

Kazinets Maksim
 PhD, Associate Professor
 Head of the Department of
 the Management
Chernyak Maria
 Student of Group KD-36
 Brest State Technical University
 Republic of Belarus, Brest

EVALUATION OF ECONOMIC EFFICIENCY OF CONSTRUCTION ORGANIZATIONS IN THE REPUBLIC OF BELARUS

The article investigates the possibilities of using standard economic indicators to evaluate the effectiveness of development of construction organizations in the Republic of Belarus. The article contains basic principles of assessment and also its results in the context of productivity and profitability coefficients.

It is difficult to overestimate the role of construction industry in both economic and social aspects. Its products are the objects of both production and social purposes and infrastructure. It is difficult to imagine dynamically developing economy without construction complex, as expanded reproduction requires both reconstruction and modernization of existing production capacity and, above all, commissioning of new facilities.

Obviously, all of these require significant investments. In these circumstances effectiveness of construction organizations and competent management in the conditions of uncertainty and variability has become very important. Unfortunately, at the moment the situation in this industry is not favorable because it is connected with delays in construction, rising cost of construction, providing its quality, etc. Also the global financial crisis of 2008, the devaluation of 2011, problems with the trade balance of Belarus and inflation had a negative effect on the investments in construction.

In order to attract investments (including foreign investments) it is necessary to ensure that the work will be high-quality, cost-efficient and that there will not be delays in construction. So the aim of this research work is studying the situation and evaluation of the effectiveness of the construction industry. The objectives of the research work are public companies of the construction industry of the Republic of Belarus involved in general construction of buildings and the construction of buildings and structures. The subject - indicators of production and economic efficiency: productivity and profitability. In this work was adopted the following hypothesis: the organizations will be attractive for potential investors if they are optimal both from the point of efficiency of their current performance and the dynamics of identified economic indicators. It was necessary to examine average industry growth to estimate dynamic of the indicators of single companies, which required using growth rates and other average indicators.

In the research were used statistical methods, particularly time series, by means of which data for the period from 2006 to 2012 were processed. Total amount of companies in the aforementioned categories (general building construction, construction of buildings and structures), comes to 130, but due to lack of full information on all companies the analysis was applied to 60% of selection.

To achieve the purpose properly it is necessary to provide comparability of studied parameters. To make that, revenues, costs and profits were converted in comparable prices by using price index for construction and installation work.

Average production index was calculated using available data on indicators of production efficiency. According to their preliminary analysis, the dynamic of changes is positive. It means cost reduction and thus increased profitability. But after calculating growth rates of production, profitability and cost this assumption was denied.

Data is summarized in the following table and graphically represented on Figure 1:

Table 1

Growth rates of production, profitability and cost

| Index | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------------|-------|-------|-------|-------|-------|-------|
| Growth rate of production | 1,180 | 1,275 | 1,331 | 1,023 | 0,896 | 2,444 |
| Growth rate of profitability | 1,510 | 1,000 | 0,866 | 1,124 | 1,749 | 0,140 |
| Growth rate of cost | 1,278 | 1,314 | 1,467 | 1,174 | 0,867 | 2,257 |

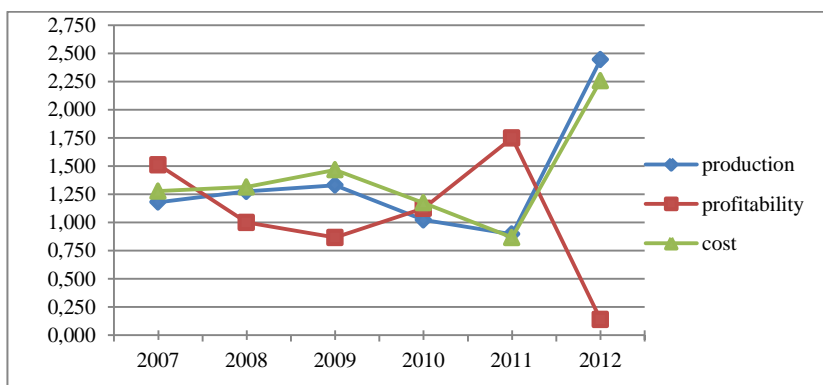


Figure 1: Growth rates of production, profitability and cost

According to the aforementioned data, the growth of production was caused not by quality changes, but by the growth of cost (the lines of production and cost are almost identical). Qualitative growth of profitability could be seen in 2010-2011., but in the next period the growth rate was very low due to the large number of unprofitable companies. It means that despite the apparent improvement in performance, the growth is not qualitative. That's why it is necessary to increase effectiveness not by means of extensive but intensive methods. That's why it is planned to devote further research to this problem.

The list of applied sources:

1. Statistical Compendium "Investment and Construction in the Republic of Belarus": Statistical Compendium/ National Statistics Committee of Belarus; chairman of the editorial board V.I.Zinovsky. – Minsk, 2013. – 256 p.
2. Ministry of Finance of the Republic of Belarus. [Electronic recourse]. – Mode of access: http://www.minfin.gov.by/securities_department/results/results_OAO/. Date of access: 02.04.2014.