
DECISION-MAKING IN CORPORATE AND MUNICIPAL ASSET MANAGEMENT: A LITERATURE REVIEW

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Abstract

The fundamental factor determining the development of corporations and cities is corporate and municipal asset management. In a developed capital market and at the time of global economic hardship, a major issue on which investment and real estate decisions are based is the understanding of decision makers' motives, determinants of decision making, decision types, decision criteria and decision-making process. The knowledge of these enables corporate and municipal managers to make rational decisions. The general aim of this paper is to provide a theoretical justification for the importance of asset management in corporation and municipality. Besides, the implementation of a formal decision-making process as a tool of a structured way for solving problems and verifying factors should be included in the decision-making process in reference to corporate and municipal asset management. Although, it is only a literature review, the discussion can be useful for private investors and public real estate managers. It will also be useful in the process of mutual communication as formal methods have the potential to improve communication, raise efficiency, precision and common approval of the decision result.

Key Words: corporate asset management, municipal asset management, decision-making

1.0 INTRODUCTION – STUDY, AIM, METHODOLOGY

The elemental factor determining corporations and cities development is corporate and municipal asset management. Irrespective of ownership, the process of asset creation and management is a complex one and needs constant improvement to adjust to the changing conditions. With the ever-tightening links between real estate and infrastructure markets on the one hand, and capital and financial markets, as well as the corporate and the public sectors on the other, it is important to look at the decision-making process from both perspectives. In a developed capital market and at the time of global economic hardship, a major issue on which real estate and infrastructure decisions are based is the understanding of decision makers' motives, determinants of decision making, decision types, decision criteria and decision-making process. If we are familiar with these, we can make rational investment decisions, provide answers to the questions that are most important to asset owners and prospective investors and develop cooperation and mutual understanding between sectors.

The general aim of this paper is to provide evidence for the importance of asset management in corporation and municipality. Besides, the implementation of a formal decision-making process as a tool of a structured way for solving problems and verifying factors should be accounted for in decision-making process in reference to corporate and municipal asset management. For instance, social responsibility and sustainable development seem to demand integration of corporate and municipal attitudes and activities in asset management, as well as the development of tools supporting the cooperation between the two kinds of entities. Naturally, their differing objectives must be taken in account. The approach whose aim is to integrate the knowledge of asset management of enterprises with that of municipality may be an inspiration for further cross-sectoral transfer of proven solutions. In particular, for instance, public private partnership projects are growing in size worldwide as governments cannot afford to finance all necessary investments. The government in such conditions restricts itself to

the supervisory role and concentrates on creating new opportunities and profitable conditions for private investors. In such conditions, mutual understanding of decision-making seems crucial for management success. The paper is composed of the following logically connected parts: characteristic of corporation and municipality as decision-makers, asset management as a tool for achieving the corporate and municipal aim, asset management determinants, asset management decision types and criteria, and asset management decision process. We raise the question of the differences and the similarities in the approach of the two sectors to decision-making as diverse stakeholders may arrive at diverse answers based on diverse values, while none of them are right or wrong. Developing the answers to the above stated problem can contribute to the competitiveness and growth of corporation as well as to greater efficiency of the public sector in making decisions that determine municipal investment and development. The contribution of the project to a new knowledge area is, therefore, not only of theoretical nature, but has scientific and applicability values in the first place. The discussion in this paper can be useful for private investors and public real estate managers. It will also be useful in the process of mutual communication as formal methods are advantageous to stakeholders understanding, increase efficiency, precision and common approval of the decision result.

For the purpose of this paper, the authors have reviewed the literature on corporate and public management, strategic planning, urban economics, real estate markets, spatial planning and development. The review includes the aspects relating to proper regulation and actual corporation and municipal documentation. The review method consists of logical conclusion, induction, and comparison. This paper has been designed as a qualitative research with interviews. Originally, the research was planned as both theoretical and empirical research, but in the course of literature research and expert consultations, the stage of empirical revision

has been postponed until the minimum number of questionnaires has been returned.

2.0 CHARACTERISTICS OF CORPORATION AND MUNICIPALITY AS DECISION-MAKERS

Corporation and municipality are a set of interests of those inside and outside them (Rok, 2002, p. 87). In each organisation, there are various interest groups representing different, sometimes conflicting, objectives. A corporation or a municipality is a set of divergent interests (Gableta, 1998, p. 9). The goals of none of the groups can be identified with the goal of the corporation/municipality as a whole, yet it may be the case that managers – using their managerial power – impose the objective.

For company/municipality to function smoothly, it must be capable of generating goals that are common to all the parties involved, both within and outside the organisation, and capable of defining its mission that they will accept. A system of goals will always be a compromise, with none of the parties fully achieving theirs. Moreover, in the case of corporations, the respective goal hierarchies and the possibility of achieving them by individual parties (interest groups) largely depend on the characteristics of the corporation, including its ownership, the operating conditions, the properties of the existing economic system and on the specific reasons why the corporation was established (Sudoł, 1988, pp. 32-36). Because of this, the accomplishment of the leading objective is supported by the accomplishment of numerous more specific goals together forming the so-called beam of goals. If this is properly formulated, it contains various goal categories, thus meeting the requirements of a universal objective function, upon which rational decisions can be made supporting efficient and comprehensive development of corporation and municipality (Figure1).

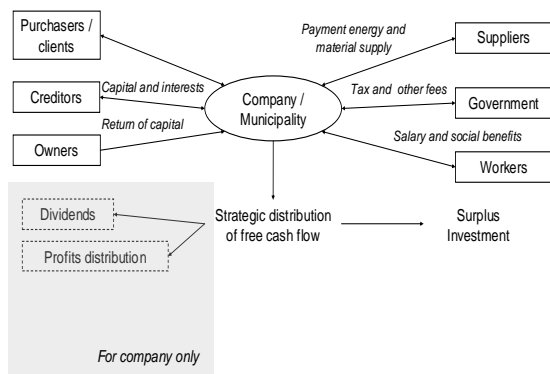


Figure 1: Company and municipality as a beam of goals of their stakeholders
 Source: authors' own elaboration based on Hahn (1983, p. 44).

More and more corporate and municipal managers in developed countries hold the view that a smooth pursuit of the goals requires public acceptance, the climate of care and the attitude of social responsibility. This builds a good reputation, especially of a company among its clients and business partners, throughout the region or the country, which positively affects its staff (Sudoł, 2006, p. 75).

Modern enterprise – unlike its 19th-century-capitalism predecessor – is oriented not only at its goals, which can be selfish and go against the public interest, but also towards serving the community. This is connected with the corporate social responsibility of business. It is stressed that an enterprise is not only a business organisation, but a public one as well (Czech, 1999, p. 110). This means that profit or shareholder's value maximation may no longer be the only or the main objective of the enterprise. German authors rightly point out, though, that meeting corporate social responsibility commitments is possible only when the long-term existence of the enterprise is secure. Profit, therefore, is not an aim in itself, but a necessary condition for the enterprise to assume its social responsibility. It may, therefore, be said that enterprises have changed from profit-oriented to consensus-oriented (Steinmann and Schreyogg, 1992, pp. 59, 61). Consequently, it is widely expected that at the present stage achieved by the global economy,

maximization of gains should correlate with activities targeted at environmental protection, respect for rights and community development. A municipality (public organization) is a legitimate body funded and owned by the government as an agent. Municipality fulfils a specified responsibility associated with public rights and expectations of its stakeholders (Wamsley and Zald, 1973). Many of these responsibilities are outsourced to private companies, implying that public agencies are acting as intermediaries between various actors, with distinct inputs and desired needs to realize their responsibilities. The chief objective (mission) of the municipality is to meet the collective needs of the community by providing optimum living conditions for its inhabitants. A basic means of achieving this objective is to ensure local social and economic development. Space and its quality perceived by its users are an essential factor here. It is a foundation of the framework where all social and economic processes take place. It should ensure proper spatial order within which the economy and the community can function in the best possible way.

3.0 ASSET MANAGEMENT AS A TOOL FOR ACHIEVING THE CORPORATE AND MUNICIPAL AIM

Asset management is a crucial element of corporate/municipal strategy (Figure 2). The global strategy is developed to achieve the primary aim of an entity which is to maximize the wealth of their stakeholders. Wealth creation is achieved not only by the development of global strategy, but also of functional strategies, including asset management strategy (Hayness and Nunnington 2010, p. 47; Jaki 2008, p. 27).

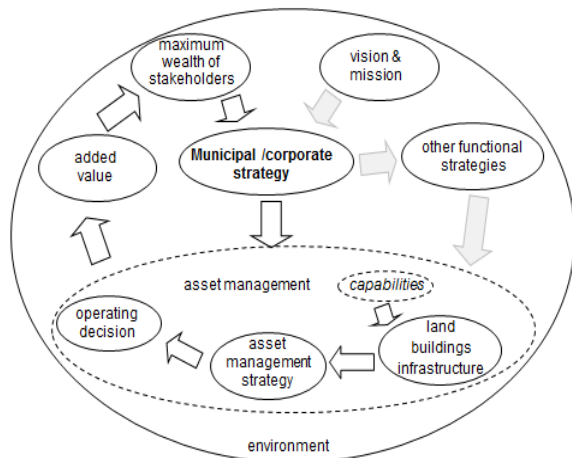


Figure 2: Importance of decision-making in asset management for entity global strategy
 Source: authors' own elaboration based on Haynes and Nunnington (2010, p. 46).

The literature of the subject provides numerous definitions of asset management. The differences between them result not only from the divergence of opinions of their authors, but also their approach to asset management and the time when the definitions were formulated.

According to Balzer, asset management can be defined as "management of any kind of asset by institutional and private investors in the form of real values and claims by a manager in charge with all those tasks" (Balzer, 1999, p. 12). Hastings views asset management as "...the set of activities associated with identifying what assets are needed, identifying funding requirements, acquiring assets, providing logistic and maintenance support systems for assets, disposing or renewing assets so as to effectively and efficiently meet the desired objective" (Hastings, 2010, p. 4). According to a British standard (PAS 55-1, 2008) asset management is "the systematic and coordinated activities and practices through which an organisation optimally manages its assets and their associated performance, risks and expenditures over life cycle for the purpose of achieving its organisational strategic plan."

Basically, the term "asset" can be used to describe many different types of assets, for example, financial assets, infrastructure assets, plant and machinery, equipment and property (Jones and White, 2008, p. ix). For the purpose of this article, the term "asset" is used to refer to infrastructure, land and buildings, while asset management is understood as the activity that ensures that the infrastructure, land and building based assets of a corporate/municipal are optimally structured in the best interest of the entity concerned. It seeks to align the asset base with the corporate/municipal goals and objectives (Jones and White, 2008).

Asset management is a difficult, multifaceted area as both corporates and municipals hold assets that are both diversified (in terms of rights, physical and economic properties) and considerable (in terms of quantity and value). These assets include land, buildings and infrastructure which can be used not only for the statutory aims of the organisation, but also as an instrument or profit source (Rymarzak, 2010). Moreover municipal asset management must ensure that the collective needs of the inhabitants are satisfied, i.e., the best possible living environment is created (Gilowska et. al., 1993; Hedtkamp, 1997). This major objective comprises partial goals in five domains: economic, social, spatial, environmental and cultural. (Table 1)

Table 1: Domains that compose the living environment of inhabitants

No.	Domain	Characteristics
1	Economic	Creation of the best possible conditions for business development by inhabitants, existing businesses and investors.
2	Social	Provision of sufficient quality public services (education, health, welfare, cultural activity, sport and leisure) and housing; ensuring public safety and security.
3	Spatial	Rationally planned land development and use as well as spatial distribution of functions.
4	Environmental	Protection of the natural environment - its value and resources.
5	Cultural	Protection of the substance and value of cultural heritage.

Source: author's own elaboration based on Żiółkowski (2005, p. 75)

From the public perspective, asset management has a great impact on the mobility of citizens, urban development, environmental issues or economic prosperity of regions. Asset management is then an integral part of the local development (Pawlikowska-Piechotka, 1999, pp. 198-201), which generates new city functions and increases its value. Therefore, asset management should be part of a sustainable development as well. Sustainable development respects social, economic and environmental aspects, trade-off as well as synergies between needs and benefits and also guarantees stability and feasibility of city development. The needs of current and future generations are respected in such a development. This also means that asset management decisions are interconnected with other decisions and affect many stakeholders. In consequence, as in a company, effective asset management, becomes the effective management of stakeholders' relationships and their interests (Bryson, 2004).

Public agency's task is associated with the proper identification and allocation of trade-offs so that asset management will not increase funding, but will assist in identifying the most appropriate allocation of funds. In the absence of unlimited resources, such decisions will always result in funding certain assets at the expense of others. The goal then is to seek a more optimum trade-off where the benefits outweigh the losses (Moon et al., 2009, p. 26). Then, asset management can only be rational and effective if municipalities develop a strategy of asset management. This should make it possible to develop public infrastructure (technical and social) and housing, regenerate old structures, revitalise neglected city centres, develop business on new estates, restructure post-industrial areas and provide more recreational development (Topczewska and Siemiński, 2003, p. 34).

4.0 ASSET MANAGEMENT DETERMINANTS

Asset management decisions are obviously affected by a variety of determinants. It should be stressed that the same factors can benefit corporates/municipals in making one decision, but work to their disadvantage with another. Furthermore, not every factor affects either of the entities to the same degree, and the degree may vary even with entities from the same sector. This depends on the determinants that are inherent in the entity making an investment or financial decision at a specific point of time.

Usually – following the principles of strategic analysis – classification is made according to the dichotomy between external factors, connected with the environment of the entity (close and distant) and the internal ones, connected with the entity itself.

The distant environment, also referred to as macroenvironment, is most typically treated by kind and has technical, economic, social, legal, political, environmental and international dimensions (Penc, 1999, p. 21). It creates the operating conditions and influences efficiency and the degree of goal attainment. It also

determines how corporates/municipals can function and develop. It should be stressed that Table 2 Determinants of asset management decision making – theoretical approach
Source: authors' own elaboration.

the entity can neither change nor ignore these conditions, but rather has to accept them. Once they know what these conditions are, they may determine how their immediate environment is affected, which reduces the degree of uncertainty in their operations allowing them to duly adjust their strategic moves.

The other type of environment, referred to as immediate, micro- or competitive environment, mostly relates to entities, i.e., represents the competitors, the suppliers etc. A characteristic feature of this environment is feedback, which means the corporate/municipal interacts with its environment and they influence each other.

Apart from external factors, decision making is also affected by internal ones, resulting from the conditions and the forces within the entity (Griffin, 2006, p.103). It is mostly about the amount and the structure of the resources at its disposal, including the physical, the financial and the human resources, connected with managing staff, their competence and experience as well as with the so-called corporate culture – a system of values adhered to by all management tiers.

The external and internal factors considered to be most significant for asset management decision making are shown in Table 2.

Government policies are the greatest, by kind, element affecting the activities of entities. By deciding priorities and major course of economic and social activities, the state sets out the conditions and rules for the functioning of various entities that participate in its business life. As has been said before, these activities may on the one hand stimulate or restrict the corporates/municipals, and on the other they may be instrumental or regulatory (e.g., the regulatory activities of local governments).

Therefore, governmental policies together with global conditions shape the business trends (upward or downward), which affect the

Table 3 Determinants of asset management decision making – theoretical approach
Source: authors' own elaboration.

Item		Specific determinants
External factors	Macroenvironment	<ul style="list-style-type: none"> • governmental policies • financial system • tax system • inflation level and fluctuations • regulation • sociological changes • cultural changes • technological progress • the environment
	Microenvironment	<ul style="list-style-type: none"> • sectoral specifics • the competitive market - bargaining power of suppliers - bargaining power of customers (buyers) - threat of the entry of new competitors - threat of substitute products or services - intensity of competition
Internal factors	Municipal/ Corporate	<ul style="list-style-type: none"> • resources of the entity - assets (technical condition, legal title, adequacy for the conducted operations, including the type, quantity/area, technological advancement) - financial - human - corporate culture • competitive position of the entity (including its image) • quality of broadly viewed management processes (including corporate structure, management structure, strategies and plans)

Source: authors' own elaboration.

financial situation of the entity and accordingly, their asset management decisions. The existing economic system providing for various degrees of market freedom and intensity has a crucial impact, especially on the objectives of business activity and ways of assessing its productivity and, consequently, on asset management (Siemińska, 2002, p. 46).

The next determinant of decision making, strictly connected with government policies, is the financial system in the broad sense of the term. Its major segments, i.e., the monetary, capital, credit, currency or derivative markets decide the availability of the funding necessary for any activity (Jajuga and Jajuga, 1996, p. 17). By affecting financial decisions made by managers, the financial system has an immense

influence on the financial situation of the entities they control.

The tax system solutions – for both natural and corporate persons – decide, in the first place, the rules and the degree of profit redistribution. Decisions on what is subject to taxation, the rates, the system of allowances and exemptions, and preferences for specific types of business activity definitely affect the financial situations of the entities to which they apply. Obviously, the tax rules adopted in a given situation result from the preferences of governmental policies highlighted above and the financial system of the state.

The level of assets engaged and of liabilities and how effectively they are used operationally and strategically directly depends on the applied accounting standards and rules. They have to be understood as a system of observation, measurement and classification of business events as well as communication of economic information upon which various interest groups actually make decisions. Accounting standards regulate, among others, the rules of financial reporting in a given economy as well as the complex issue of asset valuation within the conducted business activity (Siewierska and Kołosowski, 2011, p.18).

As most parameters used to measure and assess the effects of the activities of entities are expressed in value terms, inflationary processes are the ones that may not be ignored. Financial information, especially in dynamic analyses, is hardly comparable, so if any studies or assessments of the type are to be accurate, the appropriate level of inflation must be taken into account.

Of the external asset management determinants, regulation deserves a mention as it is the product of politics and various influences it is subject to. The provisions of, e.g., rental contracts and the resulting rights and obligations of the parties are undoubtedly ones that play a crucial role when the decision is made. An important issue with a bearing on the activities of entities are the globalisation trends, market changes driven by the advance of

technology as well as by social, cultural and environmental changes.

In trying to briefly describe the aforementioned elements of the microenvironment of the entities, we have to notice that important determinants of asset management are connected with sectoral specifics and the broadly viewed infrastructure and real estate market – its size, its development, price levels, type of space, market competition and the available services.

Apart from the external factors, asset management decisions are also influenced by internal factors, connected with the entity itself. It is mostly the amount and the structure of the resources at its disposal, including financial and human assets connected with the managing staff and its expertise as well as the so-called corporate culture or a system of values to which all management tiers adhere (Siemińska, 2002, p. 46).

Undoubtedly, assets themselves – their internal structure and the capital they represent – are an important factor, too. Their technical condition, the type of asset titles and the degree to which they are engaged are an important determinant of all productivity parameters and of a decision about selling the asset which is not used, leasing it and receiving periodical rent proceeds, or keeping the asset because of its possible future appreciation.

The said capital as well as the assets used are a major determinant in making asset management decisions. What matters here is not just the amount of capital, but also its structure as it is directly connected with its cost. It is not only important how much the engaged capital costs, but also how available and how disposable it is at a given time.

In practice, the scale of the operations of the entity and the manner in which they are conducted are also important, as is their nature (manufacturing, services, etc.) and type. Frequently, the level of diversification of operations is high, in which case the effectiveness of decisions made by entity

management is a resultant of all the elements mentioned above.

5.0 ASSET MANAGEMENT DECISION TYPES, CRITERIA, PROCESS

Asset management, including making rational operational decisions concerning optimisation of assets owned is a difficult task, and with dynamic changes of the environment, it bears a significant risk. The risk is connected with the need of analysing and solving numerous issues. Undoubtedly the type and scope of decisions made by the municipality or corporations will primarily depend on asset management adopted by these entities.

Table 3 below presents asset management strategies together with possible operational decision areas and assessment criteria related to the adopted goals. These criteria and decisions submitted to them are important for decision

making process as they are dedicated to measuring the added value for stakeholders. The value (benefits), however, is a heterogeneous concept and may constitute a problem in the decision-making process. This heterogeneity results, among others, not only from the adopted sector's point of view (municipality or corporation) but also from the perspective of a stakeholder for who a given benefit is available (Rogowski, 2008, p. 82). Thus the criteria may be, first of all, tangible and intangible; second of all, they may be mainly economic, technical, social, and ecological. The adopted criteria make it possible to evaluate possible approaches and decisions made. Depending on the decision-maker (corporate or municipal manager), a proper set of criteria has to be chosen. Moreover, it is possible that each single criterion will have a different impact on the decision in case of corporate and municipal decisions.

Table 4 Strategies and decision-making areas for corporate and municipal entities

Strategy	Decision-making areas	Criteria
Increase of production, in operations, improve service delivery	<ul style="list-style-type: none"> - selection of location - innovative workplaces - retaining human capital 	<ul style="list-style-type: none"> Availability of financing: <ul style="list-style-type: none"> - Availability of structural funds - Share of equity funds - Appraisal of financing costs Capital intensiveness: <ul style="list-style-type: none"> - Impact upon current budget Economic: <ul style="list-style-type: none"> - Implementation of the development strategy - Economic development - Value growth - Profits, profitability, costs - Guarantees, servicing Technical: <ul style="list-style-type: none"> - Staging - Designing - Technology, level of excellence - Providing appropriate infrastructure - Period and intensity of operation - Guaranteed contingency reserves Ecological: <ul style="list-style-type: none"> - Compliance with ecological policy - Improvement of environmental condition - "Healthy environment" Social: <ul style="list-style-type: none"> - Better meeting the needs - Service quality - Territorial range - Security and safety - Aesthetic quality Organisational: <ul style="list-style-type: none"> - Structure of management - Structure of organisation - Legal and administrative (internal requirements and regulations) - Spatial development plans - Land-use plans - Regional development plans Agreements Structural criteria
Cost reduction	<ul style="list-style-type: none"> - workplace costs - accommodation costs - facility costs - benchmarking 	
Risk control	<ul style="list-style-type: none"> - inflexibility of asset portfolio - selection of location - value risk - working environment - environment aspects - development process 	
Increase of value	<ul style="list-style-type: none"> - acquisition and disposal of assets - redevelopment of assets - market analysis 	
Increase of flexibility	<ul style="list-style-type: none"> - organizational flexibility - financial flexibility - technical flexibility 	
Changing the culture	<ul style="list-style-type: none"> - workplace innovation - communication 	
PR and marketing <i>(only for companies)</i>	<ul style="list-style-type: none"> - image - selling points - sales strategy 	

Source: authors' own elaboration based on [Lindholm, et al. 2006, p. 466; Sceffer et al., 2006, p. 192; Stanek, Śmiałkowski, 2001, pp. 44-58; Graczyk, 2007, pp. 77-78].

In the past, the major criteria were developed to evaluate asset management in economic or monetary terms. The situation has been changing as there is a growth of environmental consciousness and societies are more aware of their right and the interaction of projects with their communities. Therefore the traditional financial metrics for asset management are not sufficient any more (Otegbulu, 2010, p. 11).

The evaluation criteria should also include external impact, i.e. the influence of the decision on the subject of the decision, creation of synergic links with other decisions, creating long-way development opportunities, and share of revenues among stakeholders. Undoubtedly, the rationale for making a decision in a corporate entity is first of all (yet not only) a profitability criterion, when market factors (availability and cost of financing, capital intensiveness), and economic factors (implementation of development strategy, economic development, value growth, profits/costs, guarantees, servicing, etc.) are of primary importance; stakeholder, however, have a different understanding of profits and thus related risk (McGreal, 2000, p. 110).

Yet from the perspective of the public sector, the evaluation of benefit is ambiguous, thus a basic criterion of the assessment is conviction of efficiency of the investment in a wide sense of the word, taking into account social (better satisfaction of needs, quality of services, territorial range, security and safety, aesthetic quality) and environmental (compliance with ecological policy, improvement of environmental condition, and healthy environment) benefits. Simultaneously, since modern market economy exerts pressure forcing all the investors to look for optimum utilisation of existing resources (Hayness and Nunnington, 2010, p. 45), the municipality has to take into consideration financial criteria, which makes a municipality similar to a corporation, otherwise any attempt to improve the social standard of living would have to be implemented.

As one can easily see, conflict of interests may frequently occur. The situation should be addressed by multi-criteria analysis which should at the same time take into consideration and reconcile contradictory goals (Wojewnik-Filipkowska, 2012).

Despite the fact that municipal and corporate asset management is run in conditions which are specific for the public and private sector, there are unquestionable differences in the conditions, the same general rules apply equally to decision making in asset management process in both municipality and corporation.

Decision-making process is a multi-stage activity consisting in appropriate recognition of decision environment through obtaining relevant information and transferring it into specific variants which may constitute foundations for making a future decision. As every activity, it should follow a specific logical cycle. A classical cycle of decision-making (cf. Behrens and Hawranek, 1993, p. 10; Czermiński et al., 2002, pp. 424-426) comprises stages of preparation, selection and control (Figure 2).

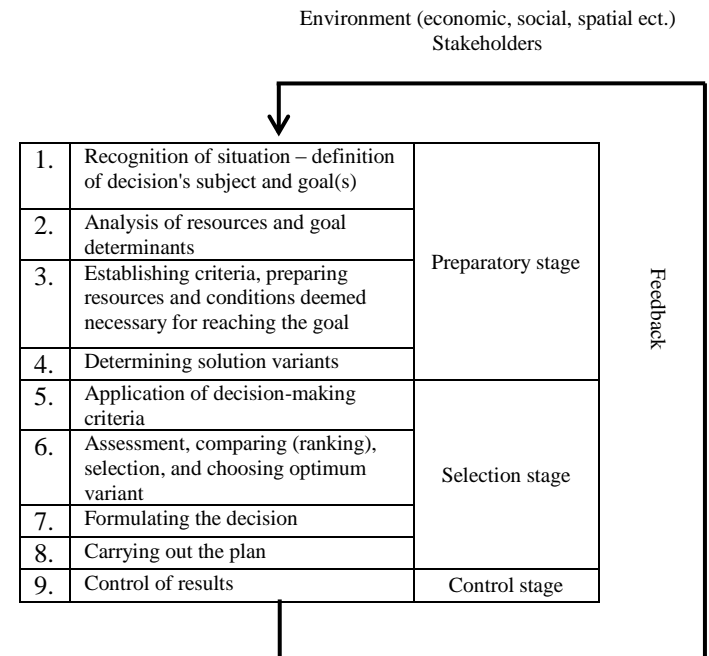


Figure 2. Decision making process
Source: authors' own elaboration.

Following the concept of the decision-making cycle, feedback between the results of the decision and the determined goal must be taken into consideration. This interrelation plays a role of a control element and constitutes the third stage of the decision-making process. The process, however, must not end at a stage of making a final decision, because a decision-maker must obtain information about the impact of decisions s/he made.

The objective of the implementation of a formal “decision-making process” is to offer a structured way for solving problems and verifying that all factors are accounted for. Different participants may arrive at different answers based in different values, none of them right or wrong (Lima, Augenbroe, 2007, p. 4). Formal methods for early control on decisions have the potential to advance communication between stakeholders, increase efficiency, precision and common acceptance of the decision result. Therefore, asset management is effective when (Schraven et al., 2011, p. 72):

- objectives are used to evaluate the situation of assets and the evaluation criteria are clearly derived from the objectives;
- interventions take the current and future situation of assets into account, and decision makers are able to cope with future uncertainties and changing requirements;
- results of decisions made are consistent with the objectives, which are continually monitored and evaluated, taking into consideration unexpected changes of the situation.

6.0 CONCLUSIONS

Summing up, it must be said that decision-making process in case of asset management is different for every corporate and municipal entity, and for corporate entities and municipalities. These differences can be found as far as decision-makers' motives, determinants of decision making, decision types, decision criteria and decision-making process are concerned.

The performance of assets affects the economic capability and social welfare all over the world. Asset managers have constantly allocated large budgets for the maintenance to guarantee a performance level that meets the expectations of the different stakeholders. In recent years, however, many corporations and municipalities have been confronted with budgetary constraints that put pressure on their activities. While in case of company, customer satisfaction, high quality products and services are essential for continued existence, in the case of municipalities the demand in terms of reliability, safety and availability of the assets have steadily increased. Public managers have to make sure their services are soundly reasoned by the needs and expectations of the stakeholders (communities, citizens and customers).

Therefore, both corporate and municipal managers should search for new tools to manage their assets more effectively. Although not all decisions of high uncertainty and complexity might be solved by the rational approach, the methodical of management science can potentially provide advantages. The diagram below attempts to present asset management framework as a tool of structured way for solving problems and verifying factors which should be included in the decision process in reference to corporate and municipal asset management (Figure 3).

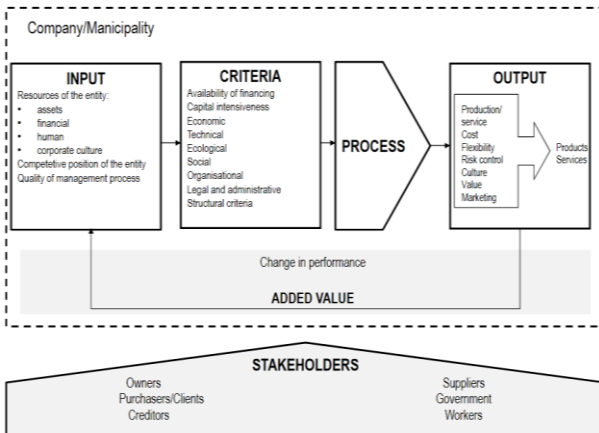


Figure 3 Company/Municipality AM framework
Source: authors' own elaboration.

It must be stressed that although financial profitability is a leading criteria for a major part of private investors, in the times when principles of sustainable development have to be accepted and applied, extra-financial criteria, or even criteria of external effects' nature should be taken into consideration while taking decisions. From the public sector's point of view (municipality, population), rationalisation of asset management should undoubtedly take into consideration both extra-financial and financial criteria. Thus it may be said that in both cases, i.e. in the case of public and private stakeholders the basic tool for assessing asset management ought to be joint economic and financial criteria. In other words, despite the three major strands of asset management: value, environment, resources and capabilities, which have particular attributes in more “public” or more “private” organisation, managers should not regard the corporation or municipality separately but treat them rather as a continuum from purely private to purely public interest.

The authors of the paper believe that it concerns an important and little recognised area, particularly in Poland. The authors are aware that the paper merely highlights the issue, and the results of analyses made it at least possible to identify the decision-makers' motives, determinants of decision making, decision types, decision criteria and decision-making process. Hopefully the results of analyses and effects of consultations included in the paper will contribute to more detailed recognition of the asset management decision-making process, and this research will become a useful introduction to further works and more profound research in this field.

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