

Managerial Mechanisms Ensuring The Development Companies Competitiveness In The Market

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Abstract—The article is devoted to the managerial mechanism development for ensuring the development company competitiveness in the primary housing real estate market, which is a collection of processes and states of which there is a phenomenon. Its characteristic feature is the automatic nature with respect to support the process or activity, the result of the functioning of such a mechanism is the management solution used in the development company management processes. As part of solving this problem, the author analyses the current market situation, taking into account the long-term prospects for the construction industry development in the segment of primary residential real estate in the Russian Federation until 2024. The managerial mechanism formation is preceded by consideration of the most well-known groups of methods for assessing the level of companies competitiveness, that leads the author to think about the feasibility of developing a system of indicators for the specific real estate development company in terms of its target market with a description of the process logic and the specification parameters desired, which should form the basis for determining a level of the analyzed development company competitiveness and its market competitors. In the managerial mechanism developed, management decisions are described in detail that can be taken on all of the selected planning horizons: strategic, tactical and operational.

Keywords—*competitiveness; development company; real estate; managerial mechanisms*

I. INTRODUCTION

Providing a sufficiently high level of competitiveness of products, enterprises, regions, the construction industry and the country as a whole - one of the most urgent problems of the socio-economic and scientific-practical development of modern Russia. The investment-construction complex is currently characterized that over the past four years reached a record level of input objects residential real estate: in 2015 introduced the 85.3 million sq. m., in 2016 - 79.8 million sq. m., in 2017 - 78.6 million sq. m., and in 2018 - about 77.5 million sq. m. of housing [1]. According to the Russian Federation President V.V.Putin decree from 07.05.2018, №204 [2] by 2024 volumes of residential properties input must be not less than 120 million sq. m. in order to provide affordable housing for middle-income families.

According to the unified register of developers [3], as of January 1, 2019, there are 3,233 developers (brands) in the Russian Federation, which are represented by 4,619 companies (legal entities), the total area of housing under

construction is 130 882 934 sq. m. The main scope of the current housing developers accounted for residential buildings. In such houses is 97.2% constructed housing units. At home with apartments accounted for 2.4%. Ratio detached houses was 0.4%. Housing developers in the Russian Federation are building in 83 regions.

Despite the presence of a huge number of developers in the Russian Federation, most of the currently implemented projects are concentrated in the hands of the 95-100 largest development companies, which own more than 90% of the housing market. A development company is an entrepreneurial economic entity activity, the common feature of which is an integrated, "end-to-end" investment process organization, involving the financing organization and the certain project implementation by the developer in a given timeframe and within the appropriate budget constraints for commercial gain [4]. Thus, the development of a managerial mechanism ensuring the development company competitiveness on the primary residential real estate market seems to the author to be a highly relevant research area that can adapt to the realities of any region of the Russian Federation to solve specific problems of managing any development company competitiveness, which is necessary in the current conditions.

II. MATERIALS AND METHODS

Managerial mechanism in general terms, is a collection of processes and states of which there is a phenomenon [5]. Its characteristic feature is the automatic nature with respect to support the process or activity, the result of the functioning of such a mechanism is the management solution used in the development company management processes. Therefore, this managerial mechanism to ensure the development company competitiveness implements the managerial aspect of ensuring the development company competitiveness [6, 7].

The managerial mechanism is based on the management decisions decomposed across three management levels: strategic, tactical and operational. The initial conditions for the formation of this mechanism are the definition of goals to be achieved in the process of ensuring the development company competitiveness on various management horizons. So, as a target indicator of ensuring competitiveness at the strategic level, the growth of the company's value is considered, at the tactical level - increasing the profitability of building products (services), and at the operational level - matching the volume of sold building products (services) to

the plan. The basis of the ensuring the development company competitiveness process is making management decisions in accordance with the goals set on three management horizons: strategic, tactical and operational, expressed in qualitative and / or quantitative form and having a sufficient adequacy degree and implementation probability.

III. RESULTS

According to the author, the starting point of the mechanism realization is the determination of the development company competitiveness level (Klevel).

There is still no universal and generally accepted methodology for the companies' competitiveness level integrated assessment.

To date, the following main groups of competitiveness level valuation methods:

- 1) Product methods;
- 2) Operational methods;
- 3) Combined methods;
- 4) Business valuation methods;
- 5) Matrix methods;
- 6) Dynamic methods.

The Table 1 provides a brief description of the above groups of methods.

TABLE I. DESCRIPTION OF THE GROUPS OF METHODS FOR ASSESSING THE COMPANIES' COMPETITIVENESS LEVEL.

Method group name	Description
product methods	Based on the judgment that the competitiveness assessment of an economic entity can be made through the assessment of its products competitiveness: the higher the product competitiveness - the higher the enterprise competitiveness. Index of enterprise competitiveness is determined by finding the weighted average among the indicators of competitiveness for each type of product [8].
operational methods	To assess the competitiveness of the investigated companies with operating methods first need to define a list of operations and indicators, which are important for competitiveness. Most often, an indicator of the enterprise competitiveness is found by calculating the weighted average of private efficiency factors [9].
combined methods	The approach is based on the statement that the competitiveness of an economic entity is the integral value (combination) of the enterprise's current competitiveness and its competitive potential.
business valuation methods	These methods are based on the assumption that sales, profits, cost, other financial indicators are intermediate characteristics of the enterprise individual economic aspects. Business valuation can be carried out based on the results of cost-effective, profitable and comparative approaches, or on the determination of the company's capitalization based on the quotes of its securities in the stock market [10].
matrix methods	These models received their name due to the use of the matrix form of displaying the results of evaluation and analysis. Another characteristic feature is a pronounced emphasis on the marketing assessment of an enterprise, as a result, the company is considered as a combination of various strategic

	production units. Among the most known and effective methods of matrix analysis are the following: Boston Consulting Group (BCG); General Electric (GE)/ McKinsey; Shell / DPM; Hofer / Schendel; Thompson-Strickland Matrix; Model ADL - LC; SWOT- analysis [11].
dynamic methods [12]	The basis for assessing the company competitiveness is the dynamics of its activities key economic indicators. This approach is based on two principles: the definition of key indicators of an economic entity (operational efficiency of the company and the dynamics of market share) activities and the use of dynamic analysis in relation to them.

Analyzing the content of the above-considered methods for assessing the companies' competitiveness level, it can be noted that:

1. All of the competitiveness assessment methods based on the information usage from different areas of the company, depending on the scientific approaches to the study of their authors market and production processes.
2. Most of the proposed methods are based on the summation of individual indicators using their importance (weighting), or without the latter.
3. In practice, expert methods are often used to determine individual competitiveness indicators and to establish their significance (weight).

Since the competitiveness of a development company in the target market depends on the internal of the company (the main ones are financial activities and a sales promotion system), and from external conditions (the main ones are the company target market and consumers), the author seems appropriate to develop a specific development company indicators' system, takes into account the specifics of its market (Fig. 1). Quantitative values of the indicators can be determined as a result of comprehensive monitoring of the external and internal competitive the development company environment, conducted through the analysis of financial and management reporting, data of state statistics, as well as the data stored in the public information.

The indicators' system formation must be preceded by specification of the development company competitiveness assessment tasks structure:

- Firstly, an analysis of the total the development company competitiveness level achieved, and, if necessary, the operational measures to ensure it;
- Secondly, the analysis of the development company competitiveness level achieved and identifying areas with deviations for the development of operational measures to eliminate them;
- Thirdly, determining the market competitive position and choosing a strategy for a development company based on the assessment made.

Step 1. Clarification of the tasks for assessing the development company competitiveness level in terms of its target market
Step 2. Identification applications the development company indicators' system in terms of its target market
Step 3. The indicators' division into areas corresponding to the monitoring the development company environment directions

Step 4. Clarification of the requirements for the development company indicators
Step 5. Formation the development company indicators' system

Fig. 1. The logical formation scheme the development company indicators' system

The next stage of the indicators' system formation is to clarify the properties of these indicators:

- The *aggregation* property, that is reducible several local indices to one basic;
- The *comprehensiveness* property allowing carrying out, subject to availability quantifies - valuation, and the impossibility of its realization - peer review;
- The *differentiation* property, allowing taking into account the different significance of an indicator for a specific development company product, as well as the time period of evaluation.

The indicators quantitative values are formed as a result of the external and internal the development company competitive environment comprehensive monitoring, and selected those that at a minimum cost of labor and time allow the company management to get maximum information about the development company competitiveness level.

The development company competitive environment comprehensive monitoring can be carried out in the following areas:

- monitoring the financial activities,
- monitoring the system of sales promotion and advertising,
- monitoring the target market of a development company,
- consumer monitoring.

IV. DISCUSSION

After determining the development company competitiveness level (K_{level}), if considered it is not competitive, the company's management would be recommended the revision of the current company policy in the target market.

If the development company according to the results of its competitiveness level calculations is competitive, then based on the competitiveness level ($K_{levelDF}$) obtained, a managerial mechanism is implemented to ensure the competitiveness in the primary residential real estate market (Fig. 2).

As part of this mechanism implementation, the development company position in the target market

consisting of N companies is determined at first according to the following criteria:

1. If $K_{levelDF} \in [K_{level}^1; K_{level}^{0.3 * N}]$, the development company can be attributed to the market leaders (LID);
2. If $K_{levelDF} \in (K_{level}^{0.3 * N}; K_{level}^{0.6 * N}]$, the development company can be attributed to the middle-position occupying companies (MID);
3. If $K_{levelDF} \in (K_{level}^{0.6 * N}; K_{level}^N]$, the development company can be attributed to the market outsiders (OUT).

Further, taking into account the company position and the forecast of construction products (services) demand, the planning of the development company activities on three horizons: strategic, tactical and operational is carried out.

V. CONCLUSION

At the strategic level, the strategy of the development company is selected, that is, the optimal product portfolio for the estimated future is determined (in the framework of the present study - no more than three years, this is due to the construction and sale of construction products (services) [13]:

1. If the development company can be attributed to the market leaders (LID), it is recommended to implement all types of residential real estate (economy class, comfort class, business class and de lux class) and all stages of readiness for use (DED, under construction, ready object for operation, maintenance services), taking into account the forecast of demand for it;
2. If the development company can be attributed to the middle-position occupying companies (MID), it is recommended to stop its choice on the housing real estate of economy-, comfort- and business classes of all stages of readiness for use (DED, under construction, ready object for operation, maintenance services) taking into account the predicted value of demand for it;
3. If the development company can be attributed to the market outsiders (OUT), it is recommended to focus all its efforts on the housing real estate of economy- and comfort classes at all stages of readiness for use (DED, under construction, ready object for operation, maintenance services) taking into account the predicted value of demand for it.

At the *tactical level* is carried out annual planning the company's sales-list, which is the basis of its budget of revenues and expenses. Sales planning and budgeting of income and expenses seems possible only on the basis of the choice of the product portfolio for the estimated perspective, i.e. on the basis of the strategic level, which sets the main long-term guidelines for the development of the company, taking into account the forecast demand for construction products (services) and the position of the development company in its target market.

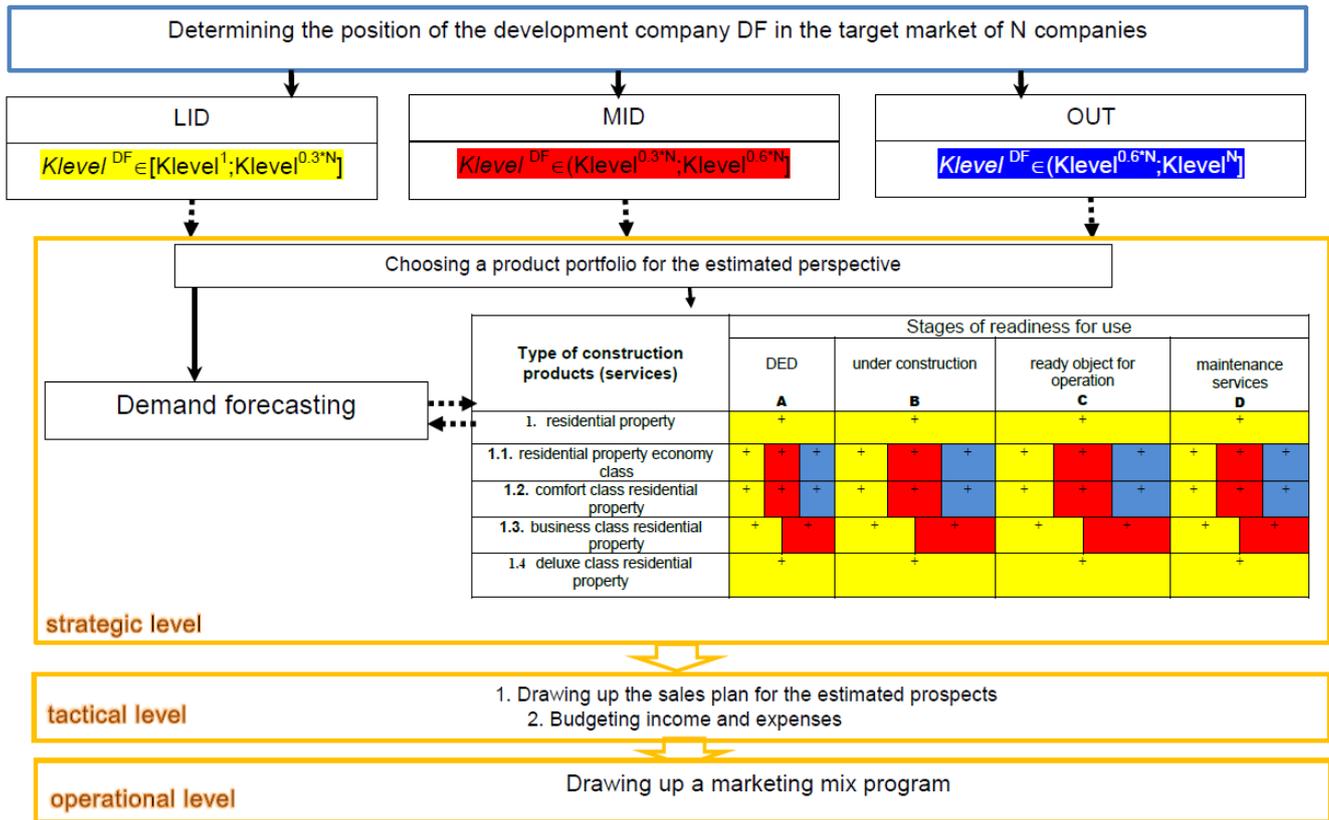


Fig. 2. Managerial mechanisms ensuring the development companies competitiveness in the market of primary residential real estate

At the *operational level*, based on the selected product portfolio, the forecast demand, the budget of income and expenses, a marketing mix program can be prepared for the next year, which is a combination of the basic means of marketing aimed at the implementation generated at the tactical level sales plan [14].

The marketing mix program is an integrated system that includes a number of subsystems: product policy, sales policy, pricing policy and promotion of building products (services) in the target market [15, 16].

Within the product policy is supposed to search for new target market segments and providing the service (customer consulting, development and transfer of technical documentation, etc.).

Within the sales policy it is planned to develop sales strategies and tactics.

As part of the pricing policy in the general marketing mix program of a development company, management of the competitiveness of construction products (services) is assumed by setting the final price, taking into account the long-term goals of the development company, the target market situation, and the behavior of the main market competitors.

As part of the communication policy in the general program of marketing mix is supposed to demand generation and sales promotion of construction products (services) development company through the active use of the complex of marketing communications - advertising, promotion, sales promotion and personal selling.

Since the final marketing mix program for each development company will be purely individual and depend on the chosen strategic product portfolio and tactical budget of the company's income and expenses, it is advisable to carry out its approval and implementation at the operational level to achieve the maximum effect from the developed marketing activities and their possible adjustments taking into account the changing conditions of the development company environment.

Consistent implementation of all proposed management decisions in the aspect of ensuring the development company competitiveness in the target market will allow the company's management to achieve its goals and ensure the competitiveness of a development company on various management horizons.

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