COMPETITIVENESS AND POSTMODERN ECONOMY

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Abstract:The competitiveness is a multilayer and a versatile concept used in Economics. The economy itself is not a static concept and the real economy reflects existing social and economic context.
Classical behavior and understanding of economy seems to be a little obsolete because, nowadays we use modern technology, new ways making business and the applicable scale of business pattern can be easy expanded at global level.
The competitiveness is not an unalterable concept. The core meaning of the competitiveness is linked with prosperity meaning.
All things, including concepts, at initial point of life cycle, are modern and become, in time, classical, but not necessary obsolete. If we can admit that the postmodern economy means a mixture of delocalization, virtualization, a volatile costumer's behavior and a new set of social and economic values, it could be a good opportunity to identify what is the current challenge for competitiveness concept.

Keywords:competitiveness, globalization, multinational company, postmodern economy
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Introduction

The theoretical models and the associated principles have an inherent evolution depending on the resulted knowledge from using scientific instruments and specific heuristic models developed by practitioners in a field of interest.

Often, a concept undergoes various mutations in the operational plan and its actual meaning. This dynamic is generated by natural evolution of entities that operate with that concept and the objective need to surprise, according to historical time, new meanings attributable to it.

Such a concept is known as competitiveness. High interest to define it, make it operational and measure it, directly or indirectly, this concept is reflected by the many definitions and models available as well as through continuous testing methods used by specialists in the field to identify its dominant characteristics.

A first challenge for defining and making the competitiveness concept operational, is about the dynamic’s typology of both global and globalizing economic system, which tends to accelerate all business processes through delocalization and virtualization.

The delocalization refers to a geographical movement or transfer of productive activities, having as result a more advantageous cost price. This international movement of productive activities is either the final result of a deliberate enterprise strategy, or the result of the natural market forces of the competitiveness of nations [MORCOS, 2003, p.17].

Through virtualization, a firm moves its critical processes in a virtual space and minimizes its physical operational infrastructure. The virtualization reduces fixed costs, accelerates and allows omni-directional communication, integrates knowledge and could assist decisions making process.

A second challenge for the specialists interested in competitiveness as a concept is generated by the behavior of economic entities. In this case, multinational companies, which – in addition to virtualization and relocation, exceed or interfere at all levels of a specific reference framework for a classical approach of competitiveness: macroeconomic – national or regional level, mesoeconomic – industry level; microeconomic – company level.

This article brings forward a set of theoretical considerations which highlight the fact that, despite some well-defined tools and multiplicity indicators used to identify and measure competitiveness, their quantitative applicability is limited to the mentioned classic reference levels.

1. Competitiveness - defining elements

The concept of competitiveness is most often used to describe the economic strength of an entity in terms of a competition based on accepted rules, in a global environment in which capital, labor, goods, skills and ideas can move freely and independent of the existence of geographic boundaries.

The operationalization and measurement of competitiveness depend on the reference system adopted: country or large common politico-economic market – macroeconomic level; industry – mesoeconomic level; company – microeconomic level.

Country's competitiveness – macroeconomic level

The competitiveness of a state or national competitiveness can be approached from two perspectives: a) the market share of products made by economy of a state in the global market; b) the productivity of the national economy, accepting that the concept of productivity is strongly correlated with competitiveness [Porter, 2002: 5].

From the perspective of the market share held by the state on an international market, global competitiveness of a nation can be addressed as part of a zero-sum game. A highly competitiveness at national level is obtained only at the expense of other countries with which it is in direct competition. Addressing national competitiveness in terms of market share held on the global market is one that links the competitiveness to classical theory of international trade.

In traditional trade theory the competitiveness of nation means obtaining a sustainable competitive advantage competing with other countries and the trade between countries is an inter-industry one, based on differences in their factor endowments.

If a country's competitiveness is correlated with the productivity of its economy, the central idea is that a state, even considering that it has a very low level of competitiveness, it will not reach the failure stage or not go out of business. At the same time, the state will not be able to increase productivity and its competitiveness by outsourcing any costs of social security or environmental protection measures [Krugmann, 1994].

The two mentioned perspectives on country competitiveness are summarized as follows: „country's standard of living depends almost entirely on its domestic performance and how it performs relative to other countries" [Porter, 1990: 71].

The competitiveness - globally, is a subject to regular assessments, most of them based on instruments used to measure it in an aggregate manner, through a set of indicators, applicable if the reference system is a state's economy.

The Global Competitiveness Index is an instrument developed and continually updated by Word Economic Forum. In The Global Competitiveness Report 2016 – 2017, the competitiveness concept is defined as the set of institutions, policies, and factors that determines the level of productivity of an economy, which in turn sets the level of prosperity that the country can achieve [Schwab et al., 2016: 4].

The used model for defining and measuring the competitiveness, in an indirect manner, is based on 114 indicators, organized in three main groups, defined by 12 pillars: the first group – institutions, infrastructure, macroeconomic environment, health and primary education; the second group – higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size; the third group – business sophistication and innovation.

Each of the 12 pillars has another level of sub-indicators. What is pretty interesting is that some sub-indicators refer more social than economic dimensions of country´s profile (e.g. Pillar 1 – Institutions, sub-indicator 1.06 - Judicial independence) [Schwab et al., 2016: 371].

Regardless of the model used in measuring a country's competitiveness, it is necessary to mention that despite the consistent application of an uniform methodology, there are a number of irregularities such as: different economy's structure, different scale factor of country's economy, a natural predisposition for a specific trade between countries with similar factor endowments.

Industry's competitiveness - mesoeconomic level

The industry competitiveness can be identified in terms of stability of economic relations between suppliers, manufacturers, partners and customers. Such an approach integrates, practical, both vertically and horizontally components that are found in different flows associated with a profit-oriented economic activity.

Referring at competitiveness at mesoeconomic level, we bring to the fore the concept of *structural competitiveness*. This concept summarizes that the microeconomic competitiveness reflects the agility of a company which operates in an external environment characterized both at mesoeconomic and macroeconomic level by a complex economic structure that stimulates, facilitates and maintains the necessary conditions to run a competitive economic activity for the all actors involved.

The traditional trade theory resumes the industry competitiveness as the ability of an industry to compete on a global market and to gain good financial results. At mesoeconomic level we can identify a system of interdependences between suppliers, manufacturers, customers, regulatory framework for economic activity, geographical areas and national or supranational rules.

In the common practice the practitioners use aggregate indicators to measure indirectly the competitiveness of specific industries, such as: the import penetration ratio in domestic production (MP), which describes the level of a domestic offer's competitiveness against imported goods; export specialization index (SI); export/import coverage ratio (CR); the index of relative absorption of import (MRCA); the index of relative trade advantage (RTA); industry trade index (ITI) etc.

Regardless of the number and types of indicators used, the main problem that arises is to generate and use a completely and correctly model, according with historical time and dynamic socio-economic reality.

At mesoeconomic level, the competitiveness can be defined as "the averageproductivity of industry or the value created per unit of labor and per dollar of capital invested"[Porter/Van der Linde, 1995: 98].

For a given branch or a specific industry, could be important to emphasize and to determine the intensity of simultaneous export and import. An interesting approach to understand better the competitiveness approach at mesoeconomic level is based on dual perspectives.

First perspective is made from strategic management point of view, which integrates all actors implied in one specific industry. From this point of view, measuring competitiveness at mesoeconomic level means to integrate, in a robust economic model, some main indicators such as: efficiency, effectiveness, profitability, quality, productivity, innovation and labor's market quality.

The second perspective is centred on market and the impact of industry in global market. In that case is important to underline that the result of market's dynamic could be shaped in three functional models: a) "country – country plus import": competitiveness of industry is determined by the rate between the value of domestic industry's product and the value of imports in the same domestic market; b) "export - import": the share of export production of an industry in the imports from abroad; c) "export - export": the share of export to a given foreign market in the total export of a given industry [Wanat/Lis, 2012: 11].

Company's competitiveness – microeconomic level

The companies are the most important actors of competition. In that case, the competition is direct and the dynamic of it is high.

Macroeconomic level means nations' competition, but it is an indirect competition. A very direct and dynamic economic competition exits at microeconomic level, each company being a competitor on a global market.

Certainly, there are links between these three levels of analyze: macro - , meso – and microeconomic. Country's competitiveness is shaped by a set of indicators, in fact a set of facilitators for company's competitiveness. There is a two way relation between country-specific advantage and company-specific advantage [Rugman et al., 2011: 3].

For a company, competitiveness is the result of the economic interaction between acting on market companies in order to obtain the highest possible profit based on marketing coherent process [Melnyk/Yaskal, 2013: 9].

At microeconomic level, it is important to identify how financial indicators of firm reflect the actionable capacity of it to reach strategic goals. In fact, the competitiveness of company is correlated with the concept of sustainability.

The sustainability is the property to identify, to select and to run these activities which are all oriented for reaching main goals of company. A competitive firm means a high integration degree of sustainability in its actionable strategic vision. In that case, the company has a sustainable competitiveness and its outcome is sustainable value creation. Sustainable value creation is "the capacity of enterprises to remain profitable over time while minimizing the environmental impact of their activities and providing an organizational context in which their workforce thrives" [Bris/Caballero, 2016: 498].

At microeconomic level of analyze the model of competitiveness depends by a set of indicators that reflects the socio-economic behaviour and management practices that company adopts and uses to obtain and maintain competitive advantage and a good financial performance.

For the majority of researchers a common interest is to identify the sources of competitiveness at microeconomic level, their importance and how can be obtained the optimal mix of these sources.

A simplified model of analyze can use a taxonomy for these sources of competitiveness. The taxonomy contains three groups of sources: 1) assets – physical and non-physical: technical infrastructure, human resources, brand and reputation, organizational culture, knowledge, patents; 2) processes: management, marketing, production/manufacturing, innovation, training, mentoring; 3) performance: profitability, quality – price rate, operational cost, productivity, range of products, market share, value creation, customer satisfaction. A real challenge for a company's manager is to transform these assets, through processes, in financial desirable results, exploiting external and internal environment of the company.

Today, the economic environment is characterized by volatility and for a company is very important to act in an agile manner, using dynamic capabilities, and learning, innovating and producing speedily.

Nowadays, a much studied approach of competitiveness is the processes centric one. The processes centric approach emphasizes re-engineering capacity and the need to find an optimal model for company's structure that simplifies the processes and creates value or reduces costs at the end of each process. Physical assets are limited but the knowledge, good practices and organizational culture could be more flexible and could be used as the main engine that synthesizes the company's competitiveness and a superior performance. That approach is an appropriate one especially for companies that act in very dynamic market where the pace of development is very alert.

When we analyze the case of multinational company, the model used is more complex. The multinational company's competitiveness approach needs to make some observations: 1) a global company's activity is a complex one, determined by a lot of dependencies, country – or region – factors and company – specific factors; 2) marketable products of multinational company have a life cycle that optimizes the costs, technology, resources and knowledge included; 3) the context within company's factors are embedded plays an equal role as company's factors for competitiveness' s obtaining; 4) culture distance or similarity between host country and home country makes a product more desirable or not; 5) a multinational company explores global market for two strategic goals: market and resources; 6) globalization means virtualization and delocalization; 7) a multinational company uses locations as competitive tools and try to decrease costs and to optimize production using global or regional mobility.

For a multinational company it is obvious that a comprehensive approach of competitiveness exceeds a microeconomic level. An important factor in competitiveness model is played by territorial competitiveness, not necessary having the same meaning as country competitiveness.

2. Postmodern Economy

The economy is a social concept. It is not necessary about only the Economics. As all social concepts, the economy evolves in a dynamic manner. The modern economy is about industrializations and optimal ways in international trade, finance, management, marketing, production. The economy is – in a way, about client's perception and behavior, about resources, internal processes, productivity and a lot of macro- and micro- defined indicators.

Nowadays, the modern economy seems to be transformed by new models of business, new financial tools, globalization and a huge transformation process oriented on scientific knowledge and operational capabilities concentration in a few very developed countries or regions.

The business models are dependent by technology and very often a success economic story means a convergence of physical infrastructure, virtual environment, biotechnologies and new sets of socio-economic values.

What does it mean postmodern economy? We can try to identify some characteristics of it.

Maybe an important issue is about prosperity. Nowadays, the prosperity is an important precondition of security. In a simple manner we can admit that an economic model is good if it generates prosperity at a large scale. Is it prosperity achievable out of a null sum game?

The prosperity is a final state, an output state of auto adaptive economic system. This system has an evolutional pattern: a) globalization and delocalization; b) virtualization of knowledge and virtualization of business; c) a gap between domain transformation and company's transformation capacity; d) the prosperity does not mean only desirable marketing actions; e) the scientific tools does not produce only positive effects; f) the speculative actions are facilitated by obsolete rules and sophisticated technical mechanisms; g) a shift in the local capabilities and global market conditions; h) a fracture between the economic production conditioned by the global capital and ecological constraints; i) the migration of labor and of knowledge inter- and intra-regional, inter- and intra-market.

Postmodern economy is seen as the very particular stage of the modern economy, with an important cultural dimension that shapes a global society. This global society acts as a complex system that is far from equilibrium and that is conditioned by local and individual perception of prosperity. But, the prosperity has a double failure: it is trivial and it never addresses to all [Bruckner, 2002: 16].

We can admit that the competitiveness is the ability of economies to attract and retain companies and the capacity of countries or large regions to generate and to sustain high standards of living and to provide a favourable context in which companies are able to survive in an efficient manner [Bris/Caballero, 2016: 496].

But, in a postmodern economy this definition could be obsolete. If we discuss about strategic economic interests of states or of multinational and huge companies, the applicable scale of competitiveness is a global one. From this perspective, the core of business is highly dependent on data, information and knowledge. Data and information are on large scale available through information technology; but technical data could need a good specialization for a comprehensive understanding. This comprehensive understanding means knowledge, but not only a technical one. In postmodern economy business is highly dependent by optimal dynamic models which are used to perform in a hostile and competitive environment.

The postmodern economy is characterized by the co-existence of a multiplicity of very heterogeneous and inter-dependent optimal business models.

The technology and social media act as a huge window where the consumers can see and evaluate different products in a non-tangible manner, even the products are far away from geographical point of view. The location of company's production and sometime the company's show room become unimportant from clients' perspective. This kind of perception could make questionable the traditional marketing mix and modern marketing policies. The main effect of virtualization in the field of public relations or marketing policies is a continuum game for a favourable clients' perception.

3. Conclusions

Certainly there is a link between country´s prosperity and economic behavior of companies from a country. Competitiveness emerges from an interaction between country's socio-economic framework and company's behavior as dynamic capability which can obtain and maintain, in that country or that region, a long-term profitability. That sentence is not necessary true in all cases. It is pretty difficult to declare there is a two-way relation between country's competitiveness and company's competitiveness.

Development economic policies generated by government have impact in macroeconomic environment and could act as facilitators or obstacles at meso- and micro-economic levels.

Competitiveness is very often measured in an indirect manner, using different models and a large number of indicators. Competitiveness means different reference systems and different approaching scales. A common and accepted way for measuring the competitiveness is based on multidimensional model which use composite indicators of competitiveness. In this case there is a perpetual doubt: the models' validity, the appropriate selection and the appropriate definition of used indicators.

The new economic paradigm which means delocalization, virtualization, market's volatility and a perpetual game of client's perception at a global scale, claims to calibrate the model adopted for defining competitiveness.

Nowadays we can see how global context is characterized by vertical and fast changes as a result of emerging countries which can attract huge investments in production capabilities. The strategic goal of these countries is capturing the market shares maintaining a high-growth pace. This kind of behaviour generates strange and new effects especially in terms of structure, intensity and volume of value-chain.

All companies but especially multinational enterprises have huge opportunities at a global scale and it is mandatory for them to redefine their business models and to exploit new sources of competitiveness.

The international competitiveness could be related on competitive advantage's sources, on the globalization degree of business or on real time feed-back capacity of an auto adaptive complex economic system.

The economy is a socio-economic complex system that naturally is based on competition. Regardless of the competition's form, the desirable result aimed by all actors involved means to succeed, to survive and to shape the market for long time.

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