

Materials of Conferences

**THE ECONOMIC – INFORMATIONALLY
APPROACH TO THE EXTERNAL
ECONOMIC ACTIVITY RISKS
MANAGEMENT**

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The risks management system building with due regard for the macroeconomic conditions (e.g. as in the enterprise's external economic activity, well as in its activity at the internal markets, having considerably depended on the external conditions) is one from the decisive conditions of the enterprise's and the business – group stability and the competitiveness preservation conditions under the global and the worldwide economic crisis consequences conditions. This kind of the approach is presented itself the cost approach realization to the management, having developed in detail in the works of Yu.Ya. Eleneva, E.B. Kolbachev, N.A. Breslavtzeva, and also by the other authors.

The risks management system building, as the every other system is always begun from the management strategy definition, in which the created system target mission is being formulated. So, it should be considered the enterprise economic value added (EVA) rise for the determined and the specified temporary period of time in the framework of the cost approach to the management, as such strategic target mission. Thus, this conception essence is consisted in the matter, that the business which is not being brought the net profit, having exceeded the enterprise owners' capital alternative value, is quite unprofitable. That is why, it is recommended to be used the following type expression, for the enterprise economic value added (EVA) index calculation in the t -th time period:

$$EVA_t = NOP_t - r \cdot NA_{t-1},$$

where NOP_t – the enterprise net profit, having received in the t -th time period; r – the own capital alternative value rate; NA_{t-1} – the enterprise net wealth book value in the $t - 1$ time period.

For all this, the VE enterprise economic value added (EVA) from the current economic – efficiently activity for the T predictive time period is being defined, as:

$$VE = \sum_{t=1}^T \frac{EVA_t}{(1+r)^t} = \sum_{t=1}^T \frac{NOP_t - r \cdot NA_{t-1}}{(1+r)^t}.$$

And besides, if VE – is the positive quantity, then the enterprise cost increase for the shareholders has its place, and, in this case, the enterprise activity main target is being achieved. Whereas, VE is quite less or is equal to the zero, then the enterprise activity main target is not being achieved at all. This

condition is defined and the industrial enterprise risks management system objective function. If the management – risk at the enterprise is being promoted to its economic value added (EVA) rise, then its corresponding application is being justified. Whereas, the management – risk at the enterprise is not being promoted to its economic value added (EVA) increase, then its corresponding application is quite impossible to be considered, as the efficient one.

Evidently, the NOP_t enterprise net profit quantity is quite possible to be included in itself the quite different constituents and the various compounds, in particular, having depended on the enterprise operating, the financial, and the investment activities in the t – th time period. This, moreover, is being permitted to be defined the VE , as the functional form, where $VE = F(VE^{op}, VE^{fin}, VE^{inv})$. So, the given external economic functional is quite possible to be presented, as $VE = F(VE^{op}, VE^{fin}, VE^{inv}, VE^{EEA})$, with due regard for the selection in addition to the above – indicated activity types.

Here, we will also take into consideration and that circumstance, that the NOP_t enterprise net profit quantity in the t -th time period, in its turn, is being depended on the enterprise profit margin quantity up to the $EBIT(t)$ percents and the taxes payment and its different constituents and the various compounds, in particular, on the $EBIT^{EEA}(t)$ profit margin quantity, $t \in T$ up to the percents and the taxes payment, having received from the enterprise EEA at the T time interval. Then, it is quite possible to be confirmed, that the VE^{EEA} enterprise economic value added (EVA) constituent and the compound, having defined by its external economic activity in the T predictive period, is being functionally connected with the cash flow, where $CF^{EEA}(t) = EBIT^{EEA}(t) = C^{EEA}(t) - V^{EEA}(t)$, $t \in T$, having defined, as the difference between the $CF^{EEA}(t)$ cash incomes flow, $t \in T$ from EEA and the $V^{EEA}(t)$ cashes flow, $t \in T$ by EEA at the T time interval.

So, the operational risk is being appeared at the enterprise then, when the calculations specificity by the trade or the investment deal is needed the payment realization or the reception and the funds and the means in the foreign currency in the specified and the defined time moment in the future. This kind of the risk is being characterized by the enterprise deficiency and the non – receiving possibility the profit or the loss receiving, as a result of the exchange course changes direct influences upon the expected flow cashes means and the funds.

The exporter, having received the foreign currency for the goods sold, is being lost from the foreign currency drop in its rate, towards the national one, whereas the importer, having carried out the payment in the foreign currency, is being lost from the foreign currency improvement in exchange, towards the national one. Obviously, that the op-

erational risk is quite able considerably to have its influence upon, as the enterprise cash flows, well as upon its profit level.

The character and the typical exports value uncertainty in the national currency for the up – to – date conditions is being consisted in, that if the invoice for it is registered in the foreign currency, it is able to be restrain the exports, as the doubts are being aroused in, that the exported goods, in the final analysis, are quite able to be realized with the following profit. So, the value of imports uncertainty in the national currency, the price for which has been fixed up in the foreign currency, is being increased the losses risk from the imports, as the price is quite able to be appeared the non – competitive one, in the recalculation for the national currency.

Thus, the uncertainty in the exchange rate is quite able to be prevented the enterprise external economic activity its further development. Besides, the foreign currency devaluation and the loss of its value, having undermined the profits and the revenues from the goods exports in the recalculation for the national currency, are being accompanied by the national currency improvement in exchange, and they, moreover, are being resulted in the exports prices increase in the foreign currency, that is lowered the enterprise competitiveness. So, the given effect would be especially negative under the demand conditions, which is much sensible to the change in price. In particular, this kind of the challenge is quite able to be delivered the great concern to the exporters of the machine building production, the motor vehicles, the textile products and so on.

So, the situation is quite able to be served also, as the sales volume quantity instability example, as a result of the exchange rate change, when the enterprise is being taken its part in the tender (e.g. the bidding) for the contract. So, the enterprise is quite able to be comprehended, that the tender, in the national currency, is quite able to be put it in the unprofitable competitive situation, but the tender, in the foreign currency, is quite able to be entailed for itself the considerable operating foreign exchange risk appearance under the enterprise stimulation to the contract price lowering conditions.

The economic risk is being arisen at the exchange currency rate injurious and the adverse effect upon the commodity prices change, upon the manufactured production or for the acquired one, that, in its turn, it has been the influence upon the enterprise economic situation. For example, under foreign currency exchange lowering and the corresponding commodity prices level rise by the exporter – enterprise conditions, it is quite possible its turnover level lowering and its product market and the market outlet part loss of the finished commodity sales and the integrated products distribution.

So, and the importers – enterprises are constantly being faced with the similar situation, having received the invoices in the foreign currency under its rate rise conditions, that it is being negatively

reflected upon the manufactured production sales volumes with the import packaging arrangement, when, for example, the domestic manufacturers and the internal producers are their direct competitors. And the importer – enterprise has come to such kind of the situation, when it is being discovered, that the foreign supplier is constantly being changed his prices for his production, in accordance with his national currency level rise, or the inflation level. The economic risk is being arisen and in the cases, when the enterprise, having sold its production exclusively at the domestic market, and having had the costs, having paid the costs only in the national currency, is being borne the losses, having connected with the national currency rate rise, as the competitive import goods and the wares are quite be much cheaper.

The functional structure of the risks management system in the EEA industrial enterprise, having suggested by V.A. Sychev, in accordance with the management – risk functions realization conception, is quite be able to be considered, as the methodological basis of the corporative risks management challenges solution. For all this, totally, six management functions are being realized (e.g. the Information Function – IF, the Planning Function – PF, the Technological Function – TF, the Organization Function – OF, the Personnel Function – PF, and the Internal Control and Response Function – ICRF).

The information function target mission is the information risks management process provision, which is quite necessary for its significance and the risk situation analysis assessment. For all this, the information function realization, as a rule, is being provided the tasks whole complex solution, to the first of which the exchange rates monitoring organization and, moreover, having influenced the macroeconomic factors upon them, having reflected the international financial and the commodity, and the goods markets development (e.g. the interest rates levels, the trade and the payments balances, the inflation levels, the sales volumes in the retail trade, and in the industrial production and so on) is being related to. The second significant task, having decided at the information function realization, is the procedures development of the crises situations occurrence recognition at the international markets, the further development of which is quite able to be brought to the exchange rates considerable change. All these given procedures' significance is being conditioned by the advance preparation possibility for the unfavorable risk situations beginning at the enterprises EEA budgets administration and its performance.

The target mission of the risks management system planning function in the enterprises external economic activity (EEA) is the possible changes prediction of the $CI^{EEA}(t)$ cash incomes flows expected values, $t \in T$ and the $V^{EEA}(t)$ cashes, $t \in T$ in the T forecast period, owing to the $Cur1(t)$, $Cur2(t)$ exchange rates changes, and also the occurrence

moments prediction of the possible negative situations by the EEA budget articles. For all this, the merchantable risk quantitative assessment is the significant component in the indicated function, from the point of the view of the probable losses significance, or the unplanned incomes acquisition.

The target mission of the risks management system technological function in the enterprises external economic activity (EEA) is the management technology choice by the arising currency exchange risks, that is one or another method choice of their payment, with due regard for the having method advantages and the expenses connected with it. For all this, as a rule, the neutral attitude is being formed to the risk at the enterprise, not having assumed any measures taking by its hedging (e.g. the covered interest arbitrage) in the currency exchange risk low level zone. So, in the rest cases, the enterprise will have to be defined for itself those ones, or the other currency exchange risk challenge solution ways. Otherwise, the manager on the external economic activity (EEA) operations is quite able to be chosen among:

- the uncovered interest arbitrage;
- the 100% – th currency exchange risks hedging;
- the currency exchange risks selective hedging.

The currency exchange risks uncovering policy (e.g. some measures on the hedging non – acceptance) is being justified itself, if the exchange rate sufficiently high – level stability is being waited for in the short – term and in the medium – term periods, that is happened to be extremely seldom under the contemporary conditions. So, in the rest cases, the manager on the external economic activity (EEA) operations has to be decided the currency exchange risks hedging solutions, having selected those or that their covering methods, which are being divided into the internal and the external ones.

The hedging internal methods – these are the currency exchange risk lowering methods, which the enterprise is quite able to be realized independently. So, the following ones are being related to them:

- the Advance Payment. If the importer – enterprise is being waited for the foreign currency exchange rise, in which the Contract for the import deliveries has already been made up, then this kind of enterprise is more profitable to be pre-paid the Contract forward. Similarly, if the exporter – enterprise is being predicted the foreign currency exchange lowering of the Contract for the export deliveries, then it will also be profitable to be suggested to be carried out the advance payment for the importer;
- the Compensation Mechanism Use. This kind of method is usually being used in the situation, when the equipment, the goods, or the services acquisition and its obtaining necessity are being arisen at the exporter – enterprise in the country, where the exporter – enterprise production is being supplied and provided to. Then the exporter – enter-

prise is quite able to be paid for this equipment, the goods, or the services in the country foreign currency, where the exporter – enterprise is being supplied and provided its production, not having bounded itself with any currency exchange risks challenges;

- the Currency Choice in the Payment Documents. In particular, if the selected foreign currency is the national one, then the total receipts and the revenues amount (e.g. the payment) is not being connected with the exchange rate fluctuations for the exporter (e.g. the importer), and the deal adverse Party is being subjected to the currency exchange risk;

- the Selling Prices Change. As it has already been above – mentioned, the exporter – enterprise, having predicted the country exchange rate lowering, where its production is being supplied and provided to, is quite able to be increased, within the certain limits, the selling prices for its commodity, goods and wares, having expressed in the customer country foreign currency, for the impairment estimated percentage. However, in this case, the exporter – enterprise is being subjected to itself the economic exchange rate risk, having left from the operational risk.

The necessary resources reliable provision (e.g. the information, the financial, the material ones and the others) of the risks management all stages is the organization function target mission of the risks management system in the enterprises external economic activity (EEA). For all this, the specialized and the special organizational structure creation, having orientated to the risks management system tasks solution is the given target mission, as the realization main instrument.

The personnel preparation and the efficient use in the risks management process, having provided the workers most creative potential sufficient disclosure in the enterprise EEA organization is the personnel function target mission of the risks management system in the enterprises external economic activity (EEA).

The quality continuous estimate, having created at the risks management system enterprise, and also this quality maintenance at the high level is the internal control function prerogative and the risks management response system.

Thus, it is quite be possible to be concluded, that all the above – listed functions performance is being directly connected with the enterprise management provision of the reliable economic information – the economic – informationally management task solution.

For all this, the accent in the prediction procedures for the urgent derivative instruments, in particular in the option transactions, as the most derivatives perfect form, it should be transferred from the numerical predictive estimations receiving, for example, the foreign exchange rate values, for the qualitative and the interval characteristics prediction of the fundamental indicators trends (e.g. their

directions, forms, origin time intervals, development, ending and reversal of the trends, the change numerical ranges at every from the indicated trend development phases and so on). The predictive numerical and the qualitative characteristics knowledge of the foreign exchange rate trends and other interconnected with it the fundamental indicators are being permitted the manager on the external economic activity (EEA) operations to be synthesized the calculations carrying out efficient strategy on the export – import operations and to be made the efficient decisions on the EEA organization other challenges.

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COMPETITIVE GROWTH OF PENSION FUNDS BY MEANS OF QUALITY MANAGEMENT

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The economic climate having been changed, the existing state social security system based on the principles of solidarity of generations can not guarantee the dignified living standards to pensioners and people who will retire in the nearest future. Financial defined contributions have become the alternative to the distributive system but their formation and functioning are linked with the number of problems. Nevertheless, most of the countries are rejecting from the distributive system nowadays. The main reason why it has happened is the demographic situation which is getting worse in many developed countries. For example, the population of Russia is decreasing at average by 700 thousands of people every year and according to the State Statistics Committee of the Russian Federation, the population will have been a bit more than 100 million people by 2050. Provided this, the proportion of working people to pensioners will be one to one [1]. It is quite obvious that when the number of working people and pensioners is less than the critical value, the government will increase interest deductions to the Pension Fund or will change the age of people who retire. Such actions can be a drag on the expansion of the economy and can lead to intergenerational conflict. All things considered, carrying out a reform of the social security system is really necessary. According to this reform, the process of granting of work pension is transferred to insurance basis which suggests adding funded component of a pension. Thus the mixed type of pension system in Russia has been created.

New pension system in Russia suggests that so-called future pensioners will take an active part in the process of collecting their own pension. While

working people have to control this process individually: whether the taxes are deposited to the fund or not, whether necessary data for pensionable service and insurance payment are transferred to the system of identifying information. Pensionable service will be taken into consideration if insurance contributions have been transferred to the Pension Fund of the Russian Federation. The rate of work pension directly depends on the insurance payment transferred to the Pension Fund of the Russian Federation within the whole period of working career. And it doesn't depend on the duration of employment and average monthly earnings as it has been before.

According to the source of financing a new pension system is divided into retirement benefits and pension insurance. Retirement benefits is funded for the account of consolidated social tax charged out to the federal budget and assignments from the federal budget and concerns people who can't be the participants of this system because of different reasons of work incapacity. Since 2010 consolidated social tax will it is replaced with insurance contributions which will be paid into the budget of funds. Pension insurance which is the combination of insurance component and funded component of work pension is financed by compulsory contributions (compulsory pension insurance) and optional (voluntary) contributions made by legal people and individuals (insurance method of pension financing) [2].

The substantial supplement to a new pension system is the non-state pension insurance which is the supplement to the state pension provision and compulsory pension insurance. It can be carried out only for the account of optional (voluntary) pension contributions to Non-state Pension Funds. People can only appropriate funded component of required premium by means of which to collect funded component of work pension (in this case Non-state Pension Fund is the assurer of compulsory pension insurance). It is possible to make voluntary pension contributions and therefore, to collect occupational pension (non-state pension provision).

The fact that the State has divorced Non-state Pension Fund from money is really important. It means that the Pension Fund itself has no right to invest money into some active assets. They are invested by specialized management companies, which must be subjected to national licensing and control. So such a two-stage system is considered to be more reliable: the Fund raises money but it can't invest it. Only special organizations can do it.

Nowadays there are 290 Non-state Pension Funds in Russia, which have about 360 billion rubles. 6,6 million people have already been involved in the system non-state pension provision, that is about 6,8 percent of economically active population and more than 1700 enterprises [1].

When non-state pension provision being organized, institutional (corporative) Non-state Pension Funds started to develop more dynamically. Their aims were to increase pensions by putting up re-