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Pashkevych S.M.
National University of Water and Environmental Engineering, Rivne, Ukraine

STRATEGY FOR THE DEVELOPMENT OF FOREIGN ECONOMIC ACTIVITY IN THE OPERATIONS OF FFC

The article examines the risk management model in the foreign economic activity of enterprises, which is critically important in the context of globalization and economic integration. It is noted that the existence of risks is due to the unpredictability of changes in the socio-economic environment. Enterprises face numerous challenges that can significantly impact their operations, making effective risk assessment and management key elements of strategic planning.

The authors emphasize the importance of continuously updating risk management methods and models, including the implementation of cutting-edge technologies and mathematical models. The main stages of risk management are described: identification, assessment, planning, monitoring, and control. It is highlighted that adaptation to changes and the introduction of innovative approaches are necessary to ensure the competitiveness of enterprises in the modern world. The article aims to provide practical recommendations for enterprises regarding effective risk management in their foreign economic activities.

Keywords: management model; risk management; foreign economic operations.

INTRODUCTION

The existence of risk is due to the impossibility of fully predicting changes in the environment of socio-economic relations. In the current conditions of globalization and economic integration, enterprises face numerous challenges that can significantly impact their activities. They strive for successful foreign economic activity, which is not possible without a proper assessment of the degree of risk and the ability to manage it. Risk management becomes a key element of strategic planning, as it allows not only to avoid negative consequences but also to use risks as opportunities for development.

To reduce the impact of risks, identify potential consequences for the enterprise in a risky situation, and neutralize the negative results of such impacts on the enterprise's activities, it is necessary to continuously update the arsenal of methods, models, and approaches to risk management. This includes the implementation of cutting-edge technologies, data analysis, the use of mathematical models, and scenario planning. Therefore, this problem remains relevant today, as enterprises that cannot adapt to changes risk losing their competitiveness.

LITERATURE REVIEW AND PROBLEM STATEMENT

The study of risk factors began after World War II when economic systems began to undergo significant changes. R. Schneider [10], who examined the impact of risks on enterprise activities, and L. Hedges [8], who researched financial losses and risks within enterprises, did not sufficiently address the issue of risk management, focusing instead on the financial aspect of the problem. This indicates that risk management requires a comprehensive approach that considers not only financial aspects but also organizational, technological, and social factors.

Domestic scholars such as S.M. Ilyashenko [1], S.M. Klymenko, and O.S. Dubrov [2] identified only two types of factors affecting the foreign economic activity of enterprises: objective (independent of the specific enterprise) and subjective (characterizing the enterprise). They emphasized the importance of understanding these factors for effective risk management. Later, they classified risk factors in more detail based on criteria such as source of origin (external/internal) and degree of influence. This includes direct factors (affecting the results of the enterprise's activities) and indirect factors (not affecting the results but enabling changes in other factors).

However, this classification is not detailed enough for a complete understanding and neutralization of risk factors within enterprises. It is necessary to consider the dynamics of changes in the external environment, as well as internal processes that may influence risks. This requires constant monitoring and analysis, which, in turn, demands resources and specialized knowledge.

Thus, the relevance of researching risks and their management remains high. Modern enterprises must adapt their strategies to new challenges to ensure stability and growth in conditions of uncertainty.

PURPOSE AND OBJECTIVES OF THE STUDY

The aim of the research is to analyze and decode the risk management model within an enterprise, to explore the functional interconnections within the risk management subsystem, and to identify the levels and factors of risk as a means of preventing (minimizing) the impact of adverse conditions on the enterprise's activities.

RESEARCH RESULTS

Risk management is a specialized type of activity aimed at mitigating the impact of risk on the operational results of an enterprise, firm, or company. The most critical decisions that an entrepreneur must face are determined by the level of risk that is acceptable for the enterprise [4].

Consequently, the efforts of the management of the economic entity should be directed towards at least partially minimizing, compensating for, or preventing the negative impact of adverse factors. Given that it is impossible to eliminate or restrict the influence of all potential threats, the financial and economic activities of the enterprise are conducted under conditions of acceptable risk—achieving conditions where potential losses or damages due to adverse developments are significantly lower than the possible benefits. Risk is considered acceptable even in situations where inaction is associated with greater losses or damages.

Risk management is implemented as a subsystem within the functional structure of the enterprise. Its main elements include:

-Objects of Management: These exist in both internal and external environments. The former includes financial and economic operations, technologies, processes, production resources, information, and communications. The latter encompasses the activities of partners, contractors, suppliers, consumers, and clients, as well as political, economic, and social processes in macro and transnational environments.

- Subjects of Management: These are employees, officials, departments (separate divisions), and consulting firms assigned with responsibilities and authority for monitoring, identifying, and researching risks, their impact on foreign economic activity (FEA), as well as developing measures to prevent and overcome their influence on the effectiveness of the enterprise's financial and economic activities as a whole.

- Management Tools: This refers to the set of principles, procedures, and methods for preventing adverse events in the operational, financial, and investment activities of the enterprise in the foreign economic segment.

- Risk Indicators: A system of key performance indicators that characterize the level of risk in the financial and economic activities within the foreign economic segment.

Risk management is implemented at two functional levels: the analytical and the organizational. The essence of these levels is defined by the overall logic of any management process. At the analytical level, monitoring, detection, identification, and research of risks are conducted, assessing the degree of their impact on foreign economic operations, as well as planning ways and means to prevent (minimize) the influence of adverse factors. At the organizational level, the preparation and implementation of management decisions aimed at minimizing the risks associated with foreign economic operations occur, concerning the goals and means of activity for all elements of the financial and economic system of the industrial enterprise [5—8].

The functional structure of the risk management subsystem for foreign economic activity within the enterprise is illustrated below (Fig. 1).

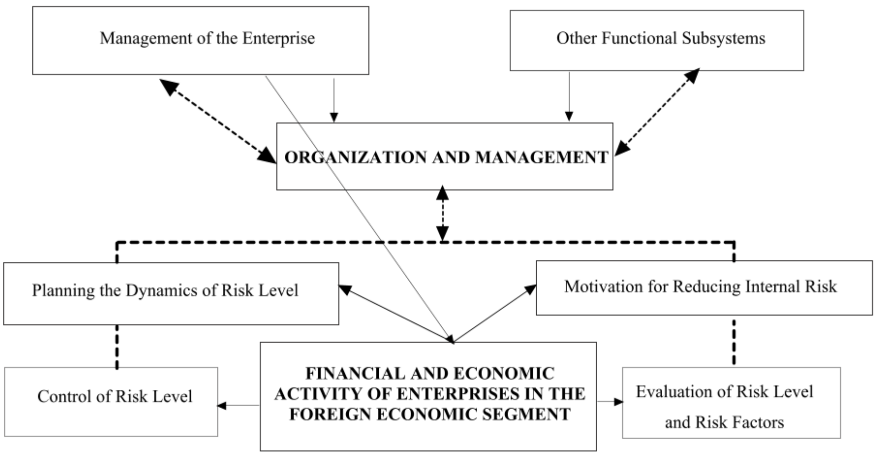

Fig. 1. Risk Management Model for Foreign Economic Activity of the Enterprise

The presented figure illustrates the author's vision of the functional interconnections within the risk management subsystem. In our view, this model encompasses several "classical" management functions, including organization and management, planning, motivation, accounting, and control. Each of these functions plays a crucial role in the effective management of risks associated with the foreign economic activities of an industrial enterprise. Let us delve deeper into the essence of each management function in the context of risk management for foreign economic operations.

DISCUSSION OF RESEARCH RESULTS

The control function is vital for ensuring that the enterprise remains aligned with its economic objectives. The primary goal of controlling the level of risk is to identify threatening trends that could adversely affect the economic interests of the enterprise. This involves a comprehensive analysis of both the internal financial mechanisms and the external environment in which the enterprise operates [3; 8]. The scope of risk management in foreign economic activity extends beyond international economic relations; it also encompasses domestic processes that may directly or indirectly impede the achievement of the enterprise's economic goals in external markets. By continuously monitoring these trends, management can make informed decisions to mitigate potential risks before they materialize.

The planning function is executed through a series of systematic procedures designed to anticipate and address risks associated with foreign economic operations. Key activities within this function include:

1Analyzing the Risk Level of Planned Foreign Economic Operations: This initial step involves assessing the potential risks inherent in proposed activities, allowing the enterprise to gauge the feasibility and safety of its strategic initiatives.

2. Forecasting the State of Risk Factors After Implementing Planned Risk Minimization Measures: Once risk mitigation strategies are developed, it is essential to predict their effectiveness. This involves evaluating how these measures will alter the risk landscape and ensuring they align with the enterprise's objectives.

3. Forecasting the Dynamics of Risk Factor Development in the Short and Long Term: Depending on whether the management approach is strategic or operational, this forecasting can vary significantly. It requires a thorough understanding of market trends, regulatory changes, and other external factors that could influence risk levels over time.

The accumulation of data regarding potential risks forms the basis for planning proactive measures aimed at preventing or minimizing the adverse effects of unfavorable events. This strategic foresight is essential for maintaining the enterprise's stability and competitiveness in the global market.

The motivation function is integral to fostering a culture of compliance and accountability within the organization. It involves developing methods to ensure that officials and responsible employees adhere to the requirements set forth by legislation and internal regulatory documents while performing their duties. This function plays a preventive role in risk management by establishing a framework that encourages appropriate behavior among personnel.

By cultivating a motivated workforce that understands the importance of risk management, the enterprise can enhance its overall resilience. Training programs, incentive systems, and clear communication of expectations are all part of this motivational strategy, ensuring that employees are not only aware of the risks but are also equipped to manage them effectively.

The accounting function operates in conjunction with control and focuses on the systematic evaluation of risk levels and factors through the use of risk indicators. This function is responsible for the accumulation, summarization, and storage of information about events and processes that are either related to or may cause threats to the achievement of the enterprise's economic goals in the foreign economic segment.

Effective accounting practices enable the enterprise to maintain a comprehensive database of risk-related information, which is crucial for informed decision-making. By analyzing historical data and current trends, management can identify patterns and potential vulnerabilities, allowing for timely interventions and adjustments to risk management strategies.

The organization and management functions are executed at the organizational level and involve the strategic allocation of resources for implementing risk reduction programs. This includes:

- Coordinating Activities of the Risk Management Subsystem: Ensuring that all components of the risk management subsystem work in harmony, aligned with the overall goals and objectives of the foreign economic activities of the enterprise.
- Evaluating Managerial Decisions: This involves assessing the effectiveness of past decisions and their impact on risk levels, allowing for continuous improvement in the risk management process.
- Delegating Authority: Empowering individuals responsible for executing foreign economic operations with the authority to make decisions that can affect risk levels. This ensures that those closest to the operations have the autonomy to respond swiftly to emerging risks.

CONCLUSIONS

The practical application of the risk management model within the enterprise significantly enhances its competitiveness and operational efficiency. By systematically addressing risks associated with foreign economic activities, the enterprise can reduce the negative impacts of risks on its operations. Furthermore, the utilization of a well-defined functional structure for the risk management subsystem ensures that the enterprise is well-equipped to navigate the complexities of the global market.

In conclusion, the integration of these management functions not only facilitates the identification and mitigation of risks but also fosters a proactive culture that prioritizes risk awareness and management. This holistic approach ultimately contributes to the sustainable growth and success of the enterprise in its industry. By continuously refining these processes and adapting to changing circumstances, the enterprise can maintain its competitive edge and achieve its long-term strategic objectives.

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Пашкевич С. М., Страегія розвитку зовнішньо економічної діяльності ТЕП

У статті розглядається модель управління ризиками в зовнішньоекономічній діяльності підприємства, яка є критично важливою в умовах глобалізації та економічної інтеграції. Визначено, що існування ризиків зумовлено непередбачуваністю змін у соціально-економічному середовищі. Підприємства стикаються з численними викликами, які можуть суттєво вплинути на їхню діяльність, тому ефективна оцінка та управління ризиками стають ключовими елементами стратегічного планування.

Автори підкреслюють важливість безперервного оновлення методів і моделей управління ризиками, включаючи впровадження новітніх технологій та математичних моделей. Описано основні етапи управління ризиками: ідентифікація, оцінка, планування, моніторинг і контроль. Зазначено, що адаптація до змін і впровадження інноваційних підходів є необхідними для забезпечення конкурентоспроможності підприємств у сучасному світі. Стаття має на меті надати практичні рекомендації для підприємств щодо ефективного управління ризиками у їхній зовнішньоекономічній діяльності.

Ключові слова: модель управління; управління ризиками; зовнішньоекономічні операції.

ПАШКЕВИЧ Світлана Михайлівна, к.т.н., доц. кафедри транспортних технологій і технічного сервісу, Національний університет водного господарства та природокористування, e-mail: s.m.pashkevych@nuwm.edu.ua; https:// https://orcid.org/0000-0001-7667-8932

Svetlana PASHKEVYCH, PhD., Head of the Transport Technology and Technical Service Department, National University of Water and Environmental Engineering, e-mail: s.m.pashkevych@nuwm.edu.ua. https://orcid.org/0000-0001-7667-8932

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