

**Kyiv National University of Trade and Economics**  
**International Management Department**

**FINAL QUALIFYING PAPER**

**on the topic:**

**“Organization of export activity of light industry enterprise”**

(based on data of PJSC “Prylutska garment factory”, Pryluky)

Student of the 2<sup>nd</sup> year, group 4am,  
specialty 073 "Management",  
specialization "Management of FEA"

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Manager of the educational program  
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Associate Professor

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head of the project  
team*)

Serova L.P.

**Kyiv, 2021**

# Kyiv National University of Trade and Economics

Faculty FITL Department International Management

Specialty Management

Specialization Management of foreign economic activity

**Approved by**

Head of the Department \_\_\_\_\_

on \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_

## Task

### for a final qualifying paper (project)

Prus Volodymyr

(student's last name, first name)

1. Topic of a final qualifying paper (project)

Organization of export activity of light industry enterprise

Approved by the Rector's order from \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_, No. \_\_\_\_\_

2. Term of submitting by a student his/her terminated paper (project) \_\_\_\_\_

3. Initial data of the final qualifying paper (project)

*Purpose of the paper (project)* to develop the grounded directions and measures for improvement of export activity organization and increasing the efficiency of export operations of the business entities in the field of light industry, based on the results of research of the theoretical foundations and practical tools of organization of export activity of the researched enterprise

*Object of the research* the process of organization of export activity of the enterprise

*Subject of the research* theoretical foundations and practical tools of organization of export activity of the enterprise

4. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task fulfilled

5. Contents of a final qualifying paper (project) (list of all the sections and subsections)



## INTRODUCTION

### SECTION 1. RESEARCH OF THE MECHANISM OF ORGANIZATION OF EXPORT ACTIVITY OF PJSC "PRYLUTSKA GARMENT FACTORY"

1.1. Analysis of financial and economic activity of PJSC "Prylutska garment factory"

1.2. Analysis of foreign economic activity of PJSC "Prylutska garment factory"

1.3. Evaluation of the efficiency of export operations of PJSC "Prylutska garment factory"

Conclusion to Section 1

### SECTION 2. IMPROVEMENT OF EXPORT ACTIVITY OF PJSC "PRYLUTSKA GARMENT FACTORY"

2.1. Grounding of directions for improvement of the process of export operations organization at PJSC "Prylutska garment factory"

2.2. Development of a set of measures for increasing the efficiency of PJSC "Prylutska garment factory" commodity export

2.3. Forecast of financial results of PJSC "Prylutska garment factory" subject to introduction of proposed measures

Conclusion to Section 2

## CONCLUSION AND RECOMMENDATIONS

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### 6. Time schedule of the paper (project)

No.	Stages of a final qualifying paper (project)	Terms of a final qualifying paper (project)	
		de jure	de facto
1	2	3	4
1	Approval of the plan of a final qualifying paper (project) with scientific adviser	18.02.2021	18.02.2021
2	Submission of scientific article to scientific adviser	25.03.2021	25.03.2021
3	Submission of scientific article to the responsible editor of the collection of articles	15.04.2021	15.04.2021
4	Submission of the first section to the scientific adviser	27.06.2021	27.06.2021
5	Submission of the second section to the scientific adviser	16.09.2021	16.09.2021
6	Submission of a final qualifying paper (project) to the scientific adviser	15.10.2021	15.10.2021
7	Pre-Defence	21.10-08.11.2021	08.11.2021
8	Submission of a final qualifying paper (project) to the Head of Department	11.11-15.11.2021	15.11.2021
9	Submission of a final qualifying paper (project) to the Dean of the faculty on International trade and law	18.11-22.11.2021	22.11.2021
10	Peer review of a final qualifying paper (project)	25.11-30.11.2021	30.11.2021
11	Defence of a final qualifying paper (project)	02.12-16.12.2021	





Head of the project team  
(Manager of the educational program)

(last name, initials, signature)

Head of the Department

(last name, initials, signature)

\_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_.



## ANNOTATION

In the final qualifying paper the problems of the organization of foreign economic activity of the enterprise in the field of light industry, in particular, the organization of export activity, are identified. In order to research the mechanism of organization of export activity of the enterprise, its financial, economic and foreign economic activities are analyzed, the efficiency of export operations is evaluated for the period of five years. The directions of improvement of the process of organization of export operations of the enterprise are substantiated. A set of measures to increase the efficiency of commodity exports is proposed. The financial results in case of introduction of the recommended actions are forecasted.

Key words: EXPORT, IMPORT, FOREIGN ECONOMIC ACTIVITY, ORGANIZATION OF EXPORT ACTIVITY, TOLLING OPERATIONS, PROFITABILITY, EFFICIENCY OF EXPORT OPERATIONS, INTERNATIONAL MARKETING.

## АНОТАЦІЯ

У випускній кваліфікаційній роботі ідентифіковано проблеми організації зовнішньоекономічної діяльності підприємства у галузі легкої промисловості, зокрема організації експортної діяльності. Для дослідження механізму організації експортної діяльності підприємства проаналізовано його фінансово-економічну та зовнішньоекономічну діяльність, здійснено оцінку ефективності експортних операцій за період п'ять років. Обґрунтовано напрямки удосконалення процесу організації експортних операцій підприємства. Запропоновано комплекс заходів щодо підвищення ефективності експорту продукції. Спрогнозовано фінансові результати у разі запровадження рекомендованих заходів.

Ключові слова: ЕКСПОРТ, ІМПОРТ, ЗОВНІШНЬОЕКОНОМІЧНА ДІЯЛЬНІСТЬ, ОРГАНІЗАЦІЯ ЕКСПОРТНОЇ ДІЯЛЬНОСТІ, ТОЛІНГОВІ ОПЕРАЦІЇ, РЕНТАБЕЛЬНІСТЬ, ЕФЕКТИВНІСТЬ ЕКСПОРТНИХ ОПЕРАЦІЙ, МІЖНАРОДНИЙ МАРКЕТИНГ.



**Kyiv National University of Trade and Economics**  
**International Management Department**

**SUMMARY**

**TO THE FINAL QUALIFYING PAPER**  
**on the topic:**

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Student of the 2<sup>nd</sup> year, group 4am,  
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**Kyiv, 2021**

SUMMARY  
TO THE FINAL QUALIFYING PAPER

“Organization of export activity of light industry enterprise”  
(based on data of PJSC “Prylutska garment factory”, Pryluky)

Final qualifying paper – 78 p., Illustrations - 24, Tables - 52, appendices - 6, references - 17.

**The object of investigation** is the process of organization of export activity of the enterprise.

**The subject of investigation** is the theoretical foundations and practical tools of organization of export activity of the enterprise.

**The basis enterprise for investigation** is PJSC “Prylutska garment factory”.

**The purpose of the final qualifying paper** is to develop the grounded directions and measures for improvement of export activity organization and increasing the efficiency of export operations of the business entities in the field of light industry, based on the results of research of the theoretical and practical aspects of organization of export activity of PJSC "Prylutska garment factory".

**The tasks of the final qualifying paper:**

1. Analysis of financial and economic activity of PJSC "Prylutska garment factory".
2. Analysis of foreign economic activity of PJSC "Prylutska garment factory".
3. Evaluation of the efficiency of export operations of PJSC "Prylutska garment factory".
4. Grounding of directions for improvement of the process of export operations organization at PJSC "Prylutska garment factory".
5. Development of a set of measures for increasing the efficiency of PJSC "Prylutska garment factory" commodity export.
6. Forecast of financial results of PJSC "Prylutska garment factory" subject to introduction of proposed measures.

**Methods of investigation:** observation method (for collection of initial analytical information); methods of financial analysis (for a multifaceted assessment of financial position of the enterprise); methods of statistical analysis (in time of studying, grouping, comparison, analysis, evaluation and description of actual indicators of foreign economic activity of the enterprise); PEST-analysis method (for assessment of the main external influencing factors in terms of the foreign economic activity of the enterprise); expert survey method (for identification of external and internal economic factors influencing the efficiency of export operations of the enterprise); correlation-regression analysis method (for assessment of dependence of the level of exports efficiency on the selected influencing factors); method of economic and mathematical modeling (for modeling the level of correlation between the effective feature and factor values); graphic method (in the process of constructing a graphical display of the received data).



**In the introduction to the Paper** the relevance and significance of the chosen topic are explained; the purpose and the main objectives of the work are defined; the object and the subject of research are determined; the methods applied in the process of research are specified; the scientific novelty and the practical meaning of the work are formulated; the information base of research is given; the structure of work is indicated.

**In the first section of the Paper** the analysis of financial and economic activity, foreign economic activity, and evaluation of export operations efficiency of PJSC "Prylutska garment factory" for the period 2016-2020 are carried out.

**In the second section of Paper** the possible directions are grounded for improvement of the export operations organization process, a set of measures to increase the efficiency of export is developed, and the forecast of financial results of the enterprise as a result of adoption of proposed measures is performed.

**In conclusion and recommendations** the overall results of the Paper are summerized. The results of analysis and diagnostics of financial, foreign economic activity, export operations efficiency of the enterprise are briefed. The managerial problems in the sphere of organization of export activity of the light industry enterprise are highlighted. Grounded propositions for improvement of export activity organization and increasing the efficiency of exports are resumed.

## РЕФЕРАТ

випускної кваліфікаційної магістерської роботи на тему  
«Організація експортної діяльності підприємства легкої промисловості»  
(на прикладі ПрАТ «Прилуцька швейна фабрика», м. Прилуки)

**Актуальність теми** зумовлена фактом глобалізації світової економіки, і, як наслідок, збільшенням ролі та значення зовнішньоекономічної діяльності та її ефективності, як на макро-, так і на мікрорівні. Будучи ефективним засобом підвищення прибутку та збільшення конкурентоспроможності підприємства, отримання ним економічних переваг, зовнішньоекономічна діяльність стає пріоритетним напрямком у стратегічному управлінні підприємством.

**Метою випускної кваліфікаційної роботи** є розроблення обґрунтованих напрямів та заходів щодо вдосконалення організації експортної діяльності та підвищення ефективності експортних операцій суб'єктів господарювання у галузі легкої промисловості на основі результатів дослідження теоретичних та практичних аспектів процесу організації експортної діяльності підприємства ПрАТ «Прилуцька швейна фабрика», м. Прилуки.

**Об'єктом дослідження** є процес організації експортної діяльності підприємства легкої промисловості.

Відповідно до об'єкту, **предметом дослідження** є теоретичні основи та практичний інструментарій організації експортної діяльності підприємства легкої промисловості.

Для досягнення поставленої мети та виконання завдань роботи були

використані такі наукові **методи дослідження**, як: метод спостереження (для збору вихідної аналітичної інформації); методи фінансового аналізу (для оцінки фінансового стану підприємства); методи статистичного аналізу (для аналізу фактичних показників зовнішньоекономічної діяльності підприємства); метод PEST-аналізу (для оцінки основних зовнішніх факторів впливу на зовнішньоекономічну діяльність підприємства); метод експертного опитування (для виявлення зовнішніх та внутрішніх економічних факторів, що впливають на ефективність експортних операцій підприємства); метод кореляційно-регресійного аналізу (для оцінки залежності рівня ефективності експорту від обраних факторів впливу); метод економіко-математичного моделювання (для моделювання рівня зв'язку між результативною ознакою та факторними величинами); графічний метод (у процесі побудови графічного відображення отриманих даних).

**Інформаційною базою** кваліфікаційної магістерської роботи є наукові праці таких вчених, як: Васюк Т.В., Дем'янченко А.Г., Степаненко О.І., Гринько П.О., Лабурцева О.І., Малярець Л.М., та ін. Також у роботі були використані дані фінансової звітності, внутрішніх корпоративних документів підприємства, інформація з офіційного веб-сайту холдингу.

**Мета кваліфікаційної магістерської роботи** полягає у дослідженні процесу організації експортної діяльності підприємства та визначенні напрямків підвищення ефективності експорту у галузі легкої промисловості.

**Основний науковий результат роботи** полягає у такому:

1. здійснено аналіз фінансово-економічної та зовнішньоекономічної діяльності підприємства, надано оцінку ефективності експортних операцій;
2. надано оцінку стану організації експортної діяльності підприємства;
3. авторське дослідження оцінки залежності рівня ефективності експорту від обраних зовнішніх та внутрішніх економічних факторів впливу з побудовою економіко-математичної моделі та прогнозуванням фінансових результатів у разі імплементації запропонованих заходів з підвищення ефективності.

Одержані результати можуть бути використані ПрАТ «Прилуцька швейна фабрика» в процесі організації зовнішньоекономічної (зокрема, експортної) діяльності підприємства з метою покращення організації та підвищення ефективності експортних операцій підприємства.

**Ключові слова:** ЕКСПОРТ, ІМПОРТ, ЗОВНІШНЬОЕКОНОМІЧНА ДІЯЛЬНІСТЬ, ОРГАНІЗАЦІЯ ЕКСПОРТНОЇ ДІЯЛЬНОСТІ, ТОЛІНГОВІ ОПЕРАЦІЇ, РЕНТАБЕЛЬНІСТЬ, ЕФЕКТИВНІСТЬ ЕКСПОРТНИХ ОПЕРАЦІЙ, МІЖНАРОДНИЙ МАРКЕТИНГ.

Зміст кваліфікаційної роботи викладено на 78 сторінках, має 52 таблиці, 24 рисунки, список використаних джерел з 17 найменувань, 6 додатків.

Рік виконання кваліфікаційної роботи - 2021 рік.

Рік захисту роботи – 2021 рік.



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## INTRODUCTION

The relevance of the topic under research is due to the fact that up-to-date business conditions are accompanied by rigidity and complexity in terms of the global competition. Due to the fact of globalization of the world economy, foreign economic activity and its efficiency, both at the macro and micro levels, are gaining the increasing role and importance. Being an effective means of raising profits and competitiveness of the enterprise, foreign economic activity becomes a priority in the corporate strategic management. Sustainable development of the enterprise is possible only due to the continuous expansion of the range of foreign trade partners, as well as through the introduction of new forms of cooperation in foreign economic activity. Thus, the experience of leading enterprises in the light industry of Ukraine, including PJSC "Prylutska garment factory" shows the share of tolling operations in their export activities.

A significant contribution to the development of theoretical and practical foundations of foreign economic activity, including operations with toll raw materials, has been made by such scientists as N.E. Bilynska, K.K. Bogomazova, T.S. Yedinak, V.O. Ivanenko, O.R. Kilyar, N.A. Osnytska, V.O. Ternovsky and others. At this, there are still insufficiently disclosed aspects, particularly, in the terms of the efficient process of organization of export activities.

The purpose of the Paper is to develop the grounded directions and measures for improvement of export activity organization and increasing the efficiency of export operations of the business entities in the field of light industry, based on the results of research of the theoretical and practical aspects of organization of export activity of PJSC "Prylutska garment factory".

The main objectives of scientific research are:

1. Analysis of financial and economic activity of PJSC "Prylutska garment factory".
2. Analysis of foreign economic activity of PJSC "Prylutska garment factory".



3. Evaluation of the efficiency of export operations of PJSC "Prylutska garment factory".
4. Grounding of directions for improvement of the process of export operations organization at PJSC "Prylutska garment factory".
5. Development of a set of measures for increasing the efficiency of PJSC "Prylutska garment factory" commodity export.
6. Forecast of financial results of PJSC "Prylutska garment factory" subject to introduction of proposed measures.

The object of research is the process of organization of export activity of the enterprise.

The subject of research is the theoretical foundations and practical tools of organization of export activity of the enterprise.

For performing the tasks to the Paper, there were used the following research methods, such as: observation method (for collection of initial analytical information); methods of financial analysis (for a multifaceted assessment of the financial position of the enterprise); methods of statistical analysis (in time of studying, grouping, comparison, analysis, evaluation and description of actual indicators of foreign economic activity of the enterprise); PEST-analysis method (for assessment of the basic external influencing factors in terms of the foreign economic activity of the enterprise); expert survey method (for identification of external and internal economic factors influencing the efficiency of export operations of the enterprise); correlation-regression analysis method (for assessment of dependence of the level of exports efficiency on the selected influencing factors); method of economic and mathematical modeling (for modeling the level of correlation between the effective feature and factor values); graphic method (in the process of constructing a graphical display of the received data).

Scientific novelty and practical significance of the Paper lies in the development of methodological provisions for further formulation of grounded directions for improvement of the process of organization of export operations and

increasing their efficiency. Such provisions can be used by the managerial staff of PJSC "Prylutska garment factory" in the process of export activity organization, as well as in the operating activity of other enterprises in the light industry.

The information base of the research includes the scientific works of such scientists as: T.V. Vasyuk, A.G. Demyanchenko, O.I. Stepanenko, P.O. Grinko, O.I. Laburtseva, L.M. Malyarets, and others. The legislative acts of Ukraine in the terms of the regulation of foreign economic activity, financial statements and internal corporate data of PJSC "Prylutska garment factory", data from the official holding web page, were also used as the information base for the research.

The integral part of the final qualifying paper is a scientific article on the results of scientific research on the topic "Peculiarities of tolling operations performance by the light industry enterprises in the field of FEA", published in the Collection of students scientific articles titled "International Management in the Context of Global Challenges", KNTEU Publishing House, Kyiv 2021.

The structure of the Paper includes: introduction, two sections in the main part, conclusion and recommendations, references and appendices.



## SECTION 1. RESEARCH OF THE MECHANIZM OF ORGANIZATION OF EXPORT ACTIVITY OF PJSC “PRYLUTSKA GARMENT FACTORY”

### 1.1 Analysis of financial and economic activity of PJSC “Prylutska garment factory”

PJSC "Prylutska garment factory" is a part of OLTEX group of companies, which is developing rapidly and is a leader among domestic manufacturers of women's and men's apparel. In addition to PJSC “Prylutska garment factory”, OLTEX group also include Skviratex LLC garment factory and a hosiery factory in Zhytomyr, with a total number of employees of more than 500 persons [15]. Basic information on PJSC “Prylutska garment factory” is given in Table 1.1.

Table 1.1

#### Basic data on PJSC “Prylutska garment factory”

Designation	Characteristic
Full company name	PRIVATE JOINT STOCK COMPANY “PRYLUTSKA GARMENT FACTORY”
Short company name	PJSC “Prylutska garment factory”
Organizational and legal form of company	Joint stock company
Kind of body	Legal entity
Ownership	Private property
State registration code USREOU	00310093
Location	17500 Ukraine, Chernihiv region, city of Pryluky, 299 Kyivska Str.
Date of state registration	23.08.1994
Type of activity according to NACE	Basic activity: 14.13 Manufacture of other apparel Other activities: 46.42 Wholesale of clothing and footwear 47.19 Other types of retail trade in non-specialized stores 68.20 Leasing and operation of own or leased real estate
Number of employees	205
Production capacity	110 thousand units per year

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

The factory has two product lines: 1/ fashioned outerwear (primarily supplied to foreign customers and their affiliates in Ukraine); 2/ military garments, uniforms and workwear (mainly supplied to law enforcement entities in Ukraine).

The company strictly adheres to the strategy of quality improvement. PJSC "Prylutska garment factory" has implemented ISO 9001: 2015 quality management system. The company's CSR audit score constitutes 90/100 (2019) [15].

The main objective of PJSC "Prylutska garment factory" operating is to carry out financial and economic activities for obtaining profit, for which constant actions are being taken to improve financial performance by increasing production output, energy saving, cost reduction, involving skilled specialists, introduction of new technologies and renewal of fixed assets.

To assess the achievement of the established goal of PJSC "Prylutska garment factory" operating, we, first of all, will analyze the dynamics of the main financial results of the company (Table 1.2).

Table 1.2

**Dynamics of financial results of PJSC "Prylutska garment factory" in 2016-2020, UAH thou**

Indicator	Year				
	2016	2017	2018	2019	2020
Net income from sales of products (goods, works, services)	19707	15292	21229	160923	191271
Cost of goods sold (goods, works, services)	17683	11889	17368	1286	149023
Gross profit	2024	3403	3861	159637	42248
Other operating income	3206	195	696	843	549
Administrative cost	1013	3061	3856	4478	5578
Distribution cost	587	242	50	126	497
Other operating costs	4138	163	633	155638	30901
Financial result from operating activities	-508	132	18	238	5821
Other income	0	2	10	29	14
Financial result before tax	-508	134	28	267	5835
Expenses (income) from income tax	104	24	5	48	1050
Net financial result	-612	110	23	219	4785

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"

To evaluate the financial results of PJSC "Prylutska garment factory", we will analyze the dynamics of these indicators for the period 2016-2020 (Table 1.3).



Table 1.3

**Changes in financial results of PJSC "Prylutska garment factory" during  
2016-2020**

Indicator	Change in period							
	2016-2017		2017-2018		2018-2019		2019-2020	
	+/-, UAH thou	%	+/-, UAH thou	%	+/-, UAH thou	%	+/-, UAH thou	%
Net income from sales of products (goods, works, services)	-4415	-22,40	5937	38,82	139694	658,03	30348	18,86
Cost of goods sold (goods, works, services)	-5794	-32,77	5479	46,08	-16082	-92,60	147737	11488,10
Gross profit	1379	68,13	458	13,46	155776	4034,60	-117389	-73,53
Other operating income	-3011	-93,92	501	256,92	147	21,12	-294	-34,88
Administrative cost	2048	202,17	795	25,97	622	16,13	1100	24,56
Distribution cost	-345	-58,77	-192	-79,34	76	152,00	371	294,44
Other operating costs	-3975	-96,06	470	288,34	155005	24487,36	-124737	-80,15
Financial result from operating activities	640	125,98	-114	-86,36	220	1222,22	5583	2345,80
Other income	2	-	8	400,00	19	190,00	-15	-51,72
Financial result before tax	642	126,38	-106	-79,10	239	853,57	5568	2085,39
Expenses (income) from income tax	-80	-76,92	-19	-79,17	43	860,00	1002	2087,50
Net financial result	722	117,97	-87	-79,09	196	852,17	4566	2084,93

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"

Analyzing the data in Table 1.3 we note the growing dynamics of net income from sales, in particular from 19707 thousand UAH in 2016 up to 191271 thousand UAH in 2020, which in monetary terms amounted to 171564 thousand UAH, or 8.7 times. At this, the cost of goods sold increased for 131340 thousand UAH or 7.4 times. There is also an increase in administrative costs (+4565 thousand UAH or 4.5 times) and other operating expenses (+26763 thousand UAH or 6.5 times), that has led to an increase in the before tax financial result for 6343 thousand UAH (12.5 times). The dynamics of the before tax financial result is shown in Fig. 1.1.



Fig. 1.1 Dynamics of the financial result from the operating activities of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author on the basis of financial statements of PJSC "Prylutska garment factory"

The change in the financial results of PJSC "Prylutska garment factory" during 2016-2020 has had a direct impact on key indicators that characterize the financial and economic status of the enterprise. Therefore, basing on the financial statements of the enterprise enclosed in the analytical form in Appendix A, we will calculate and analyze the key groups of performance indicators of the business entity, the method of calculation of which is given in Appendix B.

It is reasonable to start with the indicators of profitability of the enterprise, ie indicators that characterize the return of invested resources and funds in the manufacturing and sales process (Table 1.4).

Table 1.4

### Operating profitability indicators of PJSC "Prylutska garment factory" in 2016-2020

Indicator	Year				
	2016	2017	2018	2019	2020
Gross profit, UAH thou	2024	3403	3861	159637	42248
Income from sales of products, UAH thou	19707	15292	21229	160923	191271
Cost of goods sold, UAH thou	17683	11889	17368	1286	149023
Net profit, UAH thou	-612	110	23	219	4785
<b>Profitability of sales, %</b>	<b>10,27</b>	<b>22,25</b>	<b>18,19</b>	<b>99,20</b>	<b>22,09</b>
<b>Cost-effectiveness, %</b>	<b>11,45</b>	<b>28,62</b>	<b>22,23</b>	<b>12413,45</b>	<b>28,35</b>
<b>Overall operating profitability, %</b>	<b>-3,11</b>	<b>0,72</b>	<b>0,11</b>	<b>0,14</b>	<b>2,50</b>

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"



To analyze the indicators in dynamics, we will determine the change in profitability ratios during the research period of time (Table 1.5):

Table 1.5

**Changes in operating profitability indicators of PJSC "Prylutska garment factory" during the period 2016-2020**

Change period	Indicators		
	Profitability of sales, %	Cost-effectiveness, %	Overall operating profitability, %
2016-2017	11,98	17,18	3,82
2017-2018	-4,07	-6,39	-0,61
2018-2019	81,01	12391,22	0,03
2019-2020	-77,11	-12385,10	2,37

Source: compiled by the author on the basis of data of Table 1.4

Analyzing the data in Table 1.5 we note a rather unstable situation regarding changes in operating profitability indicators; a significant dissonance of indicators is caused by a sharp increase in sales revenue in 2019 compared to 2016-2018, and unproportionally low cost of goods sold in 2019 compared to income in the same period. However, in general, there is a positive dynamics of operating profitability indicators for the period 2016-2020, which is an evidence of increasing efficiency, namely the rise in profitability of sales for 10.27%, cost-efficiency for 16.90%, and overall operating profitability for 5.61 %, with this figure reached 2.50% in 2020 (Fig. 1.2).

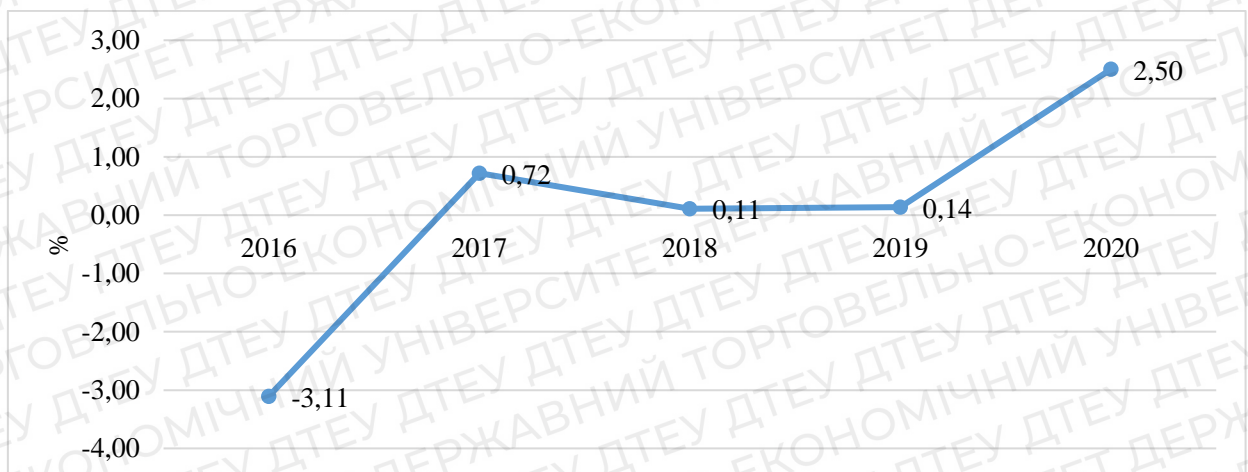


Fig. 1.2 Dynamics of the indicator of overall operating profitability of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author of the basis of data of Table 1.4

The next group of indicators that will be analyzed, are the indicators of profitability of the enterprise, which characterize the efficiency of assets, current assets and equity, ie show the amount of net profit received per 1 hryvnia of the mentioned assets and equity (Table 1.6).

Table 1.6

**Enterprise profitability indicators of PJSC "Prylutska garment factory" for 2016-2020**

Indicator	Year				
	2016	2017	2018	2019	2020
Net profit, UAH thou	-612,0	110,0	23,0	219,0	4785,0
Average value of assets, UAH thou	6044,5	9094,5	10041,0	11804,0	22846,5
Average value of current assets, UAH thou	2169,0	2043,0	1752,0	2205,0	11096,5
Average value of equity, UAH thou	5443,0	6142,0	7295,5	7516,5	10118,5
<b>Return on assets, %</b>	<b>-10,12</b>	<b>1,21</b>	<b>0,23</b>	<b>1,86</b>	<b>20,94</b>
<b>Return on current assets, %</b>	<b>-28,22</b>	<b>5,38</b>	<b>1,31</b>	<b>9,93</b>	<b>43,12</b>
<b>Return on equity, %</b>	<b>-11,24</b>	<b>1,79</b>	<b>0,32</b>	<b>2,91</b>	<b>47,29</b>

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"

To analyze the indicators of the enterprise profitability in dynamics, we will determine their change during the research period of time (Table 1.7):

Table 1.7

**Changes in enterprise profitability indicators of PJSC "Prylutska garment factory" during the period 2016-2020**

Change period	Indicators		
	Return on assets, %	Return on current assets, %	Return on equity, %
2016-2017	11,33	33,60	13,03
2017-2018	-0,98	-4,07	-1,48
2018-2019	1,63	8,62	2,60
2019-2020	19,09	33,19	44,38

Source: compiled by the author on the basis of data of Table 1.6

The data in Table 1.7 show a significant improvement in the enterprise profitability indicators of PJSC "Prylutska garment factory" during the period 2016-2020. The main reason for this is the increase in net profit value, which



replaced the loss occurred in 2016 (-612 thousand UAH) and amounted to 4785 thousand UAH in 2020 (Fig. 1.3).

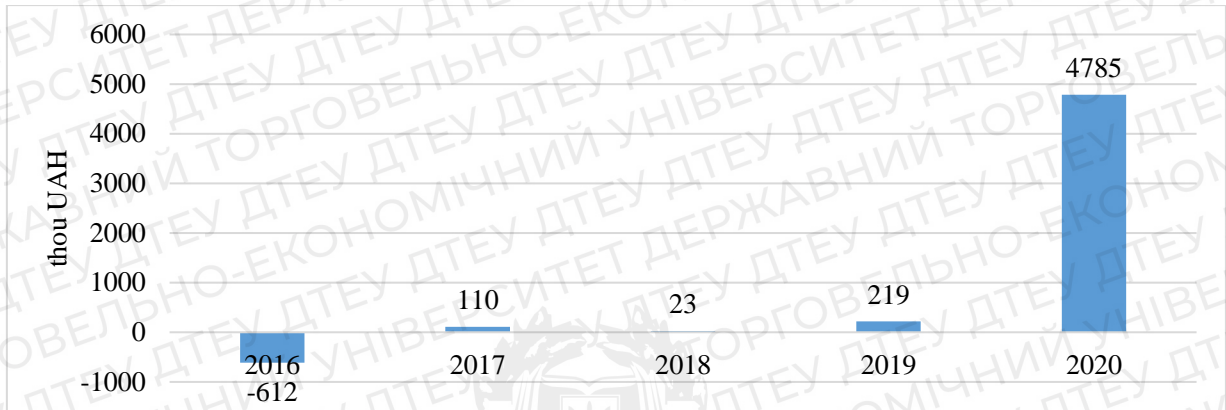


Fig. 1.3 Dynamics of net profit / loss of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author on the basis of financial statements of PJSC "Prylutska garment factory"

The results of the analysis of the enterprise profitability show an increase in return on assets indicator, namely from 1.21% in 2017 (omit 2016 due to the loss) to 20.94% in 2020, ie for 19.73. Also, there is an increase in the value of net profit derived from the use of current assets, from 5.38% in 2017 to 43.12% in 2020, ie for 37.74%. The growth of return on equity ratio is also positive, ie from 1.79% in 2017 to 47.29% in 2020, ie for 45.50%. This is clearly demonstrated in Fig. 1.4.

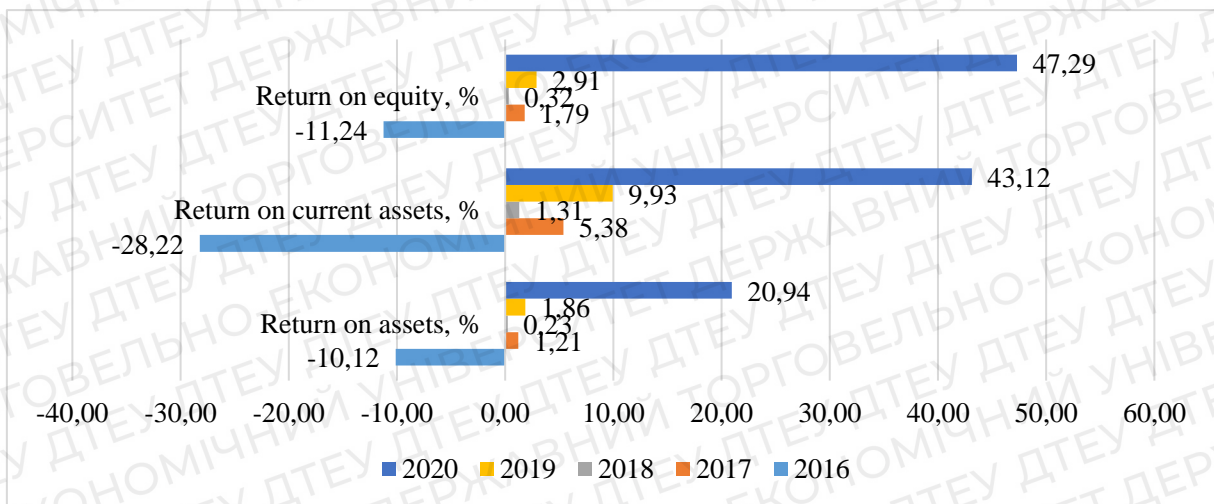


Fig. 1.4 Dynamics of enterprise profitability indicators of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author on the basis of data of Table 1.6

After analyzing the profitability indicators and observing their positive dynamics, it is also considerable to analyze the business activity of the researched enterprise, ie to provide a comprehensive characteristics depicting the efforts of PJSC "Prylutska garment factory" towards their dynamic development and achieving of strategic, business and functional goals in various areas (Table 1.8).

Table 1.8

**Indicators of business activity of PJSC "Prylutska garment factory", 2016-2020**

Indicator	Year				
	2016	2017	2018	2019	2020
Income (revenue) from sales of products, UAH thou	19707,0	15292,0	21229,0	160923,0	191271,0
Average value of assets, UAH thou	6044,5	9094,5	10041,0	11804,0	22846,5
Average value of current assets, UAH thou	2169,0	2043,0	1752,0	2205,0	11096,5
Average value of tangible current assets, UAH thou	655,5	586,5	119,0	0,0	1968,0
Average value of receivables, UAH thou	992,0	1064,0	1201,5	1867,0	5491,0
Number of days in the analyzed period, days	360	360	360	360	360
<b>Assets turnover period, days</b>	<b>110,42</b>	<b>214,10</b>	<b>170,27</b>	<b>26,41</b>	<b>43,00</b>
<b>Current assets turnover period, days</b>	<b>39,62</b>	<b>48,10</b>	<b>29,71</b>	<b>4,93</b>	<b>20,89</b>
<b>Tangible current assets turnover period, days</b>	<b>11,97</b>	<b>13,81</b>	<b>2,02</b>	<b>-</b>	<b>3,70</b>
<b>Receivables repayment period, days</b>	<b>18,12</b>	<b>25,05</b>	<b>20,37</b>	<b>4,18</b>	<b>10,33</b>
<b>Assets turnover ratio</b>	<b>3,2603</b>	<b>1,6815</b>	<b>2,1142</b>	<b>13,6329</b>	<b>8,3720</b>
<b>Current assets turnover ratio</b>	<b>9,0858</b>	<b>7,4851</b>	<b>12,1170</b>	<b>72,9810</b>	<b>17,2371</b>
<b>Tangible current assets turnover ratio</b>	<b>30,0641</b>	<b>26,0733</b>	<b>178,3950</b>	<b>-</b>	<b>97,1905</b>
<b>Receivables turnover ratio</b>	<b>19,8659</b>	<b>14,3722</b>	<b>17,6687</b>	<b>86,1934</b>	<b>34,8335</b>

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"

To analyze the business activity of PJSC "Prylutska garment factory" in dynamics, we will determine the changes in business activity indicators during the research period of time (Table 1.9).



Table 1.9

**Changes in business activity indicators of PJSC "Prylutska garment factory"  
during the period 2016-2020**

Indicator	Change in period			
	2016-2017	2017-2018	2018-2019	2019-2020
Assets turnover period, days	103,68	-43,83	-143,87	16,59
Current assets turnover period, days	8,47	-18,39	-24,78	15,95
Tangible current assets turnover period, days	1,83	-11,79	-	-
Receivables repayment period, days	6,93	-4,67	-16,20	6,16
Assets turnover ratio	-1,58	0,43	11,52	-5,26
Current assets turnover ratio	-1,60	4,63	60,86	-55,74
Tangible current assets turnover ratio	-3,99	152,32	-	-
Receivables turnover ratio	-5,49	3,30	68,52	-51,36

Source: compiled by the author on the basis of data of Table 1.8

Having analyzed the data in the Table 1.9, we can note a significant improvement in the business activity indicators dynamics of PJSC "Prylutska garment factory" during the period 2016-2020. Due to a considerable increase in sales revenue, the period of turnover of both assets as a whole and their structural elements, decreased. Thus, the duration of assets turnover decreased from 110.42 days in 2016 to 43.0 days in 2020, ie for 67.4 days, or 61.06%. At the same time, the maximum value of this indicator was noticed in 2017 and amounted to 214.1 days, and the minimum value was observed in 2019 - 26.41 days (Fig. 1.5).

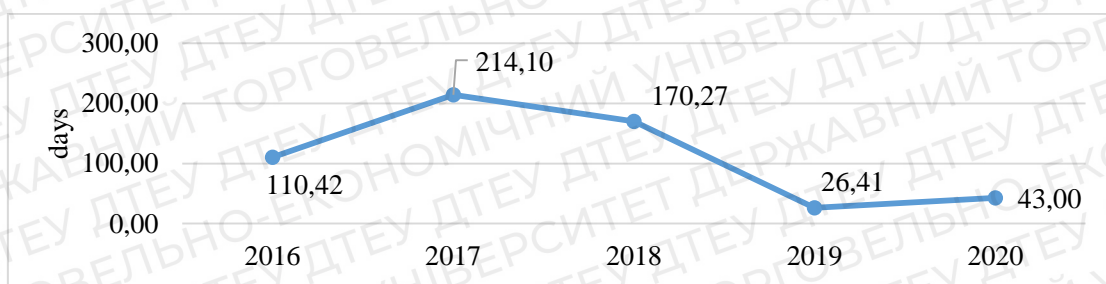


Fig. 1.5 Dynamics of the period of assets turnover of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author on the basis of data of Table 1.8

The duration of the period of current assets turnover decreased from 39.62 days in 2016 to 20.89 days in 2020, ie for 18.7 days or 47.29%. As with the previous indicator, the maximum value of this ratio was observed in 2017 (48.10 days), and the minimum value was observed in 2019 (4.93 days). That means that, the full turnover of funds invested in current assets was carried out during 21 days in 2020. Their material component (tangible current assets) was turning over during 3.7 days in 2020, which is 8.3 days less (faster) than in 2016 (11.97 days). Although in 2019, due to the tangible current assets absence in the structure of balance sheet, this indicator was not determined.

As for the duration of receivables repayment period, which is the indicator characterizing the state of settlements between the counterparties as well as their payment discipline, it has also decreased, namely for 7.8 days and reached the point of 10.33 days in 2020 (compared to 2016). The maximum value of this indicator was noticed in 2017 (25.05 days), and the minimum was observed in 2019 (4.18 days). Such tendency obviously indicates the improvement of settlement discipline between the counterparties (Fig. 1.6).

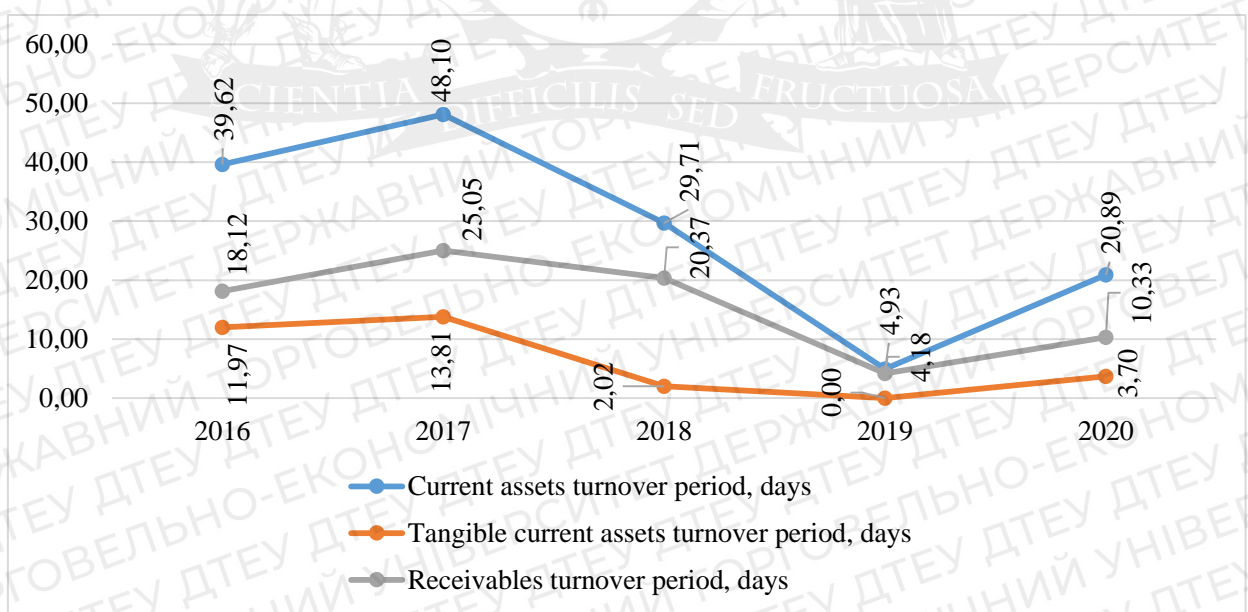


Fig. 1.6 Dynamics of business activity indicators of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author on the basis of data of Table 1.8



Thus, business activity indicators, as well as profitability indicators of PJSC "Prylutska garment factory" demonstrate positive changes in dynamics, which is an evidence of improvement of the enterprise financial status. But for a more comprehensive assessment, it will also be reasonable to evaluate the value of liquidity ratios, ie the ability of the company to successfully meet its monetary obligations towards other entities (Table 1.10).

Table 1.10

### Liquidity indicators of PJSC "Prylutska garment factory" for 2016-2020

Indicator	Period as of				
	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Current assets, UAH thou	2657	1429	2075	2335	19858
Cash funds, UAH thou	277	472	224	55	6524
Accounts receivable, UAH thou	1409	719	1684	2050	8932
Current liabilities, UAH thou	3359	1340	1721	1746	13188
<b>Total coverage ratio</b>	<b>0,7910</b>	<b>1,0664</b>	<b>1,2057</b>	<b>1,3373</b>	<b>1,5058</b>
<b>Intermediate coverage ratio</b>	<b>0,5019</b>	<b>0,8888</b>	<b>1,1087</b>	<b>1,2056</b>	<b>1,1720</b>
<b>Absolute liquidity ratio</b>	<b>0,0825</b>	<b>0,3522</b>	<b>0,1302</b>	<b>0,0315</b>	<b>0,4947</b>

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"

The analysis of liquidity indicators of PJSC "Prylutska garment factory" will be carried out in dynamics, by determining their changes during the research period 2016-2020 (Table 1.11).

Table 1.11

### Change in liquidity ratios of PJSC "Prylutska garment factory" during the period 2016-2020

Change period	Indicators		
	Total coverage ratio	Intermediate coverage ratio	Absolute liquidity ratio
2016-2017	0,2754	0,3869	0,2698
2017-2018	0,1393	0,2199	-0,2221
2018-2019	0,1316	0,0970	-0,0987
2019-2020	0,1684	-0,0336	0,4632

Source: compiled by the author on the basis of data of Table 1.10

Analyzing the data in Table 1.10 and Table 1.11 above, it is reasonable to note that liquidity ratios have demonstrated a positive trend during the research

period. In particular, the total coverage ratio, which characterizes the company's ability to cover its current liabilities with its current assets and should be in the normative range of 1.2-1.5, has increased from 0.7910 in 2016 to 1.5058 in 2020, and therefore fully meets its regulatory value as well as represents its maximum level for the entire analyzed period. The intermediate coverage ratio, which characterizes the company's ability to cover its current liabilities with the mobile part of current assets, ie cash funds, current financial investments and receivables, and should be within the normative range of 0.7-0.9, increased in our case from 0.5019 in 2016 to 1.1720 in 2020. This also could be deemed as a positive trend, but exceeding the recommended value indicates the extraction (redirection) of funds from turnover into cash funds, which represent current assets non-working component. This is also confirmed by the value of the absolute liquidity ratio (recommended value is 0.2-0.3), which increased from 0.0825 in 2016 to 0.4947 in 2020. The dynamics of liquidity ratios is clearly illustrated in Fig. 1.7.

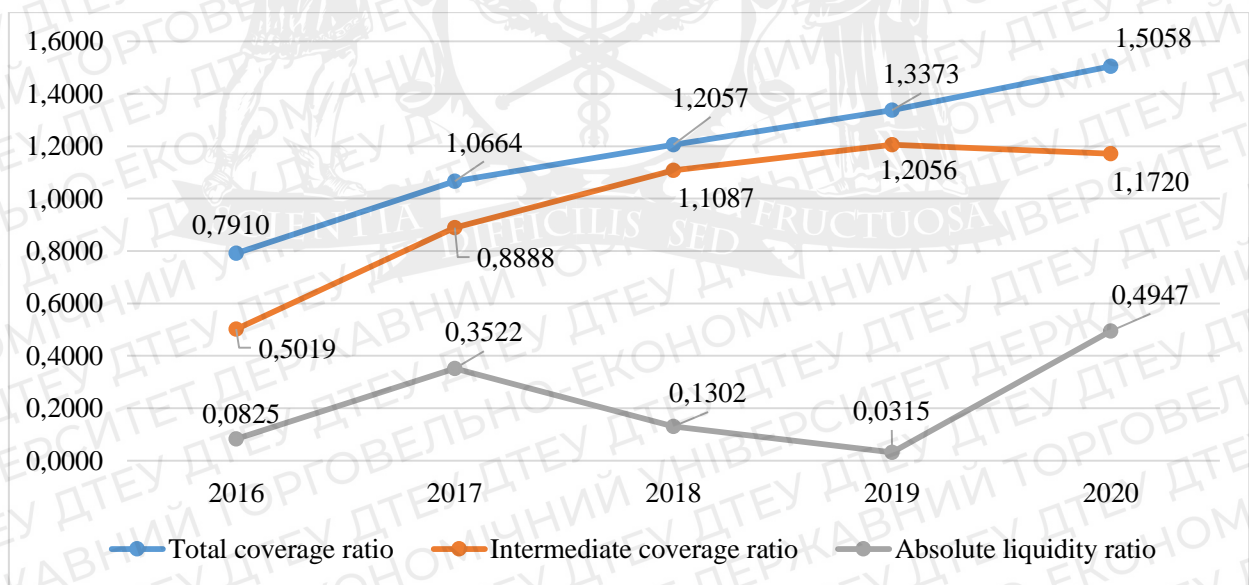


Fig. 1.7 Dynamics of liquidity ratios of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author on the basis of data of Table 1.10

The last group of indicators under our consideration will include the analysis of indicators of financial stability, which are one of the main factors



influencing the achievement of financial equilibrium and financial stability of the company (Table 1.12).

Table 1.12

**Indicators of financial stability of PJSC "Prylutska garment factory" in 2016-2020**

Indicator	Period as of				
	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Balance sheet total, UAH thou	9565	8624	11458	12150	33543
Equity, UAH thou	5000	7284	7307	7726	12511
Liabilities, UAH thou	4565	1340	4151	4424	21032
Long-term liabilities, UAH thou	1206	0	2430	2678	7844
<b>Financial autonomy ratio</b>	0,5227	0,8446	0,6377	0,6359	0,3730
<b>Debt coverage ratio</b>	1,0953	5,4358	1,7603	1,7464	0,5949
<b>Long-term liability ratio</b>	0,1943	0,0000	0,2496	0,2574	0,3854

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"

The analysis of indicators of financial stability of PJSC "Prylutska garment factory" will be carried out in dynamics, by determining their changes during the research period 2016-2020 (Table 1.13).

Table 1.13

**Change in the financial stability indicators of PJSC "Prylutska garment factory" during the period 2016-2020**

Change period	Indicators		
	Financial autonomy ratio	Debt coverage ratio	Long-term liability ratio
2016-2017	0,3219	4,3405	-0,1943
2017-2018	-0,2069	-3,6755	0,2496
2018-2019	-0,0018	-0,0139	0,0078
2019-2020	-0,2629	-1,1515	0,1280

Source: compiled by the author on the basis of data of Table 1.12

Analyzing the data in Table 1.12 and Table 1.13 we hereby observe the deterioration of the general situation in 2020. Exactly in 2020 the reduction in value of financial autonomy ratio took place and its non-compliance with the normative indicator (more than 50%) was noted. Thus, the company is financed with its own sources for only 37.30%, which is at a very low level. In addition, the

negative tendency in the reduction of debt coverage ratio is also observed from 1.0953 in 2016 to 0.5949 in 2020. The value of debt coverage ratio that is less than 1 confirms the above our affirmation, namely increasing the financial risk of the company and its dependence on external sources of financing. Hence, in 2020 the company could cover its debt with its own source for 59.49% only. The dynamics of financial stability ratios can be seen in Fig. 1.8.

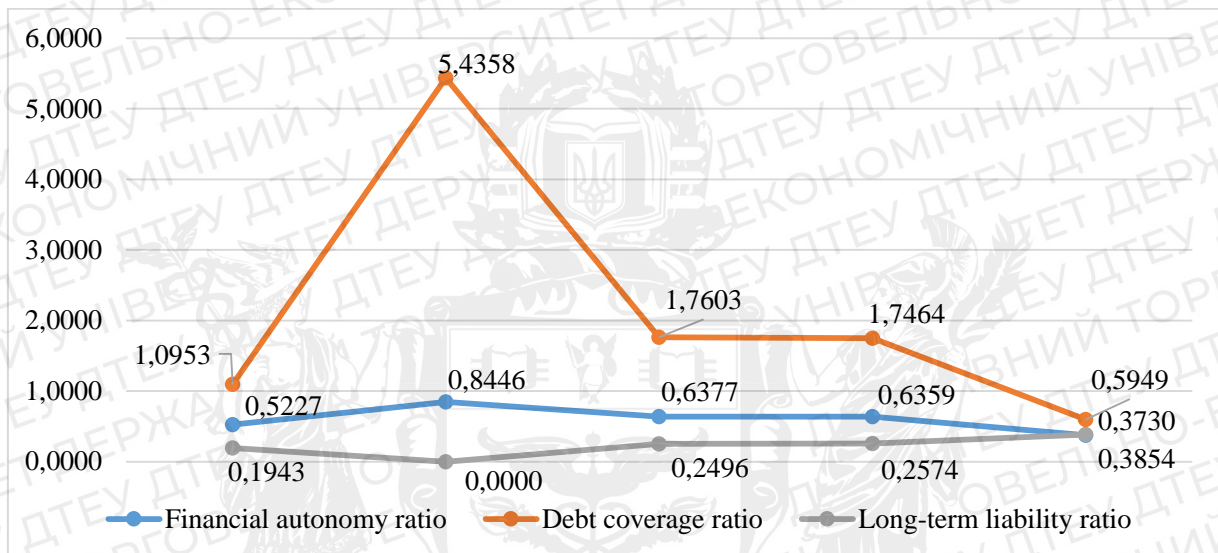


Fig. 1.8 Dynamics of financial stability indicators of PJSC "Prylutska garment factory" during 2016-2020

Source: built by the author on the basis of data of Table 1.12

Summarizing the above analysis, we should state about the satisfactory financial and economic position of PJSC "Prylutska garment factory" during the researched period of 2016-2020. From the general point of view, the company is profitable and cost-effective, has a high level of business activity and liquidity, which in turn, is consequent of the enterprise activities expansion. At this, financial stability is a problematic issue due to the company's dependence on external sources of funding. The value of this indicator can be improved (raised) by increasing the volume of own sources of funding, by growing-up the amount of retained earnings as a result of increasing net income.



## 1.2 Analysis of foreign economic activity of PJSC "Prylutska garment factory"

As it was mentioned above, PJSC "Prylutska garment factory" specializes in tailoring of men's and women's outerwear, including: men's and women's coats, jackets, trenches, raincoats, blazers, uniforms, overalls and uniform caps for the Ministry of Defense of Ukraine, the National Police of Ukraine, the National Guard of Ukraine, the State Border Guard Service of Ukraine, and other customers in Ukraine. The client segments served by the factory are not only limited by internal market but also spread to external markets. Since 2000, the factory started operations with toll raw materials. Apparel production is of a seasonal nature [15].

The enterprise imports goods from the following countries: Belgium, France, Czech Republic, Poland, Slovakia. The principal counterparties for export operations of PJSC "Prylutska garment factory" are the following companies: EVRODIS SPRL, Belgium; Uni Bonnets s.r.o., Czech Republic; Lener Cordier S.A., France, RUKO, France. The export share in 2020 constituted more than 55% in production output of PJSC "Prylutska garment factory".

There is no marketing department available in the organizational structure of PJSC "Prylutska garment factory". The foreign economic activity management questions are concerned to the competence of the factory owner (strategic matters), factory director (top business and administrative level), foreign economic relations department and customs and logistics provision department (middle functional and operational level) in the frame of traditional and functional organization structure of the enterprise. The responsibilities of the foreign economic relations department include the performance of foreign economic activities tasks set by the upper management of the enterprise. Marketing and advertising issues are regularly outsourced.

The FEA department of the factory have some particular tasks, such as: overall review of target purchase and sales markets; provision of imported raw materials and components to the factory; organizing of finished products exporting activity; organizing of approval and signing of purchase and sales contracts

with the foreign parties; control of currency proceeds and payments; control over customs clearance and shipments under the contracts; supporting/backing of contacts with foreign customers and suppliers; involvement in marketing and advertising activities of OLTEX group in the foreign markets; involvement in exports and imports planning.

During 2020, PJSC "Prylutska garment factory" was carrying out its activities under the influence of a number of factors of external and intermediate environments. The assessment of the basic of them will be carried out using PEST-analysis (Table 1.14). Evaluation of the degree of impact of each event factor on the strategy of the enterprise is performed at a 5-point scale: "five" - strong influence or serious danger; "one" – influence or threat is non-available.

Table 1.14

### PEST-analysis of PJSC "Prylutska garment factory", 2020

<b>Legal and political factors (P)</b>	<b>Points</b>	<b>Economic factors (E)</b>	<b>Points</b>
Instability of legislation	5	Instability of raw material prices in the international market	4
Investment unattractiveness of the country	3	Rising prices for imported raw materials	5
Political instability	5	Inflation rate	5
Violation of the territorial integrity of the country as a result of military actions	4	Lack of working capital	3
Credit policy of the state	5	Tax policy of the country	5
		Exchange rate fluctuations	5
		Corruption	5
		The state of the economy in general	5
		Energy and utility costs	5
<b>Total</b>	<b>22</b>	<b>Total</b>	<b>42</b>
<b>Social factors (S)</b>		<b>Technological and technical factors (T)</b>	
Environment pollution	3	Inadequate quality of domestic raw materials, which does not meet the international standards	3
Low effective demand for manufactured products	3	State technological policy	4
Growing demand for environmentally friendly products	2	Man-made situation in the country	3
Striving for a healthy lifestyle and energy saving	2	Development of digital technologies, online resources	1
Demographic situation in the country	2	Significant changes in scientific and technical progress	3
		Ability to purchase high quality equipment	1
<b>Total</b>	<b>12</b>	<b>Total</b>	<b>15</b>

Source: developed by the author



The analysis demonstrates that the factory is primarily negatively impacted by the political and economic factors, which is clearly shown in Fig. 1.9.

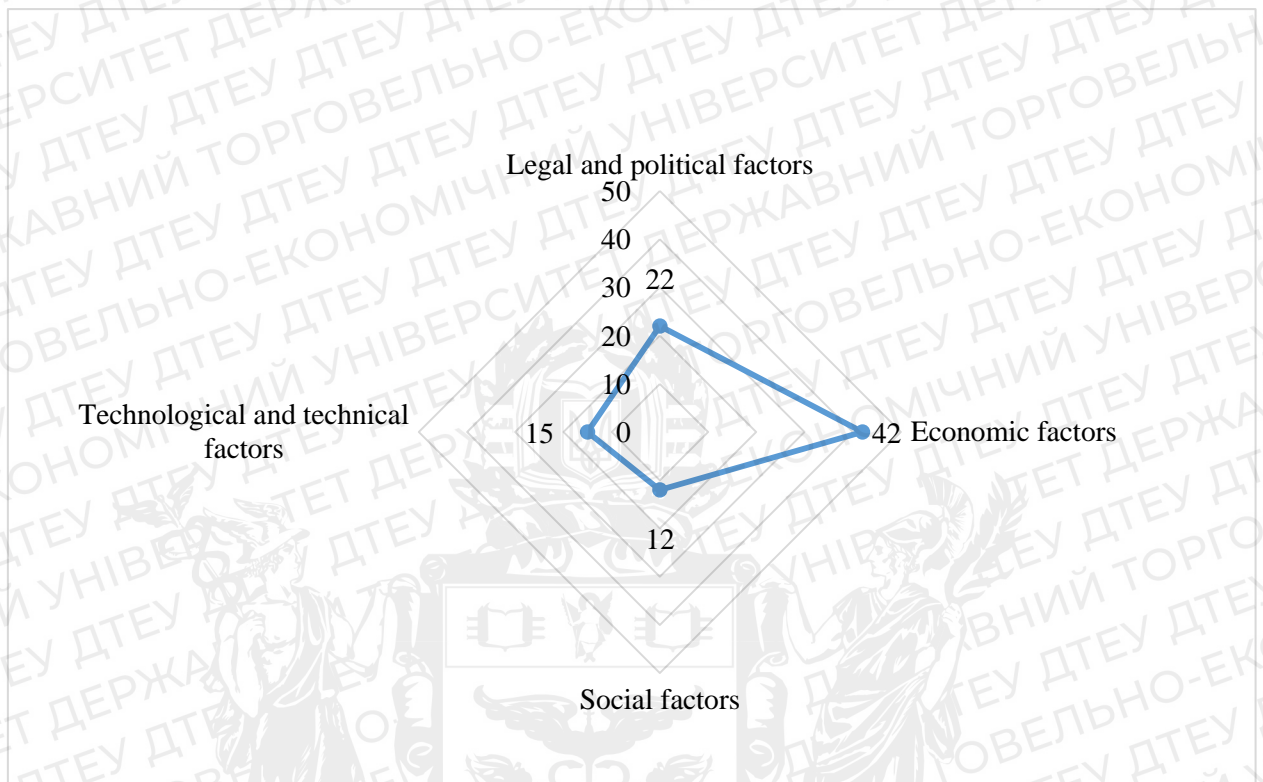


Fig. 1.9 Results of PEST-analysis of PJSC "Prylutska garment factory"

Source: built by the author on the basis of data of Table 1.14

Generally, among the basic problems faced by PJSC "Prylutska garment factory" in terms of its foreign economic activity are: insolvency of counterparties, exchange rate fluctuations, rising prices for raw materials, energy and utility costs. Also, the company's activities are being affected due to the unstable national economy and state tax policy, and will be under influence of these factors in the nearest future. As a result, there is an uncertainty that may adversely affect future foreign economic transactions of PJSC "Prylutska garment factory". In addition, there is a high dependence on legal and economic constraints.

Having determined the key factors and general grounds of the foreign economic activity of PJSC "Prylutska garment factory", at the following stage its results will be analyzed. First, we will consider the volume and structure of the enterprise activity, as well as the share of export in the total activity of the enterprise during the analyzed period 2016-2020 (Table 1.15).

Table 1.15

**Scope of foreign economic activity in the total volume of activity of PJSC  
"Prylutska garment factory" during 2016-2020, thou UAH**

Indicator	Year				
	2016	2017	2018	2019	2020
Volume of purchases in the domestic market for the needs of own production	11360	6924	8793	66799	54785
Volume of sales of own finished products in the domestic market	12869	9152	11113	80236	85154
Volume of imports for the needs of own production	3670	3181	5970	66586	71885
Export volume of own finished products	4664	2883	6461	76265	96934
Export of toll raw materials processing services (tolling)	2174	3257	3655	4422	9183

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

The volume of foreign economic activity of PJSC "Prylutska garment factory" during 2016-2020 will be analysed by calculating its change in dynamics (Table 1.16):

Table 1.16

**Change in the volume of foreign economic activity within the total volume of activities of PJSC "Prylutska garment factory" during the period 2016-2020**

Indicator	Change in period							
	2016-2017		2017-2018		2018-2019		2019-2020	
	+/-, UAH thou	%	+/-, UAH thou	%	+/-, UAH thou	%	+/-, UAH thou	%
1	2	3	4	5	6	7	8	9
Volume of purchases in the domestic market for the needs of own production	-4436	-39,05	1868	26,98	58007	659,71	-12015	-17,99
Volume of sales of own finished products in the domestic market	-3716	-28,88	1961	21,43	69123	621,98	4918	6,13
Volume of imports for the needs of own production	-489	-13,33	2789	87,66	60616	1015,33	5299	7,96
Export volume of own finished products	-1782	-38,20	3578	124,11	69804	1080,46	20669	27,10
Export of toll raw materials processing services (tolling)	1083	49,82	398	12,22	767	20,98	4761	107,67

Source: compiled by the author on the basis of data of Table 1.15



Analyzing the data in Tables 1.15 and 1.16, we note a significant increase in exports of its own finished products, namely for 92270 thousand UAH or 20.78 times, which in 2020 amounted to 96934 thousand UAH compared to 4664 thousand UAH in 2016. Meanwhile, the volume of sales in the domestic market in 2020 amounted to 85154 thousand UAH, which is 72285 thousand UAH (6.6 times) more than in 2016. The structure of sales can be seen in Fig. 1.10.

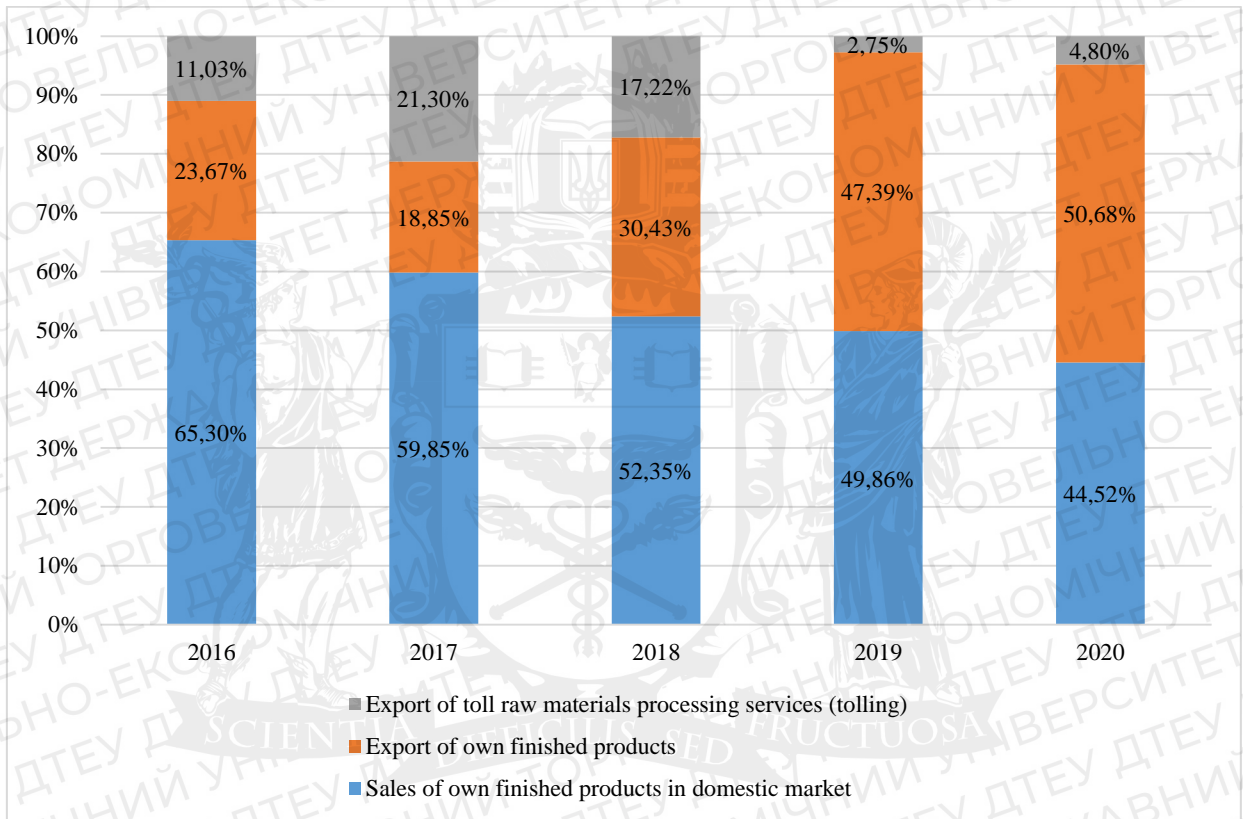


Fig. 1.10 Structure of sales of PJSC "Prylutska garment factory" for the period 2016-2020

Source: built by the author on the basis of data of Table 1.15

The dynamics of export of services for the processing of toll raw materials (tolling) rendered by PJSC "Prylutska garment factory" for the period 2016-2020 is shown in Fig. 1.11. The volume of export of toll raw materials processing services (tolling) in 2020 amounted to 9183 thousand UAH, which is 7009 thousand UAH (1.3 times) more than in 2016. The maximum share of export of tolling services in the overall sales structure of PJSC "Prylutska garment factory" was observed in 2017 (21.30 %) and 2018 (17.22%).

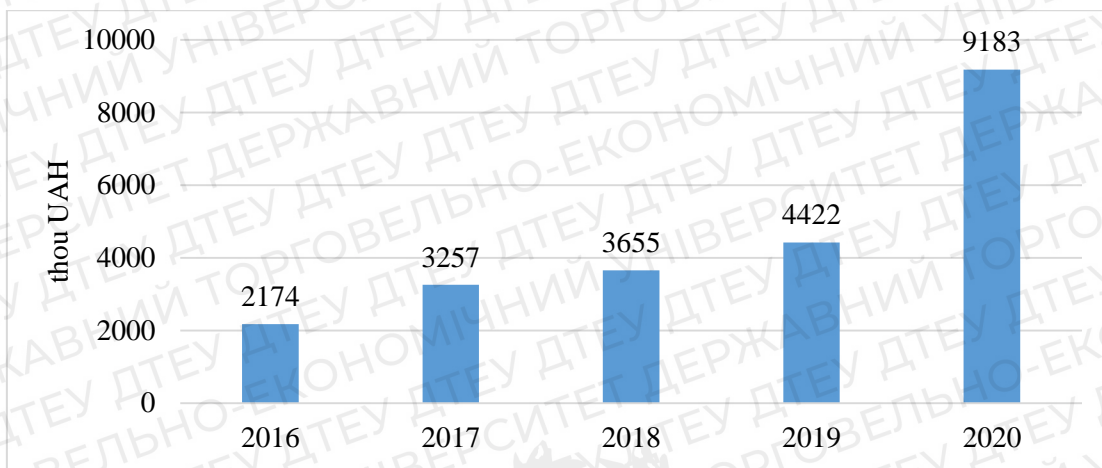


Fig. 1.11 Dynamics of export of services for processing of toll raw materials (tolling) of PJSC "Prylutska garment factory" for the period 2016-2020

Source: built by the author on the basis of data of Table 1.15

Analyzing the dynamics of procurement, the volume of purchases in the domestic market, it is observed that it increased for 43425 thousand UAH or 4.8 times and in 2020 amounted to 54785 thousand UAH; the volume of imports increased from 3670 thousand UAH in 2016 to 71885 thousand UAH in 2020, the total growth constituted 68215 thousand UAH or 19.6 times. The procurement structure of PJSC "Prylutska garment factory" is depicted in Fig. 1.12 below.

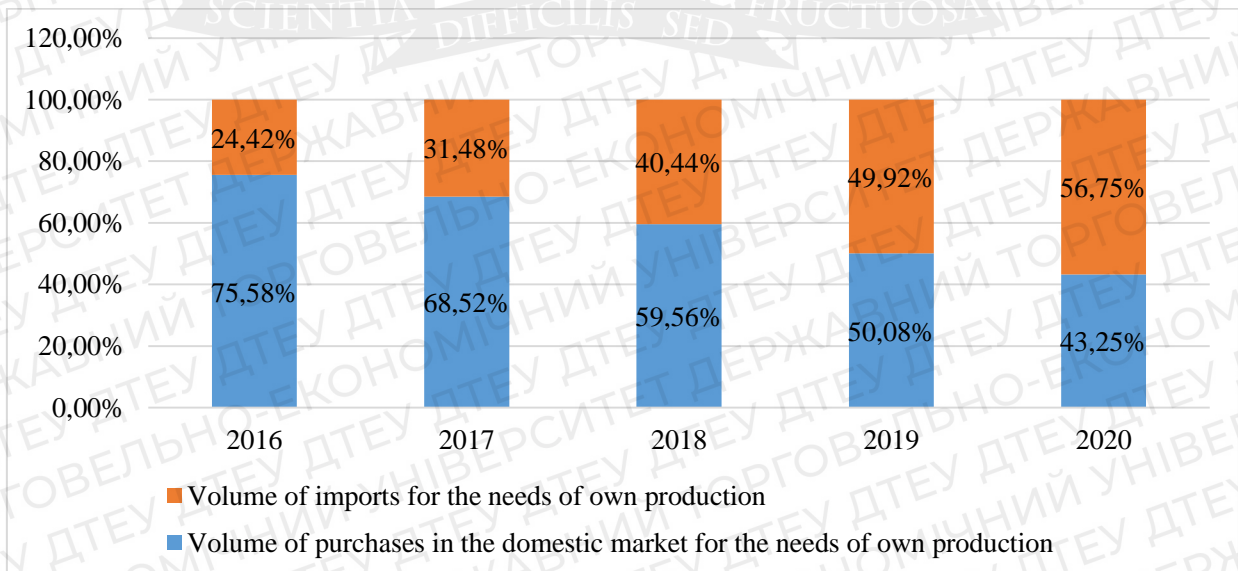


Fig. 1.12 Procurement structure of PJSC "Prylutska garment factory" for the period 2016-2020

Source: built by the author on the basis of data of Table 1.15



The next stage of research will include the analysis of the commodity structure of exports of PJSC "Prylutska garment factory" in terms of major counterparties (Table 1.17).

Table 1.17

**Commodity structure of exports of PJSC "Prylutska garment factory" (by principal contractors/customers) for the period 2016-2020**

Contractor/customer	Amount, UAH thou					Commodity
	2016	2017	2018	2019	2020	
EVRODIS SPRL	956	539	1302	17503	26221	Women's and men's coats, jackets
Uni Bonnets s.r.o.	1565	1010	2342	22079	29565	Women's and men's raincoats
Lener Cordier S.A.	1504	872	2381	22918	27869	Women's and men's trenches and blazers
RUKO	639	462	436	13766	13280	Men's blazers

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

As the data of the Table 1.17 indicate, the company has been collaborating most closely with such partners as EVRODIS SPRL, Belgium, Uni Bonnets s.r.o., Czech Republic, and Lener Cordier S.A., France, for the last five years.

The analysis of export dynamics indicators of foreign economic activity of PJSC "Prylutska garment factory" is also given in Appendix C. Taking into account the data indicated in the Table C. 1 of Appendix C, it can be confirmed that the researched business entity has significantly deepened its foreign economic collaboration with such partners as EVRODIS SPRL and Uni Bonnets s.r.o. in 2020. With regard to other two partners, there is also an increase in collaboration with Lener Cordier S.A. (but less in amount comparatively to EVRODIS SPRL and Uni Bonnets s.r.o.), and a slight decline in collaboration with RUKO.

A more precise analysis of exports in the foreign economic activity of PJSC "Prylutska garment factory" can be carried out on the basis of an assessment of structural changes, at the beginning and at the end of the analyzed period (Fig. 1.13).

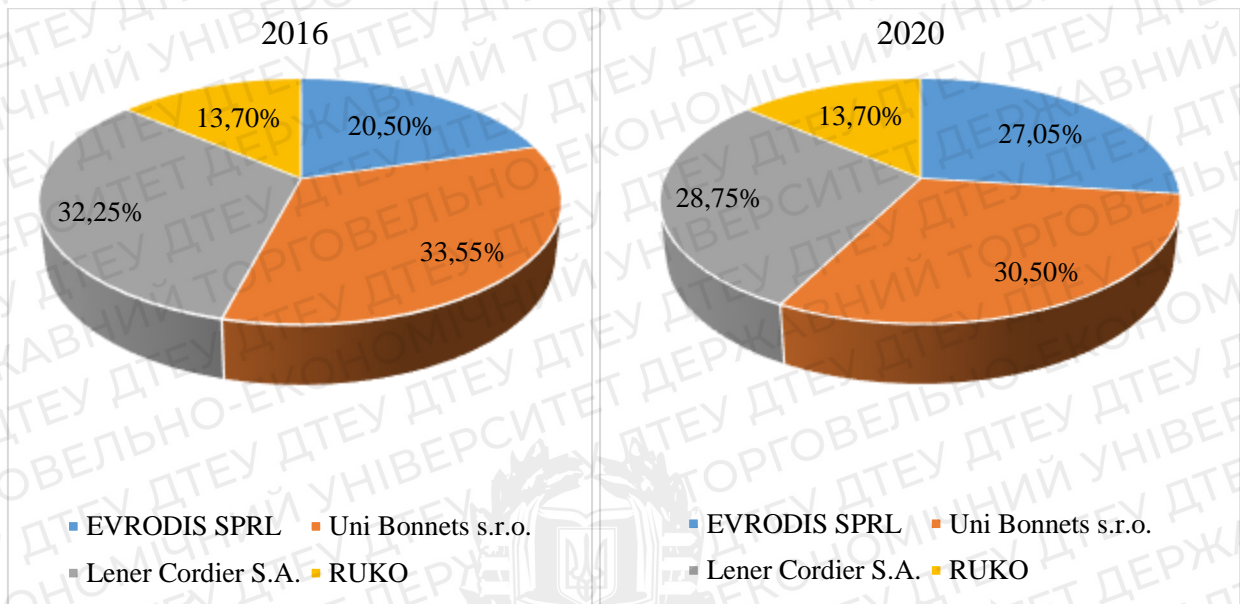


Fig. 1.13 The structure of export in foreign economic activity of PJSC "Prylutska garment factory" in 2016 and 2020 (by principal contractors/customers)

Source: built by the author on the basis of data of Table 1.17

The data of Fig. 1.13 illustrates certain structural changes, namely the growth of the share of EVRODIS SPRL in the structure of exports, namely from 20.50% to 27.05%, ie by 6.55%. Uni Bonnets s.r.o. remains the leader with a share of 33.55% in 2016 and 30.50% in 2020, despite a slight reduction of 3.05%. The second place belongs to Lener Cordier S.A. with a share of 32.25% in 2016 and 28.75% in 2020, which is 3.50% lower than at the beginning of the analyzed period. The share of RUKO Company remains unchanged, namely 13.70%.

The next stage of research will include the analysis of the geographical structure of exports in terms of basic commodity for the period 2016-2020 (Table 1.18).

Table 1.18

**Geographical structure of exports of PJSC "Prylutska garment factory" (in terms of the basic goods, including tolling) for the period 2016-2020**

Commodity	Amount, UAH thou					Sales market
	2016	2017	2018	2019	2020	
1	2	3	4	5	6	7
Women's coats	326	301	619	6255	7481	Belgium



Continuation of Table 1.18

1	2	3	4	5	6	7
Men's coats	350	287	504	4507	7173	Belgium
Women's jackets	308	248	435	3959	6878	Belgium
Men's jackets	419	312	480	3796	7173	Belgium
Women's trenches	1036	830	1879	11270	15153	France
Men's trenches	183	179	261	1508	1853	France
Women's raincoats	1189	1252	2239	13443	17639	Czech Republic
Men's raincoats	1105	898	1428	9916	14727	Czech Republic
Women's blazers	535	510	853	6013	7705	France
Men's blazers	1389	1322	1417	20019	20335	France
Total	6838	6140	10116	80687	106117	-

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

In a visual image, the structure of exports by geographical area is shown in Fig. 1.14.

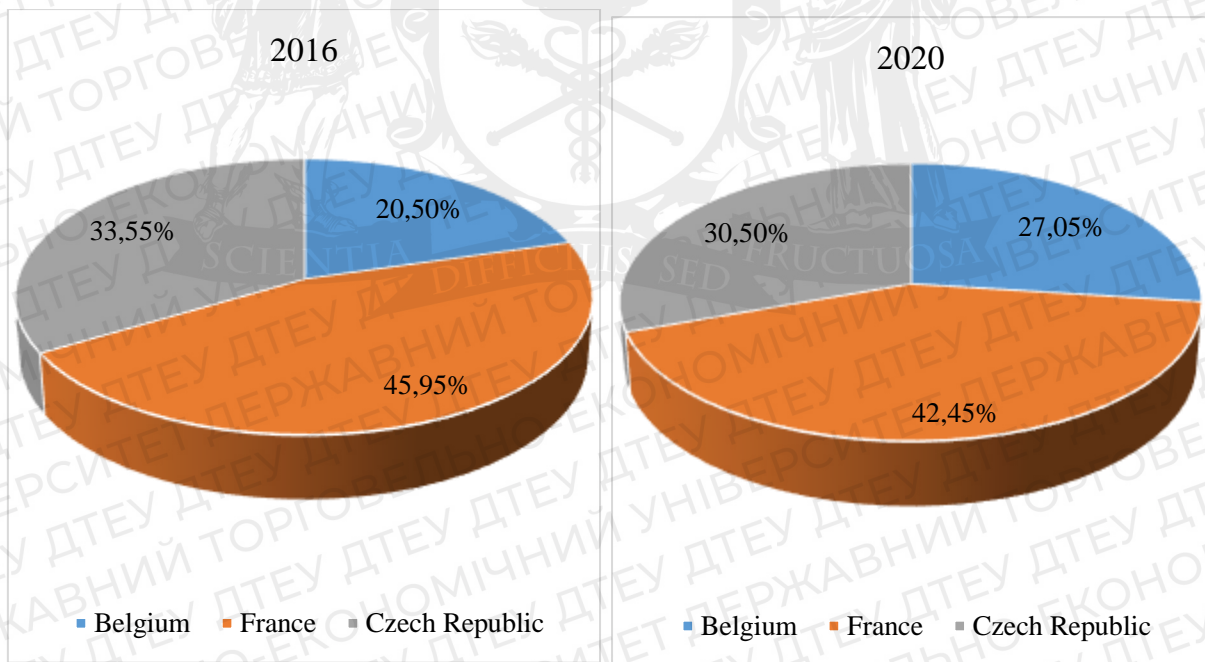


Fig. 1.14 Structure of export of PJSC "Prylutska garment factory" by geographical area in 2016 and 2020

Source: built by the author on the basis of data of Table 1.18

The analysis of dynamics indicators of the geographical structure of exports of PJSC "Prylutska garment factory" is given in Appendix D.

The data in Table 1.18 and Table D. 1 of Appendix D show an increase in exports to all countries. Meanwhile, the maximum growth is observed in exports to France, namely from 3143 thousand UAH in 2016 to 45046 thousand UAH in 2020, ie by 41903 thousand UAH or 14.3 times. The second place belongs to Czech Republic, to which the volume of exports increased from 2294 thousand UAH in 2016 to 32366 thousand UAH in 2020, ie by 30072 thousand UAH or 14.1 times.

The basic analysis of export of services on processing of toll raw materials of foreign origin (tolling) of PJSC "Prylutska garment factory" can be performed on the basis of data of Table 1.19.

Table 1.19

**Volume of toll raw materials of foreign origin processed by PJSC "Prylutska garment factory" during the period 2016-2020, units**

<b>Indicator/Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Products for women/ men:</b>					
Fabric, m	20000	24000	22000	24700	30000
Lining, m	16000	19200	17600	19500	25500
Interlining, m	12000	14400	13200	14300	18000
Non-woven tape, m	2000	2400	2200	2600	3000
Thread, bobbin	110	132	121	143	165
Fur, m	-	-	3850	3250	-
Riband, m	-	16800	6600	7800	19500
Edging, m	24000	-	-	-	7500
Zip fastener, units	10000	12000	-	39000	15000
Button, units	60000	48000	88000	-	-
Stud, units	40000	-	-	-	90000
Woven label, units	30000	36000	33000	26000	45000
Paper label, units	10000	12000	11000	13000	15000
Tab, units	10000	12000	11000	13000	15000
Dimensional chip, units	10000	12000	11000	13000	15000
Polyethylene package, units	10000	12000	11000	13000	15000
Scotch tape, roll	10	12	11	13	15
Self-adhesive label (sticker), units	30000	24000	33000	39000	45000

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"



Analyzing the data in Table 1.19, the growth of processing volume of the toll raw materials of foreign origin by PJSC "Prylutska garment factory" during the researched period of 2016-2020 is noted.

Foreign customers regularly audit the enterprise, provide necessary technologies, patterns, materials, accessories, inspect raw materials. There are no rests of unused foreign raw materials at the enterprise (the Ukrainian normative acts allow maximum 3% losses in the production process). The capacities of the enterprise are regularly modernized to meet the technical requirements of the foreign customers and international standards of goods manufacturing and quality.

The foreign economic activity of PJSC "Prylutska garment factory" include not only export activities: the company also imports raw materials. Geographical structure of imports for the needs of own production of PJSC "Prylutska garment factory" in terms of the basic goods, during the analyzed period of 2016-2020, is given in Table 1.20.

Table 1.20

**Geographical structure of imports for the needs of own production of PJSC "Prylutska garment factory" in terms of the basic goods for the period 2016-2020**

Goods	Invoice cost of raw materials, UAH thou					Exporting country
	2016	2017	2018	2019	2020	
Fabric	1154	1120	1728	24783	26130	France
Fabric	1010	806	1704	20722	21637	Belgium
Furniture	422	342	808	8030	8806	Czech Republic
Furniture	565	469	907	8989	9165	Slovakia
Fabric	519	444	821	4062	6146	Poland
Total	3670	3181	5970	66586	71885	

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

The analysis of the dynamics indicators of the geographical structure of imports of PJSC "Prylutska garment factory" is given in the Table E. 1 of Appendix E.

The data in Table E. 1 of Annex E demonstrate a significant increase in imports from France, namely from 1154 thousand UAH in 2016 to 26130 thousand UAH in 2020, ie for 24976 thousand UAH or 22.6 times. The second place belongs to imports from Belgium, the amount of which increased for 20627 thousand UAH or 21.4 times, and in 2020 amounted to 21637 thousand UAH. In general, the structure of imports in terms of geographical area of imports for the needs of own production of PJSC "Prylutska garment factory" is shown hereunder in Fig. 1.15. The third position is occupied by Slovakia with 8600 thousand UAH (16.2 times) imports increase in 2020 compared to 2016 figure.

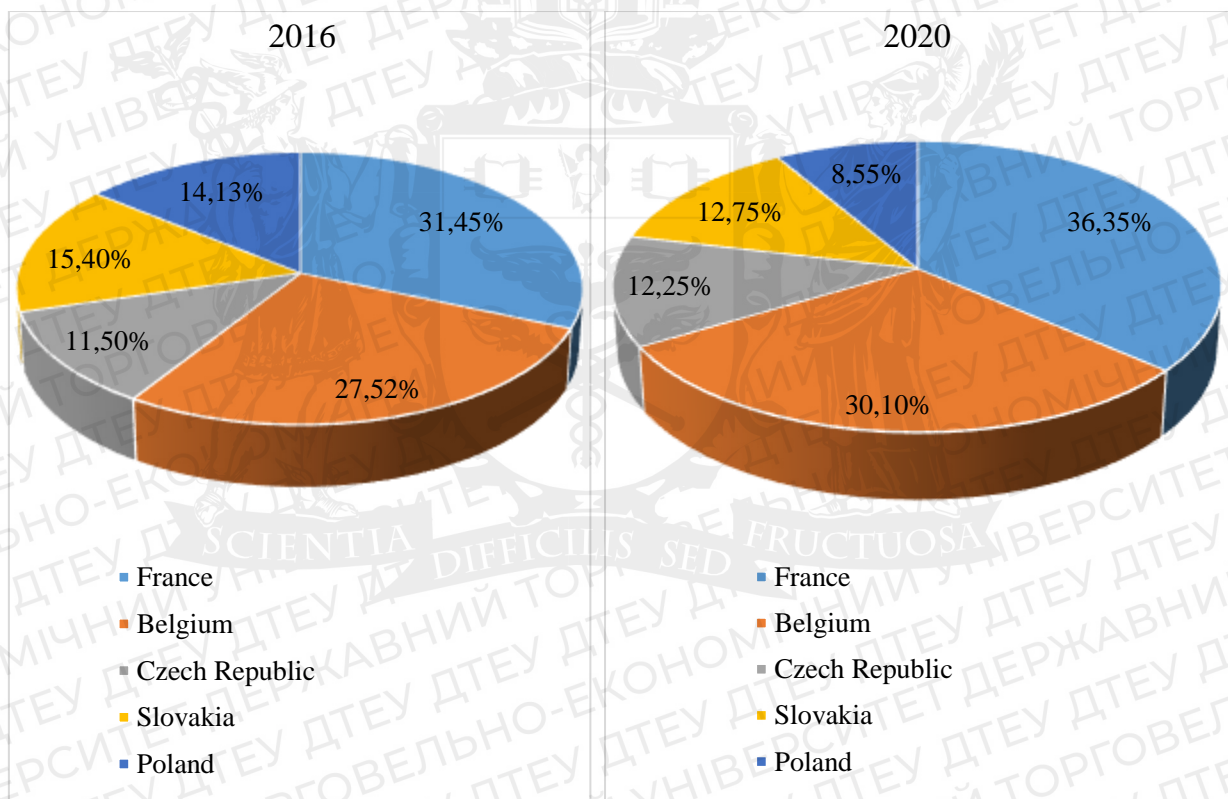


Fig. 1.15 The structure of imports of PJSC "Prylutska garment factory" by geographical area in 2016 and 2020

Source: built by the author on the basis of data of Table 1.20

In the structure of imports in terms of the goods purchased, the largest share is made up by fabrics, that constitute 75% in 2020, which is for 1.90% more than in 2016, and that is visually demonstrated in Fig. 1.16 below.



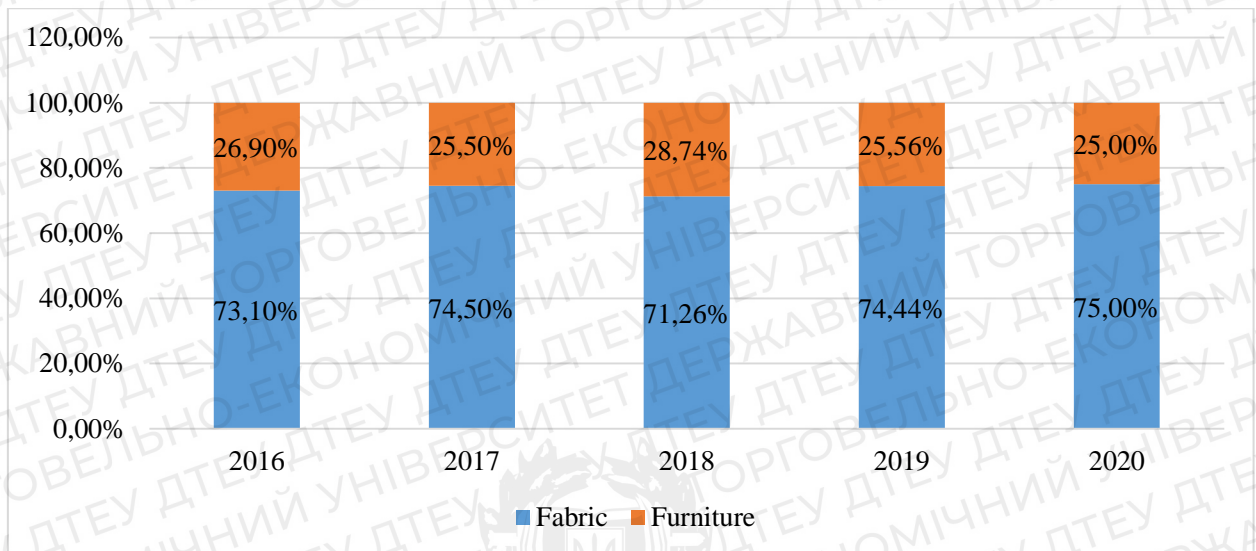


Fig. 1.16 Structure of imports of PJSC "Prylutska garment factory" in terms of the goods purchased during the period 2016-2020

Source: built by the author on the basis of data of Table 1.20

To underline the above mentioned, and due to the analyzed period of 2016-2020, PJSC "Prylutska garment factory" was actively operating on foreign markets, namely conducting export operations (including operations with toll raw materials) and import operations for its own production. The principal export partners include customers from France, Czech Republic and Belgium, and the most of raw materials are imported from France. Since 2000 the factory started operations with toll raw materials of foreign origin. More than 50 % in the structure of sales 2020 of PJSC "Prylutska garment factory" represent exports of goods and services (including tolling), which shows positive dynamics of growth during the analysed period. In the structure of procurement 2020 imports also amount to more than 50 % demonstrating dynamics of growth during 2016-2020. The obvious disadvantage of the management structure of PJSC "Prylutska garment factory", in terms of management of FEA, is the absence of division responsible for marketing in the foreign markets. Being an open economic system, the enterprise is influenced by not only the inner factors but also a number of external ones, the principal of which are political and economic influencers. In the next paragraph, the effectiveness of export operations of PJSC "Prylutska garment factory" will be assessed.

### 1.3 Evaluation of the efficiency of export operations of PJSC "Prylutska garment factory"

The evaluation of the efficiency of export operations for PJSC "Prylutska garment factory" in part of services for processing of toll raw materials of foreign origin will be committed and described further. For performing the above mentioned analysis we will start with the analyzing the fulfillment of obligations on the export of services for the processing of toll raw materials of foreign origin (tolling) on the basis of data contained in the Table F. 1 of Appendix F [16].

The data in the Table F. 1 of Appendix F demonstrate the full compliance of the actual data with the planned one, ie PJSC "Prylutska garment factory" is totally fulfilling its obligation in the part of processing of toll raw materials of foreign origin (tolling) during the analyzed period of 2016-2020.

The next stage of analysis will be the performance of the planned parameters of the obligations under the export of services for processing of toll raw materials of foreign origin, in terms of their volume and value (Table 1.21).

Table 1.21

#### **Analysis of fulfillment of PJSC "Prylutska garment factory" obligations for the export of services for processing of toll raw materials of foreign origin (tolling), 2016-2020**

<b>Indicator/Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
1	2	3	4	5	6
<b>Actual prices for toll raw material processing services, UAH</b>					
Products for women, men	217,44	271,44	332,31	340,17	612,18
<b>Actual prices for finished products made of toll raw materials, UAH</b>					
Products for women, men	592,92	637,73	1060,24	1620,1	1749,87
<b>Actual volume of finished products made of toll raw materials, units</b>					
Products for women, men	10000	12000	11000	13000	15000
<b>Planned prices for toll raw material processing services, UAH</b>					
Products for women, men	215,00	260,00	320,00	335,00	590,00
<b>Planned prices for finished products made of toll raw materials, UAH</b>					
Products for women, men	500,00	600,00	1000,00	1580,00	1700,00
<b>Planned volume of finished products made of toll raw materials, units</b>					



Continuation of Table 1.21

1	2	3	4	5	6
Products for women, men	10000	11000	12000	13000	15000
<b>Plan execution</b>					
<b>Cost performance ratio</b>	1,0113	1,0440	1,0385	1,0154	1,0376
<b>Performance ratio by physical volume</b>	1,0000	1,0909	0,9167	1,0000	1,0000
<b>Performance ratio by price</b>	1,1858	1,0629	1,0602	1,0254	1,0293

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

Analysis of the fulfillment of the obligations of PJSC "Prylutska garment factory" for the export of services for processing of toll raw materials of foreign origin (tolling) in the dynamics will be determined by calculating the changes of indicators during 2016-2020 (Table 1.22):

Table 1.22

**Change in fulfillment of obligations of PJSC "Prylutska garment factory" for the export of services for processing of toll raw materials of foreign origin (tolling) during the period 2016-2020**

Indicators	Change in period							
	2016-2017		2017-2018		2018-2019		2019-2020	
	+/- UAH thou	%	+/- UAH thou	%	+/- UAH thou	%	+/- UAH thou	%
1	2	3	4	5	6	7	8	9
<b>Actual prices for toll raw material processing services, UAH</b>								
Products for women, men	54,00	24,83	60,87	22,42	7,86	2,37	272,01	79,96
<b>Actual prices for finished products made of toll raw materials, UAH</b>								
Products for women, men	44,81	7,56	422,51	66,25	559,86	52,81	129,77	8,01
<b>Actual volume of finished products made of toll raw materials, units</b>								
Products for women, men	2000	20,00	-1000	-8,33	2000	18,18	2000	15,38
<b>Planned prices for toll raw material processing services, UAH</b>								
Products for women, men	45,00	20,93	60,00	23,08	15,00	4,69	255,00	76,12
<b>Planned prices for finished products made of toll raw materials, UAH</b>								
Products for women, men	100,00	20,00	400,00	66,67	580,00	58,00	120,00	7,59
<b>Planned volume of finished products made of toll raw materials, units</b>								

Continuation of Table 1.22

1	2	3	4	5	6	7	8	9
Products for women, men	1000	10,00	1000	9,09	1000	8,33	2000	15,38
<b>Plan performance</b>								
<b>Cost performance ratio</b>	0,0327	3,23	-0,0055	-0,53	-0,0230	-2,22	0,0222	2,18
<b>Performance ratio by physical volume</b>	0,0909	9,09	-0,1742	-15,97	0,0833	9,09	0,0000	0,00
<b>Performance ratio by price</b>	-0,1230	-10,37	-0,0026	-0,25	-0,0349	-3,29	0,0040	0,39

Source: built by the author on the basis of data of Table 1.21

Analyzing the data in Tables 1.21, 1.22, it is noted considerable growth of the actual price for services for processing of toll raw materials, namely for 394,74 UAH or 2.8 times, which in 2020 amounted to 612.18 UAH compared to 217.44 UAH in 2016. Meanwhile, the cost performance ratio increased from 1.0113 in 2016 to 1.0376 in 2020, which complies with the planned indicators. The above mentioned is shown in Fig. 1.17.

There is also an increase in the actual price for finished products made of toll raw materials, namely for UAH 1 156.95 or 2.95 times, which in 2020 amounted to 1 749.87 UAH compared to 592.92 UAH in 2016.

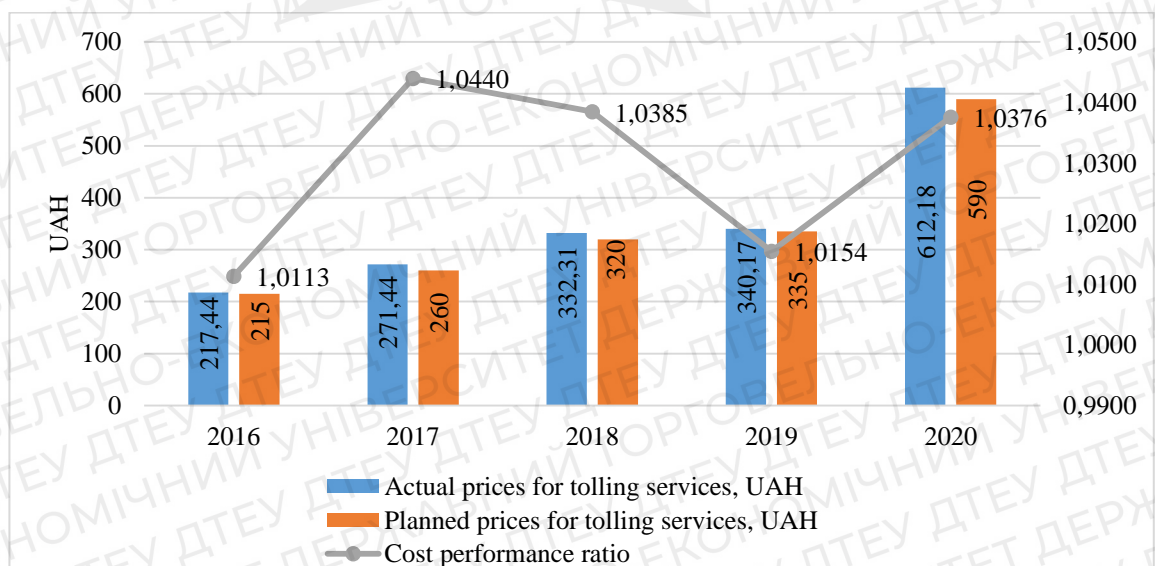


Fig. 1.17 Dynamics of cost performance ratio of PJSC "Prylutska garment factory" during the period 2016-2020

Source: built by the author on the basis of data of Table 1.21



Meanwhile, the performance ratio by price underwent some of negative changes and decreased from 1.1858 in 2016 to 1.0293 in 2020, although it is still in line with the targets of planned level. The above mentioned is visually demonstrated in Fig. 1.18 below.

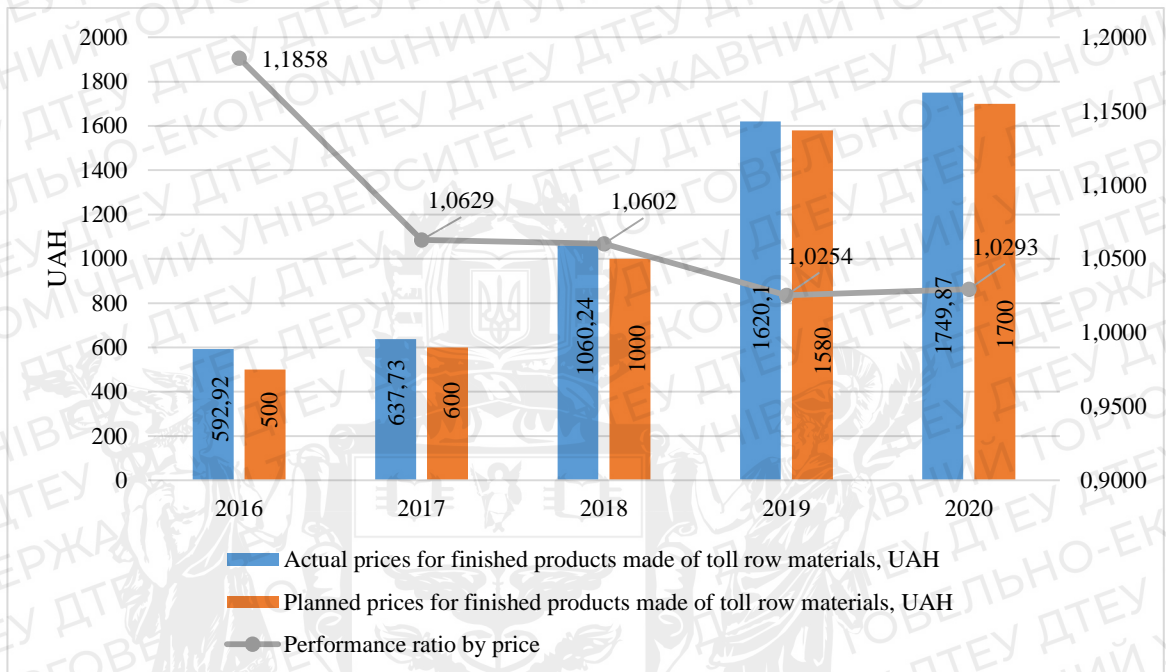


Fig. 1.18 Dynamics of performance ratio by price of PJSC "Prylutska garment factory" during the period 2016-2020

Source: built by the author on the basis of data of Table 1.21

The dynamics of performance ratio by physical volume in the terms of the finished products made of toll raw materials, it is observed as being positive, as far as there is an increase from 10 000 units of women's and men's products, which took place in 2016, up to 15 000 units of manufactured products in 2020, ie for 5 000 units or 50%. Meanwhile, the performance ratio by physical volume in 2016, 2019 and 2020 complied with the planned one and was equal to 1. In 2018 the plan was underperformed, and in 2017, on the contrary, the plan was overperformed (Fig. 1.19).

In the research currency efficiency ratio was used to assess the efficiency of exports [17] of services for the processing of toll raw materials of foreign origin of PJSC "Prylutska garment factory" for the period 2016-2020 (Table 1.23).

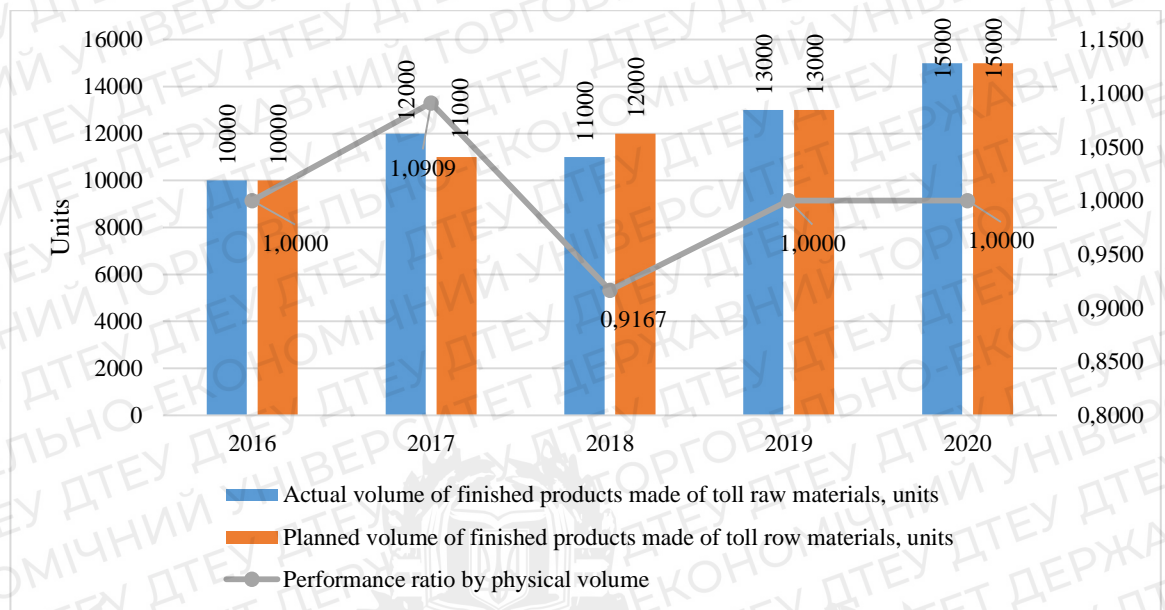


Fig. 1.19 Dynamics of performance ratio by physical volume of PJSC "Prylutska garment factory" during the period 2016-2020

Source: built by the author on the basis of data of Table 1.21

Table 1.23

**Currency efficiency of exports of services for processing of toll raw materials of foreign origin (tolling) of PJSC "Prylutska garment factory" for the period 2016-2020**

Indicator/Year	2016	2017	2018	2019	2020
1	2	3	4	5	6
<b>Actual prices for toll raw material processing services, UAH</b>					
Products for women, men	217,44	271,44	332,31	340,17	612,18
<b>Actual prices for finished products made of toll raw materials, UAH</b>					
Products for women, men	592,92	637,73	1060,24	1620,1	1749,87
<b>Actual volume of finished products made of toll raw materials, units</b>					
Products for women, men	10000	12000	11000	13000	15000
<b>Currency efficiency</b>	2,7268	2,3494	3,1905	4,7626	2,8584

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

Was analyzed the dynamics of the currency efficiency of export of services for the processing of toll raw materials of foreign origin of PJSC "Prylutska garment factory" in the period of 2016-2020, by calculating its changes (Table 1.24).



Table 1.24

**Change in currency efficiency of export of services for processing of toll raw materials of foreign origin of PJSC "Prylutska garment factory" during the period 2016-2020**

Indicators	Change in period							
	2016-2017		2017-2018		2018-2019		2019-2020	
	+/- UAH thou	%	+/- UAH thou	%	+/- UAH thou	%	+/- UAH thou	%
<b>Actual prices for toll raw material processing services, UAH</b>								
Products for women, men	54,00	24,83	60,87	22,42	7,86	2,37	272,01	79,96
<b>Actual prices for finished products made of toll raw materials, UAH</b>								
Products for women, men	44,81	7,56	422,51	66,25	559,86	52,81	129,77	8,01
<b>Actual volume of finished products made of toll raw materials, units</b>								
Products for women, men	2000	20,00	-1000	-8,33	2000	18,18	2000	15,38
<b>Currency efficiency</b>	-0,3774	-13,84	0,8411	35,80	1,5721	49,27	-1,9042	-39,98

Source: built by the author on the basis of data of Table 1.23

Analyzing the data in Tables 1.23 and 1.24 it is noted an increase in the currency efficiency of export of services for the processing of toll raw materials of foreign origin of PJSC "Prylutska garment factory" during the period 2016-2020 from 2.7268 to 2.8584, ie for 0.1316 or 4.83%. Meanwhile, the maximum value of this indicator was observed in 2019 and amounted to 4.7626, and the minimum one amounted to 2.3494 in 2017 (Fig. 1.20).

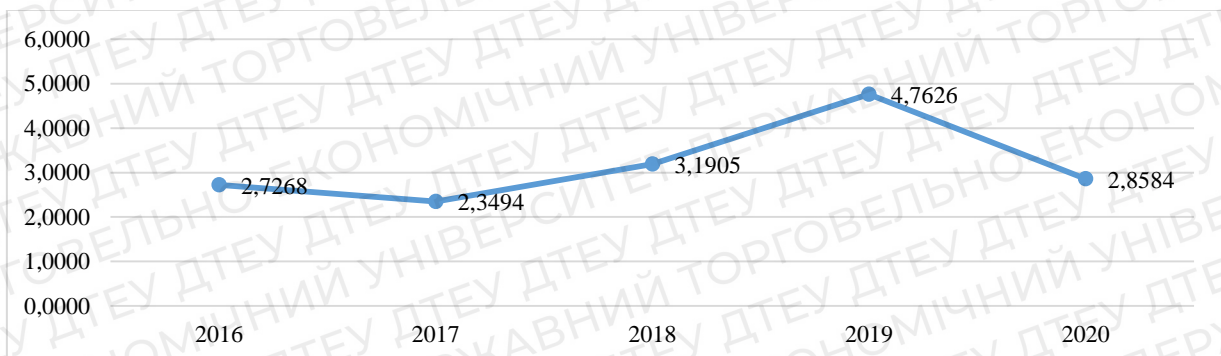


Fig. 1.20 Dynamics of the indicator of currency efficiency of export of services for processing of toll raw materials of foreign origin of PJSC "Prylutska garment factory" during the period 2016-2020

Source: built by the author on the basis of data of Table 1.23

In general, the export of services for processing of toll raw materials of foreign origin can be assumed as effective for PJSC "Prylutska garment factory". This is evidenced by the data of the analysis of the fulfillment of obligations on the export of services for the processing of toll raw materials of foreign origin, as well as the assessment of the currency efficiency of tolling operations.

Toll raw materials from abroad enter the customs zone of Ukraine under the customs regime of processing without payment of customs duties and with VAT exemption under the following scheme: importing of raw materials - processing of raw materials - re-exporting of finished products [2]. Payments are transferred in favour of the factory after signing the acts of services rendered and shipment of finished products to the customer against presentation of the necessary documents under the contract (normally commercial invoice and customs declaration), generally within a period that does not exceed 90 days after shipment. Advance payments are rarely made by the foreign customers, basically in a case of emergency. Contracts concluded with customers are automatically annually renewed for the next period. The processing and distribution costs of the processing company do not arise, as they are fully paid by foreign customers.

The principal conditions of the contracts for the processing of toll raw materials of foreign origin concluded (automatically renewed) by PJSC "Prylutska garment factory" with foreign customers for the period of 2021, are given here below in Table 1.25. In 2021, first from the beginning of the pandemic of COVID-19, the pre-crisis supply of toll raw materials was completely restored.

Table 1.25

**Basic terms of the current contracts of PJSC "Prylutska garment factory"  
for processing of toll raw materials of foreign origin, 2021**

Valid contracts total, EUR	<b>4 valid contracts for the total amount EUR 12 200 000,00</b>
Raw material supplying country	<b>France, Belgium, Czech Republic</b>
Average period of contracts	<b>Open-ended, annually prolonged</b>
Product name for toll raw materials (goods)	<b>Fabric, lining, interlining, accessories</b>
Name of finished product	<b>Men's and women's outerwear</b>
Average price for processing a unit of goods, EUR per unit	<b>11,34</b>
Terms of delivery of raw materials, Incoterms	<b>DDU</b>



Continuation of Table 1.25

Average period of processing raw materials, days/units	<b>15 /1000</b>
Total scope of finished products, units	<b>20 000,00</b>
Average price of finished products, EUR	<b>36,33</b>
Terms of delivery (re-export) of finished products, Incoterms	<b>FCA</b>
Average period of delivery (re-export) of finished products	<b>Every 10 days</b>
Terms of payment, form of payment	<b>Payment on open account, cash or finished products</b>
Average payment period, days	<b>12,5</b>
Average amount of revenue from tolling, UAH	<b>4 538 460,00</b>
Average gross costs of the processor, UAH	<b>0,00</b>

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

During the pandemic in 2020-2021 the processing of foreign raw materials under some orders, due to the decline in consumers' demand, was periodically extended from 90 to 365 days (+15,+20,+30,+45 days); some orders were suspended, some were not shipped without the transport facilities provided by the customer, so the own production was more involved in terms of domestic and foreign markets during this period. The latest pre-pandemic foreign orders were shipped in October 2020, then there was a time gap, and foreign raw materials restarted to flow to the factory again from April 2021.

Having finalized the assessment of the efficiency of export of services for the processing of toll raw materials of foreign origin executed by PJSC "Prylutska garment factory" during the period 2016-2020, the analysis of the efficiency of export operations will be committed at the next stage [6], [17]. Export operations efficiency ratio, the ratio of efficiency of sales of export goods in the domestic market and export operation profitability ratio were calculated for the researched period in the Table 1.26 below.

Table 1.26

**Indicators of efficiency of export operations of PJSC "Prylutska garment factory" during the period 2016-2020**

<b>Indicator/Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Revenue from sales of export products, UAH thou	4664	2883	6461	76265	96934
Total cost of export operation, UAH thou	1423	753	1447	19931	21545

Continuation of Table 1.26

Cost of export products in domestic prices, UAH thou	4256	2475	5635	61965	85506
Cost of purchasing export products, UAH thou	3154	2021	4755	53305	70225
Costs of sales in the domestic market, UAH thou	139	46	15	360	252
Financial result (profit) from export operation before tax, UAH thou	87	109	259	3029	5164
Income tax rate	0,18	0,18	0,18	0,18	0,18
<b>Export operation efficiency ratio</b>	<b>3,28</b>	<b>3,83</b>	<b>4,47</b>	<b>3,83</b>	<b>4,50</b>
<b>Efficiency ratio of sales of export goods in the domestic market</b>	<b>1,29</b>	<b>1,20</b>	<b>1,18</b>	<b>1,15</b>	<b>1,21</b>
<b>Export operation profitability ratio, %</b>	<b>2,17</b>	<b>4,32</b>	<b>4,45</b>	<b>4,63</b>	<b>6,01</b>

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

Analyzing the data in Table 1.26 above it is obvious that the profitability of the company's exports ranges from 2.17% to 6.01%, which is sufficient to make a conclusion about the efficiency of exports of PJSC "Prylutska garment factory". The efficiency of export operations aggregately is higher than the efficiency of sales in the domestic market. This evidences that the FEA managers of PJSC "Prylutska garment factory" should reasonably choose abroad distribution, rather than domestic sales for the reason that export operations are more efficient than the sale of these goods in the national market (Fig. 1.21).

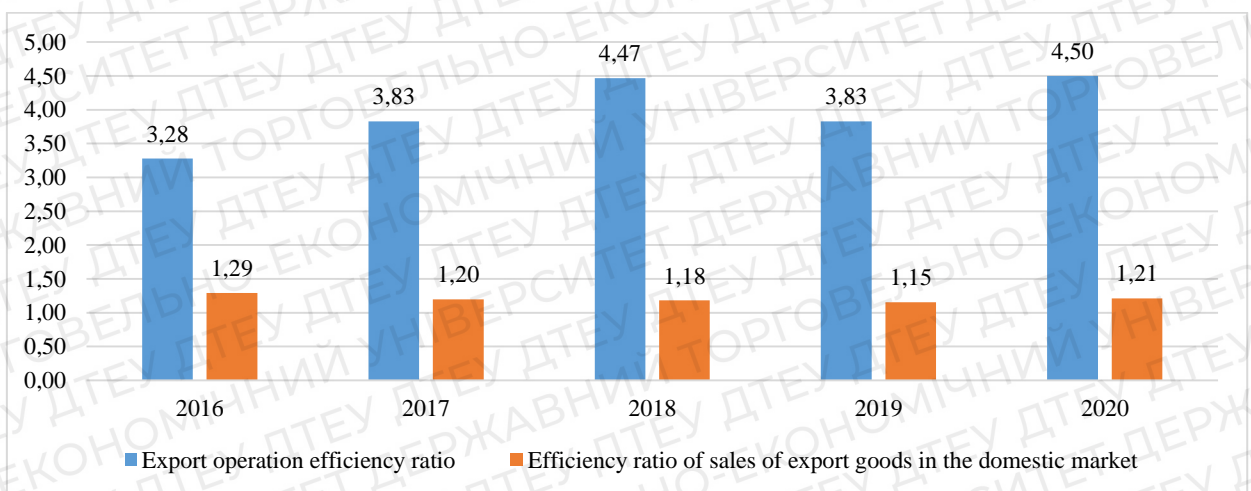


Fig. 1.21 Dynamics of indicators of the efficiency of export operations of PJSC "Prylutska garment factory" during the period 2016-2020

Source: compiled by the author on the basis of data of Table 1.26



A more accurate assessment can be committed based on the calculation of changes in the efficiency of export operations of the enterprise for the period 2016-2020 (Table 1.27).

Table 1.27

**Change in the efficiency of export operations of PJSC "Prylutska garment factory" during 2016-2020**

Indicator	2016-2017	2017-2018	2018-2019	2019-2020
Export operation efficiency ratio	0,55	0,64	-0,64	0,67
Efficiency ratio of sales of export goods in the domestic market	-0,09	-0,02	-0,03	0,06
Export operation profitability ratio, %	2,16	0,12	0,18	1,38

Source: built by the author on the basis of data of Table 1.26

Having analyzed the data in Table 1.27, it can be noted that the efficiency of export operations demonstrates significant fluctuations during the analyzed period. So, in 2018-2019, the efficiency indicator decreased, and during 2016-2017, 2017-2018 and 2019-2020 its value raised. The total growth of this indicator constituted 1.22 during the researched period.

Efficiency ratio of sales of export goods in the domestic market during 2016-2019 had a negative trend, but in 2019-2020, on the contrary, its value increased, while the overall reduction constituted 0.08.

Export operation profitability ratio for the period 2016-2020 had a positive trend, and in general grew during the analyzed period for 3.84% (Fig. 1.22).



Fig. 1.22 Dynamics of the export operation profitability ratio of PJSC "Prylutska garment factory" during the period 2016-2020

Source: built by the author on the basis of data of Table 1.26

The above stated features the export activities of PJSC "Prylutska garment factory" as effectively performed during the period of 2016-2020. Meanwhile, for a full assessment, it is also necessary to compare the above result towards the efficiency of the operations with own-manufactured goods in the domestic market (Table 1.28).

Table 1.28

**Indicators of efficiency of sales of own goods of PJSC "Prylutska garment factory" in the domestic market during the period 2016-2020**

<b>Indicator/ Year</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Revenue from sales of own products in the domestic market, UAH thou	15043	12409	14768	84658	94337
Total cost of sales in the domestic market, UAH thou	17104	9976	12558	82680	88986
Cost of production, UAH thou	16656	9780	12523	82554	88740
Costs of sales in the domestic market, UAH thou	448	196	35	126	245
Financial result (profit) before tax, UAH thou	-2062	2433	2211	1978	5351
Income tax rate	0,18	0,18	0,18	0,18	0,18
<b>Efficiency ratio of sales of own products in the domestic market</b>	<b>0,88</b>	<b>1,24</b>	<b>1,18</b>	<b>1,02</b>	<b>1,06</b>
<b>Profitability ratio of sales of own products in the domestic market, %</b>	<b>-9,88</b>	<b>20,00</b>	<b>14,44</b>	<b>1,96</b>	<b>4,93</b>

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

Analyzing the data in Table 1.28 it is noted that profitability of sales of the own goods had a negative value in 2016. During 2017-2020 it fluctuates from 1.96% to 20.00%, which, although being a sufficient value to conclude about the efficiency of domestic sales activities of PJSC "Prylutska garment factory", demonstrates a negative trend. In addition, it is worth indicating that the efficiency of sales of its own products in the domestic market during 2017-2020 is higher than 1 and demonstrates the efficiency of production and economic activities of the enterprise in the domestic market.



A more accurate assessment can be made based on the calculation of changes in the efficiency of sales of the company's own products in the domestic market during the period 2016-2020 (Table 1.29).

Table 1.29

**Change in efficiency indicators of sales of the own goods of PJSC "Prylutska garment factory" in the domestic market during 2016-2020**

Indicator	2016-2017	2017-2018	2018-2019	2019-2020
Efficiency ratio of sales of own products in the domestic market	0,36	-0,07	-0,15	0,04
Profitability ratio of sales of own products in the domestic market, %	29,88	-5,56	-12,48	2,97

Source: built by the author on the basis of data of Table 1.28

Analyzing the above data, it can be noted that the efficiency of sales of own products in the domestic market has had significant fluctuations. Thus, during 2017-2019, this indicator decreased, and during 2016-2017 and 2019-2020 the same increased. The overall growth of this indicator constituted 0.18. In Fig. 1.23 it will be compared the ratio of efficiency of sales of own products in the domestic market and efficiency of export operation.

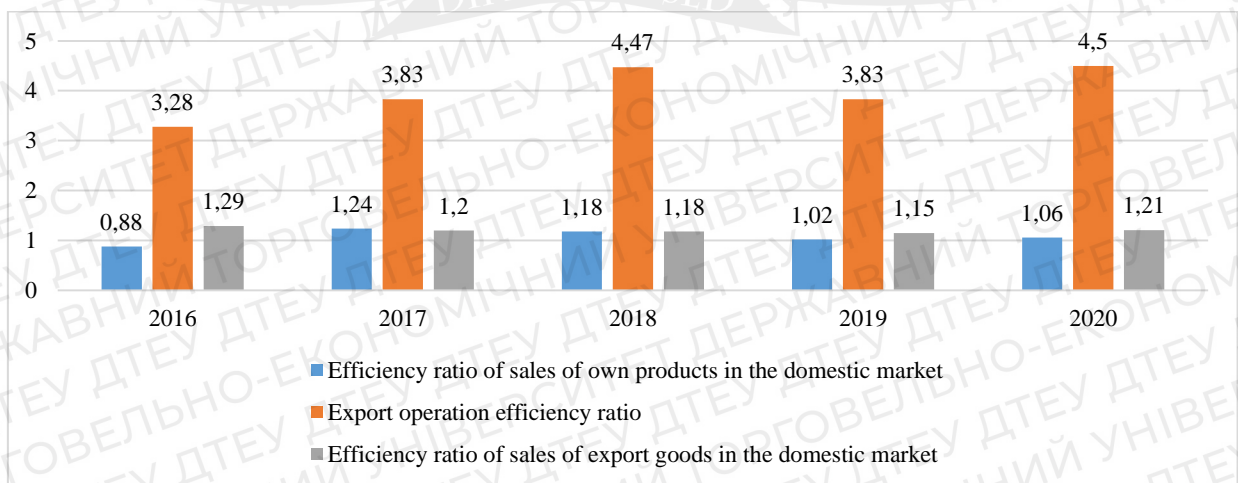


Fig. 1.23 Dynamics of efficiency indicators of operations of PJSC "Prylutska garment factory" during the period 2016-2020

Source: built by the author on the basis of data of Table 1.26, Table 1.28

Thus, the data in Fig. 1.23 clearly illustrates the advantages of foreign economic activity over the sale of own products in the domestic market in the terms of efficiency.

Profitability of sales of own products in the domestic market for the period 2016-2020, it demonstrated a negative trend during 2016-2019 and its value increased in 2020 solely, but in general it increased for 14.82% during the analyzed period (Fig. 1.24).

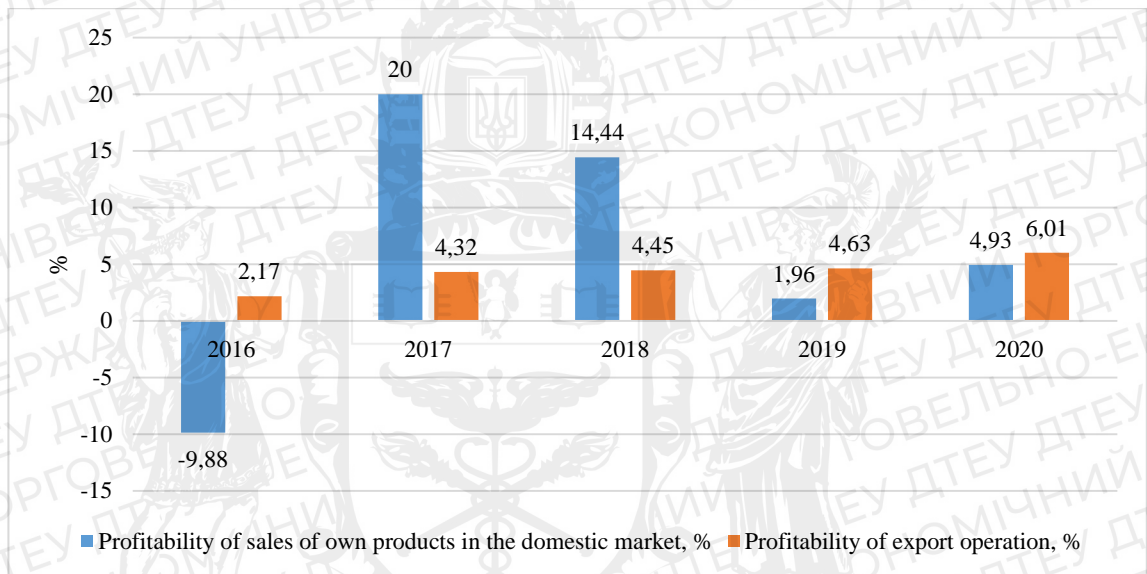


Fig. 1.24 Dynamics of interrelation of the indicators of profitability of export operations and profitability of sales of own products in the domestic market of PJSC "Prylutska garment factory" during the period 2016-2020

Source: built by the author on the basis of data of Table 1.26, Table 1.28

Fig. 1.24 clearly illustrates the advantage of export operations over the sales of own products in the domestic market in the terms of profitability.

Thus, the efficiency of export activities of PJSC "Prylutska garment factory" demonstrates the tendency of growth during the analyzed period and its predominance over the efficiency of sales in the domestic market.

## CONCLUSION TO SECTION 1

Having analysed the financial results of the enterprise during the period 2016-2020, it is observed the growing dynamics of the net income from sales, ie from 19707 thousand UAH in 2016 to 191271 thousand UAH in 2020 (8.7 times).



Meanwhile, the increase in financial result from the operating activity constituted 6343 thousand UAH (12.5 times). The positive dynamics is generally observed with regard to operating profitability indicators, which is an evidence of increasing operating efficiency, namely the rise in profitability of sales constituted 10.27%, cost-effectiveness – 16.90%, overall operating profitability – 5.61%. The enterprise profitability demonstrates an increase in return on assets indicator (19.73 times or 20.94%), return on current assets (37,74%), and return on equity ratio (45.50%). The analysis of the business activity ratios demonstrated the duration of assets turnover decreased for 67.4 days (61.06%) from 110.42 days in 2016 to 43.0 days in 2020; the period of current assets turnover decreased from 39.62 days in 2016 to 20.89 days in 2020 (18.7 days or 47.29%); the duration of receivables repayment period in 2020 (10.33 days) decreased for 7.8 days (57%) compared to 2016 (18.12 days). Liquidity total coverage ratio increased from 0.7910 in 2016 to 1.5058 in 2020 (normative range 1.2-1.5); intermediate coverage ratio increased from 0.5019 in 2016 to 1.1720 in 2020 (normative range 0.7-0.9); absolute liquidity ratio (recommended value 0.2-0.3) increased from 0.0825 in 2016 to 0.4947 in 2020. The financial stability ratios analysis showed that financial autonomy ratio declined in 2020 and is not in compliance with normative range (more than 50%), thus the company is financed from its own sources at a low level of 37.30%; debt coverage ratio equals to 0.5949 in 2020 (normative range more than 1) which means that the company could cover its debt with its own resources for 59.49% solely.

During the analyzed period of 2016-2020 PJSC "Prylutska garment factory" was active in foreign economic activity. The enterprise carries out export and import operations. The product range for export includes women's and men's fashioned apparel. The product range for import includes raw materials for own manufacturing, which are mainly fabric (75%) and furniture (25%). Since 2000 the factory started processing operations with toll raw materials. In the 2020 structure of sales of PJSC "Prylutska garment factory" 55.48% belongs to exports (including 4.80% of tolling) and 44.52% - to the sales of own finished products in the

domestic market. During the period 2016-2020, the growth of own exports reached 20.78 times (compared to 6.6 times growth in domestic sales). In the structure of procurement 2020, imports amount to 56.75% (an increase in 19.6 times during 2016-2020). The principal export partners are customers from France (42.45%), Czech Republic (30.50%) and Belgium (27.05%), and the most of raw materials are imported from France (36.35%). The operating activities (including foreign economic activity) of the enterprise are influenced by a number of external factors, the basic of which are political and economic ones. The obvious shortcomings of the management structure of PJSC "Prylutska garment factory" are that there are no divisions responsible for international marketing.

Evaluation of the efficiency of export operations of PJSC "Prylutska garment factory" showed that the profitability of export operations of the enterprise ranges from 2.17% (2016) to 6.01% (2020) with the total growth of 3.84% (profitability of sales of own products in the domestic market - 4.93%), which is a sufficient value to conclude on the efficiency of exports of PJSC "Prylutska garment factory". The export of services for processing of toll raw materials of foreign origin is also effective, as evidenced by the growth of currency efficiency ratio during the period 2016-2020 from 2.7268 to 2.8584, ie for 0.1316 (4.83%). The efficiency of export operation (4.50 in 2020) resulted higher than the efficiency of sales of export goods (1.21) and own products (1.06) in the domestic market. Reasoning from aforesaid, it is advisable for the company to further expand its foreign economic activity.



## SECTION 2. IMPROVEMENT OF EXPORT ACTIVITY OF PJSC "PRYLUTSKA GARMENT FACTORY"

### 2.1. Grounding of directions for improvement of the process of export operations organization at PJSC "Prylutska garment factory"

Based on the study and generalization of statistical, analytical and technological data of the enterprise, its production, commercial and innovative practices, the principal problems and disadvantages were identified. The solution of them will allow to improve the management system of export operations of PJSC "Prylutska garment factory" and to expand the ways of the company's and holding's entry into the international market.

In order to further determine the strategic guidelines for the development of the company's export operations management system, the shortcomings are separately differentiated as: 1) problems related to the products quality and competitiveness in the foreign markets; 2) problems caused by the organization of foreign economic activity of PJSC "Prylutska garment factory".

The list of shortcomings of product quality and product competitiveness in the foreign markets include such shortcomings, as [14]:

- limited own raw material base and dependence on imported components.

The volume of production and sales of the enterprise depends on the value of imported raw materials, which has increased almost 3 times over the past 3-4 years due to the devaluation of the national currency. The increase in the cost of imported raw materials also affected the growth of prices for the company's products. Significant reserves to reduce the cost of equipment are also associated with the introduction of new technology solutions that will reduce stuff and energy consumption of production, improve technological processes and product quality;

- limited sales markets for finished products of the enterprise.

When company is planning the expansion of the sales markets for the company's products, it is necessary:

1) to determine the country to which it is most profitable to export goods. When comparing the options for entering the market of different countries, the following criteria should be taken into account: political and economic stability, production costs, transport infrastructure, government benefits and incentives, the availability of both skilled and cheap labor, market capacity of the country, trade restrictions and barriers, availability of necessary suppliers of raw materials;

2) to choose a partner due to: the nature of the export agreement, the subject of the agreement (purchase and sale of goods or providing the services), the nature of the subject of the agreement (raw materials or finished products).

In addition to economic criteria, it is important to take into account the specifics of trade and political relations with the certain country. Preference should be given to the one with which a due-course business relationship is established, grounded by the agreement and legal basis.

When choosing a partner company it is needed to explore:

- norms and rules that act in the country and are related to cooperation with a potential partner;
- business reputation of the company, which is determined by how honestly it fulfills its obligations, what is its experience in this area of business, the ability to negotiate at a civilized level;
- financial position of a company, which is determined by quantitative indicators of activity, the scale of operations, the degree of solvency, etc.

Studying the activities of future partner firms is an integral part of the foreign trade operation. Therefore, the company should pay special attention to the solution of this issue.

In turn, the problems caused by the organization of foreign economic activity of the enterprise (the second group of problems), include:

a/ a fairly low level of use of software to optimize the export activities of the enterprise

Low level of electronic computing and software that would collect, store and convert information, as well as facilitate the management process. It is due to the



increasing speed and efficiency of response to control data, that the content of the computerized communication system in economic and production structures is more advantageous and beneficial.

b/ weak development of communication networks and product marketing

Low information interaction between the manufacturer and customers become the next problem in creating well-established logistics and marketing information systems.

Most commercial operations in the world market are carried out on the basis of marketing activities. Special studies have found that more than 75% of commercial failures occur due to the errors in the marketing policy and marketing activities [7].

International marketing is a part of the functions performed by the enterprise in the framework of foreign economic activity. International marketing can be defined as a system of planning, implementation, control and analysis of activities aimed at a multinational market environment and adaptation to its conditions of the enterprise operating in more than one country.

The use of the international marketing in the management of foreign economic activity primarily requires its planning and development of a strategic marketing program. The strategic marketing program is the basis of the overall strategic plan of the enterprise in the field of foreign economic activity. The market situation is constantly changing; accordingly, the company must continuously have a strategic marketing program for the next 3-5 years.

c/ irrational or illogical development of distribution systems of goods and services

Lack of a well-thought-out strategy for the development of the distribution system, lack of organization and control of sales and promotion of goods.

d/ low level of development of the incentive system for permanent and new partners

Encourage means to "intensify activities", the main task of this process is to intensify or resume activities to sell goods. The enterprise has solely a system of

punishment, which has a two-way focus, ie applies to partners and the company itself. The punishment is to impose penalties, the amount of which is determined by the contract. This is the amount that the debtor is obliged to pay to the creditor in a case of non-performance or improper performance of certain obligations.

Penalties are one of the most common ways to ensure compliance with the terms of the contract. There are several reasons for that. First, the grounds for penalties and their size are usually determined by the counterparties themselves. Second, for the penalty it is not necessary to prove the existence of damages, just the fact of breach of the contract. However, each party of the contract, in addition to certain conditions of the contract, has their own personal reasons and incentives that motivate their fulfillment of obligations.

To underline the above mentioned, for effective foreign economic activity of the enterprise it is necessary to develop a system of stimulating by developing a system of incentives for external partners.

e/ low development of mechanisms of reducing currency risks

This situation leads to increased debt level, interest payments on debt, increased cost of materials and components that are included in the final price of goods and services, reduction of current assets volume, and, consequently, to the deterioration of the competitiveness of the enterprise [8].

Currency risk is an unfavorable fluctuation of foreign exchange rates against the Ukrainian hryvnia, which affects the indicators of performance and investment efficiency of the enterprise [9]. At this, a decrease or increase in the value of the national currency is not in itself an adverse change. The negative change is a direction of movement of the exchange rate, leading to a decrease in the financial result of the company.

Thus, an important component of the successful organization of export activities of the enterprise is a systematic assessment, analysis and selection of trends in the functioning and development of this type of foreign economic activity. These tasks can be solved by implementing a number of diagnostic procedures for the export activities of PJSC "Prylutska garment factory", that are



necessary to accumulate sufficient data and information required to make informed decisions at all stages of enterprise management.

Diagnostics of the export activity of the enterprise involves the primary identification of the main disadvantages that affect the export of the enterprise, followed by highlighting the consequences caused by their impact, and making proposals for their elimination.

In order to identify economic indicators that reflect the influence of external and internal factors on the efficiency of foreign economic activity of the enterprise, an expert method was used. The severity of the impact of each of the indicators was determined as a percentage. Then, through a questionnaire, the priority factors that have a significant impact on the level of efficiency of export activities of the enterprise were identified.

It was investigated that they were such indicators as: the level of export efficiency, the level of quality of raw materials, the level of hryvnia devaluation, market share (indicators of external environment impact) and the quality of finished products, production capacity utilization, share of export marketing costs (indicators of domestic impact environment).

Based on the study and generalization of statistical, analytical and technological data of the enterprise, its production, commercial and innovative practices, the values of the indicators mentioned above were calculated. The order of calculation and the values obtained as a result of its application are given in Tables 2.1 and 2.2, respectively.

Table 2.1

**The procedure for calculating indicators that characterize the impact of external and internal environment on the efficiency of export activities of the enterprise**

Indicator 1	Calculation method 2
Level of quality of raw materials (Qm)	$Q_m = Q_s / Q_r,$ where $Q_r$ - the real quality of raw materials, assessed by experts on a 10-point scale; $Q_s$ - the quality of the sample of raw materials, assessed by experts on a 10-point scale

Continuation of Table 2.1

1	2
Market share (MSE)	$MSE = SV / MC$ , where SV - sales volume in particular market; MC - market capacity
Level of devaluation of hryvnia (D)	$D = Or - Nr / Or$ , where Or - the old exchange rate, the level of devaluation or revaluation of which is calculated; Nr - a new exchange rate, the level of devaluation or revaluation of which is calculated
Level of quality of finished product (Qp)	$Qp = Qr / Qs$ , where Qr - the real quality of the product, assessed by experts on a 10-point scale; Qs - the quality of the product sample, assessed by experts on a 10-point scale
Share of export marketing costs (Pcem)	$Pcem = Cem / Total$ , where Cem - the costs of export marketing; Total - total export costs
Production capacity utilization (Cu)	$Cu = Oa / Pca$ , where Oa - the actual annual output of finished products; Pca - the average annual production capacity

Source: developed by the author

Table 2.2

**Indicators characterizing the impact of the external environment on the efficiency of export activities of PJSC "Prylutska garment factory"**

Quarterly indicators	Period	Level of Export Efficiency (E)	Level of Quality of Raw Materials ( $x_1$ )	Level of Devaluation of Hryvnia ( $x_2$ )	Market Share ( $x_3$ )
1 q (2016)	1	0,91	0,93	-0,03	1,01
2 q (2016)	2	0,90	0,93	-0,15	1,00
3 q (2016)	3	0,91	0,93	-0,05	1,01
4 q (2016)	4	0,92	0,94	0,08	1,01
1 q (2017)	5	0,92	0,99	0,03	1,05
2 q (2017)	6	0,92	0,99	0,08	1,02
3 q (2017)	7	0,92	1,01	0,00	0,95
4 q (2017)	8	0,92	1,03	0,03	0,90
1 q (2018)	9	0,94	1,06	0,00	0,90
2 q (2018)	10	0,86	1,05	0,00	0,97
3 q (2018)	11	0,92	1,09	0,03	1,01
4 q (2018)	12	0,92	1,09	0,00	1,01
1 q (2019)	13	1,00	0,98	0,00	1,05
2 q (2019)	14	0,86	0,96	0,00	1,02
3 q (2019)	15	0,92	0,97	0,00	0,95
4 q (2019)	16	0,92	0,97	0,00	0,90
1 q (2020)	17	1,12	1,00	2,16	0,90
2 q (2020)	18	1,51	1,04	6,43	0,97
3 q (2020)	19	1,21	1,01	1,51	1,01
4 q (2020)	20	1,19	1,01	2,95	1,01

Source: developed by the author



The obtained values of indicators are the initial data for conducting correlation-regression analysis of the influence of external environment factors on the level of efficiency of export activities of the enterprise. The values of all indicators are normalized to the average value for each indicator.

Correlation-regression analysis allows determining the influence of factors for which it is extremely difficult to build a rigid deterministic factor model. Its implementation requires a number of initial conditions, ie:

- to build a regression equation requires a certain set of objects: it is a space-time set in our study (data on the enterprise for 2016-2020 was distributed by quarters);
- a sufficient scope of observations is required (according to experts, the number of observations should be at least 3-4 times higher than the number of factors);
- a set of objects must be homogeneous.

In order to take into account the impact of external environmental factors on the efficiency of export activities of the enterprise, we will further conduct a correlation analysis of the relevant financial indicators to determine the density of the connection between the performance characteristic and the factor values.

An effective way to avoid time-consuming calculations is the package "Data Analysis" in the software package MS Excel, which allows in a short term to conduct economic and mathematical calculations, to build multifactor linear and nonlinear models.

The interaction of the resulting indicator ( $y$ ) with factor features ( $x_1, x_2 \dots x_n$ ), which is traditionally described by the linear multifactor regression equation, is determined by the formula [13]:

$$y = a_0 + a_1x_1 + a_2x_2 + \dots + a_px_p + \varepsilon \quad (2.1)$$

where  $y$  - dependent variable;

$x_1, x_2, \dots, x_p$  - independent variables (factors);

$a_0, \dots, a_p$  - parameters of the estimated model;

$\varepsilon$  - a random variable

In the process of identification of correlation-regression connections between the performance indicator and factor values, in addition to building an economic-mathematical model, the regression coefficient, the coefficient of determination, the standard error were calculated, which are given in Table 2.3.

Table 2.3

### Indicators of regression statistics

Indicators of regression statistics	Value
Multiple regression coefficient $R$	0,93
Coefficient of determination $R^2$	0,86
Normalized coefficient of determination $R^2$	0,84
Standard error	0,07
Observation	20

Source: developed by the author

The multiple regression coefficient  $R = 0.93$  indicates a very close connection between the performance indicator and the factor values. Regarding the value of the coefficient of determination  $R^2$  of the obtained correlation-regression model  $R^2 = 0.86$ , the efficiency of export activity of PJSC "Prylutska garment factory" is for 86% due to the selected factor values. The remaining 14% are due to another factors that affect the efficiency of export activities of the enterprise, but are not included in the regression model.

As a result of solving the task of three-factor correlation-regression analysis, an economic-mathematical model was built, which has the following form:

$$E = 0,84 + 0,09\tilde{\alpha}_1 + 0,07\tilde{\alpha}_2 + 0,01\tilde{\alpha}_3 \quad (2.2)$$

Testing this model for multicollinearity showed that there is no high and very high correlation between the selected factors, and, therefore, this correlation-regression model can be used as the basic one.

Factors of the internal environment are of no less significant influence on the level of efficiency of export activity of PJSC "Prylutska garment factory". In this regard, in the course of formation of the optimal model of management of export operations of the enterprise there is an objective prerequisite for conducting in-depth analysis and modeling the level of the relationship between the performance



characteristic and factor values. The initial (input) values of the indicators required for the performance of corresponding analysis are given in the Table 2.4 below.

Table 2.4

**Indicators characterizing the impact of the internal environment on the efficiency of export activities of PJSC "Prylutska garment factory"**

Quarterly indicators	Period	Level of export efficiency ( $E$ )	Level of quality of finished products ( $y_1$ )	Production capacity utilization ( $y_2$ )	Share of export marketing costs ( $y_3$ )
1 q (2016)	1	0,91	1,01	0,97	0,93
2 q (2016)	2	0,90	1,03	0,95	0,92
3 q (2016)	3	0,91	1,00	0,96	0,93
4 q (2016)	4	0,92	1,01	0,98	0,94
1 q (2017)	5	0,92	1,01	0,97	0,94
2 q (2017)	6	0,92	1,01	0,97	0,94
3 q (2017)	7	0,92	0,99	0,99	0,93
4 q (2017)	8	0,92	1,01	0,91	0,94
1 q (2018)	9	0,94	1,05	0,97	0,96
2 q (2018)	10	0,86	0,97	0,00	0,87
3 q (2018)	11	0,92	0,96	0,98	0,94
4 q (2018)	12	0,92	0,97	0,99	0,93
1 q (2019)	13	1,00	0,98	1,00	1,02
2 q (2019)	14	0,86	0,98	1,01	0,88
3 q (2019)	15	0,92	0,99	1,02	0,93
4 q (2019)	16	0,92	0,95	1,03	0,93
1 q (2020)	17	1,12	0,96	1,04	1,14
2 q (2020)	18	1,51	1,04	1,06	1,10
3 q (2020)	19	1,21	0,95	1,07	1,23
4 q (2020)	20	1,19	0,96	1,03	1,21

Source: developed by the author

Correlation-regression analysis solves two main tasks: a/ determining the regression equation of the analytical form of the connection between performance and factor indicators; b/ establishing the level of connection density between them.

The use of regression analysis allowed to determine the function according to which the influence of the model parameters on the dependent variable was established. To determine the regression coefficients of the model, primary data was used, which reflects the current position of the enterprise (Table 2.5). The linear model has the following form:

$$E = -0,89 + 0,49y_1 + 0,42y_2 + 0,99y_3 \quad (2.3)$$

The analysis of regression coefficients allows to find out the degree of influence of factors on the resulting change. According to the results of the study, the most important indicator is the share of export marketing costs  $a = 0.99$ .

Table 2.5

### Indicators of regression statistics

Indicators of regression statistics	Value
Multiple regression coefficient $R$	0,87
Coefficient of determination $R^2$	0,76
Normalized coefficient of determination $R^2$	0,79
Standard error	0,02
Observation	20

Source: developed by the author

The obtained coefficient of multiple regression indicates the close connection of the performance indicator with the factor indicators, ie characterizes the quality of the regression level selection. In our case, it is equal to  $R = 0.87$ . Based on the results obtained, it can be concluded that the model built was selected correctly.

The coefficient of determination indicates the influence share of the selected indicators on the performance indicator. Regarding the value of the coefficient of determination  $R^2$  of the obtained correlation-regression model being equal to  $R^2 = 0.76$ , the efficiency of export activity of PJSC "Prylutska garment factory" is for 76% due to the selected factors values. The remaining 24% are due to other factors that affect the efficiency of export activities of the enterprise, but are not included in the regression model.

Thus, as a result of correlation-regression analysis of the dependence of the level of efficiency of export activity of PJSC "Prylutska garment factory" on the selected factors, it became obvious that it is extremely important to create favorable conditions for intensifying marketing activities of the enterprise.

Confirmation of feasibility of this task are the results of the above conducted correlation and regression analysis, according to which the measures for improving management of sales, marketing, logistics, relationships with partners and raising



the quality of transactions have the greatest impact on the efficiency of export activities of the enterprise.

## 2.2. Development of a set of measures for increasing the efficiency of PJSC "Prylutska garment factory" commodity export

For increasing the efficiency of foreign economic activity of PJSC "Prylutska garment factory", as well as the efficiency of export operations, the following recommendations were developed, such as:

1. To choose the most effective form of organization of the department that carries out export operations. The main structural units of the department of foreign economic relations of PJSC "Prylutska garment factory" are financial and economic unit, organizational unit, scientific and technical unit. Each of them provides for internal and external functions in the field of international cooperation and financial activities of PJSC "Prylutska garment factory".

In this regard it is considered that it is necessary to create a marketing department (unit) in the framework of the department of foreign economic relations of PJSC "Prylutska garment factory", as well as a legal department (unit), one of the functions of which will be control over foreign economic activity of the enterprise and proper registration of international cooperation.

2. To involve the external partners for a long-term relationship. For achieving this purpose, it is recommended for the management of PJSC "Prylutska garment factory" to participate in the ITM 2022 International Textile Machinery Exhibition. This is an annual international exhibition event taking place in Istanbul, Turkey, which provides an opportunity to demonstrate the company's business success to its customers, partners and potential customers. The scope of this specialized event is the light industry commodities. 64 countries are participating.

Participating in the international exhibition event will facilitate establishing mutually beneficial contacts and development of future cooperation. This activity includes such stages as: an event preparation activity, holding exhibition event, implementation of economic and export potential, achieving of strategic goals of participating in time of exhibition, and in the post-exhibition period [3].

For studying market conditions and promotion of sales in the framework of international exhibition, the company should use samples to demonstrate manufactured goods and services. The exhibition is recommended as an effective marketing technique for such reasons as: first, the meeting of the seller and potential buyer will take place in a neutral territory, which is important for both parties from a psychological point of view; second, during the exhibition the goods will not be merely demonstrated, but also involve show elements to make it more attractive to visitors; and third, participation in the exhibition will include a set of ancillary activities such as pre-exhibition advertising campaign (preferably using known online resources), original design of exhibition stand (preferably using the latest digital technologies), advertising and PR campaigns, etc [5].

Participating in the international exhibition will allow the company to implement a systematic marketing approach, forming interconnected and interdependent product, price, sales and communication marketing strategies in the framework of strategic management of the enterprise [11].

The international exhibiting will allow the exhibitor in a short time to evaluate the effectiveness of its activities in a large segment of the international market. Comparing the result of evaluation of its own exposition with its evaluation by customers, as well as with the achievements of competitors, will allow the managers to adequately assess the production and export capabilities of the enterprise [3].

The international exhibiting may indicate to the enterprise about the need for assortment diversification in accordance with the national requirements (demands) of the visitors from different countries. The issues of trade mark policy, branding, packaging and many others are supposed to be solved [4].

Participation of PJSC "Prylutska garment factory" in the ITM 2022 international exhibition should include such objectives as:

- a) increase in sales in the foreign market;
- b) increase in profit of the enterprise;
- c) access to new segments of the foreign market.



A system of incentives for external partners is proposed to be developed. In order to increase the interest of the counterparty towards cooperation with PJSC "Prylutska garment factory", a system of discounts can be used. A discount to the contract price implies payment for the goods less than specified in the contract. The terms of the discount should be described in the contract.

The following types of discounts may be relevant for the PJSC "Prylutska garment factory" counterparties:

- a) a discount for the quantity (scope) of goods purchased. Provided to counterparties who buy goods in large quantities;
- b) a progressive discount. Provided for the purchase of the same kind of goods, which is carried out with a certain frequency;
- c) a turnover (bonus) discount is provided to regular buyers on the basis of a special power of attorney. In this case the contract establishes a scale of discounts depending on the turnover of goods during a certain period, as well as the procedure for payment amounts based on these discounts;
- d) a dealer discounts which are provided by the manufacturer to its permanent representatives or sales intermediaries, including the foreign ones.

The survey method is offered to use in order to take into account the comments from external partners pertaining the quality of the organization of export operations. With this purpose, a basic questionnaire was developed and tested, the content of which is presented in the Table 2.6.

Table 2.6

### Questionnaire for external partners of PJSC "Prylutska garment factory"

Questions	Answers (yes/no)
1. Are you satisfied with the quality of service conducted by PJSC "Prylutska garment factory"?	
2. Do you consider prices for products of PJSC "Prylutska garment factory" as fair?	
3. Does the quality of the products correspond to the desired level?	
4. Were the terms of the contracts fulfilled in full and on time?	
5. Do you plan further cooperation with PJSC "Prylutska garment factory"?	
6. Do you have any additional wishes and recommendations in terms of partnership?	

Source: developed by the author

The results of the survey should be transferred into points, where "Yes" is 1 point and "No" means 0 points. The received estimation can be within the range from 0 to 5 points. The higher the score, the more satisfied the partners are with the quality of services provided.

3. To use the mutually beneficial form of settlements which is convenient for the enterprise's counterpartners, as well as for the exporter to have a guarantee of payment for the goods sold.

In the due course of business, to protect the exporting company from payment risks, financial managers often use a documentary letter of credit to ensure payments. At this, provided a new customer is quite valuable for the exporter and cooperation with him can bring significant profits, it would be appropriate, in our opinion, to propose a documentary collection to be used by the sides as a form of payment, but subject to the introduction of additional conditions by PJSC "Prylutska garment factory".

Such additional conditions may include provisions as:

- the importer makes payment against the telegram of the bank of PJSC "Prylutska garment factory" on the receipt and sending for collection of commodity documents (telegraphic collection);
- by order of the importer the bank issues a payment guarantee in favor of PJSC "Prylutska garment factory", assuming the obligation to pay the amount of collection in a case of non-payment by the importer.

4. To carry out a flexible price policy. It is proposed to develop a new pricing system for the products of PJSC "Prylutska garment factory". According to our recommendations, price formation will include two stages.

The first stage involves the application of an incentive system for permanent and new partners. To reduce the receivables of the enterprise, the appropriate system will be based on the principle of advanced settlement under the terms of the contract. According to this principle, there are 3 options for current margins of PJSC "Prylutska garment factory" (Table 2.7).



**Margin options for external partners of PJSC "Prylutska garment factory"**

<b>Kind of settlement</b>	<b>Margin conditions</b>
Prepayment	- %
Ontime payment	0 %
Credit	+ %

Source: developed by the author

If the commodities are paid on time and in full amount upon their shipment, the partner (importer) does not receive an additional margin or discount.

If the partner pays for the purchased goods gradually, the percentage of the margin is accrued in proportion to the term of payment, ie the longer the partner provides payment, the higher the percentage of the margin he receives.

If the partner pays the cost of the product in advance, he receives a discount on the margin.

The second stage is purposed to determine the risks associated with a possible increase or decrease in the exchange rate. To do this, one need to calculate the risk ratio for exchange rate changes.

The terms of the contract may provide for different currency of price and payment, ie the price of the goods may be determined in one currency, and settlements between counterparties to be made in another currency. In this regard, in order to reduce the currency risks of foreign trade transaction, it is recommended to specify the exchange rate at which the price currency will be converted (recalculated) into the currency of payment. In the annexes (specifications) to the contract it is desirable to indicate the price indexes, if in the course of implementation of foreign trade transaction the goods of different quality and product range are delivered, and the price is set separately per unit of goods of each type.

5. To perfect the system of contract drawing. The effective export activity of the enterprise depends, first of all, on the correct management of the process of conclusion and implementation of export contracts. The foreign economic relations

department of PJSC "Prylutska garment factory" concludes foreign trade contracts in two stages. The first stage involves a proposal to conclude an agreement (offer) and the second stage includes an acceptance of the offer (acceptance). Signing of a protocol of intent is the form of acceptance of the PJSC "Prylutska garment factory" offer, according to which the parties of the future contract express their clear consent to enter into an agreement on a specific issue.

For improving the system of contract drawing, it can be offered a series of preparatory work related to the signing of contracts, namely:

- a/ assessment of trade and political conditions;
- b/ development of legal issues;
- c/ studying of transport conditions;
- d/ determining the form of payment;
- e/ market analysis and evaluation;
- f/ research of distribution channels;
- g/ studying of potential partners;
- h/ assessment of probable competitors.

In addition, contract managers need to pay attention to the following issues: intergovernmental trade agreements and their clauses, the procedure for export and import licensing, restrictions on standards and certification procedures, peculiarities of international technical regulation.

### 2.3. Forecast of financial results of PJSC "Prylutska garment factory" subject to introduction of proposed measures

Thus, on the basis of the conducted research, in order to increase the efficiency of export activity of PJSC "Prylutska garment factory" the following measures were proposed:

- 1) To establish a marketing department (unit) within the structure of department of foreign economic relations of PJSC "Prylutska garment factory";
- 2) To participate in the ITM 2022 international specialized exhibition.

Focusing on the concept of marketing makes significant changes in the management of sales, widens the range of functional responsibilities of the



involved employees, sets the new tasks for the formation of customers orders portfolio, contributes to improvement of contract work, creates economic groundings for sales operations, as well as provides data support to sales [4].

In order to ensure the effective operation of marketing and sales services purposing to increase sales, profitability and competitiveness of the enterprise, it can be recommended to perform the following functions by employees of these services:

- establishing contacts with potential buyers (determining their location, distinguishing the circle of decision makers, preparing and forwarding of advertising booklets and commercial offers, etc.);
- providing recording, processing and control of customer's orders and commercial offers;
- customers database formation and management;
- development of strategic events plans to assess the new markets probability of entering (visiting exhibitions, fairs and other events of a commercial purpose).

At this, the system of human resources development at the enterprise should become more flexible, able to change its content, methods and organizational forms in accordance with the needs of production [9]. In this regard, the human resources management of PJSC "Prylutska garment factory" should concentrate on such issues as the development of strategy for the formation of qualified staff; determining the employees training needs in the frame of their professions and specialties; choosing of appropriate software and methodology for the learning process; budgeting and financing of all types of training.

In the course of professional development of employees it is important to make a maximum use of a system of interaction of job structures, hierarchical subordination, interpersonal relationships, staff assessment technologies (certification, open competitions, qualifying exams, etc.), career movement, the use of various motivation (rewards) modes for qualitative and creative work [12].

The goals of the system of professional staff development should include:

- establishing of staff reserve (including managerial staff);

- innovative impact (involvement of employees in the stage of innovations and inventions);
- flexibility (ensuring the interchangeability of employees in the workplace);
- identification (training as a tool to higher identification of employees with their organization);
- integration (development of communication and cooperation skills, understanding common and individual tasks in any activity);
- competitiveness, ie recognition of the employee by the internal and external environment (colleagues, management, external partners) [10].

To adequately determine the needs of professional development, the influencing factors should be understood. Among these factors are:

- dynamics of external environment (impact of customers, competitors, suppliers, the government);
- development of machinery and technology, which entails the emergence of new products, services, production methods;
- change of enterprise development strategy;
- creation of a new organizational structure in the framework of new activities [1].

The traditional method of specifying the need for professional development is a business assessment of staff, which results in a plan of individual development of the employee, aggregated to the yearly program of entire staff development. This program defines the objectives of professional development, the means of achieving them and the budget for this purpose.

In order to increase the motivation of employees of the marketing department it is proposed to introduce the assessment of the results of their activities on the basis of the system of balanced scores (Table 2.8).

Expansion of marketing activities should be set as strategic goal for the company in the next year, the priority of staff orientation to achieve strategic goals should be declared as well.



Table 2.8

**The system of balanced indicators for the marketing department of  
PJSC "Prylutska garment factory"**

<b>Direction</b>	<b>Strategic goal</b>	<b>Indicator</b>	<b>Concrete value</b>	<b>Reward ,%</b>
Finance	Ensure the growth of export sales	Sales growth	more than 15% increase	5
	Achieving 5% market share in domestic market	Market share	10%	5
Clients	Segmentation and positioning	Number of segments covered	2-3 segments	4
	Image support and brand formation	The number of positive responses in media	more than 60 per year	10
	Improving the system of product distribution	An increase in the number of customers	15% increase	5
Business processes	Development and expansion of foreign markets	Number of new foreign partners	25% increase	11

Source: developed by the author

Therefore, the expansion of customer base of PJSC "Prylutska garment factory" should become the basic task of the newly established marketing department. The increase in regular customers number to be specified as the key indicator of the qualitative work of the marketing service in the terms of the motivation rewards.

The employees of the department need to be financially rewarded based on the results of their activities. To replenish the customer base of PJSC "Prylutska garment factory", the marketing department should systematically conduct monitoring on the contracts conclusion for the delivery of products to foreign partners.

The following rewards are recommended to be provided based on the results of the marketing department activity:

- for signing more than 5 contracts with foreign customers per month - min 10% reward;
- reward on the amount of contract - 1.5% of the amount of sales.

Thus, the amount of bonuses for marketing staff will directly depend on both

the number of customers attracted and the revenue received as a result of foreign trade operations with these customers.

The marketing department employs 4 employees with a gross salary of UAH 12000. It is assumed that in the first year of implementation of the proposed bonus system it will be concluded 200 contracts with foreign customers for the total amount of at least 500 thousand UAH.

The cost of the event is calculated in the Table 2.9 below.

Table 2.9

**Calculation of costs for the marketing department of PJSC "Prylutska garment factory" rewarding in 2022**

Period	Number of contracts signed	Contracts value	Contracts sales in cumulative	Contract concluding reward	Contract sales reward
1 month	10	30	30	1,2	0,45
2 month	15	35	65	1,8	0,525
3 month	20	50	115	2,4	0,75
4 month	20	50	165	2,4	0,75
5 month	20	50	215	2,4	0,75
6 month	20	50	265	2,4	0,75
7 month	20	50	315	2,4	0,75
8 month	20	50	365	2,4	0,75
9 month	15	35	400	1,8	0,525
10 month	15	35	435	1,8	0,525
11 month	15	35	470	1,8	0,525
12 month	10	30	500	1,2	0,45
Per year	200	500	500	36	7,5

Source: developed by the author

Revenue from the event will amount to 500 thousand UAH, total reward costs - 43.5 thousand UAH. The cost of goods sold is 340 thousand UAH.

Therefore,

The profit from the event will constitute:

$$P(\text{profit}) = 500 - 43.5 - 340 = 116.5 \text{ UAH thou}$$

The profitability of the project is equal to:

$$Pr(\text{profitability}) = 116.5 / 500 * 100\% = 23.3\%$$



Thus, for every hryvnia invested, the garment factory will gain 23 kopecks of profit.

Basing on the calculations executed above, it can be concluded that the introduction of a balanced scores system will create the preconditions for intensifying export activities aimed at constant search of partners and increasing the competitiveness of products of PJSC "Prylutska garment factory" in the foreign markets. Meanwhile, the staff development aspects will include: the connection between the results of personnel activities and the reward obtained; a motivating factor to achieve strategic goals; a powerful incentive for self-development and professional training.

Participation in a specialized exhibition will expand brand awareness both at the national level and among foreign customers. It is planned to increase the number of regular clients of PJSC "Prylutska garment factory" and, accordingly, sales volumes, which will lead to an increase in sales profit. The growth of this indicator depends on the level of popularity of the exhibition and the number of its participants.

The basic costs associated with the exhibition activities of PJSC "Prylutska garment factory" in 2022 will be further considered (Table 2.10).

Table 2.10

**Expenses for participation of PJSC "Prylutska garment factory" in the ITM 2022 international specialized exhibition in 2022**

<b>Expenses</b>	<b>Amount, UAH thou</b>
Registration for participation	28
Placing of A-2 poster for the exhibition period	8
Placing of text information in the exhibition catalogue up to 10 lines (600 signs)	7
Placing of the company logo in the catalogue	5
Placing of an advertising banner for 7 days on the exhibition website	8
Stand construction	6
Rent of exhibition space	134
<b>Total</b>	<b>196</b>

Source: developed by the author

As a result of participation in the exhibition, the company may plan to increase profits from export activities for 1.5%, which will constitute:

$$P (\text{profit}) = 96934 * 0.015 = 1454 \text{ UAH thou}$$

$$NP (\text{net profit}) = 1454 - 196 = 1258 \text{ UAH thou}$$

Therefore, the efficiency of the measure will be equal to:

$$E (\text{efficiency}) = 1258 / 1454 * 100\% = 87\%$$

Thus, for each invested hryvnia PJSC "Prylutska garment factory" should gain 87 kopecks of profit.

Based on the above made calculations, we will further analyze the forecast indicators of export activity of PJSC "Prylutska garment factory" for 2022 (Table 2.11).

Table 2.11

### Forecast indicators of export activity of PJSC "Prylutska garment factory" for 2022

Indicator	2020	2022 (recommendations not introduced)	2022 (recommendations introduced)	Deviation, +/-	Growth rate,%
Revenue from sales of export products, UAH thou	96934	97900	98888	1954	102,02
Total cost of export operation, UAH thou	21545	21989	21929	383,5	101,78
Financial result (profit) from export operation, UAH thou	5164	5529	6539	1374,5	126,62
<b>Export operation efficiency ratio</b>	<b>4,5</b>	<b>4,45</b>	<b>4,51</b>	<b>0,01</b>	<b>100,21</b>
<b>Export operation profitability ratio,%</b>	<b>6,01</b>	<b>6,12</b>	<b>6,61</b>	<b>0,60</b>	<b>110,02</b>

Source: developed by the author

According to the data of the Table 2.11, as a result of the proposed measures, revenue from sales of export products will increase for 2.02%, while the cost of exports - for 1.78% only. As a result of predominance of revenue growth over cost growth, profit from exports will increase by 26.62% (Fig. 2.1).

The positive trend towards increasing in export operation efficiency and export operation profitability is also observed (Fig. 2.2).



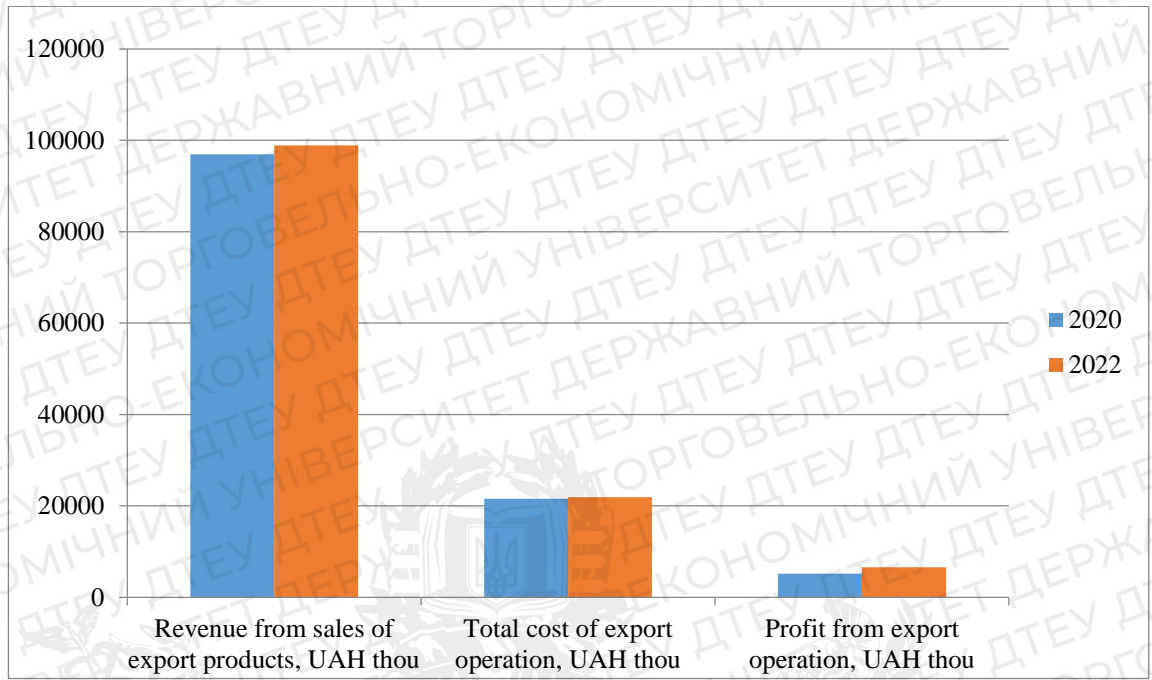


Fig. 2.1 Forecast of dynamics of financial results from exports of PJSC

"Prylutska garment factory" subject to recommendations introduced in 2022

Source: built by the author on the basis of data of Table 2.11

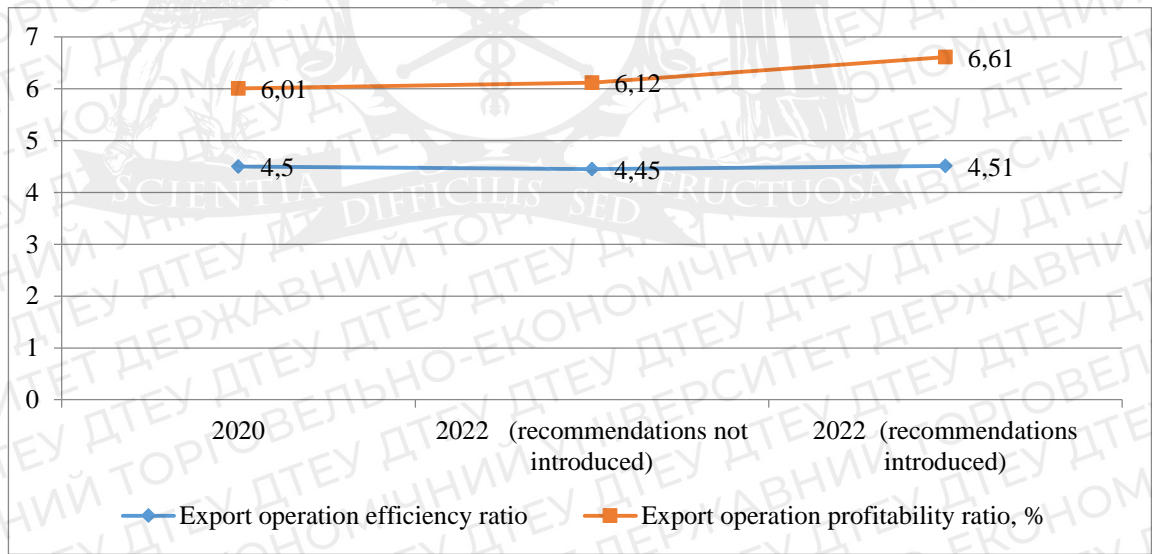


Fig. 2.2 Forecast of dynamics of efficiency indicators of export operations of

PJSC "Prylutska garment factory" in 2022

Source: built by the author on the basis of data of Table 2.11

## CONCLUSION TO SECTION 2

To ground the further strategic guidelines for improving the company's export operations management process, the two groups of problematic issues were identified, ie the issues of quality and competitiveness of PJSC "Prylutska garment factory" products in the foreign markets (the 1<sup>st</sup> group) and the issues caused by the organization of foreign economic activity of the enterprise (the 2<sup>nd</sup> group). The 1<sup>st</sup> group included: limited own raw materials base and dependence on imported components; limited sales markets for the finished products of the enterprise. The 2<sup>nd</sup> group of issues included: low level of software and computerization of export activities of the enterprise; low level of development of communication networks and product marketing; lack of strategy for the development of distribution system of goods and services; low level of incentive system for permanent and new partners; lack of mechanisms of reducing currency risks. To generate rational decisions to improve the management of export operations of the enterprise, it was proposed to use a factor analysis. The economic factors with the most essential value were selected from the group by the method of expert survey. The assessment of the external (level of quality of raw materials, level of devaluation of hryvnia, market share) and internal (level of quality of finished products, production capacity utilization, share of export marketing costs) factors influencing the development of export activities of the enterprise was conducted. As a result, an economic-mathematical model of the influence of external and internal factors on the efficiency of export activities of the enterprise was built. With the help of correlation analysis, the density of the relationship between the efficiency of export activities of the enterprise and indicators that reflect the influence of internal and external factors on the results of these activities was determined. The obtained results evidence that the greatest importance (weight) is given to such an indicator as the share of export marketing costs, ie  $a = 0.99$ . Thus, as a result of correlation-regression analysis of the dependence of the level of efficiency of export activity of PJSC "Prylutska garment factory" on the influence of factors selected, it became



obvious that it is extremely valuable to create favorable conditions for intensifying marketing activities of the enterprise.

For increasing the efficiency of export activity of PJSC "Prylutska garment factory", a set of measures was developed, namely: 1/ To choose the most effective organization form of the department responsible for the export (foreign economics) activities of the enterprise, including creation of international marketing and legal subunits; 2/ To involve the external partners to a long-term foreign trade collaboration by participating in international exhibition events and establishing a system of incentives; 3/ To choose the mode of payment more favourable for the reliable partners. The documentary collection and payment bank guarantee were proposed; 4/ To provide a flexible price policy including a price incentive system along with the tools for currency risks reduction; 5/ To perfect the system and the process of contracts conclusion and implementation.

Focusing on the concept of marketing will cause the considerable changes in the sales policy and distribution management, affect the competitiveness of the enterprise, its financial position, and will lead to the growth of its profits. The expansion of marketing activities should become the strategic goal for the company in the next year. When establishing the marketing department, it is proposed to introduce the assessment of the results of their activities basing on the system of balanced scores, which will increase the marketing staff motivation. The system of balanced scores for the marketing department will scope such directions as finance, clients and business processes. Expanding the customer base of PJSC "Prylutska garment factory" is underlined as the main task and the basic efficiency indicator of the newly established marketing department. The rewards depending on the number of new clients (contracts) and the contract revenues are recommended to be introduced in the system of marketing staff motivation. The forecast profitability for the project of establishing marketing department will constitute 23.3%. Participation in a specialized exhibition will expand brand awareness among the foreign customers, increase the number of regular clients and the sales volumes, which will lead to an increase in sales profit. As a result of

participating in the international exhibiting event, the forecasted efficiency of this measure will amount to 87% provided the export profits growth is planned at the level of 1.5%. The 2022 overall forecast of financial results from export activity demonstrates export operation profit growth by 26.6%, as well as positive dynamics for efficiency and profitability ratios of export operations, as a result of proposed set of measures implementation.





## CONCLUSION AND RECOMMENDATIONS

The organization of export activity of the light industry enterprise was investigated during the period 2016-2020 in the Final Qualifying Paper, basing on the data of PJSC "Prylutska garment factory", city of Pryluky.

In the first section of work the analysis of financial position, foreign economic activity, export operations efficiency and profitability was provided in the course of research.

It was resumed about the satisfactory financial and economic position of PJSC "Prylutska garment factory" observed during the researched period of 2016-2020. The company is profitable and cost-effective, has a high level of business activity and liquidity, the enterprise further expands its business activities. Meanwhile the financial stability is a problematic issue due to the company's dependence on external sources of funding. Thus, the analysis of financial results of the enterprise showed the increase in the net income from sales (8.7 times), financial result from the operating activity (12.5 times), operating profitability (profitability of sales – 10.27%; cost-effectiveness – 16.90%; overall operating profitability – 5.61%), enterprise profitability (return on assets - 20.94%; return on current assets – 37.74%; return on equity ratio – 45.50%), business activity of the enterprise (assets turnover decrease – to 43 days or 61.06%; current assets turnover decrease – to 20.89 days or 47.29%; receivables repayment decrease – to 10.33 days or 57%), liquidity (liquidity total coverage increase - to 1.5058 (norm 1.2-1.5); intermediate coverage increase – to 1.1720 (norm 0.7-0.9); absolute liquidity increase – to 0.4947 (norm 0.2-0.3). Among financial stability ratios, the financial autonomy ratio declined in 2020 and is not in compliance with normative range (more than 50%), so the company is financed with its own sources at a low level of 37.30%; debt coverage ratio equals to 0.5949 in 2020 (norm more than 1) which means that the company could cover its debt with its own resources for 59.49% only. The reduction of receivables payment period and unallocated profit accumulation as a result of increasing net income can be recommended.

The enterprise provides foreign economic activity in the part of export and import operations. In the structure of sales 2020, 55.48% belongs to exports (including 4.80% of tolling operations) and 44.52% - to the sales of own finished products in domestic market. In the structure of procurement, imports amount to 56.75% (an increase in 19.6 times during 2016-2020). The commodity structure of exports includes women's and men's fashioned apparel; the product range for imports includes raw materials and accessories for own manufacturing. Among others, production is subjected to the seasonal and epidemic factors. During the period 2016-2020, the growth of own exports reached 20.78 times (compared to 6.6 times growth in domestic sales). Geographical structure of exports and imports is mostly represented by the customers and suppliers from EU (France, Belgium, Czech Republic). Basing on the PEST-analysis results, the most influencing external factors are economic and political ones. The highlighted problematic issue of the organization of export activity of the enterprise is the lack of division responsible for international marketing, so its creation can be recommended.

The results of assessment of the efficiency of export operations of PJSC "Prylutska garment factory" have given the sufficient grounds to conclude on the efficiency of exports of PJSC "Prylutska garment factory" in general. Thus, profitability of export operations rose from 2.17% (2016) to 6.01% (2020) with the total growth of 3.84% (compared to profitability of sales of own products in the domestic market, being 4.93% in 2020). The export of services for processing of toll raw materials of foreign origin was also evaluated as effective in this research, as evidenced by the growth of currency efficiency ratio during the period 2016-2020 from 2.7268 to 2.8584, ie for 4.83%. The efficiency of export operation (4.50 in 2020) is higher than the efficiency of sales of export goods (1.21) and own products (1.06) in the domestic market. The further expansion of export operations with higher value added value, ie export of own products, can be recommended.

In the second section of the Paper the grounding of directions for improvement of export operations organization, a set of measures for increasing



the efficiency of the company's export, and the forecast of financial results subject to introduction of proposed measures, were provided in the course of research.

To ground the possible directions for improving the company's export activity organization, the two groups of problematic issues were identified, ie 1/ the issues of quality and competitiveness of the factory's products in the foreign markets and 2/ the issues caused by the organization of foreign economic activity of the enterprise. The factor analysis was applied to assess the most valuable external and internal economic factors selected by the method of expert survey and influencing the development of export activities of the enterprise. As a result, an economic-mathematical model of the influence of external (level of quality of raw materials, level of devaluation of hryvnia, market share) and internal (level of quality of finished products, production capacity utilization, share of export marketing costs) factors on the efficiency of export activities of the enterprise was built. The density of the relationship between the efficiency of export activities of the enterprise and the indicators that reflect the influence of internal and external factors on the results of these activities was determined by means of correlation-regression analysis. As per result of correlation-regression analysis, the share of export marketing costs got the greatest importance (weight), ie  $a = 0.99$  among other factors. Thus, the creation of favorable conditions for intensifying marketing activities of the enterprise is recommended.

A set of measures for increasing the efficiency of export activity of PJSC "Prylutska garment factory" was proposed based on the results of correlation-regression analysis: 1/ To choose the most effective organization form of the department responsible for the export (foreign economic) activities of the enterprise, including international marketing and legal subunits; 2/ To involve the external counterparties in a foreign trade partnership on a long-term basis. A system of incentives (eg contract price discounts) is proposed as well as a regular participation in international exhibiting events; 3/ To choose the mode of payment more favourable for the counterparties. The documentary collection and payment bank guarantee is proposed for the reliable partners; 4/ To provide a flexible price

policy including: a/ a price incentive system based on the advanced settlement principle of applying current price margins (prepayment, ontime payment and credit margins) aiming to reduce the receivables; b/ provision of tools for currency risks reduction under the trade contracts (including currency risk calculation, special exchange rates stipulation and price indicators specification); 5/ To improve the system and the process of contracts conclusion and implementation.

The marketing activities expansion was recommended to be taken as strategic goal for the company in the next year, which will lead to the changes in the sales and distribution policy, increase in competitiveness of the enterprise, strengthening of its financial position, and the growth of its profits. The introduction of the system of balanced scores was proposed for the assessment of activity results and motivation of the marketing managers. Expanding the customer base was set as the main task and the basic efficiency indicator for the marketing department. The rewards depending on the number of clients (contracts) and the amounts of contract revenues were recommended in the system of marketing staff motivation. The profitability for the project of establishing marketing department is forecasted at the level of 23.3%. The forecasted efficiency of participating in the international exhibiting event, namely ITM 2022, will amount to 87% provided the export profits growth is planned at the level of 1.5%. As a result of proposed set of measures introduction, the 2022 overall forecast of financial results from export activity demonstrates export operation profit growth by 26.6%, as well as positive dynamics for efficiency and profitability indicators of export operations.



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## APPENDICES

## Appendix A

Table A. 1

**Analytical Balance Sheet based on financial statements of PJSC "Prylutska garment factory" for the period 2016-2020, UAH thou**

Assets	Line code	2016	2017	2018	2019	2020
1	2	3	4	5	6	7
<b>I. Non-current assets</b>						
Intangible assets	1000	-	-	-	-	-
initial value	1001	-	-	-	-	-
accumulated depreciation	1002	-	-	-	-	-
Unfinished capital investments	1005	1004	1611	2225	2225	559
Fixed assets	1010	5904	5584	7158	7590	13126
initial value	1011	9833	10050	12083	13112	19697
depreciation	1012	3929	4466	4925	5522	6571
Long-term receivables	1040	-	-	-	-	-
Other non-current assets	1090	-	-	-	-	-
<b>Total for section I</b>	<b>1095</b>	<b>6908</b>	<b>7195</b>	<b>9 383</b>	<b>9815</b>	<b>13685</b>
<b>II. Current assets</b>						
Stocks	1100	934	238	-	-	3936
Inventories	1101	809	-	-	-	151
Unfinished production	1102	-	-	-	-	-
Finished products	1103	125	-	-	-	1983
Goods	1104	-	-	-	-	1802
Accounts receivable for products, goods, works, services	1125	1030	640	341	1685	2438
Accounts receivable under settlements: on advances issued	1130	-	-	-	-	-
with budget	1135	195	51	10	29	4
on income tax	1136	35	11	6	25	-
Other current receivables	1155	53	28	1333	336	6490
Cash and cash equivalents	1165	277	472	224	55	6524
Cash	1166	-	-	-	-	-
Accounts in banks	1167	277	472	224	55	6524
Expenses of future periods	1170	-	-	-	-	-
Other current assets	1190	-	-	167	230	466
<b>Total for section II</b>	<b>1195</b>	<b>2489</b>	<b>1429</b>	<b>2075</b>	<b>2335</b>	<b>19858</b>
<b>III. Non-current assets held for sale and disposal groups</b>						
	<b>1200</b>	-	-	-	-	-
<b>Balance</b>	<b>1300</b>	<b>9397</b>	<b>8624</b>	<b>11458</b>	<b>12150</b>	<b>33543</b>

Continuation of Table A. 1

Liability	Line code	2016	2017	2018	2019	2020
1	2	3	4	5	6	7
<b>I. Equity</b>						
Registered (share) capital	1400	500	500	500	500	500
Additional capital	1410	6683	6683	6683	6883	6883
Capital reserve	1415	-	-	-	-	75
Retained earnings (uncovered loss)	1420	(21)	101	124	343	5053
Unpaid capital	1425	( - )	( - )	( - )	( - )	( - )
Withdrawn capital	1430	( - )	( - )	( - )	( - )	( - )
Other reserves	1435	-	-	-	-	-
<b>Total for section I</b>	<b>1495</b>	<b>7162</b>	<b>7284</b>	<b>7307</b>	<b>7726</b>	<b>12511</b>
<b>II. Long-term liabilities and collateral</b>						
Deferred tax liabilities	1500	-	-	-	-	-
Long-term bank loans	1510	-	-	-	-	-
Other long-term liabilities	1515	-	-	-	-	-
Long-term security	1520	-	-	2430	2678	7844
<b>Total for section II</b>	<b>1595</b>	<b>-</b>	<b>-</b>	<b>2430</b>	<b>2678</b>	<b>7844</b>
<b>III. Current liabilities and collateral</b>						
Short-term bank loans	1600	-	-	-	-	-
Current accounts payable on: long-term liabilities	1610	-	-	-	-	-
goods, works, services	1615	851	781	655	614	6766
settlements with budget	1620	1270	93	281	239	1355
on income tax	1621	-	-	-	42	889
settlements on insurance	1625	-	104	192	345	262
payroll settlements	1630	100	303	350	425	880
Incomes of future periods	1665	-	-	-	-	-
Other current liabilities	1690	14	59	243	123	3925
<b>Total for section III</b>	<b>1695</b>	<b>2235</b>	<b>1340</b>	<b>1721</b>	<b>1746</b>	<b>13188</b>
<b>IV. Liabilities related to non-current assets, held for sale, and disposal groups</b>						
<b>Balance</b>	<b>1900</b>	<b>9397</b>	<b>8624</b>	<b>11458</b>	<b>12150</b>	<b>33543</b>

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"



**Analytical Financial Results Report based on financial statements of PJSC  
"Prylutska garment factory" for the period 2016-2020, UAH thou**

Asset	Line code	2016	2017	2018	2019	2020
Net income from sales of products (goods, works, services)	2000	19707	15292	21229	160923	191271
Cost of products sold (goods, works, services)	2050	( 17683 )	( 11889 )	( 17368 )	( 1286 )	( 149023 )
<b>Gross:</b>						
profit	2090	2024	3403	3861	159637	4248
loss	2095	( - )	( - )	( - )	( - )	( - )
Other operating income	2120	3206	195	696	843	549
Administrative costs	2130	( 1013 )	( 3061 )	( 3856 )	( 4478 )	( 5578 )
Distribution costs	2150	( 587 )	( 242 )	( 50 )	( 126 )	( 497 )
Other operating costs	2180	( 4138 )	( 163 )	( 633 )	( 155638 )	( 30901 )
<b>Financial result from operating activities:</b>						
profit	2190	-	132	18	238	5821
loss	2195	( 508 )	( - )	( - )	( - )	( - )
Income from equity participation	2200	-	-	-	-	-
Other financial income	2220	-	-	-	-	-
Other income	2240	-	2	10	29	14
Financial costs	2250	( - )	( - )	( - )	( - )	( - )
Losses from equity participation	2255	( - )	( - )	( - )	( - )	( - )
Other costs	2270	( - )	( - )	( - )	( - )	( - )
<b>Financial result before tax:</b>						
profit	2290	-	134	28	267	5835
loss	2295	( 508 )	( - )	( - )	( - )	( - )
Expenses (income) from income tax	2300	( 104 )	( 24 )	( 5 )	( 48 )	( 1050 )
<b>Net financial result:</b>						
profit	2350	-	110	23	219	4785
loss	2355	( 612 )	( - )	( - )	( - )	( - )

Source: compiled by the author on the basis of financial statements of PJSC "Prylutska garment factory"

B.1 The group of indicators for analysis of financial and economic activity  
of PJSC “Prylutska garment factory”

Table B. 1.1

**Indicators of operating profitability**

Indicator	Calculation method	Legend
1. Profitability of sales (Ps)	$Ps = GP/I * 100\%$	GP - gross profit; I - income (revenue) from sales of products
2. Cost-effectiveness (Ce)	$Ce = GP/CO * 100\%$	CO - cost of goods sold
3. Overall operating profitability (TP)	$TP = NP/I * 100\%$	NP - net profit

Table B. 1.2

**Indicators of profitability of enterprise**

Indicator	Calculation method	Legend
1. Return on assets (Ra)	$Ra = NP/Aavr * 100\%$	NP - net profit; Aavr - average value of assets
2. Return on current assets (Rca)	$Rca = NP/CAavr * 100\%$	CAavr - average value of current assets
3. Return on own capital (Roc)	$Roc = NP/Eavr * 100\%$	Eavr - average value of equity

Table B. 1.3

**Indicators of business activity**

Indicator	Calculation method	Legend
1	2	3
1. Asset turnover period (Pa)	$Pa = Aavr/I * d$	I - income (revenue) from sales of products; Aavr - average value of assets; d - number of days in the period
2. Current assets turnover period (Pca)	$Pca = CAavr/I * d$	CAavr - average value of current assets; I - income (revenue) from sales of products; d - number of days in the period
3. Tangible current assets turnover period (Ptca)	$Ptca = TCAavr/I * d$	TCAavr - average value of tangible current assets; I - income (revenue) from sales of products; d - number of days in the period
4. Receivables repayment period (Prec)	$Prec = RECAvr/I * d$	RECAvr - average value of receivables; I - income (revenue) from sales of products; d - number of days in the period
5. Assets turnover ratio (Atr)	$Atr = I/Aavr$	I - income (revenue) from sales of products; Aavr - average value of assets
6. Current assets turnover ratio (Rca)	$Rca = I/CAavr$	I - income (revenue) from sales of products; CAavr - average value of current assets



Continuation of Table B. 1.3

1	2	3
7. Tangible current assets turnover ratio (Rtca)	$Rtca = I/TCA_{avr}$	I - income (revenue) from sales of products; TCA <sub>avr</sub> - average value of tangible current assets
8. Receivables turnover ratio (Rrec)	$Rrec = I/REC_{avr}$	I - income (revenue) from sales of products; REC <sub>avr</sub> - average value of receivables

Table B. 1.4

### Indicators of liquidity

Indicator	Calculation method	Legend
1. Total coverage ratio (Rtc)	$Rtc = CA/CL$	CA - current assets; CL - current liabilities
2. Intermediate coverage ratio (Ric)	$Ric = (F+CFI+RE)/CL$	F - cash funds; CFI - current financial investments; RE - receivables; CL - current liabilities
3. Absolute liquidity ratio (Ral)	$Ral = (F+CFI)/CL$	F - cash funds; CFI - current financial investments; CL - current liabilities

Table B. 1.5

### Indicators of financial stability

Indicator	Calculation method	Legend
1. Financial autonomy ratio (Raut)	$Raut = EC/BT$	EC - equity capital; BT - balance total
2. Debt coverage ratio (Rdc)	$Rdc = EC/L$	EC - equity capital; L - liabilities
3. Long-term liability ratio (Rltl)	$Rltl = LL/(EC+LL)$	EC - equity capital; LL - long-term liabilities

## B.2 The group of indicators for analysis of efficiency of foreign economic activity of PJSC “Prylutska garment factory”

Table B. 2.1

### Indicators of export operations efficiency

Indicator	Calculation method	Legend
1. Currency efficiency of export (Евал.ек.)	$E_{\text{вал.ек.}} = \frac{\sum_{i=1}^m \Pi_{\text{ек.}i} \cdot Q_{\text{ек.}i}}{\sum_{i=1}^m 3_{\text{ек.}i} \cdot Q_{\text{ек.}i}}$	Цек.i - currency price of the i-th item of export goods or services, currency/unit; Qек.i - volume of exports of the i-th goods or service, physical units; 3ек.i - costs of production and sale of a unit of export goods or services, UAH/unit; m - the number of goods or services in the export equivalent
2. Export operation efficiency ratio (EFexp)	EFexp = Rexp/Cexp*100	Rexp - revenue from sales of export products, UAH; Cexp - full cost of export operation, UAH
3. Efficiency ratio of sales of export goods in the domestic market (E)	$E = (\text{Rexp}/\text{dom mark})/(\text{Cexp} + \text{SCdom mark}) * 100$	Rexp/dom mark - value of export products in internal prices, UAH; Cexp - manufacture cost of export products, UAH; SCdom mark - expenses for distribution of products in internal market, UAH
4. Export operation profitability ratio (Pexp)	Pexp = (Fr/exp*(1-T))/ Cexp	Fr/exp - financial result (profit) from export operation before tax, UAH; Cexp - manufacture cost of export products, UAH; T - income tax rate
5. Cost performance ratio (Квар)	$K_{\text{вар}} = \frac{\sum_{i=1}^n Q_{i\phi} \cdot P_{i\phi}}{\sum_{i=1}^n Q_{in} \cdot P_{in}}$	Piφ and Qiφ - respectively, actual prices and volume of export of the i-th item of goods; Pin and Qin - respectively, planned prices and volume of export of the i-th item of goods; n - certain types of goods from 1 to n/
6. Performance ratio by physical volume (Kφi3)	$K_{\phi i 3} = \frac{\sum_{i=1}^n Q_{i\phi} \cdot P_{in}}{\sum_{i=1}^n Q_{in} \cdot P_{in}}$	Qiφ and Pin - value of export of the i-th item of goods in the reporting period, calculated at planned prices, currency unit; Qin and Pin - planned value of export of the i-th item of goods, currency unit
7. Performance ratio by price (Ки)	$K_i = \frac{\sum_{i=1}^n Q_{i\phi} \cdot P_{i\phi}}{\sum_{i=1}^n Q_{i\phi} \cdot P_{in}}$	Qiφ and Piφ - actual value of export of the i-th item of goods, currency unit thou; Qiφ and Pin - value of export of the i-th item of goods in the reporting period calculated at planned prices, currency unit thou



Table C. 1

**Export dynamics indicators of foreign economic activity of PJSC "Prylutska garment factory" for the period 2016-2020  
(by principal contractors/customers)**

Contractor/customer	Absolute increase, UAH thou				Growth rate, %				Increase rate, %			
	2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020
EVRODIS SPRL	-417	763	16201	8718	56,38	241,49	1344,49	149,81	-43,62	141,49	1244,49	49,81
Uni Bonnets s.r.o.	-555	1332	19737	7486	64,51	231,99	942,74	133,91	-35,49	131,99	842,74	33,91
Lener Cordier S.A.AO	-632	1509	20537	4951	57,97	273,01	962,62	121,60	-42,03	173,01	862,62	21,60
RUKO	-177	-26	13330	-486	72,32	94,37	3156,63	96,47	-27,68	-5,63	3056,63	-3,53
Total	-1782	3578	69804	20669	61,80	224,11	1180,46	127,10	-38,20	124,11	1080,46	27,10

Source: compiled by the author on the basis of data of Table 1.17

Table D. 1

**Dynamics of the geographical structure of exports of PJSC "Prylutska garment factory" for the period 2016-2020**

Sales Market	Absolute increase, UAH thou				Growth rate, %				Increase rate, %			
	2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020
Belgium	-254	890	16480	10187	81,88	177,53	908,64	155,01	-18,12	77,53	808,64	55,01
France	-301	1569	34399	6236	90,43	155,21	879,92	116,07	-9,57	55,21	779,92	16,07
Czech Republic	-144	1517	19692	9007	93,72	170,56	637,01	138,56	-6,28	70,56	537,01	38,56
Total	-699	3976	70571	25430	89,78	164,76	797,65	131,52	-10,22	64,76	697,65	31,52

Source: compiled by the author on the basis of data of Table 1.18



Table E. 1

**Dynamics of the geographical structure of imports of PJSC "Prylutska garment factory" for the period 2016-2020**

Exporting country	Absolute increase, UAH thou				Growth rate, %				Increase rate, %			
	2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020	2016-2017	2017-2018	2018-2019	2019-2020
France	-35	609	23055	1347	97,01	154,34	1433,94	105,43	-2,99	54,34	1333,94	5,43
Belgium	-204	898	19017	916	79,84	211,35	1215,73	104,42	-20,16	111,35	1115,73	4,42
Czech Republic	-80	466	7222	776	81,02	236,37	993,42	109,66	-18,98	136,37	893,42	9,66
Slovakia	-96	438	8082	176	83,01	193,39	990,59	101,96	-16,99	93,39	890,59	1,96
Poland	-75	378	3240	2084	85,57	185,11	494,44	151,32	-14,43	85,11	394,44	51,32
Total	-489	2789	60616	5299	86,67	187,66	1115,33	107,96	-13,33	87,66	1015,33	7,96

Source: compiled by the author on the basis of data of Table 1.20

Table F. 1

**Analysis of fulfillment of obligations of PJSC "Prylutska garment factory" for the processing of toll raw materials of foreign origin (tolling) for the period 2016-2020**

Indicator/Year	2016	2017	2018	2019	2020
1	2	3	4	5	6
<b>Actual volume of toll raw materials, units</b>					
<b>Products for women/ men</b>					
Fabric, m	20000	24000	22000	24700	30000
Lining, m	16000	19200	17600	19500	25500
Interlining, m	12000	14400	13200	14300	18000
Non-woven tape, m	2000	2400	2200	2600	3000
Thread, bobbin	110	132	121	143	165
Fur, m	-	-	3850	3250	-
Riband, m	-	16800	6600	7800	19500
Edging, m	24000	-	-	-	7500
Zip fastener, units	10000	12000	-	39000	15000
Button, units	60000	48000	88000	-	-
Stud, units	40000	-	-	-	90000
Woven label, units	30000	36000	33000	26000	45000
Paper label, units	10000	12000	11000	13000	15000
Tab, units	10000	12000	11000	13000	15000
Dimension chip, units	10000	12000	11000	13000	15000
Polyethylene package, units	10000	12000	11000	13000	15000
Skotch tape, roll	10	12	11	13	15
Self-adhesive label (sticker), units	30000	24000	33000	39000	45000
<b>Planned volume of toll raw materials, units</b>					
<b>Products for women/ men</b>					
Fabric, m	20000	24000	22000	24700	30000
Lining, m	16000	19200	17600	19500	25500
Interlining, m	12000	14400	13200	14300	18000
Non-woven tape, m	2000	2400	2200	2600	3000
Thread, bobbin	110	132	121	143	165
Fur, m	-	-	3850	3250	-
Riband, m	-	16800	6600	7800	19500
Edging, m	24000	-	-	-	7500
Zip fastener, units	10000	12000	-	39000	15000
Button, units	60000	48000	88000	-	-
Stud, units	40000	-	-	-	90000
Woven label, units	30000	36000	33000	26000	45000
Paper label, units	10000	12000	11000	13000	15000
Tab, units	10000	12000	11000	13000	15000



Continuation of Table F. 1

1	2	3	4	5	6
Dimension chip, units	10000	12000	11000	13000	15000
Polyethylene package, units	10000	12000	11000	13000	15000
Skotch tape, roll	10	12	11	13	15
Self-adhesive label (sticker), units	30000	24000	33000	39000	45000

Source: compiled by the author on the basis of data of PJSC "Prylutska garment factory"

