

(Research on the) Factors that could influence the market competitiveness of Romanian organizations

Luminița Cristina Pirău¹, Laura Bacali²

Abstract: The paper presents basic notions on competitiveness, competitiveness indicators, as well as economic objectives of companies in competitive conditions for the increase of competitiveness in various sectorial areas.

We created a survey based on a questionnaire. For this research we used a non-random survey based on reason method in order to determine both the batch as well as their response in connection to competitiveness issues. The companies involved in the research are small and medium size companies from the district of Cluj.

Keywords - competitiveness; competitiveness indicators; small and medium size companies.

I. INTRODUCTION

Competitiveness is a complex concept that, at a general level, expresses the capacity of people, companies, economies, regions, of maintaining in an on-going competition, in the context of a given business environment, whether on a domestic level or at an international level and thus obtaining economic gains [2, 3].

However, from a nation's point of view, competitiveness is about the capacity of that country of using efficiently the opportunities presented on the world-wide market [4].

Competitiveness represents the sum of factors, policies and institutions that determine the level of productivity of a country and, by this, the level of prosperity that can be produced by an economy [5].

Defined in such a way, competitiveness represents the capacity of products and services to stand the test of the market in gainful conditions, having as a result the constant growth in productivity and life standards.

The current market economy environment, profoundly marked by globalisation and interdependency, imposed new game rules: the prosperity of nations is now based on competitiveness on international markets and the prosperity of enterprises is now based on their integration in world-wide value lines [6].

¹Luminița Cristina Pirău is doctoral student at the Faculty of Machine Building, Department of Management and Systems Engineering, Technical University of Cluj-Napoca, 15, Daicoviciu Str., Romania.

²Laura Bacali, Prof. Eng.PhD at the Faculty of Machine Building, Department of the Management and Systems Engineering, Technical University of Cluj-Napoca, 15, Daicoviciu Str., Romania.

II. ECONOMIC OBJECTIVES OF ENTERPRISES IN A COMPETITIVE CONTEXT

Under the current conditions, the enterprise can no longer be reduced to a simple organism that aims at maximising profit, but rather it is a complex organism that is faced with a multitude of contradictory objectives that are related to the inner strategy of each enterprise [7-9].

To reach the growth of the competitiveness in various sectorial areas, the **Sectorial Operational Plan for the Growth of Economic competitiveness** was born, which, on one hand covers a part of the first priority of the National Development Plan (NDP) 2007-2013: "Increasing economic competitiveness and the knowledge-based development of the economy" and on the other hand covers a second priority of the National Reference Strategic Framework (NRSF): "Increasing long term economic competitiveness", at the same time contributing to the implementation of other priorities of NRSF [10].

The increase in productivity of Romanian enterprises in order to reduce the gap that separates them from the average productivity in the European Union is based on measures taken that will generate an increase average of productivity of approx. 5,5% annually by 2015 and will allow Romania to reach a level of 55% of the European Union average.

Taking into account the area of the development of research and technological innovations, the following *competitiveness indicators* can be mentioned:

1. Economy indicators
2. Business efficiency
3. Management efficiency
4. Infrastructure
5. Innovation capacity

These indicators were used in a study that focused on the development of a fundamental science research with the aim of identifying the way in which the companies target the development of competitiveness as well as the importance of this competitiveness for the evolution of the company, as both a strong competitive environment and the internal environment are essential factors in persuading companies in revising their attitude towards making profit.

This research is designed to contribute to the development of the economical environment of the district of Cluj, by identifying the premises that would lead to a durable economic development, as well as monitoring whether supporting and developing competitive advantage is a real goal of the managers of small and medium enterprises (IMM).

The research started from the following hypotheses:

1. The innovation degree at the level of IMM is very high;
2. At this level there is no well structured culture that supports the creativity of employees;
3. Their top priority is immediate results and low costs and not durable growth;
4. Most IMM have a hazardous management style, without a formal strategy planning;
5. Most of them are price oriented;
6. The involvement of the owner is top priority, the departments have a secondary decision making role and their power of decision is limited by the owner.

For this research we used a non-random survey based on reason method in order to determine both the batch as well as their response in connection to the competitiveness issues.

The questionnaire has 22 items and was elaborated taking into account criteria of utmost importance recommended by the sociological studies.

III. RESULTS

The responses to the questionnaire will be interpreted and will become a useful basis for the actual research:

1. Most of the respondents' associate competitiveness with obtaining high quality products and services 33%, the second place is occupied by productivity and the third by innovation and creativity.

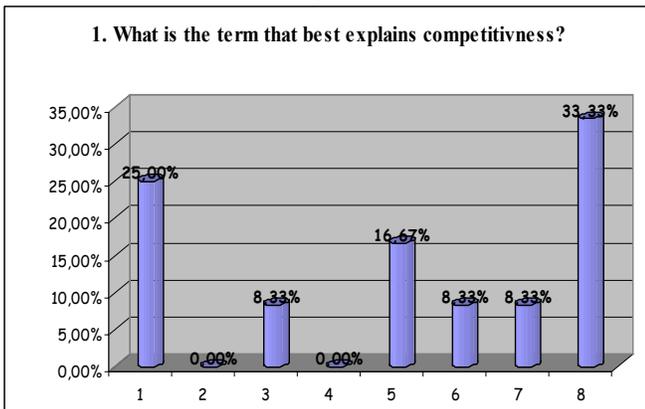


Fig. 1. Terms explaining competitiveness: 1-Productivity, 2-Succes, 3-Financial safety, 4-Market leader, 5-Innovation and creativity, 6-Modern management, 7-Low costs, 8-Quality products

2. In the case of competitiveness at the company level, most of them responded that they relate to this aspect by comparing their company to the national market leader.

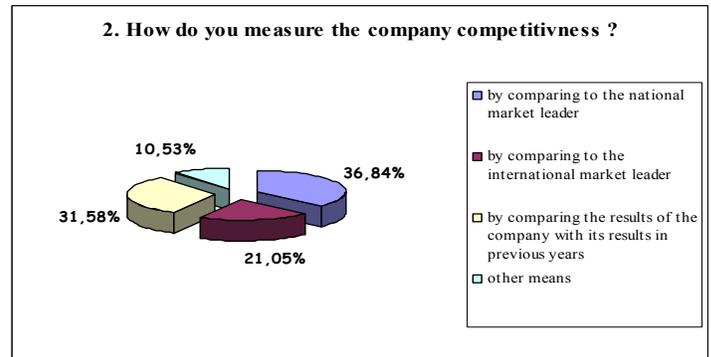


Fig. 2. Aspects measuring competitiveness

3. Most of them think that the efficiency of the company is expressed by productivity.

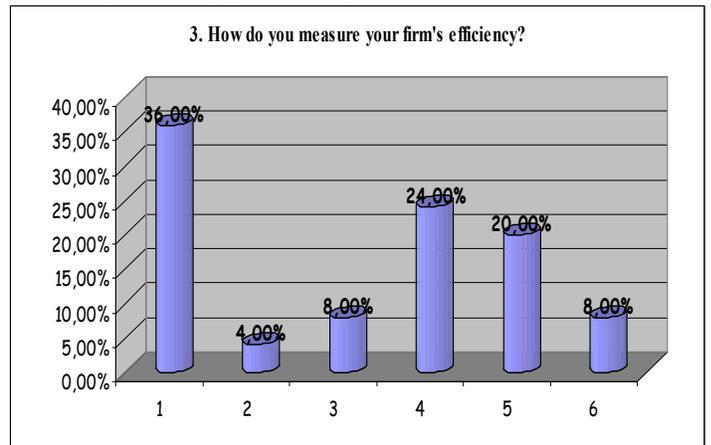


Fig. 3. The measure of the firm's efficiency: 1- Productivity, 2- Debts incurred, 3-Values and attitudes, 4-With the help of profit, 5-Market quote, 6-Other

4. The most used instruments to measure competitiveness are turnover (33.33%), followed by profit (25%) and productivity on an hourly basis.

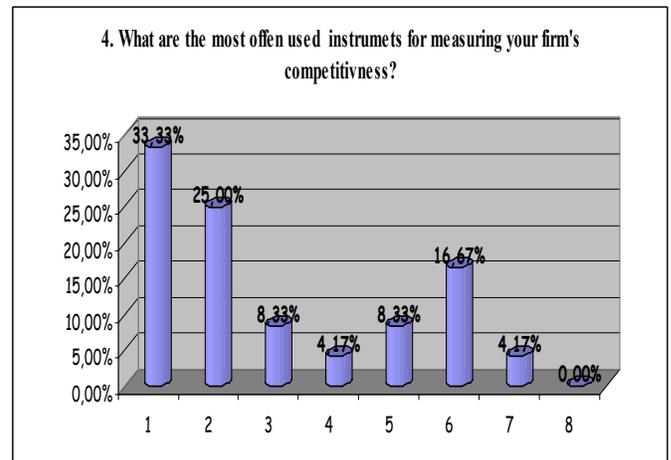


Fig. 4. The instruments for measuring firm's competitiveness: 1-Turnover, 2-Profit, 3-Market quote, 4-Added value, 5-Employees, 6-Productivity/labour hour, 7-university degree employees, 8-Other

5. The most important role in determining the company strategy is held by the production department (31.25%) and the marketing department (25%). The influence of the manager is justified especially in the case of small and micro enterprises, which do not have well developed departments, given the fact that they have a reduced number of employees and the managerial tasks belong most of the times to the manager of the company.

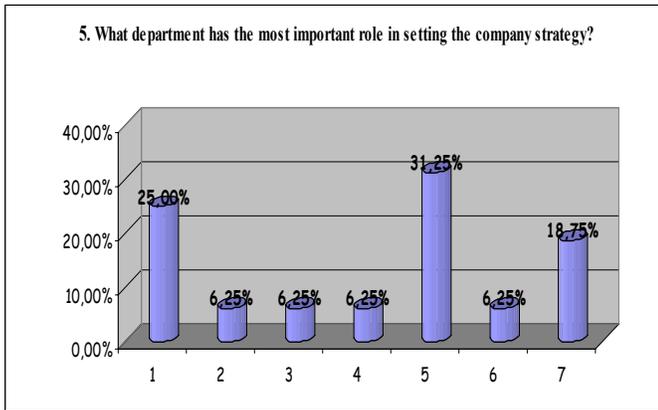


Fig. 5. The role of the departments in determining the company strategy: 1-MK dep., 2-HR dep., 3- R&D dep., 4- Logistics, 5-Production dep. accounting, non of those, the top management is the most important

6. Adaptability to change is viewed by approx. 30% of the respondents as being the most important factor influencing management policies, which is justified by the increased flexibility that IMM have due to their size.

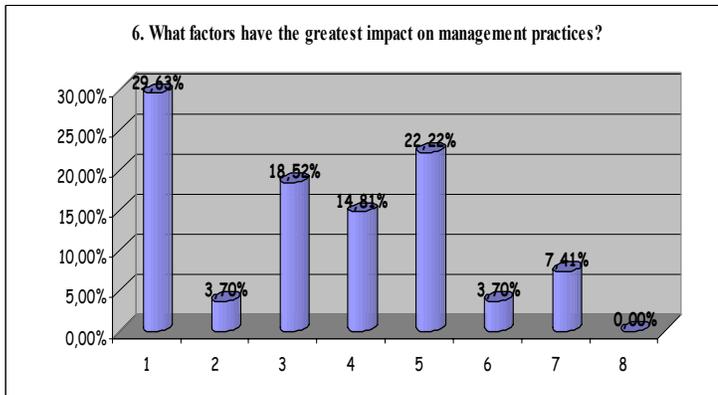


Fig. 6. The impact factors on management practices: 1-Adaptability to change, 2-Business ethics and social general responsibility, 3-Implementing quality management system, 4- Creativity and innovation, 5-Clients' satisfaction, 6-Entrepreneurship, 7-Work relations and employee motivation, 8-Other

7. What is important to notice is the face that there is a relatively reduced concern for innovation and the reduction of resource consumption, which should have been a priority for IMM, especially when the companies belong to the industrial sector.

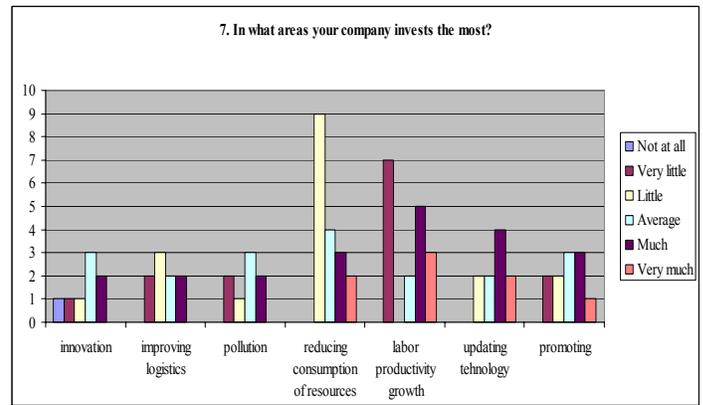


Fig. 7. Investing areas of companies

8. Most companies mentioned the fact that the source of income is the sale of products and auxiliary services only to improved sales but also from the sale of new products and services. Acquiring new technologies does not occupy a very good position, this being justified by the economic problems at a national level and supported by the economic crisis.

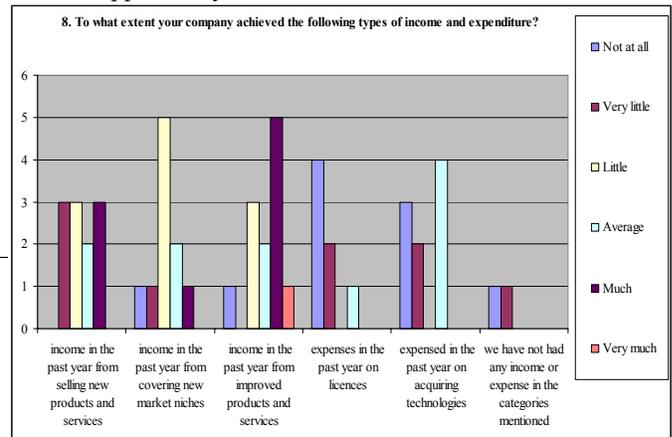


Fig. 8. Types of income and expenditure for companies

9. The most important factor in change is competition (30%) and economic trends (30%), while clients have a debatable role, only 16.67% of the companies taking into account their influence.

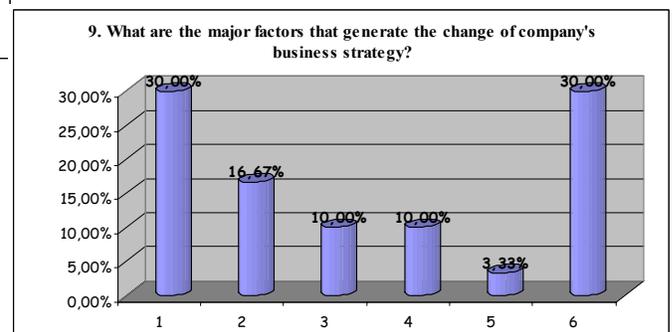


Fig. 9. Factors of change in business strategy: 1-Competition, 2-Clients, 3-Suppliers, 4-Law, 5-Political environment, 5-Political environment, 6-Economic trends

10. In introducing change, financial resources are the most important (50%), followed by the complexity of the change and the type of activity (16.67%).

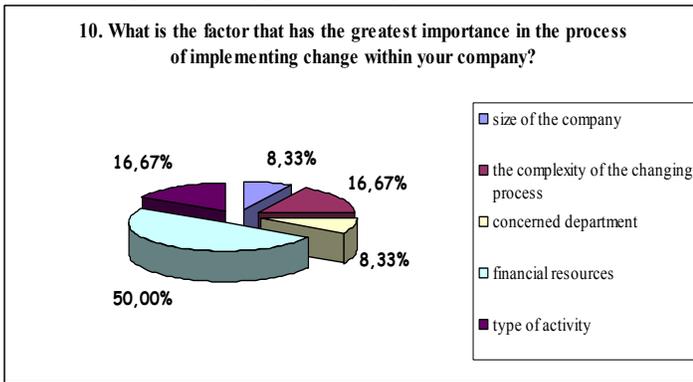


Fig. 10. The factors what implement the change of the company

11. The most frequent problems encountered during the process of change were lack of material resources, resistance to change, organizational culture and overloading of positions. It is interesting that a central position is occupied by the organizational culture, when most IMM do not present a very well bound culture, given the reduced size and age of these companies.

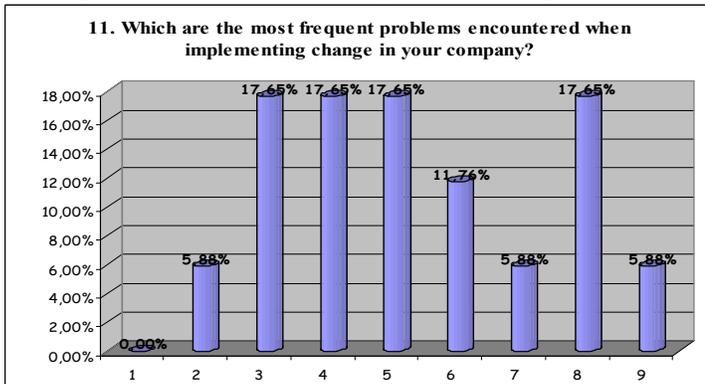


Fig. 11. The problems encountered during the process of change in the companies: 1-Lack of time, 2-Lack of information, 3-Lack of material resources, 4-Resistance to change, 5-Organizational culture within the organization, 6-Risks that involve a change, 7-Lack of change, 8-Job overload, 9-Others

12. The most used methods to stimulate creativity have a central position occupied by the material incentives and the development of procedures for the caption of new ideas. A very important aspect is that the employees are offered the chance to develop individual projects, which is a very important and useful method of improving creativity. However, a very large percentage of respondents think that continuous supervising of employees is a useful method of improving creativity, which is not true, since under stressful conditions and continuous supervising, most of the time the employees limit their actions and creative ideas because they are afraid of failure.

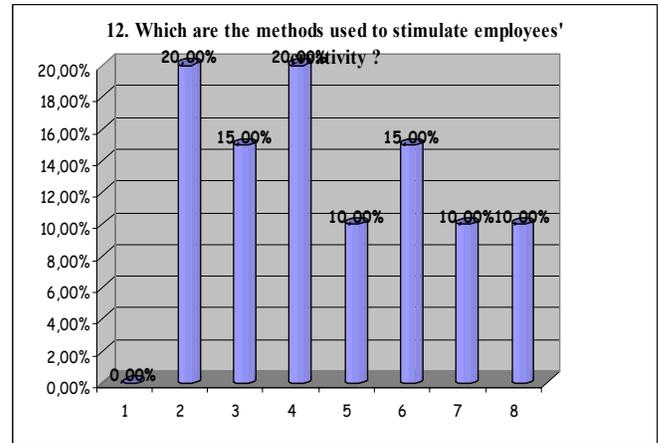


Fig. 12. The methods for stimulate of the employees: 1-Providing creative training, 2-Developing procedures for capturing new ideas, 3-Continuous supervising the employees, 4-Material incentives, 5-Promotion opportunities, 6-Providing employees the opportunity of developing personal projects, 7-Accepting failure as part of the progress, 8-Other

13. Most of the respondents considered that investing in the human resources could bring significant benefits to the company.

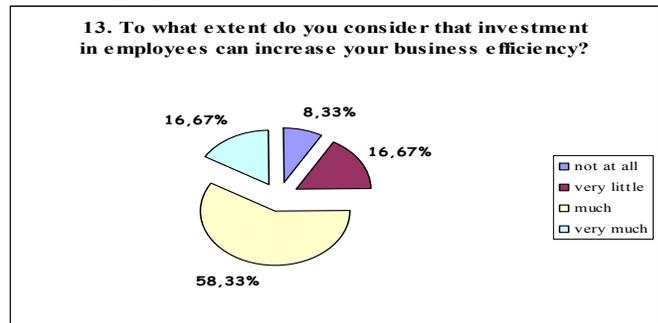


Fig. 13. Importance of investment in human resources

14. A very optimistic and natural aspect is given by the fact that about 84% of the respondents would like to involve in increasing competitiveness at an enterprise level in order to be able to face the danger of an increasing competition. None of the respondents took into account a possible association with the competition.

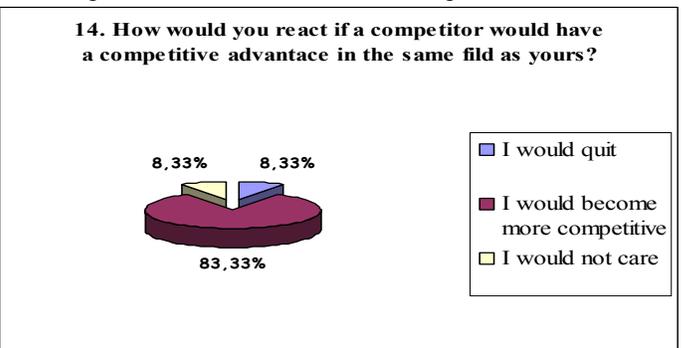


Fig. 14. The feed-back of the companies in case of concurrency

15. Most likely to change are the products (37%), which is understandable given the fact that the companies act on a competitive market that demands a continuous adaptation to the needs of the clients.

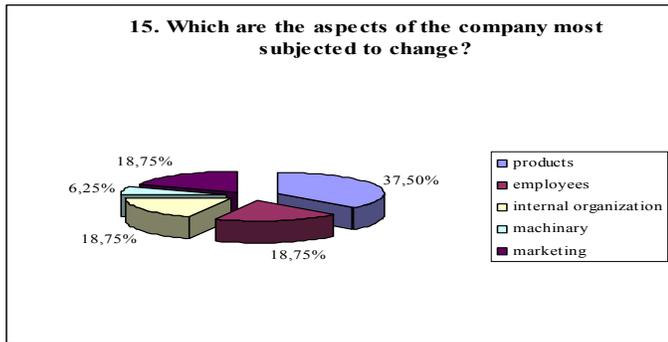


Fig. 15. Aspects most subjected to change

16. About 67% of the companies investigated are limited liability companies.

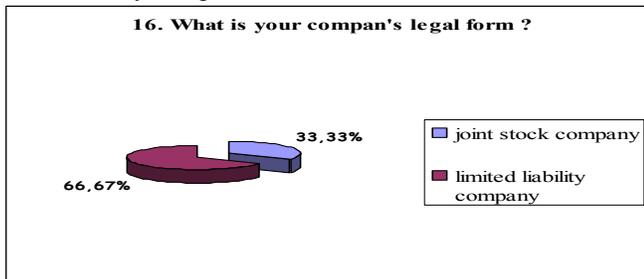


Fig. 16. The legal form of the company

17. The percentage of small companies investigated is 37%, higher than the percentage of middle sized companies or micro-enterprises.

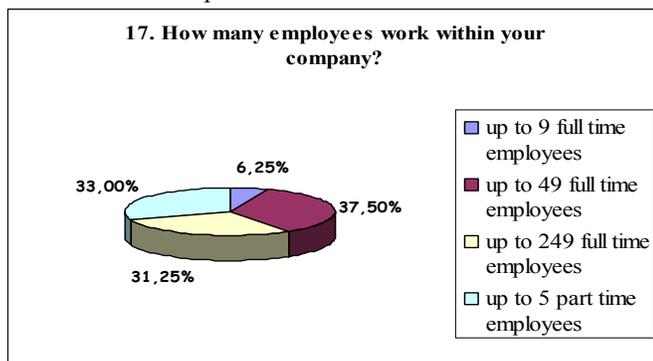


Fig. 17. Number of employees in the company

IV. CONCLUSIONS

The exploratory research gave birth to a series of information which has been presented along with the responses to the questions, and the results will prove very useful in elaborating a descriptive research, hypotheses and constructing a final research instrument which will be used at a national level on a representative group selected using an arbitrary method, in order to extrapolate the results with a certain probability and error margin.

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