

IMPLEMENTATION OF DEVELOPMENT FUNCTION OF BUSINESS ENTITY IN INVESTMENT AND CONSTRUCTION CYCLE

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Modern definitions of “development” are analysed. Three marketing situations related to initiation and implementation of development services are synthesized in classification development of the institution of a regional investment and construction complex (ISC). The definition of a developer as an ISC institution, integrated into all stages of the investment and construction cycle, based on its primary competence is given. Considering development as an integrated management function of the investment and construction cycle, aimed at reducing transaction costs, the authors logically pass to the synthesis of theoretical principles of its implementation. In this context, the essence and nature of development as institutional, economic and entrepreneurial activity are defined. Ideas about the essence of a function (“development”) and its bearer — a subject (“developer”) are elaborated, which are a theoretical foundation, on which arguments on the organizational and economic principles of its integration into the investment and construction cycle may be based. Amplification of concepts of development as a form of economic and business practice is logical in the context of its operational and management functions analysis in the investment and construction cycle and their cost-economic parameters.

Keywords: Entrepreneurship, Development, Integration developer, Transaction Costs

Integration of subjects of investment and construction activities in the international capital markets indirectly through a business entity, it is positioned as “developers”. What meets the established international practice, identifying the leaders of investment and construction activities, “general managers” (“general manager” – Hillebrandt P., 2000.) process, “... the transformation of investment capital in real estate” [1]. In the Russian practice of investment and construction activities “development” also emerged, on the one hand, positioned as an offer on the market, on the other hand, as an expression of a request from consumers – portfolio of interests. [2]. Formation of development as a new type of market services in today’s regional investment and building complex (ISC) noted by many scientists and experts (see eg) [3]. Only one can distinguish Petersburg ISK more than 30 organizations that position themselves as “professional developer organization.”

Background

Scientists, of course, noticed objectively observed process of integration into the regional development of the Russian Federation SUI (2003-2013 years). Understanding the function of development in the development of investment and construction activities in Russia can be traced in many works, but, despite the relatively high number of publications, scientific discussion about the content of the institutional development as a function of the regional action is not completed. Nature development is understood as a function of ambiguously. Thus, a number of scholars, under development to mean the capital market, reflecting on the investment

and construction cycle as an integrated system. As the allocation of the financial management function in the traditional, unchanged on the institutional form of investment and construction cycle is understood in. The authors of are inclined to the view of the real estate development as an organizational form of integration of investment and construction holdings, and in proposed their understanding of marketing as a form of positioning in the market of construction services. There is also a developers point of view on how business entities specializing in the real estate market It can be seen, and other points of view on development, each of which, on the one hand, explains one aspect of its operation, and, on the other hand, does not give an integral answer on its nature. It is therefore necessary to develop a picture of the genesis of this institutional form, formalizing an appropriate definition. To solve the problem analyzed the most famous definitions of development are considered forms of implementing the classification function and evolution of concepts of marketing situations that trigger in real estate development investment and construction cycle. The totality of these solutions has allowed to formulate a definition of scientific development, expressing the nature of the function:

– Understanding of the function as the operational development of the marketing concept developer and manager of real estate investment is lost with respect to the current stage of development of Russian regional ISC;

– Foreign authors in agreement in defining the conceptual core of development: the conversion of investment capital in real estate and related administrative processes;

– Most of the “deployed” definitions have a process Defining the nature of a number of definitions simply list operations attributable to the developer within the investment and construction cycle. That is, this does not represent Defining the nature of the object.

The results allow to conclude that foreign authors are given only conceptual vision function, Russian – either localized to the level of a single operating functions (marketing, investments), or use the transfer operations attributable to the studied function. Certainly, we can agree with many of the existing conceptual and process interpretations, in particular, we share the position Helebrandt P. (Hillebrandt, P., 2000.) on the innovative development of the territory or property. But we do not see an objective definition of development, which could form the basis for a theoretical description of the business and organizational principles of its economic behavior.

On the other hand, generalized conceptual definition in foreign sources is complemented by the current classification of development organizations. The implication is that “... the diversity of developer contracts is not possible to localize it as a media unit process” [4]. The classification is based on a criterion for investment capital developer that defines two types of organizations. “The speculative developer” (English. – Speculative development) – the organization, post their own money in real estate (a subgroup released “Real Estate Development”) [5] or land (allocated subgroup of “land development”). And the “fi-development” (eng. – Fee development) developer for a fee, not participating in its capital project, and is performed in relation to a management function. In Western countries (US, Western Europe) called types of development are equal to 50% to 50% prevalence [6]. However, in 2000 Gruneberg SL and Ive G.J. questioned the principle of determining the nature of the real estate development company, the evolution of their functions on the basis of “... the sources of investment capital for construction projects” [7]. We also share this doubt: in the surveyed organizations, domestic real estate management functions in relation to the investment and construction cycle is not associated with the presence in the subject of business investment asset. It is significant that as investors considered legal entities and individuals, as well as shareholders (residential properties). In any case, the general function of the developer is determined by money management within the investment and construction cycle, and not the management of assets owned.

Materials and methods of research

The methodological basis of the study of this work was the work of foreign and domestic economists who study the problems of institutional development of the regional CSI and the results of the research schools of St. Petersburg Architectural University: “Methodological problems of the effectiveness of investment and construction activity in the non-manufacturing sector”, “Methodological problems of efficiency Regional investment and construction complexes as a self-organizing and self-regulating system”. The main method of research is systematic and situational analysis.

Case history

Expand the essence and nature of development is possible through marketing, contract situations in which demand its competence, which is seen as a prerequisite for the evolution of the institute of managerial decisions on the placement of investment capital, management of the construction process, the implementation of the financial result from the operation of the property. On the subjective point of view of function initiation occurs when a developer solution of the customer’s investment objectives. Primary investor financial competence as a carrier plans to place assets in real estate, it is not having a sectoral competence, invites “developer” – a specialist in the field of investment and construction management process measurement of financial perspectives, placement, construction and operation of the property. However, the designated view of the relationship does not change, and if the investment capital in the ownership of real estate development company, for example, in the case of holding structures. Division holding, business units enter into contractual relations because of different functional competence: holders of financial assets, marketing and sales organizations, production and construction, and others, but the subject of relations, initiating the function of development – the investor.

With the position of the subject observed variability investor and developer relations. Ivanov AS It identifies three subjects of relations: entrepreneurial idea, land and property. Accordingly, the three subjects of relationships raises three marketing situation initiation function development (consolidated view in Figure, Table) [8]. If the investor has the entrepreneurial idea of the material nature, that its implementation will be based on the purchase (lease) of land and property – the main fund for the implementation of the technological components of the business. This seems to be the

first marketing situation (B, Figure, Table) – a developer decides (for the investor) with the task of determining the optimal position of the property to the realization of the idea (technology) and relevant functional object land. The vectors in Figure represent sequential logic functions and initiate related subject area. The second situation is initiated (A, Figure, Table) the presence of an investor of land with the possibility of implementing it in the property for various purposes (residential, commercial, industrial, etc.). Choosing the best of the property from the standpoint of building land, its infrastructure within predetermined investment criteria – the subject of interaction between the developer and investor. The third situation (C, Figure, Table) occurs when an investor-customer has an idea of the performance parameters of the property in respect of which the investment is made. For example, a retail store within the distribution network, which has a clear construction and operational parameters specified network franchise. In this case, the investor sets the developer the task of finding and assessment of land for the implementation of the investment project on it.

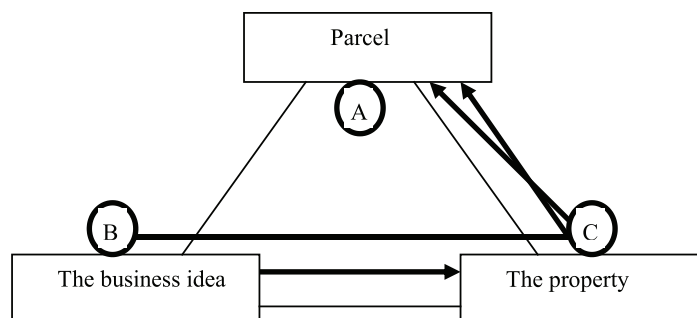
Results of research and their discussion

Thus, the above described situation demonstrates the primacy of marketing relations “in-

vestor – developer” in the initiation of the investment and construction cycle. Indeed, if we talk about the issue of improving the management of regional SUIT by reducing transaction costs, the objective requirement for the cycle is determined by the presence of the manager of marketing (in other words – in business, commercial) competence in the field of real estate. Its presence “... allows the developer to see the horizon of the problem of building solutions – receive income on investments in real estate (land) capital investment” [2]. Entities having jurisdiction “marketing real estate” can reasonably be transferred from the investor a comprehensive, integrative (a position to cover all the operating components of the cycle) administrative function – development. An analysis of the definitions of classification approaches and points of initiation can reasonably offer a definition of development as a function of modern investment and construction cycle. Development as a function of management of investment and construction cycle in the interests of the investor (the customer) is based on the competence of the “marketing real estate”, which differs from those previously expressed an emphasis on managerial activities of the developer, the customer of its implementation – the investor, the selection criteria artist – competence “marketing real estate.”

Marketing situation development

	Initiation	Function
A	The property (lease) of the subject (the investor) has a plot of land in respect of which there are many variants of the functionality (with reasonable limitations).	The developer creates options (business idea) use of land from the standpoint of efficiency of placing it on various objects.
B	The customer (investor, developer) has the entrepreneurial idea (trade, production, etc.).	The developer determines the optimal configuration of the object to implement entrepreneurial ideas, the second defines the relevant land.
C	The customer has a need to form a given functionality and technical requirements of the object (online store, Residential, etc.).	The developer determines the most efficient site for the object with the specified functionality.



Three marketing situation initiation function development

Of course, the function is realized in the investment and construction cycle of business entities. From the position of the current English and Russian professional vocabulary entity that implements a function called “developer – the subject of developing the object.” In the description of the content and business processes, economic activities, correct linguistic form from the standpoint of norms and rules of the Russian language – “a development organization” to be considered as synonymous “developer.”

“Developer – an entrepreneur, initiating and organizing the best possible options for the development of real estate”. [9]

However, a study of economic activities of developers revealed the ambiguity of organizational forms of realization of business practices. Detects mono organizations that include the name and positioning the same function: BKN-Development; BTK Development; START Development; Hans Development of St. Petersburg; CMS Development and others. The practice of implementation of development function is built on direct contractual agreements with investors in the framework of marketing situations (Figure). In the performance of control functions they attracted general contractors, industrial customers and other stakeholders, speaking to an investor as a management structure for the implementation of an integrated investment and construction of the project.

Also found a group of companies and holdings (Ecoestate; Becar; Prime Group; SUIT Universe; Lenoblzem; Megastil; LSS; Petrotrest and others), positioning itself as a developer company, but do not have the specialized legal entities. For example, the structure of “real estate development holding company LenSpetsSMU” in 2013 presented 29 legal persons, entities 9th – Institute for Regional investment and construction complex. “LenSpetsSMU” acts from the position of the developer of the integrated holding structure, in the absence of dedicated business units of the same name. That is, in the implementation of development function involved a number of legal persons holding related contractual relationship. Thus, regardless of the organizational form of building contract, the structure of affiliation of subjects to implement the function of development – an integrated process is implemented by a set of business units of the holding (s), or integrated into the framework of the contract specialized organizations. The stated position allows to update and develop the economy of presentation on the subjects of building a regional SUIT – media developer functions.

Developer – an entrepreneur, whose function is integrated management at all stages of the investment and construction cycle (the investment,

construction, operation) in order to achieve economic goals of the investment project. Developer – an integrated regional investor claim.

Conclusions

Idea about the property development as an institutional feature of modern regional CSI integrated into all stages of the investment and construction cycle. The analysis process is allowed to formulate a number of policy conclusions and develop the theory of economy of construction:

1) the integration of investment and construction activities in the international capital markets in real estate indirectly through business entities, is positioned as “developers”;

2) clarify the understanding of the function of development – investment management stroitpelnym cycle, based on the competence of the artist – real estate marketing;

3) development of a specific developer as an integrated regional institution CSI investitsionno control all stages of the construction cycle, to achieve the economic goals of the project. From this definition previously expressed different release types of economic activity – management; spread it on all stages of the investment and construction cycle; integrated nature of the business from a position of units, implements development function; expressed responsibility for the economic results of investment and construction projects;

4) Explain and demonstrate the principle of integration in the implementation of development function of holding and network (combined on the basis of the contract) by the subjects of regional investment and construction complex.

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