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FOREIGN ECONOMIC ACTIVITY OF ENTERPRISES: METHODOLOGY OF EFFICIENCY, INNOVATION AND INVESTMENT CONTEXTS CONTEXTS IN A SECURE DIMENSION

Current issues of improving the foreign economic activity of domestic producers are considered. The main possibilities of entering the international market are substantiated. The main components of state policy in the foreign economic sphere have been identified. A practical mechanism for determining the economic efficiency of foreign economic activity of enterprises is presented. On the basis of this, the main ways of increasing the efficiency of foreign trade activities of domestic enterprises are proposed.

Keywords: foreign economic activity, export and import products, economic efficiency, safe dimension, innovations, investments, network of distributors

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ЗОВНІШНЬОЕКОНОМІЧНА ДІЯЛЬНІСТЬ ПІДПРИЄМСТВ: МЕТОДОЛОГІЯ ЕФЕКТИВНОСТІ ТА ІННОВАЦІЙНО-ІНВЕСТИЦІЙНІ КОНТЕКСТИ В БЕЗПЕЧНОМУ ВИМІРІ

Розглянуто актуальні питання вдосконалення зовнішньоекономічної діяльності вітчизняних товаровиробників. Обґрунтовано основні можливості виходу на міжнародний ринок. Ідентифіковано основні компоненти державної політики у зовнішньоекономічній сфері. Представлено практичний механізм визначення економічної ефективності зовнішньоекономічної діяльності підприємств. На основі чого запропоновано основні шляхи підвищення ефективності зовнішньоторговельної діяльності вітчизняних підприємств.

Ключові слова: зовнішньоекономічна діяльність, експортна та імпортна продукція, економічна ефективність, безпечний вимір, інновації, інвестиції, мережа дистриб'юторів

Target setting

An important part of the stabilization of economic activity of enterprises, firms, all participants of market relations is foreign economic activity – one of the spheres of economic activity related to international industrial, scientific and technical cooperation, export and import of goods, services, entry of enterprises and organizations to the foreign market. The development of foreign economic activity is a significant factor in increasing the efficiency of economic activity both at the level of individual business structures and throughout the country.

Analysis of the latest research studies and publications

The problems of improving the efficiency of foreign economic activity of enterprises have always been in the focus of attention of economists. The theoretical methodological basis of this work is the main provisions and conclusions formulated in the scientific fundamental works of domestic and foreign economists in the field of economic and financial analysis, financial management, marketing. The issues of functioning of foreign economic activity of the enterprise are widely covered primarily in foreign scientific literature. In Ukraine, these problems are dealt with by such specialists as Bilyi V., Hubenko V., Zavalov P. Kredysov A., Lozenko A. P., Pavlenko F., Shcherbak V., Yakovliev A., Yakubovskiy M. and others.

The purpose of the article is to identify the main ways to improve the foreign economic activity of domestic enterprises.

Presentation of basic material of the research

The relevance of this issue is explained by the fact that effective foreign economic activity contributes to the reproduction of the country's export potential, increasing the competitiveness of Ukrainian goods in the world markets, the formation of a rational structure of exports and imports, attracting foreign investment on mutually beneficial terms, ensuring the economic security of Ukraine. The reform of foreign economic activity, first of all, of industrial enterprises is one of the essential directions of restructuring the economic life of the country. It is characterized by decentralization of foreign economic activity and gradual abandonment of the state monopoly on foreign trade. The whole range of issues related to export-import activities, including the design of export goods, their production, sales and service, begins to be concentrated at their level. Economic, material and legal conditions are being established to strengthen the interest of enterprises in export activities and increase their efficiency.

However, at the present stage, the foreign economic activity of Ukrainian enterprises needs to be improved. This, first of all, should be facilitated by a balanced state policy in the foreign economic sphere. It should be aimed at:

- re-profiling of enterprises that mainly work on raw materials and components imported from abroad, supplies of which are unreliable and economically unjustified;
- production of new competitive products by providing certain discounts for its export;
- reducing the import of low-quality, harmful products from abroad by establishing high import duties and other non-tariff barriers [6, p.59].

In the future, industrial enterprises should focus their foreign economic activity on increasing the share of finished products in the export of finished products, a significant reduction in the supply of raw materials, fuel, environmentally hazardous products. Of particular importance for the development of foreign economic relations should be the increase of export potential through the conversion of defense industries, the development of forms of industrial cooperation with foreign partners, the creation of conditions for the overflow of international capital and labor. A sufficient amount of cheap skilled labor makes it possible to create even new industries, production of electronic and laser equipment, which would significantly increase the export of our enterprises.

The first stage of analysis of ways to improve the efficiency of foreign economic activity of the enterprise should be to determine the range of countries that are potentially attractive in terms of penetration into their markets. It is necessary to analyze carefully the state of the international marketing environment, which includes the study of the international trade system, the economic environment of each country and their political, legal and cultural environment. An enterprise that has decided to enter a foreign market must take into account the existence of many restrictions and obstacles to international trade both in the country whose market it is going to enter and in its own. Such restrictions include: customs tariffs (fiscal and protectionist), currency control by the state, a number of non-tariff barriers (systems of national safety standards, quality, etc.).

Studying the economic environment involves analyzing the economy of each country for its attractiveness as an export market. To do this, it is necessary to assess economies by two characteristics. The first of them is the structure of the economy, which determines the country's need for goods and services, the level of employment and income, etc. The second characteristic is the nature of income distribution in the country. The political and legal environment can be understood by analyzing four main factors: the country's attitude to foreign procurement; political stability; currency restrictions; and the state machinery (the degree of assistance or opposition to foreign enterprises by the host state) [7, p.26].

The result of the study of the international marketing environment is the information, the analysis of which allows to make a decision on the fundamental expediency (or in expediency) of the enterprise's entry into foreign markets. In modern conditions, the optimal solution is to enter the markets of the so-called near abroad countries. Of all the countries of the former Soviet Union, the Russian market seems to be the most attractive – its potential capacity is much greater than the capacity of the Ukrainian market, effective demand in Russia is higher.

The following opportunities to enter the market of neighboring countries are offered:

- ✓ direct export;
- ✓ organization of production in these countries;
- ✓ formation of a network of distributors for the promotion and distribution of goods on the market;
- ✓ organization of a joint venture with an existing enterprise to create a distribution channel;
- ✓ production under license;
- ✓ organization of the product promotion network and sales assessment (for export);
- ✓ acquisition of an existing enterprise – distributor and wholesaler with an existing system of promotion and sales (vertical acquisition) or purchase of a controlling stake in the manufacturer (horizontal acquisition) [2, p.58].

However, there are many problems in the implementation of these opportunities. First of all, direct exports are associated with the need to gain market positions, with market resistance to foreign brands, with the need for time to organize a network of promotion and sales, with the difficulty of controlling the growth of sales,

with difficulties in communication with the end user, with delays in payment. Construction of the production base requires significant investments, careful choice of location, search and selection of labor force and qualified personnel. The organization of a distribution network or the creation of a joint venture abroad seems attractive, but is complicated by problems with the choice of a partner, overpricing (costs from the distributor are transferred to the end consumer), differences in strategic goals with the partner, problems in the distribution of profits (in the case of a joint venture).

The choice of a Ukrainian enterprise to acquire an enterprise located outside the territory of Ukraine as a method of penetration into a foreign market requires the lowest costs compared to other ways to access the market and maintain market positions, and in the long term – allows to occupy a certain market niche. That is why it is necessary to identify ways to improve the efficiency of foreign trade activities of domestic commodity producers:

- comprehensive study of the problems of improving the efficiency and development of foreign economic activity of domestic manufacturing enterprises;
- identification of directions for improving the system of management and planning of foreign economic relations at the enterprise level;
- identification of ways to improve the methods of export work;
- study of modern analytical approaches and methods of research of foreign trade markets;
- development of organizational and economic measures to improve the competitiveness of export products;
- analysis of the efficiency of foreign trade activities of manufacturing enterprises (assessment of the level and quality of fulfillment of obligations by the enterprise under contracts with foreign partners, research of efficiency, advantages and disadvantages of concluding contracts and agreements; analysis of the competitiveness of the enterprise and the competitiveness of products and sales market in foreign economic activity; analysis of the dynamics (development) of foreign economic activity of the enterprise; study of the rational use of resources); development of methods of analytical assessment of the effectiveness of a separate export operation.
- development of measures to improve the efficiency of export activities of domestic commodity producers [1, p. 30].

At the present stage of development, the process of assimilation of foreign markets by domestic producers is accompanied by significant difficulties and problems due to imperfect forms of financial settlements, underdevelopment of transport and market infrastructure, contractual and legal framework, customs procedures and taxation.

Domestic commodity producers are able to enter the world market only if they produce quality products that meet the existing demands and needs of consumers. This problem can be solved only by investing capital and implementing modern innovative developments in priority sectors. The vast majority of products of domestic commodity producers are characterized by a low level of quality that does not meet international standards, as well as high production costs, which ultimately leads to a low level of competitiveness in foreign markets. The development of export potential cannot be considered in isolation, without taking into account the interdependence between the state of the economy and the effectiveness of foreign economic relations, as well as the peculiarities of the current economic crisis and foreign experience in the development of export-oriented industries.

Carrying out foreign economic activity, the heads of enterprises necessarily analyze its effectiveness. In order to achieve the greatest economic effect from foreign economic activity, it is necessary to develop the production of export products, which allows to obtain the highest foreign exchange earnings per unit of expenditure, and to import those goods, the own production of which would cause the highest costs per unit of invested foreign currency.

Analysis of the economic efficiency of foreign economic activity is carried out in order to substantiate proposals for the sale and purchase of goods, to assess the current structure, directions of foreign trade turnover of the enterprise. Thus, the indicators of efficiency of foreign economic activity of the enterprise and their analysis allow to identify the profitability of foreign economic operations on import and export.

From the point of view of the manufacturer of export products (goods) that directly enter the foreign market, the performance indicators of foreign economic activity are calculated on the basis of such data:

- costs for the production of export products (C_e);
- value of export products in selling (domestic) prices (P_e);
- value of export products in foreign trade prices or foreign exchange earnings from the sale of products on the foreign market (R_e);
- value of imported products in foreign trade prices or foreign currency funds spent on the purchase of imported goods (R_i);
- value of sales of imported goods at domestic prices (P_i);
- costs for the purchase of domestic goods similar to imported ones (C_i).

Using the above indicators, they calculate:

- total efficiency of exports and imports, the indicators of which characterize the overall process of

- production and sales (for exports), sales and use (for imports);
- economic efficiency of export production and use of imports;
- budget (currency) efficiency of exports and imports.

Indicators of economic and budgetary efficiency reflect only certain parts of foreign economic operations. Economic efficiency characterizes the process of export production and import use. Budgetary efficiency characterizes the process of circulation of products (goods), i.e. realization of exports in the foreign market and use of imports in the domestic market.

The indicators of full efficiency of exports and imports are determined on the basis of the ratio of their value in foreign trade prices and production costs.

Indicators of economic efficiency of export production (use of imports) are determined by comparing the value of exports (imports) of goods at domestic prices and production costs.

Budget efficiency is calculated by comparing the value of exported or imported goods (products) in foreign trade and domestic prices.

Total export efficiency – TFe and effect – Ee are calculated by the formulas:

$$TFe = \frac{Re}{Ce} \quad (1)$$

$$Ee = Re - Ce \quad (2)$$

The total import efficiency – TFi and the effect – Ei are calculated by the formulas:

$$TFi = \frac{Ri}{Ci} \quad (3)$$

$$Ei = Ri - Ci \quad (4)$$

If TFe and TFi are greater than one, then export and import of such products are economically profitable.

The economic efficiency of the production of export products $TFee$ and its effect Eee are determined in order to assess the economic interest of producers to supply products to the world market independently or through foreign economic organizations:

$$TFee = \frac{Pe}{Ce} \quad (5)$$

$$Eee = Pi - Ci \quad (6)$$

Economic efficiency of import consumption – $TFei$ and its effect – Eei are calculated as follows:

$$TFei = \frac{Ci}{Pi} \quad (7)$$

$$Eei = Pi - Ci \quad (8)$$

Budgetary efficiency of exports – $TFeb$ and its effect – Eeb , as well as budgetary efficiency of imports – $TFib$ and its effect – Eib are calculated by the following formulas:

$$TFeb = \frac{Re}{Pe} \quad (9)$$

$$Eeb = Re - Pe \quad (10)$$

$$TFib = \frac{Pi}{Ri} \quad (11)$$

$$Eib = Pi - Ri \quad (12)$$

The effect of differences in the price structure is important for foreign economic relations of individual enterprises and the economy of Ukraine. No less important for the domestic economy is the use of scientific and technical effect, taking into account the existing scientific and technical potential and limited financial resources for its implementation. In general, it can be argued that the effect of foreign economic relations is expressed in specific economic results (see Fig. 1).

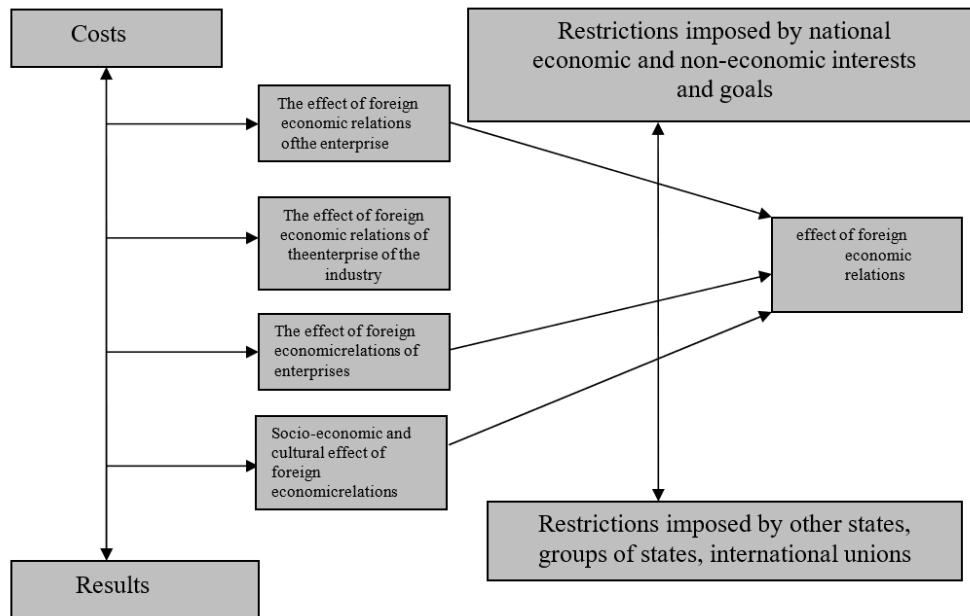


Fig.1. Scheme of the effect of foreign economic relations: an innovative approach [4, p. 499]

This effect can be limited (increased or decreased) by the actions of the state aimed at achieving national economic and other goals. On the other hand, the effect is influenced (stimulating or discouraging it) by the actions of other states, international and regional state and business groups.

In order to improve the efficiency of the foreign economic complex, it is necessary to develop the system and principles of state regulation of foreign economic relations in accordance with the state's course to support the real sector of the economy. Improving the efficiency of foreign economic activity of enterprises, primarily export operations, is highly dependent on improving the management system of foreign economic relations. In this case, of great interest is the issue related to the possibility of making optimal management decisions regarding the tasks aimed at improving the competitiveness of the enterprise, as well as the coordination of its effective production and sales activities [3, p.14].

Entering a foreign market is always an entry into competition. In the conditions of high saturation and even oversaturation of the world commodity markets, each product (and the producer behind it) is forced to wage a fierce struggle for consumer preference, which is given to the most competitive product, which per unit of its value (price) satisfies more needs and at a higher level than the products of competitors. The growing interest in quality, caused by increased competition in the world market, poses a very specific task for the manufacturer of products. To improve quality is to improve the competitiveness of their products both in the domestic and foreign markets. With a new approach to product quality, the role of standardization is growing, in the development of which the state plays a significant role. Standardization issues are considered as a basic basis, without which it is impossible to improve the quality of products throughout the country as a whole.

Competitive positions of developed countries in international trade are also manifested through the mechanism of prices. Their level in foreign markets continues to be an effective lever for managing or weakening the position of the exporter. And although there is an opinion that export prices are not the main indicator of competitiveness, that preference should be given to the influence of such factors as the level of technical improvement of products, its quality, reliability, ease of use, terms and conditions of delivery and payments. Nevertheless, the role of non-price factors in competition is far from being equal. Depending on the markets and goods, they can have a different impact on the efficiency of foreign economic activity. All this makes exporting enterprises carefully study the competitiveness of their products. At the same time, high competitiveness

of products should not be an end in itself for an enterprise – it is only a means of obtaining high profits. A firm should be interested not in achieving the highest possible competitiveness without regard to costs, but in ensuring such a level of competitiveness that allows it to reach the maximum amount of profit. In fact, this means that, for example, Western companies do not work on increasing the level of competitiveness in general, but on maintaining its optimal level, in other words, they seek to manage it [5, p.214].

Therefore, competitiveness management does not contradict the profit orientation of the enterprise. On the contrary, it is an expression of its desire for profitability. However, it should be noted that the management of competitiveness of the enterprise forms a slightly different approach to its functioning in general. Enterprise managers begin to consider the issue of profitability from the standpoint of quality, consumer properties of products, competitiveness, that is, the realities of competition.

Conclusions

To improve the system of support of national commodity producers, to eliminate the threat of interventionist import supplies, to prevent material losses in the domestic industry, in accordance with the legal norms accepted in the world trade, it is necessary to stimulate domestic commodity production, dependent on imports of raw materials, materials and components that are produced in the country in small quantities, by establishing low or “zero” import duty rates. It is necessary to increase the potential of foreign economic activity of enterprises, first of all, by creating favorable economic conditions for increasing the output of domestic products and services through modernization of production, application of modern technologies of processing, storage, packaging, transportation and sale of products of machine-building, food and light industry, agriculture, consolidation in traditional markets and entering new ones. It is necessary to provide state guarantees for the participation of our companies in international tenders, to stimulate domestic machine-building exports, as well as exports of food and agricultural products through the introduction of a special system of crediting working capital of producers.

Thus, only on the basis of a comprehensive study of the situation on the world markets, increasing the competitiveness of products, the use of modern technologies can be achieved effect in foreign economic activity both at the micro level (enterprise level) and at the macro level in particular.

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