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MODERN CHALLENGES IN AGRIBUSINESS

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ABSTRACT

The article discusses the role of agribusiness in the country's economy. It also outlines strategies aimed at creating an enabling environment for small and medium-sized enterprises, increasing their competitiveness and innovation opportunities, resulting in increased incomes and employment generation, and thus achieving inclusive and sustainable economic growth.

The Government of Georgia has implemented and continues to implement programs for the development of the agricultural sector in the following directions:

1. The further improvement of the legislative, institutional business environment;
2. Improving access to finance;
3. Development of competitive human capital, entrepreneurial skills and modern entrepreneurial culture;
4. Export promotion and the internationalization of small and medium-sized businesses;
5. Supporting innovations, research and development.

The article discusses what damage the pandemic has caused to the country's population and farmers. An analysis of the research results is also given, which revealed challenge facing small entrepreneurs engaged in the agricultural sector and those who are interested in agribusiness. The following training modules were conducted to address these problems:

- Risk management;
 - The selection of marketing research methods,
 - Exploring new sources of funding;
 - Organizing marketing events;
 - Aspects of farming.
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Introduction.

Strengthening the country's economy and improvement in the population's well-being is the main priority of every government, including Georgia. To that end, the country has developed a policy that begins with freedom and development of business, ensuring a suitable environment for it, which would be by supporting the private sector in order to gain its competitive advantages in a world market. Various reforms are also being implemented aiming to improve the business environment and promoting entrepreneurship. In addition, there must be a constant dialogue with representatives of the business sector, through which the existing problems will be identified in order to successfully address these problems in the future.

The agricultural sector plays an essential role in economic development and makes a significant contribution to sustainable and economic growth. Farm enterprises and small businesses

engaged in agribusiness are distinguished by the employment growth potential and employment generation. Employment rates for 2017-2021 according to the economic activity shown in Figure 1, give a clear picture of the difference in the employment rates between agriculture and other businesses.

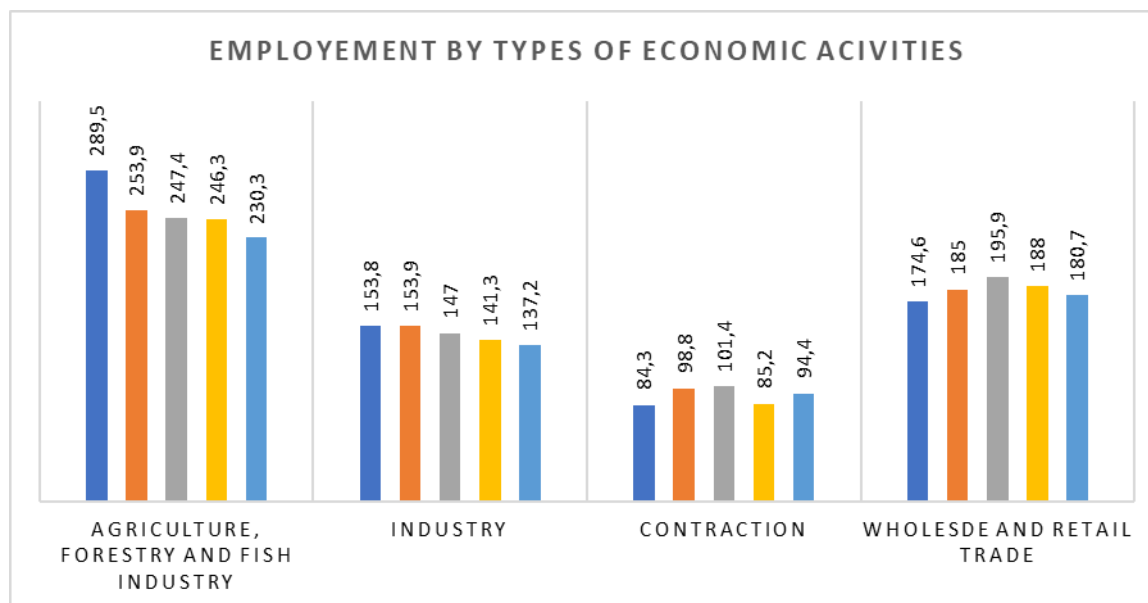


Fig. 1

Source: National Statistics Office of Georgia

Materials and methods.

A strong and developed agricultural sector substantially contributes to exports, innovations, the creation of modern entrepreneurial culture, and at the same time, plays a special role in advancing the nation’s welfare. Of particular note is the export of natural grape wine, which in April-May 2022 amounted to 3.8%.

In recent years, Georgia has undertaken significant economic reforms, including in the agricultural sector, which were mostly aimed at conducting agribusinesses and creating an enabling environment for foreign direct investment.

Support for private sector development and especially small and medium-sized enterprise development, had always been and would continue to be one of the priorities of the Georgian government's economic policy, which is also reflected in Georgia's socio-economic development strategy. The main goal of the strategy is to create an enabling environment for small and medium-sized enterprises, increase their competitiveness and innovation opportunities, resulting in increased incomes and jobs and, consequently, achieving inclusive and sustained economic growth.

The SME Development Strategy of Georgia for 2016-2020 includes 5 main strategic directions, such as:

1. The further improvement of the legislative, institutional business environment;
2. Improving access to finance;
3. Development of competitive human capital, entrepreneurial skills and modern entrepreneurial culture;
4. Export promotion and the internationalization of small and medium-sized businesses;
5. Supporting innovations, research and development.¹

With a view to quickly reconstructing and developing of the country's economy, as well as building a strong, united and democratic state, the Georgian Government, within Government Program

¹ http://www.economy.ge/uploads/ecopolitic/1%E1%83%98%E1%83%A1_%E1%83%A1%E1%83%A2%E1%83%A0%E1%83%90%E1%83%A2%E1%83%94%E1%83%92%E1%83%98%E1%83%90.pdf

2021-2024 "European State Building", is shifting its efforts towards four core areas, including economic development, particularly agricultural development, where the main focus is:

- Improving the quality of Georgian agri-food products and increasing yields;
- Ensuring the knowledge/awareness among farmers and entrepreneurs in accordance with modern requirements.

The main goal of the government's agrarian policy is to increase exports of agri-food products and reduce dependence on imports. However, the global COVID-19 pandemic and the crisis that it caused had a drastic impact on all aspects of public life, damaged the business activities and ultimately the country's economic growth. At the same time, COVID-19 has created new challenges in this regard and identified new needs for further development of the sector and food security¹.

In assessing the development of small and medium-sized enterprises in Georgia in 2016-2020, the main focus was on four areas:

1. The legal, institutional and entrepreneurial environment;
2. Access to finance;
3. Development of entrepreneurial skills;
4. Innovations and research development.

Improving the business environment, increasing access to finance, strengthening the financial sector and, as a result, promoting economic growth are the top priority of Georgia. That is why promoting financial literacy is an important factor for every citizen, beginning and existing entrepreneurs in the country.

That is why we have focused on these issues, which is the main goal of our grant project research.

The administration of Akaki Tsereteli State University supports financing such projects aimed at the development of the region, and that was the purpose of our project which was aimed at "Organizing a training module on "Business Plan Development" for small business development in the agricultural sector of the Imereti region". This issue was raised by a previous project on promoting the development of small businesses in the Imereti region. Studies conducted in this direction have identified the problem facing small entrepreneurs in the agricultural sector as well as those who are interested in agribusiness.

Our research covered four regions: Zestafoni, Tkibuli, Samtredia and Tskaltubo, where there is a very large number of those who seek employment in the agricultural sector. The field studies by means of questionnaires were used as a research method. That is why we have selected as a target segment in each region, both employees in the agribusiness and interested persons. A total of 45 respondents were interviewed, 27 of whom were employed in agribusiness and 18 were interested persons wishing to go into agribusiness in the future.

Discussion of results.

Analysis of the survey results showed that 13.3% of 45 respondents have secondary education and 86.7% have higher education. Of these, 13.3% are agronomists, 20% are agro-engineers, 40% - economists, 6.7% - lawyers, and 33.3% were from other professions. 33.3% of surveyed respondents aware of choosing the organizational-legal forms of enterprises, while 66.7% are aware of this only partially. It was also revealed that 53.3% are able to distinguish between the target customers and the target market, while 46.7% are just partially able to distinguish between them. The data concerning the description of the strengths and weaknesses of competitors are particularly interesting, where the results are distributed as follows: 40% are able and 60% are partially able. It's just like that, but vice versa, the data were distributed, which were concerned with sales and the organization of related events: 60% were able, and 40% were partially able. Also important are the results of surveys related to the issue of risk management, where the responses were distributed as follows: 33.3% are of risk management, 13.3% are unaware and 53.4% are partially aware, and 26.7% of respondents know how to avoid the anticipated danger, and 73.3% partially know about this. However, the result of the research related to the identification of risks in the agricultural sector is of high importance, here the responses are as follows: 20% know about the identification of risks, 13.3% do not know at all and 66.7% know partially, we can also say about funding sources, where the responses were distributed as

¹ https://www.gov.ge/files/68_78117_645287_govprogramme2021-2024.pdf

follows: 33.3% are aware of sources of funding, 6.7% have no information at all and 60% know partially about sources of funding.

As the analysis of the research results revealed, in addition to the training module provided by the project, which was related to business plan development, within the project, it became necessary to conduct the additional training modules aiming informing farmers and agribusiness entities and those who are interested in agribusiness in the following areas:

- Risk management;
- The selection of marketing research methods,
- Exploring new sources of funding;
- Organizing marketing events;
- Aspects of farming.

Conclusions.

The analysis of the results of the study clearly confirmed the fact that the efforts of the Government of Georgia are aimed at within the Government program 2021-2024 - "European State Building", in particular the development of agriculture, where the main focus is on raising knowledge/awareness among farmers and entrepreneurs, as well as those who are interested in agribusiness, in accordance with modern requirements. As a result of the training modules, the participants were provided with important information about the issues they mentioned in the questionnaire. We will continue to work with them in the future to help address issues related to theoretical education in the field of business.

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Declaration of Interest Statement.

The authors declare no conflict of interest.

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