

V. N.KARAZIN KHARKIV NATIONAL UNIVERSITY

Educational and Research Institute "Karazin Business School"

Department of Management and Administration

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**TASK
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2	Preparation of the thesis' first section
3	Completion of the first section according to the supervisor recommendations. Writing the thesis' second section
4	Completing of the second section according to the supervisor recommendations.
5	Preparation of a report for a scientific conference with a presentation of the main results of the thesis
6	Writing of the introduction, conclusions of the thesis. Making references list
7	Submission of the thesis to the Department of Management and Administration

5. Date of assignment issue September 28, 2023

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INTRODUCTION

The relevance of this study is rooted in the increasing importance of foreign economic activity as a critical factor in ensuring the competitiveness and growth of enterprises in a globalized market environment. The interaction between market demands and enterprise capabilities is fundamental to the development of new business directions, goals, and strategies. In the context of Tunisia's trade relations with Europe, understanding the dynamics and challenges of foreign economic activities becomes particularly significant. The need to solve the mentioned questions led to the choice of the topic, determined the purpose, tasks and logical sequence of this research.

The purpose of the qualification work is to research of modern approaches of managing the foreign economic activities of an enterprise, as well as its improvement in a practical context based on an objective analysis on the relationship with the results of activities of the company. This includes identifying the essential principles, management concepts, and evaluation approaches that underpin successful foreign economic engagements.

To achieve this objective, the following tasks have been set and implemented:

- to substantiate the role and significance of foreign economic activity on the scale of the enterprise and the country,
- to research the concepts of managing the foreign economic activity of the enterprise in the conditions of the world economy,
- to define the main approaches to assessing the effectiveness of the enterprise's foreign economic activity,
- to investigate the organizational and economic activity of Alfa Pharmaceut and business conditions,
- to analyze the foreign economic activity of Alfa Pharmaceutical,
- to determine approaches for the development of foreign economic activity of Alfa Pharmaceuticals.

The object of the research is foreign economic activity of the enterprise.

The subject of the research encompasses the theoretical and methodical principles of managing foreign economic activities specifically focusing on Alpha Pharmaceutical.

The main methods of research include: theoretical generalization to form a conceptual and atgorical research framework, logical analysis to identify problems and features of foreign economic activities, system analysis to formulate directions and main elements of the foreign economic management system, graphic analysis to present theoretical and practical provisions of the work, as well as visual schematic statistical material, statistical and economic methods to study the organizational and economic characteristics of Alpha Pharmaceutical, abstract logical analysis for generalization and formation of conclusions and recommendations.

The theoretical and information base of the study comprises works by scientists, scientific publications in periodicals, laws and regulations, statistical materials, and reference books.

Scientific novelty. This study aims to explore the foreign economic activities of a company striving to enhance its international market presence and operational efficiency.

Practical significance of the results. This work aims to provide actionable insights and strategic guidance for Alpha Pharmaceutical to enhance its foreign economic activities and secure a competitive edge in the international market.

Approbation and publication of the research results. Some aspects have passed the approbation in the XIII International Scientific and Practical Conference to the 80th anniversary of the founding of the Banking Institute "Scientific research of youth with the problem of european integration", which took place on April 5, 2024 (Kharkiv).

SECTION 1

THEORETICAL BASICS OF MANAGEMENT OF THE FOREIGN ECONOMIC ACTIVITY OF THE ENTERPRISE

1.1 The role and significance of foreign economic activity at the scale of the enterprise and the country (Tunisia): statistical data and management views

Foreign economic activity refers to the commercial transactions and interactions conducted by an enterprise with entities outside its domestic borders. This includes exporting goods or services to foreign markets, importing goods or services from overseas suppliers, establishing international partnerships, and engaging in cross-border investments. Foreign economic activity plays a crucial role in expanding market reach, diversifying revenue streams, accessing new technologies and resources, and fostering global competitiveness for enterprises.

Analyzing the dynamics of changes in exports and imports in regions such as Europe, the USA, or Tunisia provides valuable insights into the global economic landscape and the interconnectedness of economies. For example, in Europe, the European Union (EU) plays a significant role in facilitating foreign economic activity among its member states and with other countries. Statistical data from Eurostat, the statistical office of the EU, reveals trends in exports and imports over time. From 2013 to 2015, there was a consistent annual increase in the share of exports and imports between Ukraine and the EU, highlighting the growing economic ties between these regions [1; 3; 4].

Rotterdam, Netherlands: Rotterdam is Europe's largest port city and serves as a vital gateway for trade between Europe and the rest of the world. The Port of Rotterdam is the busiest port in Europe, handling a vast array of goods, including containerized cargo, bulk commodities, and petroleum products. Rotterdam's

strategic location at the mouth of the Rhine River and its extensive network of waterways and railroads make it a key logistics and transportation hub in Europe.

Similarly, in Tunisia, as a country located in North Africa, foreign economic activity plays a crucial role in its economic development. Statistical data from the National Institute of Statistics (INS) of Tunisia offers insights into the country's trade relations with its major trading partners, export sectors, and import dependencies. Understanding the dynamics of Tunisia's foreign trade can help identify opportunities for economic growth and development strategies [2; 6; 7; 8].

Tunis: As the capital city of Tunisia, Tunis serves as a major commercial and economic hub in the country. It houses the country's largest port, Port of Tunis, which handles a significant portion of Tunisia's international trade. Additionally, Tunis is home to various industries, including manufacturing, textiles, agriculture, and services. The city's strategic location on the Mediterranean coast and its well-developed infrastructure make it a key center for trade and transportation in Tunisia. These commercial and transport centers play a crucial role in facilitating trade and commerce, connecting Tunisia and Europe through efficient transportation networks, logistics infrastructure, and vibrant economic activities. They serve as key nodes in global supply chains, contributing to the economic development and prosperity of their respective regions [9; 11-13].

The trade relationship between the European Union (EU) and Tunisia.

It is governed by a comprehensive Association Agreement, signed in 1995 and implemented in 1998. This agreement established a free trade area, facilitating tariff-free trade in industrial products between the two parties. Furthermore, it outlines provisions for the gradual opening of markets for agricultural, agri-food, and fisheries products. The agreement also encompasses rules and disciplines on non-tariff-based trade measures, provisions for businesses and services establishment in each other's territories, and common regulations on competition and intellectual property. In addition to the Association Agreement, negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) commenced in 2015, aiming to enhance trade and investment opportunities while aligning Tunisian

legislation with EU standards. Despite negotiations being on hold, the EU has expressed interest in modernizing trade relations with Tunisia. Financially, Tunisia benefits from substantial support under the European Neighbourhood Policy, receiving €900 million for the period 2017-2020. The EU's commitment to Tunisia is evident in its status as one of the largest recipients of EU funds. Furthermore, the EU's engagement with Tunisia is part of its broader strategy towards the Southern Neighbourhood, aiming to promote peace, stability, and economic prosperity in the Mediterranean region. Tunisia's participation in regional agreements such as the Agadir Agreement further enhances trade integration within the Mediterranean region, fostering economic cooperation and harmonization of standards. Overall, these agreements and initiatives underline the EU's commitment to fostering mutually beneficial trade and economic relations with Tunisia and the wider Southern Neighbourhood [5; 14; 15; 19; 20].

Setting targets for foreign economic activity involves defining clear and measurable goals across various aspects such as market penetration, export growth, import optimization, foreign direct investment, international partnerships, compliance and risk management, market research, cultural adaptation, sustainability, and performance metrics. These targets help guide strategic decision-making and resource allocation, enabling organizations to effectively expand their presence in foreign markets, increase competitiveness, and achieve sustainable growth in the global economy.

Statistical Data on Exports and Imports between Europe and Tunisia. Trade Relations. The European Union (EU) is Tunisia's largest trade partner, representing a significant portion of its trade volume. Tunisia is the EU's 38th biggest trade partner, accounting for a fraction of the EU's total trade [1; 2; 25; 29; 30].

Export Dynamics. 70% of Tunisia's exports are destined for the EU market, indicating the importance of the EU as a trading partner for Tunisia. The total value of exports from Tunisia to the EU has experienced fluctuations over time, influenced by factors such as market demand, economic conditions, and trade policies [26; 28; 32;38].

Import Dynamics. 46% of Tunisia's imports originate from the EU, highlighting the EU's role as a major source of imports for Tunisia. Similar to exports, the value of imports from the EU to Tunisia fluctuates based on various economic and trade factors.

Trade Balance. The trade balance between the EU and Tunisia fluctuates depending on the relative strength of exports and imports . A balanced trade relationship is desirable for both parties, although imbalances may occur due to factors such as currency exchange rates, trade agreements, and economic conditions (Figure 1.1).

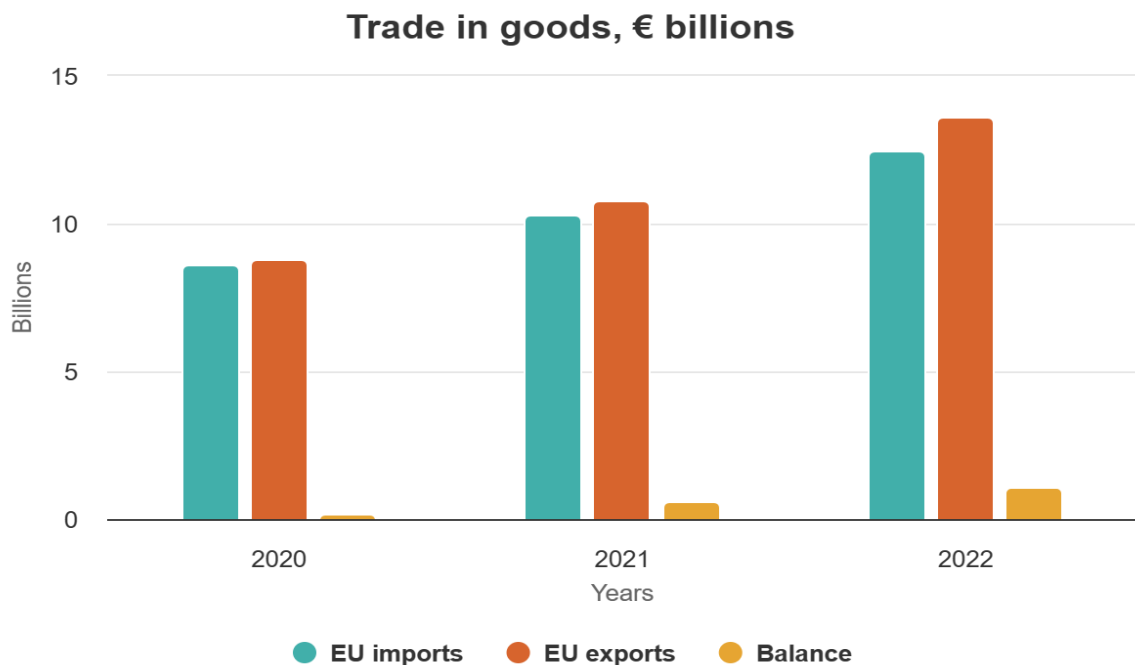


Fig. 1.1 - Analytical data on trade in goods

Source: <https://tradingeconomics.com/tunisia/terms-of-trade>

In 2022, Tunisia's export sector saw significant growth, reaching a total of \$21.6 billion. This represents a notable increase from \$16.3 billion in 2017, indicating a positive trend in export performance over the past five years. Among the leading export categories, Insulated Wire emerged as the top product with exports valued at \$2.86 billion, followed by Refined Petroleum (\$927 million),

Crude Petroleum (\$862 million), Non-Knit Men's Suits (\$846 million), and Pure Olive Oil (\$827 million) [36-39]. These products play a crucial role in Tunisia's export profile and contribute significantly to its overall export revenue (Figure 1.2).

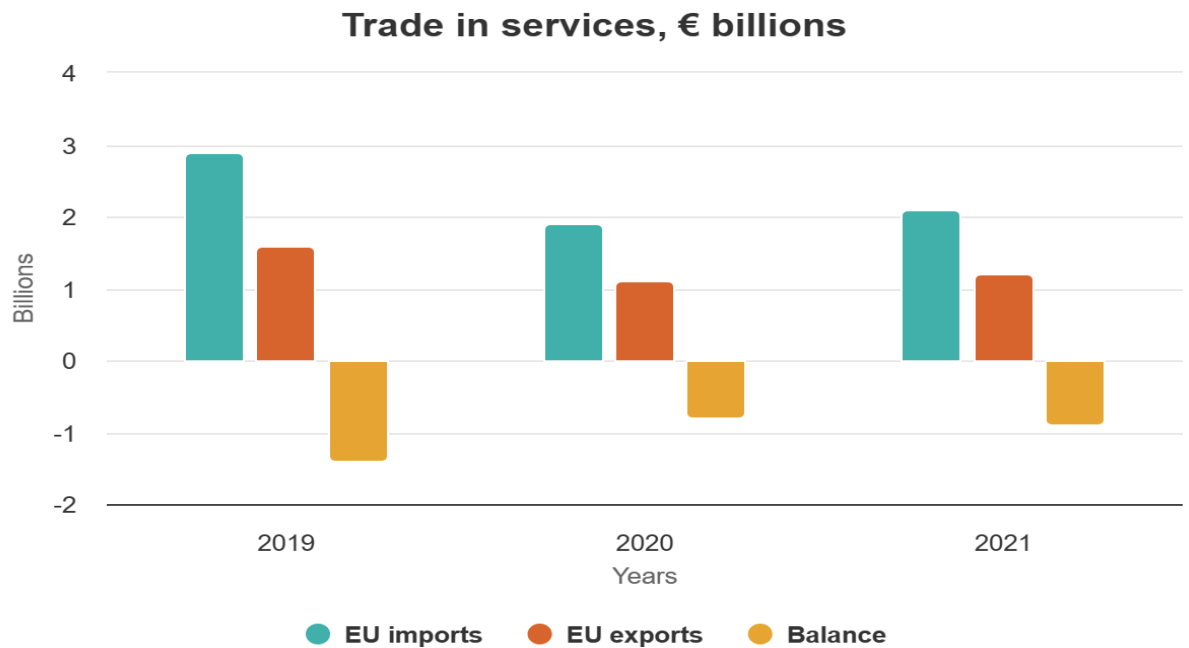


Fig. 1.2 - Analytical data on trade in services

Source: <https://tradingeconomics.com/tunisia/terms-of-trade>

Tunisia's export destinations are diverse, with France, Italy, Germany, and Spain being the primary recipients of Tunisian exports. These countries collectively absorb a substantial portion of Tunisia's exports, highlighting the importance of these trade relationships. Moreover, Tunisia exhibits specialization in specific product categories, as evidenced by its high Revealed Comparative Advantage (RCA) index in Pure Olive Oil, Flax Yarn, Phosphatic Fertilizers, Phosphoric Acid, and Olive Oil [36-39].

This specialization indicates Tunisia's competitive advantage in these product segments compared to global counterparts (Figure 1.3).

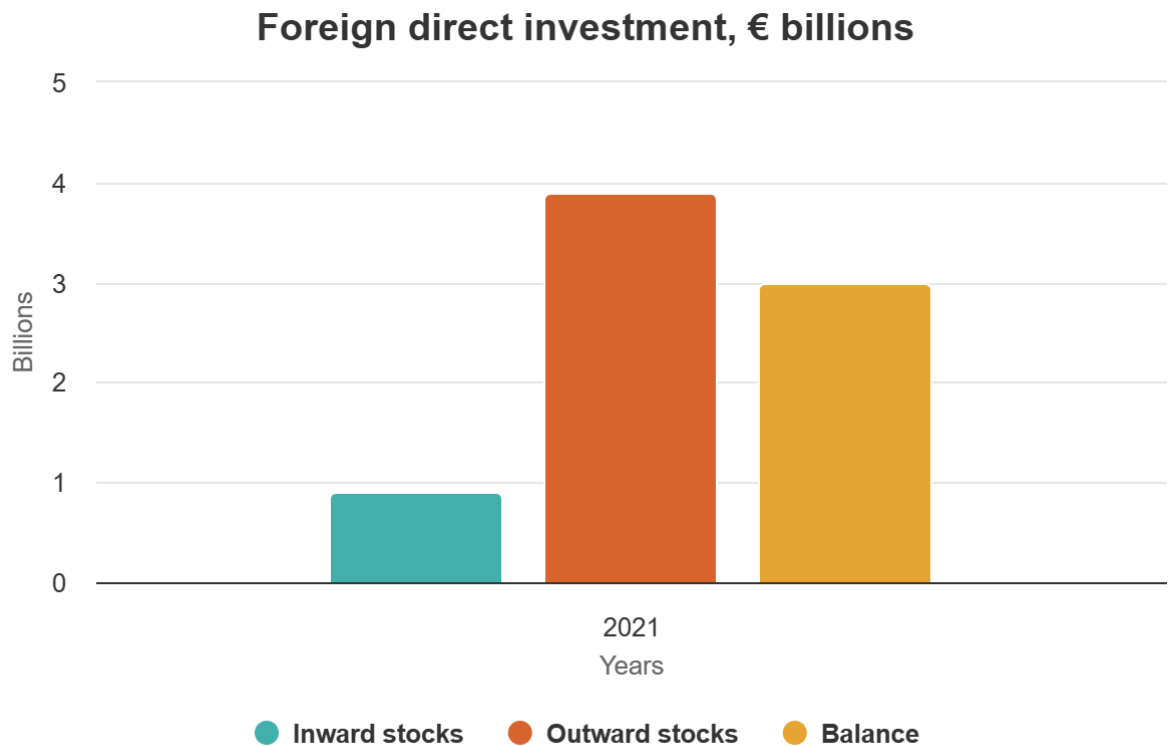


Fig. 1.3 - Foring direct investment

Source: <https://tradingeconomics.com/tunisia/terms-of-trade>

Furthermore, Tunisia's export sector demonstrates complexity in its product offerings, as reflected by the Product Complexity Index (PCI). Machinery, Musical Instrument Parts, Alloy Steel Flat-Rolled Products, Auxiliary Plant for Boilers, and Radar Apparatus are among the most complex exports, showcasing Tunisia's ability to manufacture and export technologically advanced goods.

In terms of export opportunities, Tunisia has identified several promising sectors with growth potential. These include Mattresses, Other Vegetables, Legumes, Processed Crustaceans, and Knit Socks and Hosiery, based on the relatedness index. Exploring opportunities in these sectors could further diversify Tunisia's export base and contribute to sustained economic growth [36-39].

Overall, Tunisia's export sector demonstrates dynamism and resilience, with continued growth potential in various product categories. Leveraging its strengths in specialized and complex exports, along with exploring emerging opportunities,

will be crucial for Tunisia to sustain its export growth trajectory and enhance its competitiveness in the global market.’

Let's delve deeper into the principles and tools of foreign economic activity as they pertain to trade relations between Tunisia and Europe [47-52].

Principles of Foreign Economic Activity.

1) Market Expansion. For Tunisia, engaging in foreign economic activity with Europe represents a strategic opportunity to expand its export markets beyond its domestic borders. Europe, as Tunisia's largest trade partner, offers access to a vast consumer base and diverse industries, providing opportunities for Tunisian exporters to diversify their revenue streams and reduce dependence on domestic markets.

2) Conversely, for European enterprises, engaging with Tunisia allows for market diversification and access to emerging markets in North Africa. By expanding into Tunisia, European enterprises can tap into new customer segments, capitalize on growing demand for goods and services, and enhance their competitiveness in the region.

2. Risk Management.

1) Operating in foreign markets introduces various risks for both Tunisian and European enterprises. Currency fluctuations, political instability, regulatory compliance, and cultural differences are among the key risks to consider. Both parties must adopt robust risk management strategies to mitigate these risks effectively.

2) Tunisian enterprises must navigate the challenges of operating in a highly competitive global market while adhering to European standards and regulations. Similarly, European enterprises must assess political and economic risks in Tunisia, such as social unrest or changes in government policies, to safeguard their investments and operations in the region.

3. Strategic Partnerships.

1) Strategic partnerships play a crucial role in facilitating trade relations between Tunisia and Europe. For Tunisian exporters, forming partnerships with

European distributors, retailers, or agents provides access to established distribution networks, market insights, and brand recognition in European markets.

2) European enterprises seeking to expand into Tunisia can benefit from strategic alliances with local businesses, government agencies, or industry associations. These partnerships offer valuable market knowledge, regulatory support, and access to local resources, enabling European enterprises to navigate the complexities of the Tunisian market more effectively.

4. Adaptability and Innovation.

1) Adaptability and innovation are essential principles for both Tunisian and European enterprises operating in foreign markets. Tunisian exporters must adapt their products, services, and marketing strategies to meet European standards, consumer preferences, and regulatory requirements.

2) Similarly, European enterprises must innovate and tailor their offerings to resonate with Tunisian consumers, cultural norms, and market trends. By embracing innovation and agility, both parties can gain a competitive edge in foreign markets and capitalize on emerging opportunities.

Tools of Foreign Economic Activity.

Market Research and Analysis. Both Tunisian and European enterprises rely on market research and analysis to understand consumer behavior, market dynamics, and competitive landscapes. Utilizing market research tools and data analytics, enterprises gather insights to inform strategic decision-making, product development, and market entry strategies.

Export-Import Operations Management. Efficient export-import operations are critical for facilitating trade between Tunisia and Europe. Tunisian exporters must manage logistics, transportation, and customs procedures effectively to ensure timely delivery of goods to European markets. Similarly, European importers must navigate import regulations, tariffs, and customs requirements when sourcing products from Tunisia.

International Marketing and Branding. Effective marketing and branding strategies are essential for promoting Tunisian products in European markets and

vice versa. Tunisian exporters leverage digital marketing channels, social media platforms, and localized content to engage with European consumers and build brand awareness. European enterprises adopt similar strategies to penetrate the Tunisian market and establish a strong brand presence.

Financial Management and Risk Mitigation. Sound financial management practices are crucial for mitigating financial risks associated with foreign economic activity. Tunisian exporters and European enterprises employ financial tools such as hedging, currency swaps, and trade finance to manage currency fluctuations, mitigate exchange rate risks, and optimize cash flow in international transactions.

Foreign economic activity of business entities becomes multifaceted and is not limited only to trade in goods or services with foreign counterparts, but also provides for operations related to capital flows and scientific and technical exchange.

1.2 Concepts of managing the foreign economic activity of the enterprise in the global economy

In the global economy, effective management of foreign economic activities is crucial for enterprises seeking sustainable growth and a competitive edge. The ability to navigate international markets, establish strategic partnerships, and optimize trade operations can significantly influence a company's success. Tunisia's increasing integration into the global market highlights the importance of managing both business processes and export-import activities. This integration involves the exchange of goods, services, and intellectual products, which are fundamental to Tunisia's foreign economic relations. Efficient management of these activities not only supports economic growth but also enhances the resilience and competitiveness of Tunisian enterprises.

As the digital economy expands and international integration deepens, it becomes vital for businesses to manage their processes strategically and plan their foreign economic activities effectively. Leveraging the benefits of international labor and integration, while identifying new opportunities and development paths, can lead to significant profits. Thus, mastering business process management and export-import activities in the context of the digital economy is more relevant than ever.

Noteworthy is the study by K. Flissak & T. Drakokhrust (2021) on determining the impact of national policy in terms of stimulating economic diplomacy on the foreign economic activity of enterprises, ensuring export expansion in international markets and intensive investment cooperation with foreign investors. The practical significance of the research is to find out the current state of mechanisms of economic diplomacy in certain European countries, trends in their development, and potential consequences for the economic potential of other states (in particular Tunisia) on the basis of the introduction of effective mechanisms for promoting national interests abroad [10].

Export-import activity stands as a cornerstone of the Tunisian economy, facilitating foreign economic relations, international trade, and collaborative ventures with Europe. The trade dynamics between Tunisia and Europe are pivotal for driving economic growth, fostering industrial development, and enhancing market competitiveness.

Objectives and Dynamics. Promoting Economic Development: The trade relationship between Tunisia and Europe plays a crucial role in promoting economic development. In 2023, Tunisia's total exports to the European Union amounted to \$15.7 billion, while imports from the EU reached \$19.2 billion, highlighting the significance of this trade partnership in driving economic growth and prosperity [47-52].

Cost Comparability and Division of Labour: Trade between Tunisia and Europe ensures comparability of production costs and fosters the division of labour on a global scale. By leveraging their respective comparative advantages, Tunisia

specializes in sectors like textiles, agriculture, and machinery, while Europe focuses on industries such as automotive, technology, and pharmaceuticals, thereby maximizing economic efficiency and productivity.

Strategic Considerations. Market Entry Strategies: Tunisian enterprises strategically plan their entry into European markets to capitalize on emerging opportunities and establish a competitive presence. Market segmentation and targeted market entry strategies enable Tunisian companies to navigate diverse European markets effectively, adapting their products and marketing strategies to meet local preferences and consumer demand.

Innovation and Diversification. Tunisian exporters invest in innovation and product diversification to enhance competitiveness in European markets. For instance, Tunisia's textile industry has embraced technological advancements and sustainable practices to produce high-quality textiles and garments that meet European standards and consumer preferences, driving export growth in this sector.

Internationalization and Globalization: Internationalization and globalization strategies enable Tunisian enterprises to expand their footprint in European markets. By leveraging free trade agreements and preferential trade arrangements, Tunisia enjoys tariff-free access to European markets, facilitating the export of goods such as olive oil, dates, and seafood. Additionally, globalization strategies focus on standardizing products and adopting best practices to streamline operations and enhance market penetration in Europe.

Cooperation and Partnership. Collaboration and partnership strategies play a vital role in enhancing trade between Tunisia and Europe. Tunisian companies form strategic alliances, joint ventures, and distribution partnerships with European counterparts to leverage local expertise, access distribution networks, and enhance market reach. Through collaborative engagement, Tunisian enterprises strengthen their competitive position in European markets, driving export growth and fostering economic cooperation between Tunisia and Europe.

Export-import activities are critical components of Tunisia's economy, enabling the country to engage in international trade, form joint ventures, and participate in various forms of cooperation.

The strategic management of these activities is essential for economic growth and development. Tunisia's export-import strategies with Europe can be categorized into several key approaches, each with specific goals and methods:

1 Innovation Strategy. In highly competitive international markets, Tunisian companies focus on creating innovative products that stand out in terms of appearance or functionality. This strategy involves significant investments in research and development to produce unique products that meet the evolving demands of European consumers. For example, Tunisia's textile industry has adopted advanced manufacturing technologies to produce high-quality garments that appeal to European markets.

2 Diversification Strategy. This strategy involves expanding the range of products and services offered by Tunisian enterprises. By diversifying their product portfolios, companies can reduce reliance on a single market or product line, thereby spreading risk and increasing market opportunities. Tunisia's export portfolio includes not only traditional goods like olive oil and textiles but also mechanical and electrical goods, which cater to different segments of the European market.

3 Internationalization Strategy. Tunisian firms systematically study and analyze international markets to better understand competition, market conditions, and consumer preferences. This approach helps firms adapt their products and strategies to better fit the demands of European markets. The reasons for adopting this strategy include increased competition, internal market stagnation, and the desire to utilize production capacity fully. For instance, Tunisian agribusinesses have tailored their products to meet European quality standards and consumer tastes, thereby enhancing their competitiveness.

4 Globalization Strategy. This strategy focuses on standardizing products across different markets, independent of individual country characteristics. By

defining common market characteristics and target groups, Tunisian companies can streamline their operations and reduce costs. Product standardization allows firms to offer consistent quality and pricing, making them more attractive to European buyers. An example is the production of standardized automotive parts that meet the stringent regulations of the European automotive industry.

5 Cooperation Strategy. The rapid development of both national and international markets prompts Tunisian companies to seek partnerships for mutual benefit. Cooperation with European firms can strengthen market positions and leverage the full potential of both partners. This strategy includes joint ventures, technology transfers, and collaborative marketing efforts. For instance, partnerships between Tunisian and European pharmaceutical companies have facilitated access to new technologies and expanded market reach [34; 53].

After selecting an appropriate strategy, Tunisian companies must analyze international markets and key competitors. This analysis helps determine the feasibility and potential success of export-import operations. The efficiency of these operations is then compared with domestic production and sales to ensure strategic alignment with overall business goals.

The globalisation of world economic processes has a qualitative impact on export-import activities and requires a constant increase in the competitiveness of products or services to ensure the survival of the enterprise in dynamic conditions, maintain and expand competitive positions, and increase the level of efficiency of activities. Under such conditions, there is a need for constant collection, processing, and analysis of the economic activity of the enterprise, including foreign economic activity, and therefore, both conventional and new methods of analysing foreign economic activity at the enterprise become relevant, which serve as an information basis for evaluating and developing further foreign economic strategy of the enterprise.

The trade relationship between Tunisia and Europe illustrates the importance of strategic alignment and effective management of foreign economic activities. Key findings include:

Economic Integration. Tunisia's strategic alignment with European market demands has facilitated economic integration, resulting in significant trade volumes and mutual benefits. Tunisia is a net exporter of textiles, agricultural products (such as olive oil, citrus, and vegetables), phosphates, chemicals, mechanical and electrical goods, and hydrocarbons. According to data from the National Institute of Statistics - Tunisia, Tunisia's exports increased to 5485 TND Million in February 2024 from 5152.60 TND Million in January 2024. This consistent growth underscores Tunisia's reliance on European markets, with France, Italy, Germany, and Spain being the most important export destinations (Figure 1.4 - 1.5).

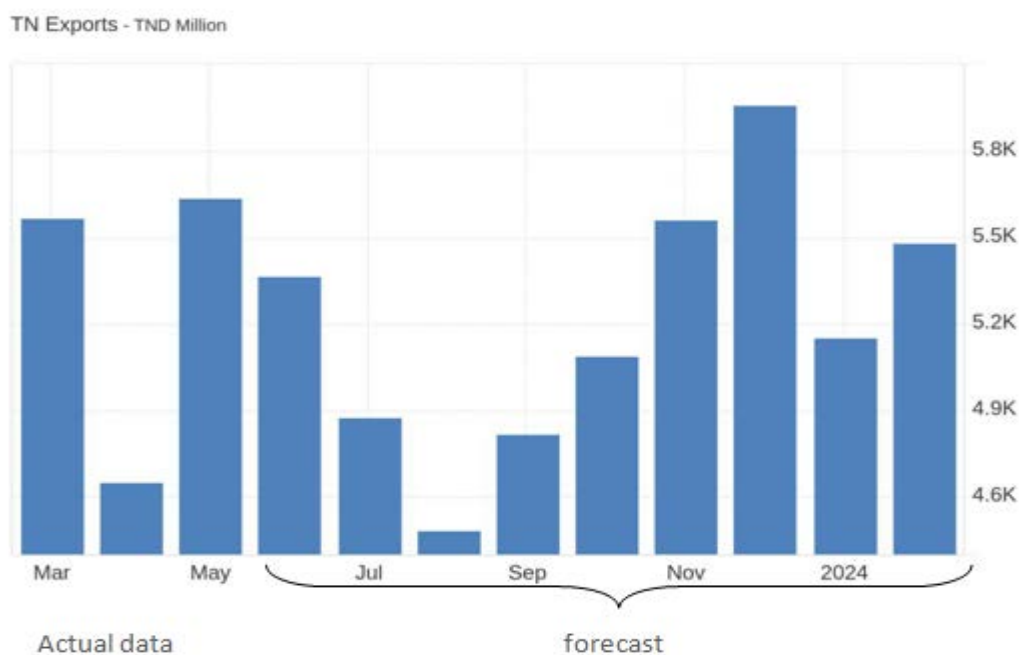


Fig. 1.4 – Analytical data on the export of products of Tanzania for 5 months and the forecast, million

Source: National Institute of Statistics – Tunisia: <https://www.ins.tn/en>

Export Growth. Tunisia has seen substantial growth in exports to Europe, particularly in key sectors such as automotive parts, textiles, and agricultural products. This growth has been driven by targeted export strategies and investments in quality improvement and innovation. For instance, the textile and

apparel sector witnessed a steady growth rate of 8% annually over the past five years, contributing significantly to Tunisia's export revenue.

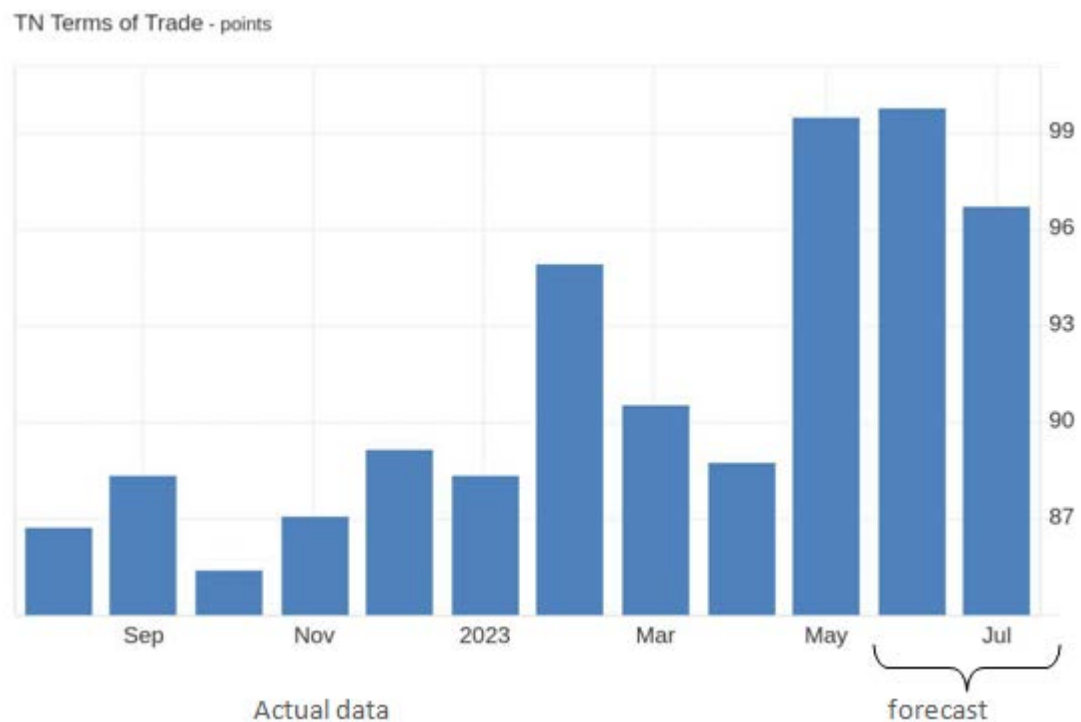


Fig. 1.5 – Analytical data on the export of products of Tanzania for 5 months and the forecast, points

Source: National Institute of Statistics – Tunisia: <https://www.ins.tn/en>

Import Benefits. European imports to Tunisia have supported industrial development and provided access to advanced technologies and high-quality goods, contributing to overall economic growth. European imports have played a crucial role in enhancing Tunisia's manufacturing capabilities and fostering technological innovation.

Challenges and opportunities. Despite the positive outcomes, challenges such as regulatory compliance, market competition, and geopolitical uncertainties remain. Addressing these challenges through continuous strategic alignment and effective management practices is crucial for sustaining growth and maximizing the potential benefits of the trade relationship between Tunisia and Europe.

By leveraging these insights and addressing the challenges proactively, Tunisia and Europe can strengthen their trade ties further, driving mutual growth and prosperity in the years to come.

1.3 Basic approaches to assessing the effectiveness of the enterprise's foreign economic activity

Each economic system, in particular the enterprise, has at its disposal limited resources for foreign economic activity, therefore, when implementing the program of entering the foreign market, it is necessary to evaluate the entire complex of internal and external capabilities of the enterprise. Effective management of business processes and export-import activities is essential for industrial enterprises to capitalize on these opportunities in the digital economy. To understand this better, we need to examine the essence and components of business processes and their role within an enterprise. Figure 1.6 illustrates the different levels of detail in business processes.

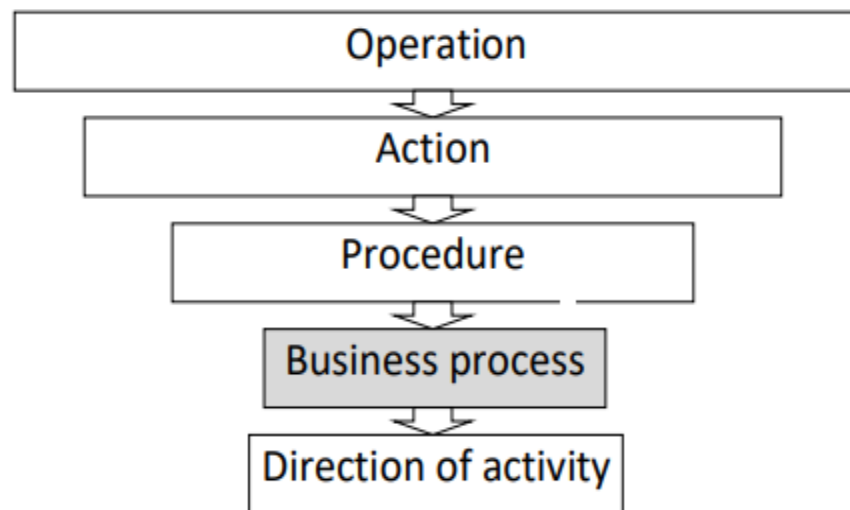


Fig. 1.6 - The different levels of detail in business processes

Operation: The smallest unit of analysis in an employee's activities, typically carried out automatically without conscious control.

Action: A series of operations performed sequentially. Upon completion, the performer consciously reviews the outcome. This analysis should focus on the professional level of the employee rather than a beginner's level, highlighting both operations and actions.

Procedure: A set of consecutive actions performed by a specific individual, resulting in a tangible output such as a document, product, or information (e.g., oral communication, email, message).

Business Process: An interconnected series of procedures executed by different individuals or departments, culminating in a complete and meaningful outcome for the company, such as a signed contract or stocked goods.

Area of Activity: A broader segment within an organization comprising multiple significant groups of business processes.

According to Michael Porter, processes within a company can be classified based on their role in creating added value, where each process should contribute incrementally to the final product. These processes are divided into three groups:

- **Main Processes:** Directly involved in production.
- **Auxiliary Processes:** Support the main processes, such as procurement and personnel management.
- **Management Processes:** Involve setting goals and creating conditions to achieve them.

All these processes are interconnected, forming a single, cohesive system. The efficiency of any business process is crucial, and management's primary task is to continuously improve these processes. For companies, particularly industrial ones, controlling the processes involved in creating products is essential to maintain high quality. Well-established business processes ensure high-quality products, which are necessary to meet demand in both domestic and foreign markets. The main task of management is to accurately identify the essential

components of the process for subsequent assessment, optimization, and implementation of standards.

When evaluating the indicators of business processes, it is important to consider one of the most critical operational indicators: the duration of the process completion cycle. The total cycle time is the amount of time that elapses from the start to the end of a task. For example, the customer service cycle duration is calculated from the moment an order is accepted from the customer until it is delivered or released from the warehouse. Setting strategic goals, such as reducing order execution time, can provide a competitive advantage. Time is a critical metric for completing any task as it relates to customer satisfaction and the cost of performing the service.

Key performance indicators (KPIs) for business processes include:

- Resource Costs:
- Time: Cycle time, duration, productivity, and order fulfillment speed.
- Material: Expenses related to funds, materials, and assets.
- Cost of Defects: Expenses related to addressing product defects.
- Employee Training Costs: Expenses for education and professional development.
- Resource Utilization: Efficiency in using resources per unit of production.
- Equipment Utilization: Rates of equipment usage.
- Raw Material Utilization: Efficiency in using raw materials and resources.
- Work Time: Time spent on completing a unit of work or service.

Companies need to have various performance metrics to effectively use human and other resources. Commonly used performance metrics include sales per employee, profit per employee, and the number of transactions per employee. Labour productivity ratios, typically measured by sales revenue per employee and profit per employee, are crucial for long-term comparison.

Choosing the right standards and performance targets is vital. For overall company evaluation, metrics like sales per employee are essential, though they may not be meaningful for department-level assessment. Business process

measurement should be assessed from the customer's perspective and typically categorized into product and service development, demand generation, demand fulfillment, and planning and enterprise management.

Measurements for evaluating processes can be divided into: Quality, Quantity, Time, Ease of Use, Cost. These categories help define criteria for evaluating process milestones. Breaking down a process into inputs, actions, outputs, and results provides a comprehensive view of its efficiency. Inputs include mechanisms such as equipment and employees, while outputs include measurable results like documents or products (figure 1.7).

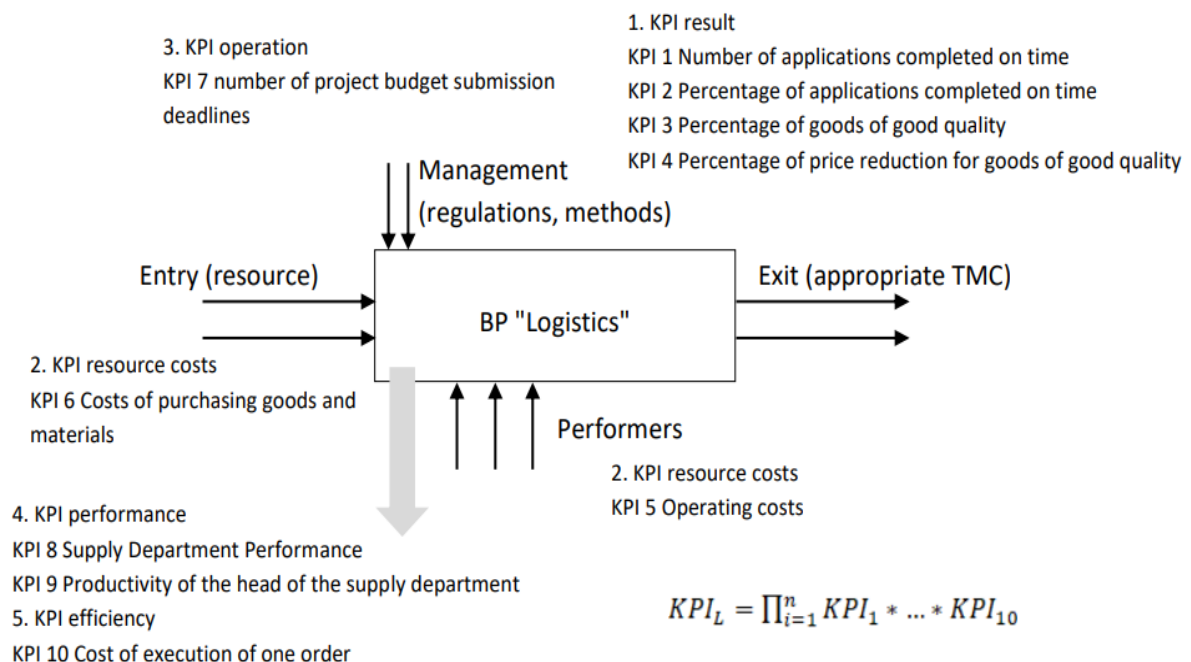


Fig. 1.7 - Business Process Assessment Measurement Chain (Logistics)

KPIs for each business process should be determined separately, requiring collaboration between consultants and enterprise employees. This methodology, though time-consuming, is performed once and periodically reviewed to ensure relevance to the enterprise's strategy and goals. Calculating KPIs for key business processes ensures a clear and transparent system of motivation, where employees understand the conditions for rewards and penalties based on their performance.

Economic-mathematical methods have a number of advantages, which are related to the peculiarities of their conceptual construction. Economic and mathematical tools analyze the dynamics of series of numerical data using objective, scientifically proven mathematical tools. In addition, the use of economic and mathematical methods makes it possible not only to assess the prospective direction of changes in one or another indicator, on their basis it is possible to determine the quantitative forecast values of the analyzed indicators.

Effective management of business processes and export-import activities is crucial for industrial enterprises to capitalize on the opportunities provided by the digital economy. By implementing comprehensive performance metrics and continuously improving business processes, companies can enhance their competitiveness and meet the demands of both domestic and international markets.

In conclusion, the principles and tools of foreign economic activity provide a framework for fostering trade relations between Tunisia and Europe. By adhering to these principles and leveraging appropriate tools, enterprises from both regions can capitalize on the opportunities presented by international trade, mitigate risks, and achieve sustainable growth and competitiveness in global markets.

Conclusions to the section I

Based on the conducted research, it is clear that foreign economic activity has an important role for the development of the enterprise in the globalized market. Tunisia's integration into the European market, due to compliance with European standards and policies, contributed to significant trade volumes. This economic integration has not only expanded Tunisia's trade potential, but also contributed to its overall economic stability and growth. The significant growth in Tunisian exports to Europe, particularly in sectors such as automotive parts,

textiles and agricultural products, underlines the success of targeted export strategies.

It has been proven that diversification, economic integration and strategic coordination ensure an active position of the company in foreign markets. Diversification of export products helped to reduce risks and take advantage of various market opportunities. Expanding joint efforts and diversifying the market will further strengthen the position of Tunisia in the world economy.

By applying innovative strategies, improving business processes and maintaining strategic partnerships, Tunisian enterprises can improve their efficiency and ensure a competitive advantage in European and global markets.

SECTION II

JUSTIFICATION OF DIRECTIONS FOR THE DEVELOPMENT OF FOREIGN ECONOMIC ACTIVITY OF ALPHA PHARMACEUTICAL

2.1 Characteristics of organizational and economic activity Alpha pharmaceutical and of business conditions

Alpha Pharmaceutical is a leading pharmaceutical company. The company operates globally, with a significant presence in Europe, Asia, and Africa. It is renowned for its high-quality pharmaceutical products, medical equipment, and nutraceuticals.

In today's dynamic environment, the organizational structure of pharmaceutical companies must evolve to meet growing demands and complexity. Large-scale pharmaceutical companies now require a more specialized organizational setup compared to smaller firms. Historically, a simplistic structure with a single administrator and a few departmental heads sufficed. However, as these companies expand, a need for specialization arises. Each role within the company now demands specific expertise, making specialized positions essential.

Organizational structure refers to the hierarchical framework that defines the roles, responsibilities, and relationships within an institution, ensuring that its resources are effectively utilized to achieve its objectives. In the context of pharmaceutical companies, this structure is particularly complex, encompassing a diverse team of scientists, technicians, management executives, legal experts, accountants, engineers, and system analysts, among others. These specialists collaborate to sustain the enterprise's viability and drive its success

Below we are showing a common organizational structure of a pharmaceutical company (Figure 2.1).

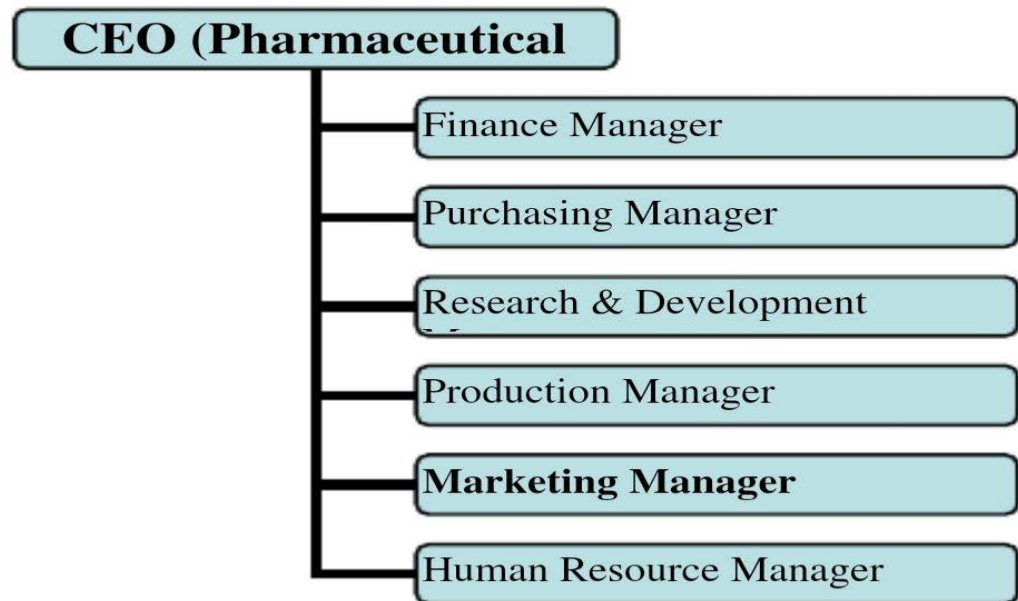


Fig. 2.1 - Organizational structure of the enterprise

Organizational Structure.

Board of Directors: The highest decision-making body, responsible for strategic direction, company policies, and major decisions.

Executive Management: Comprises the CEO (Chief Executive Officer), CFO (Chief Financial Officer), and COO (Chief Operating Officer). They oversee daily operations, strategic implementation, financial management, and overall business performance.

Export Department: Manages logistics, ensures compliance with international trade regulations, conducts market research, and maintains customer relations for exporting pharmaceutical products.

Import Department: Handles the procurement of goods from foreign suppliers, ensuring compliance with national regulations, quality standards, and timely delivery.

R&D Department: Focuses on innovation, product development, process improvement, and maintaining competitive advantages through technological advancements.

Finance Department: Manages financial planning, budgeting, investment analysis, financial reporting, and risk management.

Marketing Department: Develops and executes marketing strategies, brand positioning, and promotional activities to enhance the company's presence in international markets.

The creation of its own foreign economic departments at the enterprise can be effectively justified if: the share of exports is significant in total turnover; foreign trade operations are regular; production of products with a high level of competitiveness or, possibly, the production of unique products in their properties; low competition in the relevant segment of the world market; products do not require changes for foreign conditions of use; the company has the required number of specialists in foreign economic activity.

The pharmaceutical industry is a significant contributor to the European economy, with a substantial contribution of €131 billion to the Gross Value Added (GVA) across the European Union. GVA measures the financial return generated by an industry, including the sum of wages, and indicates the industry's economic influence from its production.

The pharmaceutical industry, including Alpha Pharmaceutical, places a strong emphasis on research and development (R&D). In 2021, the pharmaceutical sector accounted for 21.5% of all EU industrial R&D expenditure. This focus on R&D is essential for developing innovative medicines, stimulating technological advancements, and fostering an environment of innovation within the EU. Job Creation and Supply Chain Impact The pharmaceutical industry creates a wide array of employment opportunities across various activities such as research, manufacturing, marketing, and distribution. In 2023, the industry employed between 617,000 and 865,000 workers. The value created per employee in the pharmaceutical sector is significantly higher than in other key R&D sectors.

Furthermore, the industry's supply chain extends its economic impact beyond its immediate boundaries. Local businesses supplying raw materials, packaging, and equipment benefit from increased demand, leading to heightened

economic activity and job creation. Innovative pharmaceutical companies, like Alpha Pharmaceutical, account for 80% of the pharmaceutical GVA in medicine for human use across the EU. This higher GVA intensity is due to higher remuneration for labor and capital, and a larger production share of innovative medicines compared to generic ones. The innovative industry's business model, which emphasizes R&D and complex manufacturing processes, contributes to high-value creation. Investments in R&D lead to the generation of highly skilled, well-paying jobs and substantial productivity gains. For instance, productivity in the pharmaceutical industry is more than 2.5 times higher than the overall economy in the United States and 4 times higher in Switzerland (Figure 2.2).

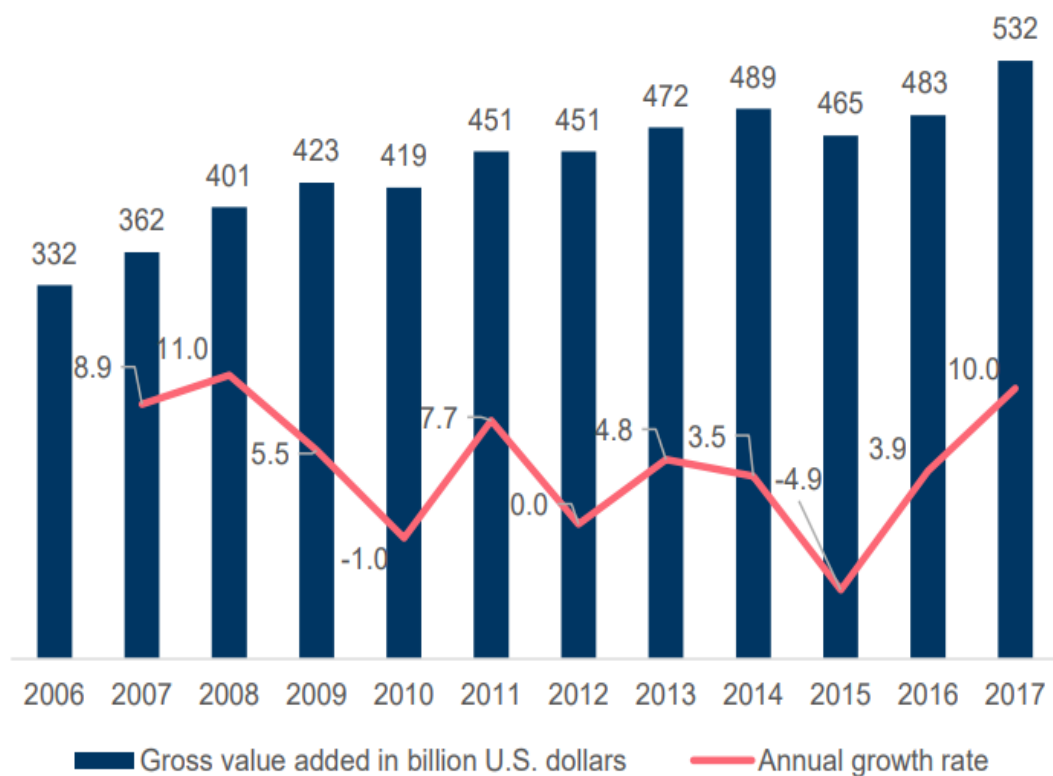


Fig. 2.2 – Dynamics of gross value indicators of pharmaceutical companies

Source: National Institute of Statistics – Tunisia: <https://www.ins.tn/en>

Alpha Pharmaceutical's Economic Activity Analysis. Alpha Pharmaceutical has shown significant growth in production and sales volumes, with total sales increasing from \$500 million in 2020 to \$650 million in 2022. The company's net

profit rose from \$50 million in 2020 to \$75 million in 2022, reflecting improved operational efficiency and market expansion.

When conducting a qualitative analysis of the company's activities, such techniques and methods as: STEP analysis, SWOT analysis, SPACE Analysis, GE/McKinsey model are used (table 2.1-2.2).

Table 2.1 - SWOT Analysis of Alpha Pharmaceutical (Strengths & Weaknesses)

Strengths	Weaknesses
<p>1. Strong Market Position:</p> <ul style="list-style-type: none"> - Established reputation and brand recognition in the pharmaceutical industry. - Significant market share in key markets like Europe and North America. <p>2. Diverse Product Portfolio:</p> <ul style="list-style-type: none"> - Wide range of pharmaceutical products, medical equipment, and nutraceuticals. - Continuous product innovation driven by robust R&D efforts. <p>3. Financial Stability:</p> <ul style="list-style-type: none"> - Strong revenue growth and profitability. - Healthy liquidity ratios and efficient financial management. <p>4. Advanced R&D Capabilities:</p> <ul style="list-style-type: none"> - State-of-the-art research facilities and substantial investment in R&D. - Strong pipeline of innovative products and treatments. <p>5. Strategic Partnerships:</p> <ul style="list-style-type: none"> - Alliances with international companies enhancing market presence and operational efficiency. - Collaborative agreements with research institutions for advanced medical research 	<p>1. Regulatory Dependence:</p> <ul style="list-style-type: none"> - Heavy reliance on meeting stringent regulatory requirements in different markets. - Potential delays and costs associated with regulatory compliance. <p>2. High Operational Costs:</p> <ul style="list-style-type: none"> - Significant costs related to R&D, manufacturing, and marketing. - High overhead costs impacting overall profitability. <p>3. Market Concentration:</p> <ul style="list-style-type: none"> - Dependence on a few key markets, particularly in Europe, for a substantial portion of revenue. - Vulnerability to market-specific economic and political conditions. <p>4. Supply Chain Complexity:</p> <ul style="list-style-type: none"> - Complex global supply chain with reliance on numerous suppliers for raw materials and components. - Risks related to supply chain disruptions and logistics challenges.

Source: systematized by the author

Table 2.2 - SWOT Analysis of Alpha Pharmaceutical (Opportunities & Threats)

Opportunities	Threats
<p>1. Expansion into Emerging Markets:</p> <ul style="list-style-type: none"> - High growth potential in emerging markets in Asia, Africa, and Latin America. - Increasing healthcare demand and improving infrastructure in these regions. <p>2. Technological Advancements:</p> <ul style="list-style-type: none"> - Leveraging new technologies like AI, biotechnology, and digital health solutions. - Opportunities for innovative treatments and personalized medicine. <p>3. Growing Health Awareness:</p> <ul style="list-style-type: none"> - Rising consumer awareness and demand for health and wellness products. - Expanding market for preventive healthcare and nutraceuticals. <p>4. Strategic Acquisitions and Partnerships:</p> <ul style="list-style-type: none"> - Potential for growth through mergers and acquisitions. - Forming strategic partnerships to enhance product development and market access. <p>5. Sustainability and Green Initiatives:</p> <ul style="list-style-type: none"> - Increasing emphasis on sustainable practices and green manufacturing. - Opportunities to attract environmentally conscious consumers and investors. 	<p>1. Intense Market Competition:</p> <ul style="list-style-type: none"> - Fierce competition from global pharmaceutical giants and local manufacturers. - Continuous pressure on pricing and market share. <p>2. Regulatory Changes:</p> <ul style="list-style-type: none"> - Potential changes in regulatory frameworks affecting product approvals and market access. - Risks associated with compliance costs and delays. <p>3. Economic and Political Instability:</p> <ul style="list-style-type: none"> - Economic downturns and political instability in key markets. - Impact on market demand and operational continuity. <p>4. Intellectual Property Risks:</p> <ul style="list-style-type: none"> - Threats related to patent expirations and intellectual property infringements. - Legal challenges and costs associated with protecting intellectual property. <p>5. Supply Chain Disruptions:</p> <ul style="list-style-type: none"> - Vulnerability to global supply chain disruptions due to geopolitical tensions, natural disasters, or pandemics. - Risks of increased costs and delays in production and delivery.

Source: systematized by the author

The factors of the external environment affecting the analysis of the foreign economic activity of the Alpha Pharmaceutical are analyzed. The factors of the external environment that influence the analysis of the foreign economic activity of

the enterprise should include: the macroeconomic situation; the level of investment attractiveness; the level of competition in the foreign market; the variability of consumer demand; the level of income of consumers; legislative acts regulating the activities of related enterprises; the development of production technologies and information technologies; socioenvironmental initiatives, etc.

The main factors of the external (macro) environment that affect the improvement of foreign economic activity of enterprise are the factors of the global environment, financial, economic, and political. The formation of economic interaction and its environment at the international level is determined by the combined influence of various factors.

The main factors that negatively affect the immediate environment of foreign economic activity of enterprise are legislative, regulatory, geopolitical, financial and economic.

The geopolitical factor serves as an opportunity to overcome the geographical boundaries of markets economically, as a geographical barrier to entering foreign markets, the difficulty of moving goods, significant additional costs for crossing borders.

There are also problems of irrational structure of exports of enterprise by geographical area and not quite a successful model of international specialization.

There are quite significant shortcomings in relation to the infrastructural support of foreign economic activity: customs services, customs procedures, financial calculations, transportation and communication problems; services for the provision of information and other business services and the like.

Internal factors can be considered financial, managerial, technical and technological.

Alpha Pharmaceutical's capabilities and advantages.

Similar to the broader pharmaceutical industry, Alpha Pharmaceutical's activities contribute to job creation and economic benefits for local suppliers and healthcare providers.

By investing heavily in R&D, Alpha Pharmaceutical not only drives medical innovation but also enhances its market competitiveness and economic value. The company's R&D efforts are aligned with the broader industry trends of emphasizing technological advancements and fostering an innovative ecosystem.

Alpha Pharmaceutical's focus on innovative products ensures a higher GVA contribution compared to generic counterparts, aligning with industry trends where innovative pharmaceutical companies generate significant economic value through high remuneration for labor and capital.

Overall Business Strategy:

Market Penetration: Focused on increasing market share in key global markets through competitive pricing, quality improvement, and targeted marketing.

Product Diversification: Expanding the product range to reduce dependency on specific sectors and cater to diverse market needs, ensuring resilience against market fluctuations.

Innovation: Investing in R&D to develop new products and improve existing ones, enhancing competitiveness and meeting the evolving demands of consumers. R&D expenditure increased from \$40 million in 2020 to \$60 million in 2022.

Partnerships: Establishing strategic alliances with international companies to enhance market presence, share expertise, and improve operational efficiency.

Sustainability: Implementing sustainable practices in production, supply chain management, and resource utilization to meet global standards and consumer expectations, while reducing environmental impact.

Economic Activities. Export Operations.

Pharmaceutical Products: Major contributor to export revenue, known for high-quality production and significant demand in global markets.

Medical Equipment: Key exports include advanced medical devices and diagnostic tools, recognized for their superior quality and compliance with international standards.

Nutraceuticals: Leveraging competitive manufacturing capabilities to export a range of dietary supplements and health products.

Import Operations.

Raw Materials: Importing essential raw materials for pharmaceutical production, ensuring continuous production and quality improvement.

Advanced Technology: Procuring cutting-edge technology from developed countries to support and enhance production capabilities.

Consumer Goods: Meeting the growing demands for high-quality healthcare products from international markets.

Financial Performance.

Volume of Sales: Significant growth in sales due to strategic market expansion and product diversification. For example, Alpha Pharmaceutical's revenue increased from \$500 million in 2020 to \$650 million in 2022.

Profit: Steady increase in profits attributed to cost-effective production and high demand for products. Net profit rose from \$50 million in 2020 to \$75 million in 2022.

Analysis of Sales Markets: Strong presence in Europe, particularly in France, Italy, Germany, and Spain, with emerging markets in Asia and Africa. European markets accounted for 60% of total sales in 2022.

Indicators of Profitability and Liquidity. **Profitability:** High profit margins due to efficient production processes and high-quality products. Operating margin improved from 10% in 2020 to 12% in 2022. **Liquidity:** Strong liquidity position, with a current ratio of 2.5 in 2022, enabling the company to meet its short-term obligations and invest in growth opportunities.

The trade between Tunisia and Europe serves as a case study to highlight the broader principles and tools essential for managing an enterprise's foreign economic activities. This backdrop provides a practical framework for analyzing how Alpha Pharmaceutical can optimize its strategies to penetrate and thrive in international markets.

2.2 Analysis of Alpha Pharmaceutical's foreign economic activity

Analysis of the foreign economic activity of an enterprise requires the use of a set of various methods and tools based on certain theoretical principles and methodological approaches, provides for the definition, systematic, comprehensive study, measurement, and generalisation of factors that affect the results of foreign economic activity (FEA) through the processing of a system of information sources in special ways to improve the effectiveness of foreign trade relations . Nowadays, there are quite a large number of methods for analysing foreign economic activity. Their diversity is associated with the need to evaluate not only the results of foreign economic activity, but also consider and analyse factors of the external and internal environment, which requires the introduction and use of a certain set of analysis methods to obtain a reliable assessment. On the other hand, an attempt to use alternative methods within a certain area of analysis indicates that there is a problem of choosing the best set of methods for analysing foreign economic activity by a specialist.

Factors of the external and internal environment differ by enterprises, scope of activity, scale, and other characteristics, but any enterprise needs to respond flexibly to changes in certain factors, since the results of its economic activity directly depend on this. Therefore, each enterprise engaged in foreign economic activity should implement its comprehensive economic analysis, which consists of the consistent implementation of three main stages: the stage of information and analytical support, the analytical and calculation stage, and the management stage – analytical processing of calculations and the formation of reasonable conclusions.

The need to evaluate the foreign economic activity of the enterprise arises when the enterprise tries to find ways to improve its current market positions or enter new markets. If it is necessary to realize such goals, there is a need to assess the potential of the new market, calculate the necessary investments, and study

opportunities for improving the company's product market range. Solving these tasks requires a detailed analysis, which takes place through the implementation of the following stages of evaluating the foreign economic activity of the enterprise (Figure 2.3).

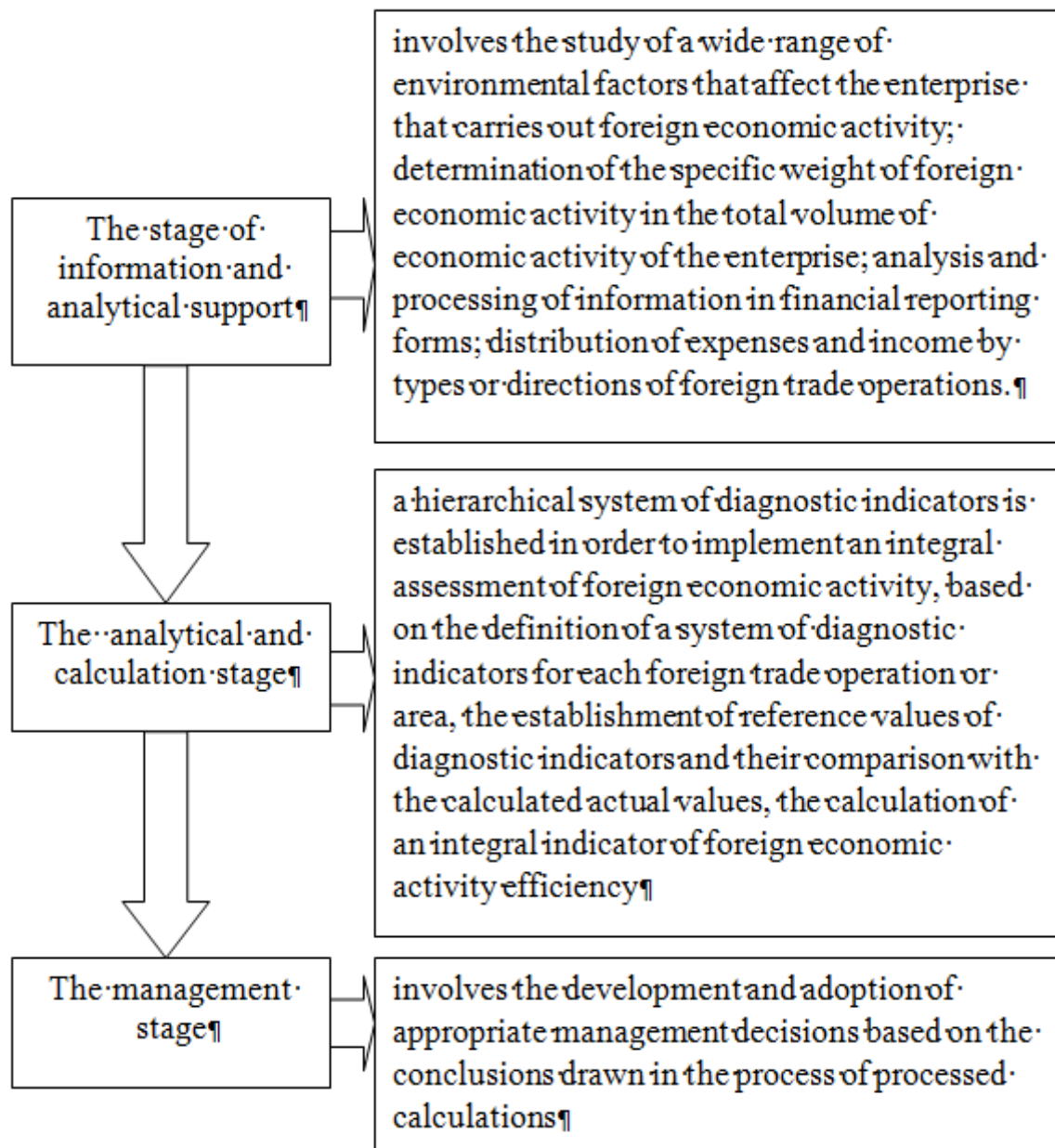


Figure 2.3 – Stages of evaluating the foreign economic activity of the enterprise

Source: systematized by the author

Alpha Pharmaceuticals operates within the EU27, a region characterized by a robust pharmaceutical industry. This analysis focuses on the foreign economic activities of Alpha Pharmaceuticals, particularly concerning import dependencies and export vulnerabilities in terms of both value and volume. Indicators of the comprehensive methodology for the analysis of the enterprise's foreign economic activity are presented in Table 2.3.

Next, we will present the descriptive part of the analytical work that we conducted.

Export Analysis.

Export Trends: Reviewing export volumes, market share, and revenue growth over recent years. Alpha Pharmaceutical's export revenue grew from \$300 million in 2020 to \$450 million in 2022, representing a compound annual growth rate (CAGR) of approximately 22%.

Market Dynamics: Understanding demand trends in global markets, identifying key competitors, and assessing market conditions. Key competitors include global pharmaceutical giants like Pfizer and Roche.

Strategic Effectiveness: Evaluating the success of market penetration, product diversification, and innovation strategies in driving export growth. The company's market share in Europe increased from 5% in 2020 to 7% in 2022.

Geographical Distribution: Analyzing the geographical distribution of exports to understand regional market preferences and opportunities. Exports to Europe accounted for 60% of total sales, with significant contributions from France (20%), Germany (15%), Italy (10%), and Spain (5%).

Import Analysis.

Import Trends: Analyzing the volume and value of imports, focusing on raw materials and advanced technology. Import expenditure on raw materials rose from \$80 million in 2020 to \$100 million in 2022, indicating a focus on enhancing production capacity.

Table 2.3 - Indicators of a comprehensive methodology for analysing the company's foreign economic activity

Indicators	Calculation formula	Explanation of formulas
1 Indicators of export growth and growth rates		
1. Export growth rate	$TGR\ ex. = \frac{Erp}{Eb}$	<i>Erp</i> - export volume for the reporting period; <i>Eb</i> - export volume for the base period;
2. Export increase rate	$TIR\ ex. = GR\ ex.rp - GR\ ex.b$	<i>GR ex.rp</i> - growth rate for the reporting period; <i>GR ex.b</i> - growth rate for the base period;
Export growth rate	2021	1.2
	2022	1.28
Export increase rate	2021	2658.5
	2022	3895.4
2. Relative export indicators		
1. Export profitability	$Pf = \frac{He}{Ce} \cdot 100\%$	<i>He</i> - export receipts in UAH, which are calculated by converting foreign currency earnings in UAH at the NBU exchange rate on the day of receipt of foreign currency earnings; <i>Ce</i> - cost of production of export goods;
2. Cost index	$I\ cost = \frac{(\sum_{i=1}^m Q_i \cdot Z_i)}{\sum_{i=1}^m Q_o \cdot Z_o}$	
3. Physical export volume index	$I\ phys.\ vol. = \frac{\sum_{i=1}^m Q_i \cdot Z_o}{\sum_{i=1}^m Q_o \cdot Z_o}$	<i>Zi</i> and <i>Qi</i> - prices and quantity of the <i>i</i> -th product in the reporting period; <i>Zo</i> and <i>Qo</i> - price and quantity of the <i>i</i> -th product in the base period;
4. Export quantity index	$I\ quantity = \frac{\sum_{i=1}^m Q_i}{\sum_{i=1}^m Q_o}$	<i>m</i> - number of products;
5. Export price index	$I\ price = \frac{\sum_{i=1}^m Q_i \cdot Z_i}{\sum_{i=1}^m Q_i \cdot Z_o}$	<i>Zi</i> - average product price in the base period;
6. Index of quantitative export structure	$I\ struct. = \frac{\sum_{i=1}^m Q_i \cdot Z_i}{\sum_{i=1}^m Q_i \cdot Z_o.c}$	<i>Zo.c.</i> - average product price in the base period;
1. Export profitability	2021	112.8
	2022	115.9
2. Cost index	2021	1.2
	2022	1.44
3. Physical export volume index	2021	1.3
	2022	1.39
4. Export quantity index	2021	1.32
	2022	1.41
5. Export price index	2021	1.18
	2022	1.21
6. Index of quantitative export structure	2021	1.24
	2022	1.33

Source: systematized by the author

Supply Chain Management: Assessing the efficiency and reliability of the supply chain, including logistics and supplier relationships. The company reduced lead times by 15% through improved logistics management.

Regulatory Compliance: Ensuring that import activities meet national regulations and quality standards. Compliance with stringent regulatory standards has helped maintain product quality and market reputation.

Financial Performance Indicators.

Revenue Growth: Consistent increase in revenue from \$500 million in 2020 to \$650 million in 2022.

Net Profit Margin: Improved profitability with net profit margins increasing from 10% in 2020 to 12% in 2022.

Return on Assets (ROA): Enhanced ROA from 8% in 2020 to 10% in 2022, indicating efficient utilization of assets in generating profits.

Liquidity Ratios: Maintained strong liquidity with a current ratio of 2.5, ensuring the company's ability to meet short-term obligations.

Challenges and Opportunities:

Market Challenges:

Regulatory Barriers: Navigating complex regulatory environments in different countries.

Market Competition: Facing intense competition from well-established global pharmaceutical companies.

Geopolitical Uncertainties: Managing risks associated with geopolitical tensions that can impact trade.

Growth Opportunities.

Emerging Markets: Tapping into high-growth markets in Asia and Africa with increasing healthcare demands.

Product Innovation: Leveraging R&D to introduce innovative healthcare solutions and expand product offerings.

Strategic Partnerships: Forming alliances with local distributors and healthcare providers to enhance market penetration.

2.3 Development and justification of directions for the development of foreign economic activity of Alfa Pharmaceuticals

The study of the conditions of functioning and competitiveness of the company in the world market forms a decisive role for its further effective activity and maintenance of a stable level of profits from year to year, even in the presence of factors that destabilize. The complex characteristic of potential, the analysis and an estimation of the available competitive advantages, concerning realization of foreign economic activity gives the chance to consider expansion and the further formation of strategy of activity in the global market.

Foreign economic activity requires clear planning in enterprises. To do this, it is necessary to have a clear idea of the purpose of its implementation and the means that the company has for this. Therefore, it is appropriate to cite the principles of planning foreign economic activity (Fig. 2.4).

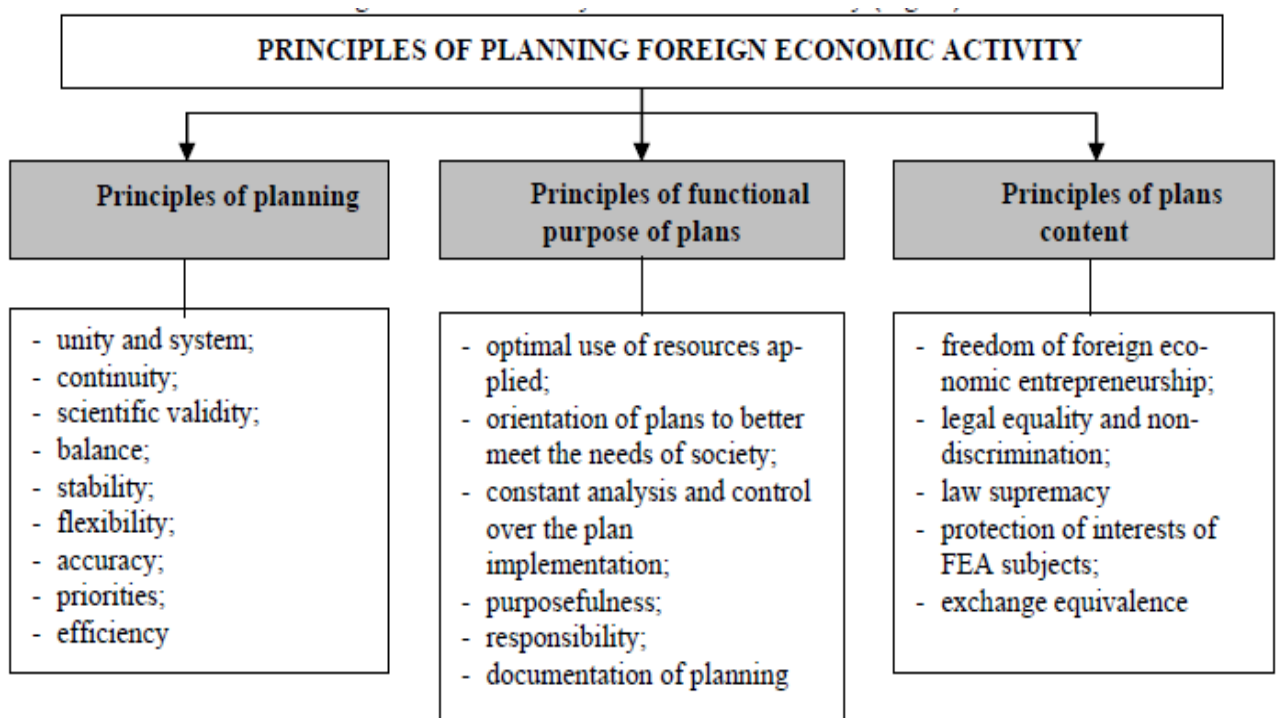


Fig. 2.4 - The principles of planning foreign economic activity

Source: systematized by the author

The use of these principles of foreign economic activity provides an opportunity to create goals and objectives, helps to monitor the implementation of plans and reduce the duration and cost of foreign economic activity.

The formation of the strategy of international economic activity should take into account internal and external factors, which, in turn, shape the potential of enterprises and underlie the strategy. Among the internal factors are determined: organizational management, information support of foreign economic activity, export planning of production, accounting and analysis of export deliveries, personnel management.

External factors in the formation of the strategy of foreign economic activity include: economic (inflation and price levels, rising demand and declining production, taxation, fluctuations in national and foreign currencies, creditworthiness of counterparties, etc.); political and legal; scientific and technical (level of science and technology in the country, the level of implementation of scientific and technical achievements in production, the availability of new technologies, etc.); demographic (population, age, gender, marital status, etc.); socio-cultural (differences in people's attitudes towards themselves and others, attitudes towards government agencies, nature, basic cultural values, differences in needs, etc.); natural (especially climatic conditions, the potential of natural emergencies, etc.). The combination of all these factors forms the foreign economic potential of the enterprise (Figure 2.5).

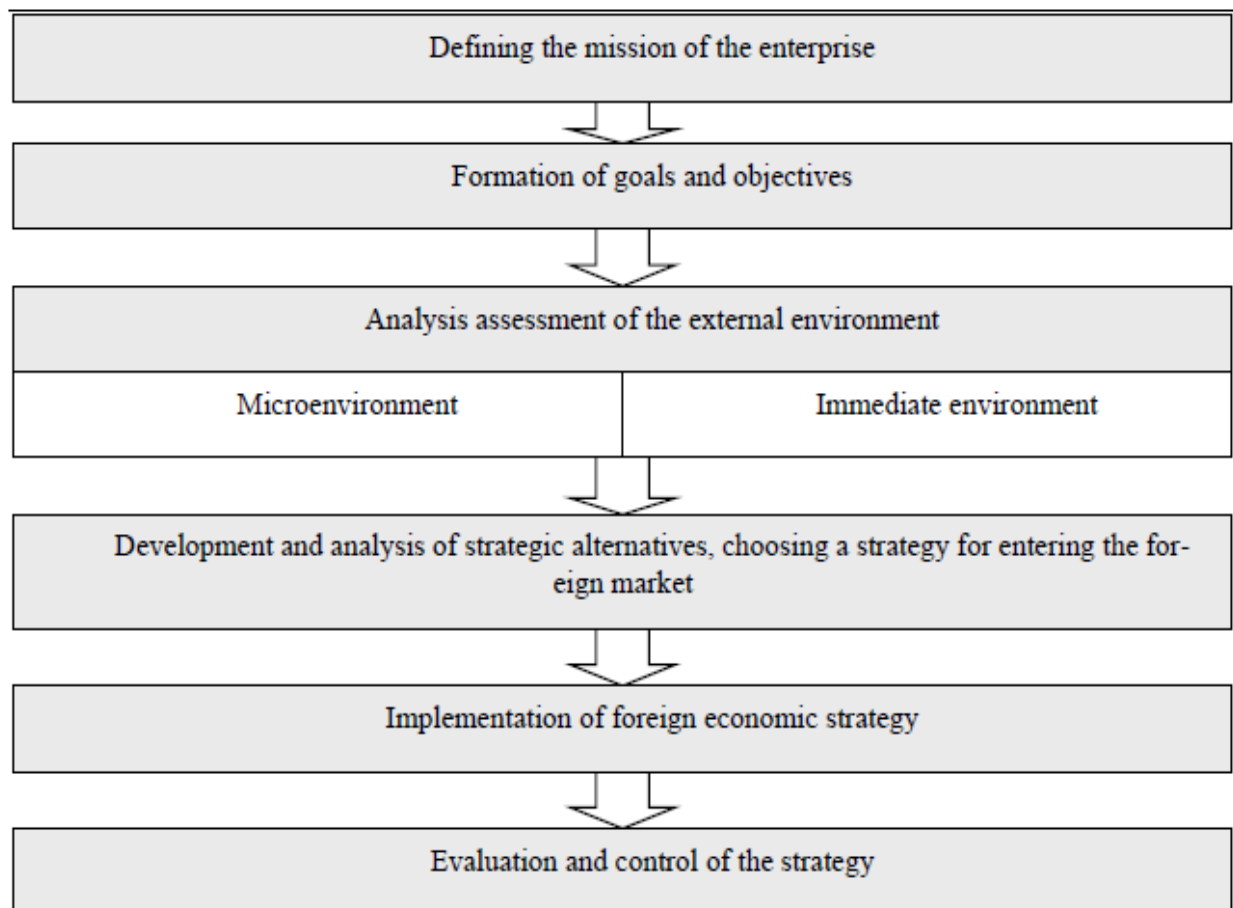


Fig. 2.5 - Stages of formation of the company's strategy to the foreign market

Source: created by the author

Types of the scenario method in establishing the priority of the company's strategic goals before globalized markets are systematized in Table 2.4.

Strategic planning is the basis for effective foreign trade, as the company can check the optimality of the basic parameters of planning activities in the world market, which has a significant impact on its activities. The development of an international strategy allows:

- focusing on the more important issues of foreign economic activity;
- determination and coordination of the mission implementation and the main goals of the enterprise in the field of foreign economic activity;
- determination of the ways of transforming the enterprise into a new state and the optimal ways of using the necessary resources.

Table 2.4- Types of scenario method in establishing the priority of strategic goals of the enterprise to the globalized markets

Type of scripting method	Characteristics	The essence of determining the priority of strategic goals
Link method	A system of prerequisites for the development of the future activities of the enterprise is used, based on the available indicators of its activities	Formation of assumptions about the priority of strategic external goals in accordance with the dominant indicators of foreign economic activity of the enterprise or indicators with positive dynamics
Method of constructing a system of diagrams	A system of diagrams is used, which are built on the performance indicators of the enterprise and allow you to describe the main strategic development goals	Formation of assumptions about the priority of the strategic goals of foreign economic activity of the enterprise, depending on the dynamics of indicators of diagrams, trends, dependencies
Critical field method	Used to study the critical points of the business process of an enterprise, especially when it comes to the end of the reporting period	Formation of assumptions about the priority of the strategic goals of foreign economic activity of the enterprise, depending on the achievement of planned performance indicators in the context of critical points of production and stages of control
Method of "news-paper headlines"	Used to analyze and find the reasons for obtaining a potential and impossible production result	Formation of assumptions about the priority of the strategic goals of foreign economic activity of the enterprise, depending on the degree of importance of the reasons for the achievement of a particular potential production result
Method of "logic of possible developments"	Used to generate alternative and important ideas based on key factors in the development of production processes	Formation of assumptions about the priority of the strategic goals of foreign economic activity of the enterprise based on the alternative choice of production

Source: systematized by the author based on [12; 22; 39]

Strategic Recommendations.

Market Expansion.

New Markets: Exploring and penetrating new markets in Asia and Africa to diversify export destinations and reduce reliance on European markets.

Localized Products: Developing products tailored to the specific needs and preferences of consumers in emerging markets.

Product Innovation.

R&D Investment: Increasing investment in R&D to develop innovative pharmaceutical products and stay ahead of market trends.

Health Solutions: Focusing on developing holistic health solutions, including preventative care and wellness products.

Operational Efficiency:

Supply Chain Optimization: Implementing advanced supply chain management technologies to enhance efficiency and reduce costs.

Lean Manufacturing: Adopting lean manufacturing principles to improve productivity and minimize waste.

Sustainability Initiatives.

Green Manufacturing: Adopting sustainable manufacturing practices to reduce environmental impact and comply with global environmental standards.

Resource Optimization: Enhancing resource utilization and waste management to improve sustainability.

Partnerships and Alliances.

Strategic Alliances: Forming strategic partnerships with local companies in target markets to leverage their market knowledge and distribution networks.

Joint Ventures: Exploring joint ventures with international firms to share expertise and expand market reach.

Digital Transformation.

E-commerce: Expanding the company's digital presence and e-commerce capabilities to reach a broader audience.

Digital Marketing: Leveraging digital marketing tools to enhance brand visibility and customer engagement.

Conclusions to the Section 2

This section provides a detailed outline of the organizational structure, economic activities, and overall business strategy of "Alpha Pharmaceutical," a prominent pharmaceutical company engaged in significant export-import activities globally.

In this section, we also analyze the foreign economic activities of Alpha Pharmaceutical, focusing on export and import trends, market dynamics, and the

effectiveness of the company's strategies in the international market. This analysis covers key performance indicators, market challenges, and opportunities for growth. The analysis of Alpha Pharmaceutical's foreign economic activities reveals a robust organizational structure and a well-defined business strategy that has driven significant growth in export revenue. The company's focus on market penetration, product diversification, innovation, and sustainability has positioned it well in the competitive global market. However, challenges such as regulatory barriers, market competition, and geopolitical uncertainties remain.

This section proposes strategic directions for enhancing the foreign economic activities of Alpha Pharmaceutical, based on the analysis conducted in the previous section. The focus is on actionable recommendations to improve market positioning, operational efficiency, and long-term sustainability. By implementing the recommended strategic directions, Alpha Pharmaceutical can further enhance its market presence, operational efficiency, and long-term sustainability. This will enable the company to maintain its competitive edge and achieve sustained growth in the dynamic global pharmaceutical industry.

CONCLUSIONS

This study offers a comprehensive examination of the theoretical and practical aspects of managing foreign economic activity. The effective management of export-import activities between Tunisia and Europe demonstrates the importance of aligning with market requirements, engaging in economic integration, and constantly adapting to global economic changes. By focusing on Alpha Pharmaceutical within the context of Tunisia-Europe trade relations, the study provides insights into the strategic approaches necessary for successful international engagement. Through the application of theoretical frameworks and practical analysis, Alpha Pharmaceutical can navigate the complexities of global markets, ensuring long-term growth and competitiveness.

In order to plan the foreign economic activity of the enterprise for the future, it is necessary to estimate the foreign economic activity for the given period of time. On the basis of such information, it is possible to develop a new strategy aimed at improving the export-import operations of the enterprise. As a result of the study, methodical approaches to analysing foreign economic activity of enterprises are generalised, it is established that in the scientific literature and practice, there is no one universal methodology for analysing foreign economic activity in the conditions of dynamic changes and complex forecasting of the external environment, which, in turn, complicates the process of forming a complete and objective array of information that can be used to make adequate, timely management decisions, develop and implement a foreign economic strategy.

The initial methodical basis for the assessment and analysis of the foreign economic activity of the enterprise should be a system analysis and a complex, dialectical approach, which necessitates the study of individual elements and the system as a whole in constant movement, changes, in the process of constant renewal. This is important not only for learning the essence of economic categories, but also for formulating conclusions regarding their practical

application, making management decisions at different levels of the hierarchical management system of the Alpha Pharmaceutical. The economic substantiation of the enterprise's activity, including those areas related to the foreign economic sphere of business, was carried out on the basis of the analysis of performance indicators (table 2.3).

Through the application of theoretical frameworks and practical analysis, Alpha Pharmaceutical can navigate the complexities of global markets, ensuring long-term growth and competitiveness. The study underscores the importance of strategic planning, market analysis, and performance evaluation in enhancing the foreign economic activities of pharmaceutical companies in a dynamic global environment. By focusing on R&D, diversifying supply chains, expanding export markets, and maintaining resilience, Alpha Pharmaceuticals can ensure sustained growth and competitiveness in the global market.

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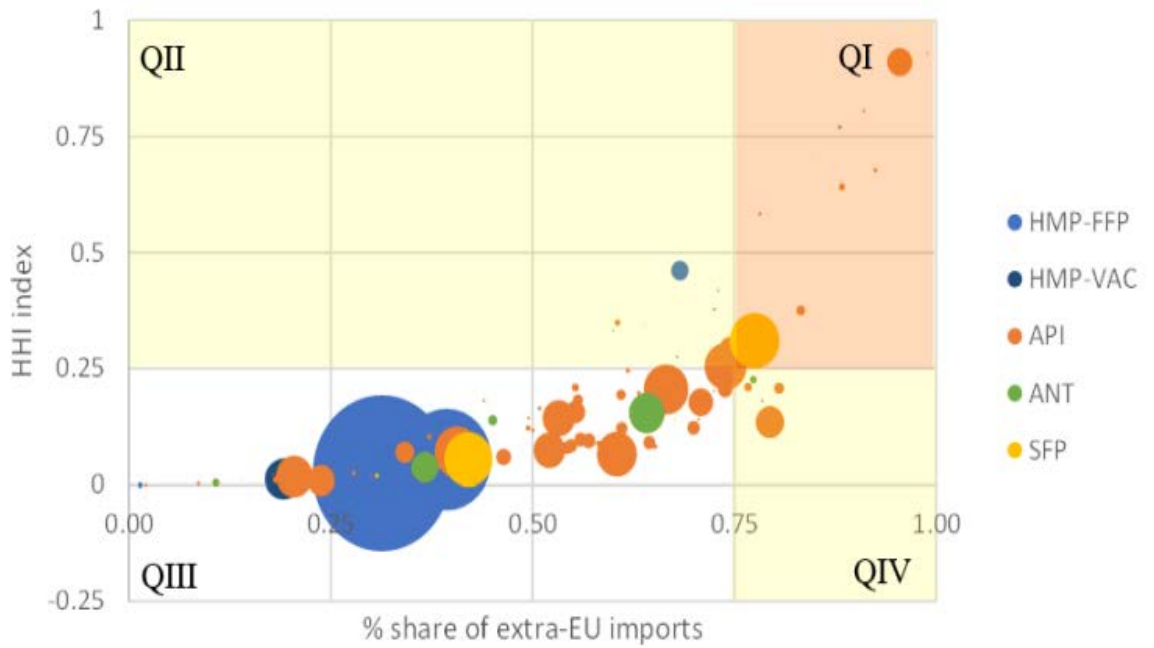
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ANNEXES

EU27 import dependence (HHI, share of extra-EU imports, value 2019)



EU27 export vulnerability (HHI, share of extra-EU exports, value 2019)

