

## **ASPECTS OF EXPORT OPTIMIZATION IN THE CONTEXT OF THE MACHINE-BUILDING ENTERPRISE**

The question of increase in volumes of export trade and hi-tech export becomes more and more actual in the context of an exit from an economic crisis

According to the Law of Ukraine About foreign economic activity, “export (export of commodities) – sale of commodities by the Ukrainian subjects of foreign economic activity the foreign subjects of economic activity (including with payment in a unmoney form) with a export or without the export of these commodities through the custom border of Ukraine, including the re-export of commodities. Thus term a re-export (re-export of commodities) is meant by a sale the foreign subjects of economic activity and export outside Ukraine of commodities which were before imported on territory of Ukraine”.

In this publication we analysed the possible directions of export activity’s optimization of the machine-building enterprises. Proceeding from an example of LLC "Inter Arma Engineering" the next components of export activity could be improved:

- 1) legislative framework;
- 2) marketing and management system;
- 3) internal accounting.

There should be made a point of the problem of VAT refund to exporters. As you known, the emergence of the debt on VAT refund leads to deterioration of the Ukrainian export’s competitiveness, making firms raise the prices for the production and to reduce expenditures for production modernization. Under such conditions there is a downtrend for inducements to invest in export-oriented productions and deterioration of the business environment.

To resolve this problem, the government has issued bonds of VAT. This affords to recover the debt on VAT with "cold hard cash" right after receipt. The use of these bonds defuse an issue, but does not eliminate the problem. Another option of a temporary improvement is an automatic tax refund. Thus, the company can speed up the process of VAT refund if the necessary conditions apply. This raises the problem with VAT refunds for small economic entities, which mainly due to the inability of enterprises to meet the debt-repayment conditions. Such situation brings us to the idea of improving the legal framework in the field of taxation. Since low wages presents the main obstacle for enterprises to obtain the automatic compensation of the tax, businesses should be possible achieve a level of average wages, which would exceed the minimum established by the state level by 2.5 times.

Another important component of the enterprise activity is its marketing efforts. As you know, marketing management is oriented at the achievement of

organizational goals through the influence on the level, timing and structure of demand. On the back of this each company should conduct a study of marketing space; manage communicative relations in marketing, to assess the psychological solutions on the market, etc. In this context, the following measures to improve the quality of export activity should be mentioned:

- improvement of the distribution channels selection;
- setting up of a communication policy;
- establishment of a business connection with intermediaries in order to reduce the cost of shipping goods abroad;
- taking strategic decisions based on the detection of potential problems of marketing;
- continual data collection and processing;
- using of modern means of product promotion, including an extensive advertising activities;
- taking part in international exhibitions.

The company's management should be more careful both to planning the enterprise's activities and to monitoring and reviewing them.

Building internal accounting at the enterprise, as the element of the necessary in-company management of foreign economic activity reporting forms, can be an important step to the improvement of management accounting system which is one of the levers of profit optimization (see fig. 1).

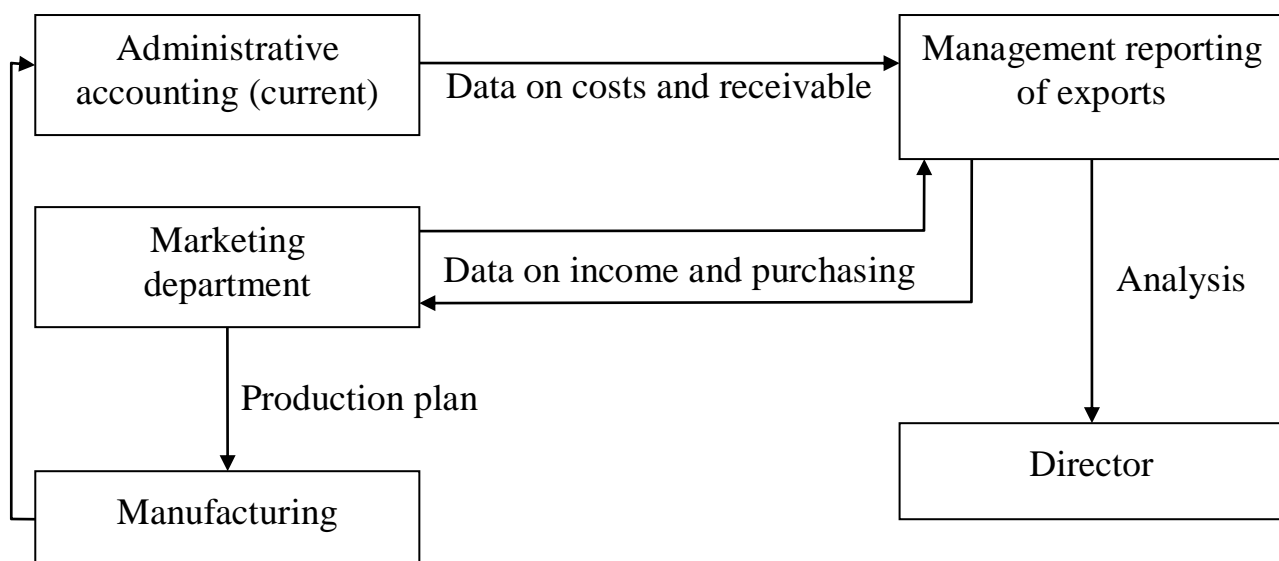


Figure 1 – Management accounting system of the enterprise

On this basis, there exist the following necessary incompany reporting forms for accounting of export activity:

- card direct-costing;
- overhead base analysis and its structure;
- analysis of export revenue structure;
- table of maturities of receivables;
- accounts payable ledger;
- register of VAT refund bonds.

Taking everything into account it should be pointed out that it is extremely important for an export-oriented firm to use a strategy of active influence on the market and active adaptation to market conditions. Another important aspect that makes real difference is arranging accounting process. In this context data of accounts should act as useful springboard for decision-making process and be a basis of firm optimization strategy.



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