THE COMPETITIVENESS OF INDUSTRY – FROM COMPARATIVE ADVANTAGE TO COMPARATIVE ADVANTAGE TO COMPETITIVE ADVANTAGE

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Abstract: Competitiveness is a very important factor for the success of many products. Issues such as quality, concepts and innovations are more difficult to measure empirically and are generally global indices (manufacturing envisages the whole economy).

An enterprise with best marketing techniques can often competing market parties, often at the expense of more productive companies. Consequently, factors such as product differentiation, barriers to entry, after-sales service, advertising strategies, etc., play an increasingly important role in the evolution of competitiveness in the modern economy.

In a market economy, free competition plays as a driver of economic and technical progress and increase the efficiency of producers, as a counterweight indispen¬sabilă price freedom and ensuring efficient allocation of resources. In an open economy, the application and maintenance of an environment free eoncurenţial entails unhindered access to the market for providing benefits equal to equal , freedom of pricing , etc. , each firm is in competition with other companies in the same country and foreign companies in the same business.

Keywords: competitive capacity, production, structures, companies, sub-sectors, economic sectors.

1.Introduction

The concept of competitiveness remains difficult to define and is not subject to any formal consensus. Competitiveness can be addressed at micro level or even national economy, passing through individual automotive companies and international group / multinational.

Therefore, competitiveness is the ability to face competition, to maintain or win odds - parts of the market. It is important to distinguish a competitive price, without price or structural one.

Competitiveness "price" is based on the ability of companies (and by extension the country) to propose products with lower prices than the competition. Competitiveness "price" depends on three elements: the company's manufacturing costs (wages, social responsibility, cost of capital, taxes, intermediate consumption); exchange rate value (a dcpreciere national currency strengthens competitiveness of domestic products and vice versa); margin behavior of exporters (when they agree to reduce their margins, their products become more competitive).

No price competitiveness (or structural) link factors have a direct influence on prices, but which nevertheless play a role in the firm's ability to impose its products. The customer decision to buy, there are six "criteria without prices" that are of fundamental importance: quality, degree of innovation, delivery, brand awareness, maintenance and after-sales services, commercial dynamism.

Search this type of competitiveness compels firms to place the situation "listening environment" ("technological vigil"). Japan is bound to force his reţelelelor importance of gathering information: Jetro (MITI body depends putermicul); soshi and Sogo (general trading houses), always in search of foreign technology.

The distinction between the two forms of competitiveness covers mostly opposition between product banalized relatively homogenous, which are often goods with low value added (intermediate goods, or Consumer) and differentiated products with high added value (investment goods, goods sophisticated consumption) for that price is only one factor among others in the purchasing decision.

For companies belonging to sectors exposed to foreign competition (unprotected sectors), competitiveness is a matter of survival. Instead, sheltered sectors (government, public monopolies, ...) are less sensitive to the imperatives of global competition. For the LDCs in the future will be almost impossible to compensate by flexibility and competitive devaluations, wage differences in costs of production manufacturing, standardized working in favor of the new industrialized countries. The solution in this case is oriented productions with high added value and strong technological content.

If you move from a product-based analysis, an analysis based on enterprise competitiveness should be defined as a company's ability to sustainably meet its customers' needs more effectively and providing goods and services in a more effective manner in on the price and beyond.

It can be appreciated that this vision has its limits, the economic situation is directly influenced by administrative decisions in macroeconomic policy. So for example, infrastructure development or tax advantages to encourage research and development plays a direct role in corporate competitiveness.

Being a complex measure of the competitive strength, competitiveness has multiple determinations, depending on several factors such as production costs and prices, quality of management companies and its products, the degree of diversification of their exploiting economies of scale, quality producers to adapt quickly to changing demand and to innovate (innovation of products, manufacturing processes, innovation management), the effectiveness of marketing and distribution network after - sales etc.

Between the competitiveness of structures, enterprises, economic branches and sub-branches or competitiveness of the economy as a whole, a close interrelation. Therefore, it is useful to present both the concept of national competitiveness, which refers to the ability of a nation state to produce, distribute and service goods in the international economy in competition with other goods and services produced in other countries and this into a way that drives the increase in living standards. therefore it is important to note because competitiveness can be analyzed across a whole spectrum of different fields of national economy product offering. Nature products for which a country is highlighted by a strong competitiveness, it is not negligible. Better results are often obtained with products having a higher added value, supported by strong growth in global demand in the long term.

For a country stands competitiveness interior - as resilience to penetration alien being calculated as the ratio between the price of imports and the price of imported products and the competitiveness of the outer - right performance on foreign markets, the ratio of the price of exports from the rest of the world price exports from that country[1].

Taking into account the conditions of competitiveness which covers all partners - the state, which should make maximum use fiscal measures and social workers, which ultimately depends on the production, the heads of companies to decide on investments, manage makers production and display of initiative, basic equation of competitiveness considers.

Michel Didier, has the following formula[2]:

Competitiveness Initiative and vigor of a nation = Heads of companies + Government effectiveness + Discipline workers

Once you have defined the different areas that can be analyzed in terms of competitiveness it is equally important to consider the likely result of an increase or a decline in competitiveness. When a newly competitive will probably ceased its activities, it will not be reflected in national economic plan. It is important to understand that for competitiveness should not be considered a static game, necomparând than gains and losses. It should rather be considered as a game for all parties capable of generating greater competition, which may engage new markets and certainly encourage companies to specialize in products for which they have a comparative advantage.

2. Competitiveness - a measure of the competitive strength

In the global economy, increasingly integrated, the quality of a country position of the international hierarchy has an increasing role. Competition between countries which strive to become attractive places of production exceeds that of competitor companies. Two methods are known on competitiveness: the model developed by Porter (1990) and model the World Economic Forum (WEF-1993), both models focusing on macroeconomic indicators.

In 1990, Michael Porter launched the first "model Portern that examines the nature of competition in the markets multinational with a track record companies their rivalry on domestic firms able to compete with foreign ones with identical activity on certain industries or certain market segments[3]. Author model makes a clear distinction between business activity as

1 Alain Beintone, Economie, sociologie et histoire du monde contemporain - Paris : A. Colin, DL 2013, cop.
2 Didier Michel, economy, Rules of the game, Humanitas Publishing House, 1994, p.195
3 M. Porter, Model analysis of competition in international markets *în Le Meis - Economique et Financier, nr.9/1996, publicată în Societé de Banque Suisse.*

individual enlitate to record "successes" in the industrial sector, global and national superiority determinants in fostering and promoting this "success" in the international market.

Directly related company, as individuals, according to Porter's theory must hold "a certain superiority over" to achieve a successful competitive market. This "competitive edge" can be transferred to a low cost product, or an assortment to bring the company a "premium" by trading in a market[4].

According to this view, to record a successful company must develop a competitive strategy that will enable it to act more effectively than other companies in the competition to win markets dc outlets. Creating competitive superiority, it assumes that the company will find the best tools to compete and make best use of dc advantage superiority globally through continuous performance improvement productive (processes or products).

Choosing a competitive strategy reflects the talent management company must demonstrate in response to the incidence of "five competitive forces" contestants threat (threat of entry); bargaining power of buyers to sellers (suppliers); the degree of competitive rivalry; threat of replacement of a product with another product (Threat of Substitutes). These five forces together determine the "industrial sector profitability" (Glaister, 1991). The importance of determining the competitiveness of a nation automotive companies is particularly significant, it can positively or negatively influence the "environment" in which the company operates and both "environment" in which they compete.

This environment is characterized Porter's theory of four traits (factors) conditions: the nation's position in the factors of production workers SIUI ingenuity infrastructure factors required to compete in a sector; application: the nature of domestic demand for goods and services; related industries and industries that support: the presence or absence inside the industrial supply sector and related industries that are internationally competitive; business strategy, structure and competition: the institutionalization of legality regarding the establishment, organization and management of companies and competitive environment.

In his model, Porter demonstrate that the determinants of the above operate independently in a national, but form a system depending on the environment. Take individual and system determinants that define and constitute a nation context in which firms compete. A nation will

[4] M.Porter, Competititon in Global Industries, Harward Business School Press, 1986.

have international superiority in a particular industry where there is a "medium" to growth companies. This "average" will be dynamic and challenging for firms operating in the internal market and stimulate the improvement of production processes, increasing the quality of products and services will increase while "competitive superiority" globally. The (WEF): World Economic Forum is one of the models who conceptualized the idea of international competitiveness. It was designed and developed fifteen years ago, the World Economic Forum - Davos / IMD Lausanne.

In this model, the competitiveness of a nation / country means the nation's ability to create added value in the economy, to keep the process over a relatively long as compared with competitors in the international market. World Economic Forum identifies and measures in most model "competitiveness factors". The W.E.F. It stems from the fact that every economy (with direct reference to a nation's economy) has at its disposal "a range of consumption", some - "competitive factors". These factors can be combined to produce useful goods and services. The fact identifies eight major factors that to the experts WEF - Davos / IMD Lausanne, define and determine the "ability of a nation" to compete in the international market.

To understand the model W.E.F. we present below some research objectives pursued by the annual World Competitiveness Report undertaken by - World Economic Forum / IMD - Lausanne. The report on global competitiveness shows the degree to which "national environment" helps (stimulate) or harm (brakes) domestic economic activity, the economic performance of national companies on foreign markets. This assessment is done annually and includes 330 points, specific criteria for comparison. These benchmarks are analyzed, correlated and summed to finally get the nation position (ranking) in international competition[5].

Inputs appropriate factors can be studied and researched in international statistical statements (example capital). In other cases, only direct investigations and national statistical records (eg labor). Besides, a fundamental assessment of the competitive strength in such a vision requires a large volume of information. Supposedly because, as the competitiveness factors are qualitatively and quantitatively superior to, the nation is able to realize advantages respectively to market products and services to domestic and international markets.

[5] Brilman J., Gagner la competition mondiale, Les Edition d′Organisation, Paris, 1991

Report on global competitiveness shows part of the so-called "soft" competitiveness. The simplest measure of recordings of "hard", meaning that the WEF experts designate the competitive performance of a nation, it is the macroeconomic indicators: GNP, GDP and balance of payments, trade balance, inflation.

These forward looking macroeconomic indicators must be linked to records of "soft" ie: motivation, education and culture, behavior and traditions. Many traditional competitive measurements such as GDP growth, profits, share market gives us information about the past. It appears as important for a nation and a company to invest in future competitive ability. Finally, the model W.E.F. make an important distinction between competitive superiority, competitive advantage (competitive advantage) and superiortatea comparative comparative advantage (comparative advantage), of a nation. In this context it can be said that under the influence of the theory of "comparative advantage", nations are more competitive if marketed products and services that bring the greatest advantage (superiority) and less competitive with respect to their trading partners.

The comparative advantage of a nation can rely on resource abundance, for example - oil, while competitive superiority (competitive advantage) is based solely on ability / talent entrepreneurs to add value to the available resources (eg oil refining).

The W.E.F. it has a number of deficiencies related mainly to the fact that it is a static model, with direct reference to the time constant value of natural resources. Natural resources do not contribute to increasing the competitiveness of the nation because their sale is a net loss in the balance. It is true that today there are relatively high natural resource value, but which lose value in the future thanks to advanced technologies. The most significant example is all crude oil has an intrinsic value today, but the emergence of alternative energy sources will lose value.

All limits and orientation of the model is only the nation / state as a starting point in studying and comparing competitiveness. This view tends to change due to expansion in regional integration, the emergence of "new buildings" commercial, which will attract immediate prospect of cuts in state borders, increased interdependence among national economies, increasing the share of transnational corporations. At the same time, the W.E.F. It is designed to evaluate the overall competitiveness of nations average and as individuals, are possible only valid comparisons between countries that have similar levels of development.

The performance model W.E.F. could offer "alternatives" and "solutions" for management decision at the national level, coupled with the global international context. These results competitiveness among nations of less interest for the analysis and management decision in a particular sector.

Trying to overcome difficulties previously reported, the experts from the Swiss Banks Union have developed a competitiveness index of current and prospective competitiveness index. These indices are based as faeton which allow, on the one hand, quantifying the resources of a country, on the other hand, the efficiency with which they are used. The resources depend on existing production facilities, infrastructure, human capital, etc. The efficiency of the utilization of available resources is estimated by the difference between the estimated national income based on these factors, the actual national income. According to the calculations of specialists, according competitiveness ranking of the 38 countries that have been analyzed based on current competitiveness index places the US and Switzerland in the lead and is now the most competitive nations and the most developed countries in industrially in a foreground, in the first half of the ranking. Current competitive capacity is explained primarily by the efforts of previous investment in equipment, machinery and even in education, and the indicator appears limited because it is oriented towards the past.

Overcoming this drawback prompted the Swiss Banks Union experts to devise a dynamic version of this index, taking into account expected changes in the state of resources and efficiency of their spending. Based on that index changes are highlighted competitiveness of a country's competitiveness, suggesting that this nation will most likely develop new products and new processes.

South Korea will become the country's most well placed from the point of view of competitive strength, while countries that are currently in the top positions in the world will gradually lose its competitive edge, the US passed the position 19, Switzerland on position 29 and other industrialized countries like Japan, Canada, the Netherlands and Scandinavian countries will assert themselves better in terms of competitiveness.

The analysis carried out demonstrates that the opinion which argues that potential competition depends on the natural resources available in a country is questionable. This and the

fact that "in recent years" countries enjoys great success not have sufficient resources nor their internal consumption, find big importers of raw materials (Japan, South Korea). Creating competitive advantage requires the application of strategies to capitalize on opportunities and reducing risk in this regard, the National Institute for Management Development in Lausanne defines competitiveness nationally as a combination of the assets of a country be inherited (natural resources), be created (infrastructure) and production processes that transform them into economic results that pass the market test.
In the "Report on the global competitiveness" were used indicators characterizing the competitive level of a nation, namely: economic strength, internationalization of trade, government policies, financial sector, infrastructure, science and technology, human resources.

3. Competitiveness in the industry. The new concept of industrial competitiveness

If an industry is competitive, he has a number of factors, including: wage levels, a material base of resources, a level of scientific and technological development, government policy for trade and investment, adequate infrastructure. Many developed countries today a policy based on foreign trade strategy, hoping to create a dynamic overall economic growth and improving income levels. Unfortunately, industrial companies, very often lack the skills and knowledge required for competition in international markets. Moreover, government policy is often inadequate assistance necessary trade and production activities.

Price competitiveness is a prerequisite for export success, but it is not enough. Exporters must keep abreast of changes in customer preferences, to ensure quality, timely delivery of goods produced, accumulating skills of marketing and distribution.
In the past, politicians in developing countries have avoided total industrial competitiveness international element when adopted protectionism for domestic markets. This issue began to surface when their markets have become more open to the world. Competitive Companies can stay indoors, however, will be restricted in their competitiveness internationally. Therefore, the main consequence of liberalization is the ability to maintain international technological models that are very important for the survival of various companies. This is doable by protectionist

economies. It notes that countries must now compete in a world where high technology has become an important criterion for industrial competitiveness[6].

Product life cycle has become shorter and new production technologies restructures international division of labor and reduce labor replacing raw materials with substitutes. Rapid changes in technical has become increasingly important for exporters in countries in developing the strategy of increasing exports could be successful, in order to adapt to the constant changes in the global industry to be competitive and to maintain competitiveness . The traditional approach to competitiveness in export markets focus on "competitiveness by price".

Firms producing for export must offer low prices based on production costs low while maintaining a high production standard. Countries with a relatively low level of development is often based on abundant and cheap labor. Today, however, the comparative advantage associated with lower rates of pay is often exceeded. This is because more and more new technologies, flexible production systems, information technology and so on, which reduced the payroll value added. As a result of high labor productivity due to automation and technology advanced, the production was restructured so that despite high levels of a firm can pay the price remains competitive.

Therefore, today we are witnessing a reduction in the importance of price competitiveness. The role they play in maintaining price competitiveness should not be permanently removed. Although technological change has led to increased competition for innovation are still markets where the price competition procedure is of considerable importance. This is the case, especially the LDCs and with limited technological capabilities. Industrial competitiveness in many sectors will be determined by the company's ability give at least selectively applying new technologies in production and organization. Some of the most important new tehnolologii are[7]:

a) automation and computer-aid design (CAD) and manufacturing (CAM). Application of CAD and CAM systems, can allow companies to respond more quickly to changes in requirements for design and provide very high flexibility in production. Significant

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[6] New concept of industrial competitiveness in Industrial Developement, Global Raport, 2013, p.23.
7 *Industrial Developement,* Global Raport, 2013, p.24.

improvements in productivity in the industry are also possible through the application forms of control.

b) information and communication technology

Application of new information and communication technologies in several functional areas of the company, for example in finance, accounting or staff, may lead to significant îmbună¬tăţirea overall efficiency and productivity. These technologies simplify access to company information, which may be a key to competitiveness.

c) New management technologies

Aiming immediate production operations and overall quality, new technology management not only bring improvements in terms of efficiency, and mediate access to the international market. The 9000 standards set by the International Standards Organizaţia become increasingly minimum requirements to win contracts with the European Union and other developed countries.

d)Biotechnology

Improving efficiency in large industries will be possible by applying biotechnology manufacturing processes. In many industrial processes (chemical, pharmaceutical and nutrition), improving economy may consist of energy and raw materials,

e)The new materials

New materials technology can not only help companies in the automotive industry to reduce production costs by replacing expensive materials, but to make improvements in production specifications.

Increasing international trade and investment leads to progressive loss of autonomy margins of national economic policies. The field of action has become big business around the world, they conquered the market due to the investments made in the industrial and commercial plan.

Aria striking manifestation of trade and investment is now on the US-Europe-Japan triad, "economic war" redistributing assets and market shares. This, given that companies in the industry modern organized in factories, research centers, business services, and Member preparing new rules, accompanying strategies întrepmderilor that belong helps research by public subsidies, adopted antitrust law guarantees ownership intellectual ensure product safety, environmental protection natural persistently pursues. between market and national public authorities, the world economy is structured by a system of relationships including companies and authorities.Therefore, the international industrial competitiveness towards Japan and emerging industrial countries, compared to the investment strategies of multinationals against technological changes, has become the true guarantor of prosperity, rather than launching the application and handling of macroeconomic aggregates.

If Japan crossed the crisis better than all others, it is because the products of its industry are innovative and of better quality, because its commercial strategy is global because its factories are more productive and modems as workers and its engineers are better informed, because its companies are better organized, because labor relations are less conflict, because the bank-industry relations and administration, more efficient industry.

The competitiveness policy, is to create a general environment favorable to guide actions in the aim of combining liberal interventionism companies. To assist off a new technology that does not find only a weak launch, the state must take the lead in creating markets. Multiple collective services such as energy, transport, urban and interurban, communications, culture, education, health, environment, computerization of government, offers today fields huge take off thanks to some bold projects new technologies likely to be applied throughout the economy, intelligence artificial and advanced informatics, optical fribre networks, integrated production management, biotechnology and high-performance materials, etc.

In this regard, the system of education and training, scientific research system, etc., must be coordinated in accordance with the needs of competitiveness. State modem seen thus reduced to mere role of engineering office serving large multinational companies. The microfinance field operation, the problem is transferred into the field of strategic coordination and control democratic power of social forces.

4.Conclusions

The last thirty years have seen significant changes in conventional performance of major industrialized nations of the world. The most striking developments has been the emergence appliances can create highly competitive industry in a number of countries. There was considerable competition from regions such as Southeast Asia or Latin America, where labor costs and net profit levels are higher than in the less industrialized world occidenatlă. But how can we measure a natio n's competitiveness? But an industry, sector or a product? So here's questions, whose answers are difficult to specify.

In this context, every analyst must be aware of the need to read a wide selections of indicators, their interdependence actually using multiple indicators. They will not get to highlight the international competitiveness and all factors will not always be easy to infer relationships between indicators. Advantages long as a high level of training and education, a well-developed infrastructure and most importantly the perception of these advantages to leaders of companies, are difficult to quantify.

An analysis should take into account a number of issues likely to complicate the interpretation of the data series. First, the particulars of the branches of activity are classified by undertaking according to most of the value added in the business, in Secondly, the expanding world market supplied data are difficult to interpret due to the many indicators, especially those related Market parties and trade performance, because when there is a strongly globalized industries trade volume Interindustry. Many multinational companies are now operating in a global context.

Trade secrets prevent a great deal of information to be made public. Moreover, multinational companies increasingly marketing their own products more. This leads to a depreciation results in competitiveness based on foreign trade, domestic trade share of the company increased significantly. When trying to calculate parts of the world markets, it is often impossible to establish global totals.

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