MEASURING COMPETITIVENESS OF ECONOMIC ENTITIES

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ABSTRACT: A competitive structure of a national economy is influenced by the competitiveness of each of the actors made the national economy. In other words, to achieve competitive economic structure shall contribute all sectors of the national economy and hence all branches of the national economy, all organizations within each branch. Thus, the productive sectors of the economy contribute by increasing their competitiveness, GDP growth, added value, while other branches making a contribution through activity, increased quality of life (health, culture, social) in training skilled labor (education) to ensure effective functioning of the judiciary, protection of private property and citizen safety, lower crime rate (police), reducing the risk of political instability, increasing social cohesion, social disparities (richness and extreme poverty), and discrimination against women and minority groups. Human resources are probably the most important factor determining the competitiveness of an area. The ability of a country to move up the value chain is closely related to human resource capability. In understanding the competitive evaluation is important to assess not only in terms of education, improvement, skills and work experience, but also in terms of other attributes, more difficult to measure, as entrepreneurial relationships, creativity and risk tolerance. Secondly, we must accept that individual productivity is determined by external factors. Latent potential of the individual can develop when the person moves to another environment that provides better and more opportunities. Currently structural changes to remain competitive obtaining essential parameters of the Romanian economy to cope with competitive pressures of the single European market.

Key-wards: competitiveness, competitive products, quality, adaptability

1. Introduction

Competitiveness is a complex concept that, at a general level, expresses the ability of individuals, companies, economies, regions to remain in the competition conducted at a domestic and / or international and get economic benefits under a certain business environment .

From the point of view of a nation, however, expresses the capacity and competitiveness of country's ability to effectively use opportunities in the global market. Performance assessment of national competitiveness to the global economy is based on elements: quantitative (the gap between the country and global level) and qualitative.

The competitiveness of the Romanian economy resulting from the analysis of the balance sheets and provides the opportunity to highlight the correlations that exist between leading indicators and the factors that have contributed directly or indirectly to variation of economic phenomena.

Analysis should be as broad, taking into account economic indicators such as the size and dynamics of profit of profit, rate of return, leverage. It can be said that profitability is a picture of economic activity, both at micro and macro and also the extent to which firms are competitive and are competitive both on the external and the internal one.

Romania's participation in the European single market, the competitiveness and quality requirements, affected economic performance downwards the number of businesses that have made a profit and the corresponding increase in the number of agents that losses.

2. Romania's competitiveness. The 12 pillars of competitiveness and position in the top

According to economic theory, the first stage of economic development, the economy is mainly dependent on inputs such as labor (mostly low skilled) and natural resources.

Competition is based on price, and low productivity reflected in low wages.
At this stage, competitiveness depends mainly on four pillars: a well functioning public and private institutions,

infrastructure development, environmental stability and economic health of workers receiving at least a basic education.

Stage two development shifts the focus on the efficiency of production processes. Increasing wages without being able to increase prices unreasonably imply a higher quality product. Competitiveness is determined increasingly by other six pillars: high education and training, efficient markets, products, proper functioning of the labor market, financial market sophistication, capacity to implement existing technologies and access to domestic and foreign market as higher.

In the third stage of development, high level of income can be sustainable only if it can develop profitable business with new and unique character. What matters are the high-tech manufacturing processes and continuous development of new products and production techniques above.

Framing the national economy is developing five steps corresponding to the three stages mentioned intermediate positions, crossing between them. Classification criteria used are GDP per capita and weights of resources, efficiency and innovation in their economic performance.

GDP per capita and weights of resources, efficiency and innovation in their economic performance.

Table no.1

Indicators	Stage 1	Crossing S1-S2	Stage 2	Crossing S2-S3	Stage 3
GDP/capita(USD)	<2.000	2.000-2.999	3.000-8.999	9.000-17.000	>17.000
Resources(%)	60	40-60	40	20-40	20
Efficiency(%)	35	35-50	50	50	50
Innovation(%)	5	5-10	10	10-30	30

Source:Global Competitivness Report 2013-2014

It can be seen that the first part of the growth gradually take over the role of resource efficiency and innovation remains marginal.

From a certain point onwards, the efficiency can not only lead to economic development and the half that takes more and more of the share of primary resources is innovation, which must reach to become more important than these.

Romania is the second stage of development is not so for efficiency reasons as the fact that it has moved to a significant focus from resources to innovation. In other words, all the pillars (which in the following articles will be analyzed in detail) matter, but their relative importance depends on (and to us, as in any other country) the stage in which we find ourselves.

To allow us to form a picture of the place we occupy in the world economy present in full which countries are on each of the five stages of development. Note that GDP per capita is commonly used as a substitute for reliable data on wages because they are not available in all countries

3.The classification of countries on the five stages of development:

1.Stage 1- Development driven by resources (38 national savings)

Bangladesh, Benin, Burkina Faso, Burundi, Cambodia, Cameroon, Chad, Ivory Coast, Ethiopia, Gambia, Ghana, Guinea, Haiti, India, Kenya, Kyrgyzstan, Laos, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique , Myanmar, Nepal, Nicaragua, Nigeria, Pakistan, Rwanda, Senegal, Sierra Leone, Tanzania, Uganda, Vietnam, Yemen, Zambia, Zimbabwe

2. The transition from stage 1 to stage 2 (20 national economies)

Algeria, Angola, Armenia, Azerbaijan, Bhutan, Bolivia, Botswana, Brunei, Gabon, Honduras, Iran, Kuwait, Libya, Moldova, Mongolia, Morocco, the Philippines, Saudi Arabia, Sri Lanka, Venezuela

3. Stage 2 - Development driven by efficiency (31 national savings)

Albania, Bosnia and Herzegovina, Bulgaria, Cape Verde, China, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Georgia, Guatemala, Guyana, Indonesia, Jamaica, Jordan, Macedonia, Mauritius, Montenegro, Namibia, Paraguay, Peru, Romania , Serbia, South Africa, Suriname, Swaziland, Thailand, Timor Leste, Tunisia, Ukraine

4. The transition from stage 2 to stage 3 (22 national savings)

Argentina, Barbados, Brazil, Chile, Costa Rica, Croatia, Estonia, Hungary, Kazakhstan, Latvia, Lebanon, Lithuania, Malaysia, Mexico, Oman, Panama, Poland, Russia, Seychelles, Slovakia, Turkey, Uruguay

5. Stage 3 - Development driven by innovation (37 national savings)

Australia, Austria, Bahrain, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Puerto Rico, Qatar, Singapore, Slovenia, Spain, Sweden, Switzerland, Taiwan, Trinidad and Tobago, United Arab Emirates, United Kingdom, USA

Romania can be found at 76 of the top 148 global competitiveness, up two positions from last year. Combination that gave overall 76th place is the place in terms of resources to 87th, efficiency and innovation 63rd at 103. Therefore, contrary to stereotypes bandied about us "penalizes" not only innovation but also primary resources.

From the regional perspective, before us lies Poland (number 42), Czech Republic (46), Bulgaria (57), Slovenia (62), Hungary (63) and Russia (64).

We're tied with Croatia but before Slovakia (78), Ukraine (84) Moldova (89) and Greece (91), country very strongly affected by the sovereign debt crisis.

Romania's position on the pillars that contribute to competitiveness

Table no 2

Primary resources	Efficiency	Innovation
Institutions-114	Education and trening-59	Business sophistication-101
Infrastructure-100	Market efficiency-117	Innovation-97
Macroeconomic stability-47	The labor market-110	
Health/Primary Education- 84	Financial market-72	
	Technology-54	
	Market size-46	

Source:Global Competitivness Report 2013-2014

If we refer to the 12 pillars that contribute to competitiveness, we see that market size would have at 46. In agreement with this is still only macroeconomic stability (47th).

Institutions, infrastructure, market efficiency and business sophistication lies at 100 goals, context in which the macro is already a major performance.

Somewhat paradoxically, the ability to implement new technologies have (instead of 54) and high-level education and training (59), although under the requirements and potential, are quite good.

In line with weak institutions that confuses good education, health and primary education falls on a "medium" between the two categories mentioned (84th) and innovation going on 97.

4.Romania's competitiveness. Market size and share of country macroeconomic stability improvements, but the economy too dependent on external

Romania concluded platoon of seven states that have a weight between 1% and 2% in the EU economy, which ranks us 17th in Europe, although we are the seventh largest nation by population and territorial extent. The explanation lies in the relatively low level of GDP / capita, just slightly more than 24% of the European average.

Note, however, our country has the third largest economy of the new Member States after Poland and the Czech Republic. The closest to us is Hungary, which is only slightly more than three-quarters of one percent of European GDP (still more than the Baltic states, Cyprus and Malta, that last group of countries with GDP below 0.25% of the EU together).

Briefly, although Romania is about one hundredth of the EU and a quarter of the average GDP per capita of the 20 million inhabitants offers a relatively large market with high growth opportunities. Three of our main trading partners, Germany and France have a GDP of 2,000 billion and 1,500 billion Italy passes.

The evolution parameters characterizing afost relatively good macroeconomic stability in recent years, as the global economic crisis. AID loan agreement with the IMF-EU-BE, Romania managed to safely navigate the difficult time of depleting foreign investment flows and to stabilize the macroeconomic indicators.

The evolution of macroeconomic indicators in the period 2008-2012

Table no 3

Anul	**2008**	**2009**	**2010**	**2011**	**2012**
Evolution of GDP (%)	7,3	-6,6	-1,1	2,2	0,7
Inflation(%)	7,85	5,59	6,09	5,79	3,33
External trade(billion euro)	-19,11	-6,87	-7,58	-7,41	-7,37
Exchange(euro/leu)	3,68	4,24	4,21	4,24	4,46

Source:INSSE

Note resumption of disinflation after slight setback created artificially increased by five percentage points of VAT in mid-2010 with near normal values for the developed economies and economic recovery given that a large part of the EU continues to have difficulties major in this regard.

Capping negative balance of foreign trade somewhere around 7 billion, about two and a half below the 2008 record (over 19 billion) also helped preserve stability and relief from internal and external financing needs budget.

Scoreboard potential imbalances in the national economy, introduced at European level to prevent early deterioration of macroeconomic stability, show the middle of this year (based on final data to 2011 inclusive) only 3 of 11 possible alarm signals, of which more are heated only 2.

If the current account deficit, much of the mean value for the last three years analyzed from 4% of GDP threshold set to limit the range of stability returned by this time than in 2012, with 3.9%. It is a quite remarkable result after four years (2006 - 2009) we have located near the landmark of 10%, with a maximum in 2008 totally unsustainable 11.8%.

Moreover, the data available for the 2013 show even result in a positive shift, which means an almost certain further improvement of this key indicator for economic relations with the world. Also the country's position in the world ranking of competitiveness which will be published in 2014 would be significantly better on this consideration.

The evolution of the current account deficit

Table no 4

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
CAD	-4,4	-4,1	-4,9	-5,9	-7,6	-9,1	-10,8	-11,8	-9,7	-6,7	-4,3	-3,9

Source:INSSE

And the segment of the real effective exchange rate developments (allowed values of + / -5% in the Eurozone and + / -11% in the euro area) Romania managed to keep within easy after excessive appreciation slowed in 2008 domestic currency in the period 2005 - 2007, occasioned by the entry into the EU and capital flows related employment market shares.

The evolution of the real effective exchange rate

Table no 5

Year	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
REER	-1,1	14,6	-1,6	-1,4	16,3	29,4	37,6	10,6	-4,9	-6,7	-10,0	-2,4

Source:INSSE

The two indicators that also recorded values outside the target ranges are the evolution of unit labor costs and net investment position as a percentage of GDP.

The first is an upper limit to a value of 9% for the euro area and 12% for the states beyond. Romania has never fallen so far this interval but the final results might show us a reduction of 12% in 2012.

The evolution of unit labor costs(ULC) and net investment position(NIP)

Table no 6

Year	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
ULC	-	138,7	75,2	24,5	52,3	32,1	47,5	48,6	45,7	36,5	12,9
NIP	-25,0	-21,2	-27,2	-26,4	-29,5	-36,2	-47,1	-53,4	-62,2	-63,8	-62,5

Source:INSSE

Net investment position dropped below -35% required by the rules of macroeconomic stability in 2006 and rose significantly by 2010 to stabilize at a value far beyond the allowed values, very hard to reset the parameters required in the medium term.

5.Conclusion

It is important to identify opportunities arising from the current period of crisis for Romanian companies who want to follow a trajectory of competitiveness in a competitive economy. These were rethinking management system , implementation of a professional, geared more toward the intellectual than to the physical , business development or shift to more profitable areas of activity ; gaining advantages due to weaker competition or lower prices the equipment or raw materials , strengthening current client portfolio ; waiver to increase turnover and targets currently about possible acquisitions or mergers , reducing the costs of different suppliers or administrative expenses , accessing funding programs , preferably external funds in order to be able to perform the actual injection and much needed capital present.

Basically, the Romanian economy has a very high degree of dependence on external factor will be found in long-term development and competitiveness of the national strike.

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