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## THE STATE REGULATION AS A FACTOR OF THE ORGANIZATIONAL-ECONOMIC MECHANISM OF MANAGEMENT OF THE FOREIGN ECONOMIC ACTIVITY OF ENTERPRISE

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**Proskurnina N. V., Hovorovska A. V. The State Regulation as a Factor of the Organizational-Economic Mechanism of Management of the Foreign Economic Activity of Enterprise**

It is defined that ensuring the sustainable functioning of the organizational-economic mechanism for managing the foreign economic activity (FEA) of an enterprise involves taking into account and evaluating all its structural elements. It is argued that the activation of foreign economic activity of domestic enterprises is impossible without the active participation of the State in creating an effective mechanism for stimulating and regulating foreign economic activity. The main purpose of the article is to study the theoretical and practical aspects of functioning of the State regulation as a factor of the organizational-economic mechanism for managing foreign economic activity of enterprise. The major trends and features of regulation of FEA under martial law are analyzed. The application of the hybrid model of separation of the economy and a number of important regulatory innovations introduced by the Government of Ukraine for the period of martial law are characterized. The study proves that further improvement of the instruments of the State regulation of foreign economic activity remains relevant today in order to reproduce the country's export potential and increase the competitiveness of Ukrainian goods in world markets. The study analyzes the dynamics of export-import activity indicators for 2021-2022 in Ukraine. It is proved that the resumption of international business activity is possible due to the State regulation of FEA. It is determined that the State regulation of foreign economic activity of an enterprise should consist in creating conditions and promoting the development of its relations with foreign partners. It is determined that the enterprise should take into account the internal factors of influence on the efficiency of economic activity, and the task of the State as an external factor is to provide a perfect legislative framework.

**Keywords:** foreign economic activity; organizational and economic management mechanism; the State regulation; indicators of export-import activity.

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**Proskurnina Nadiia V.** – D. Sc. (Economics), Associate Professor, Head of the Department of International Economics and Management of Foreign Economic Activity, Simon Kuznets Kharkiv National University of Economics (9a Nauky Ave., Kharkiv, 61166, Ukraine)

**E-mail:** [nadiia.proskurnina@hneu.net](mailto:nadiia.proskurnina@hneu.net)

**ORCID:** <https://orcid.org/0000-0001-8587-0467>

**Researcher ID:** <https://www.webofscience.com/wos/author/record/O-1881-2018>

**Scopus Author ID:** <https://www.scopus.com/authid/detail.uri?authorId=57203925512>

**Hovorovska Alisa V.** – Student, Faculty of International Economics and Entrepreneurship, Simon Kuznets Kharkiv National University of Economics (9a Nauky Ave., Kharkiv, 61166, Ukraine)

**E-mail:** [alice8v8g@gmail.com](mailto:alice8v8g@gmail.com)

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**Проскурніна Н. В., Говоровська А. В. Державне регулювання як фактор організаційно-економічного механізму управління зовнішньоекономічною діяльністю підприємства**

Визначено, що забезпечення сталого функціонування організаційно-економічного механізму управління зовнішньоекономічною діяльністю (ЗЕД) підприємства передбачає врахування та оцінку всіх його структурних елементів. Аргументовано, що активізація зовнішньоекономічної діяльності вітчизняних підприємств неможлива без активної участі держави у створенні дієвого механізму стимулювання та регулювання ЗЕД. Основною метою статті є вивчення теоретичних і практичних аспектів функціонування державного регулювання як чинника організаційно-економічного механізму управління ЗЕД підприємства. Проаналізовано основні тенденції та особливості регулювання зовнішньоекономічної діяльності в умовах воєнного стану. Охарактеризовано застосування гібридної моделі розмежування економіки та низку важливих регуляторних новацій, які запроваджено урядом України, на період воєнного стану. У результаті дослідження обґрунтовано, що наразі актуальним залишається подальше вдосконалення інструментів державного регулювання ЗЕД з метою відтворення експортного потенціалу країни та підвищення конкурентоспроможності українських товарів на світових ринках. У ході дослідження проведено аналіз динаміки показників експортно-імпоротної активності за 2021–2022 рр. в Україні. Доведено, що відновлення міжнародної бізнес-активності можливе завдяки державному регулюванню зовнішньоекономічної діяльності. Встановлено, що державне регулювання ЗЕД підприємства повинно полягати в створенні умов і сприянні розвитку його зв'язків з іноземними партнерами. Визначено, що підприємство має враховувати внутрішні чинники впливу на ефективність господарської діяльності, а завдання держави як зовнішнього чинника – забезпечити досконалу законодавчу базу.

**Ключові слова:** зовнішньоекономічна діяльність; організаційно-економічний механізм управління; державне регулювання; показники експортно-імпоротної діяльності.

**Рис.:** 4. **Табл.:** 1. **Бібл.:** 10.

**Проскурніна Надія Вікторівна** – доктор економічних наук, доцент, завідувачка кафедри міжнародної економіки та менеджменту зовнішньоекономічної діяльності, Харківський національний економічний університет ім. С. Кузнеця (просп. Науки, 9а, Харків, 61166, Україна)

**E-mail:** [nadiia.proskurnina@hneu.net](mailto:nadiia.proskurnina@hneu.net)

**ORCID:** <https://orcid.org/0000-0001-8587-0467>

**Researcher ID:** <https://www.webofscience.com/wos/author/record/O-1881-2018>

**Scopus Author ID:** <https://www.scopus.com/authid/detail.uri?authorId=57203925512>

**Говоровська Аліса Віталіївна** – студентка факультету міжнародної економіки і підприємництва, Харківський національний економічний університет ім. С. Кузнеця (просп. Науки, 9а, Харків, 61166, Україна)

**E-mail:** [alice8v8g@gmail.com](mailto:alice8v8g@gmail.com)

Ensuring the sustainable functioning of the organizational and economic mechanism for managing the enterprise's foreign economic activity (hereafter the FEA) involves taking into account and evaluating all its structural elements, namely factors of the internal and external environment. At the same time, the activation of the foreign economic activity of domestic enterprises is impossible without the active participation of the state in the creation of an effective organizational and economic mechanism for the stimulation and regulation of foreign trade.

Therefore, the comprehensiveness and systematic state support for the processes of preparation, adoption and implementation of decisions in the foreign exchange requires the use of specific indicators that allow for assessing the conditions of the company's performance in the foreign market.

Effective public administration involves a country's ability to provide administrative services and ensure its economic growth and competitiveness in the international arena. Therefore, next to market regulation in the mechanism of any national economy, there is such a component as state regulation. After all, in the hands of the state are concentrated levers of influence over the processes taking place in the economic system and beyond.

The effectiveness of foreign economic activity affects the reproduction of the country's export potential, increases the competitiveness of Ukrainian goods on world markets, contributes to the formation of a rational system of export and import, increases the attractiveness of the country for foreign investments on mutually beneficial terms, and ensures the economic security of Ukraine. The correct organization of this activity allows the enterprise to satisfy the need to increase profits with the help of international orders and customers.

Complex integration processes accompanying the activities of enterprises determine the importance of foreign economic relations. And ensuring the effective economic development of the enterprise can help in solving several strategic problems of the economy and strengthen the competitive struggle among manufacturers to introduce advanced technologies. Under such conditions, the creation and functioning of an effective organizational and economic mechanism for managing the foreign economic activity of the enterprise become even more relevant.

Therefore, the harmonization of the interaction of organizational and economic components creates an appropriate effective mechanism that promotes the development of the economy and its subjects.

In the scientific literature, quite a lot of works are devoted to the problems of state regulation of the economy in general and foreign economic activity in particular. Modern trends in the formation and development of state regulation of foreign trade in the context of complex and contradictory processes of globalization of the economy are reflected in the studies of such domestic sci-

entists as I. Platonova, T. Topolnytska, D. Mishchenko, L. Mishchenko and others [1–3].

In connection with the change in the economic situation in Ukraine and the world, questions regarding the further improvement of the instruments of state regulation of foreign economic activity also remain relevant.

Despite preserving the elements of market relations, the wartime economy differs significantly from the peacetime economy. In 2022, in connection with the large-scale armed aggression of the Russian Federation, Ukraine faced an unprecedented shock in its entire history:

- ✦ the production of the main types of products decreased, in particular, those that form the basis of Ukraine's export potential;
- ✦ blocked ports, and therefore the lion's share of foreign trade;
- ✦ entire regions' transportation and logistics infrastructure, as well as social, marketing, and engineering infrastructure;
- ✦ there was an outflow of personnel abroad and their partial relocation to the west of the country;
- ✦ limiting the potential of some traditional and new opportunities.

Foreign economic activity is one of the important factors in the sustainable development of the national economies of countries around the world. One of the features of the FEA as a sphere of the national economy is its vulnerability to fluctuations in the world economy. The participation of the state in the process of globalization necessitates the creation of an effective mechanism of economic regulation, which could ensure the maximum use of the advantages of international integration and protection from its negative consequences, and would also allow contributing to the achievement of the macroeconomic goals of the Ukrainian economy and the strategic goals of domestic business entities. However, the world order has radically changed given the current global trends.

Unfortunately, the life activity of Ukraine in the conditions of war violated the rules of the functioning of the world market as a whole and made it impossible to use normal measures. These events required a quick response from the state authorities regarding the adoption of effective management decisions and also caused the need to change the tools for managing economic processes, in particular, foreign economic activity. On that account, it was temporarily necessary to switch to practically manual management of the economy, when the state decides what exactly is a priority and where state support should go.

In Ukraine, a hybrid model of demarcation of the economy during the period of martial law was successfully applied, namely:

- ✦ the planned economy in terms of military needs and military goods, and if necessary – vital goods and services in those places where their supply is limited;

- ✦ emphasis on the liberalization of business operations to meet the population's needs, which is an important element of the sustainability of society [4].

Therefore, the procedure for regulating foreign economic activity in martial law conditions had certain specifics and led to the search for new mechanisms of influence on FEA. It should also be noted that the events in Ukraine were not local but of a global nature. This led to a disincentive effect on foreign exchange dynamics, character, and profitability. On that account, given the military actions, in April 2022, the World Trade Organization revised the forecast for the development of international trade over the next two years: the momentum for the growth of world trade will slow down in the second half of 2022 and will remain weak in 2023 due to numerous shocks in the world economy [5].

Given the situation, the government urgently introduced several important regulatory innovations designed to reduce the fiscal burden on business, stimulate the development of small businesses, and create special conditions for the arrival of technological investors. New legal norms for currency, tax and customs regulation were introduced. In particular, mandatory payments for the import of goods (cars) and fuel excise were temporarily abolished, the Value Added Tax rate was reduced from 20% to 7%, and a certain liberalization of permit procedures took place [6].

The priority task in the economy during the war is the maximum preservation of the country's economic potential. Thus, with the help of a radical reduction of tax pressure for certain sectors, it was possible to stimulate their production and prevent the decline of small and medium-sized businesses. In contrast, the governments of Great Britain and the United States increased taxes during World War II. At the same time, Great Britain introduced strict state regulation of the economy, which was accompanied by direct regulation of financial, production, food, labour and other spheres of social relations [7].

Nowadays, all the complexity of FEA regulation is connected with the necessity of mandatory preservation of the state's competitiveness on the world market, as well as the maximization of budget revenues under conditions of limited opportunities for business development and the functioning of the national economy.

Therefore, at the macro level, the main instrument of foreign trade policy is customs and tariff regulation, within the framework of which appropriate levers are used. At the level of economic entities, the currency and tax components of financial regulation are the key levers of influence.

As the experience of countries that have survived military conflicts shows, the most successful work is based on the principle of public-private partnership, which allows businesses to be involved in targeted projects of economic stabilization and infrastructure restoration.

Currently, our reality is a VUCA world (an acronym for volatility, uncertainty, complexity, and ambiguity) [8]. The business environment is rapidly and unpredictably changing, with many complex causes and factors from the following issues: global slowdown, recession, financial instability, energy crisis, record inflation, food security risks, and domestic resource shortage. One of the practical solutions to overcome the crisis is to increase one's budgetary capabilities by activating and increasing the volume of foreign exchange. And compliance with all obligations undertaken by the state within the framework of the World Trade Organization and international agreements with Ukraine in the trade and economic sphere corresponds to the current goals and priority tasks of the country.

It was for the sake of restoring one's own economy, and international business activity, and gaining a high level of competitiveness on the world market that, last year, significant attention was paid to regulating foreign exchange.

On that account, based on the analysis of information based on the results of the state statistical observation on foreign trade in goods (*Tbl. 1*), the following was established:

- ✦ in 2021, foreign trade operations were carried out with partners from 235 countries around the world; goods exports totalled 68,089.3 million US dollars; imports totalled 728.16 million US dollars; the negative balance was 4,727.5 million US dollars; the export-import coverage ratio is 0.94;
- ✦ in 2022, foreign trade operations were carried out with partners from 233 countries worldwide; goods exports totalled 44,148.8 million US dollars; imports totalled 55273.5 million US dollars; the negative balance was 11,124.7 million US dollars; and the export-import coverage ratio is 0.80.

Summarizing the above, it should be noted that in 2022, compared to the previous year, the export of goods decreased by 35.2%, imports – by 24.1%, and the negative balance of Ukraine's foreign trade in goods in 2022 increased by 2.4 times.

As can be seen, the problem of insufficient coverage of imports by exports remains relevant. This indicator in 2022 decreased by almost 15% compared to the same period in 2021. All this shows that the military conflict significantly reduced Ukraine's export potential.

The dynamics of export-import activity for 2021–2022 in Ukraine are presented in *Fig. 1* and *Fig. 2*.

Over the past year, exports between Ukraine and other countries have undergone significant changes. Therefore, Poland took first place in terms of the volume of exports from Ukraine for 10 months of 2022 with a volume of 5.6 billion US dollars, or 15.4%. China, which was the 1st consumer of Ukrainian goods in 2021, fell to 4th place in the ranking of top exporters during the war. Its share in the total exports of Ukraine halved – from 11.8% to 5.3%. At the same time, the share of Ukrainian

Table 1

## Indicators of export-import activity in Ukraine during 2021–2022

Period	Exports, million US dollars		Import, million US dollars		Balance of foreign trade, million US dollars		Export-import coverage ratio	
	2021	2022	2021	2022	2021	2022	2021	2022
January	3927.5	6008.2	4198.8	6194.6	-271.3	-186.4	0.94	0.97
February	4515.0	5293.8	4793.0	6190.1	-278.0	-896.3	0.94	0.86
March	5256.0	2646.3	5981.3	1765.6	-725.3	880.7	0.88	1.50
April	5361.5	2640.9	5327.1	2606.2	34.4	34.7	1.01	1.01
May	5545.2	2905.3	5276.7	3731.2	268.5	-825.9	1.05	0.78
June	5305.8	3156.5	5564.2	4732.6	-258.4	-1576.1	0.95	0.67
July	5603.2	2905.9	6230.2	4641.3	-627.0	-1735.4	0.90	0.63
August	6297.8	3348.7	6339.5	4532.1	-41.7	-1183.4	0.99	0.74
September	6394.5	4135.6	6763.1	4651.8	-368.6	-516.2	0.95	0.89
October	6264.1	3796.3	6682.0	4875.0	-417.9	-1078.7	0.94	0.78
November	6793.5	3824.8	7727.7	5282.2	-934.2	-1457.4	0.88	0.72
December	6825.2	3486.5	7933.2	6070.8	-1108.0	-2584.3	0.86	0.57
<b>Total</b>	<b>68089.3</b>	<b>44148.8</b>	<b>72816.8</b>	<b>55273.5</b>	<b>-4727.5</b>	<b>-11124.7</b>	<b>0.94</b>	<b>0.80</b>

Source: compiled by the authors based on [9].

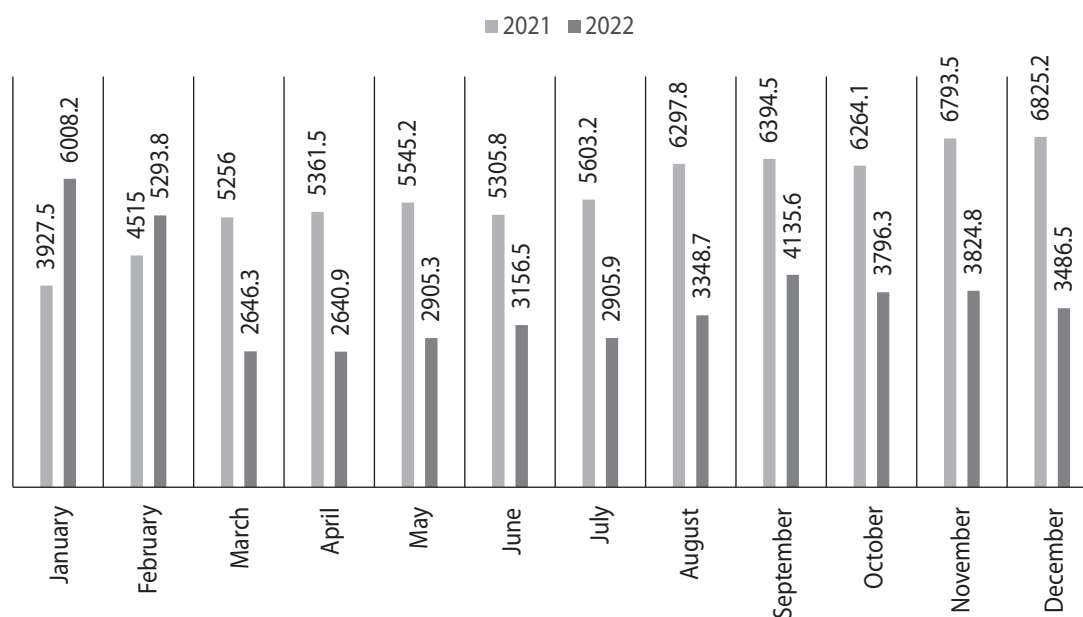


Fig. 1. Dynamics of exports in Ukraine for 2021–2022

Source: compiled by the authors based on [9].

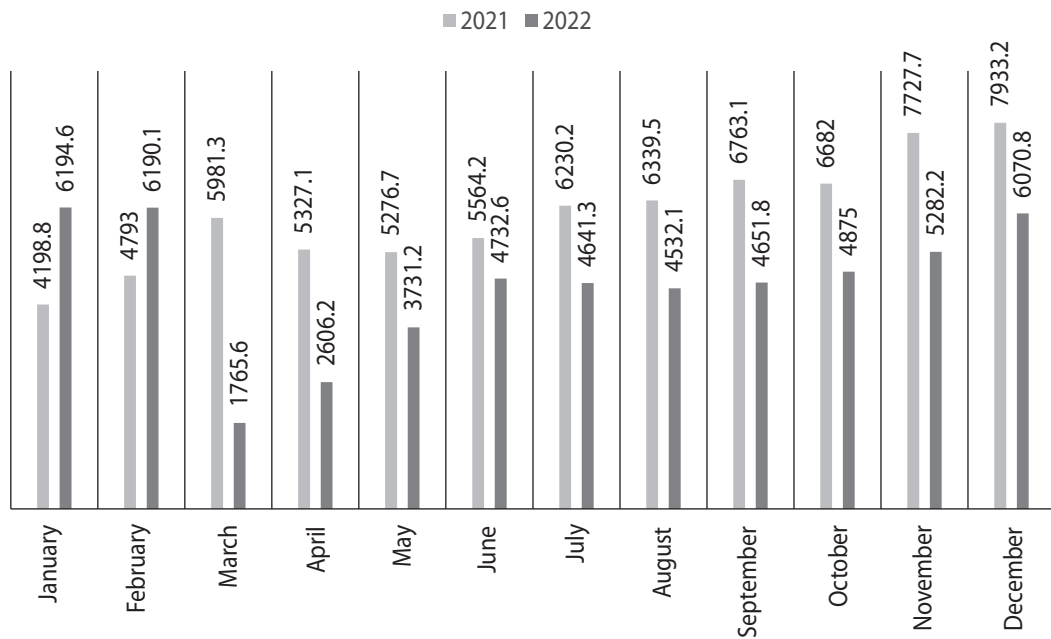
exports to such countries as Romania, Hungary, Slovakia, Bulgaria and Moldova, which are geographically close neighbours, has significantly increased [10].

Foreign trade turnover in Ukraine by the most important commodity items in 2022 is shown in Fig. 3 and Fig. 4.

In 2022, Ukraine sold the most products of vegetable origin on foreign markets, including cereals (for 13,478.5 million US dollars); low-value metals and products from them, including ferrous metals (for 6,004.1 million US dollars); fats and oils of animal or vegetable origin

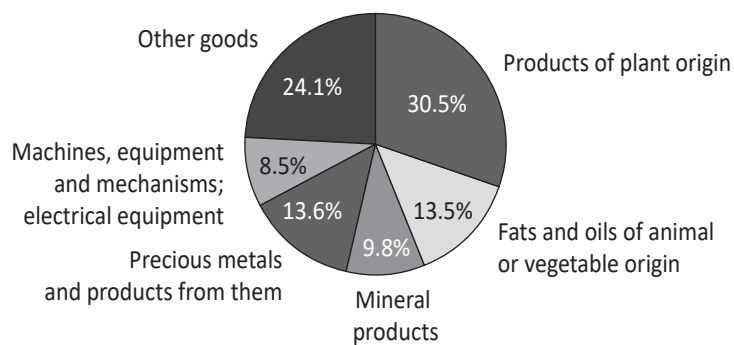
(for 5,949.4 million US dollars). Their share in the total volume of exports is, respectively, 30.5%, 13.6% and 13.5%.

The main commodity items of Ukrainian imports last year were mineral fuels, oil and its distillation products (for 13,112.1 million US dollars); machines, equipment and mechanisms, electrical equipment (for 9,181.6 million US dollars); products of the chemical and related industries (for 6302.7 million US dollars). Their share in the total volume of imports is, respectively, 23.7%, 16.6% and 11.4%.



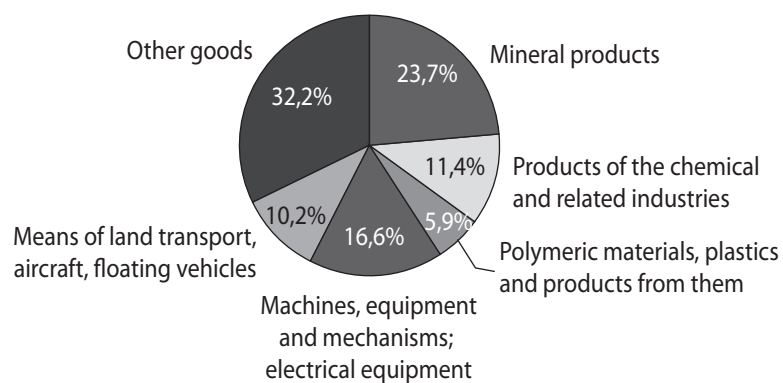
**Fig. 2. Dynamics of imports in Ukraine for 2021–2022**

Source: compiled by the authors based on [9].



**Fig. 3. The product structure of exports in 2022**

Source: compiled by the authors based on [9].



**Fig. 4. The product structure of imports in 2022**

Source: compiled by the authors based on [9].

Accordingly, despite all the difficulties, Ukraine managed to maintain relative macroeconomic stability during the war, overcome the large-scale shutdown of production and the outflow of labour resources caused by the movement of people to safe places, and turn these processes in the opposite direction.

## CONCLUSIONS

The activation of foreign economic activity leads to an increase in the volume of production, an increase in the profitability of the enterprise, and, on the scale of the national economy, an increase in national income, employment, investments and innovations, as well as financial stability.

It is worth noting that the task of increasing the efficiency of the management of the enterprise's foreign economic activity cannot be considered in isolation, in isolation from the management of economic activity as a whole. It should also be noted that the enterprise must take into account internal factors affecting the efficiency of economic activity, and the task of the state as an external factor is to provide a perfect legal framework.

Therefore, at present, the state's regulation of the enterprise's trade policy should consist in creating conditions and promoting the development of its relations with foreign partners. And its effectiveness is determined by how wisely and prudently economic, legal, and administrative levers are used in the process of implementing the state's economic policy. ■

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