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FEATURES OF FINANCIAL MANAGEMENT IN INTERNATIONAL ECONOMIC ACTIVITY

Abstract. The article identifies the features of financial management in international economic activity in terms of limiting economic relations associated with the COVID-19 pandemic. It is clear that the current state of the economy requires the spread of international economic activity at both macro and micro levels, as only provided that the integrated system of economic relations between the national economies of different countries and the benefits of international cooperation, it is possible to avoid economic and social problems associated with the COVID-19 pandemic. It is noted that Ukraine's active participation in world economic processes requires economy. In turn, the transformation processes in Ukraine require a clear coordination of actions in all areas and parts of the financial system, which is the conceptual basis of a new model of economic and social development of the state. Such a model should combine the constant improvement of the welfare of society and every citizen and the formation of a competitive national economy in Ukraine, which would be organically integrated into global economic processes and take a worthy place in them. It is determined that Ukraine's international economic activity has a very great potential in the development of economic relations, despite the existing problems, the solution of which is the key to future success in the development of trade in the international market. A SWOT-analysis of Ukraine's international economic activity was conducted, which revealed trends in the development of foreign economic activity. The financial mechanism of development of the international economic activity (IEC) which is an element of management and the regulator of foreign economic relations is offered. The concept of IEC financial management is proposed, which substantiates the purpose and main tasks, which are specified at the micro and macro levels. It is concluded that many problems of financial management in international economic activity should be addressed primarily at the macro level, i.e. public institutions.

Keywords: financial management, international economic activity, financial mechanism, concept.

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ОСОБЛИВОСТІ УПРАВЛІННЯ ФІНАНСАМИ В МІЖНАРОДНІЙ ЕКОНОМІЧНІЙ ДІЯЛЬНОСТІ

Анотація. Визначено особливості управління фінансами в міжнародній економічній діяльності в умовах обмеження господарських відносин, пов'язаних із пандемією COVID-19. З'ясовано, що сьогоденний стан економіки країни вимагає поширення міжнародної економічної діяльності як на макро-, так і на мікрорівні, оскільки тільки за умови підтримки цілісної системи господарських зв'язків між національними економіками різних країн і використанням переваг міжнародного співробітництва можливо уникнути проблем економічного та соціального характеру, пов'язаних із пандемією COVID-19. Відзначено, що активна участь України у світових економічних процесах вимагає посилення відкритості національної економіки. У свою чергу, трансформаційні процеси в Україні вимагають чіткої координації дій в усіх сферах і ланках фінансової системи, що є концептуальною основою нової моделі економічного і соціального розвитку держави. Така модель має поєднати постійне підвищення добробуту суспільства і кожного громадянина та становлення в Україні конкурентоспроможної національної економіки, яка була б органічно включена у глобальні економічні процеси і посіла в них гідне місце. Визначено, що міжнародна економічна діяльність України має дуже великий потенціал у розвитку економічних відносин, незважаючи на наявні проблеми, вирішення яких є запорукою майбутнього успіху в напрямі розвитку торгівлі на міжнародному ринку. Проведено SWOT-аналіз міжнародної економічної діяльності (МЕД) України, який дозволив виявити тенденції розвитку МЕД. Запропоновано фінансовий механізм розвитку міжнародної економічної діяльності, який є елементом управління і регулятором зовнішньоекономічних відносин. Запропоновано концепцію управління фінансами МЕД, у якій обґрунтовано мету й основні завдання, які конкретизовано на мікро- та макрорівні. Зроблено висновок, що багато проблем щодо управління фінансами в міжнародній економічній діяльності повинні розв'язуватись перш за все на макрорівні, тобто державними інститутами.

Ключові слова: управління фінансами, міжнародна економічна діяльність, фінансовий механізм, концепція.

Формул: 0; рис.: 3; табл.: 1; бібл.: 10.

Introduction. The current state of the country's economy requires the spread of international economic activity at both macro and micro levels, because only by maintaining a comprehensive system of economic relations between national economies and using the benefits of international cooperation can avoid economic and social problems with the COVID-19 pandemic. In this regard, it is especially important to address issues of financial management in international economic activity in terms of limiting the involvement of foreign and national capital and the existing realities of doing business.

Research analysis and problem statement. The theoretical foundations of financial management in international economic activity have been considered by many economists. Among them I. Gubareva [1], Y. Kozak [2], E. Savelyev [3], L. Petrashko [4], Y. Umantsiv [5], N. Chyzh [6], I. Shkolnyk [7] etc. But, despite the significant achievements of these authors, the issues of determining the features of financial management in international economic activity are unresolved.

The purpose of the study is to determine the features of financial management in international economic activity in the context of limited economic relations associated with the COVID-19 pandemic.

Research outcomes. Intensive development of international economic relations, internationalization of economic activity increase the need for significant financial resources. Financial resources contribute to the development of Ukrainian and foreign markets, and the degree of security has an impact on the development of the world economy as a whole.

Finance is one of the most important and complex elements of the economic system, without which the state cannot effectively perform its functions. Determining the features of financial management in international economic activity is a theoretical and practical problem today, as changes in the global financial system due to globalization, in addition to positive results such as equal distribution of investments, financing the balance of payments, spreading new technologies, etc., have contributed to growth financial instability. Due to easier access to information, greater dependence of individual countries on foreign investment, the state of international financial and commodity markets, globalization exacerbates the imbalances inherent in Ukrainian markets, which greatly affects the frequency of international financial crises [8].

There are several areas of international financial relations that form the overall system of international finance (*Fig. 1*).

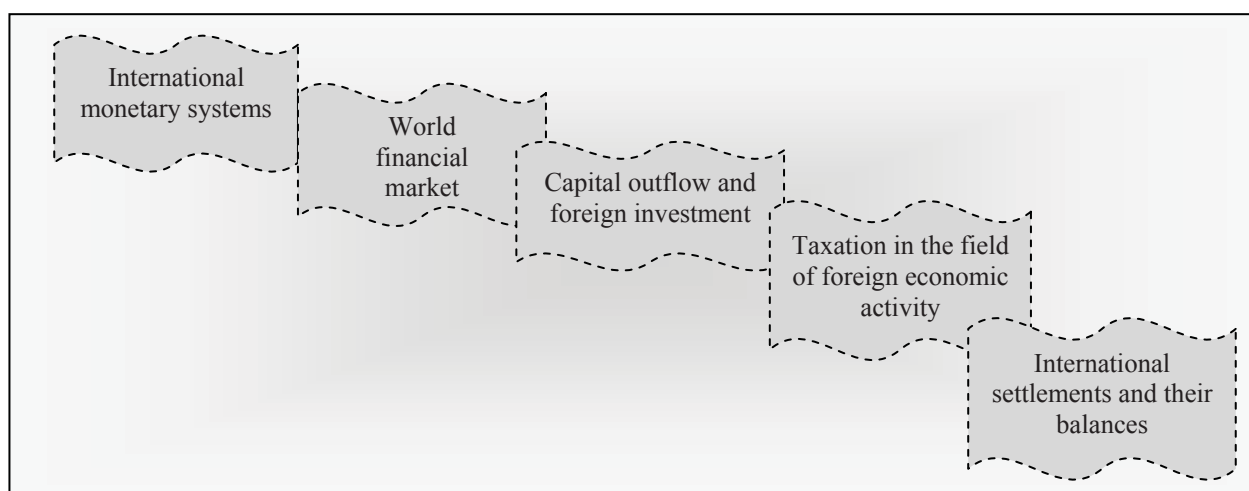


Fig. 1. General system of international finance (compiled by the authors)

Today, the long-term instability of international financial markets and rising prices for money and capital will have a very negative impact on the current state and development trends not only of the financial but also of the real sector of national and global economies. In turn, the intensification of international financial instability has a negative impact on the pace of development of the world economy, resulting in a decline in demand for almost all types of goods, except for pharmaceutical products.

International finance is an integrated area of Ukraine’s financial system. The processes of regionalization and globalization with varying degrees of intensity affect the national financial systems of states, different in level of socio-economic development, social welfare and employment, political and economic system. In turn, the economic and financial potential of national economies affect the world economy.

Ukraine’s active participation in world economic processes requires strengthening the openness of the national economy. In turn, the transformation processes in Ukraine require a clear coordination of actions in all areas and parts of the financial system, which is the conceptual basis of a new model of economic and social development of the state. Such a model should combine the constant improvement of the welfare of society and every citizen and the formation of a competitive national economy in Ukraine, which would be organically integrated into global economic processes and take a worthy place in them.

International economic activity (IEA) is a component of the national economy of Ukraine and can be defined as:

- a set of economic relations between national and foreign economic entities in the trade, investment, innovation, monetary and financial spheres, the regulation of which is carried out within the framework of national legislation and concluded interstate agreements;

- system of actions and decisions related to the formation, development and implementation of competitive advantages of the country as a subject of world economic relations;

- the scope of implementation of the state foreign economic strategy [9].

Ukraine’s international economic activity has a very great potential in the development of economic relations, despite the existing problems, the solution of which is the key to future success in the development of trade in the international market. SWOT-analysis of international economic activity of Ukraine is given in *Table*.

Table

SWOT-analysis of international economic activity of Ukraine

	<i>Strengths</i>	<i>Weakness</i>
Internal environment	<ul style="list-style-type: none"> – a sufficiently high level of competition of Ukrainian producers; – a large number of potential areas of economic activity; – sufficient number of investors within the country; – a fairly high level of training in all areas of the national economy 	<ul style="list-style-type: none"> – insufficient state support in stimulating international economic activity; – high credit rates within the country; – unstable political situation; – difficulties with paperwork and obtaining licenses; – low level of infrastructure development; – low level of logistics development within the country
	<i>Opportunities</i>	<i>Threats</i>
External environment	<ul style="list-style-type: none"> – obtaining new technologies; – the opportunity to increase profits as well as increase its share of world trade; – reduction of unemployment within the country; – development of the financial market 	<ul style="list-style-type: none"> – the global economic crisis; – spread of the COVID-19 pandemic; – instability of political relations with external partners; – unstable relations with external creditors; – imperfect financial policy of the state

The National Export Strategy of Ukraine for the near future identifies 48 priority countries, despite the fact that today we export a wide range of goods and services to almost all countries. The crisis of the World Trade Organization, the strategic confrontation between the leading countries of

global trade are increasingly leading to the decentralization of world trade, which opens up opportunities to increase trade relations not only with permanent partners, but also to establish ties with new countries.

Ukraine’s export strategy selects priority sectors of the economy to support export development, including:

- food and beverage sector;
- mechanical engineering sector;
- sector of production of spare parts and components for the aerospace and aviation industry.

Ukrainian companies that take an active part in international economic activity face a wide range of problems related to financial transactions. In this category, the search for ways to improve financial management in international economic activity is of great importance.

In the process of developing financial policy in the field of international economic activity and its implementation, economic entities use the financial mechanism, which is an element of management and regulator of foreign economic relations (Fig. 2).

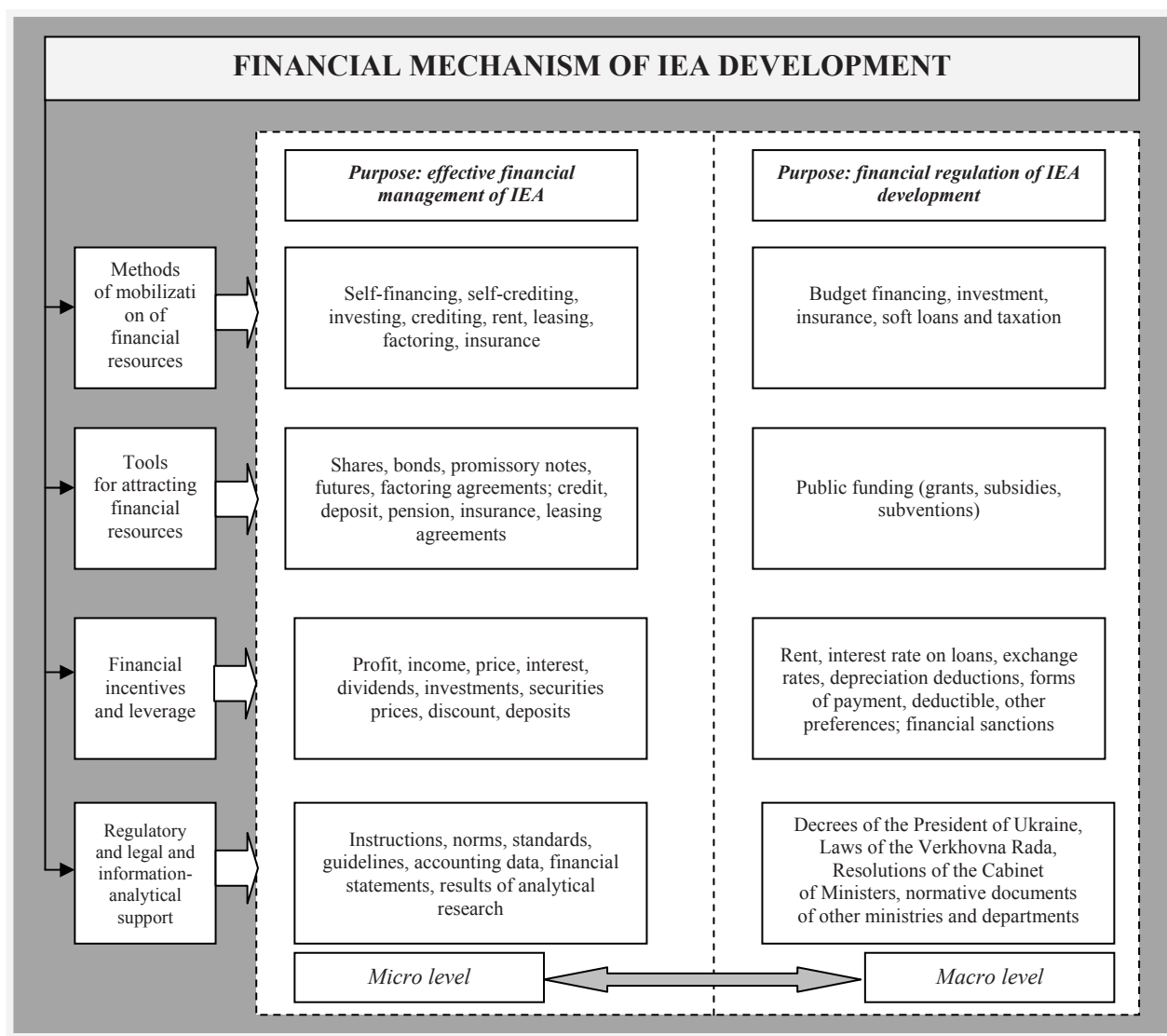


Fig. 2. Elements of the financial mechanism of development of international economic activity (compiled by the authors)

Many financial management issues in international economic activity need to be addressed at the macro level, i.e. by state institutions. First of all, it is necessary to create a specialized bank to provide export credits to Ukrainian exporters to carry out operations under concluded agreements

with simultaneous insurance against risks. Yes, it is necessary to simplify customs clearance procedures as much as possible, reduce the level of bureaucratization and corruption in this area. In particularly important and priority areas of export activity, the state must support enterprises, participate in their lending on the basis of covering part of the interest rate of a commercial bank.

The concept of financial management in international economic activity, which determines the sequence, principles and results is shown in *Fig. 3*.

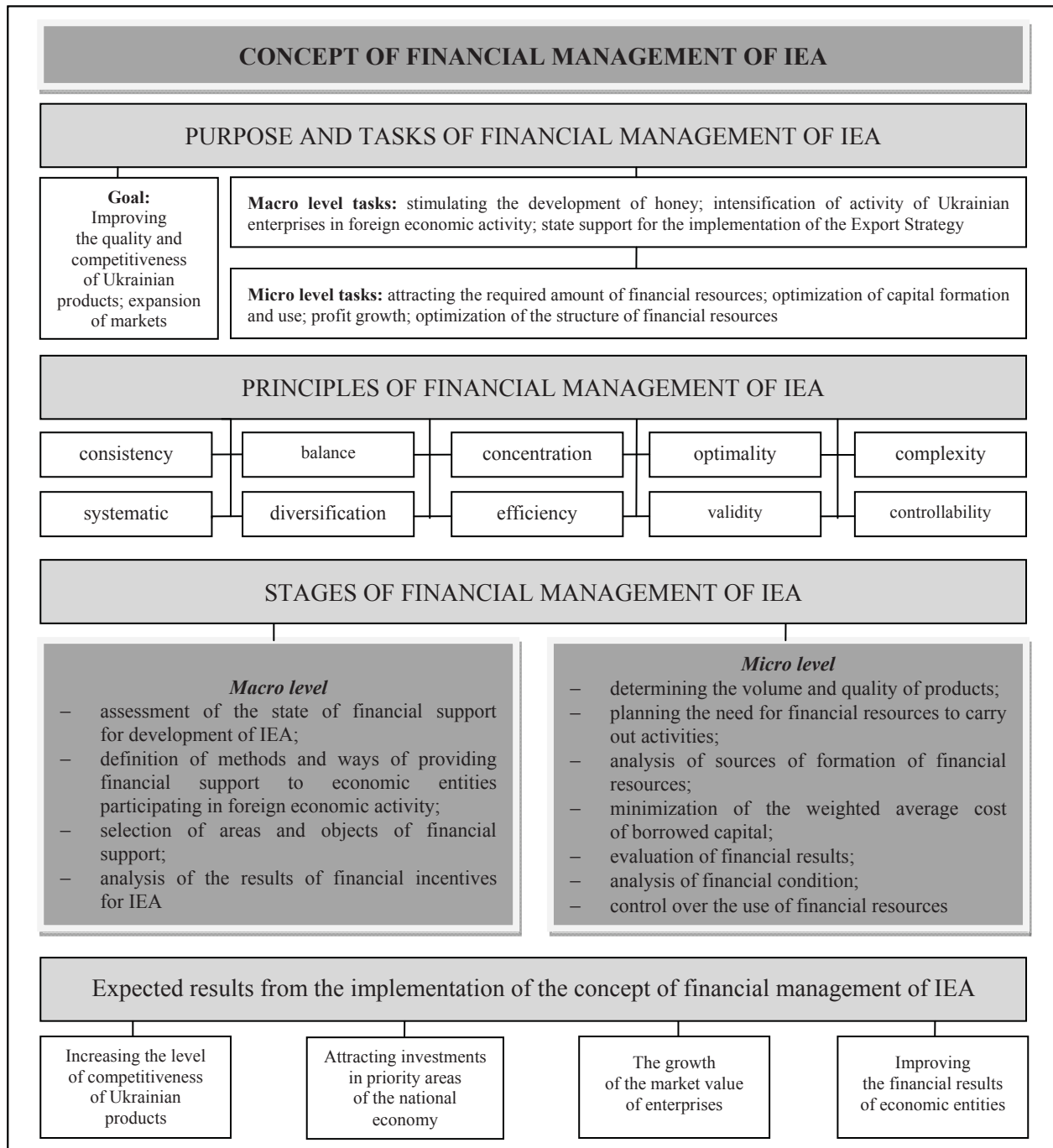


Fig. 3. The concept of financial management of IEA (compiled by the authors)

The proposed concept defines the sequence of processes of financial management of IEA, the principles and expected results from its implementation, which will increase the efficiency of foreign economic relations of economic entities in the current business environment.

It is necessary to solve problematic issues related to financial management in international economic activity at all levels: state, regional, economic entities, combining the interests of all stakeholders.

But the role of the state in these matters comes to the fore, because only public authorities in the course of their activities are able to create a single, effective mechanism that could fully control finances in the international economic activity of the country.

For the development of international economic activity and the expansion of markets for Ukrainian producers, it is necessary to pay attention to the competitiveness of Ukrainian products, expand ties with high-tech countries, provide financial support for innovation projects and improve the legal framework for export. Lending and insurance mechanisms should also be important, the formation and implementation of which should be ensured by the state.

Conclusions. As a result of the research the features and existing problems of financial management in international economic activity are identified. A SWOT-analysis of Ukraine's international economic activity was conducted, which revealed trends in the development of foreign economic activity. The financial mechanism of development of the international economic activity which is an element of management and the regulator of foreign economic relations is offered. The concept of financial management of IEA is proposed, which substantiates the purpose and main tasks, which are specified at the micro and macro levels. It is concluded that many problems of financial management in international economic activity should be addressed primarily at the macro level, i.e. public institutions.

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