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STATE SUPPORT FOR MANAGEMENT IN INTEGRATING UKRAINIAN DAIRY ENTERPRISES INTO GLOBAL VALUE CHAINS

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Abstract. The article examines the features of state support for the management of dairy industry enterprises in Ukraine in the context of their integration into global value chains. It is determined that the industry predominantly operates at the lower levels of global production networks, which limits the creation of high added value and reduces its competitiveness on international markets. Institutional, managerial, and economic factors influencing the development of the dairy sector are analyzed, along with the role of state policy in stimulating its modernization. The study reveals that the effectiveness of state support depends on its targeting, alignment with enterprise needs, and orientation toward innovative development. The necessity of transitioning to deep processing of dairy products, digitalization of management, and strengthening cooperative links among producers is substantiated. It is proven that comprehensive modernization of the industry is a key prerequisite for its integration into global value chains.

Key words: dairy industry, state support, management, global value chains, agricultural policy, competitiveness, innovation, integration.

Introduction. The current development of the global economy is characterised by the deepening of integration processes, which manifest themselves in the formation of global value chains (GVCs). In this context, the competitiveness of national industries increasingly depends not only on domestic production efficiency but also on the ability to integrate into international production and logistics systems, ensuring a stable contribution to the creation of the final value of products (World Trade Organization et al., 2023).

Ukraine's dairy sector is one of the strategically important sectors of the agro-industrial complex, possessing significant export potential and socio-economic importance for the development of rural areas. At the same time, it remains vulnerable to structural imbalances, insufficient technological modernisation and limited integration into global production networks. This significantly weakens its competitive position in international markets and limits the potential for generating high added value within the country.

In the current climate, the issue of state support for the management of dairy enterprises is of particular relevance, as it is effective management decisions, backed by state regulatory instruments, that can ensure the transition from a raw material-based export model to an innovation-oriented development model. In this context, state policy acts not only as a mechanism for financial support but also as an institutional driver of the sector's structural transformation.

The relevance of this research is further heightened by global challenges, including changes in international trade, stricter requirements regarding the quality and safety of food products, and increasing competition in the dairy market. In such conditions, the integration of Ukrainian enterprises into global value chains requires a comprehensive scientific rationale and a rethinking of the state's role in shaping a competitive environment.

Research into state support for the management of dairy enterprises in the context of their integration into global value chains is timely and has significant theoretical and practical importance for ensuring the sustainable development of Ukraine's agro-industrial sector.

Main text. The issue of integrating agro-industrial enterprises into global value chains is the subject of active academic discourse in both domestic and international economic literature. In the works of Ukrainian researchers, the emphasis is largely placed on the structural problems of the agricultural sector, the effectiveness of state support, and the need to enhance the competitiveness of enterprises through the modernisation of management approaches (Porter, 1990). At the same time, international studies pay significant attention to the role of the institutional environment, innovation management and transnational production networks in the formation of value added (Gereffi & Fernandez-Stark, 2016).

Despite a significant body of academic research, the comprehensive impact of state support specifically on the management mechanisms for integrating Ukraine's dairy sector into global value chains remains under-researched. Most existing studies focus either on the macroeconomic level of state policy or on the micro-level functioning of individual enterprises, whilst a systematic approach to the interaction between the state, management and international integration remains fragmented.

The issue of aligning state support programmes for the agricultural sector with the actual needs of dairy enterprises also warrants separate attention. In many cases, there is a disconnect between the strategic objectives of state policy and practical management decisions at the enterprise level, which hinders their effective integration into global production networks.

An analysis of the academic literature indicates the existence of theoretical work in the field of agricultural development and international integration; however, further in-depth research is required specifically into the mechanisms of state support for management as a key factor in the integration of Ukraine's dairy industry into global value chains.

The subject of the study is the functioning and development of enterprises in Ukraine's dairy sector in the context of globalisation and intensifying international competition.

The subject of this study is the mechanisms of state support for the management of enterprises in the dairy sector, as well as their impact on the processes of integration into global value chains.

The scientific novelty of the study lies in the deepening of theoretical and methodological approaches to understanding the role of state support as a systemic instrument of influence on the management processes of enterprises in the dairy industry, ensuring their inclusion in international production and logistics value chains.

Furthermore, the interrelationship between state regulatory mechanisms, the effectiveness of enterprise management and the level of their competitiveness in global markets is clarified, enabling the formation of a more comprehensive vision of the institutional framework for the sector's development.

The practical significance of the research findings lies in their potential application in the formulation of state agricultural policy, as well as in the improvement of strategic management within dairy enterprises, with the aim of enhancing their export potential and integration opportunities.

The aim of the study is to substantiate the theoretical and methodological foundations and to develop practical recommendations for improving state support for the management of enterprises in Ukraine's dairy sector in the context of their integration into global value chains.

To achieve the stated objective, the following research tasks have been identified:

- to summarise theoretical approaches to the concept of global value chains and determine the role of the agricultural sector within them;
- to analyse the current state of development of Ukraine's dairy industry and its potential for integration;
- to examine the instruments of state support for enterprises in the agro-industrial complex;
- to assess the effectiveness of existing mechanisms of state regulation in the dairy industry;
- to identify key managerial factors for enhancing the competitiveness of enterprises within global production networks;
- to develop proposals for improving state support for management to strengthen the integration of enterprises into global value chains.

The research information base is structured as a multi-level, systematically organised set of sources that enables a comprehensive study of the issue of state support for the management of enterprises in Ukraine's dairy sector in the context of their integration into global value chains. Its structure is based on a combination of statistical, regulatory, analytical and scientific-theoretical materials, which ensures both the empirical reliability and theoretical validity of the study's results.

The key component of the empirical basis is the official statistical data from the State Statistics Service of Ukraine, which covers a wide range of indicators relating to the development of the dairy sector. In particular, data have been used on milk production volumes, the structure of milk production across farms of various ownership types, trends in cattle numbers, the level of milk processing, domestic consumption, and export and import operations. These indicators make it possible to identify long-term trends in the sector's development, determine its structural imbalances and assess its potential for integration into international markets. Based on this data, a quantitative framework is established for further economic analysis and comparisons.

An important part of the information base is constituted by Ukraine's regulatory and legal acts governing the functioning of the agro-industrial complex and defining the instruments of state support for agriculture. These include Ukrainian laws, resolutions of the Cabinet of Ministers, sectoral strategies and state programmes for the development of the agricultural sector. They shape the institutional environment within which dairy enterprises operate, and define the mechanisms for subsidies, credit support, tax regulation and the stimulation of investment activity. Analysis of these documents allows for an assessment of the extent to which state policy aligns with the actual needs of enterprises.

Analytical reports from international organisations such as the FAO, the OECD, the World Bank and the European Commission also play a significant role. These reports provide comprehensive overviews of global agri-food markets, trends in international trade, the transformation of global value chains, and shifts in countries' competitive positions within the global economy. The use of these sources allows for a comparison of the national characteristics of the development of Ukraine's dairy sector with global processes, as well as the identification of its place within the international economic system. This enables comparative analysis and the identification of potential avenues for integration.

A separate section of the information base consists of academic works by Ukrainian and foreign scholars devoted to issues of agricultural management, state regulation of the economy, innovative enterprise development, and the functioning of global production networks. These works examine the theoretical foundations of value creation, mechanisms of international cooperation, the role of the institutional environment in the development of the agricultural sector, and the characteristics of managerial decisions within transnational value chains. Their use ensures the depth of theoretical analysis and enables the formulation of scientifically sound approaches to the problem under investigation.

The compiled information base combines macroeconomic statistics, regulatory and legal sources, international analytical materials and scientific research, which together ensure the comprehensiveness, interdisciplinary nature and high reliability of the study. This creates the necessary conditions for the further application of modern methods of economic analysis and the formulation of well-founded conclusions regarding the integration of enterprises in Ukraine's dairy sector into global value chains.

The methodological basis of the study is formed on the basis of a combination of general scientific, economic-analytical and specialised methods, which ensure a systematic approach to the study of state support for the management of enterprises in Ukraine's dairy industry and their integration into global value chains.

The core methodological approach is systems analysis, which allows the dairy industry to be viewed as a complex, multi-level system operating in interaction with state institutions, the domestic market and international production networks. This approach provides a holistic understanding of the interrelationships between management decisions, state regulation and the competitiveness of enterprises.

To assess the current state of the sector and identify key development trends, methods of economic and statistical analysis were applied, in particular comparison, generalisation, grouping and time series analysis. They enabled an examination of changes in dairy production volumes, market structure, raw material processing levels and the sector's export potential.

The study employed a comparative method, which allowed for a comparison of Ukrainian practices regarding state support for the agricultural sector with international experience from EU countries and other leading agricultural economies. This enabled the identification of effective instruments of state regulation that facilitate the successful integration of enterprises into global value chains.

A key role is played by the structural-functional approach, which was applied to analyse the interaction between the elements of the state support system, the management mechanisms of enterprises, and the results of their foreign economic activity. This approach enables the functional role of each element to be determined in the process of forming competitive advantages for enterprises in the dairy sector.

Additionally, the method of logical generalisation and synthesis was employed, which facilitated the formulation of generalised conclusions regarding the effectiveness of state policy and the identification of directions for its improvement. This made it possible to move from empirical observations to conceptual recommendations.

Thus, the set of methods applied ensures a comprehensive analysis of the subject under study, allows for the integration of theoretical and practical aspects, and creates a reliable foundation for the formulation of well-founded scientific results.

The analysis shows that Ukraine's dairy sector is operating amid a complex structural transformation, driven by the combined impact of domestic economic imbalances and external integration challenges. Within global value chains, Ukrainian enterprises predominantly occupy lower tiers, focusing on the supply of raw materials or products with a low level of processing, which limits opportunities for generating high added value (FAO, 2024).

Statistical data indicate a long-term trend of declining industrial milk production, alongside the dominance of private households in the structure of primary production. Such a structure is less effective in terms of integration into global markets, as it hinders product standardisation, quality improvement and the assurance of stable supply volumes (OECD, 2024).

A significant problem is the insufficient level of technological modernisation of enterprises in the dairy sector, which directly affects their competitiveness. Limited access to innovative technologies for the processing and storage of dairy products reduces opportunities to participate in high-tech segments of global value chains, where quality, safety and the depth of product processing play a key role (European Commission, 2023).

It should be noted that integration processes in Ukraine's dairy sector are largely dependent on the external economic environment and the requirements of international markets. Increased standards for quality, certification and product traceability imposed by the EU and other trading partners create additional barriers for small and medium-sized producers who lack sufficient resources to adapt to these requirements (World Trade Organization et al., 2023).

The research findings indicate that the current state of Ukraine's dairy sector is characterised by limited integration into global value chains, a low level of processing and structural imbalances in production. This highlights the need to strengthen the role of state support and improve management mechanisms at the enterprise level to facilitate the transition to higher segments of international production networks.

The results of the analysis indicate that the level of integration of enterprises in Ukraine's dairy sector into global value chains is largely determined by the quality of the institutional environment and the effectiveness of management decisions at the enterprise level. In the current context, government policy performs not only a regulatory but also a stimulatory function, creating the conditions for enhancing the competitiveness of the agricultural sector (OECD, 2024).

An important institutional factor is the alignment of national agricultural policy with international standards, in particular the European Union's requirements regarding product quality, safety and traceability. The existence of such requirements creates both barriers to entry and incentives for Ukrainian producers to modernise their production and management systems (European Commission, 2023). At the same time, the insufficient level of harmonisation of the regulatory framework with European regulations slows down integration processes.

Analysis shows that the quality of management decisions at the enterprise level has a significant impact on the effectiveness of integration. In particular, enterprises with more developed systems of strategic management, digitalisation of production processes and quality control demonstrate a greater capacity for integration into international production networks (FAO, 2024). This confirms the argument that global value chains require not only a resource base but also a high level of managerial competence.

The role of state support as a tool for reducing enterprises' transaction costs deserves special mention. Financial programmes, subsidies and investment incentives contribute to the modernisation of production; however, their effectiveness remains uneven due to limited access by small and medium-sized producers to these mechanisms (FAO, 2024). This creates structural inequality within the sector and reduces its overall integration potential.

The findings of the study confirm that the integration of Ukraine's dairy sector into global value chains depends on the synergy between institutional reforms, state support and improved quality of management decisions at the enterprise level.

The study demonstrates that state support is one of the key instruments for building the competitiveness of enterprises in Ukraine's dairy sector and their integration into global value chains. Its impact is manifested through financial, institutional and infrastructural mechanisms that determine the operating conditions for producers in domestic and foreign markets.

Financial instruments of state support, in particular subsidies, interest rate compensation on loans and programmes for partial compensation of the cost of investment projects, are aimed at modernising production capacities and raising the technological level of enterprises. At the same time, their effectiveness depends on the transparency of resource allocation and accessibility for small and medium-sized producers, who remain the most vulnerable within the sector's structure (OECD, 2024).

The institutional dimension of state support encompasses the development of a regulatory framework, the harmonisation of standards with the requirements of international markets, and the creation of conditions for integration into the European economic area. In this context, the alignment of national agricultural policy with the provisions of the EU's Common Agricultural Policy, which sets out long-term development guidelines for the sector, takes on particular significance (World Trade Organization et al., 2023).

Furthermore, state support serves to stimulate innovative activity among enterprises, particularly in the areas of production digitalisation, the implementation of product traceability systems, and the raising of quality standards. This is critically important for entering high-value-added segments of global value chains, where the main criterion is not production volume but the level of technological and managerial maturity of enterprises (World Trade Organization et al., 2023).

The results of the analysis confirm that effective state support is a systemic factor in the development of Ukraine's dairy sector, as it directly influences the modernisation of production, the enhancement of competitiveness, and the expansion of opportunities for integration into global economic chains.

A comparative analysis of international experience shows that the effective integration of the dairy sector into global value chains in developed countries is based on a combination of government support, a high level of technological modernisation, and well-developed cooperative mechanisms between producers, processing enterprises and export organisations (FAO, 2023).

In European Union countries, the Common Agricultural Policy (CAP) plays a key role, providing stable funding for farms, encouraging the greening of production and supporting innovative approaches to managing the agricultural sector. This enables the creation of high levels of added value in products and ensures their competitiveness in global markets (OECD, 2024).

In the US and Canada, the development of the dairy sector is largely based on a cooperative management model, where farmers are organised into large production and marketing structures. This model allows for effective control of product quality, reduces transaction costs and strengthens market positions internationally (World Trade Organization et al., 2023).

In countries with a high level of agricultural development, significant attention is paid to the digitalisation of production and the implementation of product traceability systems, which is a prerequisite for participation in global value chains. This ensures the transparency of production processes and increases consumer confidence in products (World Trade Organization et al., 2023).

A comparison with Ukrainian practice shows that the main challenges remain the lack of cooperation among producers, limited funding for innovation, and the fragmented nature of state support. As a result, Ukraine largely occupies raw material positions in global value chains, whilst developed countries focus on high-tech and processing segments (Cabinet of Ministers of Ukraine [CMU], 2024).

International experience confirms that the successful integration of the dairy sector into global value chains is only possible with systematic state support, the development of cooperation, and the introduction of innovative management practices.

The prospects for integrating Ukraine's dairy enterprises into global value chains are determined by the need to transition from a raw material-based development model to one with a high share of processing and value creation within the country. Such a transition requires the simultaneous modernisation of production, the improvement of management practices, and the strengthening of the role of state support as a systemic regulator of sectoral transformations (World Trade Organization et al., 2023).

One of the key areas is the development of deep processing of dairy products, which allows for an increase in the share of high-value-added products within the export structure. In developed economies, it is the processing segment that generates the bulk of revenue within dairy value chains, whilst primary production serves primarily as a source of raw materials (World Trade Organization et al., 2023).

An important area for future development is the digitalisation of agricultural management, in particular the introduction of monitoring systems, the automation of production processes and digital product traceability. This increases the transparency of supply chains and enables Ukrainian enterprises to meet the quality and safety requirements of international markets.

A key role is played by strengthening cooperation between dairy raw material producers and processing enterprises, which helps to reduce sector fragmentation, improve supply stability and strengthen bargaining positions in external markets. This approach is widely used in countries with a developed agricultural sector and has proven highly effective in the context of global competition (European Commission, 2023).

Furthermore, it is necessary to improve public policy by targeting support more effectively, expanding access for small and medium-sized producers to financial instruments, and encouraging investment in technological modernisation. This will help reduce structural imbalances and ensure more balanced development of the sector.

The prospects for the development of Ukraine's dairy sector are directly linked to the comprehensive modernisation of production, the digitalisation of management and the enhancement of the effectiveness of state support, which together create the conditions for its full integration into global value chains.

Conclusions. The study found that Ukraine's dairy sector is operating in a context of structural transformation, driven by the combined influence of domestic economic imbalances and global integration processes. Enterprises in the sector predominantly occupy lower tiers in global value chains, which limits the potential for generating high added value within the country.

The analysis showed that the key constraints on the sector's development are an insufficient level of technological modernisation, a fragmented production structure, and limited access to effective state support instruments for small and medium-sized producers. This leads to exports remaining raw material-oriented and a low level of integration into the high-tech segments of global markets.

It has been established that state support plays a pivotal role in ensuring the sector's development; however, its effectiveness remains uneven due to a lack of targeting and limited alignment with the actual needs of enterprises. The most effective mechanisms are those aimed at modernising production, stimulating innovation and supporting investment activity.

A comparative analysis of international experience has shown that the successful integration of the dairy sector into global value chains is based on a combination of effective state policy, well-developed producer cooperation and a high level of technological development. In the EU and North America, these factors facilitate the transition to the production of high value-added products.

The prospects for the development of Ukraine's dairy sector are linked to the transition to an innovation-oriented development model, the digitalisation of management, the expansion of product processing, and the improvement of state support mechanisms. The implementation of these measures creates the conditions for enhancing the sector's competitiveness and its integration into global economic processes.

Thus, the study confirms that improving the effectiveness of state support for the management of dairy industry enterprises is a key factor in their successful integration into global value chains and in ensuring the sustainable development of Ukraine's agricultural sector.

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