

THE GROWTH OF ECONOMIC COMPETITION AND THE DEVELOPMENT OF ECONOMY BASED ON KNOWLEDGE

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Abstract:

Once with its integration in European Union, Romania's entire development plan will have in view its convergence with European economic space, both at nominal and especially at real level. This process of gap recovery presupposes that in the period of years 2007-2013, Romania should have high economic rhythm, while microeconomic balance is still kept stable. The key factor in determining the economic growth, under the conditions of entering a market characterized by strong competitive forces, is the growth of economic competition. Furthermore, the development of competitive economic advantages must be a constant process to take into consideration the European tendencies, but also the globalization process in its whole.

Keywords: innovation; economy which learns; social renovation.

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That is why, the competition rise must not be looked upon as an exploiting process with short term advantages (e.g. the low cost of workforce), but like a building process of an economic structure based on capital investments and on process of research – development – innovation.

The economic growth, the sustainable development, and the improvement of life standard of population are determined in the context of world challenges (economy globalization, the opening of international markets, rapid technological changes), provocations which must be changed in opportunities for Romanian economy.

Romania has known a substantial progress lately and yet not so much as to go beyond the position it has, behind all the new member states. Our country has serious competitive gaps as compared with the states in west or central Europe.

The National Plan for Development (NPD) represents the fundamental instrument, by means of which Romania will try to recover the social and economic differences compared with European Union, of strategic planning and multinational financial programming.

The reasons of remaining behind of our country are to be found at the level of all elements which determine the competitive capacity. All are translated, by a low productivity, which determines the competition problem in Romania.

The use of technologies and equipments which are obsolete and energy intensive, drastically reduces productivity in most industrial sector. The SME sector is likely to be most affected, having a structure to denote a low orientation to productive activities. In spite of a positive dynamic, the SME rate to GNP is not enough yet, being necessary both a quantitative and qualitative rise of SME sector. The SME access to capital, technology and infrastructure is low, much lower than the role of SME might have in increasing economic competitiveness, by the flexibility with which it introduces innovative process and adaptability to the market requirements.

As regards the connected industries and the sustainable services, the Romanian economy presents major deficiencies.

Many of the economic sectors have developed either as a result of natural advantage (wood processing, building materials, tourism), either as a result of state massive intervention of forced industrialization (machines and equipments, metallurgy, chemistry-petrochemistry). Both reasons determined a low degree of aggregation and cooperation within the same sector, with serious syncope as regards the insurance of an adequate chain of production, capable to create added value.

Other weak points are: the infrastructure business which presents numerous delays; sustainable service which are still at the beginning of their development and have limited access to specialized consultancy as regards SME, although it engages almost half of the employed population.

The competitiveness of an economy is also based on efficient consumption of energy resources. In this context, a special importance should be given to production, transport, distribution and efficient use of energy. Romania is characterized by an extremely high use of energy in comparison not only with EU average consumption but also with the average of former communist countries in the area. Moreover, the comparative analysis of the selected competitive indicators shows that the energetic intensity represents the competition factor with the highest gap as to the EU countries. This discrepancy may constitute an important handicap for the national economy competitiveness especially in the perspective of gradual rise of energy prices and their alignment to the European ones.

Besides, there are other decisive factors of competition, which do not directly come under this strategy, but which must be looked upon in close connection with the process of competitive development. The transport and environment infrastructure presents serious deficiencies, both quantitative and qualitatively, after decades of insufficient investments. The access to higher education is still under regional average, with an unfavorable situation as regards the rural graduates (corroborated with a low level of urbanization all over the country).

The strategy of NPD has settled six national development priorities, which include priority domains and subdomains:

The grow of economic competitiveness and economic development based on knowledge;

1. Development and modernization of transport infrastructure;
2. Protection and improvement of environment quality;
3. Development of human resources, the promotion of employment and social inclusion and the increase of administrative capacity;
4. The development of rural economy and the growth of productivity in agricultural sector;
5. The diminishing of development discrepancies among the regions of the country.

Their identification is not accidental, but it is based on careful evaluations.

The fact that their number was restricted asks for the motivation that it was necessary a concentration of resources available for the achievement of objectives and measures of maximum impact for the decrease of differences between Romania and European Union, in the same time eligible for structural interventions (EFRD, ESF, Cohesion Fund).

There is also a correlation with Lysbon Strategy based on the concepts:

1. innovation as the engine of economic changes;
2. economy which learns;

3. social and environment renovation.

Further on we will approach aspects referring to 1 priority, whose general objective is the growth of Romanian enterprise productivity so as to diminish the differences with regard to the Union average productivity.

It is aimed at generating **till the year 2015 an average growth of productivity of about 5.5% yearly, enabling Romania to attain a level of about 55% of the EU average.**

The strategic direction of priority “The growth of economic competitiveness and the development of an economy based on knowledge”, are in full agreement with both Romania’s objectives of a long-term competitive policy, and with action lines proposed by European Commission regarding the frame for competition and innovation 2007-2013, as well as with the direction lines proposed by European Commission for a cohesion policy for the period 2007-2013.

Sub-priorities within which are focused measures for these priorities are the following:

- The growth of competition through the improvement of access on the market of enterprises, especially of small and medium ones.
- The development of economy based on knowledge through the promotion of research and innovation and the acceleration of information society development.
- The improvement of energy efficiency and the taking into account of regenerating resources of energy.

Further on we will try to notice the important sides of these sub-priorities, their selection being motivated and pointing out some of the main lines we had in view.

The growth of competition by improving the access on the market of enterprises, especially of small and medium ones.

It is known the fact that the enterprises are the engine of economic growth, on their performance depending the competitiveness of the entire economy and the improvement of their participation within the single European market by sustaining the access to finance represents a critical condition for the assurance of competitive development of Romanian economy.

As regards small and medium enterprises, in spite of certain progress got in the implementation of European Charter for SME, there still exist difficulties due to limited resources they dispose on, to the difficult access to grants, to the significant technological difference and of lack of know-how to allow them a rapid adaptability to the European market requirements and to the changes in the world economy.

For the development of enterprises it is necessary **sustainability of productive investments** (equipment and new technologies) to allow the **production adaptability to the requirements of a single European market**. We will have in view the acquisition of non/polluting equipments with high energy efficiency, the contributing both to the decrease of energy consumption in the Romanian productive sector, and to the decrease of environment pollution.

Under the conditions of sharp competition within the E.U. inner market and of the high level of complexity of consumers is requirements, the Romanian companies will have to improve their product quality which are to be brought on the market and the certify their performance, ensuring a high level of security and consumer’s protection.

Environment and quality certification represents but an investment which assures the acceptance of Romanian goods in the European area and the access to inner market. Obviously, the existence of proper infrastructure certification is a critical condition for eliminating any barriers in the certifying process.

The creation of a favorable medium for business grants, under the conditions of a competitive financial market, is a qualitative and quantitative leap regarding the previous approaches, mostly based on direct investment support. Financing under commercial conditions implies a better supervision from the grantors, who bring in this way more experience and assures the validity of “selection” process of companies or of competitive business models.

An important factor in the consolidation of the existing enterprises but also in the sustainability of start/ups constitutes the **development of a proper business infrastructure** by specific soft and hard instruments, in accordance with SME, in this way benefiting from the advantage of corporative management, from proper financing sources and associated guarantees, form the technical advantages of informational society

services and from active cooperation with higher education and research for the exploitation of scientific knowledge and the taking into account of own creative potential.

The sustainability of **incubators** will have benefic effects on the development of new competitive firms, as well as on turning into account of innovating potential at SME level, preparing them for market competition.

The development of business centers represents another sustaining factor of enterprises, by the fact that increases their access to consultancy services, as well as to other types of sustaining services specialized in high added value.

The process of internationalization is evidently more risking for SME than for the enterprises having a larger productive basis. Successful inland firms, belonging to SME, do not succeed to reach performances on external markets. It is clear that SME try to internationalize their activity especially through exports and less through direct foreign investments, in order to minimize associated risk. For Romania it is important in the actual stage of development to exist an expansion of export initiatives from SME.

Furthermore, for preparing the next stage of competitive development, **there will be sustained SME internationalizing actions** through investments, delocalization and extension of national networks.

An element which may have an important role in the growth of entire economy competitiveness on a medium term is also the achievement of objectives for **the growth of Romanian tourism competitiveness and the improvement of Romanian image by promoting the touristic potential**. This objective needs the intensification of actions which have in view Romanian's international promotion as a touristic destination alongside with the development as a result of the special natural advantage, of a diverse historical / cultural patrimony equally distributed on Romania's entire territory. On the other hand, being familiar with Romanian products through tourism represents a main promoting factor on the external markets of specific and development economy on its internal market.

The promotion of touristic products and services on the internal market by an incisive national campaign and the increase of internal tourism also represent another side of SME competitive growth in tourism.

The development of economy based on knowledge, by promoting research and innovation, and by accelerating the development of informational society.

Taking into consideration the 2000 Lisbon objective of stimulating innovation, as a basis of competitive economic development, with Romania it is necessary a systemic application of **stimulative measures for innovation and technological transfer**, inclusive by through financing the research development activity made or acquired by enterprises.

Research-development expenses have had a modest dynamics in Romania up to the present, but as Romania integrates on the communitary single market, once with the competition intensification, the research development activity will be one to allow the firms to remain on the market.

The Government will encourage the private expenses for research-development both directly, by the rise of public development research expenses and public product acquisition of high technology and indirectly by actions of the kind: **risk funds, indirect fiscal measures, promotion campaigns** etc. As regards this measure, infrastructure projects of research-development will be started, which will constitute real public good in the process of competitive development.

The stimulation of innovation is very important for the creation of added value, for long term competitiveness and for the access of Romanian firms on international markets, and implicitly for the decrease of commercial deficit. In this way, it is necessary **the sustainability of innovative capacity at firm level**, by different assistance activities, consultancy, support for access to finance, the creation of conditions for development.

Having in view the fact that Romania benefits from an active CIT sector (especially in software field) **the stimulation of using informational technology** sustains this productive sector which is already known as being most competitively. Besides this, there must be added measures to competitively stimulate the national suppliers with the aim to raise their capacity of competing on a single market.

The improvement of energy efficiency and taking into account of regarding energy resources.

Romania proposes **to reduce the energy intensity** by increasing energy efficiency on the entire chain – natural resources, production, transport, distribution and final use of electrical and thermal energy, in accordance with the assumed commitments within admission negotiations to EU.

By implementing the projects of rising energy efficiency, there will be obtained a reduction of financial efforts for the acquisition of primary resources.

Romania has a relatively important technical potential, which includes all types of regenerating resources (hydroenergy, wind, solar, biomass, geothermal).

At present a very small part of this potential is effectively taken into account.

Because the energy produced by regenerating resources of energy is “clean” energy, their taking into account offers an alternative to the energy produced by using fossil combustible. In the same time, taking into account the disposable regenerating resources of energy will contribute to the entrance of some isolated zones in the economic circuit.

In the context in which the E.U. target for 2010 is that 22% of the entire electrical energy consumption represents the energy produced from regenerating resources, Romanian will intense by its actions of taking into account its regenerating resources. Romania is preoccupied, especially on a medium and long term, with taking into account the regenerating energy resources for producing electrical and thermo energy, in this way contributing to the encouragement of innovative technological development and to the use of new technologies in practice.

Romania’s future depends on its ability to fulfill the objectives, strategies, policies we have at present through the approval of strategic documents either they are called plans, frame – programs etc. It depends on the capacity of organizational management to create projects, to have good innovative ideas, to have, in fact, a strategically view on a medium and long term for its own organization and for their registering in the national – socio – economic framework.

By drawing considerable amounts the Romanian enterprises can become profitable, the Romanian capital can be motivated and trained growths in real terms can be obtained.

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