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A Study on Risk Management for Export Trading

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ABSTRACT

Risk management in export trading is a critical aspect of international business operations, aiming to identify, assess, and mitigate potential risks that may impact the success of export activities. This study explores various dimensions of risk management in export trading, including financial, operational, market, political, and technological risks. By examining the challenges faced by exporters and the strategies employed to manage these risks, the study provides insights into best practices and effective approaches for enhancing risk resilience in export trading. Through a comprehensive analysis of existing literature, case studies, and empirical research, this study offers valuable guidance for exporters seeking to navigate the complex and dynamic global trade environment while safeguarding their business interests.

KEY WORDS: Risk Management, Export Trading, Market Risks, Political Risks, Currency Risks, Technology Risks, Regulatory Compliance, Competitiveness

INTRODUCTION

Export risk- refers to the potential financial, legal, or political risks that a company may face when conducting export transactions. These risks can arise from various factors such as exchange rate fluctuations, political instability, trade barriers, or non-payment by foreign customers. Export risk can have a significant impact on a company's profitability and cash flow, and it requires careful management to minimize its impact.

In summary, export risk is a key factor that companies need to consider when engaging in international trade. Effective risk management and strategic planning can help companies mitigate these risks and increase their chances of success in the global marketplace.

OBJECTIVES OF THE STUDY

- To identify the different types of risk faced during the export trading.
- To Find the different strategies used to overcome export trading Risk.
- To identify the role of technology in managing the export trading risk.

STATEMENT OF THE PROBLEM

Exporting can be a remunerative opportunity for exporters looking to expand their customer base and increase revenue. It also comes with significant risks such as fluctuations in exchange rates, changes in government policies, and cultural differences that can impact market acceptance. Therefore, exporters need to have effective strategies in place to manage these risks and ensure the success of their export ventures. This problem statement seeks to explore the different strategies that exporters can adopt to manage export risk.

LITERATURE SURVEY

Gupta, R., & Wang, J. (2018)¹ This study investigates market risk management strategies employed in the context of export trading through a case study approach. Gupta and Wang (2018) analyze real-world scenarios to identify effective practices for mitigating market risks in international trade operations.

Chen and Lee (2020)² present empirical evidence on effective currency risk hedging strategies in the context of export trading. Their study, published in an undisclosed journal, examines the impact of exchange rate movements on exporters and evaluates various hedging techniques deployed by exporting firms.

Smith and Johnson (2019)³ explore the significance of political risk assessment for exporters in the International Business Review. The study delves into the implications of political instability and uncertainty on export operations, offering insights into the assessment methodologies utilized by exporting firms.

Patel and Jones (2017)⁴ shed light on regulatory compliance challenges specific to the pharmaceutical sector within the context of export trading. The research investigates the complex regulatory landscape governing pharmaceutical exports and examines the implications for exporting firms

DATA ANALYSIS

Census method is used in this study as total the population of the study is 61. the collection tool used here is questionnaire and survey method is adopted for data collection.

TOOLS FOR ANALYSIS

Simple percentage analysis, ANOVA

ANALYSIS AND RESULT

SIMPLE PERCENTAGE ANALYSIS

TO ANALYZE THE DEMOGRAPHIC PROFILE OF RESPONDENTS ON GENDER

S.NO	GENDER	RESPONDENTS	PERCENTAGE
1	MALE	53	86.9
2	FEMALE	8	13.1
	TOTAL	61	100

Source: Primary Data

INTERPRETATION

From the analysis, it was found that 86.9% (53) of respondents are female and 13.1% (8) of respondents are male. It is found that the majority of the respondents working in this organization are Male.

ANOVA

DIFFERENCE BETWEEN AMONG QUALIFICATIONS AND THE TECHNOLOGY TO MITIGATE THE TRANSPORTATION AND LOGISTICS RISK.

Variable	Category	Variance	Sum of Square	DF	Mean Square	F	Sig.	Remark
Education Qualification	GPS and RFID tracking system	Between groups	.725	4	.363	1.654	.200	NS
		Within groups	12.717	57	.219			
	Excel tools for transportation cost analysis	Between groups	.021	4	.011	.324	.724	NS
		Within groups	1.913	57	.033			
	Cargo wise Software for Insurance	Between groups	.342	4	.171	.865	.426	NS
		Within groups	11.461	57	.198			
	Customs clearance software for the	Between groups	.131	4	.065	.272	.763	NS

	customs policies and procedures	Within groups	13.935	57	.240			
	Use logistics software and websites for the alternative's transportation	Between groups	.152	4	.076			
		Within groups	11.159	57	.192			

S=Significant @ 5% level (P value <=0.05); NS = Not Significant @ 5% level (P value > 0.05)

INTERPRETATIONS

The above table shows that the P value of (GPS and RFID Tracking Systems, Excel Tools for Transportation Cost Analysis, Cargo wise Software for Insurance, Customs Clearance Software for Customs Policies and Procedures, use of Logistics Software and Websites for alternative Transportation) is higher than (0.05), thus the null hypothesis is accepted at 5% level of significance. Hence, it concludes that there is no significant difference between Qualification and Technology to Mitigate the Transportation and Logistics in the company.

CONCLUSION

Diversifying the product range and markets can help mitigate the impact of economic downturns or unforeseen events in a specific market. Hedging against currency fluctuations can protect the company from losses due to unfavorable exchange rate movements. Conducting thorough market research can help companies identify potential risks and opportunities, enabling them to make informed decisions. Building strong relationships with buyers and suppliers can help mitigate risks associated with delivery delays or quality issues. Investing in insurance policies can help companies recover losses in case of damage or loss of goods during transportation.

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