COMPETITIVENESS, A CONDITION OF SUCCES ON THE MARKET

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RESEARCH ARTICLE

Porter's introduction of the new paradigm of "competitive advantage" made the notion of competitiveness gain major importance and new meanings, along with related terms such as productivity and well-being.

Recently, the interest of researchers in the field to highlight the specific features of competitiveness, in relation to the more established notion of competition, can be noted. (Dimian, 2010).

Competitiveness is, in the most general sense, a complex phenomenon, referring to the ability of an element, compared to others, to form and ensure an economic, social, political environment that supports the accelerated creation of added value. From a theoretical point of view, the concept of competitiveness is based on two sub-concepts – comparative advantage and competitive advantage.

Regarding the possibilities of measuring competitiveness at the macroeconomic level and for the field of services, a wide variety of indices can be used to express the level of competitiveness of all services as well as of the various component branches of the tertiary sector.

The competitiveness of a nation depends on the existence of competitive sectors, and these, in turn, on the activity of the companies that form it. When we talk about the competitiveness of a sector or an economy, we treat the concept in relation to foreign competitors, that is, analyzing its performance in foreign trade or, in other words, the ability of industries (of the enterprises that represent it) to penetrate foreign markets (increasing exports and foreign direct investments) and to face the competition.

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INTRODUCTION

One of the simplest definitions of competitiveness, recommended by the World Economic Forum (WEF, 1994) refers to "the ability of an economy to achieve and maintain high growth rates of GDP/capita". A similar but more detailed definition is given by the OECD (OECD. Organization for Economic Co-operation and Development, 1992), according to which competitiveness results from the extent to which a country can, under conditions of free trade and an efficient market, produce goods and services that can withstand the test of the international market, against the background of maintaining and even increasing the real incomes of the population, in the long term.

Competitiveness is, in the most general sense, a complex phenomenon, referring to the ability of an element, compared to others, to form and ensure an economic, social, political environment that supports the accelerated creation of added value.

Competitiveness is usually defined as the ability of an entity operating in a free market to retain its own market share. There are several aspects of the competitiveness of an individual entity, among them are:

- Entrepreneurial quality and competence of managers.
- The distinctive character and quality of the goods and services delivered.
- The degree of innovation.
- Physical and virtual links with its markets.
- Efficiency of the production process.

• Access to the factors of production – land, labor and capital.

MATERIAL AND METHOD

The methods used in this study were different: the historical method, the comparative method, the sociological method, the logical method and the analytical one, their aim was the systematic analysis of the information selected from the sources studied in order to develop personal points of view and conclusions about the stated objectives.

RESULTS AND DISCUSSIONS

The concept of competitiveness can also be applied at the level of countries and regions, from the point of view of the ability to maintain or develop their own economic activity in the context of a free market. In this context, the different aspects of competitiveness are manifested in a more aggregated form (EuZone):

- The level of entrepreneurial culture.
- Areas of comparative advantage.
- Endowment with resources.
- Research and innovation systems.
- Transport and communication infrastructure and services.
- Availability of locations and premises.
- Availability of competent human resources.
- The existence of functional financial markets.

Turok (2004), in his work entitled Cities, Regions and Competitiveness, emphasizes the importance that competition between companies has for their development:

- works as a selection mechanism. Only certain companies survive on the market (those with better products and more efficient production processes);
- acts as a stimulation mechanism. To stay competitive, companies have to improve their technology and organization.

Also, the mentioned author emphasizes the difference between the competition at the company level and that which exists at the territorial level. They do not work according to the same rules: cities and regions cannot go bankrupt if they are not competitive and, at the same time, are not guided in their activity by the objective of obtaining profit.

Synthesizing these aspects related to competition and competitiveness, Kitson, Martin, Tyler (2004) define competitiveness as "a complex concept, which focuses more on indicators and dynamics of long-term prosperity of the region or city, than on the more restrictive notion of competition over market shares and resources", "being a concept that recognizes that, basically, competitive regions and cities are places where both companies and people want to settle and invest".

The definition of the concept of competitiveness remains, therefore, still a controversial issue, a position justified by the appreciable diversity of definitions and angles of approach circulated in the literature, from which, however, some common elements can be deduced:

- ✓ the ability to produce goods / services or to carry out activities that determine a significant increase in income is the most frequently encountered formulation;
- ✓ the definitions have a high degree of generality, generally not referring to a certain reference entity (product, service, company, industrial sector, regional economy, national economy);
- ✓ in addition to the increase in income, employment and the increase in the standard of living are other reference criteria for assessing competitiveness.

Industrial competitiveness is expressed through specific characteristics of the supply side, grouped into two categories:

- the cost, determined, in turn, by:
  - ✓ the level of productivity;
  - ✓ factor prices;
  - ✓ other supply-side variables (investments, organization, management);
- quality (given by the level of profitability under conditions of keeping costs unchanged), having, in turn, three dimensions:
  - ✓ innovative (the ability of the products/services to incorporate

elements of technical and technological novelty);

- ✓ technical (the characteristic of the products/services to be in accordance with the technological documentation and reliable);
- ✓ marketing (advertising, ability to quickly adapt to changes in demand, trademark).

The perspectives of treating competitiveness, from the point of view of reference levels, are multiple - focusing on the level of the company, the industrial sector, the industry as a whole, a region, national, international (economic blocs), worldwide

• at the level of companies, the problem seems, apparently, simpler in the light of the idea that the companies that survive are competitive, and those that leave the market are not;

• at the level of sectors (or industries, according to M. Porter) the vision of dealing with competitiveness was strongly influenced by the works of this author, which includes, in addition to the determining factors at the level of companies, and factors specific to the mesoeconomic level - the dynamics of the sector (rate of its growth), specific market dimensions, strategic groups in the sector, etc.

• at the national level, the treatment of the issue of competitiveness is based, to a large extent, on Porter's Model, which has many interpretative values and defines four determinants of a country's competitive advantages: endowment with resources; business environment; related and supporting industries; the demand for goods and services on the domestic market. The novelty and strength of the model consist in the simultaneous inclusion of factors specific to the company, the industry and the country;

• at the level of the international economic blocs, the concept of "bloc competitiveness" was imposed as a result of the appreciable performances recorded by the already established blocs - EU, NAFTA, ASEAN, APEC, etc., the level of competitiveness of the entire bloc depending on the synergistic combination of competitive advantages of member countries;

• worldwide - "global competitiveness", competitiveness becomes a concept that cannot be compared with another entity in the known universe, but could instead be measured, comparing the past with the present or the present with the future possibilities of action on the global market .

From a theoretical point of view, the concept of competitiveness is based on two sub-concepts – comparative advantage and competitive advantage.

The new, more evolved concept of competitive advantage, without denying the contribution of endowment with factors on competitiveness, moves the center of gravity of its determinants, as is normal, to the level of the company, the only economic entity generating competitiveness. In the current conditions of the world economy, for Romania, as for the other Eastern European countries, the problem of international specialization based on competitive advantage is of vital importance, determined not only by economic considerations (the ability to reduce over time the unfavorable gaps existing in regarding the levels of development compared to advanced countries), but also regarding the structural connection with the industrialized world and the gradual access to productivity standards and, implicitly, to the level of prosperity specific to it.

Regarding the possibilities of measuring competitiveness at the macroeconomic level and for the field of services, a wide variety of indices can be used to express the level of competitiveness of all services as well as of the various component branches of the tertiary sector.

Thus, variables specific to the competitiveness of services are part of macroeconomic competitiveness indices, such as the Global Competitiveness Index and the Lisbon Strategy Competitiveness Index.

When we talk about the competitiveness of a sector or an economy, we treat the concept in relation to foreign competitors, that is, analyzing its performance in foreign trade or, in other words, the ability of industries (of the enterprises that represent it) to penetrate foreign markets (increasing exports and foreign direct investments) and to face the competition.

Only in the conditions of intense competition are businesses stimulated to permanently make their activity more efficient, to produce goods of a superior quality and to rationally manage production costs. Success on the foreign market is an important indicator of these performances. At the same time, the increase in exports and FDI have a direct effect on the increase in productivity and, therefore, on economic growth. The increase in exports depends both on the factors directly related to the internal environment of the companies, i.e. which are specific to each entity, as well as on the national factors such as: natural resources, highly qualified workforce, developed infrastructure, efficient state policies, values national, culture, history, etc. Thus, as a result of the specificity of each economy, industry or economic unit, there is a great difference between the models that ensure their competitiveness - the factors that create the foundation of competitiveness in one country, may be insignificant in another.

A nation's competitiveness does not mean export success in every industry, or even in the vast majority of industries. Obviously, no nation can ensure a trade surplus in every sector of the economy. And specialization in certain sectors automatically implies lower performances in others. Among all nations, even the most developed, none can ensure the success of all industrial sectors on the international market.

Thus, the national authorities, aiming at an increase in national competitiveness, must focus selectively on those sectors that present a competitive advantage over competing industries abroad or that have growth potential. Increasing the competitiveness of these sectors will constitute the foundation of increasing the well-being of the entire nation.

"Trying to explain "competitiveness" at the national level, then, is to answer the wrong question. What we need to understand are the determinants of productivity and the rate of productivity growth. To find answers, we must not focus on the economy as a whole, but on specific industries and industry segments" (Porter, 1990)."

A competitive industrial branch encompasses nationally and internationally competitive enterprises. In turn, a competitive company is a company capable of offering products and services more efficiently and effectively than potential competitors. This presupposes sustainable success in international markets, without protection or subsidies. Speaking about national competitiveness, it can be said that indeed, it is mostly created at the level of economic units - companies. Namely, they compete on the market, contributing to the increase in productivity.

However, competitiveness at industry level is often a better indicator of the "economic health" of a nation than competitiveness at enterprise level. The success of a single company can be proof of the influence of certain factors specific to the company, which are difficult or even impossible to reproduce. At the same time, the success of several companies within an industry is often proof of the influence of some nation-specific factors that could be expanded and improved. At the same time, it is important to mention that the competitiveness of a single company does not necessarily imply the competitiveness of an industry (F. Blunck, 2006).

CONCLUSIONS

Being a concept that implies performance and superiority in relation to potential competitors, the notion of competitiveness can be approached at several hierarchical levels. In specialized literature, this notion is most often approached at the microeconomic (firm), mesoeconomic (sectoral) and macroeconomic (country level) levels.

However, many other intermediate approaches can be found, taking into account the broad context of use of this notion. Speaking about the competitiveness of the company, we can talk about the competitiveness of a product or product lines that would presuppose their preeminence as a price-quality ratio compared to other products on the domestic and foreign markets. However, the concept can be approached beyond the borders of a company or a sector, being attributed to the performances acquired at the regional level.

A competitive region is one that can attract or maintain competitive firms, maintain and focus on increasing the standard of living of its population. In the following, only a few - main approaches to competitiveness are presented.

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