

The impact of the globalization and liberalization processes on transition economies competitiveness

~ Associate Prof. Ph.D. Eng. Nicoleta Hornianschi

Abstract: Under the conditions of internationalization and globalization of the world economy and of intensification of international trade, the question of the integration into the world economy is vital for Romania, as well as for other East-European countries and it consists not only of economic advantage, but also of structural connection with the industrialized states and of gradual approach to the productivity and competitiveness standards.

Key words: Globalization, Reforms, International Trade, Industrial Policy

The fast increase of the economic interdependence among nations – as a significant characteristic for the last centuries globalization – became visible, particularly, through a tangible rise of the developing countries which took part into the international trade and financial flows, fact to generate a better division of labour and, as a result, a more fair distribution in the earnings and investments around the world. But such an outcome can be achieved only by putting into practice at national level stable and judicious macro-economic policies and a set of „extrovert“

commercial policies, meaning, to be targetted mainly towards abroad and, particularly, for supporting the exports.

According to circumstances, the industrial policy reforms in the developing countries and the transition economies will be based more and more on aggregate measures to support the increase in the production directed to exports, and **the governments of these countries have to committ themselves to a selective interventions policy in future, carefully oriented to facilitate the industrial restructuring.** Under these circumstances, a

special accent is going to be put on promoting the SMEs and the small entrepreneurs in the less developed regions, including the rural ones, so that to facilitate an increase in the labour force employment degree and the rise of the incomes for the more vulnerable segments of the population, especially the women.

The essential issues for which the proper solution determine the accomplishment of a competitive national industry are enumerated, in brief, as follows:

► Today, the main engine of globalization is the opportunity of extending the profit-generating sources from the national to the planetary level. The liberalization of the international trade as a result of the different negotiation „cycles“ practically opened all markets, companies being determined to renew their strategies so that these would allow them the use of all available competitiveness sources – as the cost of labour force, capital and raw material; the geographical advantages; the presence of partners a.s.o. – in the countries chosen for conducting capital direct investments (CDI). Theoretically, the international competition gives a stimulus to a better distribution and a more efficient utilization of resources, encouraging the development in this way. Nevertheless, the experience of the last ten years proved, mainly in developing countries, that the unconditioned exposure to the competitive assault of import products of certain immature and partially non-existent markets compared to the exigences of the capitalist economy did not stimulate these countries' development, but led to the quasi total evanescence of different industrial sectors which – under mature capitalist economy circumstances – would have benefited of survival chances. It is the case for the most Romanian industries which

have changed even under the circumstances of evident competitive advantages, not being prepared to cope with the sudden liberalization of the trade in Romania.

The globalization, restructuring and change of the world economy changes the rules of the game for all the players but, in this process, the gap becomes more and more evident between those nations which reached the necessary critical industrial mass in order to become competitive within a globalized economy, on one hand, and those left behind, on the other hand. The development in revolutionary technological fields as, for instance, informatics, biotechnologies and new material, has a major impact on products and processes and also on industrial policies and management.

► Enterprises – despite their size – are in the middle of this globalized economy. Ideally, these should have the capacity to quickly adapt with flexibility to the dynamics of the technological innovation, the demand evolution and the constant arrival of new competitors on the market, fact easy to be seen with no doubt in many developed countries and which remains only a desired goal for most of the developing countries (DC) as well as for those in transition (TC).

► The international competition as well as the direct foreign investments (DFI) can, for sure, improve the competitiveness, but, for part of them, as in the case of many Romanian companies, there is a risk for an opposite situation: some economic operators in the industrial field could lose their stability, going down by being confronted with the international competition and strong rivals brought in the country by the DFI. Theoretically, these companies should have as top priority getting a production and export ca-

capacity so that to allow them to face the international competition without endangering at the same time the political and social internal stability.

► It is known that, in the broaden sense of the term, competition is synonymous with „let the most capable to survive“; it is also said that, actually, „competition kills competition“. That is why, the state intervention is necessary to assure the fairness of the competitive environment from the structural and operational points of view. In other words, we need efficient industrial policies and legal measures in the competition field if we want globalization and liberalization to lead to an increase in the competitiveness and to sustainable development, so that the advantages provided by the reduction of tariff and non-tariff comercial restrictions not to be cancelled by the obstacles generated by some companies with dominant position or by other measures, taken by the public authorities which can affect the free competition on the market. Such an example could be represented by the completely exceptional facilities provided, at the moment, by the Romanian Government to the Renault holding when the holding acquired the major stock shares of the Dacia factory in Pitesti.

► Although the majority of the specialists in the field of the development economy agree with the principles exposed above, they are equally in favor of the idea that competition should be mantained in a differentiated way, by specific means which must take into consideration the characteristics and problems every country has, depending on the respective country's development level.

In this respect, we consider it is necessary to underline **an extremely important aspect in starting a sustainable industrial**

development: while „competition“ usually stimulates static efficiency earnings, on a short leg, the public authorities have the duty to take fair decisions on a long leg, accordingly with the national interest, regarding the best adapted market structures for the specific of each economy, structures capable to produce dymanic efficiency earnings, obtainable in the long run.

Similar issues appear, at international level, for example, in connection with the security for intelectual rights. One can draw a conclusion that **politics and the legislation for the domains of competition should be harmonized with other general-type objects and instruments, in order to promote sustainable industrial growth and development.** Politics and competition legislation should also be closely correlated with the objectives regarding the labour force occupancy and with those regarding the attenuation of disparities among incomes of different social categories, the state going to be actively involved in the income redistribution process.

► Under the circumstances of economy globalization, in general, and industry globalization, in particular, and taking into consideration the trade and investment liberalization, the big international enterprises behave within the global economy as acting on a single market and production environment. Within this climate, we speak now about „competitionable“ or „disputable“ markets, taking into consideration not only the effective competition in the field of goods and services for a certain part of the world, but also the potential competition among companies financed through DFI. All these issues reloaded the controversies on big companies international investment growth effect over the competitiveness of na-

tional markets. **Considering these realities, it becomes more and more evident that the sustainable industrial development implies raising awareness on the necessity to implement, at the national level, a competition policy able to stop the concentration on the market and the abuse in using a dominant position as well as taking firm measures targeted directly to improve national companies' competitiveness.** As we expected, the industrial production globalization generated new cooperation forms, on one hand, but also new rivalry types among companies, on the other hand. For example, the cooperation agreements and the strategic alliances between big companies in the CS-DT field can contribute to the technologic and technical progress acceleration despite the subsequent competition as concerns the utilisation of the obtained results, but, at the same time, these agreements and alliances can also amplify the already existing obstacles when, mainly, the developing countries or those under transition process enter on the world market. In these cases, the national policies and legislation on the competition domain should generate the appropriate conditions so that those who wish to establish themselves on the market to be able to improve their competitiveness in order to overcome the shortcomings gathered due to a late arrival on the market.

► When drawing up a competitive industrial development national policy one should also take into consideration, among other aspects, the globalization impact on competition processes since there are pressures in favor of an „equal weapons“-based competition when enterprises carry international operations on which presumes strengthening the multilateral commercial discipline and its compulsoriness for all countries as well as

the negotiation of rules in new fields of interest, as the industrial and social policies are. In this situation, stands also as an opportunity the regional agreements targeted towards a close integration which wouldn't be possible to be accomplished on a multilateral level in order to allow companies to develop regional production networks.

► Reaching the competitive industrial development objectives implies, on behalf of the countries which chose this top goal, consistent efforts directed towards operational industrial policies so that to allow reaching high efficiency levels (as a result of trade and investment liberalization, of deregulation and privatization) meant, at the same time, not to compromise the accomplishment of major socio-economic objectives. It is also necessary that their access to the world market not to be blocked by anti-competition practices.

Therefore, the main difficulty which should be overcome in order to reach the chosen goal consists of harmonizing the trade and investment liberalization with measures by all means necessary in providing a healthy industrial growth.

Without fetishising the virtues of industrial growth itself, we consider that for Romania it is not acceptable a so called „negative growth“ or „zero growth“ on a medium and long term (as it happened in the last years); this way of calling the dramatic decline of the national industry suggests, actually, the idea of a quality growth under the terms of a quantity decrease. Unfortunately, this phenomenon was far away not the case, no solid modifications being visible in the quality of the national industry structure and so, consequently, „the negative growths“ are nothing but a pretext for attenuating a more and more cruel reality.

As a matter of fact, it is known that the governments of the countries which went beyond the critical point in their national industry evolution managed to find the appropriate ways and to take the adequate measures for making competition (national or international) serve certain development objectives.

As a conclusion, we close by stating, at least in this paper's concept, that the sustainable industrial development implies, among others, an appropriate answer from the na-

tional industries as regards the efficiency for major issues raised by globalization, by the fierce competition as never was before (treated as a state policy), the acute need of generating and maintaining competition in the national and international areas of specializations and by the viable long term development ensured by taking into account the necessity of preserving environment conditions at a level capable to secure the survival for future generations.

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