SPECIFIC ASPECTS DEFINING THE INVESTMENT CONCEPT

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Abstract

The investments are representing the "engine" for launching the process of economic growth securing the functioning at normal parameters of the national economy as well as the improvement and development of the production volume, providing material support, occupations in the socio-cultural domain being, meanwhile, the main factor for the increase of the life quality for the population.

Key words: investments, development, capital, evolution, typology, gaps

General aspects

The investments are the fundamental basis of the development of the economic units, playing a very important role, namely to valorise and improve the available resources. Meantime, the investments are representing the "engine" for launching the process of economic growth securing the functioning at normal parameters of the national economy as well as the improvement and development of the production volume, providing material support, occupations in the socio-cultural domain being, meanwhile, the main factor for the increase of the life quality for the population. Thus, in terms of investment, we understand the placement of capital with the goal of getting future profits. In this context, we can submit as an example, the financial investments which imply buying assets in order to get dividends after the closing of the financial exercise. Afterwards, the liquidities thus obtained are placed with banks aiming to get interests allowing these amounts to be utilized as well as to initiate new business ideas meant to get profits.

In a more concise meaning, we can define the investments as capital expenses made with the purpose to obtain durable goods which represent future incomes, which will bring in new profits. Consequently, the capital investments, as defined previously, are emphasizing those expenses which entail the renewal or the acquisition of, basically but not only, fix means (Cistelecan 2002).

Meantime the capital investments are generating stimulus to the national economy, to the economic growth and development as through their support the companies can consolidate their market position through the increase of both the capitals and jobs on the market and implicitly stimulating the consumption and, consequently, the increase of the living standard at national level.

As to the notion of investment, the literature of specialty is mentioning three acceptances, namely: the accounting one, the financial one and the economical one.

If considering the *accounting acceptance,* we can define the investments through their material nature, as being sources intended to acquire immobilized, respectively, circulating assets either achieved by the economic units or bought, in order to be useful to a larger or smaller extent to the current activities of the company. In this respect, the accounting activity is reflecting mainly the investments in immobilized assets, put in use for a long term period, which allow the amortization accounting as they get consumed in the process of getting incomes by the economic agents.

The financial acceptance is explaining the investments through the point of view of the exchanges between the money availabilities at a given moment and the future possibility to cash more, underlining thus a so-called opportunity cost. Thus, the investments are representing amounts distributed at the present time which would generate the occurrence of future money effects, higher than those initially resorted to, to be amortized on long time period.

At last but not at least, the *economical acceptance* is defining the investments notion as a longstanding and continuous process of anticipation on the investments expense, out of which money effects and implicitly, benefic outcomes should be obtained on long term basis.

The investments typology

From the point of view the classification in the literature of specialty, the investments are divided according to a number of criteria but in this sub-chapter we shall focus on those ones which are covering a bigger weight at the level of our country.

Thus, taking into account the invested capital, we can classify the *investments as autochthonous, foreign and mixed.*

From the point of view of the origin of the invested capital, we find out both investments out of self-sources (characteristic for the autochthonous investments) and investments out of drawn sources (characteristic for the foreign investments).

The last but not the least, we shall submit the investments according to their nature, namely:

- Material investments
- Non-material investments
- Financial investments

In this context we must underline the fact that the *material investments* are sub-classified in *assimilated investments,* including various activities, such as geological works, investments in scientific design and research or environment development, and the *actual investments* aiming mainly the acquisition, construction or re-habilitation of the fixed means.

The no-material investments can be defined as being those resources allocated for the achievement of market studies, including financial and marketing aspects, as well as commercial activities aiming with priority their logistic part.

The financial investments refer to the procurement of financial instruments such as assets or the acquisition of claims, representing resources expenses which would generate incomes and/or savings on long term basis and which, consequently, would allow the initial expenses to be recovered.

Taking into account the investments classification, previously detailed, we shall extend this subject through the analysis of the investments typology depending on the invested capital. In this context, the approach to the investments will consider the analysis of the prospects for the autochthonous and foreign investments in Romania nowadays.

At a first stage, referring to the situation of the *autochthonous investments* from our country, we must state out that the development of the companies with autochthonous capital has been restricted due to lack of immediate liquidities, lack of opportunities for these companies to participate to the projects run in our country etc.

As shown by the graphic representations, presently in Romania there are not perspectives for increasing the autochthonous investments as they are momentarily in a stagnation process. In order to let this investments category know an economic raising and to improve the conditions of the business environment for the autochthonous investors, it is compulsory to enforce certain steps, such as:

■ Creating adequate conditions in order to draw the obtained profits into wide-spreading investments by means of fiscal facilities and exonerations;

■ Getting financing and facilitating the crediting process through advantageous conditions for these investors and, the last but not the least, accessing European funds.

Achieving investments of autochthonous capital on the expense of banking credits cannot be taken into account because of both the prevailing regulations in force and the high level of the running interests as well as, why not, due to the crisis itself which is more and more obvious at the level of the banking system.

On the ground of a difficult development of the autochthonous business environment meant to generate the development of significant sectors of the national economy and under the circumstances of governmental steps faraway of being enforced to their benefit, it seems that, from investing point of view, there are only the foreign investors, capital holders, who might be the saving option for the Romanian economy (Anghelache, Manole, Anghel 2014).

Thus, the coming into our country of the foreign investors would not mean transfers of capital only but a more complex process which implies the implementation of a performing management, bringing in of know-how through trainings to its benefit.

Meantime, the foreign investments assume also the transfer of new and performing technologies which would increase their competitiveness not on the domestic market only but mainly at the international level.

In this sense, the *direct foreign investment* is representing a longstanding investing relationship between a resident entity and a non-resident entity; as a rule, it implies that the investor is exercising a significant managerial influence within the company in which he invested (Anghelache, Manole 2012).

The company where the direct investment materialized is a corporate or a non-corporate enterprise, in which the foreign investor holds 10% or more of the ordinary shares or of the voting power (or the equivalent in the case of a non-corporate company), so that this one has a real word to say in the company leadership.

Meanwhile, the definition of the direct foreign investments includes also the credits between this investor or the group to which he belongs and the company where he invested, as well as the profit he re-invested (Constantinescu, coord. 2000).

Thus, as already mentioned, the drawing of foreign capital is the only possibility for a real evolution both when referring to the economic situation of Romania and to the general picture, mainly at European level(Mitruţ, Anghelache, Pagliacci 2014).

Similarly to the autochthonous investors, the foreign investors faced also a series of problems, confronted with a hostile business environment, generated mainly by the fiscal policy and the legislation in force, not at all advantageous. In this case also, a series of steps meant to improve the investing climate and entail the economic recovery should be enforced, among which the following ones could be included in principal:

- the improvement in the field of drawing foreign capital investments, meant to provide particular facilities and governmental guaranties for those coming with major projects, of interest for the national economy of Romania and with forecasted amounts for investment at the level of millions of dollars
- the privatization of the infrastructure as well as of certain companies which, although in collapse, might represent a perspective for future development of the production through drawing necessary financing sources.

The typology of the direct foreign investments, classified according to the contribution of the flow of foreign participations to the capital within the companies with direct foreign investment, is composed of:

- *Greenfield:* setting up companies by or together with foreign investors, the so-called investments "*started from zero";*
- *Merges and acquisitions:* integral or partial takeover of companies by foreign investors from residents, including here the privatized companies or those with mixed capital;
- *Companies development:* the increase of the capital holdings of the foreign investors within enterprise with direct foreign investment, these investments implying the extension of the activity.

Further on we shall emphasize the evolution of the direct foreign investments flow as well and the structural analysis of this investment type. Meantime, we shall point out the role and significance of the direct foreign investments in the process of re-launching and economic growth of Romania.

The investments evolution at European level

From the perspective of the evolution of the investments volumes allocated in the GDP by institutional sectors, implicitly expressed as weights from the total value of the gross forming of fix capital at the European level, we notice that at the level of the periods 2003, 2008, 2013 and 2014 there are major gaps from the point of view of the investing models implemented by the EU states (Bonciu 2012, Dinu et. al. 2013).

Thus, according to the latest data published by *EUROSTAT*, at the level of the year 2014, Romania is recording a weight of 22 % of the gross forming of capital, diminishing by 1.8 %, as against the year 2013, out of which a weight of 4.3 % has been achieved by the public investments. In this context, we note that the public investments decreased at the level of the year 2014, due to the desire to obtain increases of the economy through stimulating the private consumption, entailed to this direction by diminishing the taxation.

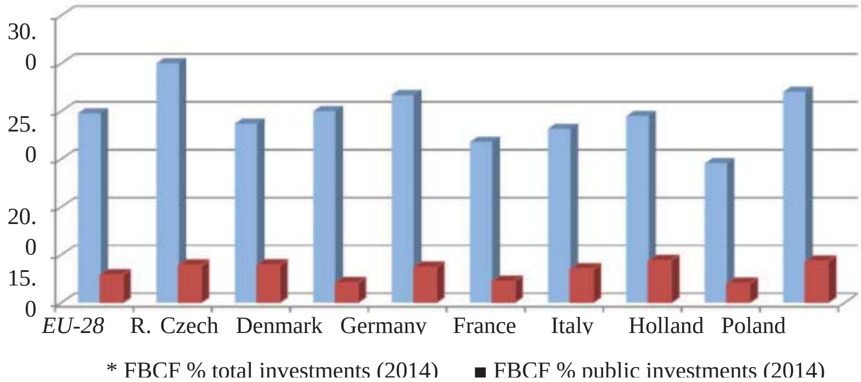
Comparatively with other EU states, such as Italy or Portugal, our country allocated practically double as percentage for public investments, in the context where for these states the gross forming of capital as weight in GDP represented 16.8 %, respectively 14.6 %.

If considering the weight of the investments developed at the households level, Italy, as well as the majority of the European countries, is recording weights significantly higher, due to the legislative and fiscal conditions which are encouraging the small investors, comparatively with the situation in our country which shows a weight of about 2 %, of the gross fix capitals allocated in the economy of this institutional sector.

As against the period pointed out by the year 2008, which outcomes marked apparently perspectives of economic growth, at the level of the year 2013 (Anghelache 2014) the volumes of total investments get dramatically reduced, on the ground of diminishing and withdrawing the activities run by the foreign investors who held a significant weight out of the total investments developed at the level of Romania.

The evolution of the weight of the public investments from the total weight held by the gross capitals in GDP at the level of the year 2014

Figure 1



Source: EUROSTAT Statistics (tsdec210)

Thus, from the total volume of investments achieved at the level of the year 2008, respectively out of the weight of 32.8 % held by the gross forming of capital in the GDP, a weight of 24 % was achieved by the private sector which, during the period 2009 - 2012, diminished significantly, slight signs of recovery being marked at the level of the year 2013.

In this context, Romania should reduce the investments gaps as evidenced by the comparison with other EU states, by adopting a different strategy of investment. In this respect, our country should develop the autochthonous business environment, through public investments which imply the development of the infrastructure (roads, bridges, land planning etc.), which would facilitate a quick access to and from the less developed regions of the country towards the Bucureşti-Ilfov zone, and not only, this step favouring the autochthonous investments drawing as well, and mainly, the foreign ones towards the zones with less developed economies. As we shall be in the position to note in the following chapter, the investing climate is concentrated at the level of the capital, fact due to the better developed infrastructure and to the more attractive conditions of the business environment from the point of view of the foreign investors. Under the circumstances, we proposed as an approach which should be initiated at national level, the development of the less developed zones infrastructure, which would entail also a better development of the 7 economic regions of Romania, by valorising their resources and economic potential.

To notice the fact that the developed states such as Germany, Great Britain, France etc., do not show a major gap between the weight of the investments from the public sector as against the private sector as the one evidenced at the level of Romania.

In this respect, the increase of the public investments as weight in the gross domestic product and, implicitly, in the gross forming of capital, would secure an equilibrium of investments, reducing the potential risks at the level of the business environment along with the fact that this is a matter of national security.

Conclusions

In terms of investment, we understand the placement of capital with the goal of getting future profits. The capital investments are generating stimulus to the national economy, to the economic growth and development as through their support the companies can consolidate their market position through the increase of both the capitals and jobs on the market and implicitly stimulating the consumption and, consequently, the increase of the living standard at national level.

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