



## DIRECTIONS OF INCREASING THE LEVEL COMPETITIVENESS OF BUILDING COMPLEX REGION

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**Abstract:** *Development of the national economic complex is accompanied by processes of integration of individual sectors and industries, the establishment of closer connections and formation of intersection complexes. The level of development of construction is one of the important indicators of the country's development, since there is a close interrelation between the dynamics of the main socio-economic indicators and volumes of residential, social, infrastructural, commercial and industrial construction.*

*Using critical, comparative and systematic methods of analysis in the article analyzes the trend of the volume of construction works and the gross domestic product, their relationship and proposed measures for improving the competitiveness of the building complex of the region.*

**Keywords:** *construction, building complex, competitiveness, region*

### INTRODUCTION

The relevance of the development of the building complex, its importance for the socio-economic development of the region outline the goal of research is to develop mechanisms to enhance the competitiveness of the construction sector at the regional level.

Problems of development of construction is widely discussed in numerous works of Ukrainian and foreign scientists. However, their significant scientific achievements does not exhaust the need to research the specifics of functioning of domestic building complex in modern conditions, especially in the aspect of European integration, and the development of adequate modern realities mechanism to improve its competitiveness.

Methodological and theoretical basis of the work is the position of the theory of national competitiveness, transition economics, regionalism, globalisation, institutionalism and transaction costs, as well as general scientific methods: generalization; comparison; a critical analysis of scientific and methodical literature; regular use of the concepts and principles of manufacturing management.

Information base of research are legislative acts; normative-legal documents of central and regional executive bodies, regulating economic processes in construction; research results of domestic and foreign scholars of competitiveness theory as well as economic activities of construction enterprises; materials of the state service of Ukraine statistics.

### RESULTS

The construction sector of the Ukraine economy and other related with him the kinds of economic activities traditionally became the object of captious attention of

state authorities, which is caused by a number of questions regarding the distribution of land resources, features functional and architectural integrity of the town planning, the need to ensure a high degree of building sites safety.

A wide range specific signs of construction associated with: the complexity of the financial and economic processes with a large number of counterparties and a wide variety of organizational structures; addiction construction projects of socio-economic and geological conditions; a phased control and regulation of the state through licensing and permit procedures; features of accounting and audit; pretty capital-; material- and labour intensive formation process of the construction products (buildings and structures) and high duration of its investment cycle; the presence of speculative financial components; transaction expenses; pricing policy; the complexity of technical and technological processes; current situation and unrhythmical of works (often leads to unexpected extra costs).

It is important to note a direct part of the construction sector in meeting the social primary goods (according to the hierarchy of needs A. Maslou – security needs) – housing that ensures its protection and warmth, as well as in need of basic funds of other economic activity areas, which made products to satisfy the physiological needs (agriculture, food industry, light industry).

You can argue about the existence of a close relationship between the construction industry and the level of socio-economic development of the country (fig. 1).

Confirmation of the close relationship also became the global financial and economic crisis of 2008, which started with the collapse of the real estate market,

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which has become the impetus in the sharp decrease of basic macroeconomic indicators (see. fig. 1).

Challenging inherently construction activities today by many problems that accompany her at all stages – from the process of land acquisition and imperfect permit procedures, before putting the object into operation. These problems are associated not only with policy developers,

but also with the condition of adjacent markets and the availability of administrative barriers, excessive number of which restrains entrepreneurial activity and promotes the emergence of monopoly structures, which prevents the development of construction, has increased its quality, rise cost m<sup>2</sup> of finished construction products and reduces its availability to consumers.

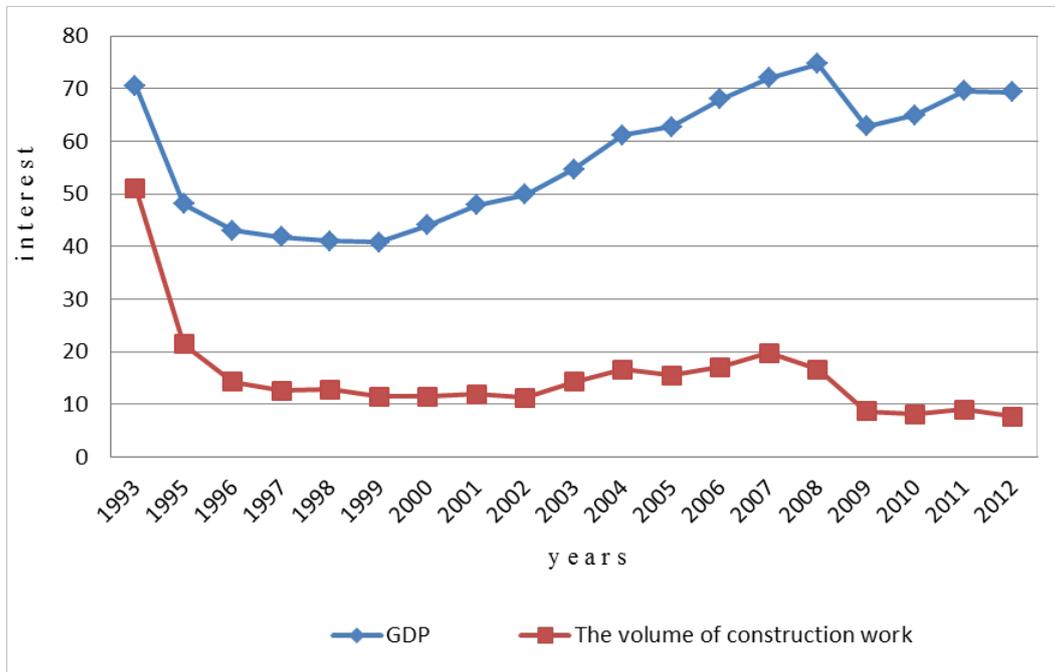


Fig. 1. Dynamics of growth of GDP and the volume of construction work during 1990 to 2012 (in% to the 1990). \*  
\* Source: designed by author

Administrative barriers, in the form a large number of all licensing and permit procedures, can exercise influence or only the costs of developers, or on the costs and the level of competition between them. Basically, the costs for most administrative procedures do not depend on the volume of construction. Despite significant steps toward reducing the number of obligatory administrative procedures, the situation in this sphere remains problematic [1, pg. 6].

The results of foreign studies prove that empirical extension terms of procedures completion and increasing uncertainty regarding these terms carry a much greater negative effect on investment activity in construction than the increase in the cost of their passage, which explains the tendency of developers only to corruption in order to shorten their passing [1, pg. 8; 2; 3]. Therefore, the presence of excessive amounts of administrative barriers in the construction field is largely associated with the regional aspect, where each region has its own peculiarities of development of construction.

The factors that hinder the strengthening enterprises competitiveness of the building complex region, include also:

- the complexity, duration and opacity of the procedures for approval of project documentation and obtaining building permits;
- significant intensity and long period of payback activities for the development technical and technological base of domestic enterprises building complex;

- high energy- and materiality production of construction materials and the provision of construction and repair services;
- the low level development domestic producers of most building materials and construction maintenance machinery and equipment;
- inadequate level management of domestic enterprises building complex and the lack of effective cluster networks in the chain "production of construction materials – construction".
- improper quality system training specialized personnel for the building complex.

We can state that at present the level competitiveness of domestic building complex is low. This is evidenced by the low level of profitability, a significant number of unprofitable enterprises, significantly higher levels of cost 1 UAH. sales compared with enterprises building complex neighboring states, etc. [4].

The measures that can be implemented by regional bodies of state management and will contribute to overcoming the most common negative factors influencing the competitiveness of the building complex of the region include the:

1. Enabling and transparent institutional and regulatory environment in the sector of construction works and design. In this direction the necessary development and adherence to the regional authorities of common principles and requirements for the approval of projects and the issuance of permits for construction and repair work.

Within this event seems to be also appropriate to implement regional authorities view perspective plans development of territories and ensuring their compliance. Plans of development areas should also be open to the general public, the necessary transparent contests between enterprises building complex within the proceeding of construction works on these plans [5].

2. Promoting the elimination certain monopoly enterprises that are operating on the market of construction services and perform significant volumes of construction and repair works at the state or municipal order. The core departments of the regional public administration bodies should carry out regular monitoring of enterprises and the volume of them works (especially those who are budget funds). Exceeding the critical size of the enterprise's market share should initiate the elaboration of regional authorities stimulating or corrective measures to ensure equal access to the market by other companies and a healthy competitive environment in the market.

3. Stimulating the development of technical and technological base of domestic enterprises building complex. A key obstacle to increasing the enterprises competitiveness of the building complex is morally and physically obsolete equipment and imperfect construction technology of domestic enterprises. Upgrade technology and material-technical base of domestic enterprises interferes with their high intensity and long term return on investment. From inspection this should ensure a higher level of availability credit resources for enterprises of the construction complex.

4. Enhancing the competitiveness of the construction industry through innovation. In this direction is necessary to develop mechanisms to promote the transfer of technology through the creation of centers (networks) transfer and development of innovative products and technologies for the building complex. Main tasks of the centers should be: to promote cooperation between enterprises of the construction complex, and research institutions; cooperation with other actors in the transfer of technology, including foreign companies; creating a network of technology transfer centers at the regional level; conducting technological audits in enterprises of the construction complex; market research of innovative technologies.

An important component of dissemination of knowledge between research institutions and enterprises of the building complex is providing subsidies (compensation of costs) for the creation of jobs for graduates and postgraduates at the enterprises of the construction complex. This will enhance the readiness of enterprises to collaborate with scientists, research institutions, and independent of the scientific-research work.

5. Formation the system links in the chain of "production of construction materials – construction". For this purpose the regional bodies of state administration should promote the formation a network cooperative relationships between small businesses in the following areas of business activities as: adjacency production, procurement, sales of building materials and services, as well as in the areas of scientific research and engineering developments; facilitate partnerships between enterprises in order to ensure the successful transfer of innovative technologies and the formation of cooperative and network connections between individual enterprises. This can be achieved by coating the organizational costs of holding

monthly sessions (individual consultations), representatives of the executive directors of companies.

It should also be noted that in order to mobilize the scientific and financial capacity in the region to create a regional representation council on competitiveness of Ukraine as a non-governmental organization to coordinate the efforts of business representatives, academics, financial institutions, governmental institutions. Given the importance of building for socio-economic development of the region should lead the work to ensure the competitiveness of building complex at the regional level.

## CONCLUSION

The construction sector of the economy should be competitive on its intended use. It is the home field of the "domestic branch", which focused on the domestic market. Pre-crisis and crisis period during with uncontrolled development requires the intervention of the state and establishing the integral economic components – management in the construction industry. Unlike commodity markets, self-regulated, the real estate market should be monitored by the state.

The importance of strengthening the competitiveness of the building complex of the region is further aggravated in the conditions of integration and weakening barriers of entry to the domestic market leading international construction companies. Relevance also enhances the forcing of the domestic real estate market and unduly high, in this regard, the real estate prices. The combination of these problems leads to significant negative socio-economic consequences for the region: unreasonably high cost of real estate; a significant shortfall in revenues to the budget as a result of the existence of shadow and not account sector of the market; the distortion of investment priorities.

The implementation of these measures will contribute to overcoming the most common negative factors influencing the competitiveness of the building complex of the region.

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