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(EXPLANATORY NOTE)

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*I certify that this qualification paper does not
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1	2	3	4
1.	Collection and analysis of necessary information about Kernel-Trade LLC according to the topic of the Qualification work	02.09.24-20.09.24	done
2.	Study and analysis of the theoretical basis of innovation component in foreign economic activity, preparation of the first draft of the analytical part	21.09.24-13.10.24	done
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5.	Approving the paper with the supervisor, obtaining the supervisor's review, submitting it to the Management of Foreign Economic Activity of Enterprises Department for admission to the defence, obtaining internal and external reviews, certificate of academic performance	15.11.24-19.11.24	done
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ABSTRACT

The qualification paper examines the optimization of the management system for foreign economic activity at Kernel-Trade LLC. The research aims to identify key challenges, analyze existing practices, and propose measures to enhance the efficiency of foreign economic operations within the company.

The Introduction provides the relevance of the chosen topic of qualification paper, object, subject, purpose and objectives of the study, as well as scientific novelty and practical significance.

The first part delves into the theoretical framework, exploring the essence, principles, and components of foreign economic activity management systems. It also discusses performance indicators and approaches to optimizing such systems, forming a foundation for the practical analysis.

The second part focuses on Kernel-Trade LLC, presenting the company's general characteristics and analyzing its financial and economic performance. It identifies the strengths and weaknesses of the current management system of foreign economic activity.

In the third part optimization strategies tailored to the company's operations are proposed, with a particular focus on the fat-and-oil industry in Ukraine. Recommendations include actionable improvements for the management system at Kernel-Trade LLC, exemplified through PJSC "Poltavsky VOEP - Kernel Group." The section concludes with an evaluation of the proposed measures' effectiveness and their impact on the company's performance.

The conclusions present the results of solving the tasks set and achieving the research goal.

Keywords: FOREIGN ECONOMIC ACTIVITY, MANAGEMENT SYSTEM, OPTIMIZATION, KERNEL-TRADE LLC, FAT-AND-OIL INDUSTRY, INDICATORS, OPTIMIZATION.

АНОТАЦІЯ

Кваліфікаційна робота присвячена оптимізації системи управління зовнішньоекономічною діяльністю на ТОВ «Кернел-Трейд». Метою дослідження є виявлення ключових проблем, аналіз існуючої практики та пропозиція заходів щодо підвищення ефективності зовнішньоекономічних операцій на підприємстві.

У вступі обґрунтовано актуальність обраної теми кваліфікаційної роботи, визначено об'єкт, предмет, мету та завдання дослідження, а також наукову новизну та практичне значення.

У першому розділі розглядаються теоретичні основи, досліджуються сутність, принципи та складові системи управління зовнішньоекономічною діяльністю. Також розглядаються показники ефективності та підходи до оптимізації таких систем, що є основою для практичного аналізу.

Друга частина присвячена ТОВ «Кернел-Трейд», в якій представлено загальну характеристику компанії та проаналізовано її фінансово-економічні показники. Визначено сильні та слабкі сторони існуючої системи управління зовнішньоекономічною діяльністю.

У третій частині пропонуються стратегії оптимізації, адаптовані до діяльності компанії, з особливим акцентом на олійно-жирову промисловість України. Рекомендації включають практичні вдосконалення системи управління ТОВ «Кернел-Трейд» на прикладі ПАТ «Полтавський ОЕЗ - Кернел Груп». Розділ завершується оцінкою ефективності запропонованих заходів та їх впливу на результати діяльності компанії.

У висновках представлено підсумки вирішення поставлених завдань та досягнення мети дослідження.

Ключові слова: ЗОВНІШНЬОЕКОНОМІЧНА ДІЯЛЬНІСТЬ, СИСТЕМА УПРАВЛІННЯ, ОПТИМІЗАЦІЯ, ТОВ «КЕРНЕЛ-ТРЕЙД», ОЛІЙНО-ЖИРОВА ГАЛУЗЬ, ПОКАЗНИКИ, ОПТИМІЗАЦІЯ.

LIST OF USED ACRONYMS

AI – Artificial intelligence

CRM-system – Customer Relationship Management

DCFTA – Deep and Comprehensive Free Trade Area

EBITDA – Earnings before Interest, Taxes, Depreciation and Amortization

EU – European Union

IaaS – Infrastructure as a Service

ICT – Information and Communications Technology

IoT – Internet of Things

FAO – Food and Agriculture Organization

FEA – Foreign economic activity

FMIS – Farm management information systems

FY – Financial year

GATT – General Agreement on Tariffs and Trade

GDP – Gross Domestic Product

GIS – Geographic Information Systems

ICC – International Chamber of Commerce

INCOTERMS – International Commercial Terms

IT – Information Technology

LLC – Limited Liability Company

MFN - Most-Favored-Nation

MY – Marketing year

NDVI – Normalized Difference Vegetation Index

PP&E – Property, Plant, and Equipment

TNC – Trans-National Corporation

UN – United Nations

WTO – World Trade Organization

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INTRODUCTION

Relevance of the topic. In the current context of globalization and increasing international competition, optimizing the management of foreign economic activities has become a crucial aspect for companies aiming to maintain and strengthen their position in global markets. For companies like Kernel-Trade LLC, which operate in highly competitive international environments, the effective management of foreign economic activities is key to achieving sustainable growth and improving export potential. Given the complex nature of international trade, optimizing management systems helps companies navigate regulatory frameworks, maximize efficiency, and enhance their overall competitiveness.

The increasing integration of Ukrainian enterprises into global markets highlights the importance of developing effective management systems for foreign economic activities. With growing pressure to comply with international standards, reduce operational costs, and establish reliable supply chains, enterprises like Kernel-Trade need to optimize their management strategies to ensure smooth operations and successful market expansion.

Moreover, the current geopolitical challenges, fluctuating trade regulations, and increasing global competition demand that Ukrainian companies focus on the continuous improvement of their foreign economic management practices.

The issue of forming the image of the enterprise is considered by such scientists as O. V. Khalilyaeva, C. Kubiv, V. Fedyuk, T. Khomenko, P. Krush, S. Bestuzheva, M. V. Bratanych, V. E. Kozak, and others.

Research indicates that well-structured and efficiently managed foreign economic activities significantly enhance a company's market positioning, profitability, and resilience in times of global uncertainty.

Optimization of these management systems allows companies to respond effectively to changes in international markets, maintain compliance with export requirements, and ensure the efficient allocation of resources. This, in turn, contributes

to the overall growth and long-term success of the enterprise.

The purpose and objectives of the study. The purpose of this research is to explore and justify strategies for optimizing the foreign economic activity management system of Kernel-Trade LLC. By analyzing the company's current management practices and identifying areas for improvement, the study aims to develop recommendations that can enhance the efficiency and effectiveness of its foreign economic operations.

To achieve the defined purpose of the study, the following tasks were formulated:

- to consider the essence, principles and components of the foreign economic activity management system;
- to characterize the indicators for assessing the effectiveness of the foreign economic activity management system;
- to analyze the approaches to optimization of the foreign economic activity management system;
- to study the general characteristics of Kernel-Trade LLC;
- to analyze the financial and economic performance indicators of Kernel-Trade LLC;
- to study the advantages and disadvantages of the management system of foreign economic activity of Kernel-Trade LLC;
- to analyze the fat-and-oil industry in Ukraine, its challenges and development potential;
- to propose the main directions of improvement of the management system of foreign economic activity of Kernel-Trade LLC on the example of PJSC Poltavsky VOEP - Kernel Group;
- to evaluate the effectiveness of the proposed measures and their impact on the efficiency of the enterprise's foreign economic activity.

The object of the research is the process of the optimization of the foreign economic activity management system.

The subject of the research is presented by a set of theoretical, methodological

and practical approaches in improving and realizing the export activity of the agro-industrial enterprise Kernel-Trade LLC.

Theoretical-methodological and informational sources that were used in the research process: scientific professional research, educational and methodical publications of leading domestic and foreign scientists, current legislation of Ukraine, statistical data, data of financial and management reporting of the Kernel-Trade LLC, official website of the Kernel-Trade LLC and other electronic resources which connected with Kernel-Trade LLC.

Research methods. To achieve the goal and solve the problems of the work, a wide range of tools and methods of scientific research were used: dialectical and abstract-logical – in generalization of theoretical and methodical provisions of image management; economic and statistical – to analyze quantitative and qualitative indicators of the state and development of the image assessment and management; graphic – in the study of the dynamics and structural changes in the development of the enterprise, in the reflection of the results of comparisons, etc.

The scientific novelty of the work lies in the study of modern mechanisms for optimizing approaches and tools for managing foreign economic operations, and the development, on this basis, of sound recommendations on possible areas for improving the management system of enterprises in a particular industry in order to increase their competitiveness, in particular, Kernel-Trade LLC.

The structure of work. The first part describes the essence principles and components of the foreign economic activity management system; indicators for assessing the effectiveness of the foreign economic activity management system were studied. Moreover, different approaches to optimization of the foreign economic activity management system were analyzed.

In the second part the main characteristics of Kernel-Trade LLC was identified, the analysis of its financial and economic performance indicators was made, the advantages and disadvantages of the management system of foreign economic activity of the company were researched.

The third part analyzes the fat-and-oil industry, the business activity of PJSC

Poltavsky VOEP, proposes the main directions of improvement of the management system of foreign economic activity of the enterprise and evaluates the effectiveness of these directions. The conclusions indicate the main results of the study and provide specific suggestions for the implementation of the qualification work.

Scope and structure of the work. The qualification work contains an introduction, the main part of three chapters, conclusions, and a list of references of 100 titles. The work includes 37 figures, 15 tables, and 3 appendixes.

PART 1. THEORETICAL ASPECTS OF RESEARCHING THE MANAGEMENT SYSTEM OF FOREIGN ECONOMIC ACTIVITY

1.1 Essence, principles and components of the foreign economic activity management system

Management of foreign economic activity (FEA) is associated with the application of general management ideas and concepts in all forms of foreign economic activity (export and import of goods and services, leasing operations, direct investment, etc.).

According to the Law of Ukraine "On Foreign Economic Activity", the subjects of foreign economic activity in Ukraine are [1]:

- 1) at the entrepreneurial level:
 - individuals - citizens of Ukraine, foreign citizens and stateless persons who have civil legal capacity and legal capacity in accordance with the laws of Ukraine and permanently reside in Ukraine;
 - legal entities registered as such in Ukraine and permanently located in Ukraine (enterprises, organizations and associations of all types, including joint-stock and other types of business companies, associations, unions, concerns, consortia, trading houses, intermediary and consulting firms, cooperatives, financial institutions, international associations, organizations, etc.), including legal entities whose property and/or capital is wholly owned by foreign business entities;
 - an association of individuals, legal entities, individuals and legal entities that are not legal entities under the laws of Ukraine, but which have a permanent location in the territory of Ukraine and are not prohibited from carrying out economic activities by the civil law laws of Ukraine;
 - Structural units of foreign business entities that are not legal entities under the laws of Ukraine (branches, departments, etc.) but have a permanent location in Ukraine;

- joint ventures with participation of Ukrainian and foreign business entities registered as such in Ukraine and having their permanent location in Ukraine; other business entities provided for by the laws of Ukraine;

2) at the state level:

- Ukraine, represented by its bodies, local authorities and governments, represented by foreign economic organizations established by them and involved in foreign economic activity, as well as other states involved in economic activity on the territory of Ukraine and acting as legal entities [9].

Similarly, "stratification" refers to the system of the world economy, its subsystems, and the specifics of the relationship between them:

- division, separation of subsystems and forms of their interconnection into strata; hierarchical construction of subsystems and corresponding levels of their interaction and interconnection according to their significance, coordination, structuring, and priority of influence;

- a method of identifying the degree of influence of the subsystem and the effectiveness of its interconnection with other subsystems on the development of the foreign economic sphere of the regional, national and global economy.

The micro-level of foreign economic activity is directly represented by individuals engaged in entrepreneurial activity; legal entities registered in Ukraine and permanently located on its territory; associations of individuals and legal entities in various legal forms and structural units of business entities.

The interaction of these entities with the external environment is focused on the formation of a powerful export potential based on the identified key success factors that are important in a competitive foreign economic environment for the formation of leadership position. Thus, the main goal of foreign economic activity management at this level is to form and build up the foreign economic potential of a foreign economic entity [21].

To achieve this goal, the following tasks in the field of foreign economic activity are important: monitoring of foreign markets and internal reserves of the enterprise on a systematic basis using databases; development of promising forms and types of

foreign economic activity; optimization of the interaction of the innovative, informational and intellectual component of export potential [33]. The implementation of the above tasks by functional area at this level is presented in Table 1.1.

The meso-level of foreign economic activity management includes: local councils of deputies of Ukraine and their executive and administrative bodies; territorial subdivisions (branches) of state bodies for the regulation of foreign economic activity. The main goal of the entities at this level is to deepen the specialization of the region in the state division of labor, create a favorable investment climate for innovative technologies in a particular area by including the region in globalization and integration processes [9].

The realization of this goal implies: a controlled increase in the region's foreign economic potential, taking into account its geo-economic location; development of export-oriented and import-substituting production; and use of the border status.

The macro level of foreign economic activity is represented by the state in the person of the president, relevant state institutions regulating foreign economic activity, non-governmental institutions managing foreign economic activity, financial and credit institutions, and banking institutions. The main tasks of foreign economic activity management at this level are stimulation of foreign economic activity at all levels of management; formation of a competitive commodity and geographical structure of exports; ensuring a positive balance of payments; diversification of the state's foreign economic activity [9].

The mega-level of foreign economic operators is represented by states, intergovernmental and non-governmental economic organizations, international organizations for the regulation of world trade, international monetary and financial organizations, TNCs, international alliances, integration groups and associations.

The main goal of foreign economic activity management at this level is to form a single foreign economic space and ensure a balanced development of the world economy.

Table 1.1

Functions of foreign economic activity management at the micro level

Function	List of Management Actions	Responsible Department
1	2	3
Planning	Forecasting Foreign Economic Activity (FEA);	Economic Sector;
	Setting prices for export products	Marketing Sector
Analysis	Studying the foreign market environment; competitive analysis	Marketing Sector
	Researching technical requirements for products on the foreign market; analyzing product compliance with international quality standards	Scientific and Technical Sector
Organization	Conducting foreign economic negotiations; organizing deliveries according to international contracts; reviewing export/import claims	Commercial Sector
	Currency exchange and calculations	Economic Sector
	Developing marketing strategies for product promotion on foreign markets	Marketing Sector
	Researching foreign markets; organization of meetings, trips, and receptions of foreign firms	Protocol Sector
Motivation	Implementing material and non-material incentives for FEA employees; promoting FEA achievements; fostering growth in the field of FEA	Management
Control	Control of deliveries for foreign economic operations	Commercial Sector
	Monitoring compliance with the foreign economic plan; currency control; auditing foreign economic operations	

*Compiled by author based on [9]

The tasks of foreign economic activity management at this level are to take into account the cyclical processes of the world economic system; analysis of trends and dynamics of global markets; development of foreign economic activity as a subsystem of the world economy.

Thus, the defined stratification levels of foreign economic activity management

have a certain hierarchical structure according to the level of foreign economic activity, are characterized by specific goals, objectives and functions for each level and have complex relationships with other international business participants.

The essence of foreign economic activity management is a comprehensive study and modeling of the international environment in combination with the well-established interaction of all departments and officials of the organization/institution in the interests of productive achievement of certain foreign economic strategies.

So, let's pay attention to three key points (see Fig. 1.1).

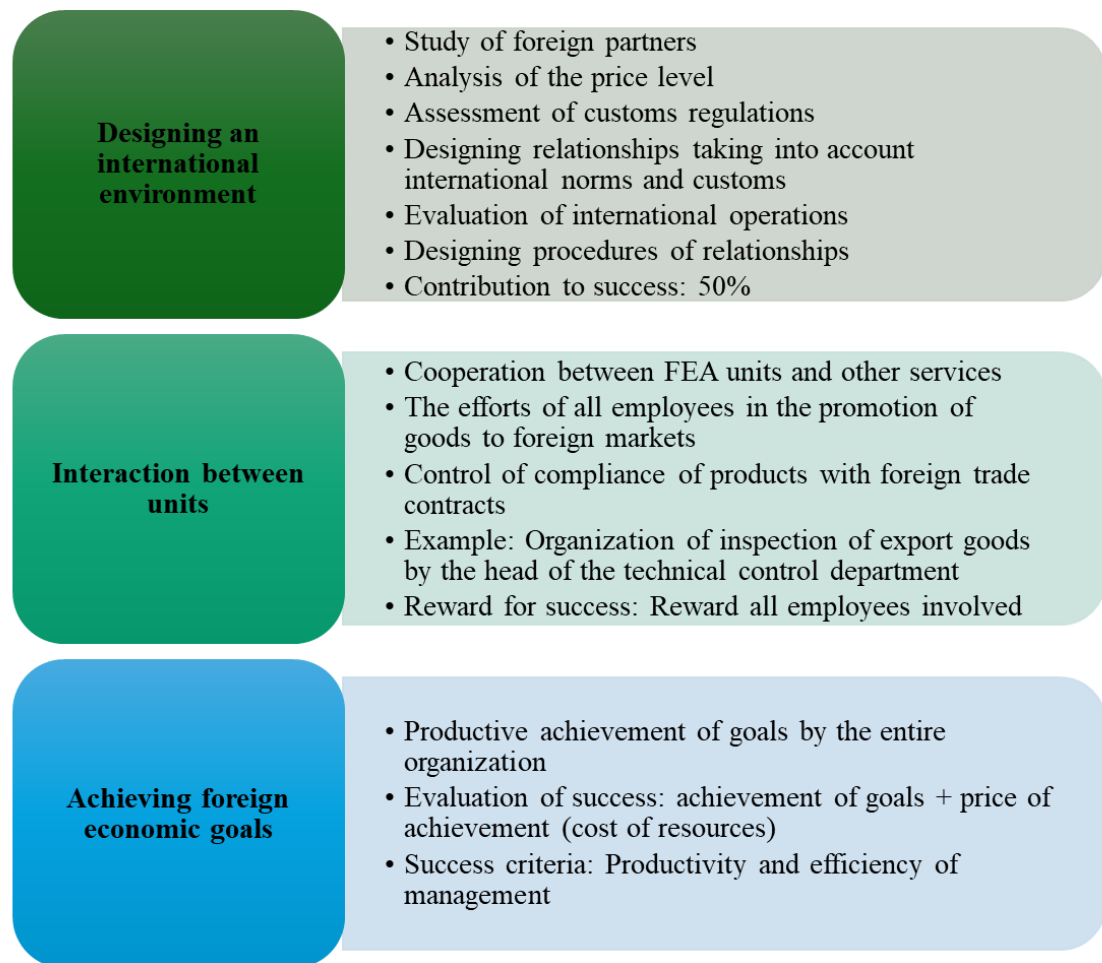


Fig. 1.1 Key stages and elements of management of foreign economic activity

First, foreign economic activity management is a defined process that primarily involves the study and design of elements of the international environment: foreign partners, price levels, customs regulations, international norms and customs, etc. In this part, the emphasis is not only on analyzing and evaluating future international operations, but also on designing relationships based on certain procedures. This

element of management accounts for almost half of the success factors in international business.

Secondly, it is necessary to achieve effective interaction not only between employees of foreign economic departments, but also between all services of the enterprise, which determines success in international markets. Therefore, foreign economic activity management certainly includes the efforts of other employees in promoting the company's goods to foreign markets. For example, the head of the technical control department, organizing a system for checking export goods for compliance with the terms of a foreign trade contract, is an important link in the control function in foreign trade management. In case of success in the international market, the said head of the control service should be remunerated to the same extent as the foreign economic activity employees.

Third, it is necessary to emphasize the productive achievement of the selected foreign economic goals by the entire organization. This means that the criterion for the quality of foreign economic activity management is not only success in itself (achievement of goals), but also the price of this success (resource consumption, productivity) [7].

Management of foreign economic activity is closely related to international management. The latter is nothing more than the management of multinational companies. Since foreign economic activity involves interaction between national and multinational companies, it implies interaction of foreign economic units with international branches of multinational corporations. At the same time, multinational companies prioritize a universal international approach, and actions in each country are a consequence of this approach.

In this respect, foreign economic activity is contradictory in nature: the main thing is to represent the company's domestic operations, while international activity is a consequence of domestic success. As for such categories as international finance, international logistics, international law, etc., each of them has its own functional foundations and patterns. The international aspects play a decisive role [21].

The foreign economic activity of enterprises of any country cannot ignore the

regularities of each of the above-mentioned functions of international business: finance, logistics, law, personnel, etc. Therefore, the management of foreign economic activity is based on the functional components of international business to the extent that it is relevant to the operations of the enterprise in question. At the same time, the management of foreign economic activity itself is based on certain principles.

Management activities are always based on the basic rules that managers and specialists of the management apparatus follow in the process of making certain decisions. These rules can be declared in special documents or be a kind of tradition, norm, or custom. Most often, there is a combination of both.

Principles in management are understood to mean traditions, customs, rules, regularities and norms that managers (executives, specialists) must adhere to. One of the peculiarities of foreign economic activity management is that, on the one hand, it is based on the principles of general management, and on the other hand, it is formed taking into account the principles of foreign economic activity. There are three levels of principles of foreign economic activity: general, specific and national.

The general principles of foreign economic activity are a small number of rules that are universally recognized around the world and have become a kind of well-known truths (axioms) that all participants in international business transactions adhere to. Although the set of these principles may differ in different editions, they ultimately boil down to three main ones: scientific, systematic, and mutually beneficial [33].

The scientific nature of FEA means, first of all, the development of this activity in accordance with objective economic laws. Adherence to this principle in the practice of managing international business operations implies that the organization identifies the supply and demand for its products abroad, the level of prices, their correlation with the costs in the exporting country, etc. The knowledge of existing theories of international trade by business managers helps them avoid significant miscalculations and reasonably predict changes in international markets. This principle is especially important in international financial settlements, which require relying on changes in exchange rates. Modern theory offers many useful theoretical models for forecasting exchange rates.

Based on these models, practice has developed convenient and diverse tools for managing currency risks: operational, translation (accounting) and economic.

The use of these and other tools in FEA management is an undoubted sign of the application of the principle of science.

The systematic nature of FEA means, first of all, that there are strong interconnections between its individual components. The FEA components themselves can be distinguished by a variety of criteria. Undoubtedly, one of the most important is the FEA contract (agreement). Based on this feature, it is necessary to ensure a proper relationship between all contract clauses: quality of goods, basic delivery terms and price, price currency, settlement currency and forms of payment, delivery terms and transportation terms, subject matter of the contract and arbitration, etc. Systemic interrelationships also exist in the period between the conclusion and execution of contracts [64].

The principle of consistency implies that company managers need to understand that foreign trade is only a part of their business. And if the domestic business is not organized efficiently enough, it threatens international operations as well. Errors, miscalculations and losses of a company in domestic operations will be a serious signal to the company's international business partners. Managers should always remember that a foreign partner judges their activities primarily by their actions in the country. For information on these issues, the relevant specialists are paid substantial sums under the "consulting services" item.

The principle of systematic foreign economic activity also includes the interconnection of the international operations of a given company with international business as a whole. Since the operations of even one large company (not to mention small Ukrainian companies) are a small part of the total volume of international business, it is necessary to adapt to the laws of this business. The system of foreign economic activity of a firm is only a small part of international business as a larger mega-system.

At first glance, the principle of mutual benefit in foreign economic activity does not seem to have any particular complications and seems obvious: each partner

involved in international transactions makes a profit. However, it is not easy to adhere to this principle because of the considerable amount of time required to execute transactions, changes in exchange rates, the existence of various links between individual foreign economic transactions, the use of barter operations, etc. Therefore, compliance with the principle of mutual benefit requires careful analysis and consideration, and separation of various income and expense streams.

In addition to these general principles of foreign economic activity management, there are many specific principles that must also be observed. Specific principles of foreign economic activity are enshrined in the relevant international legal acts and are binding on all states that have signed a particular act. Although the term "foreign economic activity" may not be used in these documents, by their nature most of the principles enshrined therein are directly related to foreign economic activity.

The most comprehensive list of principles for the organization of international economic relations is contained in the "Charter of Economic Rights and Duties of States" adopted by the IV Special Session of the UN General Assembly in 1974. The Charter was adopted together with the Declaration on the Establishment of a New Economic Order and the Program of Action for its Establishment. This document contains the following principles [46]:

- sovereignty;
- territorial integrity and political independence of states;
- sovereign equality of all states;
- non-aggression and non-interference in internal affairs;
- mutual and fair benefit;
- peaceful coexistence;
- equality and self-determination of peoples;
- peaceful settlement of disputes;
- eliminating injustice that results from the use of force and deprives the nation of the means for its normal development;
- fulfillment of international obligations in good faith;
- respect for human rights and fundamental freedoms;

- lack of desire for hegemony in spheres of influence;
- promoting international social justice;
- international development cooperation;
- free access to the seas for countries that do not have them.

Some of these principles coincide with the general principles, for example, the "mutual and fair benefit" clause. It is specified in the following principles. In other international documents, the principles of free movement of natural persons and economic goods are not considered as a whole, as noted above, but by the main branches of international law. In particular, the General Agreement on Tariffs and Trade (GATT) addresses the following issues [20]:

- in the travel of individuals;
- movement of goods;
- shipping and cargo transportation;
- capital movement;
- acquisition of property;
- transfer of funds.

Explanations of each of these issues can be found in the relevant publications and should be taken into account in practice. Thus, in terms of the movement of goods as the main form of foreign economic activity, the principle (regime) of most-favored-nation (MFN) is of primary importance. The essence of the MFN regime is that the reduction of customs barriers for one country also means the reduction of these barriers for all other countries that have established the MFN regime with it. This principle also applies to quotas and licensing. At the same time, the GATT makes some exceptions to this principle, which include, in particular, the following [11]:

- Manufacturing products from developing countries are given preferential treatment compared to similar products from industrialized countries;
- Concessions to members of trade unions, such as the EU, do not apply to non-members;
- Countries that arbitrarily take discriminatory measures against goods from a designated country, the latter is not obliged to provide MFN treatment;

- Countries that have not signed the agreement will not always be given the same treatment as countries that have joined it;

- Countries sometimes make exceptions based on their legislation in force before the GATT was signed;

Exceptions are also introduced in times of war or increased international tension. It should also be added that the GATT has provided the world with a basic set of principles by which trade negotiations are conducted and their implementation is monitored. A significant number of specific principles are in force at the regional level. For Ukraine, the principles of foreign economic activity in the European Union (EU) are of particular interest. They are contained in the so-called White Paper (1985) and include [20]:

- control and processing of documents for goods crossing national borders;

- freedom of movement of persons for employment or permanent residence in any country;

- unification of technical norms and standards;

- opening up consumer markets;

- liberalization of financial services;

- gradual opening of the information services market;

- liberalization of transportation services;

- creating favorable conditions for industrial cooperation, taking into account the legislation on intellectual and industrial property rights;

- eliminating fiscal barter.

National principles of foreign economic activity are enshrined in the legislative acts of the respective countries. Since all countries use mechanisms of state regulation of foreign economic activity to varying degrees, there is a corresponding legal basis for such actions. As for the foreign economic activity of Ukrainian enterprises, its principles are enshrined in Article 2 of the Law of Ukraine "On Foreign Economic Activity". Moreover, these principles also cover the activities of foreign business entities in Ukraine (see Fig. 1.2).

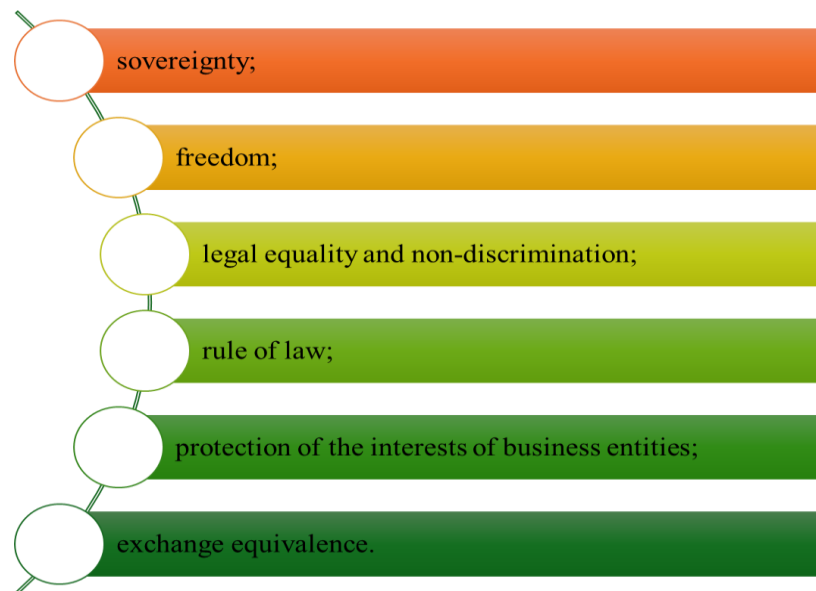


Fig. 1.2 The system of principles enshrined in Art. 2 of the Law of Ukraine "On Foreign Economic Activity"

Legislations of other countries also contain principles of such activities, which must be observed not only by national but also by foreign business entities.

The principle of "sovereignty" means the independent conduct of foreign economic activity by the people of Ukraine on the territory of their country, as well as the strict fulfillment of all international treaties and obligations. The freedom of foreign economic activity includes voluntary actions in this area by the subjects of such activity, a variety of forms of compliance with the requirements of the law and the exclusive ownership of foreign economic activity subjects to all the results obtained.

The principle of legal equality and non-discrimination consists of such rules as equality before the law of all participants in foreign economic activity, including the state, the prevention of any restrictions not provided for by law, regardless of ownership, location, etc.

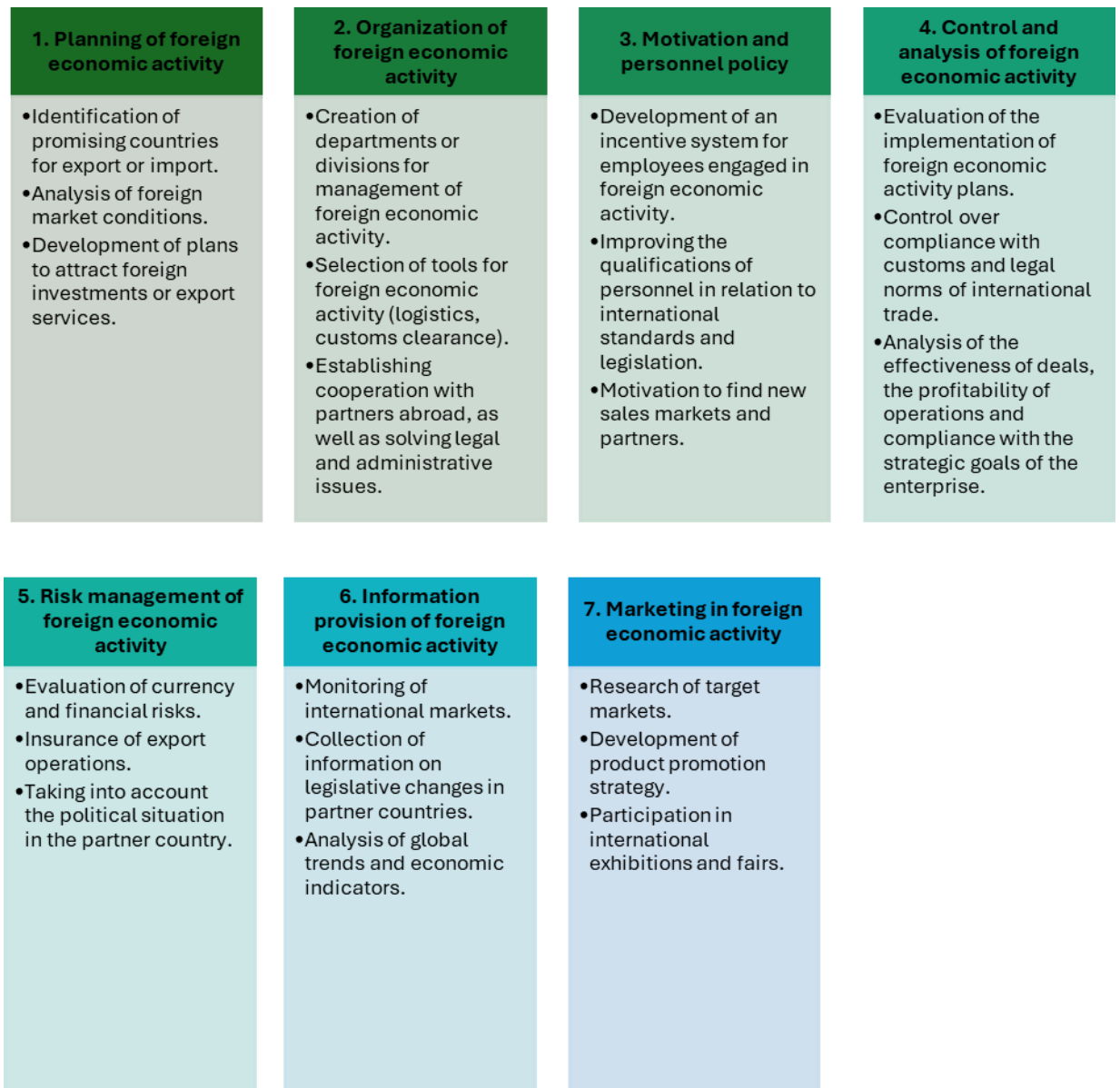


Fig. 1.3 The main components of the management of foreign economic activity

The rule of law is intended to exclude any influence of bylaws that have a negative impact on foreign economic activity compared to the laws of Ukraine.

The protection of the interests of foreign economic operators means that the state protects these interests in accordance with national legislation both in Ukraine and abroad in accordance with international law and the terms of all ratified international treaties. The principle of equivalence of exchange excludes dumping in the import and export of goods.

The main components of the management of foreign economic activity are shown in Fig. 1.3.

Planning of foreign economic activity means determining the goals of the company's foreign economic activity, developing strategies for entering foreign markets, analyzing potential markets, selecting product niches, and forecasting possible risks and results [6].

Organization of foreign economic activity - formation of the structure and mechanisms for the implementation of foreign economic operations.

Motivation and HR policy is aimed at ensuring that staff are interested in the successful implementation of foreign economic activity, as well as recruiting and training employees.

Control and analysis of foreign economic activity includes assessment of the results of foreign economic activity at all stages of its implementation.

As foreign economic activity involves increased risk (currency, political, market risks), managing these risks becomes a key component of management.

Information support for foreign economic activity is an important element for making decisions based on high-quality and up-to-date information about the state of global markets, international conditions and competitors.

Marketing in foreign economic activity includes conducting market research to analyze demand in foreign markets, forming a competitive strategy, and promoting goods and services internationally.

Thus, effective FEA management involves a comprehensive approach to managing the international activities of an enterprise, which includes planning, organization, motivation, control and risk management.

1.2 Indicators for assessing the effectiveness of the foreign economic activity management system

The concept of foreign economic activity efficiency is complex and multidimensional. It can be expressed through a variety of economic indicators, but the simplest and most important one is the profit from sales of manufactured products on the foreign market.

The effectiveness of foreign economic activity at the enterprise level is determined primarily by analyzing the profitability of foreign trade operations by comparing income and expenses, just as the effectiveness of foreign economic activity is determined by the level of fulfillment of the tasks set. Also, the effectiveness of foreign economic activity is determined by marketing indicators, namely market share in a particular foreign market, increasing the degree of popularity of the product brand and manufacturer, increasing the number of buyers, etc. [49].

Some authors, in particular, L. Bushovska and O. Poplavska, characterize the efficiency of an enterprise by its economic potential (resistance to renewal) in the current period and the ability to obtain the necessary result, which will allow it to master a certain number of products demanded by the market in a certain period, which will ensure the survival and flexible development of the enterprise in a competitive environment. The problem of increasing the efficiency of foreign economic activity is multifaceted, it is related to the efficiency of the use of the company's assets, its funds, investment processes, achieving high quality products and other processes [8].

The calculation of economic efficiency is generally performed by comparing the economic effect achieved with the cost of resources used to obtain it. The results are primarily understood as profit, and the costs are the cost of the production resources used. Economic results and resource costs are quantified, so economic efficiency, including foreign economic activity, should be measured quantitatively, according to certain criteria. That is why it is necessary to define a system of indicators that allow for a comprehensive assessment of such economic efficiency.

The criteria for economic efficiency differ at different levels of foreign economic activity, because each of them has different economic interests [21]. T. L. Bondarieva emphasizes that the main criterion for the effectiveness of an FEA operation is financial support [7].

The author suggests choosing return on assets as a function - an indicator of the efficiency and effectiveness of the financial activity of the enterprise, and factors of the external and internal environment as factors, which will contribute to the complexity and greater objectivity of modeling. The methodology for analyzing the foreign

economic activity of an enterprise should contain several key components (see Fig. 1.4).

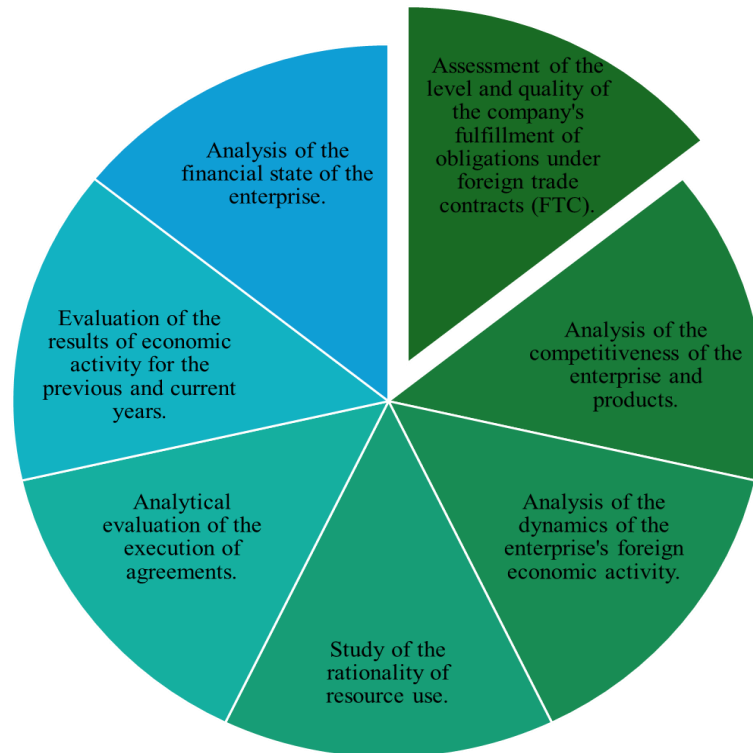


Fig. 1.4 Key components of methods of analysis of foreign economic activity of the enterprise [4]

The authors of [26,31,33,37,41] grouped the indicators for assessing the effectiveness of foreign economic activity (see Table 1.2).

A similar approach is taken by T. Khomenko and P. Krush, who distinguish such indicators of foreign economic activity efficiency as coefficients of fulfillment of obligations and indicators of currency efficiency of imports, and believe that all indicators should be calculated before concluding a particular transaction, during planning of activities, as well as in order to assess the efficiency of export and import operations for the previous period [8].

The authors of [9] believe that the effectiveness of export management depends on factors that reflect the state of the enterprise as a whole and consider it primarily at the level of the exporting enterprise. They argue that the organization and management of export operations depend on the level of qualification of the sales manager, the marketing policy of the enterprise, the activities of agents in search of markets, the cost

and quality of products, and the costs of organizing export activities. However, this approach seems to be incomplete, because without assessing indicators based on accounting and reporting data, it is impossible to evaluate the effect of measures to improve FEA.

Table 1.2

Key indicators for assessing the effectiveness of foreign economic activity

Groups of indicators	Indicators
Absolute	Export volume; volume of imports; the volume of overhead costs for the execution of foreign trade contracts; number and volume of complaints received in foreign trade contracts; the number of satisfied complaints
Relative	Indexes of export and import dynamics
Structures	Commodity structure of foreign economic activity; geographical structure of foreign economic activity; overhead cost structure of foreign economic activity
Efficiency	Currency efficiency of export/import; absolute export/import efficiency; economic effect of export/import; effectiveness of sales of export products on the domestic market; efficiency of purchase and use of imported equipment; efficiency of purchase and sale of licenses

C. Kubiv and V. Fedyuk identified three approaches to determining efficiency: through the coefficients of export-import operations; by profitability indicators; by sales volume [41]. After analyzing the dynamics of export-import operations in the agricultural sector, the researchers formed a classification of factors based on the weight of the factors. This is a rather progressive methodology that eliminates insignificant data and, therefore, aims to individualize each subject of international activity.

O. V. Khalilyaeva [36] notes that the indicator of efficiency is economic potential, considering this concept in the macroeconomic sense, which indicates the

availability of resources and opportunities. Such availability is determined by the gross domestic product, and therefore, when interpreted at the micro level of an enterprise, only the volume of production and sales in an inseparable combination with the assessment of management activities is important.

The effectiveness of foreign economic operations is largely laid down at the stage of their planning and preliminary preparation for conducting them and is assessed by means of financial analysis. Analysis of foreign economic activity of an enterprise is a comprehensive systematic study of international commercial operations, functioning of the relevant structural units of the enterprise to objectively assess the results achieved, identify the causes of deviations and ways to improve the efficiency of foreign economic activity [17].

To assess its own potential capabilities in the competitive struggle in the foreign market and develop measures to increase competitiveness and maximize profits, an exporting company needs to conduct a comprehensive economic analysis of its production and economic activities in general and foreign economic activities in particular. The analysis of a company's foreign economic activity usually includes several components (see Figure 1.5).

Assessing the effectiveness of foreign economic activity is reduced to analyzing two interrelated processes:

- investment of financial resources in a transaction, i.e. expenses;
- receiving income from the transaction.

It should be noted that, depending on the type of foreign economic operations and their scale, these processes can occur in different ways: simultaneously or alternately, continuously or at intervals, with different speeds and intensities, thereby forming complex financial payment flows, which involves taking into account the time value of money.

However, having analyzed the works of scholars, we can say that there are differences of opinion both in the process of analytical research and in the methodology for generalizing the results obtained.

For example, O. Kazak and T. Obelets believe that performance indicators

include currency efficiency of exports/imports; export/import efficiency; average turnover of an export (import) transaction; and return on funds from export/import operations [33].



Fig. 1.5 Key components of the analysis of the enterprise's foreign economic activity

V. V. Gobela divides performance indicators into two large groups. The first group includes indicators that characterize the absolute value of the economic effect and are defined as the difference between the result and costs, as well as comparative performance indicators, which are defined as the ratio of the result to the costs of a particular foreign economic transaction. The second group includes indicators that characterize the feasibility of an enterprise's participation in foreign economic relations, namely local efficiency indicators calculated using current domestic prices and general economic efficiency indicators calculated on the basis of estimated prices

[21].

In our opinion, the assessment of the efficiency of an enterprise's foreign economic activity should take into account the costs incurred by the entity in carrying out foreign economic activity compared to the income received from this activity. Based on a generalization of modern views on assessing the efficiency of foreign economic activity, we believe that the most informative are three groups of performance indicators, namely:

- performance indicators of export operations;
- performance indicators of import operations;
- indicators of the generalized efficiency of foreign economic activity.

The economic efficiency of a business entity's foreign economic activity should be determined on the basis of the actual performance of a separate transaction in the foreign economic activity of the enterprise, since this is a practical continuation of the relevant business transaction by the enterprise [23].

The study summarizes methodological approaches to assessing the performance indicators of foreign economic activity and shows that there is no single method for determining them in the scientific literature and in the practice of managing foreign economic activity, which does not contribute to the formation of reliable and timely information support for managerial decision-making in the system of foreign economic activity. The obtained indicators are quite simple for express analysis and, in case of negative indicators, allow informing the manager about the existence of a problem in the foreign economic activity of an enterprise.

Improving the methodology for assessing the effectiveness of foreign economic operations determines the degree of interest of an enterprise in entering the global market and allows to substantiate individual proposals for the purchase and sale of certain goods. The data obtained can be used both in the development of export and import plans for an enterprise and for monitoring the structure and directions of foreign trade turnover [25].

The foreign economic activity (FEA) management system is one of the key elements for ensuring the competitiveness of enterprises in the international market.

The effectiveness of this system determines the success in interacting with foreign partners, fulfilling foreign trade contracts and adapting to the global economy. To objectively assess the effectiveness of foreign economic activity management, it is necessary to use a set of indicators that reflect various aspects of the enterprise's activities. These indicators can be divided into quantitative and qualitative, each of which has its own specifics and significance (see Figure 1.6).

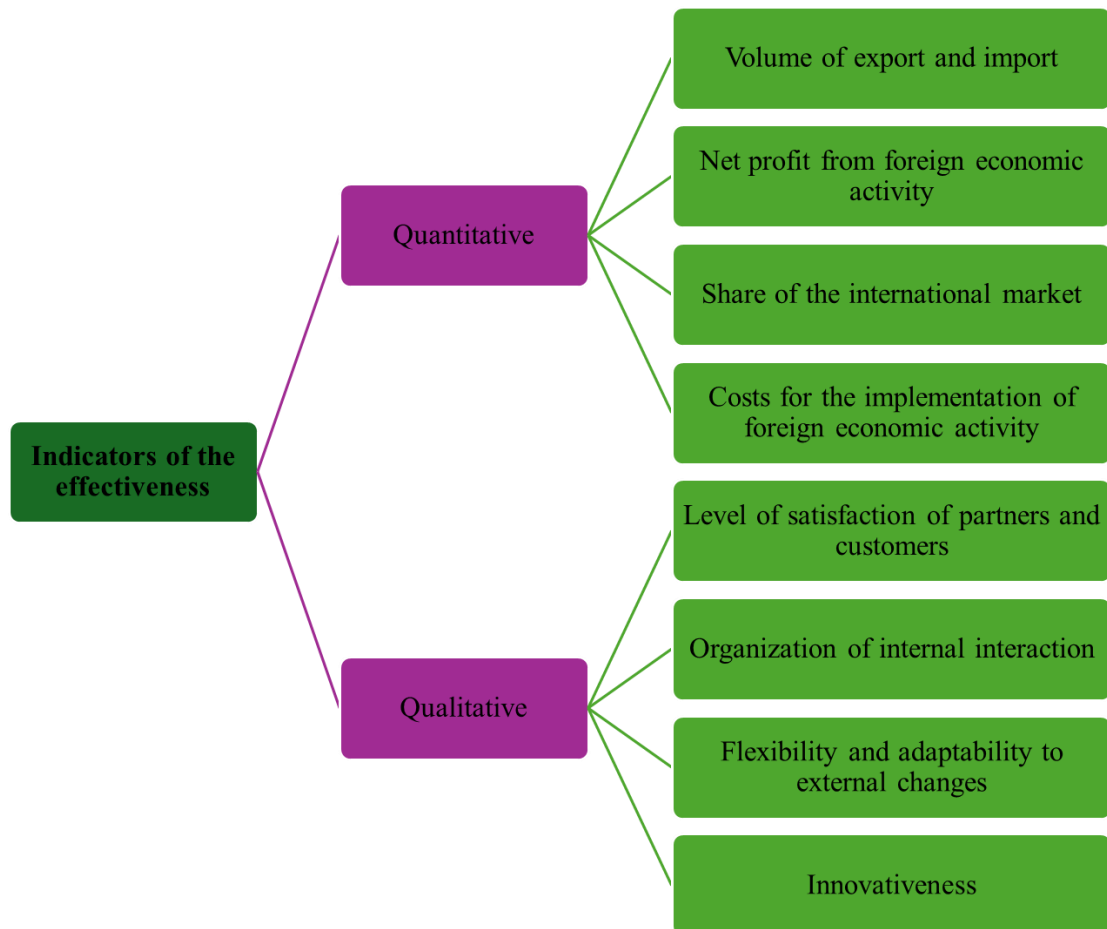


Fig. 1.6 Indicators of the effectiveness of the management of foreign economic activity

Quantitative indicators assess the economic results of foreign economic activity and the ability of an enterprise to generate profits and the volume of operations in the international market.

The volume of exports and imports demonstrates the company's ability to enter foreign markets and successfully sell its products or services. The growth of exports indicates the effective management of international operations and the success of the

product promotion strategy in the international market.

The net profit from foreign economic activity shows the financial results of the company's foreign economic activity. The higher the profit, the more efficiently the company manages its international operations. It is also an indicator of how efficiently a company can manage costs and generate added value in foreign markets [74].

The international market share determines the company's position in the competitive environment. A large market share may indicate a successful internationalization strategy, including the right choice of markets, pricing policy and effective management of international processes.

The costs of foreign economic activity are one of the most important aspects of performance assessment, as high costs can reduce the profitability of international operations. Cost analysis allows a company to optimize resources and reduce the risk of financial losses.

Qualitative indicators are less precisely measured, but they play an important role in determining the overall effectiveness of the management system. They reflect the level of organization, coordination and strategic planning at the enterprise. Among the main qualitative indicators are the level of satisfaction of partners and customers, organization of internal interaction, flexibility and adaptability to external changes, and innovation [66].

The first indicator is based on an assessment of the quality of services and products provided by the company in the international market, as well as the long-term and reliable cooperation with partners. A high level of satisfaction indicates effective management of relations with counterparties, flexibility and the ability to respond quickly to changing conditions.

Effective interaction between different business units is an important factor for success in foreign trade. A high level of coordination between the foreign trade department, marketing, finance, logistics and other departments ensures synergy in achieving international goals.

A company's ability to adapt to changes in international markets, regulations, economic and political conditions is critical to its long-term success. The high level of

flexibility of the foreign economic activity management system allows company quickly adjust strategies and tactics depending on external circumstances.

The use of the latest technologies and tools for managing foreign trade, such as digital platforms for market analysis, automation of logistics processes, and artificial intelligence for demand forecasting, is an important indicator of a company's modernity and progressiveness. Companies that actively implement innovations have a competitive advantage in international markets.

Based on the analysis and synthesis of various methodological approaches to evaluating the export potential of both regions and enterprises, we suggest analyzing the indicators discussed below that encompass both the internal and external environments of the enterprise. Since all the indicators for assessing export potential can be quantified, this makes the process of accounting and analysis straightforward and accessible to a wider audience.

The proposed indicators can be adapted to the realities of practical activities of enterprises, which allows to develop a system of indicators that should be used in determining the indicator for assessing the export potential of agricultural (grain) enterprises [66].

- Efficiency of export production:

$$E_{ep} = \frac{P_{ep}}{C_{ep}} \quad (1.1)$$

where P_{ep} – price of export products in domestic prices

C_{ep} – cost of export products

Characterizes the efficiency of production for an exporting enterprise; the higher the value of E_{ep} , the more expedient the production of this product is.

- Share of profit from exports in the total profit of the exporting enterprise:

$$\text{Share of profit from export} = \frac{Pr_{ep}}{TPr_{ee}} \quad (1.2)$$

where Pr_{ep} – profit from exports of products

TPr_{ee} – total profit of the exporting enterprise

This indicator represents the proportion of profit generated from exports relative to the total profit from the company's product sales. A higher value indicates a greater significance of export activities for that particular product within the enterprise.

- Return on sales of export products:

$$\text{Return on sales} = \frac{Pr_{ep}}{R_{es}} \quad (1.3)$$

where Pr_{ep} – profit from exports of products

R_{es} – revenue from export sales

This indicator represents the profitability of product exports. A higher value signifies that exporting this particular product is more profitable for the enterprise.

- Share of exports in total sales of the exporting enterprise's products:

$$\text{Share of export in total sales} = \frac{V_{ep}}{TV_{ps}} \quad (1.4)$$

where V_{ep} – volume of exported products

TV_{ps} – total volume of product sales

This indicator characterizes the export orientation of the seed enterprise's production. A higher value indicates that export activity holds greater importance for the enterprise.

- Competitiveness of the seed enterprise:

$$\text{Competitiveness of the enterprise} = \frac{R_{es}}{(C_{dpr} + C_{se})} \quad (1.5)$$

where R_{es} – revenue from export sales

C_{dpr} – costs of domestic production of export products

C_{se} – costs of selling export products on the foreign market

If the competitiveness coefficient exceeds 1, it indicates that exports are profitable for the enterprise. The higher the value of this indicator, the stronger the enterprise's competitive position.

- Share of products certified for compliance with international quality standards:

$$\text{Share of products certified} = \frac{N_{cp}}{TN_{prm}} \quad (1.6)$$

where N_{cp} – number of certified products

TN_{prm} – total number of products manufactured

This factor significantly influences the export potential of an agricultural (seed) enterprise, as many countries only allow the import of agricultural (seed) products that comply with the relevant international standards.

- Share of innovative products (new varieties and hybrids):

$$\text{Share of innovative products} = \frac{N_{ip}}{TN_{prm}} \quad (1.7)$$

where N_{cp} – number of innovative products

TN_{prm} – total number of products manufactured

Determines the ratio of innovative products to the total number of agricultural products.

Evaluation of the effectiveness of the foreign economic activity management system is based on an integrated approach that includes both quantitative and qualitative indicators. Quantitative indicators allow to measure financial results and volumes of operations, while qualitative indicators reflect organizational and strategic aspects of the enterprise's international activities.

The combination of these indicators provides a complete picture of the effectiveness of the foreign economic activity management system and allows enterprises to adjust their actions to achieve better results in international markets.

1.3 Analysis of approaches to optimization of the foreign economic activity management system

One of the main features of the modern world economy is the unfolding of globalization processes, which significantly affect the system of international economic relations, transform the directions and determine the trends in the development of national economies. The qualitative improvement of international economic relations in recent years has led to an intensification of competition between countries in the global markets for goods, services and factors of production. In view of this, there is a need to rethink the impact of economic globalization on the development of the world economy [42].

The improvement in global trade performance over the past decades is primarily

due to the liberalization of foreign economic activity and the growing openness of national economies, the intensification of global expansion of corporations in developed countries, and the existence of a sufficiently effective international system for regulating trade relations [80].

According to the Law of Ukraine "On Foreign Economic Activity", foreign economic activity is the activity of Ukrainian business entities and foreign business entities based on the relationship between them, which takes place both in Ukraine and abroad [1]. The main subjects of foreign economic activity are enterprises directly engaged in the export or import of goods and services. The development of foreign economic activity of enterprises is a significant factor in increasing the efficiency of economic activity both at the level of individual business structures and throughout the country.

Effective foreign economic activity contributes to the development of several aspects, as shown in Fig. 1.7.

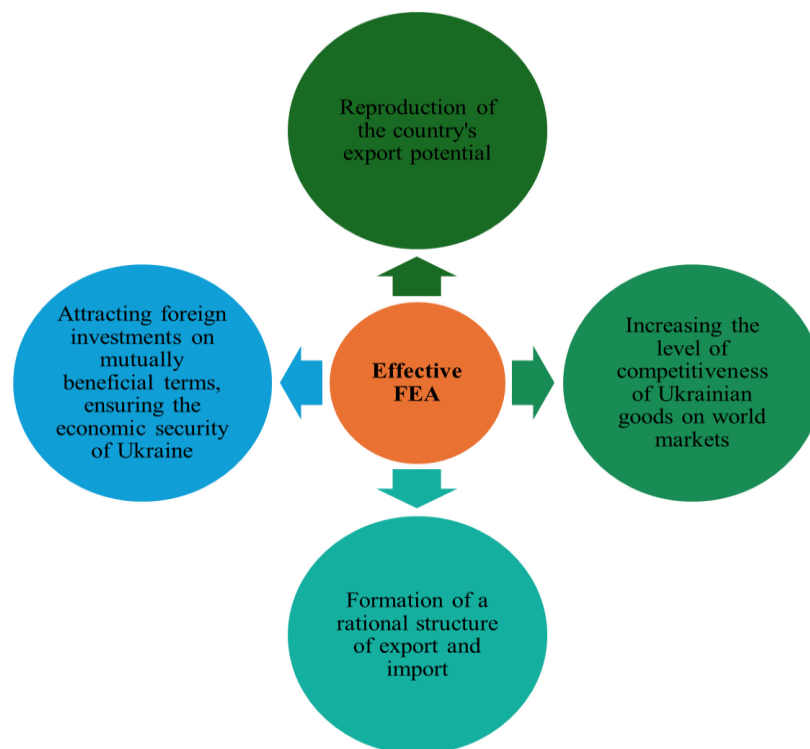


Fig. 1.7 The impact of effective foreign economic activity

Most developed capitalist countries have a trade surplus, with exports significantly exceeding imports. In Ukraine, due to objective reasons of the transition period, the opposite trend is still observed. Although Ukraine has many natural

competitive advantages for the development of foreign economic activity, such as favorable climatic conditions, a good geographical location (at the intersection of trade routes between Europe and Asia), fertile soils, water resources, and highly skilled labor, most of these advantages have been lost due to the full-scale war.

Most developed capitalist countries have a trade surplus, with exports significantly exceeding imports. In Ukraine, due to objective reasons of the transition period, the opposite trend is still observed.

Foreign economic activity (FEA) is a key factor in the development of any country, determining its position in the international market, the level of economic stability and integration into global processes. In today's globalized world, foreign economic relations are becoming an important component of both the Ukrainian and European economies. However, their development paths and integration mechanisms differ significantly due to political, economic and social factors [78].

As a country at the crossroads of Europe and Asia, Ukraine has the potential to actively participate in international trade. However, its foreign economic activity constantly faces various challenges. After 2014, when Russian aggression began, Ukraine's foreign trade relations underwent serious changes. Until then, Russia had been one of Ukraine's largest trading partners, but after the political events, Kyiv began to actively reorient itself to European and global markets. This became even more noticeable after the signing of the Association Agreement with the European Union in 2014 [56].

Ukraine's current foreign economic activity is focused on the export of agricultural products, metals, machinery, and chemicals. However, as a result of the war that began in 2022, the country's economy and foreign economic activity have suffered a significant decline. Ukraine has faced logistical problems due to the blockade of ports and the destruction of infrastructure, which has complicated the trade process. Despite this, the country continues to export grain using alternative routes through European countries.

Trade in services, in particular in the IT sector, also occupies an important place in the export structure. In recent years, Ukraine has become a powerful player in the IT sector, offering competitive services on the global market.

European countries, especially members of the European Union, have highly developed foreign economic relations. The main difference between the foreign economic activity of Ukraine and European countries is the level of integration into international markets and the availability of stable political and economic mechanisms. The EU is one of the world's largest players on the foreign market due to its internal market, which unites more than 450 million consumers. EU countries enjoy the benefits of the single market, which facilitates trade relations between them and allows them to act as a single trading bloc in relations with other countries [11].

European countries specialize in high-tech products, innovations, services, and manufactured goods, which makes them highly competitive on the global market. For example, Germany is one of the world's leading economies due to its exports of engineering products, automobiles, chemicals, and technology. France is also a strong player on the foreign market, especially in the agricultural and luxury sectors.

One of the main differences between the foreign economic activity of Ukraine and European countries is the level of dependence on international assistance and integration into the global financial and trade systems. While European countries are active participants in the global economy, creating their own innovations and high-tech products, Ukraine is still largely dependent on raw material exports, making its economy vulnerable to fluctuations in global markets.

In addition, European countries have stable trade relations with other countries due to their membership in the WTO, the EU, and numerous bilateral agreements. Despite the improved trade relations with the EU, Ukraine still faces challenges related to infrastructure problems and the war [44].

Thus, Ukraine's foreign economic activity is an important component of its economy, but it needs to be further diversified and modernized to increase its competitiveness in the global market. Compared to European countries, Ukraine still has to overcome a number of internal and external challenges to fully integrate into the

global economy and achieve sustainable development.

Effective management of Ukraine's foreign economic activity (FEA) is an important factor for achieving stable economic development and integration into global markets.

Modern challenges, such as geopolitical instability, globalization and technological changes, require Ukrainian enterprises and government agencies to take a flexible approach to managing foreign economic activity.

Optimization of the foreign economic activity management system means developing and implementing effective strategies that will help increase the country's competitiveness in the global market. In this context, it is important to consider the existing approaches and methods of optimizing the management of foreign economic activity that can be useful for the Ukrainian economy [98].

An overview of existing approaches and methods to optimize the management system of foreign economic activity is given in Table 1.3.

Table 1.3

Approaches and methods of optimizing the management system of
foreign economic activity

Name	Key aspects
1	2
Systematic approach	<p>Complexity: Considers foreign economic activity as a complex system consisting of various elements (economic, political, social).</p> <p>Integration: Connecting all levels and participants of foreign economic activity for better coordination.</p> <p>Analysis of the environment: Consideration of international market influences, political risks and regulatory changes.</p> <p>Adaptability: Continuous adjustment of management decisions depending on changes in external conditions.</p>
Process approach	<p>A clear sequence of actions: Description of the stages of planning, control, execution and monitoring of foreign economic processes.</p> <p>Standardization of processes: Use common protocols and procedures to ensure smooth operation.</p> <p>Automation: The use of technology to optimize and speed up operations, including the implementation of ERP systems.</p> <p>Effective coordination: Increasing the level of interaction between different departments and units responsible for foreign economic activity.</p>

1	2
Approach to risk management	<p>Identification of risks: Identification of possible threats to foreign economic activity (political, economic, financial risks).</p> <p>Impact assessment: Determining the likelihood and potential consequences of risks for the business.</p> <p>Minimizing risks: Use of tools such as diversification of export markets, risk insurance, and currency risk hedging.</p> <p>Monitoring: Continuous analysis of the external environment to identify new threats and opportunities.</p>
Innovative approaches	<p>Digital technologies: Using information systems such as blockchain to increase transparency or artificial intelligence to analyze the market.</p> <p>Automation: Implementation of modern IT solutions to reduce operating costs and improve the speed of transaction execution.</p> <p>E-commerce: Development of online platforms for international trade.</p> <p>Innovative products and services: Finding new ways to enter global markets with technologically advanced offerings.</p>
Adaptation to international standards	<p>Compliance with international standards: Meet the requirements of ISO and other global standards to ensure product quality.</p> <p>Reducing barriers to trade: Harmonize Ukrainian regulations with international standards to facilitate access to foreign markets.</p> <p>Increasing trust: Creating a positive image of Ukrainian goods and services in the global market through compliance with international standards.</p> <p>Environmental and social standards: Integrating sustainable and environmentally friendly practices into production to increase competitiveness.</p>

The systemic approach is one of the main methods in managing foreign economic activity. It involves considering foreign economic activity as a complex system consisting of various elements: political, economic, social and technological factors.

In Ukraine, given the difficult geopolitical situation, a systematic approach to managing foreign economic activity can become a key tool for adapting to changes in international markets.

A systematic approach can help build a management structure that considers all elements of the external environment and optimizes decision-making at various levels. For example, the integration of innovative technologies and process automation can significantly increase the efficiency of logistics operations and reduce the cost of export and import operations [97].

The process approach focuses on the sequencing and optimization of specific processes related to foreign economic activity. It is focused on clearly defining the stages of foreign economic activity: planning, control, execution and monitoring of results. For Ukrainian companies, this approach is important in terms of ensuring uninterrupted operations and flexibility in interacting with international partners.

The process approach also helps to increase the efficiency of interaction between different departments of the company involved in foreign economic activity. This reduces the likelihood of errors and losses due to improper coordination between them.

The use of information technologies for process management, such as ERP systems (Enterprise Resource Planning), allows to automate some of the processes and increase productivity. Foreign economic activity involves numerous risks, especially in an unstable political and global economic environment.

An important aspect of optimizing the foreign economic activity management system is the implementation of a risk management strategy. It involves identifying potential threats, assessing their impact on the company's operations and developing measures to minimize these risks.

In the context of war and general instability, Ukrainian businesses face risks related to security of supply, price fluctuations in international markets, and financial risks due to the instability of the national currency. For effective risk management, it is important to use methods of export diversification, risk insurance, currency risk hedging, and implementation of systems for monitoring the political and economic situation [48].

In the context of rapid technological development, innovative approaches to managing foreign economic activity are becoming extremely important. They include the use of digital technologies, process automation, e-commerce development, and the introduction of artificial intelligence for market analysis. For Ukraine, which is actively developing its IT sector, this opens up new opportunities to enter international markets.

Innovative methods can reduce operating costs and increase process efficiency. For example, the use of blockchain technologies can help to make international transactions more transparent and reduce the risks associated with financial fraud. In

addition, the digitalization of foreign economic activity helps to simplify document flow and ensure faster execution of transactions.

One of the key areas of optimization of the foreign economic activity management system in Ukraine is adaptation to international standards. Integration into the global economy requires Ukrainian companies to comply with international norms and standards in the areas of quality, environmental safety, and social responsibility. The use of standards such as ISO helps to increase confidence in Ukrainian products in the international market and ensure their competitiveness.

International experience provides many successful practices that can be useful for Ukrainian enterprises seeking to increase their competitiveness in the global market (see Figure 1.8).



Fig. 1.8 The approach to the management of foreign economic activity and the country for analysis

One of the most successful examples of an effective foreign trade management system is the European Union (EU). The EU is known for its integrated economy based on open market principles, harmonized regulations and policies. An important element is the unified customs system, which allows the free movement of goods between member states, reducing transaction costs for companies.

The EU uses a systemic approach, whereby the integration of national economies into a common economic space allows for effective management of the flow of goods and capital. EU member states coordinate their trade policy actions, which increases stability and predictability for business. An important aspect of this system is also the intensive cooperation between governments and businesses, which allows them to quickly adapt to changes in international trade.

The United States of America has one of the largest and most diverse economies in the world, which makes its experience in managing foreign economic activity valuable to learn from. One of the key aspects of foreign economic activity management in the United States is the emphasis on risk management. American companies actively use export insurance, currency risk hedging, and financial instruments to mitigate the risks associated with international transactions.

The United States has also developed effective market diversification strategies that reduce dependence on a particular market or region. Businesses actively monitor the political and economic situation in partner countries and respond quickly to changes by reorienting their export and import operations. This minimizes the impact of external factors, such as changes in trade policy or geopolitical crises [66].

Japan is one of the leaders in implementing a process approach to FEA management. Japanese companies are known for their focus on process optimization and continuous improvement. The use of methodologies such as kaizen (continuous improvement) helps companies effectively manage international operations, ensuring a high level of product quality and timely deliveries.

The process approach in Japan is aimed at ensuring clear coordination between the various divisions of the company involved in foreign economic activity, as well as standardization of procedures. For example, supply chain management in Japanese companies is optimized to the maximum extent possible to reduce costs and avoid delays. This allows Japanese companies to maintain their competitive advantage in international markets, even in the face of fierce competition.

China is demonstrating rapid growth in its foreign economic activity due to the active use of innovative approaches. Chinese companies are actively implementing digital technologies in FEA management, using artificial intelligence, blockchain and big data to analyze markets and manage international transactions. China is also a leader in e-commerce, which allows local businesses to enter global markets without intermediaries and reduce costs.

One of the important aspects of China's strategy is the development of international trade platforms such as Alibaba, which greatly simplifies access to foreign

markets for small and medium-sized enterprises. The use of the latest technologies to monitor market trends and manage supply chains allows Chinese companies to respond to changes in supply and demand in real time, which increases the efficiency of their operations.

Germany is a model for many countries in terms of adapting to international standards. German companies are known for their high-quality products, which is ensured by strict production standards and compliance with certification standards such as ISO. Adherence to international standards allows German companies to reduce barriers to exports and increase trust on the part of foreign partners.

The German government actively supports companies in the process of adapting to international standards by providing advice and financial assistance to obtain the necessary certificates. This allows companies to effectively integrate into global markets while maintaining high standards of production and social responsibility.

Ukraine could benefit from an integrated approach similar to the EU's, harmonizing trade policies and regulations to lower transaction costs and improve business predictability. Close government-business cooperation, as seen in the EU, would also help Ukraine respond swiftly to market changes [93].

The U.S. focus on risk management and market diversification could strengthen Ukraine's FEA. By promoting tools like export insurance and currency risk hedging, Ukraine can help businesses manage trade risks. Diversifying export markets would also reduce vulnerability to regional economic shifts. [99]

Japan's process-oriented approach, particularly kaizen (continuous improvement), could aid Ukrainian companies in streamlining operations, ensuring quality, and reducing costs—key factors for international competitiveness [94].

China's use of digital technologies, such as AI and e-commerce, could modernize Ukraine's FEA. Investing in digital tools and trade platforms could help Ukrainian SMEs access global markets more easily and operate with greater efficiency [100].

Germany's adherence to international standards sets a model for Ukraine. By aligning Ukrainian products with global certifications like ISO, and providing

government support to achieve these, Ukraine could reduce trade barriers and build foreign trust [93].

In addition, to increase the efficiency of the enterprise's FEA and ensure the competitiveness of the enterprise in the foreign market, it is necessary to formulate a strategy for foreign economic activity. When creating a strategy, it is necessary to conduct a comprehensive analysis of the enterprise's activities using SWOT analysis methods, which will identify the strengths and weaknesses of the enterprise and group indicators to identify the potential for enterprise development.

Next, it is necessary to analyze the external environment, which includes an assessment of suppliers, competitors and consumers, as well as an analysis of the company's product range to identify the life cycle stage of each product and the possibility of its replacement. This analysis is carried out by drawing up a map of strategic groups to determine the position of the enterprise among competitors and the direction of its development in the existing competitive environment.

It is also advisable to conduct market research to identify the needs and tastes of consumers, assess the activities of suppliers (determining the quality of raw materials and the level of prices for it in this industry). To determine the attractiveness of the market in the foreign economic activity of the enterprise, it is worth conducting a matrix analysis. When conducting a matrix analysis of an enterprise's FEA, several types of matrices are most often used (see Figure 1.9).

After analyzing the economic activity of the enterprise, a list of strategic alternatives is compiled, i.e. a system of strategies with the calculation of the probability of their implementation to achieve the overall goal. Building a strategy for foreign economic activity will allow the company to clearly understand its own capabilities and adapt to changes in various factors.

The developed ways to optimize the foreign economic activity of domestic enterprises will be effective if the enterprises' entry into foreign markets is comprehensively justified and calculated for the future.

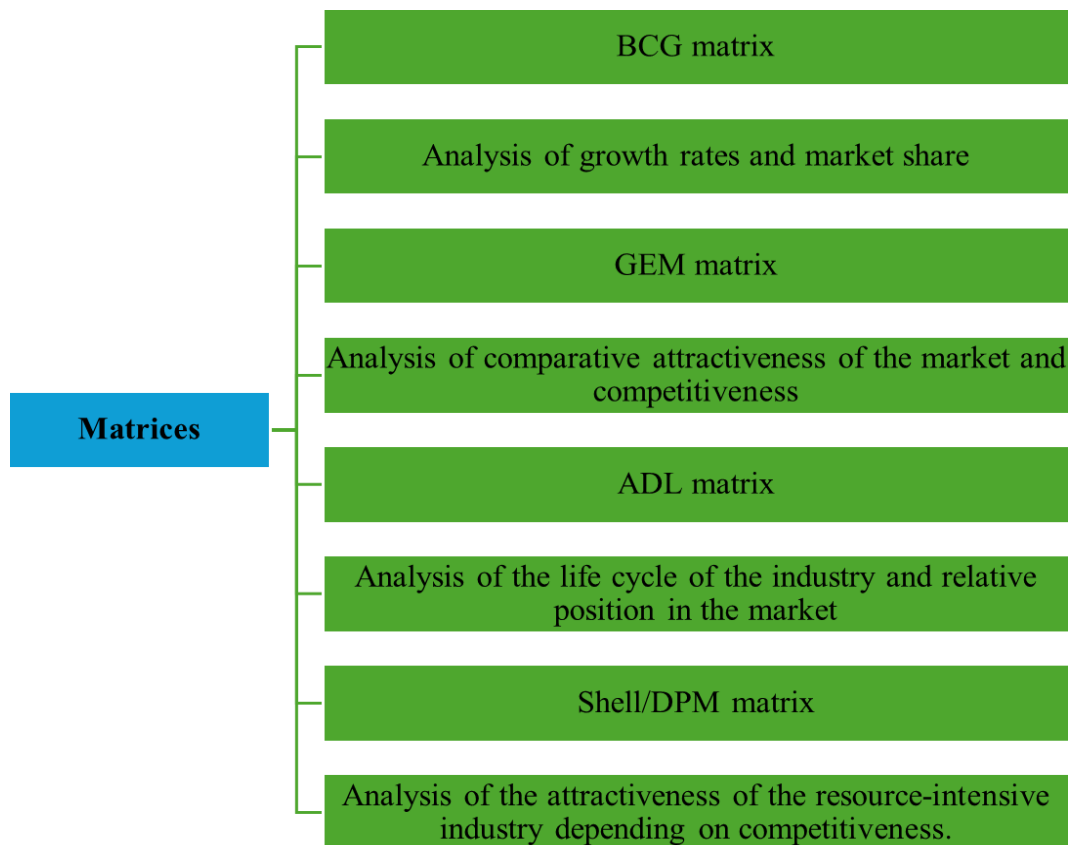


Fig. 1.9 Matrices that are most often used in the FEA matrix analysis of the enterprise

To optimize the foreign economic activity of domestic enterprises, it is necessary to identify ways to improve exports and imports at the national level. In order to optimize FEA, enterprises should develop a comprehensive strategy that takes into account factors of external and internal influence [63].

PART 2. THE MECHANISM OF ORGANIZATION OF THE MANAGEMENT SYSTEM OF FOREIGN ECONOMIC ACTIVITY OF KERNEL-TRADE LLC

2.1. General characteristics of Kernel-Trade LLC

Kernel-Trade LLC is one of the leading agricultural companies in Ukraine and part of the Kernel Group, which specializes in the production and export of agricultural products, including sunflower oil, grains and other oilseeds. The company is active in international markets, accounting for a large share of Ukrainian agricultural exports.

Kernel Group is a Ukrainian group of companies operating in the agro-industrial sector, founded in 1995 with the launch of the first elevators and the beginning of agricultural exports.

Kernel is the world's largest producer and exporter of sunflower oil, a leading producer and supplier of agricultural products from the Black Sea region to the world markets.

The basic information about the company Kernel-Trade LLC is set out in Table 2.1 [55].

The Company's head office is located at 3 Taras Shevchenko Lane, Kyiv, Ukraine, 01001.

Table 2.1

Main information about the company

Full name	LIMITED LIABILITY COMPANY KERNEL-TRADE
Date of registration	12.06.2001
Authorized capital	9 358 911 540,91 UAH
EDRPOU code	31454383
Form of ownership	Non-state property

The company accounts for approximately 8% of the world's sunflower oil production. Kernel supplies its products to more than 80 countries. Kernel's land bank is about 400 thousand hectares

Kernel vision: “To become a leader in the global agribusiness sphere and to make our region a key supplier of agricultural products on the global market”[55].

Kernel mission: “We open the unique agribusiness opportunities by means of developing the potential of our people”[55].

A schematic representation of the ownership structure of the Kernel-Trade is shown in Figure 2.1.

Kernel is the largest exporter of sunflower oil globally and the foremost regional producer. It is also a leading exporter of grains and oilseeds from the Black Sea region and operates a comprehensive network of agricultural logistics assets, making it the top producer of grains and oilseeds in Ukraine.

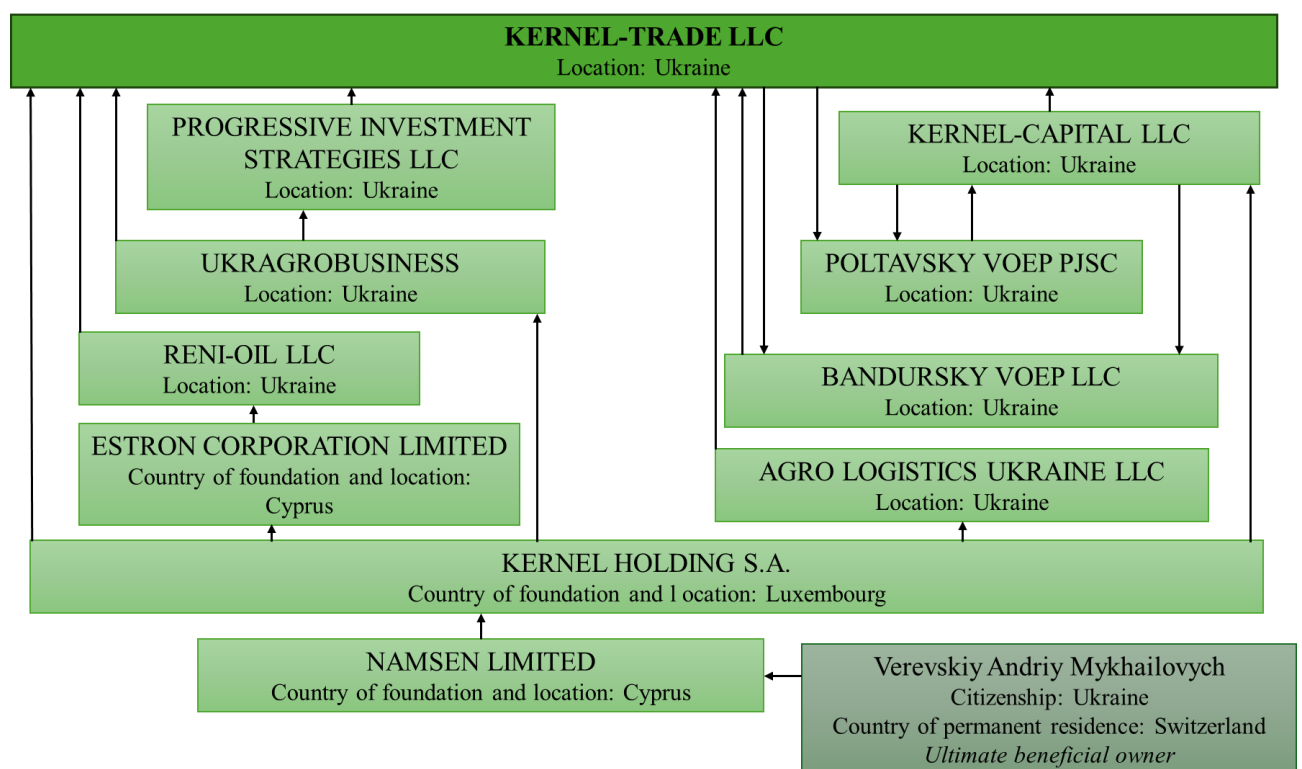


Fig. 2.1 Schematic representation of the ownership structure of Kernel-Trade

The Group's main activities include the production and export of bulk sunflower oil and meal, the production and sale of bottled sunflower oil, and the wholesale of grains—primarily corn, soybeans, wheat, and barley. Additionally, it engages in

agricultural activities and provides logistics and transshipment services (see Figure 2.2).

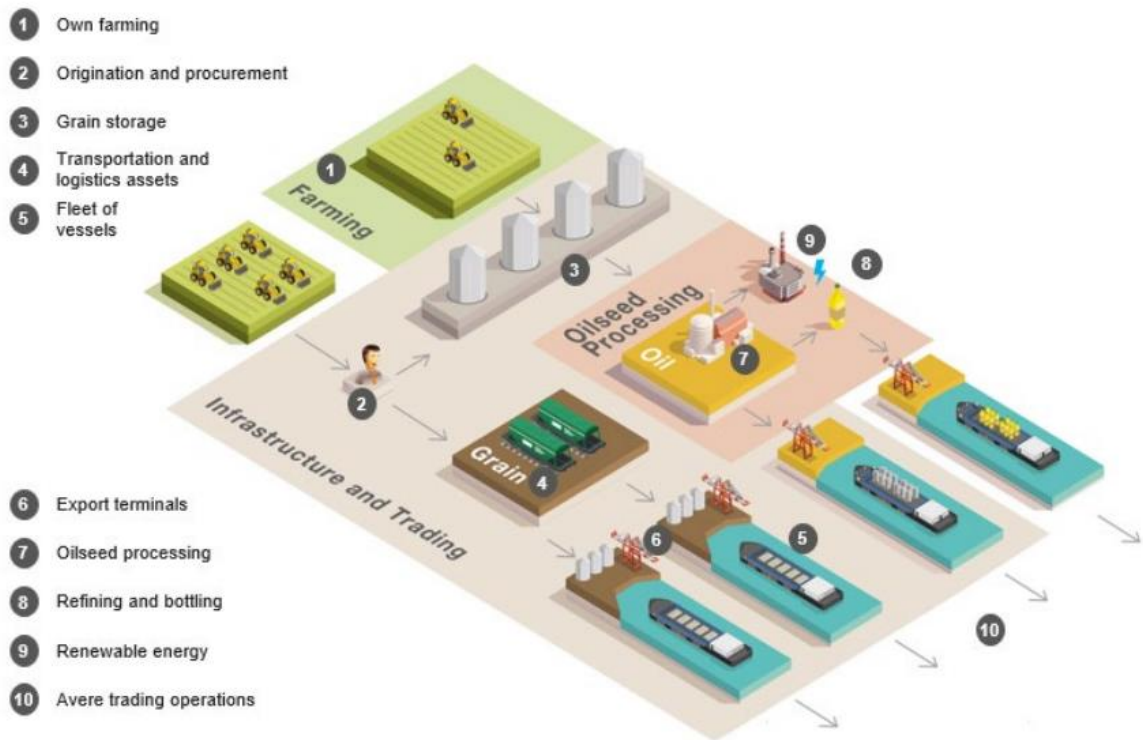


Fig. 2.2 Business model of Kernel Trade LLC [56]

The company's business model consists of 7 separate divisions that cooperate with each other:

1. Agribusiness: Kernel cultivates about 560 thousand hectares of black soil in Ukraine. Our strategic crops are corn, wheat, sunflower and soybeans. We implement a wide range of innovative solutions in production: GPS-32 controlled soil sampling system and agrochemical soil analysis, weather monitoring, use of drones and quadcopters, satellite monitoring of field conditions, agricultural dispatching, yield mapping, etc. The precision farming system has become a driver for the development of BigData and the basis for the creation of artificial intelligence - the world's first integrated information system #DigitalAgriBusiness.

2. Elevators: the company's network of elevators ensures timely logistics of the harvested and purchased goods by Kernel Agribusiness, as well as provides high-quality grain storage services to our partners - agricultural producers. We invest in the

development of our elevator infrastructure. New powerful, high-tech facilities with fast turnover are located in the areas where Agribusiness and farmers have land and are experiencing a shortage of storage capacity.

3. Procurement of grains and oilseeds: Kernel has the largest and most efficient grain and oilseeds procurement network in the region. On the basis of strategic partnership, it cooperates with more than five thousand agricultural producers, knows each partner, takes into account their needs and offers unique integrated solutions.

4. Grain exports: Kernel is a reliable link between thousands of grain producers in the Black Sea region and international markets. We export over 5 million tons of corn, wheat, soybeans, rapeseed and barley. About 80% of our products are exported to the Middle East, North Africa, and the European Union, while the remaining 20% are exported to East Asia and Southern Africa. The company fully controls grain logistics through its own network of elevators and two deep-water port terminals on the Black Sea coast. Kernel's share in Ukraine's grain exports is about 9%.

5. Oilseed processing plants: Kernel's plants are state-of-the-art facilities capable of processing several oilseeds. High-tech equipment and European standards of quality management, occupational safety and environmental protection ensure that production meets the best international practices. The total processing capacity is 3.5 million tons of sunflower seeds per year. We supply bottled oil to the domestic market and export bulk and packaged oil to more than 60 countries.

6. Oil exports: Kernel, the world's leading and Ukraine's largest producer and exporter of sunflower oil, covers 8% of the global and about 30% of the Ukrainian markets. The company supplies its products to more than 80 countries, demonstrating a high level of fulfillment of export contracts.

7. Port terminals: Kernel's port terminals close the infrastructure link of the movement of goods from the field to cargo ships, ensuring the efficiency and quality of export logistics. The transshipment capacity of grain and meal in the ports is 6.5 million tons per year. Efficient acceptance and shipment, modern elevator facilities and a deep-water berth allow us to load Panamax vessels of up to 80,000 tons.

Kernel Trade is primarily engaged in the export of grains and oilseeds, positioning itself as one of Ukraine's largest exporters of sunflower oil as well as grains such as wheat, corn, and barley. The company boasts state-of-the-art elevator and processing facilities, enabling it to not only export raw materials but also produce high-quality oil and various other products.

Additionally, Kernel Trade operates a substantial fleet of grain storage facilities and elevators, ensuring efficient storage and transportation of its products.

With a broad network of international partners, the company exports its products to numerous countries worldwide, thereby contributing to Ukraine's foreign currency earnings and bolstering its economy.

The company delineates its activities as follows:

- Primary Activities: 46.21: Wholesale of grain, unprocessed tobacco, seeds, and animal feed.
- Additional Activities are listed in the Appendix A [56].

Over the last 15 years, Kernel-Trade LLC has transformed from a small regional processor of sunflower oil into the largest producer of sunflower oil in the world. The company has significantly broadened its operational reach, enabling it to thrive even during challenging times. This expansion enhances its scale and facilitates synergistic commercial activities, strengthening its competitive position in the market.

The organizational framework of Kernel-Trade LLC follows a divisional structure. Such a structure is typically adopted by organizations that experience rapid growth and aim to diversify their production to meet the demands of a constantly changing external environment. In this model, the various divisions operate with a degree of autonomy and possess considerable authority to manage their activities. However, the central administration maintains control over the execution of the corporate strategy, research initiatives, investments, and more. Consequently, this organizational structure is often viewed as a blend of centralized coordination and decentralized management.

Kernel features a streamlined organizational structure led by the Board of Directors. The CEO acts on behalf of the Board, overseeing the heads of the company's different divisions (see Fig.2.3).

As depicted in the accompanying image, the organizational structure of Kernel Trade is hierarchical and functionally segmented. At the top is the CEO, who supervises various departments and divisions. These divisions are classified according to their specific functions and operations, with each directed by a respective manager.

This arrangement demonstrates that Kernel Trade has a well-defined framework that allocates responsibilities based on core functions, facilitating effective management across its various operational sectors.



Fig. 2.3 Organizational structure of Kernel Trade LLC [56]

Kernel-Trade has its own defined management principles (see Table 2.2).

Due to the war, Kernel has temporarily set aside its growth strategy and shifted to survival mode. With the uncertainty surrounding future maritime exports and the

business environment in Ukraine, the Group has paused its strategic initiatives. The long-term strategy will be revisited once the level of uncertainty decreases [38].

Before the war, Kernel's strategic approach was focused on sustainably expanding the scale and efficiency of its low-cost business model.

The goal was to export 20 million tons of soft commodities annually from Ukraine through strategic acquisitions, building strong relationships with local farmers, and continuously developing its workforce.

Table 2.2

The basic principles of enterprise management

Financial stability	Strong business reputation	Professional team of leaders
Strategic system management	Transparency and integrity	Partnership and unity of purpose
Synergy of business integration	Responsible leadership	Involvement as internal entrepreneurship
Efficient management of assets and resources	Compliance with laws and regulations	Mutual respect and trust
Changes and innovations	Sustainability and social responsibility	Development of people's potential

Strategic targets and strategic initiatives of Kernel Trade LLC are presented graphically in the Fig. 2.4.

Kernel Trade's sustainability approach focuses on integrating sustainable practices across its operations to ensure long-term value creation, both economically and environmentally. Key aspects of their approach are shown in the Fig. 2.5.

Kernel-Trade LLC operates seven oil extraction plants across Ukraine and processes sunflower seeds on a tolling basis at the Ellada oil extraction plant in Kropyvnytskyi. Together, these facilities contribute to 20% of Ukraine's sunflower processing capacity.

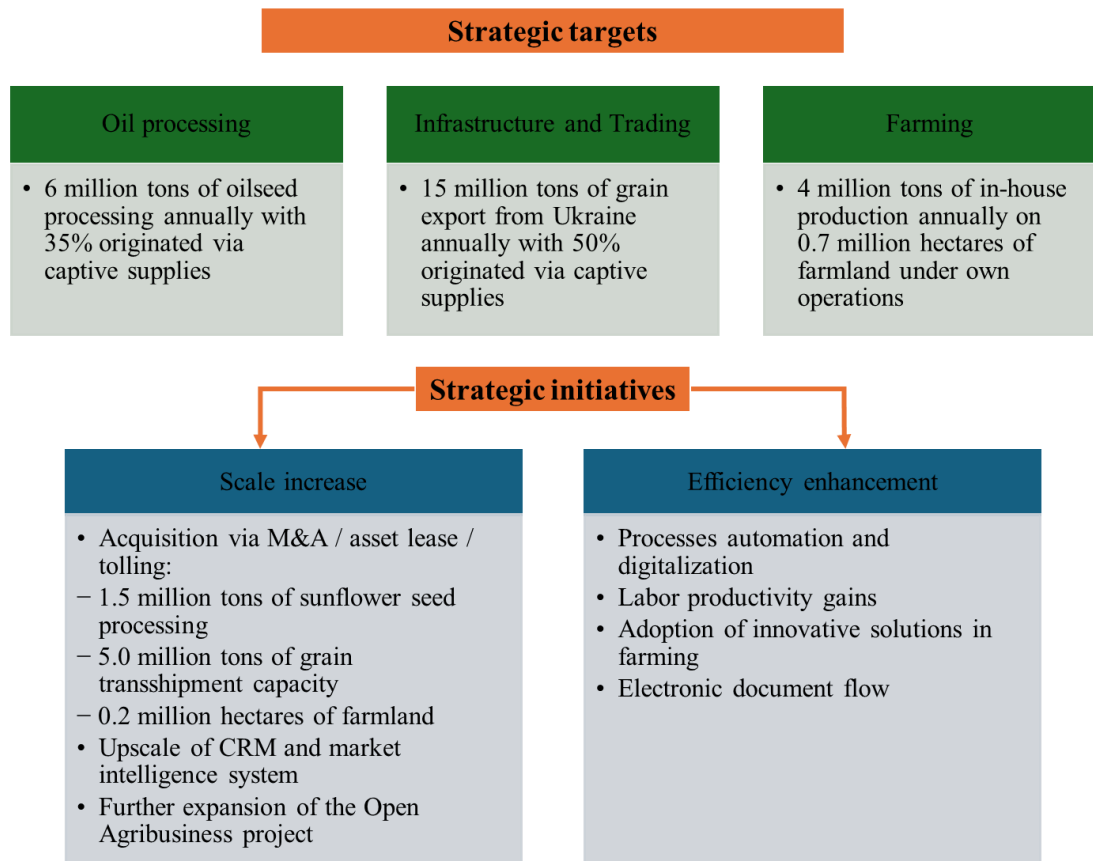


Fig. 2.4 Strategic targets and strategic initiatives of Kernel Trade LLC

A significant portion of the harvested sunflower seeds is stored in Kernel's own elevators, which have a combined storage capacity of 2.8 million tons, making it the largest network of private elevators in the country. Additionally, Kernel-Trade utilizes third-party storage solutions [56].

All of Kernel-Trade's assets are strategically located in regions where sunflowers are cultivated, ensuring proximity to farms. This arrangement enhances utilization rates and profitability, as transporting sunflower seeds over long distances can be economically challenging due to their low density.

The company owns Transbalkterminal, one of Ukraine's largest grain terminals, which has an annual throughput capacity of 4.8 million tons and is situated in the deep-water port of Chornomorsk in the Odesa region. This terminal is equipped to handle Over-Panamax bulk carriers with a capacity of up to 100,000 tons. Adjacent to this terminal, Kernel-Trade has commenced construction on Transgrainterminal, another export facility with a throughput capacity of 4 million tons of grain.



Fig. 2.5 Main aspects of sustainability approach of the company

During 2021, one of the significant developments was the further enhancement of export capacities. The company solidified its status as one of Ukraine's leading exporters of sunflower oil and grains, actively delivering products to numerous countries globally. With the advancement of its logistics infrastructure—especially the operations at the Transbalkterminal and Transgrainterminal in the port of Chornomorsk—the company has notably improved the efficiency of grain transshipment.

Kernel-Trade also continued to invest in cutting-edge technologies and refined its logistics processes, which enabled an increase in both storage and transportation capacities. The modernization of elevators and transportation routes played a crucial role in ensuring stable export operations and enhancing product quality.

Additionally, the company proactively sought to broaden the scope of its international contracts, reinforcing connections with new partners worldwide. These initiatives not only contributed to supporting Ukraine's economy through consistent

foreign currency earnings but also bolstered Kernel Trade's reputation as a trustworthy partner in the global agricultural market.

Since 2022, Kernel Trade has continued its operations, adapting to new challenges and conditions caused by global economic and political events. The highlights of the company's activities are shown in Figure 2.6.

The war that broke out in Ukraine in 2022 as a result of Russian aggression has created significant obstacles for many Ukrainian companies. One of these companies is Kernel-Trade, which faced a number of challenges related to the blocking of ports, destruction of infrastructure and logistical difficulties.

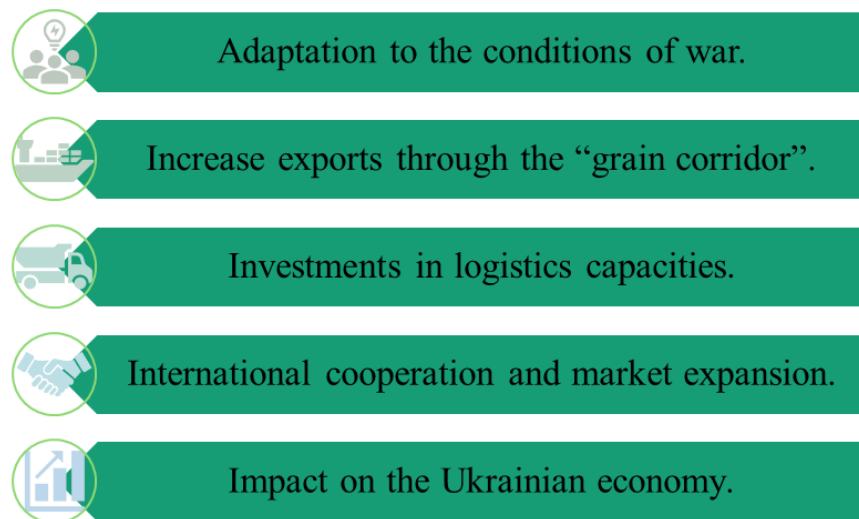


Fig. 2.6 The highlights of the company's activities in the period from 2022

However, despite these difficulties, the company was able to quickly adapt to the new conditions, demonstrating high resilience and flexibility. The main solution was to redirect part of its exports via alternative routes, in particular through Ukraine's western borders and European ports. This allowed not only to preserve part of the export volumes but also to ensure stability in the crisis.

One of the most important steps to preserve export volumes during this period was the opening of the so-called “grain corridor”. This initiative, implemented through international agreements, allowed us to partially restore access to the Black Sea ports. For Kernel Trade, this was extremely important, as it was through this corridor that a significant part of Ukrainian agricultural products was able to enter the world markets.

Participation in this initiative was an important step towards stabilizing the supply of grain and sunflower oil [56].

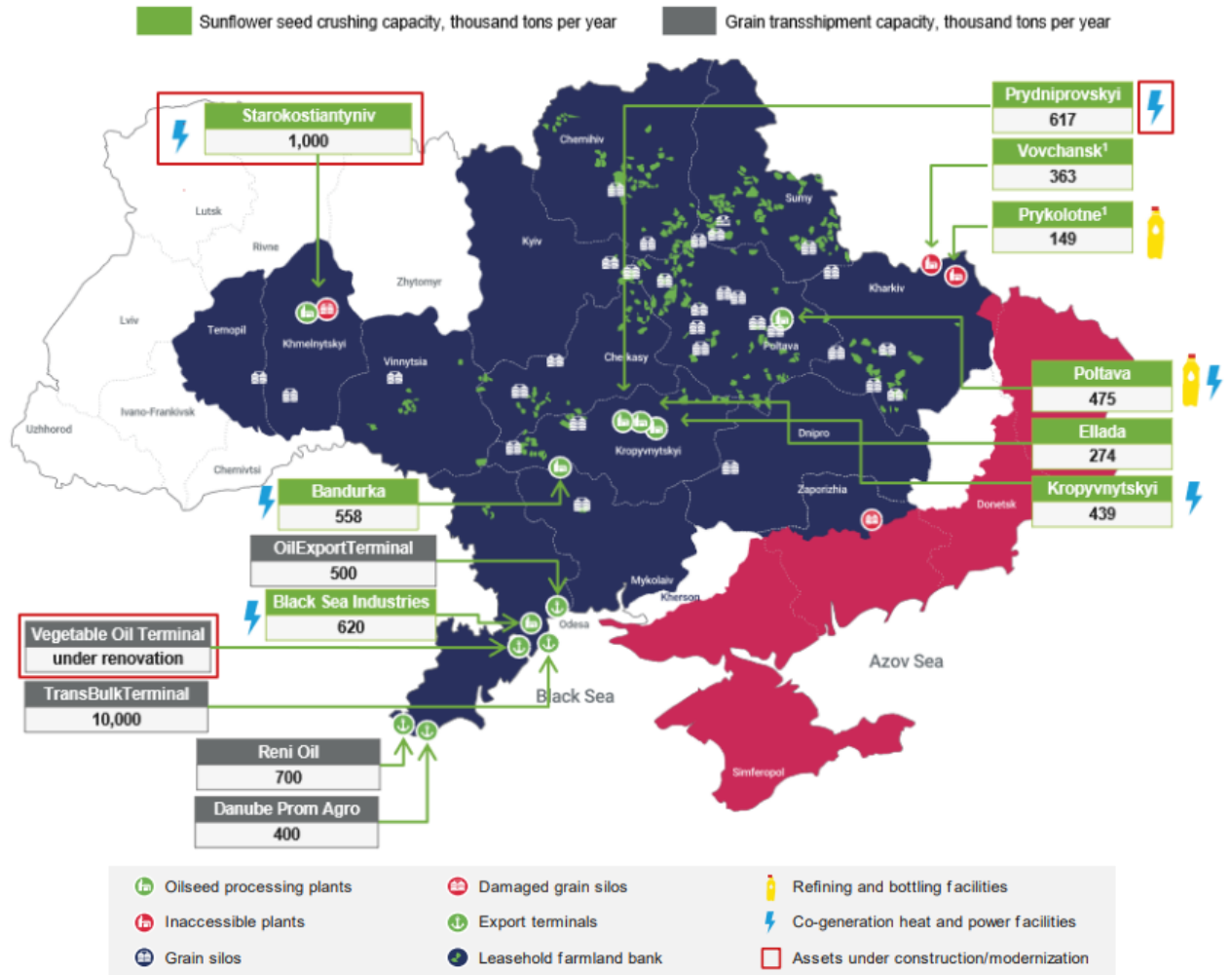
At the same time, Kernel Trade continued to invest in its own logistics facilities. Modernization of elevators and development of transportation infrastructure became a priority for the company. As a result, even with limited access to traditional sea routes, Kernel-Trade was able to ensure efficient storage and transportation of its products. Domestic infrastructure has become an important resource for maintaining export stability.

Another significant aspect of Kernel-Trade's activities during this period was its expanded international cooperation. The company has strengthened its ties with European and Middle Eastern partners, actively seeking new markets. This allowed the company to remain competitive in the global market, even in the face of complicated logistics. Using alternative routes, the company ensured stable supplies of Ukrainian products to new and existing partners.

Despite all the challenges, Kernel Trade continued to play an important role in the Ukrainian economy. As one of the largest exporters of grains and oilseeds, the company provided significant foreign exchange earnings to the state budget, which was critical during the war. In addition, the company actively supported the country's agricultural sector, preserving jobs and contributing to economic stability.

The main markets for Kernel are Europe, the Middle East, North Africa and Asia. The company's products, including sunflower oil and grain crops (wheat, corn, barley), are exported to many countries in these regions. European countries are traditionally key partners due to convenient logistics and high demand for agricultural products. In addition, the markets of the Middle East and North Africa are important consumers of grain crops, which stimulates stable exports from Ukraine [55].

The company's assets include representative offices and offices, agribusiness, terminals, elevators and oil extraction plants. Looking at the asset map (see Fig. 2.7), we can see that the company is developing its activities almost all over Ukraine.



Note 1 Oilseed processing plants which were occupied by Russia during Feb 24th - Sep 13th, 2022. As of October 2023, plants remain inaccessible.

Fig. 2.7 Kernel's asset map [56]

The Odesa region holds strategic importance for Kernel due to its access to Black Sea ports, which facilitate a substantial portion of the company's agricultural exports. This access enables quick and efficient connections to global markets. Furthermore, being close to the ports helps to lower transportation costs and supports the growth of export volumes.

The Kyiv and Cherkasy regions are also vital, serving as the core of the company's agribusiness operations. These areas produce the primary grain and oilseed crops that underpin Kernel's production activities. Favorable climatic conditions, combined with advanced agricultural technologies, enable the company to achieve high yields and maintain stable market supplies [55].

Meanwhile, the Poltava, Vinnytsia, and Kharkiv regions are key centers for the processing and storage of agricultural goods. These areas host elevators and other necessary infrastructure that allow for the long-term storage of grains and oilseeds while preserving their quality, which is essential for ensuring consistent supplies during off-peak seasons.

Lastly, the Zaporizhzhia, Khmelnytskyi, and Mykolaiv regions play a crucial role in the company's internal logistics. They feature modern elevator complexes and processing facilities, enabling Kernel to efficiently transport products to ports and export markets. The company's well-structured logistics network allows for rapid responses to demand fluctuations and ensures a steady flow of products.

The map showing Kernel's assets at the end of 2023 provides important insights into the state of Ukraine's agricultural sector, but also highlights the challenges the company has faced in the wake of the war. It is important to note that the situation with assets may have changed by September 2024, but the key points presented on the map remain extremely important for understanding the overall picture.

One of the most serious challenges for Kernel is the occupation of the territories in eastern and southern Ukraine. The red marks on the map indicate the areas that are under the control of the occupiers, including the Donetsk region, which have made it very difficult or even impossible for the company to operate in these regions. This created significant losses for Kernel, which had previously been active in these agriculturally important regions.

Some of the company's assets have become inaccessible due to the hostilities. In particular, elevators and oilseed processing plants were out of reach or severely damaged. This was a serious challenge for the agro-industrial giant, as such facilities are an integral part of the supply and storage chain.

In addition, the map shows damaged infrastructure, including grain silos, that were destroyed or partially damaged during the hostilities. This demonstrates the extent of the destruction and the challenges Kernel faces in trying to resume its operations in the post-war period.

Despite these challenges, Kernel continue to operate, especially in the central and western regions of Ukraine. These parts of the country have become the company's main areas of operation, where it continues to produce and export agricultural products. This demonstrates the company's ability quickly adapt to new conditions and find ways to continue operations even in times of crisis.

It is worth noting that the map shows facilities undergoing reconstruction. This demonstrates Kernel's strategic plans to modernize and restore its facilities. Despite the difficulties, the company is investing in infrastructure renovation, which indicates its long-term development strategy.

It is also important to note the diversification of the company assets. The map shows a wide range of facilities, from sunflower seed processing plants to export terminals, which demonstrates Kernel's comprehensive approach to agribusiness. This diversity allows the company to maintain stability and continue to fulfill its international contracts, even in a difficult geopolitical situation.

Let us analyze all the information that were mentioned above and make the SWOT-analysis of Kernel-Trade LLC (see Fig. 2.8).

Kernel-Trade LLC has a robust business model that leverages its own facilities, allowing it to operate independently and reduce reliance on external resources. The company's focus on waste-free production and innovation provides it with a competitive edge, while its strong position in the international market ensures stable demand. Additionally, the company's effective pricing policy and leadership across various market segments further reinforce its strengths, positioning it well for sustained growth.

Despite these strengths, Kernel-Trade faces significant internal challenges. Outdated equipment and a dependence on weather conditions can impact production efficiency and quality. External factors, such as fluctuations in global prices, further contribute to profit instability. High staff turnover also poses operational risks, and the full-scale war has led to the destruction of warehouses and elevators, which jeopardizes storage and logistics infrastructure.

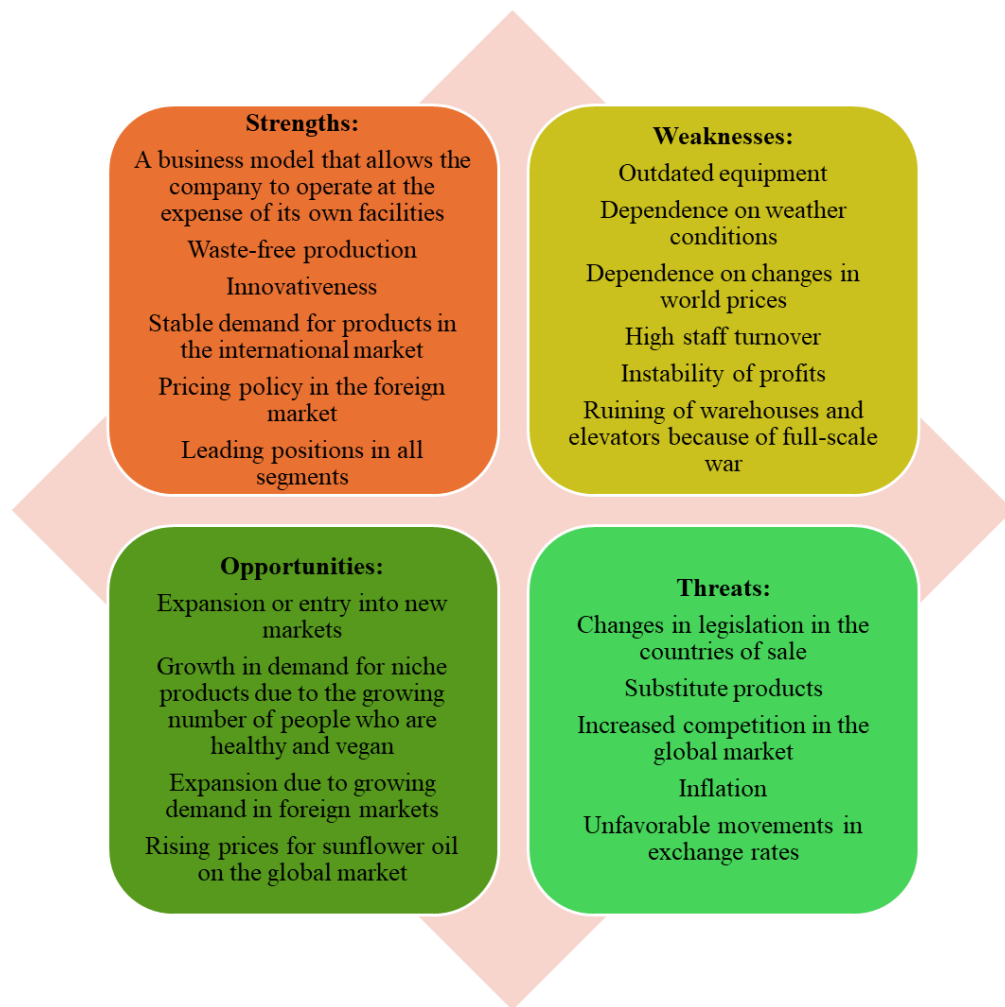


Fig. 2.8 SWOT-analysis of Kernel-Trade LLC

The growing demand for niche products, especially from health-conscious and vegan consumers, presents an excellent opportunity for Kernel-Trade to diversify its product offerings and expand its market reach. The potential for entry into new markets, alongside the increasing demand for sunflower oil globally, could boost revenues if the company can effectively manage its supply chain and logistics.

Kernel-Trade operates in a volatile environment marked by potential legislative changes in its target markets, increasing global competition, and the threat of substitute products. Additionally, inflation and unfavorable exchange rate fluctuations could negatively impact the company's profitability.

To mitigate threats, the company should focus on strengthening its adaptability to legislative and economic changes, while maintaining competitiveness in pricing and

product quality. Overall, Kernel-Trade has considerable potential for expansion and sustained growth if it continues to innovate and invest in infrastructure resilience.

2.2. Analysis of financial and economic performance indicators of Kernel-Trade LLC

Kernel-Trade LLC operates in the field of agriculture and processing of sunflower seeds and other oilseeds.

These activities are seasonal in nature, also dependent on weather conditions, yields of oilseeds and grains, and the efficiency of the company's activities largely depends on the level of competition in the market. In such circumstances, the assessment of the production and business activities of Kernel-Trade LLC is of particular importance.

The operating activities of Kernel-Trade LLC have six main directions:

- 1) sale of sunflower oil in bulk, sunflower meal and cake
- 2) sale of grain
- 3) sale of bottled sunflower oil;
- 4) income from agribusiness;
- 5) elevator services;
- 6) grain transshipment services.

The analysis of economic indicators is done in order to compare certain years of a company's activity. With its help, the company can find out how efficiently it operates. This analysis of Kernel-Trade will be conducted for the 2022-2024 financial years.

First of all, it should be noted that Kernel-Trade's fiscal year is somewhat different from many Ukrainian companies. After all, the company's fiscal year ends on June 30 of each year. Therefore, all the data used for the financial and economic analysis were available as of the end of the reporting year, namely June 30, 2020, June 30, 2022 and June 30, 2024.

Since the company is a leader in the production of sunflower oil not only in Ukraine but also in the world, it is obvious that the bulk of its processing and sales are made from sunflower.

During the general assessment of the activities of the Kernel-Trade LLC, the analysis of the profit of the main activity is of particular importance, since the profit has a direct impact on the formation of the overall financial result of the enterprise. The main indicators of financial results of Kernel-Trade LLC are shown in Table 2.3. The main indicators of financial results are calculated on the basis of data from the company's Consolidated Statement of Profit or Loss (Appendix B) [56].

Table 2.3

The main indicators of financial results of the Kernel-Trade LLC, 2022-2024 MY

	<i>June 2022, thousands</i>	<i>June 2023, thousands</i>	<i>June 2024, thousands</i>	Absolute deviation	
				2023/2022	2024/2023
Revenue	27 490 464	33 333 807	45 467 994	5 843 343	12 134 187
Gross profit	3 925 392	8 116 735	9 648 357	4 191 343	1 531 622
Profit from operating activities	1 742 658	5 423 746	5 378 726	3 681 088	-45 020
Net financial result: profit	4 048 080	2 872 710	212 298	2 660 412	1 175 370

*Compiled by the author based on [56]

After analyzing the data presented in Fig. 2.3, it can be noted that Kernel-Trade LLC is in a strong financial position, though it may need to address operational challenges to ensure continued growth in profit from operating activities.

Kernel's revenue has shown consistent growth over the past three years. From 2022 to 2024, the company experienced a significant increase in revenue, with the rise from 2023 to 2024 on UAH 12134187 thousand, being more pronounced than the previous year, suggesting possible business expansion or increased demand for its products.

The gross profit increased significantly between 2022 and 2023 of UAH 4191343 thousand. The growth between 2023 and 2024 on UAH 1531622 thousand,

while positive, was not as substantial as the previous year. This could indicate rising operational costs or market challenges affecting profitability margins.

While there was a sharp increase in profit from operating activities between 2022 and 2023 on UAH 3681088 thousand, there was a slight decrease from 2023 to 2024 of UAH 45020 thousand. This drop suggests that operational costs might have risen, or the efficiency in managing resources might have faced some challenges.

Kernel Trade's net profit has experienced tremendous growth over the years. Although the increase from 2023 to 2024 of UAH 1175370 thousand is smaller compared to the previous year of UAH 2660412 thousand, the overall financial performance has improved significantly, suggesting a recovery or growth strategy that has been yielding positive financial results.

The dynamics of indicators of financial results of the enterprise is presented in the Fig. 2.9.

In 2022, due to the events of February 24, the company's operations were called into question, which caused certain losses that were reflected in the company's reports.

In July 2022, the Grain Deal was signed, opening Ukrainian Black Sea ports for agricultural exports at relatively low logistics costs. This agreement helped avoid a complete collapse of grain storage and logistics infrastructure caused by the approaching harvest in Ukraine.

Additionally, Kernel Trade benefited from elevated global grain and oilseed prices, which, despite a downward trend in FY2023, enabled the company to secure its highest-ever sale prices for the Farming segment. The company generated overall USD 695 million revenue in FY2023, up 9,4% y-o-y. Furthermore, a significant portion of FY2023 results was driven by the sale of low-cost carry-over stock from the 2021 crop, which benefitted from a reduced cost base due to the depreciation of the Ukrainian hryvnia against the USD.

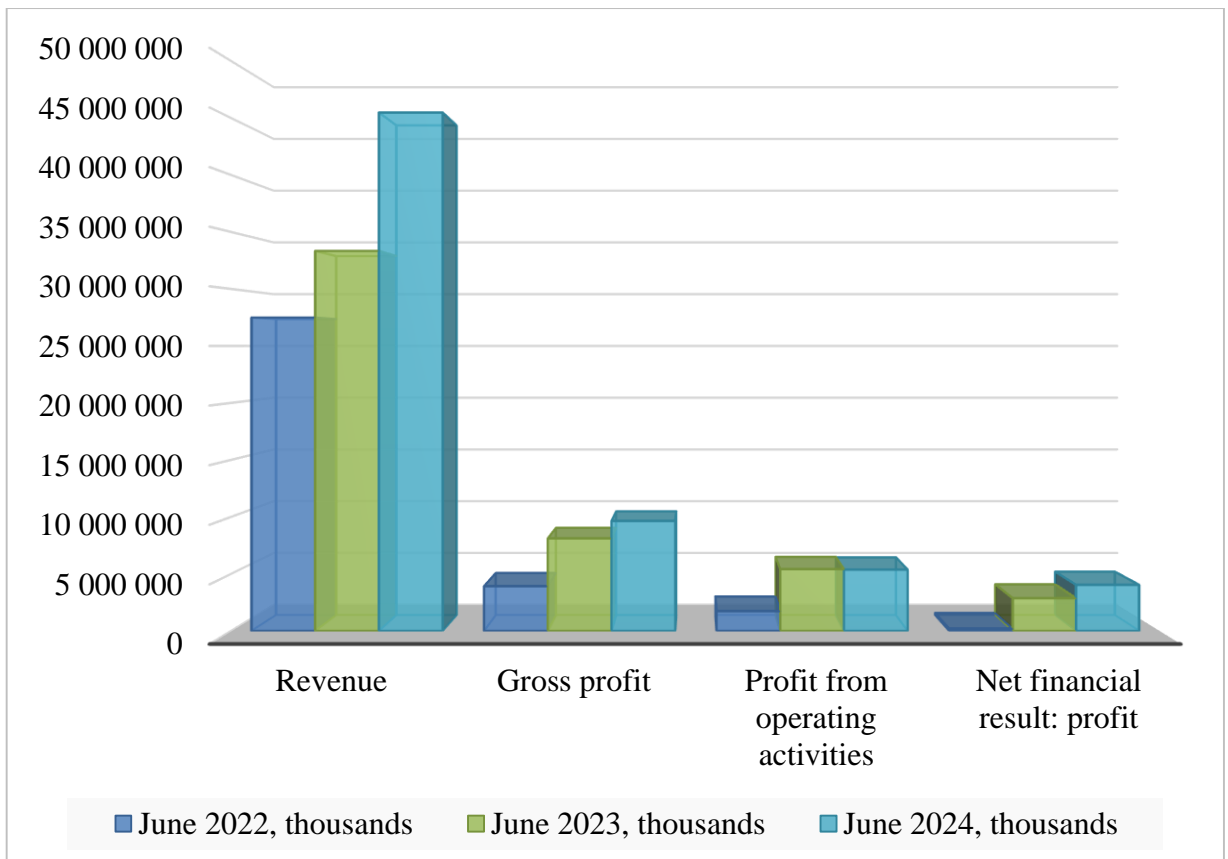


Fig. 2.9 Dynamics of indicators of financial results of the enterprise, 2022-2024 MY

As a result of these factors, Kernel achieved a strong EBITDA of USD 285 million during the first half of the season. However, this turned into a loss of USD 64 million at the EBITDA level in the period from January to June 2023, reflecting a substantial deterioration in the operating environment. Despite these challenges, the Farming segment delivered an EBITDA of USD 221 million for the reported period.

The main groups of indicators used for the financial and economic analysis of the Kernel-Trade LLC were as follows:

- Assets of a company
- Liquidity of a company
- Financial stability (solvency) of a company
- Business activity of a company
- Profitability of a company

The following indicators were used to analyze the company's assets (see Table 2.4):

- Share of intangible assets in the structure of non-current assets
- Share of tangible assets in the structure of non-current assets
- Investments in infrastructure
- Fixed assets turnover ratio
- Depreciation trend
- Return on assets (ROA)

The evaluation of the intensity and efficiency of an enterprise should not be limited to analyzing profit indicators alone but should also include a thorough examination of profitability indicators, as they provide a more comprehensive view of a company's performance [40]. Profitability is a relative metric that conveys the degree of efficiency with which the business operates, effectively measuring how profitable the business or each of its individual components is.

Table 2.4

Analysis of assets of Kernel Trade LLC during 2022-2024 period

№	Indicators	2022	2023	2024	Dynamics (absolute deviation)	
					2023/2022	2024/2023
1	Share of intangible assets in the structure of non-current assets	2%	4%	3%	1%	-1%
2	Share of tangible assets in the structure of non-current assets	98%	96%	97%	-1%	1%
3	Investments in infrastructure	1,747	3,873	1,974	2,126	-1,899
4	Fixed assets turnover ratio	5,630	6,175	7,654	0,545	1,479
5	Depreciation trend	7%	11%	37%	4%	26%
6	Return on assets (ROA)	4%	9%	9%	5%	0%

The significance of profitability indicators lies in their ability to reflect the relationship between the profit generated and the resources either available to the company or actually utilized in its operations. Unlike profit figures, which offer an absolute view of a company's earnings, profitability indicators provide a more nuanced and accurate depiction of the outcomes of the company's activities by factoring in the efficiency of resource usage. As such, these indicators are crucial for understanding the true performance of the enterprise.

Profitability indicators are typically calculated based on various measures of profit, including gross profit, profit from operating activities, total profit, or net profit. Each of these profit measures offers a different perspective on the company's operations, making profitability indicators versatile tools for comprehensive financial analysis. In the case of Kernel Trade LLC, the primary profitability indicators will be calculated, and the results of these calculations will be consolidated in Table 2.4 for further analysis and discussion. This approach will provide a deeper understanding of the company's financial health and its ability to utilize its resources effectively to generate profit.

The analysis of the company's infrastructure (assets) allows us to draw the following conclusions. The share of tangible assets in the structure of non-current assets is a lot higher than the share of intangible assets in the structure of non-current assets, which means that Kernel has a business model based on the company's tangible assets (assets-based business model).

The share of intangible assets increased from 2% in 2022 to 4% in 2023, suggesting a possible investment in non-physical assets such as intellectual property, software, or goodwill. However, the subsequent decrease to 3% in 2024 indicates either a reduction in these investments or a shift back towards tangible assets. To enhance long-term competitiveness, the company could benefit from diversifying and expanding its intangible assets portfolio, particularly through greater investments in technology and intellectual property.

Meanwhile, tangible assets continue to dominate Kernel's non-current asset structure, with a slight decline to 96% in 2023 before recovering to 97% in 2024. These

small fluctuations could be attributed to shifts in investments between intangible and tangible assets or changes in the valuation of fixed assets. Given the agricultural nature of the company's operations, the focus on physical assets is understandable. However, further diversification into intangible assets could provide the company with greater resilience and adaptability in an increasingly digital and technology-driven market.

Investments in infrastructure saw a significant increase from 2022 to 2023 on 2,126, more than doubling. However, they sharply declined in 2024 by 1,899. The substantial rise in 2023, from 1,747 to 3,873, may have been part of a strategic expansion or modernization of facilities, while the drop in 2024 could be due to the completion of major projects or a reallocation of funds. To ensure long-term sustainability, the company may need to maintain steady infrastructure investments to support its growth and improve operational efficiency.

The fixed assets turnover ratio has shown consistent growth, indicating an increase in the efficiency with which Kernel utilizes its fixed assets.

The sharp increase in the depreciation trend from 7% in 2022 to 37% in 2024 signals a significant degradation of the company's assets. This rapid rise might indicate that Kernel's physical assets are aging or being used intensively. The company needs to consider renewing or replacing older assets and better managing asset lifecycles to avoid a negative impact on operational efficiency and financial performance.

Return on Assets (ROA) improved significantly between 2022 and 2023, rising from 4% to 9%, which reflects improved efficiency in generating profit from the company's assets.

The ROA remained steady at 9% in 2024, indicating that the company maintained this efficiency. To further improve ROA, Kernel could focus on optimizing asset utilization, investing in higher-yield assets, or streamlining operations.

Additionally, the financial and economic performance of the enterprise in the short term is evaluated using liquidity and solvency indicators.

Since production potential is closely tied to both liquidity and profitability, we will examine the enterprise's liquidity indicators (see Table 2.5).

Table 2.5

Analysis of liquidity of Kernel Trade LLC during 2022-2024 period

№	Indicators	Recommended value	2022	2023	2024	Dynamics (absolute deviation)	
						2023/2022	2024/2023
1	Absolute liquidity ratio	>0,1	0,072	0,436	0,505	0,364	0,069
2	Quick ratio	>0,7	0,751	1,339	1,566	0,588	0,226
3	Working capital ratio	>2	1,173	1,465	1,729	0,292	0,264

To assess the company's liquidity, the following indicators were utilized:

- Absolute liquidity ratio
- Quick ratio
- Working capital ratio

Analyzing the liquidity of the company's balance sheet helps us highlight key strengths and areas for growth within the business. This insightful examination shows us where we can focus our efforts to enhance the company's financial well-being.

By performing these calculations, we gain a clearer understanding of our current situation, enabling us to celebrate our successes and address any challenges. Regularly monitoring these indicators allows us to nurture our enterprise and foster its continued growth and prosperity.

Based on the analysis of liquidity ratios represented in Table 2.5, we can say that only the Working capital ratio is not within the limits in 2022-2024 period (1,173; 1,465; 1,729).

But on the other hand, it still has a positive trend 0,292 in 2023/2022, 0,264 – 2024/2023, which indicates that while the Working Capital ratio remains below the ideal threshold, it is steadily improving over time. This positive trend suggests that the company is effectively managing its short-term assets and liabilities, positioning itself

for better liquidity in the future. Continued focus on enhancing this ratio will further strengthen the company's financial stability and ability to meet its obligations.

The quick ratio and Absolute liquidity ratio in 2023-2024 years were within the limits. This means that during these years, the company was able to maintain a solid financial position, demonstrating its capacity to cover short-term liabilities with its most liquid assets.

This stability indicates that the company has effectively managed its resources, allowing it to respond promptly to any financial obligations and seize opportunities as they arise. Such a strong liquidity position fosters confidence among stakeholders and supports the company's ongoing growth and success. However, in 2022, the Absolute liquidity ratio was below the recommended value (0,072) but increased the next year, as mentioned.

The dynamics of liquidity indicators is shown in Fig. 2.10.

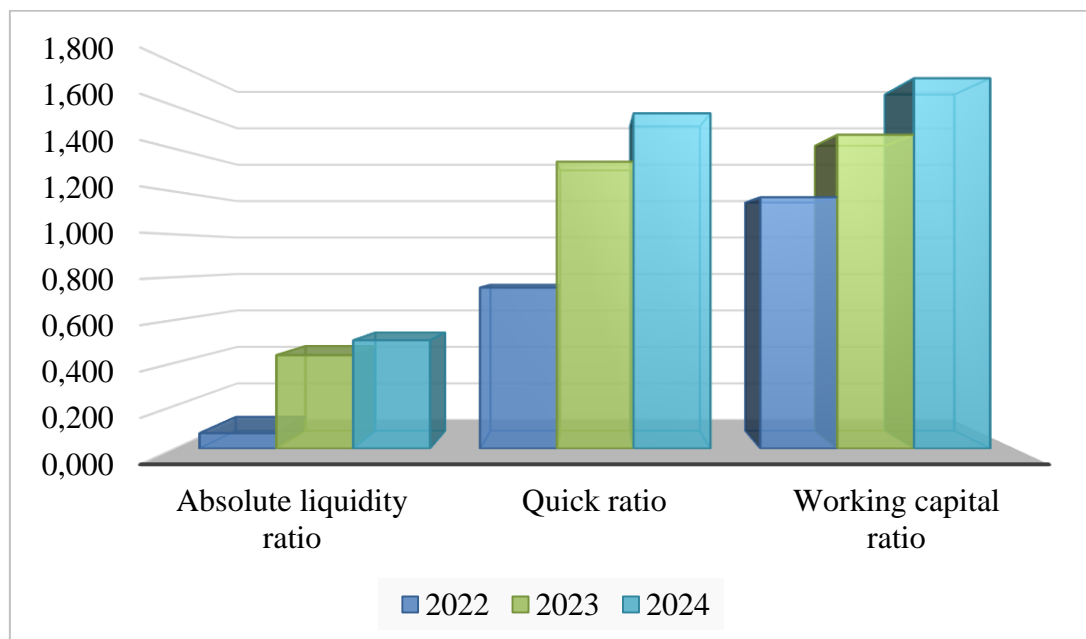


Fig. 2.10 The dynamics of liquidity indicators of the enterprise during 2022-2024 period

Thus, we can say that the level of liquidity of Kernel-Trade LLC is quite high during 2022-2024 and reflects the company's ability to meet its short-term obligations with ease. This strong liquidity position demonstrates sound financial management and provides a solid foundation for future operations.

Analysis of the financial stability of the enterprise (see Table 2.6) is also an important tool for diagnosing the financial condition of the enterprise.

Table 2.6

Analysis of financial stability (solvency) indicators in 2022-2024

№	Indicators	Recommended value	2022	2023	2024	Dynamics (absolute deviation)	
						2023/2022	2024/2023
1	Equity ratio (coefficient of autonomy, financial independence)	0,5 and higher	0,249	0,382	0,480	0,133	0,098
2	Equity multiplier	1,67-2,5	4,018	2,616	2,084	-1,402	-0,532
3	Debt to capital ratio	0,5 and less	0,751	0,618	0,520	-0,133	-0,098
4	Debt to equity ratio	1,0-2,0	3,018	1,616	1,084	-1,402	-0,532
5	Asset coverage ratio	1,5-2,0	0,328	0,613	0,918	0,286	0,304
6	Debt ratio	0,5-0,7	0,751	0,618	0,520	-0,133	-0,098
7	Working Capital to Current Assets Ratio	0,1 and higher	0,148	0,318	0,422	0,170	0,104
8	Equity to Total Debt ratio	2,0 and higher	0,331	0,619	0,923	0,288	0,304

The assessment of the financial stability of the enterprise is aimed at an objective analysis of the size and structure of the enterprise's assets and liabilities and, on this basis, determining the degree of its financial stability and independence, as well as the compliance of the enterprise's financial and economic activities with the goals of its statutory activity. It is advisable to carry out an assessment of the financial stability of Kernel-Trade LLC in stages, based on a set of indicators.

The analysis of the company's solvency (financial stability) is carried out on the basis of the company's balance sheet, characterizes the structure of sources of

financing of the company's resources, the degree of financial stability and independence of the company from external sources of financing of its activities.

The equity ratio measures the proportion of a company's assets financed by shareholders' equity. For Kernel Trade LLC, the equity ratio has shown a consistent upward trend, rising from 0.249 in 2022 to 0.480 in 2024. While still slightly below the recommended value of 0.5, this positive trajectory is promising. The 2023/2022 growth of 0.133 and 2024/2023 growth of 0.098 reflect ongoing efforts to reduce dependency on debt and increase equity capital. A rising equity ratio indicates financial stability, as the company is funding more of its operations through internal resources rather than external borrowing.

The equity multiplier, which measures financial leverage, has also demonstrated significant improvement. From 4.018 in 2022, it has decreased to 2.084 by 2024, approaching the recommended range of 1.67-2.5. This decline in the equity multiplier is a clear indication that Kernel Trade LLC is reducing its reliance on debt to finance assets. The reduction in financial leverage, with a 1.402 drop between 2022 and 2023 and a further 0.532 drop between 2023 and 2024, shows a company becoming less exposed to the risks associated with heavy debt burdens. By moving closer to the optimal range, Kernel Trade is positioning itself for more sustainable long-term growth.

Both the debt to capital and debt to equity ratios reveal a decreasing dependence on debt. The debt to capital ratio, which measures the proportion of debt in a company's capital structure, has steadily declined from 0.751 in 2022 to 0.520 in 2024. This drop of 0.133 in 2023/2022 and 0.098 in 2024/2023 indicates that Kernel Trade is approaching the recommended value of 0.5, a sign of improved financial flexibility and reduced financial risk. The lower the debt to capital ratio, the more capable the company is of weathering financial downturns.

Similarly, the debt to equity ratio has dropped from 3.018 in 2022 to 1.084 in 2024, reflecting a reduction in debt relative to equity. This decrease, with a 1.402 reduction between 2022 and 2023 and a further 0.532 reduction between 2023 and

2024, demonstrates that Kernel Trade is actively strengthening its equity position while reducing its reliance on debt.

The asset coverage ratio, which indicates a company's ability to cover its debts with its assets, has improved significantly, although it remains below the recommended value of 1.5-2.0. From a low 0.328 in 2022, it rose to 0.918 by 2024, reflecting positive dynamics (0.286 in 2023/2022 and 0.304 in 2024/2023). The improvement in this ratio indicates that Kernel Trade is building up its asset base, strengthening its capacity to meet its financial obligations. Though it has not yet reached the recommended threshold, the steady growth suggests that the company is on the right path toward achieving a more secure financial standing.

The debt ratio, which measures the proportion of total assets financed by debt, has seen a favorable downward trend. In 2022, Kernel Trade had a debt ratio of 0.751, which dropped to 0.520 by 2024. The steady decline, with reductions of 0.133 in 2023/2022 and 0.098 in 2024/2023, suggests that the company is gradually lowering its financial leverage. A lower debt ratio reduces the company's exposure to financial risk, as it signifies that a smaller portion of the company's assets is financed by debt. Moving closer to the recommended range of 0.5-0.7, Kernel Trade is demonstrating sound financial management and a commitment to achieving long-term solvency.

The working capital to current assets ratio, which measures the proportion of a company's current assets that are financed by working capital, has consistently exceeded the recommended value of 0.1. In 2022, the ratio stood at 0.148, growing to 0.422 by 2024. This significant improvement indicates that Kernel Trade has been maintaining healthy levels of working capital, ensuring that it can comfortably meet its short-term liabilities. The increase of 0.170 in 2023/2022 and 0.104 in 2024/2023 demonstrates the company's solid liquidity position, which is essential for smooth operational efficiency and financial flexibility.

Finally, the equity to total debt ratio, which compares equity capital to total debt, has seen encouraging growth. While still below the recommended value of 2.0, the ratio increased from 0.331 in 2022 to 0.923 in 2024, with a positive dynamic of 0.288 in 2023/2022 and 0.304 in 2024/2023. This upward trend highlights Kernel

Trade's efforts to strengthen its equity base relative to its debt, which reduces financial risk and positions the company for greater financial independence.

The dynamics of above-mentioned indicators is presented in Fig. 2.11.

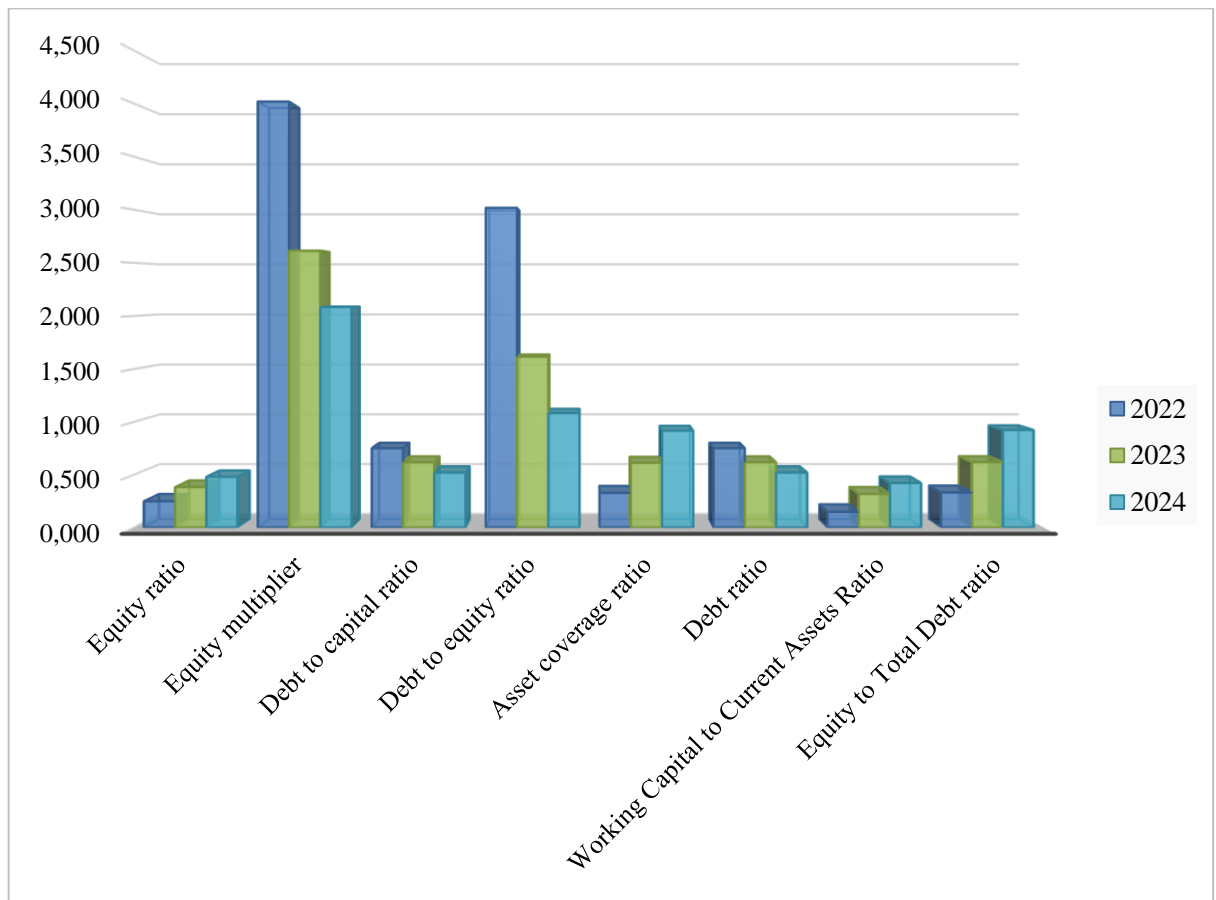


Fig. 2.11 The dynamics of financial stability indicators of Kernel Trade LLC during 2022-2024 period

Overall, the financial analysis of Kernel Trade LLC from 2022 to 2024 reveals a company that is actively working to improve its financial structure and stability.

Profitability indicators are a key tool for financial analysis and strategic planning, showcasing how effectively a company utilizes its resources to cover expenses and generate profit. Table 2.7 provides an analysis of Kernel-Trade's profitability, illustrating the company's financial performance and its ability to manage funds efficiently.

Return on Sales (ROS) improved significantly from 0.063 in 2022 to 0.163 in 2023, indicating better profitability in relation to total revenue. This increase of 0.099 suggests that the company was able to enhance its revenue generation while managing

costs more effectively. However, in 2024, the ROS dropped to 0.118, a decrease of 0.044 compared to 2023. This decline may be due to rising costs or decreased efficiency in converting sales into profit, warranting attention to cost management and operational efficiency.

Return on Equity (ROE) demonstrated consistent improvement over the period, rising from 0.020 in 2022 to 0.128 in 2023, and further to 0.137 in 2024. The 0.107 increase in ROE between 2022 and 2023 is a positive sign, showing that the company has improved its ability to generate profit from shareholders' equity. Although the increase from 2023 to 2024 is smaller (+0.009), maintaining this growth trend will require continued focus on profitability and effective utilization of equity.

Table 2.7

Analysis of profitability indicators of Kernel-Trade LLC during 2022-2024 period

№	Indicators	Recommended value	2022	2023	2024	Dynamics (absolute deviation)	
						2023/2022	2024/2023
1	ROS	higher 0,1	0,063	0,163	0,118	0,099	-0,044
2	ROE	higher 0,1	0,020	0,128	0,137	0,107	0,009
3	EBITDA Margin	higher 10%	6,691%	16,676%	12,098%	9,985%	-4,577%

EBITDA Margin also showed notable growth in 2023, rising from 6.691% in 2022 to 16.676%, an increase of 9.985%. This jump suggests better operational efficiency and stronger earnings before interest, taxes, depreciation, and amortization. However, in 2024, the margin dropped to 12.098%, reflecting a decline of 4.577%. This decrease could indicate challenges in maintaining cost controls or pricing strategies, and further efforts may be needed to stabilize and improve operational profitability.

In summary, Kernel Trade showed positive momentum in 2023 across all indicators, but some deterioration occurred in 2024, particularly in ROS and EBITDA Margin. To sustain and enhance financial performance, the company should focus on improving operational efficiency, cost control, and revenue generation strategies.

2.3 Advantages and disadvantages of the management system of foreign economic activity of Kernel-Trade LLC

The current conditions of the agricultural market and strategies for ensuring food security are pressing concerns for many nations, including Ukraine. The socio-economic and political landscape within Ukraine significantly influences this market, particularly impacting the agricultural sector and overall economic health. Among the rapidly developing agricultural sectors, the production of grains, oilseeds, and other food products plays a crucial role in shaping the food market [48].

In emerging economies, a company's success heavily relies on its ability to identify and adapt to various external influences, including social, economic, political, and technological changes. These factors can greatly affect how businesses operate and make decisions.

Social dynamics, such as evolving values, demographic shifts, and changing lifestyles, can significantly alter the operating environment for companies. These changes influence consumer preferences and demand for specific products and services.

To remain competitive, businesses must respond swiftly to these developments by adjusting their marketing and sales strategies and reassessing their product and service offerings to align with current trends.

In contemporary economic literature, a firm's external environment is recognized as a complex, multi-layered structure. Each level consists of elements shaped by unique factors, which exert varying degrees of influence—both in intensity and direction—on the firm's operations [35].

Businesses are also affected by macroeconomic instability, structural imbalances and insufficient government intervention.

Therefore, enterprises, as the backbone of the national economy, should attach great importance to their economic security in order to stabilize their financial position and the macroeconomic situation in the country.

Economic changes include inflation, interest rates, changes in exchange rates, etc. They can change market dynamics and investment risk.

In the process of transition to a market economy, the role of cash circulation and financial flows in the formation of costs for the production and sale of agricultural products is increasing.

The functional definition of logistics identifies the activities that are particularly important for achieving the efficiency goals of any business. These include transportation, warehousing, order processing, internal systems management, and financial planning. These activities should be directly related to production and marketing issues, which allows raising the overall level of company management to a qualitatively new level [29].

The agricultural sector (including the activities of Kernel Trade LLC) is primarily focused on production, quality control and minimization of unit costs.

To achieve this goal, processes such as production capacity planning, product quality management, production process planning and logistics management of financial flows are integral parts of the overall production process.

Foreign economic activity plays a crucial role in the operations of contemporary companies aiming to penetrate international markets, streamline their business processes, and maintain sustainable profitability.

As one of Ukraine's prominent players in the agricultural sector, Kernel-Trade LLC is actively advancing its export initiatives. The company focuses on trading essential agricultural products, including grains and oilseeds, which hold significant importance in global trade.

By effectively managing its foreign economic activities, Kernel-Trade enhances its global market position, boosts export volumes, and promotes stable business growth.

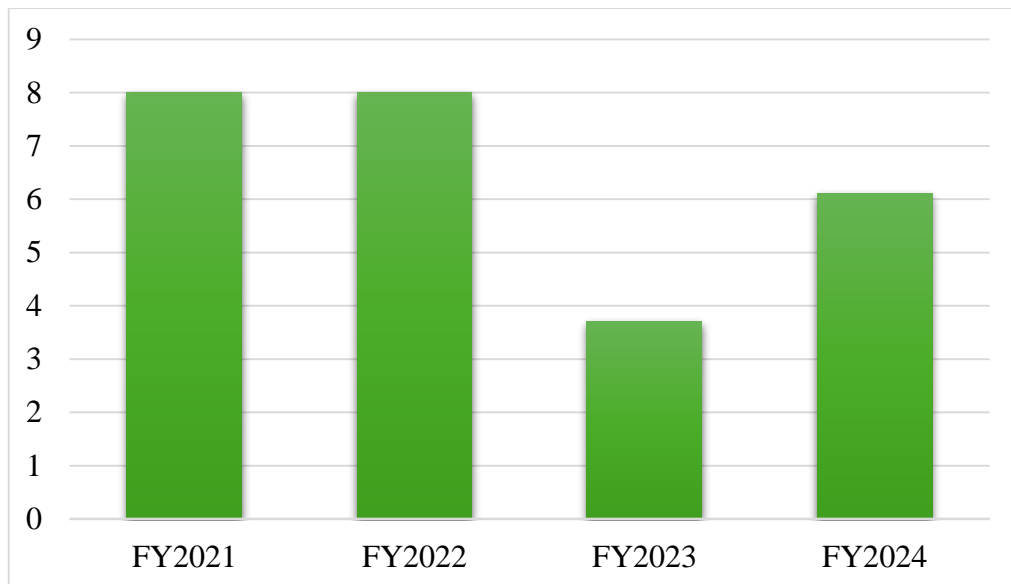


Fig. 2.12 Export dynamics of the Kernel-Trade LLC during 2021-2024 period, million tons

However, overseeing foreign economic operations necessitates careful consideration of various factors, including legislative changes, international standards, currency fluctuations, and logistical challenges. In this part, we will examine the strengths and weaknesses of Kernel-Trade LLC's foreign economic activity management system and how they influence its overall effectiveness.

Kernel-Trade LLC primarily focuses on exporting Ukrainian agricultural products, including sunflower seeds, corn, wheat, and barley, to global markets. The company accounts for approximately 15% of the world's sunflower oil exports and 18% of global grain exports.

The geography of Kernel-Trade LLC exports its products to more than 80 countries of the world: Asia, Europe, Middle East, Africa, Other (see Fig. 2.13).

War has always had a significant impact on the economy of countries, as it causes destruction, changes in economic priorities and changes in market conditions. Kernel Trade, one of the leading agricultural companies in Ukraine, is no exception. Like many other businesses, it has faced numerous challenges and opportunities in the wartime.

Firstly, the war has had a significant impact on logistics and supply. The closure or restriction of access to certain regions, as well as damage to the transportation infrastructure, made it difficult to transport products to foreign markets.

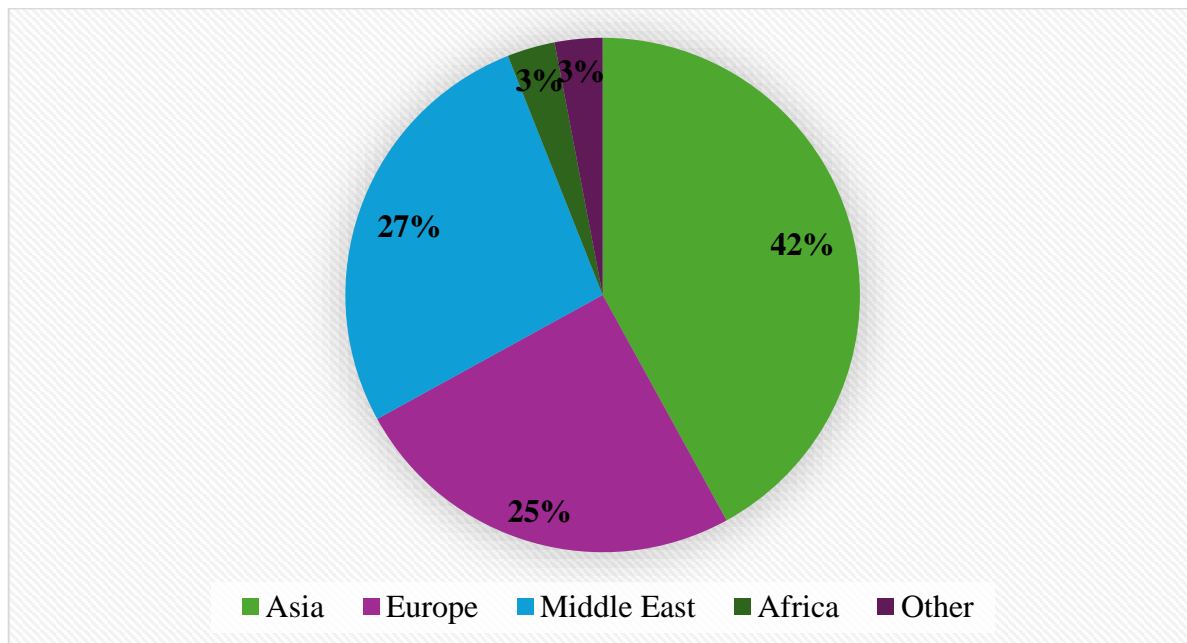


Fig. 2.13 Kernel Trade grain export from Ukraine destinations [50]

For Kernel Trade, this means not only a decrease in exports but also an increase in logistics costs. The company was forced to look for new routes and solutions to ensure the stability of supplies.

Throughout FY2023, the Kernel-Trade actively sought alternative export routes. After evaluating several options, it became clear that no viable alternatives exist to the deep-water ports of the Black Sea. The Ukrainian Danube River ports of Reni and Izmail represent the next best option; however, their capacity is limited, and logistics costs are significantly higher.

Exporting via railcars or trucks to the EU or transiting through the EU to other destinations proves even more costly and lacks sufficient capacity. Grain export volumes have notably recovered but remain well below pre-war levels due to ongoing sabotage of vessel inspections by Russia.

Secondly, the war affected Ukraine's foreign policy and trade relations. The imposition of sanctions against Russia and changes in relations with other countries, such as the European Union, have opened up new opportunities for Ukrainian

companies, including Kernel-Trade. The company has been able to expand its presence in Western markets, as demand for Ukrainian agricultural products is growing due to a lack of supply from other regions.

Nevertheless, the war has also led to increased risks for investments. Investors are becoming more cautious in the face of uncertainty, which may limit Kernel-Trade's expansion opportunities. The company should take measures to mitigate risks, including developing diversification strategies and finding new partners.

The impact of the war on the domestic market is also worth mentioning. Rising energy prices, problems with access to raw materials, as well as general economic instability may negatively affect Kernel-Trade's production costs. In wartime, the company must find new approaches to resource management to remain competitive.

For better understanding the company's position in the market let's us analyze Kernel-Trade using the ADL Matrix.

The ADL Matrix (Arthur D. Little Matrix) is a strategic management tool used to evaluate a company's position based on two dimensions: the competitive position (ranging from weak to dominant) and the industry maturity (ranging from embryonic to declining). It helps identify strategies for different market situations [53].

For Kernel-Trade we build the ADL Matrix, based on general assumptions of the company's market and competitive standing (see Fig. 2.14).


If we talk about Industry Maturity of the company, then we can say that Kernel-Trade operates in the agricultural sector, specifically in the grain trading and production industry. Based on the industry lifecycle, this market can be considered mature, as the agricultural and grain trade industries are well-established with steady demand but face intense competition and pressures such as regulation, technology, and market consolidation.

		Competitive Position				
		Dominant	Strong	Favorable	Tenable	Weak
Industry Maturity	Embryonic					
	Growth					
	Mature					
	Decline					


Fig. 2.14 The ADL Matrix of Kernel-Trade

As about the competitive position of the company, Kernel-Trade has a significant market share, especially in Ukraine and Eastern Europe, and likely holds a strong position in terms of vertical integration, infrastructure, and access to key resources. Its competitive position is considered strong or potentially dominant, depending on specific market metrics such as profitability, cost efficiency, and market reach.


Several Strategic Implications are proposed according to the analysis and are presented visually in Fig. 2.15.



Growth through Efficiency: Kernel-Trade should continue focusing on operational efficiency and cost leadership to maintain profitability in a mature industry.



Innovation and Differentiation: Investing in technology, sustainability, and diversification of its product lines will help maintain a strong competitive edge.



Market Consolidation Opportunities: The company could explore acquisitions or partnerships to consolidate its position in an already mature market.

Fig. 2.15 Strategic Implications of the company

The ADL Matrix suggests that Kernel-Trade is in a stable, strong position within a mature market and should focus on maximizing efficiencies and leveraging its competitive strengths.

The main advantages and disadvantages of the foreign trade management system of the company are shown in Figure 2.16.

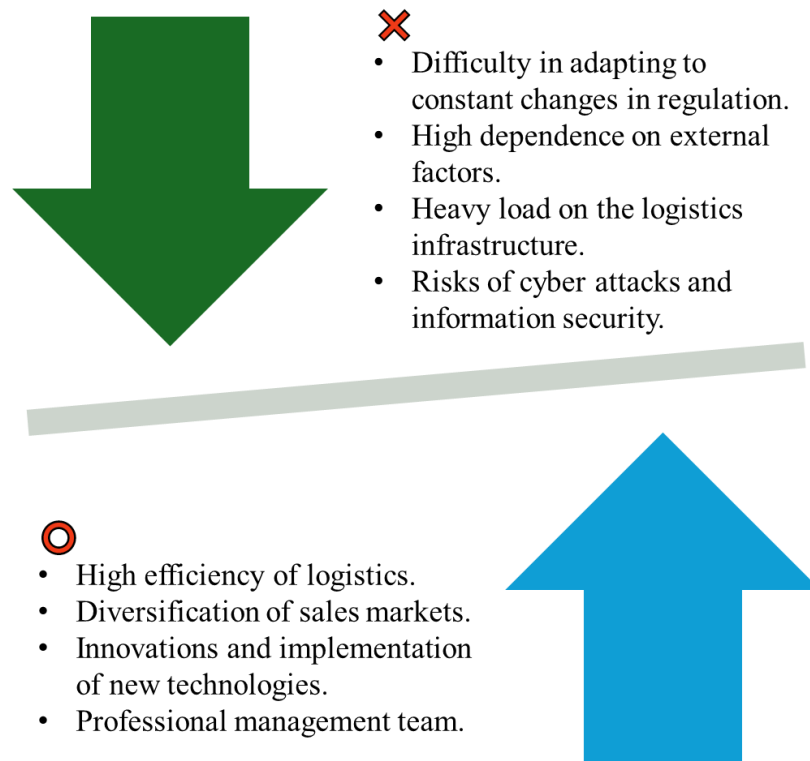


Fig. 2.16 The main advantages and disadvantages of the foreign trade management system of Kernel-Trade LLC

One of the key advantages of Kernel-Trade's foreign economic activity management system is the high efficiency of logistics processes. The company owns its own infrastructure, including grain terminals, elevators and vehicles, which reduces the cost of transportation and storage of products. This helps to optimize the entire process of supplying goods to foreign markets. The high level of integration of logistics operations allows the company to respond quickly to customer needs and reduce the risk of delivery delays.

Another significant advantage is the diversification of sales markets. “Kernel-Trade is active in several international markets, which helps to reduce the risks associated with economic fluctuations in certain countries or regions. The company is

actively developing its marketing strategy aimed at adapting its products to the needs of different markets, which contributes to the increase in export supplies and provides flexibility in doing business.

Kernel-Trade LLC pays great attention to innovations and implementation of the latest technologies in its business processes. The company actively uses modern IT solutions to automate the processes of managing foreign economic activity. For example, the use of electronic monitoring and control systems minimizes the influence of the human factor and allows for prompt decision-making based on data analysis. This ensures greater transparency and efficiency in interaction with foreign partners.

The highly qualified management team of Kernel-Trade LLC is another advantage of the company in conducting foreign economic activity. The company's managers have extensive experience in international trade and a deep understanding of the specifics of different markets. This allows them to quickly adapt to changes in legislation, trade conditions or demand in foreign markets. Continuous professional development of employees and implementation of new knowledge in practice is an important component of the company's success on the global stage.

Despite its significant advantages, the foreign economic activity management system of Kernel-Trade LLC faces certain difficulties. One of the main challenges is the need to constantly monitor and adapt to changes in international legislation. For example, changes in customs or tax requirements may require the company to make significant efforts to adjust its processes. This creates an additional burden on the legal and financial management departments.

Kernel-Trade's operations are heavily dependent on external factors, such as the political situation in partner countries, global economic crises and currency fluctuations. The impact of exchange rate fluctuations is particularly significant, as it directly affects the profitability of export operations. High volatility in international markets can lead to financial losses or the need to quickly change the strategy.

With the growth of export and import operations, there is a need to increase the capacity of the logistics infrastructure. Despite the fact that the company owns its own elevators and vehicles, the rapid growth of operations can create additional challenges

for effective management. In such cases, the company is forced to invest heavily in the development and modernization of its logistics facilities, which can increase overall costs.

With the introduction of the latest technologies, another threat arises - the risks of cyberattacks and information loss. As the company actively uses electronic systems to manage its foreign economic activities, it is important to ensure a high level of cyber security. Imperfect security systems can lead to the leakage of confidential information or malfunctioning of management systems, which can have negative consequences for the company.

Managing the foreign economic activity of Kernel-Trade LLC has both significant advantages and certain disadvantages. Efficient logistics, market diversification and the introduction of innovations allow the company to operate successfully in international markets. However, the dependence on external factors and the difficulty of adapting to changes in legislation pose certain challenges. To further improve the company's foreign economic activity management system, it is important to pay attention to improving cybersecurity and investing in the development of logistics infrastructure.

PART 3. OPTIMIZATION OF THE MANAGEMENT SYSTEM OF FOREIGN ECONOMIC ACTIVITY OF “KERNEL-TRADE” LLC

3.1 Fat-and-oil industry in Ukraine: challenges and development potential

The fat-and-oil industry in Ukraine stands as one of the country's most critical sectors, both for its contributions to the national economy and for its prominent role in global agriculture. That is why understanding the challenges and exploring the development potential is essential for sustaining and expanding Ukraine's presence in the global fat-and-oil market.

Ukraine ranks first in the world in sunflower production, accounting for a third of the global market for this product. Vegetable oils, along with cereals and their processed products, occupy major positions in the global food market. The existing demand will continue to boost production.

The development of oil and fat production has great prospects both in terms of meeting domestic needs and satisfying foreign market demand. This is due to the reorientation of the diet of the population of economically developed countries from animal to vegetable fats and oils, the growth of the total population of the planet, rising energy prices, and the increased use of oil for technical needs (diesel fuel, detergents, paints, etc.).

More than 50 companies produce sunflower oil in Ukraine, with the ten largest companies accounting for more than half of the total market (see Fig. 3.1). The largest exporters of sunflower oil from Ukraine are Kernel, Bunge, and MHP [41].

The 2023/24 season was a challenging one for Ukraine's fat-and-oil producers due to the martial law caused by Russia's full-scale aggression. Despite power outages, logistics problems and blocked export routes, the industry managed to achieve significant results.

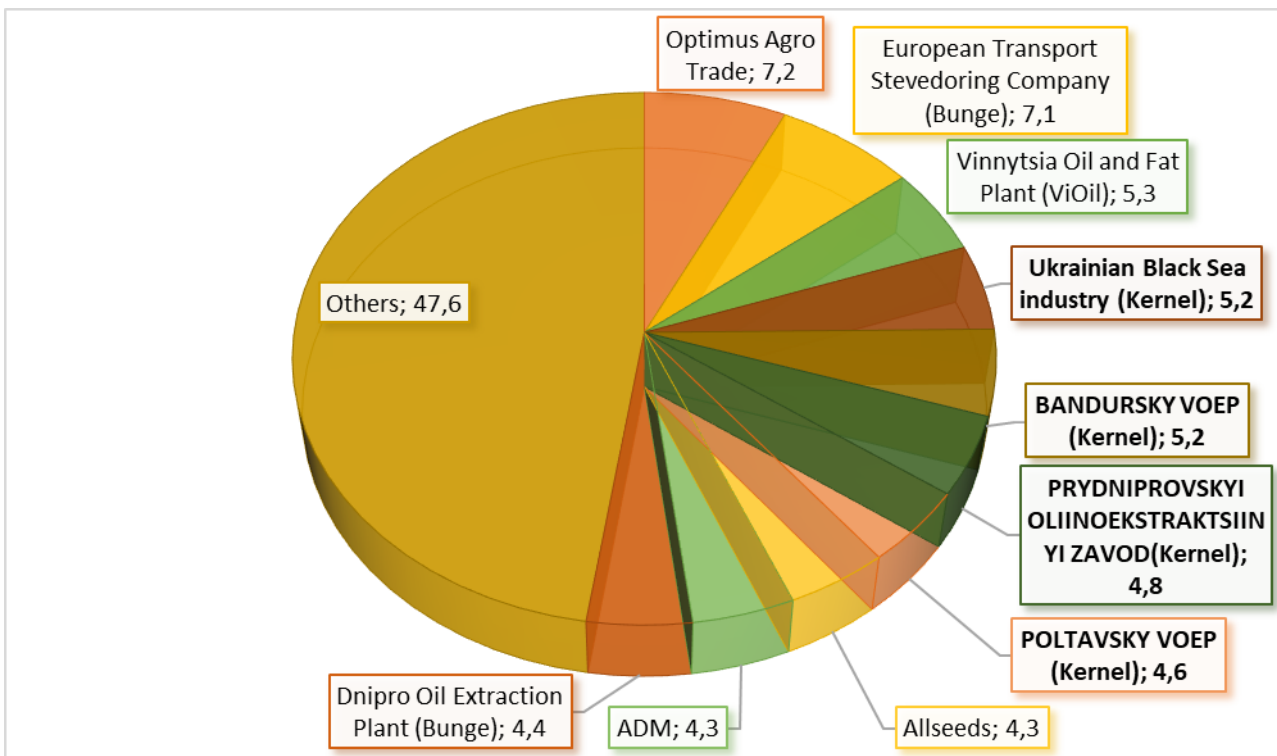


Fig. 3.1 The largest producers of sunflower oil from Ukraine

In particular, in the 2023/24 season, the industry produced 6.6 million tons of oil and exported 6.2 million tons, which was the second-best result in the history of the industry. For comparison, in the pre-war period of 2019/20 marketing years, these figures reached 6.9 million tons of production and 6.7 million tons of exports.

The growth in volumes was made possible by the increase in sunflower seed processing in the domestic market. In the reporting period, the company processed 14.8 mln tons of seeds, which is 1.3 mln tons more than in the previous season.

For the first time in the history of Ukraine, 1 mln tons of rapeseed was processed, which is 22.3% of the total 2023 harvest. This is especially important as rapeseed is usually an export-oriented crop. The production of rapeseed oil reached a record 430 thousand tons, and exports of this product increased by 404%, reaching 424 thousand tons.

There was also an increase in the production and export of soybean oil and meal - by 22% and 29%, respectively. In general, in 2023/24 season, the company processed a record amount of oilseeds - 17.4 mln tonnes (14.8 mln tonnes of sunflower, 1 mln tonnes of rapeseed, 1.6 mln tonnes of soybean).

As for the next season, sunflower production is expected to decline slightly to 12-12.5 mln tonnes due to a 2-3% decrease in the planted areas. At the same time, soybean production is expected to increase to 5.1-5.5 mln tons, due to the increase in the area under this crop by more than 46%. The production of rapeseed may decrease to 3.4-3.6 mln tonnes, compared to 4.1-4.4 mln tonnes in 2023/24 season.

Today, Ukraine holds a leading position in the global production and export of sunflower oil. The main export markets are India, China, the European Union and other Asian countries. In addition to sunflower oil, the industry also produces rapeseed oil, soybean oil and other processed products. Oil and fat products provide a significant amount of foreign exchange earnings to the budget, stimulating the development of agriculture and the processing industry (see Fig. 3.2).

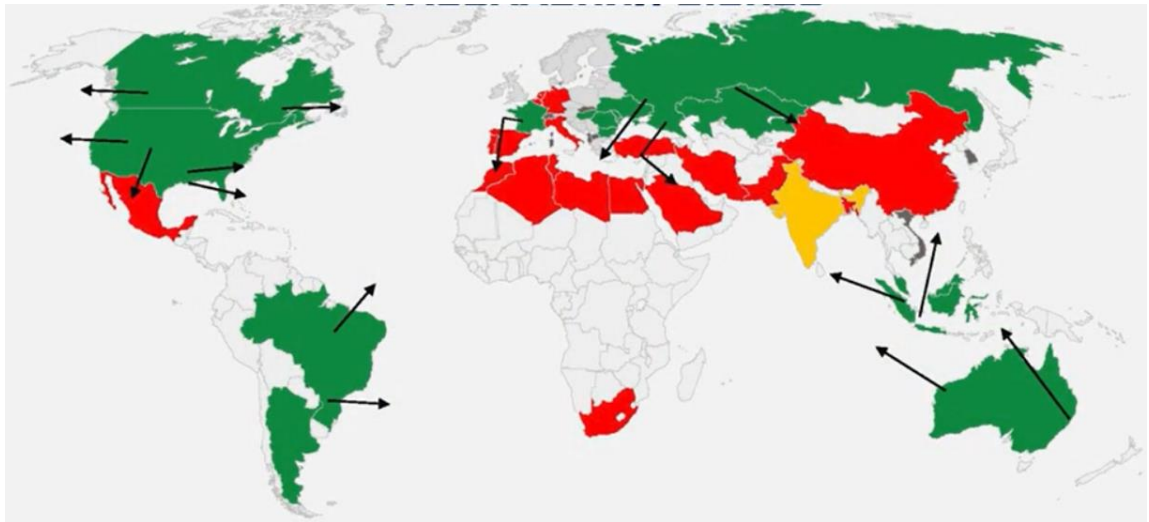


Fig. 3.2 The map of the world`s main importers and exporters of the oil (Green – exporters, red – importers, yellow - India is an exporter in some years and an importer in others) [41]

In total, 127 countries purchased Ukrainian sunflower oil in 2023/24 MY (Fig. 3.3).

Production and exports of domestic refined sunflower oil are growing. It is exported all over the world, in particular to the EU (52,16 %), Turkey, China, the USA, Peru, etc.

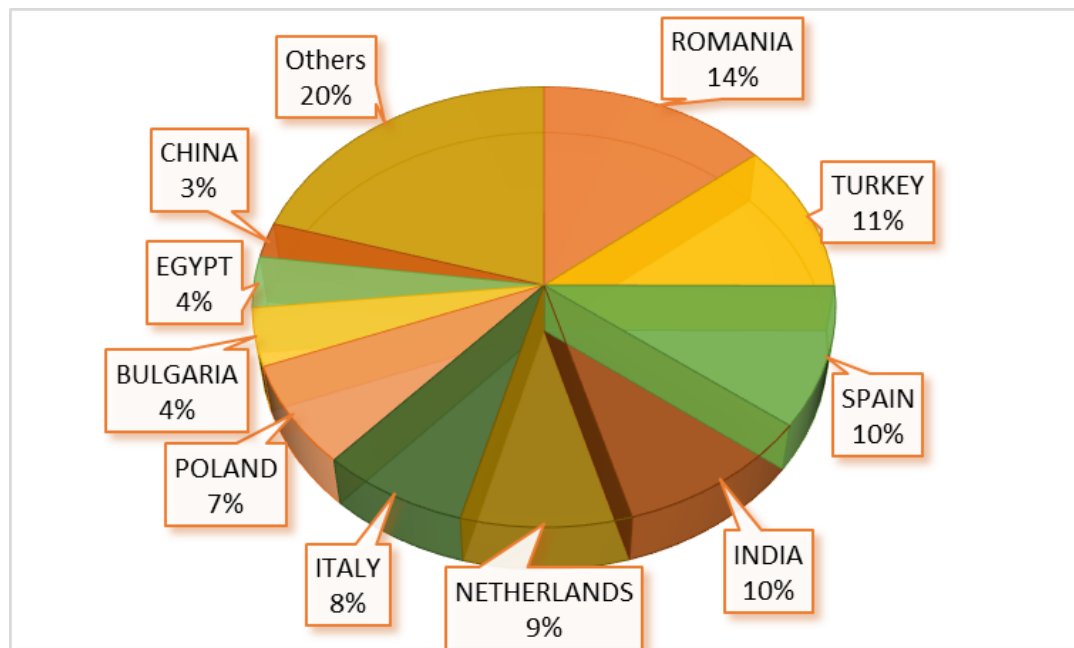


Fig. 3.3 Structure of Ukrainian sunflower oil exports in January-June 2024 by major importing countries, %

Regarding the export potential of vegetable oils, we can say that export demand is decisive. At the same time, 90% of total exports are crude oil, which means that Ukraine has a raw material orientation, which makes our positions in foreign markets unstable, as demand for raw materials is volatile and characterized by significant price volatility. High production volumes and a relatively small percentage of domestic consumption make it possible for Ukrainian products to provide more than 57% of the world's volume in the upcoming MY.

The oil and fat industry is one of the key components of Ukraine's agricultural sector. It plays an important role both in the domestic economy and on foreign markets, as Ukraine is one of the largest exporters of sunflower oil in the world.

The industry demonstrates significant production and export volumes, making it strategically important for the country's economic growth. However, despite its successes, the industry faces a number of challenges that hinder its further development (see Fig. 3.4).

First, climate risks and crop volatility. The production of raw materials for the oil and fat industry depends on weather conditions, which can significantly affect sunflower, soybean and rapeseed harvests. Climate change, unstable weather

conditions, droughts and heavy rains pose significant risks to production stability.

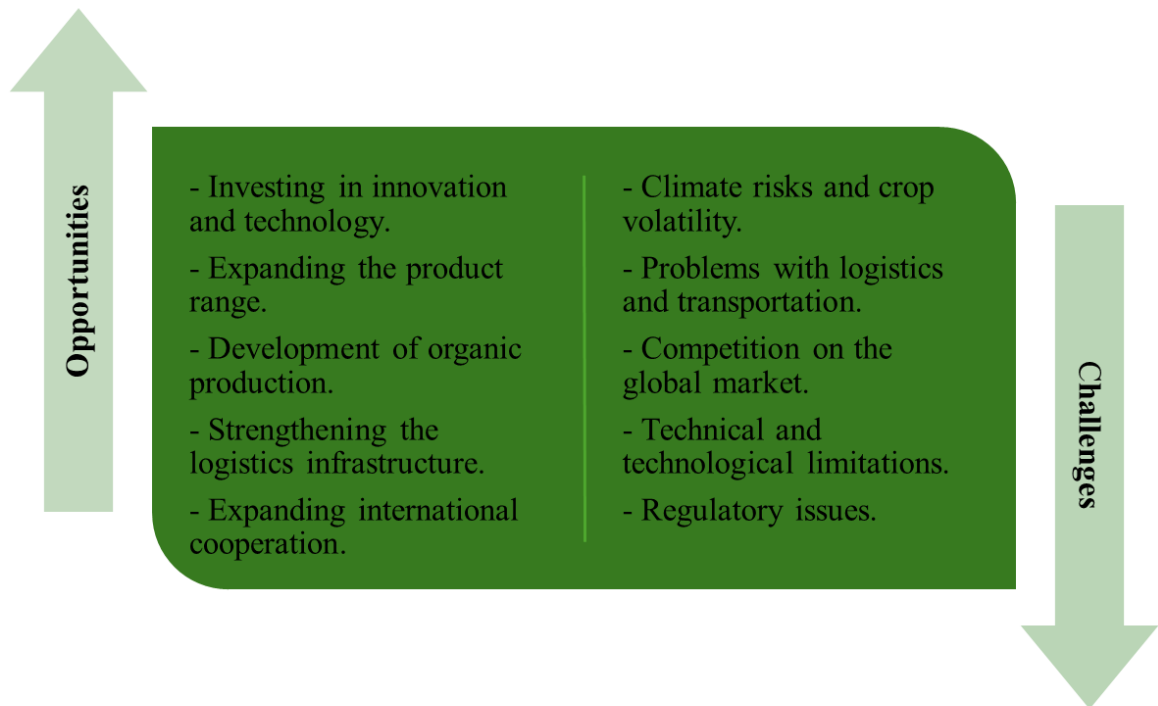


Fig. 3.4 The challenges and opportunities of fat-and-oil industry

Efficient logistics is also a key factor for successful exports. Problems with transportation infrastructure, including railroad transportation and port capacities, can lead to delays in deliveries and increased costs for producers and exporters.

Competition on the global market should not be overlooked. Ukrainian products face competition from other large producers such as Argentina, Brazil, and the United States. High production costs, rising raw material prices, and currency fluctuations may reduce the competitiveness of Ukrainian products on the international market.

Despite significant progress in the development of the industry, some companies still use outdated equipment, which reduces the efficiency of production processes and affects product quality.

In addition, frequent changes in legislation, especially in the area of taxation and export regulation, may create additional challenges for the industry. This includes issues of product certification, customs control, and VAT refunds, which often become an additional burden for businesses.

As we can see from the Fig. 3.4, the industry also has the potential for development.

To improve productivity and product quality, it is important to introduce new technologies that will reduce energy costs, increase output and improve the quality of finished products. Investments in production automation, irrigation systems and modern equipment are key to increasing the industry's competitiveness.

In addition to traditional sunflower oil, Ukrainian producers can focus on processing other types of raw materials, such as soybeans and rapeseed, as well as on the production of value-added products (e.g., biofuels, oil-based cosmetics). This will help diversify markets and reduce dependence on exports of a single product.

The growing demand for organic products in the world also opens up new opportunities for Ukrainian producers. Organic oil production could become a new niche that would attract consumers willing to pay more for environmentally friendly products.

In addition, for efficient exports, it is important to invest in the development of transport and port infrastructure, improve railroad connections, and modernize elevator capacities. This will help reduce logistics costs and increase exports.

Signing new trade agreements and expanding cooperation with countries in Asia, Africa, South America and other promising markets will help diversify exports and reduce dependence on certain regions.

Despite all the difficulties, Ukraine's fat-and-oil industry has a huge potential for further development due to its fertile land, favorable climate conditions and high agricultural productivity. However, in order to fully unlock this potential, a number of challenges related to infrastructure, technology, regulatory barriers and global competition need to be addressed. Investing in innovation, expanding the product range and developing logistics are key steps to ensure the industry's sustainable growth in the future.

3.2 The main directions of improvement of the management system of foreign economic activity of Kernel-Trade LLC on the example of PJSC “Poltavsky VOEP - Kernel Group”

Poltavsky Vegetable Oil Extraction Plant - Kernel Group (Poltavsky VOEP), a part of Kernel Group, is one of the largest and most modern enterprises in the oil and fat industry in Ukraine. The plant plays an important role not only in the regional economy, but also at the national level, as it is an important element of the production chain from sunflower cultivation to export of finished products. Its activities reflect current trends and approaches to the development of the agricultural sector, as well as the importance of investments in technology and infrastructure.

Poltavsky VOEP was founded in 1991, but its modern history began after it was integrated into Kernel Group, a leading agro-industrial company specializing in the production of sunflower oil, grain, and logistics services. Kernel acquired the plant in 2006 and carried out a large-scale modernization, which significantly increased its production capacity, improved efficiency and met international quality standards.

Thanks to Kernel Group's investments, the oilseed processing plant has become one of the largest oilseed processing plants in Ukraine. It is equipped with modern equipment that allows processing large volumes of sunflower, producing high-quality sunflower oil and meal. Highly technological production ensures high productivity and minimization of raw material losses, which makes the plant's products competitive in the global market.

The processing capacity is 429 thousand tons of sunflower seeds per year (1.3 thousand tons per day).

Brands: Kernel Professional, Shchedryi Dar, Lyubonka, Chumak.

The VOEP uses tolling raw materials. There are 6 silos for short-term storage with a capacity of 15 thousand tons, as well as equipment for cleaning and drying grain. Grain is brought in from the neighboring regions of Poltava, Sumy, Kirovohrad, Kyiv, and Chernihiv.

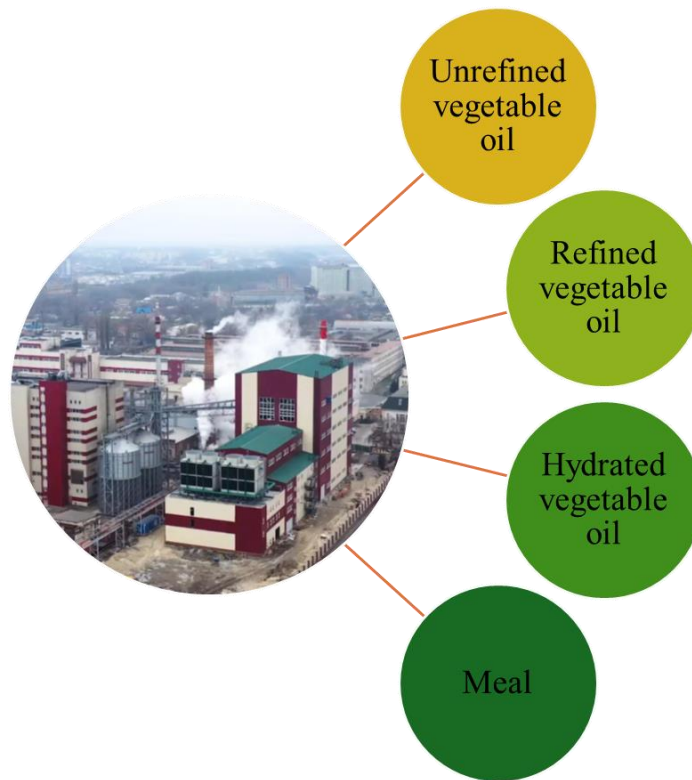


Fig.3.5 Products of Poltavsky Vegetable Oil Extraction Plant - Kernel Group

Poltavsky VOEP is an important export-oriented enterprise. Its main markets are Europe, Asia and Africa, where Ukrainian sunflower oil is highly valued for its quality. The products are exported to Cyprus, Greece, Israel, Italy, Lithuania, and Saudi Arabia.

In addition, the plant is actively implementing energy-efficient technologies and environmental sustainability initiatives. For example, the use of production waste to generate energy reduces dependence on external energy sources and reduces environmental impact.

Let us analyze the main economic indicators of Poltavsky VOEP for the period 2021-2023 (see Table 3.1). This analysis allows us to assess the overall current state of the enterprise and financial opportunities for further development. These results are also shown graphically in Fig. 3.6.

In 2021, the plant achieved a net profit of UAH 58.88 million. However, in 2022, the company faced a significant downturn, resulting in a net loss of UAH 107.27 million. This represents an absolute deviation of -UAH 166.15 million and a relative decrease of -182.2% compared to the previous year. Despite the challenges, the plant managed to recover partially in 2023, reporting a net profit of UAH 27.02 million,

showing an improvement of UAH 134.29 million (or +1343%) from 2022.

Table 3.1

Main financial results which indicate the effectiveness of Poltavsky VOEP
during 2021-2023 period

Indicator / Year	2021, thousands UAH	2022, thousands UAH	2023, thousands UAH	Abs. deviation 2022/2021	Abs. deviation 2023/2022	Relative deviation 2022/2021	Relative deviation 2023/2022
Net financial result: profit/loss	58875	-107273	27016	-166148	134289	-182,2%	1343%
Profit from operating activities	43807	114927	123341	71120	8414	262,3%	107,3%
Gross profit	58791	59685	184436	894	124751	101,5%	309,0%
Net income from the sale of products (goods, works, services)	835100	1531166	1279523	696066	-251643	183,4%	83,6%

The profit from operating activities showed consistent growth. In 2021, it amounted to UAH 43.81 million, and by 2022, it had risen to UAH 114.93 million, a substantial increase of UAH 71.12 million (+262.3%). This positive trend continued in 2023, with the profit reaching UAH 123.34 million, reflecting a further increase of UAH 8.41 million (+107.3%) compared to 2022.

The company's gross profit also demonstrated significant growth over the period. It increased from UAH 58.79 million in 2021 to UAH 59.69 million in 2022, a modest rise of UAH 0.89 million (+101.5%). The most notable improvement occurred in 2023, where gross profit surged to UAH 184.44 million, marking an impressive rise of UAH 124.75 million (+309.0%) compared to 2022.

Net income from the sale of products showed a varied trend. In 2021, the plant's net income was UAH 835.10 million. This increased significantly in 2022 to UAH 1,531.17 million, an absolute growth of UAH 696.07 million (+183.4%). However, in 2023, net income declined to UAH 1,279.52 million, reflecting a decrease of UAH

251.64 million (-83.6%) compared to the previous year.

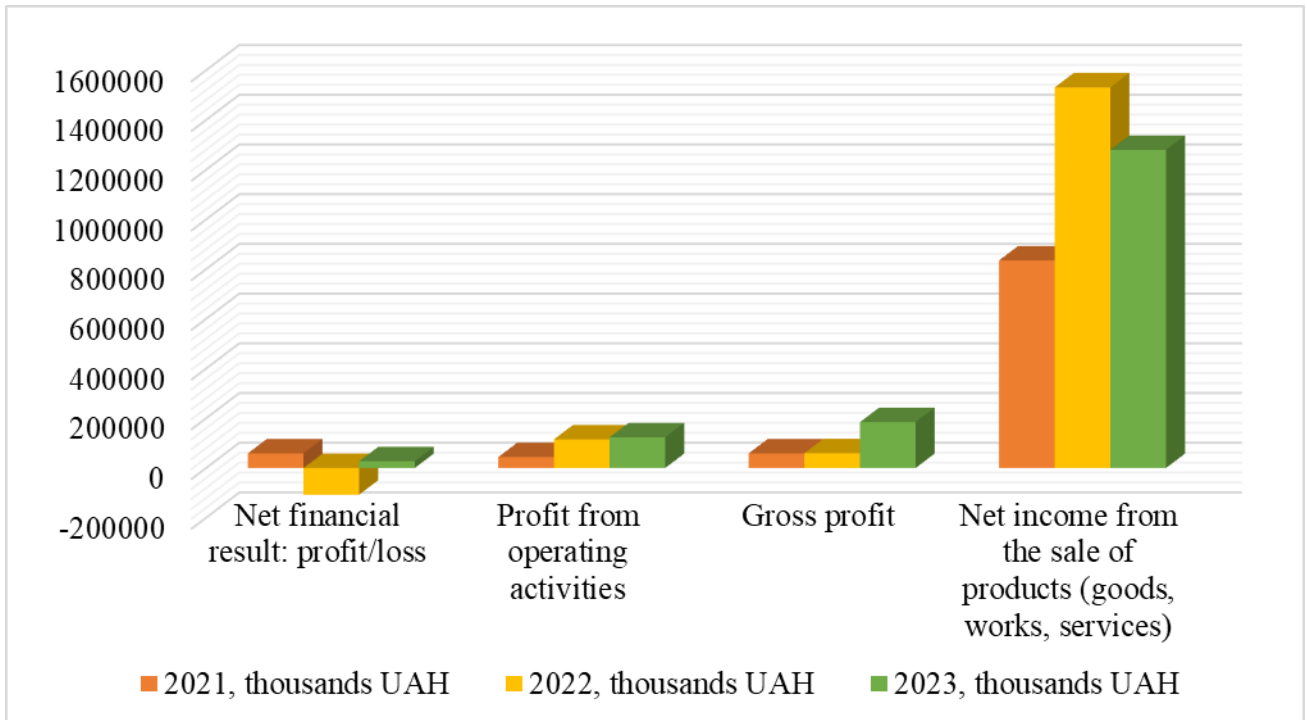


Fig. 3.6 Main financial results of Poltavsky VOEP during 2021-2023

Poltavsky Vegetable Oil Extraction Plant's financial results over the three years indicate a mixed performance. While the company faced a major setback in 2022 with a net financial loss, it managed to recover and achieve profitability again in 2023. The consistent rise in operating and gross profit shows effective cost management and improved efficiency. However, the fluctuations in net income from sales suggest varying market conditions and potential external challenges impacting sales volumes. Continued focus on enhancing operational efficiency and stabilizing sales will be key for sustained growth.

The study of Poltavsky VOEP's activities allowed us also to draw up a SWOT analysis that could assess the company's capabilities and the impact of external factors on its activities. Let's take a look at the SWOT analysis of Poltavsky Vegetable Oil Extraction Plant, which is presented in Fig. 3.7.

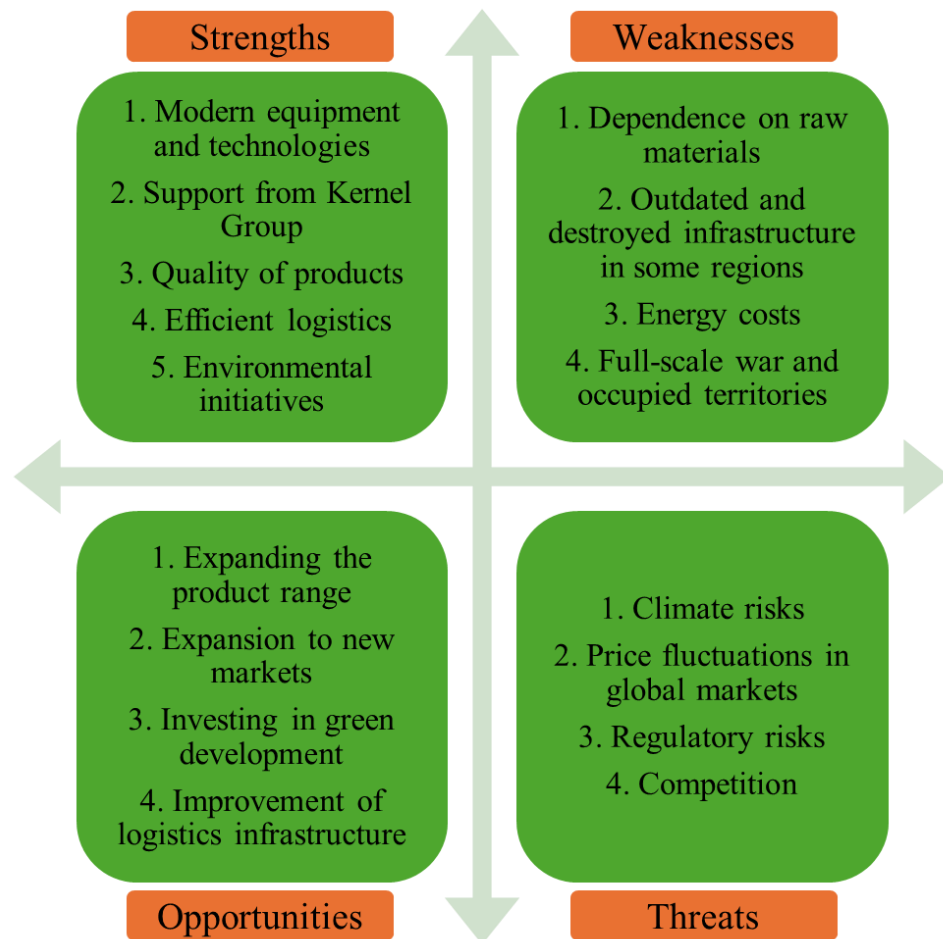


Fig. 3.7 The SWOT analysis of Poltavsky Vegetable Oil Extraction Plant – Kernel Group

The Poltavsky Vegetable Oil Extraction Plant is part of the large agro-industrial company Kernel Group, and its operations are characterized by a high level of efficiency and productivity due to the use of modern technologies. The plant is equipped with innovative production lines, which allows us to optimize production processes and minimize raw material losses. This is an important aspect for maintaining stable product quality and increasing competitiveness in international markets.

The support of Kernel Group provides the plant with access to financial resources, a network of suppliers and a developed logistics infrastructure. This allows the company to operate efficiently, expand its sales markets and remain one of the leading sunflower oil producers. High quality products that meet international standards ensure a steady demand for Ukrainian oil, which makes it possible to enter new markets.

The plant is also actively implementing energy-efficient and environmentally friendly technologies to help reduce its environmental footprint. This is important not only from an environmental point of view, but also in terms of building a positive image of the company in the global market, where environmental standards are playing an increasingly important role.

However, the company also has certain weaknesses that require attention. One of the main problems is dependence on stable raw material supplies. Sunflower and other oilseeds can be affected by unfavorable weather conditions, which can significantly affect production capacity. In addition, despite the modernization, some infrastructure elements of the plant still need to be updated. Energy costs remain a significant cost factor, especially in the context of possible energy crises.

On the other hand, there are many opportunities for further development. The company could expand its product range to include the production of new types of oil (rapeseed, soybean) and value-added products such as biodiesel or cosmetics. This will help reduce dependence on a single type of raw material and increase our presence in new markets. Investments in green development, such as the use of renewable energy sources and the introduction of new environmental standards, can be an important step in attracting new customers focused on environmentally friendly products. Investments in improving the logistics infrastructure will also help reduce costs and increase the efficiency of export operations.

However, the plant also faces threats that could affect its sustainable development. Climate change, unfavorable weather conditions and fluctuations in raw material prices on global markets are risk factors that could reduce profitability. Frequent changes in the Ukrainian legislation regarding taxes, customs regulations and export quotas may also create additional barriers to the efficient operation of the business. In addition, increased competition from other oilseed producers, such as Latin American and southern hemisphere countries, may reduce the share of Ukrainian products on the global market.

Overall, Poltavsky Vegetable Oil Extraction Plant - Kernel Group has all the prerequisites for further successful development due to its strengths, such as modern

technology and the support of a large company. However, in order to achieve its long-term goals, it is important to take into account the existing challenges, develop new opportunities for product diversification and effectively manage risks. Strategic planning and investment in innovation will allow the plant to maintain its leading position in the international market and remain competitive in the long term.

We propose several areas to improve the management system of foreign economic activity of Kernel-Trade LLC on the example of PJSC Poltavsky Vegetable Oil Extraction Plant - Kernel Group (see Fig. 3.8).



Fig. 3.8 The suggested ways of optimization of the management system of foreign economic activity of PJSC Poltavsky Vegetable Oil Extraction Plant - Kernel Group

One of the key areas is optimization of logistics and supply chain. Implementation of modern supply chain management (SCM) systems will not only optimize transportation routes, but also reduce costs and increase the speed of product delivery. This is especially important when developing new markets, where fast and efficient logistics can become a significant competitive advantage. In addition, the use of IoT and GPS monitoring technologies will allow us to track the movement of raw materials and finished products in real time, reduce the risk of downtime and improve process coordination.

Another important step is to expand sales geography and enter new markets.

Conducting market research will help identify promising markets such as Africa, Latin America and the Middle East, and adapt products to the needs of new customers. This means taking into account the specifics of consumption, regulatory requirements and cultural peculiarities, which will facilitate better integration into these markets. In addition, signing strategic partnership agreements with international retail chains and distributors will simplify the process of entering foreign markets and expanding the customer base.

To minimize financial risks, companies need to improve the efficiency of financial risk management. The use of modern currency risk hedging instruments, such as forward contracts and options, will help reduce the risks associated with currency fluctuations. In addition, diversification of foreign exchange earnings by expanding the customer base to countries with different currencies will help reduce the company's dependence on fluctuations in one currency, which is important for stable foreign trade planning.

Another important area is the automation of foreign trade processes. Implementation of ERP systems such as Microsoft Dynamics 365 Business Central will facilitate the integration and automation of key processes such as accounting, logistics, and customs operations. This will reduce the human factor, shorten the time to complete tasks, and reduce the risk of errors. The use of CRM systems for foreign trade will help to better store customer data, analyze their needs, and introduce personalized sales approaches, which is an important aspect of working in new markets.

It is also important not to forget about improving the skills of employees in the field of foreign trade. Regular trainings for employees on international trade, finance, and customs legislation will help improve their skills and ensure effective foreign trade management. Additionally, participation of employees in international exhibitions, conferences and trainings will contribute to their professional growth and allow them to learn about new approaches to doing business in different countries.

Modern enterprises should also focus on innovative development and implementation of environmental standards. The use of renewable energy sources and

the introduction of innovative technologies will help reduce CO₂ emissions and make products attractive to customers who are environmentally conscious.

In conclusion, it is worth noting the importance of improving the marketing strategy for foreign trade. Creating a strong international brand associated with quality, reliability and environmental friendliness will be a key aspect for successful promotion in international markets. Active participation in international exhibitions, forums, and digital media advertising campaigns will help to strengthen the company's position in new markets. In addition, the adaptation of advertising materials to local cultures will allow for better consideration of the specifics of new markets and successful product positioning.

Thus, in order to increase the competitiveness and efficiency of Kernel-Trade's foreign trade system, it is necessary to improve logistics, expand sales geography, minimize financial risks, automate processes, improve employee skills, invest in environmental standards and strengthen marketing strategies. All of this will help strengthen the company's position in international markets and ensure its long-term success.

3.3 Evaluating the effectiveness of the proposed measures and their impact on the efficiency of the enterprise's foreign economic activity.

To choose a country to expand sales geography, let's analyze which countries may increase imports in the future.

First of all, it is India. Currently, there is an increase in meat consumption per capita. Previously, meat consumption in this country was 1 kg per person per year (compared to 60 kg per person per year in the world), but now this figure is growing by 15-20% per year. It is likely that in the coming years, India will become a significant importer of feed grains and meal [41].

A similar trend is observed in other Asian countries. For example, China, home to more than 1 billion people, has moved from meat consumption of 10 kg per capita per year to about 50 kg per capita per year over the past twenty years.

In general, food consumption depends on population growth. Obviously, the growth of our planet's population by 1-2% annually has a positive impact on demand. But we should not forget that the demand for certain products is also affected by the growth of wealth and net income per capita. Consumer trends are becoming more important in the world. Demand for products in the world is changing, albeit slowly.

To evaluate the effectiveness of expanding Poltavsky Vegetable Oil Extraction Plant's (VOEP) sales geography to enter new markets such as India, it is essential to analyze the proposed measures and their impact on the company's efficiency and profitability.

To analyze the proposed areas of improvement, it is advisable to consider several indicators from Part 3.2. To do this, let's look at the projected value of these indicators. We calculated the projected dynamics of Net income from the sale of products of Poltavsky VOEP using the Excel's forecast sheet (see Fig. 3.9).

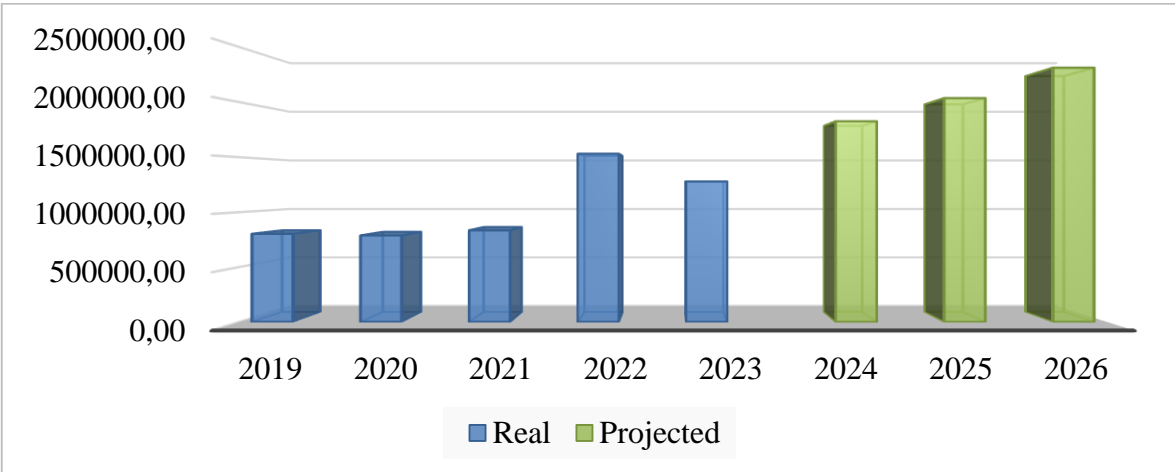


Fig. 3.9 The dynamics of net income from the sale of products of Poltavsky VOEP during 2019-2023 period and projected dynamics for 2024-2026 period

Using the Excel's forecast sheet we build the forecast of changes with high and low probability binding in the net income from the sale of products of Poltavsky VOEP for 2024-2026 period (see Fig. 3.10).

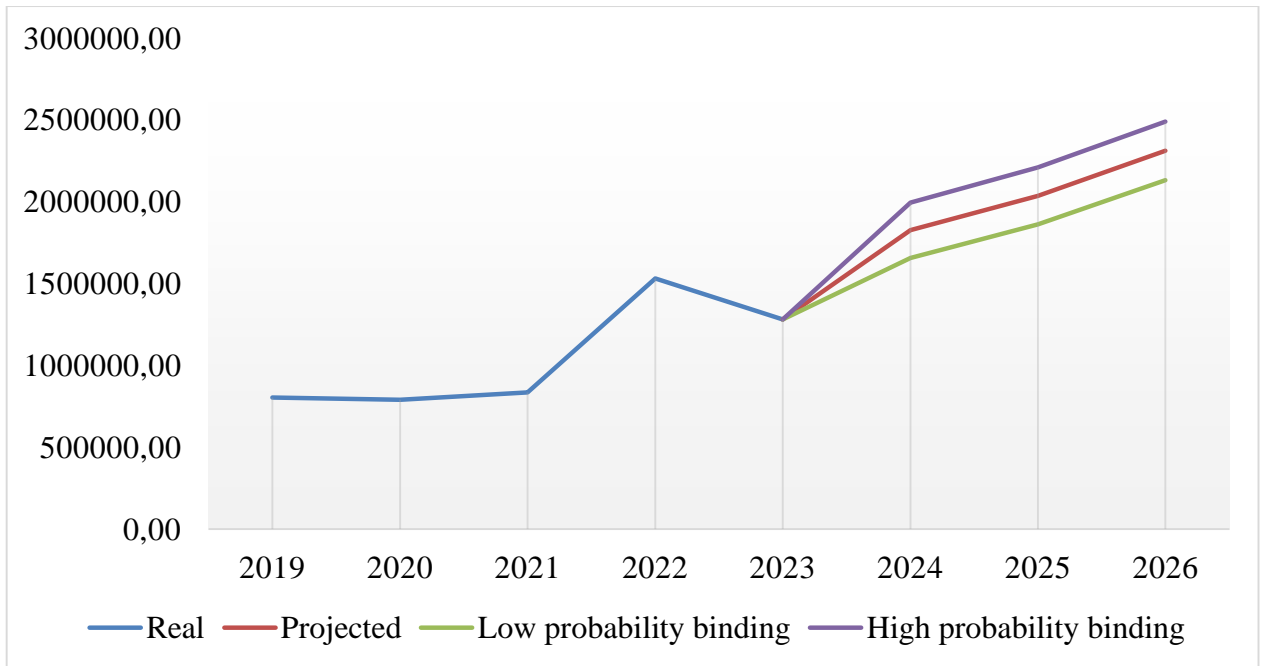


Fig. 3.10 The forecast of changes in the net income from the sale of products of Poltavsky VOEP for 2024-2026 period

Such dynamics suggests that this indicator will continue to develop in this way:

Table 3.2

Projected dynamics of net income from the sale of goods of Poltavsky VOEP – Kernel Group, UAH million

Year	Scenario	Net income from the sale of goods
2024	Optimistic	2000
	Realistic	1800
	Pessimistic	1600
2025	Optimistic	2200
	Realistic	2000
	Pessimistic	1800
2026	Optimistic	2500
	Realistic	2200
	Pessimistic	2000

We calculated the impact of proposed directions of improvement using three scenarios. The pessimistic scenario includes the decrease of sunflower production to 12 -12.5 mln tons, due to the reduction of sown areas by 2-3% and damage to logistics

routes and warehouses. The optimistic scenario includes everything that the company has at the moment of proposing the optimization project and includes increasing volumes of oil production and exports. The realistic scenario includes moderate growth in production and exports, with minor logistic and supply chain challenges. Market conditions and weather impact production moderately (see Table 3.3).

Table 3.3

Calculation of the proposed measures of improvement for 2024-2026 period,
UAH million

Year	Scenario	Net income from the sale of goods	ERP Integration Cost	Partnership Setup Cost	Logistics & Distribution Costs	Cost of goods sold	Operating income
2024	Optimistic	2000	7	20	200	1200	573
	Realistic	1800	7	20	220	1300	253
	Pessimistic	1600	7	20	250	1400	-77
2025	Optimistic	2200	4	15	220	1300	661
	Realistic	2000	4	15	250	1400	331
	Pessimistic	1800	4	15	280	1500	1
2026	Optimistic	2500	4	10	240	1400	846
	Realistic	2200	4	10	260	1500	426
	Pessimistic	2000	4	10	300	1600	86

Expanding to a new market like India requires a multifaceted approach that includes market research, strategic partnerships, efficient logistics management, and technology integration. Below, we analyze each proposed measure's expected impact, supported by projections.

According to the analysis in Table 3.3, the ERP Integration cost is estimated as UAH 7 million in 2024, covering initial setup and software customizations for all scenarios. For 2025 and 2026, annual maintenance costs are estimated at UAH 4 million to upkeep the system.

For Partnership setup, initial costs are projected at UAH 20 million in 2024, to establish distribution and local connections in India. For 2025 and 2026, maintenance of these partnerships is expected to require UAH 15 and UAH 10 million per year, respectively.

Costs of Goods Sold (COGS) will vary by scenario. Under optimistic conditions, with stable production, COGS growth is expected between UAH 1200-1400 million; the realistic scenario has COGS at UAH 1300-1500 million; while in the pessimistic case, increased production costs and disruptions push COGS to UAH 1400-1600 million.

Logistics and Distribution costs vary too. In optimistic conditions, stable logistics keep costs around UAH 200–240 million, while realistic and pessimistic conditions raise costs to UAH 220-260 million and UAH 250-300 million respectively. Lastly, operating income in each scenario depends heavily on revenues and expense efficiencies. In the optimistic case, high income is achieved, with a moderate income in the realistic case and a negative income in the pessimistic, which would call for contingency actions.

In summary, the optimistic scenario shows Poltavsky VOEP achieving UAH 2500 million net income by 2026, with UAH 846 million in operating income. The realistic scenario achieves a more modest UAH 2200 million in net income and an operating income of UAH 426 million, demonstrating a sustainable growth rate. Under pessimistic conditions, net income stagnates at UAH 2000 million, with a negative operating income of UAH 86 million, suggesting potential challenges in the Indian market if adjustments are not made.

The calculated results are shown in the Fig. 3.11.

Establishing strategic partnerships will enable faster market penetration and cost-effective distribution.

Collaborating with leading e-commerce platforms would allow Poltavsky VOEP to tap into India's rapidly growing online grocery shopping market.

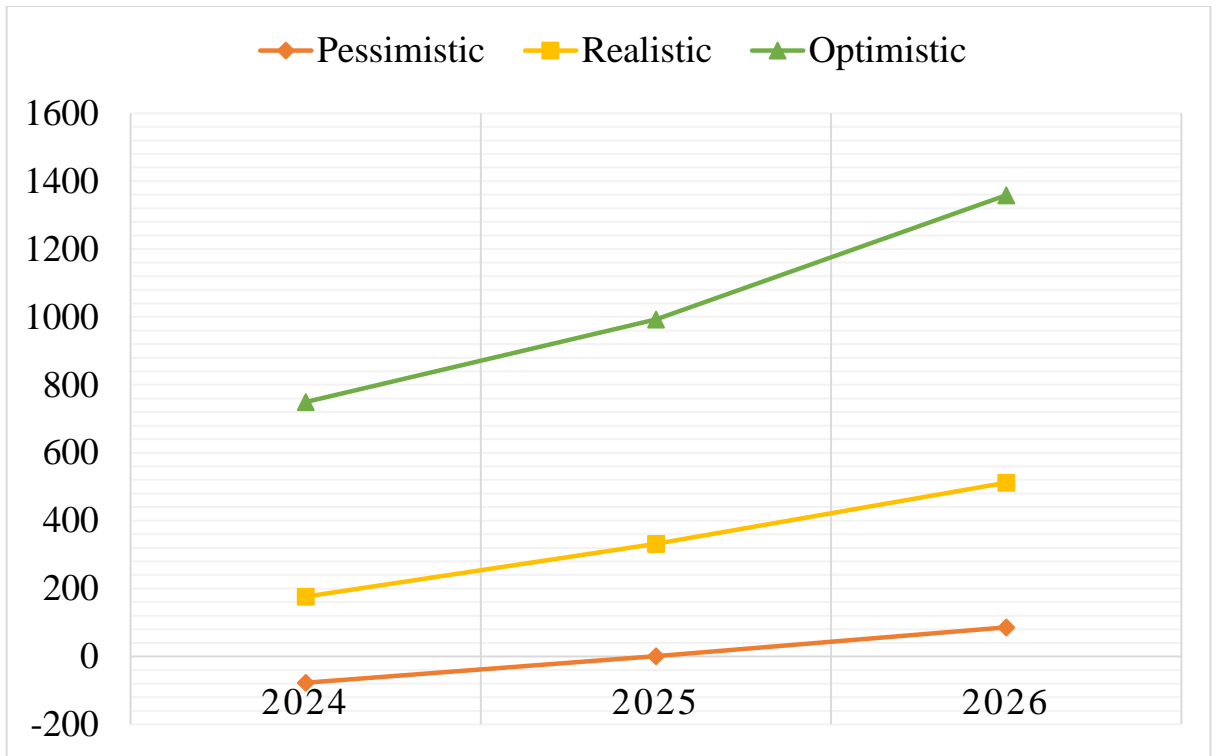


Fig. 3.11 The projected impact of the proposed measures on profit

Indian food processing companies that use vegetable oil in their production processes could be potential bulk buyers. By positioning Poltavsky VOEP as a reliable supplier, the company can secure stable, long-term contracts.

Let us analyze the possible ways of partnerships and benefits for Poltavsky VOEP in Indian market (see Table 3.4).

Table 3.4

The possible ways of partnerships and potential partners of Poltavsky VOEP

Partnership Type	Potential Partners	Benefits
1	2	3
Distribution Partnerships	Reliance Fresh, Big Bazaar, DMart, Spencer's Retail, Amazon India, Flipkart	Wide retail reach; access to urban and rural markets
Wholesale and B2B Partnerships	Parle, Haldiram’s, ITC, Navi Mumbai APMC Market, Azadpur Mandi	Bulk sales; entry into food processing market
HoReCa Partnerships	Taj Hotels, Oberoi Hotels, ITC Hotels, Domino’s India, McDonald's India	Stable demand; exposure in premium hospitality sector

1	2	3
Local Distributor Partnerships	Emami Agrotech, Adani Wilmar	Faster entry into the market; cost-effective distribution
Health and Wellness Retailers	Health & Glow, Wellness Forever	Niche market appeal to health-conscious consumers
Strategic Marketing Partnerships	WATConsult, Kinnect, Celebrity endorsements (e.g., Sanjeev Kapoor)	Increased brand awareness and credibility
Joint Ventures with Local Companies	Ruchi Soya, Marico	Local market insights; established supply and distribution
Agri-Business Collaborations	IFFCO, Mega Food Park Scheme	Supply chain support; subsidies and government incentives

According to the analysis above, an effective ERP system is really important in operational efficiency of the company.

The ERP system will improve efficiency by integrating all aspects of the business, from production to sales and logistics. This will help Poltavsky VOEP manage international trade more effectively, reduce lead times, and ensure smooth coordination between teams in Ukraine and India.

To determine the most suitable software for automating transportation management tasks at Poltavsky Vegetable Oil Extraction Plant (VOEP), we will compare three potential popular nowadays solutions: Microsoft Dynamics 365 Business Central, BAS, and MASTER (UA) (see Table 3.5).

Microsoft Dynamics 365 Business Central offers the most comprehensive features, including advanced analytics, cloud-based access, and extensive integration capabilities, making it ideal for companies looking for an all-in-one ERP solution. However, it may come at a higher cost [16].

BAS provides essential ERP functionalities with strong local adaptation, ease of use, and affordability, making it a good choice for smaller companies focused on local compliance [52].

Table 3.5

Comparative analysis of the softwires for automating transportation
management tasks [16, 52,53]

Characteristics	Microsoft Dynamics 365 Business Central	BAS	MASTER (UA)
Comprehensive ERP	+	+	
Transportation Management Module	+	+	+
Route Optimization	+		+
Fleet Management			+
Customization Options	+	+	+
Scalability	+		
Cloud-Based Access	+		
Integration with Other Systems	+	+	
Local Adaptation (Ukraine)		+	+
Cost-Effective		+	+
Compliance with Local Regulations		+	+
Advanced Reporting and Analytics	+		
User-Friendly Interface		+	+
Supply Chain Management	+		
Customer Support and Training	+	+	+

MASTER (UA) is specialized in transportation management, offering features such as route optimization and fleet management. It is cost-effective and locally adapted but lacks broader ERP capabilities [53].

This table helps visualize the strengths of each solution, aiding in selecting the most suitable software for Poltavsky VOEP's needs.

For Poltavsky VOEP we propose to choose the Microsoft Dynamics 365 Business Central as it offers a comprehensive platform that combines all essential

business functions into one system, supports growth, and provides the advanced tools needed for efficient global operations.

Although it may require a higher initial investment, the long-term benefits of improved coordination, scalability, and data-driven decision-making make it the best choice for Poltavsky VOEP's export expansion strategy (Fig. 3.12) [16].

Microsoft Dynamics 365 Business Central offers extensive possibilities to optimize not only accounting but also numerous other business processes within a company. However, the strong ecosystem surrounding this product can deliver even more value. Apart from Business Central, there are over 70 other Microsoft solutions are coming soon [16].

The price of the program from the official website per month is UAH 70,000 and its support monthly is UAH 5,000. One license is designed for a maximum of 200 users.

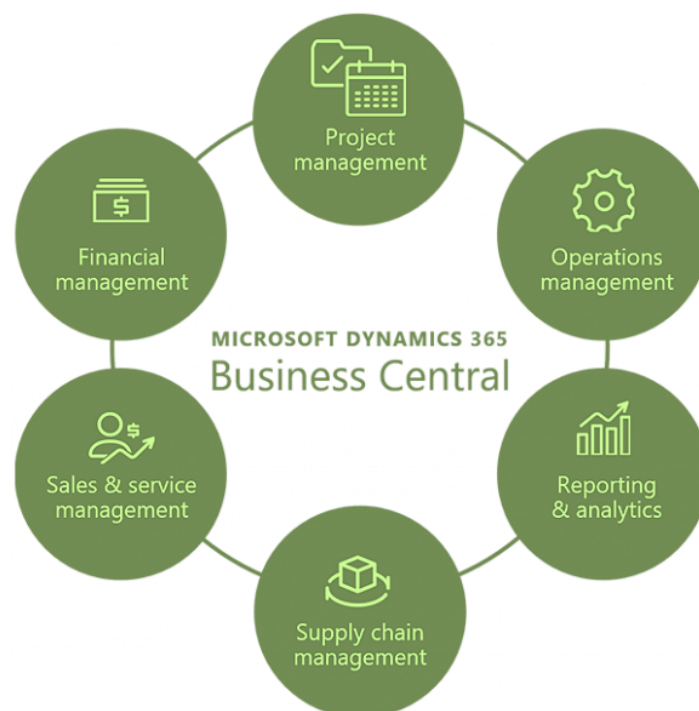


Fig. 3.12 The main features areas of the Microsoft Dynamics 365 Business Central

To calculate the annual cost of purchasing a licensed program and its maintenance, you need to multiply the cost by 3 years (2024 only for 6 month) and by 3 licenses, as according to the last financial statement the company has around 600 workers. Therefore, the cost for the ERP software will be UAH 7 million.

In our opinion, the solutions proposed earlier will together provide effective logistics support for sales and marketing of Poltavsky VOEP's oil and fat products. After all, logistics solutions are usually based on the integration and optimization of the supply chain, not just one link.

CONCLUSIONS

The research of the ways of optimization of the foreign economic activity management system on the example of "Kernel-Trade" LLC allows us to draw the following conclusions:

1. Effective management of foreign economic activity (FEA) is essential for success in international markets. For Kernel-Trade LLC, a leading agricultural firm in Ukraine, this requires a comprehensive approach involving planning, organization, motivation, control, and risk management.

2. Evaluating the effectiveness of the FEA management system relies on both quantitative and qualitative indicators. Quantitative metrics measure financial outcomes, while qualitative metrics assess organizational strategies. This combination provides a holistic view of performance, enabling companies to refine their strategies for improved results in the global arena.

3. To optimize foreign economic activity, Kernel-Trade must identify ways to enhance exports and imports at the national level, developing a strategy that considers both internal and external factors.

4. As a prominent player in Ukraine's agricultural sector, Kernel-Trade specializes in producing and exporting products like sunflower oil and grains. Despite challenges from the ongoing war, the company continues to operate and take strategic steps toward recovery and modernization.

5. Financial analysis from 2022 to 2024 shows Kernel-Trade actively improving its financial structure and stability, with positive trends in key indicators such as equity and liquidity ratios. While some ratios remain below recommended levels, consistent progress indicates potential for future financial strength. By focusing on reducing financial leverage and improving liquidity, Kernel-Trade is well-positioned for sustainable growth.

6. However, managing foreign economic activity presents both advantages and challenges. The company benefits from efficient logistics, market diversification, and innovation, but must also navigate external dependencies and regulatory changes.

Enhancing cybersecurity and investing in logistics infrastructure will be crucial for further improvement.

7. Despite numerous challenges, Ukraine's fat-and-oil industry holds significant potential for growth, thanks to its fertile land, favorable climate, and high agricultural productivity. However, realizing this potential fully will require overcoming obstacles in infrastructure, technology, regulatory barriers, and global competition. To ensure the industry's sustainable growth, it is essential to invest in innovation, diversify the product range, and improve logistics.

8. Enhancing the marketing strategy for foreign trade is crucial. Building a strong international brand known for quality, reliability, and eco-friendliness will be essential for successful global promotion. Engaging in international exhibitions, forums, and digital advertising campaigns can help strengthen the company's foothold in new markets. Additionally, adapting marketing materials to local cultures will better address the specifics of these markets and improve product positioning.

9. We believe that the previously proposed solutions will effectively support the logistics of sales and marketing for Poltavsky VOEP's oil and fat products. Logistics solutions are most effective when they focus on integrating and optimizing the entire supply chain, rather than just one part.

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APPENDICES

APPENDIX A

- 10.41: Production of oil and animal fats.
- 16.21: Manufacture of plywood, wood boards, panels, and veneer.
- 20.20: Production of pesticides and other agrochemical products.
- 46.23: Wholesale of live animals.
- 46.31: Wholesale of fruits and vegetables.
- 46.33: Wholesale of dairy products, eggs, edible oils, and fats.
- 77.31: Rental of agricultural machinery and equipment.
- 78.30: Provision of labor resource services.
- 46.75: Wholesale of chemical products.
- 46.71: Wholesale of solid, liquid, gaseous fuels, and similar products.
- 35.23: Trading of gas through local pipelines.
- 71.11: Activities related to architecture.
- 69.20: Accounting, auditing, and taxation consulting services.
- 71.12: Engineering, geological, and geodetic activities, along with technical consulting in these fields.

APPENDIX B

Consolidated Statement of Profit or Loss for 2022-2024

Statement of financial results (Statement of Profit or Loss)				
Indicator	Code	2022	2023	2024
Net income from the sale of products (goods, works, services)	2000	27 490 464	33 333 807	45 467 994
Cost of goods sold (goods, works, services)	2050	23 565 072	25 217 072	35 819 637
Gross profit	2090	3 925 392	8 116 735	9 648 357
Other operating income	2120	517 913	249 120	215 815
Administrative expenses	2130	507 606	612 269	708 422
Selling expenses	2150	1 607 258	2 017 272	2 700 378
Other operating expenses	2180	585 783	312 568	1 076 646
Financial result from operating activities: profit	2190	1 742 658	5 423 746	5 378 726
Financial result from operating activities: loss	2195	0	0	0
Other financial income	2220	551 714	149 040	740 874
Other income	2240	111 985	872 035	7 749 489
Financial expenses	2250	786 371	1 504 389	821 492
Other expenses	2270	1 104 406	1 545 671	8 221 489
Financial result before taxation: profit	2290	515 580	3 394 761	4 826 108
Financial result before taxation: loss	2295	0	0	0
Expenses (income) from income tax	2300	-303 282	-522 051	-778 028
Net financial result: profit	2350	212 298	2 872 710	4 048 080
Net financial result: loss	2355	0	0	0
Comprehensive income				
Revaluation (depreciation) of non-current assets	2400	0	0	0
Other comprehensive income before taxation	2450	0	0	0
Other comprehensive income after tax	2460	0	0	0
Total income (sum of lines 2350, 2355 and 2460)	2465	212 298	2 872 710	4 048 080
Operating expenses				
Indicator	Code	2022	2023	2024
Material costs	2500	17 802 513	20 507 368	22 339 252
salary expenses	2505	361 873	450 206	504 614
Deductions for social events	2510	54 624	56 505	60 894
Amortization	2515	96 770	134 951	122 167
Other operating expenses	2520	2 977 409	3 333 288	5 917 262
Total	2550	21 293 189	24 482 318	28 944 189

APPENDIX C

Consolidated Statement of Financial Position for 2022-2024

Balance sheet (Financial status report). Assets				
Indicator	Code	2022	2023	2024
Intangible assets	1000	120 425	201 200	163 473
initial value	1001	254 765	394 018	428 389
accumulated depreciation	1002	134 340	192 818	264 916
Unfinished capital investments	1005	1 990 927	2 209 550	2 118 460
Fixed assets	1010	2 637 971	3 041 088	2 879 053
initial value	1011	647 044	831 538	760 593
wear and tear	1012	2 830 420	3 051 705	3 547 048
other financial investments	1035	8 697	13 326	4 436
Deferred tax assets	1045	67 042	115 438	371 760
I. Total non-current assets	1095	5 017 511	5 591 219	6 205 177
Reserves	1100	19 214 729	6 400 500	6 245 778
Inventories	1101	8 597 700	1 079 674	2 647 317
Goods	1104	4 816 663	3 508 866	2 596 750
Accounts receivable for products, goods, works, services	1125	5 800 366	1 811 960	1 001 711
Accounts receivable according to calculations: according to issued advances	1130	5 673 359	22 327 293	27 780 507
with a budget	1135	4 916 217	3 461 077	2 063 365
from accrued income	1140	5 083 107	5 181 323	3 012 456
Other current receivables	1155	92 468	58 962	95 862
Money and its equivalents	1165	718 362	549 115	7 434 948
Cash	1166	1 573 702	15 314 490	8 743 544
Bank accounts	1167	7	9	1
Expenses of future periods	1170	1 540 052	15 314 481	8 743 543
II. Total current assets	1195	37 271 944	53 292 760	55 376 460
BALANCE	1300	42 289 455	58 883 979	61 581 637
Balance sheet (Financial status report). Liabilities				
Indicator	Code	2022	2023	2024
Registered (share capital)	1400	9 358 912	13 572 012	17 077 992
Reserve capital	1415	20 236	20 236	20 236
Retained earnings (uncovered loss)	1420	1 146 257	8 918 210	12 356 668
I. Total equity capital	1495	10 525 405	22 510 458	29 554 396
Other long-term liabilities	1515	2 581	5 020	5 162
II. Total long-term liabilities and security	1595	2 581	5 020	5 162
Current liabilities and collateral Short-term bank loans	1600	17 994 473	17 599 293	3 830 784
Current accounts payable for: long-term liabilities	1610	4 497	48 913	1
goods, works, services	1615	1 724 856	1 687 406	2 169 832
calculations with the budget	1620	3 343	189 691	504 343
insurance calculations	1625	1 490	9	2 860
payroll calculations	1630	15 364	4 971	26 600
for advances received	1635	6 493 854	7 567 216	974 988
according to calculations with the participants	1640	0	0	1 755 527
Current provisions	1660	488 213	133 342	848 064
Other current commitments	1690	5 035 379	9 137 669	21 909 080
III. Total current liabilities and security	1695	31 761 469	36 368 501	32 022 079
BALANCE	1900	42 289 455	58 883 979	61 581 637