

## **New Methodology of National Accounts System and Peculiarities of Its Implementation**

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SNA is a combination of integrated macroeconomic accounts and balances based on internationally agreed concepts, classifications, and general accounting rules. Its methodological basis is the international manual SNA 2008, developed by the United Nations (UN), Eurostat, the International Monetary Fund, the World Bank and the Organization for Economic Cooperation and Development (OECD).

EU countries have begun switching to the new SNA methodology in 2014. Armenia, Turkey, Ukraine and Belarus have also joined their ranks during 2014-2015.

Nowadays, the SNA 2008 has been introduced in about 80 countries around the world, including Georgia, however, some countries, still follow the previous version of the National Accounts System (SNA 1993).

Implementation of the new SNA 2008 methodology, with the active involvement of international experts, has been running in GEOSTAT since 2017.

The transition to the SNA 2008 has led to a number of changes in national accounts, on the one hand, it is related to the calculation of different macroeconomic indicators in accordance with the new standard, and, on the other hand, the substantial improvement of the data source, in terms of assessing the scope of the non-observed economy and the processing of administrative data.

Differences between the old and new methodologies are mainly related to the change in the FISIM, capitalizing on research and development, processing costs, and improving the calculation of imputed rents on owner occupied dwellings.

Improvements to the data source include assessing the scope of the non-observed economy in various sectors and improving the quality of indicators.

As international practice shows, all the above-mentioned changes leads to an overall increase in GDP and other aggregates of national accounts. However, in order to harmonize with the figures for the previous period, the historical series were revised and recalculated, from 2010.

**Keywords:** National accounts, system of national accounts, Gross Domestic Products (GDP), Non-observed economy.

**JEL Codes:** H83, M40, M48

## MODERN Content of Strategic Regional Development Potential

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*There are two spheres of modern potential of regional strategic development: a) structure and organization of the regional economy and management, b) productive recourses. Kinds of strategic regional potential are following: management potential, potential of trust, educational, productive, nature, innovative, human potential, potential of form and process. Principles of effective function of potential include conceptuality, empathy, utility and variety.*

**Keywords:** *regional development, strategy, strategic regional management, strategic potential, components of strategic potential, principles of strategic potential.*

**JEL Codes:** *R10, R11, P25, P48,*

### Introduction

The problem of choosing the path of regional development in modern conditions is directly related to the potential of strategic transformations of the regional economy. Explicit and latent components of the development potential give rise to strategic transformations, determine possible development vectors. Lack of development potential may serve as the hidden basis for future strategic failures, loss of time, resources and prospects. In this regard, it is relevant to study the essence of the potential for strategic development of the regional economy through its component structure and the relationship between species in the process of their use. The economic potential of regional economy as a dynamic

system in modern conditions requires constant updating of the terminological interpretation and systematization of its components, which determines the relevance of this study.

## **Review of Publications**

A number of modern researchers devoted their work to the study of the essence and role of the potential for the development of economic systems. So, in the paper by Moshak S. (Мoшak C.) and his colleagues, potential is considered as a source of competitiveness of the regional economy, while it is emphasized that “the potential for competitiveness is a set of abilities of an economic entity that are the result of the experience of previous functioning, as well as opportunities that will ensure the uniqueness of certain positions of an economic entity in the future.”[9]

The strategic potential of collaboration between regions and countries is described by Paresashvili N., Abashishvili A., which declare that “the Neighbourhood Policy aims to support the process to close political, economic and cultural interrelationships between the EU and neighbour states, and through these means the EU promotes the spread of democracy, stability and welfare around its borders.”[4].

Abesadze N., Parasashvili N. investigate the influence of human resources on the potential of development in Georgia and suppose that “nowadays inefficient employment of Georgian population is a main obstacle for socio-economic development, regulation of trade agreement and formation civilized labour market of the country.”[1].

There is the opinion, which is offered in our previous papers, that the Triumvirate of culture, economy and tourism ‘constitute the organizational, spiritual and material foundation for the development of the regional economy and especially its human component.’[2]

Slovak researchers Krošláková M., Kubičková V and others consider that the main factor of strategic development is innovative high growth business, gazelles, “as an important subgroup of HGE, make up only approximately 0.5%-1% of all newly established companies with 10 or more employees and with a growth higher than 20%.”[3]

At the same time the system content of potential of strategic development is not researched in sufficient measure.

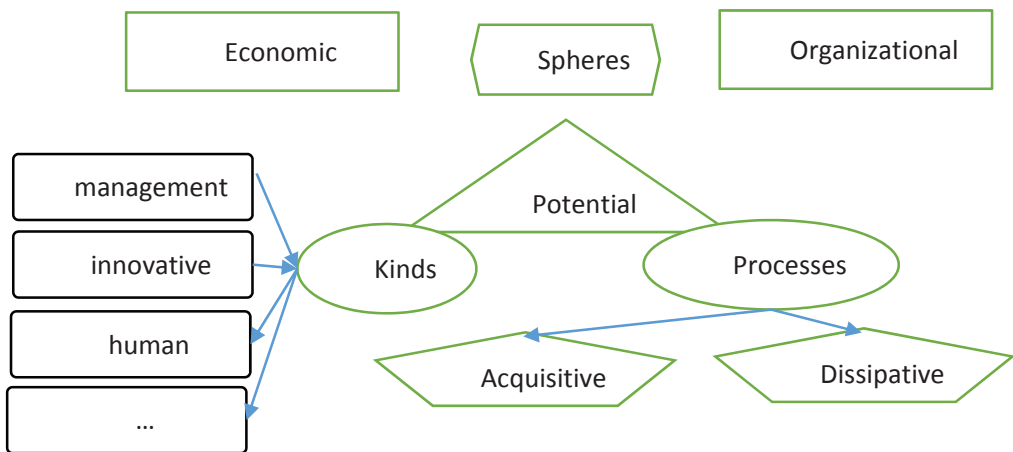
**Results.** Potential is the basis for the implementation of the strategy; and, depending on the combination of potential opportunities and the adopted strategy, regional development options are possible. They take place in many spheres, and in this paper the economic and organizational are suggested to investigate.

Organizational and economic potential interacts with the regional development strategy, allows to highlight the following combinations: active strategy and active development potential of the forward region; active strategy and passive potential - development is ambitious, but organizational and economic are not justified; passive strategy and active potential - irrational development when the existing potential is not used properly (regional management does not match the capabilities and capabilities of the regional economy); passive strategy, passive potential if development happens, the region takes advantage of existing advantages, does not create new opportunities and prospects.

So, according to the sphere of foundation and function, potential of strategic development consists on: a) regional productive forces, b) structure of the regional economy, which is based on organization platform of region (fig. 1).

Modern Content of Strategic Development Potential in Region (created by authors)

Fig.1



The component-subject structure of organizational and economic potential is the set of elements that are necessary for the formation of competitive advantages in modern business condition. These components are: management potential, potential of trust, educational potential, productive and nature potentials, innovative potential, human potential, potential of form and process.

The management potential contains the possibility of applying modern methods of regional management, as well as forms of organization and management of business in the region.

The potential of trust makes it possible to increase the effectiveness of strategic development by reducing transaction costs.

The educational potential allows the formation of a specific set of competencies necessary for work in turbulence and strategic development. The potential

of education offers a collection of ideas that have the prospect of turning into innovations. The production potential provides the volumes of products necessary to meet the needs of the region. The natural potential creates the conditions for efficient production, and requires the consideration of environmental factors in the strategic development of the regional economy.

Innovation and investment potential ensures the transformation of innovations into innovations and the possibilities of their production and provides “systematic competitive advantage, arising from the realization of the innovative potential of the region”.[8] Human potential plays a decisive function in regional strategic development, ensures the quality functioning of all components of the organizational and economic potential. The potential of the configuration and the organizational process is a combination of forces that coordinate interactions and relationships, the mutual influence of the elements of the economic potential on the strategic development of the region.

There are principles of strategic potential acting:

1. Conceptuality – the development is based on a clearly formed vision of the prospects for the functioning of the region.

2. Empathy as a principle is the ability of regional management to feel, predict the future state of the economic system and its organizational and economic potential, obtained as a result of managerial decisions. Empathy is presented in this study as the ability to “Display” the state of a managed system by the system that governs.

3. Utility as a practical orientation. The development should not be aimed only at building certain ideal models, but should have a concrete practical result.

4. Variety. The mechanisms involved in the development process should cover various areas and management methods.

These principles are implemented due to the following conditions:

- Providing economic preferences to enterprises belonging to the circle of strategic regional actors, ensure regional competitiveness and human development. In this case, they act as locomotives for strengthening the socio-economic potential and its labor elements.

- Information support, creation of a monitoring consulting center, which will provide information to existing and potential investors, etc.

- Implementation of strategic management, which primarily involves the definition of a vision, a concept for the development of a region, development of a strategy and justification of its implementation.

To implement the principles of the effective operation of mechanisms for the development of the organizational and economic potential of the region, we can name the following areas:

- Transformation of regional higher education institutions into competitive educational institutions that provide a system of continuing education and accumulate world experience in the development of the human potential of the region.

- The development and implementation of a motivation system for creative-innovative activity as such a type of activity forms the creative class as the personnel base of a competitive regional society.

- Promotion of the institution of trust on the basis of educational, cultural, educational or other regional events, which will significantly reduce transaction costs in the region and ensure the creation of economic competitive advantages.

The processes taking place within the framework of the organizational and economic potential of regional development in this study are considered from two perspectives.

Firstly, these are the processes of transforming of resources coming from the external environment and depending on the action, called “acquisitive” and “dissipative”. An acquisitive process involves the accumulation and consumption of wealth in the region and in the elements of its organizational and economic potential. This term is also used “to refer to a group of processes that convert the energy of resources entering the processor from an external environment, relative to the process, into results that contribute to the development of a regional system. Dissipative processes are the processes of dissipating the energy of resources coming from the external environment and, thus, inhibiting the development of the regional system, since energy dissipation leads to attenuation of the movement, loss of resources, the formation of dissipative structures that limit the flow and even the complete cessation of “acquisitive” processes. “[7]

It should be noted that dissipative processes under their control can play a positive role in the development of organizational and economic potential. It seems, “that the barriers to regional development, as well as stagnation caused by dissipative processes, contribute to increasing the resistance of the regional system due to the” mutations „of acquisitive processes.

Mutations of acquisitive processes in a regional system occur on the basis of a structural change in its resource potential, resource processing operations, and increased process efficiency. Thus, dissipative processes lead to a qualitative improvement in acquisitive processes, which, in turn, contributes to the development of the regional system. „[7]

The acquisitive processes taken into account in the process of modeling the development of organizational and economic potential cover:

1. Foreign investments with which innovative management and innovative culture come to the region.

2. The processes of labor migration, contributing to the mastery of new technologies and improving the quality of human potential in the region. As Paresash-

vilia N. confirms “the priority of the state must be realized by means of such active actions, as professional training, employment and rehabilitation program for the unemployed and economically passive citizens depending on social aid. Therefore, it is necessary to break down the cycle of the dependence of the citizens on the incomes gained through the state support and thoroughly engage the citizens in fruitful labor. The primary target group will be those with a long record of unemployment consequently losing the potential of being employed. Underdeveloped united structure or information system of the labor market and underemployment of a great part of the economically active population was also identified.”. [5]

3. Scientific exchanges that form new knowledge and contribute to the creation and practical implementation of innovations.

Examples of dissipative processes, the course of which is possible within the framework of organizational and economic potential and which increase the resistance of the regional economy to crisis phenomena, include the following. Firstly, the active influence of foreign universities on the student community of Transcarpathia with the aim of organizing their outflow from Ukraine and student migration to European countries. These processes weaken the human potential of Transcarpathia, but at the same time intensify the work of internal regional institutions for the formation of the labor potential of the region (higher school, family, state support for youth, etc.).

At the same time, with the right regional policy, the majority of students who have studied abroad will return to their region, which ultimately will improve the quality of the region’s human potential. In addition, it is impossible not to attribute a predatory attitude to the forests of Transcarpathia to the dissipative process, which represent the wealth of not only the region, but the whole country.

In the theory of process management, the basics of which should be taken into account when forming a model of the organizational and economic potential of the strategic development of the regional economy, there are three types of business processes that, in our opinion, are more correctly called organizational and economic processes: managing, operational and supporting.

The current realities of economic development necessitate increased attention to the management processes of the innovative component of strategic potential, especially the intellectual property of economic entities. This is emphasized in the works of Sobolieva T. and others who consider that “despite the fact that the study of organizational determinants in the open innovation collaborative projects is an area of increased interest for both academics and practitioners of innovation management a modern understanding of these aspects at the enterprise level remains incomplete and needs further research. The IP (intellectual property – author)) management involves the implementation of the key manage-

rial functions, such as developing a strategy and planning measures for the protection and commercialization of intellectual property, organizing activities to create conditions for their implementation, creating a supportive innovation culture and encouraging innovative climate, audit and monitoring the implementation of the IP management strategy.”[6]

Operational processes are aimed on production of goods and services in the region. The formation of competitive advantages of the regional economy necessitates the intensification of operational processes in the field of information and innovation economies. It is innovations that have turned into innovations that provide not only new goods and services, but also fill supporting regional processes with new content.

The supporting process proposed in this study is considered one that ensures the production of goods and services and creates an internal regional product. In the process of modeling the organizational and economic potential of the strategic development of the regional economy under the conditions of applying the cluster form of business organization where operational business processes together constitute the regional operational process, it is rather difficult to clearly define it.

Moreover, the content of the process is determined to a considerable extent by the type of model of innovative activity that can be adopted in the region and at its enterprises: open or closed. With an open model, the regional economy and its innovative players actively attract intellectual ideas and resources from the external environment. With a closed model, a “broth” is created in the region that forms sprouts and creates the conditions for the generation of ideas within the region.

The strategic potential of the region’s economic development, aimed at creating competitive advantages, in modern conditions cannot be considered without regard to the natural, environmental content. As noted above, the nature of the compound fills the strategic potential. At the same time, on the other hand, the strategic potential aimed at the future should provide appropriate living conditions for future generations, the conditions of blooming nature and its harmony with society. « At present, ecology is developing more and more actively - a direction based on an ecological and economic approach to regional development, which begins in Eastern Europe. Moreover, increasingly based directions are not only taking into account the “environmental” component, but also considering it as an organic part of the whole in the context of the co-evolution of society and nature.»[10] All this allows us to assert that the natural-climatic component in the context of the strategic development of the regional economy serves not only as one of the types of potential, but also as a development goal that determines economic, social, cultural, ethical and other development parameters. At the same



time, when economic goals conflict with environmental requirements, strategic management uses additional mechanism, for example, cultural and ethical tools should be put in place, the action of which is aimed at harmonizing interests and overcoming conflicts.

## **Conclusion**

At the end it is emphasized the following. The combined efforts of the various regional development actors and their potential, whose strategic goals are coordinated and which consider co-operation effective, provide significant benefits for the whole region in competitiveness with other territorial economic systems.

The strategic development of the regional economy is determined by its organizational and economic potential. The organizational and economic potential of strategic development is a systemic unity and interaction of regional productive forces, configurational, structural and process-organizational elements that ensure the sustainable development of the region, the formation of its key competitive advantages and the implementation of the regional development strategy.

The imperatives of the purposeful and effective functioning of the organizational and economic potential of the development of the regional economy are as follows: 1. Conceptuality – the development is based on a clearly formed vision of the prospects for the functioning of the region; 2. Empathy as a principle is the ability of regional management to feel, predict the future state of the economic system and its organizational and economic potential, obtained as a result of managerial decisions; 3. Utility as a practical orientation. 4. Variety of various areas and management methods.

Regional processes play the mostly important role in strategic regional potential. They can be acquisitive or dissipative in different situations, depends on: regional strategy, globalization, culture of efficiency in region.

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# სტრატეგიული რეგიონული განვითარების პოტენციალის თანამედროვე შინაარსი

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ხეგონადუი სტრატეგიული განვითარების თანამედროვე პოტენციალის რი სფერო ახსებობს: ა) ხეგონული ეკონომიკისა და მენეჯმენტის სტრუქტურა და რიგანიზაცია, ბ) პროდუქტული ხესუსები. სტრატეგიული ხეგონული პოტენციალის სახეობებია: მართვის პოტენციალი, ნდობის პოტენციალი, განათლება, პროდუქტიულობა, ინოვაციური პოტენციალი, ადამიანური პოტენციალი, ფორმისა და პროცესის პოტენციალი.

თანამედროვე პირობებში ხეგონული განვითარების გზის აჩვენის პრობლემა პირობის კავშირშია ხეგონული ეკონომიკის სტრატეგიული გახდაქმნების პოტენციალთან. განვითარების პოტენციალის აშკარა და დატენიანი კომპონენტები ზილის სტრატეგიულ გახდაქმნებს, განსაზღვრავს განვითარების შესაძლო ვექტორებს. განვითარების პოტენციალის ნაკლებობა შეიძლება ემსახუროდეს ფაქტურ საფუძველს მომავალი სტრატეგიული რიგანიზების, დროის დაკარგვის, ხესუსების და პეისპექტივებისთვის. ამ თვალსაზრისით, მიზანშეწონილია შესწავლიდ იქნეს ხეგონული ეკონომიკის სტრატეგიული განვითარების პოტენციალის ახლი მისი კომპონენტის სტრუქტურისა და სახეობათა შორის ურთიერთობების მეშვეობით. ხეგონული ეკონომიკა, როგორც თანამედროვე პირობებში დინამიკური სისტემის ეკონომიკური პოტენციალი, მოითხოვს ტექნოლოგიური ინტეგრაციის და მისი კომპონენტების სისტემატიზაციის მუდმივ განახლებას, რაც განსაზღვრავს ამ კვლევის შესაბამისობას.

მრავალდა თანამედროვე მკვლევარმა თავისი შრომები მიუძღვნა ეკონომიკური სისტემების განვითარების პოტენციალის ახლისა და როლის შესწავლას. მოშაკისა და მისი კრეგების ნაშრომში პოტენციალი განიხილება, როგორც ხეგონული ეკონომიკის კონკურენტუნარიანობის წყარო, ამასთანავე ხაზგასმულია, რომ „კონკურენტუნარიანობის პოტენციალი ახის ეკონომიკური სუბიექტის შესაძლებლობების მთელი კომპლექსი, რაც წინა ფუნქციონირების გამოცდილების შედეგია, ისევე როგორც შესაძლებლობები, რაც უზუნველყოფს სამომავლოდ ეკონომიკური სუბიექტის გახვეული პრობციების უნიკალურობას.

*სტრატეგიული რეგიონული განვითარების პოტენციალის თანამედროვე შინაარსი*

რეგიონებსა და ქვეყნებს შორის თანამშრომლობის სტრატეგიული პოტენციალი აღწეულია ნ. ფაქესაშვილისა და ა. აბაშიშვილის მიერ, რომლებიც აღნიშნავენ, რომ ევროკავშირი ხელს უწყობს დემოკრატიის, სტაბილურობისა და კეთილდღეობის გავრცელებას მისი საზღვრების გაღმებში.“

ნ. აბესაძე და ნ. ფაქესაშვილი იკვლევენ საქართველოში ადამიანური რესურსების გავრცელებას განვითარების პოტენციალზე და ვაჩუქდებიან, რომ „დღესდღეობით საქართველოს მოსახლეობის ახაფექტიანი დასაქმება ახის მთავარი დაბრუნება სოციალურ-ეკონომიკური განვითარების, სავაჭრო ხელშეკრულების რეგულირებისა და ცივილიზებული შრომის ბაზის ფორმირებისთვის ქვეყანაში.

ახსებობს მოსაზრება, რომ კულტურის, ეკონომიკისა და ტურიზმის გლობალიზაცია წარმოადგენს ორგანიზაციულ, სუბიექტურ და მაკროეკონომიკურ საფუძველს რეგიონული ეკონომიკისა და განსაკუთრებით მისი ადამიანური კომპონენტის განვითარებისათვის, თუმცა ისიც უნდა აღინიშნოს, რომ სტრატეგიული განვითარების პოტენციალის სისტემის შინაარსი, აუქციონობით, საკმაოდ ახ ახის შესწავლილი.

**საკვანძო სიტყვები:** რეგიონული განვითარება, სტრატეგია, სტრატეგიული რეგიონული მენეჯმენტი, სტრატეგიული პოტენციალი, სტრატეგიული პოტენციალის კომპონენტები.