Investments in An Economic Entity’s Security Management

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Abstract: The research reveals the essence of an investment process in the framework of an economic entity’s security management. The analysis is carried out in the category context. The goal, object, subject and research tools are defined further in the study. The study’s conclusion reveals that the tools used for investing into an entity’s economic security fully coincides with economic security management tools.

Keywords: economic security, investments, investment process, economic security of an entity, investment tools, economic security management investment tools

RESEARCH HYPOTHESIS
Economic security management investment tools and the mechanisms of minimizing investment insecurity become urgent in terms of macroeconomic instability and implementation of sustainable socio-economic development strategy in Russia.

METHODOLOGY
The research relies upon general scientific methods and generalization and synthesis methods as well as the economic, structural and statistical analysis, based on the system approach.

RESULTS
The scientific investigation has allowed concluding that the economic essence of the investment process in managing an economic entity’s security implies a comprehensive approach to understanding what an “investment” is. As a result of studying the notion of investment in terms of economic security, the research authors have defined basic ideas and principals of investments and their peculiarities (goal, tools, environment), which appear only while ensuring the economic security.

The validity of research results is provided by means of general scientific methods of accumulating and analyzing the information, processing the scientific data and thorough academic literature study. The digital economy’s development is the top-priority task in terms of improving the competitiveness of the Russian economy and it cover all spheres of public life, beginning with state management, state services and ending with entities and individuals’ cooperation.

The recent economic studies have shown that in the times of market relations’ development many economic entities lack their own finance intended for further development. One of the ways to solve this problem is attracting investments.

Investments play a significant role not only in the entities’ development and functioning, but in the economy as a whole.

The investment factor is one of the key factors in managing an entity’s economic security. The volume of finance and resources allocated for ensuring economic security management determines the toolset, used for providing favourable conditions to an entity and, consequently, raising its economic security level. The fact is

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that an entity always has a limited volume of finance, tangibles, labour force and other resources, what causes the necessity to choose the most efficient economic security management (Kuznetsova, 2017, p. 134).

Therefore, the need for investing various resources into the system of economic security elements and processes, which are being managed, highlights the topicality of an investment approach to managing an entity’s economic security.

The discovery of an economic essence of the investment process in managing an entity’s economic security implies considering the notion “investment” as L. Igonina points out that “the investment is an overall movement of various forms and levels of investments” (Igonina, 2018).

Contemporary scientific literature presents diverse interpretations of the notion “investment”, which reflect numerous approaches to understanding its economic essence. The evolution, the economic development stages’ and the prevalence of certain management forms and methods have determined the diversity of approaches to defining the term “investment”.

Yu. Treshhevskii and V. Kruglyakova consider that it is worth taking into account the historical and logical affiliation of phenomena and notions preceding or accompanying the notion “investment”. These authors point out that “The phenomena “saving” in relation to investments was the first studied term”. Being a no-consumed part of a product, the saving is necessary not for growing but for keeping the wealth and a human. A saving is a reserve stock, created in case the unfavourable production conditions appear. A saving is some sort of a potential investment, an investment with a zero vector. The savings form an investment’s base both logically and historically. They gain the same vector but differ quantitatively” (Treshhevskii, Kruglyakova, 2012, p. 32-44).

Moreover, savings are the consumption source and in this sense they oppose the investments, which are an essential production and expanded reproduction elements.

Modern ideas of the investments’ essence are quite diverse, what is caused both by the objective complication of social reproduction and by the subjective goals of researchers, studying the investments as a category.

The Macmillan Dictionary of Modern Economics interprets investments as a flow of expenses, intended for producing material values and not intended for consuming.

The “Big Economic Dictionary” by A. Borisov, defines the term “investments” as “financial resources, specific deposits, shares, stocks and other securities, technologies, machines equipment, licenses and intellectual values invested in business activity objects and intended for gaining the profit and achieving a positive social effect” (Borisov, 2014, p. 332).

As V. Bocharov and V. Leontyev say. The notion “investment” is derived from the English verb “to invest”, which means to put up. The investments imply putting up the finance in order to gain the profit” (Bocharov, Leontyev, 2018, p. 78-83).

I. Blank disagrees with the Western approach to defining the investments’ essence and goals. According to him, “it is wrong to make the direct connection between the investments’ essence and gaining the profit, though it is the main goal in the framework of a market economy. The investments may pursue other economic and non-economic goals. I. Blank also disagrees with viewing investments as a deposit: “Investments may not only have the form of finance, but the form of property, capital goods, various financial tools (primarily the securities), intangible assets and etc.” (Blank, 2011, p. 45-48).

From the current study’s author’s point of view, the investments’ economic essence should be viewed in the framework of this notion’s categorical apparatus, defining their goals, subjects, objects and implementation tools.

The investments’ goal on an entity’s level can provide one of the management functions implementation.

The investments’ subject can include individuals and legal entities (investors), state and municipal authority bodies, international associations, users of the financial investment objects and etc.

An entity’s economic security is viewed as a general financial investment object, so it logically possible to assume that the investment’s goal will be to provide an even higher level of security. Thus, the research authors agree with D. Ivanov (Ivanov et al., 2020, p.753-759; Ivanov & Kruglikov, 2020, p. 623-630) and V. Pushkarev, who underline the urgency of this direction in terms of the economy’s development and digitalization (Pushkarev et al., 2019a, p. 7950-7952; Pushkarev et al.,2020, p. 281-287; Pushkarev et al, 2019b, p. 2563- 2566).

Furthermore, in terms of providing an entity’s economic security the study’s authors define certain investment objects, which include the investments into an entity’s effective functioning (for example in the time of import substitution), investments into competitive advantages, risk management, means of capital preservation and so on. In reality these investments are the investments into an entity’s integral parts and processes. Thus, the
investments into an entity’s effectiveness are manifested in putting up to its fixed assets (equipment improvement), labour force (labour potential advancement), organizational structure business processes re-engineering). The investments into the capital preservation mean investments into the equipment reproduction, the personnel security and turnover, fixed and floating assets protection (Shor et al., 2019, p. 3793-3796). The investment into an entity’s competitiveness is in indeed the investment into an entity’s marketing campaigns, intangible assets, and key competences. Here it is worth noting that the investment object should be chosen from the economic security’s point of view.

One of the most important investment objects is an entity’s key competence and its promotion (Shor et al., 2019, p. 234-250). According to I. Blank, investments are the main way of ensuring an entity’s growing operating business in terms of its goals and tasks. An entity’s strategic goal is developing its operating business and providing the operating profit increase.

The subject of investing into an entity’s economic security is the entity itself. However, it is worth remembering that an entity’s contractors also have the investment opportunity. Such contractors are the individuals or legal entities, state bodies, which subsidize the fixed assets modernization and innovations integration. Tenants can be investors as well, as they rent a part of entity’s production facilities and they are obliged to maintain the proper condition and improve the fixed assets quality. So any interested party can become the subject of investing into an entity’s economic security.

The tools used for investing into an entity’s economic security fully correspond with the economic security management tools. The differences appear only when the resources are not used in managing economic security. Based on the investments’ categorical apparatus mentioned above, the research authors consider that I. Blank suggests the most comprehensive investments’ essence interpretation: “An entity’s investments are all kinds of investments into an entity’s various objects (tools), which are further intended for gaining the profit and achieving the economic and non-economic effect, the implementation of which is based on market principles and deals with time and liquidity risk factors (Blank, 2011, p. 49-52).

As a result of investigating the notion “investment in terms of an entity’s economic security, the article’s authors have determined the investments’ basic ideas and principals in general and their peculiarities (goal, tools, environment).

So, finally, the investments into an entity’s economic security are a specific area in the sphere of attracting and using investment resources, where there are various subjects, forms of objects and investment tools. Nevertheless the investment processes very often cross, that is why it is rather difficult to distinguish their clear boundaries in terms of one entity and a certain period of time.

In conclusion, investing the resources into an entity’s structural elements and functions in the framework of ensuring its economic security should be viewed as the foundation for elaborating tactic and strategic plans for developing the production despite the risks, which appear during the financial and operational activity. The reproduction of an entity’s durability key factors is the most important result.

REFERENCES


