

NEW APPROACHES OF INVESTMENT MANAGEMENT USED IN CONTEXT OF TERRITORIAL INTELLIGENCE

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Abstract

The efficiency of public investments is based on the identification and analysis of economic indicators and the main tool of analysis and valuation of investment projects is cost-benefit analysis. Within it, the emphasis is on the economic impact generated by the projects implementation. Context of sustainable development as growth and competitiveness in European plan, investment strategies implies the use a social and economic perspective, taking into account the benefits allocation and use of resources in the long term. The social and cultural environment issues and the generated impact, it integrates the principles of the territorial intelligence based on the use of information technology and increased territorial connectivity between people, organizations and communities. The article intends to present public investment management approach taking into account the specifics and planning needs of the territory and identifying new approaches in area that were based on documentary analysis of current methodologies. The study results demonstrate the need to evaluate investment efficiency taking into account the three priorities: territorial economic intelligence, territorial strategic intelligence and management of territorial communities.

Keywords: Efficiency, Information technology, Investment management, Territorial intelligence.

1. INTRODUCTION

Economy, an area with complex dynamics, approached in terms of the structural and strategic transformations undergone due to globalization, integrates the investment processes on the level of economic development, as being fundamental instruments for generating economic, managerial, social, informational and technological effects and ensuring a favorable position in the macroeconomic competition.

The new global context, in which the market's requirements, dominated by a dynamic competitive environment, is in a state of permanent change, identifies the investment processes as being "instruments for the development of organizations" (Draghici and Dobrea, 2010), in which the

performance of all processes developed both inside and outside the economic systems becomes possible through a responsible integrated approach.

Investments, regarded as a factor that influences the future, play an essential part in economic growth and development by modernizing the productive force and by creating new, more efficient structures, correlated with the specific needs of individuals and society. From the point of view of the access to resources, but also of the economic-social competition, economic development generates a superior level of performance oriented, in the last decade, also on an assessment within the qualitative sphere, not just the quantitative one. Thus, the system of the investment project analysis is reoriented towards other principles and operational instruments with a medium and long-term impact due to the environment's dynamics.

The concept of investment efficiency indicates the correlated direction of the resources allotted in the development of a process and the activity's results obtained, aimed at the optimization of positive economic effects. However, in an integrated approach of performances in investment management, efficiency must be introduced on all the levels of the socio-human activity, thus developing also social implications in relation to society's needs. In the context of permanent change due to technological progress and the environment's characteristics, the analysis of the investments' efficiency has become an essential factor approached at the microeconomic and macroeconomic level.

The purpose of this paper is to identify new approaches with regard to investment management through which the necessity and assessment of investment efficiency will be proven, in the context of certain dimensions of society's evolution.

2. LITERATURE REVIEW

According to (Draghici and Dobrea, 2010) "the investment is the totality of resources allotted for the development-modernization of the productive force of organizations as well as of the entire society, so that the conditions required for obtaining useful medium and long-term effects are created". In a general context, the investment is regarded as an instrument for creating and modernizing economic systems by increasing the accumulation of fixed assets and a sure way to promote technical, social and economic progress.

Within the complex framework of investments, (Draghici and Dobrea, 2010) define the concept of investment project as a connection in the area of investments with the ones of project management

such that a support operational instrument results, one through which the idea of investment is transformed into an economic or social result. As a motivation for expenditure, in the investment project it is necessary to have a set of different means in order to put to use actions that require predetermined order of activities so as to avoid the consumption of resources and to reach the goal and defined objectives. After all, the purpose of investment projects entails the fulfillment of their objectives, in a predetermined timeframe.

The complex environment of the investment process involves different stakeholders and a variable interval of time in the context of current conditions. Given the major implications of the investment process an investment management is necessary, one “which pertains to aspects relating to defining the necessity of investing, to planning and scheduling the investment process, staggering the investment works, inspection and assessment of the process” (Vasilescu et al., 2009).

The consequence of the group’s managerial activities, depending on their characteristics, has determined the identification of five functions of management with direct applicability in investment management, to wit planning, organization, decision, causation and inspection - assessment. In the conditions of permanent changes in the consumers’ requirements and of the fluctuation of the demand of goods and services, the planning function plays a very important part, in terms of the strategic and tactical objectives of the investment process are set.

Pârvu and Andreica (2003) have shown that the acknowledgement of the diversity of forms of manifestation of the time factor in the area of investments and their economic impact have led to the necessity to pass from the static approach to the dynamic approach of assessing the efficiency of investment processes thus requiring the development of the theory of economic efficiency of investments.

In the current context, involving all the factors within an organization, an appropriate level of efficiency can be ensured, correlated with the performance of the organization on all levels: managerial, technical, strategic and investment-related. The correlation between economic efficiency and performance takes into account the utilization of a comparative system between organizations.

Taking into consideration (Drucker, 1986)’s assertion that “management is a practice, not a science; it’s not about knowledge, it’s about performance”, one could assert that performance is an essential criterion for project substantiation, including of course the efficiency analysis. Socio-economic performance appears on the basis of significant efforts within a short interval of time correlated with “objectives and strategies permanently harmonized at a regional and global level” (Vasilescu et al.,

2009). The upper levels of performance and economic growth do not hinge on individual efforts but on the entire system of partnerships and international relations, relying also on the integration capacity at a macroeconomic level.

Thus, the necessity of public investments appears, with a strong decisive character in improving the quality of life and the modifications that have appeared on the labor market. Investment projects in services intended caused and are an integrating solution concerning territorial collectivity. Therefore, investment projects constitute an engine for implementation and promotion of technical-scientific progress, capitalizing on technological and technical solutions captured by scientific research. According to Stoian (2003) the current public investment problems must take into consideration things such as environmental protection, restoration of ecological balance, removal of social disparities, ensuring balance in economic development.

One of the main problems is to compare projects with non-common characteristics, located in different areas, but financed by one institution and with only one budget, in order to choose and to build the ones with best global results. (Bosch and Aguado, 2016).

The main concern on the quality of life in the present but also for future generations is the development of the entire territory, thus taking into account the concentration on the multidisciplinary character and the complexity of problems adapted to the needs of the territory. The necessity of solutions approached comprehensively is relevant for all stakeholders involved in the territory in the context of territorial intelligence which has as a goal promoting all participatory processes that mobilize the knowledge and experience of partnerships between them.

The concept of territorial intelligence exceeds economic intelligence because of its broad scope, concentrating not only on efficiency and performance, but also on all dimensions: economic, social, political, cultural, environmental, which affect lasting development. As Corbineau (2005) stated at one point, "What is territorial intelligence, if not the intelligence to live together in a given space-time?" Thus, an idea is outlined, the idea of a concept that proves its utility in the assistance offered to territorial stakeholders to assimilate information and communication technology, as information itself is a path that leads to in-depth knowledge and formation of the territory.

Current assessment methodologies require new approaches in terms of time management during the implementation phase, a better assessment of the effects and expected efforts and a better warning system of potential vulnerabilities that may arise in the projects. (Lappe and Spang, 2014).

3. RESEARCH METHODOLOGY

The problem of substantiation, implementation and ensuring the appropriate level of sustainability of investment projects, in relation to the system of specific performance indicators, is topical, in the context of global changes with reference to the technological, social, cultural and economic aspect.

If from a legislative standpoint, the implementation part of the investment projects is the one that is best regulated (GD 28/2009, GD 225/2014, GEO 28/2013, etc.), the problem of substantiation (ex-ante) and ensuring sustainability (ex-post) remains within the scope of individual and sometimes subjective decisions, subject to temporal constraints and needs, without being correlated at a strategic level from the standpoint of performance and the real contribution to economic–social development.

The pre-investment stage actually involves connecting the three essential elements, namely the idea of project, its necessity and the actions that are necessary for its implementation. The project idea develops on the basis of an identified need within which, on the basis of the specific documentation the opportunity and viability of the investment project are substantiated. The goal of the pre-investment analysis depends largely on the quantity and quality of the necessary information that was available for the substantiation of the decision to invest, and the favorable case was the one in which the arguing and development of the project idea also takes into account the elements of the external environment.

In this respect, we have conducted a documentary analysis of current methodologies and of the legislative framework and we have noticed that in the present, the emphasis is on the economic side, and the efficiency indicators utilized are insufficient to cover the social necessities and the impact generated.

4. RESULTS ANALYSIS

The methods and instruments utilized based on the cost-benefit analysis (economic and financial analyses based strictly on the recovery time limit, the internal profitability rate and the updated net income) assess the economic efficiency of the investment, thus limiting the substantiation on the one hand but also the assurance of sustainability on the other hand, and from a social and cultural standpoint, a necessity that would actually contribute to durable development.

Another limitation of the economic efficiency indicators utilized is the influence of the time factor. The amount invested and the economic result obtained are drawn up and analyzed in different time periods, in which we can see the intervention of financial fluctuations, the evolution of the exchange rate and the

rate of inflation, changes that generate disparities between the anticipated economic results and the ones obtained.

The period of financial insecurity caused by the crisis that has had a great impact on the global economy has led to significant changes in the indicators and has caused the instability of the current economic environment. In this context, the permanent changes of the economic phenomena have proven to be less beneficial on the management of investments, due to the changes in methodologies and conditions imposed.

The motivation for the research is related to the analysis of the situation observed both from a practical and a theoretical standpoint as being insufficiently debated and researched, namely the management of investment projects in the substantiation phase and in the post implementation phase (ex-ante and ex-post) in the context of approaching the concept of territorial intelligence.

The new context of the interdisciplinary approach and European competitiveness forces public and private organizations to face some new major challenges, with a strategic and operational impact. According to the strategy for local public administration consolidation, from an operational standpoint, the main directions are related to streamlining, simplification and consolidation on the basis of mechanisms and procedures, open and capable to respond to the citizens' requirements. All these challenges have the purpose of lasting economic development using as instrument the concept of territorial intelligence, based on the utilization of information technology and increase in the level of territorial connectivity between people, organizations and communities.

In Girardot's view, the concept of territorial intelligence correlated with "the multidisciplinary knowledge that, on the one hand contributes to understanding the structures and dynamics of the territories, and on the other hand aims to be an instrument in the service of lasting territorial development stakeholders" (Girardot, 2005). This concept is founded on six methodological principles, which Girardot has identified thus: the partnership of stakeholders, the participation of all stakeholders in the development, development through projects and the culture of assessment, the balance between economic, social and environmental elements, the approach to territory as a space of action and the development of the accessibility to technology of the information society.

On the basis of the integration of the territorial intelligence principles, the participation and the partnership define this concept as an undertaking that is essentially oriented towards stakeholders, founded on the accessibility of information technology and on the cooperation of the local communities' stakeholders.

Currently, information networks constitute the infrastructure of territorial intelligence. The information and telecommunication instruments are indispensable for the organization of an exchange of ideas and collective work, as the stakeholders are numerous and different, distant from each other and unsynchronized in time.

As a supplement to the principles of territorial intelligence, essential for lasting development, the integrated and balanced approach of ecologic, social, economic and cultural objectives imposed the analysis of problems on a territorial scale including all the dimensions of the territorial action. The necessity of the integrated approach in relation to territorial problems prioritizes the satisfaction of the citizens' collective needs, ecologically harmonized in order to preserve future generations. The harmonization of all the sectors of knowledge involves the in-depth knowledge –by means of communication technology- of the elements of environment, demographics, economy and culture.

The approach to territory as a space of action actually involves the integration of three levels that complement the interaction between geographical space and the human community, namely: the relations of power established between territorial stakeholders and their behavior at a collective level, the socio-economic dynamics that generate effects as a result of individual or collective decisions and the effective spatial structures and their evolution.

Thus, for the integrated approach concerning the results of the principles of territorial intelligence, project management and the assessment of actions developed within it are necessary. Drawing up projects in the context of a global and integrated approach entails an important learning effort from all the stakeholders involved. By participating in the collective completion of the territorial diagnosis and the completion of the system of territorial intelligence, a learning process that is continued by the participatory assessment of actions is established, and these should be understood as the capitalization of good practices and the identification of errors that must be avoided

5. CONCLUSIONS

The results obtained have highlighted the insufficiency of the assessment of investment projects on all levels, as the current system of indicators is centered only on the economic side of the investment projects. Moreover, the efficiency of investments and the current level of performance are centered on the strictly economic forecasting and assessment, thus excluding an intelligent qualitative and integrated assessment at the level of the entire territory. We notice a limitation in the analysis of the

generated cultural and environmental impact, integrated from the standpoint of territorial intelligence. The connection of all stakeholders, the collective integration of knowledge and partnerships and the communication based on the technological infrastructure are shortcomings generated by the current methodology, deficient from the standpoint of the integrated global approach.

Further research takes into consideration the defining of an innovative methodology for the substantiation of public investment projects, based on an econometric model, with the perspective of integrating the concept of intelligent territory.

As a research direction, I intend to develop a model for the substantiation of public investments which, at a territorial level could concretely integrate the principles of territorial intelligence by means of specific indicators, to ensure compatibility with economic efficiency indicators, to be objective in nature and to be able to be recognized by all the stakeholders in the system, to ensure the best options of placement of financial resources and to have large-scale applicability in different field of activity.

This model will analyze a system of statistically collected variables, on a local and regional level, by specialized services or structures, in a dynamic perspective, as well as the set of objectives derived from the documents of strategic and operational planning.

The planning and substantiation model for public investment projects will analyze the areas with an impact on the performance of local public administration, to wit: the economic, demographic, territorial, geographic, social, informational and legal areas.

The assessment methodology must take into account the interests on the part of the investor who wants access to the local market; access to local resources and low-cost production factors and, on the other hand the beneficiary seeks additional capital resources and the possibility to have access to technology and know-how investor (Dobrea and Serban, 2011).

From the standpoint of efficiency and performance, investment projects collectively connected and substantiated by all the stakeholders of a community, will ensure both the sustainability and the impact generated, with an emphasis on social elements, not just economic ones, integrated at the level of a territorial community so as to ensure lasting development.

In the new model, the partnership of territorial stakeholders and their collective participation in the actions required for the substantiation of investments will be essential for the integrated approach for the purpose of territorial development through the utilization of information technology and interactive

communication between all the stakeholders, based on the accessibility of information, their cooperation and the sharing of information by accessing a platform meant for integrated investment projects.

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