

# METHODOLOGICAL APPROACHES TO THE EVALUATION OF FOREIGN ECONOMIC ACTIVITY EFFICIENCY OF INDUSTRIAL ENTERPRISES

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The article is devoted to the existing methodological approaches to the evaluation of foreign economic activity efficiency of industrial enterprises. The relevance and degree of study of the researched problem in domestic and foreign literature is underlined. Peculiarities of foreign economic activity of industrial enterprises are listed. Private indicators of initial economic result, economic effect and economic efficiency and aggregate indicators of foreign economic activity efficiency are considered. Differences in evaluation of export and import activity are emphasized. A practical example of using three groups of indicators in the evaluation of foreign economic activity efficiency of industrial enterprises is provided.

**Key words:** foreign economic activity; economic effect; economic efficiency coefficient; export activity; import activity; industrial enterprise.

The problem of foreign economic activity (FEA) efficiency evaluation deals with the absence of unified methodological approach to its measurement in scientific economic literature. This is due to the fact, that in conditions of command-administrative Soviet economy enterprise were considered as technical performers, not as independent business entities. That's why there was not urgent necessity to evaluate their efficiency. But economic liberalization and transition to a market economy at the end of 20th-beginning of 21st century caused the need to reconsider existing and develop new criteria of FEA efficiency.

This is rather actual problem, because without achieving high efficiency it is impossible to solve social problems – improve the level and quality of people's lives.

Foreign economic activity of industrial enterprises has some peculiarities, which determine the applied methodological approach to its measurement [1; c. 32-33]:

- another monetary evaluation of results and costs. Export revenues are received in the currency of foreign countries, and the costs are accounted in the national currency. For this reason, the factors affecting the level of efficiency of FEA include a new one – exchange rate difference;

- increased degree of risk in economic, investment and financial activities, which causes additional costs associated with insurance, consulting and legal services;
- availability of additional mechanisms of state regulation, primarily tariff and customs, which, in turn, increase costs;
- foreign markets place increased demands on the offered goods, services, need to process more information from different sources, which also affects the amount of costs.

As far as we can gather, at present we have thorough knowledge about the nature of FEA efficiency. Many books, scientific articles and monographies have been written concerning this topic. Among Belarusian authors this problem was studied by S. Lebedeva [2], L. Nehorosheva [3], S. Sorkin [1] and others. Russian economists are also doing research in this sphere (in particular L. Strovsky [4], T. Mirolubova [5], V. Pokrovskaya [6] and others).

Different authors in their works use different private indicators to evaluate FEA efficiency, but there is consensus on the aggregate indicator – economic efficiency coefficient. In general it is defined as the ratio of economic result to cost, that led to this result. But in every specific field of economy result and costs can differ from each other. In case of FEA, result is considered as export value of goods or services (in case of industrial enterprises it is export value of goods). Costs include production costs, distribution costs and costs, associated with state regulation of foreign trade (duties and taxes).

In order to calculate private indicators of efficiency we can use many techniques. But the most common and widespread methodology of FEA efficiency involves three blocks of indicators. The first block characterizes initial economic result (it means result without taking into account costs) and includes such indicators as export value, share of export in the value of output, share of new innovative products in export value of the company. The second block allows to define economic effect (a final result in absolute terms) with the help of the following indicators (net profit, added value, share of export profit in total profit. And the third block allows to calculate economic efficiency (a final result in relative terms) and includes mainly two indicators: return on costs and return on sales.

We are talking mainly about export activity of the company. To evaluate import activity is much more difficult task, because we should know detailed information about currency inflow and outflow. This data very often is secret and is not available in open sources. So many private indicators of FEA efficiency can't be calculated. As for export efficiency indicators, it is possible to use data from balance sheets and profits and losses reports of investigated enterprises, which are publicly available. Of course many figures

are approximate and can't be 100 % accurate, but never the less, calculations in this case are rather reliable.

As a brief conclusion, we would like to share some practical experience of FEA efficiency evaluation. Within the framework of scientific and research work, FEA efficiency of two dairy Belarusian enterprises (JSC «Bellakt» and JSC «Molochnyi Mir») was analyzed. We used abovementioned three blocks of indicators and calculated economic efficiency coefficient (EEC). As a result, EEC for these enterprise equals approximately 1,1-1,2. It gives reason to say, that generally, on the whole, export activity of researched enterprises is efficient.

These are the main conceptual positions of the theory of foreign economic activity efficiency.

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