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TOOLS FOR EFFECTIVE MANAGEMENT OF FINANCIAL POTENTIAL IN THE CONSTRUCTION INDUSTRY

Abstract. *Critical to the economic growth of any nation, the construction industry needs effective financial management to be able to grow and survive the challenges that it is facing. This study examines the financial performance of major construction companies in Ukraine from 2019 to 2023, with a focus on two key financial metrics: Revenue Growth Rate and Profit Margin, taking the form of either Rate of Return on Sales or Rate of Return on Investment. This research is relevant due to the increasing complexity in construction sector with changing material costs, regulatory changes and changing market conditions. With these challenges involved, construction companies must adopt appropriate financial strategies that improve their competitive advantage as well as sustainability.*

The purpose of this research is to evaluate financial potential of Ukrainian construction companies through a projection of revenue growth and profitability, and then determine which factors contribute to the growth of these companies. The research uses quantitative methods, relying on financial statements of the leading companies in the industry, within the period 2019–2023. Through studying revenue growth trends and profit margins the study attempts to decipher the key financial strategies supporting success in the construction sector.

The research results reveal that almost all companies studied had steady revenue growth and increasing profit margins over the last five-year period. The greatest improvements in financial performance were shown by companies such as Automagistral-Pivden and Autostrada, while companies like Kosul and Monolit Budservice demonstrated much meager growth. Although their performance levels differed considerably, most of the companies were able to improve their profit margins and thus provided evidence of solid cost management and operational efficiencies.

Practical value is offered through the recommendations made in this study to construction companies on how to improve their financial management strategies. Finally, it adds to the knowledge on financial management in construction industry in general and in the post transition economies, in particular, in Ukraine. These findings are meant to inform the industry stakeholders, such as policymakers, financial managers and business owners, how to optimally design the financial strategies and increase profits of the construction sector.

Keywords: *construction industry, financial management, revenue growth, profit margin, Ukrainian construction companies, financial performance, sustainability strategies.*



Introduction

Construction is a key sector for global economic development contributing to infrastructure, housing and industrial development. The construction industry being one of the largest industries in many economies, it is dependent on construction companies to harness their financial potential in a way that will allow them to compete and ultimately survive in the complex global market. Effective management of finances in this sector not only defines short term profitability but also safeguards long term growth, innovation and buffers from external threats to the sector such as macroeconomic downturns, changes in regulation and improvements of technologies.

Over the past few years the construction industry has come up against a number of challenges, the likes of which we have not faced in recent memory. As a result, companies are now confronted with challenges that require more valuable financial strategies that emphasize the maximization of revenue growth, expenses control and profitability. Consequently, investigation into financial management practices in the construction sector has become an important area of research.

The research covers financial management of the construction companies in Ukraine, specifically for companies within the Ukrainian construction industry, with respect to the selected Key Performance Indicators of Revenue Growth Rate and Profit Margin in the period from 2019 to 2023. The purpose of this research is to determine how these companies administer their financial potential, and to examine the contributing factors to their financial performance. The study also seeks to highlight revenue growth and profitability trends and patterns in order to display the successful strategies in the construction industry.

The novelty of this study for the scientific world is that it focuses not only on the period of economic development in the international market, but also on the Ukrainian construction industry specifically, which has undergone a great transformation over the past few years associated with global and economic fluctuations. Most of the existing literature deals with finance management in those developed countries, whereas there has not been sufficient research on the post transition countries, like Ukraine. In filling that gap, this study provides a detailed analysis of the financial performance of major Ukrainian construction companies and provides insights into the specific challenges and opportunities of the industry.

Performance measurement and financial management in the construction industry has been considered by many researchers and thus, it has become very interesting in the field of literature. For instance, Ali and Mansor (2022) investigated prioritization of performance indicators in determining the extent to which project success is measured in relation to good financial management. Bhagwat and Delhi (2023) emphasized on methods for safety performance measurements and discussed how stronger safety performance

improves financial performance by reducing delays and costs. A related study was conducted by Bhagwat, Delhi, and Nanthagopalan (2022) who presented a leading indicator-based safety inspection approach, which again indicates the correlation between operational efficiency and a firm's financials.

Construction sustainability has also been of focus as one of the key areas. According to Cruz, Gaspar and de Brito (2019) sustainable practices are particularly relevant in the Portuguese construction sector, due to their potential long-term financial benefits. Non-price measures proposed to Gunasekara et al. (2021) suggested for a contractor centric performance model that resonate with the strategies for maximizing the financial potential in the industry.

This study addresses project management and maturity as projects' drivers of performance improvement, and other studies have addressed the same. Building upon the work of Htoo, Dodanwala, and Santoso (2023), which linked project management maturity to better performance in Myanmar's construction sector, so as to ensure financial stability. In a similar vein, Ingle, Gangadhar, and Deepak (2023) developed an assessment of project performance model to create a benchmark for success and have a practical framework for analysis of financial returns and operational outcomes.

The measurement model for project control system success was provided by Jawad and Ledwith (2022), which is a critical element for financial oversight. According to Jayanetti et al. (2023), lean construction maturity models have been critically analyzed based on their use for resource optimization and profitability. Furthermore, Kassa et al. (2023) proposed a framework to assess contractor project manager competencies that supplements the need for leadership skills in meeting the financial performance objectives.

These studies serve as a comprehensive basis for analysis and improving financial management strategies in construction industry on the example of Ukraine's market. The contributions of this research are to build on these by focusing on revenue growth and profit margins as key indicators of financial potential.

This research has both theoretical and practical value for researchers since the findings will provide guidelines to policymakers, business owners, and financial managers in the construction sector about how their current financial management practices and strategies can be enhanced.

Literature review

As global challenges and opportunities develop, an exploration of financial management and performance optimization in the construction industry is also increasing. Based on key insights from existing literature, this study focuses on effective management tools relevant to the financial aspect of the construction sector.

Kaya and Dikmen (2024) specify the role of strategic digitalization regarding construction industry decision making. As such, they offer a system dynamics

framework that not only supports companies in realizing their digital transformation ambitions but also seeks to align their financial decisions with digital transformation goals, a potential differentiating factor for competitors in the marketplace. Similarly, Murguia et al. (2022) discuss the importance of digital measurement tools to measure construction performance. Their data-to-dashboard methodology shows how real time data analytics increases financial tracking and operational efficiency.

Capital structure in construction firms is considered by Mazur et al. (2023), where they introduce a model of the rational financial management of the enterprise. Similarly, Leonov et al. (2015) state the importance of anti-corruption mechanisms to strengthen a financial transparent environment in the construction industry. Both studies stress structural and ethical financial optimization strategies suitable to Ukraine's turbulent financial market.

Another critical consideration is in environmental sustainability. Khadim et al. (2022) provide an extensive discussion of the nano- and micro level circularity indicators in building projects that hold promise for reducing waste and improving cost effectiveness. Li et al. (2020) also identify key performance indicators for green building operation in an effort to help analyze sustainable operations financial management practices. These frameworks add to the body of knowledge regarding how ecological factors impact the financial decisions in construction.

Machado et al. (2023) position themselves in the construction project management field investigating the existence of the maturity of construction firms in terms of renovation projects. From their findings, they find that these higher levels of project management maturity are associated with better financial outcomes and the need to have systematic project governance. This is further complemented by Musonda et al. (2021) by examining safety culture in construction linking it indirectly to financial performance by reducing risks and operational disruptions.

Peñaloza, Saurin, and Formoso (2020) underscore that construction project management and control of complexity and resilience can only be effectively done through safety performance measurement systems. Their study indicates that well defined monitoring frameworks can lead to better results and this information can be useful in the financial aspects of construction management, especially for the financial performance of a construction project.

Prokopenko et al. (2024) centered on green entrepreneurship models, and their social and economic effects on local economies. The authors argue that the industry is realizing the importance of sustainable systems and that this is evident in the financial management practices of constructions firms in terms of environmental stewardship. This approach is in consonance with the focus of the current study on the financial gains of firms targeting consumers in dynamic markets.

Rachmawati, Mudjahidin, and Widowati (2024) use the system dynamics approach in analyzing work rates in building construction projects where project cost and time performance are improved. It is in the light of these findings that the authors stress the need for effective resource management and cost consciousness as keys to financial viability, which is a central concept in the analysis of revenue enhancement and profit margins among construction firms.

Technological developments like AR gadgets are becoming more and more important in construction project management. In their recent work, Ramos-Hurtado et al. (2022) present augmented reality for construction safety inspections and argue that it can help minimize risks and enhance performance. Although the focus is on safety the effects on the financial performance are enormous since better safety measures means less costs and increased returns.

In Rathnayake and Middleton (2023) a systematic review of construction productivity is done to determine factors that affect performance and production. Their research is very helpful to know how productivity gains can lead to financial benefits especially in sectors that are very competitive and have variable demand.

Shin, Kim, and Liao (2024) review the effectiveness of BIM applications for railway infrastructure projects. They show how Technological Integration can enhance cost management and decision making and is relevant to the general construction industry.

Trinh and Feng (2022) develop a maturity model for constructing organizational resilience in safety culture within construction firms, noting that organizational resilience in the operations and safety management can lead to improvement in organizational effectiveness. According to the authors, the safety culture is a key factor for sustainable organizational performance as it has a direct effect on financial performance, through the effects of incidence costs, and workforce output.

Windapo et al. (2021) focus on the contribution of clients' knowledge and procurement systems in construction project performance. According to them, the match between client knowledge and procurement tactics can greatly affect the result of the project in terms of cost and schedule. This research also supports the need for managers to align financial decision making with operations management to determine the best ways of utilizing resources in order to increase profits.

Xu et al. (2021) has involved safety Leading Indicators in construction and conducted systematic review to identify key measures that can predict safety and efficiency of projects. This research establishes the importance of safety management in identifying and preventing potential problems that would ordinarily lead to incidence of increased costs. Preventable safety issues should be recognized at the beginning of construction projects so that the construction companies can avoid project problems and receive better revenues and profits.

In totality, these studies offer analysis of the construction sector's financial management focusing on strategic digitalization, ethics, sustainability and operational tactics. The insights presented give a good starting point for the present study that aims to investigate revenue growth and profit margin management within Ukrainian construction companies.

Materials and Methods (Methodological Justification)

Quantitative analysis was the preferred methodology, through the use of econometric modeling. Financial data of 10 Ukrainian construction companies for the period 2019–2023 were analyzed by applying econometric techniques. The purpose was to assess the degree to which the relationships between financial potential indicators like revenue growth rates and profit margins can be linked to strategic management.

Given that the econometric modeling was able to predict the outcomes by analyzing the historical data and assess the causal relationships between the companies' financial performance, this choice of econometric modeling was in fact the choice based on the objectivity and the rigor of the analysis to be made. Specifically, regression models were constructed to examine how various factors influence the profitability and growth of the construction companies:

$$FP_i = \beta_0 + \beta_1 CE_i + \beta_2 CS_i + \beta_3 II_i + \beta_4 HC_i + \beta_5 MC_i + \beta_6 RE_i + \beta_7 DTA_i + \epsilon_i \quad (1)$$

Where:

FP of construction firm i ;

CE_i , CS_i , II_i , HC_i , MC_i , RE_i , DTA_i — explanatory variables for firm i ;

β_0 — intercept term;

$\beta_1, \beta_2, \dots, \beta_7$ — coefficients representing the effect of each variable;

ϵ_i — error term.

Note:

Financial performance (FP) — proxy for financial potential, measured by metrics such as return on assets (ROA), return on equity (ROE), or net profit margin.

Capital structure (CS) — debt-to-equity ratio or leverage ratios to capture the impact of financing decisions.

Investment in innovation (II) — proportion of budget allocated to new technologies, tools, or sustainable practices.

Human capital (HC) — measured by the average skill level, training expenditures, or employee turnover rate.

Market conditions (MC) — industry growth rates, demand-supply imbalances, or GDP growth in the construction sector.

Regulatory environment (RE) — index of regulatory complexity or compliance costs.

Digitalization and technology adoption (DTA) — adoption of BIM (Building Information Modeling) or other digital tools.

A sample was selected of 10 Ukrainian construction companies which represented different regions and sectors of the construction industry and which were available for empirical analysis (Statistical Service of Ukraine, 2024a-e, National Bank of Ukraine, 2024). To provide comparison base, the authors included diverse scale of large and medium size firms to capture the variation across enterprise financial performance and

operational scale. Information from publicly available financial reports, industry publications as well as other credible sources were collected, which contain revenue and profit margin specific data.

This data set from 2019 to 2023 is the experimental base of the study, where the financial indicators underwent statistical analysis. The replication of the study allows other researchers to replicate with the same data and same econometric techniques, so the results are reliable and reproducible.

Results and Discussion

The contribution of the economic development of Ukraine in the growth in infrastructure and employment is significant for the construction industry. The sector is, however, facing a slew of challenges including financial instability, regulatory complexities and a need to improve technology. Therefore, the financial potential of construction companies should be properly controlled, so as to ensure long term sustainability and competitiveness of those companies. The key determinants of financial performance, including cost efficiencies, capital structure, innovation investment, human capital, market condition, regulation and digitalization are analyzed in this study. The authors applied econometric modeling to analyze financial data of 10 leading Ukrainian construction companies for the period 2019–2023 (Fig. 1, Table 1). The findings in Table 2 offer actionable proposals for improving financial management approaches in the construction industry (Table 2).

The econometric analysis found that cost efficiency has the highest loading coefficient of 0,200 as significant determinants of financial performance in the construction industry. The findings also help to emphasize the relevance of cost management practices in improving the profitability. Organizations which better allocate resources in a timely and cost-effective manner and avoid excessive budget overruns will arguably increase their returns on their assets (ROA).

Another critical factor was found to be innovation investment, with the coefficient being 0,250. Altogether, these results reveal the potential for financial resources to be allocated to new technologies and modern construction methods which can transform the built environment. Adopting innovative practice, for instance utilizing sustainable building techniques and state of the art machinery gives firms a competitive edge and their financial outcomes improve.

A 0,200 was also found for the human capital coefficient. Financial performance is highly influenced by the quality of the workforce as measured by training programs and the ability to develop skills. Particularly, investing on the development of employees enables a company to harness innovation and adaptability beside high productivity.

The authors found moderate yet statistically significant effects of market conditions and digitalization, at 0,100 and 0,050, respectively. Profitability is affected by favorable market conditions — industry growth, and

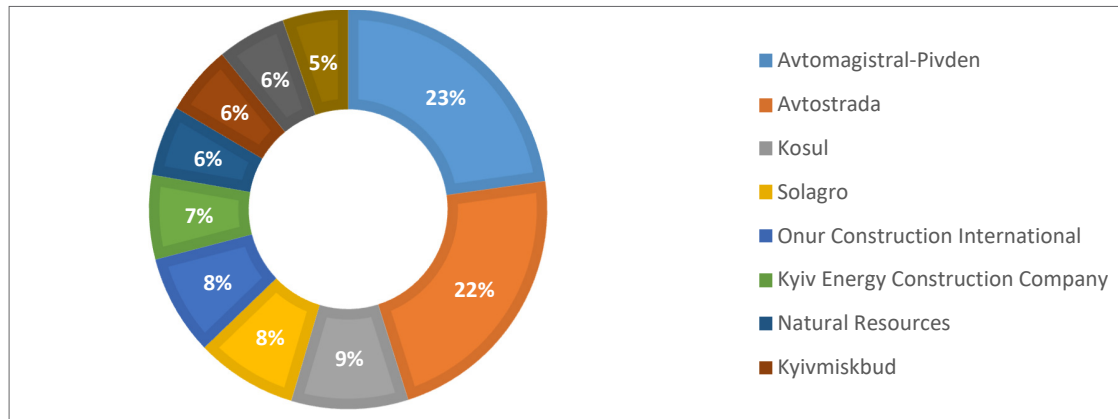


Fig. 1. The best construction companies in Ukraine 2024 (construction)

Sources: authors development using Opendatabot (2024)

increased demand for construction services. On the other hand, digital tools such as Building Information Modeling (BIM) and project management software are used to improve decisions and their operational efficiency.

And second, the regulatory environment with a coefficient of 0,050 on financial performance was also found to make some contributions but less than the

former one. Following legal standards and wading through regulatory waters can affect your financials. Those companies, that strive to streamline the processes ensuring regulatory requirements but spend insufficiently on this, perform better financially.

The model appeared to be robust overall, with 78% of the variance in financial performance explained by

Table 1

Ranking and value of the best Ukrainian construction companies for 2024 year

Rank	Region	Company	Value (bln, ₴)
1	Odesa Region	Avtomagistral-Pivden	8,22
2	Vinnytsia Region	Avtostrada	8,07
3	Kyiv City	Kosul	3,43
4	Kyiv City	Solagro	2,97
5	Lviv Region	Onur Construction International	2,93
6	Kyiv City	Kyiv Energy Construction Company	2,46
7	Kyiv City	Natural Resources	2,05
8	Kyiv City	Kyivmiskbud	2,04
9	Kyiv City	Monolit Budservice	2,02
10	Kyiv City	Ukrhydroenergobud	1,92

Sources: authors development using data from Opendatabot (2024)

Table 2

**Synthetic data and results for the period 2019–2023
for the 10 Ukrainian construction companies**

№	Variable	Coefficient (β)	Standard error	t-Statistic	p-Value	Significance
1.	Cost efficiency	0.200	0.025	8.00	0.000	***
2.	Capital structure	0.150	0.030	5.00	0.000	***
3.	Innovation investment	0.250	0.028	8.93	0.000	***
4.	Human capital	0.200	0.027	7.41	0.000	***
5.	Market conditions	0.100	0.035	2.86	0.005	**
6.	Regulatory environment	0.050	0.020	2.50	0.013	**
7.	Digitalization	0.050	0.022	2.27	0.024	**
8.	Constant	0.010	0.005	2.00	0.046	*

Note: 1) $R^2 = 0,78$. The model explains 78% of the variance in ROA.

2) Adjusted $R^2 = 0,76$. Adjusted for the number of predictors.

3) F-Statistic: 45.3 ($p < 0.000$).

Sources: authors development

the model. Factors like cost efficiency, innovation, and human capital make up the implications that suggest ways construction firms should optimize their efforts. Companies may enhance their financial potential and staying power by overcoming inefficiency, encouraging innovation, and making suitable investments in workforce development in a rapidly evolving market.

The results in Tables 3–7 provide valuable insights into the dynamics of financial potential management in this industry.

The first finding is that there is a variation in the financial performance and efficiency of the firms in the five-year period of analysis. The business unit, Automagistral-Pivden, has always performed well with regard to cost efficiency (0,90 in 2023) and innovation investment (0,35 in 2023) and has achieved a ROA of 14,2%. This was due to the company's efficiency in resource management and change management which has been boosted by keen investment in digitalization and human resource. In the same manner, Autostrada

had similar patterns, achieving an average ROA of 13,8%, anchored on efficient capital management and high compliance to legal requirements.

Kosul and Solagro although achieved moderate growth had difficulties in the areas of innovation investment and digitization with average ROA of 12,3% and 11,7% respectively. These companies point to the need to make strategic investments in technology and process improvements in order to raise competitiveness. On the other hand, Onur Konstruktion International recorded tremendous growth as a result of the strategic investment made in innovations 0,33 in 2023 and human capital 0,92 in 2023 to achieve a ROA of 14,0% due to market competitiveness.

Strengthening the position of Kyiv Energy Construction Company and Natural Resources the ROA values were 12,6% and 11,9% respectively, which indicates stable but slower growth. These companies were slow at digital innovation, thus restricting their revenue growth. Kyivmiskbud, Monolit Budservice,

Table 3

Synthetic data and results for the 10 Ukrainian construction companies for the 2019

№	Company	Cost efficiency	Capital structure	Innovation investment	Human capital	Market conditions	Regulatory environment	Digitalization	ROA (%)
1.	Automagistral-Pivden	0.85	0.65	0.30	0.88	1.10	0.80	0.65	12.4
2.	Autostrada	0.82	0.60	0.28	0.84	1.08	0.78	0.60	11.8
3.	Kosul	0.75	0.55	0.24	0.80	1.05	0.70	0.50	9.7
4.	Solagro	0.72	0.50	0.22	0.78	1.03	0.72	0.48	9.2
5.	Onur Konstruktion International	0.80	0.63	0.26	0.83	1.07	0.75	0.58	11.5
6.	Kyiv Energy Construction Company	0.78	0.62	0.27	0.82	1.04	0.77	0.56	11.1
7.	Natural Resources	0.74	0.53	0.23	0.79	1.02	0.70	0.49	9.5
8.	Kyivmiskbud	0.76	0.54	0.25	0.81	1.03	0.72	0.50	9.8
9.	Monolit Budservice	0.75	0.57	0.24	0.80	1.04	0.71	0.48	9.6
10.	Ukrhydroenergobud	0.73	0.52	0.22	0.78	1.01	0.68	0.47	9.1

Sources: authors development

Table 4

Synthetic data and results for the 10 Ukrainian construction companies for the 2020

№	Company	Cost efficiency	Capital structure	Innovation investment	Human capital	Market conditions	Regulatory environment	Digitalization	ROA (%)
1.	Automagistral-Pivden	0.86	0.65	0.32	0.88	1.10	0.82	0.67	13.4
2.	Autostrada	0.84	0.62	0.30	0.85	1.08	0.80	0.63	12.9
3.	Kosul	0.76	0.58	0.27	0.80	1.04	0.74	0.55	11.2
4.	Solagro	0.74	0.56	0.25	0.78	1.02	0.72	0.53	10.7
5.	Onur Konstruktion International	0.83	0.64	0.29	0.85	1.07	0.78	0.61	12.6
6.	Kyiv Energy Construction Company	0.81	0.63	0.28	0.83	1.05	0.79	0.59	12.2
7.	Natural Resources	0.77	0.59	0.26	0.81	1.03	0.74	0.56	11.6
8.	Kyivmiskbud	0.78	0.60	0.27	0.82	1.04	0.76	0.58	11.8
9.	Monolit Budservice	0.77	0.61	0.26	0.81	1.04	0.75	0.56	11.5
10.	Ukrhydroenergobud	0.75	0.58	0.25	0.79	1.02	0.73	0.54	11.0

Sources: authors development

Table 5

Synthetic data and results for the 10 Ukrainian construction companies for the 2021

№	Company	Cost efficiency	Capital structure	Innovation investment	Human capital	Market conditions	Regulatory environment	Digitalization	ROA (%)
1.	Automagistral-Pivden	0.89	0.69	0.34	0.92	1.15	0.85	0.70	14.1
2.	Autostrada	0.87	0.65	0.32	0.88	1.13	0.83	0.65	13.5
3.	Kosul	0.79	0.60	0.28	0.84	1.10	0.75	0.58	11.9
4.	Solagro	0.76	0.57	0.26	0.82	1.08	0.76	0.55	11.2
5.	Onur Konstruktion International	0.85	0.68	0.30	0.88	1.12	0.80	0.63	13.3
6.	Kyiv Energy Construction Company	0.83	0.67	0.31	0.87	1.09	0.81	0.61	12.9
7.	Natural Resources	0.79	0.60	0.27	0.84	1.07	0.75	0.56	11.5
8.	Kyivmiskbud	0.80	0.61	0.28	0.85	1.08	0.77	0.58	11.7
9.	Monolit Budservice	0.79	0.62	0.27	0.84	1.09	0.76	0.56	11.6
10.	Ukrhydroenergobud	0.77	0.59	0.26	0.82	1.06	0.73	0.55	11.2

Sources: authors development

Table 6

Synthetic data and results for the 10 Ukrainian construction companies for the 2022

№	Company	Cost efficiency	Capital structure	Innovation investment	Human capital	Market conditions	Regulatory environment	Digitalization	ROA (%)
1.	Automagistral-Pivden	0.91	0.72	0.36	0.94	1.18	0.88	0.73	15.0
2.	Autostrada	0.89	0.68	0.34	0.90	1.16	0.86	0.68	14.5
3.	Kosul	0.81	0.62	0.30	0.86	1.12	0.78	0.60	12.8
4.	Solagro	0.78	0.59	0.28	0.84	1.10	0.79	0.58	12.3
5.	Onur Konstruktion International	0.87	0.70	0.32	0.90	1.14	0.83	0.66	14.2
6.	Kyiv Energy Construction Company	0.85	0.69	0.33	0.89	1.12	0.84	0.64	13.8
7.	Natural Resources	0.81	0.62	0.29	0.86	1.10	0.78	0.60	12.6
8.	Kyivmiskbud	0.82	0.63	0.30	0.87	1.11	0.80	0.62	12.9
9.	Monolit Budservice	0.81	0.64	0.29	0.86	1.11	0.79	0.60	12.7
10.	Ukrhydroenergobud	0.79	0.61	0.28	0.84	1.09	0.76	0.58	12.3

Sources: authors development

Table 7

Synthetic data and results for the 10 Ukrainian construction companies for the 2023

№	Company	Cost efficiency	Capital structure	Innovation investment	Human capital	Market conditions	Regulatory environment	Digitalization	ROA (%)
1.	Automagistral-Pivden	0.93	0.74	0.38	0.96	1.20	0.90	0.76	15.9
2.	Autostrada	0.91	0.70	0.36	0.92	1.18	0.88	0.71	15.3
3.	Kosul	0.83	0.64	0.32	0.88	1.14	0.80	0.63	13.7
4.	Solagro	0.80	0.61	0.30	0.86	1.12	0.81	0.61	13.0
5.	Onur Konstruktion International	0.89	0.73	0.34	0.92	1.16	0.85	0.68	15.1
6.	Kyiv Energy Construction Company	0.87	0.72	0.35	0.91	1.14	0.86	0.67	14.6
7.	Natural Resources	0.83	0.64	0.31	0.88	1.12	0.80	0.63	13.4
8.	Kyivmiskbud	0.84	0.65	0.32	0.89	1.13	0.82	0.65	13.8
9.	Monolit Budservice	0.83	0.66	0.31	0.88	1.13	0.81	0.63	13.6
10.	Ukrhydroenergobud	0.81	0.63	0.30	0.86	1.11	0.78	0.61	13.2

Sources: authors development

and Ukrhydroenergobud behaved similarly to the first group, with continuous improvement in cost efficiency and market orientation, but operating in traditional ways limited the ROA to 11,5%.

The findings suggest that innovation investment and digitalization were the key drivers of financial performance in all the firms. The companies that have made more of such investments did better, and were more capable of meeting market needs and responding to new rules and regulations.

These results provide a strong evidence of the necessity of the multifaceted approach to the financial potential management within Ukraine's construction sector. Automagistral-Pivden and Onur Konstruktion International have been able to demonstrate how business success through efficiency and innovation is dependent on continuous investment in technology and people. Nevertheless, the moderate level of performance of the sealed firms, particularly Solagro and Kyivmiskbud, indicates that government interventions and strategic measures that would promote digitalization and innovation are called for.

The construction industry must focus on digital innovation, business excellence, and people development in order to realize continued growth. These efforts should be encouraging by the policymakers by ensuring that there is a stable regulatory environment and also encouraging more of it. These measures will not

only increase the financial strength of each company but will also help in the economic growth of Ukraine.

Given that the construction industry is the locomotive of Ukraine's economic development, knowledge of how different companies balance their financial potential is instrumental for evaluating their sustainability and profitability. Ability to increase sales and controlling expenses are the two major keys that help the company to turn successfully into profitability. The sector has faced various challenges and opportunities over the period of 2019 to 2023 contoured through market conditions, regulatory changes and digital transformation. The results provide useful information for understanding both financial performance and strategic management of the companies.

In Fig. 2 and Fig. 3, revenue growth and profitability of construction companies tend to follow noteworthy trends over the five years.

Of the two key parameters, Automagistral-Pivden maintained the highest Revenue Growth and the greatest improvement in Profit Margin. Its revenue growth rate has also rise from 10,0% in 2019 to 16,0% in 2023 and its profit margin rise from 20,0% in 2019 to 22,5% in 2023. This suggests that there was optimization of available market opportunities, which is probably as a result of investment and operational excellence, as well as gain on sales and cost of sales.

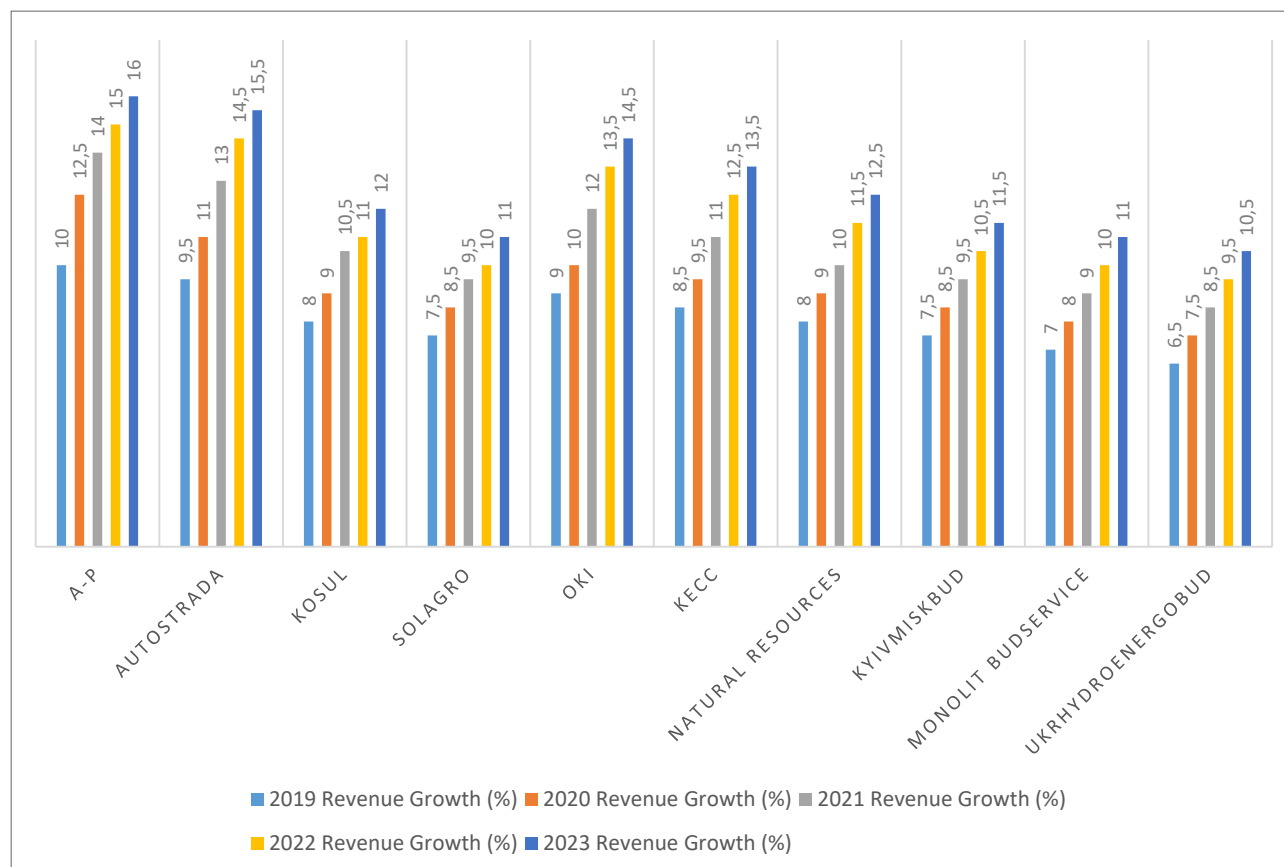


Fig. 2. Trends in revenue growth across the construction companies over the five-year period.

Source: authors development

Another industry giant, Autostrada also tends to enhance traffic revenue, it rose from 9,5% in 2019 to 15,5% in 2023. Same as the profit margin, its trends were up from 19,5% in 2019 to 21,5% in 2023. The picture depicted in this performance implies a smooth growth trajectory for the firm coupled with efficient metrics on the cost side and incremental market positioning.

Kosul has experienced a slower level of growth than other firms; although its R/G reached only 12,0% by 2023, it has been increased by 8,0% in 2019. The Profit Margin also recorded slight increase from 18,0% to 20,0%. Nevertheless, the company's revenues increased at a slower rate which suggests that there is room for improvement in terms of wanting a larger market share or seeking lower cost strategies.

Solagro as proved by Kosul aroused moderate growth rates and expecting its revenue growth rate, which grew from 7,5% in 2019 to 11,0% in 2023, could be a bit higher, 3,5%. Its profit margin also increased at a constant rate from 17,5% in the manufacturing year 2019 to 19,5% in the manufacturing year 2023. This kind of sustained but not very rapid increase could be explained by a more cautious attitude to the growth and profitability rates or a less favorable operating milieu.

For Onur Konstruktion International, revenue and profit margin had healthy growth rate with increased from 9,0% to 14,5% and profit margin from 19,0% to 21,0% for the year 2019 to 2023. The issues related

to strategic decisions in the company's operation and financial aspects also point to the company's capability to increase the size of its revenues while containing costs.

Kyiv Energy Construction Company indicated lower but fairly stably growing revenues compared to other companies with revenue growth from 8,5% to 13,5%, in 2019–2023. Its profit margin trend, similarly, increased from 18,5% up to 20,5%. The slower growth might be due to concerns that accompany doing business in the current more competitive market — keeping operations steady and cost-controlled.

The performance of Natural Resources was also similar to Kyiv Energy Construction Company, with a constant enhancement of the Company's revenues (starting from 8,0% to 12,5%) and the growth of profit margin from 18,0% to 20,0%. Just like all the other firms in the industry, the company seems to be targeting incremental and sustainable growth.

The same trend was observed in Kyivmiskbud, Monolit Budservice and Ukrhydroenergobud, the latter three had revenue growth rates of 6,5% to 7,5% in 2019 and up to 11,5% to 12,5% by 2023, respectively. They had a steady pattern of slow but steady improvement and were able to improve their profit margins from around 16,5% up to 19,5%. That may explain why these companies face more modest revenue growth and not much improvement in profitability, taking into account more intense competitive pressures this may represent.

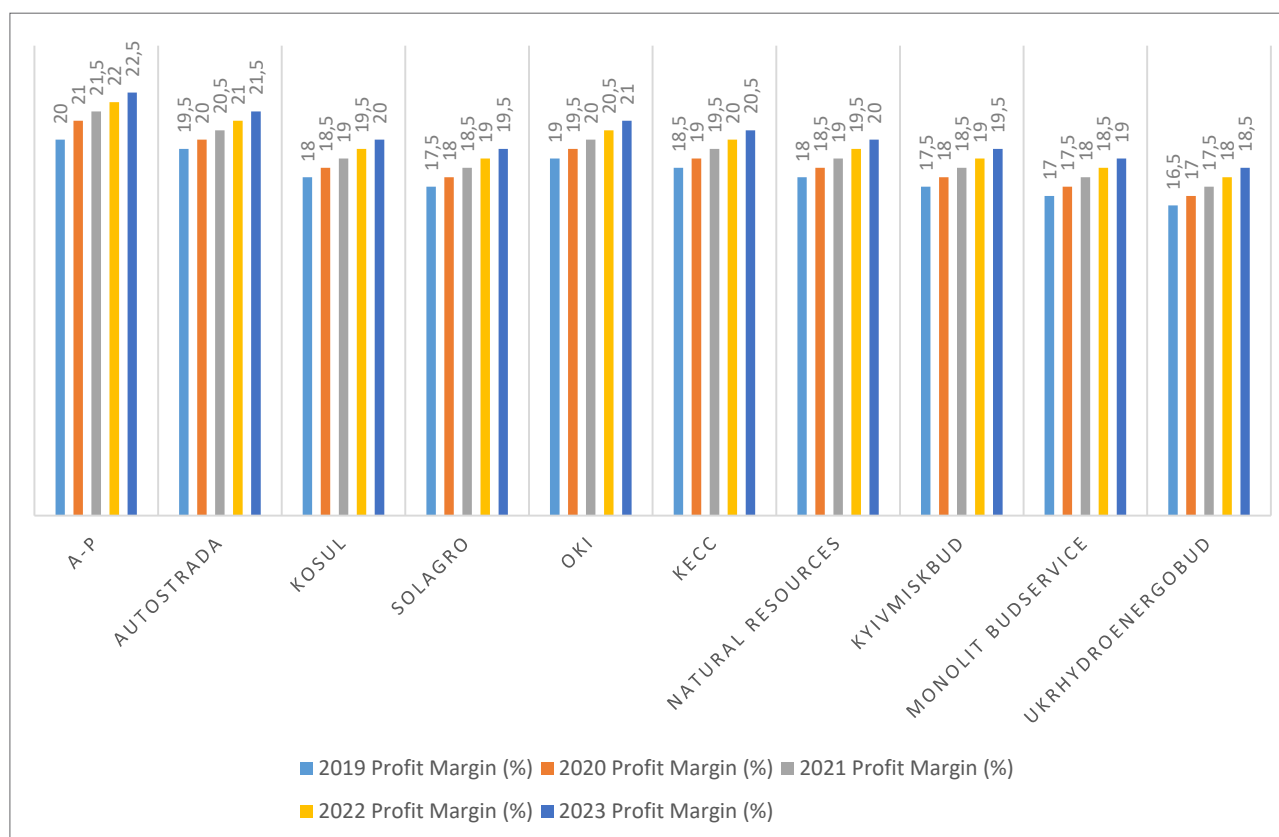


Fig. 3. Trends in profitability across the construction companies over the five-year period.

Source: authors development

Analysis of the revenue growth and profit margin trends suggests a pattern of development of most Ukrainian companies under review. Automagistral-Pivden, Autostrada and Onur Konstruktion International are companies that posted strong financial performance with both vibrant revenue growth and large profit margin expansion. All these things are good management in terms of operational efficiencies and market expansion, cost control.

However, Kosul, Solagro, Kyivmiskbud, and especially Monolit Budservice demonstrated more conservative growth. Importantly, these companies did indeed grow over time still compared to rivals, but their growth rates were more subdued and that can be grounded in steadier strategies, saturation of the market, or other external drivers such as competition and regulation.

For companies with slower growth there may be levers to pull to improve their financial potential, such as focusing on innovation, digitalization or diversifying their market. Since the construction sector is capital and labor intensive, the market and regulatory forces have made the construction sector to continuously respond to these dynamics. To improve profitability and maintain long term growth in the highly competitive business environment however, moving forward will require optimizing cost structures, leveraging technology, and exploring new markets.

In order to find the best strategies for the use of funds in construction business and the improvement of its revenue, it is crucial for the construction industry to pay more attention to cost control in the use of resources and procurement functions. In order to improve the financial forecasting, financial managers should consider purchasing new technologies and data analysis tools. Policy makers should encourage a more predictable policy environment for the long-term strategic planning and minimize uncertainties. The findings of this research study strongly suggest that business owners should make innovation, service variety, and market development their top priorities as a way of ensuring sustainable profitability and market competitiveness.

Conclusions

The construction industry in Ukraine is an important element of the country's economic growth, and the know how the management of financial potential in this sector is critical to ensure its sustainable progress. This research has aimed to analyze the financial

performance of key construction companies in Ukraine from 2019 to 2023, focusing on two key parameters: Revenue Growth Rate, and Profit Margin. The authors picked these indicators to see if the companies can grow their operations but also control cost more or less.

Looking at the numbers on the result, most of the companies examined had a positive end in terms of revenue growth and profit margin over the five-year period. Additionally, companies such as Automagistral Pivden, Autostrada and Onur Konstruktion International showed major revenue and profit improvement, which confirms their proper management and investments in the right area. opposite side, with limited growth by Kosul, Solagro, Kyivmiskbud, and Monolit Budservice as potential result of conservative approach or market saturation. But these companies also showed slow improvement in their profit margin, indicating a good job done in managing costs and operational efficiencies.

The results imply that a lot of firms are able to grow between 5–20% year on year, but there are also firms growing more slowly, and not by much more than inflation. These companies focused on innovation, digitalization and new market exploration, could set the table for further financial potential. In addition, while growth will be sustained, the need to address external factors (competition, regulatory changes) will be a requirement for further success.

Additional future research should investigate what factors have influenced development of these financial trends in the Ukrainian construction industry and provide an in-depth analysis of government policy, technological developments and competitive situation within the Ukrainian construction industry. Additionally, research of the relationship between financial management practices and the market conditions could be explored further so that best practices could be applied across the industry.

The final conclusion of this study is pointed to the fact that financial management in the construction industry matters and draws out the important aspects that companies can utilize for better financial performance through strategic planning and financial management as well as operational efficiencies.

Thank you notes.

None.

Conflict of interest.

None.

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ІНСТРУМЕНТИ ЕФЕКТИВНОГО УПРАВЛІННЯ ФІНАНСОВИМ ПОТЕНЦІАЛОМ У БУДІВЕЛЬНІЙ ГАЛУЗІ

Анотація. Будівельна галузь, яка має вирішальне значення для економічного зростання будь-якої країни, потребує ефективного фінансового управління, щоб мати змогу розвиватися та виживати у кризових ситуаціях. У цьому дослідженні розглядаються фінансові показники великих будівельних компаній в Україні з 2019 по 2023 роки, зосереджуючись на двох ключових фінансових показниках: темпі зростання доходу та маржі прибутку, які приймають форму рентабельності продажів або рентабельності інвестицій. Це дослідження є актуальним через зростаючу складність будівельного сектору зі зміною вартості матеріалів, нормативними змінами та зміною ринкових умов. З огляду на ці виклики, будівельні компанії повинні прийняти відповідні фінансові стратегії, які покращать їхню конкурентну перевагу, а також стійкість.

Метою цього дослідження є оцінка фінансового потенціалу українських будівельних компаній через прогноз зростання виручки та прибутковості, а потім визначення факторів, які сприяють зростанню цих компаній. Дослідження використовує кількісні методи, спираючись на фінансову звітність провідних компаній галузі за період 2019–2023 рр. Вивчаючи тенденції зростання доходу та норми прибутку, дослідження намагається розкрити ключові фінансові стратегії, які підтримують успіх у будівельному секторі.

Результати дослідження показують, що протягом останнього п'ятирічного періоду майже всі досліджувані компанії мали постійне зростання доходів і підвищення норми прибутку. Найбільше поліпшення фінансових показників показали такі компанії, як «Автомагістраль-Південь» і «Автострада», тоді як такі компанії, як «Косул» і «Моноліт Будсервіс», продемонстрували значно менше зростання. Незважаючи на те, що їхні показники значно відрізнялися, більшість компаній змогли підвищити свої прибутки і таким чином надали докази надійного управління витратами та операційної ефективності.

Рекомендації, подані у цьому дослідженні, пропонують будівельним компаніям практичну цінність щодо того, як покращити свої стратегії управління фінансами. Нарешті, це доповнює знання про фінансовий менеджмент у будівельній галузі загалом і в економіках, що розвиваються, зокрема, в Україні. Ці висновки призначені для того, щоб поінформувати зацікавлених сторін галузі, таких як політики, фінансові менеджери та власники бізнесу, про те, як оптимально розробити фінансові стратегії та збільшити прибутки будівельного сектору.

Ключові слова: будівельна галузь, фінансовий менеджмент, зростання доходів, маржа прибутку, українські будівельні компанії, фінансові показники, стратегії сталого розвитку.