



Romania's Competitiveness and Competitive Position in Global Context

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ABSTRACT

Competitiveness increase has become a primordial framework of the social and economic development strategies of most world countries (mainly the most developed ones) over the last decades. The vigorous boost of the contemporary phenomenon of globalization, which has widened the global area of economies, sectors and firms confrontation, has laid an emphasis on their competitiveness importance for their favorable position in the international competition and has therefore force the status to take proper, broad and concerted measures to stimulate the determining factors of action and to take better advantage of their effects. The purpose of the paper is to determine whether an increase in competitiveness could reduce the disparities between regions. The E.U. Member States and regions need significant financial help to solve various structural problems and to achieve their potential of growth. Romania is no exception, one of the main problems being the low rate in attracting European funds.

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1. Introduction

Assessing the countries' economic competitiveness and ranking them according to the level and dynamics, has become a primary concern of some institutions, international organizations, regional centres dealing with competitiveness issues. There are multiple methods of assessing competitiveness, which employ for this purpose a large number of indicators that may vary from one institution to another. In order to accomplish a proper classification of the countries in competitive or less competitive, specialists use the indicators provided by the Institute of Management and Development of Lausanne, the World Economic Forum, the Organization for Economic Cooperation and Development, etc.

National competitiveness is regarded as the result of the cumulative effect of a set of factors, policies and institutions, which determine the factors productivity and ultimately the economic increase and welfare improving [Ciobanu, Ciulu, 2005].

Nations and enterprises are in the "business" of managing a set of competencies and skills to reach prosperity for one and profit for the other. The combination of both concepts leads to the following condensed definition of competitiveness: Competitiveness analyses how nations and enterprises manage the totality of their competencies to achieve prosperity or profit.

A high level of competitiveness in all areas is highly unlikely. As a consequence, a weakness in one domain may be compensated by other domain strengths. This concept has lead to the theory of specialization in international trade developed by David Ricardo [David Ricardo, 1817]. Its most recent illustration is the strategy of outsourcing or off-shoring undertaken by many global companies. Specialization therefore plays an important role in competitiveness.

A nation that succeeds in competitiveness will have fully exploited all its resources and competencies [Adam Smith, 1776]. In all cases, competitiveness is about getting the best from the individual, the organization or the nation!

Competitiveness of Nations is a field of Economic theory, which analyses the facts and policies that shape the ability of a nation to create and maintain an environment that sustains more value creation for its enterprises and more prosperity for its people. The interaction of four competitiveness factors, generally define a country's national environment. These are: Economic Performance, Government Efficiency, Business Efficiency, Infrastructure, [IMD's World Competitiveness Yearbook, 2010].

Nations compete because world markets are open. Technology and globalization have accelerated the trend towards a world, which is not only open, but also transparent and immediate. Nowadays, the enterprises benefit from an enormous choice in selecting their business locations.

Nations need to promote their comparative advantages in various areas. Competitiveness represents the ability to become attractive for foreign direct investments, to stimulate export capacity and develop the attractiveness of foreign and local enterprises for activities that can generate economic wealth.

Various policies can be benchmarked, and then each individual country needs to adapt them to its own environment. Competitiveness strategies succeed when they balance the economic imperatives imposed by world markets with the social requirements of a nation formed by history, value systems and tradition.

Countries manage their environments according to the four fundamental forces: these four dimensions shape the country's competitiveness environment. They are often the result of tradition, history or value systems and are so deeply rooted in the 'modus operandi' of a country that, in most cases, they are not clearly stated or defined.

It is possible to combine some of these dimensions in order to establish competitiveness patterns [IMD's World Competitiveness Yearbook, 2010]:

- The South European Model is characterized by little infrastructure, business regulations, and social protection, a parallel economy and low labor costs. It favors inventiveness.
- The North European Model is characterized by a strong emphasis on stability, social consensus and regulations. It favors a long-term perspective.
- The Anglo - Saxon Model is characterized by deregulation, privatization, labor flexibility and a higher acceptance of risk. It fosters entrepreneurship. Over the past ten years, a shift has occurred from the North European model to the Anglo-Saxon one. However, striking a balance between a hyper-competitive global business environment, close to the Anglo-Saxon model, and a more socially responsible local environment, close to the North European model, is still a challenge.

The role and responsibilities of the State in a new world of competitiveness are neither bigger nor smaller. They are simply different. The state continues to shape the competitiveness environment in many different ways via taxation, education or health. New domains of responsibility are developing such as Security or Immigration. The State has often relinquished its direct involvement in construction and infrastructure. The privatization of most telecom, energy or transport operators underlines this trend. However, in the eyes of the public, the State remains the ultimate guarantor of the integrity of the infrastructure of a country, even if it has delegated the operational responsibility to the private sector.

Competitiveness is a dynamic concept. Since everybody competes, almost, with everybody else, it forces each economic actor in a country to rethink its role and responsibilities accordingly. Competitiveness also highlights the importance of education, knowledge, intangible goods and technological infrastructure. J.M. Keynes underlined the importance of breaking away from the past when he stated, "The real difficulty lies not in developing new ideas but in escaping from the old ones" [J.M. Keynes, 2009]. The theory of competitiveness struggles with both. To be competitive means to:

- Create a stable and predictable legislative environment;
- Work on a flexible and resilient economic structure;
- Invest in traditional and technological infrastructure;
- Promote private savings and domestic investment;
- Develop aggressiveness on the international markets as well as attractiveness for foreign direct investment;
- Focus on quality, speed and transparency in government and administration;
- Maintain a relationship between wage levels, productivity and taxation;
- Preserve the social fabric by reducing wage disparity and strengthening the middle class;
- Invest heavily in education, especially at the secondary level, and in the life-long training of the labor force.

The competitiveness is influenced by a great variety of local, national and international decisions. Taking all the aspects into consideration, this paper tries to perform an objective analysis of the current state of European competitiveness, by means of pertinent data and statistics.

2. Ranking World Competitiveness

In these difficult times for the global economy, competitiveness shows how countries cope with the difficulties they are facing, difficulties governed by problems, confusion and noise. Viewed from an analytical perspective, the results presented in the 2011 World Competitiveness Yearbook, show a significant change in terms of the top position being Singapore, overtaking the U.S., which had held the first place in the last years. Moreover, other significant changes occurred in 2010 as compared to 2009 regarding the position occupied on the basis of points obtained by a majority of countries and regions.

U.S. dropped two positions compared to 2009, occupying the 3rd place. Hong Kong, Switzerland, Sweden, Thailand, the Czech Republic, Romania and Argentina occupied the same places as in 2009.

According to the World Competitiveness Yearbook, global competitiveness is a matter of economic theory which analyzes the facts and policies that shape a nation's ability to create and maintain a proper environment to support the achievement of better values for its companies and its people's prosperity.

Competitiveness refers to the way nations and economic environment manages all their competences to achieve prosperity. When we talk about competitiveness, we do not refer only to the economic growth or performance, but we consider a number of other factors such as environment, quality of life, technology, knowledge, scientific research, etc. That explains why some countries like USA, Japan, UK, Nordic economies, as well as small and open economies like Hong Kong, Singapore and Switzerland, can maintain their positions occupied in 2009, despite the current crisis.

Certain countries have identified solutions for competitiveness increase. Examples in point are the following: Norway, which from the 11th position in 2009, occupies the 9th in 2010, Malaysia, which goes up 8 positions, reaching the 10th position, Israel, which climbs seven positions, occupying the 17th position, Poland , which occupied the 44th position in 2009 reaches the 32nd one in the 2010, Indonesia which occupies the 35th position in 2010 thus climbing 7 positions compared to 2009, Italy, which holds the 40th place in 2010 thus climbing 10 places compared to 2009.

Tabel 1. WCY overall ranking

| THE 2012 WCY OVERALL RANKING | | | | | | | |
|------------------------------|-----------|----------------|------------|-----------|-----------|-----------------|------------|
| Rank 2012 | Rank 2011 | Country | Score 2012 | Rank 2012 | Rank 2011 | Country | Score 2012 |
| 1 | 1 | Hong Kong | 100.00 | 31 | 33 | Estonia | 66.95 |
| 2 | 1 | USA | 97.75 | 32 | 36 | Kazakhstan | 66.89 |
| 3 | 5 | Switzerland | 96.68 | 33 | 30 | Czech Republic | 66.19 |
| 4 | 3 | Singapore | 95.92 | 34 | 34 | Poland | 64.18 |
| 5 | 4 | Sweden | 91.39 | 35 | 32 | India | 63.60 |
| 6 | 7 | Canada | 90.29 | 36 | 45 | Lithuania | 63.42 |
| 7 | 6 | Taiwan | 89.96 | 37 | 38 | Mexico | 63.18 |
| 8 | 13 | Norway | 89.67 | 38 | 39 | Turkey | 62.24 |
| 9 | 10 | Germany | 89.26 | 39 | 35 | Spain | 61.12 |
| 10 | 8 | Qatar | 88.48 | 40 | 42 | Italy | 60.64 |
| 11 | 14 | Netherlands | 87.16 | 41 | 40 | Portugal | 60.38 |
| 12 | 11 | Luxembourg | 86.05 | 42 | 37 | Indonesia | 59.50 |
| 13 | 12 | Denmark | 84.88 | 43 | 41 | Philippines | 59.27 |
| 14 | 16 | Malaysia | 84.22 | 44 | 43 | Peru | 58.71 |
| 15 | 9 | Australia | 83.18 | 45 | 47 | Hungary | 57.34 |
| 16 | 28 | UAE | 82.49 | 46 | 44 | Brazil | 56.52 |
| 17 | 15 | Finland | 82.47 | 47 | 48 | Slovak Republic | 55.67 |
| 18 | 20 | United Kingdom | 80.14 | 48 | 49 | Russia | 55.16 |
| 19 | 17 | Israel | 78.57 | 49 | 53 | Jordan | 53.23 |
| 20 | 24 | Ireland | 78.47 | 50 | 52 | South Africa | 53.16 |
| 21 | 18 | Austria | 77.67 | 51 | 51 | Slovenia | 52.96 |
| 22 | 22 | Korea | 76.75 | 52 | 46 | Colombia | 51.89 |
| 23 | 19 | China Mainland | 75.77 | 53 | 50 | Romania | 48.93 |
| 24 | 21 | New Zealand | 74.88 | 54 | 55 | Bulgaria | 48.45 |
| 25 | 23 | Belgium | 73.48 | 55 | 54 | Argentina | 48.20 |
| 26 | 31 | Iceland | 71.54 | 56 | 57 | Ukraine | 46.88 |
| 27 | 26 | Japan | 71.35 | 57 | 58 | Croatia | 45.30 |
| 28 | 25 | Chile | 71.28 | 58 | 56 | Greece | 43.05 |
| 29 | 29 | France | 70.00 | 59 | 59 | Venezuela | 31.45 |
| 30 | 27 | Thailand | 69.00 | | | | |

Source: [World Competitiveness Yearbook 2012]

There should be avoided the confusions that may emerge due to the assimilation of the competitiveness methodology and implicitly of the results with other concepts used in comparisons regarding the countries' level of economic development. Thus, a high development-level country is not necessarily a leader in the competitive sense, as well as another that records a lower level, is not inevitably placed on the low places if it meets the high competitiveness requirements.

In 2012, the most competitive of the 59 ranked economies are Hong Kong, the US and Switzerland. The US remains at the center of world competitiveness because of its unique economic power, the dynamism of its enterprises and its capacity for innovation. "US competitiveness has a deep impact on the rest of the world because it is uniquely interacting with every economy, advanced or emerging. Europe is burdened with austerity and fragmented political leadership and is hardly a credible substitute, while a South-South bloc of emerging markets is still a work in progress. In the end, if the US competes, the world succeeds!" said Professor Stephane Garelli, director of IMD's World Competitiveness Center.

The most competitive nations in Europe are Switzerland, Sweden and Germany, which have export-oriented manufacturing and fiscal discipline. Ireland, Iceland and Italy look better equipped to bounce back than Spain, Portugal and Greece, which continue to scare investors.

Emerging economies are not yet immune to world situation. China, India and Brazil have all slipped in the rankings, while Russia climbed only one place. All Asian economies have declined apart from Hong Kong, Malaysia and Korea. Latin America also had a tough year, with every nation falling except Mexico. [Garelli, 2012]

3. Romania's competitive position

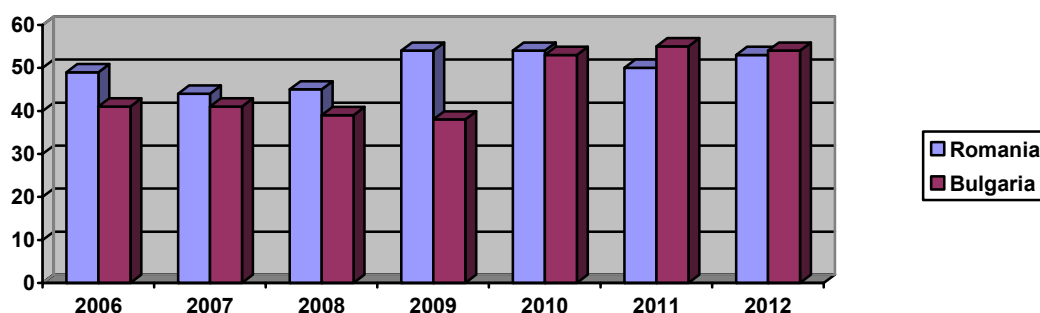
Analyzing the situation we may find that Romania has not managed to surpass Bulgaria regarding the competitiveness on the international market [Capatina et al, 2011]. The positions occupied by Romania and Bulgaria according to the World Competitiveness Yearbook are the following:

Table 2. Romania and Bulgaria's competitive position on the world level

| COUNTRY/YEAR | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--------------|------|------|------|------|------|------|------|
| ROMANIA | 49 | 44 | 45 | 54 | 54 | 50 | 53 |
| BULGARIA | 41 | 41 | 39 | 38 | 53 | 55 | 54 |

Source: [World Competitiveness Yearbook 2011, 2012]

Figure 1. Romania and Bulgaria's competitive position on the world level



Source: [Data from World Competitiveness Yearbook 2011, 2012]

The biggest difference recorded on the competitiveness level between Romania and Bulgaria is shown in 2009, Bulgaria managing to occupy a very good position in the top: 38th place, while Romania ranks among the last positions, occupying the 54th place out of 57 positions. In order to better understand the evolution of the two countries, especially of the positions occupied in recent years, the Yearbook presents for each country individually, the contributory factors in terms of competitiveness as well as the negative ones. The factors ambivalence is defined according to overall score and global place occupied within the defined limits.

Table 3. Competitiveness indicators

| GOVERNMENTAL EFFICIENCY | | | BUSINESS EFFICIENCY | | | INFRASTRUCTURE | | | ECONOMIC PERFORMANCE | | | COUNTRY |
|-------------------------|-----------|-----------|---------------------|-----------|-----------|----------------|-----------|-----------|----------------------|-----------|-----------|----------------|
| 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | 2010 | 2011 | 2012 | |
| 32 | 41 | 44 | 56 | 57 | 59 | 48 | 53 | 52 | 46 | 48 | 49 | BULGARIA |
| 33 | 28 | 30 | 40 | 35 | 41 | 26 | 29 | 30 | 29 | 34 | 29 | CZECH REPUBLIC |
| 42 | 44 | 47 | 35 | 47 | 45 | 14 | 18 | 14 | 17 | 22 | 22 | FRANCE |
| 28 | 24 | 19 | 25 | 16 | 17 | 8 | 7 | 7 | 9 | 6 | 5 | GERMANY |
| 54 | 56 | 58 | 45 | 53 | 56 | 33 | 32 | 34 | 48 | 58 | 58 | GREECE |
| 51 | 52 | 51 | 47 | 50 | 49 | 35 | 35 | 35 | 40 | 44 | 35 | HUNGARY |
| 19 | 30 | 20 | 18 | 18 | 10 | 24 | 24 | 22 | 22 | 28 | 37 | IRELAND |
| 49 | 51 | 49 | 48 | 48 | 44 | 32 | 30 | 28 | 33 | 38 | 39 | ITALY |
| 36 | 35 | 36 | 38 | 41 | 39 | 36 | 34 | 36 | 24 | 31 | 30 | POLAND |
| 44 | 48 | 46 | 50 | 44 | 47 | 29 | 25 | 25 | 38 | 50 | 53 | PORTUGAL |
| 50 | 49 | 52 | 49 | 49 | 52 | 43 | 42 | 50 | 47 | 49 | 52 | ROMANIA |
| 45 | 38 | 40 | 44 | 38 | 46 | 28 | 26 | 27 | 41 | 47 | 51 | SPAIN |
| 3 | 3 | 4 | 7 | 11 | 7 | 3 | 4 | 2 | 10 | 15 | 7 | SWITZERLAND |
| 1 | 1 | 1 | 2 | 1 | 1 | 23 | 21 | 18 | 4 | 4 | 4 | HONG KONG |
| 22 | 19 | 22 | 13 | 10 | 11 | 1 | 1 | 1 | 1 | 1 | 1 | USA |

Source: [World Competitiveness Yearbook 2012]

The national environment could be divided into four factors:

- Economic performance: domestic economy, international trade, international investment, employment, prices;
- Government efficiency: public finance, fiscal policy, institutional framework, business legislation, societal framework;
- Business efficiency: productivity, labor market, finance, management practices, attitudes and values;
- Infrastructure: basic infrastructure, technological infrastructure, scientific infrastructure, health and environment.

Each of these factors is divided into 5 sub-factors. These 20 sub-factors comprise more than 300 criteria, although each sub-factor does not necessarily have the same number of criteria. Each sub-factor, independently of the number of criteria it contains, has the same weight in the overall consolidation of results that is 5% (20x5 =100). Criteria can be hard data, which analyze competitiveness as it can be measured (GDP) or soft data, which analyze competitiveness as it can be perceived (Availability of competent managers). Hard criteria represent a weight of 2/3 of the overall ranking whereas the survey data represent a weight of 1/3.

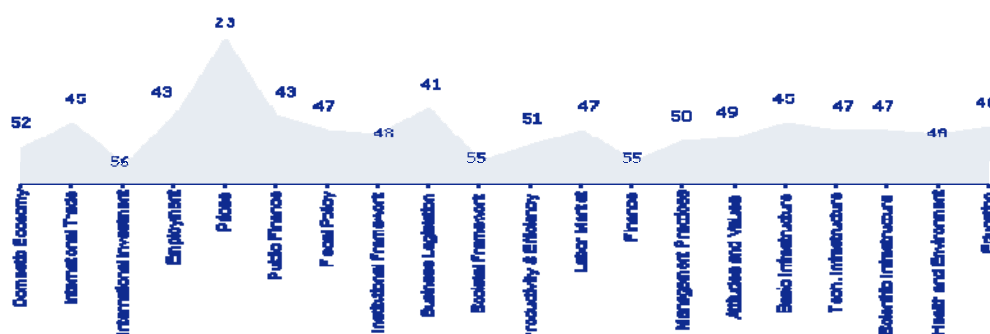
Table 4. Basic Facts of Romania

| Basic Facts | Value | Year |
|----------------------------------|--------|------|
| Population (million) | 21.41 | 2011 |
| Land area (km ² '000) | 238.4 | 2010 |
| GDP (\$ billion) | 189.8 | 2011 |
| GDP (PPP) per capita (\$) | 14,897 | 2011 |
| Real GDP growth (%) | 2.5 | 2011 |
| Real GDP growth (%) | 5.8 | 2011 |
| Unemployment rate (%) | 7.20 | 2011 |
| Labor force (million) | 9.95 | 2011 |
| Current account balance (%) | -4.17 | 2011 |
| Direct investment | | |
| Stocks inward (\$ billion) | 70.01 | 2010 |
| Flows inward (% of GDP) | 1.45 | 2011 |

Source: [Data from World Competitiveness Yearbook 2012]

The purpose of these factors is to analyze the ability of nations to create and maintain an environment which sustains the competitiveness of enterprises. The wealth creation takes place primarily at enterprise level (whether private or state-owned) - competitiveness of enterprises. Also, the enterprises operate in a national environment which enhances or hinders their ability to compete domestically or internationally - competitiveness of nations.

Figure 2. Romania - Overall Performance



Source: [World Competitiveness Yearbook 2012]

The United States occupy the first position in terms of infrastructure and economic performance, Singapore is the leader in business efficiency and Hong Kong had as its main factor of increasing competitiveness the efficiency of government policies.

Regarding Romania's position in 2010, it can be said it is the result of its changes on each of the four factors of competitiveness. Thus, in 2010 Romania registered a decline in economic performance, and

therefore from its 32nd position in 2009 it plummeted to the 47th one in 2010. Regarding government efficiency, Romania dropped one place compared to 2009, occupying the 50th position.

As far as Romania's infrastructure is concerned we should notice that it gained 10 places compared to 2009, currently (in 2010) occupying the 43rd position while concerning its business efficiency, Romania gained 7 places, climbing from the 56th position in 2009 to the 49th one in 2010.

In 2012, our situation became from bad to worse, Romania being classified 53 out of 59 states, down from 50th place in 2011. This was due primarily to decreased investment in the International Economic performance factor, lack of cohesion in the application and adaptation of business laws and regulations in the Government efficiency factor, deficiencies in the labor market and thus reduced productivity in the business efficiency factor, and not least, the very low level of infrastructure modernization at all levels in the Infrastructure factor.

3. Romania's competitiveness in drawing on European funds

Romanian's current position in World Competitiveness Yearbook is reflected also in the absorption rate of European funds.

Competitiveness Component of the Operational Program for economic increase and employment, has a budget of 133 billion Euros and the following objectives:

- Promoting firms competitiveness in general in a fully integrated single market and industrial competitiveness in particular, entrepreneurship, small business development, innovative potential, innovation, investments in public services computerization, eco-efficient technologies;
- Ensuring technology development and European research to create a research area in Europe and accomplishing the objective to draw on public investments in research at 1% of GDP by: financial aid granted to independent researchers, partnerships, laboratories networking and coordination of programs and policies ;
- Connecting Europe through EU networks - co-management costs are estimated at 1% of GDP and improving connectivity could bring about a 0, 23% GDP increase. The cost of the entire Trans-European network-wide is estimated at 600 billion Euros. A list of 26 items of priority was compiled by 2020; the cost of these investments is estimated at 220 billion Euros, culminating in 2007-2013;
- Improving standards in education and training, particularly by stimulating and increasing mobility - the target is 3 million benefiting students until the year 2010, 150,000 persons that are pursuing a form of vocational training to take part in mobility schemes by 2013, 10% of the school population to be involved in mobility actions and 50,000 adults to take part in the scheme of lifelong learning;
- Meeting the social policy agenda - the agenda, as part of the Lisbon strategy, combines the law with the open method of coordination and social dialogue.

I. In order to achieve these objectives, the Commission suggested the creation of a single framework program for competitiveness and innovation on the single market. Research and economic development on the one hand and sustainable development of trans-European networks and energy, on the other hand, will be the topic of some separate instruments in education and training and a single program will replace the previous ones, a great emphasis being laid on mobility.

The total amount of Structural and Cohesion Funds granted to Romania (2007-2013) is 19.668 billion Euros, out of which 12.661 billion Euros will be allocated through the European Structural Funds to accomplish the Convergence objective, 6.552 billion Euros are allocated through the Cohesion Fund, and 0.455 billion Euros will be allocated to the "European Territorial Cooperation" objective, as shown in the following table:

Table 5. Total amount of Structural and Cohesion Funds granted to Romania

| OP | Competitiveness | Transport Infrastructure | Environment | Regional | Technical Assistance | Human Resource Development | Administrative Capacity |
|----|-----------------|--------------------------|-------------|----------|----------------------|----------------------------|-------------------------|
| % | 13,3 % | 23,8 % | 23,5% | 19,4 % | 0,9% | 18,1 % | 1,1% |

Source: [www.finantare.ro]

II. The EU annual budget should be balanced at the end of each year, and there should be registered neither deficit nor surplus, any surplus being transferred automatically to the following year's budget.

III. The European budget in 2012 is 147.2 billion Euros for commitment appropriations (CA) and 129.1 for payments appropriations (PA). In 2011 the budget was 141.9 in CA and 126.5 billion Euros in payments, which amounts to a 2.9% increase compared to 2010.

IV. Romania's contribution in 2011 was 1.17 billion Euros and 1.071 in 2010. Romania has paid 5.4 billion Euros to the EU budget so far, the equivalent of approximately 55% of the amount Romania has to contribute in the 2007 and 2013 interval.

V. 1.7 billion Euros entered in our country in total in the last five and a half years, meaning almost 8.6% of the total amounts allocated to our country (19,6 billion Euros) since 2007.

VI. Romania's net contribution to the EU budget until May 2012 is approximately 3.7 billion Euros. The amount is not at all insignificant if we think that is greater than the deficit that should be covered annually by the pension budget.

VII. The total number of projects submitted in Romania until May 2012 is 33.172 representing approximately 100% increasing from June 2010 (18.177). Out of the total number of projects, 10537 received approval (4421 in 2010). Moreover, contracts and funding decisions were signed for 8490 projects that worth 13 billion Euros (3146 projects - 6.06 billion Euros in June 2010).

VIII. The amounts refunded to the applicants from the public and private environment, who were selected based on the submitted projects for European funding, have reached 6.9 billion lei (approximately 1,5 billion Euros) - according to the official data available on 31 May 2012. Basically, we can say that finally almost all funds for 2007 were spent and only a part of funds was allocated for 2008.

IX. EU's financial allocation that was available for 2007 was of 1.2 billion Euros (according to the National Strategic Reference Framework)

X. 2007 2008 2009 2010 2011 2012 2013 Total

XI. 1.258 1.769 2.333 2.744 2.898 3.054 3.209 17.264

XII. Romania, which aims to become a member of the eurozone in 2015, has already received a loan of nearly 20 billion Euros from the IMF and the European Commission in order to deal with the problems arising from the global economic crisis.

XIII. For 2014-2020, Romania is facing the risk of decreasing the funds allocated by EU.

Romania could attain the average level recorded by the European Union two years ago, in more than 12 years. This aspect will be accomplished only if nearly 20 billion Euros of the European funds are fully assimilated, according to the National Strategy for Sustainable Development of Romania (NSDS).

4. Conclusions

Currently, the interdependence between countries is increasing with an unprecedented speed. The context in which countries, firms respectively, has changed considerably over the past 40-50 years, and they must change their behavior to survive and thrive in an unstable global and extremely competitive environment. It is therefore necessary to identify and understand the nature of the changes that have stimulated or even forced the market approaches. The first items that should be considered are environment of the country, of the company respectively, and the environment in which decisions should be made. When a country's accession to the economic area is intended, a thorough analysis should be accomplished to show that this action is lucrative as only some economic benefits are not enough [Michael Porter, 2001]

Choosing the correct market and entry sequence is an integral part of the competitive strategy. The changes of the international competitive environment have determined firms to identify new ways to satisfy their customers and to continually provide the desired value in a much more efficient way than their competitors. In order to achieve a competitive advantage, the firm should choose the type of advantage it is trying to obtain and also the area where the firm will operate. Choosing the competitive field or the firm's business activities can also play an important role in determining the competitive advantage as it aims at establishing a profitable and sustainable position regarding the forces that influence the competition in the firm's sector of activity.

It is important to know how well countries manage their economic and human resources to increase their prosperity. The economic crises have made the world economy more fragmented, forcing companies to operate several parallel business models. Emerging economies are relying on domestic demand, national companies try to escape from the recession, and the developed economies are turning to re-industrialization. In all cases, economic nationalism and the protectionism could be reinstalled.

Regarding European funds, there are some key aspects that could have a positive effect on the absorption rate: increase transparency of the entire process, the decrease of bureaucracy, improved financial motivation of the staff involved in the management of EU funds, better coordination between national and European

institutions. To survive in international competition, Romania should gain a market share and increase exports to the EU market. According to European officials, Romania should find gaps on an already competitive market or to become competitive on new markets.

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