Abstract. The purpose of the research is to study the theoretical and methodical bases to manage the financial stability of local budgets. Methods. It was used the following methods: comparative economic analysis, induction and deduction, summarizing, logical generalization, grouping and graphic expression. Results. An article analyses the conceptual bases to form the mechanism of financial stability of local budgets management under decentralization. This mechanism is formed as a result of correlation between government authorities, local authorities, as well as business and society for increasing the effectiveness of process of financial stability of local budgets management. It proposes the logical order of the financial stability of local budgets management. This order comprises the estimation of preconditions for providing the financial stability; the identification of exogenous and endogenous factors of influence on local budgets formation; the estimation of effectiveness of financial stability of local budgets management; the clarification and analysis of management problems; the development of trends to enhance the financial stability of local budgets management. Practical meaning. All the aforementioned facts will help to intensify the process for increasing the responsibility as well as to create stimuli in local authorities under decentralization. Prospects for further research of the authors are to develop conceptual bases for managing the stability of local budgets of Ukraine in the context of decentralization.

Keywords: financial stability of local budgets; local budgets; local authorities; mechanism to manage the financial stability.

JEL Classification: E 62, H 61, H 72, H 77.

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Концептуальні підходи до управління фінансовою стійкістю місцевих бюджетів

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Annotаtiоn. Metою статтi є поглиблення теоретико-методичних зasad управління фінансовою стійкістю місцевих бюджетів. Методи. У статті використано наступні методи досліджень: порівняльний економічний аналіз, системний аналіз, індукація та дедукція, логічне узагальнення, групування і графічний метод. Результати. У статті обґрунтовано, що недосконалість управління фінансовою стійкістю місцевих бюджетів, спонукає до необхідності розробки цілісної системи заходів, спрямованої на забезпечення стабільних надходжень до місцевих бюджетів. Поглиблено концептуальні засади формування механізму управління фінансовою стійкістю місцевих бюджетів в умовах децентралізації, який створюється і функціонує в результаті взаємодії органів державної влади, місцевого самоврядування, бізнесу та суспільства, з метою підвищення ефективності процесу управління фінансовою стійкістю місцевих бюджетів. Запропоновано логічну послідовність управління фінансовою стійкістю місцевих бюджетів, яка включає визначення передумов для забезпечення фінансової стійкості; виявлення екзогенних та ендогенних факторів впливу на формування місцевих бюджетів; оцінку результативності управління фінансовою стійкістю місцевих бюджетів; з’ясування та аналіз проблем управління; розробку напрямів удосконалення управління фінансовою стійкістю місцевих бюджетів. Практичне значення. Введені у статті дослідження концептуальних підходів до управління фінансовою стійкістю місцевих бюджетів дозволяють активізувати процеси підвищення відповідальності та створення стимулів у органів місцевого самоврядування в умовах десцентралізації. Перспективи подальших досліджень авторів полягають у розробці концептуальних зasad управління фінансовою стійкістю місцевих бюджетів України в умовах десцентралізації.

Ключові слова: фінансова стійкість місцевих бюджетів; місцеві бюджети; місцеве самоврядування; механізм управління фінансовою стійкістю.

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1. Introduction.
Imperfection of stability of local budgets management causes the necessity to motivate and develop the complete system of measures aimed at providing the fixed incomes to local budgets. Such a strategy can be the Conception of Management of Local Budgets’ Stability. In general, it determines the actions strategy to implement the set of measures aimed at achieving needed goals and tasks.

2. Literature review.
The problem of local budgets and correlations between budgets are studied by the following scientists G. Poljak (2000), I. Lunina et al. (2010), I. Lunina (2017) and others. Despite the considerable interest to the problems

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of local budgets, the matter of local budgets’ stability management under budget decentralization needs to be conducted more clearly.

3. Methodology.
The author used the universal methods of scientific research (induction and deduction), as well as the method of analysis. The classification method was used by author too.

4. Research objectives.
The research objective is to study the theoretical and methodical bases to manage the financial stability of local budgets.

5. Results and discussions.
The goal of the Conception of Management of Local Budgets’ Stability should be in correlation with the system of strategic plans (projects, programs, strategies and others) and strategic aims to implement budget, taxes as well as social and economic policy. The goal of the financial stability of local budgets management can be the process of providing the accumulation of sufficient amount of incomes that are necessary for the development of territories as well as for performing local authorities’ duties (expenses and debts).

Management of local budgets’ stability is regulated by principles determined as following: integration, accountability, sufficiency, clarity, authenticity, timeliness, reference, development, innovations. Main trends in governmental policy of increasing local budgets’ stability are:

- to intensify the fiscal and mobile functions of own incomes of budgets;
- to intensify the promoting function of correlation between budgets;
- providing coordinated budget-tax and debt policy of regions and the centre;
- intensifying the economic development and growth of income potential of regions.

To conduct all aforementioned trends, it is necessary to perform the following actions:

1) regular analysis of condition and stability of local budgets. It allows to reveal problems in time and to find their solutions, as well as to identify and minimize the budget risks;
2) organization of strategic documents monitoring in the sphere of budget policy as well as social and economic development of the country, regions and administrative territorial community for analysing their chain and coordination;
3) revelling the working balances for strengthening incomes and optimizing expenditure parts of budget with the purpose of reducing the debt load and minimizing the danger of imbalanced budget performance;
4) preventing the practice of legislative changes that leads to incomes’ reducing of local budgets, increasing the expenditure obligations of territories without availabilities or proper financial support transfers at governmental level;
5) providing the agreements between regional, local levels and the governmental level of management with the purpose to reach timely and predicted financial help, as well as the resource support for implementing delegated expenditures’ obligations from the centre to communities.
6) improving fiscal instruments at all levels of management and increasing tax culture of taxpayers for reducing budget payment debts, preventing the concealment and certification of tax objects’ incomes;
7) support of competition between organizations which give credit resources to municipal authorities with the purpose to minimize the cost of expenditures of debt service;
8) use of the whole list of forms, methods and instruments to activate economic development of communities based on the legislation;
9) creating new and developing existing competitive benefits of territories for enterprises and organizations performing actions there.

The necessary element of concept realization is the effective mechanism to manage the financial stability of local budgets. We consider that the mechanism to manage the financial stability of local budgets is the set of forms, methods, instruments of support management directed to increase the effectiveness of tasks implementation and to clarify the process to manage the financial stability of local budgets.
as well as to identify the problem of mechanism functioning and the development of measures to solve them with the purpose to reach the goals and tasks to manage the stability of local budgets. The outlined view of mechanism to manage the financial stability of local budgets is given in the Figure 1.

**Mechanism to manage local budgets’ financial stability**

**Purpose** – to provide timely and long-term money revenue for performing expenditure obligations.

**Tasks:**
- to increase the financial independence of municipal authorities;
- to enhance the effectiveness of cross budget regulation;
- to develop proceeds capability of the territory.

**Management tools:**
- tax instruments;
- non-tax instruments;
- transfer tools;
- debt instruments;
- risk management tools.

**Forms of management:**
- Strategy of territories’ development;
- purpose-oriented regional and local programs;
- budget strategy.

**Process of interaction between authority, business and society**

**Concept of management of local budgets’ financial stability**

Fig. 1. The scheme of mechanism to manage local budgets’ financial stability
*Source: done by authors.*

The mechanism to manage the financial stability of local budgets is built and functions under the Concept of Management of stability of local budgets and on the basis of mutual responsibility in the triangle “authority-business-community” with the purpose to enhance
the effectiveness to implement the tasks and process’s clarity of management of mechanism’s financial stability, as well as to identify the problem of mechanism functioning and the development of particular measures to solve them.

The desire of World community to the social part of organization’s action is of great importance today. Social responsibility based on the international standard ISO 26000:2010 is considered as the organization’s responsibility for the influence of their decision and actions oriented on the society and environment. All these are realized through clear and ethical behaviour, relate to permanent development and prosperity of the society, and take into the account the expectations of interested sides and do not contradict the proper legislation and international norms of behaviour (Mamatova and Ryzhko, 2011). One of the norms of social constituent of mutual responsibility of municipal authorities in the process of decentralization can be the attraction of public organization to the system of management with the purpose of interaction “authority-business-community”. At the same time, such an approach will facilitate the search of key factors to enhance the mutual responsibility in the triangle “authority-business-community”. At the same time, such an approach will facilitate the search of key factors to enhance the mutual responsibility in the triangle “authority-business-community” during the formation and realization of the policy of public initiatives which does not exist in Ukraine today (Serohin (ed.) and Sharov (ed.), 2016, p. 245).

Nowadays municipal authorities do not use sufficiently the potential capabilities of implementing the regulations of social responsibility. It is caused by the fact that the system of budget process management at the local level is not adopted to the solution of the proper tasks. At the same time forms, methods and procedures of actions are not oriented to the development of the effective collaboration with the interested sides (Serohin (ed.) and Sharov (ed.), 2016, p. 245). Therefore, the necessity to develop the social responsibility has been occur in the meaning of the authority (municipal authorities), as well as the basis to guarantee the mutual responsibility in the triangle “authority-business-community” during the formation and realization of the policy and public initiatives oriented to the support of steady territories’ development.

The purpose of budget management relates to the realization of the budget policy that is performed by means of budget mechanism. The budget mechanism can consist of several units taking into account the functional-management approach: budget planning and forecasting, efficient management (budget implementation) and budget control.

The system of management of local budgets’ stability as any other classical system of management consists of two subsystems: controlled (the object of management) and controlling (the subject of management).

In this case, the subject of management is multileveled. The subjects of management of local budgets’ financial stability are the President of Ukraine, the Verkhovna Rada of Ukraine, the Government of Ukraine, central and local executive authorities, municipal authorities, their personnel.

Subjects of management with the help of different methods and instruments in the process of forecasting, planning, organizing and coordinating the action, motivation, control and correction influence purposefully the objects of management for providing the local budgets’ stability. The objects of management can be finances of regions’ local budgets (or their parts), towns, countries, villages, united communities. The object of management of local budgets’ stability is monetary relations occurred between the government and municipal authorities as well, and natural person and legal entity for transferring the national proceeds during the formation and use of fund of finances oriented to performing the functions and power of local authorities.

Three units form the process of mechanism realization: forms of security, forms, instruments and methods of management.

The first unit can consist of forms of providing the stability of profitable budget
base. It is used to form the institutional limits that provide the stability of local budget completeness. Its base is formed by the strategy of region’s development, namely, budget strategy (long-term during the state budget approval) and sectoral strategies, state and purposeful state, regional programs, programs and projects of municipal authorities, projects referring to the management of local budget’s stability.

The second unit of management consists of methods of management of local budget’s stability. These methods are used according to the character of management influence (economic, organizational-administrative, social-psychological) and budget-legal management institution (own revenue, cross-budget transfers, debt policy, budget risk-management).

The third unit includes the set of instruments (tax, non-tax, transfers instruments and instruments of budget risk-management). Their combination, quantity and degree are determined by the specific situation. Noteworthy that the range of the used instruments can be changed according to inner and outer factors, the appearance of new instruments, the improvement of management elements of the system of state and local finances (authorities, structures, resources, technologies, etc.).

The influence of authorities and management via aforementioned forms, methods and the mechanism’s set of instruments is oriented to the realization of the aims of management local budgets’ financial stability. These aims are incomes of timely and long-term amount of finances for providing expenses obligations.

The results of providing the stable completeness of local budgets can be seen in the realization of the steady financial base of region’s development and budget support of citizens as a result of effective management of own income budget sources, effective cross-budget relations between municipal authorities and governmental authorities, the effectiveness of measures and instruments used to enhance the income potential’s development.

The management of local budgets’ stability takes the important place in the system of budget management as it is involved into all units of budget mechanism and is performed at all stages of budget process (Bondaruk, Bondaruk and Dubyna, 2018).

The main purpose of management at the stages of budget planning, examination and confirmation is indicating the dangers of budget increasing, the analysis of possible risks of negative influence on the financial stability of local budgets and the development of preventive measures to level them.

The management of local budgets’ stability at the level of budget implementation is in timely measures to prevent incomes disregarding, in searching the balances to enhance the income part as well as to optimize the capabilities of expenditures part of local budgets, in the most efficient use of sources to reduce the deficit. It provides timely and sufficient mobilization of finances incomes to the budget in general (Bondaruk, Vinnytska and Dubyna, 2018).

At the stage of planning, examining and confirming records about the budget implementation the information assessment and its analysis are carried out. All these are important for the development of preventive measures in the sphere of budget-tax policy. Its formation depends on the assessment of condition and the effectiveness of accepted administrative decisions.

The management of local budgets’ stability can be characterized as the actions of government authorities and municipal authorities as well oriented to timely and sufficient amount of income finances for the development and fulfilment of all the complex of municipal authorities’ duties (expenses and debts) with the help of the set of administrative decisions, ways and methods, instruments and mechanisms.

The first stage to enhance the management system of local budgets’ stability as in any other system of management is the algorithmic description of the management process (Figure 2).

The algorithm of management of local budgets’ financial stability includes several
stages. We analyze some meaningful peculiarities of these stages. The first stage is characterized by indicating the reasons to provide financial stability of local budgets; it means to indicate the peculiarities of territory development. The next stage is to analyze the local budgets’ financial stability, to indicate the exogenous and endogenous factors of influence on the territory development and to provide the financial stability of local budgets.

1. Indicating the reasons to provide the local budgets’ financial stability (indicating the peculiarities of territory development)

2. Analysis of local budgets financial stability, indicating factors that influence its security

3. Assessment of the management effectiveness of local budgets financial stability

4. Indicating and analysis of risks to manage the financial stability of local budgets

5. Development of trends to enhance the management of financial stability of local budgets

6. Achieving the high level of effectiveness of management of financial stability of local budgets фінансовою стійкістю місцевих бюджетів

**Fig. 2. The algorithm to manage the financial stability of local budgets**

*Source: done by authors.*

At the third stage, the assessment of effectiveness of the process of management of financial stability of local budgets is carried out. Indicating and analyzing the problems of management of financial stability of local budgets are the tasks of the fourth stage of management of financial stability of local budgets. At the next stage the necessity to develop trends of enhancing the management of financial stability of local budgets appears. New tasks for preserving this level and achieving better results are formed when the high level of management effectiveness of financial stability of local budgets has been reached. In case when the high level of effectiveness of financial stability of local budgets has not been reached the analysis of political, financial, economic, legal, organizational outer factors is conducted. These factors may influence negatively the process of management of financial stability of local budgets and determine the reasons for providing financial stability of local budgets taking onto account these factors.

The given algorithm to manage the financial stability of local budgets lets intensify the processes of responsibility and formation of stimuli of municipal authorities when performing budget policy at local levels.

After first two stages the necessity to estimate the active mechanism of financial stability of local budgets can appear. It helps estimate instruments of management of financial stability of local budgets, indicate trends to improve them, prove and propose the use of new instruments that can help to enhance the management of financial stability of local budgets. As a result, it is expected to enhance local budgets support with budget finances that leads to increasing the level of life style.

The insurance of local budgets stability
during the decentralization demand the improvement of elements of its management mechanism. The development the strategic directions of long-term stability of local budgets takes the important place.

6. Conclusions.

It is proved that the mechanism to manage the financial stability of local budgets includes the system of organizational and economic elements of management. Direct and indirect influence of these elements and relations between government authorities, municipal authorities, business and society influence the support of timely and long-term amount of finances incomes to local budgets for performing expenses obligations of municipal authorities during the process of decentralization. The use of this mechanism can help to enhance the effectiveness of the management process of financial stability of local budgets during the process of decentralization.

It is proposed the logical order of management of financial stability of local budgets. It includes: indicating the reasons to provide the financial stability of local budgets; indicating exogenous and endogenous factors of influence on the local budgets formation; the assessment of the effectiveness of management of financial stability of local budgets; indicating and analyzing the management problems; development of the directions to improve the management of financial stability of local budgets. New tasks for preserving this level and achieving better results are formed when the high level of management effectiveness of financial stability of local budgets has been reached. In case when the high level of effectiveness of financial stability of local budgets has not been reached the analysis of political, financial, economic, legal, organizational outer factors is conducted. These factors may influence negatively the process of management of financial stability of local budgets and determine the reasons for providing financial stability of local budgets taking onto account these factors. The given algorithm to manage the financial stability of local budgets lets intensify the processes of responsibility and formation of stimuli of municipal authorities when performing budget policy at local levels during the process of decentralization.

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