

## CHAPTER 3

### MODERN MANAGEMENT TECHNOLOGIES

#### INVESTMENT MANAGEMENT: A SECURITY APPROACH

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**Abstract.** The study of the essence of investments and their management in the context of ensuring the economic security of the state is relevant in the conditions of the full-scale invasion of Russia into Ukraine, at the same time, an important task of the state in the way of ensuring the upward trend of economic growth of Ukraine is to increase the level of its investment attractiveness, one of the main tools for ensuring which is implementation of investment management taking into account the experience of the leading countries of the world in the context of ensuring the economic security of the state. The purpose of the article is to research and develop theoretical and practical approaches and characteristics of the concepts of "investment" and "economic security" in the context of investment management, taking into account the feasibility of increasing the level of economic security of the state in the conditions of recovery of the economy of Ukraine in the post-war period. The object of the study is the process of investment management taking into account the security approach. The methodological basis of the article is the use of general scientific and special methods that serve as confirmation of the reliability of the obtained results and conclusions: in particular, such as: monographic, logical, comparison, economic-statistical, synthesis, generalization, etc. A study of the relationship between the categories "investment" (in the context of their management) and "economic security of the state" was conducted, and it was determined that investment management is an important factor affecting the level of economic security of the state. It was determined that in order to implement effective investment management, the state implements an investment policy that contributes to the creation of a positive investment climate in the country, which determines the expediency of conducting further research taking this into account in order to develop and implement a balanced investment policy adequate to modern conditions and implement an investment development strategy acceptable to Ukraine in order to restore the economy of Ukraine as soon as possible and ensure the upward trend of its growth.

**Keywords:** investments; investment management; investment policy, state; state economic security.

**JEL Classification:** A10, A11, A19, E22, G11, G17, G19, O10, O30, O40.

**Formulas:** 0; **fig.:** 0; **tabl.:** 2; **bibl.:** 20

**Introduction.** In modern conditions, which are characterized by external aggression from Russia, an important task of the state on the way to ensuring the upward trend of economic growth of Ukraine is to increase the level of its investment attractiveness, one of the main tools for ensuring this is the implementation of investment management taking into account the experience of the leading countries of the world in the context of ensuring economic state security. In general, this situation

that has developed in the Ukrainian economy in the investment sphere is simultaneously a consequence of the military actions of the aggressor, as a result of which significant losses were caused to Ukraine in all spheres (economy, destruction of infrastructure – production, transport, critical, military, industrial, etc., social sphere, military, etc.) and the investment policy of the state and a signal of the existence of problems in this area, which generally indicates the expediency of implementing measures to improve the efficiency of investment management in the context of ensuring the economic security of the state. Last but not least, the use of the experience of the developed countries of the world in the field of managing their investment activities can contribute to the realization of the above.

**Literature review.** Taking into account the analytical review of scientific literary sources on the subject of the study, it should be noted that in modern conditions there are no single universally recognized definitions of the concepts of "investment" and "economic security" as categories, which made it possible to formulate several approaches to defining the essence of the concept of "investment":

1. Targeted approach - according to this approach, the criterion for classifying certain investments as investments is the purpose of their implementation. The company's investments, according to I.O. Blank [1, p. 38], is the investment of capital in all its forms in various objects (tools) of its economic activity with the aim of obtaining profit and achieving an economic effect. However, the goal of investment may be to achieve not only profit, but also social effect (if the object of investment is not a subject of entrepreneurial activity).

2. According to the second approach, the criteria for investing capital as investments are the terms of their use. Many domestic and foreign economists consider investments as a long-term investment of capital in various spheres and branches of the economy, infrastructure, social programs, environmental protection both inside the country and abroad with the aim of developing production, the social sphere, entrepreneurship, and making a profit [2-3].

Instead, the terms "long-term" and "short-term investments" are found in the literature [4], which has the right to life, especially in conditions of financial and economic crises, when it becomes necessary to minimize the investment payback period.

3. According to the third approach, investments are interpreted as the use of capital after a certain time as opposed to current consumption. Proponents of this approach, in particular, considered investment to be a renunciation of a certain value in the current period in order to obtain value in the future, but in increasing amounts.

Taking into account the versatility in the wording of the definition of "investment" and the vision of security in the most general sense as a state of protection from anything, which can be used for the protection of an individual as well as society and the state as a whole (this is a state of protection of vital interests at all levels from the individual to state from internal and external threats, taking into account the availability of sufficient resources of various types - as a result, security limits can be identified, the failure of which may indicate the existing level of security for a certain period of time [5-7]), it should be noted that in the context of investment management research

should be considered taking into account approaches to the characteristics of economic security in the conditions of the post-war recovery of Ukraine's economy.

**Aims.** The purpose of the article is to research and develop theoretical and practical approaches and characteristics of the concepts of "investment" and "economic security" in the context of investment management, taking into account the feasibility of increasing the level of economic security of the state in the conditions of recovery of the economy of Ukraine in the post-war period.

**Methods.** The methodological basis of the article is the use of general scientific and special methods, in particular such as: monographic, logical, comparison, economic-statistical, synthesis, generalization, etc.

**Results.** As world practice shows, countries with a post-industrial economy, including Ukraine, are unable to develop it without attracting and effectively using investments. Their qualitative and quantitative characteristics depend on the country's economic potential, its efficiency, the sectoral and reproductive structure of social production, and the direction of strategies for socio-economic development of the economy [8].

Foreign specialists in researching the economic content of investments emphasize the following factors: a) increase in operating capital; b) receiving additional income; c) rejection of a part of current consumption in favor of expected expansion of consumption in the future.

However, correct in their essence, such characteristics of investments do not fully reveal this complex economic category.

It should also be agreed with scientists that the concept of "investment" is the primary category that underlies the construction of the hierarchy of the remaining categories that reflect the reproduction of fixed and working capital. In view of this, we believe that investing is the process of accumulating funds in various forms (money, shares, securities, equity contributions, movable and immovable property, copyrights, etc.), transforming them into investment goods and resources, introducing the latter into production stage and transformation into transforming innovative factors - resources, and then into capital.

Such an understanding of the category of investments is an important theoretical and methodological basis for analyzing the state and organization of investment processes, the main sources of investments, the conditions for their transformation into factors of social reproduction resources, the state and prerequisites for the formation of a full-fledged market of investment goods [8], investment management (which is analyzed at the level state, industry, region, enterprise and individual investment projects and includes:

a) management of investment activity on a state scale (state, industry, region), which involves regulation, control, stimulation and support of investment activity by legislatively regulated methods;

b) management of individual investment projects, including planning, organization, coordination, motivation and control activities during the life cycle of the project by using a system of modern management methods and techniques;

c) management of the investment activity of a separate business entity – an

enterprise – involves the management of the enterprise's investment portfolio (formation, monitoring, quality assessment, reinvestment, etc.), management of working capital (short-term investments), etc. [9]) and an important factor affecting on the level of economic security of the state. Economic security as a category at various stages of world development played a significant role in the economic systems of countries, while going through a long path of evolutionary development from the point of view of human protection to the protection of the state from dangers. Mentions of security as a category, in particular economic, have been found in the lexicon since ancient times [6-7; 10].

In modern scientific literature, there is no single definition of economic security, there is a large number of scientific approaches to the characterization of security as a category due to the use of various objects and tools in its research, which is revealed in works [6-8; 10-17]. The scientific works of most researchers are mainly related to the study of economic security as a state of protection of the economy from external and internal threats for its further development.

When considering economic security, each phenomenon should be studied as a certain system of its constituent elements, as a unity of interconnected and interacting subjects, processes, and relations. Objects of economic security are the state, regions, enterprises, institutions of higher education, etc. At the same time, the state is both the object and the main subject of national and economic security. In the most general sense, security is a state of protection from anything and can be used to protect an individual, as well as society and the state as a whole. When considering security as a category, it is advisable to also take into account possible resources of various types, the presence of which in sufficient volume will allow to achieve a state in which the appropriate level of security will be ensured in order to be able to counter external and internal threats (the need for resources to ensure security is highlighted to one degree or another in scientific literature when it comes to the need to achieve a state of security, but in the definitions of the authors it is not separately highlighted) [6-8; 10-17].

The investment policy of the world's leading countries convincingly shows that it is aimed at attracting foreign investments (Table 1).

Table data 1 indicate a general (albeit unstable) tendency to increase the volume of direct foreign investment in the TOP-20 countries (which the authors do not include the aggressor country – russia), except for India and Germany. At the same time, the volume of investments in the South African Republic increased at the highest rate (almost 12.67 times). This trend, in turn, is associated with geopolitical and trade risks, deterioration of the global climate for international trade and investment, protection of domestic technologies and assets from foreign states and companies [19]. For comparison, according to [18], in 2021, 62,131 million dollars were attracted to the economy of Ukraine. US foreign direct investment, which is 17.5% more than in 2010 (US \$ 52,872 million) and 15.03 times more than in 2000 (US \$ 3,875 million). Thus, despite the fact that Ukraine did not enter the TOP-20 countries in terms of the volume of attracted foreign direct investments, there is a stable trend towards their increase.

**Table 1. Countries that received the largest amount of direct foreign investment**

Countries according to their location	2020 ranking	The volume of foreign direct investments, billions of dollars		Deviation	
		In 2020	In 2021	absolute, +, -	relative, %
United States	1	151	367	216	143,05
China	2	149	181	32	21,48
Hong Kong, China	3	135	141	6	4,44
Singapore	6	75	99	24	32,00
Canada	12	23	60	37	160,87
Brazil	9	28	50	22	78,57
India	8	64	45	-19	-29,69
South Africa	51	3	41	38	1266,67
Mexico	10	28	32	4	14,29
Germany	7	65	31	-34	-52,31
Israel	11	24	30	6	25,00
United Kingdom	16	18	28	10	55,56
Sweden	14	19	27	8	42,11
Belgium	20	12	26	14	116,67
Australia	17	17	25	8	47,06
Poland	19	14	25	11	78,57
Japan	21	11	25	14	127,27
United Arab Emirates	13	20	21	1	5,00
Indonesia	15	19	20	1	5,26

Source: Systematized, summarized and grouped according to data [18].

It is advisable to deepen the research by analyzing the volume of direct foreign investments from the TOP-20 countries (which the authors do not include the aggressor country – Russia) (Table 2).

Table data 2 indicate a general (albeit unstable) tendency to decrease the volume of foreign direct investment outside the TOP-20 countries. At the same time, the volumes of investments from Saudi Arabia (3.8 times) and Belgium (almost 3.2 times) increased at the highest rates.

In general, in order to implement effective investment management, the state implements investment policy, which, in turn, is based on legislative, regulatory acts and measures that contribute to the creation of a positive investment climate in the country, which is formed under the influence of a number of factors, the main of which are: the expected pace inflation; interest rate on the market; risks associated with legislative, regulatory and tax norms [20, c. 326]. In order to increase the effectiveness of investment policy implementation, the developed countries of the world use various investment development strategies, the most common of which are the following [20, c. 324-327]:

**Table 2. Countries that most directed foreign direct investment outside the country**

Countries according to their location	2020 ranking	The volume of foreign direct investments, billions of dollars		Deviation	
		In 2020	In 2021	absolute, +, -	relative, %
United States	1	235	403	168	71,49
Germany	6	61	152	91	149,18
Japan	5	96	147	51	53,13
China	2	154	145	-9	-5,84
United Kingdom	166	-65	108	173	-266,15
Canada	7	47	90	43	91,49
Hong Kong, China	4	101	87	-14	-13,86
Ireland	165	-45	62	107	-237,78
Korea, Republic of	9	35	61	26	74,29
Singapore	10	32	47	15	46,88
Belgium	18	11	46	35	318,18
Netherlands	167	-191	29	220	-115,18
Luxembourg	4	103	25	-78	-75,73
Saudi Arabia	26	5	24	19	380,00
Brazil	163	-13	23	36	-276,92
United Arab Emirates	14	19	23	4	21,05
Denmark	17	11	22	11	100,00
Sweden	11	24	20	-4	-16,67
Thailand	13	19	17	-2	-10,53

Source: Systematized, summarized and grouped according to data [18].

1. Active intervention (common in Japan). The state directly participates in the implementation of investment programs through the state sector of the economy, and indirectly through institutions and promotes active financial support, provides significant benefits to both entrepreneurial structures and higher education institutions that independently perform R&D.

2. Decentralized regulation (received the greatest distribution in the USA and Great Britain). The state participates more indirectly in the investment development of organizations and business entities, uses tax and other incentives and creates favorable legal, investment and technical and economic conditions for this activity.

3. Mixed strategy (spread in France, Sweden), in those countries with a powerful public sector, in relation to which the state conducts an active investment policy, direct and indirect regulation. For the private sector, the strategy of decentralized regulation is mainly used.

In Ukraine, individual features of each strategy are observed, but they are not used in their pure form.

**Conclusion.** Taking into account the above, it should be stated that it is considered appropriate to consider investments and their management in the context of ensuring the economic security of the state and to conduct further research taking this into account in order to develop and implement a balanced investment policy adequate to

modern conditions and implement an investment development strategy acceptable to Ukraine. For the practical implementation of this, it is considered expedient to carry out in-depth research on better management of investments taking into account the security approach and to consider economic security through the prism of its connection with national security, economic security of the state, region, enterprise (business entity) [6-8; 10-17], which becomes especially relevant in the conditions of the Russian-Ukrainian war and the post-war period and will contribute to the recovery of the Ukrainian economy and ensure the upward trend of its growth.

**Author contributions.** The authors contributed equally.

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