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Issue



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# TERRITORIAL ORGANIZATION OF CONSTRUCTION INDUSTRY ENTERPRISES IN THE CONDITIONS OF INNOVATIVE DEVELOPMENT OF THE ECONOMY

Abstract: The building materials industry occupies a key position in the investment and construction process. The problem of the territorial organization of the industry is relevant and significant. The inadequacy of the location of enterprises and construction sites leads to negative consequences. The article proposes to strengthen the role of authorities in the conceptual solution of this problem, and to reduce the existing negative consequences, use several methods, including strengthening innovation, the application of project management methods, and to ensure a more sustainable development of enterprises in the building materials industry, it is proposed to create an industry cluster.

Key words: building materials industry, location, enterprises, and investment attractiveness.

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## Introduction

It is difficult to overestimate the importance of the building materials industry in the conditions of innovative development of the economy. Evidence of this is the great attention to the development of the industry by the authorities [1] and the recognition of the industry as a "locomotive of the economy" [2].

The territorial organization of enterprises is an urgent industry problem, as noted in the scientific literature [3]. It is obvious that a systematic solution to it will make it possible to use the factors of production more rationally. This concern is extremely relevant for the industry of building materials, products and structures, in which the transport factor is significantly manifested in the delivery of raw materials for processing and in the delivery of finished products to consumers.

The classical, traditional, approach to finding the location of the future enterprise is to find the location of the enterprises so that the total costs for the delivery of raw materials, their processing and production with the subsequent delivery of these products to consumers are minimal per unit of production.

## Main part

When solving such difficulties, it is important for building materials enterprises to have information about the availability of raw materials and places of concentrated construction. On its basis, the capacity of the future production (enterprise), the sufficiency of raw materials for the entire service life of the enterprise, and the location are determined. However, there may be cases when this production will not cover future needs. Other negative options are also possible. In the conditions of innovative development of the economy, additional factors appear that affect the location of enterprises engaged in the production of building materials. Obviously, taking them into account will improve the efficiency



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of these enterprises, and thus improve the performance of the entire construction industry.

An analysis of the products and structures that have developed in the domestic production of building materials shows that most enterprises operate with low efficiency, and the capacity utilization of a number of enterprises for various reasons does not exceed 50% [4].

Actual tasks of expanding the use of local raw materials, import-substituting, export-oriented products are not being solved actively enough.

An analysis of the reasons for this situation, as well as a number of other significant factors, allows us to state the following conclusion.

- 1. The current layout of the location of enterprises does not correspond well to modern units of concentrated construction. The transportation distance of products exceeds economically acceptable distances. In the previous administrative system, due to exaggerated pricing, low energy prices, large enterprises were created (for example, precast concrete) with subsequent transportation of products over long distances (hundreds and thousands of km.).
- 2. The outpacing growth in energy prices has significantly changed the cost structure of the final products of the industries under consideration: the specific costs of extracting and delivering raw materials to factories have increased, and the share of costs associated with the delivery of finished products to consumers has also increased. It should be noted that the discrepancy between the scheme of location of enterprises and the nodes of concentrated construction is a factor that acts simultaneously with an increase in energy prices, that is, the negative impact of both factors is aggravated. Obviously, this leads to a significant increase in prices in the building materials market, affects investment activity, and forces consumers to look for options to replace them with other materials or constructive solutions. This also leads to an increase in the competitiveness of materials, products and structures imported from outside, which, by the way, do not always have high consumer qualities.
- 3. When assessing the current situation, of course, it should be taken into account that most of

the industries engaged in the production of building materials, products and structures are energy-intensive. The technological processes used in them are associated with high temperatures (the production of cement, bricks, building ceramics, etc.) or with long-term heat treatment (for example, the production of precast concrete). Here, too, shortcomings caused by incorrect dislocation of enterprises often appear.

- 4. It should be added to the series of the above factors that, due to such a layout and an increase in the cost of energy carriers, enterprises, based on market conditions, are forced to reduce the volume of output, and the associated underutilization of capacity leads to an additional calculation per unit of output, due to for maintaining the absolute value of the conditionally constant part of the costs of the enterprise.
- 5. In the industry, there is accelerated depreciation of the production assets of enterprises, and therefore, enterprises regularly experience a high level of moral and physical depreciation, which also affects the growth of production costs and the decrease in the competitiveness of the products of the enterprises in question [5-7].

The main conclusion from the above is that the situation of enterprises engaged in the production of building materials, products and most of the negatively influencing factors are of an objective nature.

Analyzing the situation under consideration, one should evaluate several effectively taken measures and efforts to improve the state of enterprises, how to use the advantages of market forms and methods of management, not forgetting the role of state bodies.

For clarity, we will give an example of the deployment of building materials enterprises in the Republic of Karakapakstan. One of the features of the industry under consideration is that most of its enterprises are located mainly in the southern regions of the republic. This is especially pronounced in the production of reinforced concrete products (Table 1).

Table 1. Development of production of prefabricated reinforced concret structures and products in Karakalpakstan in the territorial context  $(m^3)$ 

Regions	2016 y.	2017 y.	2018 y.	2019 y.	2020 y.
Amudarya	3938,5	2109	1081,6	4116,0	4789
Beruniy	11128,5	7061	6275,0	3204,0	5103
Karauzyak	83928,0	49934,6	20396,5	50059,5	3500
Kegeyli	-	-	-	-	-
Kungrad	-	-	-	-	193,7



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Kanlikul					
Muynak					
Nukus					
Takhiatash				6480,0	13350
Takhtakupir					
Turtkul	991,0	6158,8	2690,1	2908,9	3049
Khodzheyli	2735,0	2190	4051,0		
Chimbay					
Shumanay					
Ellikkala	1470,0	1620	4500,0	3126,0	2732
Nukus c.	184463,0	60275,16	53856,5	108361,6	191862,5
All regions	288654,0	129348,6	92850,7	178256,0	224579,2

Taking into account that the main part of construction projects is located in the southern regions of the republic, and also that the process of development of the northern territories of the region rich in natural resources, but lacking infrastructure (communications, social and household and other facilities), it can be stated that this situation significantly affects a decrease in the effective development of these promising territories reduces their investment attractiveness and, ultimately, affects the pace of development of the region's economy.

The dynamics of the share of a number of production costs in the industry under consideration also deserves attention (Table 2), it shows a decrease in labor costs from 25.6% to 9.6%. Similarly, the share of costs for depreciation of fixed assets decreased from 10.4% to 7.2%. Considering that there were no significant changes in technology and production, it can be assumed that enterprises were forced to decline to the detriment of updating the material and technical base and reducing the personnel potential of enterprises.

Table 2. Dynamics of the share of wages and depreciation of fixed assets in the building materials industry of Karakalpakstan in % of total production costs

Title of cost	2016	2017	2018	2019	2020
Payment of labor	25,6	25,3	20,0	10,2	9,7
Amortization of corpus	10,4	10,0	10,9	5,5	7,2

It should be noted that the objectively necessary restructuring process carried out earlier gave certain results, but at the same time, enterprises and their management system are slowly mastering market methods of management. This is evidenced by the absence of marketing services in many enterprises or the incomplete performance of marketing functions in the presence of such services; low activity of innovation and investment activity. To a certain extent, this can be explained by the lack of knowledge and experience of managing in market conditions, since, as a rule, managers and line specialists have engineering education for the most part, and the retraining system in the industry is still poorly developed.

A sufficiently powerful and effective direction in the development of the production of building materials, products and structures and ensuring compliance with increased requirements is the creation of joint ventures with the involvement of foreign capital and the excess of progressive foreign technologies in domestic practice. A striking example of this is the development of the production of plastic pipes, concrete pavers, and new roofing materials.

The degree of development of this certainly necessary process depends on the level of socio-economic development, the modern possibilities of the economy. At present, this process may not be widespread and widespread. Along with the release of products necessary for the industry, production is also, of course, a prototype of the enterprises of the near future.

#### Conclusion

The analysis carried out shows that there is a negative impact from the inadequacy of the location of enterprises to the nodes of concentrated construction.

It is proposed that henceforth this problem should be given more attention by the state, since the



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provision of a more optimal organization of the industry should be conceptually decided at the state level. Partial reduction of the negative impact of the discrepancy between the location of enterprises in the industry and the location of construction sites and ensuring the sustainability of development [8] can be

solved by several methods, including the intensification of innovation activity in the industry, the clustering of enterprises in the industry [9], and the application of project management that gives effective results [10].

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