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ЗБОРНИК НА ТРУДОВИ

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SOME ASPECTS IN INVESTMENT PROJECT MANAGEMENT

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Abstract

Domestic and external sources of investment in the economy play a crucial role in economic growth. According to the development experience of different countries around the world, investments significantly contribute to economic development. According to the classical definition, foreign direct investment flows are usually characterized “by an increase in the book value of net investments held by an investor from one country in another”. (Nikonenko, U., et al. 2022). Although direct investment is a more specific category of cross-border investment, when investors residing in one country and investing in it, they establish long-term interests and have the ability to significantly influence local companies, competition, economic growth, welfare, etc. in the host country. This type of investment also plays a vital role in international economic integration. They contribute to the creation of stable and long-term relationships between efficient economies.

Keywords: *investment, economic growth, long-term interests, international economic integration.*

Introduction

The beginning of the century marks a historic change in economic and other relations in the global framework, which in the long term, according to more or less established standards, will shape life and the world as a whole. In recent years, special attention has been paid to the two main aspects of investment project management - their preparation and implementation. The variety of research and applied literature is significant, and unlike the publications of 40-50 years ago, now the approaches and the manner of presentation in these sources have been significantly enriched and expanded as a result of new trends, research, computer equipment and software products, and practical experience.

From the perspective of the definitions of "investments", it should be noted that investment itself as a process represents the capital investment leading to the implementation of the development strategies of organizations. With regard to investments at the enterprise/company level, it can be assumed that the investments themselves concern the organization as a whole. The term “organization” is usually associated with the way in which a system is arranged, outlining its elements, connections and interdependencies between them and its boundaries. Given the essential role of investments for both economic and social systems, the concept of “organization” should denote not only economic but also social systems, and thus, “organization” also represents a union of people who prioritize the achievement of common goals. Viewed through this prism, the organization is an instrument through which a group of people cooperate to achieve a common goal or set of goals; who organize themselves so that they can coordinate their activities in such a way as to create certain value and benefits. (Gutterman, A. 2023).

In today's management environment, needs, preferences, even situations are many and diverse. However, they require unity and integrity in this management, a view of processes as a set of interdependent sub-processes, linked not only to each other, but also to other systems and processes. Also, today, organizations are constantly looking for ways to increase their capital, opportunities for development and growth, opportunities to build their vision for the future in a way that guarantees long-term prospects. A key mechanism in this direction has always been investment - as a process and as an opportunity. Associated with numerous conditions, features, participants, specifics, etc., investment plays a significant role in the development of both economic and social systems.

Investments are viewed with particular attention, since changes in the modern environment increasingly require changes in the overall perception of the investment process. Along with this, investment has different options and variants to be implemented. One of the difficult undertakings in this direction is precisely investing through projects. Investment projects are often uncertain, unique, requiring time, funds, expertise and competencies, which are no longer limited solely to satisfying and justifying the expectations of shareholders.

The role and importance of investments

Investments have a significant impact on the volume of national income of a given country, on the dynamics of which such macroeconomic parameters as gross domestic product, gross national product, national income, national wealth depend. They are also a determining factor in the process of increasing production. Real investment of capital is the reason for the emergence of new enterprises, which is the basis for the creation of new jobs, housing construction and infrastructure development, an increase in the income of the population, an increase in people's well-being.

The positive impact of investments on economic growth becomes even more significant when financial development exceeds a certain threshold. Such a result can be observed when financial development is measured both by the banking sector and by the stock market. In fact, domestic investment and trade openness promote job creation in developing countries. These investments allow the creation of local enterprises that require labor, which increases employment, reduces unemployment and improves living conditions. In addition, domestic investment in infrastructure, technology, and training helps to increase productivity. (Tsimoshynska, O., et al. 2021) This allows developing countries to produce more goods and services, which stimulates economic growth. In addition, trade openness facilitates the transfer of know-how and technology from more developed to developing countries. As a result, local businesses are able to adopt more efficient and innovative practices, which increases their competitiveness. (Atstaja, D., et al. 2022).

On the other hand, domestic investment and trade openness promote economic diversification in developing countries. Instead of relying exclusively on traditional sectors, such as agriculture or raw materials, these countries can create new sectors, such as manufacturing, services, and information technology. This helps to reduce their economic dependence and create a stronger foundation for long-term growth. Capital investment is also advancing in terms of the importance of sustainable economic development. Such investments stimulate consumer spending and market demand, which contributes to an overall increase in economic growth. With an increase in household disposable income and a multiplier effect, the economy becomes more prosperous, allowing people to enjoy a wider choice of products and services. (UNCTAD 2024).

Studies in international practice show that there is a relationship between the growth of investment in the economies of developing countries and the gross domestic product (GDP) of these countries. (World Bank 2024). This means that investment plays a crucial role in the economic growth of any country.

Aspects of the process approach

Process-oriented modern companies are oriented towards monitoring their users and adapting to customer preferences and requirements; towards creating a connection with them and creating loyalty relationships. These organizations focus on processes that depend on the user and his needs. At the same time, the corporate culture strives to promote continuous process improvement, responsibility and sharing. This also opens up more opportunities for organizations, new and alternative solutions, new work processes. Integration promotes the interconnection of companies and their processes with the users themselves, creating additional value. Process synchronization, in turn, contributes to reducing costs and increasing efficiency, providing information and communication interactions, increasing trust, etc. Process management leads to numerous operational and strategic benefits for organizations. Added to these are the creation of an appropriate organizational culture, a focus on the user, the use of intelligent systems and proactive adaptation to market trends. All this also imposes new requirements in management, new skills and competencies, continuous training and motivation.

Unlike projects in general, investment projects can have different levels, different points of view regarding their success. For example, if a contractor achieves a reasonable profit, the project is successful for him. From the perspective of investment project management, success will mean the implementation of the project on time, within the budget, through high-quality implementation - achieving the project goals. Success for investors will mean a return on their investments - achieving business goals. Given the frequent social focus of investment projects and their importance for society, there will be other measures of success like opening new jobs, retaining young people in the region, etc. If the results and achieved goals will bring multiple benefits and have a high social value, the project would be successful, regardless of the budget overrun and/or the completion date.

Compared to smaller projects, large investment projects require an additional degree of planning and participation of the owner. Often, there are several owners, acting as a group, choosing one of their representatives who stands at the top - a responsible person, a leader. Owners should fulfill responsibilities that inevitably fall on them, and if they do not, the project would hardly be successful. They should devote sufficient time to definition and planning from the very beginning of the project. Specialized literature recommends, among many other details, specifics and peculiarities of investment projects, that owners take care to:

- Appoint the right people to represent and advise them – capable, experienced, competent; with the ability to execute the project activities in accordance with its components, while also being able to work well with all other participants and parties;
- Understand and clearly identify the internal and external risks and opportunities associated with the project, analyze and quantify them, and anticipate the necessary additional and unforeseen financial costs for them;
- Clarify priorities in terms of schedule, budget, quality, value and benefits, satisfaction;
- Consider the costs of the project throughout its life cycle, not just the initial costs;

- Ensure that the financial and other resources needed for the project are available and available when needed;
- Ensure compliance with legal and regulatory obligations;
- Continuously monitor progress and performance with a focus on emerging opportunities and risks. (Johansen, A., et al. 2019).

Along with all this, the owner also has a unique responsibility to ensure value creation and has an important role in managing uncertainty in the investment project.

Conclusion

Due to the level of globalization of markets today, flexible organizations are needed that can satisfy more selected markets with products and services with the quality desired by consumers. This means that organizations constantly renew their products/services and processes, and investments become the main means to achieve such improvements. Both the market orientation of organizations and greater flexibility in processes improve the quality of innovation, add value and contribute to accelerating the implementation of investment projects.

Leadership in investment project management is a major factor that significantly contributes to results and goals. While project management and effective leadership provide the framework and tools for planning and implementing projects, leadership often determines their success or failure.

In investment project management, leadership competence plays an important role during all stages of the life cycle. Thanks to it, managers guide the project towards achieving its goals, while promoting an environment of cooperation and effective work.

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SOME ASPECTS OF ETHICS IN THE FIGHT AGAINST CORRUPTION

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Corruption is one of the most serious challenges facing modern democratic societies. It undermines trust in institutions, hinders economic development and leads to social inequality. The fight against corruption requires not only legal and institutional mechanisms, but also deeply rooted ethical standards that guide the behavior of individuals and organizations. Ethics requires people to act according to well-wishers, even when there are no specific sanctions. It is through the integration of ethical norms into public consciousness that a lasting change in attitudes towards corruption can be achieved.

This report examines some key aspects of ethics in the context of the fight against corruption. They will be analyzed as fundamental foundations of ethical anti-corruption culture, as well as the challenges associated with ethical dilemmas and applied to good practices in the real social and institutional environment.

Keywords: corruption, ethics, aspects, fight, social and institutional environment.

Corruption

The word corruption comes from the Latin word con-rumpere, which means to break. Corruption is an ancient scourge that we find at the beginning of organized societies, when the first individual, against the rules and laws, manages to achieve something to which he had no right.

Corruption is an attitude based on the abuse of official or public position or influence in the public or private sector in order to derive personal benefit, benefit for another, violate rights or cause harm to another.

Corruption destroys the basic relationships of trust, and the consequences can be economic and social.

The economic consequences are numerous: corruption hinders safe and rational investments, both foreign and domestic; slows down and hinders development and restricts trade; leads to irrational and wasteful use of public funds; Corruption encourages the "grey" economy and reduces tax sources. At the macroeconomic level, corruption leads to losses of public, state, i.e. budget money through excessive spending (expensive concessions, expensive equipment, unreasonable or excessive imports) and through easy borrowing at the expense of future generations. One of the most important consequences of corruption among civil servants is that citizens and businesses avoid paying taxes, contributions and other obligations to the state.

In a social aspect, corruption increases poverty; It affects the weakest and most vulnerable because it costs them much more, in proportion to their income, and completely prevents them from receiving some public services because they cannot pay the corrupt "tariffs". Corruption creates and increases inequality between citizens in everyday life: in matters of

education, treatment, permits, public procurement, etc. In this way, corruption opens the door to organized crime and various mafia groups. (Šimac. N. 2000:22)

Serbia has a National Anti-Corruption Strategy in force. In implementing this strategy, public authorities and public officials involved in the prevention and fight against corruption are required to exercise their powers in accordance with the following general principles:

- Principle of the rule of law – Guarantee of legality of actions, equality before the law and the right of all citizens to legal protection. The Constitution of the Republic of Serbia, laws and regulations, as well as ratified international treaties and generally accepted rules of international law must be fully and consistently implemented.
- Principle of “zero tolerance” for corruption – Indiscriminate application of the law to all forms of corruption.
- Principle of accountability – The obligation to assume full responsibility for the creation of public policies and their effective implementation, including the implementation of this Strategy and Action Plan.
- The principle of comprehensive implementation of measures and cooperation between entities - The obligation to implement measures comprehensively and consistently in all areas with cooperation, as well as exchange of experience and harmonization of the actions of the relevant entities, at all levels of government, with established good practice.
- Principle of effectiveness - The obligation to regularly implement anti-corruption measures within their powers and to conduct ongoing training to improve the effectiveness in the fight against corruption.
- Principle of transparency - Ensuring public participation in the process of making and implementing decisions, as well as ensuring citizens' access to information, in accordance with the law. (www.mpravde.gov.rs)

Ethics as a system of moral principles

Ethics is a set of principles, norms and values that regulate human behavior within a particular society. In the fight against corruption, the ethical basis is not just a supplement to legal measures, but a fundamental element of the culture of good governance. In a narrower sense, "the subject of ethics is morality and moral action. Ethics studies the principles of this action" (Čehok, 1977: 27).

While the legislator determines what is permitted and what is prohibited, ethics requires people to act in accordance with benefactors, even in the absence of specific sanctions. It is through the integration of ethical norms into public consciousness that a lasting change in attitudes towards corruption can be achieved.

Morality is the distinction between intentions, decisions and actions that are considered correct and those that are inappropriate or inappropriate. (Long, Sedley, 1987)

Immorality is the active opposition to morality, while amorality is defined in various ways as unawareness, indifference, or disbelief in any particular set of moral standards or principles. First of all, due to the lexical difference, these two terms must be distinguished. (Johnstone, 2008)

Among the main ethical principles that serve as a barrier against corrupt practices, the following stand out:

- honesty, as an expression of integrity and incorruptibility,
- transparency, which ensures accountability and access to information,
- responsibility, which commits the individual to the consequences of his actions.

When these principles are institutionalized through ethical codes and training programs, an anti-corruption culture is formed, which is reflected in the daily decisions and behavior of employees in the public and private sectors. Ethical principles are guidelines for how values in society should be put into practice and, accordingly, what should constitute appropriate behavior. The ISSAI 130 Code of Ethics sets out five fundamental ethical principles.

- Integrity – to act honestly, reliably and in the public interest;
- Independence and objectivity – not to be influenced by circumstances or influences that compromise or may compromise professional judgment and to act impartially;
- Competence – to acquire and maintain knowledge and skills appropriate to the assigned role and to behave in accordance with applicable standards and due care;
- Professional conduct – to comply with applicable laws, regulations and conventions (agreements) and to avoid conduct that may bring the supreme audit institution into disrepute;
- Confidentiality and transparency – to appropriately protect information, balancing this with the need for transparency and accountability. (<https://gsr-rs.org/pojmovnik/eticke-vrijednosti-i-eticki-principi/>)

The fight against corruption is not always clear and easy. It is often accompanied by an ethical dilemma, in which the right decision requires a judgment between competing moral values.

Among the ethical dilemmas, a special place is occupied by:

- Conflict of interest - One of the most common cases is related to conflict of interest - a situation in which an employee's personal interest may affect his impartial performance of official duties. Although the law provides mechanisms for the disclosure and management of such conflicts, in practice many employees experience an internal hesitation between personal loyalty and public interest.
- Loyalty to the institution versus public interest - Employees in the public sector are often faced with the dilemma of whether to remain loyal to their leaders and institutions or to act in defense of the public interest when they witness wrongdoing. Such an ethical dilemma requires strong moral courage and a clear awareness of the priorities of public duty.
- Whistleblowing - Whistleblowing is an important mechanism for revealing irregularities, but at the same time it causes significant moral and psychological consequences for whistleblowers, as they often face social isolation, reprisals or even job loss. An important tool in this direction for introducing clear moral standards are the codes of ethics adopted in many state institutions and private companies. They not only define expected behavior, but also offer mechanisms for self-control and accountability.

Conclusion

Effective prevention of corruption presupposes a good knowledge of this phenomenon. However, due to its complexity and constant adaptation to changing conditions in society, it is difficult to fully study the phenomenon of corruption, and hence to create adequate mechanisms for the prevention of corruption. The reasons for this should be sought in the fact that corruption, as a complex and universally present social phenomenon, is primarily a psychological phenomenon, clearly localized in behaviorism, which is also socioculturally conditioned. (Petrus Van Duyn, 1999:23)

The fight against corruption cannot be waged only with repressive or administrative measures. A profound change in public attitudes is needed, based on clear ethical principles and values. Etiquette, as an internal compass of human behavior, is based on sustainable and effective countermeasures against corrupt practices.

Ethical principles in the fight against corruption find their real dimension through specific practices and initiatives at the institutional, national and international levels. Turning ethics into an effective tool requires not only a regulatory framework, but also the implementation of sustainable mechanisms for changing behavior and stress in society.

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