

Risk management features in logistics foreign economic activities

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Foreign economic activity of the enterprise, like any other, is associated with the need to make risky management decisions. Risk in foreign trade can be considered adverse events or a combination of events related to foreign trade, with adverse consequences.

The risks of foreign trade include: currency, customs, political, international marketing, international transportation, international contract, international competitive environment, information, innovation, customs, commercial, country risk (socio-political, macroeconomic and micro-economic), the risk associated with a foreign counterparty and so on. The sources of foreign trade risks include: social factors; environmental conditions; economic, financial and political factors; business management model; insufficient information; ethnic and regional problems; the difference in international legislation; force majeure; uncertainty in the activities of foreign trade entities and the like.

Elements of risk management the foreign economic activity are: the subjects of management – employees, departments, and divisions of the enterprise; facilities management

– industrial operations, technology, information, resources, processes in macro and external economic environment; management tools – methods and principles of activity of the enterprises in a transnational environment; monitoring of the level of risk.

Risk management in logistics of foreign trade stakeholders is the set of logistics links. All participants in the logistics chain are interested in making a profit and preventing the causes of logistics risk. The risk management system in supply chains must be carefully thought out. It is expedient to calculate the integrated logistics risk, which includes transport and environmental risks; risks of information, material and financial flows management.

The measures of risk management in foreign economic activity include the following: organizational, insurance of foreign trade risks, self-insurance, hedging, risk transfer, creation of a special reserve Fund. These measures will help to more effectively manage foreign economic risks in order to prevent and reduce the consequences of risk events and to form an overall risk management strategy of the enterprise.