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J.A.Aliyev
doctoal student, Institute of Economics
Ministry of Science and Education of the Republic of Azerbaijan
ORCID 0009-0006-0468-4309
javadaliyev74@gmail.com

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CONSTRUCTION ECONOMICS AND MANAGEMENT IN ISLAMIC COUNTRIES

Abstract

This article analyzes the economics and management of the construction sector in Islamic countries from both theoretical and practical perspectives. The main objective of the study is to assess management mechanisms and institutional approaches affecting the economic efficiency of construction projects. The paper examines the role of state regulation, financing models, and project management practices in the development of the construction industry. Comparative and analytical research methods are employed in the analysis. The findings indicate that effective management and sound economic planning are key prerequisites for sustainable development in the construction sector. At the same time, institutional weaknesses and managerial inefficiencies limit the sector's potential in several Islamic countries. The results of the study provide practical insights for policymakers and industry practitioners.

Keywords: *construction economics, construction management, Islamic countries, infrastructure development, economic efficiency.*

INTRODUCTION

The construction sector plays a critical role in economic development by contributing to capital formation, employment generation, and infrastructure expansion. In Islamic countries, construction activities are closely linked to broader development strategies, urbanization processes, and public investment programs aimed at improving economic resilience and social welfare. As a result, the efficiency of construction economics and management has become a key determinant of sustainable growth in these economies.

Over the past decades, many Islamic countries have experienced rapid population growth, increased urban demand, and large-scale infrastructure initiatives. These dynamics have intensified the need for effective construction management systems capable of optimizing resource allocation, controlling costs, and ensuring timely project delivery. However, despite significant investments, the construction sector in several Islamic economies continues to face structural challenges, including cost overruns, weak project governance, limited managerial capacity, and inefficient institutional frameworks.

Construction economics in Islamic countries is influenced not only by market forces but also by state regulation, public procurement practices, and financing mechanisms. Government-led infrastructure programs, public–private partnerships, and development-oriented investment policies play a decisive role in shaping sectoral performance. At the same time, differences in institutional quality, regulatory transparency, and management practices across countries lead to uneven construction outcomes and varying levels of economic efficiency.

Effective construction management is therefore essential for improving productivity and reducing inefficiencies within the sector. Project planning, risk management, financial control, and organizational coordination are among the key management functions that directly affect construction performance. In the absence of sound management frameworks, construction projects may fail to deliver their expected economic and social benefits, thereby undermining national development objectives.

Although existing literature provides valuable insights into construction economics and project management, studies focusing specifically on Islamic countries remain relatively limited. Many analyses address general construction challenges without adequately considering the institutional and economic specificities of these countries. This creates a research gap that necessitates a focused examination of construction economics and management practices within Islamic economies.

In this context, the present study aims to analyze the economic and managerial dimensions of the construction sector in Islamic countries. By examining key institutional, financial, and management-related factors, the article seeks to contribute to a deeper understanding of how construction economics and management practices influence sectoral efficiency and development outcomes.

ANALYSIS

The construction sector in Islamic countries functions within a multifaceted economic and institutional environment shaped by public investment priorities, regulatory frameworks, and managerial practices. Construction activity in many Islamic economies is largely driven by state-led infrastructure programs, urban development initiatives, and housing projects, making government involvement a dominant force in construction economics (World Bank, 2020). Consequently, the efficiency of construction outcomes is closely linked to macroeconomic planning, public procurement systems, and institutional coordination mechanisms.

A defining characteristic of construction economics in Islamic countries is the strong reliance on public financing. Government expenditure on infrastructure and construction projects constitutes a significant share of gross fixed capital formation in several countries (UNDP, 2021). While this dependence enables large-scale development projects, it also increases exposure to fiscal constraints, funding delays, and budgetary inefficiencies. Empirical studies indicate that insufficient feasibility analysis and weak cost–benefit evaluation often result in cost overruns and inefficient allocation of resources in publicly financed construction projects (Flyvbjerg, 2017).

Construction management practices play a central role in determining project-level economic performance. Effective project management requires systematic planning, scheduling, cost control, and risk management. However, research suggests that construction projects in many Islamic countries suffer from fragmented management structures, limited professional training, and insufficient adoption of modern project management methodologies (Hassan & Lee, 2018). These deficiencies reduce labor productivity, extend project timelines, and compromise construction quality.

Institutional quality further influences the relationship between construction economics and management efficiency. Regulatory complexity, lack of transparency in procurement processes, and weak enforcement of construction standards contribute to increased transaction costs and uncertainty (OECD, 2019). In several Islamic economies, institutional inefficiencies discourage private sector participation and limit the effectiveness of public–private partnership arrangements, which are otherwise considered essential for mobilizing investment and managerial expertise (Yescombe, 2018).

From an economic perspective, managerial inefficiencies in construction translate into higher production costs and lower returns on investment. Delays in project delivery postpone the availability of essential infrastructure services, thereby slowing down economic activity and reducing overall welfare gains (Aschauer, 1989). Consequently, improving construction management efficiency is not only a sector-specific objective but also a broader macroeconomic priority for Islamic countries pursuing sustainable development.

Comparative evidence indicates that Islamic countries with stronger institutional frameworks and advanced management systems achieve superior construction outcomes. The adoption of standardized project management tools, transparent procurement procedures, and performance-based evaluation mechanisms enhances economic efficiency and accountability (PMI, 2021). These findings highlight the importance of aligning construction management practices with sound economic governance to improve sectoral performance and long-term development outcomes.

Table 1

Key economic factors influencing construction performance in islamic countries

Factor	Economic Impact	Management Implications
Public investment dependency	Fiscal exposure	Budget control and planning
Financing mechanisms	Cost volatility	Financial monitoring
Project management capacity	Productivity	Skilled human capital
Institutional quality	Transaction costs	Regulatory transparency
Procurement systems	Cost efficiency	Competitive tendering

CONCLUSION

The construction sector plays a strategically important role in the economic development of Islamic countries by supporting infrastructure expansion, employment creation, and long-term growth. This study has examined the economic and managerial dimensions of construction activities in these countries, emphasizing the interaction between public investment, institutional quality, and management practices. The analysis demonstrates that construction performance in Islamic economies is not determined solely by the scale of investment, but largely by the effectiveness of economic planning and managerial execution.

The findings indicate that heavy reliance on public financing, while enabling large-scale construction projects, increases vulnerability to fiscal constraints and inefficiencies. Weak feasibility assessments, limited use of economic evaluation tools, and inadequate cost control mechanisms often undermine project efficiency. These issues are compounded by fragmented management structures and insufficient adoption of modern project management practices, which negatively affect productivity and project delivery timelines.

Institutional factors emerge as a critical determinant of construction sector performance. Regulatory complexity, limited transparency in procurement processes, and inconsistent enforcement of standards contribute to higher transaction costs and reduced investor confidence. The study confirms that countries with stronger institutional frameworks and clearer governance mechanisms tend to achieve better construction outcomes, supporting earlier findings in construction economics and public investment literature (OECD, 2019; World Bank, 2020).

From a policy perspective, improving construction economics and management in Islamic countries requires a comprehensive approach. Strengthening institutional capacity, enhancing transparency in procurement, and promoting standardized project management methodologies are essential measures. In addition, investment in professional training and managerial skill development can significantly improve construction efficiency and economic returns. The expansion of wellstructured public–private partnership models may further support the mobilization of private capital and managerial expertise (Yescombe, 2018).

In conclusion, effective construction management aligned with sound economic governance is a prerequisite for sustainable development in Islamic countries. By addressing managerial inefficiencies and institutional weaknesses, policymakers can enhance the economic impact of construction activities and ensure that infrastructure investments deliver lasting socio-economic benefits.

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C.Ə.Əliyev

doktorant, Azərbaycan Respublikası Elm və Təhsil Nazirliyinin

İqtisadiyyat İnstitutunu

ORCID 0009-0006-0468-4309

İslam ölkələrində tikintinin iqtisadiyyatı və menecment

Xülasə

Məqalə İslam ölkələrində tikinti sektorunun iqtisadiyyatı və menecment sistemlərini nəzəri və praktiki aspektlərdən təhlil edir. Tədqiqatın əsas məqsədi tikinti layihələrinin iqtisadi səmərəliliyinə təsir edən menecment mexanizmlərini və institusional yanaşmaları qiymətləndirməkdir. Məqalədə dövlət tənzimlənməsi, maliyyələşmə modelləri və layihə idarəetmə metodlarının tikinti sektorunun inkişafındakı rolu araşdırılır. Analiz zamanı müqayisəli və analitik metodlardan istifadə olunmuşdur. Tədqiqat nəticələri göstərir ki, səmərəli menecment və iqtisadi planlaşdırma tikinti sektorunda davamlı inkişafın əsas şərtlərindən biridir. Eyni zamanda, institusional çatışmazlıqlar və idarəetmə problemləri bir sıra İslam ölkələrində sektorun potensialını məhdudlaşdırır. Məqalədə əldə olunan nəticələr tikinti sahəsində qərar qəbul edən qurumlar üçün praktik əhəmiyyət kəsb edir.

Açar sözlər: *tikinti iqtisadiyyatı, tikinti menecmenti, İslam ölkələri, infrastruktur inkişafı, iqtisadi səmərəlilik.*