# Methodology of ensuring economic security and functioning of supply chains

Partial or complete implementation of the ISO 28000, ISO 9000, and other standards in the performance of an organization (enterprise)

Conducting patent searches, if necessary with all the ensuing follow-up actions (drawing up of the patent for own inventions, creation of an industrial pattern, trade marks with the help of specialists)

Monitoring the condition of industry (sphere) in which the organization (enterprise) operates, international practices in the field of the ensuring economic security and functioning of supply chains

Increase in the level of technical equipment in the organization (enterprise), application of licensed software products

Carrying out activities that contribute to the best possible results in the field of ensuring economic security and functioning of supply chains

(for example, lectures and seminars for suppliers, clients, and personnel)

Fig. 1 Methodology of ensuring economic security and functioning of supply chains Source: developed and compiled by the author

Thus, the ISO 28000:2007 standard is an international standard developed by the International Organization for Standardization (ISO) in reply to the requirements of the global business community to strengthen the security of cargoes, vehicles and objects of the transport infrastructure from threats of terrorism, smuggling and plundering. The main objective of this standard consists in strengthening transport security and unification of requirements for the management systems of security (MSS).

Implementation and certification of the management system for the security of supply chains allows the organization (enterprise) to get assurance that its supply chains function in safe conditions, and also shows proofs of the reached level of security for all interested parties, including potential customers.

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## UDC A4

#### THE ROLE OF FOREIGN INVESTMENTS IN THE ECONOMY

# KHALDOON AL-NUAIMI Belarusian National Technical University, Minsk, Belarus

In recent years, foreign direct investment in the world economy becomes increasingly important. Their influx importing countries significantly out-pacing global trade and production. almost all developed and developing countries to actively involve its economy to foreign investors. Rapid growth in exports of capital reflects the objective requirement of the development of technologically sophisticated and high-tech industry.

Since the early 1990s, the concept of globalization has become very popular. Magazine "Naish" wrote in 1996 that globalization is a major political phenomenon of our time [1, p 7].

Currently in the world there is a tendency to strengthen the integration process between any two countries. This is particularly relevant in the context of a larger when it becomes a member of WTO, when the opportunity arose to locate production in countries with cheaper labor and lower tax rates, and the development of international trade has opened up access to cheaper resources. Modern times are characterized by internationalization and globalization of production and economic exchange between states. Therefore, more and

more countries began to use foreign resources for the development of the national economy. Motives are both growing volume of interstate movement of capital and urgent need to mobilize the country's foreign exchange resources from abroad to improve the balance of payments and investment to overcome the recession.

Usually, foreign investments include all types of property and intellectual property invested by foreign investors in the business objects or other activities for profit [2, p. 7].

Foreign investments - are investments by foreign legal entities and individuals financial and material resources in a variety of objects for profit or achieving social effect [3, p. 57].

Commonality of all the existing definitions is that they are described by capital investments abroad, carried out with the aim of long-term foreign investment – have a direct influence on the activities of the company (investment object) in order to profit in the interests of the investor.

Under the above definitions, we can distinguish the following main forms of investment:

- establishment of branches and the creation of subsidiaries;
- equity participation in the company's management with the acquisition of certain shares;
- equipping of investment material and financial resources;
- reinvestment of profits from investment objects;
- acquisition of buildings and land [4, p. 6].

Foreign investment has played a special role among the forms of capital movements.

Capital is one of the factors of production and represents the accumulated reserve funds in a productive, money and commodity forms necessary for wealth creation.

International movement of capital is based on its international division as one of the factors of production – historically developed or acquired concentration of capital in different countries is a prerequisite for the production of certain goods, more cost effective than in other countries.

The international division of capital is expressed not only in the provision of various countries stockpiles of material resources required for the production of goods, but also differences in historical traditions and experience of production, the levels of development of commodity production and market mechanisms, as well as a cash and other financial resources.

V.D. Schetinin examines two approaches to the interpretation of the essence of international capital flows. For economists, international capital movement - a movement of one of the factors of production, based on its historically developed or acquired concentration in individual countries, the economic premise of the production of various goods and services more efficiently than in other countries.

For political economists – is relatively abundant space mainly financial resources abroad for systematic obtain higher profits in a country where capital is placed (most consistently manifested in the Marxist-Leninist political economy of the Soviet type, but there are a lot of comparable surrogates in the so-called political economy of developing countries) [5, p. 188].

Foreign investment can be classified according to various criteria.

The most detailed classification is (Table 1) [6, p. 77].

Table 1 – Classification of Foreign Investment

Classification feature	Kind of foreign investment
Depending on the assets in which the	<ul><li>real investment;</li></ul>
investment of capital	<ul> <li>financial investments;</li> </ul>
	<ul> <li>intangible investments</li> </ul>
Forms of ownership of investment	<ul> <li>public investment;</li> </ul>
resources	<ul> <li>private investment;</li> </ul>
	<ul> <li>mixed foreign investment.</li> </ul>
Depending on the nature of use	<ul> <li>business investments;</li> </ul>
	<ul> <li>loan investments.</li> </ul>
Depending on the object embedding	<ul> <li>foreign direct investment;</li> </ul>
investment	<ul> <li>portfolio investments;</li> </ul>
	<ul> <li>other investments.</li> </ul>

It is believed that foreign direct investment in comparison with other types of foreign capital have several advantages.

The first examples of FDI refer to the seventeenth century. and linked to the activities of the British East India Company. The bulk of investments before the Second World War was circulated between Europe and

America. It was during the 1918 – 1938 years. opened the first branch of U.S. companies Ford and General Motors in Europe, as well as in Latin America and Asia [7, p. 533]. After World War II, and especially since the early 1960s. began a rapid growth of FDI, which were carried out in the form of cross-investment between developed countries.

The following figure shows FDI inflows, by region and economy for the years 2009 – 2012 [8].

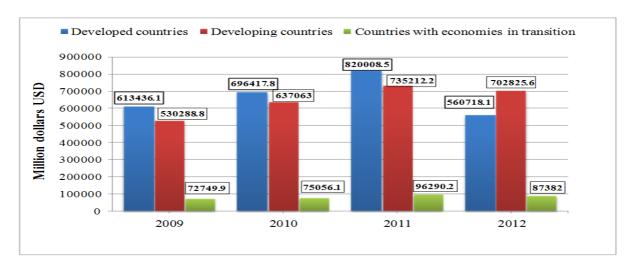


Fig. 1. The inflow of foreign direct investment, by region and economy for 2009 – 2012

The most common definition of FDI in modern literature often uses the wording of the World Trade Organization (WTO): FDI is a type of investment in which its own assets located in another country (the recipient country), subject to (save) control over these assets [9, p. 16].

It is believed that foreign direct investment can achieve much more positive effects in their host countries compared to portfolio investment:

- delivery of advanced foreign technology, organizational and managerial skills, R & D results, embodied in the new technology, patents, licenses, know-how, etc.;
  - increase employment, skills, productivity of the local workforce;
- development of import-substituting production and reduction of foreign exchange expenditures on imports;
  - expansion of exports and foreign exchange earnings;
  - increase in tax revenues in order to broaden public funding and other social programs;
  - improving living standards and purchasing power;
- use of higher environmental quality standards, improving access to clean technology, reducing the overall level of pollution;
  - development of infrastructure and services;
  - increase confidence in the country, which will attract new foreign investors;
  - increased competition in the national economy and reducing its monopolization;
- improvement of the socio-cultural situation in the country, the spread of international standards, not only in production but also in the consumption;
  - creates new jobs [10, p. 19].

For various reasons, including but as stated above, direct investments have a significant impact on the world economy and its core - international business. From an economic standpoint, from the standpoint of firms is:

- 1) providing a stable market for themselves, either directly or as a springboard for entering the markets of third countries;
- 2) formation of its international corporations (domestic market), certain sectors, which are located in different countries, resulting in the process of internationalization of production and capital complemented internalization;
  - 3) inclusion of his interest in international relations at the regional and broader international level;

4) recognition of international investment as an important factor of international cooperation while respecting the generally recognized principles of non-interference in internal affairs and international relations of the partner countries, equality, mutual interest and respect for national traditions and cultural investments host countries, the rights of workers.

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## INFORMATION SUPPORT OF EFFICIENCY ANALYSIS USING REAL INVESTMENT

# HANNA PILIPCHUK, IGOR MATYUSH Polotsk State University, Belarus

This paper conducted research investment, particularly investment cycle and its stages. In order to develop an effective method of accounting proposed expanded to new investment cycle stage. This would allow an analysis of investment for the projects and investments by stage of the investment cycle, which in turn will determine what type of investments the most profitable and at what stage is the investment project in a certain time interval.

Investment activity plays a key role in fundamental economic processes occurring at the level of the whole economy, and at the level of individual organizations. From its qualitative and quantitative characteristics the productive capacity of the country depends on efficiency of its functioning, the sectoral structure and reproduction of social production -oriented policies of socio-economic development of society.

Determination of economic efficiency of investments necessary in dealing with long-term objectives of economic development, the implementation of social production in major scientific discoveries and inventions, new forms of modern technology, with involvement in the trafficking of new natural resources.

Evaluating the effectiveness of investments is the most important stage in deciding on the appropriateness of an investment project. The matter of objectivity and comprehensiveness on which this assessment has been carried out depends on terms of return on invested capital, its profitability and the rate of development of an organization [1, p. 119 - 120].