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FOREIGN ECONOMIC ACTIVITY OF LARGE COMPANIES AS AN OBJECT OF CORPORATE GOVERNANCE

Abstract. This article examines the foreign economic activity of large companies as a key element of corporate governance in the modern context of globalization. It focuses on mechanisms for coordinating international operations, strategic planning, and monitoring foreign economic activity within corporate structures.

The article analyzes the specifics of managing international business processes, including export-import operations, cross-border investments, and international cooperation. It also explores tools for optimizing foreign economic activity and methods for minimizing risks when operating in international markets.

Keywords: business operations, investments, sales, foreign, trade, communications.

Foreign economic activity (FEA) is a set of business operations and relations of a company with foreign counterparties, including export, import, international investment, cooperation and other forms of interaction in the global market. Modern business is increasingly moving beyond national borders in search of new opportunities, but foreign economic activity is characterized by complex specifics that impose special requirements and create additional risks.

In this article, we will look in detail at the key features that need to be taken into account by companies that are starting or already conducting foreign economic activity.

The variety of forms and directions of foreign economic activity of foreign economic activity is not limited only to trade in goods. This is a much broader range of operations, including:

Export of goods and services - sales of products abroad. For example, a Russian company that supplies equipment to the CIS countries or Europe.

Import - purchase of goods, raw materials, and components abroad for domestic production or resale.

International investments - acquisition of shares in foreign companies, creation of subsidiaries, venture investments.

Licensing and franchising - transfer of rights to use a brand, technology, or business model.

International contracting and consulting services - performing works and rendering services in foreign markets.

Joint ventures and alliances - creation of business structures with foreign partners for joint activities.

Each direction requires special knowledge and approaches, which imposes certain organizational and legal requirements.

Foreign economic activity requires constant monitoring of changes in legislation, as the international environment is rapidly changing under the influence of political and economic factors.

International contracts: features of drafting and execution

A foreign trade contract is the basis of any foreign trade operation. Its correct compilation is critical for successful cooperation. Features of international contracts include:

Clear definition of the subject of the transaction: product description, quantity, quality, packaging and labeling.

Terms of Delivery: Use of international trade terms Incoterms (e.g. FOB, CIF, DDP), which distribute responsibilities, costs and risks between the seller and the buyer.

Payment terms: use of such instruments as letters of credit, bank guarantees, prepayment, deferred payment.

Liability of the parties and dispute resolution procedure: determination of force majeure, arbitration clause, jurisdiction.

Terms of delivery and acceptance of goods, as well as the procedure for complaints.

For example, if the term CIF (Cost, Insurance and Freight) is chosen in the contract, the seller is obliged to pay for transportation and insurance to the port of destination, whereas with EXW (Ex Works), the seller's liability is minimal - he only provides the goods at his enterprise.

Companies often face the risk of misunderstandings due to different legal systems and language barriers, so it is important to specify all the conditions in the contract as much as possible.

The key feature of foreign economic activity is the multi-currency nature of operations, which generates a number of risks. Exchange rate volatility can significantly reduce the profitability of transactions (for example, when the currencies of income and expenses differ). In addition, companies face regulatory barriers (currency controls), counterparty insolvency risk, and geopolitical restrictions (sanctions). Hedging instruments (futures, options), export credit insurance, and currency portfolio diversification are used to mitigate these threats. Major market players form specialized financial departments to manage this category of risks.

Logistics and customs regulation

International supply chains are more complex than domestic ones. The process requires optimization of multimodal routes, strict compliance with international packaging and labeling standards, as well as passing customs clearance procedures (declaration, payment of duties). Mistakes at this stage are fraught with financial losses, downtime of cargo and violation of storage conditions.

Cross-cultural communications

The effectiveness of foreign economic activity directly correlates with the level of cultural competence of the staff. If in Asian and Middle Eastern cultures priority is given to building long-term personal connections, then the European style of doing business is characterized by pragmatism and straightforwardness. Ignoring the specifics of business etiquette and language nuances can lead to a breakdown in negotiations.

Digitalization of processes

Modern foreign economic activity is impossible without a developed IT infrastructure. The implementation of ERP systems, electronic document management (EDI) and analytical platforms allows you to automate accounting, speed up the execution of transactions and quickly monitor changes in market conditions and legislation.

Organizational and personnel structure

Export-oriented companies create specialized divisions (foreign economic activity departments, customs clearance services). The staff is subject to increased requirements: knowledge of international law, foreign languages and logistics, which requires regular professional development of employees.

Coherence and a clear division of responsibilities are important, as any mistakes in foreign economic activity can be costly.

Thus, the company's foreign economic activity is a complex and multi-level system that requires deep knowledge, strategic planning and highly qualified specialists. Features of foreign economic activity include a variety of forms of activity, strict legal regulation, the need to manage currency and logistics risks, as well as the ability to effectively interact with foreign partners, taking into account cultural differences.

At the same time, successful foreign economic activity opens up new markets, resources, and opportunities for companies to grow sustainably and become more competitive in the global economy.

Consideration of foreign economic activity as an object of corporate governance involves analyzing its specific characteristics that determine the features of managerial impact, as well as identifying key parameters that are subject to regulation within the framework of the corporate governance system. Foreign economic activity as an object of management is a complex multi-level system that includes processes, resources, relationships and results of the company's international operations.

The object characteristic of foreign economic activity is determined by its multi-dimensionality and complexity. Unlike domestic operations, international transactions are conducted in a variety of legal systems, currencies, cultural contexts, and institutional environments. This creates additional dimensions of managerial complexity and requires the formation of specialized coordination and control mechanisms.

The process aspect of foreign economic activity as an object of management covers a set of interrelated business processes that ensure the implementation of international operations. Key processes include entering foreign markets, including market research, assessment of opportunities and risks, and selection of forms of presence and partners. International sales processes cover marketing, promotion, contracting, and after-sales services in foreign markets.

International procurement processes enable the acquisition of goods and services in foreign markets, including sourcing and evaluating suppliers, negotiating contracts, managing contracts, and controlling deliveries. Logistics processes cover international transportation, customs clearance, warehousing and inventory management in international supply chains.

Financial processes include international settlements, managing foreign exchange positions, financing international operations, and income repatriation. The management processes of foreign divisions cover planning, coordination, control and evaluation of the activities of subsidiaries, branches and representative offices abroad.

Each of these processes has its own specifics, determined by the international nature of operations, and requires the use of appropriate management methods and tools. Integration of these processes into a single system is the most important task of corporate management of foreign economic activity.

The resource aspect of foreign economic activity as an object of management includes the totality of resources involved in the company's international operations. Financial resources include cash and cash equivalents in various currencies, investments in foreign assets, accounts receivable from foreign counterparties, and sources of financing for international operations.

Material resources include production facilities and equipment of foreign enterprises, inventory in foreign markets, logistics infrastructure and other material assets used in international activities. Intangible resources cover intellectual property rights used in international operations, brands and trademarks, technologies and know-how, as well as business reputation and relationships with foreign partners.

The human resources of international operations include personnel of foreign divisions, expatriates sent to work abroad, as well as employees of the parent company involved in managing international operations. Human resource management in an international context requires taking into account cultural differences, features of labor legislation in different countries, and specific competencies required to work in an international environment.

Strategic results are related to the achievement of long-term international development goals and include expanding geographical presence, strengthening competitive positions, developing competencies and creating strategic assets in foreign markets.

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