

Reviews

A SIGNIFICANT STAGE IN THE PROPERTY AND BUSINESS EVALUATION SYSTEM* *

The past and present transformation processes in Lithuania and its joining in the economic area of the European Union have increased the relevance of the effectiveness in the management of national assets. One of the prerequisites for the resolution of this both important and complex problem is the necessity to create an effective system for the evaluation of property and business. To assess the level of maturity of this system in Lithuania (to be more precise, its visible backwardness as compared to the European system, which took a long time to form), it is important to conceptualize the triad 'property-evaluation-evaluators' in a systematic way. This task is quite successfully formulated and resolved by Dr. Birutė Galinienė in her monograph. The author has succeeded in presenting a comprehensive scientific assessment of the evaluation system of Lithuanian property and business and the concept of its development, applicable in the economic area of the EU. The author also discloses the complexity and the groundless diversity of property classification systems on the national and business organization levels. It should be mentioned that the author quite clearly

reveals the hindrances that preclude a faster formation of property market in Lithuania. Dr. Birutė Galinienė distinguishes the constituent parts of the development process of the property evaluation system, and this markedly enhances the scientific value of the book.

The monograph is also important for its detailed analysis of the concept of continuous professional training of property evaluators in Lithuania. Therefore, the work can be considered as a valuable contribution in satisfying the needs for training our qualified property evaluators. Moreover, the author has touched upon the phenomenon of professional ethics of property evaluators and has offered an important tool for its diagnosis. So far, there has been little research done into this phenomenon in the West.

It should also be mentioned that the book provides a critical analysis of the evaluation system of property and business in Lithuania as based on European and international aspects, as well as the ways of its harmonization.

In terms of the methodology of property and business evaluation, much attention is paid to bringing the classification system of the types of values closer to the evaluation itself. The author emphasizes the link between the theory of value and the evaluation theory. The main principles of the evaluation process of pro-

* Dr. Birutė Galinienė. *The Evaluation System of Property and Business. Formation and the Concept of Development.* (A monograph) VU. Publishing House, 2004

erty and business are rather extensively technologized there while simultaneously providing the reader with a systematic analysis of the essence of the methods of property and business evaluation and a glimpse at the possibilities and conditions of their practical application.

In terms, of theory the monograph is valuable for the presentation of the structural elements of the methodology of business evaluation, business being the most complex field of evaluation: the target and the subject of business evaluation, its possible cases as well as its principles, aspects and methods. This is followed by a fully conceptual system of methods for setting the discount rate, with an emphasis on the risk, which has a huge impact on the size of the discount rate and the value of business.

Dr. B. Galinienė has succeeded in creating a logical structure of the monograph, which is highly acceptable in terms of cognizance. The monograph begins with the presentation of property as a major economic category in the context of evaluation, this being supplemented with the most important statistical information. According to the chosen research concept, the second part of the monograph is devoted to defining the property market and its dependence on the development of economy. In the third part, based on the formulated theoretical viewpoint, the author discloses the structure, development and driving forces of the evaluation system of property and business. This is logically followed by the involvement of the profession of the evaluator, the quality of evaluation and the fundamentals of law, thus conceptually finalizing the development of the two elements (property-evaluator) of the above-mentioned triad. Exceptionally much attention is devoted to the 'axis of the triad', i.e. the

theoretical basis and methods of evaluation.

In order to highlight our urgent problems, the author refers to the research of Western scientists and scientists from the countries of the post-soviet area. One more advantage of the monograph is an extensive and detailed evaluation of the 'heads' of European and international associations of property evaluators. The way Dr. B. Galinienė uses all theoretical and practical materials shows that the author has accumulated sufficient theoretical knowledge and practical experience in the area of property and business evaluation.

It should be noted that the author has succeeded in combining a great variety of the main and supplementary methods of evaluation. Moreover, the scope of the monograph and its objectives required the author to have adequate knowledge in macroeconomics, finance, accounting, statistics, law and other fields of science. It shows the skills of Dr. B. Galinienė as a researcher and demonstrates the versatility of her competence.

The conformity of the present work to the formal requirements of a scientific research paper of the kind should be evaluated separately. The significant theoretical and practical achievements presented in the monograph have already been mentioned. What renders Dr. B. Galinienė's monograph even more significant is the fact that it is based on a vast range of generalized relevant scientific publications.

However, are there still any issues that call for discussion? The critical attitude of the author herself towards her work might give the answer: '... the aim was not to finalize any problem but rather to clarify certain points in the areas under discussion (p.13). This shows the position of a scholar with a vast experience in research. It is important that her insights should be implemented with resultant long-

term implications. In complete agreement with Dr. B. Galinienė's position, attention should be drawn to the present state of property. It may be assumed that the economic development of Lithuania is constrained by the ineffective management of national assets, as has been acknowledged by the author herself. So far the overall concept of the management of the national assets has not been formulated, neither have the factors and criteria of the effective usage of national assets been identified. It is obvious that the creation of a rational pro-

perty evaluation system is one of the major instruments of the management of national assets.

Scientists at the Vilnius Gediminas Technical University are also involved in investigating the problems of property management. We would like to invite Dr. B. Galinienė to work in fruitful collaboration with our staff in expanding the scope of scientific research and exchanging databases and research tools.

2005 01 13 *Prof. hab. dr. E. K. Zavadskas*