

IMPORTANCE OF FUNDAMENTAL CONCEPTS AND REGULARITIES IN BUSINESS MANAGEMENT

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Abstract

The paper discusses fundamental concepts and regularities, knowledge of which is necessary for business process management. A little sociological research was conducted, studying the level of awareness of fundamental concepts and regularities and determining the need to acquire this knowledge.

Keywords: business process, structure, system, elements, parameters.

Introduction

Standards, guidelines, protocols and algorithms are beneficial for practising professionals, reducing the risk of errors and legal liability. Their use provides for the development of technical skills and strengthens them with practice. For growth, it is necessary to refine and improve existing standards, to introduce evidence-based theoretical knowledge into practice, as well as to generalize good practice and transfer it to theoretical knowledge.

It is worth noting that the role of practising professionals is essential in any field, and the number of such professionals is of greater necessity than that of thinking and creative professionals. According to the data of one of the studies, to raise “n” number of thinking professionals (considering small groups), we need to teach “n²” number of people. According to this, if we train 25 professionals, 5 of them will be thinkers, and 20 will be practitioners.

Theory, if not tested in practice, remains a useless doctrine. Application of theory in practice requires necessary learning and skills. First, it is critical to comprehend theoretical knowledge and access its essence. Knowing basic facts by heart applies to practical tasks but only in standard cases. In reality, the share of non-standard cases is not so insignificant. Therefore, next to template knowledge, thoughtful knowledge plays an important role, especially in terms of developing theoretical knowledge and improving practical activities. This requires a thoughtful knowledge of the most general concepts and regularities (Balanchivadze & Tkebuchava, 2020). Unfortunately, the existing education system cannot provide such knowledge, neither in general education nor in higher education institutions (Kvirikvaia et al., 2018). Graduates of humanitarian specialties are more or less equipped with such knowledge, while in educational programs of natural science and technical direction, less attention is paid to providing above mentioned.

The knowledge of general regularities is crucial for the formation of critical thinking, which is neces-

sary for the creation of a new business or the maintenance and development of the sustainability of the existing one because the business process is subject to the general regularities of the processes in the world, including ones such as a global pandemic or wars (Charaia et al., 2022; Papava, 2021), and being aware of those facts is the tool that is necessary for business development.

Research hypothesis:

- Business is a process subject to the fundamental regularities of the universe;
- Critical thinking is necessary for the correct management of business processes, which is based on the knowledge of fundamental concepts and regularities;
- Critical thinking basics should be included in the business management and administration curriculum.

The objectives of this work are:

- Equipping interested parties (students, businesspeople, managers and others) with such knowledge will enable them to perceive business processes, identify contributing and hindering factors influencing business, and based on the general regularities of the process, conduct correct analysis and make evidence-based, valid and optimal decisions;
- Studying the level of awareness of fundamental concepts and regularities and determining the need to acquire this knowledge.

Goals:

- Finding and studying scientific literature about the general regularities of the world's development;
- Determining the impact of general regularities on business processes;
- Conducting sociological research in order to study the level of awareness of fundamental concepts and regularities and to determine the need to acquire this knowledge;
- Analyze, judge and draw conclusions about the processed material.

The subject of research is fundamental concepts and regularities. As for the **object**, it is the business process.

The work is mainly analytical, and the following research **methods** are used: analysis and synthesis, deduction and induction, systemic, structural-functional, comparative and sociological.

The paper discusses the fundamental concepts and provisions necessary for conscious perception, analysis and optimal decision-making of processes; their definitions and content are obtained from various sources; the author's view is presented; used examples and events are explained based on the logical chain of general statements.

Business – as a process

In a simple sense, the world is a set of **processes** and **conditions**. We can say that the process is a set of infinite states.

Process - (Latin: *processus*) “Any sequential alternation of events, the path of development.” (Chabashvili, 1989). It is a set of real, dynamic, changing events. Each specific process has a beginning and an end. In general, processes in the universe, existed, exist and will exist indefinitely.

Condition:

„1. The state of existence of someone or something, general circumstance, situation.

2. Existence, being, in one form or another“ (Linguistic Technology Group, n.d.), (Cambridge Dictionary, n.d.)

Relative, a concept of abstract content, represents a process in instantaneous time. To turn it into a reality, you need to capture the process in some way in instantaneous time (e.g. photography). If the process is really slow and we cannot notice dynamics in a short period, then we are talking about a condition in a given period.

The fact that business is a process and not a state is confirmed by the concepts and definitions in the scientific literature, such as "business process", "production process", and "business management process". For example:

- “The purpose of business process management is to make the organization more flexible and effective towards changes, not only for customers and employees but for other interested parties as well” (Helms, 2021; Lashkhi, 2022; Abashidze, 2023)

- “Management is a continuous process, the basis of which is the preparation, adoption, execution and correction process of decisions” (Lipartia, 2020)

- “In General, management principles can be defined as starting norms, rules and regularities concerning the management process, the observance of which helps to achieve the goals and solve the tasks facing society” (Lipartia, 2020)

Thus, business is a manifestation of the process and is subject to all the regularities characteristic of the process. Therefore, knowledge of these regularities is not only necessary but vital for the conscious management of business processes.

Any process happens in a certain environment, which is called a system. The business process occurs in a business system. It can be holdings, corporations, factories, workshops, brigades etc.

Elements of a business process - civil dictionary defines a system as any combination of regularly arranged and defined interrelated parts. System components are called system **elements**. For example, the workshop system may include workshop building, machines, people working in the workshop and so on.

As it is apparent from the definition, the elements of the system are arranged in a certain regularity. They have a specific role and function in this system. The interconnection of elements implies not only their passive, mechanical connection but also their mutual influence on one another. Any element of the system directly or indirectly affects all the others, and any element is directly or indirectly affected by all the others. Therefore, they are in a dialectical unity with each other. Elements, as well as the results of their interaction, are characterized by distinct features.

Business process parameters

A parameter is:

“The characteristic quantity or quantities of the main properties of an object or event” (Chabashvili, 1989)

“A quantity that allows us to characterize some phenomenon, some property of a device (e.g., electrical conductivity, thermal conductivity etc.)” (Chikovava, 1960).

“A quantity characteristic to any system, task, behaviour, or event” (Uridia, 2004).

Those are called system **parameters**. Parameters can be **quantitative** and **qualitative**. A quantitative parameter is measured and expressed in numbers, responds to the question - how much? But the qualitative parameter is not measured and expressed in numbers, responds to the question - what kind? Quantity and quality cannot exist independently. Any subject and event is determined by both quantitative and qualitative data. The interaction of elements affects the parameters of the system.

System elements themselves are subsystems of the given system, and they can be called first-order subsystems. Of course, they also have their own elements, which are second-order subsystems of the system, and so infinitely. Furthermore, any system is a subsystem of a higher-level one, and that too endlessly. Therefore, one expression of the infinity of the universe is the perpetuity of division and union. The universe is an infinitely large system that is infinitely divided into an unlimited number of subsystems.

The processes in the system are influenced by certain **factors**.

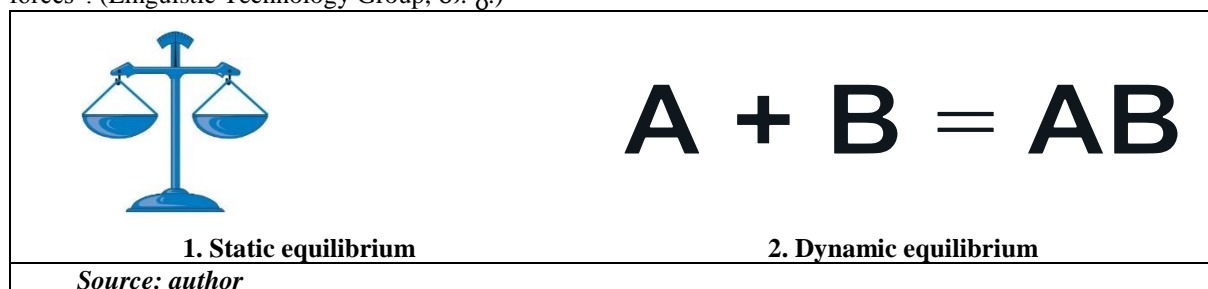
Factor - [Latin factor maker, creator] “The determinant of any event or driving force of a process”. (Chikovava A. , 1962)

The system, as a part (element) of the supersystem, is influenced by other elements of the supersystem, which are called **external factors of the system**. Also, the elements of the system interact with each other. The influence of both external and internal factors affects the parameters of the system.

If the general parameters do not change as a result of the interaction of factors affecting the system, the system is in **equilibrium**.

Equilibrium - "a state of immobility, created by the simultaneous influence of mutually opposing equal forces". (Linguistic Technology Group, o. g.)

Generally, there are two types of equilibrium: static and dynamic. (Picture 1)



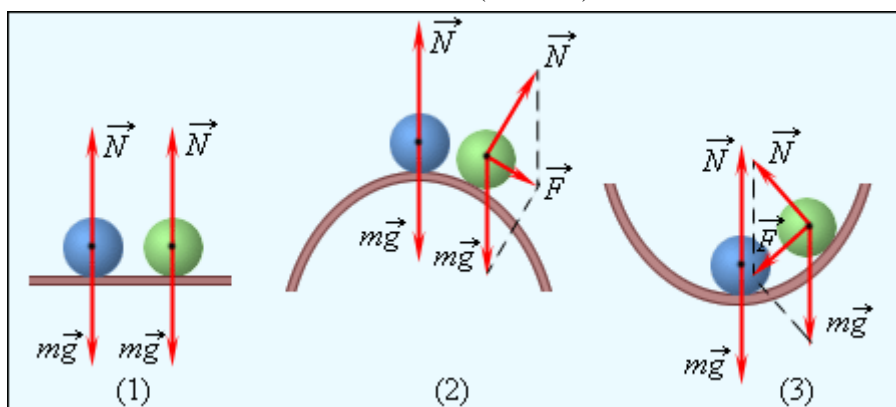
Picture 1 – Static and Dynamic equilibrium

Dynamic equilibrium is the relationship of system elements that determines the stability of system parameters. The system strives for equilibrium. That is, it tries to maintain the existing equilibrium or to restore the disturbed one.

The system maintains dynamic equilibrium if the influence of the factors affecting it compensate for each other.

Balance is characterized by stability. The more firmly a system maintains or easily restores equilibrium, the more stable it is.

A ball on a flat horizontal surface is in a state of indeterminate equilibrium. The ball at the top of the convex surface is in unstable equilibrium, while the ball at the bottom of the concave is in stable equilibrium (Picture 2).



Picture 2 - Different types of equilibrium of a ball on a support
(1) indeterminate equilibrium, (2) stable equilibrium, (3) unstable equilibrium

Source: www.physics.aidio.net

There are open and closed systems. In an open system, the exchange of mass and energy with the environment is actively taking place. A closed system is isolated from the environment and is characterized by strong autonomy, although there is no entirely closed system. The more open the system is, the more the environment influences it and the more tools the system needs to maintain or restore equilibrium.

The concept of a system includes not only the unity of material elements but also certain non-material unities that are used to manage material systems. One of the essential principles of business management is the principle of systematic management, which considers the business organization as "a unified system, considering its internal structural and external interconnections and interdependencies" (Tughushi & Kirimlishvli, 2005).

Le Chatelier's principle for dynamic equilibrium, its general character

Under conditions of constant external and internal factors, the system reaches and maintains equilibrium.

French chemist Henry Le Chatelier developed a principle for reversible chemical reactions that can be generalized for any dynamic equilibrium:

If a dynamic equilibrium system is affected by some new factor, processes that will try to compensate for this impact will be triggered in the system.

For example: if in a market where the supply and demand for a given commodity at a given price are in equilibrium ("equilibrium point"), the supply of the commodity is increased, the price will accordingly decrease in order to increase sales. The price will continue to fall until equilibrium is established between the supply and demand of the good (the new "equilibrium point").

Considering Le Chatelier's principle, in case of changes in the factors affecting the business, it is possible to predict the result of this change. Furthermore, it is possible to determine what kind of change of a specific factor is needed to get the desired result.

Three basic laws of Dialectics

The processes happening in the world are subject to certain general laws and principles. Those apply to business processes as well.

Avtandil Dzamashvili, PhD, explains in his book "Philosophy" – „In the theory of dialectics, i.e. development, there are three principally essential issues: First - this is the question of the driving force of the reality development. What inexhaustible power causes the constant movement-development of reality? A certain kind of answer was formed to this question, it was given the form of a law, and in the theory of Dialectics, it was called the Law of Conflict and Unity of Opposites; The second issue concerns the mechanism of development: - how does development take place, that is, how do qualitatively new things occur, what is the mechanism of transition from the old to the new? - The set of opinions formed as an answer to this question also took the form of a law in the theory of Dialectics and was named - the Law of the Transition of Quantitative Changes to Qualitative Changes; The third question is even more fundamental for the development itself. Development is the transition from the old to the qualitatively new. So, the question is about the relationship between the old and the new. Is the new an improvement on the old? Therefore, does the developing movement have any definite direction? The formulated answer to this question, which was given the form of a law, was called the Law of the Negation of the Negation". (Dzamashvili, 2009)

The Law of Unity and Relationship of Opposites

“All objects, events, and processes are characterized by internal contradictions, the sources, and force of growth and development. Thus, the movement of reality is created not because of external factors but because of causes that arise and are in all objects and in us.

The law emphasizes the possibilities of understanding the universe by understanding any integral system as fragmented and complex, with incompatible elements and tendencies (forming a unity in a battle). This interpretation explains that the fact of development lies in the growth of contradictions, which at a particular stage destroys the old and creates the new” (Brown, 2021)

Based on the content of this law concerning the system, the term "different" implies elements, and for the existence of the system, at least two elements that are different from each other are necessary. Without their coexistence and interaction, the system cannot exist. For example: in the absence of any element of the business system or their inactivity, the business as a system will not be able to fully perform the function that was planned, that is, the desired result will not be achieved.

The Law of the Transition of Quantitative Changes to Qualitative Changes

Quantity refers to the exhaustive parameters of phenomena or objects, and quality is a stable system of

certain characteristics. The law of transition of quantitative changes into qualitative changes is based on the following: when the quantity changes, the quality will necessarily change. (Basic laws of dialectics and their application. A New View of the Foundations of Philosophy, 2019).

"The law of transition of quantitative changes to qualitative is a kind of accumulative system. It is said that small, constant quantitative changes, step by step, create a transition to a new quality, like a leap. At this moment, the previous state is eliminated, and a new one is created, depending on the nature of things and the conditions of their development. If such a jump occurs, all the quantitative changes up to this stage are cancelled, and the process begins again, until a new quality is formed" (Brown, 2021)

Quantitative changes mean changes in the quantitative parameters of the system. And in the qualitative change - changes in qualitative (characteristic) parameters. For example: Quantitative parameters for business systems can be: revenues, costs, profits, working hours and others. Qualitative changes - micro, small, medium and large business, VAT payment, legal form and others.

The law states that not all changes in the quantitative parameter(s) lead to a change in the qualitative parameter(s). Still, there is a limit to the shift in the quantitative parameter(s) that will lead to a change in the qualitative parameter(s). For example: let's assume that the income of the LLC was 50 thousand GEL per year (quantitative parameter) and it was a VAT non-paying organization (qualitative parameter). LLC began to develop and grew by 10 thousand GEL every year. Although the quantitative parameter (annual income) changed, the qualitative parameter (non-VAT-paying organization) was unchanged, because according to the legislation, an organization whose annual income exceeds 100 thousand GEL becomes a VAT-payer. Accordingly, the LLC will need 5 years to reach the critical threshold of quantitative change (annual income), beyond which its qualitative change will occur (VAT-paying organization).

A good example of the transition from quantitative changes to qualitative changes is: ice-water-steam. A change in water temperature (quantitative parameter) from 0 to 100°C does not cause a change in the aggregate state (qualitative parameter) of water, at 0°C and below water turns into ice, and at 100°C and above - into steam.

It should be noted that the threshold of transition from quantitative change to qualitative change can shift if certain other parameters change. For example: in conditions of low atmospheric pressure, the temperature of evaporation of water is lower than 100°C.

The Law of the Negation of the Negation

Negation implies a transition from one qualitative state to another - replacing the old quality with a new one, when the development process is progressive. (Kentchiashvili, 2023) The essence of the law of the negation lies in the fact that the new exists only until it becomes old and is replaced by something new, which in turn exists until it itself turns into the old. (Basic laws

of dialectics and their application. A New View of the Foundations of Philosophy, 2019).

The law of negation is a direction of development based on the negation of previous experiences while preserving the positive content of past stages. Thus, this postulate is a manifesto of upward progress, which destroys the old and creates the new, and the chain of growth has no end. Such continuous negation is characteristic of all processes and phenomena observed in nature, society, and thought. (Brown, 2021).

The law implies the following: nothing in the universe is unchanged and everything (including the system), after certain quantitative changes, undergoes a qualitative change. Depending on the content of the law, the original qualitative condition will be negated by the new qualitative condition, that is, the first qualitative condition is negated, and the second qualitative condition is the negator.

Moreover, the second qualitative state will not be unchanged and after certain quantitative changes it will be rejected by another qualitative state, that is, the negator will be rejected, and so on endlessly. Here it is implied that the first qualitative state was the negator of the qualitative state before it, and so on ad infinitum. This law expresses the infinity of the world in time, that is, the qualitative change of the world has been and will always be.

In business management, it is necessary to conduct processes in such a sequence that our desired result is achieved.

Structure and function, their dialectic unity;

The structure of the system consists of its elements, which, as we mentioned, represent subsystems, respectively, have their own structure (elements) and so on. The relationship of these elements represents a process, that is, a function is performed. Therefore, structure and function are inseparable - there is no function without structure and no structure without a function (The Law of Unity and Relationship of Opposites). Structure determines function and function determines structure i.e. function depends on structure, and structure depends on the function. In such a case, it is said that structure and function are in dialectical unity with each other.

Therefore, any structural change in the business process affects the result of the process, and, if it is in our interest to change the result (function), it is necessary to make appropriate changes in the structure (structure).

Results of sociological research

Within the framework of the article, online sociological research was conducted. The purpose of the research was to study the level of awareness of fundamental concepts and regularities and to determine the need to acquire this knowledge.

There were 144 participants, the number of valid questionnaires - 144, invalid - 0.

Sociological research revealed:

- The research group has some knowledge about the basic laws of dialectics, systems and dynamic equilibrium

(Conscious knowledge is present in the following percentage terms: about the 3 basic laws of dialectics - 14,8%; about the system - 21,5%; about the dynamic equilibrium - 20,4%; about Le Chatelier's principle - 12,7%).

- The vast majority of the research group is interested in deepening knowledge about fundamental concepts and regularities (77.1%) and believes in the necessity to include a relevant training course in educational programs (79.6%).

Conclusion and recommendations

Thus, based on the analysis of the processed materials and the conducted sociological research, the hypothesis presented in the article is confirmed, namely:

- Business is one of the specific cases of processes in the world;
- The business process is subject to the general regularities, characteristic of other processes;
- The correct management of business processes requires the ability of critical thinking, which is based on the knowledge of fundamental concepts and regularities;
- The level of awareness of fundamental concepts and regularities is noticeably low;
- It is necessary to include a module for teaching the general basics of critical thinking in business management and administration educational programs, as revealed by the results of sociological research;
- Putting theoretical knowledge (given in this paper) into practice will reduce the risk of making wrong business process decisions. This will have a positive impact on the optimal management of business processes and, accordingly, business development.

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