

**THE STATE AND CURRENT TRENDS
IN THE FUNCTIONING OF THE FINANCIAL
MECHANISM FOR ENSURING THE DEVELOPMENT
OF MILK PROCESSING ENTERPRISES OF UKRAINE**

Nataliia Vilchynska¹

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Abstract. *The purpose* of the article is to study the peculiarities of the functioning of milk processing enterprises of Ukraine, to identify the problems they face in the process of carrying out economic activities. Particular attention is paid to the importance of the financial mechanism for ensuring the development of milk processing enterprises, which has a significant impact on the efficiency of operations. The theoretical dominants of the formation of the financial mechanism of enterprises are substantiated, the structure at the general level is proposed, the main components are determined. The methods of financial support in the system of microeconomic regulation and their tools are analyzed. It was determined that an important factor that will provide an opportunity to improve the financial condition of the enterprise, to increase financial flows, is the expansion of the export potential. The dynamics of the production of certain types of milk processing products in Ukraine were analyzed. The export potential of Ukraine and its structure, main trends were studied. *Results.* The implementation of the company's financial policy is carried out with the help of a financial mechanism, which is a rather complex system of influence on financial activity. Under the conditions of favorable factors of the system of ensuring the financial mechanism, milk processing enterprises will form such a state of activity, which is characterized by an optimal ratio of own and loan sources of financing, effective placement of financial flows, which will generate opportunities to ensure functioning. Currently, a significant factor in improving the functioning of the financial mechanism is the development

¹ Teacher of Economic Disciplines VSP Technological-Industrial Vocational College of Vinnytsia National Agrarian University Vinnytsia, Ukraine
ORCID: <https://orcid.org/0000-0002-3246-2096>

of export potential. Despite today's realities, in 2022, Ukraine increased the export of dairy products by 39%, compared to 2021. Taking this trend into account will make it possible to adapt more quickly in the changing external environment and identify promising opportunities for further development. *Methods.* The methodological basis of any economic research is the dialectical method of cognition, which acts, on the one hand, as a direct way of building economic concepts, theories, hypotheses, etc., by forming a certain set of principles, prerequisites, guidelines in the form of concepts, ideas, and on the other hand, as an indirect, through the method of economic theory and, above all, political economy. In view of this, the theoretical and methodological basis of the study of the effectiveness of the functioning of milk processing enterprises is the dialectical method of learning economic processes and phenomena, which makes it possible to determine the role and importance of milk processing enterprises for the development of the national economy of Ukraine, as well as to reveal the peculiarities and justify the need for their functioning on an effective basis. Such a methodological approach to the study of the problem of the effectiveness of the functioning of milk processing enterprises contributes to obtaining substantiated and reliable results that will serve as a basis for conclusions and outline prospects for their further development. The problem lies in the development of ways to implement this methodology through the use of a complex of specific scientific methods and mathematical formalization of economic phenomena and processes. *Value/originality.* Highlighting the methodological aspects of the analysis of the economic efficiency of agro-industrial formations, we believe that it is the outlined methodological approach to the study of the problem of the functioning of dairy enterprises in order to identify opportunities for increasing its efficiency that will make it possible to obtain scientifically based and reliable results and conclusions regarding the improvement of the motivation system for the effective functioning of enterprises of the dairy industry as a component agro-industrial complex.

1. Introduction

The development of a market-type economy requires the activation of the economic activity of enterprises, and, accordingly, the functioning of an effective financial mechanism. The financial mechanism for ensuring the

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development of the enterprise is a systematically organized collection of forms and methods of conscious influence on the object, with the help of which enterprises, taking into account the priorities of the development of the industry, achieve economic interests. Strengthening the effectiveness of such a financial mechanism contributes to the solution of modern problems of their economic development. Under such circumstances, the theoretical substantiation of the conceptual foundations of its functioning tendencies is particularly relevant.

Milk processing enterprises of Ukraine are considered a priority link of the country's food industry, where internal motives are born and incentives for the development of the economy are formed. At present, there are quite a large number of enterprises operating in the market of milk and dairy products of Ukraine, in particular, more than 50% of the total volume of production is concentrated in the warehouses of ten large companies. Among the leaders of the milk processing industry are not only Ukrainian producers, but also transnational corporations that have production in Ukraine. The rest of the market is distributed among small companies and individual milk processing plants.

The domestic dairy market is characterized by an average level of consolidation, which will gradually continue and lead to a decrease in the number of enterprises in Ukraine. Enterprises with large processing capabilities are consolidating their positions on the Ukrainian market, expanding their spheres of influence. Such multi-companies are able to best satisfy the demand of a certain region, to be competitive on the national and international markets as a whole. As a result of such consolidations, the value of Ukrainian exports of milk and dairy products increased.

2. Research methodology of milk processing enterprises of Ukraine

The purpose of the article is to reveal the reasons for restraining the export of products of dairy enterprises of the agro-industrial complex to foreign sales markets.

The development of the agro-industrial complex is recognized as the most effective direction of the development of the domestic economy at the state level. An important place in agriculture, which is a component of the agro-industrial complex, is occupied by the dairy industry, which provides the population with food products that are important for ensuring the health

of the population, as they are created by nature and contain practically everything the human body needs.

The dairy industry of Ukraine is a large industrial sector, the production capacity of which from milk processing reaches 18 million tons. for a year. The available capacity of the processing industry is used on average by 20-45%, and the level of their use depends, on the one hand, on the quantity and quality of raw materials, and on the other – the purchasing power of the population. Some scientists pay attention to the decrease in the purchasing power of citizens as the root cause of underutilization of capacities by national enterprises. Thus, the decrease in real incomes of the population and the demographic crisis led to a decrease in the consumption of dairy products, and therefore, in their production at dairies, which negatively affected the volume of milk production in agricultural enterprises [6]. Other economists believe that the insufficient use of the capacities of the milk processing industry enterprises is caused by the insufficient amount of high-quality raw materials due to the decrease in the number of livestock and the decrease in the productivity of cows. The analysis of this cause-and-effect sequence should be carried out in the plane of determining the unfavorable factors of the functioning of processing industry enterprises.

3. Dairy products market research

The dairy market of Ukraine is very diverse and highly competitive. This market segment includes such product groups as cream, rennet and sour milk cheese, concentrated milk and cream, milk powder, butter and milk pastes, sour milk products and ice cream. The number of only large milk processing enterprises is about 10-15, the number of small local producers exceeds several hundred.

It should be noted that the functioning of milk processing enterprises is closely related to the situation in dairy farming of various forms of ownership and management. In 2021, 8.72 million tons of milk were produced in Ukraine against 9.25 million tons in 2020. At the same time, agricultural enterprises produced 2.75 million tons milk (by 0.4% less), households – 5.97 million tons (by 8.2% less). In 2021, according to the State Statistics Service of Ukraine, processing enterprises received almost 3.2 million tons raw milk. It is necessary to cancel, which is the most critical period a drop in milk production came to 1990-2000 – almost twice

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Since 2017, milk production continues fall, but at a slower pace – over the last 5 years years on average by 4% annually. In 2021 with significantly grew up profitability animal husbandry in enterprises industry (according to KVED). her level in 2021 was 12.7% against 1.2% in 2020. Almost all of them became profitable industry livestock, including traditionally unprofitable dilution sheep and goats, level profitability which was 17.3% last year, as well as unprofitable breeding in 2019–2020 domestic poultry – profitability of 3.1%. Level profitability dilution big horned livestock dairy breeds increased from 13.3% in 2020 to 27.9% in 2021.

Thus, in 2021 agricultural n enterprises have reached significant increase in efficiency own activities and did weighty section for further growth industry. However, with the beginning of full-scale intrusion Russia to Ukraine achieving economic growth in 2021 results became practically impossible. With a nine months of 2022, milk production amounted to 5,803.8 thousand tons, which is 14.8% less than last year In particular, in areas where they do not pass fighting action, was produced 79.2% of the total, or 4594 thousand t. In regions with active combat actions was 20.8% of milk, or 1209.8 thousand tons, was produced.

Industrial economy provided 1937.6 thousand t of milk, which is 6.8% less than last year, and farms population – 3,866.2 thousand (-18.3%).

Reduction supply of milk on the Ukrainian market caused with on the other hand decrease production the majority dairy products. Such trends have left their mark on the development of milk processing enterprises and generate various risks and threats. In turn, this encourages milk processing enterprises to search for qualitatively new ways of ensuring sustainable development based on the formation of an appropriate financial mechanism.

Despite the rather long-term shortage of raw materials, milk processing enterprises in recent years have ensured adequate volumes of production (Table 1).

According to the State Committee of Statistics, in 2021 compared to 2017, there were positive changes in a number of positions in the production of dairy products. Thus, growth was observed in the production of fresh non-fermented cheese (25.1%), processed cheese (3.7%), and fermented milk products (10.2%). Such a situation indicates an increase in demand for these types of dairy products and, accordingly, an increase in its quality. However, from another point of view, this indicates insufficiently high

Table 1

Production of products by milk processing enterprises by types, thousand tons

Product type	2020	2018	2019	2020	2021	Relative deviation of 2021 from 2017, %
Processed liquid milk	478	497	474	491	458	95.9
Butter	108	105	91	85	71	65.2
Fresh unfermented cheese	68	72	64	79	85	125.1
Cheese is hard	94	97	86	81	70	74.3
Processed cheese	27	28	29	30	28	103.7
Unthickened cream	47	48	51	45	38	81.1
Sour milk products	272	274	279	308	299	110.2
Milk is dry	47	38	34	35	29	61.7
Serum	185	168	95	44	48	26.1

efficiency of the milk processing process – a significant part of it is sold in raw form. This means lost opportunities for creating additional added value, obtaining products that have undergone a greater number of processing stages and ensured higher employment of employees. The reason for this is the general crisis of the industry and the decrease in the purchasing power of the population, which has worsened in connection with the economic situation. During the studied period, the production of whey experienced the greatest reduction – by 73.9%, milk powder – by 38.3%, butter – by 34.8%, and hard cheese – by 25.7%. The main reason for this decrease is a significant reduction in the volume of milk production and a decrease in the purchasing power of the population.

As of 01.01.2023 producers of dairy products single out the following problems: weak recovery of consumer demand, expected decline in exports, power outages. Since the beginning of the war, the sale of finished products on the domestic market has decreased by 25-50%, depending on the type of product, and the recovery of demand in recent months is estimated at only 2-10%. Milk processing enterprises of Ukraine actively carry out their activities, as a result of which they produce appropriate types of products, receive income and savings, distribute and form appropriate funds of funds. In order to carry out their activities, enterprises must use the appropriate financial mechanism, which involves the application of progressive

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methods of economic maneuvering of financial resources in the conditions of changes in the external environment.

A significant role in the structure of the economic mechanism belongs to the financial mechanism of the enterprise – the main links of the national economy, where the material goods of society are directly created and other important aspects of production relations are realized, first of all property relations. All types of resources that ensure the functioning of advanced production are concentrated and interact here. A sophisticated and perfect financial mechanism stimulates the entire process of reproduction: production, distribution, exchange and consumption. It is designed to provide the most favorable conditions for the operation of objective economic laws. The financial mechanism must be effective. The summarizing indicator of the effectiveness of the financial mechanism at the macro level is the rate of GDP growth, and at the micro level – the indicators of the increase in production, the volume of sales of products or the provision of services.

The financial mechanism provides conditions for effective search, attraction, allocation and use of financial resources in accordance with the determined priorities of the economic entity's development. The effectiveness of the financial mechanism is determined by both quantitative and qualitative characteristics. Quantitative characteristics, in turn, are determined by the amount of financial resources that are directed to achieving the goal provided by the financial policy. It is the quantitative characteristics of the financial mechanism that ensures its direct influence on the identification of sources and volumes of mobilization of financial resources and their rational use. The formation of the required amount of financial resources is mostly insufficient to achieve the goal envisaged by the financial policy. In order to solve specific tasks of social and economic development of society, it is important to define the methods, methods, forms, channels and conditions of formation and use of financial resources. This determines the qualitative characteristics of the financial mechanism. Taking into account the views on the interpretation of the financial mechanism of the enterprise and taking into account the scale and weight of the conditions of the economic activity of the enterprise in the market conditions of management, we believe that attention should be focused on the interpretation of this concept for practical significance. This means that

the definition of the financial mechanism should specify the purpose of its effectiveness, that is, ensuring the development of the enterprise. This approach is determined by the company's financial policy, which defines the main tasks facing the company.

Accordingly, we consider the financial mechanism for ensuring the development of the enterprise and define it as the presence of a toolkit of financial means, the operation of which is determined by the financial policy of the enterprise and is regulated by legal, regulatory and information support and is aimed at the formation and regulation of financial flows that create the necessary conditions for the development of the enterprise.

Ensuring the development of an industrial enterprise presupposes the constant improvement of the financial mechanism, which consists in finding a system of economic forms that adequately reflect the current state and patterns of social movement. The concept of "security" in explanatory dictionaries is defined as: a set of material conditions that contribute to stability; creation of reliable conditions for the implementation of anything – whatever; securities and goods that guarantee the repayment of the loan, or are proof of the fulfillment of some debt obligation.

Using the concept of "security", we first of all understand it as a set of means for creating reliable conditions that guarantee the process of its solution. Each socio-economic system has two driving forces – the desire to survive (to preserve itself, to have a certain stability) and the desire to develop (self-improvement). Vissema H. points out that the old paradigm: "First conservation, then development" has been replaced by a new paradigm "Conservation through development", because constantly engaging in self-preservation, without paying attention to the environment and relying on one's own subjective acceptance, can happen destruction of the social and economic system. The category "development" is quite complex, so it is advisable to consider it in two directions. The first direction belongs to development in general – as a philosophical and general scientific concept, the second direction belongs to economic development. According to the explanatory dictionary, development is a philosophical, socio-economic and socio-psychological concept, the essence of which consists in irreversible, purposeful and regular changes of material and ideal objects. Only the simultaneous combination of all three properties distinguishes development from other changes.

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The philosophical view of the essence of the development process is that development is a special form of movement characterized by three categories: quantity, quality and structure. Quantitative changes are considered as an increase or decrease in the constituent parts of the whole, which is expressed by an increase or decrease in their numerical values, which leads to a qualitative jump at certain stages of its change in accordance with the law of the transition of quantitative to qualitative changes. Structural changes must be considered as changes in the relationships of constituent parts, which are not always accompanied by an increase or decrease in their number. As a rule, the number of constituent parts remains unchanged, but structural changes can lead to a qualitative leap, since the driving force of development is internal contradictions. The mechanism of development through internal contradictions is described by the law of unity and struggle of contradictions. The cause of quantitative changes is a contradiction with the external environment, the cause of structural changes is internal contradictions. Qualitative changes can take the form of transformation: due to the addition of matter and energy as a result of interaction with the external environment; as a result of redistribution in the system without disturbing its balance; as a result of changes in the quality of subsystems (elements, constituent structures) of the system.

Thus, it can be concluded that the development process must be considered as a cumulative change in the interrelationship of quantitative, qualitative and structural transformations. An important influence on the development process is realized first of all by the structure, because depending on the composition and subordination of the elements, the system itself changes, which is described by the law of the transition of quantitative changes into qualitative changes and vice versa.

The structure of economic development is formed by the development of all its elements: the development of the economic system, the development of the industry, the development of the enterprise, the development of human, financial and property relations, the development of innovation and investment processes.

Economic development is a complex and multifaceted process that can be progressive, regressive or stagnant in a specific period, is determined by the value system of society, is the ability of any socio-economic system to change its structure, composition of elements and functions. Its main

condition is the determination of the dominant trend in the set of measures aimed at increasing efficiency.

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A review of the theoretical aspects of the formation and functioning of any financial mechanism of the enterprise allowed us to determine its main components – financial policy, financial support, financial regulation, a system of financial indicators and financial instruments that make it possible to assess this impact.

Forming a modern financial mechanism, the enterprise must ensure its most complete compliance with the requirements of the state's financial policy, which is a guarantee of the full implementation of goals and objectives. Financial policy in a broad sense is the policy of state bodies and the state as a whole in the field of financial relations; in a narrow sense – the policy of a specific company regarding the management of the company's cash flows to improve the company's financial condition and achieve the goals set by the management. Financial policy is formed from the following components: accounting policy, credit policy, cash management policy; cost and income management policies; dividend policy. Financial support, as a component of the financial mechanism, consists in the allocation of a certain amount of financial resources to solve certain tasks of the enterprise's financial policy. At the same time, a distinction is made between its protective and regulatory effect. The provisioning action is manifested in the establishment of sources of financing, that is, the coverage of everyday needs and characterizes the passive influence of financial provision. Regulatory action exerts influence through the allocation of sufficient funds and characterizes the active influence of financial support. Financial support, as a subsystem of the financial mechanism, has the following forms: self-financing, credit and state financing, and the composition and structure of its sources are the tools of financial support. The original form of financial support is self-financing. Its purpose is to effectively use one's own funds in the process of economic activity and obtain such a profit that, after paying taxes and fees, covering expenses and costs, will enable to meet the needs for extended reproduction.

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Self-financing makes it possible to solve the following specific questions: what funds can the enterprise have at its disposal; what are the sources of their income; whether there are enough means to perform the outlined tasks; what share should be transferred to the budget, extrabudgetary funds, banks and other creditors; how profit should be distributed at the enterprise; how to ensure a real balance of planned costs and revenues of the enterprise based on the principles of self-sufficiency and self-financing [9].

Own capital is the basis for self-financing and depends on the form of ownership, it can be private, joint-stock, joint-stock. Since the vast majority of milk processing enterprises are joint-stock companies, the basis of self-financing is registered (share) capital. It is the main part of the company's own capital and the main source of its own financial resources. When creating an enterprise, the authorized capital is directed to the purchase of fixed assets and the formation of current assets in the amounts necessary for conducting normal industrial and economic activities. Own capital, in addition to registered capital, also includes capital in mark-ups, additional capital, reserve capital, retained earnings (uncovered loss), withdrawn capital, other reserves.

Equity is a determinant of the company's financial resources, where retained earnings are one of the main sources of its formation. At the end of the reporting period, companies draw up a report on equity according to the established form, the purpose of which is to disclose information on changes in the capital structure during the year, which will enable the owners of the enterprise to make appropriate decisions. The growth of part of the equity capital, the absence of current debt for long-term obligations, will further affect the indicators of the efficiency of the use of capital of the enterprise.

Retained earnings and depreciation deductions are extremely important internal sources of self-financing that are accumulated by the enterprise in the course of its activities. Retained earnings are defined as the amount of net profit remaining in the enterprise after replenishment of the authorized capital, reserve fund, accrual of dividends and other payments to owners. Amount of undistributed profit of the reporting year is calculated as the amount of undistributed profit for the previous one year and amount of net profit for the current year a year From this one Sumy are calculated Sumy

accrued dividends for the current one year and amounts for replenishment of reserve capital or to replenish the authorized capital and for other purposes using profit Undivided profit (uncovered loss) is displayed in P(S)BO 2 "Balance" or as the amount of undistributed profit, or as the amount of uncovered loss, which is given in parentheses.

Depending from the display method profit in reporting enterprises are separated such species self-financing :open self-financing (thesaurus profit); hidden self-financing that arises because of formation hidden resource. Thesaurus of profit is direction its formation own capital enterprises for the purpose of financing investment and operational activities. The amount of thesaurus responds amount of net profit, which remains orders enterprises after payment everyone taxes and charges dividends. Hoarded profit is reflected in the liabilities of the balance sheet as follows positions: increase undivided profit and increase in reserve capital.

Thesaurus profit is carried out for the purpose of expansion volumes financial-economic activity and enterprises according to such main ones by two the main ones directions – replenishment of working capital and financing irreversible assets.

The main ones directions using undivided profit is accumulation and consumption, which must be defined the owner or by the body authorized by him in accordance with the legislation and the constituents documents.

In the use of own financial resources play an important role amortization deduction from used own basic means and intangibles assets. According to P(S)BO, depreciation is systematic distribution cost basic means, which is amortized during their term useful use (exploitation). Depreciation deductions are in constant motion and are used to expand or restore existing fixed assets that increase production efficiency. Advantage amortization deductions as sources internal funds in the fact that they exist in any – any financial position enterprises, always remain and are temporary free money, which enterprise disposed of independently. They are especially important at enterprises with high cost used own basic means and intangibles assets. Amortization deduction can be the financial basis of independence enterprises, because they depend little from opportunistic changes related to economic results activity enterprises.

An important point in implementation tasks self-financing is an option the company effective method of accrual amortization deductions, taking

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into account the expected method of receipt economic benefits from him use, which directly affects the size depreciation fund.

Formation from different own sources financial resources gives possibility the enterprise in time invest funds in new production, provide expansion and technical rearmament active irreversible assets, finance scientific developments and their implementation. And for those enterprises that do not have opportunities attract funds from external sources, internal financing is the only way to provide financial resources. Therefore choice methods and sources self-financing at enterprises is purely individual and depends from many factors, among whose you can highlight: organizational – legal form of ownership, type of economic activities; financial condition of the enterprise; accessibility sources self-financing; amortization politics enterprises and others.

In today's conditions, milk processing enterprises do not have the opportunity to fully function on self-financing conditions, this is due to the specifics of dairy production (seasonality and rapid deterioration of finished products and raw materials), as well as the instability of the economic environment. Therefore, milk processing enterprises need additional external sources of financial resources, among which crediting is the most important. In the conditions of a market economy, lending is the leading form of financial support and requires economic activity to use resources effectively.

Loan capital of milk processing enterprises is represented by long-term and short-term liabilities. Long-term capital is raised for the purpose of financing capital investments, while short-term capital is raised for the renewal of working capital and the implementation of current activities. Due to the peculiarity of the cycle of value in milk processing, which is associated with seasonality in production, there is a process of annual reduction of the share of short-term credits, their extension and transfer into long-term liabilities, which during the analyzed period grow by.

It is well known that the analysis of the main financial coefficients allows to determine the level of financial support of the enterprise, to track its development over time, to identify enterprises whose management is conducted efficiently compared to others, to compare the values of these coefficients with the average values of domestic enterprises.

Effective use of capital and the ability to create financial and economic results in the amounts necessary for the stable functioning of enterprises characterizes the relative indicator of profitability.

The functioning of the financial mechanism is related to the constant regulation of planning and analytical information: about the financial indicators and processes of the company's activity, therefore financial regulation is the main function of the tools of the financial mechanism for ensuring development. We believe that with the help of financial regulation, enterprises are able to influence the object of management in order to achieve a state of its stability in the event of deviations from planned tasks, norms and standards. Through financial regulation, the strategy and tactics of the company's financial policy are manifested. But the process of financial regulation of the cost proportions of the enterprise's development is determined by the place and role of finance in the economy. Currently, there is no single point of view on the content of financial regulation of the enterprise. In most cases, it is considered at the level of the state economy as a distributive function of finances.

Therefore, we believe that financial regulation is a component of the financial mechanism for ensuring development, which, with the help of financial means of influence, is aimed at changing the indicators of financial processes at the enterprise through the provision or withdrawal of financial resources.

The toolkit of financial means (methods, levers, tools) is a component of the financial mechanism for ensuring development.

The word "method" is of Greek origin and means a means used in any activity. At the same time, it should be emphasized that the concept of "lever" means a tool that can be used to act, to promote the development of something, or to revive, to strengthen the activity of someone or something. Given the essence of the concept of words, it is clear that financial methods and financial levers are components of a set of means of influence that the enterprise uses in its activities to achieve the goal of ensuring the development of the enterprise. This is facilitated by financial instruments that realize a direct effect when applying a certain financial method or lever, which inherently complement each other.

The financial mechanism is the result of the action of the system of internal and external factors of the functioning and development of an economic entity, which reflects a complex system of various interacting financial relations. The financial mechanism for ensuring the development of the enterprise is largely influenced by external factors that change quickly and

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have a great impact on the internal structure of the enterprise. These changes require the enterprise to take specific actions aimed at finding and using new opportunities through the transformation of subsystems within the enterprise itself. It should be noted that not all and not to the same extent can affect the activity of a particular enterprise. Quite often, the successful activity of an enterprise largely depends on several factors of direct action, they, in turn, are significantly influenced by factors of indirect action and are in close relationship with them. We believe that an important factor that most affects the current state of the financial mechanism for ensuring the development of milk processing enterprises is the increase in export potential. According to the estimates of the World Bank, Ukraine is one of the five countries that by 2030 can enter the TOP 10 milk producers in the world. Currently, Ukraine ranks 22nd in the world in terms of dairy production.

The production and sale of dairy products to foreign consumers supports the functioning of the world's export economies through export earnings, which activates a chain link between increased exports and increased productivity, which ultimately stimulates even more exports. Until then will exist finished market for products that are produced within countries, the export-oriented economy will be effective.

The development of export relations with other countries enables enterprises to maintain the existing state or increase production capacities, which often remain inactive due to low-paid customers in the domestic market and market expansion, therefore, the successful solution to the problem of increasing the export potential of enterprises in general is an important component of the development of both regions and individual branches of the economy. For this, it is necessary to create effective mechanisms for supporting export-oriented enterprises [10].

Table 2

The dynamics of the export of milk and dairy products of Ukraine, thousands of dollars USA

product name	2017	2018	2019	2020	2021	January-November 2022	Absolute deviation of 2022 from 2017,+;-
Milk and dairy products	494207.3	480947.4	453877.2	426541.7	378473.9	414750.9	-79456.4

According to the data State Statistics Service of Ukraine, for the period 2017–2021 milk processing plants enterprises lowered amount export them operations. Yes, in 2021 the volume export operations with decreased in compared with 2017 by 1.3 times.

In January and September, according to the previous ones data State customs services, export of milk and dairy products products reached 347.3 thousand tons (in terms of milk), which is 39.4% more than for the corresponding period last year In cash expression it amounts to 252.7 million dollars, which is 66.2 million more compared to last year period. The trade balance for dairy products for January-September 2022 was positive and amounted to USD 79.9 million. High export prices and simplified procedures for borders support the sale of Ukrainian dairy products on foreign markets. In 2022, Ukraine exported dairy products worth USD 344.6 million, which is 39% more than in 2021. Such a result was achieved thanks to a few factors:

- assistance European communities in liberalization trade between Ukraine and the EU;
- high to the world milk prices products during the first three quarters of the year;
- competitiveness Ukrainian dairy products on the European market in the summer-autumn period period.

The exception was the IV quarter, when milk prices products in the world began to fall, and with them – volumes shipments.

4. Finding

The negative impact on the decrease in milk production was caused by the rapid reduction of the number of cows starting in 1991. One of the main reasons for this state of affairs, domestic economists consider gaps in the system of state regulation of the development of the agro-industrial complex and the lack of proper crediting conditions for manufacturers of livestock products. Also, an important reason is the disparity in the prices of raw materials for the production of products (feed and costs for keeping cows) and the purchase prices for milk. Overcoming this problem should become one of the priority points for solving Ukraine's food security.

Despite the fact that there is an overproduction of milk in some EU countries, experts are convinced that Ukrainian dairy products can be

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competitive because the quality and taste properties of Ukrainian milk and dairy products are quite high, so the possibility of supplying their products to the countries of the European Union is very attractive for Ukrainian milk processors, which in terms of capacity ranks second in the world after the USA, and prices on the dairy market are several times higher than in Ukraine. Despite the fact that EU countries are allowed to import only extra-class milk, there are milk processing enterprises in Ukraine that are able to meet all EU requirements, become on par with other countries and compete decently in the segment of milk and dairy products. At the same time, it should be noted that entering the European market for Ukrainian enterprises is significantly complicated by political factors and the high level of protection of their producers by the governments of European countries.

The problems of exporting domestic dairy products to world markets are also related to the insufficient use of state regulatory mechanisms that would facilitate the entry of dairy enterprises to international markets, and to the lack of support from the state, an appropriate regulatory legal framework, which would enable the development of domestic dairy enterprises industry [4].

The following could solve the main problems of milk processing enterprises entering foreign markets:

- reducing milk processing costs and increasing the quality of finished milk processing products thanks to the introduction of the latest technologies (while ensuring a reduction in the price of the necessary product for the final consumer);

- obtaining additional income by the producer and meeting the needs of consumers of various contingent population groups by mastering the production of innovative products by milk processing enterprises.

To change the situation in the domestic milk market, it would be advisable to propose improvements to the current system of state regulation of the industry, in particular:

- increasing the transparency and availability of the mechanism for reducing the cost of credit by minimizing drastic annual changes in the credit policy for processing enterprises and improving the mechanism for partial compensation;

- the need to provide credit subsidies according to objective criteria – the rules and conditions for the competitive selection of borrowers must

be transparent and uniform for all agro-industrial enterprises and clearly spelled out in the relevant regulatory act, which defines the rules for providing partial compensation of the interest rate on loans;

- postponement of tax payments to the state budget by granting tax holidays, which will allow to temporarily reduce the tax burden on the payer, and will make it possible to release a certain amount of funds for the development of entrepreneurial activities;

- improvement of the system of payment of state subsidies to milk processing enterprises and simplification of the procedure for obtaining them;

- creation of an attractive investment environment by the state, which will be able to provide state guarantees for the protection of foreign investments: guarantees against changes in legislation, against forced withdrawals, transfer and use of profits in case of termination of investment activities, compensation and compensation for losses, cancellation of restrictions on the export of profits and the size of investments;

- improvement of the system of distribution of value added tax paid by processing enterprises to the state budget;

- formation of market institutions of the state to support export activities of Ukrainian enterprises;

- establishment of cooperation between state, public and private organizations regarding export promotion;

- effective non-tariff regulation of exports and adaptation of tax and customs policy to EU norms;

- improvement of the legislative framework for export promotion;

- implementation of financing and insurance of pre-export production of products and export operations and at the expense of state and private funds.

The milk processing sub-complex of Ukraine has the potential to gain high competitive positions both on the domestic and foreign markets, therefore it is one of the most promising and investment-attractive branches of agriculture. But the lack of support from the state significantly inhibits the development of the export potential of enterprises in this industry.

5. Conclusions

It should be noted that during export activities, Ukrainian milk processing enterprises may face a number of problems, such as: unpredictable socio-political events, trade barriers, import quotas, currency exchange rate

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fluctuations; market related to competition from other manufacturers, a decrease in demand for goods on a selected foreign market, a decrease in world prices for products, an increase in world prices for imported resources, and others. These problems must be taken into account and anticipated in order to avoid various types of risks and imbalances.

Thus, the current trend in the functioning of the financial mechanism for ensuring the development of milk processing enterprises is the formation of its own export-oriented strategy, which would ensure the achievement of the intended goals, determine the priority interests in the financial sphere, monitor the factors that cause threats, develop measures for their reduction and prevention.

Summarizing the above, it can be determined that the financial mechanism for ensuring the development of the enterprise affects the quantitative and qualitative aspects of production. The first is manifested in the amount of financial resources allocated for one or another purpose, since without appropriate investments of financial resources it is impossible to engage in production and development of the enterprise. It is also very important how these resources are formed, in what forms and through which channels their movement takes place, under what conditions they are allocated and used – this is a qualitative aspect of the operation of the financial mechanism.

The functioning of the financial mechanism for ensuring the development of the enterprise involves the development and implementation of such a mechanism, which is based on the construction of the optimal structure of funding sources. Its main goal is to obtain maximum profit by finding effective ways of using limited financial resources and investing funds in assets or projects (directions) that are more profitable with the least risk. The strategic goal of the financial mechanism for ensuring the development of enterprises is to obtain maximum profit with minimal expenditure of financial resources and risks. A feature of the operation is the focus on optimizing the structure of the sources of formation and increasing the efficiency of the use of financial resources and the speed of their movement. The use of such a financial mechanism should ensure the sustainable development of the enterprise under the influence of factors of the internal and external environment.

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