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DESTRUCTIVE FACTORS AFFECTING THE ECONOMIC SITUATION OF CONSTRUCTION ENTERPRISES

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Introduction. Enterprises of all types of activities in Ukraine are in a difficult economic situation due to unstable economic and political conditions. This is especially true of the real sector of the economy, including construction companies. At the same time, construction is an important component of the national economy, an indicator of economic development or decline. In turn, the effectiveness of the construction companies depends largely on the stability of the country, the investment climate, and the welfare of the population and other consumers of the construction industry, social policy of the state as a whole. Therefore, the study of construction problems, destructive factors affecting the economic situation of construction enterprises in Ukraine is relevant.

Analysis of recent publications. Bybyk N.V. devoted to the problems of the construction complex. [1], Kambur O., Petryshchenko N. A. [2, 3], Kononova I.V. [4], Kriskovo Zh. [5], Kulykova L.V. [6], Pidlisna O.A. [7], Shcherbinina S.A. [8]. Topical issues of strategic and innovative development of construction are highlighted in the works by Sudak V.S. [9], Shcherbata T.S. [10], Yakymenko O.V. [11] and other scholars and specialists. Despite a wide range of scientific studies, the issues of the factors affecting the financial stability and liquidity of construction companies, which are devoted to the article, are relevant. Common scientific methods of statistical research, analysis, generalization are used.

Main body. Trends in the national economy of Ukraine today lead to problems in the real sector adversely affect the social situation in the country; exacerbate the risks and threats to business in any field of activity. This also applies to construction. Construction is in close connection with the investment market (credit, currency and securities), real estate market, and so on. Society can not develop normally without the construction industry, which reflects the level of economic and social development of the country. The construction of its final product provides enterprises of various spheres of activity, social structures and citizens with the necessary premises for industrial, business, social and residential purposes. It is the most important part of social production. Problems that have a negative impact on the state of construction, also adequately concern other areas of society.

The main destructive factors that negatively affect the financial results of construction enterprises are the following:

- the inability to adapt to the new economic conditions that arose as a result of transformation processes;
- cases of fraud in the construction sector, which caused distrust of investors;
- the lack of interest of commercial banks and other financial institutions to invest in high-risk companies;
- unattractiveness of investments in industrial sphere and high investment risks;
- lack of land market;

- insufficient qualification of personnel;
- negative effects of Ukraine's economic convergence into the EU;
- outflow of skilled workers abroad;
- and so on.

Analysis of statistical data shows that the number of construction enterprises has a pronounced tendency to decrease (Fig. 1).

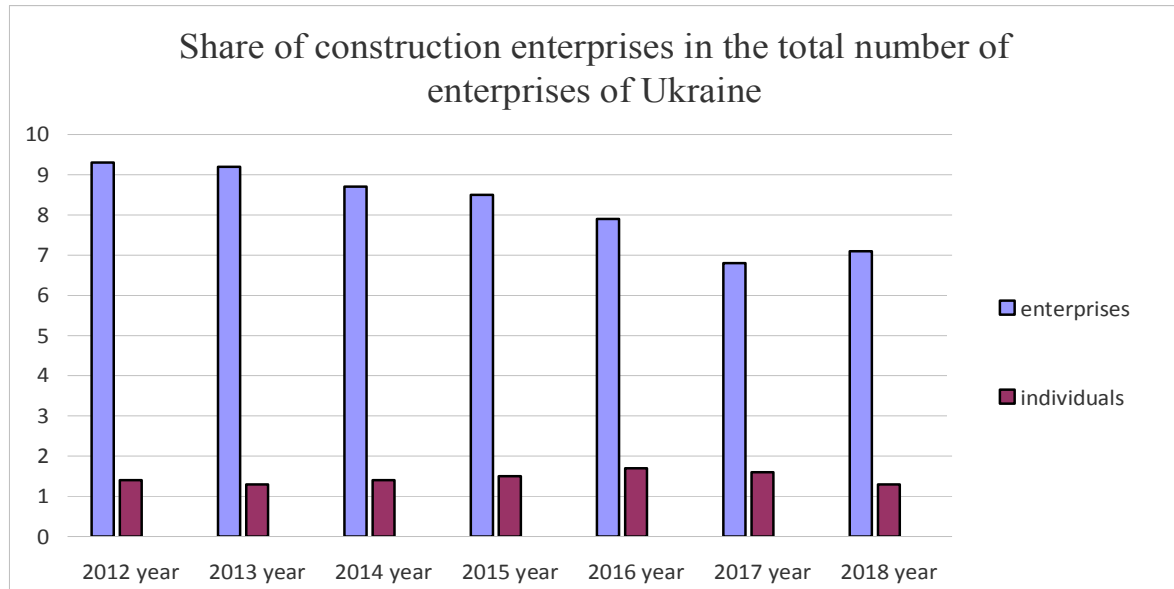


Fig. 1. Share of construction enterprises among the total number of enterprises in Ukraine [13]

The issues discussed above have a negative impact on the financial position of many construction companies (Table 1).

Table 1

Financial results of activity of construction enterprises [13]

Year	Financial result (balance), million UAH	Profitable enterprises		Loss-taking enterprises	
		Specific gravity in total, %	Financial result (UAH million)	Specific gravity in total, %	Financial result (UAH million)
2013	- 5126,6	62,3	5968,0	37,7	11094,6
2014	-27288,4	62,7	6295,7	37,3	33584,1
2015	- 25074,1	71,1	5648,1	28,9	3072202
2016	- 9342,9	70,8	8446,6	29,2	17789,5
2017	-3760,7	71,4	10353,4	28,6	14114,1
January-September 2018	2099,3	74,2	3813,6	25,8	1714,3

In spite of the «positive» tendency for financial results of construction companies, in our opinion, the statistics of these indicators are not objective enough, because they do not reflect real events in the construction industry – the reduction of the number of construction enterprises by more than 5% and the number of employees by almost 15%. Given this, it can be argued that the loss-making rate has decreased due to the elimination of inefficient construction enterprises, the growth of the construction product index, and the decrease in the cost price (in the wage segment of the production staff), which is due to the forced optimization of production personnel, caused by active labour migration.

In addition, the informational environment and informatization negatively affects the state of the construction sector of the economy. The information itself is often uncoordinated, irrelevant, or unreliable. Inadequacy or inaccuracy of information makes it impossible to obtain from the developer a complete package of information: the quality of materials, reliability and durability of structures, future timing of works, the cost of repairs, etc. It creates additional barriers for establishing effective business relations

between investors, developers, contractors and, ultimately, creates obstacles for the implementation of construction or reconstruction projects, the introduction and use of advanced technologies and materials, timely investment in construction objects.

The solution of this problem is possible by creating a unified information system that can provide collection, systematization and presentation of high-quality, reliable, relevant information to all participants in the construction process.

Construction companies almost do not innovate. At the same time, in the context of the relevance of the strategic directions of the development of the national economy aimed at ensuring energy efficiency and energy independence of Ukraine, there is an urgent need for further innovative development of construction companies aimed at reducing energy intensity and introducing the latest technologies. After all, the lack or low activity of the introduction of the latest innovative technologies, the use of modern environmental building materials, have a direct impact on the efficiency of the functioning of construction enterprises.

In addition to the above, experts consider the equally important organizational problems that apply to the entire construction industry. A significant disadvantage is the division of the construction industry between the two ministries: the Ministry of Economic Development and Trade of Ukraine (the Ministry of Economic Development and Trade) is responsible for capital investments, while the operation and capital construction is the Ministry of Regional Development, Construction and Housing and Communal Services of Ukraine [12]. Applying this approach, officials consider the processes of investment, construction and operation of the building as unrelated stages. Because of this, they are regulated by different rules, which complicates the construction process itself and increases corruption and shadow risks, does not ensure transparency of relations in the construction market.

Experts and researchers also highlight such an economically and socially important problem as pricing, which is that buyers can not get proven information on future operating costs in advance. This is partly due to the fact that ministries do not have directories of current market prices. Instead, they use outdated building cost standards. This makes it possible to adjust the estimates to unreasonable amounts, creating conditions for corruption. In addition, Ukraine is offered to determine the cost of design as a percentage of the cost of construction, but this value is determined by focusing on the project. This encourages an increase in the value of an object, instead of being oriented on its efficiency and cost [9].

Turning to world experience in the activities of construction companies, it should be noted that the state authorities in developed countries are regulating the construction industry not from the point of view of the construction process, and from the point of view of the life cycle of the object, since the cost of operating the building during its period of use often in several times the cost of construction itself. In this approach, construction is considered as the only investment cycle in which the builders find themselves between the project customer and the consumer. At the same time, today the main objects of attention from the state in Ukraine are the builder and construction, and therefore all laws are directed only to the normative provision of activities of their own [12]. Thus, state regulation can not be narrowed down until construction, while not extending it to design, investment and operation.

Developed economies evaluate the effectiveness of construction not only in value, but also in terms of features such as quality of facilities, energy costs and environmental impact. Therefore, the EU aims at reducing energy consumption by 30% in construction by 2050 and 80% in emissions. In order to achieve these indicators during the assessment of the life cycle of buildings a system of information model of buildings – IMB was created. It involves gathering all information about the future object and giving it access to all the specialists who will work with it. In such a model, they make all decisions in terms of benefits for the future owner [12]. The regulation of construction processes in the IMB will significantly reduce construction and operation costs of buildings and encourage construction companies to reduce construction costs and extend the life of their buildings.

Conclusions. The research has proven that state regulation of the activity of construction companies is ineffective or absent at all. Construction firms face a lot of problems that result in lower financial results or unreasonable overvaluation of product development. It is necessary to introduce a new system of construction management, which would include regulation of the whole process – from investment to operation of construction.

In order to solve the problems of construction companies, the elimination of destructive factors impact on their financial situation, we consider it appropriate to develop a national strategy to reform the construction industry based on innovation, energy efficiency, environmental safety and social orientation of the national economy of Ukraine.

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Ключові слова: будівництво, будівельні підприємства, фінансові результати, інновації, енергоефективність, інвестиції, деструктивні фактори.

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Ptashchenko Liana, Doctor of Economics, Professor. Poltava National Technical Yuri Kondratyuk University. **Destructive factors affecting the economic situation of construction enterprises.** The problems of construction enterprises in Ukraine, destructive factors of influence on their financial results are investigated. There is an opinion on the need to improve the system of regulation of construction and construction enterprises and to develop a state strategy for reforming the construction industry on the basis of innovations, energy efficiency, environmental safety and social orientation of the development of the national economy of Ukraine. In order to solve the problems of construction companies, the elimination of destructive factors impact on their financial situation should develop a national strategy to reform the construction industry based on innovation, energy efficiency, environmental safety and social orientation of the national economy of Ukraine. Common scientific methods of statistical research, analysis, generalization are used.

Keywords: construction, construction enterprises, financial results, innovations, energy efficiency, investments, destructive factors.

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Птащенко Лиана Александровна, доктор экономических наук, профессор. Полтавский национальный технический университет имени Юрия Кондратюка. **Деструктивные факторы, влияющие на финансовые результаты строительных предприятий.** Исследованы проблемы строительных предприятий в Украине, деструктивные факторы влияния на их финансовые результаты. Высказывается мнение о необходимости совершенствования системы регулирования строительства и строительных предприятий и разработки государственной стратегии реформирования строительной отрасли на основе инноваций, энергоэффективности, экологической безопасности и социальной ориентации развития национального хозяйства Украины. Несмотря на «положительную» тенденцию финансовых результатов строительных предприятий, которая приводится статистикой, на наш взгляд, статистические данные этих показателей недостаточно объективны, поскольку не отражают реального состояния строительной отрасли, в частности уменьшения количества строительных предприятий на более 5% и количества работающих почти на 15%. С учетом этого можно утверждать, что убыточность снизилась за счет ликвидации неэффективных строительных предприятий, роста индекса строительной продукции, снижения себестоимости (в сегменте заработной платы производственного персонала), что связано с вынужденной оптимизацией производственных кадров, вызванной активной трудовой миграцией. Государственное регулирование деятельности предприятий строительства неэффективно или вообще отсутствует. Строительные предприятия сталкиваются с множеством проблем, которые приводят к низким финансовым результатам или необоснованному завышению стоимости продукции строительства. Необходимо внедрить новую систему управления строительством, которая охватывала бы регулированием весь процесс от инвестирования до эксплуатации объектов строительства. С целью решения проблем строительных предприятий, устранения деструктивных факторов влияния на их финансовое состояние необходимо разработать государственную стратегию реформирования строительной отрасли на основе инноваций, энергоэффективности, экологической безопасности и социальной ориентации развития национального хозяйства Украины. Используются общенаучные методы статистического исследования, анализа, обобщения.

Ключевые слова: строительство, строительные предприятия, финансовые результаты, инновации, энергоэффективность, инвестиции, деструктивные факторы.