

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