Competitiveness Measure of Managerial Performance: Romania, Where Are You?

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ABSTRACT
This article describes how competitiveness is a desideratum of any rational management process. Under the conditions of globalization and the imperatives of sustainable development, the need for competitive management at both micro and macroeconomic level is a necessity. Unfortunately, in many areas of economic and social activities in Romania, the authors find a lack of competitiveness in most areas of activity. This places Romania in an unfavorable place in the world hierarchy. Based on these considerations and based on data provided by the World Economic Forum through the Global Competitiveness Report for 2016-2017, this article highlights the place and weaknesses of Romania in the various aspects of competitiveness.

KEYWORDS
Competitiveness, Global Competitiveness Index, Managerial Performance, Romania

1. INTRODUCTION

Concerns about competitiveness are several hundred years old. They sought and sought to identify factors that would help to achieve the best possible results through the efficient use of resources. Thus, since the eighteenth century, Adam Smith (1723-1790) has identified four basic factors for assessing a country’s competitiveness: land, capital, natural resources and labor. A century later, Max Weber (1864-1920) analyzed the relationships between value, religious beliefs and the economic performances of nations, and Robert Solow in the paper “Technical Change and the Function of Generated Production” (1957) highlighted the importance of education, technological innovation and know-how as important factors of competitiveness. On the other hand unclear definition of the concept of competitiveness could lead to the definition of productivity (Krugman, 1994).

Competitiveness became a multilateral and extremely complex concept.

Starting from the paradigm that the ultimate goal of a state is maximizing social welfare, Karl Aiginger (1998) highlights three fundamental factors: income, social contributions and environmental conservation. It is highlighted that competitiveness is a dynamic process, investing in human capital, technology and information being resources of welfare dynamics, and competitiveness.

The Institute for Management Development in Lausanne defines competitiveness as “… the extent to which a country is able to foster an environment in which enterprises can generate sustainable value…” (IMD, 2017). Starting from this definition, IDM has developed since 1989 World Competitiveness Yearbook, in which 63 countries are analyzed and classified based on over
340 factors. They are grouped into four categories of key factors: economic performance, government efficiency, business efficiency and infrastructure. Each category is structured in its turn into five sub-factors that highlight the various aspects of competitiveness. In this ranking, Romania was ranked 49th in 2016, two places further than in 2015 (47th place), with a score of 62,268, being on the penultimate in the European Union (IMD, 2016), with a place in before Bulgaria (50th place). It was also behind some non-EU countries such as the Philippines (42st place), Mexico (45th place), Kazakhstan (47th place) and Indonesia (48th place). Unfortunately, in Romania we are witnessing a lack of competitiveness of Romanian products / services on the domestic and foreign market and, consequently, of the national economy (Susu & Barsan, 2009).

On the other hand, the World Economic Forum (WEF) uses Global Competitiveness Index (GIC) that captures elements that are considered essential to national micro and macroeconomic competitiveness. WEF defines the competitiveness as “set of institutions, policies, and factors that determine the level of productivity of a country” (WEF, 2010). However, although the GIC is based on rigorous methodology, the definition of competitiveness is also based on synonymousness between competitiveness and productivity (Nita, 2009). This concept involves static and dynamic components and builds on 12 pillars: institutional environment, infrastructure, economic environment stability, health and education, higher education and training, efficiency of the goods market, efficiency and flexibility of the labor market, financial market development, technological availability, market size, sophistication of markets and technological innovation.

Competitiveness is also closely linked to sustainable development, and intersects (Gligor & Jurcu, 2014) in all areas of activity, from environmental protection (Stojanovic & Radukic, 2006), health (Sengupta, 2016) (2050), industry (Cavallo & Degli, 2011), agriculture (Aceleanu, 2016), tourism and sustainable development (Popescu, Ristea & Popescu, 2017).

Based on these considerations, the paper presents and analyzes Romania’s position on competitiveness compared to the other 137 states included in the Global Competitiveness Report - 2016-17 (WEF, 2016). The aspects and areas that are weak points of the level of global competitiveness in Romania are highlighted.

2. WHERE WE ARE?

În Global Competitiveness Report - 2016-17 cei 12 factori sunt grupați în trei subfactori care definesc trei niveluri de competitivitate: nivelul cerințelor de bază care include patru indicatori (mediul instituțional, infrastructura, stabilitatea mediului economic, sănătatea și educația), nivelul stimulării eficienței care include șase indicatori (învățământul superior și formarea profesională, eficiența pielei bunurilor, eficiența și flexibilitatea pielei muncii, nivelul de dezvoltare al pielei financiare, disponibilitatea tehnologică, dimensiunea pielei) și nivelul inovării și sofisticării care include doi indicatori (sofisticarea piețelor și inovarea tehnologică).

2.1. An Overview

According to WEF, Global Competitiveness Report 2016-2017, of the 138 countries under consideration, 35 were at level 1, 17 were in transition from level 1 to level 2, 30 states were in level 2, 19 states were in transition to level 3, and 37 states were in level 3. Among the Member States of the European Union, Romania, together with Bulgaria were in Level 2 (Efficiency Economy), Croatia, Hungary, Latvia, Lithuania and Poland were in transition to level 3, the other 21 states being already Level 3 (Innovation-Based Economy).

In terms of competitiveness (Table 1), in 2014, Romania ranks between 45 (market size) and 90 (market sophistication and labor market efficiency and flexibility), ranking 59th out of 144 with a score of 4.30 (GCI being between 1 and 7).

The slow rhythm of reforms and the low concern of deciding factors about increasing competitiveness levels made that, two years later, in 2016, value recorded
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