

**Kyiv National University of Trade and Economics  
Department of Foreign Economic Activity of the Enterprise**

**FINAL QUALIFYING PAPER**

**on the topic:**

**“Spending optimization of the enterprise of the subject of foreign economic activity”**

**(Based on the data of International Multi-industry Association**

**« Ukrinterservis», s. Byshev Kyiv region)**

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**Kyiv, 2019**

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## INTRODUCTION

**Relevance of research.** Efficiency of the foreign economic activity of the enterprise is one of the key points of its successful functioning in the market, which confirms the competitiveness of its products. On the one hand, the entry of Ukrainian enterprises into the foreign market significantly widens the ability of enterprises to increase revenues. On the other hand, it causes additional expenses. Therefore, management decisions on foreign economic activity should be reasonable and solve two problems simultaneously: increase efficiency and neutralize potential threats. Each of these areas has a certain level of expenses, which are some of the important management objects for the enterprise's management system. Therefore, in today's competitive environment, the issue of effective management in spending optimization, its structure optimization, release, reduction of unproductive expenses is particularly relevant.

The current state of Ukrainian economy, high risk of foreign economic operations and political instability generally complicate management processes. Therefore, strategic thinking and spending management of foreign economic activity requires the development of reliable and effective tools and methods. Thus, in the context of constant growth of foreign economic relations in the country's economy, the relevance of managing the external economic expenses of business entities is increasing. It is driven by the need of developing reliable methods and effective tools to effectively manage and optimize expenses.

Thus, if spending optimization is one of the two key ways of profit maximization and improving the efficiency of the enterprise, then the optimization of foreign economic expenses of the enterprise is of particular importance for improving the management of the enterprise and its foreign economic activity, as the enterprise simultaneously minimizes the costs of export and import operations. Additionally, it increases profits by increasing production distribution.

The study of the cost structure and methods of their optimization is reflected in the scientific works of many domestic and foreign scientists, such as A. Chandler,

V. Panasiuk, A. Yudanov, A. Pylypenko, V. Lebediev, A. Tymochov, O. Amosov, S. Arkhiereiev, T. Reznikova, A. Zakharov, A. Zokin, E. Honcharova, V. Palii, N. Yehorova, I. Romanenko, O. Turchynov, S. Nikolaieva, A. Borodkin, A. Halchynskiy, V. Toropov, V. Petrova, K. Filippov, B. Mihalaty, E. Brigham, J. Schank etc.

A wide range of tasks and methods for solving them, related to spending optimization of the enterprises - the subjects of foreign economic activity, is reflected in the scientific works of many domestic scientists, such as M. Korinko, H. Titarenko, T. Kotenko, L. Kovalenko, L. Remnova etc.

The aim of the research is development of directions of spending optimization of the enterprise - the subject of foreign economic activity International Multi-industry Association «Ukrinterservis».

According to the aim, a number of tasks was determined, namely:

- to research managerial structure of the International Multi-industry Association «Ukrinterservis»;
- to provide an analysis of the International Multi-industry Association «Ukrinterservis»;
- to investigate the effectiveness of export operations and analyze expenses of the International Multi-industry Association «Ukrinterservis»;
- to develop proposals for spending optimization of the enterprise of the enterprise - the subject of foreign economic activity International Multi-industry Association «Ukrinterservis»;
- to implement predictive assessment of the effectiveness and impact of the proposed measures on the activities of enterprises.

The object of the study is the foreign economic activity of International Multi-industry Association «Ukrinterservis» and the process of the spendings optimization.

The subject of the study is theoretical and practical aspects of spending management improvement of the enterprise.

Theoretical and methodological foundations of the research conducted in the study are scientific concepts and theoretical developments of leading national and foreign scientists in the field of spending optimization of the enterprise's foreign economic activity.

Contribution of the study. For effective financial management and operating business companies needs to optimize their spendings. This part of company's activity plays significant role when they want to expand their business worldwide. Because this reflects on the cost of the product and its position on the foreign market.

Structure of the work. The work consists of introduction, two chapters containing five paragraphs, conclusion, references and appendices. Total volume of the work is 68 pages, including 28 figures and 15 tables.

## Chapter 1. Research of the spending patterns of the International Multi-industry Association «Ukrinterservis»

### 1.1 Evaluation of the management structure of International Multi-industry Association «Ukrinterservis»

The management structure of every modern enterprise is the main managerial mechanism and it provides the most efficient aid in reaching set goals. The analysis and alteration of the organizational structure are necessary in the current market conditions for the successful functioning of any enterprise. The organizational structure is reflected in the enterprise's organizational chart and its staffing pattern.

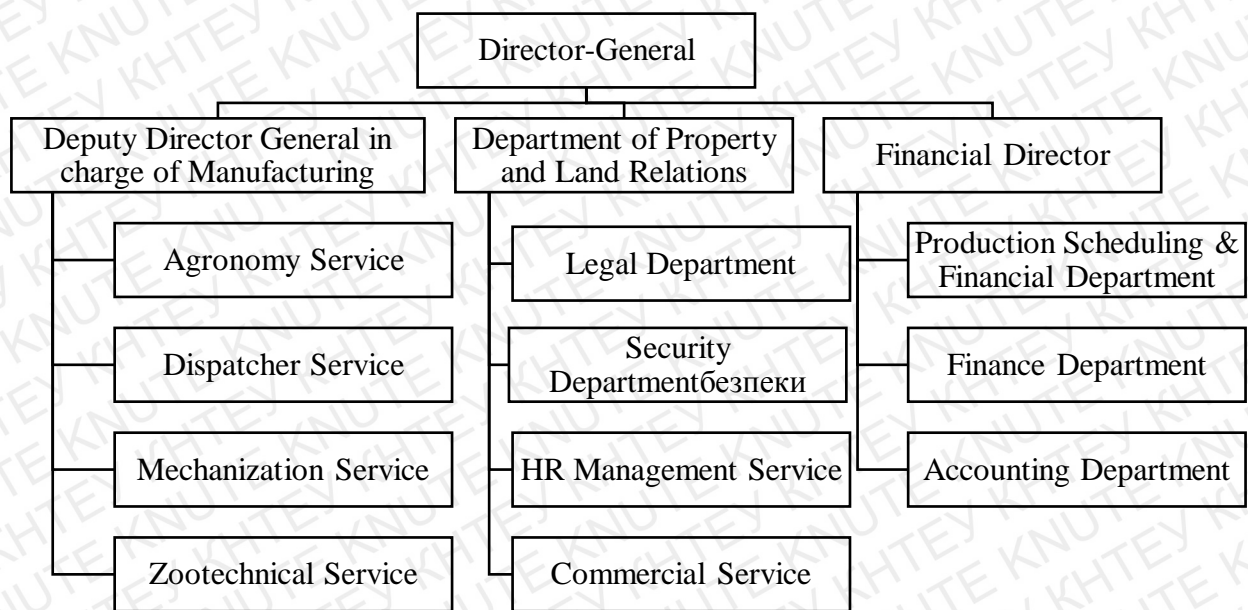


Fig. 1.1. The organizational chart of the International Multi-industry Association «Ukrinterservis»

*Source: constructed by the author*

The presented organizational structure of management is fairly typical for most Ukrainian agricultural enterprises, which do not have a mid-level between the management (parent) company and the production units. The presence of the Deputy Director-General in charge of Manufacturing and the Financial Director (Financial and Economic Service) is typical of agricultural holdings. It is clear that all

production units of the agro industrial enterprise are subordinate to the Director in charge of Manufacturing.

The company is headed by a Director-General and functional executives are subject to him. The Director-General is personally responsible for the activities of the company and implementation of its policies and decisions, which are made by the management. Specific supervisory responsibilities are assigned to each functional executive. Functional executives coordinate decision-making with pertinent workers, carry out operational work, adjust decisions and are subject to the Director-General.

HR Management Service organizes the staff providing work in accordance with general goals of the enterprise development and specific areas of HR policy for the most efficient staff use and its updating and replenishment; provides work on staffing the company with employees of the required professions; directly participates in the development of business plans in terms of providing labor resources.

Production Scheduling and Financial Department: manages scientific, economic and organizational support of the enterprise; develops and organizes the implementation of measures of improvement in productivity, efficiency and profitability of production, and achieving effective results while rationalizing the material, labor, and financial resource expenses; coordinates the activity of the economic units of the enterprise in creation perspective plans.

The accounting department performs the functions of accounting and statistical reporting.

The main responsibilities of the agronomy service are planning and development: cropping plan, cultivation plan, compliance with the norms and contributions, listed in the process sheet, bringing guidance to reporting staff on the type and quantitative indexes of the production process.

The positive aspects of the conditionally qualitative characteristic of the formed management structure at International Multi-industry Association «Ukrinterservis» are as following:

- young active and motivated team;
- hardworking and reliable professionals have high career opportunities.

The negative aspects of the conditionally qualitative characteristics of the formed management structure of International Multi-industry Association «Ukrinterservis» are:

- extremely meticulous criticism of even the smallest mistakes during the process of completing the tasks;
- lack of effectiveness of staff proficiency enhancement (development) system;
- complexity of the introduction of new methods and improvements of business processes due to the bureaucratic mechanism that is characteristic of most agro-industrial enterprises in Ukraine.

To evaluate the management structure of the enterprise, it is necessary to define the following groups of indexes:

- quantity of staff (its structure);
- labor efficiency;
- level of development of organizational structure of management.

*Table 1.1*

### **Number and efficiency dynamics of the staff at**

#### **International Multi-industry Association «Ukrinterservis» in 2014-2018**

Index	Years					Growth rate, %			
	2014	2015	2016	2017	2018	2016/ 2015	2017/ 2016	2018/ 2017	2018/ 2014
Average number of staff	1310	1248	1169	1095	986	-6,33	-6,33	-9,95	-24,73
Average salary, UAH	4070,23	4483,31	5397,42	6589,12	9181,71	20,39	22,08	39,35	125,58
Labor efficiency, thousand UAH	707,43	803,97	1015,04	1396,52	1799,50	26,25	37,58	28,86	154,37

*Source: calculated by the author*

According to Table 1.1, it can be concluded that during 2014-2018 quantity reduction of personnel at the enterprise occurred, according to which the accounted personnel number in 2014 was 1310 employees, and as of the result of 2018



amounted to 986 employees (-24.73%). Labor efficiency had a clear upward trend, with an increase of 154.37% over the period from 2014 to 2018.

The next step is to analyze the age structure and staff structure of the enterprise.

*Table 1.2*

**Personnel breakdown by age at International Multi-industry Association «Ukrinterservis» in 2016-2018**

Age group	2016		2017		2018	
	Num. of people	As % of the total	Num. of people	As % of the total	Num. of people	As % of the total
18 – 28 years old	143	12,26	136	12,41	125	12,63
29 – 49 years old	689	58,9	631	57,61	561	56,85
50 - 54 years old	231	19,8	231	21,07	192	19,47
55 - 59 years old	106	9,04	98	8,91	109	11,05
Total	1169	100	1095	100	986	100

*Source: calculated by the author*

Thus, according to Table 1.2, it can be concluded that the largest percentage in the structure of personnel are employees of the age group from 29 to 49 years - 56,85%.

*Table 1.3*

**Personnel structure at International Multi-industry Association «Ukrinterservis» in 2016-2018**

Index	2016		2017		2018	
	Num. of people	Ratio, %	Num. of people	Ratio, %	Num. of people	Ratio, %
Production personnel	877	75	814	74,4	731	74,2
Auxiliary workers	152	13,7	154	14,1	140	14,2
Professionals and non-manual workers	140	11,3	127	11,5	115	11,6
Total	1169	100	1095	100	986	100

*Source: calculated by the author*

Analysis of managers' labor efficiency at International Multi-industry Association «Ukrinterservis» in 2016-2018.

Table 1.4

**Management performance indicators at International Multi-industry Association «Ukrinterservis» B 2016-2018**

Index	Years			Growth rate, %
	2016	2017	2018	
1. Managerial efficiency	12,98	12,62	12,48	-0,50
2. Staff workload in the managerial apparatus	54	66	82	28,00
3. Labour productivity in the managerial apparatus	11,11	12,9	11,99	0,88
4. Profitability of work in the managerial apparatus	0,21	0,20	0,15	-0,06

*Source: calculated by the author*

According to the table. 1.4, it can be concluded that during 2016-2018 the efficiency of enterprise management decreased by 0.5 points and amounted to 12.48 by the results of 2018.

Labor profitability in the management system had a similar decreasing dynamics. Indexes in 2017 decreased by 0.01, and by the result of 2018 - by 0.05.

To evaluate the quality indexes of the effectiveness of the enterprise management system, the indexes, shown in Appendix A, were used.

Table 1.5

**Assessment of quality indicators of management effectiveness at International Multi-industry Association «Ukrinterservis» B 2016-2018**

Index	Years			Absolute growth	
	2016	2017	2018	2017-2016	2018-2017
Manageability level	9,00	9,60	10,42	0,60	0,82
Structure rationality coefficient	0,30	0,39	0,41	0,09	0,02
Degree of centralization of managerial functions	2,11	1,60	1,31	-0,51	-0,29
Quantity ratio of line and staff personnel	0,29	0,30	0,27	0,01	-0,03
Degree of formalization of managers' work	0,28	0,33	0,49	0,05	0,16
Purpose ratio of management structure	0,75	0,70	0,77	-0,04	0,07
Ratio of function overlap	0,60	0,94	1,43	0,34	0,49
Ratio of degree of specialization of managerial work	0,79	0,89	0,92	0,10	0,02
Reliability factor of the managerial structure	1,32	0,95	0,64	-0,37	-0,31

*Source: calculated by the author*

According to Table 1.5, it can be concluded that the manageability level at the enterprise had increasing dynamics from 9 to 10,42. An increase in the manageability level at the enterprise indicates an increase in the manager's number of subordinates.

The increase in the structure rationality coefficient in dynamics at the enterprise indicates a decrease in actually available staff. Thus, in dynamics at the enterprise, the indicator increased in 2017 by 0.09, and in 2018 - by 0.02 and was 0.39 and 0.41 respectively.

Reliability factor of the managerial structure at the enterprise had a downward dynamics during the studied period, which indicates a decrease in the number of unrealized decisions at the enterprise.

Table 1.6

**Matrix of SWOT analysis of efficiency level of management structure at International Multi-industry Association «Ukrinterservis» в 2016-2018**

	<b>OPPORTUNITIES</b>	<b>THREATS</b>
	1. Expansion and implementation of new information technologies 2. Raising managers' and subordinates' basic general and social psychology awareness 3. Application of time-management into managerial work	- The occurrence of conflicts between employees - Inadequate level of motivation due to high wages - Uneven working hours and weeks
<b>STRENGTHS</b> - Low level of time loss for performing uncharacteristic functions - Regulatory compliance of management - The desire and ability of staff to learn - High level of office space - Lack of absenteeism	<i>How to take advantage of t emerging opportunities using strengths?</i> - active use of the Internet; - creation of automated work places; - improvement of socio-psychological relations in the team; - Efficiency improvement of working time through planning.	<i>What strengths can neutralize existing threats?</i> - saving of working time by eliminating the performance of uncharacteristic functions and observing labor discipline; - formation of organizational culture; - increase of labor motivation; - establishment of social development service
<b>WEAKNESSES</b> 1. presence of unregulated time losses 2. Excessive working hours	<i>What weaknesses can prevent taking advantage of opportunities?</i> - lack of working capital for the purchase of modern office equipment may limit the use of new information technologies; - insufficient level of qualification of individual managers may hinder the implementation of innovations in the field of communication	<i>What threats, amplified by weaknesses, need to be dreaded the most?</i> - lengthening the working day during various work; - reluctance of employees to improve their skills due to low material motivation.

Source: compiled by the author

Thus, the current state of the enterprise's manager work organization does not fully meet the requirements of a market economy, which directly affects the

efficiency of its functioning and the organization of management at International Multi-industry Association «Ukrinterservis» causes insufficient level of the labor resources usage and inconsistency of the conditions in which HR and managerial potential was formed and used, real business opportunities. On this basis, a prerequisite for effective implementation of management processes is the implementation of the proposed measures to improve the organization of labor-management at the enterprise, while maintaining all the positive achievements; creation of a managerial apparatus, rational and profitable in its structure and quantity of employees, which has the necessary logistic means.

The next step is to analyse the profits and expenses of the enterprise during the studied period based on the analysis of the financial results of the enterprise.

*Table 1.7*

**Dynamics of financial results of International Multi-industry Association «Ukrinterservis» in 2014-2018**

Index	Years, thousand UAH					Growth rate, %			
	2014	2015	2016	2017	2018	2016/ 2015	2017/ 2016	2018/ 2017	2018/ 2014
Net income (revenue) from product sales	926736	1003350	1186576	1529184	1774311	18,26	28,87	16,03	91,46
Other operating income	2464	1976	1965	3604	7235	-0,56	83,41	100,75	193,63
Gross profit	242760	257128	285185	367418	448083	10,91	28,83	21,95	84,58
Cost of goods sold	683976	746222	901391	1161766	1326228	20,79	28,89	14,16	93,90
Other operating expenses	5262	3914	8373	12193	9341	113,92	45,62	-23,39	77,52
Administrative expenses	23475	31295	30729	30942	39105	-1,81	0,69	26,38	66,58
Distribution costs	120206	143731	149803	194257	230790	4,22	29,67	18,81	92,00
Pre-tax financial result: profit	84819	61815	81344	120224	164373	31,59	47,80	36,72	93,79
Income tax expense	19639	13244	9766	25888	29038	-26,26	165,08	12,17	47,86
Net financial result: profit	65180	48571	71578	94336	135335	47,37	31,79	43,46	107,63

*Source: calculated by the author*

According to the table 1.7, we can conclude that in 2017 the net income of the enterprise increased by 28.87% and amounted to 1529.184 million UAH. In 2018,

there was a similar increase in this indicator to 16.03%, according to which the figure has increased to the level of 1774,310 million UAH. In general, for the period 2014-2018, net income increased by 91.46%.

The gross profit of the enterprise in 2014-2018 increased by 84.58%. The largest growth in the gross profit of the enterprise occurred in 2017 when its growth amounted to 28.89%.

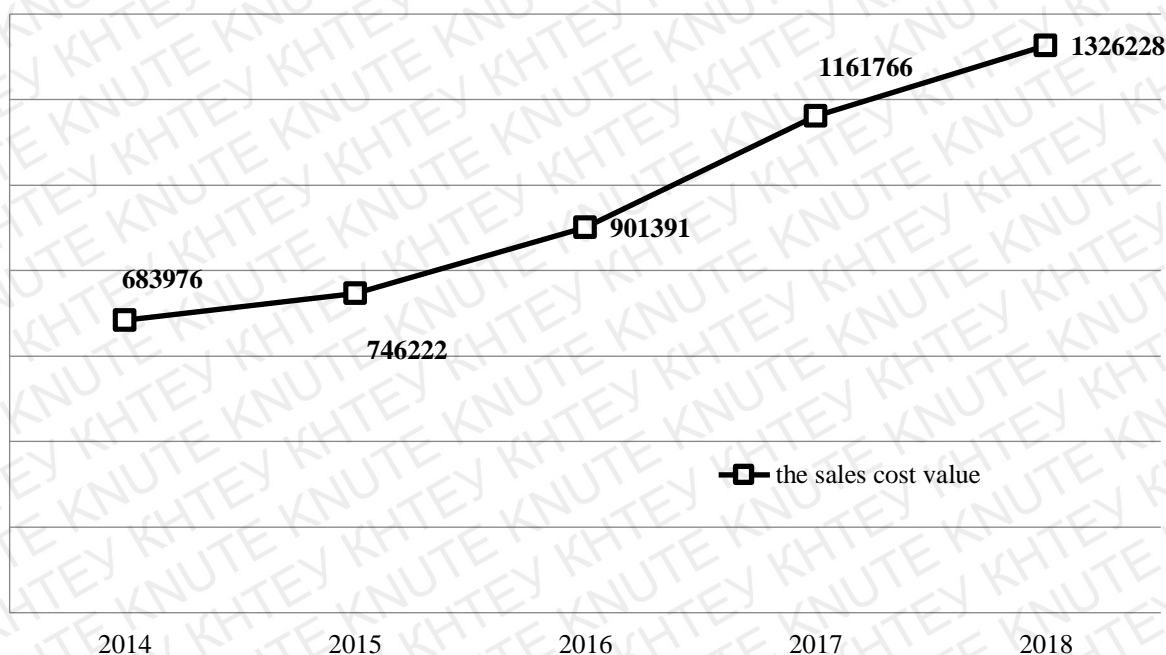


Fig. 1.2. The dynamics of the sales cost value at International Multi-industry Association "Ukrinterservis" in 2014-2018, thousand UAH

*Source: constructed by the author*

During 2014-2018, the sales cost value had a clear dynamic of increase. Thus, in 2016 the cost value increased by 20.79% compared to 2015 and amounted to 901.391 million UAH. In 2017, the sales cost value increased by 28.89% to the level of 1161,766 million UAH. In 2018, the sales cost value dynamic continued to increase by 14.16% to a level of 1326.228 million UAH. In general, over 5 years the sales cost value increased by 93.9%.

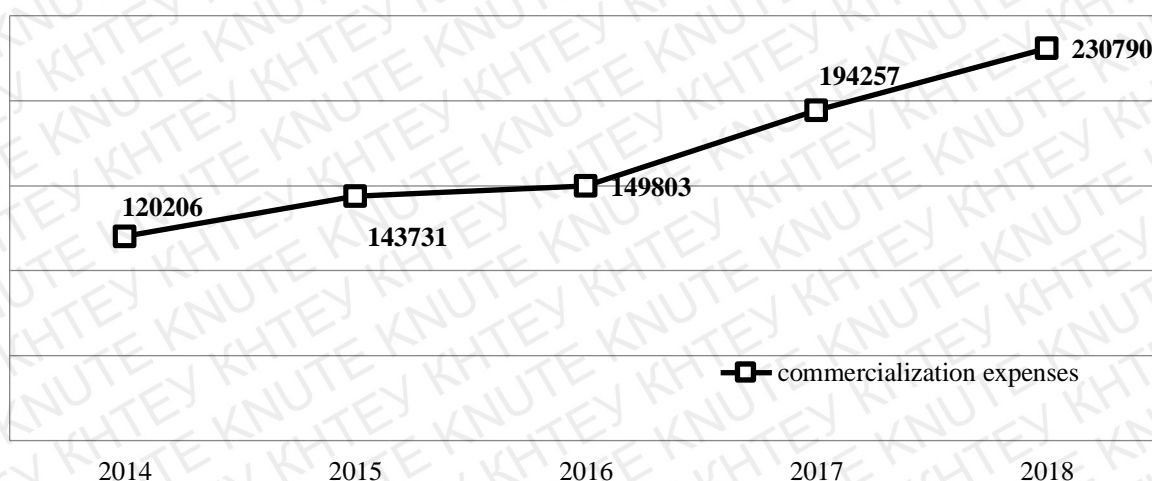


Fig. 1.3. Dynamics of commercialization expenses at International Multi-industry Association "Ukrinterservis" in 2014-2018, thousand UAH

Source: constructed by the author

The dynamics of commercialization expenses also had a clear growth dynamics from the level of 120.206 million UAH in 2014 up to 230.790 million UAH according to the results of 2018, or increased by 92%. Thus, in 2016 commercialization expenses increased by 4.22% (their volume amounted to 149.803 million UAH), in 2017 - increased by 29.67% (194.257 million UAH.), and in 2018 - grew by 18.81% (230.790 million UAH).

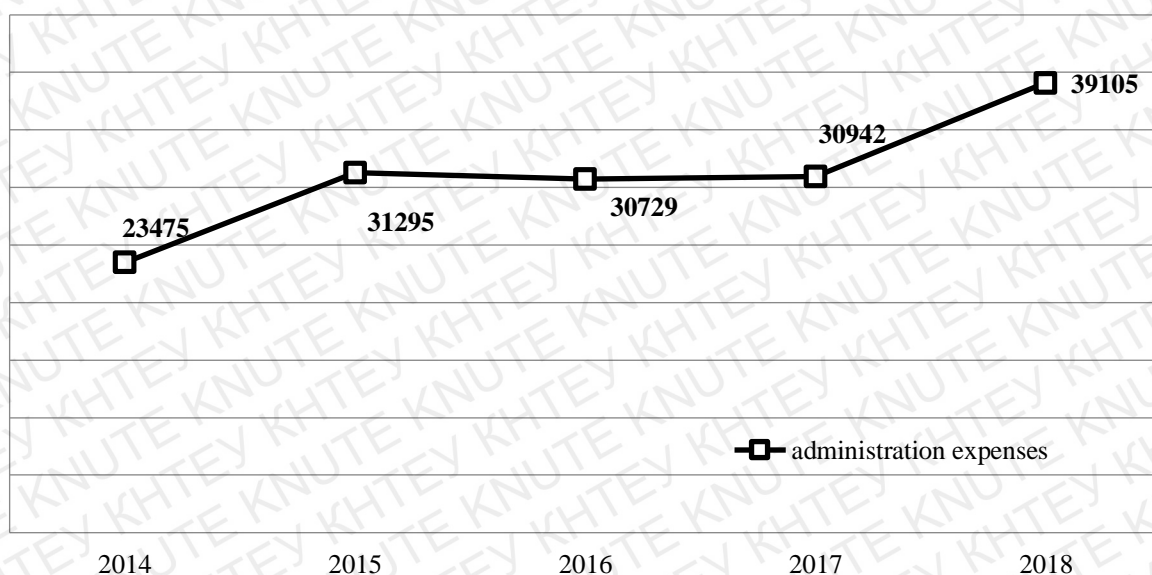


Fig. 1.4. Dynamics of administration expenses at International Multi-industry Association "Ukrinterservis" in 2014-2018, thousand UAH

Source: constructed by the author

The administration expenses of the company during 2016 decreased by 1.81% to a level of 30.729 million UAH. In 2017, administrative expenses increased by 0.69% to a level of 30.942 million UAH. According to the results of 2018, administrative expenses increased by 18.81% to a level of 39 105 million UAH.

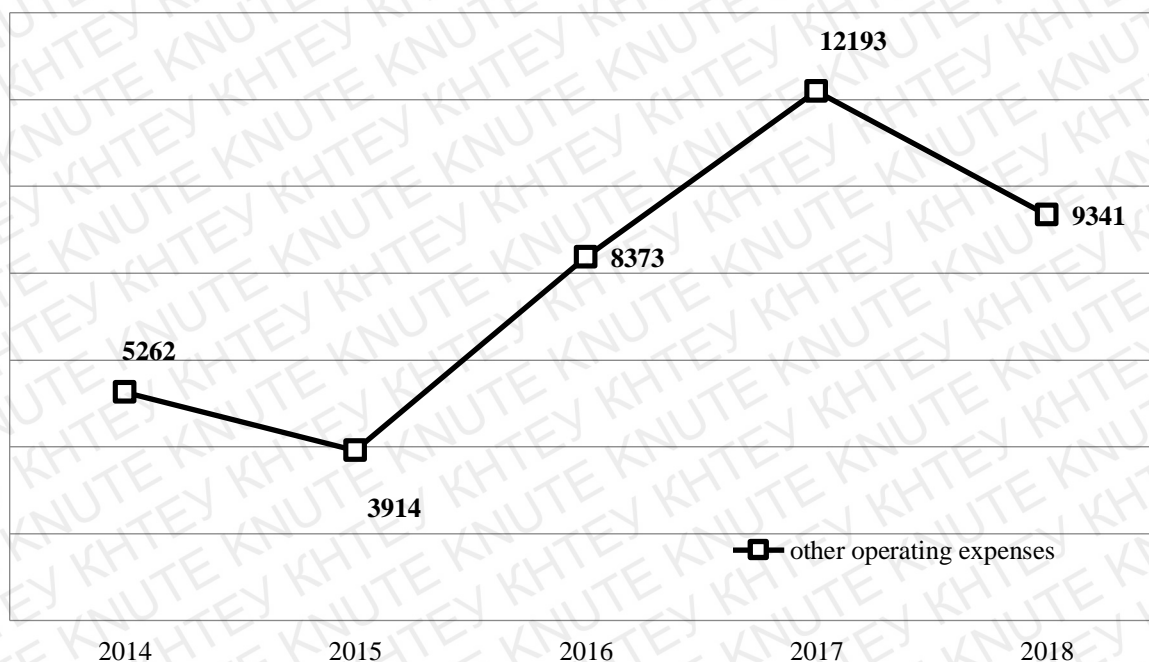


Fig. 1.5. Dynamics of other operating expenses at International Multi-industry Association "Ukrinterservis" in 2014-2018, thousand UAH

Source: constructed by the author

During 2016-2017, the dynamics of other operating expenses had a clear growth dynamics: 113.92% in 2016 and 45.62% in 2017. However, in 2018 other operating expenses decreased by 23.4% to 9.34 million UAH.

The pre-tax financial result in dynamics increased by 93.79% for 2014-2018. Therefore, in the last three years, the increase in financial results amounted to 31.59% (in 2016), 47.8% (in 2017) and 36.72% (in 2018).

Thus, based on the study, we can conclude that the company annually increases the volume of sales, in accordance with which the annual amount of net income increases. The growth of the enterprise's expenses occurs at a slower rate than the income growth, as a result of which the amount of net profit earned grows annually.

The following is an analysis of the impact of the enterprise's expenses on its profitability (table. 1.8), financial stability (table. 1.9) and liquidity position (table. 10).

Table 1.8

**Profitability indicators of International Multi-industry Association  
«Ukrinterservis» in 2014-2018**

Index	Years				
	2014	2015	2016	2017	2018
Product profitability, %	35,492	34,457	31,638	31,626	33,786
Return on core business, %	13,418	10,005	11,952	13,805	14,713
Return on total capital, %	13,418	10,005	11,952	13,805	14,713
Return on equity capital, %	18,615	12,182	15,220	16,708	19,338

*Source: calculated by the author*

In 2017, profitability of sales decreased by 0.012% compared to 2016. The reason for this was that the gross profit increased by a smaller percentage than administrative costs. In 2018, there was an increase in product profitability by 2.16%.

The next step is to analyze the indicators of financial stability. Therefore, in 2017, the autonomy coefficient increased compared to 2016 by 0.041 points and amounted to 0.826. In 2018, there was a decrease in the autonomy indicator by 0.065, and it was 0.761, but it remains above than the standard value. That is, it can be assumed that all the obligations of the enterprise can be covered by its own assets (table. 1.9).

Table 1.9

**Financial stability indicators of International Multi-industry  
Association «Ukrinterservis» in 2014-2018**

Index	Years, As of 1.01					Absolute variation			
	2014	2015	2016	2017	2018	2016-2015	2017-2016	2018-2017	2018-2014
Equity to total assets ratio	0,721	0,821	0,785	0,826	0,761	-0,036	0,041	-0,065	0,040
Ratio of financial dependence	1,387	1,218	1,273	1,210	1,314	0,056	-0,063	0,104	-0,073
Suppleness ratio of equity capital	0,121	0,229	0,218	0,252	0,172	-0,011	0,034	-0,080	0,051



Continuation of table 1.9

Suppleness ratio of working capital	0,144	0,247	0,221	0,255	0,252	-0,026	0,034	-0,003	0,108
Concentration ratio of loan capital	0,274	0,179	0,215	0,172	0,178	0,036	-0,043	0,006	-0,096
Financing ratio	2,629	4,597	3,658	4,806	4,272	-0,939	1,148	-0,535	1,643
Debt ratio	0,364	0,199	0,270	0,207	0,234	0,071	-0,063	0,027	-0,130
Reserve ratio	0,714	1,350	1,145	1,419	1,352	-0,205	0,273	-0,066	0,639
Current assets coverage ratio	0,251	0,513	0,444	0,550	0,519	-0,069	0,106	-0,031	0,268

Source: calculated by the author

The financial stability of the enterprise on this index is assessed by the ratio of outside and equity capital, which standard value is 0.5. The ratio of outside to equity capital in 2017 decreased compared to 2016 by 0.043 points and amounted to 0.172. In 2018, this ratio increased by 0.006 and amounted to 0.178. Meaning, this index remains less than the standard value, which means that the company remains relatively independent of its creditors. However, there is a tendency to increase the share of loan capital, which is rather not positive, because in 2016 this indicator was lower by 0.096 points.

The inverse indicator of the equity to total assets ratio is the coefficient of financial dependence. It shows how much of the total value of the assets of the enterprise accounts for 1 UAH of equity funds. If the coefficient of financial dependence is less than the standard value of 2, then this means a decrease in the financial leverage of the enterprise from external sources. The financial leverage ratio in 2016 increased compared to 2015 by 0.056 points and amounted to 1.273. In 2017, this ratio decreased by 0.063 and amounted to 1.21. According to data of 2018, this ratio increased by 0.10 and amounted to 1.314, but it remains less than the standard value. The decrease of this index for 2014-2018 by 0,073 indicates that the enterprise has become less dependent on external sources of financing. The stock of sources of equity funds is the stock of financial stability of the enterprise, provided that its equity funds are more than the loan funds.

The suppleness of working capital characterizes the share of holdings (stocks) in its total amount, which means that it is determined by the ratio of their value to the size of working capital. The growth of inventory balances leads to an increase in

the obligations of the enterprise, which, in turn, may affect its solvency, given the high credit rates. The suppleness of working capital can be analyzed by the state of current enterprise's working assets. This index in 2018 decreased compared to 2017 by 0.08 points and amounted to 0.252

An important indicator for determining the financial sustainability of the enterprise is the financial stability index, which characterizes the ratio of equity and loan funds and is calculated by dividing equity by loan capital.

The excess of equity funds over loan means that the company has a fairly high level of financial sustainability and is relatively independent of external sources. The standard value of this coefficient is more than 1. This index decreased in 2018 compared to 2017 by 0.535 points and amounted to 4.272. That means that it remains above the standard value. This suggests that the company remains financially stable. The share of profit from sales in the total amount of profit indicates that the company is engaged in core activities, as this index also indicates, amounting to 1.45 in 2018.

The coverage ratio amounted to 1.395 in 2015, and already in 2017, it decreased to the level of 1.821. This is a negative phenomenon because it characterizes the sufficiency of current assets to cover its debts. Thus, the company covers its debts at the expense of current funds.

The coverage ratio amounted to 2,231 in 2017, and already in 2018, it decreased to the level of 2,077. This is a negative phenomenon because it characterizes the sufficiency of current funds to cover its debts. Thus, the company covers its debts at the expense of current fund.

The quick liquidity ratio amounted to 0.036 in 2018 with a decrease of 0.029, which is a negative phenomenon, because this ratio characterizes the share of obligations, which can repaid not only by finances but also by financial receivables.

The absolute liquidity ratio is outside the normative value, which also indicates that the enterprise is not prepared to liquidate its debt position.

Table 1.10

**Liquidity ratio of International Multi-industry Association «Ukrinterservis»  
2014-2018**

Index	Years, As of 1.01					Absolute variation			
	2014	2015	2016	2017	2018	2015-2014	2016-2015	2017-2016	2018-2017
Coverage ratio (total liquidity ratio)	1,395	2,241	1,821	2,231	2,077	0,846	-0,420	0,410	-0,154
Quick liquidity ratio	0,040	0,061	0,049	0,066	0,036	0,021	-0,012	0,017	-0,029
Absolute liquidity ratio	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Inventory liquidity ratio	0,491	0,851	0,705	0,865	0,797	0,360	-0,146	0,159	-0,068
Funds liquidity ratio	0,040	0,053	0,040	0,061	0,035	0,014	-0,014	0,021	-0,026

*Source: calculated by the author*

Therefore, in terms of liquidity, it can be concluded that the company is not provided with working capital and financial income in accordance with its obligations.

The largest grain producers remain agroholdings, the main specialization of which is livestock produce production. At the same time, the main target in the production of grain is to ensure feeding requirements. This is one of the factors of a significant part of corn in the structure of grain production. The share of such companies is about 35-40% of the total grain production by agroholdings. Market leaders by share in grain exports in 2018/2019 are shown in table 1.11.

Table 1.11

**TOP-5 Ukrainian producers and exporters of grain in Ukraine  
in 2018-2019**

№	Market segment			
	wheat		Corn	
	Enterprise	Export share, %	Enterprise	Export share, %
1	NIBULON Ltd	10.5	State Food and Grain Corporation of Ukraine JSC	8.4
2	CJSC Cargill, Incorporated	6.7	NIBULON Ltd	6.5
3	Louis Dreyfus Ltd	6.3	Noble Group Holdings LLC	4.4
4	Kernel Holding LLC	4.4	Kernel Holding LLC	4.1

Continuation of table 1.11

5	Glencore Plc.	3.6	Granum Invest LLC	3.8
	Total share of the Top 5	31.5	Total share of the Top 5	27.2
	Total share of the Top-10	46.4	Total share of the Top-10	38.6
	<b>barley</b>		<b>in totality in the grain group</b>	
	Enterprise	Export share, %	Enterprise	Export share, %
1	State Food and Grain Corporation of Ukraine JSC	17.3	NIBULON Ltd	8.4
2	Louis Dreyfus Ltd	11.2	State Food and Grain Corporation of Ukraine JSC	7.8
3	NIBULON Ltd	10	Louis Dreyfus Ltd	4.9
4	Glencore Plc.	7.8	Kernel Holding LLC	4.6
5	Kernel Holding LLC	7.5	Noble Group Holdings LLC	3.6
	Total share of the Top 5	53.8	Total share of the Top 5	29.3

The leaders in the grain export in 2018/2019 are NIBULON Ltd (8.4% of grain exports), State Food and Grain Corporation of Ukraine JSC (7.8%), Louis Dreyfus Ltd (4.9%).

In now functioning agro-industrial formations, and especially in the economical formations, a real combination of agricultural and industrial production is achieved, not a formal one. As a result of this, the production of agricultural products, their transportation, processing and commercialization from separate links turns into a single production process, which, from an economic point of view, is characterized by mutual material interest and responsibility of all participants in agricultural production for the results of their activities - production and commercialization of final products.

Thus, an increase in export costs, namely transportation and logistics expenses, production expenses for export, customs and VAT costs led to a decrease in the economic effect and export efficiency, and a decrease in the profitability of export operations. The increase in cost value and other expenses of the enterprise, in turn, led to a decrease in the level of profitability of the enterprise. Under such conditions, it is advisable to develop directions for reducing the cost of activities and their optimization, which, in the future, will increase the profit of the enterprise and the level of its profitability, including the profitability of export operations.

## 1.2 Analysis of foreign economic activity of the International Multi-industry Association «Ukrinterservis»

In the context of the world economy globalization and increased business interdependence, the most important task of the enterprise is the development of foreign economic activity, the most common form of which is export-import operations. The export activity of the enterprise International Multi-industry Association «Ukrinterservis» is an essential aspect of economic activity, which, with the effective use of the whole complex of modern forms and methods of international business, can positively affect production efficiency, its technical level and quality of products.

During the studied period, the export of the enterprise's products had a clear dynamics of increase from the level of 680.22 million UAH in 2014 to the level of 1165.72 million UAH, or 72%. Only over the past two years, the products export volume increased by 12% in 2017 and by 19.9% in 2018.

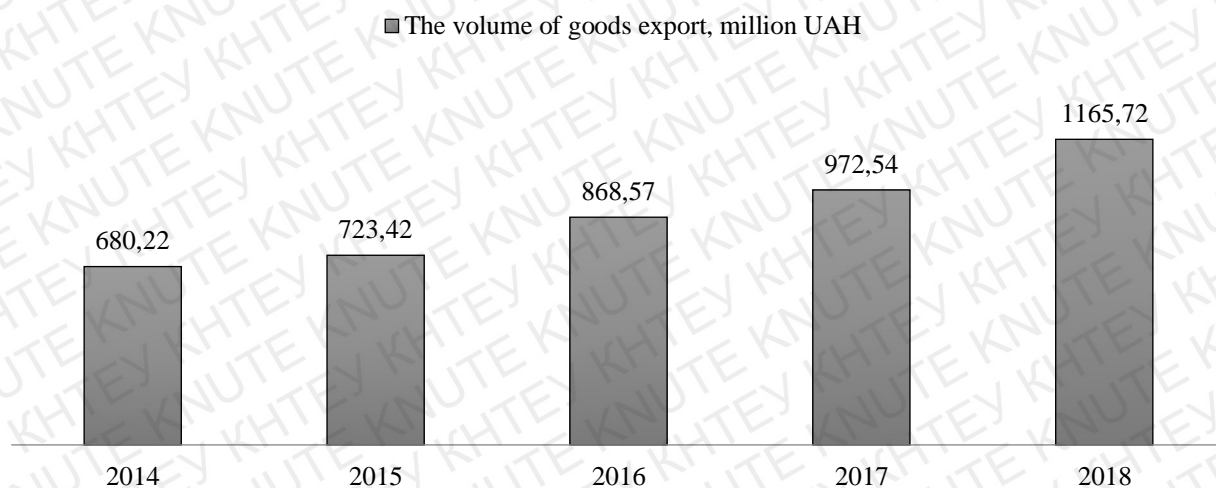


Fig. 1.6. Dynamics of goods export volumes of International Multi-industry Association «Ukrinterservis» in 2014-2018, million UAH

Source: constructed by the author

During 2014-2018, the share of exports in the enterprise's income had a clear dynamics of decrease. Therefore, in 2014, the share of exports in the company's income was 73.4%, and in 2015, with a decrease of 1.3%, it amounted to 72.1%. According to the results of 2017, the share of exports in the company's income

decreased by 9.6% compared to 2016, when the index was 73.2%. According to the results of 2018, the share of exports in the company's income grew by 2.1% but remains lower than the 2014 level.

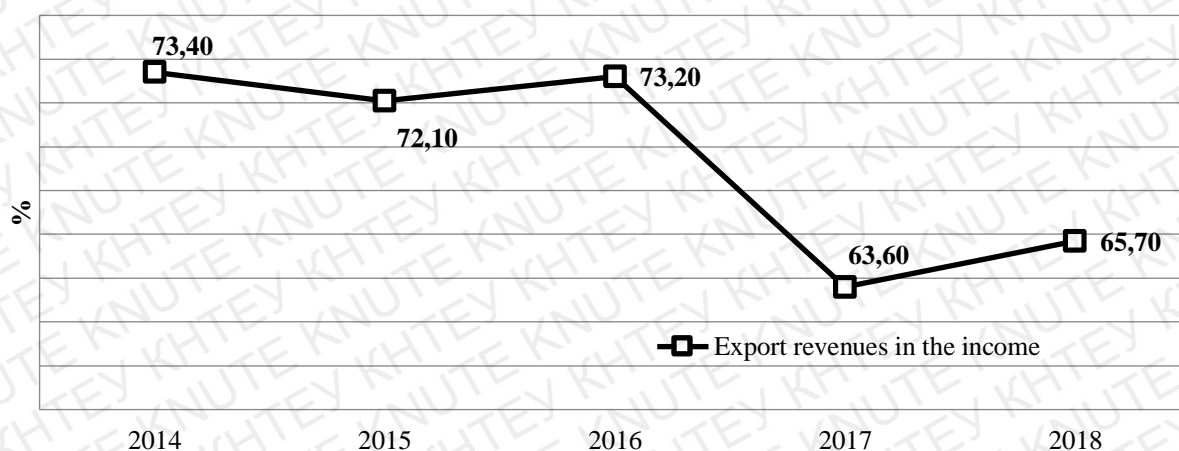


Fig. 1.7. Dynamics of export revenues in the income of International Multi-industry Association «Ukrinterservis» in 2014-2018, %

Source: constructed by the author

During the studied period, the main company's export products were wheat, corn, barley (fig. 1.4 and table 1.12). During the studied period, wheat occupied the largest share in the volume of sales. Therefore, its share in the export structure during the studied period was more than 44%: in 2016, its share was 44.3%, in 2017 - 45.4%, and in 2018 - 46.1%.

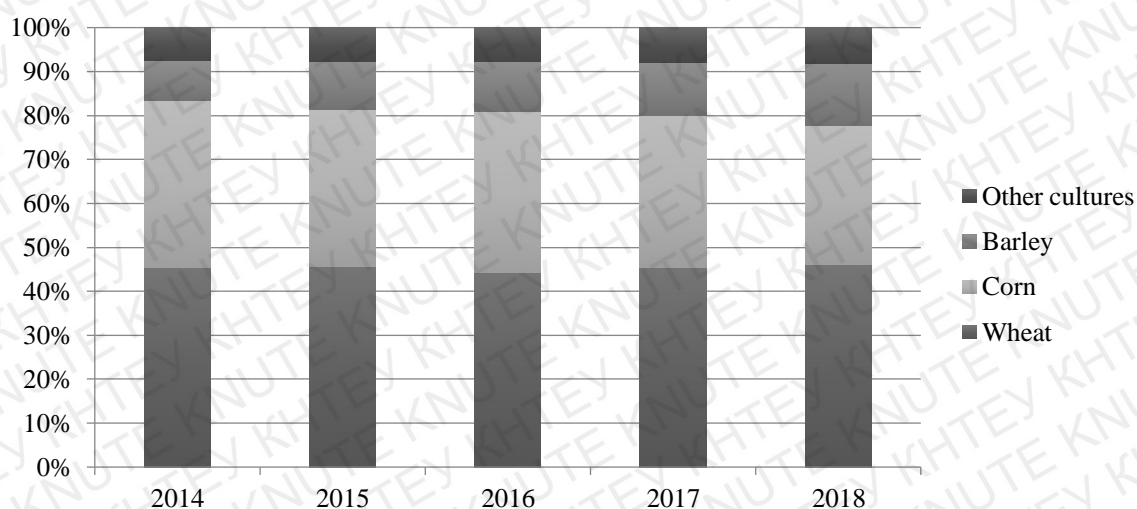


Fig. 1.8. Dynamics of the share of commodity export lines of International Multi-industry Association «Ukrinterservis» in 2014-2018, %

Source: constructed by the author

The second largest by volume was corn, which share during the studied period ranged from 38.1% in 2014 to 31.6% according to the results of 2018.

Table 1.12

**Dynamics of the export commodity structure of products of International Multi-industry Association «Ukrinterservis» in 2014-2018,%**

Culture	Years					Absolute growth		
	2014	2015	2016	2017	2018	2016-2015	2017-2016	2018-2017
Wheat	45,3	45,7	44,3	45,4	46,1	-1,4	1,1	0,7
Corn	38,1	35,7	36,6	34,6	31,6	0,9	-2	-3
Barley	9,1	10,8	11,4	12,1	14,2	0,6	0,7	2,1
Other cultures	7,5	7,8	7,7	7,9	8,1	-0,1	0,2	0,2
Total	100	100	100	100	100	0	0	0

Source: calculated by the author

It should also be noted that during the studied period, the volume of barley exports had a clear dynamic of growth from 9.1% in 2014 in the export structure to 14.2% in 2018.

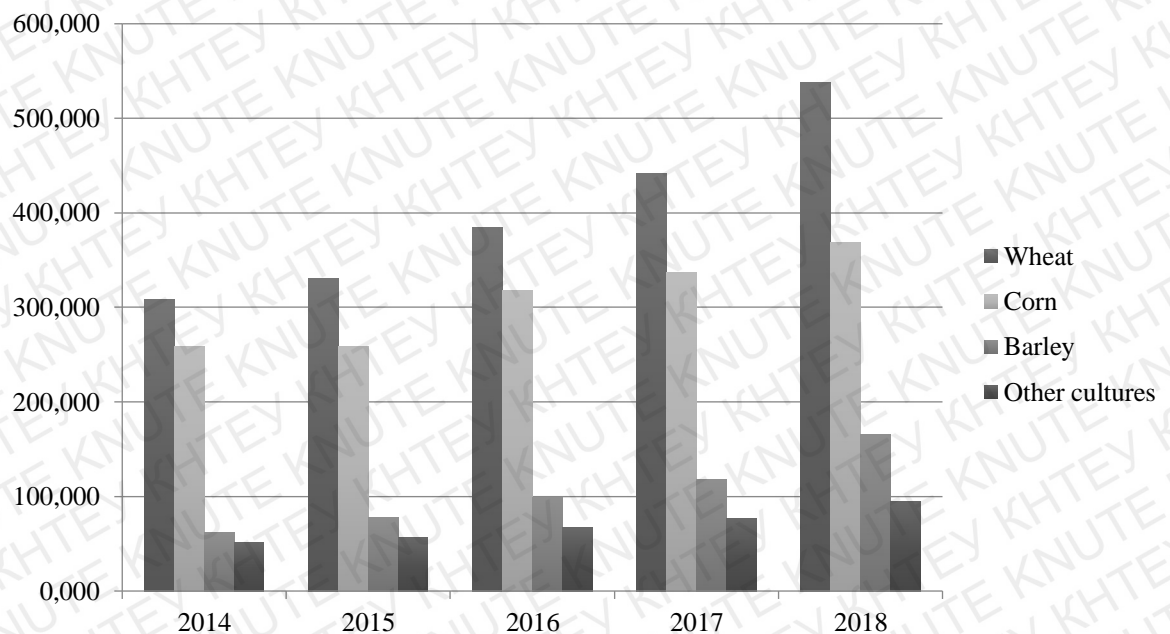


Fig. 1.9. Dynamics of export volumes by commodity export lines of International Multi-industry Association «Ukrinterservis» in 2014-2018, million UAH

Source: constructed by the author

In the total volume of goods export, during 2014-2018 wheat export had dynamics of growth. In 2016, the volume of wheat exports increased by 16.4% from the level of 330.601 million UAH in 2015 to 384.8 million UAH. In 2017, the volume of wheat exports increased by 14.75% to the level of 441.53 million UAH. According to the results of 2018, the volume of wheat exports increased by 21.7% to the level of 537.4 million UAH. In general, wheat exports during the studied period increased by 74.4%.

The volume of corn exports had a similar dynamics to growth during 2014-2018. So, in 2016, the volume of corn exports increased by 23.1% to the level of 317.9 million UAH, against 258.3 million UAH in 2015. According to the results of 2017, the volume of corn exports increased by 5.85% and amounted to 336.5 million UAH. According to the results of 2018, the volume of export of corn of the enterprise increased by 9.5% to a level of 368.4 million UAH. Thus, the growth of corn exports over the past 5 years amounted to 42.14%.

*Table 1.13*

**Dynamics of the commodity structure of exported products at  
International Multi-industry Association «Ukrinterservis» in 2014-2018,  
million UAH**

Culture	Years					Growth rate, %		
	2014	2015	2016	2017	2018	2016/2015	2017/2016	2018/2017
Wheat	308,14	330,60	384,77	441,53	537,39	16,39	14,75	21,71
Corn	259,16	258,25	317,89	336,49	368,36	23,09	5,85	9,47
Barley	61,90	78,12	99,01	117,67	165,53	26,74	18,85	40,67
Other cultures	51,01	56,42	66,88	76,83	94,42	18,53	14,88	22,90
Total	680,22	723,41	868,57	972,54	1165,71	20,07	11,97	19,86

*Source: calculated by the author*

Regarding the geographical structure of the enterprise's export during the studied period, countries such as Egypt, Saudi Arabia, Thailand and Tunisia occupied the largest share. They are the most important markets on which International Multi-industry Association «Ukrinterservis» is selling its products. (fig. 1.10).



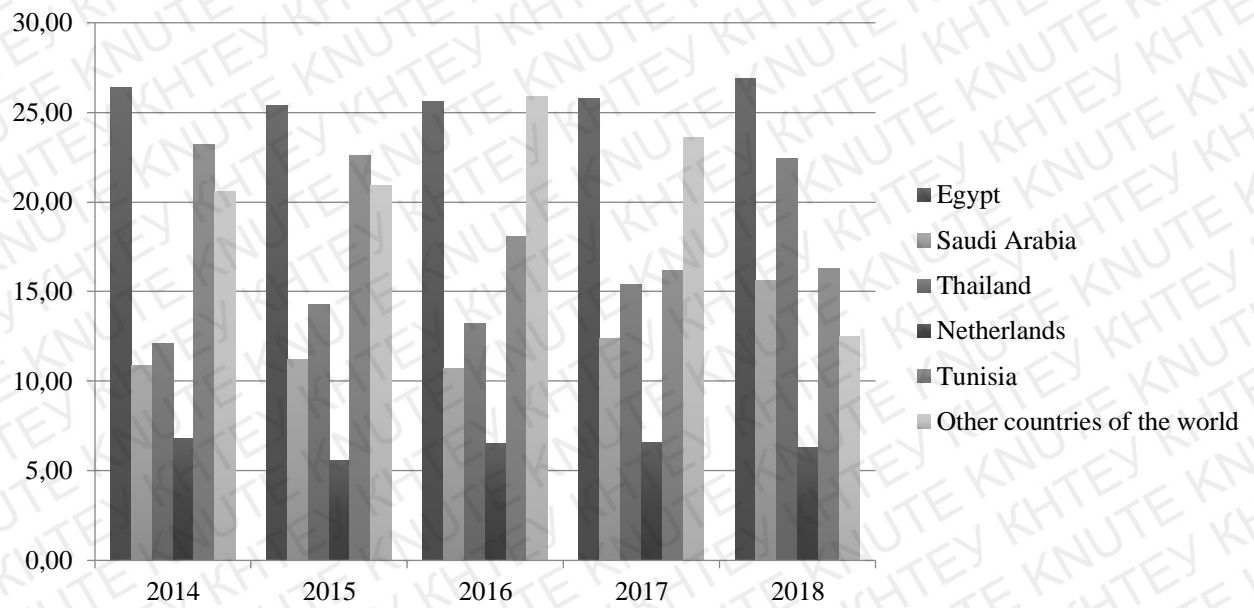


Fig 1.10. Dynamics of the geographical structure of exports at International Multi-industry Association «Ukrinterservis» in 2014-2018, %

Source: constructed by the author

Thus, the share of exports to Egypt during the studied period had a dynamics of growth from 26.4% in 2014 to 26.9% in 2018.

The volume of goods exports to Thailand significantly increased from a share of 12.1% in 2014, to 14.3% in 2015, 15.4% in 2017 and up to 22.4% in 2018.

Table 1.14

**Dynamics of the geographical structure of product exports  
International Multi-industry Association «Ukrinterservis» in 2014-2018, %**

Country	Years					Absolute growth		
	2014	2015	2016	2017	2018	2016-2015	2017-2016	2018-2017
Egypt	26,40	25,40	25,62	25,8	26,9	0,22	0,18	1,10
Saudi Arabia	10,90	11,20	10,70	12,4	15,6	-0,50	1,70	3,20
Thailand	12,10	14,30	13,20	15,4	22,4	-1,10	2,20	7,00
Netherlands	6,80	5,60	6,50	6,6	6,3	0,90	0,10	-0,30
Tunisia	23,20	22,60	18,10	16,2	16,3	-4,50	-1,90	0,10
Other countries of the world	20,60	20,90	25,88	23,60	12,50	4,98	-2,28	-11,10
Total	100	100	100	100	100	0,00	0,00	0,00

Source: calculated by the author

The export of goods to the Netherlands remains relatively stable, at which in 2014 it amounted to 6.8% in the structure, 5.6% in 2015 (-1.2%), 6.5% in 2016 (+0.9%), 6.6% in 2017 (+0.1%) and 6.3% (-0.3%) in 2018.

The volume of exports to Tunisia tended to decrease from a share in the structure of 23.2% in 2014 to 16.3% in 2018.

Dynamics of export volumes by countries of the world is shown in fig. 1.11 and table 1.15.

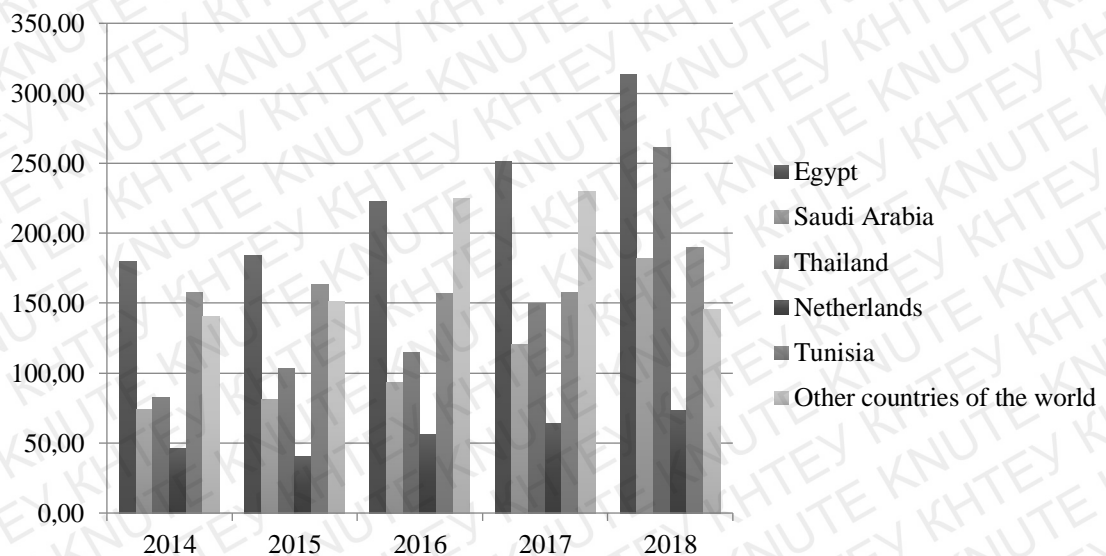


Fig. 1.11. Export volumes dynamics by export countries at International Multi-industry Association «Ukrinterservis» in 2014-2018, million UAH.

Source: constructed by the author

Thus, the volume of exports to Egypt during the studied period had a clear growth trend, with the export volume for the Friday period increasing by 74.6%. Therefore, in 2016, the volume of exports to Egypt increased by 21.1% from the level of 183.8 million UAH up to 222.53 million UAH. In 2017, the volume of exports to Egypt increased by 12.76% to the level of 250.92 million UAH. According to the results of 2018, the volume of exports to Egypt grew by 24.97% to the level of 313.58 million UAH.

The volume of exports to Thailand during the studied period had the greatest growth dynamics - 217.3% over 5 years from 82.31 million UAH in 2014 to 261.12 million UAH in 2018. Therefore, the increase in exports to this country during 2016 amounted to 10.83% (export volume amounted to 114.65 million UAH), in 2017 -

+ 30.63% (149.8 million UAH), and according to the results 2018 - + 74.35% (261.12 million UAH).

Table 1.15

**Dynamics of the geographical structure of product exports at  
International Multi-industry Association «Ukrinterservis» in 2014-2018,  
million UAH**

Country	Years					Growth rate, %			
	2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2014
Egypt	179,58	183,75	222,53	250,92	313,58	21,11	12,76	24,97	74,62
Saudi Arabia	74,14	81,02	92,94	120,60	181,85	14,71	29,76	50,80	145,27
Thailand	82,31	103,45	114,65	149,77	261,12	10,83	30,63	74,35	217,25
Netherlands	46,26	40,51	56,46	64,19	73,44	39,36	13,69	14,41	58,77
Tunisia	157,81	163,49	157,21	157,55	190,01	-3,84	0,22	20,60	20,40
Other countries of the world	140,13	151,19	224,79	229,52	145,71	48,67	2,11	-36,51	3,99
Total	680,22	723,42	868,57	972,54	1165,72	20,07	11,97	19,86	71,37

Source: calculated by the author

It is advisable to conduct a SWOT analysis to determine the competitive advantages of the enterprise when developing and choosing a strategy, which allows for the determination of the relationship between strengths and weaknesses, opportunities and threats of the enterprise in the implementation of foreign economic activity. Therefore, it is considered advisable to conduct a SWOT analysis of the activities of International Multi-industry Association «Ukrinterservis», the results of which are presented in Table 1.16.

Table 1.16

**SWOT analysis of export activity of International Multi-industry  
Association «Ukrinterservis» in 2014-2018**

Strengths	Weaknesses
1. high competitive ability of agricultural products 2. high quality of goods 3. flexible pricing policy	- lack of qualified workers. - imperfection of the system of promoting goods on the market. - lack of a clear strategy. - lack of employee motivation.
<b>Internal environment</b>	

*Continuation of table 1.16*

<b>Opportunities</b>	<b>Threats</b>
1. development with consideration of new technologies. 2. increase of business activity of the enterprise. 3. opportunity to expand sales network. 4. improving the sales system for regular customers. 5. development of staff qualification of the enterprise	– instability of the situation in the country and frequent changes in legislation; – strict taxation system; – lack of stable guarantees of further development in connection with the economic crisis and the situation in the ATO zone; – tightening market requirements for the quality of goods sold; – a large number of competitors; – exchange rate instability
<b>External environment</b>	

*Source: compiled by the author*

Interpretation of the results makes it possible to state the presence of more weaknesses than strengths in the internal environment, which is directly related to the lack of clear enterprise development strategies and, in particular, to market competition. The external environment is not favorable for the development of foreign economic activity of the enterprise, the instability of the state economic policy and the increase in prices have a particularly negative effect. Along with this, the action of positive factors is observed: high confidence of business partners, an effective quality control system, a small number of competitors, etc. Moreover, the excess of threats over opportunities in the external environment is mainly associated with exchange rate fluctuations. International Multi-industry Association «Ukrinterservis» insufficiently uses communication tools, is reluctant to the need for range expansion, product quality improvement and the sales system improvement, and has an unsuccessful system of export management.

### **1.3 Estimation of the efficiency of export operations and analysis of spendings of the International Multi-industry Association «Ukrinterservis»**

A prerequisite for making decisions on conducting foreign economic activity is its effectiveness, which is determined by comparing the achieved economic result with the expenses incurred by the company to obtain such a result.

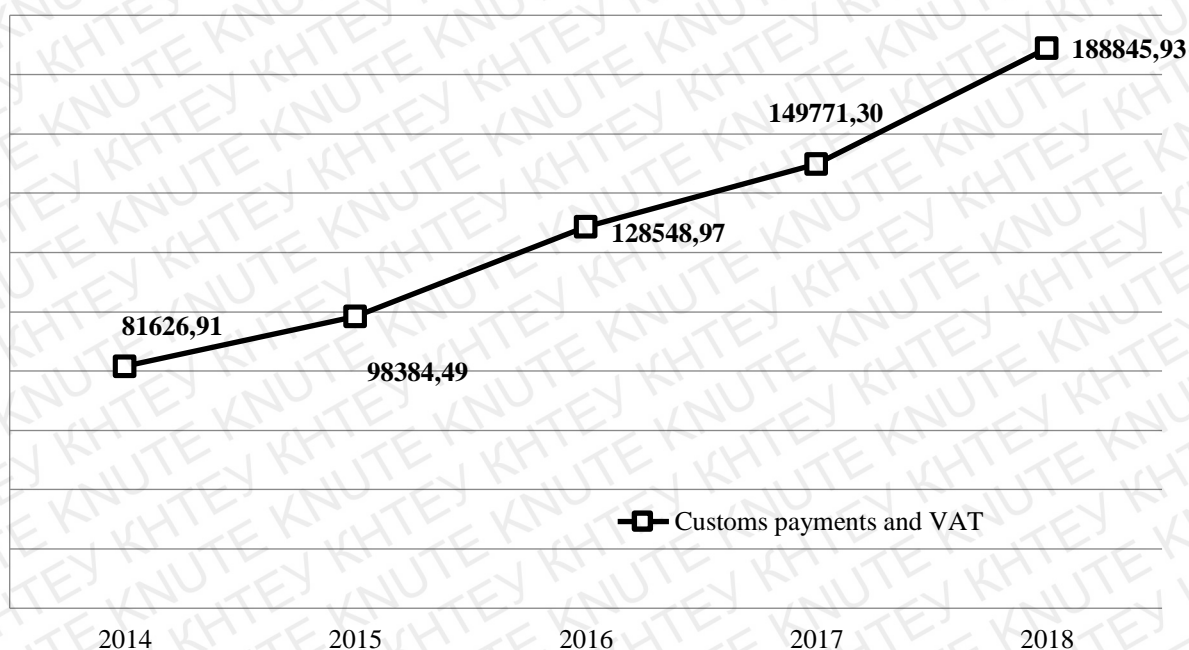


Fig. 1.12. Dynamics of the volume of customs payments and VAT during export at International Multi-industry Association «Ukrinterservis» in 2014-2018 thousand UAH.

*Source: constructed by the author*

Customs expenses and VAT on the export of the enterprise during 2014-2018 had a clear growth dynamics, as a result of which expenses increased by 30.6% in 2016 and amounted to 128.549 million UAH. In 2017, expenses decreased by 16.51% to the level of 149.771 million UAH. In 2018, the costs of customs payments and VAT increased by 26.09% to the level of 188.846 million UAH. Thus, the cost of customs and VAT during 2014-2018 increased by 131.5%.

The transportation and logistics expenses during the study period had a clear growth dynamics: in 2016, their growth amounted to 30.51%, and the expenses themselves amounted to 217.144 million UAH; in 2017, transportation and logistics expenses increased by 7.49% and amounted to 233.41 million UAH; in 2018, these expenses increased by 24.86% and amounted to 291.429 million UAH.

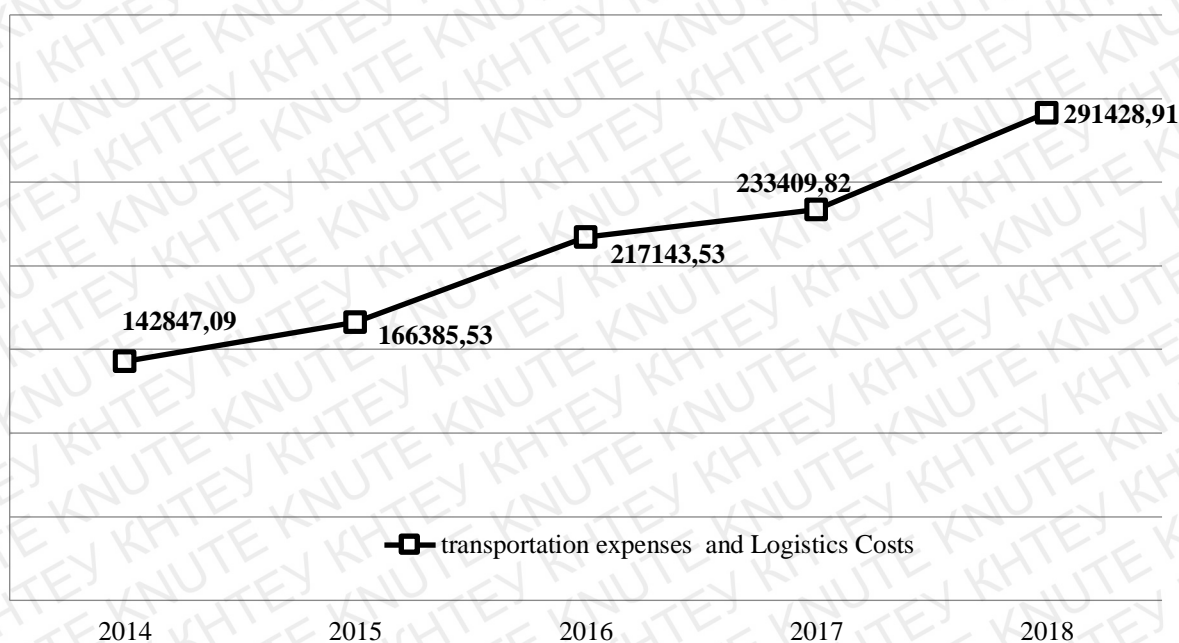


Fig. 1.13. Dynamics of transportation expenses during export at International Multi-industry Association «Ukrinterservis» in 2014-2018, thousand UAH

Source: constructed by the author

Thus, the company's transportation and logistics expenses increase annually, which subsequently significantly affects the reduction in profit of export activities of the enterprise.

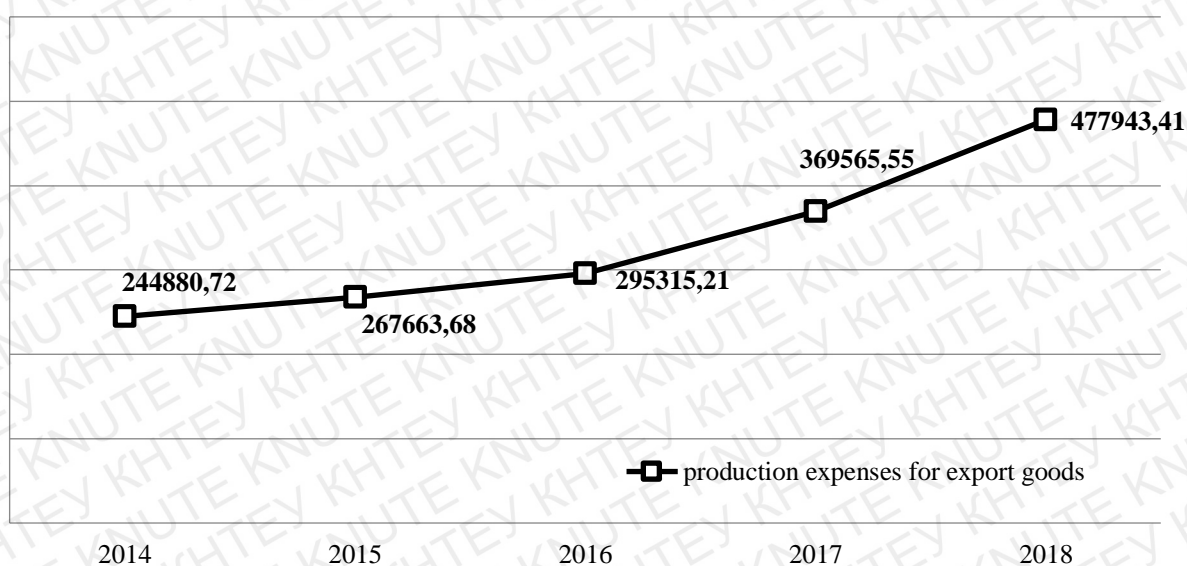


Fig. 1.14. Dynamics of production expenses for export goods at International Multi-industry Association «Ukrinterservis» in 2014-2018, thousand UAH

Source: constructed by the author

The expenses associated with the production of exported goods during 2014-2018 had similar growth dynamics and increased by 95.17% over the 5 years. Therefore, in 2016, the costs associated with production for export increased by 10.3% to 295.315 million UAH against 267.664 million UAH in 2015. In 2017, this dynamics continued, because the growth of this type of expenses increased by 25.14% to a level of 369.566 million UAH. According to the results of 2018, the cost of exporting increased by 29.3% to a level of 477.943 million UAH.

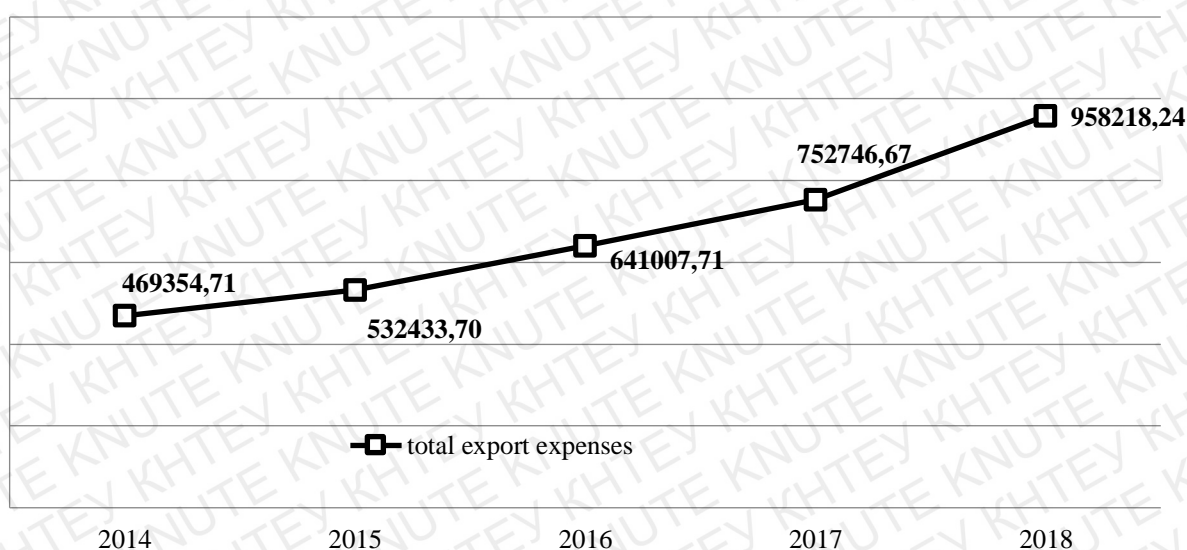


Fig. 1.15. Dynamics of total export expenses International Multi-industry Association «Ukrinterservis» in 2014-2018, thousand UAH

*Source: constructed by the author*

The total export expenses of the International Multi-industry Association «Ukrinterservis» during 2014-2018 had a clear dynamics to increase from 469.355 million UAH in 2014 to 958.218 million UAH in 2018. Over the past three years, total export expenses grew by 20.39% in 2016, by 17.43% in 2017 and by 27.3% in 2018.

It should also be noted that during 2014-2018, the share of total export expenses had a clear dynamics during 2014-2016 and ranged from 56.35% in 2014 to 58.79% in 2016. This information is reflected, accordingly to this period of enterprise activity observation and analysis, below and described in form of figure. (Fig. 1.16).

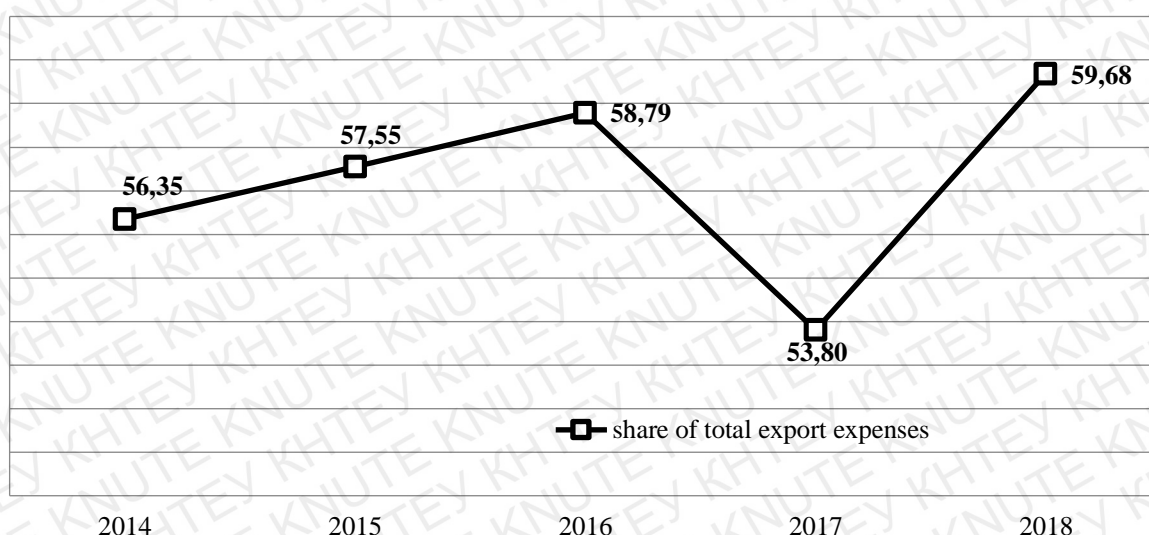


Fig. 1.16. Dynamics of the share of total export expenses at International Multi-industry Association «Ukrinterservis» in 2014-2018, %

Source: constructed by the author

However, according to the results of 2017, the share of total expenses decreased by 5% and amounted to 53.8%. In 2018, there was an increase in the share of total expenses in the company's expenses to the level of 59.68%.

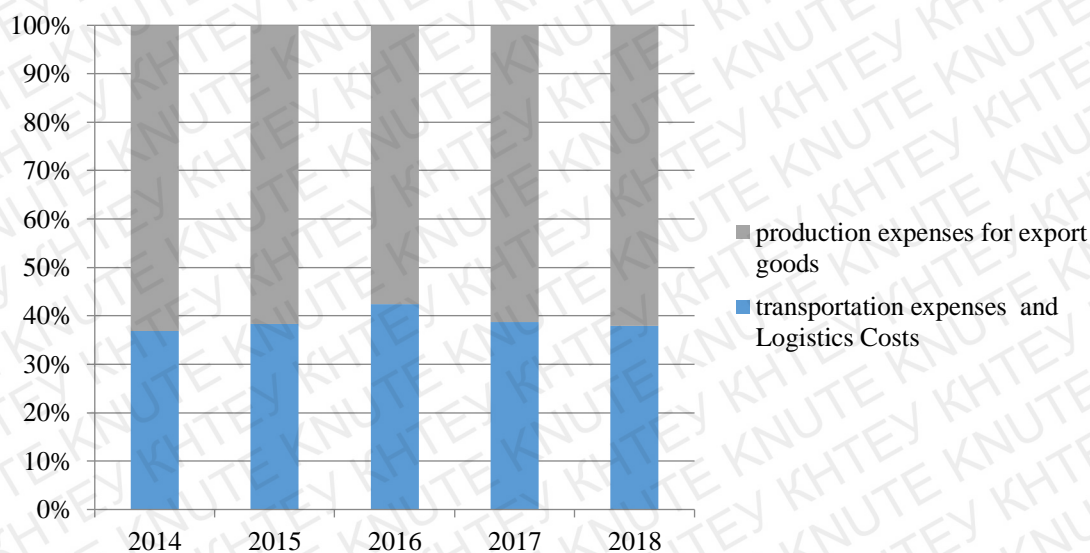


Fig. 1.17. Dynamics of the structure of expenses for export at International Multi-industry Association «Ukrinterservis» in 2014-2018, %

Source: constructed by the author

In the studied period, the largest share in export expenditures was the export production expenses, the share of which ranged from 46 to 52%. It should also be noted that the transportation and logistics expenses during the studied period



occupied the second place in the export-related expenses structure of the enterprise – from 30,4% to 33,8%. The expenses of customs payments in the structure of export expenses ranged from 17.4% to 20%.

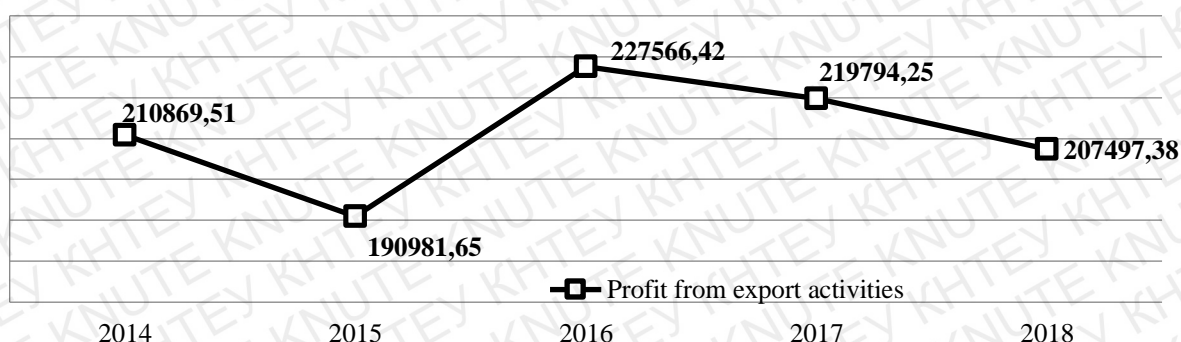


Fig. 1.18. Dynamics of profit from export activities at International Multi-industry Association "Ukrinterservis" in 2014-2018, thousand UAH

Source: constructed by the author

Profit from export activities during 2014-2015 had dynamics of decrease from the level of 210.870 million UAH in 2014 to 190.982 million UAH. In 2016, profit from export activities increased by 19.16% to the level of 227.566 million UAH. In 2017-2018, profit from export activities had a dynamics of decrease by 3.42% in 2017 and by 5.59% in 2018.

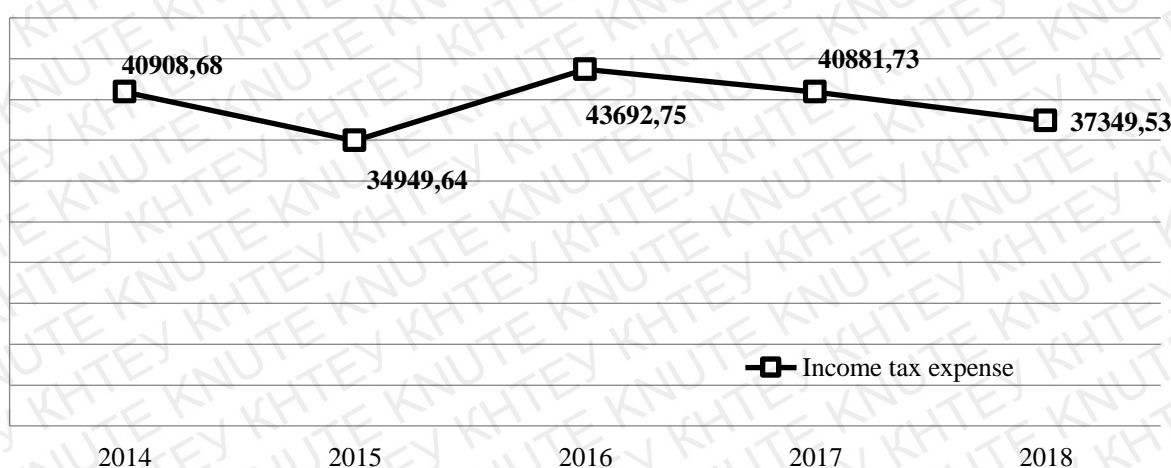


Fig. 1.19. Dynamics of profit tax expenses from export activities at International Multi-industry Association "Ukrinterservis" in 2014-2018, thousand UAH

Source: constructed by the author

Profit tax expenses during 2016 increased by 25.02% and amounted to 34.950

million UAH. However, according to the results of 2017, profit tax expenses decreased by 6.43% and amounted to 40.882 million UAH. According to the results of 2018, profit tax expenses decreased by 8.64% and amounted to 37.350 million UAH.

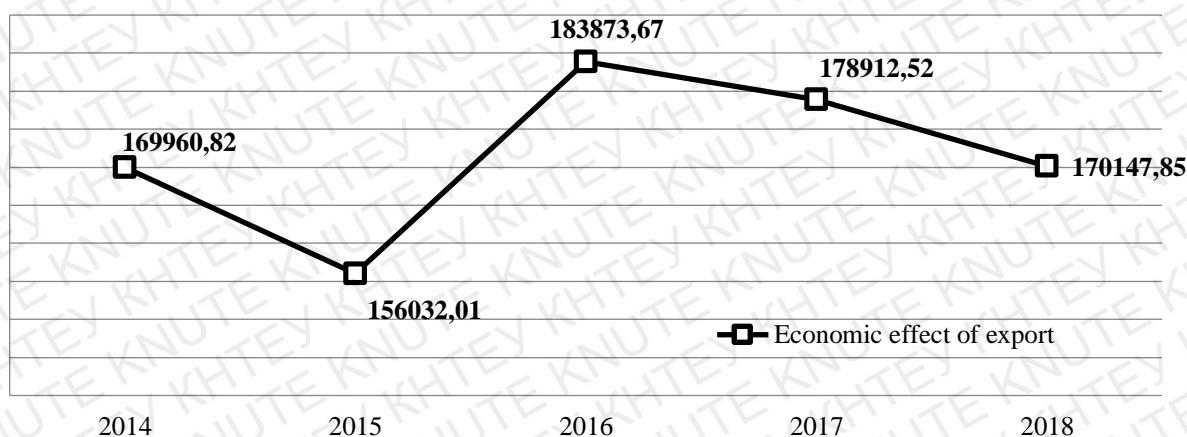


Fig. 1.20. Dynamics of the economic effect of export at International Multi-industry Association "Ukrinterservis" in 2014-2018, thousand UAH

Source: constructed by the author

As a result of export activities during 2016-2017, the company received a decreasing dynamics in terms of economic effect, according to which the effect of exports decreased in 2017 by 2.7%, and according to the results of 2018 - by 4.9%, and amounted to 178.913 million UAH and 170.148 million UAH respectively.

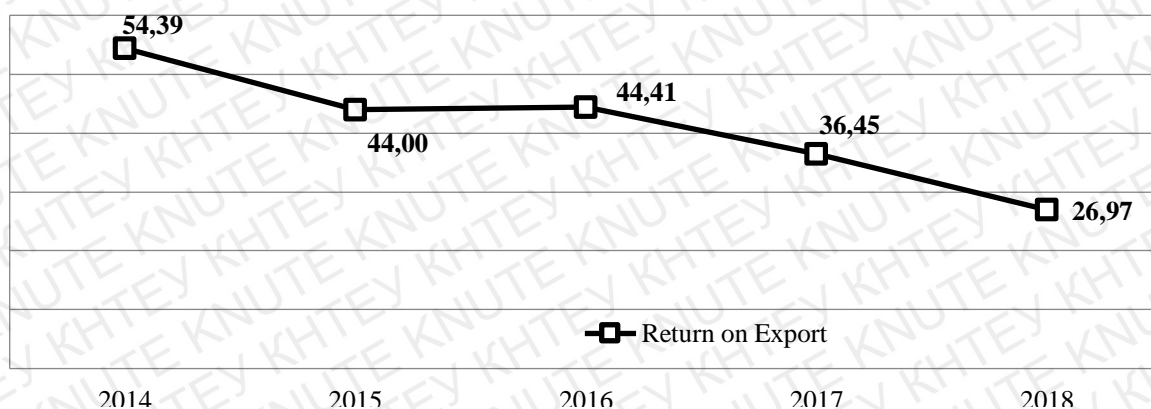


Fig. 1.21. Dynamics of export profitability at International Multi-industry Association "Ukrinterservis" in 2014-2018, %

Source: constructed by the author

Profitability of export by the enterprise had a clear downward dynamics during 2017-2018, which, according to the results of 2017, amounted to 36.45%

(-7.96%), and in 2018 - 26.97% (-9.48%). In general, over 5 years, export profitability decreased by 21.72% from 54.39% in 2014 to 26.97% in 2018.

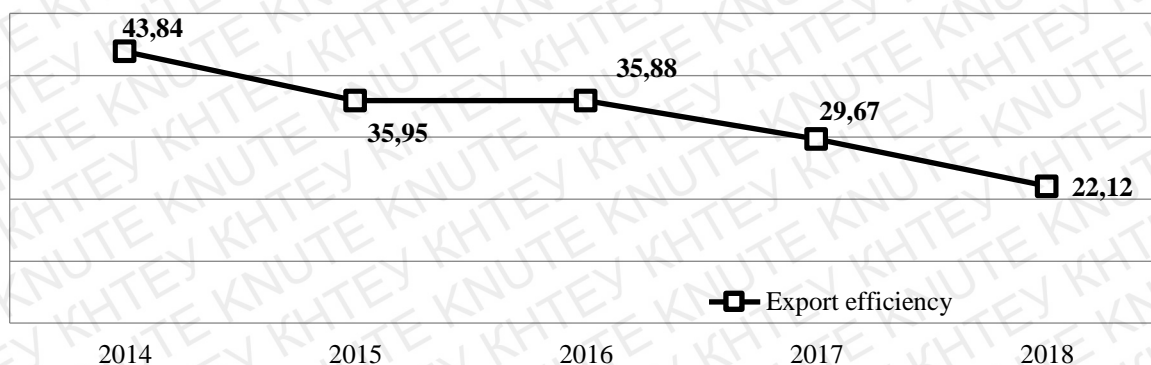


Fig. 1.22. Dynamics of export efficiency at International Multi-industry Association "Ukrinterservis" in 2014-2018, %

*Source: constructed by the author*

The dynamics of export efficiency during the studied period had a clear dynamics of decrease during 2016-2018, according to which it decreased by 0.07% in 2016, by 6.21% in 2017 and by 7.56% in 2018.

Thus, the increase in the export expenses of the enterprise during the studied period led to a decrease in efficiency, effect, and profitability of export. That is why it is advisable to develop ways of spending optimization.

## Conclusion to chapter 1

Based on the study, following conclusions can be drawn:

- interpretation of the results makes it possible to state the presence of more weaknesses than strengths in the internal environment, which is directly related to the lack of clear enterprise development strategies and, in particular, to market competition. The external environment is not favorable for the development of foreign economic activity of the enterprise, the instability of the state economic policy and the increase in prices have a particularly negative effect. Along with this, the action of positive factors is observed: high confidence of business partners, an

effective quality control system, a small number of competitors, etc. Moreover, the excess of threats over opportunities in the external environment is mainly associated with exchange rate fluctuations. International Multi-industry Association «Ukrinterservis» insufficiently uses communication tools, is reluctant to the need for range expansion, product quality improvement and the sales system improvement, has an unsuccessful system of export management;

– during the studied period, the export of the enterprise's products had a clear dynamics of increase from the level of 680.22 million UAH in 2014 to the level of 1165.72 million UAH, or 72%. Only over the past two years, the products export volume increased by 12% in 2017 and by 19.9% in 2018. During 2014-2018, the share of exports in the enterprise's income had a clear dynamics of decrease. Therefore, in 2014, the share of exports in the company's income was 73.4%, and in 2015, with a decrease of 1.3%, it amounted to 72.1%. According to the results of 2017, the share of exports in the company's income decreased by 9.6% compared to 2016, when the index was 73.2%. According to the results of 2018, the share of exports in the company's income grew by 2.1% but remains lower than the 2014 level. The analysis showed that among the exported goods of the enterprise, the largest share of 45.3% to 46.1% was wheat, followed by corn (more than 31%) and barley (more than 9%). Among the importing countries, Egypt (more than 25%), Thailand (more than 12%), Tunisia (more than 16%) and Saudi Arabia (more than 10%) occupied the largest share during the studied period;

– an increase in export costs, namely transportation and logistics expenses, production expenses for export, customs and VAT costs led to a decrease in the economic effect and export efficiency, and a decrease in the profitability of export operations. The increase in cost value and other expenses of the enterprise, in turn, led to a decrease in the level of profitability of the enterprise. Under such conditions, it is advisable to develop directions for reducing the cost of activities and their optimization, which, in the future, will increase the profit of the enterprise and the level of its profitability, including the profitability of export operations.

## **Chapter 2. Substantiation of further development paths of International Multi-industry Association «Ukrinterservis»**

### **2.1 The proposal for spending optimization of International Multi-industry Association «Ukrinterservis»**

Modern enterprises, whose type of economic activity is the cultivation of grain crops, are functioning in conditions of high complexity, uncertainty, and dynamism of the socio-economic environment. In order to survive in this environment, businesses in agribusiness industry need to constantly develop, improve and adapt to the changing market requirements that are formed in the modern economy of innovative type. Within a market economy, businesses face the challenge of flexible and quick reaction to the fluctuations of the market environment. Spending optimization and management mechanism is one of the most effective ways designed to improve the efficiency of the enterprise.

In order to optimize the operating expenses of agricultural enterprises, the following methods are used:

- the search for reliable suppliers of production resources; improving the range of cultivated products;
- improving the labor organization and distribution activities; improving labor efficiency;
- maximum use of additional income from available assets (renting of space, which is not currently used by the business and will generate additional revenue and thus it will reduce the costs of maintaining these facilities or equipment);
- permanent control over the enterprise's expenses;
- improving the efficiency of internal spending management through timely and qualitative analysis.

At International Multi-industry Association «Ukrinterservis», the main goal should be to increase the profitability of export sales; expenses of high quality

exported goods should be taken into account, which cannot be provided without the use of adequate resources. The main measures of planning, organization of production and control of export activity for International Multi-industry Association «Ukrinterservis» should be directed towards effective management of resources and it should include: a thorough analysis of consumer demand, and use, like the previous group, highly standardized methods of management control in sectors that directly affect consumer demand; the use of highly standardized mechanisms of planning, organization of production and control in the field of spending management; active usage of target costing policy within the concept of managing the target cost of exported products.

In fig. 2.1, the proposed organization of export activities is presented for International Multi-industry Association «Ukrinterservis», for which the priority should be the profitability increase of product exports and spending optimization of its implementation.

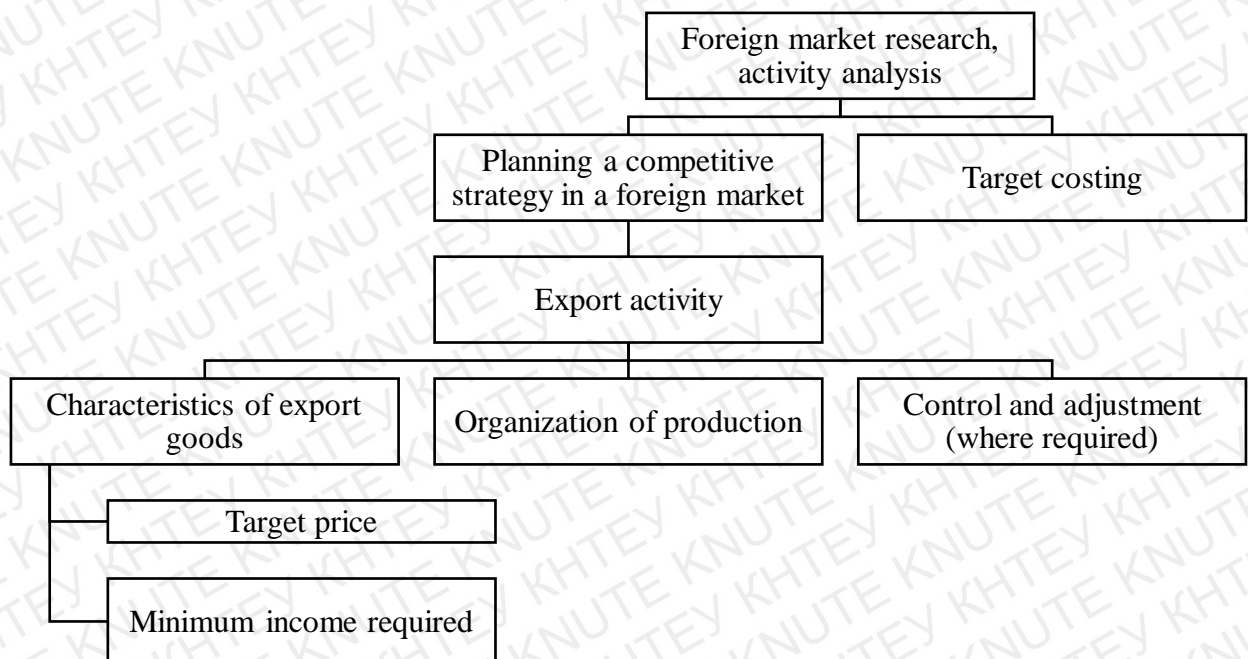


Fig. 2.1. The proposed organization model of export activities for International Multi-industry Association «Ukrinterservis»

Source: created by the author

In addition, it is advisable for enterprises to propose the following measures of spending optimization (Table 2.1).

*Table 2.1*

**Measures of spending optimization of the enterprise International  
Multi-industry Association «Ukrinterservis»**

Measure title	Description of its content
Improving the technical level of production	introduction of new, advanced technology, use of new types of cultivars of grain, fertilizers, materials; use of innovative machinery and equipment; automation and mechanization of production processes
Improving the organization of production and labor	changing forms and methods of work, improvement of the management apparatus, reducing related expenses, as well as reducing transportation (logistic) costs
Improving the use of natural resources	the use of better fertilizers, more productive cultivars of grain

*Source: created by the author*

Ways to increase the efficiency of agricultural production for export purposes, which further increase output of products and reduce expenses per unit should also include a set of such basic measures:

- improving land use, increasing its fertility;
- implementing of complex mechanization and automation of production;
- deepening of specialization and production concentration on the basis of inter-farm cooperation and agro-industrial integration;
- rational use of production funds and labor resources;
- implementation of intensive and resource-saving technologies and industrial production methods;
- improving the quality and products preservation;
- wide use of progressive forms of production organization and labor remuneration on the basis of collective, family and rental contracts and lease as a progressive form of business;
- development of agricultural production based on various forms of ownership and types of management and creation of equal levels of economic conditions for them, necessary for independent and initiative work.

Reducing the production cost is an important condition for economic efficiency of the production and ensuring enhanced reproduction in agriculture. It allows for an increase in crop production and a reduction in labor and production expenses for its production. The main way to reduce the cost of crop production is to increase crop capacity. The main growing crops expenses are made regardless of the level of crop capacity and productivity.

The usage of mineral fertilizers in agriculture increases the efficiency of operational business, but at the same time, it is a significant part of the expenses. One of the innovative ways to optimize their use is the use of nitrogen solution, in particular, anhydrous ammonia. Anhydrous ammonia belongs to liquid nitrogen fertilizers and contains 82.5% nitrogen. The advantage of liquid nitrogen fertilizers is that their production and usage are much cheaper compared to solid fertilizers. The production cost of a unit of nitrogen in liquid ammonia is 1.5-2 times lower than in ammonium nitrate. The main advantages of using anhydrous ammonia are: a 47% reduction in the labor expenses compared to solid nitrogen fertilizers; contributing to the reduction of the combustive and lubricating materials and labor expenses. The possibility of using as the main (spring-applied) fertilizer for all crops (it is used not only for pre-sowing cultivation but also for fall plowing; it can be used for nutrition and tilled crops). After incorporating anhydrous ammonia, the ammonium ion binds to soil moisture, therefore, it is rapidly absorbed and weakly moves in the soil layer. Using of anhydrous ammonia is characterized by its more even distribution in the soil layer as well as greater availability of the active substance for plants. Under the influence of anhydrous ammonia in the soil, the number of labile forms of phosphorus, potassium, and trace constituent increases, which improves plant nutrition. Specific band application of anhydrous ammonia complicates the growth and development of weed plants in crops of cultivated plants and simultaneously solves the problem of pest control. The technology of using anhydrous ammonia helps to increase crop yield and grain quality.

An important reserve for increasing the economic efficiency of grain production is also an improvement in quality. Here, an innovative way to improve



the quality and efficiency of crop production is the use of plant hormones. Plant hormones are the natural phytohormones, their synthetic analogues or compositional preparations, which allows for purposeful regulation of the most important processes of growth and development of the plant organism and to most effectively materialize the breed's potential. Integrated seed treatment and crops spraying contributes to: development of a powerful root system; increase winter hardiness of winter crops due to the accumulation of sugar and deepening of the tillering node; development of ecologically trophic groups of microorganisms necessary for plants in the zone of the root system, phosphate-solubilizing and nitrogen-fixing bacteria in particular; development of microbial population able to produce antibiotic substances increasing the content of photosynthetic chlorophylls; biosynthesis of stress heat shock proteins; lower seed per hectare rates; decrease in plant disease rate; decrease in lodging of plants due to the strengthening of the stem wall; reduction of mutagenous impact of herbicides and radionuclides; improvement of product quality; yield increase by 12-20%.

Of great importance in the struggle to reduce the cost of production is the implementation of a strict saving policy at all stages and sections of the enterprise's production process. First of all, the gradual implementation of a saving policy at enterprises is manifested in reducing the expenses of material resources per production unit, reduction of expenses for production and management services and elimination of losses from defective products and other non-production expenses.

It is a well-known fact that material expenses in most industries (including agricultural production) occupy a large share in the structure of production expenses, therefore, even insignificant conservation of seeds, fertilizers, fuel, energy and other materials in the production of each unit at the whole enterprise gives a great effect. The company has the ability to influence the material resources expenses, starting with its preparation. supply-only materials and materials itself are included in the cost at the price of their acquisition including transportation expenses, therefore, the right choice of suppliers of materials affects the production cost.

It is important to ensure the supply of materials from such suppliers that are

located at a short distance from the enterprise as well as transporting goods with the cheapest form of transport. When concluding the material resources delivery contracts, it is necessary to order materials, in terms of its quality and size corresponding to the planned specifications for materials, aspiring to use cheaper materials without losing product quality.

Reducing the costs of servicing production and management also reduces the production cost. The volume of these expenses per production unit depends not only on the total output but also on its absolute amount. The lower the sum of the shop's expenses and general business expenses for the whole enterprise, then *ceteris paribus* the lower the cost of each type of product.

One of the options for controlling fuel consumption for the International Multi-industry Association «Ukrinterservis» is the usage of GPS technology. For example, GPS monitoring of transport, the creation of a dispatch center using an automated enterprise logistics transport management system. GPS technology allows you to identify facts of excessive fuel consumption, increase control of refueling vehicles. Thus, it is proposed to use the following methods of monitoring fuel consumption using the installation: fuel reservoir gauge in the fuel supply system; GPS tracking and fuel indicating system for standard expenses; GPS monitoring systems using a fuel level sender assembly; GPS monitoring systems using a fuel level sender assembly and a fuel reservoir gauge simultaneously; GPS control systems with the Controller Area Network connection.

Therefore, to improve the efficiency of crop production and reduce its production cost, the business should apply crop rotation optimization, which will improve the use of land resources and will help to avoid soil depletion.

International Multi-industry Association «Ukrinterservis» spending optimization should also focus on the following aspects: evaluation of the validity of the absolute value of expenses; its normality of target figures; evaluation of the factors of the size and structure expenses formation; timely identification of expenses reducing reserves; identification and justification of mechanisms for mobilizing such reserves. Of particular importance here is the strategic management

of operational expenses. World business practice indicates that most organizations that have achieved significant business results are owed to the strategic management system implementation and, in particular, strategic cost management (Fig. 2.2).

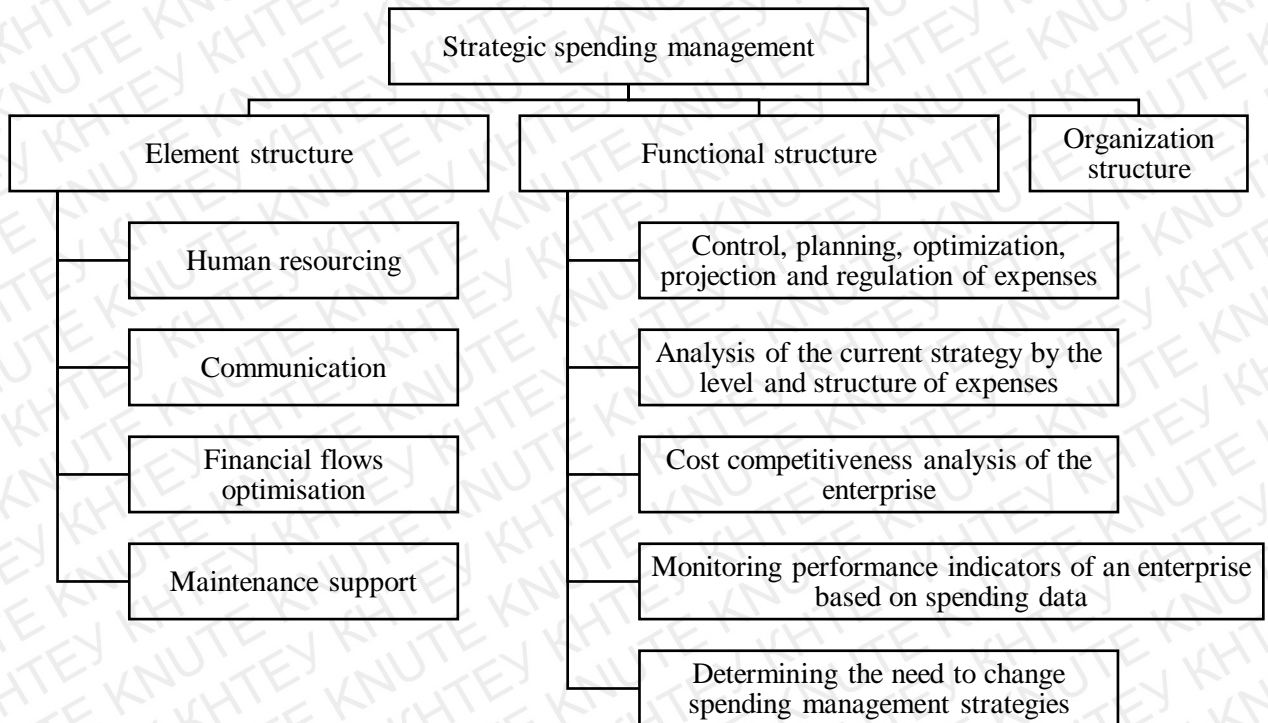


Fig. 2.2. Proposed structured strategic spending management system for International Multi-industry Association «Ukrinterservis»

*Source: created by the author*

Spending management can be defined as an interconnected set of works that form and affect the process of occurrence and behavior of expenses during the implementation of business activity and are aimed at achieving its optimal level in all subsystems of the enterprise. Thus, a structured system of strategic spending management at International Multi-industry Association «Ukrinterservis» involves the analysis of problems, a structured description of the possibilities for their solution, decision-making, and justification of the choice and determination of the mechanism for implementing managerial actions aimed at adapting the economic subject to the conditions of the market environment.

The process of strategic spending management of the enterprise is affected by the functional, elemental and organizational structures, which makes the process of strategic spending management a set of interrelated actions aimed at maximizing the

efficiency of the use of financial resources and the performance of the functions assigned to them. Therefore, today the International Multi-industry Association “Ukrinterservis” faces the question of choosing a structured system of strategic spending management, on the basis of which it is possible to implement such control, which will improve the efficiency of the enterprise. The implementation of an enterprise spending management strategy characterizes a high economic result, which should not be limited only to spending reduction, but distributed to all elements of the management system. Therefore, the strategic spending management system is an effective tool to combat the competitive market, which is a real opportunity for the company to achieve special advantages over competitors through effective spending management, is the basis of the general development strategy of the International Multi-industry Association “Ukrinterservis”.

## **2.2. Determination of the main objectives of the spendings optimization plan.**

The use of spending controlling tools within the framework of strategic spending management will allow the company to optimize expenses and influence factors and ensure the implementation of its sustainable balanced development and long-term competitive strategy.

The problematic spot in the organization of the export activity of the enterprise, as shown by the analysis in the previous chapter, is the cost of logistics. Logistic activity is an important marketing aspect of the enterprise, which, at International Multi-industry Association «Ukrinterservis» is in second place in terms of its impact on the export activities. One of the main factors for the efficient organization of logistics activities is the optimization of transportation expenses of the exporting enterprise.

Measures to optimize logistics costs at International Multi-industry Association “Ukrinterservis” can be divided into the following groups according to various classification criteria, which cover the main areas of the enterprise, in accordance with the objectives, timing and the desired result of the export activity

of the enterprise: measures that require additional investment and measures that do not need it; measures affecting the profitability of the enterprise and neutral in profitability; short, medium, long-term events; organizational, technical, economic measures. It is worth noting that the organizational, technical and economic opportunities for optimizing the logistics expenses of transporting exported products at International Multi-industry Association “Ukrinterservis” should be carefully analyzed, since they are often interrelated. The advantage of organizational measures is the possibility of their implementation in a short time without significant investment.

Proposed measures to optimize transportation expenses at International Multi-industry Association «Ukrinterservis» are given in table. 2.2.

*Table 2.2*

**Optimization activities of logistics spending at International Multi-industry Association «Ukrinterservis»**

Activities	Priority		
	Satisfaction of consumer demands	Target-costing	Productivity / profitability
<b>Managerial</b>			
Partial and temporary combination and consolidation of orders, shipments, stocks, functions and processes will improve the use of limited resources of various types		X	
Consistent, organized placement of orders, shipments, stocks will increase the efficiency of the use of labor resources, ensuring no idleness		X	
Improving consumer demand projection	X		
<b>Economical</b>			
Development of innovative services to improve competitiveness, sales growth and productivity	X		X
Consolidation of orders to achieve advantages of scale effect		X	
Focus on the main activities and use of the services of external logistics companies for certain types of services	X		X
Cooperation in the logistical chain with suppliers, manufacturers and retailers in order to achieve expenses reduction and effective customer response	X		
Assessment and selection of the most economical logistical chains		X	

Continuation of table 2.2

Technological			
Mechanization and automation of processes, in particular, the process of spending control			X
The use of innovative technologies, including automated warehouses, automated vehicles, etc.			X
Standardization and synchronization of operational processes and equipment within the logistical chain		X	
Improving order record, including the use of software	X		
Reduced inventory turnover time		X	X

*Source: created by the author*

Based on the results of researches which were made above we can determine the most significant measures of the spendings optimization. Such Measures affecting the profitability of the exporting company include reducing expenses directly due to either prolonging the delivery time of exported products or changing the quality of customer service.

The introduction and effective implementation of the proposed recommendations is impossible without careful monitoring of all aspects of the export business of the company. Analysis of influence factors on the export activities of International Multi-industry Association «Ukrinterservis» made it possible to identify the main processes that require the direction of the main efforts in the field of monitoring.

1. Enterprise Export Management. This unit provides monitoring of decision-making in the export activity, including planning, the definition of conducting business practices, the establishment of responsibilities of various departments and coordinates their activities in the framework of the export activity of the enterprise.

2. Management of resources associated with the main production and export activities of the enterprise. Resource management monitoring includes monitoring the rational use of available resources: capital, technical, technological, labor, marketing, informational, and directly involved in the export activities of the enterprise.

3. Assessment of export activity of the enterprise. Includes systematic assessment and evaluation of the export process. Systematic assessment of export

activities includes monitoring and evaluation of export performance using internal control methods. The results of such monitoring may be an incentive for the enterprise to take certain measures aimed at improving export activities.

Process evaluation of export activity is monitoring and evaluation at such stages of the export activity of the enterprise as foreign market research; preparation of production for export; production of exported products; commercialization of exported agricultural products.

That is why, in order to ensure the functional autonomy of export activities, the proposed mechanism includes such subsystems as managerial accounting, organization, monitoring of the enterprise's export activities, management of orders, stocks and procurement operations. The purpose of the main component of the mechanism of efficiency increase of export activity - planning and control of export activities - is to ensure the fulfilment of contractual obligations in accordance with the terms and requirements for the quality of export products based on planning and monitoring the efficient resource use necessary for the implementation of export activities.

When planning and controlling export activities, such processes are involved: definition of functional criteria - criteria for the implementation of the production program of the enterprise and the definition of priority criteria; determining periods and options for planning export production; material resource planning; development of schedules and rules for the work distribution; condition assessment of production facilities; procedure for extraordinary situation regulation.

The purpose of procurement management is to obtain, in the right quantity and up to a certain date, raw products and materials necessary for the production of exported products, at the same time - at the lowest possible price and an appropriate level of quality. This subsystem covers relationships with suppliers; determination of needs for raw products and materials.

One of the strategic tools for spending control that can be proposed for the International Multi-industry Association "Ukrinterservis" is the target-costing system. With the usage of target-costing tool at International Multi-industry

Association Ukrinterservis, the following goals can be achieved: cost reduction; cost structure optimization; bringing the production process into accordance with needs of market, consumers; improving the quality of the most important product parameters.

The process of forming the intended cost of International Multi-industry Association “Ukrinterservis” based on the concept of “target costing” should consist of the following steps: setting prices for agricultural products on the basis of information on the average market price in the current period, the projected level of prices in the future period, prices of products of major competitors; profit planning according to its industry average rate and orientation at a certain price level; the formation of the intended cost of production for the planned amount of profit and the development of measures to reduce expenses, among which the priority is to improve the structure of products, spending planning, the development of new forms and types of activities, improving the technical and technological level of production.

For the successful implementation of target-costing at International Multi-industry Association “Ukrinterservis”, close interaction between different departments and employees should be established; the personnel should be a single team that is experienced, has a common goal and understands the importance of teamwork and interaction.

In addition, in order to solve the problems of controlling and optimize expenses, some types of corporate information systems that can be used at International Multi-industry Association “Ukrinterservis” are proposed:

1. Resource management system of the enterprise. MRP (Material Requirements Planning) – material needs planning; MRPII (Manufacturing Resource Planning) – production resource planning; ERP (Enterprise Resource Planning) – resource planning of the enterprise;
2. Logistics management system. SCM (Supply Chain Management) – supply chain management;
3. Product data management system at industrial enterprises. PDM (Product



Development Management) – assembly management.

#### 4. Management reporting system. MIS (Management Information Systems).

As a result of researching the market for ERP-system services in Ukraine, taking into account the size, activities peculiarities and the annual turnover of the International Multi-industry Association “Ukrinterservis”, AP Business All in-One (SAP ERP) was chosen for the enterprise. SAP Business All-in-One is a world-class ERP system for managing the company's business processes, tailored to industry specifics and supporting the continuous growth of the enterprise. This information system is designed for the needs of medium and large businesses and automates all business processes of the company, including management accounting; treasury and budget automation; sales and distribution; supply and procurement processing; inventory and warehouse management; production management: production planning and execution; analytics and corporate portal.

Thus, using SAP, it is possible to analyze the income and expenses of International Multi-industry Association “Ukrinterservis” by customers and products, which will allow for the fuller evaluation of how efficiently the company operates. It is possible to centralize and strengthen control over the solvency of the enterprise, as well as improve the overall monetary position of International Multi-industry Association “Ukrinterservis” and reduce receivables. Also, a centralized analysis in real time allows the maximization of the use of money resources and an increase in company revenues.

The information base and business platform for financial controlling in spending management is one of the modules of SAP Business All-in-One - the “controlling” module (CO). CO module is focused on providing the full range of managerial data necessary for managerial authorities. This module allows performing the following operations: planning and spending accounting for individual structural units of the enterprise, cost centers, financial responsibility centers. The use of various methods of accounting and calculation of expenses; profitability assessment of certain types of activities; determination of the planned and actual cost of certain types of products; making out a business plan of the

enterprise and other management reporting. In general, the CO module provides the enterprise management with conditions for the rapid development of high-quality management decisions and rapid response to changes in market conditions and will provide cost optimization in the implementation of the enterprise's activity.

### **2.3. Predictive assessment of the effectiveness and impact of the proposed measures on the activities of enterprises.**

The following is the evaluation of the effectiveness and impact of the proposed measures on the enterprise's activities on the basis of determining the export potential, export costs and the impact of changes in the volume and costs of exports on the financial results of the enterprise.

Export opportunities of an agricultural enterprise depend on a large number of factors, the main among which is natural resource factors. The most significant among them include the provision of agricultural land and the effectiveness of its use. This factor underlies some methodological approaches to the calculation of projected parameters of export potential. Thus, the following calculation model is used:

$$E\Pi_{XII}^t = \Pi P^0 \cdot I_{\Pi P} \cdot E^0 \cdot I_B \cdot a^0 \cdot I_a \cdot \frac{1+R}{d} \cdot S \cdot K^0 \cdot I_K \quad (2.1)$$

Where  $E\Pi_{XII}^t$  – enterprise export potential in t period, million USD;

$\Pi P^0$  – arable land in the base period, million ha;

$I_{\Pi P}$  – arable land change index, unit share;

$E^0$  – the effectiveness of the use of arable land in the base period, UAH/ha;

$I_B$  – arable land productivity index, unit share;

$a^0$  – the share of agricultural products that were sent for processing in the base period, unit share;

$I_a$  – index of change in the product share sent for processing, unit share;

$R$  – product profitability level, unit share;

- $d$  – the proportion of raw materials in the cost value of production, unit share;  
 $S$  – national currency rate in relation to USD, USD/UAH;  
 $K^0$  – rate of export orientation of the enterprise in the base period, unit share;  
 $I_K$  – industry export orientation change index, unit share;

Methods for assessing export potential, which allow for determining it in terms of value, that is, cost methods, make it possible to measure the state of the system at a given time. Moreover, since in this case inflationary processes influence the result, the indicator will require constant adjustment. It is also important to take into account the characteristics of the markets where this potential will be realized, because it is necessary to understand that in different markets products can be sold at different prices, even in the case of the same quality.

The following is a calculation of the export potential of the enterprise International Multi-industry Association «Ukrinterservis».

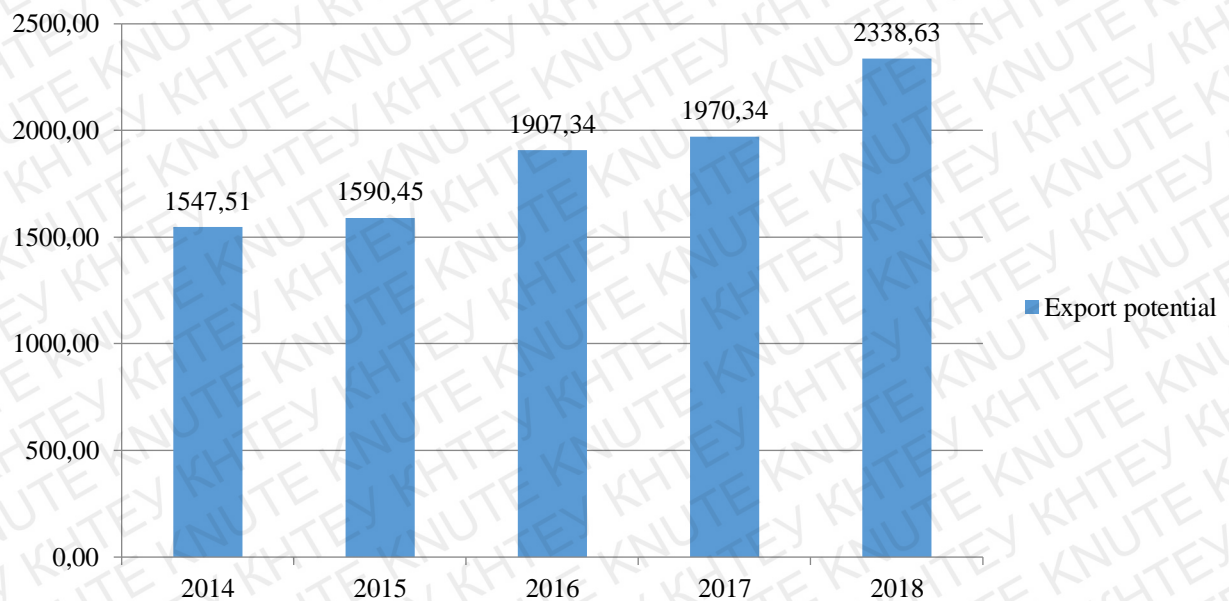


Fig. 2.3. Calculation of export potential of International Multi-industry Association «Ukrinterservis» in 2014-2018, million UAH

Source: constructed by the author

In 2017, the export potential of the enterprise increased by 3.3% and amounted to 1970.34 million UAH. In 2018, the export potential increased by 18.69% to the level of 2338.63 million UAH.

Given the export and production potential of the enterprise, it can be determined that the export volume of International Multi-industry Association «Ukrinterservis» can increase as much as 40-43%. That is why, using the least squares method, volume of exports for 2019-2021 is determined.

$$y = 15,565x^2 + 37,685x + 606,56 \quad (2.2)$$

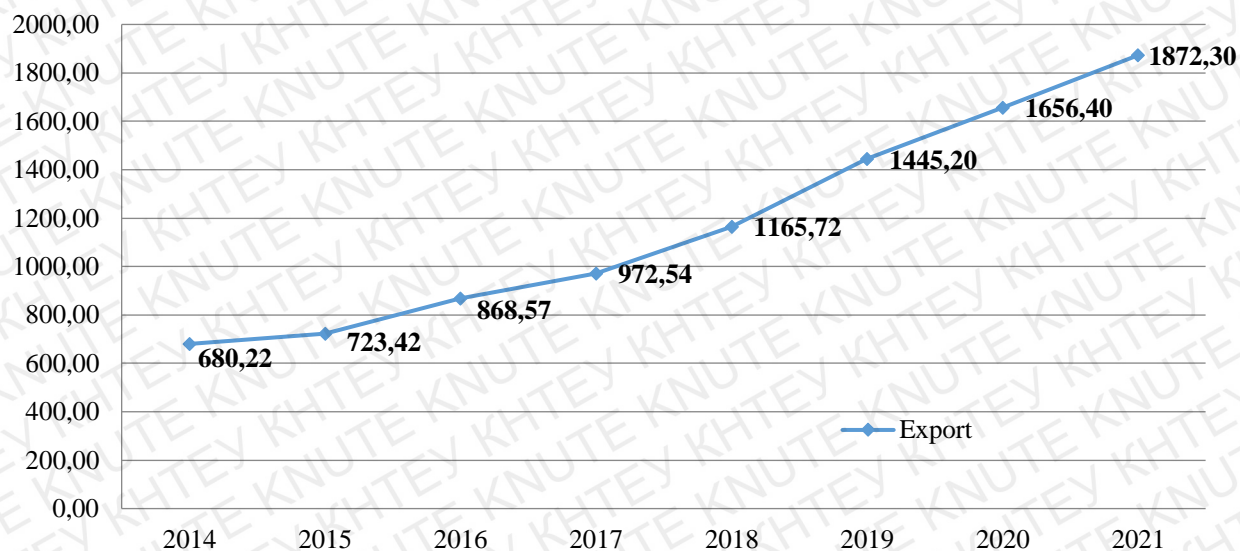


Fig. 2.4. Projected export indicators of International Multi-industry Association «Ukrinterservis» for 2019-2021, million UAH

Source: constructed by the author

Therefore, the value of  $R^2 = 0.9951$  indicates the presence of a dependence between the data, which allows the developed model to be considered adequate.

According to the projection, the export of the enterprise will have annual growth dynamics, which, according to the results of 2019, will amount to 23.97% to the level of 1445.2 million UAH. According to the results of 2020, the export of the enterprise will increase by 14.61% and amount to 1656.4 million UAH. In 2021, the volume of exports will increase by 13.04% to the level of 1872.3 million UAH.

Given the projected indicators of export volumes, it is needed to determine the projected indicators of export expenses, profitability and efficiency, as well as their impact on the financial results of International Multi-industry Association «Ukrinterservis».

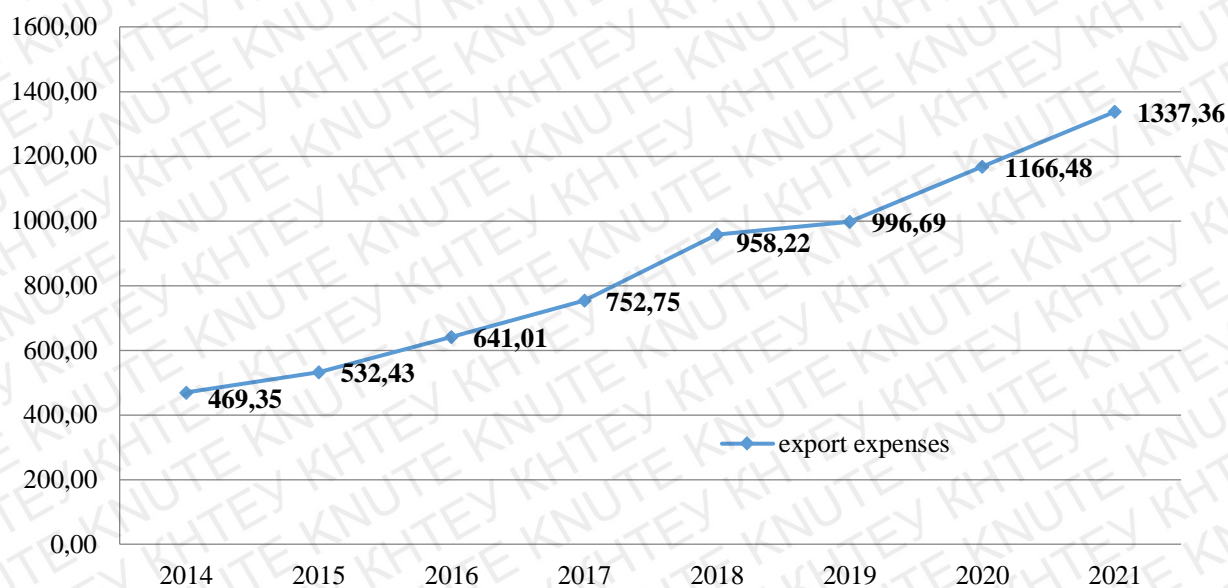


Fig. 2.5. Projected indexes of export expenses of International Multi-industry Association «Ukrinterservis» for 2019-2021, million UAH

Source: constructed by the author

Projected export expenses during 2019-2021 will have stable dynamics of increase by 4.01% in 2019, by 17.04% in 2020 and by 14.65% in 2021 due to the increase in production for export and its implementation.

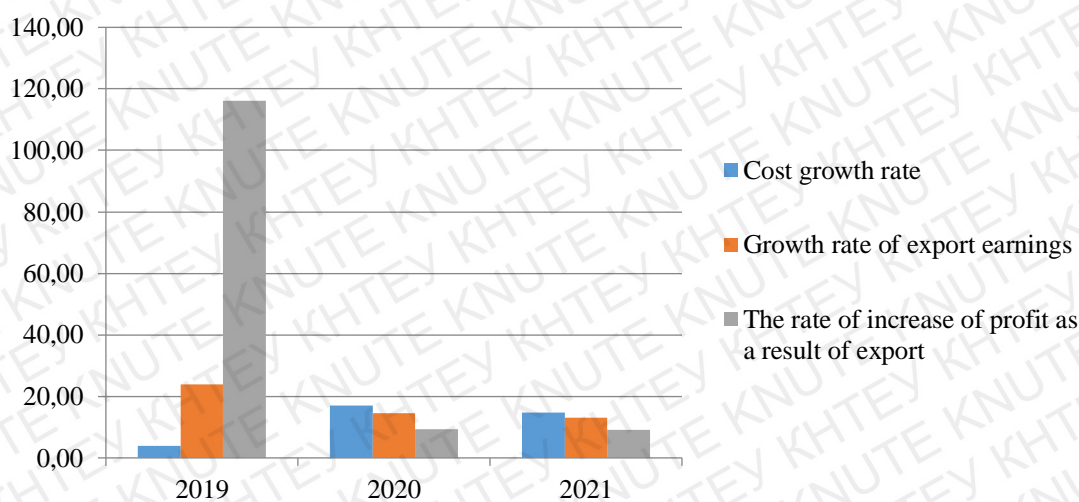


Fig. 2.6. Projected indicators of income, expenses, and profits growth rate as a result of the export of International Multi-industry Association «Ukrinterservis» for 2019-2021, %.

Source: constructed by the author

The dynamics of growth rates of income and expenses during export operations indicates that when implementing the proposed expenses optimization

measures, profit growth will occur at a faster pace, which will allow the company to annually increase profit volumes because of export.

Thus, the company will be able to increase the export profit in 2019 by 116.15% to the level of 448.51 million UAH, first of all, due to reduction of the enterprise's expenses for logistics and transportation, as well as reduction of production cost values. In 2020, it is projected that the company will receive a profit of 489.920 million UAH or + 9.23%. In 2021, profit from export operations will increase to the level of 534.94 million UAH. (+ 9.19%).

Thus, the implementation of the proposed measures will allow for increasing the level of export profitability to the level of 45%, and efficiency - to 36.9% in 2019.

The next step is to analyze the impact of projected indicators on the financial performance of International Multi-industry Association Ukrinterservis in 2019-2021 based on the data in Table 2.3.

*Table 2.3*

**Dynamics of projected indicators of financial results at International Multi-industry Association «Ukrinterservis» in 2019-2021, million UAH**

Index	Actual indicators	Projected indicators			Growth rate, %		
		2019	2020	2021	2019/ 2018	2020/ 2019	2021/ 2020
Net income (revenue) from product sales	1774,31	2496,91	3822,03	6443,25	40,73	53,07	68,58
Other operating income	7,24	7,44	9,01	11,42	2,87	21,03	26,81
Gross profit	448,08	992,72	1760,59	2478,20	121,55	77,35	40,76
Cost value of sales	1326,23	1504,19	2061,44	3965,05	13,42	37,05	92,34
Other operating expenses	9,34	11,34	13,57	18,93	21,45	19,60	39,55
Administration expenses	39,11	48,65	56,77	66,74	24,42	16,68	17,58
Distribution costs	230,79	296,91	440,61	665,68	28,65	48,40	51,08
Pre-tax financial result: profit	164,37	635,81	1249,65	1726,83	286,81	96,54	38,19
Income tax expenses	29,04	147,22	267,74	372,19	406,98	81,87	39,01
Net financial result: profit	135,34	488,60	981,91	1354,64	261,03	100,97	37,96

*Source: calculated by the author*

Therefore, based on the projected indicators of the company's export, taking into account the pace of development of the enterprise and the proposed measures

to reduce the expenses of the enterprise, during 2019-2021, the volume of net income will increase by 40.73% in 2019, by 53.07% in 2020 and by 68,58% in 2021.

In 2019, gross profit will increase in by 121.6% to the level of 992.72 million UAH. In 2020, gross profit will increase by 77.35% to the level of 1760.59 million UAH. According to the projections, gross profit in 2021 will be 2478.2 million UAH, which is 40.76% more than in 2020.

Given the spending optimization and an increase in exports, the company's net profit can be increased to the level of 488.6 million UAH in 2019. In 2020, net profit will be 981.1 million UAH, and in 2021 - will amount to 1354.64 million UAH..

Thus, taking into account the projected indicators of export growth, expenses reduction as a result of using the proposed measures of spending optimization of International Multi-industry Association “Ukrinterservis”, in 2019-2021 the company will be able to annually increase the volume of net income, gross profit, and, as a result, receive an increase in net profit profits of the enterprise.

## **Conclusion to chapter 2**

Based on the study, following conclusions can be drawn:

– ways to increase the efficiency of agricultural production for export purposes, which further increase output of products and reduce expenses per unit should also include a set of such basic measures: improving land use, increasing its fertility; implementing of complex mechanization and automation of production; deepening of specialization and production concentration on the basis of inter-farm cooperation and agro-industrial integration; rational use of production funds and labor resources; implementation of intensive and resource-saving technologies and industrial production methods; improving the quality and products preservation; wide use of progressive forms of production organization and labor remuneration on the basis of collective, family and rental contracts and lease as a progressive form of business; development of agricultural production based on various forms of ownership and

types of management and creation of equal levels of economic conditions for them, necessary for independent and initiative work;

– the dynamics of growth rates of income and expenses during export operations indicates that when implementing the proposed expenses optimization measures, profit growth will occur at a faster pace, which will allow the company to annually increase profit volumes because of export. The company will be able to increase the export profit in 2019 by 116.15% to the level of 448.51 million UAH, first of all, due to reduction of the enterprise's expenses for logistics and transportation, as well as reduction of production cost values. In 2020, it is projected that the company will receive a profit of 489.920 million UAH or + 9.23%. In 2021, profit from export operations will increase to the level of 534.94 million UAH. (+ 9.19%).

– taking into account the projected indicators of export growth, expenses reduction as a result of using the proposed measures of spending optimization of International Multi-industry Association "Ukrinterservis", in 2019-2021 the company will be able to annually increase the volume of net income, gross profit, and, as a result, receive an increase in net profit profits of the enterprise.



## CONCLUSIONS

Based on the study, following conclusions can be drawn.

It is established, that interpretation of the results makes it possible to state the presence of more weaknesses than strengths in the internal environment, which is directly related to the lack of clear enterprise development strategies and, in particular, to market competition. The external environment is not favorable for the development of foreign economic activity of the enterprise, the instability of the state economic policy and the increase in prices have a particularly negative effect. Along with this, the action of positive factors is observed: high confidence of business partners, an effective quality control system, a small number of competitors, etc. Moreover, the excess of threats over opportunities in the external environment is mainly associated with exchange rate fluctuations. International Multi-industry Association «Ukrinterservis» insufficiently uses communication tools, is reluctant to the need for range expansion, product quality improvement and the sales system improvement, and has an unsuccessful system of export management.

It is defined, that during the studied period, the export of the enterprise's products had a clear dynamics of increase from the level of 680.22 million UAH in 2014 to the level of 1165.72 million UAH, or 72%. Only over the past two years, the products export volume increased by 12% in 2017 and by 19.9% in 2018. During 2014-2018, the share of exports in the enterprise's income had a clear dynamics of decrease. Therefore, in 2014, the share of exports in the company's income was 73.4%, and in 2015, with a decrease of 1.3%, it amounted to 72.1%. According to the results of 2017, the share of exports in the company's income decreased by 9.6% compared to 2016, when the index was 73.2%. According to the results of 2018, the share of exports in the company's income grew by 2.1% but remains lower than the 2014 level. The analysis showed that among the exported goods of the enterprise, the largest share of 45.3% to 46.1% was wheat, followed by corn (more than 31%) and barley (more than 9%). Among the importing countries, Egypt (more than 25%),

Thailand (more than 12%), Tunisia (more than 16%) and Saudi Arabia (more than 10%) occupied the largest share during the studied period.

It is established, an increase in export costs, namely transportation and logistics expenses, production expenses for export, customs costs led to a decrease in the economic effect and export efficiency, and a decrease in the profitability of export operations. The increase in cost value and other expenses of the enterprise, in turn, led to a decrease in the level of profitability of the enterprise. Under such conditions, it is advisable to develop directions for reducing the cost of activities and their optimization, which, in the future, will increase the profit of the enterprise and the level of its profitability, including the profitability of export operations.

It is established, ways to increase the efficiency of agricultural production for export purposes, which further increase output of products and reduce expenses per unit should also include a set of such basic measures: improving land use, increasing its fertility; implementing of complex mechanization and automation of production; deepening of specialization and production concentration on the basis of inter-farm cooperation and agro-industrial integration; rational use of production funds and labor resources; implementation of intensive and resource-saving technologies and industrial production methods; improving the quality and products preservation; wide use of progressive forms of production organization and labor remuneration on the basis of collective, family and rental contracts and lease as a progressive form of business; development of agricultural production based on various forms of ownership and types of management and creation of equal levels of economic conditions for them, necessary for independent and initiative work.

The dynamics of growth rates of income and expenses during export operations indicates that when implementing the proposed expenses optimization measures, profit growth will occur at a faster pace, which will allow the company to annually increase profit volumes because of export. The company will be able to increase the export profit in 2019 by 116.15% to the level of 448.51 million UAH, first of all, due to reduction of the enterprise's expenses for logistics and transportation, as well as reduction of production cost values. In 2020, it is projected

that the company will receive a profit of 489.920 million UAH or + 9.23%. In 2021, profit from export operations will increase to the level of 534.94 million UAH. (+ 9.19%).

It is defined, that taking into account the projected indicators of export growth, expenses reduction as a result of using the proposed measures of spending optimization of International Multi-industry Association “Ukrinterservis”, in 2019-2021 the company will be able to annually increase the volume of net income, gross profit, and, as a result, receive an increase in net profit profits of the enterprise.

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## APPENDICES

## APPENDIX A

## Qualitative performance indicators of the organization's management system

Index	Calculation algorithm
Manageability level	$K_H = \frac{V_H}{V_F}$ , where $V_H$ - span of management; $V_F$ - the actual number of subordinates of the manager
Structure rationality coefficient	$K_{PC} = 1 - \frac{\Pi_F}{\Pi_{OC}}$ , $K_{PC} = 1 - \frac{A_F}{A_{TC}}$ , where $\Pi_F, \Pi_{OC}$ - the number of units in the control apparatus factually and in accordance with regulations; $A_F, A_{TC}$ - the number of employees of the control apparatus factually and according to a typical structure
Degree of centralization of managerial functions	$K_C = \frac{P_{FB}}{P_F}$ , where $P_{FB}$ - the number of decisions made when performing this function at the highest levels of management; $P_F$ - total number of decisions made when performing this function at all management levels
Quantity ratio of line and staff personnel	$K_C = \frac{A_{LC}}{A_{FC}}$ , where $A_{LC}$ - the number of line managers; $A_{FC}$ - the number of employees of staff personnel
Degree of formalization of managers' work	$K_F = \frac{A_{ND}}{A_{YZ}}$ , where $A_{ND}$ - the number of workers whose work is organized on the basis of regulatory documents; $A_{YZ}$ - total number of managers
Purpose ratio of management structure	$K_{CFY} = \frac{A_{AVP}}{A_{YP}}$ , where $A_{AVP}, A_{YP}$ - the number of management personnel involved in solving special problems, and the entire management apparatus
Coverage ratio of management functions	$K_{OFY} = \frac{K_F}{K_H}$ , where $K_F, K_H$ - the number of functions exercised in the control apparatus factually and according to established standards
Ratio of function overlap	$K_D = \frac{K_{PZ}}{K_{P,H}}$ , where $K_{PZ}$ - the number of types of work assigned to several units; $K_{P,H}$ - number of types of work in accordance with established standards
Ratio of degree of specialization of managerial work	$K_{RD} = \frac{T_{P,Prof}}{T_P}$ , where $T_{P,Prof}$ - amount of specialized work for this unit; $T_P$ - total number of decisions made in the unit
Reliability factor of the control structure	$K_{CS} = \frac{K_H}{K_{T,D,M}}$ , where $K_H$ - the number of unrealized decisions; $K_{T,D,M}$ - total number of decisions made in the unit



## APPENDIX B

**Balance sheet**  
**(Statement of Financial results)**

Assets	Line code	Years, As of 1.01				
		2014	2015	2016	2017	2018
1	2					
<b>I. Non-current assets</b>						
Intangible assets:	1000	513	489	526	360	286
initial value	1001	2684	2797	2853	3016	3223
accumulated depreciation	1002	2193	2294	2327	2656	2937
Incomplete capital investment	1005	48193	52895	57598	37448	74459
Fixed assets:	1010	278487	281945	300187	371055	426317
initial value	1011	458912	468903	498040	633794	746589
wear and tear	1012	168735	178563	197853	262739	320272
Investment Property:	1015	0	0	0	0	0
initial value	1016	0	0	0	0	0
wear and tear	1017	0	0	0	0	0
Long-term assets:	1020	0	0	0	0	0
wear and tear	1021	0	0	0	0	0
accumulated depreciation	1022	0	0	0	0	0
other financial investments	1035	0	0	0	47	47
Other non-current assets	1090	41	44	47	13515	78377
<b>Total Section I</b>	1095	0	0	0	422425	579486
<b>II. Current assets</b>						
Stocks	1100	100345	109786	110371	129892	154015
Inventories	1101	42458	43845	44041	43040	58766
Unfinished production	1102	0	0	0	0	0
Final product	1103	44986	45081	45473	58094	71749
Goods	1104	19874	20167	20857	28758	23500
Current biological assets	1110	0	0	0	0	0
Reinsurance deposits	1115	0	0	0	0	0
Promissory notes received	1120	0	0	0	0	0
Accounts receivable for products, goods, works, services	1125	98126	98456	99253	104599	161484
Accounts receivable:						
on advances issued	1130	47018	4789	4871	7081	5704
with a budget	1135	11891	12110	12445	13291	15910
including income tax	1136	0	0	0	0	9726
from accrued income	1140	0	0	0	0	0
from internal calculations	1145	0	0	0	0	0
Other current receivables	1155	125	134	143	42	42
Current financial investments	1160	0	0	0	0	0
Money and their equivalents	1165	3805	3478	2580	5207	2496
Cash	1166	0	0	0	13	19
Bank accounts	1167	4193	4912	2580	5194	2477
Expenses of future periods	1170	314	242	255	271	439
Reinsurer's share of insurance reserves	1180	0	0	0	0	0
including in:						
reserves for long-term liabilities	1181	0	0	0	0	0
loss reserves or reserves of due payments	1182	0	0	0	0	0
unearned premium reserves	1183	0	0	0	0	0
other insurance reserves	1184	0	0	0	0	0
Other current assets	1190	11367	1245	1156	551	230
<b>Total Section II</b>	1195	219458	220874	231074	260934	340320
<b>III. Non-current assets held for sale and disposal groups</b>	1200	0	0	0	0	0
<b>Balance</b>	1300	579493	589975	598859	683359	919806

Liability	Line code	Years, As of 1.01				
		2014	2015	2016	2017	2018
<b>I. Equity</b>						
Registered (share) capital	1400	5341	5341	5341	5341	5341
Contributions to unregistered authorized capital	1401	0	0	0	0	0
Capital in revaluation	1405	0	0	0	0	0
Additional capital	1410	0	0	0	0	0
Emission income	1411	0	0	0	0	0
Accumulated exchange differences	1412	0	0	0	0	0
Reserve capital	1415	472498	471345	464955	0	0
Retained earnings (uncovered loss)	1420	(0)	(0)	(0)	559291	694506
Unpaid capital	1425	(0)	(0)	(0)	(0)	(0)
Capital withdrawn	1430	0	0	0	(0)	(0)
Other reserves	1435	478529	474523	470296	0	0
<b>Total Section I</b>	1495	956368	951209	940592	564632	699847
<b>II. Long-term commitment and security</b>						
Deferred tax liabilities	1500	0	0	0	522	25
Pension obligations	1505	0	0	0	0	0
long-term bank credits	1510	0	0	0	0	55260
Other long-term commitments	1515	1485	1543	1646	0	0
Long-term security	1520	0	0	0	0	0
Long-term staff costs	1521	0	0	0	0	0
Targeted financing	1525	1615	1345	1646	1253	860
Charity	1526	0	0	0	0	0
Investment contracts;	1535	0	0	0	0	0
Prize Fund	1540	0	0	0	0	0
Jackpot payout reserve	1545	1646	1646	1646	0	0
<b>Total Section II</b>	1595	4746	4534	4838	1775	56145
<b>III. Ongoing commitments and collateral</b>						
Short-term bank credits	1600	70134	71245	72793	48066	75122
for goods, works, services	1615	0	0	0	47450	61189
on the calculations with the budget	1620	0	0	0	7106	772
including income tax	1621	38123	41530	35570	6608	0
by insurance calculations	1625	3178	3612	3325	904	495
on wage calculations	1630	2931	2813	2830	2499	2389
on advances received	1635	945	912	993	1777	318
Current security	1660	2002	2123	2302	6316	7422
future revenues	1665	1253	1743	1648	393	393
Deferred commission income from reinsurers	1670	0	0	0	0	0
Other current commitments	1690	13567	12567	8931	2441	15714
<b>Total Section III</b>	1695	132133	136545	128392	116952	163814

Continuation of the Balance sheet

<b>IV. Liabilities related to non-current assets held for sale and disposal groups</b>	1700	925	863	962	0	0
<b>V. Net Asset Value of Non-State Pension Funds</b>	1800	138953	146974	126917	0	0
<b>Balance</b>	1900	647645	679812	681294	683359	919806

## Income Statement

## I. Financial results

Paragraph	Line code	Years				
		2014	2015	2016	2017	2018
Net income from sales of products (goods, works, services)	2000	926736	1003350	1186576	1529184	1774311
Net earned insurance premiums	2010	0	0	0	0	0
Premiums are signed, gross amount	2011	0	0	0	0	0
Reinsurance premiums	2012	0	0	0	0	0
Change in unearned premium reserve, gross amount	2013	0	0	0	0	0
Change in the share of reinsurers in the reserve of unearned premiums	2014	0	0	0	0	0
Cost of sales (goods, works, services)	2050	242760	257128	285185	367418	448083
Net losses incurred on insurance claims	2070	0	0	0	0	0
Gross profit	2090	3687123	3567812	367418	448083	367418
Gross loss	2095	0	0	0	0	0
Other operating income	2120	2464	1976	1965	3604	7235
Administrative expenses	2130	3563	3678	3604	39105	30942
Selling expenses	2150	0	0	0	230790	194257
Other operating expenses	2180	5262	3914	8373	12193	9341
Expenses from changes in the value of assets that are measured at fair value	2181	194257	194257	194257	0	0
Expenses from initial recognition of biological assets and agricultural	2182	12112	11239	12193	0	0
Operating result: profit	2190	0	0	0	176082	133630
Operating result: loss	2195	0	0	0	0	0
Income from participation in the capital	2200	130981	133123	133630	0	0
Other financial income	2220	0	0	0	160	324
Other income	2240	0	0	0	8654	851
Income from charitable assistance	2241	312	321	324	0	0
Financial expenses	2250	856	834	851	17230	12411
Capital losses	2255	0	0	0	0	0

*Continuation of the Income statement*

Other expenses	2270	13456	18712	12411	3293	2170
Profit (loss) from the impact of inflation on monetary items	2275	0	0	0	0	0
Financial result before tax: profit	2290	2123	2196	2170	164373	120224
Financial result before tax: loss	2295	0	0	0	0	0
Income tax expense (income)	2300	19639	13244	9766	25888	29038
Profit (loss) from discontinued operations after tax	2305	0	0	0	0	0
Net financial result: profit	2350	65180	48571	71578	94336	135335
Net financial result: loss	2355	0	0	0	0	0