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MODERN APPROACHES TO THE MANAGEMENT OF THE FINANCIAL OBJECTIVES OF THE TERRITORIAL COMMUNITY

Abstract. The article analyzes the scientific positions of scientists regarding the purpose of financial management of territorial communities and its evolutionary features. On the basis of modern approaches to management, the main financial goals of the territorial community were formed and the peculiarities of their implementation in the current conditions of transformational changes were substantiated.

Key words: territorial community, financial goals, management, financial management

Introduction. One of the central issues with which financial management deals is what the territorial community seeks to achieve with its financial and investment decisions. "It is possible for any business entity to maintain a strong market position in the face of fierce competition based on rational financial management" [1]. I.O. Blank gives the following definition of financial management: "it is a system of principles and methods of development and implementation of management decisions

related to the formation, distribution and use of financial resources of the enterprise and the organization of the turnover of its funds" [2]. According to other authors, financial management is a management process by using methods of influence of the financial and credit mechanism on financial resources in order to implement financial policy [3].

Taking into account the scientific positions of many scientists, we believe that financial management is reduced to directing, regulating and changing financial flows in order to maximize the goals of the territorial community and achieve optimal business results.

The purpose of the article is to justify modern approaches to managing the financial goals of the territorial community in the current conditions of transformational changes.

Results. In the literature devoted to the research topic, there is no single position of the authors and no single systematization of financial goals. One of the empirically proven approaches to the most important financial goals indicates the following goals of the territorial community:

1. Profit maximization. It can be interpreted as maximizing the difference between income and expenses of the territorial community. It stems from the desire of shareholders, i.e. owners of economic entities on the territory of the community, to increase their share in realized profit as much as possible. As a result, there is often an indirect pressure on various levels of management to carry out business activities that exclusively contribute to increasing profits and, as a result, increasing the value of business entities within the territorial community and share prices. Since the management is focused on the expansion of business activities, which requires the involvement of additional external sources of financing, there is often a conflict between the goals of ownership and the management structures of the territorial community. For these reasons, a comprehensive analysis is carried out to reach a compromise, which, on the one hand, must meet the expectations of the owners, and on the other hand, to allow expanding the business activities of organizations.

2. Maximization of profitability. Maximizing return on investment is certainly a more well-defined goal than the one mentioned above, considering the ratio of return

on investment and how it reflects the essence of a successful business. However, in our opinion, these goals have the following disadvantages:

- a) insufficiently clear idea of profit,
- b) ignoring the time value of money,
- c) short-term orientation,
- d) ignoring internal and external business risk.

3. Survival. Owners and managers of most organizations within the territorial community consider survival to be an extremely important and minimal goal of business, especially during periods of economic stagnation and similar economic constraints. On the other hand, investors are much less likely to invest in those enterprises of the territorial community, which are focused exclusively on survival in the long term.

4. Long-term stability. This goal is very similar to the previous one, with which it is closely related. As such, in the long term it has similar limitations and shortcomings, primarily in the form of insufficiently ambitious targeting.

5. Growth. Compared to the above, growth is perceived as a much more realistic goal and reflects the attitude and business orientation of the management of the economic entities of the territorial community. The specificity of this goal is expressed in the fact that entrepreneurial activity aimed at obtaining short-term profit should not threaten survival or long-term stability. The very concept of growth is not defined clearly and accurately enough. Growth can only be achieved by raising additional funding. On the other hand, it is unrealistic to expect that the company will always achieve this goal by issuing new shares, since it is not certain that the new shareholders will recognize growth as their goal.

6. Satisfaction. Most financial goals are aimed at achieving benefits for shareholders, that is, owners of enterprises or organizations. However, in today's environment, a business must be viewed as a single network of investors, customers/users, suppliers, managers, and employees, and none of the network participants should be viewed in isolation from the wider social context. Therefore, one of the main goals of business within the territorial community is to achieve the

satisfaction of all interested parties, that is, to ensure a proper return on investment for all participants, without giving preference to any of them.

7. Maximum satisfaction of shareholders. This is a goal that by its very nature includes both return and risk components. Maximization of satisfaction is particularly pronounced when profitability cannot be measured, so profit maximization cannot be used as a goal. Maximizing shareholder satisfaction is a goal that is directly opposed to satisfaction because it means that the interests of only one are pursued, to the detriment of all other members of the network of investors, buyers/users, suppliers, managers, and employees. The maximization of benefits for shareholders may not be a perfect reflection of the typical financial goals of specific business entities of a territorial community, but it provides an important working basis for making financial decisions. Practice shows that it is impractical for business to constantly reduce shareholder satisfaction with realized benefits, as this leads to a decrease in business value. Hence, the ultimate benefit must sooner or later be shared among all stakeholders.

Financial management should ensure the realization of financial goals not only of individual business entities, but also of the territorial community as a whole. Many foreign and domestic authors dealt with the issue of financial goals and their definition. Their views are quite different, mainly because they are formulated depending on certain theoretical concepts and management models. By sublimating different approaches, the definition and grouping of the financial goals of the territorial community can be presented as follows:

1. Optimal asset structure
2. Optimal structure of funding sources
3. Liquidity
4. Rationality of investment
5. Financial stability
6. Minimize costs and maximize income
7. Solvency
8. Fast turnover of funds
9. Financial strength

10. Financial independence
11. Maximization of profitability
12. Increase in assets.

Conclusion. systematized financial goals and their implementation (regardless of the fact that this model of their systematization is not perfect and needs to be developed and supplemented) can express the essence, subject and range of management-oriented financial functions of the territorial community.

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