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FACTORS INFLUENCING THE FORMATION AND DEVELOPMENT OF THE ECONOMIC MECHANISM FOR MANAGING FOREIGN ECONOMIC ACTIVITY

Abstract. This article examines the development of a competitive strategy for an international company and defines a framework for the strategy implementation process. The authors identify competitiveness factors based on the methodology of the International Institute for Management Development.

Keywords: competitive strategy; competitiveness factors; competitive advantages; strategic competitiveness assessments

One of the most important areas for improving the efficiency of production and the country's economy is the development of foreign economic activity of enterprises. The activity of foreign trade operations at enterprises implies economic benefits in the future.

Establishing international business relations is necessary to ensure that the volume of exports increases, and as a result, companies receive more profit.

The main reasons for the participation of enterprises in foreign economic activity are:

expanding the sales market of their products in the foreign trade market in order to maximize profits;

purchase of necessary raw materials, components, and new technologies on the foreign trade market;

attraction of engineering and other services for the needs of production, taking into account their uniqueness, higher quality and lower prices compared to the domestic market;

attracting foreign investment in order to modernize production, strengthen export potential and competitive positions in foreign trade markets;

participation in the international division of labor, specialization and cooperation of production in order to successfully develop the economy; dependence on barter trade, especially in terms of quality, price, and expansion of production;

unstable political and economic situation in the country (deterioration of the investment climate, low economic growth rates); competition from foreign companies operating in the domestic market;

ability to reduce the risk of loss of income due to reduced dependence on the domestic market and the conquest of foreign markets; search for unique resources that are not available in your own country;

search for the most favorable geographical location for the implementation of its activities; the possibility of obtaining more profit from better use of production capacities; access to the latest technologies in the framework of activities with foreign partners;

increase in demand for potential foreign clients;

the possibility of acquiring cheaper resources on foreign markets and diversifying sources of supply.

Factors that hinder the implementation of foreign economic activity of enterprises:

political and military conflicts, economic crisis;

lack of a balanced mechanism of state regulation;

lack of a contractual and legal framework between the two countries;

technical backwardness of production, poor product quality, outdated production management system, and weak development of cooperative ties;

economic restrictions and bans imposed by other countries due to competition (quotas, sanctions).

The development of an enterprise's foreign economic activity is influenced by the following groups of factors: economic, political, socio-cultural, and technological.

Economic factors include: economic growth rates, inflation, currency exchange rates and others, the unemployment rate and others.

Political factors influence the management of the company, which should carry out its activities based on the laws adopted by the state.

Social factors influence the dynamics of consumer preferences, the distribution and structure of social groups, and the age and gender structure.

Technological factors are scientific and technological trends in the foreign market.

For each enterprise engaged in foreign economic activity, you can offer to conduct a Ret analysis. When assessing political, economic, socio-cultural and technological factors, it is necessary to take into account not only their actual state, but also to predict possible changes in each factor for several years to come. The essence of R & D analysis is that using this method, you can determine and identify which of the four factors has a greater impact on the external economic detail of the enterprise. It is by conducting such an analysis that it is possible to determine which of the environmental factors has a greater impact on the development of the enterprise.

Factors influencing the development of foreign economic activity are used to determine the degree of involvement or influence of enterprises in the foreign trade market. For a company that operates in the foreign trade market, external factors of influence are determined. New consumers, suppliers, and competitors are emerging in the foreign trade environment.

Thus, it is necessary to consider the peculiarities of the formation of these factors, drawing up programs to reduce their negative impact.

The formation and development of the economic mechanism for managing the foreign economic activity of large international companies is influenced by many factors that can be systematized according to various criteria. A comprehensive analysis of these factors allows us to understand the evolution patterns of management mechanisms and determine the directions for their improvement, taking into account the changing conditions of the external and internal environment of the company.

According to the nature of the impact, factors are divided into external and internal. External factors are formed outside the company and determine the conditions for carrying out foreign economic activity, to which the company must adapt. Internal factors are related to the characteristics of the company itself and determine its capabilities and limitations in the field of international activities.

External factors of the macroeconomic level have a significant impact on the parameters of the economic mechanism for managing foreign economic activity. The state of the global economy and the dynamics of global markets determine the general conditions for international operations.

Trends in international taxation significantly affect the financial management mechanisms of multinational corporations. OECD initiatives to counteract tax base erosion and profit withdrawal, stricter transfer pricing requirements, and the introduction of rules on controlled foreign companies require a review of the structure of international operations and profit-sharing policies between jurisdictions.

In modern conditions, macro-political factors are becoming decisive. The escalation of trade wars, the expansion of sanctions lists, and barriers to technology transfer significantly complicate the management of foreign economic activity (FEA). In strategic planning-from selecting target markets to building logistics-business entities must take into account geopolitical turbulence.

The level of technology development dictates the tools of foreign economic activity management. Digitalization is radically changing approaches to international operations, opening up access to end-to-end process automation, data integration, and increased supply chain transparency.

The degree of competitive pressure in the industry sets standards for operational efficiency. To maintain their position in the global market, companies are forced to continuously optimize their management mechanisms and accelerate their international expansion.

The resource potential and specifics of the organization itself outline the boundaries of opportunities in building the economic mechanism of foreign economic activity, determining its scale and structure.

Strategic goals and priorities of the company in the field of international development are a key factor determining the configuration of the economic management mechanism. Companies that are focused on aggressive international expansion form management mechanisms that ensure rapid access to new markets and scale operations. Companies with a conservative strategy focus on optimizing their presence in existing markets and improving the efficiency of their current operations.

The scale and diversification of international operations affect the complexity of governance mechanisms. Companies with a presence in a large number of countries and diverse forms of international activity need more developed coordination and control systems. Companies with a limited geographical presence can use simplified management mechanisms.

Effective management of this facility requires a systematic approach that takes into account all its components and relationships, as well as specific characteristics determined by the international nature of operations. The formation of an adequate system of corporate governance of foreign economic activity is a necessary condition for successful international expansion and sustainable development of the company in a global competitive environment.

Organizational and managerial coordination and integration mechanisms play a critical role in ensuring the effectiveness of large companies ' international operations. The combination of structural, process, information technology, and cultural value mechanisms allows us to ensure the coherence of actions of geographically distributed divisions, realize the benefits of a global scale, and maintain the necessary flexibility to adapt to local conditions.

Formation and development of the economic mechanism for managing foreign economic activity is a continuous process of adaptation to changing environmental conditions and internal capabilities of the company. An effective economic mechanism should ensure a balance between stability and flexibility, enabling the company to achieve strategic international development goals in the face of high uncertainty and dynamic global markets.

The object of the study is the foreign economic activity of an industrial enterprise and production factors that have a direct impact on its effectiveness. The subject of the research is the tools and methods for assessing the influence of internal and external production factors on the foreign economic activity of an industrial enterprise. This goal involves the following tasks:

- define the role of foreign economic activity in the development of an industrial enterprise;
- study the specifics of managing foreign trade activities of an industrial enterprise;
- consider the factors affecting the effectiveness of the enterprise’s foreign economic activity;

- to analyze the methodological approaches to assessing the impact of internal and external factors of production on the foreign economic activity of an industrial enterprise.

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