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პაატა გუგუშვილის ეკონომიკის ინსტიტუტი
IVANE JAVAKHISHVILI TBILISI STATE UNIVERSITY
PAATA GUGUSHVILI INSTITUTE OF ECONOMICS

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ტომი 1

**Proceedings of Materials of International Scientific-Practical Conference
Dedicated to the 60th Birth Anniversary
of Professor George Tsereteli**

**NATIONAL ECONOMIES
AND GLOBALIZATION**

VOLUME 1

თბილისი
TBILISI

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CONTENTS

VOLUME 1

PLENARY SESSION

<i>Abesadze Ramaz</i> GLOBALIZATION AND SOME ASPECTS OF ITS IMPACT ON NATIONAL ECONOMY	3
<i>Ananiashvili Iuri</i> ECONOMETRIC PROBLEMS OF OKUN'S PARAMETER ESTIMATION	9
<i>Asatiani Rozeta</i> THE STATE AS THE GUARANTEE OF ECONOMIC DEVELOPMENT AND NATIONAL ICONCORD	15
<i>Baranovskaya Marina, Kozak Yuriy</i> THE EU COUNTRIES DEVELOPMENT: INNOVATIVE COMPONENT	23
<i>Belinskaja Larisa, Kasnauskienė Gindra</i> THE PENSION SYSTEM REFORM IN LITHUANIA VIA AGEING POPULATION	26
<i>Burduli Vakhtang</i> ABOUT THE IMPROVEMENT OF SYSTEM OF ESTIMATIONS OF EFFECTIVENESS OF SECTORAL STRUCTURE OF ECONOMY	34
<i>Vitas Arturas</i> CHANGING STRUCTURE OF EXPORTS IN LITHUANIA: MACROECONOMIC ASSESSMENT	43
<i>Hasanova Nazrin</i> GLOBALIZATION – PRO ET COUTRA, IMPACT ON CIS COUNTRIES	49
<i>Gelashvili Simon</i> STATISTICAL FORECASTING IN SUPPLY CHAIN MANAGEMENT	54
<i>Gogokhia Revaz</i> REGARDING THE ISSUE OF GENESIS OF ECONOMIC THEORY	58
<i>Yatsenko Olga</i> FACTORS AND DETERMINANTS OF GLOBALIZATION PHENOMENON	65
<i>Ibrahimov Muslim</i> RESEARCH OF EFFICIENCY OF ECONOMIC STRUCTURE AND THE NECESSITY OF STRUCTURAL REFORMING OF AGRARIAN SECTOR OF NATIONAL ECONOMY OF AZERBAIJAN	72
<i>Kasnauskienė Gindra, Belinskaja Larisa</i> ECONOMIC CHALLENGES OF AN AGEING LITHUANIAN POPULATION	78
<i>Kerimli Irshad</i>	83

AZERBAIJANI MODEL OF ECONOMIC DEVELOPMENT: PROBLEMS AND PERSPECTIVES

Kuratashvili Alfred

THEORETICAL PROBLEMS OF INTERRELATION OF ECONOMY AND POLITICS UNDER GLOBALIZATION 88

Mekvabishvili Elguja

ROLE OF SYSTEM RISKS IN MODERN ECONOMY 94

Olshantseva T., Britchenko Igor

BUSINESS EDUCATION IN A GLOBALIZED EDUCATIONAL MARKET 99

Pavliashvili Solomon

SOME ASPECTS OF MODERN GLOBALIZATION 104

Papava Vladimer

ON THE EFFECTIVENESS OF THE "CURRENCY BOARD" DURING THE CURRENCY CRISIS IN THE ECONOMY INFECTED WITH THE DUTCH DISEASE: CASE OF GEORGIA 108

Sulaberidze Avtandil

FAMILY TRANSFORMATION PROBLEMS IN GEORGIA 113

Syabro Oksana

SOME ASPECTS OF INSTITUTIONAL REFORMS IN GEORGIA WITHIN THE FRAMEWORK OF EASTERN PARTNERSHIP 118

Tokmajyan Sofia

GLOBALIZATION PROCESS AND SOCIAL-ECONOMIC TASKS OF INTEGRATION OF ARMENIAN ENGINEERING UNIVERSITIES IN THE INTERNATIONAL EDUCATION SYSTEM 124

Tkeshelashvili Goderdzi, Kiladze Tamar

GEORGIA, THE GLOBAL ECONOMIC PROCESSES AND PORTS 127

Ustimenko Vladimir, Kucher Olga

PLANNING SYSTEM AND USE OF PUBLIC PROPERTY IN THE PRC IN THE CONTEXT OF GLOBAL ECONOMIC PROCESSES 131

Khaduri Nodar

GEORGIAN "ECONOMIC MIRACLE" MYTH AND REALITY 136

SECTION OF ECONOMIC THEORY

Babenko Arseniy, Davydyuk Nataliya

THE INTERNET AND THE "NEW ECONOMY" OF RUSSIA IN THE GLOBALIZATION 142

Guba Anna

FORMATION OF DISINTEGRATION UNDER THE INFLUENCE OF CONTEMPORARY TRENDS IN GLOBAL PROCESSES 147

Davlasheridze Nata

149

RESULTS OF INDUSTRIAL REVOLUTION IN GEORGIA

<i>Sarchimelia Roland, Tapladze Tamar</i> RISK OF FOREIGN DEBT UNDER GLOBALIZATION	311
<i>Tikishvili Mzia</i> <i>Mikiashvili Nino</i> INFORMATIZATION AS A NECESSARY CONDITION OF ECONOMIC LOBALIZATION	315
<i>Kistauri Nunu</i> ESTIMATING THE INFLUENCE OF THE GLOBALIZATION ON THE TRADE BALANCE	320
<i>Kurdadze Tinatin</i> STATE FISCAL POLICY OF GEORGIA AND GLOBALIZATION	324
<i>Gudushauri Zaira, Baliashvili Elisabed, Katsitadze Nana</i> GLOBALIZATION AND GEORGIAN COMPETITIVENESS OR WHICH POLICY WE SHOULD CHOOSE FOR THE FUTURE	328
<i>Kuparadze Giorgi</i> RELATION BETWEEN TAX POLICY AND INVESTMNET LOCATION BASED ON NEW ECONOMIC GEOGRAPHY MODELS	334
<i>Shengelia Teimuraz</i> THE IMPACT OF GLOBALIZATION ON GEORGIA'S NATIONAL ECONOMY	338
<i>Shengelia Fati</i> GLOBALIZATION AND INTELLECTUAL CAPITAL	344
<i>Kharitonashvili Jemal</i> REGARDING THE DIVISION OF LABOR IN SOCIETY	350
<i>Khuskivadze Mamuka</i> PROBLEMS AND PERSPECTIVES OF SUSTAINABLE ECONOMIC DEVELOPMENT OF GEORGIA UNDER GLOBALIZATION	354
<i>Julakidze Merab</i> HUMAN CAPITAL AND GLOBALIZATION	361
CONFERENCE PARTICIPANTS	375

VOLUME 2

SECTION OF FINANCES, INTERNATIONAL ECONOMY

<i>Bidzinashvili David</i> EXPORT GROWTH RATES OF ALCOHOLIC BEVERAGES IN GEORGIA	3
<i>Gvaramia Nazi</i> INTERNATIONAL EXPERIENCE AND REGULATION OF AUDIT IN GEORGIA	8
<i>Grigalashvili Levan</i> SOME ASPECTS OF THE IMPROVEMENT OF ACCOUNTING AND AUDITING SYSTEMS ON THE EXAMPLE OF AGRARIAN PRODUCTION INDUSTRIES	12

<i>Tetrauli Tsitsino</i> EFFECTS OF GLOBALIZATION ON INFLATION PROCESSES	15
<i>Kvatashidze Nadezhda</i> VALUATION OF FINANCIAL INSTRUMENTS	21
<i>Kerimova Camila</i> GLOBALIZATION INFLUENCES ON BANKING	25
<i>Kokaia Ketevan</i> DEVELOPMENT OF INVESTMENT POLICY AND FINANCIAL-CREDIT METHODS ON CURRENT STAGE	28
<i>Kostyukova Inessa, Lugovskoy Denis</i> THE TRADE STOCK ACCOUNTING: THE WAY TO IFRS	32
<i>Maisuradze Marina</i> ISSUES OF RECOGNITION AND ASSESSMENT OF ELEMENTS OF FINANCIAL REPORTS	37
<i>Natelaury Iza</i> SOME ASPECTS OF MODELING OF GEORGIA'S FOREIGN TRADE	41
<i>Papaskiri Rusudan</i> FINANCIAL CRISIS IN CONSTRUCTION FIELD AND COMMERCIAL BANKS OF GEORGIA	44
<i>Solodashvili Dali, Udesiani Tea</i> PROGRAM BUDGET – BASIS FOR AUDIT OF EFFICIENCY	49
<i>Putkaradze Ramaz</i> ACTUAL ISSUES OF THE FOREIGN TRADE OF GEORGIA	51
<i>Korganashvili Larisa</i> PROCESSES OF GLOBALIZATION IN INTERNATIONAL TOURISM	58
<i>Shalamberidze Khatuna</i> GENERAL ASPECT OF FINANCIAL MARKET AGAINST A BACKGROUND OF GLOBALIZATION	63
<i>Khizanishvili Vasil</i> THE WORLD FINANCIAL-ECONOMIC CRISIS ETHICAL DIMENSION	67
SECTION OF BUSINESS PROBLEMS	
<i>Bachiashvili Tamar</i> MARKETING RESEARCH AS ONE OF THE IMPORTANT PRECONDITIONS FOR EFFECTIVE USAGE OF THE SOCIAL FACTOR	70
<i>Benashvili Tsiala</i> THE CONCEPT “FULL COSTS OF PRODUCT” AND ITS APPLICATION	74
<i>Berishvili Khatuna</i> THE ROLE OF FOREIGN DIRECT INVESTMENTS IN BUSINESS SECTOR	81

DEVELOPMENT IN GEORGIA

<i>Berulava George</i> SERVICES SECTOR LIBERALIZATION AND MANUFACTURERS' EXPORT PERFORMANCE	87
<i>Britchenko Igor, Miklovda V., Kubiniy N., Olshantseva T.</i> FEATURES OF JAPANESE MODEL OF ENTERPRENEURSHIP	90
<i>Haciyev Fazil</i> PROBLEMS USING THE PRODUCTION CAPACITY IN A MARKET ECONOMY	95
<i>Dikhaminjia Irma</i> STRATEGIC MANAGEMENT AS A FACTOR OF ORGANIZATIONAL DEVELOPMENT	100
<i>Dudauri Tamar</i> TOPICAL ISSUES OF BUSINESS GLOBALIZATION	104
<i>Erkomaishvili Gulnaz</i> SMALL ENTREPRENEURSHIP AND ECONOMIC POLICY OF ITS DEVELOPMENT IN GEORGIA	109
<i>Kakulia Eter, Bibilashvili Nana</i> GLOBALIZATION: THE ROLE OF SMALL AND MIDDLE BUSINESS IN REDUCING UNEMPLOYMENT IN GEORGIA	113
<i>Kitsmarishvili Ketevan</i> FINANCIAL SOFTWARE FIRM	117
<i>Maglakelidze Ekaterine, Malania Elisabed</i> MARKETING OPPORTUNITIES OR THREATS FOR ENERGY COMPANIES?	121
<i>Melashvili Medea</i> EFFECTS OF GLOBALIZATION ON THE PERFORMANCE OF THE STATE ENTERPRISES	126
<i>Orlova Valentyna</i> PROBLEMS AND POTENTIAL OF CREDIT PROVISION FOR SMALL AND MEDIUM BUSINESS ENTITIES	130
<i>Paichadze Nugzar</i> MANAGEMENT ART OF DEALING WITH COLLEAGUES	133
<i>Sarchimelia Roland</i> RISK AND PECULIARITIES OF ITS DEFINITION	138
<i>Seturi Maia</i> CONCERNING THE BRAND MANAGEMENT PROCESS DEVELOPMENT IN GEORGIA	145
<i>Svirava Gela, Chania Maia</i> THE CLUSTER CREATION AND DEVELOPMENT NECESSITY FOR THE PURPOSE OF BUSINESS COMPETITIVENESS GROWTH	150
<i>Silagadze Avtandil</i> SIMPLIFICATION OF BUSINESS REGISTRATION AND BUSINESS REALITY IN	154

The analysis of system risks represents that methodological basis against which leans the practical actions directed on prevention of global financial and economic crises.

*Olshantseva T.
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BUSINESS EDUCATION IN A GLOBALIZED EDUCATIONAL MARKET

INTRODUCTION

Over the last century globalization has resulted in major changes in the standard of living around the world through trade and the exploit of comparative advantages. The process has spread to the service industry which includes education. In fact, originated in the early twentieth century MBA (Master of Business Administration) gradually become a key to success in big business-education, because the basic concepts and approaches in business, common throughout the world. In a sense, the top MBA business education becomes one of the most important things. Today, about two thousand higher education institutions in the world offering more than four thousand different programs, at which graduates get an MBA.

RESULTS.

The Master of Business Administration is a master's degree in business administration, which attracts people from a wide range of academic disciplines. The MBA designation originated in the United States, emerging from the late 19th century as the country industrialized and companies sought out scientific approaches to management. The core courses in the MBA program are designed to introduce students to the various areas of business such as accounting, finance, marketing, human resources, operations management, etc. Students in MBA programs have the option of taking general business courses throughout the program or can select an area of concentration and focus approximately one-fourth of their studies in this subject.

Accreditation bodies exist specifically for MBA programs to ensure consistency and quality of graduate business education. Business schools in many countries offer MBA programs tailored to full-time, part-time, executive, and distance learning students, with specialized concentrations. Business schools or MBA programs may be accredited by external bodies which provide students and employers with an independent view of their quality, and indicate that the school's educational curriculum meets specific quality standards. The three major accrediting bodies in the United States are Association to Advance Collegiate Schools of Business (AACSB), which accredits research universities, the Accreditation Council for Business Schools and Programs (ACBSP), which accredits universities and colleges, and the International Assembly for Collegiate Business Education (IACBE), all of which also accredit schools outside the US. The AACSB, the ACBSP, and the IACBE are themselves recognized in the United States by the Council for Higher Education Accreditation (CHEA). MBA programs with specializations for students pursuing careers in healthcare management also eligible for accreditation by the Commission on the Accreditation of Healthcare Management Education (CAHME).

In the United States, an MBA program may also be considered accredited on the institutional level. Bodies that accredit institutions as a whole include the Council for Higher Education Accreditation (CHEA): Middle States Association of Colleges and Schools (MSA), New England Association of Schools and Colleges (NEASCSC), Higher Learning Commission of the North Central Association of Colleges and Schools (HLC), Northwest Commission on Colleges and Universities (NWCCU), Southern Association of Colleges and Schools (SACS), and Western Association of Schools and Colleges (WASC).

Accreditation agencies outside the United States include the Association of MBAs (AMBA), a UK based organization that accredits MBA, DBA and MBM programs worldwide, government accreditation bodies such as the All India Council for Technical Education (AICTE) that accredits MBA and PGDM

programs across India, the Council on Higher Education (CHE) in South Africa, the European Foundation for Management Development operates the European Quality Improvement System (EQUIS) for mostly European and Asian schools, and the Foundation for International Business Administration Accreditation (FIBAA) in Europe.

In 1957, INSEAD (French name "INstitut Européen d'ADministration des Affaires", or European Institute of Business Administration) became the first European university offering the MBA degree, followed in 1959 by ESADE, ICADE in 1960 (who had started offering in 1956 a "Technical Seminary for Business Administration"), IESE (first two-year program in Europe) in 1964, UCD Smurfit Business School in 1964, Manchester Business School and London Business School in 1965, The University of Dublin (Trinity College), the Rotterdam School of Management in 1966, the Cranfield School of Management in 1967 and in 1969 by the HEC School of Management (in French, the *École des Hautes Études Commerciales*) and the Institut d'Etudes Politiques de Paris. In 1972, Swiss business school IMEDE (now IMD) began offering a full-time MBA program, followed in 1974 by AGH University of Science and Technology in Cracow, Poland. In 1991, IEDC-Bled School of Management became the first school in the ex-socialist block of the Central and Eastern to offer an MBA degree. Because of technology advances, distance or online MBA programs have recently emerged in Europe. Several business schools in the United Kingdom now offer distance MBA programs. In 2007, ESCEM became the first French Business school to offer their own distance or online MBA. See List of business schools in Europe

In Europe, the recent Bologna Accord established uniformity in three levels of higher education: Bachelor (three years), Masters (one or two years in addition to three or four years for a Bachelor), and Doctorate (an additional three or four years after a Masters). Students can acquire professional experience after their initial bachelor degree at any European institution and later complete their masters in any other European institution via the European Credit Transfer and Accumulation System.

Accreditation standards are not uniform in Europe. Some countries have legal requirements for accreditation (e.g. most German states), in some there is a legal requirement only for universities of a certain type (e.g. Austria), and others have no accreditation law at all. Even where there is no legal requirement, many business schools are accredited by independent bodies voluntarily to ensure quality standards.

In Austria, MBA programs of private universities have to be accredited by the Austrian Accreditation Council. State-run universities have no accreditation requirements, however, some of them voluntarily undergo accreditation procedures by independent bodies. There are also MBA programs of non-academic business schools, who are entitled by the Austrian government to offer these programs until 2010. Some non-academic institutions cooperate with state-run universities to ensure legality of their degrees.

January 1999 saw the first meeting of the Association of the Czech MBA Schools (CAMBAS). The Association is housed within the Centre for Doctoral and Managerial Studies of UEP, Prague. All of the founding members of the Association to have their MBA programs accredited by partner institutions in the United Kingdom or United States of America.

In Finland, as in most countries, MBA does not have the status of official degree. MBA programs are run by various universities including the top universities in the country.

In France and in the Francophone countries such as Switzerland, Monaco, Belgium, and Canada, the MBA degree programs at the public accredited schools are similar to those offered in the Anglo-Saxon countries. Most French Business Schools are accredited by the *Conférence des Grandes Écoles*, which is an association of higher educational establishments outside the mainstream framework of the public education system.

Germany was one of the last western countries to adopt the MBA degree. In 1998, the Higher Education Framework Act, a German federal law regulating higher education including the types of degrees offered, was modified to permit German universities to offer master's degrees. The traditional German degree in business administration was the *Diplomin Betriebswirtschaft* (*Diplom-Kaufmann*; Master's degree equivalent) but since 1999, bachelor's and master's degrees have gradually replaced the traditional degrees

(see Bologna process). Today most German business schools offer the MBA. Most German states require that MBA degrees have to be accredited by one of the six agencies officially recognized by the German Akkreditierungsrat (accreditation council), the German counterpart to the American CHEA. The busiest of these six agencies (in respect to MBA degrees) is the Foundation for International Business Administration Accreditation (FIBAA). All universities themselves have to be institutionally accredited by the state (staatlich anerkannt).

Italian MBAs programs at public accredited schools are similar to those offered elsewhere in Europe. Italian Business Schools are accredited by EQUIS and by ASFOR. There are several MBA programs offered in Poland. Some of these are run as partnerships with American or Canadian Universities. For example, the CEMBA program is run by the Warsaw School of Economics and the University of Quebec at Montreal, Warsaw-Illinois Executive MBA (WIEMBA) run as partnership of University of Warsaw and University of Illinois at Urbana-Champaign. Others like the programs offered by the Institute of Economics of the Polish Academy of Sciences (INE PAN) rely on their own faculty and enrich their courses by inviting visiting lecturers. The CEMBA, WIEMBA and INE PAN programs as several other programs in Poland, are offered also in English.

Recently MBA programs appeared in Ukraine where there are now about twenty schools of business offering a variety of MBA programs. Three of these are subsidiaries of European schools of business, while the remaining institutions are independent. Ukrainian MBA programs are concentrated mainly on particulars of business and management in Ukraine. For example, 2/3 of all case studies are based on real conditions of Ukrainian companies.

The UK based Association of MBAs (AMBA) was established in 1967 and is an active advocate for MBA degrees. The Association's accreditation service is internationally recognised for all MBA, DBA and Masters in Business and Management (MBM) programs. AMBA also offer the only professional membership association for MBA students and graduates. UK MBA programs typically consist of a set number of taught courses plus a dissertation or project.

American edition of Financial Times (FT) has prepared an annual ranking of business schools with the best programs of Executive MBA (EMBA) for CEO's. It differs from the MBA because it is specifically designed for managers. Such degree is a kind of golden key that opens career doors easily to international companies. As FT experts have calculated, average annual salary of graduates is approximately equal to the cost of education. For this reason, it is unlikely that rate of EMBA can be cheap. For example, the minimum price for studying at the London Business School during the year is \$ 60.000. Thus, the top ten included the following business schools which are outlined in Table 1:

Table 1. Financial Times annual ranking of business schools with the best programs of Executive MBA

№	Current rank	3 year average	School name	Country	Salary(\$)	Salary growth
1.	1	1	Kellog / Hong Kong UST Business School	China	419.416	63
2.	2	2	Trium: HEC Paris / LSE / New York University: Stem	Frsnce / UK / US	307.808	58
3.	3	3	Columbia / London Business School	US/UK	259.833	85
4.	4	4	Insead	France / Singapore / U.A.E.	219.441	60
5.	5	5	University of Chicago: Booth	US/UK Singapore	219.736	70
6.	6	8	Duke University: Fuqua	US	254.564	54
7.	7	7	University of Pennsylvania: Wharton	US	220.704	62
8.	8	7	IE Business School	Spain	177.026	153
9.	9	-	UCLA / NUS	USA / Singapore	232.928	72
10.	10	8	London Business School	UK / U.A.E.	180.409	79

Despite clouds hanging over Western economies, 2011 represents a stellar year with a 36% growth in MBA demand worldwide, well ahead of the long-term trend growth rate of 15% per annum. QS TopMBA has reported since 1990, according to the largest survey of MBA employers ever conducted. MBAs are playing a central role in the battle for global economic supremacy, with economic growth in emerging markets fuelling worldwide demand for MBAs.

QS is the world's leading information network for top careers and education. QSlinks high achievers from the graduate, MBA and executive communities around the world with leading business schools, postgraduate departments at universities and with employers, through websites, events, e-guides and technical solutions. The QS Global Employer Survey shows a 36% increase overall in MBA job opportunities in 2011, a turnaround from the 5% decline experienced in 2009. The QS TopMBA.com Jobs & Salary Trends Report shows that across Asia and Latin America, employers are embracing MBAs as never before with the trend seen across all major industries, supplemented by a gradual recovery in demand in other regions. Up to the third quarter of 2011, MBA demand has remained insulated from the volatility affecting financial markets in Europe and North America. MBA demand is expanding as the qualification is embraced by employers in Asia, particularly India and China. India remains the hot MBA market in 2011, experiencing an explosion in employer demand (up 24% in 2011 and 43% in 2010) especially in consulting and professional services, manufacturing, IT/computer services and microfinance.

MBA jobs within Latin America are also becoming much more plentiful as the region is set to utilize MBAs as a key talent pool. Latin American companies are battling to internationalize and enter the Asian markets, in particular, Mexico; reporting 103% increase in MBA demand this year.

In the USA, 2011 MBA demand is picking up quickly with a 24% jump in MBA opportunities reported by employers, albeit employers are cautious about 2012. In the first half of the year, although the USA saw lower growth than the emerging markets in percentage terms, the country still remains the largest market for MBA employment.

Despite continuing economic uncertainty and hiring restraint on the part of banks, MBA demand in Western Europe in 2011 is strong, with particular dynamism in the UK (34% growth) and Germany (28% growth), fuelled by the consulting and industrial sectors. However MBA demand in Central and Southern Europe is flat. In particular, demand for MBAs in Russia has slowed down after a couple of years of heady recruitment fuelled by an energy boom. As uncertainty over the financial stability increases, it is likely that MBA recruitment in the region will become more cautious.

MBA consulting jobs are back at record levels in 2011, with a 28% jump in demand. A 17% jump in demand is forecast in 2012. MBA jobs in financial services won't be far behind with a 27% actual increase in 2011 and a further increase of 14% forecast in 2012. Demand for MBAs in the technology sector is recovering, with IT/computer services jobs recording a 34% jump in demand this year, and a slower 10% increase forecast for 2012 (a concentration of this growth being in Asia with big US employers actively hiring in the region).

The high technology/electronics sector is also growing at 28% 2011 year and a further 17% in 2012. However, growth in telecommunications is much slower with 21% 2011 year and even a 6% decline is forecast for 2012. MBA jobs in pharmaceuticals and healthcare declined in 2010 but are recovering in 2011 with growth of 20% followed by a 26% growth forecast in 2012. The 2011 research reveals that employers continue to seek more experienced MBA candidates, preferably with international experience, combined with strong interpersonal and "soft" skills.

68% of MBA employers seek international study experience. Employers strongly agree that screening for language skills and inter-cultural communication skills are an important part of the hiring process for international MBAs. The type and duration of study experience is important to employers. Employers are, in general, satisfied with the technical skills and overall academic achievement acquired by MBA students. This refers to skills acquired in finance, marketing, e-business, risk management, corporate social responsibility and linguistic ability.

Business school graduates are still not meeting expectations in terms of their soft skills (leadership, communication, interpersonal and strategic thinking) which are regarded as a premium. For the fourth year in succession, there has been a sharp drop in employer demand for MBAs with less than three years of experience. MBAs with three to five years' experience remain most in demand and results show a sharp increase in demand for MBAs with over eight years of experience.

There have been significant changes in the careers offered to MBAs in 2011. The research shows an increase in the number of opportunities in consulting, strategic planning, finance (other), e-commerce, IT/technology, and supply chain management.

With this, comes a proportionate drop in opportunities in finance (advisory) and general management. MBA salaries have improved slightly in 2011 after a period of softening in recent years and are likely to jump again in the near future if a double-dip recession is avoided and current growth in MBA demand in emerging markets continues. The QS TopMBA.com Jobs & Salary Trends Report provides the first view of MBA salary trends in 2011 based on our survey of 2140 recruiters who are actively hiring MBAs.

As more and more employers seek MBAs in all corners of the world, MBA salaries are slowly but surely equalizing. There are a growing number of companies operating as multinationals and implementing international recruitment schemes, offering similar terms to new hires, independent of location. In developed economies, MBA salaries among multinational employers have risen by an average of 4% in 2011. Despite the sovereign debt crisis hitting financial markets, employers seem committed to attracting internationally-mobile talent, placing upward pressure on MBA salaries.

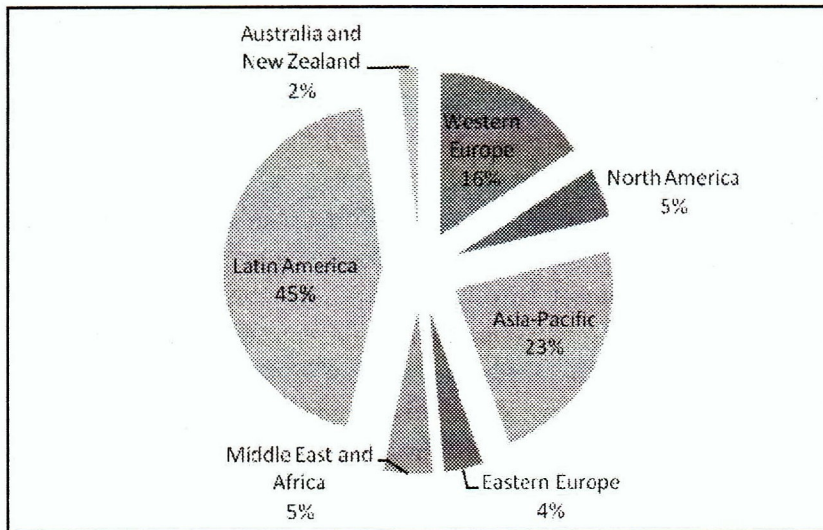
The sovereign debt crisis hitting the euro zone is not stopping companies actively recruiting MBAs. In 2011 salaries have risen by nearly 10%, driven by the high number of multinational companies in the region who actively target MBAs. Switzerland reports the highest average MBA salaries in Europe and the world at US\$122,300 per annum. The United Kingdom reports the second highest average in Europe at US\$99,300, followed by Denmark (US\$99,100), France (US\$95,300), and Ireland (US\$87,500). Germany has lost its lead position in terms of reported European MBA salaries and is now in 5th place at US\$83,500. MBA salaries in North America are stable. Recovery in the US market is not as strong as recruiters were anticipating last year and as a consequence, MBA hiring companies remain cautious in 2011. Employers are able to recruit the numbers of candidates required without raising salary offers significantly. The average MBA salary in the US is US\$92,000 in 2011 whereas in Canada, it is US\$79,500.

Australia is the big story in 2011, reporting the highest average MBA salaries in the Asia-Pacific region and second highest worldwide at US\$117,800. Within Asia-Pacific, Japan reports the next highest average salaries of US\$92,000, followed by Hong Kong at US\$87,500 among multinational employers. If local employers from the Asia-Pacific region are excluded from the salary analysis, significant increases in average salaries are seen across the region. Aerospace and defense is the highest paying sector in 2011, averaging over US\$150,000, followed by financial services (US\$130,000) then consulting/professional services (US\$110,000). The lowest average salaries are in transportation, travel & hospitality, and the public sector.

The average MBA bonus among employers in North America and Europe, where reported, was US\$23,000 in 2011. Turbulence in the financial markets may lead to a reduction in bonus payments especially in the finance service sector in 2011/12.

12,100 employers responded to survey in 2011, of which 2,140 who were actively recruiting MBAs and 9,960 recruiting undergraduates or master's students. This compares to the 2157 employers who responded as active MBA employers in 2010, and 760 in 2009. All employers that responded to the survey are guaranteed confidentiality for the components of their individual responses except for any openended feedback on the value of an MBA or concerns with MBA hires they have chosen to provide.

Responses were received from employers across the globe are described on the picture 1:



Picture 1. Active MBA employers across the globe

India was the largest single source of MBA employer respondents, followed by Mexico. This breadth of response provides detailed insights into MBA recruiting patterns across the globe. Consulting and professional services was the largest responding sector in 2011, reflecting the surge in demand in this sector. Banking and financial services was the second largest responding sector, followed by HR/recruitment services (often engaged in hiring for the banking and consulting sectors around the world). Manufacturing, IT, FMCG and energy were also extremely well represented in the sample.

CONCLUSIONS

So, The MBA (Master of Business Administration) is a graduate management degree, which prepares professionals for management responsibility. It is one of the best-known degrees in the world, with more people taking it than any other postgraduate course. Deciding to take an MBA is a crucial step in an individual's career. The QS Global Employer Survey conducted by the QS Intelligence Unit, collects primary data on the state of the recruitment market and predictions of future trends from recruiters in general industry, consulting, financial services and technology. QS also provides career opportunities and networking facilities exclusively for member business schools. Over 100 business schools and 800 employers subscribe to QS Global-Workplace and QS TopMBA Careers.

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**BUSINESS EDUCATION IN A GLOBALIZED EDUCATIONAL MARKET
SUMMARY**

The article is devoted to the specific aspects of business education in a globalized educational market.

სოლომონ პაველიაშვილი
თანამედროვე გლობალიზაციის ზოგიერთი ასპექტი

თანამედროვე გლობალიზაციის პროცესი ხასიათდება ფაქტორთა მთელი კომპლექსით, რომელთა შორის მნიშვნელოვანია მსოფლიო ეკონომიკის ლიბერალიზაცია, ტრანსნაციონალურ კომპანიათა მასშტაბური ზრდა, საფინანსო სფეროს გლობალიზაცია, მეცნიერულ-ტექნიკური პროგრესისა და ინფორმაციულ ტექნოლოგიათა განვითარება. ყოველივე ზემოთ აღნიშნული კომპონენტი მახასიათებელია ზოგადად გლობალიზაციის