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**INFLUENCE OF CORPORATE STRUCTURES OF THE
CONSTRUCTION BUSINESS ON THE DEVELOPMENT
OF THE REGIONAL ECONOMY**

Specialty 5.2.3 – regional and sectoral economics

Abstract
of the dissertation for the degree
of Candidate in Economics

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The relevance of the study of the functioning and development of corporate entrepreneurship structures in the construction sector is due to the significant impact of their activities on the regional economy. The development of construction production entails an increase in the output of building materials and equipment, an increase in production in the metallurgical industry, mechanical engineering, glass production, petrochemical industry, timber harvesting and processing, energy, transport, social sectors and many other types of business. The construction entrepreneurship industry is characterized by numerous complex production links with more than seventy areas of economic activity and the use of over 50% of the products of the building materials sector, 20% or more of rolled metal products, 40% of sawn timber and over 12% of the products of the mechanical engineering sector.

The most important economic result obtained from the functioning of construction business structures is a significant multiplier effect, expressed in a sixfold increase in the number of jobs in related industries. The construction business, developing in certain territories, ensures an increase in the gross regional product, an increase in revenues to local budgets and the population, an expansion of demand for the products of local enterprises, etc. The construction industry has now become completely private and the formation of corporate structures in it can significantly increase the efficiency of its functioning. The formation of corporate structures levels out the deficit of certain resources as a result of their redistribution within the boundaries of a specific region, which makes it possible to carry out a continuous reproduction cycle. Modern corporate structures are characterized by a number of properties, in particular, complete decentralization of all management functions, on the one hand, and the integration of production business units with varying degrees of autonomy, on the other. The achievement of these features occurs mainly due to the implementation of network relations within corporate structures.

It should be noted that significant changes in the functioning of the construction industry are also due to the consequences of the COVID-19 pandemic

and the introduction of large-scale anti-Russian sanctions. The COVID-19 pandemic has caused such undesirable consequences as a decrease in demand and suspension of construction, an increase in the cost of building materials (metal, wood and concrete) due to disruption of supply chains, a decrease in investment in new construction projects.

The introduction of anti-Russian sanctions in 2022-2024 has led to limited access to certain foreign building materials, technologies and equipment; a decrease in the attractiveness of the Russian construction industry for foreign investors; blocking access to international capital markets, which significantly complicated lending for construction companies; reorientation to domestic supplies and technologies, which also required adaptation to new realities.

These two factors together have significantly changed the construction market. As a result, construction companies faced new challenges, such as rising prices, a shortage of materials, the need to seek new sources of financing and adapt to changed operating conditions. The study of the functioning of corporate construction structures is associated with the identification of the effective use of their production potential to improve the quality of the result, which has a significant impact on the development of the socio-economic sphere of the region. Accordingly, there is a growing scientific and practical interest in the quantitative assessment of the factors affecting the volume of work performed by regional construction organizations. First of all, it is necessary to identify the factors whose action leads to a decrease in the volume of construction work in the economy of the region.

In the current conditions of the global economic crisis and external isolation of the national economy, the greatest importance is attached to maintaining those areas and industries that make a significant contribution to the development of territories, while remaining financially stable to the impact of various challenges and threats. Stable development of the corporate segment, which includes the construction business, is impossible without eliminating the reasons limiting its progressive movement. In this regard, it is advisable to identify the mechanisms of

managerial influence aimed at supporting regional corporate construction structures, taking into account the factors affecting the total volume of work of construction organizations in the region.

The choice of instruments for regulating economic activity in the region is focused on the use of those that lead to the maximum effect within a specific period. In the modern practice of regional management there are no normatively fixed methodological recommendations for determining institutional mechanisms for coordinating corporate and regional interests of construction business companies, on the basis of which regulatory measures and instruments for supporting enterprises in the industry are developed. That is why, in the process of selecting such instruments, great importance is attached to taking into account the organizational mechanism for implementing the capabilities of corporate structures of the construction business in the system of strategic planning of the region by integrating relevant regional policy measures into the system of strategic planning documents.

The overall objective of the study is to develop and scientifically substantiate a set of measures and mechanisms that improve the efficiency of construction industry management in the regions of Russia from the point of view of increasing the contribution of corporate business structures to the development of the regional economy.

The stated objective of the dissertation research determined the following theoretical and practical **tasks of the work**:

- to develop a linear model for determining the quantitative relationship between the dynamics of the volume of work performed by construction business structures and the factors that determine its change;
- to identify the factors whose action leads to an increase or decrease in the volume of construction work in the regional economy;
- to substantiate the algorithm for determining the institutional mechanism for coordinating the corporate and regional interests of construction business companies in the regional economy;

- to develop and scientifically substantiate a set of proposals for improving the mechanism for managing the construction complex at the regional level.

The object of the study is the process of managing the construction industry in the regions of Russia from the point of view of the impact of corporate business structures on the development of the economy of a particular region.

The subject of the study is organizational, managerial and economic relations aimed at improving the management of corporate structures of the construction business in the region.

Theoretical foundations and methods of the research. The theory and methodology of the research are formulated on the basis of the concepts of Russian and foreign scientists specializing in the field of management of development of construction business structures, whose scientific ideas and conclusions also include management of regional development taking into account the industry specifics of the territories. The sources of economic information were statistical indicators, regulatory legal and legislative documents on the problems of management of development of corporate structures of the regional economy. In the undertaken dissertation research, general scientific methods (system approach, analysis and synthesis, comparative-historical method, means of graphical display of information); methods of economic and mathematical modeling, as well as analysis of statistical data were widely used.

The main new scientific results of the research, obtained personally by the author and submitted for defense, are as follows:

1. A linear model has been developed to determine the quantitative relationship between the dynamics of the volume of work performed by construction business structures and the factors that determine its change. Unlike the methods used, in which the volume of construction work is assessed on the basis of expert opinions, this dissertation study uses evidence-based tools, when the impact of individual factors is assessed by the quantitative values of the coefficients of the linear model. The presented model helps to identify the significance of individual factors that allow regional authorities to selectively

influence the functioning of construction business structures and, in general, promote the growth of the construction complex in the regions.

2. Based on the implementation of the proposed linear model applied in the construction complex of the Moscow Region, Krasnodar Territory, Leningrad and Sverdlovsk Regions, in contrast to standard approaches, corresponding calculations were carried out that econometrically substantiated the hierarchy of factors that have both a positive impact on the activities of construction business structures (the average annual number of people employed in the construction business, the degree of depreciation of fixed assets, the number of highly productive jobs, the commissioning of fixed assets) and a negative impact on the dynamics of the volume of construction work in the region (the number of buildings and structures under construction).

It has been proven that the decrease in the volume of construction work in these regions depends to the greatest extent on such a factor as the number of buildings and structures under construction. When drawing up programs for regional development of the construction complex, government bodies of the constituent entities of the Russian Federation should take into account the negative impact of this factor and take more effective measures to reduce and eliminate it. Of course, the implementation of the measures taken will become a condition that contributes to increasing the effectiveness of managing the development of the construction sector in the region. The recommendations proposed for the construction complex of these four regions have a high degree of universality and, if necessary, with the adaptation of the relevant initial indicators, can be used in other territories.

3. Methodological recommendations are substantiated that allow choosing for practical application the type of institutional mechanism for coordinating the corporate and regional interests of construction business companies in the regional economy by comparing the calculated values of integral indicators of financial stability and efficiency.

Unlike existing analysis methods, these recommendations include

constructing a map of coordinating the corporate and regional interests of construction business structures. Depending on the ratio of the values of integral indicators, all companies are divided into four groups in accordance with their operating zones:

- companies included in Group 1 have a high level of financial stability, but are characterized by relatively low efficiency. Such companies should be recommended to develop and use measures of regional financial support or special tax conditions in exchange for providing jobs or reducing the number of facilities with a postponement of the commissioning date in order to coordinate corporate and regional interests;
- the companies included in Group 2 have a high level of financial stability and a high degree of efficiency, therefore the sphere of coordination of corporate and regional interests for this type of companies does not require the development of special support tools, but involves the creation of institutional conditions that contribute to increasing the efficiency of their activities;

- Group 3 includes companies with a high level of efficiency and low values of financial stability. Such companies have a high risk of losing solvency and bankruptcy, therefore, in order to coordinate corporate and regional interests, companies in the designated zone can be recommended to provide special lending regimes to strengthen their financial condition;

- the companies of Group 4 are characterized by a low level of financial stability and efficiency, which makes it inappropriate for them to form special spheres of coordination of corporate and regional interests, but requires the development of "point" mechanisms to ensure the sustainability of their functioning in order to fully implement the approved plans for the construction of construction projects in the region.

It has been confirmed that the map of coordination of corporate and regional interests is an effective practical tool for regional management aimed at implementing the approved strategy for the development of a constituent entity of the Federation in the field of construction.

4. A number of proposals for improving the management of the construction complex at the regional level, including within the framework of strategic planning, have been developed and scientifically substantiated. The distinctive feature of this approach is the substantiation of the mechanism for implementing the capabilities of corporate structures of the construction business based on the specifics of the previously identified groups of companies, in the system of strategic planning of the region and the selection of adequate tools for implementing each of them, namely:

- with respect to companies included in Group 1 and having a high level of financial stability, but characterized by relatively low efficiency, it is advisable to implement the motivational type of implementation mechanism;

- for companies included in Group 2 and having a high level of financial stability and a high level of efficiency, the most preferable is the incentive type of implementation mechanism;

- with respect to companies included in Group 3, having a high level of regional efficiency and low values of financial stability, a supporting type of implementation mechanism may be recommended; – for companies included in Group 4, characterized by low levels of financial stability and regional efficiency, it is advisable to implement a compensation type of implementation mechanism.

It has been proven that each type of implementation mechanism should ensure the formation of conditions for further coordination of the interests of the region and corporate structures of the construction business in the direction of achieving strategic priorities, goals and objectives of the socio-economic development of the territory.

The theoretical significance of the study lies in the substantiation and testing on the example of the Moscow Region, Krasnodar Territory, Leningrad Sverdlovsk Regions of a scientific and methodological approach that allows us to study the impact of the activities of corporate structures of the construction business on the economy of the region. The increment of new theoretical knowledge lies in the development, on the one hand, of economic and mathematical tools that enrich the

theory of regional management with evidence-based methods for determining the factors influencing the development of the regional construction complex, and on the other hand, in the substantiation of an institutional mechanism for coordinating corporate and regional interests of construction business companies in the economy of the region. The practical significance of the study is the development of methodological recommendations for the analysis and assessment of the impact of corporate construction structures on the state of the regional economy. The use of these recommendations by local authorities will contribute to increasing the effectiveness of measures taken in the constituent entities of the Russian Federation to support the construction business, as well as improving the quality of construction industry management mechanisms, primarily in terms of preparing programs and projects implemented within the framework of public-private partnerships. The results obtained in the course of the study can be useful in developing documents for the development strategy of the construction complex of the Moscow Region, Krasnodar Territory, Leningrad and Sverdlovsk Regions, and other constituent entities of the Federation. It is also advisable to use the factual basis and the results of the dissertation research in the course of studying such academic disciplines as "Regional Studies", "Regional Economics and Management", "Corporate Management".

Testing of research results. The provisions and conclusions of the dissertation were tested in the course of the author's practical activities at the Mansion Real Estate Agency and in interaction with regional authorities of the Moscow Region (Administration of the Odintsovo Urban District, the Ministry of Construction of the Moscow Region, the Ministry of Ecology of the Moscow Region, the Forestry Committee of the Moscow Region). The main provisions and results of the dissertation research were presented and discussed at discussion platforms of such scientific events as the XX National Scientific Conference with International Participation "Modernization of Russia: Priorities, Problems, Solutions" (December 14-15, 2020); XIII International Scientific and Practical Conference "Regions of Russia: Development Strategies and Mechanisms for

Implementation of Priority National and Regional Projects and Programs" (June 3-4, 2022); All-Russian Scientific and Practical Conference "Actual Problems of Economics and Finance" (November 30, 2022); Interuniversity scientific and practical conference of master's, postgraduate, doctoral students and young scientists "New Frontiers: Economics, Politics, Law" (February 8, 2024); International Scientific Congress "The Role of Business in the Transformation of Society - 2024" (April 8-12, 2024).

List of publications

On the topic of the dissertation, twelve scientific papers have been published with a total volume of 6.45 pp. (author's volume 4.65 pp.), including six articles in publications from the list of the Higher Attestation Commission of the Russian Federation.

The structure of the dissertation is built in accordance with the logic and sequence of achieving the goal, solving the research problems and contains an introduction, three chapters, a conclusion, a bibliography (includes 162 titles) and appendices. The dissertation is presented on 160 pages, illustrated with 22 tables and 16 figures.