The Economic Significance of Statistical Research Activities of Representative Offices of Companies Abroad

Marina V. Kosolapova, Alexander M. Petrov, Igor G. Yshanov, Nataliya K. Muravitskaya, Hurshed Sh. Nurmuhamedova

Abstract: The modern development of economic relations is unthinkable without obtaining data to make an informed and rational business management decision. This situation determines the significance of statistical information and justifies its primary role. This article presents statistical analytics data that discloses activity directions implemented abroad by commercial offices of the Russian Federation. In turn, the study, analysis, and evaluation of statistical data contribute to the formation and implementation of modern methods for determining the effectiveness of the representative offices' activities of the Russian Federation economic entities. Another generally accepted direction of using statistical data information is to improve the investment policy in advanced research, development, and optimization of the business model. Statistical data processing should be prompt, reliable and efficient. The effectiveness of statistical information is considered through the receipt of economic benefits by an economic entity implementing its activities as the representative offices abroad. By means of statistical data, regularities of changes of the social, economic environment and other external factors influencing the development result of an economic entity are determined, which in turn contributes to the development of effective sustainable development policy.

Index Terms: financial resources, educational activities, educational programs, human capital, intellectual capital, intellectual property, marketing capital, organizational capital, scientific activity, social capital.

I. INTRODUCTION

The current situation in the international political arena and the increasing pressure of sanctions force domestic businesses to develop less traditional directions for the development of their international activities and enter new markets, for example, by opening their offices in the rapidly developing countries of the Asian region. Search for new promising markets for products of domestic economic entities, the opening, with possible targeted support from the state, of representative offices of Russian business in countries that demonstrate steady economic growth and faster growth rates of domestic consumption, will also contribute to improving the activities of economic entities of the Russian Federation abroad. Another generally accepted direction for improving the activities of Russian business entities abroad is investing in advanced research and development and optimization of the business model. First of all, investments are directed to the development of intellectual capital. The development of intellectual capital is a guarantee of the long-term sustainability of the business of an economic entity regardless of the initial size of the business, as evidenced by the few examples of initially small domestic companies that have built an effective system of their representative offices abroad (for example, Argus Spectr, Schuiz (folding bicycles), chain of coffee shops "Doubleby", etc.).

It is emphasized that a feature of the functioning of representative offices of domestic organizations abroad is the fact that their activity is regulated by both the legislation of the Russian Federation and the legislation of the country in which they operate, as well as international treaties concluded between Russia and this country. Therefore, state institutions of the Russian Federation and state institutions of the country in which this representation operates will stand out as part of the key stakeholder of the representative office.

II. METHODS AND MATERIALS
A. GENERAL DESCRIPTION

The economic importance of statistical studies of the activities of Russian business entities abroad is due to a number of factors, primarily due to the fact that the functioning of Russian companies in the countries of the near and far abroad determines the status of our country and its influence on the development of the economy of the country in which the Russian commercial representation is located. The need to expand the markets for products and goods of Russian companies is the second significant factor in terms of the sustainable development and functioning of economic entities of the Russian Federation. Moreover, the factor of obtaining economic benefits in the form of profits, as well as the use of profits for the expansion and development of business is also very important. All the above factors are directly dependent on timely, reliable statistical information that influences the formation of an effective business management decision taking into account the increase in competitiveness and sustainable development of the representative office (business entity) of the Russian Federation abroad. In this article were used monographic, statistical methods of analysis and synthesis, as well as methods of matching, grouping, comparison, observation, and surveys. Analytical information is confirmed by its presentation through tables, figures, and diagrams.

B. ALGORITHM

This article defines the significance of the use of the statistical method in developing business management decisions of the representative offices’ activities of Russian economic entities abroad. This article also defines the importance of the interaction mechanism of the representation of the Russian business entity abroad with key stakeholders. The interests of key stakeholders have been generalized and the matrix of representation priorities when interacting with stakeholders has been formed. It is emphasized that the regulation of communications between the representative office and key stakeholders should have effective forms of interaction.

Secondly, it is necessary to determine the effectiveness of the representative offices’ activities of economic entities of the Russian Federation abroad through an effective methodology of analysis and assessment of the activities results focused on the optimal number of the most important indicators, allowing to give a comprehensive assessment of the performance of the representative office for the period analyzed from the point of view of various groups of stakeholders.

C. Flow chart

The algorithm for implementing the mechanism of interaction of the representation of the Russian business entity abroad with key stakeholders can be represented as follows [1]:

1) formulation of strategic goals and objectives of the representation;
2) identification of key stakeholders of the representation;
3) classification of identified stakeholders and their expectations, setting priorities for the distribution of available resources, taking into account the strategic goals and objectives of the representation;
4) forecasting the mutual influence of representation and stakeholders in the medium and long term perspective;
5) identification of a limited number of stakeholders’ key needs that should be maximally met;
6) development of regulations for the interaction of representation with stakeholders, the definition of specific forms, methods and tools for building a dialogue with each of the key stakeholders;
7) design of events to ensure a balance of interests of the representative office and key stakeholders, resolving possible conflict situations, and identifying areas for further monitoring of the interaction process;
8) search for opportunities for the practical implementation of improvements, contributing to meeting the key needs of the most significant stakeholders, and feedback organization of the assessment of the effectiveness of the activities implemented and continuation of the dialogue with stakeholders;
9) evaluation of the efficiency of the built mechanism of interaction with key stakeholders, and the development of corrective measures, if necessary;
10) updating information about the list of key stakeholders of the representative office in the current business environment and control of changes in their needs.

For the purpose of identifying key stakeholders, the representation of an economic entity may select the technology that best suits its goals, capabilities, and specific activities. The result of the analysis for the representation should be the following documents [1]:

- the stakeholder registry, which contains a description of key characteristics of stakeholders identified in the process of analysis;
- regulation of communications between the representative office and key stakeholders, which allows meeting the information needs of the most significant stakeholders.

Among the most widely used tools for identifying key stakeholders and the subsequent compilation of their registry, we can highlight such tools as stakeholder map, table of interests, priority matrix, as well as specialized models, such as the Bryson model or...
the Mitchell, Agla and Wood models [1, 2, 3]. One of the options for the formation of a table of interests of key stakeholders is presented in Table 1.

Table 1. Table Of Interests Of Key Stakeholders

<table>
<thead>
<tr>
<th>Stakeholder’s Key interests / motive</th>
<th>Support/reaction level</th>
<th>Level of influence</th>
<th>Influence tools</th>
<th>Level of interest</th>
<th>Interaction strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Descriptive of stakeholder’s interests and motives from (-5) to (+5) (Weak) to (Strong)</td>
<td>Descriptive of stakeholder’s influence tools (Low) (MEDIUM) (High)</td>
<td>(Low) (Medium) (High)</td>
<td>(Low) (Medium) (High)</td>
<td>(Low) (Medium) (High)</td>
<td></td>
</tr>
</tbody>
</table>

In this stakeholder interest table, there was used expert assessments to reflect such characteristics of key stakeholders as:

- “Support/reaction level” (a score is proposed from “-5” - “maximum resistance” to “+5” - “maximum support”);
- “Level of influence” (the following gradation is possible: “weak”, “medium” or “strong”);
- “Level of interest” (the level of interest of the stakeholder in the activities of the representative office can be rated as “low”, “medium” or “high”) [1].

The matrix of priorities in relation to key stakeholders can be represented as follows (see Picture 1).

Picture 1. The Matrix Of Representation Priorities When Interacting With Stakeholders.

In order to compile a regulation of communications between the representative office and key stakeholders, it is necessary to determine the most effective forms of interaction and the appropriate communication channels, with the help of which the representative office can inform stakeholders on all major issues of interaction, as well as receive feedback from them. The structure of the most common forms of interaction between the organization and stakeholders can be included [1]:

- primary informing stakeholders through the publication of press releases, regular reports (including integrated reports, sustainable development reports, and etc.), sending out newsletters, updating sections of the corporate website, and etc.;
- direct exchange of opinions with representatives of stakeholders (organization of negotiations, consultancies, public hearings, round tables, focus groups, and etc.);
- statistical methods for processing information from stakeholders (conducting regular surveys, questionnaires, and etc.);
- participation in events held by stakeholders;
- expert discussions (involvement of advisory, expert committees, and working groups in the dialogue with the stakeholders);
- joint activities (involving representatives of stakeholders in advertising projects carried out by representative offices of actions and events, and bringing together positions on key interaction issues).

Among the listed forms of interaction between representation and stakeholders, it will highlight public non-financial reporting, the growing role, which is confirmed by the formation of a normative base in economically developed countries that obliges a number of business entities to regularly publish data not only on the economic, but also on the environmental and social aspects of their activities.

Along with non-financial reporting, the attention is also paid to the financial statements formed in accordance with the requirements of IFRS. The authors state that “the study of the transformation of accounting financial statements of business entities allowed to identify problems, the solution of which is aimed at developing proposals for processing information and adjusting the articles of financial statements of business entities prepared according to the rules of the Russian accounting system” [4].

Undoubtedly, both financial and non-financial information has the status of priority information when making effective business management decisions. However, in accordance with the results of modern research, information about the social activity of the organization, its implementation of events to ensure environmental safety becomes crucial for key stakeholders, such as investors, employees, regulators, local communities and public organizations.

Therefore, the process of compiling and publishing non-financial reporting can be viewed as an investment project that can provide a return on the investments in the preparation of such statements through a significant contribution to the implementation of a number of strategic tasks, the key of which is ensuring timely and effective interaction of the organization with key stakeholders [5, 16, 18, 20].

The mechanism for the implementation of this task can be presented as follows: non-financial
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reporting (in the form of a sustainable development report or an integrated report) implies, among other things, the disclosure of the organization’s most important risks and the opportunities opening up for it related to various economic, environmental and social aspects of its activities in a dynamic market environment and the corresponding legal field.

Identifying these risks and opportunities assumes the development of a strategy for managing them to ensure long-term sustainable activities of an economic entity followed by informing about the identified risks and opportunities, as well as measures taken, as well as measures taken to level these risks and develop the emerging opportunities for key stakeholders.

The risk management procedure related to sustainable development factors and bringing relevant information to key stakeholders through public non-financial reporting will certainly help strengthen the reputation of the representative office (increase the value of its social and reputational capital), increase its investment attractiveness, promote the brand, etc. Therefore, non-financial reporting can become an effective strategic tool for managing the value creation processes of representation and an effective form of interaction with key stakeholders.

Maintaining an ongoing dialogue with stakeholders, receiving regular feedback will allow the representative office to more closely meet the expectations of interested parties, which will ensure the improvement of strategic management, the identification of new growth points, and, ultimately, will contribute to the growth of the effectiveness of the representative offices of economic entities of the Russian Federation abroad.

The next important step in the proposed methodology can be considered the determination of the effectiveness of the representative offices activities of economic entities of the Russian Federation abroad by choosing the optimal number of the most important indicators that allow a full assessment of the effectiveness of the representation for the analyzed period from the point of view of different groups of stakeholders. As it was mentioned earlier, at this point, it is important to maintain a balance between financial and non-financial indicators, as well as the availability of indicators that reflect the social and environmental consequences of the activities of the representative office in the region of presence. The implementation of these requirements is possible by using recommendations of the currently widely recognized standards for disclosing information on sustainable development of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB Standards, USA), as well as integrated reporting (IR).

These standards’ attention is focused not only to the financial results of the economic entity, the efficiency of management of tangible assets, but also its impact on the environment, environmental activities, social activity, and the management of the value of intangible types of capital. On the other hand, these standards have many differences related to the definition of the target audience, requirements for information disclosure, a reflection of industry characteristics, and etc. [5, 17, 22]. Therefore, the choice of one or another standard as a guideline for disclosing information about the effectiveness of the representation will be determined primarily by the regulatory requirements and traditions of the country or region where the activities of representation of business entities of the Russian Federation are implemented.

After the selection of the information disclosure guidelines and the determination of significant aspects of the representation activity, it is necessary to substantiate the composition of key performance indicators (KPI) consistently revealing each of the essential aspects. The selection of indicators should be based on the need to reflect, through appropriate KPIs corresponding to the level of implementation of the strategic goals and objectives of the representation of the Russian business entity abroad, as well as possible risks to their achievement.

As another guideline when choosing key performance indicators, the interests and the most significant information needs of the most important stakeholders come forward. The information requests of key stakeholders are presented in Table 2 [6, 9, 11].

### Table 2. Characteristics Of The Six Types Of Capital

<table>
<thead>
<tr>
<th>Concerned parties</th>
<th>For what purposes is the information needed</th>
<th>Typical information requests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners and managers</td>
<td>- to make informed management decisions; - to find new ways of business development; - for the timely identification of risks in the conduct of business</td>
<td>- financial results of the representative office activities; - staff satisfaction; - labor productivity; - clients loyalty; - compliance with legal requirements of the Russian Federation and the country of presence</td>
</tr>
<tr>
<td>Workers</td>
<td>- to determine the stability of the representation; - to determine the perspectives of the representation development</td>
<td>- actions or plans of an economic entity and its representative on business restructuring; - labor protection and safety, and conditions of activities implementation; - rewards for labor; - social guarantees and programs</td>
</tr>
<tr>
<td>Suppliers</td>
<td>- to ensure the reliability of the representation as a business partner</td>
<td>- solvency of the representative office; - liquidity; - financial stability</td>
</tr>
<tr>
<td>Financial and insurance companies</td>
<td>for confidence in the ability of the representative to service the received loans and credits</td>
<td>- solvency of the representative office; - liquidity; - financial stability</td>
</tr>
<tr>
<td>Consumers</td>
<td>- for confidence in the reliability and quality of the products they purchase from the representative office</td>
<td>- quality and prices of goods and services</td>
</tr>
</tbody>
</table>

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Quantitative and qualitative indicators should be reflected in the KPI composition. The use of quantitative indicators will provide an opportunity for comparative analysis of data over time (the success of representation in achieving the stated goals from one reporting period to another), and also creates a basis for comparing the results of the representative office activities with similar indicators of its main competitors. The qualitative indicators can be used to assess the degree of achievement of specific results in areas where the use of quantitative indicators is not possible. In turn, quantitative KPIs can be represented by both financial and non-financial indicators. In addition, in order to be able to analyze qualitative indicators, it is advisable to present them in the form of measurable quantities (points, ratings, ranks and other forms of expert assessment).

An essential condition for maintaining a balance between financial and non-financial indicators to determine the effectiveness of the activities of Russian representative offices of business entities abroad is to ensure a common approach to financial disclosure and non-financial indicators of sustainable development. Part of the quantitative financial indicators can be obtained from the accounting (financial) statements, which will reduce the complexity of assessment of the effectiveness of the representative offices’ activities.

It is important to ensure the consistency of the financial statements and values of non-financial indicators. In order to ensure this consistency, it is necessary to approve a unified approach to determining and disclosing information about risks in the financial statements and non-financial report (if prepared), as well as developing a mechanism for managing identified risks based on the interests of key stakeholders. The maximum approximation of the timeframe for the preparation of relevant information of the reporting period and the unified staff involved in the relevant procedures will also contribute to the agreement of information about the financial statements and non-financial KPIs. [5]

Analytical potential of selected KPIs should provide an opportunity not only fixing currently achieved level of performance of a particular representative office in the relevant aspect compared with previous periods but also assessing the impact of the achieved level on the overall financial performance of the representative office, including on the indicators of its profit and profitability, which reflects the interests of such influential stakeholders as owners, investors, management, and etc.

The task of determining the economic value added of a business entity is important for business participants. According to the authors, the economic value added is an instrument of value-oriented management of entrepreneurial structures in the industry [7, 14, 15, 19].

In this context, it should be noted the difference of indicators that reflect the economic aspect of the sustainable development of an economic entity and traditional financial ratios calculated on the basis of accounting (financial) statements. Indicators of the economic performance of sustainable development should primarily reflect the level of influence of a representative office on those stakeholders with whom it enters into direct or indirect economic interaction, while the values of traditional financial ratios make it possible to draw a conclusion about the current financial status of the representative office, its level of profitability, profitability of activities, liquidity, solvency, and etc. Both KPI groups should be presented among the indicators to determine the effectiveness of the representative offices’ activities of Russian economic entities abroad. Taking into account the above recommendations, a number of KPIs reflects the interaction of the representative office with the main stakeholders in terms of the distribution of the created value added and can be proposed as the first group of indicators for assessing the effectiveness of the activities of foreign representative offices of Russian business entities (see Table 3) [8, 19, 21].

### Table 3. Indicators Of The Interaction Of The Business Entity Representation With Stakeholders In Terms Of The Distribution Of The Created Value Added.

<table>
<thead>
<tr>
<th>№</th>
<th>Indicator</th>
<th>The amount, currency unit</th>
<th>Percentage of created value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Cost price (without labor costs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Created value added (I.3 = I.1 - I.2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Payments to staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Payments to lenders in the form of interest on loans and borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Payments to the budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Social and environmental investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Payments to shareholders and investors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Value-added for owners (I.9 = I.3 - (I.4 + I.5 + I.6 + I.7 + I.8))</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The presented indicators allow to reflect the scale and structure of financial flows arising between the representation and the stakeholders in the value creation process, as well as reflect the degree of influence of the representation on the financial position of the interested parties. As additional analytics to this group of KPIs, the following indicators can be proposed:
- Created value added per 1 currency unit of sales;
- Created value added per an employee;
- Value-added per 1 currency unit of sales for owners.

The analysis of these indicators in dynamics will allow identifying the priorities of the representation in the distribution of the created value added. The expedient period for calculating indicators happens once...
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by the end of the fiscal year.

Among other indicators reflecting the financial and economic efficiency of the representative offices’ activities of Russian economic entities abroad, the following can be offered:

- dynamics of the revenue indicators and financial performance (net profit, retained earnings, EBITDA);
- return on invested capital (ROIC), return on equity (ROE), return on assets (ROA);
- the weighted average cost of invested capital (WACC);
- leverage ratio;
- interest coverage ratio;
- the ratio of net debt and EBITDA;
- economic value added (EVA), market value added (MVA), cash return on investment (CFROI);
- fundamental business value;
- indicators of owners and investors profitability.

In accordance with the integrated reporting, the indicators that reflect the efficiency of the business entity should cover types of tangible capital such as production and natural capital. In the composition of indicators, which can be recommended to determine the effectiveness of the representative offices’ activities of economic entities of the Russian Federation abroad, in terms of the use of production capital, can be called:

- Movement indicators of the fixed assets;
- condition indicators of the fixed assets;
- efficiency indicators of the use of fixed assets;
- the production capacity of the representative office and the amount of investment in its expansion;
- the growth rate of new technologies developed and introduced into production;
- the value of energy in revenue;
- dynamics of energy consumption indicators for a number of periods in terms of unit of output;
- the efficiency of use of certain types of resources per unit of production, the rate of their decline, and etc.

Analysis of the use efficiency of natural capital by representation can be considered from two perspectives. On the one hand, for those economic entities that actively use natural resources in their activities, it is necessary to reflect the efficiency of their use in terms of returns per resource unit. On the other hand, the use of natural capital should be considered from the point of the impact of the representative office activity on the environment and its environmental protection activity.

The indicators of consumption of the corresponding non-renewable and renewable types of natural resources (including all types of energy), including per unit of output, as well as the share of recycled materials and materials representing recycled waste in the total volume of consumed material resources, should be offered for the implementation of the first approach.

As practice shows, the priority in making decisions about investing activities is to assess the environmental performance of the business entity. This approach can be implemented by calculating absolute and relative indicators, in particular:

- the volume of emissions, discharges, and waste in the physical dimension during the reporting period (including wastewater discharges, emissions of harmful substances into the atmosphere, greenhouse gas emissions, the impact on the soil, etc.);
- the total amount of capital investments and current expenditures on environmental protection measures, and their structure by the most significant projects;
- the share of environmental costs in the revenue period;
- the volume and structure of payments for a negative impact on the environment, including fines for violating environmental legislation, payments for excessive discharges, emissions of pollutants, its dynamics, and etc.;
- the share of certified eco-friendly products in the total sales of the representative office;
- the proportion of suppliers that have been selected based on environmental criteria, and etc.

The social efficiency indicators of the representation of the Russian business entity abroad should include KPIs covering a whole range of activities, including stability, diversity of personnel base and freedom from discrimination in its formation, ensuring decent wages, safety and social protection, investment in the development of human capital, maintaining a high level of labor productivity and quality of management, and etc. Among the indicators recommended for the assessment of the effectiveness of the representation in the field of social sustainability and human capital management can be included:

- average headcount of representation staff by category;
- age and gender composition of staff by categories and levels of management;
- staff movement indicators for the reporting period and staff turnover;
- labor productivity indicators in a dynamic of periods;
- level of the average pay of the representation staff by categories and its dynamics;
- social payments to employees of the representative office for the period;
- the ratio of the average wage between the most and least paid employees of the representative office;
- level of occupational injuries and its dynamics over a number of periods;
- investment in labor protection, safety at work, and reduction of the adverse effects of working conditions on the health of workers;
- the amount of expenditure on training, staff training, and advanced training per employee;
- staff satisfaction level;
- share of employees in the total number of staff who underwent training, vocational training, and advanced training in the reporting period;
- profit per employee, and etc.

The next step in the proposed methodology can be considered the determination of the effectiveness of the representative offices’ activities of Russian economic entities abroad through the development of regulations for the calculation of the indicators selected at the previous stage, the form and frequency of data presentation, identification of the relevant sources of information, and appointment of the accountable staff. In the same step, the target KPI values are approved in accordance with the strategic goals and objectives of the representative office, and the forms of providing relevant information for each group of key stakeholders are specified.

The final step in this methodology can be considered the determination of the effectiveness of representative offices through the use of monitoring and assessment of the target values of key indicators, maintenance of the dialogue, regular receipt of feedback from key stakeholders and also adjustment of the register of stakeholders, the rules of interaction with them, and KPI set and its target values.

So, based on modern management concepts, such as Value-Based Management, sustainable development, and integrated reporting, the proposed method allows to conduct a comprehensive assessment of the effectiveness of the representative offices’ activities of economic entities of Russia abroad on a regular basis. It should be taking into account the interests and information needs of a wide range of stakeholders, creating the necessary information space for making effective management decisions that contribute to the creation of business value.

### III. RESULTS

As part of determining the social effectiveness of representative offices of business entities of the Russian Federation abroad, it is necessary to include the indicators of the presence and efficiency of the use of the representation of social and reputational capital (or capital relations) in the corresponding KPI system, which is in the interests of both the economic entity and the majority of interested parties. In particular, the indicators may include:
- the market share occupied by the representation;
- share of the largest buyers of the representative office;
- the stability of the customer base and the share of new customers for the period;
- revenue per customer;
- profit per customer;
- share of the largest suppliers in the total amount of purchases of the representative office;
- stability of relations with the supplier and the share of new suppliers for the period;
- the share of purchases from local suppliers in the total amount of purchases of the representative office;
- participation of representation in social and environmental projects in the region of presence, and the amount of sponsorship support for socially significant initiatives;
- the frequency of mentioning the business entity in the local media;
- the number of created jobs, and etc.

Another significant aspect of a modern business entity, without which a comprehensive assessment of the performance of a representative office is impossible, is the use of intellectual capital and the effectiveness of innovation, which underlies any successful business model. For these purposes, the following indicators may be proposed:
- structure and dynamics of intangible assets of the representative office, in particular, registered patents, certified developments, and etc. ;
- the average period of innovation;
- quality parameters of the products sold, its compliance with the modern standards of the country of the representative office presence;
- revenue growth due to the implementation of innovative products and products of premium quality;
- research and development costs per employee, etc.

The considered KPI list for determining the effectiveness of the representative offices’ activities of Russian economic entities abroad is not exhaustive and is a set of basic indicators that can be used by the representation of any profile and area of activity. The proposed list of indicators can be supplemented or modified within the framework of the highlighted significant aspects depending on the sectoral affiliation, the form of interaction with the head organization, the goals of creation, and methods of managing the representation.

### IV. DISCUSSION

Optimization of this methodology involves the analysis of the trends that have developed in Russian exports in recent years. The dynamics show a gradual recovery in Russian exports as with far abroad countries well as with CIS countries (for 2018 - including Ukraine) after the minimum values of 2016. A similar trend occurs in the dynamics of exports of Russian products to the countries of the Eurasian Economic Union.

By the end of 2018, export growth amounted to 25.6% (from $ 357.8 billion to $ 449.3 billion) compared with 2017. In the total turnover, the share of exports in comparison with 2017, increased from 61.1% to 65.4%.

The export of domestic products to countries like South Korea, China, and EU countries (Poland, Belgium, Germany, and Finland) is growing at the highest rates. In turn, according to the absolute indicators of growth in exports of the Russian Federation in 2018, China leads (US $ 14,121.9 million) due to an increase in the supply of Russian crude oil, refined copper and petroleum.
products, as well as Germany (US $ 8,359 million) due to an increase in the supply of hydrocarbons, and the Netherlands (7,864.3 million USD) due to the increase in the supply of hydrocarbons and raw aluminum. The most significant reduction in Russian exports happened to countries such as Singapore, Azerbaijan, and Iraq in 2018.

The market of the countries of the Commonwealth of Independent States plays an important traditional role for Russian business entities with representative offices abroad; therefore, it seems appropriate to consider the main changes that have been recently taking place in Russian exports to the CIS countries (Table 4) [10].

Table 4. Export Of Products Of The Russian Federation To The CIS Countries In 2017-2018, Million USD.

<table>
<thead>
<tr>
<th>№</th>
<th>Partner country</th>
<th>2017</th>
<th>2018</th>
<th>Growth rate of 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Belarus</td>
<td>19,573.8</td>
<td>22,779.8</td>
<td>16.4%</td>
</tr>
<tr>
<td>2</td>
<td>Kazakhstan</td>
<td>12,465.4</td>
<td>12,923.3</td>
<td>3.7%</td>
</tr>
<tr>
<td>3</td>
<td>Ukraine</td>
<td>7,943.1</td>
<td>9,522.7</td>
<td>19.9%</td>
</tr>
<tr>
<td>4</td>
<td>Uzbekistan</td>
<td>2,625.1</td>
<td>3,320.8</td>
<td>26.5%</td>
</tr>
<tr>
<td>5</td>
<td>Azerbaijan</td>
<td>1,934.8</td>
<td>1,713.5</td>
<td>-11.4%</td>
</tr>
<tr>
<td>6</td>
<td>Kyrgyzstan</td>
<td>1,399.4</td>
<td>1,654.5</td>
<td>16.9%</td>
</tr>
<tr>
<td>7</td>
<td>Armenia</td>
<td>1,247</td>
<td>1,341.4</td>
<td>7.6%</td>
</tr>
<tr>
<td>8</td>
<td>Moldova</td>
<td>864.5</td>
<td>1,204.6</td>
<td>39.3%</td>
</tr>
<tr>
<td>9</td>
<td>Tajikistan</td>
<td>692.3</td>
<td>849.6</td>
<td>22.7%</td>
</tr>
<tr>
<td>10</td>
<td>Turkmenistan</td>
<td>343.8</td>
<td>288.8</td>
<td>-16.0%</td>
</tr>
</tbody>
</table>

Despite the high political and economic risks in relations, Ukraine, Belarus, and Kazakhstan are the leaders among traditional partners of Russian business entities in the CIS countries in terms of export value.

Taking into account the valuation (from $ 527,266.4 million in 2013 to $ 285,674 million in 2016), the three-year continuous decline in Russian exports has been replaced by growth in 2018, so exports of the Russian Federation amounted to $ 449,347.1 million. First of all, it is necessary to note a certain decrease in the share of exports of mineral products (mainly fuel and energy products) from 71.52% in 2013 up to 59.22% in 2016. Over the past two years, the export of mineral products again shows growth in both values (from 169,166.6 million dollars in 2016 to 291,535 million dollars in 2018) and relative (from 59.22% in 2016 to 64.88% in 2018) measurement. It should also highlight the gradual growth in exports of metals and metal products from 7.75% in 2013 (40,846.3 million dollars) to 9.76% in 2018 (43,874.5 million dollars). Among other non-commodity items, it is important to mention a partial recovery in exports of chemical products (fertilizers, rubber, etc.) to $ 27,382.3 million in 2018. In 2013 the export volume of these items amounted to $ 30,789.2 million), as well as machinery, equipment and vehicles (in 2013 - $ 28,910 million, in 2018 - $ 29,059.8 million) which can certainly be regarded as a positive change.

At the end of 2018, in addition to the increase in the share of fuel and energy products in Russian exports (compared with 2017 increased by 4.5%), the following tendencies can be identified: non-commodity export amounted to 235 billion US dollars in 2018 showing an increase of 19.5% compared to 2017, at the same time, the growth of non-commodity non-energy exports amounted to 11.7%, to the level of 149.3 billion US dollars, and innovative products - 3.8%, to 30.1 billion US dollars.

In 2018, there was an increase in exports of Russian machine-technical products by 2.7%, to 29.1 billion US dollars (including an increase in 13% in the supply of electrical equipment, by 6.6% in mechanical equipment, and by 7%, 5% decreased the supply of tools and optical devices). In physical terms, shipments of passenger cars increased by 10.1%, and trucks by 3%. In terms of the geography of deliveries, the share of machinery and equipment in Russian exports to foreign countries was 4.9% (in 2017 - 6.4%), to the CIS countries - 17.8% (in 2017 - 17.5%).

In the first quarter of 2019, the share of fuel and energy products in the export of the Russian Federation in terms of value amounted to 66.4% against 65% in the first quarter of 2018, the share of metals and metal products was 9.5% against 10.4% in the first quarter of 2018, chemical industry products was 5.7% versus 6.1%, machinery, and equipment - 4.5% versus 5.3%, foodstuffs and agricultural commodities - 5.1% versus 5.2% in the first quarter of 2018.

Based on RAEX (RAEX-Analytics) calculations, table 6 presents domestic leading companies in terms of the share of foreign earnings in 2017 [12].

Table 5. Russia’s Leading Companies In The Share Of Foreign Earnings.

<table>
<thead>
<tr>
<th>Place</th>
<th>Company</th>
<th>Industry</th>
<th>Share of foreign revenue in 2017,%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ALROSA, AK</td>
<td>Precious metals and diamonds industry</td>
<td>90,3</td>
</tr>
<tr>
<td>2</td>
<td>Uraliki</td>
<td>Chemical and petrochemical industry</td>
<td>85,0</td>
</tr>
<tr>
<td>3</td>
<td>Rosneft oil company</td>
<td>Oil and gas industry</td>
<td>82,3</td>
</tr>
<tr>
<td>4</td>
<td>LUKOIL</td>
<td>Oil and gas industry</td>
<td>82,2</td>
</tr>
<tr>
<td>5</td>
<td>EuroChem Group</td>
<td>Chemical and petrochemical industry</td>
<td>80,0</td>
</tr>
<tr>
<td>6</td>
<td>Tolyattiazot</td>
<td>Chemical and petrochemical industry</td>
<td>74,8</td>
</tr>
<tr>
<td>7</td>
<td>SUEK</td>
<td>Coal industry</td>
<td>74,0</td>
</tr>
<tr>
<td>8</td>
<td>Surgutneftegaz</td>
<td>Oil and gas industry</td>
<td>71,8</td>
</tr>
<tr>
<td>9</td>
<td>PhosAgro Group</td>
<td>Chemical and petrochemical industry</td>
<td>66,7</td>
</tr>
<tr>
<td>10</td>
<td>NLMK Group</td>
<td>Ferrous metallurgy</td>
<td>61,4</td>
</tr>
<tr>
<td>11</td>
<td>Metinvest holding company</td>
<td>Ferrous metallurgy</td>
<td>59,5</td>
</tr>
<tr>
<td>12</td>
<td>Tatneft Group of Companies</td>
<td>Oil and gas industry</td>
<td>58,6</td>
</tr>
<tr>
<td>13</td>
<td>Aeroflot</td>
<td>Transport and logistic</td>
<td>56,3</td>
</tr>
<tr>
<td>14</td>
<td>KuybyshevAzot</td>
<td>Chemical and petrochemical industry</td>
<td>53,0</td>
</tr>
<tr>
<td>15</td>
<td>NizheKHneftekhim Group</td>
<td>Chemical and petrochemical industry</td>
<td>50,1</td>
</tr>
<tr>
<td>16</td>
<td>SIBUR Holding</td>
<td>Chemical and petrochemical industry</td>
<td>42,2</td>
</tr>
<tr>
<td>17</td>
<td>Transneft, AK</td>
<td>Transport and logistic</td>
<td>40,3</td>
</tr>
</tbody>
</table>
Table 5 represented the distribution of the companies by industry, which is expected to correlate with the structure of commodity exports of the Russian Federation (see Figure 4). Among domestic organizations with a maximum share of foreign revenue, the oil and gas sector is the most widely represented (total of seven organizations, including Transneft, AK and three companies in the top ten), chemical and petrochemical industry (seven organizations in total, including four companies in the top ten), as well as organizations representing the industries of precious metals and diamonds, ferrous metallurgy, coal industry, transport and logistics. According to the presented data, among the largest companies in terms of the share of foreign earnings, there is not a single domestic organization that manufactures machinery and equipment or foodstuffs and agricultural raw materials. Exports of the largest Russian companies in terms of value in 2017 presented in Table 6 [13].

Table 6. Russia's Leading Companies In Export Volume

<table>
<thead>
<tr>
<th>Place</th>
<th>Company</th>
<th>Export volume, million dollars</th>
<th>The share of non-commodity exports, %</th>
<th>Number of importing countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rosneft</td>
<td>57 015.7</td>
<td>0.2</td>
<td>59</td>
</tr>
<tr>
<td>2</td>
<td>Gazprom</td>
<td>48 931.5</td>
<td>0.1</td>
<td>68</td>
</tr>
<tr>
<td>3</td>
<td>LUKOIL</td>
<td>20 751.8</td>
<td>0.3</td>
<td>53</td>
</tr>
<tr>
<td>4</td>
<td>Surgutneftegaz</td>
<td>13 668.0</td>
<td>0.0</td>
<td>24</td>
</tr>
<tr>
<td>5</td>
<td>Nor nickel</td>
<td>7 349.1</td>
<td>0.0</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Tatneft Group of Companies</td>
<td>7 267.5</td>
<td>1.3</td>
<td>42</td>
</tr>
<tr>
<td>7</td>
<td>Rusal</td>
<td>6 683.5</td>
<td>0.2</td>
<td>48</td>
</tr>
<tr>
<td>8</td>
<td>Sakhalin Energy</td>
<td>5 733.1</td>
<td>0.2</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>NLMK Group</td>
<td>4 675.6</td>
<td>0.0</td>
<td>70</td>
</tr>
<tr>
<td>10</td>
<td>SUEK</td>
<td>4 447.0</td>
<td>0.0</td>
<td>43</td>
</tr>
<tr>
<td>11</td>
<td>NOVATEK</td>
<td>3 915.8</td>
<td>0.5</td>
<td>23</td>
</tr>
<tr>
<td>12</td>
<td>ALROSA, AK</td>
<td>3 833.2</td>
<td>2.7</td>
<td>10</td>
</tr>
<tr>
<td>13</td>
<td>Rosoboronexport</td>
<td>3 700.2</td>
<td>98.1</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td>Evraz</td>
<td>3 342.4</td>
<td>0.6</td>
<td>38</td>
</tr>
<tr>
<td>15</td>
<td>SIBUR Holding</td>
<td>3 087.0</td>
<td>0.1</td>
<td>75</td>
</tr>
<tr>
<td>16</td>
<td>Metallinvest Holding company</td>
<td>2 942.5</td>
<td>0.0</td>
<td>42</td>
</tr>
<tr>
<td>17</td>
<td>TAIP Group of Companies</td>
<td>2 905.6</td>
<td>0.7</td>
<td>42</td>
</tr>
<tr>
<td>18</td>
<td>Severstal</td>
<td>2 896.0</td>
<td>0.5</td>
<td>94</td>
</tr>
<tr>
<td>19</td>
<td>UMMC Group</td>
<td>2 808.2</td>
<td>0.6</td>
<td>-</td>
</tr>
<tr>
<td>20</td>
<td>Transneft, AK</td>
<td>2 376.7</td>
<td>0.0</td>
<td>-</td>
</tr>
<tr>
<td>21</td>
<td>State Corporation Rosatom</td>
<td>2 114.4</td>
<td>98.1</td>
<td>43</td>
</tr>
<tr>
<td>22</td>
<td>URAL KALI</td>
<td>2 098.2</td>
<td>0.0</td>
<td>21</td>
</tr>
<tr>
<td>23</td>
<td>Nettekazindustry a Group of Companies</td>
<td>2 017.4</td>
<td>0.0</td>
<td>27</td>
</tr>
<tr>
<td>24</td>
<td>MMK</td>
<td>1 814.8</td>
<td>0.2</td>
<td>32</td>
</tr>
<tr>
<td>25</td>
<td>Mechel</td>
<td>1 692.5</td>
<td>0.6</td>
<td>-</td>
</tr>
</tbody>
</table>

The data presented in Table 7 confirm the previously identified tendencies, such as six out of the ten largest export Russian companies are representatives of the oil and gas industry, and three more companies of the top ten are ferrous and nonferrous metallurgy. According to the results of 2017, Severstal is the leader in terms of the geography of supplies. It is noteworthy to mention that among the largest exporting companies there are two companies, Rosoboronexport (mechanical engineering) and Rosatom State Corporation, whose export structure represented by non-primary exports by more than 98%.

V. CONCLUSION

In conclusion, it is noteworthy to mention that over the past years, Russian economic entities partially realized their competitive advantages abroad only in the oil and gas industry, ferrous and nonferrous metallurgy, mining, chemical and petrochemical industries, and, to some extent, in the transport and logistics sector. A significant share of commodity exports in the overall structure of exports of the Russian Federation, primarily mineral products, also confirms the lack of diversification of activities implemented by representative offices of the Russian economic entities abroad. In this regard, the domestic business entities with representative offices abroad are facing a challenge of the expansion and deepening of industry specialization, the presence of Russian business offices in various segments of the international market outside the energy sector: in the manufacturing industry, financial sector, IT, and etc.

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