Economic Aspects of Assessing the Effectiveness of Foreign Trade Activity of Electronic Industry

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Abstract: The article deals with economic aspects of the effectiveness of foreign trade of the electronic industry. The features of the determination of foreign trade budget, currency, and operational activity are shown. An example of the determination of effectiveness of foreign trade project of the running business is quoted.

Key words: Foreign trade effectiveness • Budget effectiveness • Currency effectiveness • Operational economic effectiveness and effectiveness criteria

INTRODUCTION

The consideration of aspects of assessing the foreign trade effectiveness enables to disclose the mechanism of decision making by managerial staff of industrial enterprises in charge of the foreign trade progress. The condition prevailing in Russia when the no-recycled resources are paid by the intellectual rent of the countries of developed industrial production and research and designing, should be attentively approached when estimating the foreign trade effectiveness in order to choose the most promising trends of business progress [1].

When considering the foreign trade of organizations in contemporary conditions, particular attention should be paid to the determination of their economic efficiency [2]. The notions of economic efficiency and foreign trade results should be distinctly delineated.

The foreign trade system functioning at electronic industry is both the case of each branch involved in the business and is incorporated into the sphere of interest of each business unit and integrated structures and ecosystems. This approach implies that certain decisions relating to the foreign trade, particularly, to investments, can be made collegiately, for instance, equipment or technology procurement for collective use.

The external trade at electronic industry by its effectiveness can be classified by individual attributes into the following kinds [4]:

- By consequences-economic, financial, social and ecological;
- By place of effect-local (self-sustained) and public economic;
- By growth (repetition)-primary (single time effect) and multiple (repeating many times);
- By purpose definition-absolute (characterizing the total effect per unit cost or resources) and comparative (when selecting the optimum alternative from several economic alternatives or other decisions).

The combination of the above-listed factors of effectiveness and the results make up the effectiveness integral indicator of the business. The system of criteria of comprehensive foreign trade assessment is based on the results of business trade achievements and the environment at the electronic industry.

To assess the foreign trade progress comprehensively, particularly, at electronic bonuses, it is advisable to weigh the social and economic effectiveness criteria within the framework of territorial units of distractive formations, clusters, integrated complexes, ecosystems, with the account of direct and indirect effect of foreign trade on such factors as the public earnings; average payroll number of employees dealing with foreign trade, education level of these employees; the foreign trade share in the total scope of economic

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foreign trade operations, the total number of foreign trade units in the total scope of business, the ratio of profit and others.

When managing the foreign trade it is essential to its timely execution, in other words, to pay attention to their timely execution (in respect to the current situation) and observation of stipulated terms. The timely foreign trade implies the urgency of exports and imports. The market situation, technological factors (the applied technological structure, norms of designing and requirements to the article another) can dictate the time of execution of works, services, supplies and others.

When managing the foreign trade, it is necessary to determine its expediency which is characterized by the essence of accomplished operations aimed at business expanding or preserving the current position. The foreign trade advisability explains its necessity, discloses the prerequisites of progress of exports and imports.

When assessing the foreign trade effectiveness at the electronic industry, it is necessary to identify the budgeted, currency and operational effectiveness.

The budgeted foreign trade effectiveness at industrial businesses can be considered for individual units, budgets of companies are for implementation of projects, for consolidated budgets. The main characteristic of combined measures when implementing foreign trade is the budget effect, which represents the difference between earnings and profits for the accounted period:

\[ \mathcal{B}_i = \mathcal{E}_i - \mathcal{C}_i \]  

(1)

where: \( \mathcal{B}_i \) - budget effect, \( \mathcal{E}_i \) - earnings of active budget; \( \mathcal{C}_i \) - cost of current budget.

The accomplished calculations have enabled to determine the integral budget effect, or the net discounted profit:

\[(1.158+1.928+3.618+1.675+0.837)-(4.998+3.817) = 0.401 \text{ million rubles}\]
The budget effectiveness calculation of the proposed foreign trade project has revealed considerable potential results compared with extended resources. The net discounted profit is 3.49% of the initial investment amounting to 11.5 million rubles. Therefore, to choose this project it is necessary to guide with the extra criteria of foreign trade effectiveness, such as the criterion of advisability or social and economic criterion [7].

The criterion of advisability of foreign trade is a relative indicator determined by empiric positivism of the company management. The proposed project can be rated advisable in case there are no other more profitable projects to engage the staff (the personnel in general and available skills in particular), to maintain the company profitability at the external market and other reasons that a comparatively small profit cannot be any obstacle to implementation of the foreign trade project.

Another foreign trade essential aspect at electronic business is the currency effectiveness representing the ratio between currency profit and currency expenditure [8]. Here the calculation of the nominal and real rates is noteworthy [9]. The nominal currency rate is the national monetary unit price expressed in the foreign currency cost. The real currency rate is the nominal currency rate corrected to the price level at a given country and with which trade is conducted, thus, the foreign trade by industrial units should be analyzed by the rate difference in order to minimize the transaction cost [10]. From the viewpoint of currency effectiveness, the higher compatibility of home electronic products at the foreign market depends on the low level of inflation in Russia or the high rate of inflation abroad.

Consideration of foreign trade effectiveness should also comprise the operating effectiveness, in other words, the combination of organization and economic measures aimed at optimizing business processes in order to obtain the fastest economic effect [11]. The contemporary economic science holds the view that the competitive advantage should be achieved by selecting the unique progress strategy (innovational, scientific research, production, technological, social and many others or their combinations) rather than by optimizing managerial structure, which can be easily replicated by competitors.

The foreign trade effectiveness is influenced by the indicators of work efficiency, use of material, raw and administrative resources, financial tools, aimed at maximum results of exports and imports at the least cost. To achieve self-sustained development of electronic industry, the foreign trade can be a leader of technologies and resources from foreign contractors. The integration links with the latter play a great role in international labor distribution [12,13]. A great role in these conditions play the methods of paining and budgeting [14]. When the foreign trade is liberalized, the home businesses in electronic industry conducting the foreign trade determine the quality and quantity of business relations with suppliers of services, raw stock, electronic circuit articles and with contractors providing work, services and independently decides about joint ventures to be set up.

The foreign trade effectiveness of industrial units is a multiaspect notion comprising budget, operation and economic effectiveness. Each approach to foreign trade aims at determining foreign trade effectiveness comprising development, analysis and correction of competitive strategy of businesses. It is particularly essential when Russia accesses to the world trade organization.

REFERENCES


