

MANAGERIAL AND MARKETING THINKING IN LATE FEUDAL GEORGIA**Avtandil SILAGADZE***Ivane Javakhishvili Tbilisi State University, Georgia
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The article discusses level of managerial and marketing thinking development in Georgian cities of late feudal period. Regarding that in Georgian cities of that period the main organizations were the guilds of the traders and craftsmen, situation, with respect of application of the marketing and managerial approaches was studied on their example. Authors have analyzed the guild charters. Study of these normative documents showed that Georgian guilds performed their activities under the leadership of ustabashi. He and other leaders were elected by the guild members at general meeting. The ustabashis, in modern sense, were the guild managers. The charters show that the guild activities were based on the management organization and control functions. Attention was paid to the motivation function as well, though this is not clearly stated in the analyzed charters. The guilds performed their activities with marketing approach, i.e. with orientation towards the consumers. Therefore, the guild primarily focused attention on production of high quality goods. Goal of production of the high quality goods was not only maintaining of the existing consumers and attraction of the new ones. For the guild leadership this was the way for creation and improvement of reputation, in the view of public that would positively impact the final results of work. Thus, we can state that the guilds in Georgian cities of late feudal period performed their activities with marketing and managerial approaches. Thus, marketing and managerial thinking have gradually developed in Georgia.

Keywords: *Georgia, economic thinking, marketing and managerial thinking, late feudal period, guild*

JEL Classification: *M10, M30, M31,*

I. INTRODUCTION

Formation of economics, as a science took many centuries. Initially, its certain aspects were formed in different countries, among them, in Georgia (Silagadze A., 2018). Managerial and marketing thinking are significant elements of economic thinking. There are many facts evidencing this (Babylon, China, India, antique countries). Certainly, the chiefs of the tribes, kings, would not be able to perform their activities without managerial skills. Neither various associations of individuals created on the basis of social division of labor would be able, exchange their products without orientation to the demand. I.e. managerial and marketing thinking appeared naturally, as a consequence of social life development and gradually developed in the depths of economic thinking. Even the content of term “economy”, mentioned for the first time in the antique epoch, was associated with the management of household economy. Human society became able to better understand managerial and marketing thinking in the turn of 19th and 20th centuries, though management and marketing practices are applied from the ancient times, as evidenced by numerous historical documents maintained up to present (Shubladze G., Mghebrishvili B. and Tsotskolauri P., 2008), such as wall sketches made by the Romans about the gladiator games, informing of the population about their products also by means of the wall paintings made by the Phoenicians, by the trademarks on their pieces of art of the Greek potters (Todua, N. and Mghebrishvili B., 2009). These are well studied practices while similar phenomena in Georgian reality have not been studied yet, in the context of management and marketing. This is not surprising, as in the soviet system, management and marketing, as the sciences were not recognized. Therefore, the similar facts mentioned in the historical documents, as well as those discovered as a result of archeological excavations, have never considered in the context of management and marketing.

II. GENERAL ANALYSIS

Elements of the managerial and marketing ideas created in the ancient period have further developed and these processes were clearly reflected in the requirements of the people engaged in different fields, among them

the merchants (Todua, G., 2004). Activities of the associations of merchants and craftsmen required application of the marketing and managerial approaches, making their operation more effective. Marketing and managerial thinking developed in this way, everywhere, among them in Georgia. Though, as mentioned above, the issues of origination and development of the marketing and managerial thinking, with few exclusions, (Silagadze, A., 2018); Mghebrishvili, B., 2009); (Mghebrishvili, B. 2017) has never been subject of the studies. This situation, to certain extent, has caused our interest to development of marketing and managerial thinking in Georgia. This time, sphere of our interest includes marketing and managerial thinking in Georgian cities of late feudal period, as the organizations in the cities of late feudal period were mostly represented in a form of the associations of merchants and craftsmen and these were such organizations that became the subject of our research.

As the basis for management existence is provided by the organization created to meet certain requirements of some people, certainly, the associations of the merchants and craftsmen would not be able to perform their activities without marketing and managerial approaches. Today, discussion of application of the marketing and managerial approaches by these organizations is possible only by means of the documents (charters, written agreements) based on which they worked and which have survived. This work analyses the documents of such type in the marketing and managerial context.

In the process of work on this article, in theoretical and methodological respect, we relied on the available sources dealing with the economic theory in general, as well as Georgian economic theory and development of the marketing and managerial thinking elements therein (Todua, G., 2004; Silagadze, A., 2016; 2017; 2018); Mghebrishvili, B., 2009; 2017). We have collected the materials to be studied in such literature sources as Kutsia K. (1984); Meskhia Sh. (1949); Chichinadze Z. (1900). To analyze the literature sources and make conclusions, we relied on the following works: (Shubladze G., Mghebrishvili B., Tsotskolauri P., 2008); (Todua N., and Mghebrishvili, B., 2009); (Mghebrishvili, B., 2010); (Mghebrishvili, B., 2014); (Kotler PH. and Keller K., 2015). In the process of studying the literature sources and making conclusions, we applied the induction, deduction, analysis and synthesis methods.

Craftsmanship, as the form of production has originated in Georgia in the remote past. People are amazed even now by the castles built in the past, as well as clay, bronze, copper and silver vessels, carpets etc. "Craftsmanship was widespread in Georgia in the ancient times and this is evidenced by the historical books, mentioning the masons, sculptors, wood carvers, painters, smiths, cobblers, goldsmiths, golden stitch embroiders, weavers and many others" – wrote Zakaria Chichinadze as early as in 1900 (Chichinadze, Z.,). Further he listed in details the numbers of Georgian craftsmen in Tbilisi in that period. He wrote: "today, in Tbilisi, there are about 1000 cobblers, 1000 sawyers, 300 masons, 1000 locksmiths, 200 smiths, 300 barbers, 100 leather-dressers, 1000 bakers and many others (Chichinadze, Z., 1900). What did Z. Chichinadze need to focus on the facts evidencing presence of Georgian craftsmen for? This was his answer to the opinion of some scientists thinking inadequately that craftsmanship was entirely in the hands of non-Georgian population. Georgian nation was and is tolerant to the other nations and therefore, representatives of the other nations always lived in Georgia and many of them were the craftsmen, though this does not imply that there were no Georgian craftsmen and the crafts were entirely in the hands of the other nations. No, there were Georgians engaged in various crafts, to greater or lesser extent and thus situation still persists. Trade developed simultaneously with the crafts. It is known that in Georgia of late feudal period there were merchants and craftsmen among the urban population and they were unified in the same or related guilds (Meskhia, Sh., 1949). Guilds existing in Georgia in the late feudal period resulted from development of the trade associations existing in the previous centuries. In that period they formed in relatively complete organizations performing their activities on the basis of charter. Few charters have survived up to present but even on their basis we can clearly see that management organization and control functions were well developed in their activities, as well as orientation to the consumers, the key direction in marketing.

The guilds had well determined organizational structure. In late feudal period, the Georgian guilds had proper administrative apparatus, relationships of the guilds with the city government and feudal lords were well established and their social functions role and significance in the feudal state were formed (Kutsia, K., 1984). People unified in the guilds had the opportunity of achieving their goals due to existence of the charters and organization of work in compliance with it. There, the work was distributed among the members according to the organizational structure. For example, according to the charter of Kutaisi bakers (1871), the guild members elected their leader (ustabashi) and several co-leaders. Their obligation was to perform activities in good faith [Charter of Kutaisi Bakers Guild (1871), Article 2]. Other participants of the guild had the obligation to perform their duties in accordance with the requirements of their leaders. Charter of Kutaisi Bakers provided for control of the activities of the guild members and compliance with the competition rules.

Non-compliance with the competition terms and conditions was subject to sanctions. These and other requirements demonstrate well developed managerial thinking in Georgian cities of that period. Management organization function is also formulated in the charter of goldsmiths in interesting manner. Management principles are actually similar. One can say that the rights and duties in the guild were set by the charter and they were binding (Mghebrishvili B., 2017); they clearly understood the need of distribution and coordination of the

functions (Shubladze, G., Mghebrishvili, B., Tsotskolauri P., 2008).

Interestingly, established practice provided elective leaders, in turn, the members of the guild had to comply with the hierarchical obligations, as the basis of the enterprises management in Georgia of late feudal period. The guilds clearly understood the need of defining interrelations of the authorities, ensuring “relations of the top level workers with the ones of lower levels and providing opportunity of distribution of tasks and coordination” (Shubladze G., Mghebrishvili, B., Tsotskolauri P., 2008). i.e. in the guilds they understood significance of delegation, they knew that dividing of the authorities between the workers, with respect of the duties, provided sense of responsibility and ensured better fulfillment of the obligations by them.

In the guild of goldsmiths, the function of control was of primary significance: they controlled activities of both, the managers and workers, as well as effectiveness of use of the property; great attention was paid to submission and consideration of the reports on performed work.

Care about production of high quality goods by the guilds was also intended for gaining of good reputation. They knew that if the goods were of low quality, it would be shame in the view of consumers, i.e., their image would be undermined and this was undesirable for any of the guilds. Consequently, the guild leaders and other workers permanently worked to provide high quality goods to the consumers, thus ensuring maintaining of the existing consumers and attraction of the new ones. In this respect, the Deed of Blessing of Akhaltsikhe Cobblers dated by 1875 states: “the masters will be subject to punishment for the low quality products, just similar to punishment for homicide by the law (Kutsia, K., 1984). Here we should recall Shota Rustaveli’s view about competition in his immortal “Knight in the Panther’s Skin”, where the king invokes his people to strictly follow the principles of free competition (Silagadze, A., Atanelishvili, T., Silagadze, N., 2019).

We can see introduction of the management and marketing principles into practice, providing effective management of supply and demand with due regard of market requirements. Certainly, in that period, they hardly knew anything about “marketing”, “management” but actions of the guild leaders and generally, their activities were of managerial and marketing nature.

The guilds of late feudal Georgia were aware in the issues of marketing ethics as well. If he craftsman stole something of the consumer, the guild punished strictly according to their charter. In this respect, the deed of terms and conditions of Tbilisi goldsmiths, supposedly dated by early 19th century, is of particular interest (Kutsia, K., 1984). In this document there is stated that if the craftsman stole something from the consumer, on one hand he had to return the price of stolen material to the consumer and on the other, he had to pay one fifth of such price to the treasury. Certainly, such decisions of the guild leaders were not intended for meeting the consumers’ demand, for their protection only. Primarily, these served to the guild interests. Through protection of the consumers, the guild gained positive attitude from their side, thus creating and improving reputation. Irrespective of such dual nature of the decisions, they ensured effective activities, beneficial for both, the guild and the consumer. We should emphasize one more aspect of such decisions. They made positive impression on the entire population and created the image of the enterprise working with high sense of responsibility. Hence, the guilds, for the purpose of better operation, cared about the others as well. Gradually, this care formed as the sense of responsibility for making something good for the consumers and generally, for the society. This was the approach that has resulted in formation of marketing ethics, with its contradicting nature – achievement of the own goals through caring about the others (Mghebrishvili, B., 2010). Though, irrespective of its contradicting nature, this was a positive phenomenon, as this contributed to better performance and accustomed the guild members to care about the people.

In the guilds of merchants and craftsmen of the late feudal period, attention was paid to promotion of mastership, for better training of the apprentices; and in case of negligence in the period of training, properly admonish and warn them. In this respect the charter states: the masters shall properly stimulate the apprentices and control their training process; in case of identification of gaps, respond properly [Charter of the Master Goldsmiths, article 12]. Thus, the guild cared about improvement of the members’ skills and their motivation, distribution of authorities among them and image of the guild as well. In this way, gradually, the practical knowledge about management of activities was accumulated and this stimulated formation of management theory. In the guilds of late feudal period, attention was focused on the issue of powers as well. Analysis of the available materials showed that in Georgia of that period proper attention was paid to the power based on the person’s credibility, probably this has conditioned the facts that the guilds elected as their heads the masters who were characterized with high Christian conscience, smart mind, fair nature and high moral [Charter of the Master Goldsmiths, article 1]. Authority of such person could positively impact the other member of the guild, as power of personal qualities is indeed high in the management process. In this respect, one of the documents made on 20 September 1799, state: those who perform greater or lesser functions, should not act against one another [Book of Conditions of the Peddlers (1800), Article 1]. Distribution of the powers, as already mentioned, increased the responsibility of the workers and all were engaged in performing of their duties. Failure to perform the duties resulted in punishment of the relevant worker [Book of Conditions of the Peddlers (1800), Article 7].

Due to competition between the guilds, the “guild charter should have been agreed upon with the related guild” [Meskhia Sh. (1949):148], as in case of the guilds of wax-handlers and peddlers, when they agreed upon

avoidance of competition in June 1799. Hence, to protect themselves from competition and avoid the conflicts, the leaders of the guilds made certain steps and this demonstrates their practical knowledge of certain elements of management, as well as managerial thinking.

III. CONCLUSION

Thus, in Georgia of late feudal period, economic views and practices included marketing and managerial thinking, generally, methods of activities of modern entrepreneurial subjects. In particular, the guilds of the traders and craftsmen applied the elements of marketing and managerial approaches, thus contributing to their effective operation; Georgian guilds elected the leader (ustabashi) - in modern sense, he was the manager of the guild regulating the activities – resources distribution, production and delivery of goods, based on the market demands, internal relationships and performing other duties of the manager; in the charters of the guilds attention was focused on the management organization and control functions. Necessity of motivation of the guild members was emphasized to certain extent; the guild charters obligated the members to produce high quality goods. This was conditioned by orientation to the consumer demand and improvement of the own image and this, before formation of marketing, as a science, shows that marketing methods were applied etc.

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