

FEATURES OF CONSTRUCTION ORGANIZATION AND ECONOMIC MECHANISMS MANAGEMENT

*Fatahova N.R., Lecturer,
nargiz.fataxova@mail.ru
Azerbaijan Architecture and Construction University*

In modern conditions, the organizational and economic mechanism of construction is formed under the influence of private business activity, but also mainly under the influence of the state. The functionality at the disposal of the state can determine the solution not only of general sector problems, but also of coordinating systemic issues. This requires the provision of construction resources, the work of relevant institutions that deal with other issues and ultimately control the result. These institutions have a share of responsibility, but only on the basis of joint activities and cooperation with business is it possible to organize the most effective financial reliability, transparency and stability. In this regard, along with the positive increase in the volume of construction, the presence of periodic crises in the industry, the increase in the number of unsolved problems and tasks determine the relevance of studying the organizational and economic mechanism of construction and determining ways to increase its efficiency [1].

Construction differs from other industries in that its final product is real estate, which is characterized by a number of characteristics.

First of all, it is a time-consuming, multifaceted process that requires the involvement of serious financial, technical and professional resources. Also, construction projects, as a rule, have a high price. The built property is designed to be used for many years. And finally, construction is essentially a project activity, because the construction of each concrete object is carried out in the form of a project.

Construction project management includes the following management groups:

- Project initiation and planning groups where goals and objectives are set, external environment and project stakeholders are clarified, and management plans are drawn up.
- The project execution (implementation) group requires coordination of experts, sources, and materials involved in the project. At this stage, plans are implemented.

- The project management and monitoring team provides constant control over the project implementation and, if necessary, allows immediate corrective actions aimed at reducing the impact of negative deviations.
- The final stage of project completion regulates the process of transferring the result to the client and providing all the necessary documents. [2].

In the descending sense, a mechanism is a system consisting of many elements that perform certain functions as a result of their movement and implementation. The essence of the economic mechanism is, first of all, in the activity of the subject, although it is objectively conditioned.

In general, project management is distinguished from the general management of companies by the mission-oriented nature of a company. A project organization will generally be dissolved when the mission is completed. Project management is the art of directing and coordinating human and material resources throughout a project using modern management techniques to achieve predetermined objectives of scope, cost, time, quality, and participation satisfaction.

In contrast, the general management of business and industrial corporations adopts a broader outlook with greater operational continuity. Nevertheless, there are enough similarities and differences between the two that modern management techniques developed for general management can be adapted to project management.

In particular, project management in construction involves a series of objectives that can be achieved by performing a series of operations subject to resource constraints. There are potential conflicts between stated objectives in terms of scope, cost, time, and quality, and constraints on human, material, and financial resources. These conflicts must be resolved at the beginning of a project by making the necessary purchases or creating new alternatives. Subsequently, project management functions for construction generally include:

1. Specification of project goals and plans, including scoping, budgeting, planning, setting performance requirements and selecting project participants.
2. Maximizing the efficient use of resources by purchasing manpower, materials and equipment according to the established schedule and plan.
3. Implementation of various operations with proper coordination and control of planning, designing, estimating, contracting and construction works throughout the process.

4. Developing effective communication and mechanisms for conflict resolution between different participants.

Investment in real estate construction is one of the most popular and profitable ways of investing, which allows you to get stable and long-term profits. The profitability of such investments is at least three times higher than bank deposits. Among the main advantages of investments in construction:

- the ability to gain independence from the economic situation in the country and obtain permanent passive rental income;
- saving on state contributions - income tax rate is reduced for first-time buyers of real estate related to the housing fund;
- high liquidity;
- relatively small amount of investment;
- low price volatility (compared to securities);
- a large selection of investment measures, exit options from projects and the objects themselves. [1].

The following table. 1 shows the macroeconomic indicators of Azerbaijan's construction enterprises for the years 2011-2020. The cost of construction works is shown in the second column of Table 1. As described here, a decrease was observed as a result of the devaluation experienced in 2015-2016. That is, while in 2014 it was 8,591.90 million manats, in 2015 it decreased to 7,319.60 million manats. But this indicator increased to 9,778.8 million manats in 2020. [3].

Table 1 - Macroeconomic indicators for construction enterprises

	Added value, current in million manats	Construction works cost, million manats
2011	4141.0	6115.0
2012	5,507.90	7,716.00
2013	6,753.70	8,721.20
2014	7,454.40	8,591.90
2015	6,499.50	7,319.60
2016	6,338.90	7,660.40
2017	6,750.60	7,762.10
2018	6,183.40	8,448.30
2019	6,098.8	9,439.2
2020	5577.7	9,778.8

Table 2 below shows domestic and foreign investments directed to fixed capital in the oil-gas and non-oil-gas sectors. Here, it can be seen that

the amount of 2020 has decreased compared to 2018 and 2019. While the indicator was 17 billion 226 million in 2020, it was 17 billion 244 million in 2018, and 18 billion 539 million in 2019. These indicators are observed more in the non-oil and gas sector than in the oil and gas sector. Compared to 2019, the oil and gas sector increased from 95.7 percent to 102.2 percent, while the non-oil and gas sector decreased from 110.7 percent to 88.4 percent. [3].

Table 2 - Focused on fixed capital for oil and gas and non-oil and gas sectors domestic and foreign investments

	Investments in fixed capital, thousand manats	including:			
		oil and gas sector		non-oil and gas sector	
		thousand manats	compared to the previous year, %	thousand manats	compared to the previous year, %
2018					
Total	17,244,862.9	5 995 208,6	68.3	11,249,654.3	121.6
internal	11,874,854.6	2,496,567.6	110.0	9,378,287.0	138.0
external	5,370,008.3	3,498,641.0	53.8	1,871,367.3	76.2
2019					
Total	18 539 476,5	5 848 882,9	95,7	12 690 593,6	110,7
internal	12 867 067,9	2 404 900,1	94,5	10 462 167,8	109,5
external	5 672 408,6	3 443 982,8	96,6	2 228 425,8	116,9
2020					
Total	17,226,110.7	5987590.7	102.2	11,238,520.0	88.4
internal	12,070,798.9	2,302,992.6	95.6	9,767,806.3	93.2
external	5,155,311.8	3,684,598.1	106.8	1,470,713.7	65.9

Managing construction projects requires modern management skills, as well as an understanding of the design and construction process. Construction projects have specific goals and limitations, such as the time frame required for completion. Although the technology, institutional arrangements, or processes involved differ, the management of such projects is very similar to the management of similar types of projects in other specialty or technology fields, such as aerospace, pharmaceuticals, and energy development.

Literature.

1. <https://president.az/>
2. www.economy.gov.az
3. Central Bank of the Republic of Azerbaijan - <https://www.cbar.az>