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Theoretical Basis of Import Operations Management of an Enterprise

The article clarifies the meaning of the concept of organizational and economic mechanism of foreign trade operations of the enterprise. The main features and constituent elements of formation of organizational and economic mechanism of foreign trade operations of the enterprise are characterized. The directions of improvement of the organizational and economic mechanism of foreign trade operations of the enterprise are substantiated.

Keywords: import operations management, function of import operations management, principles of management, execution of import operations, effectiveness of import operations management.

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According to the Law of Ukraine "On Foreign Economic Activity", import (import of commodities) — is purchase (including payment in non-monetary form) of commodities by Ukrainian economic entities engaged in foreign economic activity from foreign economic entities with or without delivery of these commodities to the territory of Ukraine, including purchase of commodities for own consumption by establishments and organizations of Ukraine, located beyond it [1].

Import operations as an element of the enterprise's activity require efficient management, that can be determined as conscious, purposeful action on import operations in general or on its separate elements (planning, control or organization), which ensures optimal functioning of the enterprise and its development [3].

Import operations management is also considered as the system of actions, aimed at achievement of objectives of the importer by implementation of certain functions and management methods [4].

Management of import operations can be defined as the process of the influence on the import operations to change their efficiency or to keep it stable [5].

Import operations management can also be determined as the process of planning, organization, stimulation and control in order to achieve coordination of human and material resources, needed for efficient import operations.

The existing variety of approaches to the definition of the essence of import operations management arises from the fact that most scientists consider it as an element of the overall management of the enterprise. Thus, just several researchers explore this sphere of company's activity, paying attention on different aspect of it.

In our research we are considering import operations management as the system of actions in sphere of planning, organization, stimulation and control of import operations aiming to increase of their efficiency and financial results of the enterprise. This approach is based on the general functions of management and considers the main purpose of import operations — growth in their efficiency.

Researching import operations management, it's necessary to pay attention on its functions: planning, organization, stimulation and control.

Planning as a function of import operations management evaluates the goals of the company and then sets parameters for import. This function evaluates the existing activities and goals, and also the role of import in their achievement. Managers then schedule import activities that will lead to achieving those goals.

The organizing function brings resources together to achieve the goals established in the planning function. Resources include materials, personnel and financial backing. It's necessary to identify what activities are needed to deliver imported goods from abroad, assign those activities to specific personnel, effectively delegating tasks. For efficient management of import operations, it is also needed to coordinate tasks to keep resources moving efficiently toward goals as well as to prioritize which resources are essential at any given time.

Stimulation as a function makes staff involved in import operations know what needs to be done, and also by when. This function begins with supervising subordinates while simultaneously motivating teams through guided leadership communicated in clear ways.

The last function of import operations management is control. This business function requires managers to establish performance standards, measure actual performance and compare expected and existing import results.

Along with functions, it is important to stress that import operations management is based on general principles of management, developed be Henri Fayol. They are: division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination of individual interests, remuneration, the degree of centralization, scalar chain, order, equity, stability of tenure of staff, initiative, esprit de corps.

Division of Work. To make import operations efficient, employees should be experts in different areas and have different skills. Specialization of different employees promotes efficiency of the workforce and increases productivity. If we are talking about import operations, to increase efficiency it's better to have different managers responsible for import of various products or from different regions. Such division also increases accuracy and speed of operations related to import.

Authority and Responsibility. In order to get things done in an organization, management of import operations has the authority to make steps to deliver goods from abroad. But with this authority also comes responsibility: it can be traced back from performance and it is therefore necessary to make sure that manager is responsible for all the actions he takes in the process of an operation. In other words, authority and responsibility go together and they are two sides of the same coin [6].

Discipline. This third principle is about obedience. It is often a part of the core values of a mission and vision in the form of good conduct and respectful interactions. The discipline is important as it allows to all the participants of the operation to coordinate without any conflicts. It's also important in relations with foreign partners, influencing reputation and image of the enterprise abroad.

Unity of Command. This principle means that an individual employee, taking part in import operations, should receive orders from one manager and that the employee is answerable to that manager. If tasks and related responsibilities are given to the employee by more than one manager, this may lead to confusion which may lead to possible conflicts for employees. By using this principle, the responsibility for mistakes can be established more easily [6].

Unity of Direction. This management principle is all about focus and unity. In general this principle means that all employees deliver the same activities that can be linked to the same objectives. All activities must be carried out by one group that forms a team. These activities must be described in a plan of action. The manager is ultimately responsible for this plan and he monitors the progress of the defined and planned activities. Focus areas are the efforts made by the employees and coordination [5].

If we are using this principle in the import operations management, it means that all the foreign purchasing should be done according to the general goals of the company and taking into account its current situation. Import should be always treated as an element of the enterprise's activity that influence total result.

Subordination of Individual Interest. There are always all kinds of interests in an organization. In order to have an organization function well personal interests are subordinate to the interests of the organization. The primary focus is on the organizational objectives and not on those of the individual. This applies to all levels of the entire organization, including the managers [6]. In import operations management, for example, this principle means to agree that buying from different suppliers is more reasonable even if such a decision influence negatively own interests of an employee.

Remuneration. This management principle argues that the remuneration should be sufficient to keep employees motivated and productive. This principle in our opinion has no specific features for management of import operations, however it's necessary to mention that there is a demand for qualified import managers, and for a company to hire best employees it's necessary to propose adequate remuneration.

The Degree of Centralization. Management and authority for decision-making process must be properly balanced in an organization. This depends on the volume and size of an organization including its hierarchy. Centralization implies the concentration of decision making authority at the top management (executive board) and sharing of authorities for the decision-making process with lower levels (middle and lower management) [6]. For import operation this principle is important because of variety of possibilities to ger goods and services from abroad. To guarantee that import operations meet all the requirements of the enterprise's strategy, it's important that top management decide what should be done, and lower level managers take decisions on what is the bets way to do that.

Scalar Chain. This principle states that there should be a clear line in the area of authority (from top to bottom and all managers at all levels). This can be seen as a type of management structure. Each employee can contact a manager or a superior in an emergency situation without challenging the hierarchy [6].

Order. According to this principle, employees in an organization must have the right resources at their disposal so that they can function properly in an organization. In addition to social order (responsibility of the managers) the work environment must be safe, clean and tidy [6]. Talking about import operations, it's important to give to import managers communication channels, paid by the company, concrete information on goods that should be delivered from abroad, or even financial resources for the representative charges when it is needed. Just when there all the preconditions for the dialogue with partners, import operation can be successful.

Equity. This principle is also general and there are no features for import operations management. It means that employees must be in the right place in the organization to do things right. Managers should supervise and monitor this process and they should treat employees fairly and impartially.

Stability of Tenure of Personnel. This management principle represents deployment and managing of personnel and this should be in balance with the service that is provided from the organization. Management strives to minimize employee turnover and to have the right staff in the right place. Focus areas such as frequent change of position and sufficient development must be managed well [6]. As for import operations, this principle is important because frequent changes of managers can influence negatively the image of the company. International business is about impression and communication, and changes of contact persons can create the impression that there are problems in the company.

Initiative. According to that principle employees should be allowed to express new ideas. This encourages interest and involvement and creates added value for the company. Employee initiatives are a source of strength for the organization according. This encourages the employees to be involved and interested [6]. This principle is also true for import operations management, as finding new partners or best ways to deliver goods is responsibility of low level managers, and only when their initiative is not restricted or even stimulated, results can be significant.

Esprit de Corps. The management principle 'esprit de corps' of the stands for striving for the involvement and unity of the employees. Managers are responsible for the development of morale in the workplace; individually and in communication. Esprit de corps contributes to the development of the culture and creates an atmosphere of mutual trust and understanding [6]. For import operations management it's important to have ability to ask colleagues for a help or advise, to share experience and to be able to replace one another in the case of emergency.

Thus, all the principles of management of an organization as a whole are also true for import operations management, that means that participation of the company in foreign purchasing should be based on the existing theoretical approaches.

To understand the essence of the import operations management, it's also important to understand its tasks for an enterprise. In our opinion currently, main goals of import for a company are:

- access to finished products, raw materials or other components, needed for resale or internal consumption, on conditions that are better from the national market;
- access to goods and services not available inside the country of origin;
- necessity to get raw materials of other country to produce goods for export, if there is local content requirement in the country of destination;
- access to the goods and services in case of the internal market deficit;
- access to modern technologies not available in the country of origin.

In our opinion, all these goals are related to the progress of an organization. Import is needed when an enterprise cannot find source of development inside the country: buying abroad in this case creates additional competitive advantages, needed for further development.

Thus, as a conclusion, we can determine ***management of the enterprises' import operations*** as an purposeful activity in sphere of planning, organization, stimulation and control of foreign purchasing, based on basic management principles and aimed on progress and further development of an enterprise (Figure 1).

Thus, an import operation is a commercial activity connected with the purchase and delivery into Ukraine of foreign commodity and material values for their subsequent sale in the domestic market or use in production and economic activities. Import activity plays a key role in the development of domestic enterprises. Because of involvement in international trade, the importing enterprise has an opportunity to gain access to cheap and quality raw materials and components needed to produce finished products.

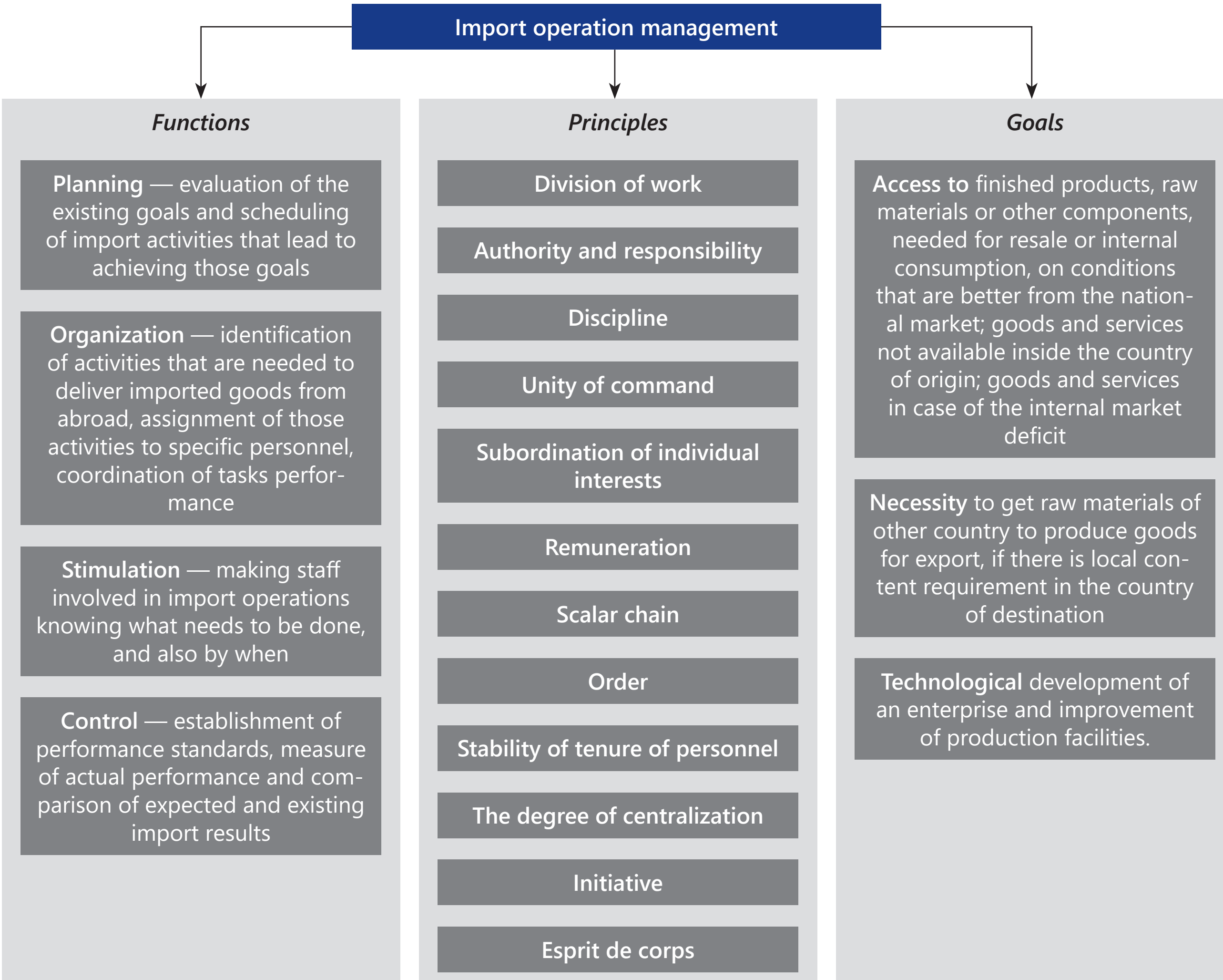

Fig. 1. Import operations management elements.
Source: developed by author based on [3, 4, 6]

Import activity also contributes to innovative renovation of production assets of domestic enterprises, and, accordingly, to lower production costs and improvement of product quality.

Import operations are a factor that significantly affects the efficiency of foreign economic activity in general. For example, if the manufacturing enterprise sells its products on foreign markets, then the opportunity to obtain from abroad high-quality equipment and raw materials with minimal costs affects to a large extent the efficiency of export operations. If the exporting enterprise develops an assortment of products by combining goods supplied from different countries, the efficiency of imports is also a factor of the effectiveness of export operations. Thus, imports significantly affect not only the results of economic activities in the domestic market, but also is a factor that determines the ability of an enterprise to achieve success abroad.

Thus, import operation is a complex of actions of the enterprise for the procurement and delivery of products from abroad for use in current activities or for resale to the final user.

Management of import operations plays an important role in achievement of high results of company's activity. This process involves the planning of purchases, including import's plans alignment with the general plans of the enterprise, the organization of all activities related to the establishment of business relations with counterparties and the delivery of products from abroad, monitoring the progress of the operation and introduction of corrective measures to improve the efficiency of operations in future.

Efficient management of import operations guaranties to the company the access to finished products, raw materials or other components, needed for resale or internal consumption; goods and services deficit or not available inside the country of origin; modern technologies not available in the country of origin. Import also allows to get raw materials of other country to produce goods for export, if there is local content requirement in the country of destination.

In the process of import operations management, an important role is played not only by the implementation of all functions, but also by following the key principles of management: division of work, authority and responsibility, discipline, unity of command, unity of direction, subordination of individual interests, remuneration, the degree of centralization, scalar chain, order, equity, stability of tenure of staff, initiative, esprit de corps. It is the development of the import management process in accordance with the logic of this process in general allows enterprises to achieve maximum results and fully adapt to market conditions.

In today's business environment, the issue of effective management of import operations is becoming increasingly important for Ukrainian enterprises. At present, most of Ukrainian companies import without prior economic substantiation. This leads to a low efficiency of external purchases and has a negative impact on the results of economic activity of the enterprise.

The mechanism of import operations execution of an enterprise is a set of activities aiming at delivery of foreign goods with the optimal results for a company. Today in the practice of domestic companies there are several ***approaches to the execution of import operations***, in particular:

- creation of a specialized unit (usually the department of foreign trade activities or the import department);
- execution of import operations without specialized unit by division od responsibilities among representatives of various business units — marketing, procurement, legal, planning departments;
- outsourcing — transfer of functions on import management to a third-party organization.

The choice of this or that approach to management depends on the size of the enterprise, the frequency and complexity of import operations, the scope of activities. The criterion for choosing one or another form of import management is usually the cost: the company usually chooses one of the options that, other things being equal, costs it less.

The creation of specialized units is usually the prerogative of large enterprises that carry out import on an ongoing basis and in large quantities. Separate subdivisions usually work with analysts who conduct research on potential markets for the purchase of goods and target sales markets, import managers who are responsible for organization of the import operation from start to finish, less often lawyers specializing exclusively in the organization of import operations [3].

Firms that have a significant volume of import operations can create special import departments in their structure, they are subdivided into procurement and administrative departments. Procurement offices are engaged in the process of samples purchasing, preparation of trips for representatives abroad, correspondence management, research of information on foreign suppliers, on the demand for product in the country of import etc. The administrative department draws up the goods at customs, informs foreign suppliers about tariffs, packaging and transportation of goods, monitors the execution of financial documents etc.

The management of import operations of the enterprise is carried out considering the results of the analysis of the market situation and the trend of its change, as well as the possible market reaction to decisions taken by the company's management.

The main ***objectives of the analysis*** in the process of import operations management of an enterprise are [6]:

- studying the characteristics of a foreign market;
- analysis of potential market opportunities;
- analysis of the distribution of market shares between firms;
- analysis of marketing activities on the market;
- study of business activity of competitors;
- competitive analysis of goods presented by other producers;
- short-term and long-term forecasting;
- studying the reactions of competitors to changing market conditions;
- study of a valuable foreign market policy.

As a result of the analysis, it is necessary to develop recommendations for improving import activity based on research of the main development directions, taking into account the existing resource potential of the enterprise.

The costs for the formation of a separate department for import operations management are quite high, however, they are justified if the everyday activity of an enterprise and its success in the domestic and other foreign markets depend on the quality and efficiency of the organization of imports. That is the case when the company produces products on imported equipment and based on imported raw materials or in general sells exclusive imported products to end-users.

The most common for domestic enterprises is the approach, in which the functions of import management are distributed among the employees of different structural divisions, and there is no separate structural unit responsible for the implementation of the import operation from the beginning to end. In case of such an approach to the management of import operations, the costs for the enterprise are much lower than in the previous case. However, such an option can be considered reasonable for enterprises that import occasionally, on an irregular basis. In this case managers, responsible for the organization of import operations, can work at the enterprise, as members of other structural subdivisions taking other responsibilities while import operations are not executed. The analysis of markets in this case is usually carried out by employees of the marketing department, control over the correctness of the execution of documents — by employees of the legal department, and customs clearance of imported goods can be carried out both by the employees of the enterprise and by authorized customs brokers.

The latest approach to import operations management of an enterprise is outsourcing — the transfer to a third-party firm of functions for management import on a fee basis. This approach is used in those cases when the import volumes are insignificant, and therefore the inclusion in the staff of specialists who are familiar with the specifics of the execution of import operations is impractical [7].

When outsourcing is used, a specialized company performs the full range of activities related to the management of import operations for a fixed fee. Outsourcing company independently determines counterparties for import operations, establishes contacts with them, carries out the order of products, monitors the progress of the operation. At the same time, in the process of work, the outsourcing company receives from the enterprise all the information necessary for making management decisions, which, in our opinion, is associated with the main threat of using outsourcing. In fact, the company gives the third-party enterprise access to information that constitutes a commercial secret — and this significantly limits the desire of domestic companies to use outsourcing. However, in developed countries this approach to the management is quite common, since it allows to minimize the costs of the enterprise for non-key spheres.

Regardless of which approach to the management of import operations was chosen by the enterprise, this process is carried out in several stages, corresponding to the basic functions of management: planning, organization, control, stimulation (Figure 2).

The prerequisite for effective import operations execution is ***planning***. This element of the management process is of exceptional importance, since it is with precise alignment of the plans with the needs and capabilities of the enterprise that import operations could be most successful. At the planning stage of import operations, the analysis of need for imported goods is estimated, and also the sources of their purchase are determined. Managers of the company need to analyze not just potential supply markets (in order to determine the optimal price/quality balance) but also target markets (in order to get information which products will be most popular and what will be the price limit for sales).

Thus, at the analysis stage, managers of the importing company need to:

- determine the current requirements for goods;
- find suppliers of the goods of the required quality and/or technical level;
- determine the level of prices and trends in their changes;
- select the most effective forms of procurement (direct negotiations, through intermediaries, auctions etc.).

It is important to note that market research can be performed both by the importer himself and through a specialized marketing firm. When choosing the most appropriate forms and methods of working with a foreign partner for the procurement of goods, the importer must take into account the customs regime and customs formalities, the possibility of placing orders for the manufacture of complex unique equipment, the possibility of cooperation with intermediaries, legislative acts of the country of sale etc.

Information collected as a result of the analysis should become the main one for planning the import operations of the enterprise. It is important to remember that the planning of import operations should not be carried out separately from the planning of other business operations of the enterprise, but rather — in close relationship. The volume of imports should correspond to the needs of the enterprise in raw materials or finished products, as well as its financial capabilities. The quality of imported products

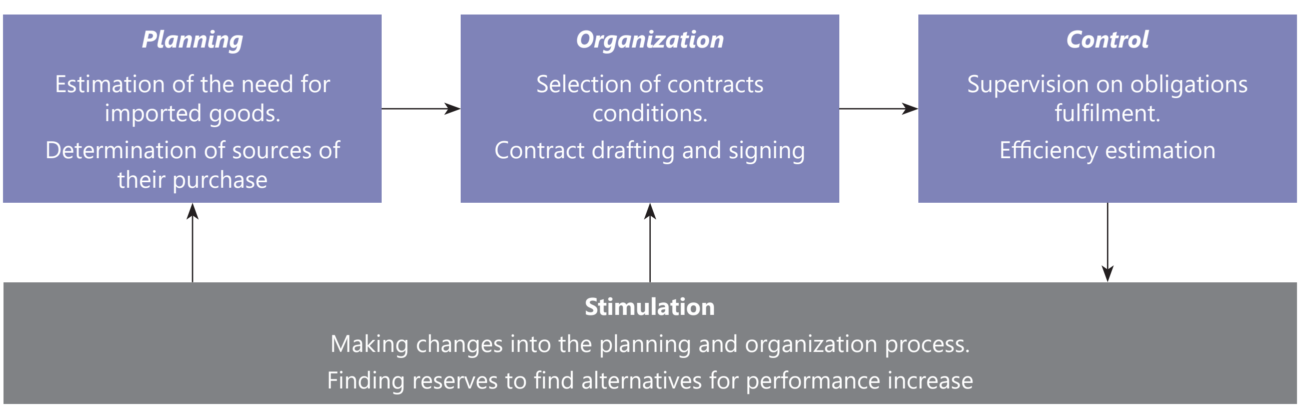

Fig. 2. The import operations management process. Source: developed by author based on [6, 12]

also should meet the needs of the enterprise or the tastes of consumers, since only such a compliance will allow the company to avoid losses associated with the formation of leftovers of unrealized products.

Planning of import activity at the enterprise consists in determining the volumes of imported products necessary for the enterprise to ensure activity during the planning period. In the course of import planning there is a selection of a counterparty for a foreign trade operation that meets all the criteria of the enterprise. Choosing among the possible options, the markets of several countries are subjects to analysis. It is not just take into account the supply of needed goods, but also economic culture of the country, its general development as well as existence between Ukraine and a potential counterparty of international agreements regulating the implementation of foreign trade operations between countries.

After determining the counterparty country, a partner enterprise is selected. At the planning stage of import activity, the necessary volumes of import supplies and the schedule for their implementation are determined. In addition, a preliminary calculation of the efficiency of import operations is also carried out to select the best option for imports among the available alternatives.

Planned import indicators are brought to the other divisions of the enterprise with the aim of coordinating commodity and cash flows in time and space, as well as for the formation of a production program, marketing strategy etc. Considering the fact that import activity is the basis for the functioning of production enterprises, it is from the effective planning of import operations that the performance of the enterprise as a whole depends.

One of the key stages in the management of import operations of an enterprise is ***organization*** — the process of implementation of planned measures to purchase products necessary for the enterprise in foreign markets (Figure 3).

The organization of import operations is carried out at the enterprise taking into account the current legislation. In Ukraine, foreign economic activity is regulated by Laws of Ukraine ("On foreign economic activity", "On the customs tariff of Ukraine" etc.), Decrees of the Cabinet of Ministers of Ukraine, the National Bank of Ukraine. In addition to national legislation, the execution of import operation in Ukraine is also regulated by international treaties and agreements ratified by the Verkhovna Rada of Ukraine. Such agreements are, in particular: the General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS), which Ukraine joined after accession to the WTO, the UN Convention on the Limitation Period in the International Sale of Goods, the UN Convention "On contracts for the international sale of goods", EU-Ukraine Association Agreement. Considering for the norms of these agreements is a prerequisite for the successful implementation of import operations by domestic enterprises, since most of them are aimed at simplifying the terms of international trade.

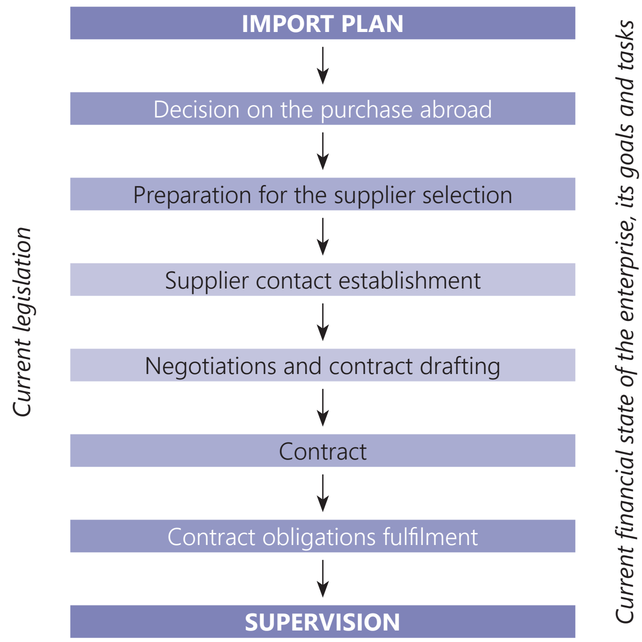

Fig. 3. The mechanism of import organization.
Source: developed by author based on [6]

The process of organization of an import operation of an enterprise begins when a decision is made about the need to purchase products from a specific seller abroad. The initiating enterprise prepares the necessary documents with the purpose of establishing contacts with a possible partner and sends an order to the seller. In the case of an acceptance enterprises go to the stage of negotiations, during which they determine all the main conditions of the future contract.

The key issue in the conduct of foreign trade negotiations is the selection of the basis for the delivery of goods in accordance with the terms of delivery of Incoterms (companies can use any of the editions of the document simply by writing the year in the contract), distributing the costs and responsibility for the delivery of goods, as well as the moment of risks for damage transfer between the seller and the buyer.

A principal issue in the process of import operations execution is also the choice of payment means. In international practice, a wide range of payment instruments is used: 100% advance payment, a letter of credit, collection and the opened account.

100% advance payment (payment of the full cost of the delivered goods before the delivery) is the form of payment that is least profitable for the importer. However, in case of operations with domestic counterparties, this form of payment is used most often, because of a low degree of confidence in Ukrainian business in the world.

The letter of credit is a form of payment that is a certain alternative to the advance payment, since when it is applied the importer has a guarantee that the payment will be made in favor of the exporter only after the presentation of the shipping documents proving the shipment of the goods [8].

Collection is a banking settlement operation whereby the bank, on behalf of its client (exporter), receives, on the basis of settlement documents, funds due from the payer (importer) for the goods shipped to the importer's address and transfers these funds to the account of the exporting client at the bank. This form of payment, despite their profitability for importers, is rarely used. Also, in the domestic practice, enterprises rarely use an open account — form of payment in which payment for the goods is made within a certain period after the goods are received by the buyer.

After agreement on the key issues related to the terms of the import operation, a foreign trade contract should be signed. According to the legislation of Ukraine, a mandatory form of the contract is a written form, and the document is signed by both parties to guarantee fulfillment of their obligations.

After the signing of the contract, the parties fulfill their obligations. The seller, in accordance with the selected delivery basis, delivers the goods to a specified place and performs customs clearance upon export, the importer, in turn, performs payment for the goods, performs customs clearance of the goods upon import, and delivers the goods to their own warehouse for further use in economic activities.

The next stage in the management of import operations of the enterprise is ***control***. At this stage, the effectiveness of the import operation is assessed. The results of the assessment give grounds for the revision of the import strategy of the enterprise in the following periods.

Assessment of the effectiveness of the import operation of the enterprise is carried out by comparing the results and costs incurred to achieve them. In addition, the obtained import efficiency indicators are compared with the indicators for alternative operations (indicators for past transactions, indicators of transactions with a similar product, conducted for other suppliers, etc.). In case the results of alternative transactions are higher, the management entity decides on the expediency of changing the terms of the import operation in the future.

Based on the results of the import efficiency assessment, the enterprise stimulates actions of employees to change separate element of the operation and develops measures to increase the effectiveness of external procurement. The results of past periods are the basis for improvement of the import operations management of in the future.

Thus, the execution of import operations is complex and long-running process, that require knowledge and practical skills from employees involved in it. Today management of import operations can be carried out both independently or by outsourcing. The choice of this or that approach to management is determined by the needs and capabilities of the enterprise as well as their import intensity.

The process of import management of an enterprise is a set of activities in the planning, organization, control and stimulation with a view to increase efficiency. Regardless of which approach to the management of import operations the enterprise has chosen, all of these functions are mandatory. Planning of import operations allows to substantiate the choice of the country of purchasing, and also to coordinate the volumes of import with the needs and capabilities of the importer. The organization of imports allows to ensure timely delivery of the necessary products to the enterprises at the most acceptable conditions for the company. The control is necessary to assess the effectiveness of import operations, which is the main criterion for the feasibility of their implementation. Based on the calculated performance indicators, the enterprise can draw a conclusion about the expediency of implementing an operation, select a particular supplier and, accordingly, adjust the conditions for future import operations.

Despite the fact that the success of a particular foreign economic operation is largely, if not mainly, determined by the technical and economic justification for its effectiveness, domestic companies currently seldom resort to an analysis of the effectiveness of import operations, mainly because of the lack of a universal toolkit. Considering this, it is necessary to study existing methods for assessment of the effectiveness of import in order to identify suitable for use in the realities of the domestic economy.

Analysis of scientific literature shows that today there is no approved methodology for assessing the effectiveness of import operations. Different approaches determine the specific forms and methods for calculating indicators and take into account the features of the functioning of enterprises. In our view, the assessment of the effectiveness of imports is the study of the state of foreign economic activity of the enterprise, the identification of the level of its dependence on external sources, as well as the identification of possible reserves to improve the results of the operation with.

When calculating the effect and efficiency of imports, it is important to adhere to the following principles:

- ***completeness*** — meaning taking into account for the calculation of performance indicators of all costs of the importer, as well as all elements of the enterprise's income from the import operation;
- ***comparability*** — suggesting the comparison of the obtained performance indicators with those of the main competitors, industry average, reference standards etc. It is also advisable to compare the import efficiency indicators with similar operations in the domestic market in order to identify the expediency of import operation execution. In general, the company's efficiency index indicates the economic feasibility of the operation, and a comparison with the same indicator allows to identify the reserves of increasing the efficiency of the company;

- ***matching*** — all values used in the calculation of performance indicators should be comparable in time and in volume [9].

When calculating the efficiency of the company's import operations, it is necessary to account for all the company's expenses incurred in connection with their organization. At the same time, determining the structure of costs for imports, it is necessary to take into account the purpose of the import operation: depending on how the imported goods are used at the enterprise (for intermediate consumption or for resale), the composition of import costs will be different. In the case where the goods are used for subsequent resale, the total import costs (TIC_{RS} — total import costs resale) include: the invoice value (IV — invoice value), the cost of the delivery not covered by the contract price — IC_{NCP} (import costs not covered by price), charges related to import operation after delivery — IC_{AD} (import costs after delivery). In the case when imported products are used for intermediate consumption, expenses for the exploitation of imported goods (IC_E) are also added to the expenses. Thus, the total import costs in the case when the goods are used for subsequent resale are calculated by the formula (1):

$$TIC_{RS} = IV + IC_{AD} + IC_{NCP} + CP, \quad (1)$$

where:
TIC_{RS} — total import costs resale;
IV — invoice value;
IC_{NCP} — import costs not covered by price;
CP — custom payments;
IC_{AD} — import costs after delivery [9].

When imported products are used for intermediate consumption, expenses for the exploitation of imported goods (IC_E — import costs on exploitation) are also added to the expenses. Total costs (TIC_{IC}) are calculated by the formula (2):

$$TIC_{IC} = IV + IC_{AD} + IC_{NCP} + IC_E + CP, \quad (2)$$

where:
TIC_{IC} — total import costs intermediate consumption;
IC_E — import costs on exploitation [9].

The easiest way to assess the effectiveness of import operations includes calculation of the baseline of their effectiveness and effect. Calculation of basic indicators allows to determine whether the operation is efficient but does not provide an opportunity to identify reserves to improve its effectiveness. The operation is effective when the coefficient of basic efficiency is higher than 1.

The basic efficiency of imports, depending on the direction of use of imported products, is calculated as follows:

- the basic efficiency of imports aimed at resale (EI_{RS} — efficiency of import coefficient resale), is calculated as the ratio of income from the sale of goods in the domestic market (I_{DM} — income on domestic market) to total costs for import:

$$EIC_{RS} = NI_S / TIC_{RS} \times CER, \quad (3)$$

where:
EIC_{RS} — efficiency of import for resale;
NI_S — net income from sales;
CER — currency exchange rate [9].

At the same time, the effect of imports aimed at resale (EI_{RS}) is calculated as the difference between income from the sale of goods on the domestic market and total costs for imports:

$$EI_{RS} = NI_S - TIC_{RS} \times CER, \quad (4)$$

where EI_{RS} — effect of import for resale [9].

- the basic efficiency of imports for intermediate consumption (EI_{IC}), is calculated as the ratio of the price for similar imported goods in the domestic market (P_{DM} — price on domestic market for similar products) to total costs for imports:

$$EIC_{IC} = P_{DM} / TIC_{IC}, \quad (5)$$

where:
EIC_{IC} — efficiency of import for intermediate consumption;
P_{DM} — price on domestic market for similar product [9].

The effect of imports for domestic consumption (EFI_{IC}) is calculated as the difference between income from the use of imported goods for production needs and total costs for imports:

$$EI_{IC} = P_{DM} - TIC_{IC}, \quad (6)$$

where EI_{IC} — effect of import for intermediate consumption [9].

Exceeding of 1 by the indicator of basic efficiency is mandatory, but an insufficient condition for the feasibility of an import operations execution. In order to comply with the principle of comparability in the analysis of foreign trade activities, it is advisable to calculate alternative performance indicators that allow to compare the effectiveness of a particular operation with an alternative option (similar operation for another counterparty, or, more often, operation in the domestic market, a similar agreement between competitors, etc.).

The alternative efficiency of import for resale is calculated as the ratio of the income received in the domestic market (I_{DM}) and costs for purchasing of similar goods in the domestic market (TC_{DM}):

$$EIAC_{RS} = I_{DM} / TC_{DM}, \quad (7)$$

where:
$EIAC_{RS}$ — alternative efficiency of import for resale;
TC_{DM} — total costs of in the domestic market [9].

The alternative effect is calculated as the difference between the income received on the domestic market and the cost for goods purchased inside the country:

$$EIA_{RS} = I_{DM} - TC_{DM}, \quad (8)$$

where EIA_{RS} — alternative effect of import for resale [9].

When there are no analogues of imported products in the domestic market, an assessment of the efficiency of import can be carried out using the basic efficiency only.

Today, at domestic enterprises, the efficiency of import operations is usually assessed using the system of basic efficiency coefficients. However, taking into account the fact that the import activity at the enterprise is the object of management, we consider the approach to the assessment of its effectiveness proposed by A. M. Vichevich to be the best for implementation. This approach is based on the calculation of indicators of dynamics, profitability and concentration [9].

The indicators of the import operations dynamics are calculated in order to identify the development tendencies of the enterprise, the level of its dependence on changes in the external market conditions.

The indicator of the profitability of imports *(PR_I)* shows the average level of profitability of the company's import operations. This indicator is calculated as a ratio of the profit receiver from import *(P_I)* and total charges for import operations *(TIC)*:

$$PR_I = P_I / TIC, \quad (9)$$

where:
PR_I — profitability of import;
P_I — profit from import;
TIC — total import costs [9].

The situation is considered favorable when the profitability grows, unfavorable — when the number of transactions increases, and the average profitability decreases.

An important step in assessment of the effectiveness of imports is also the calculation of the import concentration level. These indicators allow to assess the risks of the enterprise due to the significant level of dependence on definite source of goods and to decide on the necessity of raw materials and equipment supplier's diversification.

In practice, three import concentration indicators are calculated (CR_1, CR_2 and CR_3), which represent the share of import operations attributable to three, four and five major partners of the enterprise. If the share of three partners exceeds 50% of the total volume of imports, the share of four partners exceeds 60%, and five partners, respectively, exceeds 70%, import activities are considered risky. In the case of excessive concentration of imports, the management of the enterprise should diversify the sources of products supply.

In our opinion, the application of this approach to the assessment of the effectiveness of imports is most suitable for large enterprises that directly import a wide range of products. Use of the indicators system proposed by the author allows to assess the level of riskiness of import operations of the enterprise and to adjust the strategy of its activity.

The next approach to assessment of the effectiveness of imports, which is suggested by such scientists as F. F. Butinec [10] and A. V. Shkurupy [11] is associated to the currency nature of import operations. These authors propose to take into account the value of the currency in which payment is made under the contract when calculating the efficiency of import. The efficiency of import operations, adjusted for the value of currency, is called currency efficiency. In the process of the currency efficiency assessment, it is necessary to calculate the import value limit *(IVL)*:

$$IVL = C_{DM} \times CER, \quad (10)$$

where:
IVL — import value limit;
C_{DM} — cost of manufacture of the similar goods in the domestic country;
CER — currency exchange rate [10].

The currency effect of import *(CEI)* is defined as the difference between the import value limit and the total cost of import operation *(TIC)*:

$$CEI = IVL - TIC, \quad (11)$$

where: CEI — currency effect of import [10].

If the cost of domestic production, taking into account the value of the currency, is higher than the cost of the import operation, then the import is effective. Otherwise, the conduction of an import operation is unreasonable.

The analysis of the scientific literature showed that existence of various approaches to assessment of the import effectiveness. Thus, most scientists propose to evaluate the effectiveness of import by comparing revenues and expenses in the course of an operation, both without taking into account the value of the foreign currency in which payment is made for the goods (the system of basic and alternative performance indicators), and with an adjustment for the value of the currency. A. M. Vichevich suggests to estimate import efficiency through the indicators of the dynamics, profitability and concentration, however, in our opinion, this approach can be used as an addition to the previous ones, since it does not allow to draw a conclusion about the economic feasibility of an operation.

In our opinion, all these approaches should be used in a complex, since all of them are aimed at analysis of the import activity from various positions. At the first stage of the import effectiveness assessment indicators of economic efficiency, as well as the rate of return on imports should be calculated. The second stage — indicators of currency efficiency. The final stage — assessment of the import operations effectiveness dynamics and concentration of import.

In our opinion, the implementation of the import effectiveness assessment using the above presented tools will allow an enterprise to assess the feasibility of certain operations execution, select the best alternative from the proposed import options, forecast the performance of the enterprise in the following periods.

The analysis showed that the issues of the import effectiveness assessment in the current conditions of management becomes particularly important. There is no single methodology for analysis of the import of the enterprise: some researchers propose to consider efficiency from the point of view of effectiveness, that is, to calculate indicators of the economic effect and efficiency of operations; representatives of other scientific schools consider it expedient to use the criteria of currency efficiency for assessment of the import effectiveness. In our opinion, it is advisable to use these methods in a complex, since only taking into account all aspects of the import operation will make it possible to draw a substantiated conclusion about the activity of the enterprise.

Under current conditions, a significant number of factors affect the import operations of enterprises. Taking this into account, the calculation by the enterprises of the forecasted import efficiency indicators under different currency and transport conditions can allow to justify the choice of the supplier, level out the risks, minimize costs and, as a result, increase the efficiency of import operations.

It should be noted that import operations significantly affect the efficiency of the entire enterprise, in particular, have a significant impact on profitability and business performance. This is due to the fact that a significant part of the company's revenues and expenses is formed in the sphere of imports, and the financial result of the enterprise depends on the success of procurement operations on the external market.

In addition, a significant amount of the company's assets is also generated using import channels, so the cost of equipment purchased for production or goods for sale is reflected in the asset of the enterprise and, accordingly, is taken into account when calculating business activity and profitability.

To implement a factor analysis of the impact of imports on the profitability of an enterprise *(PR),* it is necessary to consider the company's profit as the total of the profits from the execution of import operations (P_I) and profit obtained solely from operations in the domestic market (P_{DM}). Likewise, the costs of the enterprise also need to be considered as the total of costs for import (C_I) and expenses incurred in connection with domestic activities (C_{DM}):

$$PR = (P_I + P_{DM}) / (C_I + C_{DM}), \quad (12)$$

where:
PR — profitability of the enterprise;
P_{DM} *— profit in the domestic market;*
C_I *— costs for import;*
C_{DM} *— costs in the domestic market [10].*

At the first stage of the quantitative assessment of the impact of imports on the profitability of the enterprise, the total deviation of the actual profitability index (PR_A) from the baseline (PR_B) is calculated:

$$D_{PR} = PR_A - PR_R, \quad (13)$$

where:
D_{PR} *— deviation of the profitability of the enterprise;*
PR_A *— profitability of the enterprise actual period;*
PR_D *— profitability of the enterprise basic period [10].*

Tat the second stage the intermediate profitability indicator is calculated. It shows what the profitability of the enterprise would be if the costs and incomes on the domestic market remained at the level of the basic ones, while the costs and incomes for the import changed to the level of the actual ones:

$$PR' = (P_{IA} + P_{DMB}) / (C_{IA} + C_{DMB}), \quad (14)$$

where:
P_{IA} *— profit from import actual period;*
P_{DMB} *— profit in the domestic market basic period;*
C_{IA} *— costs for import actual period;*
C_{DMB} *— costs in the domestic market basic period [10].*

To determine the impact of import on the change in the profitability of an enterprise (D_{PRI}), it is necessary to subtract the basic indicator of profitability (PR_B) from the calculated PR':

$$D_{PRI} = PR' - PR_B, \quad (15)$$

where D_{PRI} *— deviation of the profitability by import [10].*

To determine the change in the profitability due to profit and expenses on the domestic market (D_{PRDM}), it is necessary to subtract the calculated intermediate profitability PR' from the actual indicator of the profitability (PR_A):

$$D_{PRDM} = PR_A - PR', \quad (16)$$

where D_{PRDM} — deviation of the profitability by domestic market operations [10].

In our opinion, when analyzing the mechanism of the impact of import operations on the profitability of an enterprise, the implementation of a quantitative and qualitative assessment is essential. Assessment of the import influence on the profitability of the enterprise allows to develop a strategy for its improvement and provide economic justification of management decisions in the field of external procurement.

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Теоретичні основи управління імпортними операціями підприємства

У статті з'ясовано зміст поняття організаційно-економічний механізм зовнішньоекономічної діяльності підприємства. Охарактеризовано основні ознаки та складові елементи формування організаційно-економічного механізму зовнішньоекономічної діяльності підприємства. Обґрунтовано напрямки вдосконалення організаційно-економічного механізму зовнішньоекономічної діяльності підприємства.

Ключові слова: управління імпортними операціями, функція управління імпортними операціями, принципи управління, виконання імпортних операцій, ефективність управління імпортними операціями