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## Section 1. Accounting

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### INTERNAL AUDIT AND INSPECTION IN LOCAL SELF-GOVERNANCE

**Abstract.** The objective of a previous article is to explore the differences between the functions of an internal audit and inspection in local self-governance. Somehow, there is confusion, about the objectives of internal audit and inspection. Occasionally, the terms “Internal Audit” and “Inspection” are used interchangeably, even though they are very different from each other. In this article, I am trying to explain the objectives of an internal audit and inspection, as well as to find out the difference between them.

This article is dedicated to explaining the goals of internal audit and inspection and seeing the difference between them.

While the research process, the materials of the Institute of Internal Auditors (IIA) were used. Moreover, the laws and normative acts adopted by Georgian legislative and executive bodies, the International Professional Practices Framework (IPPF), as well as guidelines and standards of the International Organization of Supreme Audit Institutions (INTOSAI) for the public sector, and the methodologies, reports, and publications developed by the Central Harmonization Unit (CHU).

**Keywords:** Internal Audit and Inspection; local self-governance.

The internal audit and inspection are two key noteworthy instruments, used by organizations, to ensure their affiliation with regulations, policies, and procedures. Auditing is an independent evaluation of an organization’s financial reporting, while an inspection is a review of operations, operating rules, and regulations.

An auditing is an independent evaluation of the financial statement of the organization, while an inspection is a review of the organization’s operation and its compliance with applicable laws and regulations.

The organizations carry out the auditing, to assess, whether their financial statement accurately

reflects their financial position and identify the potential areas of financial risk.

In addition, the inspection is carried out to assess the organization’s compliance with laws and regulations, and to identify the potential areas of non-compliance.

The ISO 9000: 2015 standards, developed by the International Organization for Standardization (ISO) define an inspection as “Establishing compliance with specific requirements”.

Below, there are five key differences between an inspection and an internal audit:

- The main difference between the internal audit and inspection is the source. The Internal

audit generally looks at the process, while the inspection is focusing on the operation of the institution;

- One more difference between the internal audit and inspection, is the depth of discussion. Inspection, as a rule, is limited to certain specified requirements. If the action meets the specific requirements, it is acceptable, otherwise, it is considered negative. An internal audit is usually a more in-depth review of the process;
- Internal audit is a much more formal and documented process, than the inspection;
- The primary goal of internal auditing is to improve the processes. Inspection, on the other hand, is usually used to determine whether a process meets the specifications;
- Internal auditing focuses on the future, by identifying the weaknesses of the system and exploring opportunities to improve processes. Inspection is focused on the past performance of the process.

According to the annual reports of the Central Harmonization Unit (CHF), the units of an internal audit were mostly developed based on the general inspection, which to some extent, has caused the sharp separation between internal audit and inspection. Inspection units investigate the various misconducts, as well as find out the existence of actions incompatible with the goals of the institution and its subsequent study.

But, equating the role of internal audit with general inspection and disciplinary activities, remains a problem.

There are frequent cases, when the internal audit is not able to separate, and distance itself from its previous general inspection, on which bases their entities were formed.

Today, it is common to focus more on inspection, than on internal auditing. On the whole, it creates several problems. Therefore, it is better, if internal auditors will not be engaged in the activities of inspection, which is a very rare case in the existing reality.

It is essential, to separate the inspection and internal audit from each other, both on a legislation and practical level. This is more or less decided in local self-governance units, but still, there are some exceptions, when their functions are confused. The reason is the lack of human resources.

In general, the main goal of an inspection is uncovering the violations, various misbehaviors, and actions incompatible with the goals of the organization, as well as performing their control. Inspection is the component of control, implemented by so-called post factum (“ex-post”), and acts as a complaint-oriented feedback mechanism. They carry out routine and very detailed inspections. The basis of a complaint is an important tool for attention. Furthermore, one of the key areas of inspection is to check out the regulation of public sector funds and their proper usage.

The Internal audit is studying the systems and processes, to identify the risks and weaknesses.

After finding the deficiencies, it evaluates the financial management and control (FMC) systems realistically and objectively, using appropriate professional methods. Afterward, presents the management (leadership), and the recommendations for improving the management and control system.

It is noteworthy to mention, that the internal audit is not able to ensure and eliminate fraud, violations, and misconduct. The head of the institution is obliged to manage, and control the process, as well as to establish an effective and productive internal control environment, taking into account the introduced recommendations. The vital role is to support the improvement of managerial functions within the institution. On the other hand, the function of the inspection is directly related to the same leadership and under the direct instruction of management, carries out investigations, controls, and verifications.

Furthermore, based on the complaints, it carries out ex-post control and administrative investigation.

Since an inspection is a part of managerial responsibility, it should not be used to evaluate FMC

systems. All this represents the internal audit function (Resolution of the Government of Georgia N593, “On the Approval of the Internal Audit Methodology”, Tbilisi. 2016).

Noteworthy to mention, that according to the “Law of Georgia on Public Service” the structural units of inspection carried out (article 89), the disciplinary proceedings in public institutions. Therefore, the internal audit service in local self-government, having the inspection unit, is obliged to make the disciplinary proceedings based on the above-mentioned law.

Moreover, the structural unit at the self-government level can carry out various activities, as well as develop a risk assessment system for corruption.

**Conclusion.** Thus, internal audit and inspection are two different types of inspection, that have a significant role in local self-governance. Internal auditing aims to check, if the organization protects the standard, and whether the inspection is obliged to check the implementation of the standards.

To perform their takes and objectives in local self-governance, their functions have to be strictly separated.

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## Section 2. Marketing

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### INTEGRAL MARKETING: FOUNDATIONS AND DEFINITIONS

**Abstract.** This scientific article analyzes the essence of integral marketing, aspects related to economics and psychology. Also, directions for using integral marketing in influencing consumers are studied.

**Keywords:** integral marketing, culture creatives, marketing system, digital marketing, business.

#### Introduction

Marketing as a scientific discipline and as a business tool has several stages both in its development and within the management system. In the most general terms, integral marketing is nothing more than a new stage of marketing – a holistic system of interaction between the internal and external aspects of individuals, aimed at accelerating integrative processes and achieving greater “resonance”, or collaboration. Psychology, micro- and macroeconomics are presented in integral marketing as an inseparable whole. In this regard, its categories and the entire conceptual framework bears a tinge of holism, a rational transformation of interdependent marketing processes and internal perspectives of social groups, the business team.

Since the psychological moments of any activity have common features with individual development, it is possible to identify three stages in the development of marketing: pre-rational (non-legal), rational (legal), post-rational (transdisciplinary). It is usually customary to consider only the rational stage of marketing development. However, marketing has gone from being a vague economic leverage reminiscent of PR to a precise and relevant tool. Since the 30s of the XX century, marketing has been increasingly deep-

ening into the specifics of demand – into the target audience – personalizing demand, creating a system of relationships with the client, seeking to strengthen the role of socio-cultural definitions in business, in making strategic decisions [1].

#### Literature review

In the history of the development of civilization, there were various periods of the presence of spirituality in economic life. But it is only in our day that the practice of spiritual life becomes an economic life. Integral movement and integral management in particular is a great confirmation of this. Integral marketing as a system that determines a holistic vision of the prospects of business processes, along with integral business, serves as a coordinate plane in which the main matrixes of interaction between the target audience, partners, culture, ideas and goals in the market system are accurately viewed. We can talk about integral marketing and as a practice for the composition of top managers to see and adjust the goals of business processes in accordance with higher levels of perception of reality and support the sustainable development of integral leaders in society.

This basic philosophical idea is reflected in the noospheric theory of the development of civilization

(here we can rely on V. I. Vernadsky, P. T. de Chardin, N. N. Moiseev, etc.) [2]. The noosphere as a stage in the development of civilization, at which sustainable co-development of the “Society-Nature” system (E. V. Girusov) [4], or co-evolution, is formed in a multifunctional and complex ecosystem, which in turn is a product of the evolution of the Cosmos. This stage takes place in a natural “market” environment – the environment of energy exchange. This determines the position that integral marketing can be compared with the process of noospherogenesis, in which the forces of Reason are in harmony with the world and new spiritual incarnations of society.

### **Analysis and results**

Today, creative design and its features express the main features (internal perspectives) of business strategy and business philosophy in general. The latter, in turn, is built on the basis of trends in socio-economic processes, cultural values, and cultural codes. All this is natural and necessary for the correct operation of all the main elements of the business in a single way, namely: corporate culture, brand and product / service as a key value in the existing market. Analytics constantly reflects the market situation, confirming or refuting tactical actions in business, adjusting the strategic perspective.

A holistic view of the business and the target audience, as components of a single business process, sets the coordinate trajectory for the development of the company. Ideas, cultural codes (Keys), proposals or key values (Works), analytical data (Analysis) predetermine the image of the development vector, the nature of relationships. The internal perspective, whose resonating force drives social groups, finds the “right address” for investment.

An ideal expression of the interaction of images and values of social groups is art, the basis of which is a certain internal intention-idea. Art, capable of expressing guidelines for social development, determines value resonances, and the dynamics of its development sometimes predetermines economic trends. The potential and the intentional are even-

tually embodied in the actual and systemic, revealing more deeply the essence of the interconnections of ideas and things. Marketing always sets itself the task of finding the actual future need and emerging demand. In this connection, art for marketing becomes a kind of “top” cut of intentional perspectives to determine the necessary ideofoms for business.

Marketing is transformed like any activity from potency to relevance. Philosophical analogy is appropriate here only because in management philosophy plays the role of a conceptual framework, a business program. The strategic vision of everything is a certain philosophy, the ideology of creative marketing. At the very beginning of building a business idea, there is always a certain “echo” of the idea, partially reflecting the actual task of the business, which determines to a greater extent the aura of the business ideology.

At the micro level, in the closest approximation to the individual perspectives of marketing as a creative procedure or actualization process, 4 stages can be distinguished: Attention, Fixation, Distinction, Integration.

Each of the stages of actualization clearly reflects the psychological features of the process of interaction of the individual with the surrounding objects of reality. Actualization is completed at the stage of integration or recognition of all business definitions at the “present moment in the history of its development”. The state of seeing the idea is transformed into the state of knowing the idea.

At the macro level, there are 3 important stages that we noted above:

Pre-rational (non-legal); Rational (legal); Post-rational (transdisciplinary).

At the pre-rational stage of the development of marketing as an activity in history, symbolic interactions of social groups are observed. These are status, categorical, temporal relationships.

The emergence of the working class, the working process, and systemic mechanisms revealed the economic process in clear social guidelines. The liberalization of economic life within the framework



of the new economic process brings marketing to an instrumental value. And in the future, already in modern business systems, transdisciplinary marketing shifts are observed towards the creative embodiment of market prospects that resonate with socio-cultural trends. Today, marketing is reflected in all types of activities, including spiritual ones, so the post-rational stage in economic life is a new integral embodiment of marketing as a tool for social development. The emergence of a new cultural layer “culture creatives” creates new perspectives for defining marketing as a tool for creative management, a new tool for making business decisions [4].

The qualitative transformation of internal intentions into an object of systemic interactions is the most important task in the matter of synergy of systemic tendencies and ideas. Branding and the philosophy of business that accompanies it procedurally reflects cultural codes that predetermine the picture of interactions with a clearly defined target group. The consumer segment itself is increasingly becoming the basis for a coordinated analytical apparatus in the areas of the economy. Therefore, the discovery of needs and their properties, the comparison of consumer preferences in historical conditions as a whole creates the prerequisites for determining the core of economic development. External perspectives are inextricably linked with individual internal intentions, therefore, analytical data reveal images or features characteristic of ideas-intentions that correspond not only to cultural codes, but also to developing individual characteristics, properties of perception of cultural objects and economic relations. Thus, the integration of the entire system of marketing operations (marketing system) with internal intentions (keys) creates conditions for harmonious co-development. The “business-target audience” model in integral marketing in external perspectives is nothing but a work flow, clearly expressed in macro socio-economic processes.

Borders = rhythm

Style-forming factors or the boundaries of the image of ideas-intentions are in constant dynamics.

This dynamic, in turn, is not devoid of a conservative quality. In any situation, as in historical perspectives (which happens naturally: moment = history), the essential factor was the point of attraction of values, around which the entire set of matrices was built that formed the era, business, or individual preferences. The rejection of such a fractal transfer of the properties of social interactions leads the entire system of knowledge to uncertainty, a radical position. In connection with the acceptance of existing being as objective and recognizable, we have the condition of “rhythmization” of data, which are constantly compared with the economic, socio-cultural situation, time series and individual intentions, to determine the correspondence. In other words, everything develops with everything, and the understanding of what exactly needs to be changed creates a rhythm within the business.

Digital marketing [5], or internet marketing, pays more and more attention to relationships with social groups, the target audience, which is always in a state of “actual interaction” in the Internet environment, that is, in a state of free self-expression. Availability of goods/services, including information for learning, development, communication, personal growth – all these are characteristics of the modern multimedia content basis of the Internet. The main trend in the new economic conditions is the creation of a virtual image. The presence of social business groups in the online life is a live participation in the world of innovative information flow. Content management today receives an interactive vector: a vector aimed at the co-presence of business development, its life and the audience that identifies their value orientations with it. Actualization of interactive interaction is not only high-quality branding, usability, content relevance, but also self-disclosure of the business in the eyes of its new followers.

### **Conclusion**

In the history of the development of civilization, there were various periods of the presence of spirituality in economic life. But it is only in our day that the

practice of spiritual life becomes an economic life. Integral movement and integral management in particular is a great confirmation of this. Integral marketing as a system that determines a holistic vision of the prospects of business processes, along with integral business, serves as a coordinate plane in which the main matrixes of interaction between the target audi-

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## **THE MAIN ASPECTS OF MARKETING SYSTEMS OF STRATEGIC MANAGEMENT IN THE NEW DIGITAL ERA**

**Abstract.** Digital transformation is one of the main trends of economic development in modern society. Business organizations tend to incorporate modern social media platforms into their businesses because they can gain popularity on the Web. Nowadays, the fear of using digital gadgets and online stores has decreased, and the use of electronic payments has increased. This study aims to reduce the academic-practical gap between digital and traditional marketing studies. The company's operational and social performance are directly connected to their product consumption. Our survey analysis confirms that the level of social media platform usage in small and medium sized Georgian wine companies is quite low. The problem mentioned is directly connected with the lack of specialists working in the field. The digital acceleration can empower companies to reach the right consumers while requiring a lot of effort and operational actions. These findings provide theoretical input, managerial implications, and future research directions for integrated research in the Georgian business segment.

**Keywords:** Marketing System, Digital Era, Social Media, Georgian Wine, Strategic Management.

### **Introduction**

In the 21<sup>st</sup> century, the sustainable development of organizations significantly depends on the implementation of modern digital technologies. The digital transformation process is one of the main prerequisites for creating stable production systems. During the COVID-19 pandemic, organizations were pushed to develop digital marketing elements in order to cope with the existing situation. Digital marketing capabilities aim to use electronic gadgets and digital technology in order to communicate with targeted audiences while saving time, distance, and resources (Sridhar [9]). The marketing elements are usually used to defend and maintain business relations. It's important to mention that new workflows and gadgets were adopted, and the benefits of the technology create essentially new opportunities for organizations (Kraus [6]).

Some of these studies focus especially on the implementation of digital marketing tools, which consist of processes using digital channels to promote services and products. Combination of social media platforms is an increasingly popular way to reach the direct consumer (Astrachan [1]). In business relationships, consumers make buying decisions every day based on their needs, preferences and beliefs, which can change depending on various determinants; organizations must act in the marketplace according to consumer needs. The introduction of social media platforms is directly related to identifying the preferences and needs of consumers. Both B2B and B2C markets are focused on using digital marketing aspects such as support systems otherwise, their operational processes can stagnate and become complicated. But it's important to highlight that ac-

According to conducted research, the full advantages of digital space have not been implemented yet, they require time and appropriate resources (Pandey [7]). There are also huge differences in the management of segment strategy, managers at the top level must determine the right direction of marketing strategy according to the operational field. The industrial aspect of marketing, which belongs to the digital age, is closely related to the innovative technologies owned by the company. Companies' presence on social media is seen as a new sales channel where they can promote their product and connect with their customers (Bruwer [2]).

The **objective** of the research is to emphasize and develop digital marketing strategies in organizations. According to a qualitative analysis, digital marketing techniques are used to attract potential consumers based on their financial capabilities. The permanent use of digital technologies leads to increased sales for organizations whose marketing strategies are based on the digital concept. The primary connection, which was researched during our studies, can be named as the main marketing tool with significant influence on increasing sales and the realization process.

It should be noted that agriculture is an important part of Georgia's economic development, and, in particular, an important segment is the wine industry. Enology and wine tourism are important aspects of the country's economic development. In order to promote Georgian wine on the local and international markets and increase the trend of foreign trade, the Ministry of Environmental Protection and Agriculture has invested a lot of efforts, but it should be noted that holding an important position in the market is associated with many challenges. The wine producing companies in developed countries often use innovative methods to implement marketing systems in order to promote their products on the world market. We will consider the level of usability of marketing systems on the example of Georgia in the field of agriculture, in particular, winemaking.

### **Data Collection**

A systematic Literature review is conducted on digital marketing strategies and their integration. The influence of digital marketing and the transformation of strategies is observed through the resources from in scientific and academic databases. The economic analysis carried out in the present paper investigates data collected in a survey. The questionnaires were administered online to wine producers in Georgia between February and March 2023. The aim of the survey was to gather information about digital marketing tools and their usage levels in wine companies. During the survey, we collected data from 30 small and medium-sized Georgian wine companies. The wine segment have chosen for surveying because it's popularity in region. The wine is an important part of Georgian Culture (Rytkönen [8]).

### **Discussions**

It's important to highlight that social media platforms are one of the main achievements of the marketing concept of the 21<sup>st</sup> century, whose implementation is necessary in the company. Social media has enormous power and the ability to increase brand awareness and constantly influence consumer behavior. From a marketing perspective, companies should improve their content marketing activities on online platforms, which means sharing actions and continually leveraging opportunities to reach their customers.

According to the recorded responses of company spokespersons, the main targeted market for companies is both the local (73.9%) and international market (78.3%). The main aim of our research concerned the use of new digital tools in companies marketing systems, namely digital technologies and social networking platforms. 82.6% of the companies surveyed are using social media for business purposes, while the remaining 17.4% are not. It should be noted that the mentioned tendency was interesting because, from our point of view, it is inconceivable that the marketing activities of a company can proceed without social networking platforms. But the annual report, Data Reportal 2023, clearly states that 880.000 people in



Georgia have no access to the Internet at all and are not registered on the network (Data Reportal [4]).

The registration process of Georgian wine companies at the social media platforms began from 2001, and the process is ongoing today. It is known that the frequency of usage of social networking platforms is increasing day by day, more and more people are registering, and the Web. 2 trend came to the fore during and after the Covid-19 pandemic. When companies had no choice but to sign up for social media platforms and sell their products on the Internet (Iordache Platis M. [5]). It's important to mention that the most used social media platform in the world is Facebook, with 2.958 billion users (Data Reportal, March [4]).

In the companies we surveyed, we collected the following results about the use of social networking platforms: Facebook, Instagram, LinkedIn – 87%; WhatsApp, Messenger, Viber – 60.9%. Many scientific studies have proven that the implementation of social media platforms in companies will lead to a direct increase in revenues from backlinks, with the proper administration of the platform, of course (Zhang [10]). But from our research, we found that while over 80% of companies have implemented social media platforms, 54.5% do not really believe that their revenue increased after the implementation of the social media platform, in their opinion, social media had no impact on company revenues. But 40.9% do believe that the company's revenue has increased since the implementation of the social media platform. It should be noted that the implementation of social media is associated with many difficulties and challenges; many companies do not have the resources to fully integrate digital technology into their workflow.

Most of our respondents indicated that it is difficult for them to keep in touch with the customer and

respond to the customer in real time due to time limitations. Some noted that integrating social media with production lines and operational processes is difficult for them because it is more expensive. Privacy and security protections are known to be paramount when it comes to company operations and business process management, and a company needs to proceed with caution when implementing social media platforms.

### **Conclusion**

The digital marketing system expanded over the period of the 21<sup>st</sup> century, and organizations adopted it for sustainable development, but the impact of social media and other digital marketing tools was distinctive. The pandemic and the spread of COVID-19 have played a crucial role in the process of digital transformation. The strategy of implementation and integration systems is vividly connected with the productivity of an organization's everyday operations. This paper can be considered one of the basic points for digital marketers to approach organizations differently, according to their scope of operations. The increasing level of business operations in the globalization era needs special control for appropriate marketing strategies. The small and medium-sized Georgian wine companies tend to implement digital marketing tools in their strategic management. Meanwhile, the process of integration is complicated and includes challenges. However, a significant percentage of companies are oriented integration of social media platforms.

In order to fully understand the role of marketing systems in the digital era, referring to Georgian wine companies, more effort should be dedicated to further research. Our study has limitations in terms of the number of companies and sample size. Nevertheless, the results are significant.



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## Section 3. Management

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### MAIN STRATEGIES OF HUMAN RESOURCE MANAGEMENT

**Abstract.** The article presents two main strategies of human resources management: a general strategy, such as improving the quality of work performance, and a specific strategy, which refers to various aspects of managing employees' skills and abilities: learning, rewarding, raising motivation.

Human resource management strategies such as: commitment-based, cooperation-based, paternalistic and traditional are analyzed and evaluated.

**Keywords:** Human resource management, commitment-based strategy, cooperation-based strategy, paternalistic strategy, traditional strategy.

Strategic management of human resources is an important issue for any company. It is particularly relevant for countries with evolutionary economies like Georgia. According to the content, two main strategies are known: a general strategy, such as improving the quality of work performance, and a specific strategy, which refers to various aspects of managing employees' skills and abilities, such as: learning, rewarding, raising motivation [5]. Common strategies include: performance-oriented; commitment oriented; Engagement-oriented strategies [3]. A performance-oriented strategy is intended to influence areas of management such as performance quality, productivity, service levels, growth and profits. In the case of commitment-oriented strategy, the emphasis is shifted to the emergence of joint commitment.

The emergence of commitment may be achieved in several ways: career ladder and retraining, flex-

ibility regarding tasks, involvement of personnel in quality management, etc. In some cases, a performance-oriented strategy may be referred to as a commitment-oriented strategy or an engagement-oriented strategy. Under a commitment strategy, performance expectations are quite high and no minimum standards are defined, although there are specific narrow goals that emphasize continuous improvement and reflect market demands [6].

An engagement-oriented strategy shows what people do and how they behave, what determines their behavior on the way to achieving future goals. Anyway, what does an engaged employee mean? In his works, Armstrong answered this question and established several characteristics of an engaged employee, which are as follows: positive towards work; believes and identifies himself with the organization where he works; works to achieve better results; respects other employ-

ees and is always ready to help; He can be counted on and goes above and beyond the job description; perceives the situation more broadly, often at the cost of lowering one's own expenses; Is constantly aware of the changes in his field; Constantly looking for opportunities to improve the quality of performance [1].

The advantage of an engagement-oriented strategy is that it opposes bureaucratic control and sees co-workers not as employees, but as partners, and therefore communication between high- and low-level employees is based on the highest level of understanding.

Some scholars, depending on the needs of the company, propose a relatively different classification of general strategies in the formulation of the strategy, which are related to the search for talented personnel, the collection of effective and necessary human resources for the organization, and the human resource management policy aimed at improving skills. These strategies are as follows: talent retention strategy – emphasizes attracting especially talented personnel from external sources; Effective resource allocation strategy – the goal is to effectively use existing resources by placing the “right person” in the “right place”; Talent development strategy – the goal is to develop existing talents through continuous training and retraining programs; Cost reduction strategy – the goal is to minimize personnel costs at the expense of obtaining maximum benefits [7].

Researchers have tested the impact of these strategies on recruitment, training and development, and employee communications practices in Indian and British companies. The impact of all four strategies was significantly different in both countries due to the different content of human resource management policies [8].

Based on this fact, it can be said that the strategy selection is individual based on the company's business content and geographical location. Also, cul-

tural factors need to be taken into account, considering the fact that Great Britain, despite its size, has a similar culture, unlike India, which has a fairly high birth rate among people of different faiths and characteristics. At the same time, the economic strength of Great Britain and unlike lifestyle create different human values in companies. Therefore, the cultural values and characteristics of the specific employee should be taken into account during the formulation of the strategy. It is such human resource management issues that affect the quality of performance in the company that should be given attention.

Traditional, paternalistic, commitment and cooperation based strategies are also found in scholarly works [e.g. 3. 4]. However, we believe that these are more organizational strategies than human resource management strategies. The reason for such classification is the peculiarities and specificity of organizations.

Thus, the analysis reveals that human resource management strategies should be aimed at improving the relationship and communication between employees, which includes communication programs, trade associations, and the organization of periodic corporate events. All this will have a positive effect on the internal organizational culture, which, in turn, will improve the quality and reliability of communication between employees.

**Conclusion:** human resource management strategies differ from each other depending on the level of management, nature, and final result. Organizations take into account many factors, both internal and external, when choosing a strategy. In addition, the company's business strategy, budget, available human resources and achievable results should be considered. As mentioned, the use of so-called general and specific strategies has its own purpose. However, based on experience, there is no universal strategy, there are different directions in response to the challenges of the human resource management process.

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## **TENDENCIES OF NATURAL POPULATION MOVEMENT AS A FACTOR FOR ENSURING DEMOGRAPHIC STABILITY**

**Abstract.** The dynamics of demographic indicators, which determine the natural movement of the population, are analyzed. Important reserve for the improvement of the demographic situation and its stabilization in the future is the provision of positive natural and migratory growth and the improvement of its quality indicators, was established. This can be achieved only through rapid, radical and radical changes in economic, socio-economic, medical-demographic and political processes, was determined.

**Keywords:** labor resources, population size, natural movement, demographic stability, migration mobility.

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## **ТЕНДЕНЦИИ ПРИРОДНОГО ДВИЖЕНИЯ НАСЕЛЕНИЯ КАК ФАКТОРА ОБЕСПЕЧЕНИЯ ДЕМОГРАФИЧЕСКОЙ УСТОЙЧИВОСТИ**

**Аннотация.** Проанализирована динамика демографических показателей, определяющих естественное движение населения. Установлено, что важным резервом улучшения демографической ситуации и ее стабилизации, на перспективу, является обеспечение положительного естественного и миграционного прироста и повышение качественных его показателей. Определено, что это может быть достигнуто только путем быстрых, кардинальных и радикальных изменений в экономических, социально-экономических, медико-демографических и политических процессах.



**Ключевые слова:** трудовые ресурсы, численность населения, естественное движение, демографическая устойчивость, миграционная подвижность.

В современных условиях глобализации проблема демографической устойчивости любой страны мира чрезвычайно актуальна. Отрицательно на демографическую устойчивость влияет чрезмерный рост численности населения и чрезмерное его сокращение, что несет угрозу социально-экономической, финансовой и политической стабильности. Указанная проблема сейчас чрезвычайно важна для Украины, поскольку в условиях резкого сокращения численности населения Украины, усиления трудовой миграции происходят деструктивные процессы, в частности, в сфере занятости, образования, социальной защиты. Так, к сожалению, сейчас Украина занимает 207 место в рейтинге стран мира по численности населения и имеет самые высокие темпы его сокращения.

В последние десять лет сохраняется тенденция к уменьшению численности сельского населения Украины, которая угрожает демографическим кризисом. Так, в течение исследуемого периода зафиксировано постепенное понижение численности сельского населения на 19%. Основные причины такого явления: ухудшение демографической ситуации в сельской местности, низкий уровень заработной платы в субъектах предпринимательской деятельности, в основном занятых в сфере аграрного производства, отсутствие рабочих мест в сельских населенных пунктах, неразвитость социальной инфраструктуры.

Одной из важнейших причин оттока сельского населения рассматривается не престижность труда на селе. Данные анкетных обследований жителей Хмельницкой области (698 респондента) свидетельствуют, что для большинства опрошенных (87%) крестьянство ассоциируется с бедностью, низким уровнем культуры, социального благоустройства и т.п. Ухудшение качества человеческого капитала сельских территорий происходит из-за низкого уровня закрепления выпускников

средних специальных и высших учебных заведений в сельских населенных пунктах. Это приводит к старению сельского населения, что негативно сказывается на эффективности производственно-хозяйственной деятельности хозяйствующих субъектов, функционирующих в сельской местности [1, с. 64].

В числе демографических факторов наиболее большое значение имеет анализ уровня рождаемости и смертности, а также возрастно-половой структуры населения [2, с. 202]. Эти демографические факторы являются основными в формировании режима воспроизводства населения, остальные демографические явления (как вступление в брак, развод, размер семьи и др.) имеют подчиненное значение, поскольку тем или иным образом влияют на этой основе.

Важной на сегодня задачей является стабилизация численности населения и постепенное обеспечение его расширенного воспроизводства, за счет: роста рождаемости, снижения смертности и увеличения естественного прироста населения. В 2016 году в Хмельницкой области было зафиксировано естественное сокращение сельского населения, при котором количество родившихся составило 5434 человека; количество умерших – 11824 человек; естественное сокращение – 6390 человек. По состоянию на 2020 год было зафиксировано естественное сокращение сельского населения, при котором количество родившихся составило 4010 человек; количество умерших – 11638 человек. Следовательно, естественное сокращение составило 7628 человек.

Вторым процессом, способным активно влиять на численность сельского населения, является его механическое движение. Довольно долгое время из села в города выезжала молодежь, что в результате привело к деформации половозрастной структуры и депопуляции сельского населения

(уменьшение численности населения вследствие превышения смертности над рождаемостью).

На общее сальдо передвижения оказывают влияние два типа передвижения – внутренняя и международная [3]. В 2020 году в области миграционными перемещениями было охвачено 32,2 тыс. человек, что на 18,9 тыс. человек больше 2013 года. Поток прибывших тоже увеличился на 10,5 тыс. человек и составил 16,2 тыс. человек; поток выбывших увеличился на 8,4 тыс. человек и составил 16,0 тыс. человек.

Расчеты показали, что интенсивность миграционной подвижности в последние годы уменьшается, то есть возвращается больше человек, чем выбывает. Основная причина такой ситуации состоит в том, что у жителей области недостаточно возможностей устроиться на работу и проживание в городах, которые до сих пор были основными потребителями мобильной части трудовых ресурсов села. Это связано главным образом с понижением спроса на рабочую силу, безработицей городского населения, резким сокращением государственного жилищного строительства, чрезвычайно высокой ценой кооперативного жилья, высокими ценами на продукты питания.

В последние годы выезд сельского населения из сел на жительство в городах значительно сократился, но на смену этому пришли не менее опасные процессы, такие как миграция за границу наиболее активных молодых людей, что резко ухудшает и без того сложную демографическую ситуацию и оказывает существенное влияние на будущее состояние естественного воспроизводства сельского населения.

Анализ темпов прироста (сокращения) численности населения свидетельствует, что общий коэффициент рождаемости на 1000 человек составил в 2020 г. 7,8 родившихся на 1000 жителей против 9,9 в 2016 году (по Украине – 8,0). Общий коэффициент смертности на 1000 человек составил 16,7 в 2020 году. В связи с большим ухудшением медицинского обслуживания в сельской

местности растет смертность. Следует отметить, что в селе уровень смертности трудоспособных работников выше, чем у женщин из-за таких заболеваний, как системы кровообращения, злокачественные новообразования, гипертонические болезни, травмы и т.д. Резкое увеличение инфекционных заболеваний обусловлено антисанитарией и халатным отношением к здоровью людей, низким уровнем медицинского обслуживания сельского населения [4].

В 2020 году в Хмельницкой области родилось 9694 младенца, из них 4948 (51,0%) – мальчики и 4746 (49,0%) – девочки. Девочек обычно рождается меньше: на 100 новорожденных девочек приходится 109 мальчиков. По сравнению с 2000 годом мальчиков родилось меньше на 1443, девочек – на 1222. За последние пять лет рождаемость уменьшилась на 29,7%.

Что касается рождаемости детей в сельской местности Хмельницкой области, то в 2020 г. родилось 4010 младенцев, из них 2059 (51,3%) – мальчики и 1951 (48,7%) – девочки. По сравнению с 2000 годом мальчиков родилось меньше на 1084, девочек – на 1049. За последние пять лет рождаемость детей в сельской местности уменьшилась на 32,1%.

Несмотря на рост населения мира, к сожалению, в Украине, и в Хмельницкой области, в частности, происходят негативные демографические процессы, которые приводят к ослаблению ее демографической устойчивости. Основной причиной этих процессов, как свидетельствуют данные исследований, является то, что Хмельницкая область исчерпала свой потенциал демографического роста и резервы, обеспечивающие ей демографическую устойчивость. О чем свидетельствуют проанализированные абсолютные и относительные показатели демографического развития, в том числе, количество родившихся, количество умерших, естественный прирост (сокращение).

Важным резервом улучшения демографической ситуации и ее стабилизации, на современном

этапе развития и в ближайшие 5–10 лет, является обеспечение положительного естественного и миграционного прироста и повышение качественных его показателей. Этого можно добиться только путем быстрых, кардинальных и радикальных изменений в экономических, социально-экономических, медико-демографических и политических процессах.

Проблема обеспечения демографической устойчивости и стабилизации демографических процессов на современном этапе должна рассматриваться в контексте поиска путей прироста миграции, в частности, путем возвращения в Украину эмигрантов, в частности трудовых. При параллельном поиске резервов роста качественных характеристик населения.

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## FINANCIAL SUSTAINABILITY OF MEDICAL ORGANIZATIONS AND TOOLS FOR ITS IMPLEMENTATION

**Abstract.** This article represents overview of Financial sustainability of medical organizations. Financial sustainability of medical organizations is an important factor in the management methodology of organizational-economic sustainability and competitiveness of the enterprise, including medical organizations integrated in the structure of the cluster. Financial sustainability is assessed through financial and economic analysis. Moreover, the analysis is more effective based on management than financial statements.

**Key words:** Financial sustainability, medical organizations, financial and economic analysis.

### Introduction

It is necessary to analyze internal and external factors, which are inseparably connected with the internal and external environment of the organization. From the point of view of financial management, the ongoing processes within the organization play an important role in occupying the appropriate place in the market. First of all, they include: production, marketing, finance, working with personnel, training and raising the qualifications of specialists, recording and analyzing economic activity (accounting), social component, which includes interaction with customers. action.

For medical organizations creating products corresponding to their own missions and management strategies, the existence of similar products on the market, export, introduction into clinical practice, including at the expense of state programs, is an important factor. The essential rule that determines the internal structure of the medical organization is the

adaptation of the training structure to the structure of the external environment of the cluster.

External factors affect all elements and processes in the cluster. They can be divided into two main groups. The first group includes the so-called environmental factors that are common to many organizations (the state of the organization's economy, natural-geographical conditions, the legal system, the level of development of techniques and technologies, the world market). The second group includes the factors of direct interaction of the medical organization with the cluster structure (customers, competitors, suppliers, bodies of the state regulatory system). Internal and external factors have a significant impact on the management of any cluster member, as well as on the management of the medical organization. Therefore, it is necessary to analyze the activity from the positions of an independent entity and an element included in the cluster structure.



For this purpose, on the basis of financial indicators, an analysis of the factors affecting the profit of medical organizations and its dynamics is carried out. Such factors can be classified into 3 groups: productive, commercial, financial. The production factors are determined by the volume of production, the rhythm of the production process, the technological, scientific-technical and organizational-technical equipment of medical organizations, treatment-prophylactic institutions and clusters. The commercial factor is mainly determined by financial indicators and includes marketing, conclusion of business agreements, consideration of current and future terms of the agreement, regulation of product sales prices and organizational and economic provision.

#### **Different types of financial and economic analysis of medical organizations**

For the medical organizations and medical-prophylactic institutions included in the cluster, the efficiency, technical support, repair, metrological support and utilization of medical devices are necessary. Reliability of forecast of commercial factors, on the one hand, is based on insurance risks (mainly, risks of loss of property, interruption of supply, refusal or removal of payments), on the other hand – attraction of paying customers (customers, buyers). In the healthcare system, social issues should also be resolved, which, in turn, requires non-governmental production costs

We distinguish the following types of analysis:

1. Financial analysis, which includes: financial reporting of profits and expenses, balance sheet, turnover of funds, profitability of the enterprise, no loss, return on investments (ROI) of medical organizations; also in the structure of the cluster, the analysis of the financial efficiency of the interdependence of medical organizations and treatment-prophylactic institutions;

2. Harmonized analysis of the work and services performed by the medical organizations and treatment-prophylactic institutions in the structure of the cluster, the structure, the means of production and

sale of the products, the expenses spent on production, the efficiency of the use of production opportunities; as well as financial analysis and analysis of the use of the main funds, analysis of the main types of raw materials and materials, personnel reserve, technical, organizational and technological level of production, analysis of reserves and problems of activity of medical organizations and curative-prophylactic institutions that are part of the cluster [1, p. 30];

3. Comparison method — one of the common methods of analysis in management, which includes: comparison of actual indicators with planned ones, comparison with previous indicators, comparison with average and maximum data in the medical field, comparison of foreign medical organizations with similar indicators (including similar structural departments);

4. The method of detailing, which includes theoretically justified quality improvement and preliminary classification of financial indicators, in accordance with the importance criteria of the analysis of medical organizations and treatment-prophylactic institutions integrated in the cluster. After the level of uncertainty reaches the allowed limit, we move on to the structural analysis, or to the one-by-one exclusion of the considered indicators [2, p. 27];

5. Structural analysis, including provisions of financial management analysis, institutional theories, analysis of financial results (including profitability) of enterprise activity, their interrelationship with medical enterprises and technologies, allows to review the financial indicators of clusters and medical organizations, their preliminary. When dividing into defined structural parts, the specific weight of each is determined in the total value of the indicator, and changes in weight are recorded compared to the standard, which can be, for example, normative or expert documents. The contribution of shares is evaluated in relation to the total budget;

6. Analysis of factors, as an element of financial analysis, is the identification of factors on which the value level of the financial indicator to be analyzed



depends. For this purpose, the analytical relationship between the factors and the analyzed indicators is determined. Factors are classified by their impact, potential risks of impact, market situation, level of competitiveness of medical equipment. Taking this into account, appropriate management decisions are made, which determine the financial situation of the medical organization: it includes the assessment of potential risks of usability, the competitiveness of medical organizations and the medical products produced by them [3, p. 29];

7. Coefficient analysis, which includes the calculation of certain coefficients and then comparing the results obtained in different areas of the organization's activity for a certain period of time with the indicators obtained in the regulatory documentation. The main indicator of ratio analysis is the leading ratio. It is defined by interdependent indicators, the value of one of which determines the value of the other. For example, monetary equivalent of labor productivity (leading indicator) and wage level

(dependent indicator). The leading coefficient obtained under the conditions of operation of stable and stable medical organizations integrated in the structure of the cluster [4, p. 23].

### Conclusion

Thus, the financial analysis of the activities of the medical organizations integrated in the structure of the cluster is a necessary additional scientifically based approach to study the economic indicators of the medical enterprises and organizations in the cluster system. In financial activities, it is important to assess the state of the enterprise in the market.

The result of the effectiveness of the activities of medical organizations in the market is determined by objective and subjective factors. As a rule, objective factors do not depend on the enterprise, but, as it is predetermined, should be taken into account in its strategy. Subjective factors depend on the work of medical organizations and individual performers integrated in the cluster structure. Therefore, management decisions should take this into account.

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## Section 4. Finance, money circulation and credit

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### TRANSACTION DEMAND VERSUS SPECULATIVE DEMAND OF CRYPTO CURRENCIES

**Abstract.** Crypto currencies have gained significant attention and adoption in recent years, but the motivation behind this adoption is a matter of debate. Some argue that the adoption of crypto currencies is driven by a transaction towards a decentralized financial system, while others argue that it is driven by speculative demand. The purpose of this research paper is to explore the transaction versus speculative demand of crypto currencies by analyzing the history of Bitcoin, the role of supply and demand in crypto currency markets, and the benefits and drawbacks of crypto currencies.

**Keywords:** Transaction Demand, Speculative Demand, Bit coin, Crypto Currencies.

#### **Introduction**

The emergence of Bit coin in 2009 has paved the way for other crypto currencies, and the demand for these digital assets has grown significantly in recent years. However, the motivation behind this demand is a matter of debate. Some argue that the adoption of crypto currencies is driven by a transaction a decentralized financial system, while others argue that it is driven by speculative demand. This research paper aims to explore the transition versus speculative demand of crypto currencies by examining the history of Bit coin, the role of supply and demand in crypto currency markets, and the benefits and drawbacks of crypto currencies.

#### **History of Bit coin**

Bit coin was created by an unknown person or group of people under the pseudonym Satoshi Nakamoto. Nakamoto released the Bit coin white paper in 2008, which proposed a decentralized network for digital currency transactions. In January 2009, the

first Bit coin block was mined, and the first Bit coin transaction occurred between Nakamoto and a programmer named Hal Finney.

Initially, Bit coin had little value and was primarily used for online transactions. However, in 2011, Bit coin gained significant attention when it was used to purchase illegal drugs on the dark web marketplace Silk Road. This attention led to an increase in demand for Bit coin and a subsequent increase in its value. In December 2017, Bit coin reached its all-time high of \$19,783.06.

#### **Supply and Demand in Crypto Currency Markets**

The supply and demand dynamics of crypto currency markets are similar to those of traditional financial markets. The supply of a crypto currency is determined by its mining rate and the maximum supply cap set by its protocol. The demand for a crypto currency is determined by its adoption rate, network effects, and investor sentiment.

The adoption rate of a crypto currency refers to the number of people and businesses that accept it as a form of payment. The network effects of a crypto currency refer to the value that the network provides to its users, which increases as more people join the network. Investor sentiment refers to the perception of a crypto currency's future value.

Empirical evidence suggests that both supply and demand are important factors driving the crypto currency market. The strong demand for crypto currencies, as indicated by market capitalization, trading volume, and Bit coin dominance, has driven the growth of the market. Meanwhile, the supply of crypto currencies, as indicated by mining revenue and adoption rates, has also played an important role in supporting the market.

Here are some statistics about supply and demand in the crypto currency market:

1. **Market capitalization:** The total market capitalization of all crypto currencies combined is a key indicator of demand. As of August 2021, the total market capitalization of all crypto currencies was over \$2 trillion, according to CoinMarketCap.

2. **Trading volume:** The trading volume of crypto currencies is another key indicator of demand. According to CoinMarketCap, the total trading volume of all crypto currencies exceeded \$300 billion per day in August 2021.

3. **Bit coin dominance:** Bit coin remains the dominant crypto currency in terms of market capitalization, accounting for over 40% of the total market as of August 2021, according to CoinMarketCap. This suggests that demand for Bit coin continues to be strong.

4. **Miner revenue:** Crypto currency mining is an important source of supply, as miners are rewarded with newly created coins for verifying transactions. According to Statista, global crypto currency mining revenue is expected to reach over \$15 billion by 2024.

5. **Adoption rate:** The adoption rate of crypto currencies among businesses and consumers is another important factor driving supply and demand. According to a survey by HSB, 36% of small and

medium-sized businesses in the US accept crypto currencies as payment as of June 2021.

### **Transaction Demand of Crypto Currencies**

One argument for the adoption of crypto currencies is that it is driven by a transition towards a decentralized financial system. Proponents of this argument believe that traditional financial systems are centralized and vulnerable to government and institutional control, resulting in limited financial freedom and privacy. Crypto currencies, on the other hand, operate on a decentralized network without the need for intermediaries such as banks, making them resistant to government and institutional control.

Additionally, crypto currencies offer fast and inexpensive transactions, particularly for cross-border transactions. Traditional cross-border transactions can take several days to complete and are subject to high fees. In contrast, crypto currency transactions can be completed within minutes and at a fraction of the cost.

There are statistics that suggest that there is a growing demand for crypto currencies driven by a transition towards a decentralized financial system. However, it is important to note that the adoption of crypto currencies is still in its early stages, and there is significant uncertainty around the future of digital assets. Actually, there are several statistics that indicate the transaction demand of crypto currencies. Here are a few examples:

1. **Adoption rate:** The adoption rate of crypto currencies has grown significantly in recent years. According to a report by Cambridge University, the number of verified crypto currency users nearly tripled from 35 million in 2018 to 101 million in Q3 2020.

2. **Institutional adoption:** Institutional adoption of crypto currencies is on the rise, indicating a transition towards a more mainstream financial system. According to a report by Fidelity Digital Assets, 80% of institutional investors surveyed find crypto currencies appealing, and more than one-third have already invested in digital assets.

3. **Crypto currency market capitalization:** The total market capitalization of crypto currencies has grown significantly, indicating an increase in demand. According to Coin Market Cap, the total market capitalization of all crypto currencies exceeded \$2 trillion in April 2021, up from \$200 billion in 2019.

4. **Central bank digital currencies (CBDCs):** Several central banks are exploring the development of CBDCs, indicating a transition towards digital currencies. According to a report by the Bank for International Settlements, 86% of central banks are actively researching CBDCs, up from 65% in 2019.

### **Speculative Demand of Crypto Currencies**

Another argument for the adoption of crypto currencies is that it is driven by speculative demand. Critics of crypto currencies believe that they lack intrinsic value and are highly volatile, making them a speculative asset rather than a legitimate currency or investment.

Some investors have also been drawn to crypto currencies due to their potential for high returns. However, the highly volatile nature of crypto currency markets means that these potential returns come with a significant level of risk.

There are statistics that suggest that there is a significant amount of speculative demand in the crypto currency market. However, it is important to note that speculative demand is only one factor driving market activity, and it may not be the primary driver in all cases. Additionally, some argue that speculative demand is a natural part of market dynamics and is not necessarily a negative phenomenon. There are several statistics that indicate the speculative demand of crypto currencies. Here are a few examples:

1. **Crypto currency price volatility:** Crypto currency prices are highly volatile, indicating the presence of speculative demand. For example, the price of Bit coin, the largest crypto currency by market capitalization, has fluctuated between \$3,000 and \$64,000 over the past five years.

2. **Retail investor participation:** Retail investors have been a major driver of speculative demand in

the crypto currency market. According to a report by Chainalysis, retail investors accounted for 92% of all crypto currency transactions in 2020.

3. **Trading volume on exchanges:** High trading volumes on crypto currency exchanges suggest that speculative demand is driving market activity. According to data from CoinMarketCap, the total trading volume of all crypto currencies exceeded \$500 billion per day in May 2021.

4. **Google search trends:** Google search trends for crypto currencies have been highly correlated with their prices, indicating a link between speculative demand and market activity. For example, Google search interest for Bit coin peaked in December 2017 when its price reached an all-time high.

5. **Initial coin offerings (ICOs):** ICOs have been a popular way for crypto currency startups to raise funds, but many have been criticized for being speculative in nature. According to a report by PwC, ICOs raised \$7.8 billion in 2018, but the majority of them failed to deliver a product or service.

### **Benefits and Drawbacks of Crypto Currencies**

Crypto currencies have several benefits over traditional fiat currencies. One of the primary advantages of crypto currencies is their decentralization, which allows for fast and inexpensive transactions without the need for intermediaries. This decentralization also offers greater financial freedom and privacy for users.

However, crypto currencies also have several drawbacks. The lack of regulation in crypto currency markets has led to concerns about their use in illicit activities such as money laundering and terrorism financing. Additionally, the high volatility of crypto currency markets has led to concerns about their suitability as a store of value or means of exchange.

### **Conclusion**

In conclusion, the motivation behind the adoption of crypto currencies is a matter of debate. While some argue that it is driven by a transition towards a decentralized financial system, others argue that it is driven by speculative demand. The supply and



demand dynamics of crypto currency markets are similar to those of traditional financial markets, with the adoption rate, network effects, and investor sentiment playing a critical role in determining a crypto currency's value.

Crypto currencies offer several benefits, including decentralization, fast and inexpensive transactions, and privacy, but also have several drawbacks, including lack of regulation and volatility. The future

of crypto currencies is uncertain, but many believe that they will continue to play a significant role in the global financial system.

The development of decentralized finance (DeFi) platforms and the adoption of crypto currencies by institutional investors suggest that crypto currencies may become an integral part of the financial ecosystem. However, regulatory clarity and stability will be critical for the long-term success of crypto currencies.

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