

THEORETICAL ASPECTS REGARDING THE COMPETITIVENESS OF THE ECONOMY

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Abstract: *The competitiveness is a "modern" concept, a modern phenomenon, looked at and analyzed from different points of view thus, measured using different indicators (that not all the economists agree on). The concept appeared during a period of continuing development of various economies, during which there weren't any setbacks of economic activities and it developed at the same time with the changes that occurred at the international level (in the context of the new challenges of the economy based on knowledge, on innovation). The dynamism of the economic activity, the diversity and the amplification of the malfunctions of the current economies, generated concerns regarding the analysis of competitiveness. The paper contains an analysis of the approach theological-methodological of competitiveness and the presentation of main indicators that can create the complete image of the competitiveness of an economy. Following the study we have some findings - competitiveness can be expressed by complex indicators, which refer to different levels of the economy. We have chosen a set of indicators, which we consider to reflect, at best, all aspects of macroeconomic competitiveness.*

Key words: *changes, advantage, innovation, performance, knowledge*

INTRODUCTION

The main objective of the research is to identify the set of indicators that most accurately reflect the competitiveness of the Romanian economy.

Despite the research of competitiveness both at the micro and macroeconomic level by many researchers and international institutions, of the existence of a vast (but relatively new) scientific literature, in the field of competitiveness, the meaning of the term remains vague, unclear, not being a unique opinion on the concept of competitiveness, indicates the complexity of this concept. Competitiveness is, in the most general sense, a complex phenomenon, relating to the ability of a country (compared to others) to form and ensure an economic, social, political environment that supports the accelerated creation of added value. [5,6]

From the economic literature can be selected some definitions of the concept of competitiveness:

- Porter (1990): "the only complete indicator defining the concept of competitiveness at national level is national productivity";[12]
- OECD (1992): "to produce goods and services capable of coping with international competition under conditions of actual maintenance and amplification of domestic income"; [4]
- Management Forum (1994): "Global competitiveness is the country's capacity or the firm to generate, proportionately, more wealth than its competitors in the international law";[12]
- The Directorate-General for Economic and Financial Affairs (European Commission) considers that "Competitiveness is a country's ability to coordinate economic growth with external balance; behind the external performance of industrialized countries – they continue – lies the fundamental importance of international trade. [9] However, emphasising the role of product differentiation in the competitive strategy of firms, the industrial economy has limited this type of approach, considering that it does not constitute an adequate basis for a comprehensive competitiveness assessment.

When referring to the development of a country, the position in the world economy, the concept of competitiveness offers the possibility of comparing the performance achieved, but also the potential for growth in the future. Competitiveness is closely linked to increased competition in all spheres of human activity and, over the past four decades, has become an objective reflected in several economic strategies and policies.

MATERIALS AND METHODS

In recent decades, competitiveness has been used (increasingly) as an indicator of the economic and social performance of countries globally.

In the context of the international competitive struggle, the role of the competitiveness of national economies is becoming more and more important; a country cannot be globally competitive unless it has a high level of internal competitiveness.

The competitiveness of an economy is linked to competitiveness at the micro-economic level (where competitiveness is generated by the climate that allows each firm to become efficient, to be able to survive or develop in any domestic, but especially international, economic environment), to competitiveness of the branches that form it [9]. The macroeconomic level supports and strengthens competitiveness through the set of macroeconomic measures and policies leading to competitiveness. [10]

The competitiveness of the economy (country) can also be explained by the application of differentiated management practices, including management-work relations. In this case, different branches of the country's economy require different management approaches. [11]

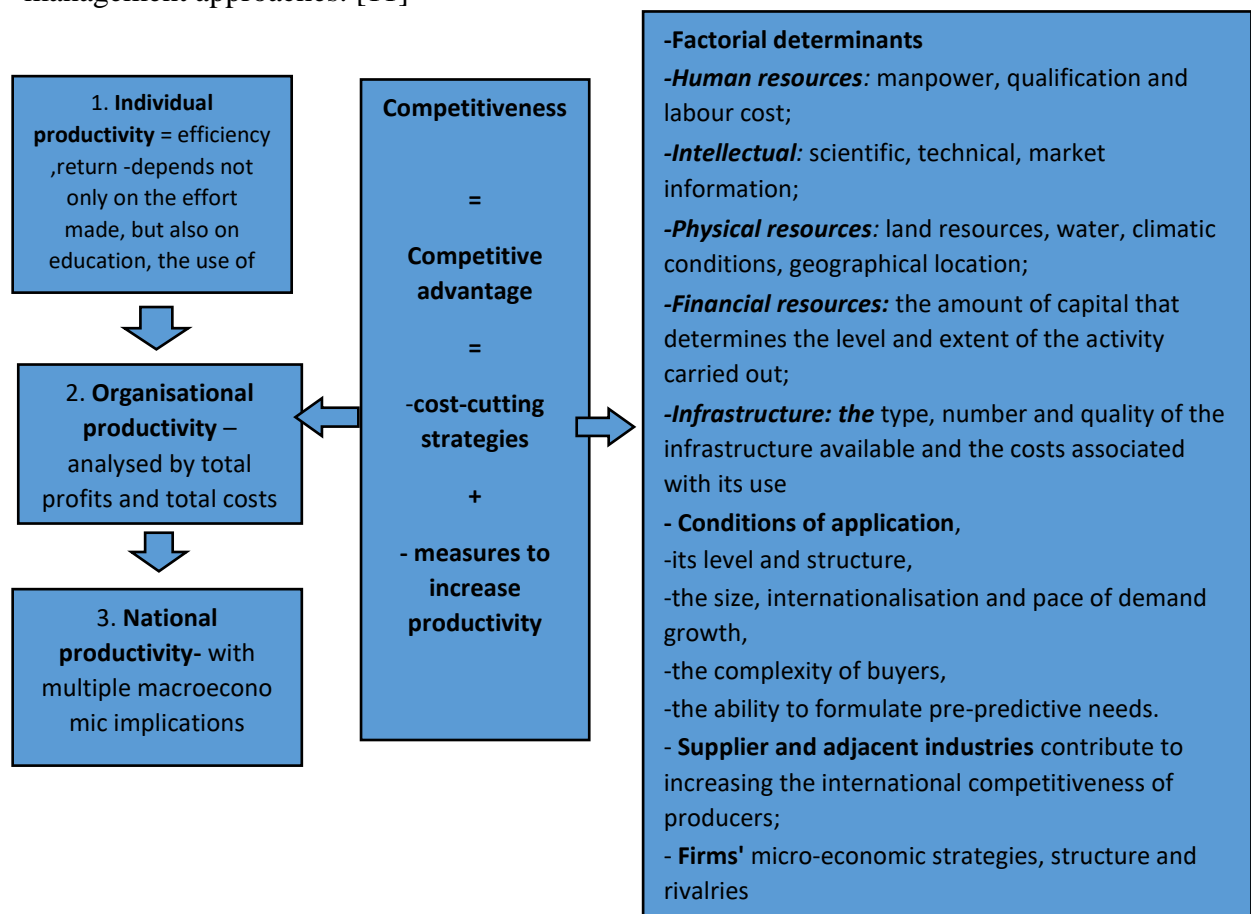


Figure 1. Competitiveness - productivity - determinants factors

Source-Built on [12,13]

The international competitiveness of an economy (extrapolating from a branch of activity, according to M. Porter's model) is also influenced on the one hand by exogenous events, the nature of positive and negative shocks (spectacular developments in the markets, changes in trends, significant inventions, etc.) that influence the determinants, but cannot be influenced by them and on the other hand influenced by the public institutions and policies, which influence the determining factors (endogens) of competitiveness.

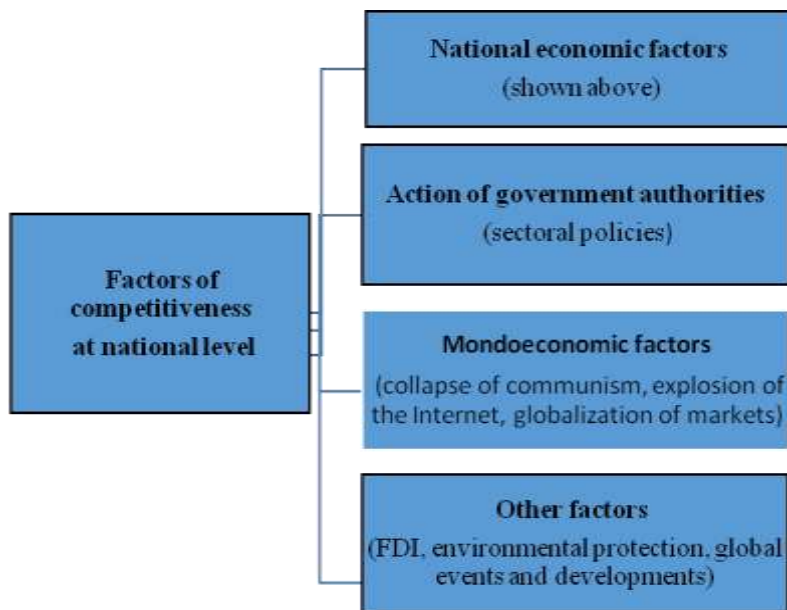


Figure 2. Factors of competitiveness at national level
Source-Built on [13,14]

RESEARCH RESULTS

Trying to build a tool to measure the international competitiveness of economies is difficult. The annual global competitiveness report takes into account both static and dynamic determinants.



Figure 3. Determinants of competitiveness
Source: built on [18]

According to the relevant publications, by extrapolating from regional level [15] to national level, the main indicators that can be taken into account for measuring the competitiveness of the economy can be grouped as follows:

Table 1.

The main indicators taken into account in the calculation of competitiveness - in the opinion of the authors

<i>Group</i>	<i>Indicator</i>	<i>Significance</i>
<i>A.Economic indicators</i>	1.GDP/resident	<p>Gross domestic product (GDP) per resident is one of the most representative indicators of national competitiveness. GDP measures the economic activity generated in a particular country (economy) achieved through the production of new goods and services. The ratio of GDP to the number of inhabitants thus measures the standard of living in a given country.</p> <p>This indicator is relatively easy to calculate, thus allowing an easy comparison between the living standards of the various nations. The unit of measurement of GDP/resident is the monetary unit/capita, (in Romania - RON/capita). In the European Union the conversion currency is the euro.</p>
	2.GDP growth rate	<p>The GDP growth rate provides a dynamic picture of the evolution of the economy over a certain period of time – usually a calendar year. High GDP growth rates are associated with good economic performance. The national GDP growth rate is an indicator that allows a relatively easy comparison of the relative rate of economic growth of one country compared to others.</p> <p>The calculation of this indicator is to combine the added value at the economy level (country) for each economic sector. Before this it is necessary to express values added in constant prices by reporting the added value for each sector to appropriate deflator indices. The structure of the economy plays an important role in interpreting the results at a given period of time. This is because the influence of economic cycles may or may not favour the evolution of certain subsectors, with a direct impact on the GDP growth rate.</p>
	3.Work productivity	<p>The indicator measures how effective the use of human capital is in achieving national GDP. In practice there are two methods of calculating labour productivity, which can give different results.</p> <p>The first method reports national GDP to the total number of employees in an economy. The second method reports national GDP to the actual number of hours worked in an economy within a set time frame (usually one year). Due to the shortcomings existing in Romania (and not only), in calculating the actual number of hours worked in a correct way, allowing comparisons to be made with other countries, the indicator most used for calculating labour productivity is the one that reports the national GDP to the total number of employees in the economy.</p>
	4.Net exports	<p>Is the difference between the total value of exports and that of imports at the level of an economy. The absolute value of net exports has little relevance when this indicator is used in comparative analyses. For this reason, net exports are usually related either to the existing population in a country or to the GDP.</p> <p>he value of exports made by an economy is dependent on the size (power) of that economy. In the long term, the value of exports determines the potential for economic growth A high level of exports reflects a high competitiveness of that economy.</p> <p>In practice, an analysis of the composition of both the structure of exports and imports is useful (since some imports can be used in the production process to obtain products that are then exported). By calculating the value of the net export resulting in this case, the value added is obtained. The purpose of any economy is to have as much added value as possible.</p>
	5. Net income per capita	<p>Net income is obtained by distinguishing between gross income and income tax, contributions paid to social insurance and any other taxes on other income-generating assets. Net income determines the actual purchasing power of the population at the level of a country. This indicator is one of the economic indicators that measures the level of national well-being and measures the financial resources available to consumers for the purchase of goods and services.</p> <p>Statistical data measure the net income of the population, with monthly frequency, at the level of the economic sector. Naturally, there may be</p>

B. Social indicators

	<p>disparities between incomes obtained by various social categories in different sectors of the economy. In these circumstances, the interpretation of this indicator should be made in correlation with other indicators measuring social phenomena.</p>
1.Dispersion of employment rates	<p>Is the ratio of the employed population to the total population aged 15-64 years, expressed as a percentage. The occupied population shall comprise all persons aged 15 years and over who have carried out an economic activity producing goods or services of at least one hour during the reference period (week before registration) for the purpose of obtaining income in the form of wages, payment in kind or other benefits.</p>
2. Employment (women)	<p>The employment rate is shown above and can be highlighted "total" and "women".</p> <p>The increase in the occupancy rate is, under any circumstances, a positive development. Analyses show that the process of economic reform or development has a different impact on different social categories, with some groups – e.g. ethnic minorities, single-parent families, the unemployed, pensioners – being affected, in an unfavorable way, more than others.</p> <p>From the employed population, women are distinguished because of their particular importance in the productive process: on the one hand, it is their ability to contribute on at least equal conditions of yield to the formation of value; on the other hand, the labour market has a number of shortcomings (discriminatory attitudes, lack of diversification of occupations, traditions, poor social assistance) that prevent the widespread use of female persons in economic activity. For these reasons, an increase in the employment rate for the female sex is a favorable aspect.</p>
3. Average life expectancy index	<p>Average life span is the average number of years a newborn has to live if they lived the rest of their lives under the age mortality conditions of the reference period.</p> <p>The index expresses a country's relative performance (nations) in terms of life expectancy at birth. It is reported at the maximum and minimum levels recorded in the international (or regional) reference environment. Life expectancy is an indicator of quality of life. You can't have a competitive region with people who live badly. The human resource is ultimately essential in ensuring the competitiveness of a firm and, by extrapolating an economy (nations). The indicator summarises the quality of the working environment, the quality of social services, the level and influence of stressors, etc.</p>
1. Total R&D expenditure in economic activities	<p>This indicator shows the degree to which research and development activity is supported in a country. The level of public R&D expenditure is strongly correlated (influenced) with the level of private R&D expenditure. It is an essential indicator of the Lisbon Agenda, which shows the development potential of the knowledge-based economy. It is calculated as a percentage of GDP.</p>
2. The population occupied in high-tech sectors shows	<p>This indicator links the labour market to competitiveness, indicating not only the ability of an economy to produce high-tech goods and services, but also the ability to provide jobs in these sectors. Calculate as a percentage of the total occupied population.</p>
3. Tertiary education with advanced research specialization	<p>The indicator includes students with advanced research specialization from both state and private universities. Indicates the existence of qualified human capital that can contribute to research-development-innovation.</p> <p>It is an indicator of tertiary and technological education, appropriate to the objective of research and development. The existence of real-life capital is an important factor in competitiveness, on the supply side. The measurement of the indicator refers to the share of students with advanced specialization in research in total students.</p>

C. Technological indicators

In our country, the National Competitiveness Strategy mentions the promotion of smart specialisation sectors, grouped on the basis of a multi-criteria analysis according to various criteria. [17]

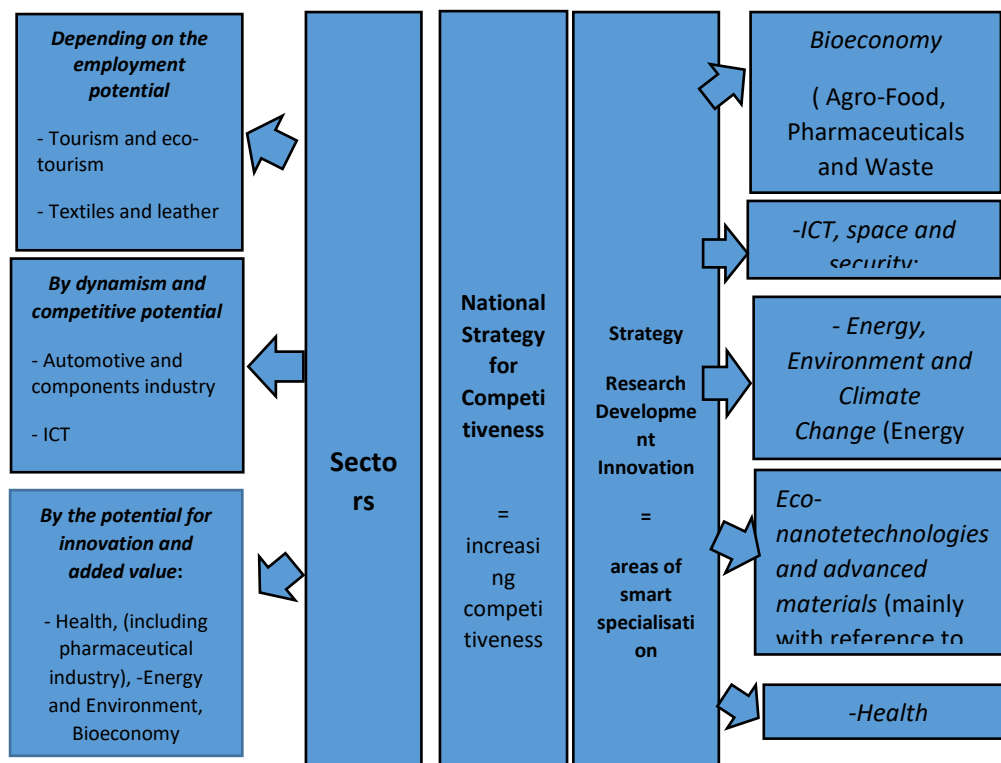


Figure 4. National Strategy for Competitiveness

Source: build on [16, 17]

We consider that at national level, the increase of competitiveness through the established sectors and strategic directions, is based precisely on the improvement the set of indicators presented above.

CONCLUSIONS

- ✓ Defining and measuring competitiveness is difficult- there are no unanimous opinions in the economic literature
- ✓ Competitiveness of aher economy refers to its ability to win, to achieve, through , success in confronting the external environment
- ✓ Competitiveness at the microeconomic level determines that macroeconomic
- ✓ The competitiveness of the economy can be determined by analysing specific macroeconomic indicators, economic, social and technical maturity.
- ✓ For the national authorities we recommend that focus more on the issues related to the factors that increase competitiveness (from the microeconomic level -by adopting measures to stimulate enterprises to act in this direction- to the macroeconomic level- by improving the general framework of the economy and to stimulate business in some sectors and develop a coherent policy in this area)
- ✓ Depending on the international economic situation and aspects of the evolution of the national economy, we will seek to periodically review the evolution of indicators and strategies related to national competitiveness.

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