Investment Location Selection based on Economic Intelligence and Macbeth Decision Aid Model

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ABSTRACT

In this paper, the authors present a case study that aims to apply some sound MCDM techniques in the case of Economic Intelligence (EI) and show how the use of strategic information may help deciders to choose among geographic locations in which they could settle their investments. In this regard, the authors propose a new method that uses the multi-criteria decision support of MACBETH to tackle this issue. This method is used to rank thirteen countries likely to be chosen for location in order of preference from good to unfavourable. The integration of the MCDM in Economic Intelligence (EI) permits to rank countries of the Mediterranean according to their territorial competitiveness obtained through the global scores computed by the aforementioned technique of MACBETH. The results obtained allow the authors to affirm that France and Morocco have favourable strategic assets to attract foreign investment.

KEYWORDS

Economic Intelligence, Euro-Mediterranean Area, Foreign Investment, Location and Territorial Competitiveness, MACBETH, MCDM, Selection

INTRODUCTION

Economic intelligence is a multifaceted concept, which is according to researchers, encompasses a modern vision of processing and information management aiming to intervene in unexpected incidents and to cope with the uncertainty of the environment. Several collective and individual authors have explored this broad concept, providing many definitions. The theme is therefore rich and wavers between the decision-making control of an entity and information systems.

We consider EI to be the component of business intelligence aimed at gaining strategic advantage, as proposed by Porter (1998). EI includes competitor intelligence as well as intelligence collected on customers, suppliers, technologies, environments, or potential business relationships (Guyton, 1962; Fair, 1966; Grabowski, 1987; Gilad, 1989). The Society of Competitive Intelligence Professionals (SCIP, 2008) defines EI as “a systematic and ethical process for gathering, analyzing and managing external information that can affect the company’s plans, decisions and operations.”

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The concept of an “Economic Intelligence System” as developed by Luhn in 1958, was the first to define the need for updated observation of storage and filing for decision making and business’ conduct. He argues that “Any system of communication for the conduct of business in the broadest sense can be considered an intelligent system...” This definition is echoed in the works of (Simon1960) in management strategy to designate the process of environment’s exploitation with the purpose to identify situations requiring action.

A thorough reading of the concept of intelligence highlights the work of Wilensky, author of the concept of organizational intelligence. Fundamentally, Wilensky’s idea is that decision making requires collection, processing, interpretation and reporting. In the year (1967 Aguilar) developed the term “scanning business environment,” giving rise to the concept of strategic vigil. We have observed that the first interesting definitions revolving around EI go back to the 70s by (Albaum, 1964), under the appellation of “Environment scanning” while the first glimmering concept of EI appeared in Britain where corporate banking, insurance companies and financial institutions have adopted what is called “smart marketing” in the conduct of business. This term has been translated in Britain into business intelligence (Audrey Knauf 2010).

With the development of computer science, this versatile term has taken on a new dimension, as the “Marketing information system,” supportive of intelligent information systems in decision making. Prescott names this stage 1995 “Competitive data collection.” Most distinguished authors are (Clelond & King, 1975), (Montgomery & Weinberg, 1979).

At the onset of the 80’s, Porter argued that intelligence means “Giving the right information to the right person at the right time to make the right decision.” Prescott 1995 describes this period of “competitive and sectorial analysis.” In 1984 Samun uses the word “strategic intelligence” and distinguishes between “Environmental scanning” and “competitive analysis,” which he terms “systematic approach to competitive information”.

The transition from theory to fieldwork is often more important and more difficult. (Tayson 1986) developed a system to prevent the potential actions of competitors. Several cases of EI exploitation have emerged through the work of professional consultants (Fuld, 1985) and (Kelly, 1987). In the late 80’s and early 90’s. Some researchers (Ribault & Martinet, 1988) pondered upon the usefulness of strategic vigil as a driving force feeding EI for strategic purposes. In the 90’s (Jakobiak, 1991) used the term ‘Technology Watch.’.

However, the concept of intelligence along its derivatives remains a controversial topic among Anglo-Saxon researchers (Harmel, 2001). Most important researches were made by Americans and Germans. In French-speaking countries the term “Economic intelligence” was first introduced in France by Marte in 1994 under the influence of the Economic Advisory Council. Marte defines economic intelligence as “the set of coordinated actions of research, treatment and distribution for effective use of information by stakeholders” These actions are carried out legally with sufficient safeguard against companies’ property under optimal conditions of quality, deadline and cost.

In the 90’s, what mattered most was the application of EI or strategic intelligence in some companies with the purpose to anticipate the signs of environmental weaknesses (Lesca, 1994), control and detect threats and opportunities in order to develop influencing strategies (Jean-Pierre Bernat, 2001), and finally help managers to develop the right strategy and to take the right decision in the context of “competitive intelligence” (Fuld, 1995).

The market orientation perspective on EI (Kohli and Jaworski,1990; Slater and Narver, 1995) states that organizations should strive to achieve higher value and profits through business intelligence gathering and sharing across departments. Scanning for Economic intelligence is a major vehicle for organizations to obtain needed information for marketing intelligence generation and market adaptation (Patton and McKenna, 2005; Sawyerr et al., 2000).
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