

THE CONCEPT OF INVESTMENT STABILITY: THE HISTORICAL ASPECT AND MODERN REALITIES IN A GLOBALIZED ECONOMY

КОНЦЕПЦІЯ ІНВЕСТИЦІЙНОЇ СТАБІЛЬНОСТІ: ІСТОРИЧНИЙ АСПЕКТ І СУЧАСНІ РЕАЛІЇ В ГЛОБАЛІЗАЦІЙНІЙ ЕКОНОМІЦІ

New economic reality in Ukraine that is characterized by sharp, abrupt manifestations, which are almost non-predictable and biased, requires the modernization of the national system of regulation of international investment, the generation of non-traditional crisis measures while simultaneously improving international corporate governance of investment stability. The article presents the evolution of approaches to the definition of investment stability. Comprehensive globalization and socio-political upheavals nowadays dramatically changed the conditions and factors of the economic development of transnational corporations and significantly influenced the direction of the movement of international capital. The global instability of the investment market conditions stimulates the search for ways to effectively regulate investment flows, which is extremely important for Ukraine. That's why Ukrainian's economy is dependent on external financial and investment borrowings. However, some branches of enterprises' economic activity have disproportions in receipt of investment capital. Therefore, the purpose of the research is to develop recommendations for achieving investment stability in a globalized economy.

Key words: investment stability, globalization, economic development, global instability, regulation of investment flows.

Новая экономическая реальность в Украине, характеризующаяся резкими ска-

кообразными проявлениями, требует модернизации национальной системы регулирования международных инвестиций, генерации нетрадиционных кризисных мер. В статье представлена эволюция подходов к определению инвестиционной устойчивости. Всеобъемлющая глобализация и социально-политические потрясения в наши дни кардинально изменили условия и факторы экономического развития транснациональных корпораций и существенно повлияли на направление движения международного капитала. Глобальная нестабильность инвестиционного рынка стимулирует поиск путей эффективного регулирования инвестиционных потоков, что крайне важно для Украины. Вот почему экономика Украины зависит от внешних финансовых и инвестиционных заимствований. Однако в некоторых отраслях экономической деятельности предприятий наблюдаются диспропорции в получении инвестиционного капитала. Поэтому целью исследования является разработка рекомендаций по достижению стабильности инвестиций в глобализационной экономике.

Ключевые слова: инвестиционная стабильность, глобализация, экономическое развитие, глобальная нестабильность, регулирование инвестиционных потоков.

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Нова економічна реальність в Україні, яка характеризується гострими, стрибкоподібними проявами, майже непередбачуваними і упередженими, вимагає модернізації національної системи регулювання міжнародних інвестицій, генерації нетрадиційних кризових заходів, одночасно покращуючи міжнародні корпоративні інвестиції. У статті представлено еволюцію підходів до визначення інвестиційної стабільності. Всебічна глобалізація та соціально-політичні потрясіння сьогодні суттєво змінили умови та чинники економічного розвитку транснаціональних корпорацій і суттєво вплинули на напрямки руху міжнародного капіталу. Глобальна нестабільність умов інвестиційного ринку стимулює пошук шляхів ефективного регулювання інвестиційних потоків, що є надзвичайно важливим для України. Тому українська економіка залежить від зовнішніх фінансових та інвестиційних запозичень. Однак деякі галузі економічної діяльності підприємств мають диспропорції в формуванні інвестиційного капіталу. Тому метою дослідження є розробка рекомендацій щодо досягнення стабільності інвестицій у глобалізованій економіці. Гіпотеза дослідження полягає в тому, що особливості функціонування транснаціональних корпорацій та інших учасників фінансового ринку повинні враховуватися при розробці підходу до регулювання інвестиційної стабільності. Отже, за результатами дослідження запропоновано критерії інвестиційної стабільності в глобалізаційній економіці. Оригінальність та практична значимість дослідження є рекомендованими критеріями інвестиційної стабільності, які зосереджують увагу на особливостях функціонування транснаціональних корпорацій та інших учасників фінансового ринку. Запропоновані критерії інвестиційної стабільності повинні застосовуватися в практичній розробці інвестиційної стратегії учасниками фінансового ринку. В результаті проведеного дослідження було розглянуто ефективний міжнародний досвід регулювання інвестицій, який також слід враховувати при розробці інвестиційної стратегії в Україні. Перспективи подальших досліджень полягають у вирішенні проблем підвищення якості інвестиційної діяльності та управління ризиками на фінансовому ринку України.

Ключові слова: інвестиційна стабільність, глобалізація, економічний розвиток, глобальна нестабільність, регулювання інвестиційних потоків.

Formulation of the problem. New economic reality in Ukraine that is characterized by sharp, abrupt manifestations, which are almost non-predictable and biased, requires the modernization of the national system of regulation of international investment, the generation of non-traditional crisis measures while simultaneously improving international corporate governance of investment stability.

An investigation into the category of «investment stability» in multinational companies suggests that domestic experts are not paying enough attention to this problem. Developing an investment policy, an

international company does not take attention to the needs of corporate governance and the organization of business processes of the corporation.

Analysis of recent research. There are results of research into conceptual foundations for the regulation of investment policies of transnational corporations of such Ukrainian scientists as: O. Bilorus [1], R. Krysiuk [3], O. Mozghovyi [5], N. Riznyk [7], V. Shevchuk [9], and others. There are scientific works belonging to foreign researches as: K. Marx [4], J. Maynard-Keynes [13], A. Smith [12], and others. However, there is no clear solution to the problem of

investment stability, oriented to the current needs of corporate governance. Therefore, the above problem is relevant and requires research.

The aim of the research. The purpose of the article is to propose the criteria for investment stability in a globalized economy.

The hypothesis of the research is that the peculiarities of the functioning of transnational corporations and other participants of the financial market are taken into account when developing an approach to determining their investment stability in a globalized economy.

Presentation of the main research material. The concept of investment sustainability is closely related to the concept of economic stability. According to the research, historically, the period of classical economic thought formalized the idea of stability into scientific economic theory. Representatives of mercantilists and technocrats considered the main source of national wealth to be the sphere of trade and production. Physiocrats believed that: «The only source of wealth is nature, and therefore, the basis of the welfare of nations is a product produced by agriculture. The industry is a fruitless sphere, and any government intervention in a country's economy is a meaningless activity» [3], the wealth of a nation depends on natural conditions, *regardless of the wishes* of the government. Accordingly, to the physiocrats' mind, the government shouldn't interfere in the economy.

The first researchers [17] tried to solve the problem of the stability of the economy by creating an effective system for allocating production resources. Other researchers suggested finding an area of the economy, the stimulation and development of which would ensure stability for the entire state. According to the physiocrats, this area is agriculture, according to mercantilists – trade [12].

The concept of stability was also researched by the well-known economist and scientist Adam Smith. The further development of economic thought at the end of the 17th – 19th centuries followed the formation of the principles of the systems approach. Adam Smith in his work «The Wealth of Nations» [12] says that the wealth of a nation is created not only in the field of agriculture but also in other spheres of economic activity. He points to three reasons that violate economic stability. The first reason – the war imposed from the outside. The second is the laziness of the nation. The third is the imprudence of the rulers, which can most of all disturb the stability of the state's economy: «Great nations never become poorer because of the wastefulness and unreasonableness of individuals, but they are often poorer as a result of wastefulness and unreasonableness of state power» [12]. Adam Smith in his work paid attention to identifying destabilizing factors that are relevant today.

The concept of stability of the economy was considered in K. Marx's researches. In the 19th century, Karl Marx tried to create a theoretical model of a stable and

sustainable society [4]. He contributed to the development of the theory of stability by examining the essence of economic crises and shortcomings of the capitalist economy, rejecting the idea of self-regulation of the economic system. In his opinion, the period of stability is replaced by a period of instability, and crises are an integral part of economic cycles [4]. The key point of this theory is that the macroeconomic equilibrium, built on the peculiarities of the reproduction process in conditions of free competition, will be replaced by imbalance and the state of stability – by instability [4].

Thus, the classical economists [12] were able to create the foundations of the theory of stability, laying in their foundation a number of fundamental principles that are relevant to the present day. The key to stability is the balance of economic systems. For example, the equilibrium of supply and demand [12]. A state of stability, like equilibrium, can be replaced by a state of instability and, accordingly, the economy cannot be in one of these positions for a long time [12]. There are several destabilizing factors that in varying degrees affect the stability of the economy.

Another famous scientist, who investigated the processes of change in the volume of investments, was J. Maynard-Keynes. He is considered one of the founders of macroeconomics as an independent discipline. The main work of the scientist is his book «*The General Theory of Employment, Interest and Money*» [13]. Keynes proposed, as an explanation for the Great Depression, a fall in aggregate demand, the reasons for which he vaguely identified as the «animal instincts of investors.» That is, the panic that began in 1929 after the collapse of the stock market resulted in the fact that firms stopped spending money on investment expenses. Aggregate demand is the desire of all economic players to purchase goods and services that the economy produces. This may be a desire on the part of consumers, that is, people who purchase goods and services for their needs. This may be the desire on the part of firms to acquire investment goods or to build new capacities for their production. During recessions, we most often see a drop in investment demand: firms refuse projects, they don't hire people to build a new plant or a new building, unemployment arises because of this. Also, aggregate demand includes purchases from the government, which makes a state order, and from the external sector (exports). When the Great Depression began, according to the logic of the classical theory, the reduction in aggregate demand should have led to a drop in prices and wages. But Keynes made another important observation that prices and wages do not have time to adjust to the new equilibrium in time and firms could not lower them. And at the old prices, they could not sell as many goods as they had sold before. Therefore, firms were forced to reduce production and dismiss some of the workers. Dismissed workers lost income, demand declined even more, and this led to a cyclical decline in the economy for a long time [13].

One of the prominent Ukrainian economists, who researched the problems of international histories, is Oleh Mozghovyi. In his work «Modern Paradigm of the Functioning of the World Financial Market» [5], the author clarifies the interpretation of the world financial market as a set of interrelated segments – stock, currency, credit, insurance, and investment. Also, O. Mozghovyi maintains that the global financial market is fundamentally changing today not only the model of its organization but also the factors of formation and the peculiarities of the emergence of crises on it that have become global in nature. Significantly increased the role of the world financial market in the accumulation and redistribution of interstate flows of cash capital, which resulted in its unprecedented growth [5]. However, O. Mozghovyi highlights the following negative trends taking place in the international financial market, namely, the separation of the financial market from reproduction processes and the predominance of speculative virtual transactions; increasing the imbalance in the functioning of the world financial market, constraining the implementation of the global strategy of the world community, aimed at strengthening the sustainable development of the world financial system.

Economic globalism has a strong impact on the economic and investment climate. As described in the work of O. Bilorus [1], among the most significant features of economic globalism, modern researchers particularly note: the output (withdrawal) of economic interests of national economic actors for the national-state framework; the output of national corporations to the emerging global market; the transformation of national corporations into transnational corporations, and then – into global corporations; expansion of the sphere of activity of transnational economic and financial structures to the level of global markets; the impossibility of solving most of the economic and social problems at a limited national level; the increasing dependence of the economic situation in most countries on the situation in the countries of globalization; increasing dollarization of national economies; strengthening the voluntary and coercive coordination of national economic and financial strategies and policies at the global level (especially in the field of trade, finance, environment, employment, emigration).

According to R. Krysiuk [3], in the conditions of globalization of the economy, there can be no equilibrium. The author emphasizes that the economy develops in a cyclical way, namely: «In the past, the crisis has covered several interconnected countries, but now they have a global scale. All this collectively corrects the well-established ideas about the nature of the economic cycle, according to what the meaning of economic development is not in the new state of equilibrium, but in the transition to it, since any new state will be destroyed» [3, p. 7-8]. In the R. Krysiuk's researches [3], it was emphasized that active participants in the process of cyclization and at the same time the main operators of

international investment in the twentieth century were revealed by transnational corporations, which led to the development of science-related theories (monetarist conception, theoretical views of the representatives of the Fribourg school, institutional theory, models of the product lifecycle, technological breakthrough, monopolistic advantages, protective investment, J. Dunning's eclectic concept, the concept of internationalization, the concept of investment fields (V. Biloshapka [6]), business model of the development of transnational corporations (L. Rudenko [8]), and others. It is argued that the instability of the macroeconomic system is generated primarily in microsystems.

Thus, the analysis of the category of «stability» in combination with the identified features of investment activity allowed us to clarify the essence of stability in relation to investment activities. Since investment activity can be viewed from the perspective of a systematic approach, as mentioned in the researches [11], the process that involves the ability of the system to maintain a given state and return to it in the event of exposure to destabilizing factors. As criteria of investment stability, in our opinion, one should consider the growth of the gross domestic product indicator of the country and reduction of state budget expenditures.

As already mentioned, macroeconomic criteria for assessing investment stability depend on microeconomic indicators, so should analyse the impact of the results of the activities of transnational corporations on macro indicators.

According to research Fortune Global 500 [14] list of the largest transnational corporations, the five hundred largest companies ranked by revenues beat performance records in 2017, with combined revenues of \$30 trillion, up from \$27,7 trillion in 2016, and profits soaring to \$1,9 trillion from \$1,5 trillion the year before. The 500 top companies also reached together an all-time high profit of \$1,88 trillion, a 23% year-over-year increase [14]. A record 120 Chinese companies – 22 of which are in the top 100 – made the list, up from 115 in the year before and only six places fewer than the USA. Chinese firms also make up three of the world's five biggest corporations. Overall, the top 10 countries with the most Global 500 companies are the USA (126), China (120), Japan (52), Germany (32), France (28), UK (21), South Korea (16), Netherlands (15), Switzerland (14), and Canada (12). Together these countries host 87.2% of the ranking [14]. By type of economic activity, the majority of transnational companies are engaged in financial activities, trade, services, including healthcare, information technology.

Therefore, the USA still dominates in terms of companies listed, boasting 560 firms that make 30% of the total. In connection with the above data, we can assume that the United States has the greatest investment activity. However, Japan and the United Kingdom also entered the top five countries with the largest number of companies [11].

As research results show, not only the investment stability of enterprises but also the investment stability of regions affect the overall level of investment stability of a country.

In order to improve the measures for regulating investment activities in Ukraine, we consider it expedient to study the experience of advanced countries (according to the above rating). Since the largest number of transnational corporations is located in the USA, we will consider the features of investment regulation in this country, which led to the achievement of investment stability. According to the analysis, the main priority of the US federal government, as well as state and municipal governments, is providing maximum support to potential investors and the creation of effective incentives for investment, such as the provision of tax incentives, including in the form of tax credits, preferential bank loans, innovation grants, etc. In relation to investments in the country, the USA administration also adheres to the policy of maximizing foreign investors, reserving the right to control investments in the most sensitive areas of the economy. Legal regulation of foreign investment in the United States federal level is carried out on the basis of a main legal act [11], and relevant industry laws. However, there are some restrictions on the implementation of foreign investment in companies of some industries of the American economy which are established or for reasons national security, or to protect «sensitive industries» and «critical infrastructure», such as: defence industry, customs brokerage, telecommunications, air and sea transport, and others [11].

In addition to large businesses, the USA supports investment in small and medium-sized businesses. The USA is actively implementing various investment support programs. The main idea of such support is to stimulate investment in priority areas of activity, as well as in socially significant projects (among which, in particular, projects to support small and medium-sized businesses), through the provision of incentive benefits, as well as through direct state co-financing in the form of grants and other similar incentive payments [11].

Conduct an analysis of the regulation of investment activities in European countries. For the development of new markets by European Union member states, including Germany, and the prevention of the loss of competitiveness, a large role is played by the conclusion of bilateral agreements on free trade, involving the creation of favourable conditions for investment in

the countries-parties with states of fast-growing economies. The priorities of the German federal government in the past year have focused on the Asian, North American, and Latin American areas [2]. Separate programs of the German authorities and policies in this area are aimed at promoting sustainable growth of investment in developing countries. For example, investments from Germany to Ukraine in 2017 amounted to 1792,6 million dollars, which amounted to 13.1% of the total foreign direct investment in Ukraine [15]. For sustainable growth of investments in developing countries from Germany, the main priority of cooperation will be the social responsibility of business entities. Dialogue on investment issues is actively conducted in international forums: within the European Union, the United Nations Organization, the G8 and G20. The Aid for Trade program (AfT «Aid for Trade») should enable developing countries to better use their trade and investment opportunities. However, the conditions provided for investing in the German economy must be adequate to the possibilities of investment access to the markets of the partner countries. The underlying base for this is international investment agreements (on mutual protection and encouragement of investments).

The United Kingdom (UK) is one of the largest exporters of capital along with the United States, China, the Netherlands, Japan, and Ireland. In 2017, there was an increase in the export of British capital [10]. Foreign direct investment from the UK to Ukraine in 2017 amounted to \$2169 million, which is 7.9% of all foreign investment in Ukraine [15]. The campaign to create a positive «world reputation» of the UK is also aimed at improving the investment climate in the UK, which is positioned as an ideal place for doing business, research and innovation departments of large international companies, as well as for investing. As the main advantages of the UK as a place for doing business, experts point out: political and economic stability; extensive domestic market; favourable business environment; competitive system taxation; an internationally recognized effective legal system; flexible and effective labour legislation; developed scientific and technical base; availability of funding; high degree of intellectual property protection.

Thus, based on the above characteristics of the investment strategy of countries, we highlight the strengths of investment regulation that contribute to the achievement of investment stability in the country (table 1).

Table 1

Prerequisites for achieving investment stability of the country

Country	Characteristics of the direction of investment stability
The United States of America	1. Support of potential investors and the creation of effective incentives for investing. 2. The most effective system of investor protection.
Germany	1. The main priority of cooperation should be the social responsibility of business entities. 2. Participation in international investment discussion forums that help to integrate efforts to solve them.
The United Kingdom	1. Positive «world reputation» of the investing country. 2. Political and economic stability.

Conclusions and perspectives of further research. Thus, the considered historical and modern experience in determining investment stability has made it possible to reveal the economic essence of this concept in the context of globalization. Among the identified priority areas contributing to the achievement of investment stability, special attention should be paid to such aspects as the country's reputation and social responsibility of business entities. Since the topic of economic stability is relevant and the range of its problems has not been exhausted, the prospect of further research will be the study of new forms of investment activity that will help overcome crisis phenomena in the economy.

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THE CONCEPT OF INVESTMENT STABILITY: THE HISTORICAL ASPECT AND MODERN REALITIES IN A GLOBALIZED ECONOMY

The purpose of the article. The purpose of the article is to propose the criteria for investment stability in a globalized economy. The hypothesis of the research is that the peculiarities of the functioning of transnational corporations and other participants of the financial market are taken into account when developing an approach to determining their investment stability in a globalized economy.

Methodology. The research was conducted on the basis of the following methods: induction, comparison, expert evaluation.

Results. New economic reality in Ukraine that is characterized by sharp, abrupt manifestations, which are almost non-predictable and biased, requires the modernization of the national system of regulation of international investment, the generation of non-traditional crisis measures while simultaneously improving international corporate governance of investment stability.

An investigation into the category of "investment stability" in multinational companies suggests that domestic experts are not paying enough attention to this problem. In developing an investment policy, an international company does not take attention to the needs of corporate governance and the organization of business processes of the corporation.

The concept of investment sustainability is closely related to the concept of economic stability. According to the research, historically, the period of classical economic thought formalized the idea of stability into scientific economic theory. Representatives of mercantilists and technocrats considered the main source of national wealth to be the sphere of trade and production.

The article presents the evolution of approaches to the definition of investment stability. Comprehensive globalization and socio-political upheavals nowadays dramatically changed the conditions and factors of the economic development of transnational corporations and significantly influenced the direction of the movement of international capital. The global instability of the investment market conditions stimulates the search for ways to effectively regulate investment flows, which is extremely important for Ukraine. That's why the Ukrainian economy is dependent on external financial and investment borrowings. However, some branches of enterprises' economic activity have disproportions in the receipt of investment capital. Therefore, the purpose of the research is to develop recommendations for achieving investment stability in a globalized economy.

The originality and practical significance of the research are the recommended criteria for investment stability, which focus attention on the peculiarities of functioning of transnational corporations of the functioning of transnational corporations and other participants of the financial market. The proposed criteria of investment stability should be applied in the practical developing an investment strategy by financial market participants.

Thus, the considered historical and modern experience in determining investment stability has made it possible to reveal the economic essence of this concept in the context of globalization. Among the identified priority areas contributing to the achievement of investment stability, special attention should be paid to such aspects as the country's reputation and social responsibility of business entities. Since the topic of economic stability is relevant and the range of its problems has not been exhausted, the prospect of further research will be the study of new forms of investment activity that will help overcome crisis phenomena in the economy.