

**MINISTRY OF EDUCATION OF BELARUS
BELARUS STATE ECONOMIC UNIVERSITY**

**ECON-2015:
WORLD ECONOMY AND INTERNATIONAL BUSINESS**

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PREFACE

This issue presents abstracts prepared by the students of International Economic Relations Department and International Business Communication Department under Belarus State Economic University.

In April 2015 the 2nd Interuniversity Student Scientific Conference 'ECON-2015: world economy and international business' was organized by the Chair of Business English where students presented their abstracts.

The given issue is the result of close collaboration of the lecturers of the Chair of Business English and students. According to the topic researched, the abstracts fall into six main sections:

1. marketing communication and advertising in modern business;
2. actual problems of international management and marketing;
3. modern tendencies in the development of the world economy;
4. investment and innovative policy of international business;
5. judicial aspects and social and cultural environment of international business;
6. financial and money and credit strategies in international business.

The relevance of the published abstracts is granted by their high degree of scientific content and presentation in English which is studied by students of International Economic Relations Department and International Business Communication Department as the primary subject.

The given issue is addressed to students, PhDs, lecturers of economic-related universities as well as for those whose scientific interests relate to the spheres of economics and business.

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SECTION 1
MARKETING COMMUNICATION AND ADVERTISING
IN MODERN BUSINESS

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ADVERTISING WITH A HUMAN FACE OR HOW TO TOUCH HUMAN HEARTS

In modern world there are advertisements that gain popularity as many films or music videos do. Famous advertisements with Cola-cola featuring Pierce Brosnan or Pepsi with Michael Jackson make some examples of them. Today the popularity of advertisements can be accelerated by the Internet and social networks. One of the recent examples is the '*Labels against Women*' Pantene advertisement which went viral after Sheryl Sandberg, the Chief Operating Officer of Facebook, commented on it in Twitter. The video is peculiar for its appeal to the woman to fight labels. It marked the whole trend in advertising where social issues take the front position. We named them *inspiring advertisements* to reflect the viewers' opinion. The aim of the research is to analyze one of such videos and to find out what attracts people in them. For this purpose the media coverage of the video and internet comments were considered. Moreover, an opinion survey among our peers was conducted.

The advertising video taken for consideration is the Pantene's advertisement '*Not sorry. Be strong and Shine*'. First, we analyzed the viewers' feedback on it. The internet comments show that people have various, sometimes absolutely different views of the video. There are positive as well as negative responses. There is a noticeable gender difference in opinions. Some women say that it is normal to say sorry too frequently, while others confess that they have recognized themselves in the video and want to change the situation. Also, there are purely negative comments, mostly from men. The viewers try to explain the meaning of the video. For instance, one of them clarifies that the advertisement doesn't promote the idea that women shouldn't apologize but rather they shouldn't apologize for doing completely reasonable things like asking questions and basically existing. Other people were more inclined to raise the issue of politeness in general: men and women should both say 'sorry' more. There was also a view that to say 'sorry' is not about being polite, but more about self-assurance.

The next step was to consider the coverage of this video in such Internet editions as *time.com*, *businesswire.com*, *adweek.com*. According to some articles, apologizing unnecessarily puts women in a subservient position and makes people lose respect for them. This advertisement spurred another spiral of the discussion of the women's place. As one of the authors puts it, 'When a shampoo brand is telling us to stop apologizing,

it's fair to say we've reached a sorry tipping point' (<http://time.com/2895799/im-sorry-pantene-shinestrong/>).

To conduct the survey among our peers we asked them to watch the advertisement and to provide their comments. They were to answer the question whether the video motivates them to buy the product and to write their feedback. About 50 per cent of the interviewed agreed with the idea that women apologize too often and said they would buy this shampoo. About 20 per cent expressed their confusion saying they do not understand the purpose of this Pantene's advertisement. The rest didn't support the idea of the video, mostly because they disagree with the idea that only women apologize too much. Such feedback can be summarized in the following opinion: 'I am not sure that this trait is characteristic only of women, it is the way of being polite in general. I agree that people sometimes apologize when they shouldn't do it. The same video can be made about men. *Nikita.*'

Summing up, it can be undoubtedly said that this video, which is only one example of the inspiring advertisements phenomenon, succeeded in appealing to human feelings leaving hardly anyone indifferent. The idea of promoting a company through promoting life principles seems to be rewarding as it attracts those who support the message of the advertisement and allows the company itself to put forward its views.

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ADVERTISING AROUND US. HIDDEN TRICKS

Advertising is the art of making whole lies out of half truths. And it's really so. Research findings show that advertising is the most effective tool in an enterprise's attempt to modify the behavior of consumers, attract their attention to its products and services and create a positive image of the company. Advertising has undoubtedly a persuasive impact on the consumer. It forms market demand and stimulates sales of goods, solving both short-term and long-term marketing strategies of the company. The effectiveness of such psychological influence of items promoted is characterized by a number of consumers, brightness and depth of the impression of the audience, the degree of attracting attention. Many companies nowadays invest large amounts of money in advertising to make its goods and services popular. Eye-catching, colourful and creative ads influence customers' psychology and appeal to their emotions simply by trying to make people laugh or feel good. Statistics show, shop windows with good lighting cause greater interest among passers-by. Colour is also important. For instance, yellow colour helps to find inner peace and it's better to use it in the advertising of

children's goods and in services of travel agencies. The following unusual example can represent creativity of advertising professionals: one company which produces chinaware advertised its goods in the following way: they placed a double-decker bus on their cups. That construction proved the quality of their porcelain and impressed everyone too much. All these tricks make businesses more effective and as a result increase their sales. The company which aims at creating the most favorable image, individuality and the originality of its brand will certainly make the highest profits.

Each advertisement should be considered as a long-term contribution to the reputation of the company. If an advertisement is remembered, the number of consumers will increase. Thus, the development of constructive advertising strategy is very significant and each company should strive to work out the unique methods of products and services promotion.

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ADVERTISING AND PR AS AN ESSENTIAL PART OF MARKETING

Today PR and advertising have become an integral part of marketing and they play a special role in the system of marketing communications. Even a special new trend as marketing - PR has appeared. The effectiveness of the efforts of public relations is largely dependent on how well they are reconciled with other types of marketing communications. PR and advertising practice consists in relationship management, which is the basis of the marketing policy of any company.

We have done some research to find out information about contribution of advertising and PR on the example of the BMW company. We have looked through various BMW's advertising and PR campaigns. The process of researching their role in business profit of the company clearly shows the differences between these two marketing tools.

The objective of the research is:

- a) to show a contribution of PR and advertising to success of prosperous companies (BMW concern);
- b) to show the difference between PR and advertising as the main marketing tools

The research findings show that marketing and PR are independent. And they are considered to be very broad areas, which work together for the main goal of any business profit. When we speak about sales there are no boundaries between marketing and PR. Either marketers or PR people use the same communication tools. At the same time, advertising is one of the components of the marketing process. This part includes

products or services that are offered. Advertising includes the placement of advertisements in such mass media sources as newspapers, direct mail, billboards, television, radio and, of course, the Internet.

Accordingly, PR is formation of public opinion about the product; it is the art and science of achieving harmony with the environment through mutual understanding. Whereas, advertising is the distribution of information in order to attract attention to an object, formation or maintenance of interest to it.

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THE ROLE OF SOCIAL MEDIA IN MODERN BUSINESS

The way we do business is changing. Traditional methods used to increase sales, recruit talent and find new customers are giving way to the social media phenomenon.

There are some quick facts about the role social media is currently playing in the business world.

Customers and clients can interact directly with businesses via social media. Appearing responsive and attentive to consumers provides an invaluable opportunity for businesses to build customer loyalty and strengthen brand image.

Social media marketing makes great benefits for modern business.

Social media represents low-cost tools that are used to combine technology and social interaction with the use of words. Online and mobile communication networking sites have been adopted by a critical mass of the population.

There are three primary social media outlets that businesses use called ‘The Big Three’.

1. Facebook: The primary method that businesses use to exploit Facebook’s marketing possibilities is by creating a ‘page’ for their business, which Facebook users can follow. Businesses can then use their page to market their products, offer deals, and build their brand.

2. Twitter: Businesses can use “tweets” to release news, market their products, and direct attention to special offers and new content. Hashtags can also be searched for on twitter, meaning that followers or users looking for info on that topic can be directed to your account by simply attaching a hashtag to particular concepts or ideas in your business’s tweets.

3. Google+: Google+’s ‘Promote’ option allows you to customize your promotional content by creating different groupings of followers that you can then market differently to, and their ‘Measure’ feature gives businesses an interactive

measurement of how their Google+ page is being used. Google+ also offers a tutorial for businesses which gives advice on how best to use its features.

Each social media platform makes it possible for businesses to form unique relationships with and reach out to a wider consumer base, share key content about the business and provide marketing and networking potential.

In conclusion, social media presents a large opportunity across multiple channels to build on and promote service, content, advocacy building and insight.

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ADVERTISING SLOGAN. IS IT NECESSARY?

Advertising is the communication relayed from companies to persuade an audience to purchase their products. This communication is usually through various forms of paid media – TV and radio commercials, print ads, billboards and more recently, product placement. Ads are placed where advertisers believe they will reach the largest, most relevant audience.

One of the most important components of an effective advertising is a slogan.

The slogan is an advertising motto that sends an advertising message in a compressed form. It's used in all kinds of advertising communication in order to gather people's attention, increase their commitment to the brand, and stimulate sales.

Slogans are divided into image and commercial. The first express a sense company's philosophy, product or service. The second are aimed at accelerating sales growth. Image slogans usually have more 'serious intonations', while commercial slogans are likely to be rhymed.

Slogans are actively used in advertising. This can be tourist slogans, slogans of enterprises or companies that produce various goods and provide any services to customers. They also play an important role in tourist attraction to certain towns or even countries.

In Belarus, advertising due to a number of reasons almost does not develop. This is due to the lack of real competition, severe censorship, as well as the inability of large cash costs in the sphere of advertising. This is reflected on the texts of slogans, which, owing to the lack of interest of the author (firm), do not possess the same brightness, courage and vigor as, for instance, western firms have.

It is believed that a slogan is 'second name of the product'. The notion came to us from the Gallic language and means 'battle cry'.

How to create a catchy, bright and memorable slogan for the customer? There are plenty of strategies. For example, ‘Application for leadership’ (leadership position - is something that tends to have most companies, so there are numerous rankings that determine the best companies according to different characteristics); ‘Call to action’ (an integral part of any advertising and selling text); ‘Unique distinction’ (qualitative difference of the advertised product); ‘Rhyme’ (helps to make slogan more harmonious and memorable); ‘Binding to the audience’ (reference to a specific audience of buyers); ‘The creation of effect of selectiveness’ (Who does not want to feel special? This is one of the main ‘motivators’ for making a decision), and others.

When making a successful slogan, any of the strategies mentioned above can be used, but also they can be combined to achieve top advertising effect. The main thing to remember is that in the heart of all the great things lies an ‘idea’ and its implementation – it’s just a ‘business’.

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ADVERTISING AND ITS IMPACT ON SOCIAL OBJECTS IN MODERN BUSINESS

According to some people, advertisement is the printed salesmanship which makes goods popular. In other word, we can say that advertising is a technique of influencing the minds of the public to buy the goods advertised. It is a powerful art of attracting the customers to a particular goods. Advertising makes the commodity popular among the people through the use of media like newspapers, radio, TV and sign boards. It attracts the people and creates demand for the product. The expenditure on advertising is considered as a profitable investment.

There are the main advantages of advertising:

1. Increases sale: advertising is very useful in creating the demand and increasing the sale. As the sale of any commodity increases, its production also increases.
2. Provides employment: in the advertising industry thousands people are employed. On the other hand when the sale of the goods increases, new factories are established and rate of employment increases.
3. Save time: advertising enables the consumer to select the commodity according to his requirement within no time. Because he has been already informed about the standard of various goods through advertising.
4. Introduces new products: new products can be introduced in the market within short time through advertisement.
5. Establishes goodwill: advertising establishes reputation and goodwill of the firm.

6. Encourages competition: advertising encourages competition among the producers.

7. Reduces cost: advertising increases the sale and encourages the produce the goods on large scale. Due to large scale economies cost of production reduces.

8. Changes the living standard: advertising brings greater change in the habits attitudes and standard of living of the public.

9. Increases profit: advertising increases the sale and total profit of the producer. Due to this we say that advertising is a profitable investment.

10. Advantage to the consumer: advertising supplies up to date information about the competition products and their qualities.

12. Direct sale: through advertising producer is also introduced direct in the market. People may purchase the goods directly from the producer and can save money.

13. Makes the job easy for salesman: advertising makes the salesman job easier. There is no need of explaining the qualities of a product to consumer. Through advertising customer is already well informed. So a salesman can sell the product without any effort.

Disadvantages of advertising: there are also some demerits of advertising like economic waste. Due to expenditure on publicity the cost of production increases and it is beard by the consumer ultimately. Another disadvantage is that it restricts the competition and creates monopoly. It is also argued that advertising, creates frustration among the poor people. Sometimes advertisers also misguide the public.

So there are the few disadvantages of advertising. It is a universal truth that advertising has played very effective role in expanding the market of various goods.

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ONLINE ADVERTISING: IS IT SO EFFECTIVE ANDWORTH FIGHTING FOR IT?

It is very difficult or even impossible to evaluate the effectiveness of online advertising, but still many producers take a risk with the hope of increasing sales and product awareness. Huge amounts of money are being spent on the Internet advertising. There are a lot of forms of it. Each of them possesses different effectiveness, for example, relying on product placement as the main channel of attracting the audience almost makes no sense. And the effectiveness of the viral advertising is perhaps the most difficult to analyze.

Most varieties of online advertising are effective and their effectiveness is easy to track and respond adequately. For example, contextual advertising, as there are a

number of available metrics for advertiser by which he can judge the benefits of the campaign. It is easy to calculate by the number of impressions, clicks and conversions.

We can't name the most effective form of advertising, methods should be chosen only on the basis of a particular situation. Any method can bring either success or great failure. But it is the assessment of online advertising only on the one part- the advertiser. And what concerns the Internet users who face the daily challenge of hype while surfing the Internet, they have to deal with growing amount of ads.

Today more than 144 million users around the world deal with this problem by using a free browser extension Adblock Plus, which is on guard of a user's calm for about 9 years and the number of its admirers only grows in time.

Adblock Plus itself has no functionality, in the sense that it does not block anything until it is 'told' what to do by its filter lists. These filter lists are essentially an extensive set of rules, which tell Adblock Plus which elements of websites to block. Besides blocking advertisements, filter lists can also be used to block tracking and malware.

Out of the box, two filter lists are enabled:

- a) an ad-blocking list selected based on your language;
- b) the Acceptable Ads exception list.

You are free to disable these lists, add others or create your own.

Popular extension Adblock Plus exists in versions almost for all most widespread browsers - Internet Explorer, Mozilla Firefox, Google Chrome and Opera.

There are a number of specific requirements for advertisers, which are getting into the 'white list' that they must follow in order to avoid blocking their product.

Are those conditions acceptable for us or are not and do we want to see this advertising?

In order to give an answer to this question we have interviewed average Internet users.

Having considered the situation from this side, we can make our own assessment of the situation that we have as a result of conflicts of interests between advertisers and developers of the extension. Because Adblock Plus had 'facilitated pockets' of a sufficiently large number of players on the advertising market, from the largest companies to single small sites.

Claims against Eyeo GmbH, Adblock Plus developer, have been heard from advertisers for years. As a consequence, some measures have been taken to exclude extension from Google stores, as well as measures against the appearance of option 'Allow display unobtrusive ads' in the Adblock Plus settings, enabled by default.

There are a number of program analogs, which don't have any 'white lists' except those that the user makes himself.

The survey can reveal strengths and weaknesses of the program, the effectiveness and acceptability of various types of advertising for Belarusians. And also will reveal

the way of harmonious coexistence of such kind of programs and online advertising for the benefit of advertisers and users. As the hype is the actual problem and no matter if this project will be closed judicially or not, until the Internet is considered to be free at least formally, people will always find a way to bypass this or that limit, to get rid of this or that imposed service.

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ELECTRONIC MONEY AND ELECTRONIC PAYMENT SYSTEMS ON THE INTERNET

There has been a lot of interest in recent years in the development of electronic money, which promises to be one of the greatest revolutions in payment systems since the development of money itself. This led to the emergence of electronic payment systems. This gives buyers and sellers in the network the opportunity to instantly receive and transfer electronic money. With each passing day, the market of electronic payment systems is growing and developing.

Electronic payment systems are divided into two types, depending on the method of calculation. These are credit and debit payment system. Credit payment system uses credit cards from different banks for making monetary transactions. Debit payment system for making money transactions using electronic checks and electronic money. Electronic money is an analogue of cash, respectively, and electronic checks - is an analogue of conventional paper checks.

Working with e-money through an electronic purse. He is easy and free to open any e-payment system. In memory of your wallet will store all cash and carry out operations. In order to put money into an electronic wallet, they first need to buy or exchange. The monetary unit of your purse can be any electronic currency, depending on what payment system you use, and what kinds of purses it provides. Advantages and disadvantages of electronic money.

It is important to consider the advantages and disadvantages of electronic money because these schemes are set to become the future replacement of physical cash. Perhaps one of the main advantages of the proposed system is for the issuing banks. The credit card and debit card payment systems that are in effect are costly, as they require a complex system of contractual and operational interactions between consumers, retailers and issuers. Another factor that elevates the cost of this system – and in particular in credit card payments – is that consumers have to be credit worthy in order to receive credit.

One of the results of this high cost is that this payment system is not efficient for micro-payment systems, such as those that are increasingly popular on the Internet with the adoption of pay-per-use schemes such as digital music, e-books and Internet performances.

Several authors have pointed out many of the advantages of the electronic money model. Some of these are:

- Consumer convenience
- Increased consumer confidence
- Payer anonymity
- Issuer advantages

Although the potential advantages for electronic money are considerable, there are still several problems that should provide a healthy dose of skepticism for this payment system:

- Consumer confusion
- Regulatory maze
- Security

There is no doubt that smart cards have an immense potential to become the largest method for payment in the world, eventually replacing physical currency. The law would appear to be taking this seriously enough in some countries, and it is encouraging that there are already enough regulatory efforts to attempt to make legal sense of this payment method. The potential advantages for consumers, merchants and financial services make electronic money the way to go in the future. Nevertheless, there cannot be any sort of complacency when trying to make this system as secure as humanly possible, the consequences otherwise would be terrible to consider. The electronic money industry must make sure that this payment system does not make it out of the door without the utmost certainty that the system is as secure as it can possibly be. So far the number of trials in towns and small cities around the world would show that they are indeed taking these threats seriously.

SECTION 2

ACTUAL PROBLEMS OF INTERNATIONAL MANAGEMENT AND MARKETING

Akhremchyk J., Raik, E.
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A CUSTOMER OF THE XXI CENTURY: SATISFACTION OR EXPERIENCES?

What people have demanded since the beginning of times is ‘bread and circuses’. However, nowadays the balance between these two needs seems to have moved to the last one. Today’s customers are no longer satisfied with a simple purchase – they require impressions and emotions to support this process. Therefore, it is time for the experience economy, the urgency of which actually doesn’t arouse any astonishment.

This phenomenon can be explained by Maslow’s hierarchy of needs. As a person satisfies all basic needs, there comes the longing for self-actualization and aesthetics. Thus, the economy of impression doesn’t contradict human’s psychology.

One more explanation for the emergence of the experience economy can be found in the so-called law of Linus, the creator of the famous operational system known as Linux. His approach interprets this phenomenon as an integral part of logical social development.

Furthermore, the results of a customer survey conducted prove the necessity of the experience economy and its popularity among consumers.

Unfortunately, nowadays most producers are still unaware of the changes in customer needs or else, even being aware of them, they have no idea of what direction to take. For the purpose of overcoming these obstacles a simple, but efficient solution is offered, based on the so-called ‘Marketing Mix’ or ‘Four Ps of Marketing’.

All in all, it is advisable for everyone engaged in the experience economy to remember its basic principle: ‘You do not sell only what you make, but who you are’. So, it is significant to do everything in one’s power and present themselves and their products in a favourable and catching way. Besides, ‘flavouring’ it with experience is well worth as that is what customers insist on nowadays.

MOTIVATION IS A TOOL OF MANAGEMENT

There are a lot of definitions of the term ‘management’, but one of them is as follows: ‘Management is nothing more than motivating other people’. And we ask ourselves, what is motivation and why is it has such an importance? Let’s see into it.

Motivation is one of the key factors driving us towards achieving something. Without motivation, we will do nothing. Therefore, motivation is may be the first aspect when it comes to corporate management. Highly-motivated individuals and staff have a willingness to get the job done efficiently and effectively, resulting in higher productivity, increased revenue, cost savings and satisfied employees and business owners. Employees and staff with low motivation tend to work slower, without regard for productivity or efficiency, and end up costing the business money. Low motivation can be caused by a lack of direction or purpose, and can sometimes be reversed by the introduction of goals.

Firstly, as a company owner, it’s not necessarily going to be the case that all of your workers are going to be as motivated as you are. That’s only natural. You have far more to gain (and to lose) by owning the company. However, if there is little or no employee motivation, you can never hope to achieve the desired results for your company.

Whilst there will be some workers who are naturally motivated, there will be others who require some kind of stimulus if you’re ever going to get them to be as productive as you want them to be. Remember the old adage – ‘you can lead a horse to water, but you can’t make it drink’.

In today’s business world with rapid changes happening all around, it has become even more important for managers to motivate their staff and help their staff in optimizing their performance. Besides, research and observation proves that motivated employees are more creative and productive in the work place.

The methods of motivating employees today are as numerous and different as the companies operating in the global business environment. The best employee motivation efforts focus on what employees deem to be important. It may be that employees within the same department of the same organization will have different motivators. Many organizations today find that flexibility in job design and reward has resulted in employees’ increased longevity with the company, increased productivity, and better morale.

There are many ways to motivate employees. Managers who want to encourage productivity should work to ensure that employees:

- Feel that the work they do has meaning or importance.
- Believe that good work is rewarded.
- Believe that they are treated fairly.

All of these tasks fall under one or more motivational theories, which have been developed for years. The most popular among them are the following: Maslow's hierarchy of needs theory, Vroom's expectancy theory, equity theory, theory X and theory Y, Hawthorne effect, which was developed by Elton Mayo, Alderfer's theory and so on.

Many motivation's theories were suggested though its existence. So we think that we could do nothing but take the best of them and use it where it will do the most good. And from our side we should combine all the theories with intuitive ability, common sense and experience.

Businesses with unmotivated employees often face low productivity and high turnover rates. Multiple theories help explain how workers are motivated and provide suggestions for how to increase motivation in the workplace. Understanding which theory best fits your employees may help improve your small business by increasing employee retention rates and improving worker productivity. Therefore, we can say that motivation is a psychological phenomenon which means needs and wants of the individuals have to be tackled by framing an incentive plan.

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SUSTAINABLE EVENT MANAGEMENT FOR A BETTER WORLD

Event Management when compared to other traditional professions such as medicine, law and accounting is relatively a young field. It is an area that is growing rapidly and now represents hundreds of professionals who are responsible for planning, coordinating and evaluating a wide range of events all year round.

Organizing events are highly resource intensive, and can have negative environmental consequences such as waste of water, energy and materials. Therefore, greening any event is critically important to ensure sustainability development in event management by making responsible decisions during planning, organization and implementation of an event.

Since first 'green Olympic Games' in Norway, green event management has gained popularity and is applied to many spheres of life.

The brightest manifestation of green practices is represented in such areas as venues and accommodation, food and beverages, exhibitions, marketing, PR and production, transport, general, including the office, AV, IT, decor and entertainment.

Greening practices are practical things that can be done to encourage sustainable living and such greening practices as green purchasing, energy efficiency, water conservation, emissions reduction etc. should definitely be considered when planning or implementing an event.

Event greening is not only about the environment, but needs to consider the social and economic benefits to the local community as well. Event management is predominantly about creating an experience. So, by stimulating the local economy and social development, the whole community will benefit from the event, and this will support poverty alleviation in the long term.

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THE IMPORTANCE OF EVENT MANAGEMENT IN MODERN WORLD

Nowadays to draw consumer's attention, more sophisticated methods should be used, such as below-the-line advertising. Among the most efficient methods are events. There are several definitions of event management. One of the shortest and most appropriate is: an event is something different from a normal life. This definition belongs to Robert F. Jani, one of the leaders of Disneyland. So, event management is the coordination, running and planning of all the people, teams and features that come together to create every kind of event. Event managers are needed in almost any kind of business – entertainment, finance, government, retail, fashion, sport, music and so their day to day job can be filled with a huge range of exciting challenges and unique situations. The purposes of these events vary from attracting new customers and raising the status of the company to entertainment work and charity.

There are events of different types and sizes which are carried out in business, human society and in small groups to offer new goods, achieve success, raise revenue or celebrate anniversary. Among the most popular kinds of events are business (dealer forums, conferences and congresses), entertainment (corporate events, team-building activities) and public events (city holidays, festivals, concerts). There are many schools and courses to train event management in Europe. In the CIS countries, this sphere of management is less developed; nevertheless, special institutions both in Russia and in Belarus have been recently created. Such activity as event management develops the brand image and improve the socio-economic relations with customers and partners.

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MODERN ALTERNATIVE TO GLOBAL COMPETITION

Today's business world is mainly associated with fierce competition between different companies in the global market. In this case the word 'competition' means that consumers give best to one company in comparison with others. However, during the second half of the XX and especially XXI century intercompany cooperation moves to the forefront. Actually nowadays companies are increasingly turning to networks and alliances to access complementary knowledge and market resources. More specifically, the matter concerns strategic alliances first of all. They have developed from an option to a necessity in many markets and industries.

In general, there are several ways of defining a strategic alliance. Broadly speaking, strategic alliances are partnerships in which two or more companies work together to achieve objectives that are mutually beneficial. Among these objectives is the reduction of costs through scale effect or increased knowledge, entering new markets, improvement of research and development efforts and quality, access to new technologies, shared risk, common sources, acquisition of new customers and others. Moreover, a strategic alliance is less involved and less permanent than a joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its authority while gaining new opportunities. Strategic alliances are often formed in the global marketplace between businesses that are based in different regions of the world. In addition to this, companies may form strategic alliances with a wide variety of players: customers, suppliers, competitors, universities or divisions of government.

Variation in markets and requirements leads to an increasing use of strategic alliances. It is of essential importance to integrate strategic alliance management into the overall corporate strategy to advance products and services, enter new markets and leverage technology and Research&Development. Nowadays, global companies have many alliances on inland markets as well as global partnerships, sometimes even with competitors, which leads to challenges such as keeping up competition or protecting own interests while managing the alliance. So today managing an alliance focuses on leveraging the differences to create value for the customer, dealing with internal challenges, managing daily competition of the alliance with competitors and risk management which has become a company-wide concern.

On the whole nowadays the use of strategic alliances has become a major tool for businesses that are internationalizing their operations. Therefore, use of strategic

alliances has expanded dramatically over the past decade, and their use will undoubtedly continue to increase as business world enters the 21st century.

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PLANNED OBSOLESCENCE – PRODUCTS DESIGNED TO FAIL

The aim of modern economy is to make us buy many unnecessary goods on credit. Today, the so called ‘economy of growth’ dominates in our society, the main point of which is not to stimulate the growth in order to satisfy consumer needs, but to grow just for growth’s sake. In fact, if customers don’t purchase goods, the economy simply wouldn’t grow. The planned obsolescence is based on the desire of customers to have something a little newer, a little better, a little more than necessary.

Where did the idea of the planned obsolescence come from?

Just imagine the bulbs you produce have already been shining for 24 years and all consumer needs in bulbs are about to be satisfied. And it actually means that your income will decrease very soon, and it’s clear that you are not going to put up with such a situation. Quite the same happened with the Shelby Electric Company in 1925 when they decided to decrease the life time of light bulbs from 2500 hours to 1000. It enabled the company to train consumers to buy earlier and more often so that they could receive extra-income. The producer all over the world took this strategy into account and later in 1932 it became known as the strategy of the planned obsolescence. And it should be said that the economists considered this strategy as a chance for ending the Depression.

What is the role the planned obsolescence in the promotion of goods?

This technology helps a company to increase the sales and minimize costs without any difficulties. It happens because of decreasing the time between purchases. Producers can easily mislead their customers who fondly think that goods are made with the latest innovative technology. Customers disappointed with the breakage of their ‘toys’ have actually no idea that they became another victim of the planned obsolescence. They run crying for the next ‘toy’ to the shop and the inevitable occurred – they buy a ‘new toy’ which is even much better than ‘the old one’. And after another breakage they take it for granted that they should buy a new thing. The most important in this ‘game’ is that all trumps are in the hands of produces. Innovation is applied in industry deliberately very slow. And it means that producers know in advance that their products are imperfect.

Did you not recently think about buying a new mobile phone / computer / car / clothes because your old one unexpectedly died or just because of this very cool new feature that you oh so badly need?

Producers deliberately change the style of their products to make consumers feel 'old-fashioned'. So they go for a new purchase without hesitation. In this case we deal with aesthetic obsolescence.

The most vivid example of it is the strategy of Apple inc. Twice a year the company presents new modified devices focusing on their products style. Millions of consumers are ready to buy a new device immediately only because it is NEW, no matter what characteristics it has and how much time has passed since they bought the previous model. So for some people it's very hard to see that their friends have more 'advanced version' whereas they have an old one. And unfortunately we all are involved in such processes.

But what is the main disadvantage of the planned obsolescence?

Everything would be perfect but, obviously, to produce more you need more resources. And resources are limited. Nowadays, it's a common tendency to ignore the resource exhaustibility while using the technology of the planned obsolescence. To recycle and produce renewed goods you also need more energy and more materials. What is more, obsolete products are dumped which leads to increasing of the environmental pollution. The recipients of such types of products usually become the Third World countries which don't even complain about unfavorable ecological conditions. And doubtless, this method is very convenient for developed countries.

The problem of the planned obsolescence is known to exist. And since we have the human mind, often capable of doing great things, it probably won't be superfluous, once again, to turn to him for help.

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THE ALIBABA PHENOMENON

On its way to becoming the world's biggest economy, China is passing another landmark. Its e-commerce market is overtaking America's. And one giant firm dominates the market: Alibaba, by some measures already the world's largest e-commerce company. Moreover, this Chinese Web behemoth is set for the biggest IPO in U.S. history – and could transform the landscape of online retail as we know it.

Unless you're in the supply chain business, few are likely to have heard of it before. Think of it as a company that is a combination of eBay and Amazon. Alibaba's

story so far has been one of canny innovation and a clear focus on how to win competitive advantage in China. In the year of 1999, the company's first business was alibaba.com set up by the company's founder Jack Ma and 17 colleagues who started a site meant to help small local companies sell their products online. With its multiple marketplaces and business models, and its nearby appetite for investing in seemingly unrelated businesses, Alibaba can be a challenging company to understand. Unlike Amazon and Ebay, which created single online hubs and then opened regional versions around the world, Ma and his colleagues have succeeded by creating several different sites, each tailored for a different style of transaction – and each with the potential for massive global reach. That's why its next invention, Taobao, a consumer-to-consumer portal not unlike eBay, features nearly a billion products and is one of the 20 most-visited websites globally. Tmall, a newish business-to-consumer portal that is a bit like Amazon, helps global brands such as Disney and Levi's reach China's middle classes. Alibaba's reach does not end there, it also runs the online payment system alipay.com, which operates like Paypal and links all of these properties. This would simply mean that it's almost easier to list what Alibaba group doesn't do. The website helps to connect exporters in China (and other countries) with companies in over 190 countries around the world. As the company simply connects customers and businesses charging only a small commission, it does not need huge amounts of infrastructure to make the system work. It also offers online marketing, cloud computing and a logistics operation. Finally, and possibly most significantly, it has plans to enter the banking industry.

Nowadays, Alibaba accounts for 80% of all online retail sales in China. Unlike eBay, it does not charge listing fees. Instead it makes most of its revenue from advertising on its various sites, which are considered to be very appealing. Alibaba could grow even faster. By 2020 China's e-commerce market is forecast to be bigger than the existing markets in America, Britain, Japan, Germany and France combined.

However, there are some big challenges for Alibaba as it seeks growth outside China. The most obvious one is that not only are most shoppers unfamiliar with Alibaba's brand but they already have deep relationships with retail sites in their home countries. It ties into the second risk – that foreign governments will clamp down on Alibaba. It would be sad if Alibaba, which seems to have far fewer ties to the Chinese state, was tarred with the same brush. But the greatest threat to the company's future will be at home, since the politics of China pose a particular risk.

It goes without saying that Alibaba has the potential to become the world's most valuable company. Its impressive IPO, the biggest ever in the US stock market history, can be viewed as a union connecting Chinese society and the rest of the world. Furthermore, Alibaba has created a success model that has injected confidence and hope for many Chinese entrepreneurs. But the most precious treasure discovered by Alibaba is the possibility to create a better China. Such success is a tell-tale sign that 'Made in

China' no longer continues to be viewed as low quality. Instead, it becomes increasingly synonymous with producing the best in the world.

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CIVIL-MILITARY PRODUCT PROMOTION MODELS IN THE CONTEXT OF COMMERCIALIZATION PROCESS

Nowadays, the rate of technological diffusion is crucial. Periods of innovation's obsolescence and its replacement become shorter because of the strong influence of the competitive environment which permanently presents new technical, technological, organizational solutions. The boundaries between the spheres of production go blurred: technologies and materials that were previously used only in military, aerospace and aviation are now widely used in the production of civilian products. The commercialization procedure of military developments has changed so it made possible to offset the costs more effectively and obtain higher profits without orientation only on defense contracts.

We devoted five basic models which are used in the commercialization of military developments depending on their original purpose:

1. commercialization model with a focus exclusively on national defense consumption; it is applicable to an experimental and serial samples of armaments and transport, equipment and instrument systems which are not intended to export abroad or distribution in the civil market. Such samples can not be demilitarized, they are originally designed only for military applications and they could be used only by national defense forces (for example, strategic weapons, missile systems, locating stations, etc.).

2. commercialization model with a focus exclusively on military consumption (including arms exports); unlike the previous model this one takes into account the requirements of the customers in designing and manufacturing process. As an example, the joint development of Russia and Jordan - multifunctional grenade launcher RPG-32 'Hashim', designed by the Russian JSC SPA 'Bazalt'. New weapon system took into account an experience of tank battles in the desert conditions as well as the experience of designing anti-tank weapons against modern armor types.

3. commercialization model including the adaptation of existing military developments (serial or prototypes) for civilian consumption; the purpose of this model is to adjust early military products (new or obsolete) to the needs of citizens in

connection with the demand for it, for example, the production of less-lethal traumatic weapons from old army or police samples, selling hunting carbines based on demilitarized magazine rifles which are in conservation.

4. commercialization model which implies the designing of targeted civilian products originally created for the commercial realization on the local or international market. As an example, the production of hunting shotguns and carbines, accessories and components for a specific order based on anatomical features of the shooter.

5. commercialization model which implies designing samples at the same time meeting the requirements of both military and civilian users. Usually this model is applied in the case of concurrency of the functions and specifications of civil and military samples. These are such products like the optical and collimator sights, precision small arms, navigation equipment and other kinds of accessories.

In compliance with the selected commercialization model company specialists state the technical specifications, the order of testing products, marketing strategy of specific models and model series.

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GREENMAILING

Greenmailing or corporate blackmailing is a complex of corporate actions undertaken by a minority shareholder (the company member whose ownership interest doesn't allow him to exert outright control over the company) in order to force the company or its majority shareholders to buy the shares belonging to such minority shareholder at a substantial premium. In other words, greenmailing is a type of white-collar extortion.

Unlike the ordinary extortion, greenmailing is extremely hard to prosecute. The problem is well known in the western countries; extremely high tax rates on such 'gray' income are the countermeasures adopted to thwart greenmailing there.

A greenmailer's strategy is rather predictable. First he purchases a minority stake of the company and then, following his plan, starts to fight with the company until he is offered to sell his shares at a premium.

The usual tactics pursued by as mall-scale greenmailer comprise consistent demands to conduct extraordinary general meetings of shareholders, complaints to different authorities to make them conduct the audits of the company, its officials and eth major shareholders, groundless appeals of the decisions and actions of the company management.

Greenmailer exercises his rights against company for no particular reason, meticulously collects the committed violations and uses all the blunders of the company in his benefit. Non-provision of the copies of the company documents in due time are the basis to appeal to the regional division of security market agency, and the complaint may be the basis for fining the company.

A special way of putting the pressure on the company management is filing suits against the members of the Board of directors and people who exercise authorities of executive bodies. To use this very popular instrument it's enough to have only 1% of the shares or to be a member of the company. As practice shows, on the one hand, such suits have a great psychological effect on the company management; on the other hand, such a suit filed within proper jurisdiction can do great things. As any other suit it may be secured, for instance, by sequestration of the shares owned by the Director General and the members of the Board of directors. It all depends on the greenmailer's real intentions, his imagination and opportunities. If we judge the situation in a formal manner, greenmailer is nothing to blame for. The problem is that these suits are derivative suits designed to protect the company's interests. The activist shareholder is just preoccupied by the state of affairs at the company.

Consequently, nowadays greenmailing is an unscrupulous but highly lucrative business, that's why its popularity will only rise in the future. There are all the necessary presuppositions for it.

A large-scale greenmailer is much more dangerous than his small-scale fellow. The reason is that he acts on another scale, and as a rule has more money and opportunities. A large-scale greenmailer can really cause serious problems to the company, especially if the company doesn't know how to fight him. In the present-day practice serious and well-planned greenmailing can often lead to full takeover of the company. On the other hand, an unsuccessful attempt of hostile takeover of a company has all the chances of becoming a large-scale greenmail campaign. The predator, having suffered a defeat, will surely want to get back the money spent on an unsuccessful project. In this regard it's quite convenient for him to resort to greenmail in order to get the ransom that will cover all his expenses for the unsuccessful raid. A large-scale greenmailer practically always gets the buy-out money. He gets it even in cases when there is definitely not a single reason to pay him. In this way a large-scale green mailer always wins: he will benefit from his actions in all the cases. That's the paradox: he will either take over the target company and will profit from reselling it or will benefit from reselling the shares that he acquired from natural persons or legal entities for an incommensurably lesser price.

The greenmailer's opportunities are restricted by three external circumstances and one internal condition:

1. The number of the shares that he owned.
2. The budget of the greenmail company.

3. The administrative and legal resources of the greenmailer.
4. Creative thinking of his employees.

In conclusion it should be noted that greenmailing, in spite of its real objectives, also has a positive effect. After a greenmailer's raid the managers, as a rule, do not resume their financial malpractice for a long time. There is also an opinion that greenmailing in certain sense boosts natural selection. Greenmailers make the company management more organized in their work, force it to take measures for asset stripping prevention, and to strictly follow the procedural regulations of corporate management.

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SOCIAL MEDIA MARKETING

Social media marketing, or SMM, is a form of internet marketing that implements various social media networks in order to achieve marketing communication and branding goals. Social media marketing primarily covers activities involving social sharing of content, videos, and images for marketing purposes.

Social media marketing programs usually center on efforts to create content that attracts attention and encourages readers to share it across their social networks. The resulting electronic word of mouth refers to any statement consumers share via the Internet (e.g., web sites, social networks, instant messages, news feeds) about an event, product, service, brand or company. When the underlying message spreads from user to user and presumably resonates because it appears to come from a trusted, third-party source, as opposed to the brand or company itself, this form of marketing results in earned media rather than paid media.

Social networking websites allow individuals to interact with one another and build relationships. When companies join these social channels, consumers can interact with them directly. That interaction can be more personal to users than traditional methods of outbound marketing & advertising.

Social networking sites act as word of mouth. Social networking sites and blogs allow followers to 'retweet' or 'repost' comments made by others about a product being promoted. By repeating the message, the user's connections are able to see the message, therefore reaching more people. Because the information about the product is being put out there and is getting repeated, more traffic is brought to the product, company.

Through social networking sites, companies can interact with individual followers. This personal interaction can instill a feeling of loyalty into followers and

potential customers. Also, by choosing whom to follow on these sites, products can reach a very narrow target audience.

Social networking sites also include a vast amount of information about what products and services prospective clients might be interested in. Through the use of new Semantic Analysis technologies, marketers can detect buying signals, such as content shared by people and questions posted online. Understanding of buying signals can help sales people target relevant prospects and marketers run micro-targeted campaigns.

Social Networking is used by 76% of businesses today. Business retailers have seen 133% increases in their revenues from social media marketing.

SECTION 3

MODERN TENDENCIES IN DEVELOPMENT OF INTERNATIONAL ECONOMY

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CURRENCY WAR

Currency war, also known as competitive devaluation, is a condition in international affairs where countries compete against each other to achieve a relatively low exchange rate for their own currency. As the price to buy a country's currency falls so too does the price of exports. Imports to the country become more expensive. So domestic industry, and thus employment, receives a boost in demand from both domestic and foreign markets. However, the price increase for imports can harm citizens' purchasing power. The policy can also trigger retaliatory action by other countries which in turn can lead to a general decline in international trade, harming all countries.

Competitive devaluation has been rare through most of history as countries have generally preferred to maintain a high value for their currency. Countries have generally allowed market forces to work, or have participated in systems of managed exchange rates. An exception occurred when currency war broke out in the 1930s. As countries abandoned the Gold Standard during the Great Depression, they used currency devaluations to stimulate their economies. Since this effectively pushes unemployment overseas, trading partners quickly retaliated with their own devaluations. The period is considered to have been an adverse situation for all concerned, as unpredictable changes in exchange rates reduced overall international trade.

According to Guido Mantega, the Brazilian Minister for Finance, a global currency war broke out in 2010. This view was echoed by numerous other government officials and financial journalists from around the world. Other senior policy makers and journalists suggested the phrase "currency war" overstated the extent of hostility. With a few exceptions such as Mantega, even commentators who agreed there had been a currency war in 2010, generally concluded that it had fizzled out by mid-2011.

States engaging in possible competitive devaluation since 2010 have used a mix of policy tools, including direct government intervention, the imposition of capital controls, and, indirectly, quantitative easing. While many countries experienced undesirable upward pressure on their exchange rates and took part in the ongoing arguments, the most notable dimension of the 2010–2011 episode was the rhetorical conflict between the United States and China over the valuation of the yuan. In January

2013, measures announced by Japan which were expected to devalue its currency sparked concern of a possible second 21st century currency war breaking out, this time with the principal source of tension being not China versus the US, but Japan versus the Eurozone. By late February, concerns of a new outbreak of currency war had been mostly allayed, after the G7 and G20 issued statements committing to avoid competitive devaluation.

After the European Central Bank launched a fresh programme of quantitative easing in January 2015, there was once again an intensification of discussion about currency war.

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INTEGRATION PROCESSES IN THE WORLD ECONOMY

In the context of globalization, the increasing interdependence of national economies and the development of integration processes are the most important features of modernity. International integration is proceeding rapidly as the result of the increased flow of trade, capital, money, direct investment, technology, people, information, and ideas across national boundaries. Integration emerges on the basis of internationalization as its highest form. In the words of American scholar, Patrick M. Morgan, ‘There is no generally accepted definition of integration. Some consider integration to be a condition, but it is equally plausible to think of it as a process.’ For diversity, let us look at some other definitions, like this one given by Robert Grosse and Duane Kujawa: ‘Regional integration is expansion of commercial and financial ties among countries in a regional group, leaving the rest of the world outside of the group.’ From a systematic perspective, economic integration is reached in the process of joining different national economies together in a single economic complex having a specific institutional structure and functioning on the basis of coordinated economic policy.

As one of the main trends in contemporary international processes, regional co-operation offers great opportunities for countries to become involved in these processes, identifying their specific place in the international system and adapting to the dynamic changes which are taking place. The question is how it can influence on the world economy. The truth about economic integration particularly in the context of the 21st century is that, economies that will resist the global drive towards international economic integration will find themselves out of pace with the rest of the world in terms of growth and development. On the other hand, the collective understanding of the advantages and opportunities which the regional integration provides will lead to intensified and more divergent forms of co-operation which will be both deeper and

broader. This is dictated by the logic of international processes which says that in our day only those political actors who are effective collectively will survive. A maximum of cooperation, in other words, is the best security guarantee.

The next important issue is the future of economic integration. For the states with transitive economy, as well as for the Republic of Belarus, participation in integration processes is an objective necessity and the most acceptable way of entering into the world economic system. Future perspectives of the Belarusian economy, taken into account a high scale of its openness and active globalization processes in the world, are directly connected with development of foreign economic activities. Relations with Russia and other countries of the CIS will remain the priority in this sphere. In order to promote stable development, to raise the competitiveness of national economies and the living standards of the nations the Eurasian Economic Union (EEU) is being created by the Republic of Belarus, the Republic of Armenia, the Republic of Kazakhstan and the Russian Federation. It is also envisaged to develop foreign trade cooperation with the neighbouring countries – the Baltic States, Poland, and other countries of Central Europe, which are providing Belarus with an exit to the sea, a capability of transit of Belarusian goods. As to countries of the West (and first of all the members of the European Union), it is supposed to develop foreign economic relations with them on the basis of prolongation of the process of Belarus' entrance into the WTO, active participation of our country in the work of international economic and financial organizations.

Obviously, economic integration allows the countries to get the maximum benefit from mutual cooperation. Countries entering economic integration form groups and have greater political influence as compared to influence by a single nation. Economic integration lowers national barriers to trades and investments, so goods, services and money move more freely throughout the world. A positive and very important side effect is therefore also that the firms operating inside the integrated market may become more efficient and thereby be able to compete with larger and more efficient firms emanating from other large countries or other economically integrated areas. Economic interdependence creates prerequisites for the political cooperation between the nearby states, preventing the possibility of military conflicts appearance. Thus, economic integration has become a preferred strategy for most countries of the world.

SPECIFICITY OF ANTI-DUMPING REGULATION FOR TRANSITION COUNTRIES

Since the anti-dumping regulation mechanism in transition economies is a specific instrument for promoting competition, the anti-dumping should be viewed as a very important part of the trade policy. The basic criteria traditionally used in the determination of the normal price of a product should be adapted to the realities of organic production in the transition period.

As a rule, dumping is quite common in the international trade practice. Dumping is considered for the sale of goods at a price below the selling price of the domestic manufacturer. Introduction of antidumping measures is possible only when a certain industry complains against the importing country and a special investigation is conducted. As a result of this investigation, the existence of dumping practices causing material damage to a national industry has been proved. The use of the instruments of domestic market protection is an important factor in protection of national producer's interests from the negative effects of foreign competition. The state can apply antidumping duties, including temporary anti-dumping ones, or adopt exporter pricing obligations.

Within the framework of the Customs Union of the Republic of Belarus, the Republic of Kazakhstan and the Russian Federation, a unified mechanism was created to apply special safeguard, antidumping and countervailing measures on imports from third countries.

The above mentioned measures should be applied after the Board of Eurasian Economic Commission investigates the case and makes an appropriate decision. In particular, most measures which were used on the territory of the members of the Customs Union at a national level have been extended to the common customs territory of the Customs Union (countervailing measures do not apply in Belarus, Russia and Kazakhstan).

On the whole, the main problems faced by transition countries are connected with the ignorance of the antidumping legislation and relevant procedures. The determination of dumping existence is basically a judicial procedure, during which exporters have the opportunity to provide evidence justifying their positions. Often non-market countries are unable to provide detailed cost and price information in a particular requested format. Therefore, the issue is solved by voluntarism in order to identify the existence of dumping practices. If a certain economy has a non-market reputation, than it is almost impossible to recognize a particular company-exporter. In practice, transition

countries face obvious discrimination in determining normal prices. During anti-dumping investigations, the utilization of the ‘choice of the analogue country’ method in normal value determination, jeopardizes exports, increases the risks of arbitrariness and attracts biases from the part of officials. In the absence of strict regulatory rules, a transition country faces the threat of adverse selection of the country analogue and it can be vulnerable to unjustified price changes. Pricing in third countries to determine the dumping margin encounters enormous difficulties.

To sum up, to prevent possible anti-dumping sanctions against domestic exporters, institutional reforms in transition economies are needed. There is a stringent need to follow the dynamics of the anti-dumping policy, to identify key trends, issues, and change possibilities of the forms and methods of its application. This will help the transition from anti-dumping mechanisms pronged treatment to comprehensive understanding of policies in order to protect the interests of exporters.

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SPECIAL ECONOMIC ZONEZ: ‘ISLETS’ OF THE WORLD ECONOMY

A Special Economic Zone (SEZ) is designated area in a country that possesses different from other areas in the same country special economic regulations. The economic laws for businesses in SEZ are more liberal and typically regard investing, taxation, trading, quotas, customs and labor regulations.

Even since the first SEZs were established more than fifty years ago, they have become an increasingly prominent feature of the world economy. In the mid-1980s, they began to spread rapidly, especially in developing countries. If in 1986 there were only 176 such zones recorded in 46 countries, today more than 3,000 SEZs are known to exist in some 135 countries. It is estimated that, collectively, they account for over \$500 billion in global trade, and employ more than 70 million people. There are also various types of SEZs in the world, the functions of which are slightly different.

While other policy tools exist, SEZs can be particularly effective by concentrating activities in one area, exploiting economies of scale in provision of public infrastructure and facilitating cluster development. They can potentially promote private investment, industry and export growth by offering quality infrastructure, streamlined business regulations and incentives to investors and businesses.

The new SEZs quickly attract foreign investment and become boomtowns, with rapidly expanding light and consumer-goods industries and growing populations – as for example, Shenzhen’s population (China) grew from some 30,000 in 1979 to more than 1,000,000 by the beginning of the 21st century.

However, SEZs are not a panacea. Decades of experience have shown mixed results with many successful and unsuccessful SEZs. Their headway, in large part, is determined by policy choices on the development, operation and benefits of SEZs, the legal and institutional framework, and the overall infrastructure of the country as well.

By the way, an application of this tool is characteristic for the Republic of Belarus. Each region of the country has a free economic zone. Moreover, Belarus is currently working on a special economic zone, the future China-Belarus industrial park, which will feature industrial and logistics zones, residential and office buildings, financial and R&D centers.

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TRENDS IN THE DEVELOPMENT OF MODERN GLOBAL PAYMENTS CURRENCY OR WOULD CHINESE YUAN REPLACE AMERICAN DOLLAR?

In today's world economy is developing incredibly fast. Those countries that previously occupied the leading position are passing into the background now and vice versa. China, for example, shows very high rates of economic development, being the world's second-largest economy that was revealed in researches International Monetary Fund (IMF). Moreover, the Chinese yuan extraordinarily quickly began to extend as a means of the international calculations. According to the data from the Society for Worldwide Interbank Financial Telecommunication, or Swift, the Chinese yuan overtook the Canadian and Australian dollar as a global payments currency in November 2014, and now takes position behind the Japanese Yen, British pound, Euro and US. It implies lifting on fifteen stages in comparison with December 2012.

Having made such a big leap whether renminbi will be able to climb even higher? It is now generally accepted that there is still a long way to go for the yuan to catch up with the US dollar, which accounted for the majority of global payments. On the one hand, a Shanghai-based strategist say, 'Chinese economy hasn't resolved problems of its expanding shadow-banking market and local government debt'. In contrast to this view, some economists claim that the yuan has a very high chance of being chosen as a reserve currency in the next IMF review. For example, in September, 2007 the National bank of Belarus declared that the structure of the international reserve assets of the Republic will join assets in the Chinese yuans. Moreover, the Chinese authorities continue to carry out various reforms on deregulation of the currency, eventually these actions lead to increase in liquidity. It would be thus of interest to investigate how used the yuan will become and how it will affect the economy of Republic of Belarus.

This study set out to assess perspectives of expansion of RMB (Renminbi) and identify the pace of internationalization of the yuan. This is done by presenting the payment currencies evolution. Besides, in this paper I report on different views on the growth for RMB payments, that allowed to observe an objectivity method.

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THE ROLE OF OPEC IN SETTING OIL PRICES

With each passing year, oil seems to play an even greater role in the global economy. However, its impact on a country's economy may be different due to the shifts in prices.

Oil is a commodity traded on a global market. While the value of a country's currency or the interest rate can affect economic conditions on the national level only, fluctuations in the oil price have a global effect. The two primary factors that impact the price of oil are: supply and demand and market sentiment.

The concept of supply and demand is actually not that straightforward in this case. The price of oil as we know it is basically set in the oil futures market.

Another key factor is market sentiment. It is based on the beliefs and intentions that traders of futures market possess.

However, those are not the only determinants of oil prices. The single largest entity impacting the world's oil supplies is the Organization of the Petroleum Exporting Countries (OPEC), a consortium of 12 countries.

OPEC, which supplies 43 percent of crude demand, is formally committed, as described in its founding statute, to maintaining a stable market. OPEC keeps demand and supply in balance, and prices within a band that it deems reasonable. In order to accomplish this it will not only increase, but also will decrease production as needed. Each member country has a production quota which is based roughly on the member states' proven reserves, as well as on many other factors such as need for revenue. However, these quotas are mostly for public consumption, and members may or may not abide by them since the only result that matters is a tranquil market.

OPEC always maintains what is termed 'spare capacity', which is the ability to add additional supply to markets on short notice in case of unforeseen developments.

It is important to note that day to day or week to week prices on commodity exchanges are influenced by all market participants. This includes businesses such as airlines or oil refineries that need to protect themselves from changes in prices as well as speculators who place bets on future price direction.

However, longer term prices are set by the supply and demand balance controlled by OPEC: too much supply on the market means prices will drop slowly but steadily, and too little supply means prices will rise. In either case there can be significant fluctuations within or outside the price band since there is no official cooperation between consumers (oil importers) and producers to balance the market. Indeed, price fluctuations can be viewed as an integral part of the price setting mechanism in that they help to mask the real reason for price increases.

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TECHNICAL BARRIERS TO TRADE: PROTECTION OR CONSTRAINT OF INTERNATIONAL TRADE?

Methods of non-tariff regulation are the main obstacles to the free movement of goods across the border at the present stage of international trade development, because methods of tariff regulation of trade are much easier to eliminate. The most interesting category of non-tariff barriers for economists all over the world is technical barriers to trade. These are the widely divergent measures that countries use to regulate markets, protect their consumers, or preserve their natural resources, but they also can be used to discriminate against imports in order to protect domestic industries.

The legal basis of technical barriers is a technical regulation. It is a document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements as they apply to a product, process or production method.

Legitimate purposes of establishing technical barriers are to provide high-quality export products, production requirements, to protect the lives and safety of people, animals and plants, as well as protection of the environment and national security requirements. However, there are many cases when technical restrictions are used for protectionist purposes. Governments of many countries use technical regulations in order to prevent the penetration of highly competitive imported products in the domestic market.

In this regard, over the past twenty years a lot of work to create a variety of international legal acts in the field of technical regulation has been done. The most important treaty in this sphere is the Agreement on Technical Barriers to Trade administered by the World Trade Organization. It encourages countries to use

international standards where these are appropriate, but it does not require them to change their levels of protection as a result of standardization. The TBT Agreement requires each WTO Member to provide other Members the opportunity to participate in the development of mandatory standards-related measures, which helps to ensure that standards-related measures do not become unnecessary obstacles to trade. In particular, the TBT Agreement requires each Member to publish a notice in advance that it proposes to adopt a technical regulation or conformity assessment procedure.

In 2013 alone, WTO Members notified 1,626 new or revised technical regulations and conformity assessment procedures. For comparison, in 2000 there were 608 notifications, in 2004 – 640, in 2008 their number reached 1,263. Thus, we can ascertain the general growth of concern. In our opinion it can be attributed to several factors. Among them is increased attention to the rulemaking; increased fears that the proposed measures can be used as a form of hidden protectionism. Also the general growth of concern can be attributed to a growing understanding that the discussion in the TBT Agreement, as well as bilateral discussions on the margins of the meeting of the Committee, may yield results in solving trade problems.

In this way we can make a conclusion that technical barriers provide complex protection for international trade participants and ensure a high quality of tradable goods. However, such problems as the lack of harmonization of international standards and differences in the legal bases of various countries remain unresolved. And in this connection they act as constraint of international trade. To overcome this constraint governments and international organizations should work together in the following fields: international unification, harmonization of norms and standards; mutual recognition of national norms and standards; establishing common international legal rules of technical norms.

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WHAT DO WE REALLY KNOW ABOUT SHADOW ECONOMY?

Many scientists believe that the most unexplored phenomenon in the world economy is shadow, or illegal activity. There is hardly any sphere of life as little investigated as this. Shadow economy is hard to reveal, but it is even more difficult to estimate its scope as all information, which may be collected, is either inaccurate or confidential.

Nowadays shadow economy is a rapidly growing sector of any economic system. It penetrates all spheres of people's activity and market relations and ranges from huge profits raised by criminal enterprises to low revenue of small businesses.

Shadow economy is a complicated social and economic phenomenon. First of all, shadow economy is unregistered economic activity in the fields of production, distribution, exchange and consumption of goods, which are beyond the sphere of governmental regulation.

The key reasons for growth of shadow economy include high taxes, crises, imperfect legislation, and low protection of property rights.

Shadow activity of economic subjects affects all spheres of society. Its growth leads to distortion of official data on the state of the economy, underrates indices of the size of GDP, criminalization of the economy and so on. However, shadow sector stabilizes the economy of the country. Moreover, the considerable part of population supports shadow economy. Small firms survive due to evasion of taxes and payments in social funds. Besides, the shadow sector satisfies the existing consumer demand, serves as a balance between cumulative supply and demand. Still, despite some positive impact on economic processes, shadow economy is regarded as a negative phenomenon.

Regulation of the shadow sector is a complex and labor-consuming process which implies strengthening of administrative functions of the state, improvement of its legislative base. The latter includes such activities as:

- simplification and modernization of laws;

- elimination of red tape and corruption;

- increase of fines for tax evasion;

- following the main principles of a democratic state, which are undermined by economic crimes;

- improvement of criteria and ways of determining the scope of shadow economy.

The level of shadow economy in the world remains stable and high, for the countries of OECD it is 15.6 per cent of GDP.

The level of the shadow economy in 27 member states of the European Union was 18.4 per cent of GDP in 2014. Among these countries the highest level of shadow economy is in Bulgaria (31.2 per cent), Romania (28.4 per cent), Lithuania (28 per cent) and Estonia (27.6 per cent). And the lowest level of shadow economy is fixed in Austria (7.5 per cent), Luxembourg (8 per cent), Great Britain (9.7 per cent).

In the non-EU countries the scope of shadow economy reaches 26.5 per cent in Turkey, 13.6 per cent in Norway and 7.1 per cent in Switzerland.

The formation of the shadow sector in Belarus is caused by high taxes, a considerable share of public sector, tough business conditions, rigid monetary policy.

According to the official statistics, the share of shadow economy in our country was 8-10 per cent of GDP in 2014 and 15 per cent of GDP in 2007. However, according to the well-known Austrian economist Friedrich Schneider, who cooperates with the

World Bank and the IMF, the share of the shadow economy in Belarus in 2007 amounted to 43 per cent of GDP. The difference between these estimates is considerable.

Belarusian officials claim that F. Schneider's research is incorrect. However, they use the data from his report in the analysis of other countries' economies. So it can be assumed that the authorities of Belarus underrate the indicators of the shadow economy in our country, and its real size is about 24-30 per cent instead of the officially stated 8-10 per cent of GDP, which is similar to the size of the shadow economy in the neighboring countries of Eastern Europe.

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YOUTH LABOUR MARKET IN BELARUS: THE PROBLEMS OF ITS DEVELOPMENT

The problem of youth labour market is very serious and actual nowadays. It is directly connected to citizens' safety (unemployment increases – violence in the society increases), to economic and demographic situation in our country. So we would like to elucidate this very topic because youth is the most defenseless social group on the labour market. It has been spoken about a lot, but we intend to examine it in more detail because there were many plans with no real steps to deal with the problem. Ironically, the labour market is showing a very low demand for professions which appear to be most desirable for students. The government has admitted to the alarming excess of young lawyers and economists, but there are no actions to this.

It seems that students themselves are not completely happy with their education. When they are asked 'What has your university failed to give you for pursuit of a job?' students say they are dissatisfied in different areas.

The youth from the higher social status doesn't have the motivation for proper training and as a result loses interest in their work. And it can be one of the reasons that students study a lot of theoretic material but don't have a practical use of it, thus there is a lack of practical preparation.

Second, the disconnection between the studies and a future job is one of the main causes of the students' anxiety. When applying for a job, potential employers also demand students to have some work experience (where should it come from, if a person has studied all his life?). It makes youth seriously think about work during studies.

There are some solutions to this problem and one of them is state distribution, which guarantees the compulsory recruitment after graduation from the university. Also

there are enough lawyers, economists, and managers – there's no place to put them, that's why universities should reduce the number of them by raising a passing grade. In regard to a profession of a teacher the government should restrict the selection in pedagogical universities and not recruit everyone who applies (when they have job placement, or just because of the corruption).

What concerns our economy, Belarusian authorities try to save the current economic model which is leading Belarus to a deep crisis. They should reform it, that is support small and medium business. Due to working in state enterprises, people don't have the motivation to their work, so the level of productivity is low.

Coming to the conclusion, it's needed to say that our government must reform the Belarusian economy by changing it fundamentally. Authorities have to do something instead of just speaking about this.

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NEUROECONOMICS: THE BLESS AND THE CURSE

Neuroeconomics is a new field in scientific research. It benefits from great achievements of humanity in neuroscience, social psychology, behavioral economics, theoretical biology and computer science. Latest studies made it possible to consolidate knowledge in these different fields to find out the basics of decision making that psychology has speculated for many years.

The evidence of the breakthrough in economics is clear: most of the unknown mechanisms of how the brain influences the people's choices and how to manipulate the minds of billions will be soon possible to know. In fact, neuroeconomics is now implementing its methods in the cases, where economy laws or psychological observations itself are powerless. These cases can be divided into four special groups of studies: decision making under risk, loss aversion, intertemporal choices and social decision making.

There are two main purposes of neuroeconomic research: first of all to find out is the process driven by a single neural system that directly compares options and decides between them or whether there are competing systems, one responsible for a reasoned comparison among options and another more impulsive and emotional system driven by an aversion to potentially negative outcomes. Another point of conversations is why a person's body reacts to losses more than on gains – skin conductance, pupil dilation and heart rate get higher, when people lose some money or their own property, even if it have never been important to them.

Intertemporal choices seem like a strange dilemma. The field of research has a great importance, because it unveils the secrets of how people plan the future. Neuroeconomic research in intertemporal choice is largely aimed at understanding what mediates observed behaviors such as future discounting and impulsively choosing smaller sooner rather than larger later rewards. The process of choosing between immediate and delayed rewards seems to be mediated by an interaction between two brain areas: the limbic system (choosing the immediate reward) and lateral prefrontal cortex (equally active).

While previous areas are determined to solve the questions when a person doesn't face the society, social decision making area emphasizes on relations between people. Neuroeconomics makes it clear why a person agrees to earn less money to be still on good terms with colleagues. So called 'social approval' is often more important than money. It happens because of high activity in ventral striatum during collaboration. The ventral striatum is part of the reward pathway, so this research suggests that there may be areas of the reward system that are activated specifically when cooperating in social situations.

Neuroeconomics gives the answers to many questions and reveals the secrets of mind. There are many people believing that neuroeconomics is the curse. The main purpose of neuroeconomics is to learn of how to become richer. That's cool and most researchers tell people that they can make more money becoming a bit rational. But it's not true. The tricks people are taught by neuroeconomics are the smallest part of what it gives to great companies and governments. Yes, neuroeconomics now serves large corporations and political leaders. It makes the rich richer and the poor poorer. That's the greatest hoax of neuroeconomics.

Definitely it can be said, that neuroeconomics starts a new era of mankind, whether it will be good or bad for our world. People have never been so close to unveil the secrets of brain. Only imagine how our life will change if we understand the basics of our decisions. But of course, not everything will be learned. As one American said: 'If our brain was arranged so simple that we could understand it – we wouldn't be mad enough to do it'.

SECTION 4

INVESTMENT AND INNOVATIVE POLICY OF INTERNATIONAL BUSINESS UNDER GLOBALIZATION

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FOREIGN DIRECT INVESTMENT EFFECTS ON THE ECONOMIC SECURITY OF HOST COUNTRIES

In today's world foreign investment, especially foreign direct investment (FDI), plays a major role among the factors affecting the economic development of the country, recipient of investment and its national and economic security.

Economic security is defined as a system of measures of economic, geopolitical, legal and other conditions designed to protect national interests in the sphere of the economy that have a regulating effect and actively counteract the external and internal threats.

Under certain conditions investments can stimulate a rise in industry and agriculture, and hence the economic situation as a whole.

Positive effects resulting from attraction of foreign investments on the economy of the host countries lead to a positive impact on the financial sector, favourable social and employment effects, the use of new methods of business management and new technologies, creating more competitive environment.

As the world economic practice shows, the influence of foreign investment is not limited to positive effects on the economic development of the host country. Foreign investments may also impede economic growth and development of the national economy. It results in a negative financial, social and employment effects, moving environmentally hazardous industries to the host country, the loss of economic sovereignty, the deterioration of the competitive environment.

Despite the negative factors, the developing countries cannot exist without foreign direct investment. Countries try to enhance the positive effects and minimize the negative effects of foreign direct investment on economic development and provide the required protection or the required level of economic security of their own economies.

Two different trends influence the formation of the system of economic security in an open economy. The first one is that the system should be sensitive to maximizing positive results, minimizing and preventing the development of the negative impact of FDI, which has either occurred or may occur in the future. The second implies that the adoption of a certain defensive position against FDI will not lead to a positive outcome

for the economy, as many countries have been able to accelerate their economic growth due to FDI.

Taking into account these two divergent trends in economic security policy in an open economy to FDI, it is essential to find the balance of interests between the state and a foreign investor. The policy of attraction of foreign direct investment should focus on finding and creating opportunities for the application of external capacity of the country of outward FDI, TNCs and internal potential of host country to achieve its goals of economic development and to minimize threats to the economic security of the state.

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M&A MARKET TRENDS IN 2014–2015

Mergers and acquisitions (M&A) is a general term used to refer to the consolidation of companies. A merger is a combination of two companies to form a new company, while an acquisition is the purchase of one company by another in which no new company is formed.

In 2014, the M&A market has grown considerably. The value of worldwide M&As totaled \$3.5 trillion in 2014, a 47 percent increase over the previous year and the strongest annual period for global deal-making since 2007. Megadeals (transactions with a value of more than \$10 billion) accounted for more than 35 percent of total 2014 deal value, including five deals worth more than \$43 billion each a level of activity not witnessed since before the financial crisis. Reasons for the hot M&A market vary depending on the industry and business size. Business brokers cite an increase in qualified buyers, strong cash reserves, record-low interest rates, improved financial performance, favorable economic conditions and a growing number of Baby Boomers seeking retirement.

It is a well-known fact that the M&A market is becoming more international, with an increase of cross-border deals. Even countries which had somewhat low levels of cross-border M&A, such as Japan, are increasingly opening up.

One should note here that broken deals also provide interesting hidden indicators of the health of the M&A market. In 2014, US\$ 221bn of deals were announced but then withdrawn, up from US\$ 87 bn in the previous year. On the one hand announced M&A in 2014 matched the peak of pre-crisis levels – further evidence of rising confidence and deals needing to be done. On the other hand the level of failed transactions demonstrates that the current deal-making environment has very significant challenges which require careful planning and execution.

In any case in 2015 the picture is mixed: there are significant geopolitical and economic uncertainties that have the potential to stall M&A activity again in the months ahead. For example, should the growth rates in China or Europe slow further, political divides within the euro zone deepen, or fears around political gridlock in the US return. Oil prices seem to be on a sustained, downward trajectory, economic sanctions targeting Russia continue to provoke stagnation on CIS market, and the results of government elections in the UK and Greece may have impacts far beyond those countries' own borders.

To draw the conclusion, one can say that year 2014 showed high activity in the M&A market (increasing the amount of megadeals and cross-border deals) and recovering from the financial crisis, but macroeconomic and political concerns are combining to paint an uncertain global landscape for 2015. Their effect on M&A activity during the course of this year is not clear, but some of these challenges will create attractive opportunities for those who are informed, agile and prepared to take manageable risks. Strictly speaking 2015 will be the year in which it becomes clear whether the M&A market finally overcomes the crisis of 2008 or not.

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BLUE OCEAN STRATEGY: HISTORY AND REAL LIFE EXAMPLES

International competition on the business arena is really tough nowadays with hundreds of new companies – new players – entering the market annually. There are lots of internalization theories that help us understand the motives behind a new firm entering the world market. In this piece of work I'd like to look closely at the Blue Ocean Strategy.

Basically, *Blue Ocean Strategy* is the name of a book published in 2005 and written by W. Chan Kim and Renée Mauborgne, Professors at INSEAD and Co-Directors of the INSEAD Blue Ocean Strategy Institute. Based on a study of 150 strategic moves spanning more than a hundred years and thirty industries, Kim & Mauborgne argue that companies can succeed not by battling competitors, but rather by creating "blue oceans" of uncontested market space. They assert that these strategic moves create a leap in value for the company, its buyers, and its employees, while unlocking new demand and making the competition irrelevant.

The metaphor used in the book of *red and blue oceans* describes the market universe.

Red oceans represent all the industries in existence today – the known market

space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known. Here companies try to outperform their rivals to grab a greater share of product or service demand. As the market space gets crowded, prospects for profits and growth are reduced. Products become commodities or niche, and cutthroat competition turns the ocean bloody; hence, the term *red oceans*.

Blue oceans, in contrast, denote all the industries not in existence today – the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth that is both profitable and rapid. In blue oceans, competition is irrelevant because the rules of the game are waiting to be set. Blue ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored.

Cirque du Soleil, The Body Shop, Southwest Airlines and Nintendo are just some of the examples of this strategy in action.

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POLICIES TO ATTRACT FOREIGN DIRECT INVESTMENT

Currently, investments are an integral part of the modern society. Any economy can not develop and exist without investment. Investment is the purchase of an asset or item with the hope that it will generate income in the future and be sold at the higher price. Investments are generally associated with some degree of risk.

The leadership of Belarus understands the importance of attracting foreign investment. Thus, according to the President of the Republic of Belarus ‘attraction in the economy of foreign investment is one of the most important areas of foreign economic activity in the modern world. It is necessary to stimulate the creation of enterprises with foreign capital, producing high-tech export-oriented and import-substituting products’.

The relevance of this topic is obvious, as in recent years, the central problem of the Belarusian economy is an acute shortage of investment resources. Our country is on its way to a new economic policy, and it is based on a model of socially oriented market economy, which allows to combine the free private initiative, competition with the active role of the state, the efficiency of a high level of social protection of people. And all this is not possible without an active involvement of foreign investors to the Belarusian market.

Belarus offers investors a list of benefits which should encourage foreign investment. It is very beneficial for country to get investments from overseas, as they

develop their production, new innovative production, jobs and pay taxes to the national budget. Therefore, the policy of attracting foreign investment has become an integral part of economic policy in many developed countries and in developing countries. Flows of foreign capital are sources of competitiveness for foreign investors and for the economies.

Thus, attracting investments in the Belarusian economy is one of the most urgent tasks.

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TECHNOLOGY CLUSTERS

From the very start we'd say that nowadays there is a surge of interest in clustering and strategies for cluster development by regional planners and economic development authorities. What is driving this interest? Globalization of the value chain functions has opened up the opportunity for many developing regions to focus on technology clusters as a means of creating competitive advantage to attract and maintain high-tech corporations and increase economic development and growth of their regions.

A technological cluster is a geographical concentration of related technology firms including competitors, suppliers, distributors, and customers; usually around scientific research centers and universities. Within a technological cluster technology projects will emerge and diffuse over time following a life-cycle with four stages:

1. Origination – creating new products and services
2. Expansion – growing products and services
3. Convergence – maturing products and services
4. Reorientation – shifting to other technologies; or decline if reorientation does not occur.

A growing cluster signals an opportunity and its success helps to attract rivals and other related businesses and create an inflow of talented workforce to the area. The evolution of a cluster is significantly affected by local, regional or national policies which could facilitate or hamper effective functioning of the cluster.

The increased interest in cluster development is driven by a desire on the part of regional development authorities for economic growth. There are generally three advantages for a company to locate in a cluster. The first advantage is the presence of a large labor pool due to the geographical concentration of firms in the same industry or in closely related ones. The second advantage is the availability of related materials and other inputs at lower costs. These inputs include tangibles, like raw material and

supplies, and intangibles like consultations and collaboration. The third advantage is the intensity of knowledge exchange that can lead to knowledge spillovers between nearby firms and institutions in the cluster. While the first two advantages of clustering have an indirect effect on the innovation output of a cluster, the third one has a direct effect on the innovation process of people and firms located in a cluster. Clustering can bring a wide range of other benefits to both businesses involved and the wider economy of the region. These benefits include:

- Increased levels of expertise.
- Ability of firms to draw together complementary skills.
- Potential for economies of scale.
- Strengthening social and other informal links.
- Improved information flow within a cluster.
- Development of the infrastructure.

The phenomenon of technological clusters is widespread around the world. For instance, in Europe, watchmakers clustered in Switzerland and fashion designers in Paris. In the United States, well known clusters include Detroit for the automotive industry, Hollywood for motion pictures, New York City for financial services and advertising, and Silicon Valley for electronics. Silicon Valley is a commonly used nickname for the southern part of the San Francisco Bay Area in northern California, originally referring to the concentration of silicon chip innovators and manufacturers, but eventually becoming a metaphor for the entire concentration of high-tech businesses. Thousands of high technology companies are headquartered in Silicon Valley. Among the recently constituted clusters is Bangalore, called the Silicon Valley of India due to the large concentration of technology companies.

In conclusion, we'd like to admit that technological clusters have a positive effect on the development of technologies and on the economic situation in the world, which leads to a higher level and quality of life for everyone.

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RATES OF RETURN TO INVESTMENT IN HUMAN CAPITAL

One of the most important ideas in labor economics is to think of the set of marketable skills of workers as a form of capital in which workers make a variety of investments.

A well-trained human capital is identified as a key component to the success of the organization and therefore requires investment. The success depends in large part on

the people with higher level of competence. In response, the people are becoming valuable assets. In the economic perspective, the capital refers to factors of production used to create goods or services. Thus, it can be recognized that human capital means one of production elements which can generate added-values through inputting it.

Schultz classified investment in human capital into investment in schooling and higher education, post-school training and learning, pre-school learning activities, migration, health, information, and investment in children. Investments in human capital has a number the features that distinguish them from other types of investments.

1. Return from the investment in human capital depends on life terms of its owner. The earlier a person is invested in, the quicker the investments start giving return.

2. The human capital is not only a subject of physical and moral wear out, but also it is can be collected and multiplied.

3. In process of accumulation of the human capital its profitability increases to the certain rate limited to the upper bound of active work (active working-age), and then sharply decreases.

4. Not all of the investments in a person can be called the investments inhuman capital. For example, the expenses connected with crime, aren't investments into the human capital, as they are socially inexpedient and harmful for society.

5. Character and types of investments in a person are caused by historical, national, cultural features and traditions.

6. In comparison with investments in other forms of the capital investments into the human capital are the most favorable from the point of view of the certain person, and from the point of view of the whole society.

It is not easy to measure adequately all of the many forms of investment in human capital. Public and private spending on formal education is relatively well-documented. Spending by enterprises on job-related training programmes is also possible to quantify, although some less formal work-based learning can be hard to distinguish. The ways in which families devote resources to children are important in determining lifetime learning patterns, but it is impossible to calculate how much overall spending on children should be attributed to human capital investment. In all cases an annual rate of return is calculated on the basis of the cost of investment and the value of subsequent benefits, discounted to take account of their postponement. The *private* return to education takes account only of privately borne costs (including foregone earnings) and private gains in terms of higher post-tax earnings. The '*social*' return to education includes both private and public costs. By looking at gross earnings, it includes one element of public benefit – the higher income tax revenues paid by people who earn more as a result of their education. However, macroeconomic and wider social gains have not yet been built into calculations of these returns. The *fiscal* return to education looks at the direct implications for the public purse. It compares public costs to extra tax

revenues and gains from lower payments of public transfers to those who require them less as a result of being more educated. This last benefit is difficult to measure accurately, and has not been used in calculating social returns; estimates of fiscal returns are as a result less reliable. Inevitably, because of data constraints, the most robust measures of benefit and of returns focus on market outcomes only, and are based on formal educational attainment rather than on wider definitions of human capital investment. Notwithstanding the variety of complex inter-linking factors that underpin economic growth, the evidence does point to a positive relationship between expenditure for education and macroeconomic performance. But the mechanisms that create this impact, and hence the most effective types of investments in human capital, remain poorly understood.

The most substantial finding is that tertiary education constitutes a relatively high cost to the taxpayer (per student), but appears to yield relatively high benefit to tertiary graduates.

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ALTERNATIVE INVESTMENTS

In the past ten years, alternative investments have moved from the tactical fringes of public pension investment portfolios to the strategic mainstream. According to Preqin, total industry assets now stand at 6.91 tn dollars. Nevertheless, there exists no universal definition of the term “alternative investments”. Basically, this term suggests investments that are not typical or non-traditional of investors to be included in their portfolios of stock, bonds and cash.

Alternative investments often share a few principal characteristics. They are as follows:

- historically low to moderate correlation with traditional asset classes (stocks and bonds);
- not listed on an exchange, that is why it may be difficult to determine the current market value of the asset;
- characterized by reduced liquidity;
- there may be limited historical risk and return data.

However, the concepts of ‘traditional’ and ‘alternative’ may significantly vary over time. For example, the international stocks and derivatives have been considered as alternative assets during the 1970’s, while real estate have been thought as part of the ‘alternative’ group during the 1980’s. Today, the term of alternative investments is

relatively loose and includes tangible assets such as precious metals, art, wine, antiques, coins and stamps and some financial assets such as real estate fund, hedge funds, venture capital, private equity, distressed securities, carbon credits, and financial derivatives.

According to the McKinsey&Company research of 2013, hedge funds account for 36% of all alternative investments, while the share of real assets forms 33%, and private equity stand for 29%. In reference to profitability the best performance was recorded by venture capital which achieved annual return of 16.91%, however this remarkable profit comes along with extremely high standard deviation of 42.11%. Similar profitability (8.25%) was showed by investments in commodities, gold and precious metals, while real estate has brought the lowest annual revenue of 5.79%. Judging by risk and return characteristics of hedge funds, they can be cited as the best investment opportunity. Therefore hedge fund strategies considered to be the most beneficial for investors, as their annual returns range between 7.58% and 17.24% and simultaneously they have relatively low standard deviations. Concerning indices, such ones as S&P 500 and MSCI Europe recorded modest performance of 8.05% and 7.44% respectively.

Among the main investors Private sector pension funds are in the lead (15%). They are followed by fund of funds managers (14%), foundations (13%) and public pension funds (10%). Insurance companies, investment banks and investment companies account for 6%, 5%, 4% correspondingly.

Considering the geographical structure, North America, a prominent hub for alternative assets investments, hosts the largest proportion (51%) of investors in alternatives. A further 31% of investors in alternatives are based in Europe, another developed market for alternative assets.

Thus, the rapid growth of the market of alternative investment could be explained by two reasons. The average return for alternative investments is higher than for traditional one. Now alternatives account for almost 30% of global industry revenues, while comprising only 12% of industry assets. Moreover, alternative investments represent a good way to diversify portfolio, as many segments of this market have low correlation with traditional investment instruments. In this way, alternative investments is a profitable instrument for investors during crises and economic recession.

SECTION 5

JUDICIAL ASPECTS AND SOCIAL AND CULTURAL ENVIRONMENT OF INTERNATIONAL BUSINESS

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RELIGION AND ECONOMIC GROWTH

The object of the research is the relationship between religion and economic performance. The objective of the work is to reveal the differences between the economic growths of the countries relying on the religious component of national culture. We based our work on the research from Harvard and Berkley universities and journal articles on economy and sociology.

Our work involves an analysis of a number of sources with the purpose to find out how such an important part of human life and culture as religion influences economic growth of a country. For example, there is a great discrepancy in income between the Muslim world and the Christian world. However, the nature of income generation indicates that cultural factors including religion may provide some explanation. In his work, *The Protestant Ethic and the Spirit of Capitalism*, Weber argues that the lifestyle which arose from Protestantism played a decisive role in the creation of modern prosperity. Thus, religion as a social form is significant in driving national development. However, to measure this influence quantitatively contemporary scientists use such variables as the amount of population attending formal church services at least monthly, belief in heaven and hell, belief in afterlife, self-identification as religious, religious pluralism of a country.

Firstly, some research assumed that behaviour patterns are influenced by their ways of thinking and their beliefs based on religion. Economic-sociologists investigate this relation from the perspective of correlation between the dominant belief in heaven or hell. The findings show that the quantitative effect and statistical significance for belief in heaven are somewhat less than those for belief in hell. The outcome is much weaker if we used as a criterion belief in God.

Secondly, they looked at the rates of monthly church attendance by countries. They found negative correlation which means that the increase in this variable is likely to reduce the economic growth rate. Meanwhile, in developing economies the correlation is the opposite: the economic growth is likely to increase.

Thirdly, many social scientists studied the dependence of the economic growth on the religious diversity and openness of the society, here they turn to standard economic

variables like the level of technology and education. According to them, there is a positive correlation between religious pluralism and overall economic competitiveness, total productivity and national level of urbanization.

Finally, religion impacts economic development through fostering such individual traits as honesty, work ethics, thrift and openness to strangers which, in their turn, could lead to openness to trade and eagerness to migrate. Hence, in such of way the dependence of economic growth in incomes of the counties on religion is proved.

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BREAKFAST AT MCDONALD'S OR HOW TO SURVIVE IN THE GLOBAL MARKETPLACE

Nowadays, in the age of globalization, the number of multinational companies is astonishing and more and more businesses strive to become international. However, operating in a foreign country, firms face challenges from local cultural values. Numerous researches show that cultural distance remains a barrier in overseas operation. It can disrupt collaboration and knowledge learning from international alliances, and result in higher transaction costs, reduced knowledge transfer, and poor operational performance. Consequently, the majority of multinational companies are suffering from performance problems and end in failure overseas because of the poor cultural integration with their international alliances and their host environment.

In our work, we have concentrated on the study of the most successful international fast food company – McDonald's. 60% of all McDonald's restaurants operate outside the US. The purpose of our study is to find out the key steps taken by McDonald's to attract customers in various parts of the world – USA, China, India, and Belarus in particular. Without getting into details of company's management, we have studied the aspects that have direct influence on the customers – menu variations, prices, and advertising in 4 countries – the US, China, India, and Belarus, to see how the company has adapted to the tastes of customers from various cultures. This has been done by analyzing material found on the web, research papers, advertising, and taking in consideration personal experience.

GENDER DIVERSITY IN COMPANY'S MANAGEMENT AS A KEY TO ENHANCED PERFORMANCE

The problem of gender diversity within senior management of a company is under active discussion nowadays because of the three related reasons. Firstly, the proportion of women at board level is gradually increasing. Secondly, government intervention in this area has increased. Thirdly, the debate around the topic has shifted from an issue of fairness and equality to a question of superior performance. As gender diversity on the board implies a greater probability of corporate success, it would make sense to pursue such an objective.

The key summary observations are as follows:

1. Certain regions (e.g. Europe) and countries (e.g. Norway) tend to have relatively high ratios of women on the board, for others the numbers are extremely low (e.g. Korea).
2. Over past several years companies with at least some female board representation outperformed those with no women on the board.
3. Companies with women on the board outperformed with the intensification of economic crisis in the second half of 2008.

Analyzed such researches as 'The impact of greater diversity in team exercises' by Professor Katherine Phillips, 'Women Matter 2' by McKinsey, 'Women Lack Numbers and Influence on Corporate Boards' by Michael Connor we can identify several key reasons demonstrating why greater gender diversity could be correlated with stronger corporate performance.

1. Greater effort across the board.

The diverse group is more likely to generate the correct answer to a particular problem than is the case for the homogenous group. People work harder and more thoroughly in front of the opposite sex. Hence, the greater the effort and attention to detail, the better average outcome in a more diverse environment.

2. A better mix of leadership skills.

It's the fact that men and women are naturally different. Women were found to be particularly good at defining responsibilities, being strong on mentoring and coaching employees. Men were much better at taking individual decisions and corrective actions. Hence, a degree of gender diversity at the board level would foster a better balance in leadership skills within the company.

3. A better reflection of the consumer decision-maker.

Women are, on average, likely to be more responsible for household spending decisions. For example, 73% of US household spending decisions are controlled by women. So it a corporate board with female representation may enhance the understanding of customer preferences.

4. Improved corporate governance.

The more gender-diverse boards the more likely it to focus on clear communication to employees and to prioritize customer satisfaction. Gender diversity improves the performance of firms with weak governance.

5. Risk aversion.

Women tend to be much more risk-averse investors than men. In research published in 2001, 'Odean and Barber' shows that having at least one female director on the board appears to reduce a company's likelihood of becoming bankrupt by 20%.

Although the advantages of gender diversity within senior management of a company are obvious, there are several barriers to overcome, like social stereotyping, specific character traits and challenging appointment processes. One of the most widespread is so-called 'Double burden'. It refers to the dual role undertaken by working women: one job in the formal workplace and the other managing the household and family. We have interviewed Belarusian female board management and found out that almost all female managers suffer from 'Double burden'. The potential solution to this problem is to engineer a working environment that is compatible with family life, which should be to the benefit of all employees, men and women.

Thus, studied and analyzed the material on the issue and conducted the poll of Belarusian female top managers, we can conclude that although women face such obstacles as social stereotyping, specific character traits, challenging appointment processes, 'double burden' on their path to career leader, the proportion of women at top level is still gradually increasing. Women on the directorate provide greater effort across the board, a better mix of leadership skills, a better reflection of the consumer decision-maker, risk aversion. So achieving gender diversity on the board can be a key to enhanced performance.

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SOCIOCULTURAL PHENOMENON OF MONEY AND ITS PSYCHOLOGY

Money is any item or verifiable record that is generally accepted as payment for goods and services and repayment of debts in a particular country or socio-economic context.

Human decision-making process deviates in one way or another from the standard assumptions of the rationalistic paradigm in economics theory. So there are some specific effects that explain actions of a man in situations connected with money.

This article makes an attempt to analyze the research of money psychology. One reason is the desire to acquire wealth as a major driving force in human behavior. The second reason means that human reaction to financial factors has a significant influence on his or her life.

Money has the ability to connect people. For those who are integrated into society with the help of money, it is the most important means of self-identification. Turning out a way of self-identification, money determines the properties of the social type of an individual, which is specialized in its accumulation.

It may be concluded that universalization of money and turning it into a special form of social communication makes rationality the basic characteristic of modern culture. It subordinates all aspects of the society and the individual to the single logic, the most adequate expression of which is money.

The research explains that money becomes a universal value and method of communication, so it alienates social relations.

This article is based on factor analysis of questionnaires which has identified various attitudes with respect to money and its correlates: people who are future and security oriented are more likely to be anxious types and those who are concerned with retention of money tend to be obsessional in personality.

Psychological testing shows that people with an orientation on the tangible assets are less happy. Thus, the study of the psychology of money can ultimately help to make people happier.

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PRICING AND THE PSYCHOLOGY OF CONSUMPTION

Pricing is one of the four principal components of marketing and one of the most important factors of distribution. Until recently pricing was directed to customer demand, but a new approach has appeared. It says that prices not only influence the demand, but also have an impact on consumption, which, in turn, affects the customer's willingness to buy these goods again. This approach is useful for managers and executives because it broadens the horizons of further possible ways to attract more customers. Considering psychology of prices, we met several notions, so we would like to tell you about them. At first, we'll speak about the effects of prices, especially about

sunk-cost effect and its improvement, than we are going to tell you about bundled and unbundled prices, and the last point will be about limitation of consumption.

When we speak about prices, we usually think that the lower price gives more chances of selling more goods. But that is not always true. The prices can create another effect that is more beneficial for business in the long term. For instance, you can sell more products at lower price and get more profit in a short period of time. However, the second attempt may not bring you the same result. The reason is that those goods were bought but not consumed; therefore, there was no impetus for customers to buy those goods again.

The psychology of consumption holds that higher consumption means higher sales. It explains how prices can be used in building long-term relationships with customers. First of all, customers should be aware of the cost of the product. This awareness results in so-called sunk-cost effect when buyers decide to use a purchase to avoid feeling like they have wasted their money. For instance, if you paid for language courses 300 dollars for half a year, you are more likely to study hard and not to skip your classes. Attending the courses and getting the results you will probably continue your learning.

But that's not all. When setting a price an executive should remember that monthly payments are more effective for attraction of patrons than a year payment. Returning to the example with language courses it can be explained in a following way: if you pay in full at once, you may attend your courses and be enthusiastic about them for a short period of time, but later the feeling of 'money loss' fades away, so there will be more chances of losing interest. However, if you pay monthly, you will feel the necessity of compensating your payment every month, which means that your interest will retain during the whole period of learning.

Bundling, which is one of the most frequently used ways of boosting sales with the help of prices in short-term period, can easily be turned into a way of stimulating both demand and consumption just by itemizing approximate costs of included services. Customers prefer buying bundled services as their cost is usually lower than the sum of the costs of each taken separately; furthermore, if a customer is aware of these separate costs after the purchase, he is more likely to consume the majority of the services because in his understanding he has already paid these costs for them and so he doesn't want his money to be wasted. The consumption of different services means higher chances of repeating the purchase or, at least, buying some of the services that have been tried by the customer.

And the last but not the least important aspect of this approach is that not all organizations want to encourage consumption all the time, the peak demand should be effectively managed. There are two main ways of regulating the demand. First is to limit the number of customers admitted to the service by raising costs, and second is to accept all the customers and run the risk of dissatisfaction when the facility is at

capacity. The first method is more likely to be used because it brings to satisfied people, who probably will consume this service again.

By and large, psychology of prices doesn't imply changes in whole process of pricing and can't accurately define what policies should be carried out by managers and executives. A balanced, weighted and individual approach that is composed of all those above-mentioned methods, contributes to establishing long-term relationships with customers, effective sales and increase of companies' income.

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DO YOU SOUND RIGHT FOR A JOB?

The moment you open your mouth, the first impression is creating. In a more politically correct world, people are supposed to be less likely to directly discriminate against others based on race, ethnicity, home or economic background, but discrimination based on accent still seems to be fair game.

It is still pretty common for people to make judgements based solely on how someone speaks. The habit of framing an immediate opinion based upon a person's twang is as bad as judging the book by the cover. This is beneficial for speakers of the standard variety, but it can also make people victims of prejudice and cause them problems in their careers if they happen to speak a non-standard variety. Language or accent discrimination means treating individuals differently in their employment because of their native language or other characteristics of speech, such as accent

According to the scientific research of University of Manchester, accent discrimination in the workplace can be divided into roughly two types. The first of these is discrimination based entirely on prejudice, while the second is based on judgements about the speaker's ability to perform the job. As an example of the first type, Gordon Brown, ex-prime minister of Great Britain, may be mentioned. While Mr. Brown was in office, he spoke with Britain's Received Pronunciation, despite being from Scotland. It could be expected that Brown was a victim of accent discrimination in the workplace. He feared he would not succeed as a politician if he did not ditch his native dialect and start speaking the standard variety. In Brown's case we are talking about pure prejudice: clearly, the Scottish accent is viewed as undesirable enough to hamper careers in UK politics.

It is an unfortunate truth about humans that they make value judgements about other people based on where they were from and who their parents are. Speakers of more prestigious or "standard" forms consider "non-standard" dialects inferior. The

standard variety is often that spoken by some elite group, at least initially. These are often the people in power, such as the royal family in Great Britain. Eventually, their dialect comes to be seen as the prestigious form of the language and becomes the standard, either by convention or in some cases, by force. Once this process is complete, the standard variety has acquired over prestige, and people either feel compelled to adopt it or expect others to do so. This is especially true of the workplace and in the business world.

A second form of accent discrimination is based on judgements regarding a person's ability to perform a job. If a doctor's accent is so thick that nobody understands a word he says, he might have a hard time getting a job. This type of discrimination makes a lot more sense than the type discussed above, but it still holds people back in their careers. In most cases, depending on one's career goals, the object is to be understood reasonably well. If you want to get a job writing articles for a newspaper, however, it might not be that simple. Now, in dealing with prejudice, one can hardly just rebuke people for their mistaken beliefs and start a revolution. Sometimes it is necessary to go with the flow like Mr. Brown and start speaking the standard variety, and it is a personal decision whether to be or not to be a nonconformist, it comes at a price. Prejudice exists in this world and is not going anywhere anytime soon.

Accents should not matter. No one should feel compelled to change the way they interact. If they do so because it works to their advantage, that's different. Then it's about choice, not obligation or coercion. In multiracial, multilingual, multicultural world, the answer is reasonable accommodation. The responsibility of the listener is to be tolerant, celebratory perhaps, and to adapt when necessary. The requirement on the speaker is to make themselves understood, whatever lilt they choose.

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INSIDE TAOBAO

With the rapid development of the Internet, E-commerce attracts more and more attention and becomes a focus as a business body engaged in the production and operation means. Although the specific conditions of different countries based on the forecast of the world economic development, governments are all paying more attention to the development of E-commerce. E-commerce has become a new driving force for economic growth.

The creation of Alibaba, Taobao rapidly became the largest E-commerce trading platform over China only in a year after it was set up, and is undoubtedly stated to be the largest shopping E-commerce centre in the whole world today.

Taobao's success is based on numerous peculiarities that allowed it to win the war against such e-commerce giants as eBay and Amazon in China. Among the most significant features is the platform's design which empathizes the strong identity of the country and its nation's preferences and reflects the environment local consumers are accustomed to. The second (though no less important) feature is the trust among sellers and buyers often neglected in the practice of Western businesses. This trust is assured with the help of several communication tools like AliWangwang (the so-called "the Alibaba's chat") which enables direct communication between sellers and buyers; a rating system of both sellers and buyers allowing people to know who is trustable or not; and various means of payment like free escrow service Alipay and the opportunity to pay in cash on delivery. Thereby, the Taobao project has proved to be perfectly adapted to the Chinese culture.

Unfortunately, there is no English version for Taobao (and for any other languages, consequently). Though it is not because Taobao could fail in itsabroad performance (Alibaba proved to be able to run successful English language sites) but the fact that the company would do harm to the success of maternal Alibaba and Aliexpress. Alibaba makes a lot more money per transaction on these sites than on Taobao. Thus, the prices are usually higher than Taobao.

Nevertheless, Taobao is still at a quite mature stage, which created various obstacles and threats to the development of the business. The main challenge is E-commerce unawareness of businesses and consumers, for customer's concept is "seeing is believing" keeps winning them over to the tradition way of shopping. The second is not a perfect method of payment as does not guarantee the safety of transactions. Therefore government needs to establish a set of suits China's national conditions of the credit system from the experiences of developed countries. The third is the lack of standardized logistics system, which makes E-commerce sites unable to control the after-sales service, so it leaves a chance for fraud. The fourth is short age of laws and regulations of e-commerce activities, which hinders the E-commerce development.

Meanwhile, Taobao is keeping busting the Chinese economy. And its successful strategies are definitely worth thinking and emulating. However, it is quite late to roll out market economy system in China, so the commercial environment, credit system, logistics system, and consumptive attitude, are all not very mature. To make the E-commerce develop fast, there must be well-formed national rules, popularity of E-business concept, the establishment of modern personal credit system and the innovation of E-technology.

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BEHAVIORAL ECONOMICS: REUNIFYING PSYCHOLOGY AND ECONOMICS

‘Behavioral economics’ improves the realism of the psychological assumptions underlying economic theory, promising to reunify psychology and economics in the process. Reunification should lead to better predictions about economic behavior and better policy prescriptions.

Toward a Reunification

Reunification should lead to better predictions about economic behavior and better policy prescriptions.

Four Principles of Economic Behavior.

One goal of behavioral economics is to suggest mathematical alternatives with firm psychological foundations to rationality assumptions.

Four rational principles used in economics, along with four behavioral principles that are ready to be included in textbook discussions and tried out in modeling applications.

- a) Expected Utility Theory.
- b) Exponential Discounting.
- c) Social Utilities.
- d) Equilibrium.

Utility maximization and Bayesian updating have admittedly proved harder to replace, but there are many ideas in the air, and progress is likely.

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CRISIS IN BELARUS IN 2014: PSYCHOLOGICAL VIEW

Economic psychology is a perspective and quickly developing area of social and behavioural sciences. It studies the psychological mechanisms that underlie economic behaviour. This science is developing with the belief that economic behaviour can be best understood by interdisciplinary approach based on both economics and psychology.

Psychological phenomena have a great influence on economic behaviour and economic situation as a whole. Reflexivity in social system, the crowd effect, and the level of trust in authorities are among the most influential.

George Soros in his book 'The Crisis of Global Capitalism' claims that reflexivity implies dependency of social reality on both present state of economy and public attitude and expectations. People's thoughts, values and beliefs are reflected in their economic behaviour which in turn changes economic reality.

The principles of people's behaviour in the crowd was for the first time formulated by Gustave Le Bon. He described these principles in the book 'The Crowd: A Study of the Popular Mind'. Gustave Le Bon believed that the psychology of men in a crowd differs essentially from their individual psychology. When a person becomes part of a crowd, he loses almost all of his individuality, autonomy and personal judgement. He undergoes collective, often irrational influence.

The level of trust in authorities and economic policy in a country defines the way people handle their money. High level of trust (optimism) results in people's preference to spend and invest money rather than save it, while low level results in the opposite. Besides the belief in the government and its decisions defines how much people tend to follow its recommendations and how easily the authorities can govern people.

The situation in Belarus in December 2014 evidently illustrated all these phenomena. At the end of November Russian rouble slumped. Belarusian people were realizing high dependence of their economy on the economy of Russia and were expecting consequent falling of Belarusian rouble. Further to this, people desired to take advantage of purchasing goods traded in Russia that abruptly fell in price. These led to increasing demand for foreign currency. The balance on financial market was undermined. Dollar rate increase and expectation of even bigger increase made people buy dollars in order to save their money. Thus people unconsciously triggered unfavorable processes: escalation of inflation, foreign exchange deficit, and emergency measures of the government.

This situation was stressful for people and the majority of them were reluctant to make their own decision. They lost the independence of judgment and were mainly guided by collective consciousness. People's behaviour became irrational and even destructive for the economy. The people stood in huge queues in order to buy currency and bought consumer goods in Belarus and Russia in enormous quantity without thinking whether they needed them or not. The panic was spread like pandemia in the society where collective mind started to dominate.

Confidence of the society was shattered by the way the government dealt with this situation. Imposition of 30% fee on currency purchase and prohibition to raise prices for goods stopped the panic on the foreign exchange market but it undermined business activity. Now the society does not believe in the ability of the government to cope with economic problems without deteriorating economic climate and standard of living. On March 4, 2015 an annual meeting of entrepreneurs took place in Minsk. At this meeting the results of a survey conducted some days before were announced. According to the survey, only 1.9% of entrepreneurs think that in 2015 situation in

business will improve, 10.8% consider that nothing will change, whereas 77.6% are sure that the situation will worsen. People are becoming reluctant to do business in unfavorable environment where they cannot be sure in the future. They prefer stable and safe work rather than venture investments and start-up of new projects.

Knowledge of the way these three psychological phenomena mentioned above function is important for members of society, especially for scientists and rulers of countries. Authorities can use it as a tool to achieve their objectives. They can better control and manage social consciousness and behaviour and turn the development of economy to a necessary direction. If they do not, the economy develops in spontaneous, chaotic, unpredicted way and it can even lead to economic collapse.

SECTION 6
FINANCIAL AND MONEY AND CREDIT STRATEGIES IN
INTERNATIONAL BUSINESS. BANKS AND THEIR ACTIVITY IN WORLD
ECONOMY

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THE INFLUENCE OF QUANTATIVE EASING ON INVESTMENTS

Quantitative Easing (QE) is a euphemism for money creation. When interest rates are already close to zero, or when both consumers and businesses are focused on reducing debt rather than taking on more, the cash rate can have a very limited impact on growth because people still will not want to borrow. In this extreme situation central banks may decide to increase the amount of money in the economy through QE. It involves creating new money by the central bank electronically and using it to buy securities from financial institutions and the government, which keeps interest rates low, boosts lending and spending, and therefore, raises the pace of economic growth.

In practice this financial instrument was first used by the Bank of Japan to fight domestic deflation in the early 2000s. Since the advent of the global financial crisis of 2007–2008, similar policies have been used by the United States of America, the United Kingdom of Great Britain and Northern Ireland, and the Euro zone. QE was used by these countries because their risk-free short-term nominal interest rates were either at zero or close to this point.

Countries use QE for a variety of reasons. They are as follows:

1. foster maximum employment;
2. encourage lending and borrowing;
3. increase spending;
4. complement low interest rates.

Obviously, QE has an impact on economic activity, ranging from growth to unemployment, on exchange rate, leading to currency wars or competitive devaluation, on investments of business, and consumer spending and savings.

The influence of QE on investments is as follows:

Capital flight. The new money could be used by the banks to invest in emerging markets, commodity-based economies, commodities themselves, and non-local opportunities rather than to lend to local businesses that are having difficulty getting loans.

Banks invest heavily in shares and assets. They hardly make any investment in the business. QE has not been lending it more into productive assets like factories, plants and equipment. It has in fact stimulated the short term risky investments and has encouraged more speculation.

QE forces investors to step into ever-riskier investments. They may be bonds issued by less creditworthy businesses, or shares in companies with uncertain prospects.

The bank buying bonds makes them more expensive, so these securities are a less attractive investment. That means companies which have sold bonds may use the proceeds to invest in other companies or lend to individuals. If banks, pension funds and insurance companies are more enthusiastic about lending to companies and individuals, the interest rates they charge should fall, so more money is spent and the economy is boosted.

The growth of mergers and acquisitions. Adopting the policy of QE trillions of dollars are soaked into the world economy; that is why the M&A market has become more active.

To sum up we should mention that when the policy of QE is used investors change their strategy radically: they begin to risk more. The banks also revise their investment policy and choose more attractive securities to invest. Also they prefer non-local opportunities rather than to develop local businesses. However, QE promotes financial engineering rather than investments in real economy.

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BANKS AND THEIR ACTIVITIES

The banking industry can be divided into following sectors, based on the clientele served and products and services offered:

1. Retail Banks:

Retail banks provide basic banking services to individual consumers. Examples include savings banks, savings and loan associations, and recurring and fixed deposits. Products and services include safe deposit boxes, checking and savings accounting, certificates of deposit, mortgages, personal, consumer and car loans.

2. Commercial Banks:

Banking means accepting deposits of money from the public for the purpose of lending or investment. Commercial Banks provide financial services to businesses, including credit and debit cards, bank accounts, deposits and loans, and secured and unsecured

loans. Commercial banks act as financial intermediaries, raising funds from depositors and lending the same funds to borrowers.

There are two types of commercial banks, public sector and private sector banks.

3. Public Sector Banks:

Public sectors banks are those in which the government has a major stake and they usually need to emphasize on social objectives than on profitability.

4. Private sector banks:

Private sector banks are owned, managed and controlled by private promoters and they are free to operate as per market forces.

5. Investment Banks:

An investment bank is a financial institution that assists individuals, corporations and governments in raising capital by underwriting and/or acting as the client's agent in the issuance of securities. An investment bank may also assist companies involved in mergers and acquisitions, and provide ancillary services such as market making, trading of derivatives, fixed income instruments, foreign exchange, commodities, and equity securities.

6. Cooperative Banks:

Cooperative Banks are governed by the provisions of State Cooperative Societies Act and meant essentially for providing cheap credit to their members.

7. Specialized Banks:

Specialized banks are foreign exchange banks, industrial banks, development banks, export-import banks catering to specific needs of these unique activities. These banks provide financial aid to industries, heavy turnkey projects and foreign trade.

8. Central Banks:

Central banks are bankers' banks, and these banks trace their history from the Bank of England. They guarantee stable monetary and financial policy from country to country and play an important role in the economy of the country. Typical functions include implementing monetary policy, managing foreign exchange and gold reserves, making decisions regarding official interest rates, acting as banker to the government and other banks, and regulating and supervising the banking industry.

These banks buy government debt, have a monopoly on the issuance of paper money, and often act as a lender of last resort to commercial banks. The term bank nowadays refers to these commercial banks. The Central bank of any country supervises controls and regulates the activities of all the commercial banks of that country. It also acts as a government banker. It controls and coordinates currency and credit policies of any country.

BELARUSBANK AND ITS ACTIVITY

Belarusbank is the largest financial institution of the country offering to its customers more than 100 types of banking products and services, including cash settlements, lending, deposit banking, leasing, factoring, cash collection, international and interbank settlements, foreign currency exchange and conversion, plastic cards transactions, consulting and depository services.

The Bank's structure as of 01.03.2015 comprises 6 regional branches, 28 local branches and 1686 outlets, Banking Services Centre – 96.

In 1922 Savings Bank was established in Minsk, Belarus. In 1994 the Bank joined SWIFT. In 1996 the Bank becomes a principal member of Europay International (presently MasterCard International). In 1996 Belarusbank acquired Belsviabank and Belzheldorbank. In 1997 the Bank established representative offices in Warsaw, Poland and Moscow, Russia.

In 2000 the Bank became a principal member of VISA International. Since 2001 international ratings have been assigned by Fitch Ratings. Foreign banks grant Belarusbank ECA-covered loans without Governmental guarantees. In 2003 the Bank established a representative office in Frankfurt am Main, Germany. On July 14, 2005 MinskComplexBank merged into Belarusbank. In June 2007 Belarusbank opened its fourth representative office in Beijing, China. In August 2007 Belarusbank provided its first export finance loan. In March 2008 Belarusbank introduced foreign exchange transactions in the currency of the People's Bank of China. In September 2008 the Bank was entitled to conduct transactions of purchase and sale on precious stones. In March 2009 Belarusbank and the Warsaw Stock Exchange signed an Agreement on the Cooperation in Warsaw, providing Belarusian companies with an access to the international capital market. In June 2009 the Bank started to provide export loans to non-residents of the Republic of Belarus.

In December 2010 Belarusbank attracted the largest syndicated loan in the history of the Belarusian banking system for USD 145 million. In 2010 also correspondent account RMB was opened with Agricultural Bank of China (Shanghai branch), which made it possible to effect the first FX transaction of buying RMB for USD. In 2011 Belarusbank became associate member of ROTOBO. Belarusbank is the first bank in Belarus which entered debt capital market in 2012. In May 2012 Belarusbank became a member of WSBI. In 2012 Belarusbank becomes bank-partner of the Shanghai Cooperation Organization Interbank Consortium. In June 2013 Belarusbank became a

trading participant at Moscow Exchange, JSC. In 2014 The Banker rated Belarusbank as 480th on The Top 500 Banking Brands list with the estimated value of 159 million U.S. dollars.

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THE FUTURE OF BANKING

Banks have been at the heart of economic activity for eight centuries. Banking can be traced back to medieval and early Renaissance Italy, to the rich cities in the north such as Florence, Venice and Genoa. But nowadays they are not the same as they were several centuries ago. They are constantly changing to meet demands of the economy. The turning point of the banking system took place in the first half of the 20th century. Today's wire transfers and non-cash payments trace its roots back to 1918 when the Federal Reserve Banks first transferred money via telegraph. The invention of ATM in 1939 was the revolution of the 20th century. And it is going to be a new revolution in banking. All the signposts for change are here. These changes are less about imagining some unknown future, but more about implementing all the things we know about today and which are not fully used in banking. Nowadays people are becoming more and more occupied in their day-to-day tasks and they don't have enough time for standing in the checkout queues in banks to pay bills or to receive the necessary information. Undoubtedly, it is much easier to pay or to raise a loan without leaving your house or office, and it is even better to do this while lying on a sofa in front of TV. Although these changes affect their lives, the advantage is obvious people are having an access to a more comprehensive range of banking services without losing much time and effort.

Yet the pace of change is increasing rapidly – banks that fail to change themselves risk being left behind.