

COMPETITIVENESS - GROWTH FACTOR. POINT OF VIEW ON THE SITUATION IN ROMANIA

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Abstract: *This paper considers the issue of competitiveness of national economy, making specific reference to the economic situation of Romania in the year 2010.*

The diversity of views on approaches to competitiveness in the literature requires consultation of reports prepared by prestigious international forums and organizations, using relevant indicators and economic variables.

Keywords: *Competitiveness, economic growth, productivity, economic environment, economic efficiency.*

JEL Codes: *F43, O47*

1. Introduction

Competitiveness means the way in which nations and the economic environment given all powers to achieve its prosperity.

Competitiveness study allows "the possibility of comparing the performance achieved, and future growth potential" (Spataru) of the company and the economic environment.

Analyzing the structure and dynamics of the competitive system is also an element of absolute completion of analysis and relevant government decisions targeting companies involved in production activity (Airoldi, Brunetti and Coda in 2005: 322), all aimed at raising environmental performance national economy.

In economics, competitiveness is identified as the main active element in the procurement and delivery performance during the competition, the organization the role of 'the situation is in better position as compared to its competitor for the "defeat" for the purposes of reporting gave a performance criterion and followed by all competitors (Voiculescu 2001: 6).

2. Defining the level of competitiveness based approach

The concept can be approached at monoeconomic, macroeconomic and microeconomic level. In that respect this industry experts opinions on the definition depending on the level of approach:

- "Global competitiveness is a matter of economics that analyzes the facts and policies that shape a nation's ability to create and maintain an environment conducive to supporting and achieving better value for their enterprises and prosperity of its people"(World Competitiveness Yearbook).

- "Competitiveness is defined as that set of factors, policies and institutions that determine the current level of productivity of a country. Productivity determines both the welfare of an economy at a time, and its growth potential in the future. Empirical research has shown that developing a knowledge-based economy is one of the key factors enhancing the competitiveness of an economy"(Imbrescu and Băbăiță).

- "The competitiveness of markets, refers to the degree to which individual firms have the power to influence market prices or terms on which their product is sold. The individual firm has less power to influence the market on selling their product, the more competitive is the market" (Lipsei and Chrystal 1999: 252).

- "The level at which it generates is the microeconomic competitiveness. A country becomes competitive when you manage to build that environment that allows each company to become effective added value, to be able to survive or develop in any national economic environment, especially internationally. The level at which it maintains and strengthens the competitiveness of the macro. The country maintains or improves its profitability internationally when it decides to apply the set of economic policies necessary to stimulate the achieving optimum expansion at the micro level"(Spataru).

Creating a competitive system is an important issue and a policy of "Washington Consensus" for economic growth in developing states (Baumol, Litan and Schramm 2009: 52).

Representation of the competitive system, the example of a competitive economic market can be achieved only by extensive competition model representation. Competitive system structure: the competition extended) is a necessary condition of existence and developing a real competitive.

The four pillars of the macroeconomic level the competitive system are newcomers (especially entrepreneurs), customers (consumers), suppliers and manufacturers of goods substitutable (those who have the ability to conduct marketing pressures).

If new entrants can affect competition by larger volumes of production and reducing unit costs through a variety of products, manufacturers of substitutable products or services will be the source of uncertainty for new entrants if the price / benefit will be one

of those consumers' expectations accordingly have propensities for such goods.

Providers will become competitive in particular by focusing on service quality and price of services and clients, through negotiation and price elasticity will be the most important word to say.

The competitiveness suggests safety, efficiency, quality, high productivity, adaptability, successful, modern management, superior products, low cost.

In the battle for new markets, firms need to emphasize their strengths to gain the ground to competitors. Also they have to defend these benefits, known and recognized by constant efforts and also to know and accept that are the strengths of its competitors. At the same time, significantly increase the interest and effort to obtain business benefits both the domestic and international market.

Competitive or competitive ability is just that part on which power and economic strength of the economic conditions of a market economy. Therefore, development of competitiveness, acquiring and maintaining competitive advantage and effective use of the factors influencing it, is the main goal toward which all economic agents.

3. Implications of competitive markets in the growth states

The contemporary world has undergone a series of connections between markets and increasing competitiveness of the country's economic performance in the economic environment runs its business. In this respect shows experts in the field: "To be effective, must include an economic and profitable business based on competitive (...) the true economic substance produced by them, their profitability depends on economic strength and level to live the great country"(Verboncu and Zalman 2005:41).

The competitiveness of a country is assessed by its capacity (Gavrila 2009: 131):

- to export
- to attract FDI

- to harness resources and increase real per capita GDP

- prices were more positive than those of competitors, the offer is characterized by quality, diversity and timeliness

A national economy is competitive in the long term, they ensure the sustainable increase of welfare and population dynamics due to the high overall productivity of factors of production.

It is clear that the competitiveness of an economy depends decisively on the business environment, businesses are the engine of economic growth. Improve business access to factors of their participation in the European Single Market, investment in optimizing their industrial base, while respecting the principles of sustainable development is a critical prerequisite for the operation of the Romanian economy competitive.

As described by Michael Porter in the latest edition (2008) of his famous works, "About the competition, the competitiveness of a country do not relate primarily to macroeconomic stability, neither labor nor public policies, or practices management, but especially in productivity. A nation is competitive when it allows the development of the determinants of productivity and increasing productivity.

Depending on factors contributing to productivity, the report prepared by the World Economic Forum identified three stages in which the countries, namely:

Stage I: The competitiveness of production due to factors - factor - driven (force of unskilled or poorly qualified natural resources). The economy is particularly competitive because of lower prices, but the products are less complex. However, assuming the presence of certain basic conditions are essential (institutions, infrastructure, macroeconomics, health and primary education).

Stage II: Competitiveness by factors of efficiency - efficiency - driven (production more efficient, better quality products). Competitive conditions related to higher education and continuous training and ability to benefit from existing technologies.

Stage III: The competitiveness based on innovation - innovation-driven (new products from innovative, complex production processes).

The importance of individual factors, expressed by weight in the total contribution of the three pillars of competitiveness depends on the stage in which the country concerned.

Table 1 The pillars of competitiveness (on a scale from 1 a worst - 7 the most powerful)

Basic requirements	Score Romania
Institutions	3,7
Infrastructure	2,7
Macroeconomic stability	4,6
Health and primary education	5,5
Efficiency enhancers	
Higher education and training	4,3
Goods market efficiency	4,2
Labor market efficiency	4,3
Financial market sophistication	4,4
Technological readiness	3,8
Market size	4,5
Innovation and sophistication factors	
Business sophistication	3,8
Innovation	3,1

Source: World Economic Forum Global Competitiveness Report 2009-2010

4. Romania's place in terms of competitiveness in 2010?

According to the Romanian Institute for Social and Economic Research Polls - IRECSO, Romania is one of the last places among the 58 states, namely the 54th place, ahead of Argentina, Croatia, Ukraine and Venezuela. In front of us, at very short distance are Bulgaria (who score a 0.6% higher than the score of Romania) and Slovenia which has a spacing of 1.2 points from November. In the case of former communist countries until 1989 before we can see that under the current economic crisis, Hungary (42), Estonia (34) and Poland (32) have found solutions to increase competitiveness, Romania (54) and Czech Republic (29) retain their positions from 2009 to 2010, while Bulgaria (53), Slovenia (52), Slovakia (49) and Lithuania (43) have recorded substantial decreases ranging from 20 to 12 seats. For a better building on evolution, that the positions occupied in recent years, the Yearbook presents individual country specific contributory factors in terms of competitiveness and the disadvantaged.

In 2010 Romania registered a decline in economic performance, ranked 32 in 2009, ranked 47 in 2010. Although this chapter we have seen a drop of 15 seats still remain before countries like Greece (48), Russia (49), Turkey (50), Estonia (52), Slovakia (54), Ukraine (55) Lithuania (57). Regarding the efficiency of government, I dropped one place from 2009, topped 50. Regarding infrastructure, I grew up 10 seats in 2010 compared to 2009, peaking at number 43 in 2010, and Chapter Efficiency business, grew 13 seats, up from 56 in 2009 ranked the 49th place in 2010.

Unfortunately, Romania has made significant gains in terms of business efficiency and infrastructure were not enough to increase competitiveness as a whole, but given that the economic performance and efficiency of government Chapter I declined, maintaining the position of Romania in 2010, to 2009

levels is due the first two factors. Credit business is beginning to strengthen in recent years and investment in telecommunications infrastructure and in research are beginning to become visible, helping them to contribute in 2010 to maintain the competitiveness of Romania in 2009, the economic crisis.

Strengths of the business concerns in particular the progress made by the Romanian companies in their concern for customer satisfaction for a proper wage service sector, and staff management positions, at a salary that is comparable to that in other EU countries.

However, to further strengthen the business environment we need to improve some aspects which for 2010 is still the weak points in terms of competitiveness, namely: the need for specialists in finance raised by the need to increase the capacity of Romanian companies' adaptability to market changes the need to increase transparency of financial institutions in Romania, the stock market decline, and finding solutions so enterprise debts not restrict their ability to be competitive.

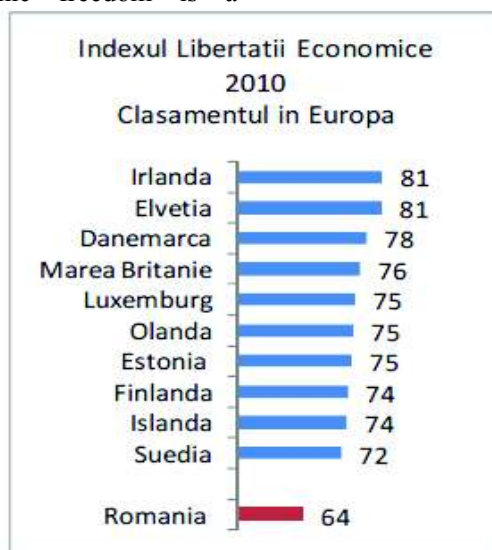
Negative aspects (aspects of which Romania is ranked the lowest in the context of global competitiveness) in terms of economic performance are related to direct investment abroad, investments in capital markets abroad, receipts from tourism and real GDP growth.

Even though the Chapter Efficiency sit well in the government's total public debt and collect taxes on income, weaknesses in the system in terms of competitiveness in 2010 relate mostly to the lack of public contracts open to all bidders, the black market economy that does not allow and competition law can not stop unfair competition.

In conclusion, overall, we assess the competitiveness of Romanian economy as a "disappointing performance." In many ways they are signs of competitiveness, competitiveness appears other way to start, but in most economic indicators speak for lags, lack of competitiveness.

Heritage Foundation and Wall Street Journal Index of Economic Freedom determines (S), assuming that economic freedom is a

precondition for prosperity of individuals and in turn a key driver for competitiveness.



Source: Index of Economic Freedom, Heritage Foundation, 2010

Chart no. 1 Rating States of Europe according to ILE

According to the results of this study, the 2010 edition, Romania is the 63rd country in the world in terms of economic freedom, and ranked 28th in Europe.

The Heritage analysis, Romania has achieved a 64.2 index points above the global average. After comparing the first countries in Europe, according to each indicator of economic freedom, Romania has high scores for: free trade, fiscal freedom, government spending, and significantly lower scores than the best countries in Europe obtained if : property rights and freedom from corruption, as these areas are necessary for developing solutions.

Results of the study conducted by the Heritage Foundation shows that Romania's economy is moving towards a greater economic freedom index.

5. Conclusions

For Romania, economic competitiveness is a major component of national development strategy for 2007-2013. For this purpose a special program was developed (Sectoral Operational Programme 'Increasing of Economic Competitiveness 'SOP) in accordance with the Lisbon strategy on improving the economic competitiveness of the European Union.

In full accordance with the conduct of the Commission's proposals for Competitiveness and Innovation Framework 2007-2013, the priorities of Romania's competitiveness strategy, which take into account and take into account the guidelines proposed by the Commission for Cohesion Policy 2007 – 2013, are:

- Improving access to emergency market, capital, technology businesses, especially small and medium enterprises;