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FOREIGN TRADE STRATEGY OF THE SUBJECT OF FOREIGN ECONOMIC ACTIVITY

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The article analyses the features, types, and stages of foreign trade strategy formation of foreign trade entities. The expediency and management methods of the strategic planning process are substantiated. Strategic profiles of behaviour and options for ways of entering the world market of companies have been studied.

У статті проаналізовано особливості, види та етапи формування зовнішньоторговельної стратегії суб'єктів ЗЕД. Обґрунтовано доцільність та методи управління процесом стратегічного планування. Досліджено стратегічні профілі поведінки та варіанти шляхів виходу компаній на світовий ринок.

The relevance of the topic lies in the fact that today, after the start of the war in Ukraine, drastic changes have taken place in society and in the economy of our country. Enterprises must work in new, changed conditions, adapt to work in wartime conditions. Due to the blocking of ports and the partial occupation of territories, logistical routes have radically changed, and due to the departure of refugees, working conditions, demand and supply in the goods market have changed. The situation has changed not only in our country, but also throughout the world. UN Secretary General Antonio Guterres noted that due to the war in Ukraine, a global crisis is developing in the world in three areas: food, energy and finance. Therefore, today more than ever, the development of a foreign trade strategy in new conditions is an important component of conducting business for working Ukrainian enterprises. The author's research is aimed at analyzing and characterizing the methodological and theoretical aspects of developing a foreign trade strategy.

The purpose of the article is to determine the theoretical and methodological foundations and aspects of developing the optimal foreign trade strategy of the foreign trade entity.

The object of the research is the process of developing an effective foreign trade strategy of the foreign trade entity.

The subject of the study is a set of theoretical and methodological aspects and recommendations regarding the growth and development of the international trade strategy of the foreign trade entity.

Nowadays, integration into international business has become the main task for Ukrainian enterprises and the economy as a whole. And after the war started in Ukraine, it became even more important. Ukraine's aspiration to join the European Union presupposes the desire to become a full partner in international business. With the support of the world community, our country has new prospects for the development of foreign economic relations.

Most of the products of the main branches of the domestic industry are sold on foreign markets. The main aspect of the development of Ukrainian enterprises was the export of goods and services in the mining and processing industries, as well as in the country's agro-industrial and energy complexes. Thus, the issue of choosing an effective long-term economic development strategy by companies, as well as its important part – the foreign trade strategy, becomes extremely important. The strategy of international economic activity provides for the justification of the long-term goals of the enterprise for the implementation of foreign economic tasks. As N.M. Bogatska emphasizes the plan for the development of foreign economic activity must be interconnected with the general economic strategy of the enterprise as a whole. Strategic planning, as a rule, is designed for a long period, although at many enterprises the strategy is based on medium-term planning [2].

The foreign trade strategy is an important and significant area of the company's activity, which is aimed at maintaining and strengthening already mastered positions in foreign markets and reveals new opportunities related to the expansion of the product sales market. It is a complex plan of exploration of the company in the international market, which must be completed in order to achieve the set goals within the set time.

In order to succeed in the modern world market, companies must be able to quickly use any favorable opportunities for conducting foreign economic activities, as well as quickly respond to changes occurring both in the domestic and foreign markets. To do this, you need to understand your economic goals well and know the main methods of competitive struggle. Competitive struggle is of great importance, so you need to clearly understand your aspirations, goals and ways to achieve them and choose the methods of competitive struggle that will be used by the company. It is necessary to carefully assess the company's strengths and weaknesses, and be sure to compare them with competitors in order to surpass them. It is important to predict probable political, economic and social changes in the society of one's own and host countries, as well as among existing and possible consumers of goods. It is necessary to conduct an analysis of the impact of new technologies on methods of conducting international business in order to keep up with competitors[5].

To solve all these important issues, the company develops a foreign trade strategy, using techniques and methods of strategic planning. Strategic planning is usually carried out by top managers of companies' head offices and heads of regional divisions and foreign subsidiaries. Strategic planning is extremely important for the successful functioning of the enterprise, therefore it is given a lot of attention, time and effort of all employees involved in this process [6].

Depending on the structure and sphere of activity of the company, three main types of management of the international activity planning process are defined (Table 1):

Table 1

Classification of types of management of the planning process

Types of planning process management	Essence
Strategic planning	Development strategies of each division of the corporation are determined by the head office
Financial control	Heads of divisions themselves develop a strategy for the development of the division within the defined budget
Strategic control	Planning takes place at the divisional level, but already developed strategies are reviewed and approved by the head office

Source: built by the author based on [9].

Let's consider the motives that can encourage companies to engage in the development of a new foreign trade strategy. F. Kotler's version stands out among the different variants of the opinions of other scientists cited by T. S. Pichugina. This option is determined by the main motives

that force enterprises to develop new foreign markets, firstly, the possibility of the foreign market to provide more income to the exporting company than it received in the domestic market; secondly, as a way to save costs due to an increase in sales volumes; thirdly, to reduce dependence on the domestic market [10, p. 21].

Since the foreign trade strategies of foreign trade entities have different types and characteristics, Table 2 was created for clarity.

Table 2

Classification of types of foreign economic strategy

Classification sign	Type of strategy
By management level	Corporate, competitive, functional, operational
By the nature of market behavior	Active, passive, active-passive
By the period of implementation	Long-term, medium-term, short-term
According to the degree of globalization	Strategy of internationalization, diversification and segmentation
Functionally	Marketing, resource, research and development, financial and investment

Source: built by the author based on [9].

The development of the company's foreign trade strategy is a complex and tricky process that involves solving many issues, notes J.P. Puhalska:

- what goods and/or services does the company intend to sell?
- where and how will production be carried out?
- where and how will the company's products be sold in which markets?
- where and how will the company buy the necessary resources?
- how does the company expect to surpass its competitors?

The process of strategic planning is called by P. Lorenz as "the kind that ensures innovation and changes in the organization to a sufficient extent." He identified four main types of company management activities in strategic planning: resource allocation, adaptation to the external environment, internal management and organizational-strategic forecasting [6].

Professionals whose responsibilities include strategy development for an international company have to deal with many governments, currencies, accounting systems, political systems, legal systems, and a wide variety of languages and cultures. Among other things, the responsibilities of management personnel include coordinating the implementation of the strategy in divisions located in many countries of the world, as well as monitoring and managing the activities of these enterprises. This process is complicated by the fact that each country has its own time zone, cultural context and economic conditions for doing business. All these aspects must be taken into account when developing a foreign trade strategy.

The main tasks of the foreign trade strategy are:

- creation of a powerful export sector;
- attracting foreign investments and creating a joint venture with foreign capital;
- implementation of foreign business activities;
- formation of an extensive system of foreign economic management;
- personnel support of foreign economic activity.

And only the successful completion of all these tasks will lead to the desired results – obtaining the maximum income from the sale of the largest volume of products [9].

The next important aspect is the company's behavior on the global market. In international business, there are four main strategic profiles of international companies: ethnocentrism, polycentrism, regional centrism and geocentrism.

Ethnocentrism. The company defines the activity on the international market as the next after the domestic one, it can use the same strategy on both markets, first on the domestic market, and then the same strategy on the foreign market.

Polycentrism. The company takes into account the importance of the peculiarities of the business environment of each host country, their impact on its international activities, as well as the impact of these activities on capital turnover and profitability.

Regional centrism and geocentrism. These two concepts mean a higher evaluation by the company of its activities on the international market. Regionalism views the world as a homogeneous market with some common characteristics. The company combines its own interests with the interests of its regional offices. Geocentrism. The company integrates its solutions into a single global system and perceives the world as a single market. For example, the strategy of ethnocentrism in Ukraine is represented by such companies as "Coca-Cola", "Pepsi-Cola", "McDonald's" and others [7].

One of the key aspects of developing a foreign trade strategy is the choice of a way for the enterprise to enter the international market. The following strategies for the enterprise's entry into the foreign market are distinguished: export, joint business activity, direct investment.

There are two types of exports: direct and indirect.

With direct export, the company sells its goods to the foreign market by concluding direct contracts with dealers and intermediaries. In this case, the company takes over all operational activities (search for intermediaries, documentation and certification of products).

Applying the strategy of indirect export, the company finds a sales intermediary in the domestic market who sells goods to foreign markets. Such an intermediary often knows all the intricacies of working in the target foreign market and has an established network of dealers for the sale of goods. Carrying out indirect export does not require significant funds, there is no need to create an export department that will deal with sales abroad or establish contacts with foreign partners. Also, such exports are less risky, because intermediaries act on their own initiative, based on knowledge of the conditions of foreign markets, and offer additional services to the manufacturer. The concept of marketing should take into account the possibility of implementation in active and passive forms. In the direct form, the initiative regarding foreign deliveries comes from domestic institutions – the manufacturer or the exporter. Indirect export has the opposite source: an importer or some foreign institution (often government organizations of a foreign country) searches for the products they need.

The advantages of choosing export activities are the minimal risks and costs that the company bears when implementing this method of entering foreign markets. The main disadvantage of export activity is the low level of control of the selected trade intermediaries in the target country. A company with an aggressive strategy to capture a new market must think of additional levers of influence on its sales agents so that they follow the rules of working with the product, fulfill the sales plan and promote the promotion of the company's product to the market. Export activity helps the company to assess the real demand for its product, to understand the shortcomings of the product, taking into account the local specifics of consumption. If the product begins to be in demand, the company can switch to more controlled activities in foreign markets [1].

Joint entrepreneurial activity is based on combining the efforts of the enterprise with the resources of commercial enterprises of the partner country in order to create production and marketing capacities. In contrast to export, a joint venture (JV) creates a partnership, as a result of which certain capacities are created abroad. The legislation of a number of countries stipulates that the presence of a foreign company in their market is possible only when concluding a contract with local enterprises for the production of goods in these countries. Even industrialized countries sometimes put pressure on exporters to set up joint ventures abroad. There are four types of SPD: licensing; contract manufacturing; contract management; jointly owned enterprises.

The strategy of direct investment is a strategy of entering the foreign market, which ensures the most complete immersion of the firm in foreign economic activity. Using this strategy, the company establishes deeper relations with government bodies, as well as customers, suppliers and

distributors of the country in whose market it enters. This makes it possible to more effectively introduce your products into local marketing conditions. But the most important feature of direct investment is that the company retains full control over its capital investments [8].

Depending on the structure and field of activity, the specifics of goods or services, the specifics of production, the company chooses its way to enter the foreign market.

So, according to the results of the methodological and theoretical works of domestic and foreign scientists, five main stages of developing a foreign economic strategy for exporting enterprises were formed [8, c.389], which are shown in the figure 1:

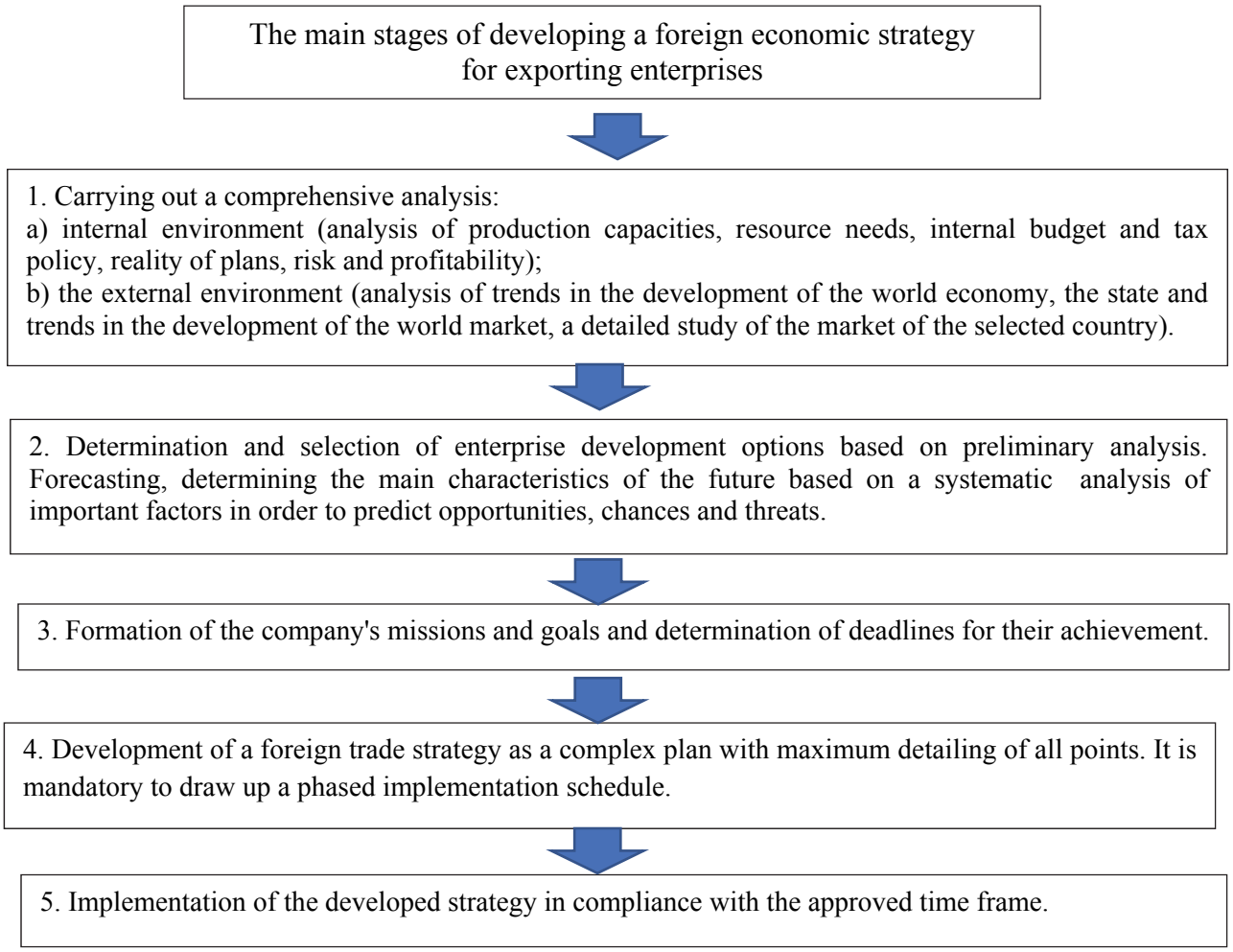

Fig. 1. The main stages of developing a foreign economic strategy for exporting enterprises

* Built by the author based on [8, c. 389].

Today, the introduction of martial law in the country, the partial occupation of territories, which led to force majeure (circumstances of irresistible force) became an important aspect of international activity for domestic enterprises. The Chamber of Commerce and Industry of Ukraine, taking into account the extremely difficult situation, decided to simplify the procedure for certification of force majeure circumstances. Although obtaining a certificate is not mandatory, the parties who signed the contract can agree, based on the force majeure clause in the contract, to postpone the fulfillment of their obligations and not pay fines until a new way of implementing the contractual obligations is found or the war ends . For those companies that are developing new strategies, it is necessary to pay more attention to this issue. And although the force majeure clause has always been mandatory in all international agreements, in today's reality it is necessary to work out this issue in more detail at the stage of strategy development: in terms of logistics – to develop spare routes for the sale of goods, in terms of energy carriers – possible alternative sources [4].

After choosing a strategy by an enterprise, its implementation or as a result of a decision to change strategic directions, it is necessary to evaluate it. The assessment is carried out in the form of an analysis of what factors were taken into account in the formation of the foreign trade strategy. The results of the assessment make it possible to determine whether the chosen strategy will lead the company to achieve its goals or not. Therefore, the task of the enterprise is to choose the optimal strategy for penetration into the foreign market, choosing the type of strategy that will most effectively allow the implementation of the tasks [3].

At the present time, when there is a war in our country and all areas of our life have changed forever, we need to find our way and continue to live, work and develop in new realities. This also applies to the economy of our country, in particular, to foreign economic relations. Today, both internal and external factors that affect the development of business and trade are changing very quickly. Changes are taking place in the domestic market due to partial occupation, blocking of logistics routes, lack of fuel and electricity, and the departure of refugees abroad or to other regions. And in the world, due to the war in Ukraine, the UN is warning about the threat of a food crisis in some third world countries that depend on Ukrainian food exports, on the other hand, the European Union, Great Britain and other countries are ready to cancel tariffs and quotas on Ukrainian goods.

Domestic enterprises must adapt to the new conditions of doing business during the war and rebuild their economic strategies in accordance with the new conditions: change the assortment or structure of products, find new logistics routes, take advantage of new opportunities. To learn to survive and develop in the conditions of martial law, as well as to work for the future, to develop new directions of international activity.

Today, all enterprises – subjects of foreign trade must develop a new foreign trade strategy, which is based, first of all, on the classic aspects of international business, but with amendments for new conditions, factors and perspectives.

So, having studied the main theoretical and methodological principles and key aspects of strategic planning of foreign trade entities in the process of work, we can note that the foreign trade strategy should be a component of the general strategy of the enterprise. At the same time, it plays a key role in the international activities of the enterprise. It is the correctly chosen foreign trade strategy of the company that will allow it to function effectively on the international market and realize the set tasks.

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ПРОБЛЕМИ УПРАВЛІННЯ ЗОВНІШНЬОТОРГОВЕЛЬНОЮ ДІЯЛЬНІСТЮ ВІТЧИЗНЯНИХ ПІДПРИЄМСТВ

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Анотація. *У науковій статті досліджено проблеми, з якими стикаються вітчизняні підприємства в управлінні зовнішньоекономічною діяльністю. Міжнародна торгівля стала невід'ємною частиною глобального економічного зростання, і вітчизняні підприємства все більше беруть участь у зовнішній торгівлі, щоб розширити свої ринки та підвищити конкурентоспроможність. Однак управління зовнішньоторговельною діяльністю створює численні складності, включаючи юридичні, логістичні, фінансові та культурні проблеми. У цій статті розглядаються ці проблеми та надається уявлення про потенційні шляхи покращення управління зовнішньоекономічною діяльністю вітчизняних підприємств.*

Ключові слова: *зовнішньоторговельна діяльність, управління зовнішньоторговельною діяльністю, експорт, українські підприємства, воєнний стан.*

Формул: 0, рис.: 1, табл.: 0, бібл.: 7

Abstract. *The scientific article examines the problems faced by domestic enterprises in the management of foreign economic activity. International trade has become an integral part of global economic growth, and domestic businesses are increasingly engaging in foreign trade to expand their markets and improve competitiveness. However, managing foreign trade activities presents numerous complexities, including legal, logistical, financial and cultural challenges. This article examines these problems and provides an idea of potential ways to improve the management of foreign economic activities of domestic enterprises.*

Keywords: *foreign trade activity, management of foreign trade activity, export, Ukrainian enterprises, martial law.*

Formulas: 0, fig.: 1, tabl.: 0, bibl.: 7

Постановка проблеми. У сучасній глобалізованій економіці підприємства займаються зовнішньоторговельною діяльністю, щоб розширити свій ринок, отримати доступ до нових ресурсів і отримати вигоду від нових бізнес-можливостей. Управління зовнішньоекономічною діяльністю стало невід'ємною частиною процесу прийняття стратегічних рішень для багатьох підприємств. Щоб ефективно орієнтуватися в складнощах міжнародної торгівлі, підприємства повинні володіти глибоким розумінням особливостей і тонкощів управління зовнішньоторговельною діяльністю. Управління зовнішньоторговельною діяльністю охоплює широкий спектр процесів і міркувань, включаючи дослідження ринку, регулювання експорту/імпорту, логістику, управління ланцюгом поставок, фінансування, оцінку