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MODELS OF REGULATION OF ENTREPRENEURIAL ACTIVITIES OF BUDGETARY INSTITUTIONS IN THE CULTURAL SECTOR

The problem of extra-budgetary activities of budgetary institutions in the cultural sector is currently significant for the functioning of the budgetary sector, since the overwhelming majority of budgetary services of a social nature are provided by budgetary institutions. However, large-scale reforms are being carried out within this sector, which could significantly reduce the importance of this problem. Some budgetary institutions must retain their organizational and legal form. Moreover, the criteria for budgetary institutions in the cultural sector to maintain their organizational and legal form have not yet been clearly defined. In any case, even after the introduction of new organizational and legal forms, a certain number of budgetary institutions will remain for which the issue of extra-budgetary revenues will remain relevant.

Considering cultural institutions as a specific type of business entity that transforms resources using a special operational process into a special final product - a social service of a cultural nature, in the context of the task of managing this object, it is necessary, in our opinion, to proceed from the fact that it functions:

- 1) within the framework of interaction with other organizations representing various social and economic institutions, which constitute its external environment;*
- 2) forming an internal environment adequate to these connections and its own tasks - a structured set of elements of the organization, the interaction of which allows to ensure the production of the product.*

This approach makes it possible to fully use the methodology and methodical solutions of modern, including strategic management, in the state management of the sphere of culture, one of the basic concepts of which is the provision that the basis of an effective purposeful change in the state of the sphere of culture is a full and objective accounting of the impact on of external factors and the construction of a rational internal environment.

Key words: state regulatory mechanisms, budgetary institutions in the cultural sector, income and expenses of budgetary institutions, entrepreneurial activity of budgetary institutions.

Problem statement. In the modern world, culture is becoming a significant resource for socio-economic development, allowing us to ensure our country's leading position in the world. The process of reforming Ukrainian society is characterized by significant transformations in the field of economic and social relations, where culture and the cultural environment play a special role, since culture ensures the formation of human capital of social production. In the context of the transition to a new society, human capital is the main element of the country's national wealth.

Research purpose. The purpose of the paper is to analyze the models of regulation of entrepreneurial activity of budgetary institutions in the culture sector.

Recent research and publications analysis. The theoretical and practical relevance of the mentioned topic determines the constant interest of foreign and domestic researchers in the issues of the resource potential of management technologies of socio-cultural development in the modern world. Among the works of domestic researchers who addressed this topic, the works of O. Hrytsenko, I. Dzyuba, M. Strikha, S. Drozzhina and others are of scientific and practical interest.

One of the main problems that Ukrainian society currently faces is a lack of trust in the government and its institutions. The more effective public administration is, the higher the population's trust in the work of government structures is. Local government bodies are called upon to play an important role in the creation of a sustainable civil society, since it is to them that people most often turn in everyday life. The main task of local government bodies is to provide the population with high-quality, economically justified services with strict compliance with the law and the principle of fairness. This, in turn, requires municipal authorities to skillfully manage the resources and processes within their competence.

Power must be effective. Everyone agrees with this. However, the concept of 'government effectiveness' is perceived by many in an ambiguous way. Quite often, programs to improve the efficiency of government structures are identified exclusively with cost reduction, when attention is paid only to the 'denominator' of efficiency—the costs of maintaining government—and the 'numerator'—the results of the work of government bodies—is ignored.

As part of the development and implementation of measures to improve the efficiency of budget expenditures and strengthen the revenue base of budgets at all levels, the introduction of procedures for monitoring and assessing the quality of financial resource management of budgetary institutions in the cultural sector allows:

to conduct, on the basis of an approved list of monitoring indicators, a comparative analysis of the quality of budget planning and execution by budgetary institutions depending on their powers and assigned functions;

- to identify and prevent financial violations, to create a basis for making specific management decisions;
- to adjust the activities of budgetary institutions in the direction of strengthening control over the effectiveness of budget expenditures;
- to establish the relationship between the volume of budgetary financing of a budgetary institution for the next financial year and planning period and the effectiveness of its activities;
- to establish a mechanism for rating and evaluating the performance of budgetary institutions, to assess the possibility of their using extra-budgetary revenues for their own development [14, S. 218].

Experience shows that most budgetary institutions have rather limited opportunities to attract funds from entrepreneurial activities. In most healthcare and educational institutions, off-budget revenues make up 5–15% of total revenues, in the social security sector – even less, and only in certain cultural institutions can this figure reach 80%.

The source of extra-budgetary funds for budgetary institutions is, first of all, the provision of additional paid services to the population. As a rule, paid services are provided by budgetary institutions of education, health care, social protection, and culture.

Based on the results of the conducted research on the budgeting of institutions in the social and cultural spheres at the regional level, it can be stated that in educational institu-

tions, primarily in schools, additional paid educational services are considered either as a forced measure caused by insufficient budget financing of the educational institution (in such schools, the volume of extra-budgetary activities is insignificant and prices for paid educational services are set at the minimum level for the region), or as a mandatory element of the school's activities, expanding the opportunities for its students to choose educational careers (in this case, extra-budgetary funds primarily address issues of development of a specific school). Schools in the latter category make up 7-10% of the total. Among the paid services, the majority are additional paid classes in subjects such as computer science and foreign languages. For rural schools, income received from the work of school students on agricultural enterprises and household plots and the sale of products produced by students is of great importance. [1].

Budgetary healthcare institutions also provide large volumes of paid services to the population. Such services include, in particular, conducting medical examinations to obtain a driver's license, health certificates for work, etc.; placement in a high-comfort ward; diagnostics using new medical technologies; provision of medical care in a manner different from the established procedure for receiving the same types of care; services of a higher quality compared to formally or informally accepted standards of quality of free medical care.

In the cultural sector, the volume of extra-budgetary funds often exceeds 50% of total revenues, and in some cases reaches 80%. Paid services are provided by theaters, concert organizations, clubs, parks, libraries, museums, film distribution institutions, and educational and cultural institutions. Thus, among the sources of extra-budgetary funds one can name fees for classes in clubs and educational cultural institutions, paid subscriptions to libraries, fees for watching a play, concert, etc. However, everything said characterizes, first of all, the urban cultural environment. The majority of cultural institutions, especially in rural areas, have very limited opportunities to attract funds from entrepreneurial activities. This is due to the low solvency of the population, insufficient funds for investment in the development of such activities, poor training of employees of cultural institutions to carry it out, and the lack of incentives for its development under the mechanism of financing institutions based on estimates. [10, S. 121].

State cultural institutions are cultural organizations founded by the state. It is these organizations, created to fulfill a specific cultural mission (for example, the formation of library collections and information services to the population, the preservation and public display of museum collections, the production of works of theatrical art and their showing to spectators), that currently form the basis of the cultural sector. Budgetary financing of such organizations (in accordance with the obligations of the state) must ensure the fulfillment of the cultural mission that is recorded in their statutory documents, and therefore cannot be focused on individual projects and programs that have a specific duration and specific content.

Another situation is typical for cultural organizations whose founder is not the state and therefore does not have any budgetary obligations to them. In this case, on the contrary, the most acceptable, and perhaps the only possible, are project financing and a competitive procedure for distributing budget funds. It should be emphasized here that for state cultural institutions, project financing methods can only be considered as auxiliary mechanisms for distributing budget funds.

In the current conditions, the move to transform the competitive procedure for distributing budget funds from an auxiliary to the main method of financing cultural activities means

nothing more than a requirement for large-scale institutional reform. Moreover, the main content of such systemic modernization is the liquidation of the majority of state and municipal cultural institutions and the creation on their basis of cultural organizations with a different legal status. [2].

Commenting on this clearly undesirable development scenario, it should be emphasized that the system of financing cultural activities in itself and even the completely understandable desire for reasonable savings of budget funds cannot be the reason for changing the legal status of cultural organizations. The institution of state foundation, as well as the mission of cultural institutions themselves, are determined not by the current ideology of the financial department, but by the strategic interests of society in the field of culture, its cultural policy. At the same time, without delegating the necessary powers to cultural institutions by defining their mission, expressed in statutory goals, it is impossible to implement cultural policy. In this context, it would be naive to think that the state's cultural policy can be reduced to a set of projects and programs.

Another source of extra-budgetary funds can be considered targeted (sponsorship) transfers, which attract, first of all, the most active educational institutions, as well as cultural institutions. In the area of social security of the population, targeted funds make up the majority of extra-budgetary revenues of budgetary institutions; the share of revenues from the provision of paid services in the total volume of extra-budgetary funds is relatively small. Among the social protection institutions that receive such income from extra-budgetary activities, the overwhelming majority are nursing homes for the elderly and disabled, to which a significant portion of patients' pensions is transferred in the form of fees for inpatient care. [11].

A somewhat less significant way of attracting extra-budgetary funds is to rent out premises. However, according to data obtained in the regions, income from renting out premises is returned to institutions only partially or is completely centralized. This results in reduced incentives to lease out inefficiently used premises and thus attract funds from this type of activity.

Let us consider the areas of spending extra-budgetary funds. In the regions, the share of expenses on labor remuneration and accruals for labor remuneration is 30–40% in educational institutions, 35–70% in healthcare institutions, 20–65% in cultural institutions. The share of extra-budgetary funds allocated to finance the item 'Other current expenses for the purchase of goods and payment for services' ranges from 20 to 55% in educational institutions, from 10 to 25% in healthcare institutions, and from 30 to 60% in cultural institutions. The share of capital investments in fixed assets in the amount of extra-budgetary expenditures fluctuates from 0 to 15% in healthcare and cultural institutions and up to 30% in some years in educational institutions. In social protection institutions, more than half of the extra-budgetary funds received by these institutions are spent on the purchase of supplies and consumables. [5, S. 99].

Thus, the above indicates the need to develop possible directions for solving the problem of regulating the entrepreneurial activity of budgetary institutions, which will be relevant both for the present time, when the restructuring of the network of institutions providing social services to the population is in full swing, and after its implementation - for that part of the budgetary institutions that will retain the previous organizational and legal form. In this regard, a number of general assumptions must be taken into account, based on the results of population surveys and studies conducted within the framework of the ongoing budget reform

at the regional and municipal levels.

Entrepreneurial activities of budgetary institutions are important for meeting the needs of the population for paid social services.

In almost all sectors of the social field, the largest volume of paid services is provided not by private organizations, but rather within the framework of extra-budgetary activities of budgetary institutions. In the field of education, the share of paid services provided by budgetary institutions in the total volume of paid services fluctuates between 75–100% in different regions; in the field of healthcare – from 40 to 80% (excluding rural areas), in the field of culture – from 50 to 100%. Entrepreneurial activity is of great importance for budgetary institutions themselves, since the income received as a result of such activity in conditions of budgetary underfunding can serve as an additional source of covering expenses, allowing the budgetary institution to provide material incentives to its staff and develop its material and technical base.

The problem of increasing the efficiency of entrepreneurial activity cannot be fully resolved within the framework of the previously existing organizational and legal form of a budgetary institution. [13, S. 157].

A significant problem, relevant for all budgetary institutions, is the inefficiency of the mechanism of budget financing, in which the state finances not the provision of budgetary services, but the maintenance of a specific budgetary institution. This does not allow for a clear separation of funds used by budgetary institutions to carry out core and entrepreneurial activities. In conditions of limited ability to maintain separate records for the main and entrepreneurial activities of a budgetary institution, it is impossible to determine to what extent budgetary allocations are used by budgetary institutions for the purpose of obtaining extra-budgetary income, and, conversely, how actively funds from entrepreneurial activity support the provision of budgetary services. In addition, under the existing regulation in a budgetary institution, it is impossible to guarantee the high-quality provision of those social services that, in accordance with the law, are free for the population, and to prevent the implementation of extra-budgetary activities to the detriment of the activities of the main one [3].

Taking into account the above, it would be logical to assume that in this situation it is advisable to limit the independence of budgetary institutions in managing income from extra-budgetary activities. This ideology is expressed in the model of strict state regulation of the entrepreneurial activity of budgetary institutions. This model is based on the following provisions:

- the general mechanisms for regulating the budgetary and extra-budgetary activities of budgetary institutions do not differ in principle; budgetary institutions operate on the basis of a single estimate, which includes both budgetary and extra-budgetary revenues;

- it is possible that the extra-budgetary income received by a budgetary institution may not be fully included in its budget, and extra-budgetary funds may be redistributed between budgetary institutions;

- the resulting discouragement of the development of entrepreneurial activity in budgetary institutions is partially neutralized by measures to strengthen monitoring and control, as well as sanctions included in the agreement with the head of the budgetary institution [7].

At the same time, tightening the regulation of extra-budgetary revenues should not necessarily be accompanied by tightening the price regulation of business activities of budgetary institutions, since such regulation could negatively affect the prospects for the development

of paid services markets in general, including strengthening the role of the private sector in the relevant areas. At the same time, the practical implementation of this model creates significant risks that can significantly reduce the effectiveness of regulating the extra-budgetary activities of budgetary institutions using the proposed mechanisms, which basically boil down to the following:

- strengthening of shadow processes in the sphere of extra-budgetary activities of budgetary institutions;
- additional risks of compensating for the fall in off-budget revenues at the expense of budgetary funds;
- additional risks of reducing the budgetary part of the estimate with an increase in the off-budget part;
- risks of losses for the population;
- organizational risks [4, S 41].

It is possible to develop measures aimed at mitigating the negative impact of these risks, but their complete neutralization within the framework of a model of strict government regulation is impossible. Moreover, in a number of cases, risk reduction measures can cause additional problems that further complicate the regulation of extra-budgetary activities of budgetary institutions. In such conditions, the implementation of this model is advisable in conditions where these risks are insignificant or can be neutralized quite effectively: with a stable and easily predictable demand for paid services of budgetary institutions, well-established control mechanisms, a low level of corruption, etc. Otherwise, the use of a model of strict government regulation may lead to negative results.

If strict administrative mechanisms are ineffective, it is advisable to turn to models based on economic incentives. This is the model of public control, in the construction of which the following principles are used:

- maintaining various estimates for budgetary and extra-budgetary activities of budgetary institutions;
- the retention of income from extra-budgetary activities by a budgetary institution in full, with the exception of income from rent, which may be subject to partial redistribution;
- maintaining the treasury execution of the budget, subject to the de-bureaucratization of the procedure for drawing up and adjusting the budget of extra-budgetary revenues and expenditures of budgetary institutions;
- deregulation of pricing and refusal to regulate the distribution of funds from extra-budgetary activities of budgetary institutions;
- an approach to assessing the organizational and economic division of activities in the provision of paid and free social services, taking into account the specifics of individual sectors of the social field;
- introduction of methods of public control over the implementation of entrepreneurial activities of budgetary institutions [2].

Thus, in order to stimulate the development of entrepreneurial activity of budgetary institutions and increase their interest in the development of paid services within the framework of the public control model, measures are proposed that will allow, within certain limits, to expand the economic independence of budgetary institutions. At the same time, measures to expand independence must be supplemented by measures aimed at increasing the transparency of budgetary institutions' business activities, which should consist, in our opinion, not in

establishing strict restrictions for budgetary institutions, but in introducing methods of public control over the implementation of extra-budgetary activities. [8, S.70].

As an option for public control, it is possible to form a board of trustees as one of its governing bodies in a non-profit organization through which the extra-budgetary activities of a budgetary institution are carried out. The charter of a non-profit organization must clearly state the powers of this body. In order to facilitate the most impartial work of the board of trustees of a non-profit organization and to avoid situations in which interested persons can exert significant influence on the adoption of decisions by the board of trustees, it is proposed to establish a clear list of persons who cannot be members of the board of trustees of a non-profit organization, as well as requirements to limit the participation of a representative of the industry executive body.

The implementation of the first model requires a significant change in federal budget legislation, while the implementation of the second model is possible within the existing legal framework and requires only minor adjustments to the Budget Code of Ukraine.

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