

UDC 336.14:338.246

DOI <https://doi.org/10.26661/2414-0287-2024-4-64-17>**BUDGET REGULATION AS ONE OF THE MOST IMPORTANT FINANCIAL METHODS OF THE BUDGET MECHANISM AT THE MACRO LEVEL****Shcheblykina I.O., Kusakova Yu.O.***Zaporizhzhia National University**Ukraine, 69011, Zaporizhzhia, Universytetska str., 66**innasheblykina@gmail.com, kusakovay@gmail.com**ORCID: 0000-0002-3214-8478, 0000-0002-3827-6972***Key words:**

budget, budget regulation, budget policy, leverage, state regulation, budget mechanism, market economy, state budget.

The article studies the theoretical foundations of budget regulation of socio-economic processes, taking into account the role of the state in economic management. Particular attention is paid to its functions in the distribution and redistribution of the gross domestic product to achieve the strategic goals of social development. It is noted that budget regulation is aimed at satisfying public interests and stimulating the progressive development of socio-economic relations, which ensures a high standard of living of the population. The state budget is defined as a key instrument of budget regulation, which allows solving current socio-economic problems.

The economic essence of the budget is manifested in the interaction of the state with other participants in the economy through the expansion of GDP, the formation and use of financial resources to support the expanded creation and improvement of the volunteer population. It is brought to light that the effectiveness of the forms of the sovereign tension in the economy lies in the form of the scientific basis and the analysis of the peculiarities of creative processes. Budget regulation can be effective, affordable budget resources on the priority directions of economic development. Such a support for the stable economic environment, as a result of the needs of the fulfillment.

**БЮДЖЕТНЕ РЕГУЛЮВАННЯ ЯК ОДИН ІЗ НАЙВАЖЛИВІШИХ ФІНАНСОВИХ МЕТОДІВ БЮДЖЕТНОГО МЕХАНІЗМУ НА МАКРОРІВНІ****Щебликіна І.О., Кусакова Ю.О.***Запорізький національний університет**Україна, 69011, м. Запоріжжя, вул. Університетська, 66***Ключові слова:**

бюджет, бюджетне регулювання, бюджетна політика, важелі, державне регулювання, бюджетний механізм, ринкова економіка, державний бюджет.

У статті досліджено теоретичні засади бюджетного регулювання соціально-економічних процесів з урахуванням ролі держави в управлінні економікою. Особливу увагу приділено її функціям у розподілі й перерозподілі валового внутрішнього продукту для досягнення стратегічних цілей суспільного розвитку. Зазначено, що бюджетне регулювання спрямоване на задоволення суспільних інтересів та стимулювання поступального розвитку соціально-економічних відносин, що забезпечує високий рівень життя населення. Державний бюджет визначено ключовим інструментом бюджетного регулювання, який дозволяє вирішувати актуальні соціально-економічні проблеми. Економічна сутність бюджету проявляється у взаємодії держави з іншими учасниками економіки через розподіл ВВП, формування і використання фінансових ресурсів для підтримки розширеного відтворення та покращення добробуту громадян. Доведено, що ефективність форм державного втручання в економіку залежить від їхньої науково обґрунтованої основи та аналізу особливостей відтворювальних процесів. Бюджетне регулювання має бути результативним, зосереджуючи бюджетні ресурси на пріоритетних напрямках економічного розвитку. Такий підхід сприяє стабільному економічному зростанню, яке відповідає потребам суспільства.

### Statement of the problem

The socio-economic transformation of the remaining rocks, focused on the change of market mechanisms, caused the accumulation of low problems. Among them are the reduction of economic problems, changes in the structure of the secondary production, the reduction of the level of life of the population and the weakening of the position of the country in the foreign economic activity. In order to meet these challenges, the state is obliged to actively use a wide arsenal of economic tools and management mechanisms.

The state budget is one of the key tools of the state's influence on the socio-economic development of the country. The role of the guarantor of economic sovereignty, providing a financial basis for the implementation of state functions and serving with an important mechanism for influencing the economic, social and national interests of the world. The efficacy of such an impact with a significant world to lie in the field of real planning and scientific management decisions. This area has the importance of budget regulation, as it is focused on the strategic directions of budget policy. In order to ensure the rational and effective use of budget resources that are aimed at supporting the priority sectors of the economy, stimulating regional development and the development of other key issues of state governance.

### Analysis of recent research and publications

Questions about the limits of state interference in distribution processes and the use of the state budget as an economic instrument of budget support of the economy were dealt with by many economists, in particular, this is T.A. Dalevska, V.G. Demyanyshyn, T.V. Kaneva, Z.M. Lobodina, A.V. Pavelko, O.V. Prokopenko, Y.D. Radionov, I.P. Sydor, I.Y. Chugunov, V.I. Shkola and others. However, despite the significance of the results obtained, the conceptual apparatus of this problem has not been sufficiently studied, which prompts the clarification of the conceptual provisions of budget regulation of economic processes in the state.

### Objectives of the article

The article is aimed at studying the theoretical foundations of budget regulation, substantiating the growth of the role of the budget at the present stage of transformation of the domestic economy, determining practical measures to improve the mechanism of budget regulation of economic development.

### Statement of the main material

The economy of any country needs regulation by the state to ensure stable development. One of the key instruments of such regulation is the state budget, with the help of which the created wealth is redistributed in order to meet public needs. The gross domestic product, as the main indicator of national accounts, reflects the level of economic development and the results of economic activity of the country. The processes of distribution and redistribution of GDP form the basis of state regulation of the economy. Within the framework of the implementation of its functions, the state uses the budget as an important mechanism for influencing socio-economic processes [1].

The functions of the state are defined as key tasks aimed at ensuring the well-being of society. They are not static and change depending on the socio-economic structure of the country, as well as on the role of the state in solving urgent problems that arise at different stages of historical development. Such dynamism allows the state to adapt to new challenges and more effectively perform its functions in accordance with the needs of society. By choosing the path of European integration, Ukraine has committed itself to adhering to international standards in the field of financial stability, stimulating economic activity and ensuring high social standards. It is also an important task to achieve balanced development that meets generally recognized civilized rules and principles. These efforts are aimed at integrating into the global community and increasing the country's competitiveness in the international arena [2].

In the process of evolutionary development, the state constantly adapts and adjusts its functions, determining their scale and nature in accordance with the goals of social development and its role in socio-economic processes. However, the effectiveness of these functions does not always meet the expectations of society. Despite this, budget regulation remains one of the key mechanisms of the state's influence on reproductive processes, providing support for economic growth and social stability. In the process of performing its functions, the state determines the strategy for the development of society, forming tactical approaches and priorities for the near future. This process is based on the unity of functional tasks that form the basis of modern budget regulation. In accordance with the functions of the state, the principles of economic, in particular financial and budgetary policy are laid.

Thus, budget policy becomes an integral part of the system of state regulation, playing a key role in ensuring economic development. It is aligned with the financial objectives of the state and focuses on achieving the socio-economic progress of the country, taking into account both the current and strategic needs of society. State economic policy, including fiscal policy, serves as an important tool for macroeconomic regulation. It is aimed at achieving strategic goals, such as economic stability, sustainable development, ensuring social well-being and solving urgent economic and social problems. Budget policy plays a key role in the implementation of this direction, influencing the distribution of financial resources, stimulating priority sectors of the economy and ensuring a balance between social needs and economic opportunities [2].

State regulation of the market economy is a system of measures that have an institutional, legal, executive and control character. Its goal is to stabilize the economy and adapt it to changes that occur under the influence of both domestic and global factors. The state influences the reproductive processes in the economy through direct investment, the use of legal and economic levers aimed at orienting economic entities and individuals to achieve the goals and priorities of the state socio-economic policy. These measures help to ensure the stable development of economic processes, maintaining a balance between various economic interests and social needs.

The state exerts its influence on the economy in two ways – directly (through financing the development of the

public sector, science, culture, education, social protection of the population) or indirectly (through the system of legal and economic regulators, providing them with the opportunity to direct the activities of economic entities and individuals to achieve the goals and priorities of the state socio-economic policy. Each historical period has its own unique model of state regulation of the economy, which changes depending on the socio-economic conditions and needs of society. In this context, state regulation of the economy through the state budget takes the form of budget regulation. This allows for the effective use of financial resources to support economic stability, the development of priority sectors and the achievement of the strategic goals of the state, in particular in the context of a changing global environment and internal economic challenges.

The content of budget regulation of the state is the development of the main directions of formation and use of budget funds, based on the need to solve the tasks that society faces at a certain stage of its development. The budget in Ukraine has a leading place in the system of regulation of the state's economy, the creation of a favorable financial environment for the intensive development of market relations, and the provision of macroeconomic equilibrium [3].

Budget regulation is aimed at ensuring the balance of budgets that are part of the budget system, as well as achieving social justice and economic efficiency. This is carried out through the redistribution of budget resources, which allows you to purposefully influence the pace and proportions of the development of social production. The main regulatory role of the budget is to meet socially necessary needs by redistributing the cost between different areas of activity and regions. This approach allows the state to effectively manage resources to achieve optimal economic development and ensure social stability.

Budget regulation is an important component of financial regulation. However, unlike general financial regulation, which is implemented through various financial levers, budget regulation is of particular importance through the mediation of the state budget. It plays a key role in providing state aid to certain sectors of the economy, the social sphere and budgets of various levels. Thus, the state, using budget regulation, performs a «paternalistic» role, redistributing financial resources to stimulate socio-economic growth, which corresponds to the basic principles of the country's financial policy. This allows you to balance the interests of different sectors of the economy and ensure the stable development of society.

The content of the concept of «budget regulation» can be defined in a narrow and broad sense. In a narrow sense, the concept of «budget regulation» implies a set of measures for financial equalization through balancing revenues and expenditures of budgets of different levels. In a broad sense, the concept of «budget regulation» reflects economic relations that arise in terms of distribution and redistribution of budget resources in order to provide the necessary funds for the needs of the country's socio-economic development using specific techniques, methods and forms of state support [4].

At the same time, it should be noted that when determining budget regulation, it is advisable to indicate both the

objects and the entities authorized to carry out budget regulation, and the purpose of state regulation aimed at obtaining the expected result. Therefore, in our opinion, the most complete definition of the concept of «budget regulation» is the following: these are economic relations that arise in the process of distribution and redistribution of budget resources in order to provide the necessary funds for the needs of the country's socio-economic development. This is achieved through the use of specific techniques, methods and forms of state support. The main emphasis is that with the help of budget regulation, the state influences the socio-economic processes in the country and the distribution processes of objects external to the budget system, in accordance with the goals of the socio-economic development of the state.

Budget regulation is carried out through the interrelations between the sphere of public finances, in particular its budgetary link, and other elements of the financial system of the state. An example of such relationships is the processes of withdrawing part of income from business entities and the population in the form of taxes and other mandatory payments, as well as providing subsidies to enterprises, subsidies to the population. In addition, an important element is the issuance of internal and external government bonds, which is another budgetary regulation mechanism that allows mobilizing financial resources to achieve socio-economic objectives.

Having clarified the essence of budget regulation, it should be noted that the definition of this concept in a narrow sense, through the two-way movement of financial resources between budgets of different levels for the purpose of their financial equalization, is appropriate to define as inter-budgetary regulation, and the concept of budget regulation should be considered in a broader sense of the word. That is, inter-budgetary regulation is a component of budget regulation [4]. Along with inter-budgetary regulation, budget regulation includes regulation of the revenue and expenditure parts of the budget, regulation of the budget deficit and public debt (Fig. 1).

Payments to the budget should be fair and optimal in order to ensure the increase in the budget revenue base and allow for the effective allocation of expenditures to the implementation of priority tasks. In the case of limited budget expenditures, it becomes impossible to properly regulate socio-economic processes in the country, in particular, to maintain financial stability. In addition, this significantly reduces the role of the budget in the state regulation of economic development, since without sufficient financial resources, the state cannot make the necessary investments in key industries and solve socio-economic problems [5].

The volume of budget expenditures depends on numerous factors, in particular, on the state of development of the national economy. When the economy grows, budget revenues are increasing, which allows for a corresponding increase in expenditures. Through expenditures, the state influences the economic potential of the country, expanding production capacities. This, in turn, creates the opposite effect, contributing to the acceleration of scientific and technological progress, increasing productivity and increasing budget revenues.

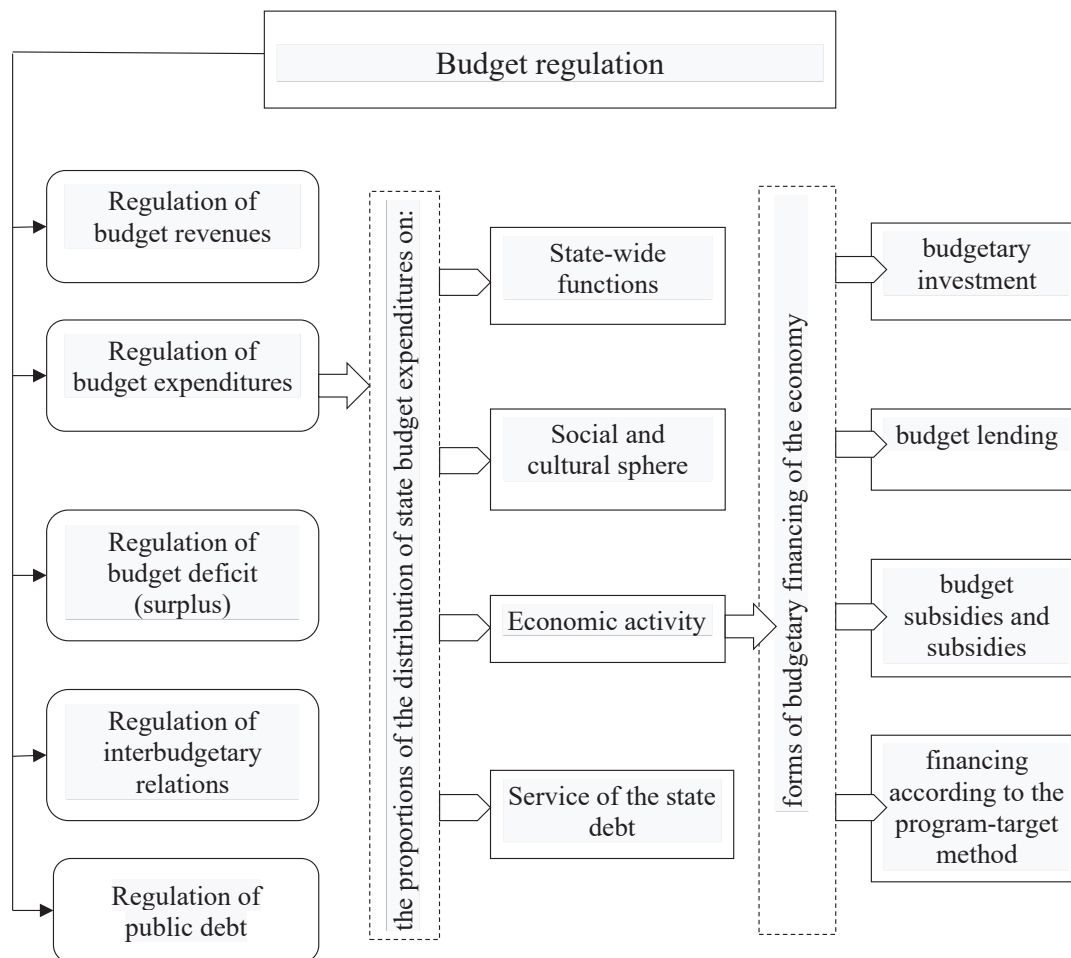


Fig. 1 – Budget regulation of the economy

Note: built on the basis of [4]

Thus, budget expenditures not only meet current needs, but also become a tool for stimulating economic development. The qualitative characteristic of budget expenditures makes it possible to establish the economic nature and social purpose of each type of budget expenditures, and the quantitative one – their value. With the help of key elements of budget regulation, in particular, optimality and balance of the budget, economic growth is ensured.

Budget regulation of the economy provides for the emergence of a set of budgetary relations between the state and business entities. These relations relate to the redistribution of budget funds in favor of their recipients, in order to financially ensure the development of the economy and meet public needs. As a result of such redistribution, the state has the opportunity to contribute to the stable development of the economy, support priority industries, as well as meet the social needs of citizens, thus contributing to overall socio-economic progress.

Considering budget relations in the context of the distribution and use of the centralized fund of funds of the state, it can be argued that these processes are accompanied by the movement of distributed value from the state to the subjects of receipt. Without such relations, distribution

processes cannot be completed, which contradicts the very concept of «state budget». This completion is an objective condition for the functioning of the state budget as an economic category and is ensured through budget financing. Thus, budget regulation of the economy is implemented in practice through budget financing of economic activity, which allows directing state resources to the development of priority areas of the economy and social needs.

With the help of budget financing, as a form of financial support, the necessary financial opportunities are created for the functioning and development of various business entities. Forms of budget financing can be defined as ways of providing budget funds for activities provided for in the budget, in accordance with scientifically based principles. With changes in specific economic conditions, the forms of budget financing are also evolving, and the boundaries of their application are gradually changing. This allows for a more flexible and effective response to economic challenges, providing an appropriate level of funding for the implementation of state goals and priority tasks.

In democratic countries, budget regulation is formed under the influence of complex processes and compromises between the interaction of public interests, business and the state. It depends on the economic, social, political

and environmental nature of the priority tasks of social development. In the context of the performance of state functions, budget regulation becomes the basis for stimulating, terminating or forming new directions of economic development. This includes, in particular, the creation of a socially oriented state, where budget regulation contributes to solving social problems, raising the standard of living and developing infrastructure that meets the needs of society and the economy [6].

The population receives a share of social wealth (GDP) through various public services and investments, such as the development of modern infrastructure, the provision of quality medical care, the provision of educational services, the improvement of settlements, the preservation of the environment, the development of science and culture, as well as the formation of the foundations of national security. Public goods resulting from budget regulation significantly increase the level and quality of life of the population, creating conditions for sustainable development and improving the well-being of citizens.

The experience of developed countries shows that with the help of budget instruments, the state ensures a balance between budget revenues and the benefits received, i.e. benefits for society. If this equilibrium is disturbed and the goods do not meet social needs, for example, due to burdensome taxes or when the country's economic system does not satisfy the interests of citizens, this can lead to the fact that the population does not support certain political forces in elections, which as a result causes a change of power. That is why European scholars assign to the budget and its regulatory functions the role of the general component of the political and economic system, which directly affects the stability and legitimacy of political power and the economic development of the country.

The economic essence of the budget lies in the interrelations of the state with other participants in social production in the distribution of the gross domestic product, the formation and use of funds of financial resources. The budget is an instrument for ensuring expanded reproduction, which allows to promote economic development and the growth of the well-being of the population. Through the budget, the state redistributes resources between different spheres of economic activity, supports social programs, investments in infrastructure and science, and ensures economic stability and social justice in the country [7].

Effective distribution and redistribution of GDP make it possible to resolve imbalances of economic development in the regional aspect, as well as to smooth out social disparities for different categories of citizens, regardless of their place of residence. However, the practice of using funds of interbudgetary transfers in Ukraine shows that the allocations allocated from the state budget do not always achieve their goal and do not always solve the tasks in full.

Achieving an efficient distribution of GDP is a difficult task, but when it succeeds, it leads to an increase in average productivity, which in turn stimulates economic growth. It is important that when citizens have confidence in the fairness of the economic game and the fairness of the distribution of resources, it contributes to the growth of their

productivity. Thus, an economy with an efficient and equitable distribution and redistribution of GDP can be more efficient, ensuring sustainable development and growth of welfare [8]. According to some scholars, budget regulation provides for a system of transferring part of funds from higher-level budgets to balance lower-level budgets or redirect the planned excess of revenues over expenditures from lower-level budgets to higher-level budgets. This allows for a more even distribution of financial resources throughout the country.

In fact, budget regulation reflects economic relations related to the territorial distribution and redistribution of national income. The purpose of this process is to provide the necessary financial resources for the needs of socio-economic development and social protection of the population within the administrative-territorial units. Budget regulation thus helps to smooth out regional disparities and provides more equal access to public services and benefits for the population of different regions [9].

Due to the need for effective distribution and redistribution of GDP, solving urgent social problems and ensuring the coordinated functioning of all elements of the budget system, the budget process should be considered as an object of state, namely budgetary, regulation. The budget is the main tool for creating the conditions necessary for the implementation of programs in such important areas as the country's defense capability, social protection of the population, stimulation of scientific and technological progress and other priority areas.

Significant changes in the economy, social and environmental spheres can be achieved only if an effective budget process is established. Since the role of budget regulation in the context of globalization and changing economic realities is only growing, financial resources should be concentrated on the most important areas that correspond to the strategy for the development of the economy and social sphere of the country. To increase the efficiency of state intervention in the economy and budget regulation, it is necessary to take into account a deep analysis of reproductive processes and base management measures on scientifically grounded decisions. This will allow you to more accurately navigate development priorities and effectively allocate budget resources.

The mechanism of budget regulation in the market conditions of the functioning of the economy of Ukraine should take into account the following aspects [10]:

- the use of market mechanisms in the process of distribution and redistribution of financial resources should be carried out in the economy as a whole;
- understanding that most enterprises do not belong to the public sector and that enterprises should be given the opportunity to independently carry out the process of production management, in which the state has an indirect role;
- recognition of the need to strengthen the role of the state in the implementation of macroeconomic policy and macroeconomic regulation and the role of the budget as the most important tool for achieving macroeconomic and financial stabilization through a balanced movement of centralized financial resources.

## Conclusions

State support in Ukraine is really necessary for many sectors of the economy, especially in the context of the transition to an innovation-oriented economy. For industries such as the chemical industry, light, food and processing, as well as for the creation of new technological industries, budget regulation and financial support are essential. Not only competitiveness, but also the strategic development of the country in such key sectors depends on it. Budget expenditures for the development of infrastructure, for example, highways, as well as for the creation of high-tech industries in mechanical engineering and the development of alternative energy sources are an investment in sustainable economic development. They contribute to both the improvement of infrastructure and the growth of domestic production, which, in turn, increases national competitiveness and the ability to adapt to changes in world markets.

Budget regulation can become the basis for supporting such initiatives and stimulating the production of products with high added value, which will help Ukraine not only maintain but also expand markets, ensuring economic growth and modernization of production. In the context of limited budgetary resources, it is indeed an important tool to attract private business through the mechanism of public-private partnership. This makes it possible to effectively combine public resources and private capital to solve large-scale infrastructure, social and environmental

problems, which are especially relevant for Ukraine at the current stage of development.

Public-private partnerships are actively used in many countries where private companies cooperate with government agencies, universities and research institutes to develop and implement innovative solutions. This approach reduces the financial burden on the state, promotes the development of new technologies and provides additional investments in key sectors of the economy.

Public-private partnership programs in developed countries are usually focused on energy efficiency, anti-corruption, development of environmentally friendly technologies and conservation of natural resources. Ukraine can also use this experience to implement its economic, social and environmental objectives. In particular, it is important to implement energy efficiency programs that can significantly reduce energy costs, as well as promote the development of environmentally friendly and technologically advanced industries.

As for the optimization of the structure of expenditures, this is also an important element of budget regulation. Priority financing of projects that reduce energy costs and have a long-term positive impact on the economy will ensure sustainable development while conserving resources. The introduction of effective depreciation policies and tax incentives for investments in innovative technologies will also contribute to productivity growth and increase the competitiveness of the economy.

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