they can provide”*.

It was also discovered that the concept of usage is significant for all interviewees, which was mentioned 42 times. Almost all of the sentences referred to usage, particularly regular usage, sometimes even intense usage, and only a few times limited usage by electronic bank customers. *Moreover, one of the interviewees noted that is good to avoid human contact through the use of e-banking, but the quality of the services still needs improvement”*.

**Main theme 2: Technology acceptance**

Regarding the concept of usefulness or advantage as evoked by the interviewees, all respondents admit that electronic banking services are

**TABLE 4: THE DESCRIPTION OF THE CODES**

CODES	THE SENTENCES ENCODED IN RELATION TO THE KEYWORD
E-banking	<ul style="list-style-type: none"> <li>● There are interesting and functional e-banking services available in Algeria.</li> <li>● Let’s be logical, e-banking services play a huge role in everyday life.</li> <li>● For me, e-banking is very necessary, I can withdraw money through ATMs whenever I need to.</li> </ul>
Trust	<ul style="list-style-type: none"> <li>● E-banking services are not always trustworthy.</li> <li>● Trust is relative, I cannot fully trust online banking services.</li> <li>● It is a great advantage that we can trust a machine (ATM).</li> </ul>
Ease	<ul style="list-style-type: none"> <li>● Yes, they play an important role in my life as they make daily tasks easier.</li> <li>● E-banking is important for making life easier.</li> <li>● The first advantage is the facilitation of daily financial transactions.</li> </ul>
Use	<ul style="list-style-type: none"> <li>● Personally, I am very limited in the use of these services in my daily life.</li> <li>● Undoubtedly, we will reach a more advanced stage in the use of electronic banking systems.</li> <li>● There is no reason to stop using electronic banking services.</li> </ul>
Social Medias (eWOM)	<ul style="list-style-type: none"> <li>● Certainly, social media can be a means of negative or positive influence on the use of electronic banking services.</li> <li>● Social media have a very high degree of influence on internet users.</li> <li>● I think that social media have a noticeable impact and can influence e-banking users in both positive and negative ways.</li> </ul>
Advantage or Usefulness	<ul style="list-style-type: none"> <li>● I can check my account at any time, either through ATMs or my smartphone or computer, which is a real advantage.</li> <li>● A major advantage is that it saves on travel, time, effort, and even expenses.</li> <li>● In my opinion, these applications are of great usefulness, representing a significant advantage for me.</li> </ul>
Costs or fees	<ul style="list-style-type: none"> <li>● Transaction fees are never verified, and they can be inflated without us being able to realize it.</li> <li>● Other banks offer better services in terms of costs compared to my bank.</li> <li>● I would have liked them to stop generating fees for current accounts like mine.</li> </ul>
Services’ quality	<ul style="list-style-type: none"> <li>● It is good to avoid human contact through the use of e-banking, but the quality of the services still needs improvement.</li> <li>● The quality of e-banking services in Algeria still needs to be improved.</li> <li>● I compare the electronic services offered by my bank, with those of others banks, and I see that they offer better services in terms of quality compared to my bank</li> </ul>

**Source:** By researchers, based on Nvivo10 outputs.



indispensable for the user's daily life, which is why they listed many advantages regarding electronic banking services, each according to their degree of usage and integrity in information systems. Example: *I can check my account and credit at any time, either from ATMs or from my smartphone or computer, and it is a real advantage.*

Ease of use of electronic banking services was mentioned by half of the interviewees, noting that this factor can contribute to users' intention to adopt e-banking, especially since respondents have varying degrees of IT proficiency. Therefore, it is justifiable that not everyone finds ease of use important when using e-banking services. For example, one respondent said, *"I find banking applications on my mobile very useful for daily life. It makes payment for products and services easier"*.

The concept of Trust was found to be very influential, as it was present in all randomly selected sentences and was mentioned by all interviewees. Some customers trust electronic banking services completely, while others prefer to be more cautious and have relative trust instead of complete trust. For example, one respondent stated, *"Trust for me is relative, I cannot completely trust electronic banking services"*.

### **Main theme 3: Electronic word of mouth (e-WOM)**

Called upon by "social media" in the interview guide to facilitate its perception, electronic word-of-mouth (e-WOM) was very significant for this study. Sometimes negative, sometimes positive, but most of the time, playing a mixed role, having both a positive and negative influence on electronic banking clients, and it varies depending on the personality or social orientation of the internet user. Example: *They have a very significant effect, whether positive or negative, I think that social media can influence e-banking users through all the stories we hear about on the internet regarding this kind of technology.*

However, besides the variables proposed in the theoretical model, we have identified other variables influencing customers to use electronic banking services in Algeria.

Costs and fees were very significant in our study. This variable was defined by (Nguyen et

al., 2019, p. 11) [63] as the level to which an individual believes that using e-banking will incur costs. Constantinides (2002), p. 8 [64] as the possible expenses associated with using ICT, namely equipment costs, access costs, and transaction fees. All interviewees mentioned bank charges (commissions, costs, fees, etc.) at least once. All respondents complained about the fees, sometimes called exorbitant, especially when the bank does not clearly communicate these fees and are automatically deducted during banking operations (transfer, withdrawal, etc.). In fact, one interviewee told us that he cancelled his bank account because of unclear commissions deducted from his account. Example: *I submitted a request to cancel my account because it generated many fees without being able to have a clear picture of these deductions.* These results are consistent with several studies in e-banking, such as Thanh D. Nguyen et al., (2019), p. 7 [65] study, in which perceived costs significantly affected the use of m-Banking. Also, in the study by Anouze & Alamro, (2020), p. 9 [66], reasonable prices, stand out as the barrier to intention to use e-banking services in Jordan.

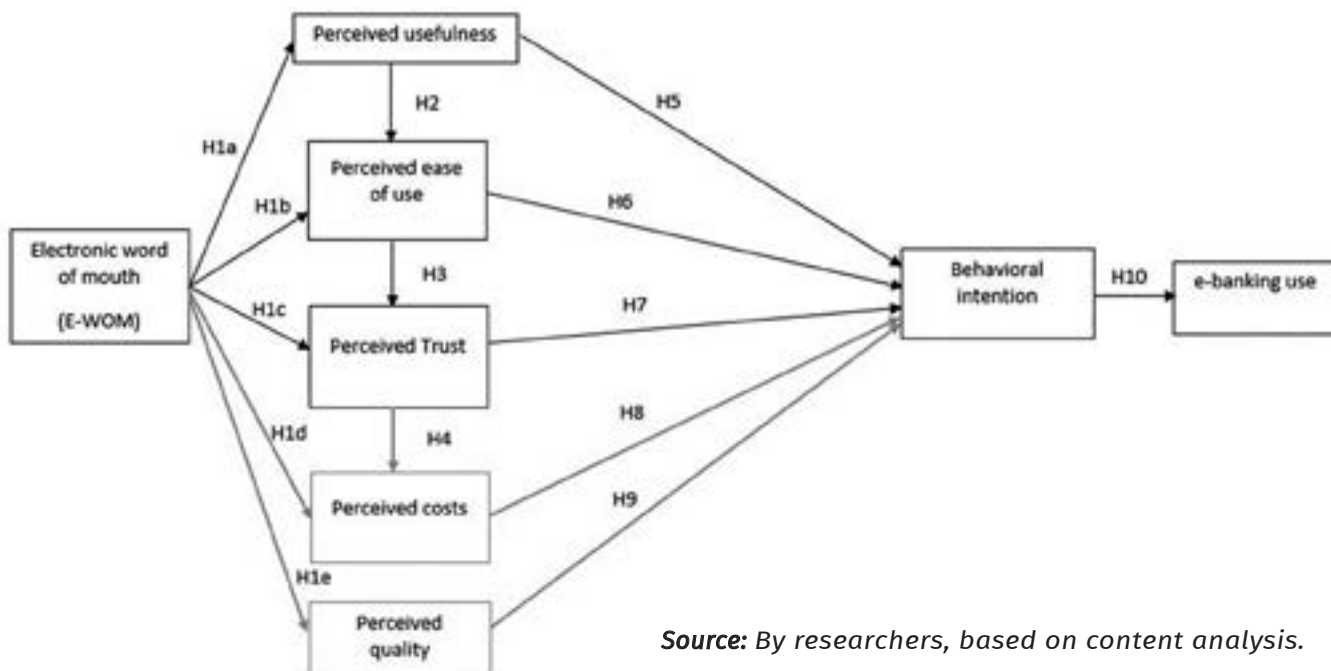
On the other hand, the qualitative analysis has highlighted the determinant of "Quality", which is a significant factor in the use of online banking services in Algeria. Example: *The quality of e-banking services in Algeria still needs to be improved.* It was defined by Venkatesh; Viaswanath & Davis; Fred D., (2000), p. 10 [67] as the degree to which an individual believes the system performs its tasks effectively. In Yaseen & El Qirem's (2018), p. 6 [68] study, perceived quality has a vital impact on the behaviour intention in an electronic context, which is adequate with our results. Similarly, Naik et al., (2010), p. 8 [69] found that dominant dimensions of service quality directly influence behaviour intention and consumer satisfaction (See Figure 2).

## **7. DISCUSSION AND IMPLICATIONS**

### **7.1. Discussion**

This qualitative study attempted to confirm the factors listed in the Technology Acceptance Model of Davis, (1989), and possibly discover oth-

FIGURE 2: STRUCTURAL MODEL



Source: By researchers, based on content analysis.

er factors influencing the adoption of electronic banking services among Algerian bank customers. Like other researchers, such as Thanh D. Nguyen et al., (2019), p. 9 [70] we confirm in our proposed model the influence of electronic word-of-mouth, perceived usefulness, perceived trust, and perceived costs on the use of electronic banking services by Algerian bank customers. However, perceived ease of use was found to be less influential among Algerian bank customers, unlike Salimon et al., (2017), p. 4 [71] study, which classified ease of use as crucial for use and considered banking services to be easy to use if the user expends little physical and mental effort compared to other proposed factors. Furthermore, our results were aligned with the findings of Salloum & Al-Emran, (2018), p. 11 [72], who were able to confirm the significant influence of perceived usefulness and perceived trust among electronic payment users. The results also support Kurnia et al., (2010), p. 7 [73] study conducted in China, which confirmed that customers' lack of trust seriously impedes the growth of e-banking.

Similarly, our results were in agreement with those of Petrović et al., (2021), p. 4 [74], who confirmed the influence of electronic word-of-mouth (eWOM) on the intention to use mobile banking.

The results of Luarn & Lin, (2005), p. 8 [75] like ours, also confirmed the influence of perceived costs on the intention to use e-banking. Based on an inductive qualitative survey conducted throughout Algeria, the results showed that using e-banking is determined by several factors. Such as the perceived ease of use adopted in the model, perceived usefulness adopted in the original TAM model by Davis et al., (1989), as well as perceived trust taken into account in several studies, such as Garín-Muñoz et al., (2019) p. 9 [76] study.

### 7.2. Academic implications

This study provides significant academic contributions to the literature on technology adoption and acceptance. Firstly, our study proposes an extended theoretical model that integrates a fusion of the Technology Acceptance Model and Theory of Planned Behaviour with the extension of two variables that we deemed potential: namely, e-WOM and perceived trust. All of these variables were tested on a sample of customers in the Algerian context as a developing country. Secondly, this study aimed not only to validate the proposed variables but also to open the field of appearance

to other variables that may be significant for Algerian bank customers, such as perceived trust and perceived costs. Thirdly and finally, our qualitative study adopted a thematic content analysis, which is a crucial tool for addressing many scientific questions in the field of ICT that may have been taboo for statistical analysis on the one hand and, on the other hand, to form a platform for a possible quantitative study in the same context.

### 7.3. Managerial Implications

On the managerial side, the findings will provide researchers with a broader view of factors that may influence the use of electronic services provided by Algerian banks. Important insights from this qualitative study have emerged, forming an ideal platform for future, more precise quantitative studies. Firstly, the perceived ease of use and perceived usefulness factors extracted from Davis' (1989) original TAM model were confirmed in this study for clients operating in a developing banking sector. These factors have a crucial impact on Algerian e-banking users. Perceived trust and perceived costs modified in the technology acceptance model have also proven their impact on the use of electronic banking services by Algerian clients. On the other hand, the electronic word-of-mouth (eWOM) factor was also deemed significant for e-banking users in Algeria. For IT managers, the results suggest studying the ergonomics of all available e-banking channels in the country and ensuring they are easy to use and useful for users. This can be achieved by launching demonstration campaigns through videos on banks' official websites, on social media, as well as in bank waiting rooms, and by investing in advertising in this sense. Secondly, Algerian clients will adopt e-banking services only if they believe they are equipped with all security measures. The lack of a reliable and robust system for managing financial transactions can affect clients' trust in this system. On the other hand, the Algerian banking sector must pay attention to the costs demanded from clients to benefit from the system, as this is a young society that is very careful about understanding and using IT. Finally, Algerian banks must take their interaction with clients on social media and all electronic platforms seriously, as

the influence of electronic word-of-mouth can be fatal for potential or prospective clients. Therefore, it would be clear to involve bank managers to salvage the image of the banks (GBADEBO, 2016, p. 3) [77].

## 8. LIMITATIONS AND CONCLUSION

Despite the interesting contributions this study provides, it is not without limitations. On the one hand, using qualitative survey data on a restricted number of respondents does not provide definitive evidence. Therefore, quantitative and longitudinal studies, which establish causality through the temporal precedence of constructs, are needed to justify the validity of the proposed model and the relationships among the constructs. On the other hand, the sample size of the qualitative study is relatively small; thus, a quantitative study is strongly recommended to boost the statistical power of the results (Champely & Verdot, 2007, p. 14) [78]. Finally, the data were collected in Algeria, and the generalizability of the results to other developing countries may be limited.

This study examined the factors that influence customers' use of electronic banking services in Algeria, namely ease of use, perceived usefulness, perceived trust, perceived costs, behavioural intention, and electronic word-of-mouth (eWOM). This paper proposes a modified model of the Technology Acceptance Model (TAM). The results and contribution open an interesting avenue for future research, particularly quantitative studies in Algeria and developing countries in general.

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# ANALYSIS OF THE RELATIONSHIP BETWEEN PRIVATIZATION, FOREIGN DIRECT INVESTMENT, AND ECONOMIC GROWTH IN AZERBAIJAN

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**Abstract:** The solution of the main problems of the innovative development of the national economy directly depends on the attractiveness of foreign investments. In this study, the relationship between privatization, foreign direct investment, and economic growth is examined. In the analysis part, fully modified Least squares (fmols) and canonical cointegrating regress (CCR) tests, which show the cointegration rate, causal relationship, and correlation, were applied for statistical data reflecting the annual time series between 1996-2021. According to the results of the study, according to the FMOLS test results, it was concluded that a 1 percent increase in GDP led to 1.924,866 percent in privatization, and a 1 percent change in privatization led to a 0.906129 percent change in GDP. It also found that a 1 percent increase in privatization led to a 0.080900 percent (0.1811919 percent per CCR) increase in foreign direct investment. According to the CCR test, a 1 percent change in foreign direct investment also led to a 0.893101 percent change in privatization.

**KEYWORDS:** PRIVATIZATION, FOREIGN DIRECT INVESTMENT, ECONOMIC GROWTH, FMOLS TEST, CCR TEST

## INTRODUCTION

The addressed topic is mostly relevant in post-Soviet and other countries where the state owns a large share of the economy. Studying the results of this process, conducted at a high rate in the former Soviet countries about 30 years ago, may create opportunities for generating new ideas and hypotheses for both economic science and appropriate political decision-making.

The key goal of privatization, i.e., transforming state property into private one, is to save finan-

cial resources and create a ground for more fruitful activity. Privatization as a way to implement economic reforms is a condition for strengthening the market mechanisms in the economic system. It increases the efficiency of the economy and the state budget revenues, creates conditions for healthy competition, and reduces the state's share and intervention in economic processes and the state's burden in business modernization.

Privatization creates opportunities for expanding the operation of market mechanisms in economic regulation by strengthening the role of



private property in the economic system. However, to ensure the desired outcome of this process, the country's institutional environment should meet many conditions.

How does privatization affect the inflow of foreign direct investment in technologically backward countries rich in natural resources? Can it support economic growth in the country?

The choice of Azerbaijan's economy as a research object to answer these questions is not accidental. One of the former Soviet republics, Azerbaijan, faced serious difficulties after gaining independence in 1991. The country commenced building a socially oriented market economy and started privatization. At that time, the country's foreign economic relations, determined by the communist ideology, were destroyed, and various areas of the economy experienced a sharp crisis. Processing and agrarian sectors suffered the most from such a situation. Considering that state bodies had neither formed market institutions nor regulatory experience at that time, we can say that in Azerbaijan, privatization proceeded under unique conditions. The almost non-existent government bodies could not provide businesses with the required support. The economic consequences of privatization under such conditions are of particular interest.

In this context, the research objective analyzed the relationship between privatization, foreign direct investment, and economic growth in Azerbaijan.

## LITERATURE OVERVIEW

The analysis of privatization and economic growth shows contrasting and sharply diverging results. These differences may be caused by the techniques implemented and the databases used. However, considering the fundamental differences in the institutional and economic structures of countries in the models may also significantly affect the relationship between privatization and growth.

The analysis of the relationship between FDI and economic growth using data from 2003 to 2009 for 129 countries has shown that it is in all countries. However, FDI contributes more to low-income countries than high- and middle-income ones (Jawaid and Raza, 2012) [1].

Another study analyzed the impact of foreign direct investment, portfolio investment, and the 2008 global financial crisis on economic growth in developing countries and its sustainability and found that foreign direct investment increased economic growth in developing countries. This result approves the policy of developing countries to increase and stimulate foreign direct investment. Portfolio investment with short-term capital inflow in developing countries was not found to be associated with economic growth. The exchange rate and unemployment are other factors affecting economic growth in developing countries. The exchange rate negatively affects economic growth. The appreciation of the exchange rate and the depreciation of the national currency led to worsening expectations and uncertainty in the economy (Kuzucu, 2018) [2].

Indicators for 1996-2020 and the Granger causality test were used to study potential long-term relationships between foreign direct investment (FDI), economic growth, and employment in Azerbaijan. The empirical results showed a lack of causality between foreign direct investments and economic growth in the analyzed period. The causal relationship between foreign direct investment and employment has also not been established. This lack of causality can be attributed to the focus of direct investment in Azerbaijan, mainly on sectors such as finance, communications, and transport, which have limited opportunities for creating jobs. A lack of a significant relationship is, therefore, not surprising. (Guliyeva, 2023) [3].

A panel econometric assessment of the impact of foreign direct investment (FDI) on economic growth in 19 Latin American countries provides strong empirical evidence that it is not statistically significant in the aggregate. However, this result varies depending on the country's development level. In highly developed countries, FDI positively and significantly impacts growth, while in upper-middle-income countries, it is uneven and insignificant. Finally, the impact is negative and statistically significant in lower-middle-income countries. Such results suggest that in Latin American countries, except for high-income ones, FDI is not an adequate mechanism to accelerate economic growth (Alvarado, Iñiguez, Ponce, 2017) [4].

The impact of foreign direct investment (FDI) on African economic growth was studied by processing

panel data for 1980-2009 for 50 African countries. It has shown that FDI inflows significantly affected economic growth in Africa. However, this impact has changed throughout the period. It was also found that although the low level of human resources did not limit the impact of FDI on economic growth, it was negative between 1980 and 1994 and positive between 1995 and 2009 (Gui-Diby, 2014) [5].

The impact of FDI on economic growth was analyzed using a threshold regression model in the example of sub-Saharan African countries. The FDI inflow limit per capita was found to be approximately \$44.67 per year. To have a significant FDI impact on economic growth, countries should have the minimum opportunity to assimilate the FDI benefits. E.g., the technology gap between foreign and domestic enterprises should be at least 0.6904. Thus, reaching the FDI threshold is required but insufficient for economic growth. Some countries use tax incentives to increase FDI inflows. It is argued that such incentives can be inefficient when low FDI inflows. Estimates of FDI coefficients below the minimum threshold are negative, meaning that the high costs of such incentives outweigh the potential benefits of FDI's direct contribution to economic product and distribution (Asafo-Agyei and Kodongo, 2022) [6].

Empirical data on the relationship between foreign direct investment (FDI) and economic growth suggests a bidirectional causality. Processing data on FDI and economic growth for 1971-2010 for 124 countries shows positive and negative relationships between FDI and economic growth. The labour force, open trade, and economic freedom are the major determinants of the impact of FDI on economic growth (Iamsiraroj, 2016) [7].

Data for 1970-2019 and 2 estimation techniques (OLS and WLS) were used as part of the Cobb-Douglas production model to assess foreign direct investment's impact on Albania's economic development. The study results show that, except for employment, FDI does not affect Albania's economic development, but when evaluated by the WLS technique, it has a direct positive effect on economic development. In striving for high economic development, Albania should increase its investments and create favourable conditions for attracting foreign direct investment to ensure long-term economic progress (Brahimi, 2022) [8].

## **BRIEF DESCRIPTION OF PRIVATIZATION AND FOREIGN DIRECT INVESTMENT IN AZERBAIJAN**

In the early days after 1991, when the Republic of Azerbaijan declared its independence, the agricultural structures and processing industry facilities forming the starting point of the national economy were virtually state-owned. Under these conditions, transferring those enterprises to the private sector to stabilize, liberalize, and improve the economy has become important from the development standpoint.

In 1992, the institutional framework of privatization was created with the approval of the Charter of the State Property Committee. The development of the State Program for Privatizing State Property in the Republic of Azerbaijan in 1995-1998 accelerated these processes. Adopting the Presidential Decree On Approving Some Regulatory Documents for Privatizing State Property in 1996 documented the regulatory legal framework of privatizing state property.

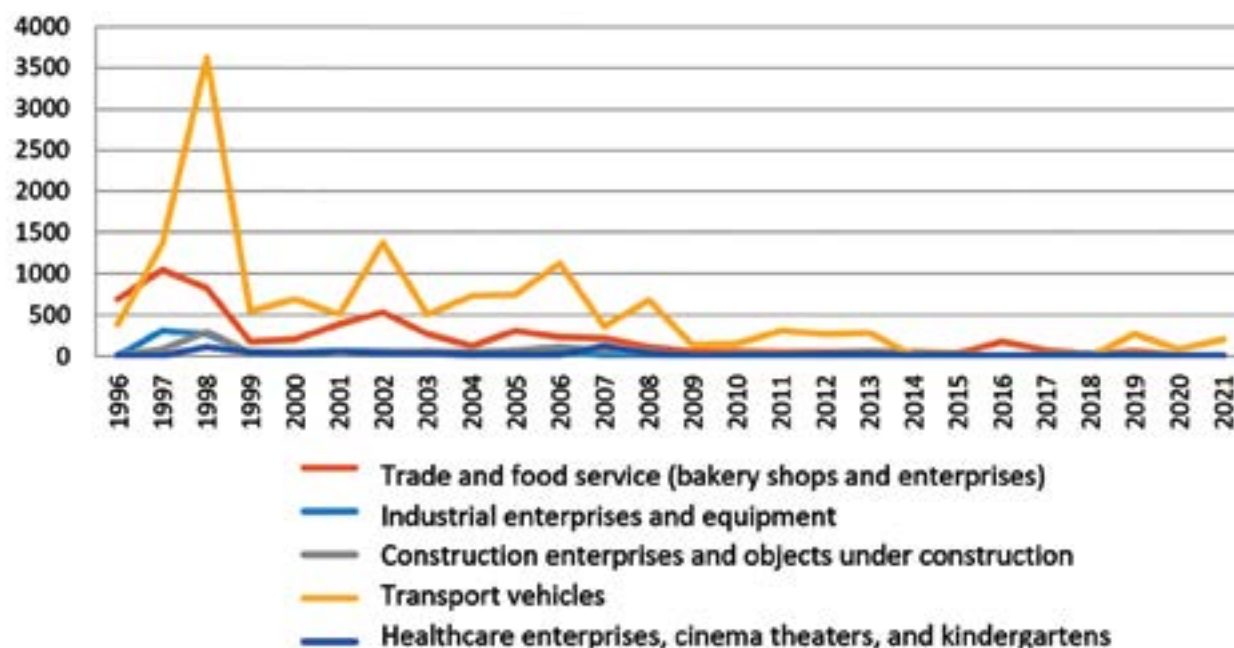
In Azerbaijan, privatization started much later than in other post-Soviet countries. Privatization preparations in Azerbaijan can be divided into two important stages, namely, the arrangement and use of the conceptual-legal system. The period up to 1996 can be specified as a preparatory stage and considered the start of privatization. At this stage, along with creating the concept of privatization, the latter was performed in the transport, passenger carriage, trade, and catering sectors.

In the second privatization stage, by 2002, many large and medium businesses were privatized. In both stages, the key reason for privatization was to ensure the integration of the administrative framework into private ownership to accelerate the transition to a model economy. An army of entrepreneurs emerged during this period, irrespective of the property owner.

From the start of privatization to 01.01.2003, 36,869 small enterprises, facilities, and other equipment were privatized for a total value of AZN 110.0 mln (SSCAR, 2023) [9].

The inflow of additional funds in the state budget can be evaluated as a positive impact of privatization on the economy. Attracting foreign investors to privatize medium and large businesses was also important to ensure their sustainable,

**TABLE 1. DISTRIBUTION OF PRIVATIZED SMALL STATE ENTERPRISES AND FACILITIES BY YEARS AND SECTORS**



Source: State Service for Property Issues under the Ministry of Economy of the Republic of Azerbaijan [10]. <https://emlak.gov.az/page/view/19>

productive and developed activity.

Table 1 provides appropriate indicators of the distribution of privatized small state enterprises and facilities by years and sectors required for the analysis.

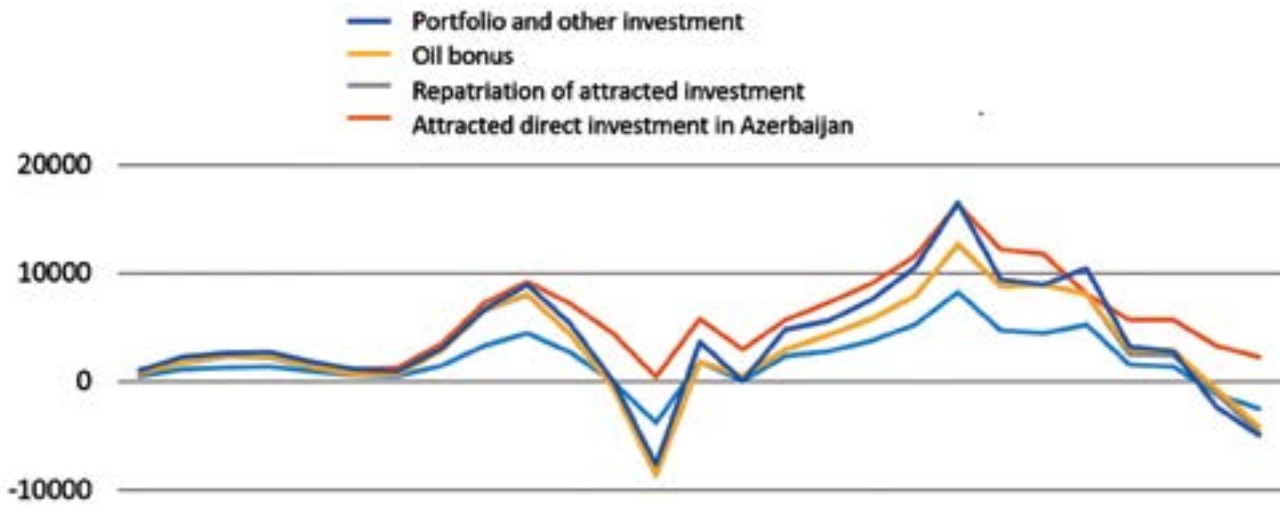
Foreign investment is also associated with using the country's potential resources. When considering the available resources, we can see the need for long-term support from the regions that require speculation to improve production. In this regard, for local markets with great development prospects, the lack of technical innovations and the effective use of this potential are among the critical issues for promoting foreign investment in the country. On the other hand, attracting foreign investments is fruitful in terms of the impact on the country's economy. Thus, the investment inflow mainly directed to the manufacture of products imported into the country will simultaneously improve the competitiveness, material well-being, employment, and the development of regional infrastructure in the country. Herewith, the attraction of direct foreign investment in the country's economy to manufacture import-substituting products may reduce prices. Building a strong

economy and decentralizing it will encourage the creation of relations with large regions in various fields. When attracting FDI to import-substituting products, the production components, innovative methods, efficiency, and generational similarity of the manufactured product should be considered. The Azerbaijan Export and Investment Promotion Foundation (AZPROMO), established in 2003, deals with attracting FDI. The key areas of AZPROMO's activity are (<https://azerbaijan.az/en/information/408>): [11].

- Development of the country's new image;
- Provision of diverse services to local and foreign investors;
- The attraction of investors and negotiating with them;
- Creation of a database on investment and export opportunities;
- Exploring the export potential of the Azerbaijani market in the area of regional trade;
- Provision of consultancy and marketing research services to export-oriented companies;
- Spreading the "Made in Azerbaijan" trademark internationally.

TABLE 2.

**Foreign Direct Investments**



Source: State Statistics Committee of the Republic of Azerbaijan, <https://www.stat.gov.az> [9]

Statistical indicators of FDI in Azerbaijan for 1995-2021 are given in Table 2 (mln USD).

Several studies are devoted to the impact of other regulatory measures required to achieve the desired privatization results in Azerbaijan. Seyfullayev (2020 and 2022) [12], [13] obtained empirical data proving that the internal market protection and open trade policy are not satisfactory for the development of the country’s non-oil sector. The country’s current financial sector development level cannot give positive impulses for the processing industry development (Seyfullayev and Seyfullali, 2023) [14]. Despite positive relations found between some components of the state’s fiscal policy and the development of the non-oil sector, the benefits above were mainly manifested in non-commercial areas (Mammadov and Ahmadov, 2021 [15], Mukhtarov, S., Humbatova, S. and Seyfullayev, I. (2019) [16], Aliyev & Mikayilov, 2016 [17]).

**DATA AND METHODS**

Statistical data on privatization, FDI, and economic growth in Azerbaijan for 1996-2021 were used herein. The privatization, FDI, and economic growth (annual GDP growth) data used herein were obtained from, respectively, the State Property Committee of the Republic of Azerbaijan (SP-CRA, 2023), the State Statistics Committee of the

Republic of Azerbaijan (SSCAR, 2023), and the World Bank database (WB, 2023) [18]. The estimation model used herein is shown in the forms (1), (2), (3), (4), (5), and (6):

**A regression model of the relationship between GDP, FDI, and privatization**

(Khasanah, Ulfatun, Abdul Karim and Indah Manfaati Nur. “Pemodelan produk domestik regional bruto (pdrb) provinsi jawa tengah dengah pendekatan spasial autoregressive model panel data”. Prosiding seminar nasional and internasional, 2017) [19].

$$Y_{it} = \alpha + \beta_1 X_{it} + \epsilon_{it},$$

Y<sub>it</sub> - dependent variable

α - intersection

β<sub>1</sub> - independent variable slope

X<sub>it</sub> - independent (explanatory) variable

ε<sub>it</sub> - over (error)

**Analyzing the Relationship between Privatization, FDI, and Economic Growth analytical regression model.**

$$GDP_{it} = \alpha + \beta_1 PRIV_{it} + \epsilon_{it} \quad (1),$$

$$PRIV_{it} = \alpha + \beta_1 GDP_{it} + \epsilon_{it} \quad (2),$$

$$PRIV_{it} = \alpha + \beta_1 FDI_{it} + \varepsilon_{it} \quad (3),$$

$$FDI_{it} = \alpha + \beta_1 PRIV_{it} + \varepsilon_{it} \quad (4),$$

$$GDP_{it} = \alpha + \beta_1 FDI_{it} + \varepsilon_{it} \quad (5),$$

$$FDI_{it} = \alpha + \beta_1 GDP_{it} + \varepsilon_{it} \quad (6).$$

### Evaluation of econometric methods and results

Herein, the time series stationarity analysis was performed using the Augmented Dickey-Fuller (ADF) unit root test developed by Dickey and Fuller (Dickey & Fuller, 1981) [20]. The following formula was used in this analysis.

$$\Delta Y_t = \beta_1 + \beta_2 t + \delta Y_{t-1} + \alpha_i \sum_{i=1}^m \Delta Y_{t-i} + \varepsilon_t \quad (3)$$

In this formula,  $\Delta Y$  is the 1<sup>st</sup> differential of the variable tested for stability,  $t$  is the common trend variable, and  $\delta Y_{t-1}$  is the lagged difference terms. The reason for adding the lagged difference terms is to ensure sequential independence of the error terms. To obtain normal results from the ADF test, the estimated model should not have a sequential independence problem. The lag expressed as  $k$  in the formula is determined using the Akaike or Schwarz criteria. To perform the cointegration test, the sequences used should be stable, therefore, the unit root test was implemented. Thereby, the variable stability has been analyzed. Table 3 shows the unit root test results for the analyzed variables.

TABLE 3a. UNIT ROOT TEST RESULTS (ADF)

AT LEVEL				
		PRIV	FDI	GDP
With Constant	t-Statistic	-2.4822	-1.7745	-1.5360
	Prob.	0.1330	0.3833	0.4980
		no	no	no
With Constant & Trend	t-Statistic	-2.4612	-2.6772	-1.5697
	Prob.	0.3417	0.2543	0.7734
		no	no	no
Without Constant & Trend	t-Statistic	-1.1606	-0.2952	-0.4939
	Prob.	0.2170	0.5688	0.4910
		no	no	no

GRAPH 1. UNIT ROOT TEST RESULTS CHART

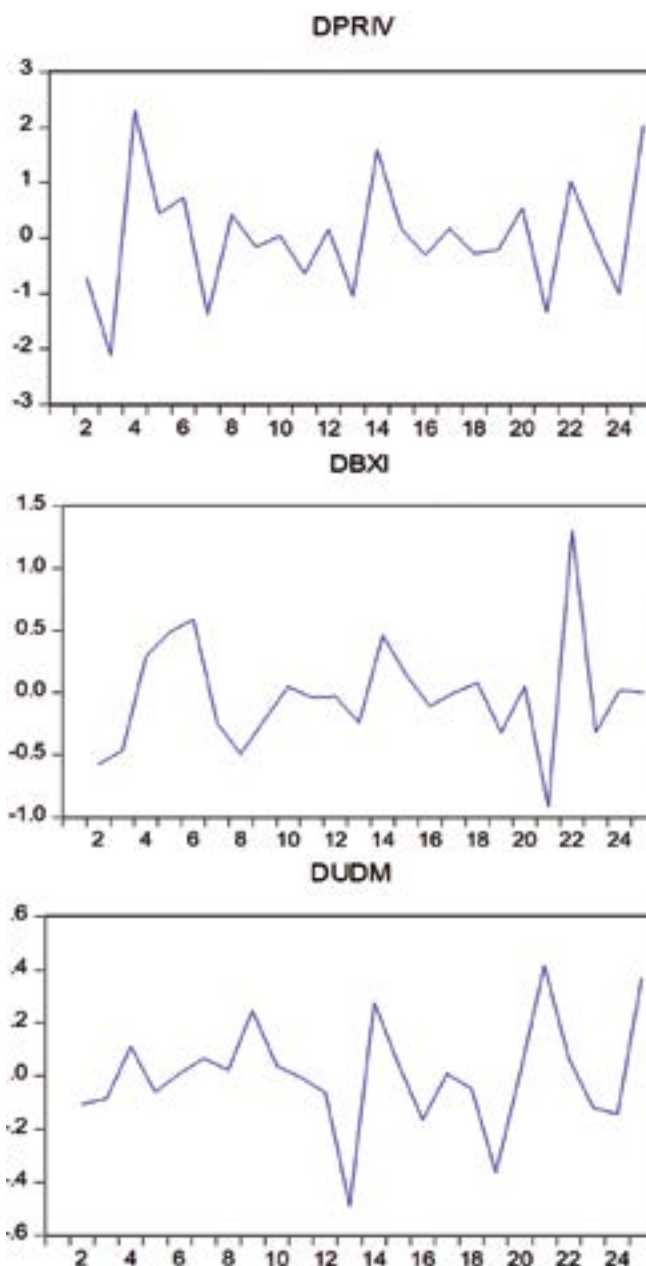


TABLE 3b. UNIT ROOT TEST RESULTS (ADF)

AT FIRST DIFFERENCE				
		DPRIV	DFDI	DDGP
With Constant	t-Statistic	-5.8535	-6.1006	-4.7745
	Prob.	0.0001	0.0000	0.0011
		***	***	***
With Constant & Trend	t-Statistic	-5.7723	-5.9375	-4.6340

	Prob.	0.0006	0.0004	0.0067
		***	***	***
Without Constant & Trend	t-Statistic	-6.9196	-6.2501	-4.9196
	Prob.	0.0000	0.0000	0.0000
		***	***	***

Note: (\*) Significant 10 percent; (\*\*) Substantial 5 percent; (\*\*\*) Means 1 percent significant and (none) Means not significant.

GRAPH 2. UNIT ROOT TEST RESULTS CHART

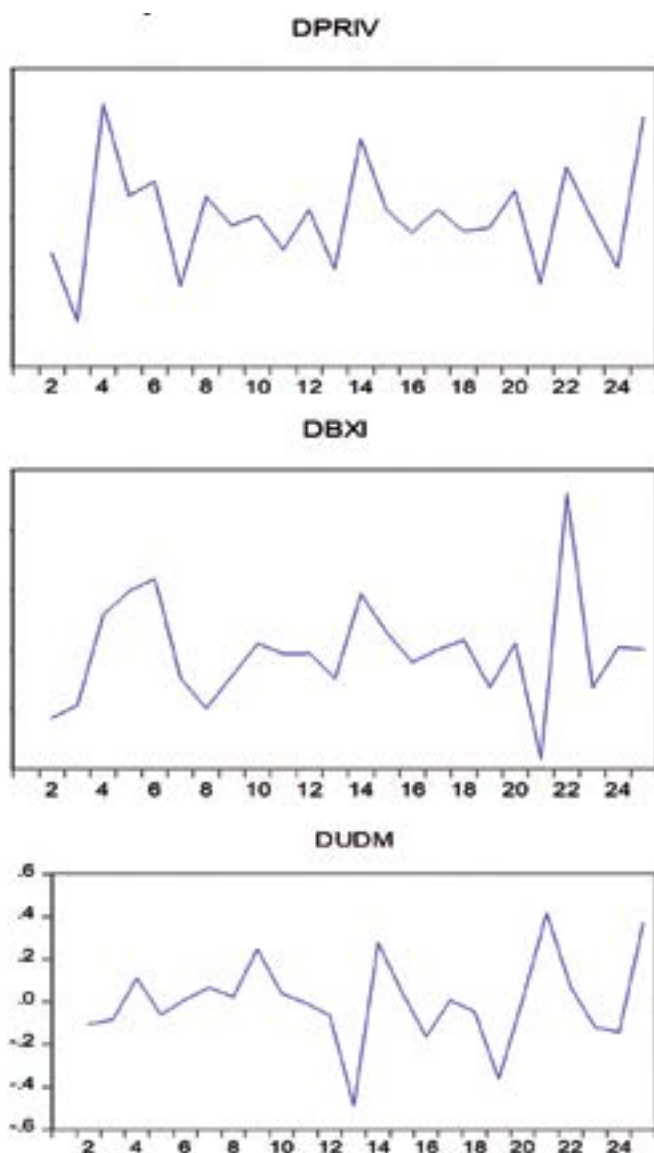


Table 1a and Graph 1 show that the analyzed variables are unstable at a certain level. The sequences had to be stabilized by obtaining the first

differential and solving the unit root problem. Table 1b and Graph 2 show that the obtained data are stable at the first differential and 1% significance level. For privatization, FDI, and economic growth sequences, the Dickey-Fuller test shows their stability at the first level since the probability equals 0, and the critical values are smaller than the respective ADF test results. After checking the stability of the analyzed sequences, a cointegration test should be performed to determine the availability of a long-term relationship. The cointegration test examines whether multiple variables are interrelated. If this test shows a cointegration (i.e., variables change together over a long term), the cause-and-effect relationship is confirmed. The cointegration test checks the relationship between two nonstable time series. Two or more time series can be considered cointegrated if their linear combinations are stable, even though they are nonstable themselves. Johansen Cointegration Test was developed to check the existence of a long-term relationship between variables. Table 4 provides the Cointegration Test results for the privatization and FDI series.

Table 4 shows that there is a cointegration equality between the privatization and FDI variables at 1% significance levels for both Trace and Maximum Eigenvalues. This allows for drawing the conclusion that there is a long-term relationship between privatization and FDI.

Table 5 shows the Johansen Cointegration Test results for the privatization and economic growth series.

Table 5 shows that there is a cointegration between privatization and economic growth variables at 5% and 10% levels for Trace values and at 10% level for Maximum Eigenvalue. These results allow for drawing the conclusion that there is a long-term relationship between privatization and economic growth.

Table 6 shows the Johansen Cointegration Test results for FDI and economic growth series.

Table 6 shows the cointegration relationship between FDI and economic growth at 1 percent and 10 percent significance levels for the tracking value and 10 percent for the Maximum Eigenvalue. According to this result, there seems to be a long-run relationship between FDI and economic growth. Estimates of long-run coefficients due

TABLE 4. RESULTS OF THE JOHANSEN COINTEGRATION TEST ON PRIVATIZATION AND FDI.

TRACE TEST	EIGEN VALUE STATISTICS	TRACE STATISTICS	A CRITICAL VALUE OF 5 PERCENT	PROBABILITY
None *	0.779330	41.99815	15.49471	0.0000
At most 1 *	0.386655	10.26537	3.841466	0.0014
MAXIMUM EIGEN VALUE TEST	EIGEN VALUE STATISTICS	MAX-EIGEN STATISTICS	A CRITICAL VALUE OF 5 PERCENT	PROBABILITY
None *	0.779330	31.73278	14.26460	0.0000
At most 1 *	0.386655	10.26537	3.841466	0.0014

TABLE 5. RESULTS OF THE JOHANSEN COINTEGRATION TEST ON PRIVATIZATION AND GDP

TRACE TEST	EIGEN VALUE STATISTICS	TRACE STATISTICS	A CRITICAL VALUE OF 5 PERCENT	PROBABILITY
None *	0.481629	16.78238	15.49471	0.0318
At most 1 *	0.132463	2.984043	3.841466	0.0841
MAXIMUM EIGEN VALUE TEST	EIGEN VALUE STATISTICS	MAX-EIGEN STATISTICS	A CRITICAL VALUE OF 5 PERCENT	PROBABILITY
None *	0.481629	13.79833	14.26460	0.0591
At most 1 *	0.132463	2.984043	3.841466	0.0841

TABLE 6: RESULTS OF THE JOHANSEN COINTEGRATION TEST FOR FDI AND GDP

TRACE TEST	EIGEN VALUE STATISTICS	TRACE STATISTICS	A CRITICAL VALUE OF 5 PERCENT	PROBABILITY
None *	0.468041	17.17237	15.49471	0.0277
At most 1 *	0.138752	3.286195	3.841466	0.0699
MAXIMUM EIGEN VALUE TEST	EIGEN VALUE STATISTICS	MAX-EIGEN STATISTICS	A CRITICAL VALUE OF 5 PERCENT	PROBABILITY
None *	0.468041	13.88617	14.26460	0.0573
At most 1 *	0.138752	3.286195	3.841466	0.0699

TABLE 7. FMOLS AND CCR TEST RESULTS

$\text{GDPit} = \alpha + \beta_1 \text{PRIVit} + \epsilon_{it}$ $\text{PRIVit} = \alpha + \beta_1 \text{GDPit} + \epsilon_{it}$ $\text{PRIVit} = \alpha + \beta_1 \text{FDIit} + \epsilon_{it}$ $\text{FDIit} = \alpha + \beta_1 \text{PRIVit} + \epsilon_{it}$ $\text{GDPit} = \alpha + \beta_1 \text{FDIit} + \epsilon_{it}$ $\text{FDIit} = \alpha + \beta_1 \text{GDPit} + \epsilon_{it}$				
Variables	Coefficient	Standard error	t-statistic	Probability value
FMOLS GDP → PRIV	1.924866	0.732670	2.627195	0.0157
FMOLS PRIV → GDP	0.906129	0.386596	2.343866	0.0285
FMOLS PRIV → FDI	0.080900	0.032300	2.504651	0.0206

FMOLS FDI → PRIV	0.007561	0.096930	0.078005	0.9385
FMOLS GDP → FDI	0.130425	0.077549	1.681840	0.1074
FMOLS FDI → GDP	-0.049169	0.446229	-0.110188	0.9133
CCR GDP → PRIV	1.839495	1.078867	1.705026	0.1029
CCR PRIV → GDP	0.098310	0.057010	1.724442	0.0993
CCR PRIV → FDI	0.181919	0.134410	1.353466	0.1903
CCR FDI → PRIV	0.893101	0.438463	2.036893	0.0539
CCR GDP → FDI	0.043941	0.655920	0.066991	0.9472
CCR FDI → GDP	0.014582	0.103967	0.140254	0.8897

to the cointegration relationship for the 6 models considered in the analysis are presented in Table 7 in the form of FMOLS and CCR test results.

According to the FMOLS and CCR test results given in Figure 7, the positive privatization, foreign direct investment, and economic growth coefficients indicate a positive relationship between these variables. According to the FMOLS test, a 1% change in GDP causes a change in privatization by 1.924866% (an estimate according to CCR does not confirm the effect). Likewise, a 1% change in privatization leads to a 0.9061295% change in GDP (an estimate according to CCR does not confirm the effect).

According to the FMOLS test, a 1% change in privatization causes a 0.080900% change in FDI (an estimate according to CCR does not confirm the effect). However, for FDI, estimates according to FMOLS and CCR confirm the effect. The aforementioned FMOLS and CCR tests do not confirm the relationship between GDP and FDI.

## CONCLUSION

This analysis examines the relationship between privatization, FDI, and economic growth. FMOLS and CCR tests providing cointegration, causality, and correlation coefficients were performed for the data's annual time series for 1996-2021. According to the FMOLS test, a 1% change in GDP increases privatization by 1.92%, and a 1% change in privatization increases GDP by 0.9%. According to the FMOLS test, a 1% increase in privatization leads to a 0.08% growth in FDI.

The study shows that GDP growth has a greater impact on privatization, which, in turn, leads to

greater market efficiency, and the demand for privatization rises with expanding economic growth. Although privatization has led to positive changes such as improved management, reduced bureaucracy, and increased market efficiency, it has a relatively slight impact on FDI inflows. Studying the impact of political stability, infrastructure development, market volume, and other regulatory instruments on attracting foreign investment in the country's non-oil sector may create opportunities for obtaining more coherent arguments.



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# INFORMATION WAR – INTERNATIONAL SECURITY DILEMMA IN THE MODERN WORLD

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**Abstract.** In the modern world, in the field of international security, one of the important challenges is the information war. On the other hand, information is a universal and cheap weapon with a limitless scope and high efficiency. Therefore, it can be more dangerous than any conventional means of warfare. During its implementation, the attacking side achieves the desired outcome through the psychological manipulation of common beliefs. During the last ten years, the rate of disinformation has increased sharply. Also, propaganda, espionage, uncontrolled dissemination of state secrets and personal information, massive cyber-attacks and so on. Both states and terrorist organizations use such mechanisms. Today, the most functional means of information in this field are used by terrorist organizations, which often use social media to recruit so-called “Islamic Fighters” and lay out fundamentalism. Cooperation at the international and regional levels is important in fighting cybercrime and protecting critical information infrastructure. For this purpose, within the framework of the Council of Europe, the European Union, the United Nations, NATO, and other international organizations, it carries out active activities on cyber security topics. In addition, protecting against cyber intrusion, even on a small scale, is in the country’s national security interests, and it is crucial to involve each state in the proceeding discussion about information warfare.

**KEYWORDS:** INFORMATION WAR, INTERNATIONAL SECURITY, “ISLAMIC STATE”

## INTRODUCTION

In the modern world, in the field of international security, one of the important challenges is the information war. In its broadest sense, information war is a fight through information to gain a specific advantage. Over the past few decades, the rapid growth of information and communication technologies and their increasing distribution have significantly increased the importance and

consequences of information warfare. In the 21<sup>st</sup> century, in the conditions of broken boundaries between war and peace, the escalation of conflict, according to the causes and features of detection, is significantly related to information. Information conflicts, in terms of a general theoretical approach, are recognized by specialists in the field as one of the five main types of conflict, the origin of which is related to the scarcity-abundance of information, disinformation, and propaganda, and

it can be equally dangerous in a closed totalitarian as well as in a democratic society.

This is unequivocally confirmed by the current political processes in the world (Jorbenadze, 2001, 31) [1].

## MAIN PART

Information warfare is a modern concept that uses information technology to gain an advantage over an adversary. Current events in the world have made it clear how vulnerable this or that society can be in the case of information manipulation and how public opinion changes under the conditions of information management.

Because information is a universal and cheap weapon, with an unlimited area of action and high efficiency, it can be a greater threat than any traditional means of war. At first glance, it does not bring devastating results from a physical point of view, such as is inevitable in the case of an armed conflict. Still, the success of information warfare is mainly expressed in the fact that, during its implementation, the attacking party can crack the opponent's institutional structure and universally recognized fundamental values, confuse them and limit the truth. And lie between reality and illusion to achieve the desired result by psychologically manipulating public opinion. However, there are more active methods in the information warfare framework; the initiating party has various means to fulfil the set goal. These are:

1. 1) Cyber-war (cyber-attack) – “the action of a state-nation aimed at penetrating the computer network of another state, to cause damage to the latter or to completely disable it”. In other words, it is a complex of offensive measures carried out in cyberspace or by several states and directed against another state or international non-state entity;
2. 2) Cyber-terrorism, which is used by terrorist organizations in cyberspace and is directed against the national security of the country;
3. 3) Anti-cyber-terrorism, used against terrorist organizations and carried out in cyberspace;
4. 4) Cybercrime is used by various criminals or transnational groups, during which cyberspace is used for theft, information theft, fraud, etc. Sh. Their objects can be both individuals and large companies. Its purpose is to obtain economic profit;
5. 5) Anti-cyber crime includes protective measures by state law enforcement or private individuals and companies against cyber criminals (Svanadze, 2015: 20-21) [2].

The information war consists of two main stages: a) the information-psychological period, which takes place in the conditions of information competition, continuously and affects the armed forces of the opponent, the population, and political and intellectual elites; b) the information-technological period, which is activated directly during hostilities. In this case, information is collected, processed and transmitted to achieve specific tasks, including illegal methods. Of course, one-time actions cannot achieve the result, and the system must operate continuously for years with sensitive topics identified by the special services, which are precisely selected for the target groups (Khidasheli, 2017: 7) [3].

The following groups can be singled out as initiators of the information war:

- National subversive groups;
- National and transnational criminal groups (Mafia, Yakuza, Triad, Camorra);
- Terrorist organizations;
- Multinational companies with their financial means;
- Companies with foreign capital;
- Extra-parliamentary opposition groups (right-wing extremists, xenophobic groups);
- Religious sects;
- Hacker groups;
- Other state and national military-political, as well as financial associations;
- Associations, foundations, non-profit organizations;
- Non-governmental and international organizations;
- Political organizations and trade unions;
- State institutions (Svanadze, 2015: 21-22).

The unprecedented scale of the scientific and technical field development led to opportunities for introducing new technologies, which do not

always serve to create public good. Moreover, if they are used for an irrational, destructive purpose, the world’s superpowers and international organizations become vulnerable. Understanding this threat forced the leading actors of modern international relations to name cyber and hybrid threats as the main challenge for the organization’s member states at the 2016 NATO Warsaw Summit (Warsaw Summit Communiqué, 2016) [4].

methods are used by both states and terrorist organizations, and in this way, Russia launched active attacks against Georgia during the 2008 war (Gotsiridze, 2019) [5]. However, when it comes to talking about Russia in the named context, special attention is drawn to the events that developed around the US presidential elections. The reports developed as a result of the investigation, together with the statements made by Donald Trump, completely overshadowed the list of cases that the Russian side conducted even against Ukraine or Georgia. In the presidential elections of the United States of America, he tried to help a specific presidential candidate win by means of internet manipulations, information propaganda and cyber attacks, which is confirmed in the reports of the US Central Intelligence Service (Entous, 2016) [6].

Today, the most active means of information used by terrorist organizations, which are the so-called Social media such as Facebook and YouTube, are often used to recruit “Islamic fighters” and spread fundamentalism. Terrorist organizations also create special pages blogs, where they spread extremist materials and ideas, engage in propaganda, and publish photo and video material depicting terrorist activities carried out by them, thus successfully sowing panic among the population and directly in those specific individuals, financial institutions or political organizations. against which the mentioned list of actions is directed. In 2015, a series of terrorist attacks in Paris was preceded by a series of no less large-scale cyber attacks, the targets of which were both state and private organizations. In addition, the companies whose activities were connected to France and French companies in various ways became the objects of active hacking attacks. Groups suspected of cyber terrorism: “the Middle Eastern Cyber Army” (the Middle Eastern Cyber Army – MECA), Fallaga Hackers Team and Cyber Caliphate. According to The National Interest, the Cyber Caliphate is linked to the so-called “Islamic State” (ISIS) (King, 2015) [7]. In the last decade, especially in Syria, since the intensification of hostilities and the emergence of the so-called “Islamic State” ISIS, the number of cyber attacks has practically doubled. For example, from the reality of our country, we can name the activation of the terrorist organization ISIS in the Georgian Inter-

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**“იმართლეთ აღლასის გზაზე თქვენი ქონებით და სულეებით”**

მომხმარებელი მშობრული ხალხის იმართების ასე მარა-აღსაღიდავი აღ-ქვენი აღ-ვერების ახალი მშობრული (ქრისტიანული) სახელთა აღლასისა, მონგაღისა, მწგაღობისა. ...შეშევა.

ღურთისა თქვა: “ იმი, თქვენივე საძულველი რომ იყო, მანვე საგაღდებელი გახდა თქვენი. ” [2:216]  
ამვე ღურთისა თქვა: “ და, იმართლოს აღლასის გზაზე იმართ, რომელიც ამტვენივი ცხოვრებით, იმტვენივი ცხოვრების ვიდულოვნ და ვინც იმართლოს აღლასის გზაზე და მშევეც ფაილასის (დაევეც) ან გაიმარტვის, სულ მალე ჩვენ მას ვეშოვებთ ვიოდეს საზღაფისა ” [4:74]  
ამვე ღურთისა თქვა: “ ჰე, თვევენ, რომელიც იმშენეთ! რა გეშაროვებთ თვევენ, როცა მოცროდებენ აღლასის გზაზე საბრძოლველად, წელს რატომ ითრევეთ ფედასინანვე, წელი ამტვენივი ცხოვრება არმავთ იმტვენივი? არადა მშენეთ ცხოვრების ხეტკობა მალან ამბინტელია იმტვენივირთის შედარებით! ” [9:38]  
-მშენებეთ! რომლებიც ცნაფიოდებთ ხართ აღლასისა როგორც ვეღის, იღლასისა როგორც რეღაფის, მუკამშენეთ (ღურთისა დალოცის აფა) როგორც ღურთისა შეამბელის, რომლებიც მონშინით რომ არ არმებთმს ღუთავა გარდა აღლასისა და რომ შეკამშენეთ მში შეამბეღლა.  
თვევენ არ მოცროდებთ ზეარს სიფევა ხაფის გარებუ და არ არის რმშენა ხაფის გარებუ, და თუ ხართ მართლეს თვევენ რმშენას უნდა ფაეშორილოთ აღლასის მრამშენას.

Although modern technologies are the greatest achievement of the civilized world, we cannot ignore the problems related to technological progress. Over the last decade, the rate of disinformation spread through the Internet has increased significantly. Also, propaganda, espionage, uncontrolled dissemination of state secrets and personal information, massive cyber-attacks and so on. Such

net space in 2015 and the creation of a page by it, which served to implement all the goals named above. The website was saturated with various types of information, such as a propaganda photo gallery, official appeals to Georgian Muslim youth to join the fighting activities carried out by the Islamic State, letters from various members of the terrorist organization, and video materials depicting scenes of execution of opponents. It should be noted that the site only existed for a few months and later, Georgian special. It was blocked as a result of the services.

Cooperation at the international and regional level is of great importance in fighting cybercrime and protecting critical information infrastructure. Similar cooperation in cyberspace protection includes international and regional conventions, forums, organizations and alliances, meetings and discussions, joint resolutions, decisions and recommendations, and directives. Within the framework of the Council of Europe, the European Union, the United Nations, NATO, and other international organizations, it carries out active activities on the topic of cyber security. In addition, protecting against cyber intrusion, even on a small scale, is

in the country's national security interests, and it is important to involve each state in the ongoing discussion about information warfare.<sup>1</sup>

## CONCLUSION

In the end, we can conclude that the threats caused by the information war equally threaten the Internet space, both locally and internationally, which creates a great challenge in terms of international security. Cyberspace is less secure, and therefore, the number of cybercrimes is increasing irreversibly. In such a situation, great importance is attached to cooperation at the regional and international levels, the direct purpose of which is developing a common defence mechanism. In addition, efforts by the state to raise public awareness in this area are equally important, as they will reduce risks at the local and global levels.

1 Author's note: The site is currently blocked in response to threats from the Georgian government and the named materials are no longer searchable – <https://xalifati.files.wordpress.com>

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**გლობალურ სივრცეში  
ბიზნესის მართვის თეორიულ-  
მეთოდოლოგიური და  
პრაქტიკული საკითხები**

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**THEORETICAL-METHODOLOGICAL  
AND PRACTICAL ISSUES OF BUSINESS  
MANAGEMENT IN THE GLOBAL SPACE**





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# FUNDING OPPORTUNITIES FOR INNOVATIVE ENTREPRENEURSHIP IN GEORGIA

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**Abstract.** In the modern world, innovative business is an opportunity to implement new ideas and introduce innovation. The entrepreneurial sector contributes to the introduction and development of modern business. Financing mechanisms are the most important obstacle to innovative activities in small and medium-sized enterprises. The paper's main goal is to determine the possibilities of access to finance, the ways of obtaining financing, and the challenges of innovative entrepreneurs. To evaluate the impact of private and state support programs in creating an innovative product. The work discusses the essence of innovation and the subjects of innovative activity. It is about all the necessary information an entrepreneur needs to create an innovative product. Attention is also focused on the importance of private and state programs in financing. The work is also based on qualitative research, identifying factors hindering access to finance.

The paper outlines ways and perspectives of access to finance. In the future, paying more attention to both the private sector and the state is necessary. Because creating innovation is their common interest. The government of Georgia needs the right policy and priority directions. In particular, the establishment of tax benefits and preferential loan conditions. It is important to raise education and awareness in society in the direction of entrepreneurship. The obtained results will allow us to measure the effectiveness of the support programs. Conclusions on the optimization of innovative entrepreneurship are formulated.

**KEYWORDS:** ACCESS TO FINANCE, INNOVATION, ENTREPRENEURSHIP, EMPLOYMENT, PRIVATE AND PUBLIC PROGRAMS

## INTRODUCTION

In the modern world, innovative business is an opportunity to implement new ideas and introduce innovation. There is no recognized definition of the term “innovative entrepreneurship” in the world today. But it means innovation, which

depends on four main factors – new ideas, people, transactions and institutional context. Innovation is also defined as an experiment in market changes. Which restructures markets and industries (Hansiorg Herr and others, 2019:11) [1]. At this time, the entrepreneur searches for information, creates an innovative idea, and identifies a market

opportunity. Then, he tests the ideas to see if they are appropriate or valuable. He thinks about how he will create a product and service at the expense of which he can get a large income in the future. Also, the word “innovation” refers to technological innovations and all the social and economic values that innovative entrepreneurs create (Law of Georgia on Innovations 2020) [2]. Today, there is a boom in innovative entrepreneurship in the world; new companies are being created, and new services and products that have no analogues appear. Often, they are financed by the founders themselves, although there are companies for which both the private sector and the state should pay a lot of attention. Because creating innovation is their common interest. Today, there are no specific criteria for evaluating innovative projects globally. His financial success happens without any calculations. If a similar product appears on the market, leading to a decrease in revenue and profit, such a product cannot be called an innovative product. That is why every entrepreneur’s first concern is creating such goods and services that will cause a “big bang” in the market.

## MAIN PART

Developing small and medium entrepreneurship with innovative products is one of the country’s main priorities for economic development and represents an important challenge for the government.

The purpose of the research is to determine the ways of obtaining financing, the possibilities of access to finance, challenges, and relevant recommendations for small and medium business development. The challenges of innovative entrepreneurs ensure the growth of the population’s incomes and solve the employment problem. The goal is to evaluate the impact of state and private support programs in the creation of a new innovative product. The results obtained will allow us to analyze the effectiveness of support programs in terms of access to finance.

**Methods** – the paper is based on qualitative research. During the research, the official website of the Ministry of Economy and Sustainable Development of Georgia was used. Page materials.

10 respondents – small and medium-sized enterprises – participated in our research. Georgians are lovers of innovation. Due to the scale, many startup ideas are created and developed, which can bring regional and global success. The Ministry of Economy and Sustainable Development (MOESD) is responsible for implementing the SME policy in Georgia and two agencies supporting small and medium businesses – “Make in Georgia” and “Georgian Innovation and Technology Agency” (GITA), which were established in 2014 (Strategy for the development of small and medium entrepreneurship of Georgia 2021-2025:29) [3]. They are responsible for the implementation of SME support programs. Continuously carry out important activities (business development, promotion of exports and attraction of direct foreign investments), promoting the country’s innovation ecosystem.

Financial resources and access to them are vital to any business. Financing and access to finance play the biggest role in the development of entrepreneurship. The situation in Georgia in this direction is as follows: in 2023, the share of small and medium-sized enterprises is 51%, and the budget financing of the entrepreneurship promotion system is 521.7 million GEL. Among them, the budget of LSI “Make in Georgia” agency programs amounted to 232.4 million GEL, and the budget of the “Georgian Innovations and Technologies Agency” was equal to 28.2 million GEL. Investments in fixed assets in the business sector amounted to 4,350.1 million GEL (National Statistical Service of Georgia, 2024) [4]. Analysis of studies of private and public programs showed that access to finance can be improved by:

1) Leasing is an important component of the financial market, which plays an important role in the development of the local capital market and the emergence of alternative sources of financing. It is the best financial instrument for financing small and medium business fixed assets. The leased asset acts as collateral. In the last period, the volume of the leasing portfolio reached 414 million amounted to GEL (Georgia Innovations and Technologies Agency, 2024) [5].

2) It is important for entrepreneurs to raise awareness for better business management; in 2021, the National Bank of Georgia prepared a

training module and held a webinar for entrepreneurs on the topic “How to assess the credit potential of our business”. After the webinar, participants filled out a questionnaire, and 100% believed that the knowledge and skills they had learned from the webinar would help them better manage their company’s finances. From 2022, the National Bank of Georgia started a series of live engagements on the Facebook page of the financial education portal “Finedu” (21 Facebook live engagements) “Conversations on Business”; with this format, it became possible to provide information to significantly more interested persons. On the Facebook page, 16 entries were made in the rubric “Conversations about business”, and five inclusions were made in the rubric “Expert Finedu”, where experts related to business and finance discussed topics of interest to entrepreneurs (OECD-2022) [6].

3) A reporting portal was created at the initiative of the Accounting, Reporting and Audit Supervision Service (SARAS), where enterprises submit reports centrally, and the administration process takes place through the mentioned system. From 2017, medium-sized enterprises must submit and publish financial and management reports, and small enterprises from 2018. In accordance with the Law of Georgia on accounting, reporting and auditing, in 2022, the rate of submission of reports by enterprises in categories 1, 2, and 3 is 93%. As a result, reports of about 75,000 enterprises were made public, and 77% of 4<sup>th</sup> category enterprises. As a result, more than 70,000 enterprise reports were registered. 81% of submitted reports are error-free. Due to non-compliance with the requirements of the law and rules, the reporting of about 200 enterprises was delayed. It should be noted that compliance of the submitted statements with the FSS standard has been improved (Accounting, reporting and audit supervision service 11.05.2022:84) [7]. Financial reporting rigour will improve investment capital and access to financial resources.

4) In small and medium-sized enterprises, interest rates were reduced on loans granted to businesses; this reduction was more significant for loans issued in foreign currency. The SME loan portfolio of commercial banks grew, reaching 21.4% annual growth in 2015-2019 (National Bank

of Georgia 2019) [8]. In addition, the government has started developing a market for various alternative bank financing instruments. He introduced measures for the development of the microfinance sector. In particular, the development of regulations for startups and fundraising. Run Georgia’s credit guarantee scheme increased to 330 million GEL (107 million USD) in 2020. The total credit portfolio reached 2 billion GEL, where the guarantee of new loans is 90%, and 30% was provided for restructuring. Firms have also benefited from improved co-financing terms, e.g. by extending the loan/leasing co-financing term to 36 months (Create an official page in Georgia2020) [9]. Additional assistance was provided to some sectors that were particularly affected.

5) In 2020, a new law, “On Investment Funds”, was adopted, which defines the legal framework for collective investment schemes and different types of investment funds (Government of Georgia 2020) [10]. However, the potential of alternative financing remains largely untapped. The reason for this is that the practice of factoring is not yet widespread, and venture capital remains at an early stage of its development.

6) Digitization – such as online lending, fintech and crowdfunding. It offers a new mechanism of bank financing to small and medium-sized enterprises. For example, financing from partner enterprises or platform-based lending. Creating a strong legal framework for alternative and digital financial solutions will facilitate establishing and expanding these practices. In this regard, Georgia may consider introducing regulatory experimental initiatives (EU4Digital 2020 [11]) (Attrey and others 2020:50 [12]). They are an effective tool to boost innovation in fintech. For example, equity-based crowdfunding.

7) 40 startups were financed within the co-financing program of the “Georgian Innovations and Technologies Agency”, and 27 beneficiaries were financed within the framework of small grants. As a result, startups have access to innovative finance (Ministry of Economy and Sustainable Development 2024) [13]. However, SMEs still face difficulties accessing finance compared to large enterprises, and 20.6% of small enterprises refuse to grant loan applications. In contrast, in the case of large enterprises, this figure is 2.6% (The con-

clusion of the thematic research of the Parliament of Georgia 2021) [14]. Some enterprises face the risk of transitioning from liquidity to a solvency crisis. While an unprecedented amount of government support allowed many firms to overcome the crisis. They require tailored policies. In particular, the reopening of enterprises and the promotion of new jobs. Loan guarantees should be provided for viable but insolvent enterprises, as they need more incentives to develop restructuring plans (Blanchard and others, 2020:89) [15].

To better present the current situation in Georgia, we conducted a study. Our goal was to include small and medium-sized enterprises in the study and find out what problems they faced in setting up their business, whether the current promotional programs in the country are sufficient, and whether they would like more promotional activities. Due to its specificity, the issue is constantly changing and needs constant re-research. It is impossible to study and investigate the issue fully.

**Question 1.** The first question of the research was about the age of the respondent. Most of our interviewees are young people aged 18-30. The percentage of respondents according to gender was distributed as follows: female – 60%, male – 40%. 30% were medium-sized enterprises, and 70% were small-sized enterprises. **Question 2.** What is the duration of the existence of small – and medium-sized enterprises? According to the results of the interviewees, 30% were enterprises lasting one or less than one year, and 70% were between 1-5 years. **Question 3.** The next question was about how important is the role of innovation in business development. 40% stated that it is important and 60% very important. **Question 4.** When asked what contributed to business development from the side of each enterprise, the following answers were recorded: 1) We are currently in the process of development and expansion, one of the important supporting forces is our knowledge... 2) Simple regulations; 3) The need for a site in Georgia contributed to the development of the company; 4) Proper management, 5) Increased demand for our product on the market; 6) Original and quality product 7) The level of demand on the market; 8) the originality of our products, 9) Quality product and affordable price, 10) Original

and creative product. **Question 5.** The next question was about the problems they encountered while implementing the startup idea. Among the many named problems, the financing problem can be seen as the source of our interest. 1) There are many important problems, but we have everything ahead of us, and we will overcome everything step by step; 2) More technical problems; 3) Sorry, you can't list them. 4) Financing problem; 5) Since many unscrupulous businesses are in the market, initially gaining trust was the most difficult. However, we managed somewhat easily. The next problem/difficulty was finding/renting the space while meeting the increased demand; 6) Logistics and finance; 7) Mainly the absence of a sales place in shopping centres; 8) There are many problems, but the main one is financing. 9) It's enough, it's not even worth listing. 10) Financial problems were the biggest problem for our company. **Question 6.** The survey also included questions such as whether they intend to create an innovation. 80% of respondents are ready to create an innovation, and 20% are not. **Question 7.** The next question was related to how they imagine the development of innovative entrepreneurship in Georgia and what perspectives they see about this issue. Their answers are as follows: 1) The business of the future does not exist and cannot exist without innovation; the global technological environment demonstrates this. Therefore, if we want to develop national social, innovative entrepreneurship, there is more to be done than what exists today. 2) More support for young and small businesses. 3) If everyone does their job, everything will be fine. 4) I think that help is needed, even in the form of a correct call for a project and an idea. 5) The development of innovative entrepreneurship is possible everywhere nowadays. We live in an era of globalization, so borders do not limit our products. 6) less intervention by the state and more freedom in legislation and taxes, 7) Quite a lot of funds are needed for this and experienced personnel, which often represent a big problem to find. 8) I think Georgia has great potential in this regard. I believe that more support and attention to startups will bring greater success. 9) The main thing is the right action from both the state and the private sector. 10) I think Georgia should use the talents and ideas of young innovators. **Ques-**

**tion 8.** “How innovative entrepreneurship is growing in Georgia” – the answers to this question are as follows: 1) Modern innovative businesses are the world’s tomorrow... especially for a country with wealth like ours. 2) Will help strengthen the economy, 3) Positively, of course. 4) More or less, 5) Positively, 6) Of course, positively. Starting any new/innovative business contributes to the development of the country. 7) Directly proportionally, 8) Such innovations are so small that I don’t think they play a big role, 9) Innovations directly affect the country’s economy, therefore, the more innovative products and services there are in the country, the more profits Georgia will see. 10) The creation of innovation has a direct impact on the country’s economy. **Question 9.** 90% of respondents stated that they would like and need more incentive activities and events, while 10% stated a negative answer. Also, it would be very interesting if they know of any startup ideas that failed due to insufficient support. It was found that it is known to 75%, and not to 25%. **Question 10.** It was interesting to hear their opinion on whether the Georgian government encourages small and medium-sized businesses to create and implement innovations. 70% of the respondents believe it is happening, and 30% evaluate it negatively. 90% of respondents in the study think that our country’s existing state or private programs are not enough to develop innovative entrepreneurship, and 10% consider it enough.

As a result of the conducted research, the factors hindering access to finance for small and medium-sized enterprises were identified: lack of necessary market conditions, high loan interest rates, lack of necessary credit security, and uncertainty of business success in advance. According to the majority of respondents, small and medium-sized businesses are encouraged in Georgia, although they think that this is not enough. Therefore, it is necessary to respond to the given problem, and more support from the state is needed. Conducting possible policies and implementing necessary measures. So that they have access to all the necessities that will help start an innovative business.

## CONCLUSION

Today, the development of innovative entrepreneurship in Georgia plays a major role in solving employment problems. By 2030, small and medium-sized enterprises will have the opportunity to employ up to 100,000 additional citizens, increase productivity by 50 per cent, and contribute 60 per cent more to the added value created in the economy (Development Strategy of Georgia – Vision 2030) [16].

Financing mechanisms are the most important obstacle to innovative activities in small and medium-sized enterprises. The current state of the world has made it even more difficult for innovative enterprises to access finance. In the future, it is necessary to pay more attention to both the private sector and the state because the creation of innovation is their common interest. The government of Georgia needs the right policy and priority directions. In particular, the establishment of tax benefits and preferential loan conditions. Educating and raising awareness about entrepreneurship in society is important because the country should have more innovators who will create products and services that will bring great success to the country.

The following conclusions are formulated in the work:

1. 1) The country’s policy should ensure and maximally support the creation of market innovation, which will increase the population’s involvement in economic development.
2. 2) Allocate more sources of funding, which will be distributed fairly and impartially to implement various innovative ideas.
3. 3) It is necessary to regulate such conditions that will help firms to enter the market, and to improve their growth and development.
4. 4) It is important for small and medium-sized enterprises to prepare financial statements according to international standards. The difficulty is important in terms of finding international business partners. Also, the difficulty of financial reporting will improve access to financial resources and investment capital.

- 5) Universities should promote the education of students to better understand the essence of innovation among young people and to provide the necessary information for starting a business;
  - 6) More research is needed to explore the innovation environment.
- cess to finance are the country's most important priorities. A strong and well-developed small and medium entrepreneurship sector will significantly contribute to exports, innovations, and the creation of a modern entrepreneurial culture. At the same time, it will play a special role in raising the country's level of well-being.

Thus, improving the business environment, promoting economic growth, and increasing ac-

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# EXPORTING BEEKEEPING PRODUCTS: IMPORTANCE OF DETAILED MARKET ANALYSIS AND BRAND POSITIONING

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**Abstract.** To strengthen the export potential of Georgian bees and intervene in international markets, it is necessary to make a comprehensive and profound analysis. The article discusses the influences of market segmentation, consumers' preferences, international trading agreements, legal regulations, product certification, technological innovations and competition on the development of marketing and branding strategies, supporting the efficient positioning of the high-quality Georgian bee products on the international markets and increase in export.

Competition evaluation is critical for determining market possibilities and positioning Georgian beekeeping on global markets. The physiological and qualitative functions of the Georgian mountain grey bee must be emphasized: its gentleness, excessive productivity, and resistance to ailments.

The article additionally mentions the importance of a strategic method to boost export capability in integrating technological improvements and contemporary advertising strategies, which include digital technology and database analytics, which will have an instantaneous effect on increasing the charm of beekeeping products. Determining purchaser preferences, cooperation with international organizations and obtaining first-rate certificates are crucial for the global reputation of Georgian beekeeping manufacturers and gaining agreement with customers. Market analysis, contemporary branding, and dynamic marketing are considered the basis for the hit export of Georgian beekeeping products and their established order in international markets.

**KEYWORDS:** BEEKEEPING, MARKET ANALYSIS, EXPORT, BRANDING, LEGAL FRAMEWORK

## INTRODUCTION

International markets, with their many opportunities and challenges, require detailed analysis of their complicated mechanisms, especially for a field with unused potential like Georgian beekeepers. International markets, with their multiple opportunities and challenges, require ana-

lyzing their complex mechanisms in detail; this is especially true for the Georgian beekeeping sector, which has such untapped potential. A detailed analysis of the international markets is crucial for the potential expansion of Georgian beekeeping exports. Comprehensive analysis is necessary to intervene in those markets and create a niche for quality and unique Georgian bee products.

By exporting of bee products on the international market, market segmentation, study of consumers' preferences and competitive environment are required, along with the international trading agreements, determining of legislative regulations and product certification criteria and requirements.

A detailed market analysis creates the ground for branding and marketing strategy development, which is directly linked to the increasing export potential of Georgian beekeeping.

## MAIN TEXT

The importance of the market segments and a detailed understanding of their specific features are highlighted in Begdarashvili's Master Thesis about Georgia's export potential. The study of scale and segmentation is the foundation for a detailed market analysis. Each exporting direction has its own unique combination of market dynamics, resulting in individual approaches to product specification, marketing and distribution (Begdarashvili, 2019: 60) [1].

To meet different market demands, understanding consumers' behaviour, needs, and preferences plays a great role in the selection of bee products. Therefore, the study of consumer preferences is a necessary component of the market analysis. The nature of the consumers' preferences is dynamic, which is caused by the necessity of meeting the quality of the production, packaging and branding to the market expectations (Giorashvili, 2020: 35) [2]. Conformity of products to consumer expectations increases market attractiveness and ensures competitive advantage of Georgian beekeeping products.

The legal and regulatory framework is also an important factor for entering the international market and meeting compliance requirements. Each market has its own unique regulatory environment, with specific standards, certificates and legal requirements regulating access to the market and operation. Analysis of the regulatory framework ensures bee products meet the applied requirements. (Nabieva, 2022) [3].

In the global world of beekeeping, competitors use different strategies to occupy market niches and dominate their brands. A detailed study of

competitors' strategies, strengths and weaknesses provides an opportunity to identify market challenges and prospects. It defines the strategic positioning of Georgian beekeeping products, emphasizes their competitive advantages and formulates strategies to strengthen market dominance. (Zhizhiashvili, 2019:22-63) [4].

International trade dynamics are also a defining factor in export potential. A study of the European honey market will clarify the import/export tendencies, rates and the role of trade agreements in developing market potential. Information about trade flows and market access conditions provides the basis for developing trading strategies considering market opportunities and challenges. It identifies potential export destinations, trade partnerships and market diversification opportunities (Achelashvili, 2019: 49) [5].

The role of technological innovations is clear in increasing the international competitiveness of bee products. Technological achievements in production, processing and packaging increase the quality and attractiveness of the product. By promoting innovations, beekeeping products are differentiated in highly competitive international markets. Integrating technologies in product development and marketing increases awareness and attractiveness of products in the market and export potential (Santana De Figueiredo..., 2015) [6].

The relationship between detailed market analysis, marketing and branding strategies and positioning of Georgian beekeeping products on the international market can be schematically expressed as follows (*See Chart 1*):

Proper branding and marketing strategies also play a crucial role in increasing the export potential of Georgian beekeeping products. A comprehensive approach based on empirical evidence and innovative practices is necessary to overcome the complexities of the international market.

Creating a strong brand – product awareness – is crucial. The organic origin of beekeeping products is primarily important in shaping consumer choice. When branding Georgian bee products, it is necessary to emphasize their quality and natural origin. Branding should be based on the authenticity of the products, the unique nature of the country, untouched landscapes, the uniqueness of the Georgian Mountain Grey



**CHART 1. THE RELATIONSHIP BETWEEN MARKET ANALYSIS AND MARKETING AND BRANDING STRATEGIES**

*Source: Chart developed by authors*

Honeybee and traditional beekeeping methods. (Ceylan..., 2019 [7]; Gencer..., 1999 [8]; Kara..., 2012 [9]; Bokuchava, 2019 [10]).

It is impossible to imagine modern marketing without digital online platforms. They are important for disseminating detailed information. A strategic approach to applying digital marketing tools on a global level, including SEO, social media and “content” marketing, is essential to increase brand awareness. (Hussen, 2023 [11]; Philfan, 2020: 47 [12]).

Understanding consumers’ preferences is also an important marketing task. Taste, brand perception and packaging play an important role in consumer choice. Thus, according to consumer preferences based on market research, adaptation of marketing strategies will contribute to the entry and establishment of Georgian bee products in the international markets.

Cooperation with international organizations and institutions is important for strengthening brand image (Giorgashvili, 2020: 48). International certificates and accreditation verify the product’s quality and safety. In addition, compliance with legal and regulatory frameworks is strategically

important to build consumer confidence and facilitate market entry (Bero, 2017) [13].

Integration of innovations in marketing, data analytics, and artificial intelligence are important elements for improving marketing efficiency. It allows the creation of personalized, targeted offers and advertising for the user. Therefore, incorporating technology into marketing strategies is necessary to optimize return on investment (ROI) and expand international access to Georgian beekeeping products. (Novelli..., 2021) [14].

## CONCLUSION

Challenges and opportunities characterise the export potential of Georgian Bee Products. To introduce these products to the international market, it is necessary to analyse the market in accordance with global customer requirements, market segmentation, and competitive environment research. This creates the basis for developing branding and innovative marketing strategies, which determines the attractiveness of Georgian

beekeeping products at the international level – forms a unique market niche.

Compliance with international standards and integration of modern technologies in producing and marketing beekeeping products are also strategic necessities. The growing global demand for natural beekeeping products creates a great po-

tential for exporting Georgian beekeeping products in the competitive international market.

Thus, the future success of Georgian beekeeping use of the industry's export potential depends on implementing marketing strategies developed based on analysing the factors affecting international markets.

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# მეფუტკრეობის პროდუქტების ექსპორტი: ბაზრის დეტალური ანალიზის და ბრენდის პოზიციონირების მნიშვნელობა

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**აბსტრაქტი.** ქართული მეფუტკრეობის პროდუქტების საექსპორტო პოტენციალის გასაძლიერებლად და საერთაშორისო ბაზრებზე დამკვიდრებისათვის აუცილებელია ამ ბაზრების მრავალმხრივი საფუძვლიანი ანალიზი. სტატიაში განხილულია ბაზრის სეგმენტაციის, მომხმარებელთა პრეფერენციების, საერთაშორისო სავაჭრო ხელშეკრულებების, სამართლებრივი რეგულაციების, პროდუქციის სერტიფიცირების, ტექნოლოგიური ინოვაციებისა და კონკურენციის გავლენა შესაბამისი მარკეტინგული და ბრენდინგის სტრატეგიების შემუშავებაზე, რაც ხელს შეუწყობს ქართული მეფუტკრეობის მაღალი ხარისხის პროდუქტების საერთაშორისო ბაზრებზე ეფექტიან პოზიციონირებას და ექსპორტის ზრდას.

კონკურენციის ანალიზი მნიშვნელოვანია საბაზრო შესაძლებლობების დადგენისა და საერთაშორისო ბაზრებზე ქართული მეფუტკრეობის პოზიციონირებისათვის. ხაზგასასმელია ქართული მთის რუხი ფუტკრის უნიკალური ფიზიოლოგიური და ხარისხობრივი თვისებები, მისი თვინიერება, მაღალპროდუქტიულობა, ავადმყოფობებისადმი მედეგობა.

სტატიაში აღნიშნულია საექსპორტო პოტენციალის ამაღლებისათვის აგრეთვე სტრატეგიული მიდგომის მნიშვნელობა, რომელიც გააერთიანებს როგორც ტექნოლოგიურ ინოვაციებს, აგრეთვე თანამედროვე მარკეტინგულ მეთოდებს, ციფრული ტექნოლოგიებისა და მონაცემთა ბაზების ანალიტიკის ჩათვლით; რაც პირდაპირ გავლენას იქონიებს მეფუტკრეობის პროდუქტების მიზიდველობის ზრდაზე. მომხმარებელთა პრეფერენციების დადგენა, საერთაშორისო ორგანიზაციებთან თანამშრომლობა და ხარისხის სერტიფიკატების მოპოვება უმნიშვნელოვანესია ქართული მეფუტკრეობის ბრენდების საერთაშორისოდ აღიარებისა და მომხმარებელთა ნდობის მოსაპოვებლად. ქართული მეფუტკრეობის პროდუქტების წარმატებული ექსპორტის და საერთაშორისო ბაზრებზე დამკვიდრების საფუძველად განხილულია ბაზრების ანალიზი, თანამედროვე ბრენდინგი და დინამიური მარკეტინგი.

**საკვანძო სიტყვები:** მეფუტკრეობა, ბაზრის ანალიზი, ექსპორტი, ბრენდინგი, საკანონმდებლო ჩარჩო

## შესავალი

საერთაშორისო ბაზარები თავისი მრავალი შესაძლებლობებითა და გამოწვევებით მოითხოვს მისი რთული მექანიზმების დეტალურ ანალიზს, განსაკუთრებით ისეთი გამოყენებელი პოტენციალის მქონე დარგისათვის, როგორცაა ქართული მეფუტკრეობა. უმნიშვნელოვანესია საერთაშორისო ბაზრების დეტალური ანალიზი ქართული მეფუტკრეობის ექსპორტის პოტენციური ზრდისათვის. მრავალმხრივი ანალიზი აუცილებელია ამ ბაზრებზე დასამკვიდრებლად და ქართული მეფუტკრეობის ხარისხიანი და უნიკალური პროდუქტებისათვის საკუთარი ნიშის შესაქმნელად.

მეფუტკრეობის პროდუქტების საერთაშორისო ბაზარზე გასვლისათვის საჭიროა ბაზრის სეგმენტაციას, მომხმარებელთა პრეფერენციების და კონკურენტული გარემოს შესწავლა. ასევე საერთაშორისო სავაჭრო ხელშეკრულებების, სამართლებრივი რეგულაციებისა და პროდუქციის სერტიფიცირების კუთხით არსებული კრიტერიუმებისა და მოთხოვნების დადგენა.

ბაზრის დეტალური ანალიზი ქმნის ბრენდინგისა და მარკეტინგული სტრატეგიების შემუშავების საფუძველს, რომელიც პირდაპირ კავშირშია ქართული მეფუტკრეობის საექსპორტო პოტენციალის ზრდასთან.

## ძირითადი ტექსტი

საქართველოს საექსპორტო შესაძლებლობების შესახებ ბეგდარაშვილის სამაგისტრო ნაშრომში ხაზგასმულია ბაზრის სეგმენტების და მათი სპეციფიკური მახასიათებლების დეტალური გააზრების მნიშვნელობა. ბაზრის დეტალური ანალიზისას ფუნდამენტურია მისი ზომისა და სეგმენტაციის შესწავლა. თითოეულ საექსპორტო მიმართულებას ახასიათებს ბაზრის დინამიკის უნიკალური კომბინაცია, რომელიც განაპირობებს პროდუქტის სპეციფიკაციის, მარკეტინგისა და განაწილების მიმართ ინდივიდუალურ მიდგომებს (ბეგდარაშვილი, 2019: 60) [1].

ბაზრის სხვადასხვა მოთხოვნების დასაკმაყოფილებლად, მომხმარებელთა ქცევის,

საჭიროებებისა და პრეფერენციების გაგება ძირითად როლს თამაშობს ფუტკრის პროდუქტების შერჩევაში. ამიტომ ბაზრის ანალიზის აუცილებელი კომპონენტია სამომხმარებლო პრეფერენციების კვლევა. მომხმარებელთა პრეფერენციები დინამიური ბუნებისაა, რაც განაპირობებს პროდუქციის ხარისხის, შეფუთვისა და ბრენდის ბაზრის მოლოდინებთან შესაბამისობის აუცილებლობას (გიორგაშვილი, 2020: 35) [2]. პროდუქტების მომხმარებელთა მოლოდინებთან შესაბამისობა ზრდის ბაზრის მიმზიდველობას და უზრუნველყოფს ქართული მეფუტკრეობის პროდუქტების კონკურენტულ უპირატესობას.

სამართლებრივი და მარეგულირებელი ჩარჩო ასევე მნიშვნელოვანი ფაქტორია საერთაშორისო ბაზარზე გასვლისათვის და შესაბამისობის მოთხოვნების დაკმაყოფილებისათვის. თითოეულ ბაზარს აქვს უნიკალური მარეგულირებელი გარემო, სპეციფიკური სტანდარტებით, სერთიფიკატებით და საკანონმდებლო მოთხოვნებით, რომლებიც არეგულირებენ ბაზარზე წვდომას და ოპერირებას. მარეგულირებელი ჩარჩოს ანალიზი უზრუნველყოფს, რომ მეფუტკრეობის პროდუქტები შეესაბამებოდეს არსებულ მოთხოვნებს (ნაბიევა, 2022) [3].

მეფუტკრეობის გლობალურ სამყაროში, კონკურენტები იყენებენ სხვადასხვა სტრატეგიას ბაზრის ნიშების დასაკავებლად და საკუთარი ბრენდის დომინირებისათვის. კონკურენტების სტრატეგიების, ძლიერი და სუსტი მხარეების დეტალური შესწავლა იძლევა ბაზართან დაკავშირებული გამოწვევებისა და პერსპექტივების დადგენის შესაძლებლობას. იგი განსაზღვრავს ქართული მეფუტკრეობის პროდუქტების სტრატეგიულ პოზიციონირებას, ხაზს უსვამს მათ კონკურენტულ უპირატესობებს და აყალიბებს სტრატეგიებს ბაზარზე დომინირების გასაძლიერებლად (ჟიჟიაშვილი, 2019:22-63) [4].

საექსპორტო პოტენციალის განმსაზღვრელი ფაქტორია აგრეთვე საერთაშორისო ვაჭრობის დინამიკა. ევროპული თაფლის ბაზრის შესწავლა ნათელს ჰფენს იმპორტის/ექსპორტის ტენდენციების, ტარიფებისა და სავაჭრო ხელშეკრულებების როლს ბაზრის შესაძლებლობების ჩამოყალიბებაში. ინფორმაცია სავაჭრო ნაკადებისა და ბაზარზე დაშვების

პირობების შესახებ იძლევა საფუძველს სავაჭრო სტრატეგიების შემუშავებისთვის, რომელიც ითვალისწინებს ბაზრის შესაძლებლობებსა და გამოწვევებს. იგი განსაზღვრავს პოტენციურ საექსპორტო მიმართულებებს, სავაჭრო პარტნიორობას და ბაზრის დივერსიფიკაციის შესაძლებლობებს (აჩელაშვილი, 2019: 49) [5].

აშკარაა ტექნოლოგიური ინოვაციების როლი ფუტკრის პროდუქტების საერთაშორისო კონკურენტუნარიანობის გაზრდაში. ტექნოლოგიური მიღწევები წარმოებაში, გადამუშავებასა და შეფუთვაში ზრდის პროდუქტის ხარისხს და მიმზიდველობას. ინოვაციების ხელშეწყობით ხორციელდება მეფუტკრეობის პროდუქტების დიფერენციაცია მაღალკონკურენტულ საერთაშორისო ბაზრებზე. პროდუქტების განვითარებასა და მარკეტინგში ტექნოლოგიების ინტეგრირება ზრდის ბაზარზე პროდუქციის ცნობადობას და მიმზიდველობას, ზრდის საექსპორტო პოტენციალს (სანტანა დე ფიგეირედო..., 2015) [6].

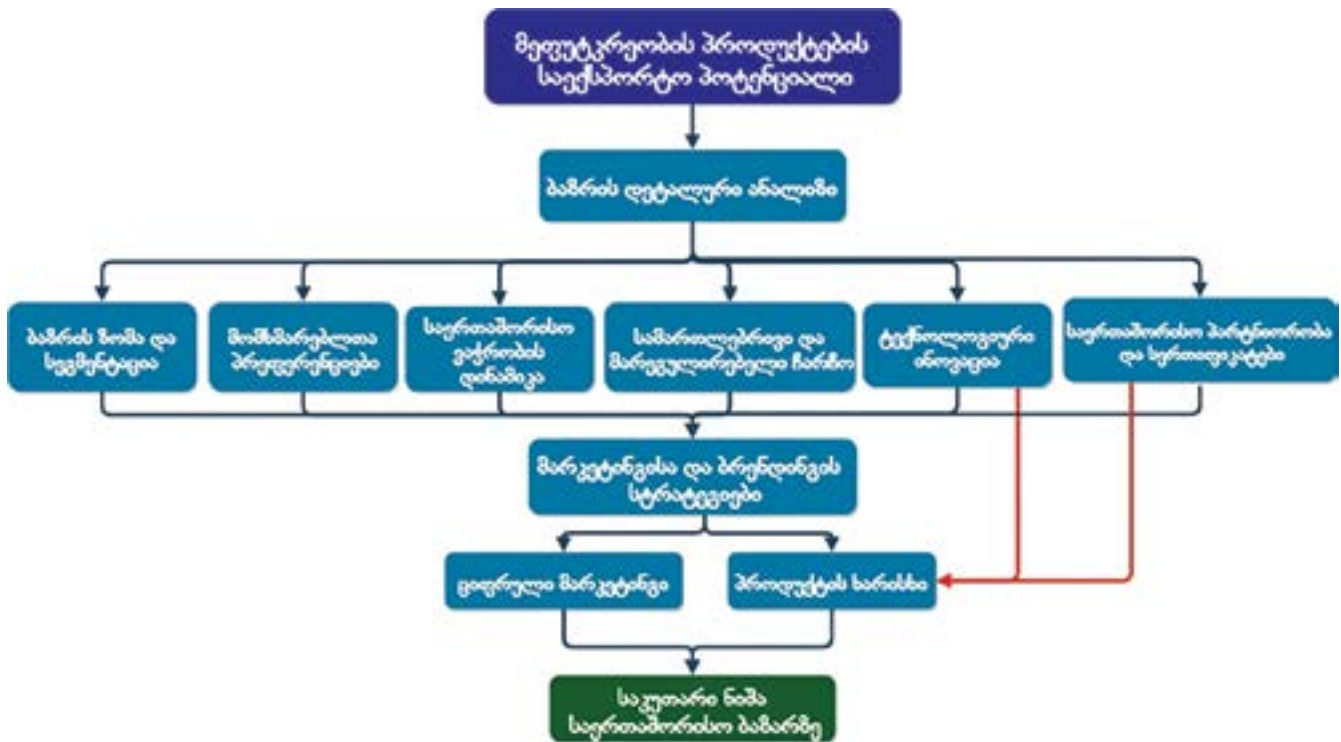
ბაზრის დეტალურ ანალიზსა, მარკეტინგისა და ბრენდინგის სტრატეგიებს და საერთა-

შორისო ბაზარზე ქართული მეფუტკრეობის პროდუქტების პოზიციონირებას შორის არსებული ურთიერთკავშირი სქემატურად შესაძლებელია შემდეგი სახით გამოვხატოთ (იხ. სქემა 1):

ქართული მეფუტკრეობის პროდუქტების საექსპორტო პოტენციალის გაზრდაში, ასევე, გადამწყვეტ როლს თამაშობს სწორი ბრენდინგი და მარკეტინგული სტრატეგიები. ემპირიულ მტკიცებულებებზე და ინოვაციურ პრაქტიკაზე დაფუძნებული ყოვლისმომცველი მიდგომა აუცილებელია საერთაშორისო ბაზრის სირთულეების დასაძლევად.

ძლიერი ბრენდის – პროდუქტის ცნობადობის – შექმნა უმნიშვნელოვანესი. მეფუტკრეობის პროდუქციის ორგანულ წარმომავლობას უმთავრესი მნიშვნელობა აქვს ბაზარზე მომხმარებლის არჩევანის ფორმირებისას. აუცილებელია ქართული ფუტკრის პროდუქტების ბრენდინგისას ხაზი გაესვას მათ ხარისხსა და ბუნებრივ წარმოშობას. ბრენდინგი უნდა ეფუძნებოდეს პროდუქციის ავთენტურობას, ქვეყნის განუმეორებელ ბუნებას, ხელუხლებელ პეიზაჟებს, ქართული მთის რუხი

**სქემა 1. ბაზრის ანალიზისა და მარკეტინგისა და ბრენდინგის სტრატეგიებს შორის ურთიერთკავშირი**



**წყარო:** სქემა შემუშავებულია ავტორების მიერ

ფუტკრის უნიკალურობასა და მეფუტკრეობის ტრადიციულ მეთოდებს (ჩეილანი..., 2019 [7]; გენსერი..., 1999 [8]; კარა..., 2012 [9]; ბოკუჩავა, 2019 [10]).

თანამედროვე მარკეტინგი წარმოუდგენელია ციფრული ონლაინ პლატფორმების გარეშე, ისინი მნიშვნელოვანია დეტალური ინფორმაციის გავრცელებისათვის. გლობალურ დონეზე ციფრული მარკეტინგის ინსტრუმენტების გამოყენების სტრატეგიული მიდგომა, მათ შორის SEO, სოციალური მედია და „კონტენტ“ მარკეტინგი, აუცილებელია ბრენდის ცნობადობის გაზრდისთვის (ჰუსენი, 2023 [11]; ფილფანი, 2020: 47 [12]).

მომხმარებელთა პრეფერენციების გაგება აგრეთვე მნიშვნელოვანი მარკეტინგული ამოცანაა. გემოვნება, ბრენდის აღქმა და შეფუთვა მნიშვნელოვან როლს თამაშობს მომხმარებლის არჩევანზე. ამრიგად, ბაზრის კვლევაზე დაფუძნებული მომხმარებელთა პრეფერენციების მიხედვით, მარკეტინგული სტრატეგიების ადაპტაცია ხელს შეუწყობს ქართული ფუტკრის პროდუქტების შესვლას და დამკვიდრებას საერთაშორისო ბაზრებზე.

საერთაშორისო ორგანიზაციებთან და ინსტიტუტებთან თანამშრომლობა და პარტნიორობა ბრენდის ავტორიტეტის გაძლიერების აუცილებელი წინაპირობაა (გიორგაშვილი, 2020: 48). საერთაშორისო სერთიფიკატები და აკრედიტაცია ემსახურება პროდუქციის ხარისხისა და უსაფრთხოების დადასტურებას. გარდა ამისა, საკანონმდებლო და მარეგულირებელ ჩარჩოებთან შესაბამისობა სტრატეგიულად მნიშვნელოვანია მომხმარებელთა ნდობის გასამყარებლად და ბაზარზე შესვლის გასაადვილებლად (ბერო, 2017) [13].

მარკეტინგში ინოვაციური ტექნოლოგიების ინტეგრაცია – მონაცემთა ანალიტიკა და ხელოვნური ინტელექტი მნიშვნელოვანი ელემენტებია მარკეტინგის ეფექტიანობის გასაუმჯობესებლად. იგი საშუალებას იძლევა გაკეთდეს მომხმარებლისათვის პერსონიზირებული, მიზანმიმართული შეთავაზებები და რეკლამა. ამიტომ, მარკეტინგულ სტრატეგიებში ტექნოლოგიების ჩართვა აუცილებელია ინვესტიციების დაბრუნების (ROI) ოპტიმიზაციისა და ქართული მეფუტკრეობის პროდუქტებზე საერთაშორისო წვდომის გაფართოებისთვის (ნოველი..., 2021) [14].

## დასკვნა

ქართული მეფუტკრეობის პროდუქტების საექსპორტო პოტენციალი ხასიათდება არსებული გამოწვევებითა და შესაძლებლობებით. ამ პროდუქტების საერთაშორისო ბაზარზე დასამკვიდრებლად, აუცილებელია, ბაზრის ანალიზი გლობალური მომხმარებლის მოთხოვნების, ბაზრის სეგმენტაციის, კონკურენტული გარემოს კვლევის შესაბამისად. რაც ქმნის ბრენდინგისა და ინოვაციური მარკეტინგის სტრატეგიების შემუშავებისათვის საფუძველს, რომელიც თავის მხრივ განაპირობებს ქართული მეფუტკრეობის პროდუქტების მიმზიდველობას საერთაშორისო დონეზე – აყალიბებს უნიკალურ საბაზრო ნიშას.

საერთაშორისო სტანდარტებთან შესაბამისობა და თანამედროვე ტექნოლოგიების ინტეგრირება მეფუტკრეობის პროდუქტების წარმოებასა და მარკეტინგში ასევე სტრატეგიული აუცილებლობაა. მეფუტკრეობის ნატურალურ პროდუქტებზე მზარდი გლობალური მოთხოვნა ქმნის დიდ პოტენციალს ქართული მეფუტკრეობის პროდუქტების ექსპორტისათვის კონკურენტულ საერთაშორისო ბაზარზე.

ამდენად, ქართული მეფუტკრეობის მომავალი წარმატება, დარგის საექსპორტო პოტენციალის გამოყენება, დამოკიდებულია საერთაშორისო ბაზრებზე მოქმედი ფაქტორების ანალიზის საფუძველზე, შემუშავებული მარკეტინგული სტრატეგიების განხორციელებაზე.

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# ECONOMIC EFFECTS OF INTRODUCTION OF MODERN TECHNOLOGIES IN BEEKEEPING

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**Abstract.** The article discusses the economic impact of integrating modern technologies in beekeeping, such as Artificial Intelligence (AI), Machine Learning (ML) and the Internet of Things (IoT). The balance between initial investment and Return on Investment (ROI), operational scalability, market competitiveness, and government policy influences is studied. The importance of Comprehensive Economic Analysis in optimizing benefits and overcoming the challenges beekeeping faces is emphasized.

Introducing new technologies in the field leads to the scaling effect, which allows beekeepers to manage more processes and operations faster and with fewer costs and to enter wider markets, leading to increased revenue and high profitability. In addition, challenges related to the scale of activity and market conditions are noted, mainly faced by small apiaries in conditions of insufficient financial support (subsidies) from the state. In addition, the need to develop special training programs for the effective use of technologies is emphasized, which will make it easier for beekeepers to gain a competitive advantage, in particular, improving the quality of products, developing an appropriate marketing strategy and making effective decisions based on databases.

The final part of the article presents the macroeconomic benefits that integrating modern technologies in beekeeping can bring - creating new jobs, increasing the incomes of the rural population, expanding the market, and increasing exports. The need for a comprehensive economic analysis of the field to achieve sustainable and useful technological progress in beekeeping is noted.

**KEYWORDS:** BEEKEEPING, INNOVATIVE TECHNOLOGIES, INVESTMENTS, AGRICULTURE, ECONOMIC EFFICIENCY

## INTRODUCTION

Introducing modern technologies in beekeeping is an important phase for this ancient, multi-century agricultural practice, which can significantly increase the sector's efficiency. The use of the latest technologies, such as Artificial Intelligence (AI), Machine Learning (ML) and the Internet of Things (IoT), is linked with the increased initial investments, retraining and training of the beekeepers and the additional operational costs on the one hand and with the management of the

high efficiency of the bee farm on the other hand. In particular, this is due to increased productivity, a rise in quality, and savings in labour costs.

In order to introduce modern technologies in beekeeping efficiently, especially for small-scale beekeepers, it is important to have respective state interventions, in particular, the development of adequate regulating and legislative normative framework and financial stimulation of the sector to support innovations.

Innovative technologies in beekeeping lead to not only perfection of the production process but



also increased market competitiveness. Market analytics in real-time use of the respective relative data creates the opportunity for the movement of the entire sector to a new level.

**MAIN TEXT**

The economic effect of beekeeping is directly linked with technological advancement. Innovations and digital transformation increase productivity, operational efficiency and market competitiveness, though they are still accompanied by certain economic challenges and barriers, which are important to be considered for the efficient integration and optimization of the technologies (Huet..., 2022 [1]; Singh..., 2023 [2]).

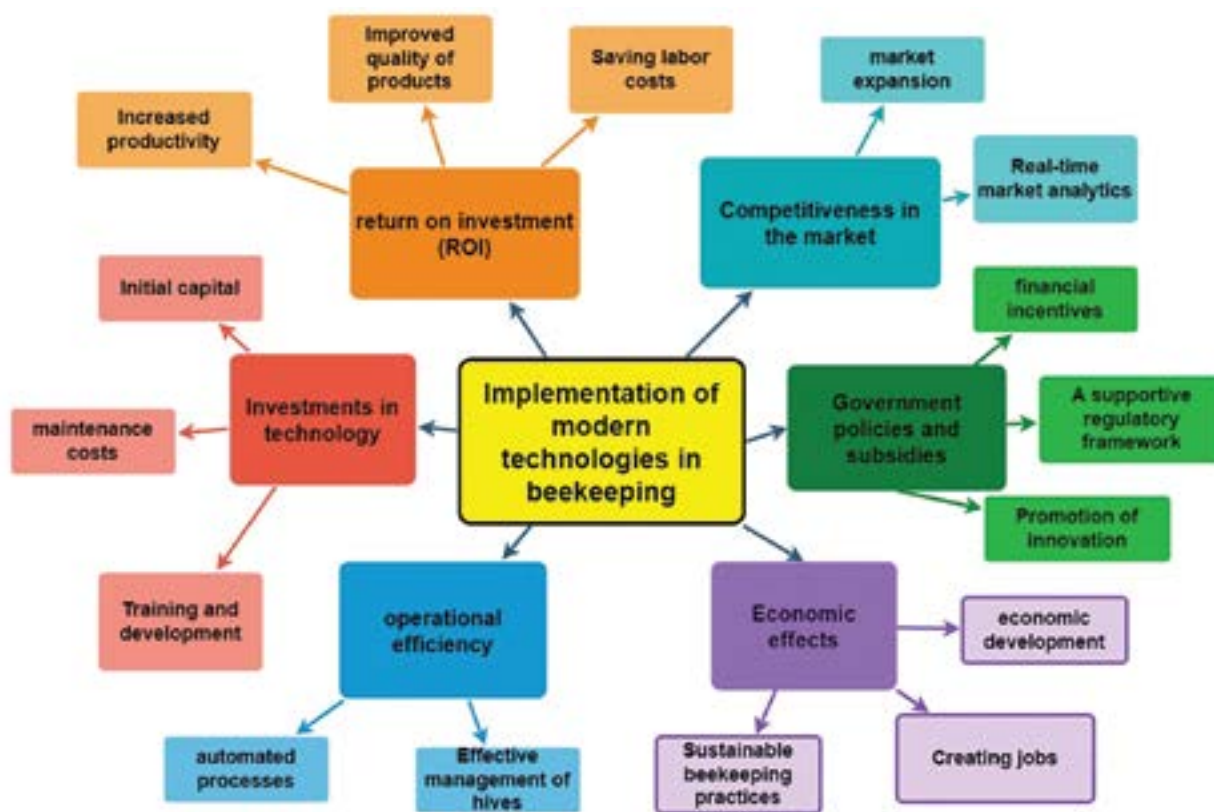
Investments in modern technologies have fundamental economic importance. Integration of technologies, like Artificial Intelligence (AI), Machine Learning (ML) and Internet of Things (IoT) into beekeeping requires significant financial re-

sources. Initial capital and ongoing operational expenses, linked to introducing and applying the technologies, are necessary economic aspects to be considered (Bunde..., 2016 [3]; Rumman..., 2021[4]; Nikulina..., 2022 [5]).

The return on investment (“getting back”) (ROI) highlights the economic viability of the technological integration. Improved management of bee colonies, increased productivity, and quality improvement result in positive ROI, meaning that economic profit is higher than linked costs (Zhilin, 2009) [6]. Automatization of the intensive processes of labour causes savings in labour costs and raises operational efficiency (Usenko ..., 2020) [7].

Large-scale beekeeping operations support technological integration and show other economic aspects. The technology enables beekeepers to enhance their operations, better manage more bee hives, and intervene in more significant market segments, resulting in increased income and profitability. (Senchuk..., 2022 [8]; Vural..., 2009 [9]) (See *Shart 1*).

**CHART 1. ECONOMIC ASPECTS AND RESULTS OF IMPLEMENTATION OF MODERN TECHNOLOGIES IN BEEKEEPING**



Source: Chart developed by author

Economic outcomes are not linear and depend on variabilities such as the scale of the operation, integrated specific technologies and market dynamics (Vapa-Tankosic..., 2020) [10]. Small-scale beekeepers can also face problems linked to the accessibility of modern technologies. They need financial support and subsidies to overcome economic difficulties (Giorgashvili, 2020) [11].

Training and development of beekeepers related to introducing the technologies also have economic outcomes (Adgaba..., 2014) [12]. Special training requires expenses related to curriculum development and implementation to optimize the application of modern technologies. (Chepik, 2007) [13].

The technologies strengthen competition in the market. It enables beekeepers to produce quality products that meet international standards, improve branding, and implement efficient marketing strategies, leading to market expansion and increased income (Vaziritabar..., 2016) [14]. Based on data analysis and artificial intelligence, the possibility of identifying market tendencies in real time allows beekeepers to optimize their pricing strategy and improve profitability (Subaeva, 2012) [15].

State policy and regulating frames also affect beekeeping's technology and economic outcomes. Supporting policy for integration technologies en-

ures financial stimulation and supports a favourable environment for innovations; it improves the economic efficiency of using modern technologies (Albore et al., 2019 [16]; Nabieva, 2022 [17]).

In the larger economic context, integrating technologies in beekeeping supports the country's economic development. Job creation, increased prices on bee products, and the emergence of new market segments are the macroeconomic benefits caused by the technological development of beekeeping. (Delena..., 2021) [18].

## CONCLUSION

Thus, the potential economic outcomes of introducing modern technologies in beekeeping are multifaced and dynamic. They depend on factors like the scale of the bee farm, market dynamics, political environment and purpose of an applied technology. As the beekeeping sector continues the technological transformation, comprehensive economic analysis, which includes cost-benefit evaluation, Return on Investment (ROI) and large-scale macro-economic results, is crucial for making informed decisions. Accordingly, such solutions optimize economic profit and mitigate accompanying problems.

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# მეფუტკრეობაში თანამედროვე ტექნოლოგიების დანერგვის ეკონომიკური ეფექტები

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**აბსტრაქტი.** სტატიაში განხილულია მეფუტკრეობაში ისეთი თანამედროვე ტექნოლოგიების ინტეგრირების ეკონომიკურ გავლენა, როგორცაა ხელოვნური ინტელექტი (AI), Machine Learning (ML) და Internet of Things (IoT). შესწავლილია ბალანსი საწყის ინვესტიციებსა და ინვესტიციების „ამოღებას“ (ROI)-ს, ოპერაციულ მასშტაბურობას, ბაზრის კონკურენტუნარიანობას და მთავრობის პოლიტიკის გავლენებს შორის. ხაზგასმულია ყოვლისმომცველი ეკონომიკური ანალიზის მნიშვნელობა სარგებლის ოპტიმიზაციისათვის და მეფუტკრეობის წინაშე არსებული გამოწვევების დაძლევისათვის.

დარგში ახალი ტექნოლოგიების დანერგვა განაპირობებს მასშტაბირების ეფექტს, რაც საშუალებას აძლევს მეფუტკრეებს მართონ უფრო მეტი პროცესები და ოპერაციები უფრო სწრაფად და ნაკლები დანახარჯებით, გავიდნენ უფრო ფართო ბაზრებზე, რაც თავის მხრივ განაპირობებს შემოსავლების ზრდასა და მაღალ რენტაბელობას. ამასთანვე, აღნიშნულია საქმიანობის მასშტაბებთან და საბაზრო პირობებთან დაკავშირებული გამოწვევები, რომელთაც ძირითადად აწყდებიან მცირე საფუტკრეები სახელმწიფოს მხრიდან არასაკმარისი ფინანსური მხარდაჭერის (სუბსიდირების) პირობებში. ასევე, ხაზგასმულია ტექნოლოგიების ეფექტიანი გამოყენების მიზნით სპეციალური სასწავლო პროგრამების შემუშავების საჭიროება, რაც გაუადვილებს მეფუტკრეებს კონკურენტული უპირატესობის მოპოვებას, კერძოდ: პროდუქციის ხარისხის გაუმჯობესებას, სათანადო მარკეტინგული სტრატეგიის შემუშავებას და მონაცემთა ბაზებზე დაყრდნობით ეფექტიანი გადაწყვეტილებების მიღებას.

სტატიის დასკვნით ნაწილში წარმოჩენილია ის მაკროეკონომიკური სარგებელი, რომლის მოტანაც შეუძლია მეფუტკრეობაში თანამედროვე ტექნოლოგიების ინტეგრაციას - ახალი სამუშაო ადგილების შექმნა, სოფლად მცხოვრები მოსახლეობის შემოსავლების ზრდა, ბაზრის გაფართოვება, ექსპორტის ზრდა. აღნიშნულია დარგის ყოვლისმომცველი ეკონომიკური ანალიზის საჭიროება მეფუტკრეობაში მდგრადი და სასარგებლო ტექნოლოგიური პროგრესის მისაღწევად.

**საკვანძო სიტყვები:** მეფუტკრეობა, ინოვაციური ტექნოლოგიები, ინვესტიციები, სოფლის მეურნეობა, ეკონომიკური ეფექტიანობა

## შესავალი

მეფუტკრეობაში თანამედროვე ტექნოლოგიების გამოჩენა წარმოადგენს მნიშვნელოვან ეტაპს ძველ, მრავალსაუკუნოვან სასოფლო-სამეურნეო პრაქტიკაში, რომელსაც შეუძლია მნიშვნელოვნად აამაღლოს დარგის ეკონომიკური ეფექტიანობა. უახლესი ტექნოლოგიების, როგორცაა ხელოვნური ინტელექტი (AI), Machine Learning (ML) და Internet of Things (IoT), გამოყენების ეკონომიკური ასპექტები ერთი მხრივ დაკავშირებულია გაზრდილ სანყის ინვესტიციებთან, მეფუტკრეების გადამზადებისა და სწავლების და ასევე დამატებით საოპერაციო ხარჯებთან. ხოლო მეორე მხრივ - საფუტკრის მართვის მაღალ ეფექტიანობასთან, საკუთრივ: გაზრდილ პროდუქტიულობასთან, ხარისხის ამაღლებასთან და შრომითი ხარჯების დაზოგვასთან.

თანამედროვე ტექნოლოგიების მეფუტკრეობაში ეფექტიანად დანერგვისათვის, მით უფრო მცირე მეფუტკრეებისათვის, მნიშვნელოვანია შესაბამისი სახელმწიფო ინტერვენციები, კერძოდ, ადეკვატური მარეგულირებელი და საკანონმდებლო, ნორმატიული ჩარჩოს ჩამოყალიბება და ინოვაციების ხელშეწყობის მიზნით, დარგის ფინანსური წახალისება.

ინოვაციური ტექნოლოგიები მეფუტკრეობაში განაპირობებს არა მხოლოდ საწარმოო პროცესის სრულყოფას, არამედ ბაზარზე კონკურენტუნარიანობის ზრდას. რეალურ დროში ბაზრის ანალიტიკის, შესაბამისი რელაციური მონაცემთა ბაზების გამოყენება ქმნის მთლიანად დარგის მართვის ახალ სიმაღლეზე აყვანის პერსპექტივას.

## ძირითადი ტექსტი

მეფუტკრეობის ეკონომიკური ეფექტი პირდაპირ კავშირშია დარგში არსებულ ტექნოლოგიურ წინსვლასთან. ინოვაციები და ციფრული ტრანსფორმაციები ზრდის პროდუქტიულობას, ოპერაციულ ეფექტიანობასა და ბაზრის კონკურენტუნარიანობას, მაგრამ ასევე თან ახლავს გარკვეული ეკონომიკური გამოწვევები და ბარიერები, რომელთა გათვალისწინებაც მნიშვნელოვანია, ტექნოლო-

გიების ეფექტიანად ინტეგრაციისა და ოპტიმიზაციისთვის (ჰუეტ..., 2022 [1]; სინგჰ..., 2023 [2]).

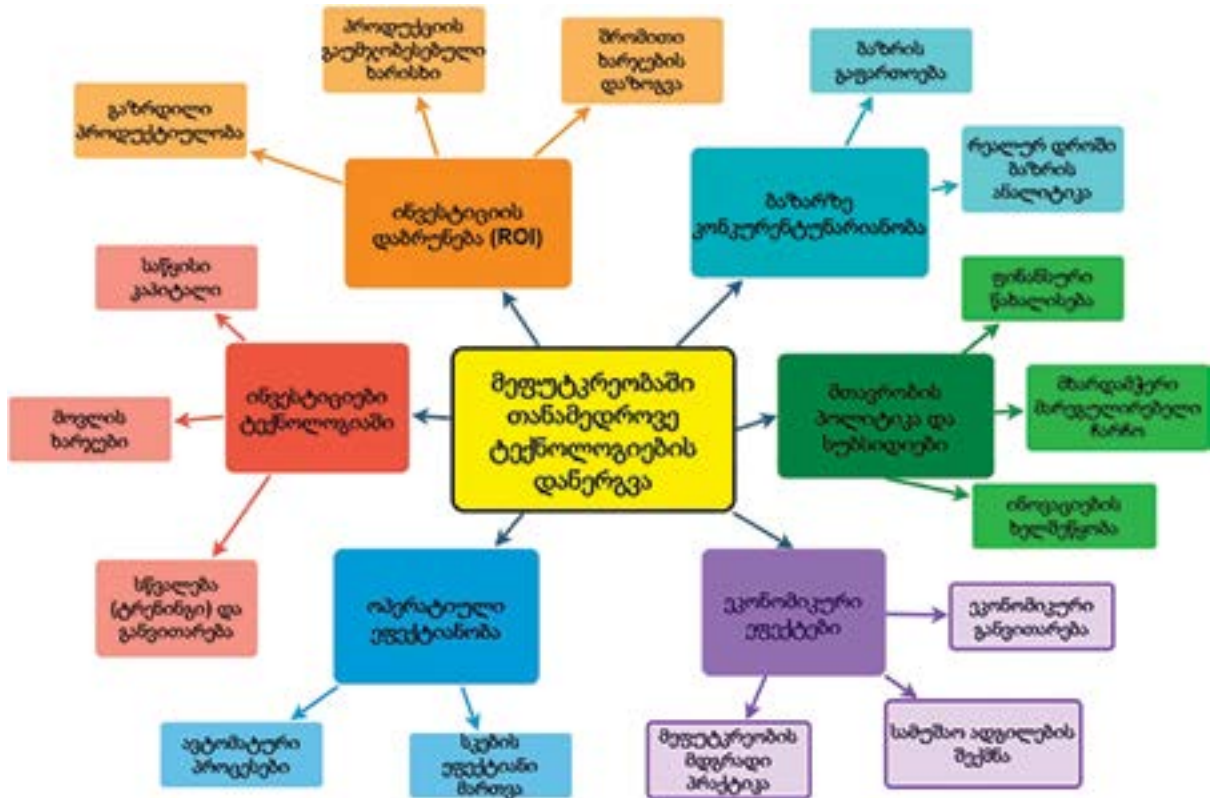
ინვესტიციებს თანამედროვე ტექნოლოგიებში აქვს ფუნდამენტური ეკონომიკური მნიშვნელობა. ხელოვნური ინტელექტი, Machine Learning (ML) და Internet of Things (IoT) - ტექნოლოგიები მეფუტკრეობაში ინტეგრაციისათვის საჭიროებენ მნიშვნელოვან ფინანსურ რესურსებს. სანყისი კაპიტალური და მიმდინარე საოპერაციო ხარჯები, რომლებიც დაკავშირებულია ტექნოლოგიების დანერგვასა და გამოყენებასთან, გასათვალისწინებლად აუცილებელი ეკონომიკური ასპექტებია (ბუნდე..., 2016 [3]; რუმანი..., 2021 [4]; ნიკულინა..., 2022[5]).

თუმცა, ინვესტიციის დაბრუნება („ამოღება“) (ROI) ხაზს უსვამს ამ ტექნოლოგიური ინტეგრაციის ეკონომიკურ სიცოცხლისუნარიანობას. ფუტკრის ოჯახების გაუმჯობესებული მართვა, პროდუქტიულობის გაზრდა და ხარისხის გაუმჯობესება ინვეს დადებით ROI-ს, რაც გულისხმობს რომ ეკონომიკური სარგებელი აღემატება დაკავშირებულ ხარჯებს (ჟილინი, 2009) [6]. შრომის ინტენსიური პროცესების ავტომატიზაცია ინვეს შრომის ხარჯების დაზოგვას და ოპერაციული ეფექტიანობის გაზრდას (უსენკო..., 2020) [7].

მეფუტკრეობის ოპერაციების მასშტაბირება, ხელს უწყობს ტექნოლოგიურ ინტეგრაციას. ტექნოლოგია საშუალებას აძლევს მეფუტკრეებს გააფართოვონ თავიანთი ოპერაციები, უკეთ მართონ მეტი რაოდენობის სკა და შეაღწიონ ბაზრის უფრო ფართო სეგმენტებში, რის შედეგადაც იზრდება შემოსავალი და მომგებიანობა (სენჩუკი..., 2022 [8]; ვურალი..., 2009 [9]) (იხ. სქემა 1).

ეკონომიკური შედეგები არ არის წრფივი და დამოკიდებულია ცვლადებზე, როგორცაა ოპერაციის მასშტაბი, ინტეგრირებული სპეციფიკური ტექნოლოგიები და არსებული ბაზრის დინამიკა (ვაპა-ტანკოსიჩი..., 2020) [10]. მცირე ზომის მეფუტკრეებს შეიძლება შეექმნათ პრობლემები, რომლებიც დაკავშირებულია თანამედროვე ტექნოლოგიების ხელმისაწვდომობასთან. მათ ესაჭიროებათ ფინანსური მხარდაჭერის მექანიზმები და სუბსიდიები ეკონომიკური სირთულეების დასაძლევად (გიორგაშვილი, 2020) [11].

**სქემა 1. მეფუტკრეობაში თანამედროვე ტექნოლოგიების დანერგვის ეკონომიკური ასპექტები და შედეგები**



**წყარო:** სქემა შემუშავებულია ავტორის მიერ

მეფუტკრეთა სწავლებას და განვითარებას, რომელიც დაკავშირებულია ტექნოლოგიების დანერგვასთან, ასევე აქვს ეკონომიკური შედეგები (ადგაბა..., 2014)[12]. თანამედროვე ტექნოლოგიების გამოყენების ოპტიმიზაციისთვის სპეციალიზებული სწავლების საჭიროება მოითხოვს გარკვეული ხარჯებს, რომლებიც დაკავშირებულია სასწავლო პროგრამების შემუშავებასა და განხორციელებასთან (ჩეპიკი, 2007) [13].

ტექნოლოგიები აძლიერებს ბაზარზე კონკურენციას. იგი საშუალებას აძლევს მეფუტკრეებს აწარმოონ საერთაშორისო სტანდარტებთან შესაბამისი ხარისხის პროდუქტები, გააუმჯობესონ ბრენდინგი და განახორციელონ ეფექტიანი მარკეტინგული სტრატეგიები, რაც იწვევს ბაზრის გაფართოებას და ეკონომიკური შემოსავლების ზრდას (ვაზირიძე..., 2016) [14]. მონაცემთა ანალიზისა და ხელოვნური ინტელექტის გამოყენებით, ბაზრის ტენდენციების რეალურ დროში დადგენისა და შესაბამისი რეაგირების შესაძლებლობა მე-

ფუტკრეებს საშუალებას აძლევს ოპტიმიზაცია გაუკეთონ ფასების სტრატეგიებს და გააუმჯობესონ მომგებიანობა (სუბაევა, 2012) [15].

სახელმწიფო პოლიტიკა და მარეგულირებელი ჩარჩო ასევე გავლენას ახდენს ტექნოლოგიის ეკონომიკურ შედეგებზე მეფუტკრეობაში. პოლიტიკა, რომელიც მხარს უჭერს ტექნოლოგიების ინტეგრაციას, უზრუნველყოფს ფინანსურ წახალისებას და ხელს უწყობს ინოვაციებისთვის ხელსაყრელ გარემოს, აუმჯობესებს თანამედროვე ტექნოლოგიების გამოყენების ეკონომიკურ ეფექტიანობას (ალბორე..., 2019 [16]; ნაბიევა, 2022 [17]).

უფრო ფართო ეკონომიკურ კონტექსტში, მეფუტკრეობაში ტექნოლოგიების ინტეგრაცია ხელს უწყობს ქვეყნის ეკონომიკურ განვითარებას. სამუშაო ადგილების შექმნა, ფუტკრის პროდუქტების გაზრდილი ღირებულება და ბაზრის ახალი სეგმენტების გაჩენა არის მაკროეკონომიკური სარგებელი, რომელიც გამომწვეულია მეფუტკრეობის ტექნოლოგიური განვითარებით (დელენა..., 2021) [18].

## დასკვნა

ამდენად, მეფუტკრეობაში თანამედროვე ტექნოლოგიების დანერგვის პოტენციური ეკონომიკური შედეგები მრავალმხრივი და დინამიურია. ისინი დამოკიდებულია ისეთ ფაქტორებზე, როგორცაა საფუტკრის მასშტაბი, ბაზრის დინამიკა, პოლიტიკური გარემო და გამოყენებული ტექნოლოგიების დანიშნულება. რამდენადაც მეფუტკრეობის დარგი აგრძელებს ტექნოლოგიური ტრანს-

ფორმაციის გზას, ყოვლისმომცველ ეკონომიკურ ანალიზს, რომელიც მოიცავს ხარჯებისა და სარგებელის შეფასებას, ინვესტიციების „ამოღებას“ (ROI) და ფართო მაკროეკონომიკურ შედეგებს, აქვს გადამწყვეტი მნიშვნელობა ინფორმირებული გადაწყვეტილებების მისაღებად. ამგვარად მიღებული გადაწყვეტილება ინვესტს ეკონომიკური სარგებლის ოპტიმიზაციასა და თანმდევი პრობლემების ეფექტის შერბილებას.

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# ECONOMIES OF SCALE, EFFICIENCY AND OPTIMAL SIZE OF THE HOSPITAL

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**Abstract.** Hospitals are being expanded all over the world. Hospitals are becoming larger (i.e., increasing patient admissions each year) and more complex (i.e., offering a wider range of services to patients with more diverse medical care needs). In the hospital sector and other branches of the economy, economies of scale are important, according to which the volume of medical services can be increased by reducing average costs and increasing quality. However, measuring this relationship between the volume of medical services and costs is difficult because hospitals differ substantially in terms of specialization, patient composition, and other parameters that affect the volume of costs. The paper discusses the features of economies of scale in the healthcare sector and the dependence of the volume of medical services on costs and quality.

Studies confirm that the influence of various factors on the costs and quality of medical services depends on the environment and the system of incentives in which hospitals operate. Relationships between patients and healthcare providers based solely on price negotiations do not ensure adequate healthcare quality. Due to informational asymmetry with respect to the real cost of hospital services and quality of treatment, medical service buyers cannot influence cost reductions and increase the quality of treatment, which increases hospital power. Thus, when evaluating the impact of hospital competition on costs and quality of care, we must remember that market mechanisms in health care do not always increase public welfare.

**KEYWORDS:** ECONOMIES OF SCALE, QUALITY OF MEDICAL SERVICES, COST OF MEDICAL SERVICES, HOSPITAL, HEALTHCARE MARKET

## INTRODUCTION

Regardless of economic development, modern hospitals are affected by demographic changes, the complications of the structure of diseases, and the development of new medical technologies. The hospital's operation results depend on various links of the healthcare system: providers of medical services, customers, competitors, and other entities of the healthcare system.

The theory of economies of scale is used to

explain efficiency in production systems. Economies of scale argue that unit cost decreases as the volume of output increases. Several mechanisms, including the effect of volume on fixed costs, resource specialization, and market positions vis-à-vis suppliers, can explain this relationship between cost and volume. On the other hand, economies of scale are usually related to the phenomenon in which a service's unit cost decreases when the production volume increases (Bernet & Singh, 2015) [1]. Economies of scale refer

to when producing various services in one large unit is profitable rather than in several specialized production units.

In the hospital sector and other branches of the economy, economies of scale are important, according to which the volume of medical services can be increased by reducing average costs and increasing quality. The results of many studies conducted in the health sector support the existence of the phenomenon of economies of scale (Giancotti et al., 2017) [2]. Still, applying the concepts of economies of scale in the health sector is becoming more difficult. The fact is that measuring the relationship between the volume of medical services and costs is difficult because hospitals differ substantially in terms of the level of specialization, composition of patients and other parameters that affect the volume of costs. The article discusses the peculiarities of economies of scale in the healthcare sector and the complexity of the dependence of the volume of medical services on the incurred costs and quality.

## HOSPITAL EFFICIENCY

Quantitative and qualitative parameters determine the evaluation of the effectiveness of hospital results. Three aspects of quality are distinguished: 1. Quality of resources – investment and human resources, including the level of competencies of medical personnel. 2. Quality of the process of providing services – medical technologies, compliance with medical standards, intensity of treatment, level of service to patients. 3. The level of clinical result – the outcome of the patient's treatment.

Two main aspects of efficiency are considered when studying the functioning of hospitals in the medical market. **Technical (local) efficiency** – the ratio between resources and the produced product, for example, the ratio of personnel to the volume of services rendered (the number and structure of treatment cases in the hospital). The volume of the hospital influences technical efficiency, the medical technologies used, and the motivation of the organization and each worker. **Allocative efficiency** – the ratio between different directions of resource allocation, which deter-

mines the rationality of the cost structure, taking into account alternative costs. Different trends in technical and allocative efficiency are possible. For example, an increase in the technical efficiency of hospital activity that does not require hospitalization may be accompanied by a decrease in allocative efficiency – a significant concentration of resources in hospital services.

The organization of medical services differs significantly from country to country. However, it is possible to distinguish the main trends in the formation of hospitals:

- Transformation of a large part of hospitals into large complexes where complex and expensive medical technologies are used;
- Transfer of some types of inpatient services to the ambulatory level;
- Increasing the intensity of treatment and, as a result, reducing the delay of patients in the hospital;
- Reducing the demand for beds and increasing the concentration of resources on the treatment of complex diseases in hospitals;
- Rapid increase in resource saturation per hospitalization case.

Despite the general tendency to reduce the number of beds, the share of hospital sector costs in the total health care costs in developed countries has been quite stable for the last 20 years and amounts to 20-35%. For comparison, in Georgia, it exceeds 60%, resulting from high levels of hospitalization and long-term treatment.

Another general trend is the reduction in the duration of hospital treatment. Hospitalization rates per 10,000 population vary by country. In some countries, it is decreasing (in 1990-2005 in Canada it decreased by 32%, in Sweden – by 10%), while in other countries it is increasing (in the same period in Great Britain it increased by 41%, in Spain – by 14%, in Norway – by 20%). (OECD, 2007) [3]. The number of medical personnel per bed increased in European countries in 1990-2005 (the minimum was in Germany – 6%, the maximum in Great Britain – 2.6% (OECD, 2007) [4].

These trends are due to the special nature of technical progress in the hospital sector: new medical technologies rarely lead to an economy of labour resources. Often, they require the recruit-

ment of a new category of medical workers, which increases the saturation of resources for each case of hospitalization. One day of hospitalization in Great Britain is about \$ 500; in some hospitals in the USA, it exceeds \$2000.

### ECONOMIC STATUS OF THE HOSPITAL

According to economic status, hospitals are divided into three groups: public, private non-profit and private commercial. In the countries with a budgetary health care system (Great Britain, Scandinavian countries, Ireland, Italy, Spain, and Portugal), the share of public hospitals is 70-95%. In countries with a compulsory medical insurance system, this share is relatively small, although it still has a larger share; for example, in France, 65% of beds are located in state hospitals; in Germany – 55%; in Belgium – 60%. In countries where private health insurance is more developed, for example, in the USA, the share of private hospitals (commercial and non-commercial) is relatively large – up to 70-80% (Cutler, 2002) [5].

In the late 1990s, the World Bank proposed another typology, according to which medical organizations are divided into budgetary, autonomous and corporate types (Preker & Harding, 2003) [6]. In an **autonomous organization**, managers have full decision-making authority. The global budget provides financing. Medical organizations have the full right to dispose of property. An autonomous organization is mainly formed by transforming a traditional budgetary organization into another organizational-legal form – trusts (Great Britain, Italy), non-profit organizations (Spain), and public state organizations (Lithuania).

**Corporate organizations** appear as independent entities – corporation operating according to the general rules of entrepreneurship. The state owns the corporation's property and manages its activities as its representative in the governing body. The organization assumes full economic responsibility for its obligations. In essence, it is a model of a state enterprise. Compared to an autonomous organization, there are more rights to use the income and more responsibility for obligations. The state acts as the corporation's owner and tries to maintain strategic control over the

activities of the medical organization while leaving the medical organization free to make current business decisions. The most famous examples of corporations are the state corporations of Sweden, Denmark, New Zealand, and Israel in the hospital sector.

Many countries in the 1990s tried to give public hospitals more autonomy by converting them into other public organizations. The most famous form is the transformation of state organizations into trusts. For example, in Great Britain in the early 1990s, all public hospitals were converted into NHS trusts. Trusts have established contractual relationships with purchasers of medical services, in particular with public authorities and large general medical practices.

Another form of autonomization is the transformation of budgetary medical organizations into public healthcare organizations, such a transformation was carried out in Lithuania. Lithuania first adopted the Law on Public Organizations (1996), which established the main features of such organizations: income is generated based on contracts with customers. Profit is not the goal of the activity; it does not bring to the founder but is directed to the development of medical activity. In 1997, the Law on Public Reorganization of Budgetary Organizations was adopted.

In many countries, there is a diversity of ownership and organizational-economic forms of hospitals. Given the medical market's peculiarities, many countries face a difficult choice of the optimal ratio of private and public hospitals. On the one hand, private commercial hospitals can respond promptly to market changes because their goal is to make a profit. When the necessary incentives are created to influence private commercial hospital decisions regarding the volume and quality of services, then the service delivery function can be transferred to the private commercial sector. On the other hand, the existence of information asymmetry allows commercial hospitals to increase the volume or price of the service, as well as to reduce the quality. Low-income countries prefer private, non-profit hospitals, even if they are technically less efficient.

It is important to consider that the development of one or another form of hospital organization is conditioned by the historically formed

representations of the role of a commercial hospital in different countries. For example, in the US, market relations in health care were dominated by commercial hospitals from the beginning. Historically, the main role in Europe belonged to state organizations. Since the 1980s and 1990s, many European countries have turned to autonomous organizational forms.

## HOSPITAL EXPENCES

In the short term, hospital costs – the number of beds (hospital capacity), supplies, and equipment – are mostly fixed. A decrease in the number of patients leads to a decrease in average costs. In the long run, all costs are variable. Hospital administration may hire more doctors and invest in additional beds or expensive equipment. By predicting patient flow, a hospital can minimize average costs. When a daily intake of 150 patients is expected, a medium-sized hospital and a large hospital for 300 patients are required. Thus, at each expected level of demand, the administration can determine the capacity (capacity) of the hospital, as well as the number of medical personnel, minimizing average costs.

A U-shaped curve theoretically represents the dependence of hospital volume on costs. As the volume of the hospital increases, average costs decrease to a certain minimum, after which they increase again. With the increase in the volume of medical services, it is possible to increase the number of doctors who specialize in warfare and increase access to high-tech equipment. Hospitals can also purchase large volumes of equipment at a reduced cost. However, as the size of the hospital increases, so do the costs of organizational coordination and management control.

Thus, it may be economically prudent to expand the size and scope of the hospital to better utilize existing expertise, infrastructure, and equipment. However, at some point, the hospital moves away from the optimal efficiency level and begins to exhibit diseconomies of scale. Also, small hospitals can be inefficient because fixed infrastructure and administrative costs are spread over a very small number of cases, increasing the average hospital visit cost. In this regard, studies

show that negative effects of scale diseconomies are expected below 200 beds and above 600 beds (Roh et al. 2010) [7].

The existence of economies of scale is one of the factors determining the intensity of competition. When economies exist, the limits of competition are limited. Therefore, it is important to identify the limits of this economy for the health sector. At this point, we need to understand whether the market structure of medical service providers is a natural monopoly, where only large hospitals can achieve an efficient volume of services, or whether the market structure is more diverse, where many smaller hospitals can exist.

However, it is important to understand that this ratio of volume and costs is ambiguous, as is the conclusion about the existence of economies of scale. Studies confirm that there is an economy of scale in health care, but it is significantly lower (11-14%) than in other sectors of the economy (60-95%) (Eastaugh, 2004) [8].

Hospitals are not uniform in terms of the composition of treated patients, the complexity of the services provided, and the amount of scientific research spent on the training of doctors (some hospitals perform the functions of both teaching and research centres simultaneously).

Let's compare two hospitals: hospital B has more beds than hospital A, but patients in hospital B have a more complex disease structure. It can be assumed that the average costs in this hospital will be higher, making it less efficient. But in this case, such a conclusion does not correspond to the truth. Many parameters are used to evaluate the impact of hospital volume on costs: hospital volume, the structure of diseases, quality of treatment process, severity of disease, differences between doctors' salaries, and costs of doctors' training. Empirical studies in this direction are associated with certain limitations from the data, adequate indicators, and the technical side. It can be said that many studies in the USA confirm the existence of economies of scale, although not very significant, for hospitals with a capacity of 200-300 beds. An insignificant average percentage of savings justifies the presence of competition in the supplier market.

At first glance, hospital A, which provides a few medical services, has lower average costs than

hospital B and is, therefore, more efficient. But if we take into account the many factors that affect the long-run costs of a hospital, that is, if we compare short-run and long-run costs, we can see that hospital B is more efficient because it provides services with the lowest long-run average costs.

Thus, lower average costs are not an indicator of higher hospital efficiency. Other factors also affect the efficiency of the hospital. Therefore, it is necessary to empirically assess the existence of economies of scale in each hospital operating in the local market, taking into account the peculiarities of the case structure. This refers to economies of scale not only for costs but also for the quality of services. It is important to consider that the quality of medical services is often determined by increasing the level of specialization of hospitals. The greater the volume of types of medical services, the greater the results of treatment. It is also necessary to consider the possibility of economies of scale in relatively small medical organizations and individual sub-departments. For example, a large hospital with a large set of specialities may not provide economies of scale, while an individual sub-department may be able to provide such economies through the power of replication of well-utilized medical technologies. It is also necessary to consider the different effects of scale (increase in the volume of services) on the quality of treatment for different specializations and types of services. For example, an increase in the volume of services significantly increases the quality of open heart operations but practically does not change the quality of cholecystectomy.

### **Behavior of commercial and non-commercial hospitals in the medical market**

The status of the hospital is determined by the objective function, which in turn is related to the status of the hospital. A commercial hospital maximizes profits, while a non-profit hospital may include other factors in its function, such as serving socially vulnerable citizens, providing services that have public benefits, and conducting research in commercially unprofitable areas.

The number of beds determines the capacity of the hospital. The number of hospitalizations is

determined in proportion to the number of beds. The optimal number of beds for a commercial hospital-monopolist is lower than for a commercial hospital in a monopolistically competitive market, which in turn is lower than the optimal capacity of a non-profit hospital. The price set by a non-profit hospital is lower than that of a commercial hospital.

### **Theoretical models of hospital competition**

The relationship between providers of medical services takes place within the framework of the existing and changing market structure. The market structure is determined by the degree of differentiation of economies of scale services, the presence of hospital service providers, and market entry and exit barriers. The wider the market boundaries, the more hospitals can compete. And conversely, in the absence of hospitals within the geographical reach, the hospital gains market power.

Studies confirm the importance of the geographic accessibility factor of the hospital in the market structure. According to one study, a 10% reduction in the distance to a hospital increases the demand for its services by 13-14% (Henderson, 2005) [9]. However, the market for certain specialized services may extend beyond local boundaries as patients are willing to travel significant distances to receive a specific type of treatment.

According to neoclassical economic theory, competition leads to efficient economic results. The services of healthcare providers are very different from other services. Due to informational asymmetry and uncertainty in the origin of demand, competition opportunities and outcomes in health care may differ from those in other areas of the economy.

Hospitals can compete on two levels:

- Competition for individual users of services;
- Competition on the collective buyer of services – insurance companies.

Competition between hospitals can be carried out according to prices and the quality of medical supplies. The main condition for ensuring the positive effects of hospital competition is the avail-

ability of information for all interested parties of the system according to two parameters:

- Effective use of resources;
- Quality of provided services.

When the object of hospital competition is the collective buyer of services, competition helps hospitals allocate and use resources more efficiently. In this case, the buyer of services, due to its size (for example, a large insurance company), has a relatively high (compared to individual buyers) power and, as a result, has a stronger influence on costs and non-price parameters of services.

The effectiveness of competition depends on the organization of the insurance system – the market structure of hospitals and insurance services free contracting with selected hospitals. Increasing the volume of hospitals (by merging them), which leads to economies of scale and provides relatively high indicators of the quality of treatment, can strengthen the market position. At the same time, the ability of the hospital to impose its conditions on the insurance company regarding the prices of hospital services is expanded. When many hospitals operate in a local market, their ability to impose their terms on a powerful insurance company is substantially reduced.

Methods of reimbursement for hospital services also influence the effectiveness of competition.

Hospital reimbursement can be based on two approaches. Retrospective compensation is based on the actual volume of services rendered, where the role of the financier is minimal. However, the buyer can control hospital cases. The second approach involves reimbursing medical services using the prospective method based on the pre-agreed volume of services provided.

### **Factors of effectiveness of competition in the medical market**

Based on the theoretical aspects of competition, it is possible to systematize the factors that influence the results of hospital competition.

Institutional environment factors. The availability of information on the quality of treatment (mortality, re-hospitalization rates) and effective

use of resources are the most important factors in making a rational decision by the buyer and user of medical services. The scarcity of information is reflected in the imperfection of contracts and leads to high transaction costs, which reduces competition. State regulation in such areas as licensing, establishment of quality standards, and provision of information on hospital activities contributes to the increase of quality in the conditions of competition.

Peculiarities of local markets. The existence of empirically justified economies of scale limits the possibilities of competition. When the large size of the hospital, i.e. market concentration, allows for lower costs of services, increasing the number of hospitals is inefficient. In addition, the larger the hospital, the greater the volume of services provided, and the quality of many types of treatment depends on the experience of doctors and the number of procedures performed. In this case, expanding the number of hospitals is not justified from the point of view of quality improvement. When there is a need to expand hospitals to meet growing demand – a situation where demand exceeds supply – the opportunity to compete on quality and price increases.

Attitudes of hospitals to purchasers of medical services. An interested, well-informed buyer of medical services is a key factor influencing decisions made by a hospital on the volume and quality of services. The higher the buyer power, the stronger the buyer's influence on service quality and costs. Another way to influence the buyer's hospital is through reimbursement. Pre-negotiated, prospective funding creates additional incentives to contain costs, hospitals compete on price, while retrospective reimbursement methods do not create incentives to increase efficiency. In addition to the collective buyer, the hospital's activity is influenced by the individual user of medical services, who makes a rational choice of the hospital based on price and quality. In the case of compulsory insurance, the price elasticity of demand is zero. At this time, the hospital may increase the cost of its services. When the consumer pays for some of the services themselves, the price elasticity of demand increases, and the hospital's price competition becomes more effective because it attracts many patients.

The hospital's response to changes in external conditions. Hospital behaviour is driven by internal motivations that depend on economic status. When a hospital has large decision-making powers, competition encourages the search for ways to increase operational efficiency. A for-profit hospital will focus more on cost containment, while a not-for-profit hospital will focus more on increasing quality.

### **EMPIRICAL ASSESSMENT OF HOSPITAL PERFORMANCE**

#### **Volume of medical services and quality of treatment**

It is known that special importance is attached to the experience and skills of doctors in clinical practice in medicine. For example, open-heart surgeries are allowed only in hospitals that can perform a set minimum of such surgeries. Large hospitals can easily meet this minimum. Better clinical outcomes can be achieved in more concentrated hospitals, where large hospitals dominate (in less competitive markets) and volume drives quality. Studies confirm that the cumulative number of cardiac operations (its increase in a given period) significantly impacts outcome indicators (lethality and complications). Also, the impact of volume on quality is confirmed by studies, according to which, in hospitals where the number of operations is large, mortality is significantly lower (Welke et al., 2008; [10] Lee et al., 2015 [11]).

#### **Hospital competition and production costs**

Some studies confirm that when hospitals are financed by a retrospective method (actual costs), competition leads to an increase in the volume of services, costs and prices (Krabbe-Alkemade, et al., 2017; [12] Fournier & Mitchell, 1992 [13]). However, there are studies according to which competition reduces costs and prices (Connor et al., 1998; [14] Dranove et al., 1993; [15] Proppe & Söderlund, 1998; [16] Dranove & Satterthwaite 2016 [17]). In addition, competition increases the widespread adoption and use of expensive technologies (Deng & Pan, 2019) [18].

The most common indicators of competition among medical service providers are:

- The Herfindahl-Hirschman Index is calculated based on hospital volume (number of beds, level of capital expenditures) within a country or region. In the US, the Federal Trade Commission has defined the following criteria for the degree of market concentration:  $HHI < 1000$  – unconcentrated market,  $1000 < HHI < 1800$  – medium concentration, and  $HHI > 1800$  – high concentration. The highest index of 10,000 corresponds to a monopoly;
- number of doctors per hospital in the country/region;
- Share of hospitalizations by hospital in the country/region.

Hospital competition is determined by the market structure, which is determined by the boundaries and characteristics of that market's population. Therefore, the measurement of competition makes sense only during the correct analysis and assessment of local market boundaries.

As a result of the introduction of statutory methods of financing hospitals and the definition of agreed volumes of hospital services, competition in the early 1990s in the USA was associated with relatively low costs and prices. (Fulton, 2017) [19].

#### **Hospital competition, treatment costs and quality**

Studies confirm that in the conditions of competition of hospitals in terms of quality, there is an intensification of expensive services, which leads to an increase in costs and prices (Strumann et al., 2022) [20]. In the US, this kind of competition in the medical market, which causes cost inflation, is called a "medical arms race". However, excessive duplication and intensification of services can reduce the effectiveness of patient care because hospitals cannot afford to invest in research into more effective treatment methods.

Studies evaluating the impact of hospital competition on costs and quality of care have produced mixed results. High competition in the US until the

1990s was ineffective because it increased hospital costs while not significantly affecting treatment outcomes (for example, the fatality rate of myocardial infarction did not decrease).

In the 1990s, the competitive landscape in the US changed substantially due to the emergence of managed health insurance schemes. During this period, prospective reimbursement methods of financing hospitals were introduced, which means financing medical services not according to actual costs but according to predetermined prices. At the same time, stricter requirements were established for using expensive resources. After the 1990s, high competition led to cost reduction and quality improvement. Consequently, competition has become a useful mechanism for influencing hospital performance.

In Great Britain, the reform of the National Health Service, which began in 1991, was aimed at stimulating competition among hospitals. Studies confirm that the price of hospital services was lower in regions with high competition among hospitals; However, the higher the volume of the medical organization, the lower the price (Joynt et al., 2011) [21]. According to other studies, competition between hospitals reduced the quality of patient treatment (Lyon, 1999) [22]. Thus, American researchers note the impact of competition

on quality, and according to British researchers, competition strengthens the price signal. In Britain, healthcare purchasers (local governing bodies) focused more on price reduction than quality when negotiating with healthcare providers. When analyzing the impact of competition on quality, researchers took more into account the size and status of the hospital.

## CONCLUSION

Empirical studies confirm that the influence of various factors on the quality of treatment depends on the environment and system of incentives in which hospitals operate. Relationships between buyers and providers of medical services, which are based only on price negotiations, do not lead to the provision of adequate quality medical services. Due to informational asymmetry with respect to the real cost of hospital services and quality of treatment, medical service buyers cannot influence cost reductions and increase the quality of treatment, which increases hospital power. Thus, when evaluating the impact of hospital competition on costs and quality of care, we must keep in mind that market mechanisms in health care do not always increase public welfare.

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# მასშტაბის ეკონომია, საავადმყოფოს ეფექტიანობა და ოპტიმალური ზომა

თენგიზ ვერულავა

მედიცინის დოქტორი, პროფესორი,  
ბიზნესის სკოლა, კავკასიის უნივერსიტეტი, საქართველო

**აბსტრაქტი.** მთელ მსოფლიოში მიმდინარეობს საავადმყოფოების გამსხვილების პროცესი. საავადმყოფოები ხდება უფრო დიდი (ანუ ყოველწლიურად იზრდება მიღებული პაციენტების რაოდენობა) და უფრო რთული (ანუ, უფრო ფართო სპექტრის მომსახურებას სთავაზობენ პაციენტებს, რომლებსაც აქვთ უფრო მრავალფეროვანი სამედიცინო მომსახურების საჭიროებები). ჰოსპიტალურ სექტორში, ისევე როგორც ეკონომიკის სხვა დარგებში, მნიშვნელოვანია მასშტაბის ეკონომია, რომლის მიხედვით, სამედიცინო მომსახურების მოცულობის გაზრდა შესაძლებელია საშუალო ხარჯების შემცირებით და ხარისხის ზრდით, მაგრამ სამედიცინო მომსახურების მოცულობისა და ხარჯების ამ ურთიერთკავშირის დადგენა რთულია, რადგან საავადმყოფოები არსებითად განსხვავდებიან ერთმანეთისაგან სპეციალიზაციის დონის, პაციენტთა შემადგენლობის და სხვა პარამეტრების მიხედვით, რომლებიც გავლენას ახდენს ხარჯების მოცულობაზე. ნაშრომში განხილულია ჯანდაცვის სექტორში მასშტაბის ეკონომიკის თავისებურებები, სამედიცინო მომსახურების მოცულობის დამოკიდებულება ხარჯებზე და ხარისხზე.

კვლევები ადასტურებენ, რომ სხვადასხვა ფაქტორების გავლენა სამედიცინო მომსახურების ხარჯებსა და ხარისხზე დამოკიდებულია იმ გარემოსა და სტიმულების სისტემაზე, რომლებშიც ფუნქციონირებენ საავადმყოფოები. პაციენტებსა და სამედიცინო მომსახურების მიმწოდებლებს შორის არსებული ურთიერთობები, რომლებიც მხოლოდ ფასზე მოლაპარაკებებს ეფუძნება, არ განაპირობებს სამედიცინო მომსახურების სათანადო ხარისხის უზრუნველყოფას. საავადმყოფოს მომსახურების რეალურ ღირებულებასთან და მკურნალობის ხარისხთან მიმართებით ინფორმაციული ასიმეტრიის გამო, სამედიცინო მომსახურების მყიდველები გავლენას ვერ ახდენენ ხარჯების შემცირებაზე და მკურნალობის ხარისხის ამაღლებაზე, რაც ზრდის საავადმყოფოს ძალაუფლებას. ამგვარად, როდესაც ვაფასებთ საავადმყოფოების კონკურენციის გავლენას ხარჯებსა და მკურნალობის ხარისხზე, მხედველობაში უნდა გვქონდეს, რომ ჯანდაცვაში საბაზრო მექანიზმები ყოველთვის არ ამაღლებენ საზოგადოების კეთილდღეობას.

**საკვანძო სიტყვები:** მასშტაბის ეკონომია, სამედიცინო მომსახურების ხარისხი, სამედიცინო მომსახურების ხარჯები, საავადმყოფო, სამედიცინო ბაზარი

## შესავალი

თანამედროვე საავადმყოფოებზე, მათი ეკონომიკური განვითარების დონის მიუხედავად, გავლენას ახდენს ისეთი ფაქტორები, როგორებიცაა: დემოგრაფიული ცვლილებები, დავადებათა სტრუქტურის გართულება, ახალი

სამედიცინო ტექნოლოგიების განვითარება, სახელმწიფო. საავადმყოფოს ფუნქციონირების შედეგები დამოკიდებულია ჯანდაცვის სისტემის სხვადასხვა რგოლზე: სამედიცინო მომსახურების მიმწოდებლები, მომხმარებლები, კონკურენტები, სამედიცინო მომსახურების მიწოდების სისტემის სხვა სუბიექტები.

მასშტაბის ეკონომიის თეორია გამოიყენება წარმოების სისტემებში შედეგისა და ეფექტიანობის ასახსნელად. მასშტაბის ეკონომია ამტკიცებს, რომ ერთეულის ღირებულება მცირდება გამომუშავების მოცულობის ზრდასთან ერთად (Gaynor et al. 2005). აღნიშნული კავშირი ღირებულება და მოცულობას შორის რამდენიმე მექანიზმით აიხსნება, მათ შორის, მოცულობის ზემოქმედებით ფიქსირებულ ხარჯებზე, რესურსების სპეციალიზაცია და მომწოდებლების მიმართ ბაზარზე არსებული პოზიციებით. მეორე მხრივ, მასშტაბის ეკონომია, როგორც წესი, დაკავშირებულია ფენომენტთან, რომლის დროსაც საქონლის/მომსახურების ერთეულის ღირებულება მცირდება, როდესაც იზრდება წარმოების მოცულობა (Bernet & Singh, 2015) [1]. დანახარჯების კომპლემენტარულობა (ერთიერთშემავსებლობა) ნიშნავს, რომ მას შემდეგ, რაც რესურსები გამოყენებულ იქნება ერთი საქონლის/მომსახურების წარმოებისთვის, ისინი ხელმისაწვდომი ხდება, დამატებითი ხარჯების გარეშე, სხვა საქონლის წარმოებაში გამოსაყენებლად. მასშტაბის ეფექტი ამ მხრივ გულისხმობს, რომ უფრო მომგებიანია სხვადასხვა საქონლის/მომსახურების წარმოება ერთ მსხვილ ერთეულში, ვიდრე რამდენიმე სპეციალიზებულ საწარმოო ერთეულში.

ჰოსპიტალურ სექტორში, ისევე როგორც ეკონომიკის სხვა დარგებში, მნიშვნელოვანია მასშტაბის ეკონომია, რომლის მიხედვით, სამედიცინო მომსახურების მოცულობის გაზრდა შესაძლებელია საშუალო ხარჯების შემცირებით და ხარისხის ზრდით. ჯანდაცვის სფეროში ჩატარებული მრავალი კვლევის შედეგი მხარს უჭერს მასშტაბის ეკონომიის ფენომენის არსებობას (Giancotti და სხვ., 2017) [2], მაგრამ ჯანდაცვის სექტორში მასშტაბის ეკონომიის კონცეფციების პრაქტიკაში გამოყენება უფრო რთული ხდება. საქმიანობაში მდგომარეობს, რომ სამედიცინო მომსახურების მოცულობისა და ხარჯების ურთიერთკავშირის დადგენა რთულია, რადგან საავადმყოფოები არსებითად განსხვავდებიან ერთმანეთისაგან სპეციალიზაციის დონის, პაციენტთა შემადგენლობის და სხვა პარამეტრების მიხედვით, რომლებიც გავლენას ახდენენ ხარჯების მოცულობაზე. ნაშრომში განხილულია ჯანდაცვის სექტორში მასშტაბის

ეკონომიკის თავისებურებები, სამედიცინო მომსახურების მოცულობის დამოკიდებულების სირთულე განეულ ხარჯებსა და ხარისხზე.

## საავადმყოფოს ეფექტიანობა

საავადმყოფოს შედეგების ეფექტიანობის შეფასება განისაზღვრება რაოდენობრივი და ხარისხობრივი პარამეტრებით. გამოყოფენ ხარისხის სამ ასპექტს: 1. რესურსების ხარისხი – ინვესტიციური და ადამიანური რესურსები, მათ შორის, სამედიცინო პერსონალის კომპეტენციების დონე. 2. სერვისების განვითარების ხარისხი – გამოყენებული სამედიცინო ტექნოლოგიები, სამედიცინო სტანდარტებთან შესაბამისობა, მკურნალობის ინტენსიურობა, პაციენტების მომსახურების დონე. 3. კლინიკური შედეგის დონე – პაციენტის მკურნალობის გამოსავალი (ჯანმრთელობის გაუმჯობესების ხარისხი).

სამედიცინო ბაზარზე საავადმყოფოების ფუნქციონირების შესწავლისას განიხილება ეფექტიანობის 2 მთავარი ასპექტი:

1. **ტექნიკური (ლოკალური) ეფექტიანობა** – რესურსებსა და წარმოებულ პროდუქტს შორის შეფარდება, მაგალითად, პერსონალის რაოდენობის შეფარდება განეული სერვისის მოცულობაზე (საავადმყოფოში მკურნალობის შემთხვევების რაოდენობა და სტრუქტურა). ტექნიკურ ეფექტიანობაზე გავლენას ახდენს საავადმყოფოს მოცულობა, გამოყენებული სამედიცინო ტექნოლოგიები, აგრეთვე, ორგანიზაციის და თითოეული მუშაკის მოტივაცია;
2. **ალოკაციური ეფექტიანობა** – რესურსების განაწილების სხვადასხვა მიმართულებებს შორის თანაფარდობა, რომლებიც განსაზღვრავს ხარჯების სტრუქტურის რაციონალურობას ალტერნატიული ხარჯების გათვალისწინებით. შესაძლებელია ტექნიკური და ალოკაციური ეფექტიანობის სხვადასხვა ტენდენციები. მაგალითად, საავადმყოფოს საქმიანობის ტექნიკური ეფექტიანობის ზრდას იმ შემთხვევების მკურნალობისას, რომლებიც არ მოითხოვენ ჰოსპიტალიზაციას (გაურთულე-

ბელი პნევმონია, რომლის მკურნალობა შესაძლებელია ამბულატორიულად შეიძლება თან სდევდეს ალოკაციური ეფექტიანობის შემცირება – რესურსების საგრძნობი კონცენტრაცია ჰოსპიტალური მომსახურების სფეროში.

სამედიცინო მომსახურების ორგანიზაცია არსებითად განსხვავდება ქვეყნების მიხედვით, თუმცა შესაძლებელია გამოიყოს საავადმყოფოების ფორმირების მთავარი ტენდენციები:

- საავადმყოფოების დიდი ნაწილის გარდაქმნა მსხვილ კომპლექსებად, სადაც იყენებენ რთულ და ძვირადღირებულ სამედიცინო ტექნოლოგიებს;
- სტაციონარული მომსახურების ზოგი სახის გადატანა ამბულატორიულ დონეზე;
- მკურნალობის ინტენსივობის გაზრდა და, როგორც შედეგი, პაციენტების სტაციონარში დაყოვნების შემცირება;
- სანოლთა ფონდზე მოთხოვნის შემცირება და საავადმყოფოებში რთული დაავადებების მკურნალობაზე რესურსების მზარდი კონცენტრაცია;
- ჰოსპიტალიზაციის თითოეულ შემთხვევაზე რესურსების გაჯერების სწრაფი ზრდა.

მიუხედავად სანოლთა ფონდის შემცირების საერთო ტენდენციისა, განვითარებულ ქვეყნებში ჯანდაცვის მთლიან ხარჯებში ჰოსპიტალური სექტორის ხარჯების წილი ბოლო 20 წელი საკმაოდ სტაბილურია და შეადგენს 20-35%-ს. შედარებისათვის, საქართველოში იგი 60%-ს აჭარბებს, რაც არის ჰოსპიტალიზაციის მაღალი დონის და პაციენტის ხანგრძლივი დროით მკურნალობის შედეგი.

სხვა ზოგად ტენდენციას წარმოადგენს ჰოსპიტალური მკურნალობის ხანგრძლივობის შემცირება. 10000 მოსახლეზე ჰოსპიტალიზაციის მაჩვენებელი განსხვავდება ქვეყნების მიხედვით. ზოგ ქვეყნებში იგი მცირდება (1990-2005 წლებში კანადაში შემცირდა 32%-ით, შვეციაში – 10%-ით), ზოგ ქვეყნებში კი იზრდება (ბრიტანეთში იმავე პერიოდში 41%-ით გაიზარდა, ესპანეთში – 14%-ით, ნორვეგიაში – 20%-ით) (OECD, 2007) [3].

სამედიცინო პერსონალის რაოდენობა ერთ სანოლთან მიმართებით ევროპის ქვეყნებში გაიზარდა 1990-2005 წლებში (ყველაზე

მინიმალური იყო გერმანიაში – 6%, მაქსიმალური ბრიტანეთში – 2.6 ჯერ (OECD, 2007) [4].

აღნიშნული ტენდენციები განპირობებულია ჰოსპიტალურ სექტორში ტექნიკური პროგრესის განსაკუთრებული ხასიათით: ახალი სამედიცინო ტექნოლოგიები იშვიათად განაპირობებენ შრომითი რესურსების ეკონომიას. ხშირად ისინი მოითხოვენ ახალი კატეგორიის მედიცინის მუშაკთა მოზიდვას, რაც ზრდის ჰოსპიტალიზაციის თითოეულ შემთხვევაზე რესურსების გაჯერებას. ბრიტანეთში ჰოსპიტალიზაციის 1 დღე დაახლოებით 500 დოლარს შეადგენს, ხოლო აშშ-ში ზოგ საავადმყოფოში იგი 2000 დოლარს აჭარბებს.

### საავადმყოფოს ეკონომიკური სტატუსი

ეკონომიკური სტატუსის მიხედვით, საავადმყოფოები იყოფა სამ ჯგუფად: სახელმწიფო, კერძო არაკომერციული და კერძო კომერციული. ჯანდაცვის საბიუჯეტო სისტემის ქვეყნებში (დიდი ბრიტანეთი, სკანდინავიის ქვეყნები, ირლანდია, იტალია, ესპანეთი, ჰორტუგალია) სახელმწიფო საავადმყოფოების წილი შეადგენს საერთო სანოლთა ფონდის 70-95%-ს. სავალდებულო სამედიცინო დაზღვევის სისტემის ქვეყნებში ეს წილი შედარებით მცირეა, თუმცა მაინც მეტი წილი უკავია, მაგალითად, საფრანგეთში სანოლთა 65% სახელმწიფო საავადმყოფოებშია განთავსებული, გერმანიაში – 55%, ბელგიაში – 60%. ქვეყნებში, სადაც უფრო მეტად კერძო სამედიცინო დაზღვევაა განვითარებული, მაგალითად, აშშ, შედარებით დიდია კერძო საავადმყოფოების წილი (კომერციული და არაკომერციული) – სანოლთა ფონდის 70-80%-მდე (Cutler, 2002) [5].

საავადმყოფოს თითოეულ სახეს აქვს მრავალი ორგანიზაციულ-სამართლებრივი ფორმა. მაგალითად, სახელმწიფო საავადმყოფოებს შეიძლება მართავდნენ სახელმწიფო მართვის ორგანოები ან შეიძლება იყოს შედარებით დამოუკიდებელი. 1990-იან წლების ბოლოს მსოფლიო ბანკმა შემოგვთავაზა სხვა ტიპოლოგია, რომლის მიხედვით სამედიცინო ორგანიზაციები იყოფა საბიუჯეტო, ავტონომიურ და კორპორატიულ სახეებად (Preker & Harding, 2003) [6].

**ავტონომიურ ორგანიზაციაში** მენეჯერებს აქვთ გადაწყვეტილებების მიღების სრული უფლებამოსილება. დაფინანსება ხორციელდება გლობალური ბიუჯეტით. სამედიცინო ორგანიზაციებს აქვთ ქონების განკარგვის სრული უფლება. ავტონომიური ორგანიზაცია, უმთავრესად, ფორმირდება ტრადიციული საბიუჯეტო ორგანიზაციის სხვა ორგანიზაციულ-სამართლებრივ ფორმად გარდაქმნის გზით – ტრასტები (დიდი ბრიტანეთი, იტალია), არაკომერციული ორგანიზაციები (ესპანეთი), საზოგადოებრივი სახელმწიფო ორგანიზაციები (ლიტვა).

**კორპორატიული ორგანიზაციები** გამოდიან დამოუკიდებელი სუბიექტის – კორპორაციის ფორმით, რომლებიც მოქმედებენ მენარმეობის ზოგადი წესების მიხედვით. სახელმწიფო რჩება კორპორაციის ქონების მესაკუთრედ და მართავს მის საქმიანობას მმართველობით ორგანოში მისი წარმომადგენლების სახით. ორგანიზაცია იღებს საკუთარ ვალდებულებებზე სრულ ეკონომიკურ პასუხისმგებლობას. არსებითად, იგი სახელმწიფო საწარმოს მოდელია. ავტონომიურ ორგანიზაციასთან შედარებით, აქ შემოსავლების გამოყენების უფრო მეტი უფლებებია და ვალდებულებებზე უფრო მეტი პასუხისმგებლობაა. სახელმწიფო გამოდის კორპორაციის მფლობელის როლში და ცდილობს სამედიცინო ორგანიზაციის საქმიანობაზე სტრატეგიული კონტროლის შენარჩუნებას, თუმცა სამედიცინო ორგანიზაციას უტოვებს მიმდინარე სამეურნეო გადაწყვეტილებების მიღების თავისუფლებას. კორპორაციების ყველაზე ცნობილ მაგალითებს წარმოადგენენ შვეციის, დანიის, ახალი ზელანდიის, ისრაელის სახელმწიფო კორპორაციები ჰოსპიტალურ სექტორში.

ბევრი ქვეყანა 1990-იან წლებში შეეცადა სახელმწიფო საავადმყოფოებისთვის მიენიჭებინა მეტი ავტონომია სხვა ფორმის სახელმწიფო ორგანიზაციებად გარდაქმნის გზით. ყველაზე ცნობილ ფორმას წარმოადგენს სახელმწიფო ორგანიზაციების გარდაქმნა ტრასტებად. მაგალითად, დიდ ბრიტანეთში 1990-იანი წლების დასაწყისში პრაქტიკულად ყველა სახელმწიფო საავადმყოფო გარდაიქმნა ჯანდაცვის ნაციონალური სამსახურის ტრასტებად. ტრასტებმა საკონტრაქტო ურთი-

ერთობები დაამყარეს სამედიცინო მომსახურების მყიდველებთან, კერძოდ, სახელმწიფო მართვის ორგანოებთან და მსხვილ ზოგად საექიმო პრაქტიკებთან.

ავტონომიზაციის სხვა ფორმას წარმოადგენს საბიუჯეტო სამედიცინო ორგანიზაციების გარდაქმნა ჯანდაცვის საზოგადოებრივ ორგანიზაციებად. ასეთი გარდაქმნა განხორციელდა ლიტვაში. ლიტვაში ჯერ მიიღეს საზოგადოებრივი ორგანიზაციების შესახებ კანონი (1996 წ), რომელმაც დაადგინა ასეთი ორგანიზაციების ძირითადი ნიშნები: შემოსავალი ფორმირდება შემკვეთებთან ხელშეკრულების საფუძველზე; მოგება არ წარმოადგენს საქმიანობის მიზანს, იგი არ მიაქვს დამფუძნებელს, არამედ მიემართება სამედიცინო საქმიანობის განვითარებაზე. 1997 წელს მიღებულ იქნა კანონი საბიუჯეტო ორგანიზაციების საზოგადოებრივად რეორგანიზაციის კანონი.

ბევრ ქვეყანაში წარმოდგენილია საავადმყოფოების მესაკუთრეობისა და ორგანიზაციულ-ეკონომიკური ფორმების მრავალფეროვნება. სამედიცინო ბაზრის თავისებურებების გათვალისწინებით, ბევრი ქვეყანა დგას კერძო და სახელმწიფო საავადმყოფოების ოპტიმალური თანაფარდობის რთული არჩევანის წინაშე. ერთი მხრივ, კერძო კომერციულ საავადმყოფოებს შეუძლიათ საბაზრო ცვლილებებზე ოპერატიულად რეაგირება, რადგან მათი მიზანია მოგების მიღება. როდესაც შექმნილია აუცილებელი სტიმულები, რომლებიც გავლენას ახდენენ კერძო კომერციული საავადმყოფოს გადაწყვეტილებებზე სერვისების მოცულობასთან და ხარისხთან მიმართებით, მაშინ შესაძლებელია სერვისების მიწოდების ფუნქციის გადაცემა კერძო კომერციულ სექტორზე. მეორე მხრივ, ინფორმაციის ასიმეტრიის არსებობა კომერციულ საავადმყოფოებს შესაძლებლობას აძლევს გაზარდონ სერვისის მოცულობა ან ფასი, აგრეთვე შეამცირონ ხარისხი. დაბალშემოსავლიანი ქვეყნები უპირატესობას ანიჭებენ კერძო არაკომერციულ საავადმყოფოებს, თუნდაც ტექნიკურად ნაკლებად ეფექტიანს.

მნიშვნელოვანია იმის გათვალისწინება, რომ საავადმყოფოს ორგანიზაციის ამა თუ იმ ფორმის განვითარება განპირობებულია სხვადასხვა ქვეყანაში კომერციული საავა-

დემოფოს როლზე ისტორიულად ჩამოყალიბებული წარმოდგენებით. ასე მაგალითად, აშშ-ში ჯანდაცვის სფეროში თავიდანვე საბაზრო ურთიერთობები ჩამოყალიბდა, ამიტომ აქ დომინირებდნენ კომერციული საავადმყოფოები. ევროპაში მთავარი როლი ისტორიულად სახელმწიფო ორგანიზაციებს ეკუთვნოდათ. მხოლოდ 1980-1990-იანი წლებიდან ბევრმა ევროპულმა ქვეყანამ მიმართა ავტონომიურ ორგანიზაციულ ფორმებს.

**საავადმყოფოს ხარჯები**

მოკლევადიან პერიოდში საავადმყოფოს ხარჯები – სანოლთა რაოდენობა (საავადმყოფოს სიმძლავრე), მატერიალური მარაგები, მოწყობილობა – ძირითადად მუდმივი ხარჯებია. პაციენტების რაოდენობის შემცირება განაპირობებს საშუალო ხარჯების შემცირებას. გრძელვადიან პერიოდში ყველა ხარჯები ცვლადია. საავადმყოფოს ადმინისტრაციამ შეიძლება დაიქირავოს ექიმების დიდი რაოდენობა, მოახდინოს დამატებით სანოლთებში ან ძვირადღირებულ მოწყობილობა-დანადგარებში ინვესტირება. პაციენტების ნაკადის პროგნოზირების დროს საავადმყოფოს შეუძლია საშუალო ხარჯების მინიმიზება. როდესაც მოსალოდნელია 150 პაციენტის ყოველდღიური მიღება, საჭიროა საშუალო მოცულობის საავადმყოფო, 300 პაციენტზე საჭიროა დიდი საავადმყოფოს აშენება. ამგვარად, მოთხოვნის ყოველ მოსალოდნელ დონეზე ადმინისტრაციას შეუძლია განსაზღვროს საავადმყოფოს მოცულობა (სიმძლავრე), აგრეთვე სამედიცინო პერსონალის რაოდენობა, მინიმიზებული საშუალო ხარჯები.

საავადმყოფოს მოცულობის დამოკიდებულება ხარჯებზე თეორიულად განიხილება U ფორმის მრუდით. საავადმყოფოს მოცულობის ზრდისას საშუალო ხარჯები მცირდება განსაზღვრულ მინიმუმამდე, რომლის შემდეგ ისევ იზრდება. სამედიცინო სერვისების მოცულობის ზრდისას შესაძლებელია ექიმების შრომის სპეციალიზაციის ზრდა და მაღალტექნოლოგიურ მოწყობილობებზე ხელმისაწვდომობის ზრდა. საავადმყოფოებს, ასევე, შესაძლებლობა ექნებათ შემცირებულ ფასად შეისყიდონ დიდი მოცულობით მოწყობილო-

ბები. მაგრამ საავადმყოფოს მოცულობის ზრდასთან ერთად იზრდება ორგანიზაციის კოორდინაციაზე და მმართველობით კონტროლზე ხარჯები.

მიუხედავად იმისა, რომ მასშტაბიზოგადად ასოცირდება უფრო მაღალ პროდუქტიულობასთან, გარკვეულ მასშტაბს ზევით არაეკონომიურია. რაღაც მომენტში, საშუალო ხარჯები იწყებს ზრდას ზომასთან ერთად, რადგან დამატებითი ხარჯები წარმოქმნის მასშტაბის არაეკონომიურობას. ამგვარად, შესაძლოა, ეკონომიკურად გონივრული იყოს საავადმყოფოს ზომისა და მოცულობის გაფართოება არსებული გამოცდილების, ინფრასტრუქტურისა და აღჭურვილობის უკეთ გამოსაყენებლად. თუმცა, რაღაც მომენტში, საავადმყოფო შორდება ეფექტიანობის ოპტიმალურ დონეს და იწყებს მასშტაბის არაეკონომიურობის გამოვლენას. ასევე, მცირე საავადმყოფოებიც შეიძლება იყოს არაეფექტიანი, რადგან ფიქსირებული ინფრასტრუქტურული და ადმინისტრაციული ხარჯები ნაწილდება ძალიან მცირე რაოდენობის შემთხვევებზე, რითაც იზრდება საავადმყოფოში ვიზიტის საშუალო ღირებულება. ამ მხრივ, ჩატარებული კვლევები აჩვენებენ, რომ მასშტაბის უარყოფითი ეფექტი, არაეკონომიურობა მოსალოდნელია დაახლოებით 200 სანოლზე ნაკლები და 600 სანოლზე ზემოთ (Roh და სხვ. 2010) [7].

ეკონომიის მასშტაბის არსებობა კონკურენციის ინტენსივობის განმსაზღვრელი ერთ-ერთი ფაქტორია. როდესაც ეკონომია რეალურად არსებობს, კონკურენციის საზღვრები იზღუდება. ამიტომ მნიშვნელოვანია დავადგინოთ ამ ეკონომიის საზღვრები ჯანდაცვის სექტორისათვის. ამ დროს საჭიროა გავიგოთ, რამდენად არის სამედიცინო სერვისების მიმწოდებლების ბაზრის სტრუქტურა ბუნებრივი მონოპოლია, სადაც მხოლოდ მსხვილ საავადმყოფოებს შეუძლიათ მიაღწიონ სერვისების ეფექტიან მოცულობას, ან ბაზრის სტრუქტურა უფრო მრავალფეროვანია, სადაც შესაძლებელია დიდი რაოდენობით პატარა საავადმყოფოების არსებობა.

ამასთან, მნიშვნელოვანია გავიგოთ, რომ მოცულობისა და ხარჯების ეს თანაფარდობა არაერთმნიშვნელოვანია, ისევე როგორც ეკონომიის მასშტაბის არსებობაზე დასკვნა. როგორც კვლევები ადასტურებს, ჯანდაცვაში

არსებობს მასშტაბის ეკონომია, მაგრამ იგი მნიშვნელოვნად დაბალია (11-14%), ვიდრე ეკონომიკის სხვა დარგებში (60-95%) (Eastaugh, 2004) [8].

საავადმყოფოები არ არიან ერთგვაროვანი ნამკურნალები პაციენტების შემადგენლობის, განეული სერვისების სირთულის, ექიმების სწავლებაზე განეული ხარჯების სამეცნიერო კვლევების მოცულობის (ზოგი საავადმყოფო ერთდროულად ასრულებენ როგორც სასწავლო, ასევე კვლევითი ცენტრის ფუნქციებს) მიხედვით.

ერთმანეთს შევადაროთ ორი საავადმყოფო: საავადმყოფო B-ში სანოლთა რაოდენობა უფრო მეტია, ვიდრე საავადმყოფო A-ში, მაგრამ, ამასთან, პაციენტებს საავადმყოფო B-ში აქვთ დაავადების უფრო რთული სტრუქტურა. შეიძლება ვივარაუდოთ, რომ ამ საავადმყოფოში საშუალო ხარჯები უფრო მაღალი იქნება, შესაბამისად, იგი ნაკლებად ეფექტიანია. მაგრამ ამ შემთხვევაში ასეთი დასკვნა არ შეესაბამება ქვშმარიტებას. საავადმყოფოს მოცულობის ხარჯებზე გავლენის შესაფასებლად გამოიყენება მრავალი პარამეტრი: საავადმყოფოს მოცულობა, დაავადებების სტრუქტურა, მკურნალობის პროცესის ხარისხი, დაავადების სიმძიმე, ექიმთა ანაზღაურებებს შორის განსხვავებები, ექიმთა ტრენინგების ხარჯები. ამ მიმართულებით ემპირიული კვლევები დაკავშირებულია გარკვეულ შეზღუდვებთან როგორც მონაცემების, ასევე ადეკვატური ინდიკატორების და ტექნიკური მხრიდან. შეიძლება ითქვას, რომ აშშ-ში მრავალი კვლევა ადასტურებს ეკონომიის მასშტაბის არსებობას, თუმცა არცთუ ისე მნიშვნელოვანია, იმ საავადმყოფოებისათვის, რომლის მოცულობაა 200-300 სანოლი. ეკონომიის უმნიშვნელო საშუალო პროცენტი ამართლებს მიმწოდებელთა ბაზარზე კონკურენციის არსებობას.

ერთი შეხედვით, საავადმყოფო A-ში, რომელიც ახდენს მცირე რაოდენობის სამედიცინო სერვისების მიწოდებას, საშუალო ხარჯები უფრო ნაკლებია, ვიდრე საავადმყოფო B-ში, შესაბამისად საავადმყოფო A თითქოს უფრო ეფექტიანია. მაგრამ თუ გავითვალისწინებთ მრავალ ფაქტორს, რომლებიც გავლენას ახდენს საავადმყოფოს გრძელვადიან ხარჯებზე, ანუ თუ შევადარებთ მოკლევადიან

და გრძელვადიან ხარჯებს, შეიძლება ვნახოთ, რომ საავადმყოფო B უფრო ეფექტიანია, რადგან სერვისებს აწარმოებს მინიმალური გრძელვადიანი საშუალო ხარჯებით.

ამგვარად, დაბალი საშუალო ხარჯები თავისთავად არ წარმოადგენს საავადმყოფოს უფრო მაღალი ეფექტიანობის ინდიკატორს. საავადმყოფოს ეფექტიანობაზე გავლენას ახდენს სხვა ფაქტორებიც. ამიტომ აუცილებელია ეკონომიის მასშტაბის არსებობის ემპირიული შეფასება ადგილობრივ ბაზარზე მოქმედ თითოეულ საავადმყოფოში შემთხვევის სტრუქტურის თავისებურებების გათვალისწინებით. აღნიშნული ეხება მასშტაბის ეკონომიას არამართო ხარჯებისათვის, არამედ სერვისების ხარისხისათვის. მნიშვნელოვანია გავითვალისწინოთ, რომ სამედიცინო მომსახურების ხარისხი ხშირად განისაზღვრება საავადმყოფოების სპეციალიზაციის დონის ამაღლებით. რაც უფრო მეტია სამედიცინო სერვისების სახეების მოცულობა, მით მეტია მკურნალობის შედეგები. აუცილებელია, ასევე, გავითვალისწინოთ მასშტაბის ეკონომიის შესაძლებლობა შედარებით მცირე სამედიცინო ორგანიზაციებში და ცალკეულ ქვეგანყოფილებებში. მაგალითად, დიდმა საავადმყოფომ სპეციალიზაციის დიდი ნაკრებით შესაძლებელია ვერ უზრუნველყოს მასშტაბის ეკონომია, მაშინ როდესაც ცალკეულმა ქვეგანყოფილებამ, შესაძლოა უზრუნველყოს ასეთი ეკონომია – კარგად ათვისებული სამედიცინო ტექნოლოგიების ტირაჟირების ძალით. ასევე, გასათვალისწინებელია მასშტაბის (სერვისების მოცულობის ზრდა) ეფექტის სხვადასხვა გავლენა მკურნალობის ხარისხზე სხვადასხვა სპეციალიზაციისა და სერვისების სახეებისათვის. ასე მაგალითად, სერვისების მოცულობის ზრდა მნიშვნელოვნად ზრდის ღია გულზე ოპერაციების ხარისხს, მაგრამ პრაქტიკულად არ ცვლის ქოლესტეროლმის ხარისხს.

### **კომერციული და არაკომერციული საავადმყოფოების ქცევა სამედიცინო ბაზარზე**

საავადმყოფოს სტატუსი განისაზღვრება მიზნობრივი ფუნქციის მიხედვით, რომელიც

თავის მხრივ, დაკავშირებულია საავადმყოფოს სტატუსთან. კომერციული საავადმყოფო ახდენს მოგების მაქსიმიზებას, მაშინ როდესაც არაკომერციულმა საავადმყოფომ თავის ფუნქციაში შესაძლოა ჩართოს სხვა ფაქტორებიც, მაგალითად სოციალურად დაუცველი მოქალაქეების მომსახურება, ისეთი სერვისების გაწევა, რომლებსაც აქვთ საზოგადოებრივი სარგებლები, კომერციულად არარენტაბელურ სფეროებში კვლევების ჩატარება.

კომერციული და არაკომერციული საავადმყოფოების ქცევების შეფასება განსაკუთრებულ ინტერესს წარმოადგენს.

საავადმყოფოს სიმძლავრე განისაზღვრება საწოლთა რაოდენობით. ჰოსპიტალიზაციის რაოდენობა განისაზღვრება საწოლთა რაოდენობასთან პროპორციაში. კომერციული საავადმყოფო-მონოპოლისტისთვის საწოლების ოპტიმალურ რაოდენობა დაბალია, ვიდრე კომერციული საავადმყოფოსთვის მონოპოლისტური კონკურენციის ბაზარზე, რაც თავის მხრივ, უფრო დაბალია, ვიდრე არაკომერციული საავადმყოფოს ოპტიმალური მოცულობა. არაკომერციული საავადმყოფოს მიერ დადგენილი ფასი უფრო დაბალია კომერციული საავადმყოფოს ფასთან შედარებით.

### საავადმყოფოების კონკურენციის თეორიული მოდელები

სამედიცინო მომსახურების მიმწოდებლებს შორის ურთიერთობა ხდება ბაზრის არსებული და ცვალებადი სტრუქტურის ფარგლებში. საბაზრო სტრუქტურას განსაზღვრავს: მასშტაბის ეკონომია, სერვისების დიფერენციაციის ხარისხი, ჰოსპიტალური სერვისების შემცველების არსებობა, ბაზარზე შესვლის და გამოსვლის ბარიერები. რაც უფრო ფართოა ბაზრის საზღვრები, მით მეტ საავადმყოფოებს შეუძლიათ კონკურენცია. და პირიქით, გეოგრაფიული ხელმისაწვდომობის საზღვრებში საავადმყოფოების არარსებობის დროს საავადმყოფო ღებულობს საბაზრო ძალას.

კვლევები ადასტურებს საავადმყოფოს გეოგრაფიული ხელმისაწვდომობის ფაქტორის მნიშვნელობას ბაზრის სტრუქტურაში. ერთი კვლევის მიხედვით, საავადმყოფომდე მანძილის 10%-ით შემცირება 13-14%-ით ზრდის მის

სერვისებზე მოთხოვნას (Henderson, 2005) [9]. ამასთან, გარკვეულ სპეციალიზებულ სერვისებზე ბაზარი შეიძლება გამოვიდეს ლოკალური საზღვრებიდან, რადგან პაციენტები მზად არიან გადალახონ მნიშვნელოვანი დაშორება მკურნალობის სპეციფიკური სახის მისაღებად.

ნეოკლასიკური ეკონომიკური თეორიის მიხედვით, კონკურენცია განაპირობებს ეფექტიან ეკონომიკურ შედეგებს. სამედიცინო მომსახურების მიმწოდებელთა სერვისები ძლიერ განსხვავდება სხვა სერვისებისგან. ინფორმაციული ასიმეტრიის და მოთხოვნის წარმოშობის გაურკვევლობის გამო, კონკურენციის შესაძლებლობები და შედეგები ჯანდაცვაში შეიძლება განსხვავდებოდეს ეკონომიკის სხვა სფეროებისგან.

საავადმყოფოებს შეუძლიათ კონკურენცია ორ დონეზე:

- კონკურენცია სერვისების ინდივიდუალურ მომხმარებელზე;
- კონკურენცია სერვისების კოლექტიურ მყიდველზე – სადაზღვევო კომპანიები.

საავადმყოფოებს შორის კონკურენცია შეიძლება განხორციელდეს როგორც ფასების, ასევე, სამედიცინო მომსახურების ხარისხის მიხედვით. საავადმყოფოების კონკურენციის დადებითი ეფექტების უზრუნველსაყოფად მთავარი პირობაა ინფორმაციის ხელმისაწვდომობა სისტემის ყველა დაინტერესებული რგოლისათვის ორი პარამეტრის მიხედვით:

- რესურსების ეფექტიანი გამოყენება;
- მიწოდებული სერვისების ხარისხი.

როდესაც საავადმყოფოების კონკურენციის ობიექტია სერვისების კოლექტიური მყიდველი, კონკურენცია ხელს უწყობს საავადმყოფოების მიერ რესურსების უფრო ეფექტიან განაწილებას და გამოყენებას. მოცემულ შემთხვევაში სერვისების მყიდველი თავისი მოცულობის გამო (მაგალითად, დიდი სადაზღვევო კომპანია) ფლობს შედარებით მაღალ (ინდივიდუალურ მყიდველებთან შედარებით) ძალას, და შედეგად, უფრო ძლიერ გავლენას ახდენს ხარჯებსა და სერვისების არაფასის მიერ პარამეტრებზე.

კონკურენციის ეფექტიანობა დამოკიდებულია დაზღვევის სისტემის ორგანიზაციაზე – ჰოსპიტალური და სადაზღვევო სერვისების საბაზრო სტრუქტურაზე, შერჩეულ საავადმყოფო



ფოებთან თავისუფალ კონტრაქტირებაზე. საავადმყოფოების მოცულობის გამსხვილებამ (მათი შერწყმით), რომელიც განაპირობებს მასშტაბის ეკონომიას და უზრუნველყოფს მკურნალობის ხარისხის შედარებით მაღალ მაჩვენებლებს, შეიძლება გამოიწვიოს საბაზრო პოზიციის გაძლიერება. ამ დროს ფართოვდება საავადმყოფოს შესაძლებლობა, რომ თავისი პირობები წაუყენოს სადაზღვევო კომპანიას ჰოსპიტალური სერვისების ფასებთან დაკავშირებით. როდესაც ლოკალურ ბაზარზე მოქმედებენ დიდი რაოდენობით საავადმყოფოები, მათი შესაძლებლობები, რომ თავისი პირობები წაუყენონ ძლიერ სადაზღვევო კომპანიას, არსებითად მცირდება.

კონკურენციის ეფექტიანობაზე, ასევე, გავლენას ახდენს ჰოსპიტალური სერვისების ანაზღაურების მეთოდები.

საავადმყოფოების ანაზღაურება შეიძლება ეფუძნებოდეს ორ მიდგომას. რეტროსპექტული ანაზღაურება გულისხმობს განუღი მომსახურების ფაქტიური მოცულობის მიხედვით ანაზღაურებას, სადაც დამფინანსებლის როლი მინიმალურია. თუმცა, მყიდველს შეუძლია ჰოსპიტალური შემთხვევების კონტროლი. მეორე მიდგომა გულისხმობს სამედიცინო სერვისების ანაზღაურებას პროსპექტული მეთოდით, სადაც ანაზღაურება განუღი მომსახურების წინასწარ შეთანხმებული მოცულობის მიხედვით ხორციელდება.

### **სამედიცინო ბაზარზე კონკურენციის ეფექტიანობის ფაქტორები**

კონკურენციის თეორიული ასპექტების საფუძველზე შეიძლება ფაქტორების სისტემატიზება, რომლებიც გავლენას ახდენენ საავადმყოფოების კონკურენციის შედეგებზე.

**ინსტიტუციონალური გარემოს ფაქტორები.** მკურნალობის ხარისხზე (სიკვდილიანობის, განმეორებითი ჰოსპიტალიზაციის მაჩვენებლები) და საშუალებების ეფექტიანი გამოყენების შესახებ ინფორმაციის ხელმისაწვდომობა არის უმთავრესი ფაქტორი სამედიცინო მომსახურების მყიდველისა და მომხმარებლის მიერ რაციონალური გადაწყვეტილების მისაღებად. ინფორმაციის სიმწირე აისახება კონტრაქტების არასრულყოფილებაზე, ასევე,

განაპირობებს მაღალ ტრანზაქციულ ხარჯებს, რაც ამცირებს კონკურენციას. კონკურენციის პირობებში ხარისხის ზრდას ხელს უწყობს სახელმწიფო რეგულირება ისეთ სფეროებში, როგორცაა: ლიცენზირება, ხარისხის სტანდარტების დადგენა, საავადმყოფოს საქმიანობაზე ინფორმაციის უზრუნველყოფა.

**ადგილობრივი ბაზრების თავისებურებები.** ეკონომიის მასშტაბის ემპირიულად დასაბუთებული არსებობა ზღუდავს კონკურენციის შესაძლებლობებს. როდესაც საავადმყოფოს დიდი ზომა, ანუ ბაზარზე კონცენტრაცია, სერვისებზე უფრო დაბალი ხარჯების შესაძლებლობას იძლევა, საავადმყოფოების რაოდენობის ზრდა არაეფექტიანია. ამასთან, რაც უფრო დიდია საავადმყოფო, მით მეტია წარმოებული სერვისების მოცულობა, ხოლო მკურნალობის ბევრი სახეობის ხარისხი დამოკიდებულია ექიმების გამოცდილებაზე და ჩატარებული პროცედურების რაოდენობაზე. ამ შემთხვევაში საავადმყოფოების რაოდენობის გაფართოება ხარისხის გაუმჯობესების თვალსაზრისით არ არის გამართლებული. როდესაც მზარდი მოთხოვნის დასაკმაყოფილებლად არსებობს საავადმყოფოების გაფართოების საჭიროება (სიტუაციაში, როდესაც მოთხოვნა აღემატება მიწოდებას) იზრდება ხარისხის და ფასის მიხედვით კონკურენციის შესაძლებლობა.

**საავადმყოფოების დამოკიდებულება სამედიცინო მომსახურების მყიდველებთან.** დაინტერესებული, სამედიცინო მომსახურების კარგად ინფორმირებული მყიდველი არის საავადმყოფოს მიერ სერვისების მოცულობაზე და ხარისხზე მისაღებ გადაწყვეტილებებზე მოქმედი უმთავრესი ფაქტორი. რაც უფრო მაღალია მყიდველის ძალა, მით ძლიერია მყიდველის გავლენა სერვისების ხარისხზე და ხარჯებზე. მყიდველის საავადმყოფოზე გავლენის სხვა საშუალებაა ანაზღაურების მეთოდი. წინასწარ შეთანხმებული, პროსპექტული დაფინანსებისას იქმნება ხარჯების შეკავების დამატებითი სტიმულები, საავადმყოფოები ერთმანეთს უწევენ ფასის მიხედვით კონკურენციას, მაშინ როდესაც რეტროსპექტული ანაზღაურების მეთოდები არ ქმნის ეფექტიანობის გაზრდის მოტივაციას. საავადმყოფოს საქმიანობაზე კოლექტიურ მყიდველის გარდა გავლენას ახდენს სამედი-

ცინო მომსახურების ინდივიდუალური მომხმარებელი, რომელიც ახდენს საავადმყოფოს რაციონალურ არჩევანს ფასისა და ხარისხის მიხედვით. სავალდებულო დაზღვევის დროს მოთხოვნის ელასტიკურობა ფასის მიხედვით ნულის ტოლია. ამ დროს საავადმყოფომ შეიძლება გაზარდოს თავისი სერვისების ხარჯები. როდესაც მომხმარებელი სერვისების ნაწილზე თვითონ იხდის საკუთარი ხარჯებით, მოთხოვნის ელასტიკურობა ფასის მიხედვით გაიზრდება, ხოლო საავადმყოფოს კონკურენცია ფასის მიხედვით ხდება უფრო ქმედითი, რადგან მიიზიდავს პაციენტების დიდ რაოდენობას.

**გარე პირობების ცვლილებაზე საავადმყოფოს რეაქცია.** საავადმყოფოს ქცევა განპირობებულია შიდა მოტივაციით, რომელიც დამოკიდებულია ეკონომიკურ სტატუსზე. როდესაც საავადმყოფოს აქვს გადანყვეტილებების მიღებაზე დიდი უფლებამოსილებები, კონკურენცია ხელს უწყობს ფუნქციონირების ეფექტიანობის ზრდის გზების ძიებას. კომერციული საავადმყოფო უფრო მეტად იქნება კონცენტრირებული ხარჯების შეკავებაზე, ხოლო არაკომერციული საავადმყოფო – ხარისხის ზრდაზე.

**საავადმყოფოს ფუნქციონირების ემპირიული შეფასებები  
სამედიცინო მომსახურების მოცულობა და მკურნალობის ხარისხი**

ცნობილია, რომ მედიცინაში განსაკუთრებული მნიშვნელობა ენიჭება ექიმების კლინიკური პრაქტიკის გამოცდილებას და უნარებს. მაგალითად, ღია გულზე ოპერაციები ნებადართულია მხოლოდ იმ საავადმყოფოებში, რომლებსაც შეუძლიათ ჩაატარონ მსგავსი ოპერაციების დადგენილი მინიმუმი. მსხვილ საავადმყოფოებს ადვილად შეუძლიათ ამ მინიმუმის მიღწევა. უფრო მეტად კონცენტრირებულ საავადმყოფოებში, სადაც დომინირებენ მსხვილი საავადმყოფოები (ნაკლებად კონკურენციულ ბაზრებში) და მოცულობა უზრუნველყოფს ხარისხს, შესაძლებელია უკეთესი კლინიკური შედეგების მიღწევა. კვლევები ადასტურებს, რომ კარდიოლოგიური ოპერაციების კუმულაცი-

ური რაოდენობა (მოცემულ პერიოდში მისი ზრდა) მნიშვნელოვან გავლენას ახდენს შედეგების მაჩვენებლებზე (ლეტალობა და გართულებები). ასევე, მოცულობის გავლენას ხარისხზე ადასტურებს კვლევები, რომელთა მიხედვით, იმ საავადმყოფოებში, სადაც ოპერაციების რაოდენობა დიდია, სიკვდილობა მნიშვნელოვნად მცირეა (Welke et al., 2008; [10] Lee et al., 2015 [11]).

**საავადმყოფოების კონკურენცია და წარმოების ხარჯები**

გარკვეული კვლევები ადასტურებს, რომ როდესაც საავადმყოფოები ფინანსდება რეტროსპექტული მეთოდით (ფაქტიური ხარჯებით) კონკურენცია განაპირობებს სერვისების მოცულობის, ხარჯების და ფასების ზრდას (Krabbe-Alkemade, et al., [12] 2017; Fournier & Mitchell, 1992 [13]). თუმცა, არის კვლევები, რომელთა მიხედვით კონკურენცია ამცირებს ხარჯებს და ფასებს (Connor et al., 1998; [14] Dranove et al., 1993; [15] Proppe & Söderlund, 1998; [16] Dranove & Satterthwaite 2016 [17]). გარდა ამისა, კონკურენცია ზრდის ძვირადღირებული ტექნოლოგიების ფართოდ გავრცელებას და გამოყენებას (Deng & Pan, 2019). [18]

სამედიცინო მომსახურების მიმწოდებლების კონკურენციის ყველაზე გავრცელებული მაჩვენებლებია:

- ჰერფინდალ-ჰირშმანის ინდექსი (Herfindahl-Hirschman Index), რომელიც გამოითვლება საავადმყოფოს მოცულობის (საწოდების რაოდენობა, კაპიტალური ხარჯების დონე) საფუძველზე ქვეყნის ან რეგიონის ფარგლებში. აშშ-ში ფედერალურმა სავაჭრო კომისიამ განსაზღვრა ბაზრის კონცენტრაციის ხარისხის შემდეგი კრიტერიუმები: HHI < 1000 – არაკონცენტრირებული ბაზარი, 1000 < HHI < 1800 – საშუალო კონცენტრაცია, HHI > 1800 – მაღალი კონცენტრაცია. ყველაზე მაღალი ინდექსი 10000 – შეესაბამება მონოპოლიას;
- ექიმების რაოდენობა ერთ საავადმყოფოზე გათვლით ქვეყანაში/რეგიონში;
- ჰოსპიტალიზაციის წილი საავადმყოფოს გათვლით ქვეყანაში/რეგიონში.

საავადმყოფოების კონკურენცია განისაზღვრება ბაზრის სტრუქტურით, რომელიც განპირობებულია ამ ბაზრის მოსახლეობის საზღვრებითა და მახასიათებლებით. ამიტომ კონკურენციის გაზომვას აზრი აქვს მხოლოდ ლოკალური ბაზრის საზღვრების სწორი ანალიზის და შეფასების დროს.

საავადმყოფოების დაფინანსების ნორმატიული მეთოდების შემოღებისა და სამედიცინო მომსახურების შეთანხმებული მოცულობების განსაზღვრის შედეგად აშშ-ში 1990-იანი წლების დასაწყისში კონკურენცია დაკავშირებული იყო შედარებით დაბალ ხარჯებთან და ფასებთან. (Fulton, 2017) [19].

### საავადმყოფოების კონკურენცია, მკურნალობის ხარჯები და ხარისხი

კვლევები ადასტურებს, რომ ხარისხის მიხედვით საავადმყოფოების კონკურენციის პირობებში ხდება ძვირადღირებული სერვისების ინტენსიფიკაცია, რაც განაპირობებს ხარჯებისა და ფასების ზრდას (Strumann et al., 2022) [20]. აშშ-ში სამედიცინო ბაზარზე ასეთი სახის კონკურენციას, რომელიც იწვევს ხარჯების ინფლაციას, უწოდებენ „გამალებულ სამედიცინო შეიარაღებას“ (medical arms race). ამასთან, სერვისების ზედმეტმა დუბლირებამ და ინტენსიფიკაციამ შეიძლება შეამციროს პაციენტის მკურნალობის შედეგიანობა, რადგან საავადმყოფოები ვერ ასწრებენ ინვესტირებას მკურნალობის უფრო ეფექტიანი მეთოდების კვლევებში.

მკურნალობის ხარჯებზე და ხარისხზე საავადმყოფოების კონკურენციის გავლენის შეფასებისას, კვლევებით მიღებულ იქნა არაერთგვაროვანი შედეგები. აშშ-ში 1990-იან წლებამდე მაღალი კონკურენცია არაეფექტიანი იყო, რადგან ზრდიდა საავადმყოფოების ხარჯებს, ხოლო მკურნალობის შედეგებზე არსებით გავლენას არ ახდენდა (მაგალითად, მიოკარდიუმის ინფარქტით ლეტალობის მაჩვენებელი არ შემცირებულა).

აშშ-ში 1990-იან წლებში კონკურენციის პირობები არსებითად შეიცვალა მართული ჯანდაცვის სადაზღვევო სქემების გაჩენის შედეგად. ამ პერიოდში შემოღებულ იქნა საავადმყოფოების პროსპექტული ანაზღა-

ურების მეთოდებით დაფინანსება, რაც გულისხმობს სამედიცინო სერვისების დაფინანსებას არა ფაქტიური ხარჯების, არამედ წინასწარ დადგენილი ფასების მიხედვით. ამასთან, ძვირადღირებული რესურსების გამოყენებაზე დადგინდა უფრო მკაცრი მოთხოვნები. 1990-იანი წლების შემდეგ პერიოდში მაღალი კონკურენცია განაპირობებდა ხარჯების შემცირებას და ხარისხის ამაღლებას. შესაბამისად, კონკურენცია გახდა საავადმყოფოს ფუნქციონირებაზე გავლენის სასარგებლო მექანიზმი.

დიდ ბრიტანეთში, 1991 წლიდან დაწყებული ჯანდაცვის ეროვნული სამსახურის რეფორმა მიმართული იყო საავადმყოფოების კონკურენციის სტიმულირებისკენ. კვლევები ადასტურებს, რომ ჰოსპიტალურ სერვისებზე ფასი დაბალი იყო იმ რეგიონებში, სადაც შეინიშნებოდა საავადმყოფოებს შორის მაღალი კონკურენცია; ამასთან, რაც უფრო მაღალი იყო სამედიცინო ორგანიზაციის მოცულობა, მით უფრო დაბალი იყო ფასი (Joynt et al., 2011) [21]. სხვა კვლევების მიხედვით, საავადმყოფოებს შორის კონკურენცია ამცირებდა პაციენტის მკურნალობის ხარისხს (Lyon, 1999) [22]. ამგვარად, ამერიკელი მკვლევრები აღნიშნავენ კონკურენციის გავლენას ხარისხზე, ხოლო ბრიტანელი მკვლევრების მიხედვით, კონკურენცია განაპირობებს ფასის მიერი სიგნალის გაძლიერებას. ბრიტანეთში სამედიცინო მომსახურების მყიდველები (მართვის ადგილობრივი ორგანოები) სამედიცინო მომსახურების მიმწოდებლებთან მოლაპარაკებების დროს უფრო მეტ აქცენტს აკეთებდნენ ფასების შემცირებაზე, ვიდრე ხარისხზე. კონკურენციის ხარისხზე გავლენის ანალიზის დროს მკვლევრები უფრო მეტად ითვალისწინებდნენ საავადმყოფოს მოცულობას და სტატუსს.

### დასკვნა

ემპირიული კვლევები ადასტურებს, რომ სხვადასხვა ფაქტორების გავლენა მკურნალობის ხარისხზე დამოკიდებულია იმ გარემოსა და სტიმულების სისტემაზე, რომლებშიც ფუნქციონირებენ საავადმყოფოები. მყიდველებსა და სამედიცინო მომსახურების მიმწო-

დებლებს შორის ურთიერთობები, რომლებიც ეფუძნება მხოლოდ ფასზე მოლაპარაკებებს, არ განაპირობებს სამედიცინო მომსახურების სათანადო ხარისხის უზრუნველყოფას. საავადმყოფოს მომსახურების რეალურ ღირებულებასთან და მკურნალობის ხარისხთან მიმართებით ინფორმაციული ასიმეტრიის გამო, სამედიცინო მომსახურების მყიდველები გავლენას ვერ ახდენენ ხარჯების შემცირებაზე

და მკურნალობის ხარისხის ამაღლებაზე, რაც ზრდის საავადმყოფოს ძალაუფლებას. ამგვარად, როდესაც ვაფასებთ საავადმყოფოების კონკურენციის გავლენას ხარჯებსა და მკურნალობის ხარისხზე, მხედველობაში უნდა გვექონდეს, რომ ჯანდაცვაში საბაზრო მექანიზმები ყოველთვის არ ამაღლებს საზოგადოების კეთილდღეობას.

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