
Impact of the Influential Factors of Economic Competitiveness upon Romania's West Region Firms

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In today's context, marked by globalization and increasingly wide recognition of interdependencies, competitiveness has become an essential condition for market success. Starting from these considerations, the authors of the present paper intend to forward a research survey related to the impact of the influential factors of economic competitiveness on the firms operating in Romania's West Region, research using a direct study method to grasp the firm managers' perceptions regarding competitiveness factors of influence. The paper ends by presenting several proposals regarding the identification of measures for the economic competitiveness growth, both micro- and macro-economic. Consequently the paper approaches a subject of current interest, which stirs the preoccupation of specialists, governments, mass media and, last but not least, the interest of entrepreneurs, irrespective of their domain of activity.

Keywords: competitiveness; productiveness; firms; Romania

Introduction

The issue of economic competitiveness has constantly been on the public agenda these past years. Competitiveness is a complex concept, intensely debated today by economists and politicians throughout the world, by the press and even by mere citizens.

The first approaches of the competitiveness concept belong to the representatives of the classical school, Adam Smith (1723 - 1790) and David Ricardo (1772 - 1823) – theoreticians of issues such as international trade, formation of external prices or international labor division. [1], [2]

Several decades later, in the mid-19th century, Marxist economists granted an increased attention to the influence of social-political environment upon the economic development.

Obviously, the concept of competitiveness is further developed by other authors such as J. M. Keynes, Francois Perroux, Robert Solow, Joseph Schumpeter, Peter Drucker, Paul Michael Romer, Robert Lucas, Jr., Michael Porter, Nicholas Negroponte etc. [3]

Although the concept of competitiveness is the result of many studies elaborated along hundreds of years, conducted by numerous economists, the definition of competitiveness still remains a controversial matter.

Generically, the concept of competitiveness expresses the capacity of firms, economies or regions to remain in the domestic and external competition and to obtain some economic advantages from it, as competitiveness is the driving force underlying economic efficiency and progress.

The World Economic Forum [4] defines competitiveness as being the set of policies, institutions and factors that determine a country's level of productiveness.

Consequently, competitiveness means productiveness understood as added value, achieved on the basis of a unit of production factor used. It has a dynamic character, and novelties play the part of accelerators for the activity of enterprises, which are forced to abandon inertia and stimulate innovation. [5]

On the other hand, competitiveness may be regarded as the ability of enterprises or countries to design, manufacture and sell goods and services with a series of characteristics (related to prices and to other elements), which make them much more attractive for customers than the goods offered by the other competitors [6]; in other words, competitiveness refers to the set of conditions a merchandise must fulfill in order to ensure its penetration, maintenance and position strengthening on a certain market, in a climate of competition with other similar products.” [7]

Synthesizing the two aforementioned definitions, we may say that in general we understand by competitiveness the ability of an economic entity to overcome “the competition partners” in a certain time horizon as regards the common goals.

Determined mainly as ratio of productiveness against factor costs, price-based competitiveness is reached especially by the advantages of scale economies, while quality-based competitiveness is reached especially by means of niches and product differentiation [8]

Regarded nationally, competitiveness refers to the capacity of a state to create, produce and distribute products and services to the international trade, the gains earned falling within the category of own resources; in other words, competitiveness is the capacity of nations to pass the test of international free market, while increasing real national revenues in the process. [9]

From the previous definitions it is understood that, due to the competition's accenting on the international level, the role played by national economies becomes increasingly important, as competitiveness means the capacity of an economy to produce goods and to provide services able to respond to international competition, in the conditions of a real increase of the internal revenue. And a nation is competitive if the regions it comprises are competitive in their turn.

In this context, regional competitiveness, one of the preoccupations of the EU 2020 Strategy, has become in these past decades one of the most frequently debated topic and the most frequently used key concept in the regional socio-economic analysis.

Regional competitiveness represents the capacity to produce goods and services that satisfy the requirements of the domestic and external market, with the maintenance of a high and sustainable level of economic and social development. [10]

Regarded from a simpler perspective, regional competitiveness may be defined as being the success registered by regions in the competition among them. [11]

On the other hand, Michael Storper [12] describes regional competitiveness as being “the capacity of a region to attract and retain firms that have a stable or growing market share in a certain activity, and also the maintenance of stable or increasing living standards for those involved in it.” Consequently we may affirm that regional competitiveness can be defined as the optimum development capacity of a region, as integrated part of national economy, in accordance with the principles of sustainable development, able to ensure the possibility of reaching a high living standard for its inhabitants.

The main economic-social coordinates of the West Region

Established on October 28th 1998 and including, from the administrative viewpoint, the counties Arad, Caraş-Severin, Hunedoara and Timiş, the West Development Region is one of Romania's eight development regions. The development regions are constituted according to Law no.315/2004; they are not administrative-territorial units and are not legal persons. They were formed “in order to ensure the frame for the elaboration, implementation and assessment of regional development policies.” [13]

The West Region is part of the Fourth Macro region (together with South-West Region Oltenia), as well as part of the DKMT Euro region (Danube – Criş – Mureş – Tisa), which comprises the four counties of the West Region, four counties in Hungary and the autonomous region Vojvodina in Serbia.

The West Region has a surface of 32,034 km² and represents 13.4% of the country's surface. In this region, the county with the largest surface is Timiş (8697 km², 27.15% of the region's area), followed by Caraş-Severin (8520 km², 26.60% of the region's surface). The smallest county when it

comes to surface in the West Region is Hunedoara (7063 km², representing 22,05% of the West Region). Arad county has a surface of 7754 km², which represents 24.20% of the region area.

As for the administrative organization of the territory, the West Region had, on December 31st 2011, 42 towns (of which 12 cities), 281 communes and 1327 villages. The Hunedoara county contains the most numerous towns (14, of which 7 cities), the less numerous communes (55) and the most numerous villages (457). The lowest number of towns is encountered in Caraş-Severin (8, of which 2 cities); in the same county there are 69 communes and 287 villages. Arad and Timiş counties have the same number of towns – 10 (1 city in Arad and 2 in Timiş). Moreover, there are 68 communes and 270 villages in Arad, whereas Timiş has 89 communes and 313 villages. [14]

On July 1st 2011, the population of the West Region numbered 1,910,469 people (Timiş – 679,848, Hunedoara – 457,932, Arad – 454,073, Caraş-Severin – 318,616). [14]

The discrepancies among the West Region counties are apparent not only when it comes to the number of the population and the administrative organization of the territory, but especially as regards the number of companies operating in these counties.

Thus, of the total 51,508 firms in the West Region, almost half are in Timiş county (23,497 firms) and about a quarter in Arad county (12,184 firms). There are 10,366 enterprises in Hunedoara county, whereas Caraş-Severin has only 5,461 firms.

Both in the whole region and in the case of each county, the most numerous firms operate in wholesale and retail commerce and vehicles and motorcycles repair (19,518 firms in the West Region).

A small number of companies deal in the manufacture and supply of electric and heat energy or gases, hot water and air conditioned (49 firms in the region), as well as in extractive industry (175 firms in the region) and private education (organization in the region). [13]

General presentation of the research

As we lack sufficient statistic or representative information for formulating any conclusions regarding the impact of the influential factors of economic competitiveness upon the West Region firms, we conducted, for this purpose, a direct survey research applied to the firms operating in the region.

The research was conducted in the autumn of 2012, relying on a programme comprising the following elements:

- definition of the research purpose;
- elaboration of the research objectives and hypotheses;
- estimation of the value of information acquired from the research;
- selection of the sources of information;
- selection of the modalities of data collection and systematization;
- collection of information;
- processing of information;
- analysis and interpretation of information;
- elaboration of conclusions.

For detailing the previously discussed aspects, we resorted to methods of direct study of the extent to which the influential factors of competitiveness determine the success of firms on the market, methods that are grounded on collecting information directly from the managers of the enterprises.

These direct methods may be classified according to several criteria, the most important being the following [15]:

a) According to the nature of the collected information, we distinguish between:

- qualitative studies;
- quantitative studies.

b) According to the manner of the investigation deployment, the direct studies exhibit the following modalities of realization [16]:

- occasional inquiry;
- panels of consumers, enterprises etc.

Thus, in view of studying different aspects related to the determining factors of a certain process, we may resort both to qualitative research and quantitative research.

The qualitative research methods are generally used for exploring a phenomenon or a process, a less known issue etc., and consist in the collection and analysis of the elements allowing the explanation of the opinions and behaviors of those involved in the studied issues [15].

Since the mid-20th century, the problems related to qualitative research have been approached in relation with the quantitative research that had already acquired a wide recognition, as a result of its successful use in the most diverse fields.” [17]

By means of qualitative research methods researchers will identify certain critical aspects, starting points in the analysis of complex phenomena.

If in the case of qualitative research (exploratory research) we aim at understanding the phenomenon under study, in the case of the quantitative approach – descriptive or causal research – the objective of the research is the quantification of data and generalization of results to the entire statistic community studied. [17]

In this context, as the documentary or qualitative studies are not always sufficient for the full comprehension of the studied issues (the results obtained are in fact mere hypotheses), the validation of the information formulated by means of these techniques will be made by quantitative researches.

Thus, the quantitative techniques can reveal the relations and perhaps the existing (mis) balances between the models constituting a statistic model. The information of this kind is useful in the efforts of reorienting social-economic macro-strategies in the field of the production of goods and services, from the sphere of the import-export policies, price policies, policies related to population's incomes, in the design of certain (micro, macro) strategies on the markets of diverse goods and services etc.

In the case of the present research, considering the research objective, we considered it opportune to conduct a quantitative study,

whereas the choice of the investigation modality was that of an occasional inquiry.

Constituting the sample – selecting the sampling method

The most important feature of the samples used in researches is representativeness [17], because the “unrepresentative samples can lead to erroneous results and at any rate do not offer the possibility of generalization.” [18]

In view of obtaining a sample constituting a representative entity we would make prior decisions related to the correct definition of the studied community, determination of the polling basis, selection of an adequate sampling method etc.

Furthermore, we should also consider other important aspects representativeness [17]:

- the observation units must be clearly defined, distinct, but similar as regards their characteristics and present only once in the sample structure;
- the observation units should be selected objectively and systematically, ensuring the avoidance of errors, influences or distortions.

There are two large categories of sampling methods [17]:

- a) Probabilistic sampling methods – they rely on the principle according to which each element of the studied statistic community has a determinable, equal and non-null probability to be selected as observation unit representativeness.
- b) The empirical sampling methods – are used when the researcher has information allowing him to estimate the selection probability of the components of the studied community and of their inclusion into the sample representativeness.

Thus, these methods rely on a rational choice of the observation units and must respect rules referring either to the features of the studied statistic community, or the place and moment of the inquiry.

The most frequently used un-probabilistic sampling methods are [15]:

- the method of quotas;
- the method of itinerary.

When selecting the sampling methods we must take into account the following factors [15]:

- sampling cost (the probabilistic methods are more expensive than the empirical ones);
- existence and availability of a polling basis, i.e. the “list” of all elements that compose the investigated community;
- the possibility to identify the units from the polling basis, i.e. the persons, groups of persons, companies etc.

Considering all these aspects, we considered it adequate to use the quotas method as sampling method.

The principle of this method – the most frequently used probabilistic sampling method – consists in the building of a reduced model of the studied population, according to their known features [15].

In other words, “the sample must comprise all its elements in the same proportion as the elements of the general community they come from”. [18]

Consequently, this type of sampling implies the necessity to possess certain statistic data related to the investigated community (in this case we used data regarding the number and structure of enterprises in the West Region, using as source the Territorial Statistics 2010, material elaborated by the National Statistics Institute [13]).

In this context, the construction of the sample requires the completion of two stages [15]:

- a) selection of the characteristics which will serve for setting the quotas – in this case, as we speak about enterprises, we choose as characteristic: the domain of activity and the firm's size (the number of employees);
- b) elaboration of the survey plan – taking into account the structure of the investigated statistic community, the sample size and the number of investigators. The choice of the observation units is left to the latitude of the investigators; on condition they rigorously respect the set quotas.

Determining the sample size

The establishment of the sample size is made in different manner, depending on the survey rate [15] - Equation (1).

$$\left(R = \frac{N}{n} \times 100 \right) \quad (1)$$

where:

R = survey rate

N = size of the studied community

n = sample size

- if the survey rate is < 14.3% of N (1/7 of the investigated community), the sample is non-exhaustive;
- if the poll survey is > 14.3% of N, the poll is exhaustive.

In the case of our study, we set on the determination of a non-exhaustive poll, for which the minimum size of the sample is given by the relation [17], [15] - Equation (2).

$$n = \frac{t^2 \times p \times q}{e^2} \quad (2)$$

where:

n = minimum sample size;

t = coefficient associated to the probability of guaranteeing the research results (trust or confidence level or threshold) previously set by the researcher (its value is taken from statistic tables).

p = the non-percentile weight of the sample components that are characterized by a certain attribute, in other words, the frequency of apparition for the studied phenomenon (most of the times the value of p is unknown and is considered to be equal to 0.50, to make dispersion reach its maximum possible value);

q = the non-percentile weight of the sample components that are not characterized by a certain attribute; it is determined with the relation 1- p;

e = the error margin that can be tolerated in research (admitted deviation).

In determining the sample size, we should use all the time a certain error margin, as "samples are rarely perfect miniatures of the universe they are extracted from". [18]

In practice, error margins usually range between ± 1 and $\pm 5\%$, "their establishment remaining, as in the case of the probability of guaranteeing results, at the researchers' latitude". [17]

The error margin to use in research will be of $+4\%$, which will correspond to a trust / confidence threshold of 0.96. Affluent to this trust threshold, the value of the coefficient will be 2.05.

In the case of our study:

$$n = \frac{2,05^2 \times 0,5 \times 0,5}{0,04^2} = \frac{4,2025 \times 0,25}{0,0016} = \frac{1,050625}{0,0016} = 656,64 \approx 657 \text{ companies}$$

The survey rate is calculated and we obtain:

$$R = \frac{51508}{657} \times 100 \approx 7840$$

As $7840 > 14.3\%$ of 51508 (1/7 of the investigated community - N), the sample is indeed exhaustive.

When the survey rate is higher than 14.3% of the investigated community (in our case, N = 51508 companies), the minimum size of the sample is influenced by the size of the investigated community. [15]

Thus, the correct size of the exhaustive sample is determined with the formula:

$$n_c = \frac{n \times N}{n + N}$$

where:

n_c = correct size of the exhaustive sample

n = sample size calculated with the specific formula ($n = t_2 p q / e_2$)

N = size of the investigated community

In the case of the present research,

$$n_c = \frac{657 \times 51508}{657 + 51508} = \frac{33840756}{52165} = 648.73 \approx 649 \text{ firms}$$

Presentation of the sample subjected to the research

In the case of the present research, the main criteria in selecting the observation units were the following:

- I. Firm's domain of activity - 4 levels;
 - industry
 - constructions
 - commerce; repair of motor vehicles and motorcycles
 - other services

- II. Firm's size (according to the number of employees) - 4 levels:
 - micro-enterprise (0-9 employees)
 - small enterprise (10-49 employees)
 - medium enterprise (50-249 employees)
 - big enterprise (250 employees and more)

Additional details:

In the category "other services" we included: production and supply of electrical and heat energy, gases, hot water and air conditioned; water supply, husbandry, waste management, field decontamination activities; transport and storage; hotels and restaurant; information and telecommunications; real estate transactions; scientific and technical professional activities; activities of administrative and support services; activities of education, health and social assistance (only units organised as companies); activities of show business, cultural and recreational; other activities and services.

The observation units are not comprised in the sample randomly, but on the basis of a certain selection procedure, enabling the statistic inference from the values characteristic to the sample to those valid for the entire investigated community. [19]

In order to ensure the sample representativeness, we chose, from among the sampling methods, the method of quotas, the quotas being

calculated based on the data taken from the Territorial Statistics 2010, elaborated by the National Statistics Institute of Romania. [13]

Thus, the questionnaire was applied to the managers of a number of firms from all four counties, as follows: Arad (153 firms), Caraș-Severin (69 firms), Hunedoara (131 firms) and Timiș (296 firms).

Interpretation of the study results

Way in which subjects perceive the institutional environment in Romania

Remark: When assessing the institutional environment we must keep in mind the observance of the right of ownership (including the intellectual one), ethics and corruption, confidence in politicians, traffic of influence, government efficiency, security of individuals and society, ethical behavior of firms etc.

Of all the questioned subjects, 39.14% (29.87% from industry, 43.05% from constructions, 26.94% from commerce and 52.55% from other services) declare that the Romanian institutional environment is extremely inefficient, this idea being preponderantly encountered among the managers of medium enterprises (42.86%).

On the other hand, only 0.62% considers that the institutional environment in our country is very efficient.

We should also mention that 29.89% of the interviewed subjects think that the institutional environment is undergoing a process of deterioration, 16.95% consider that, although on a low level, a certain improvement of the institutional environment is apparent, whereas 13.40% declare that the institutional environment is less efficient.

Respondents' perception about the degree of infrastructure development in our country

Remark: The aspects taken into account are energy and telephone infrastructure and especially transport infrastructure: quality of roads, railways, naval-maritime and air transport infrastructure.

Almost three quarters of the interviewed persons – 73.04% (76.62% in industry, 75.00% in constructions, 70.61% in commerce and 73.72% in other services) – consider that our country's infrastructure is insufficiently developed, both in dimensions and as regards quality, and the managers of big companies are the ones who preponderantly think that.

The lowest percentages (1.85%) were recorded among those who think that infrastructure is at a very high level (0% in industry, 0% in constructions, 3.27% in commerce and 1.57% in the case of other services).

The rest of 25.11% of those interviewed consider that infrastructure in Romania has reached a medium level of development.

Way in which subjects perceive the macroeconomic environment in Romania

Remark: We must refer to inflation, interest rates' gap, governmental budget balance, governmental debt etc.

Most respondents (54.70%) reckon that the macroeconomic environment in Romania exhibits fluctuations and generates a rather reduced level of investments (57.14% from industry, 54, 17% from constructions, 54.29% from commerce and 54.51% from other services), this perception being spread especially among the managers of big enterprises (66.67%).

On the other hand, only 1.23% considers that the macroeconomic environment in our country is stable, favoring thus the incorporation and development of companies.

Furthermore, we should underline that very many respondents (44.07%) claim that the macroeconomic environment in Romania is unstable and does not encourage investments.

Extent to which the exchange rate influences the activity of the companies

More than half of the people questioned – 53.47% (industry 57.14%, constructions 69,45%, commerce 46.94% and other services 54,12%) declare that the fluctuations of the exchange rate does not influence the activity of

their company, in most cases their explanation being that as long as the payment to the suppliers is made in lei, and on the other hand the income earned from the merchandise sales are also in Romanian currency, the fluctuations of the exchange rate do not influence the activity of the firm directly.

The lowest percentages – 12.48% (15.58% in industry, 11.11% in constructions, 7.75% in commerce and 16.47% in other services) were recorded among those who declared that the activity of the firm is advantaged by the appreciation of the main hard currencies (euros, dollars etc.), this situation being encountered especially in the case of big companies that have also an external sales market, as well as in the case of other enterprises which, even if they operate on the domestic market, generally express the results of their activity in the European currency.

We must point out that rather many respondents (34.05%) claim that the activity of the firm they manage is advantaged by the appreciation of the national currency, the main explanation being that the prices they have to pay to suppliers are, in some cases, expressed in euros, and consequently an appreciation of the latter means higher costs for them.

Respondents' perception related to the quality of health services in Romania

Most of the persons questioned (53.77%) consider that the health services in Romania are unsatisfactory and way below the European Union level (58, 44% from industry, 52.78% from constructions, 53.88% from commerce and 52.55% from other services), and this opinion is shared especially by the managers of big companies.

Extremely few (1.08%) are those who declare that health services in our country correspond to the quality standards (0% in industry, 1.39% in constructions, 2.04% in commerce and 0.39% in the case of other services), Moreover, we must remark that 45.15% of the subjects think that health services provided in Romania are in general insufficient and of poor quality.

Subjects' perception about the extent to which education and professional training influence a firm's competitiveness

Most of the interviewed subjects (57.32%) affirm that the training of the employees is crucial for a firm's success (61.04% in industry, 59.72% in constructions, 52.65% in commerce and 60.00% in the case of other services), and we find this opinion especially among the managers of big companies.

On the other hand, only 2.31% consider that in general the personnel qualification is less important for the growth of a firm's efficiency (3.90% in industry, 5.56% in constructions, 3.27% in commerce and 0% in the case of other services).

Furthermore, we remark the relatively high percentage (40.37%) of those who declare that, in their opinion, education and professional training are important, but not decisive for a firm's success on the market.

Way in which respondents perceive the level of academic training offered by the Romanian educational system

The majority of the people questioned (58.86%) consider that the level of university training provided by the Romanian educational system is high from the theoretic viewpoint, but insufficient from the practical perspective (59.74% in industry, 55.56% in constructions, 57.95% in commerce and 60.39% in other services), the highest percentages being recorded in this respect in the case of the answers given by the managers of big enterprises (66.67%), and medium enterprises (64.29%).

Very few subjects (3.54%) declare that in general the knowledge acquired by the graduates meet the labor market requirements (6.49% in industry, 2.78% in constructions, 3.27% in commerce and 3.14% in the case of other services).

Moreover, we must underline that more than one third of the respondents (37.60%) consider that the university training provided by the Romanian educational system is poor and does not meet the requirements formulated by companies.

Respondents' perceptions related to the level of taxes and fees incurred to Romanian firms

Very many (88.13%) claim that taxation is extremely high in Romania and does not encourage the implementation of entrepreneurial activities (88.31% in industry, 87.50% in constructions, 87.76% in commerce and 88.63% in the case of other services). The highest percentages were recorded, in this respect, among those who manage micro-enterprises (90.56%).

At the opposite pole, with only 1.39% (0% in industry, 0% in constructions, 1.22% in commerce and 2.35% in the case of other services), we find the subjects who consider that the level of fees and taxes incurred to Romanian firms is lower than in most EU member states, the smallest number of answers in this category belonging to those managing micro-enterprises and also big companies.

On the other hand, only 10.48% of the interviewed subjects think that in Romania taxation is situated at a moderate level.

Way in which Romania's labor market is characterized

Most of the questioned subjects (61.32%) consider that Romania's labor market is less flexible, the employee-employer relations are not based on co-operation and mutual respect, and the rigidity of employment is rather high (59.74% in industry, 58.33% in constructions, 56.33% in commerce and 67.45% in the case of other services), and this is especially the perception of managers of big and medium companies.

A much smaller number (14.95%) affirm that Romania's labor market is flexible, based on a good co-operation relation between employers and employees, with hiring and firing practices in accordance with the ethical principles (16.88% in industry, 15.28% in constructions, 18.37% in commerce and 10.98% in other services), the lowest percentages being found among managers of big and medium companies.

We have to observe that approximately a quarter of the respondents (23.73%) consider that Romania's labor market is rigid, with authoritative relations dominating the work place and with a low flexibility in setting the wages.

Extent to which financial services influence a firm's competitiveness

Remark: We had in mind transparency and confidence in the banking system, easiness to obtain credits, efficiency of the capital market)

Almost half of the interviewed persons – 49.62% - (54.55% from industry, 52.78% from constructions, 51.02% from commerce and 45.88% from other services) claim that financial services are crucial for a firm's success and those who think that are preponderantly the managers of micro-enterprises (50.18%).

On the other hand, only 2.31% of the respondents (0% from industry, 2.78% from constructions, 2.86% from commerce and 2.35% from other services) consider that financial services are less important in a firm's success; the fewest respondents related to this aspect belong to those who manage micro-enterprises and even more to managers of big companies.

Moreover, we remark that a very high percentage (48.07%) is represented by those who consider that financial services are important, but not decisive for a firm's competitiveness.

Subjects' opinion about the conditions of bank crediting

57.78% of the total sample (63.64% from industry, 55.56% from constructions, 57.14% from commerce and 57.26% from other services) consider that both the manner of crediting and the level of interests to the loans granted do not meet the enterprises' requirements, the highest percentage being represented by the micro-companies managers (60.49%).

On the opposite pole, the lowest percentages were represented by those who declare that financial institutions offer advantageous crediting conditions to firms – 2.62% (2.60% in industry, 1.39% in constructions, 3.27% in commerce and 2.35% in other services), the lowest percentage being encountered among big companies, but also micro-enterprises (1.75%).

We mention that 39.60% of the subjects declare that access to credits is hindered by numerous regulations, but the loans obtained are relatively advantageous.

Subjects' perception regarding the extent to which the market size influences firms' competitiveness

Most subjects, 48.84% (45.45% from industry, 50.00% from constructions, 46.12% from commerce and 52.16% from other services) consider that the firms' development degree largely depends on the market dimension. According to the firms' size, the highest percentage is registered in the case of big enterprises (66.67%).

On the other hand, the lowest percentage, 2.47% (0% in industry, 1.39% in constructions, 2.45% in commerce and 3.53% in other services) is represented by those who declare that the market size does not influence enterprises' competitiveness, the lowest percentages being recorded in the case of big companies and micro-enterprises (1.92%).

We should underline the fact that 48.69% of the respondents consider that firm's competitiveness depends only in a certain degree on the firm's opening towards different markets.

Company's sales market

Almost half of the persons questioned, 47.61% (24.68% from industry, 30.56% from constructions, 52.65% from commerce and 54.51% from other services) declare that their sales market from the activity of the firm they manage is the local market, and in this respect the highest percentages were exhibited by micro-enterprises.

A little over one percent, 1.69% (6.49% in industry, 0% in constructions, 0% in commerce and 2.35% in other services) deal only on external markets and the lowest percentage is represented by micro-enterprises and big companies.

It is important to mention that 29.28% of the companies carry on their activity on the county market, 14.02% on the regional market, 5.40% on the national market and only 2.00%, on the domestic and external markets.

Extent to which companies resort to import-export

The majority of the respondents, 83.37% (71.43% in industry, 88.89% in constructions, 90.20% in commerce and 79.61% in other services) declare that the firm they manage needs action only on the domestic market (does not need imports and / or exports), the highest percentage in this respect being recorded in the case of micro-enterprises (88.99%).

On the other hand, only a few of the people interviewed claim that the deployment of the activity of their companies require exports of economic goods ((2.93%), the lowest number being represented by big companies and micro-enterprises (0.87%).

It should be mentioned that 10.01% of the analyzed companies import economic goods and only 3.39% of them import and export economic goods.

Subjects' perception regarding the competition in their field of activity

63.33% of the entire sample (55.84% from industry, 62.50% from constructions, 71.02% from commerce and 58.43% from other services) consider that competition is very strong, especially from the part of Romanian firms, the highest percentage being represented by micro-enterprises (66.78%).

The lowest percentage was recorded among those who consider that competition is weak (3.08%), i.e. especially big and medium companies. It is to note that 21.11% of the subjects consider that competition is moderate and only 12.48% consider that competition is strong, especially from the part of foreign companies.

Subjects' perception regarding the contribution of information and communication technology to the increase of firms' competitiveness

Remark: In the analysis of the ICT market we shall take into account especially the use of computers and Internet services in the firms' activity.

Almost half of the respondents, 48.07% (41.56% in industry, 47.22% in constructions, 54.70% in commerce and 43.92% in other services) think that the market of information and communication technologies is well developed, but the degree of these technologies' use in economy is reduced, the highest weight being recorded in the case of big companies.

At the opposite pole, 22.34% of the sample (25.97% from industry, 26.39% from constructions, 19.18% from commerce and 23.14% from other services) consider that the ICT market is well developed and brings its contribution to the economic development, the least answers being registered among big firms and micro-enterprises (21.15%).

We must point out that a little under one third (29.59%) of the subjects claim that the market of information and communication technology is insufficiently developed, compared to most EU member states.

Extent to which Romanian firms make appeal to complex and modern business processes

Remark: Complex and modern business processes refer to the use of professional management, willingness to delegate authority, application of marketing and computerized techniques (especially online transactions), manufacture of unique and sophisticated products etc.

Most subjects, 49.15% (54.55% in industry, 51.39% in constructions, 43.53% in commerce and 49.41% in other services) affirm that, although the importance of modern business methods is well known, Romanian firms rarely resort to them, because of high costs and insufficient information in the field. According to the size of the enterprises, the highest percentages were registered in the case of big companies and micro-enterprises (50.00%).

On the other hand, only 15.72% of the sample (16.88% in industry, 19.44% in constructions, 18.78% in commerce and 11.37% in other services) declare that Romanian companies are very receptive to modern business methods, the lowest percentages being recorded for big companies and micro-enterprises (13.99%). Moreover, we must remark that a little over one third (35.13%) of the respondents think that Romanian firms are in general conservative and prefer traditional business methods.

Subjects' perception related to the quality of goods and services provided by the suppliers with whom they collaborate

Almost half of the subjects, 49.62% (53.25% from industry, 59.72% from constructions, 52.24% from commerce and 43.14% from other services) consider that the goods and services provided by the suppliers with whom they co-operate are of very good quality, and this opinion is shared especially by the managers of big companies (66.67%).

Only 3.85% of the people interviewed affirm that the goods and services from the collaborator suppliers are of poor quality, opinion encountered especially among the managers of medium and big enterprises (0%).

A rather high percentage of the sample (46.53%) considers that the suppliers with whom they collaborate offer them goods and services of medium quality.

Scope of the activity of suppliers with whom the firms collaborate

One third of the respondents, 33.44% (25.97% from industry, 34.72% from constructions, 37.55% from commerce and 31.37% from other services) declare that the suppliers with whom they collaborate are suppliers operating nationally, and this assertion is encountered preponderantly among the managers of small enterprises (46.67%).

There are few companies collaborating only with foreign suppliers, i.e. 3.69% (2.60% in industry, 2.78% in constructions, 2.86% in commerce and 5.10 % in other services), aspect encountered especially in the case of big companies and micro-enterprises (2.80%).

High percentages were also represented by those who collaborate with local suppliers (23.27%), those who co-operate with suppliers who operate regionally (29.43%), and lower percentages were represented by those who collaborate with suppliers operating both nationally and internationally (10.17%).

Subjects' perception regarding the role of innovation in the activity of Romanian entrepreneurs

Remark: We take into account the firms' capacity of innovation, their expenditure for research and development, collaboration between universities and enterprises in the field of research and development, public acquisitions of advanced technology products, quality of the scientific research institutions.

A little over half of the interviewed subjects, 53.93% (55.84% from industry, 56.95% from constructions, 59.18% from commerce and 47.45% from other services) affirm that Romanian entrepreneurs are aware of the importance of innovation, but rarely resort to it, the highest percentages of this answer being represented by medium firms (57.14%) and big companies (100%).

At the opposite pole we find those who claim that innovation is very much present in the activity of Romanian entrepreneurs – 12.02% (15.59% from industry, 9.72% from constructions, 9.80% from commerce, 13.73% from other services). As for the firm's size, the lowest percentages were recorded among big companies.

Approximately one third (34.05%) of the subjects declare that Romanian firms very rarely resort to innovation, and make appeal to imitation instead.

Conclusions

Representing the extent to which, in free market conditions, a nation is capable of producing goods and services that can be successfully launched on international markets, contributing thus to the growth of its citizens' living standard, competitiveness is a challenge that applies not only in the case of nations, but also to each of the stakeholders of national economies.

Competitiveness is generated micro-economically, and sustainable prosperity is created by companies. Consequently, the quality of the business environment is a fundamental factor, but it is supported and consolidated on the macroeconomic level, competitiveness being expressed at the same time by a country's capacity to maintain, at least in the medium

run, high rates of economic growth and employment, all these resulting, in the long run, in the growth of population's wellbeing.

Indeed, as M. Manoilescu [20] puts it "competitiveness of firms, as well as of nations, is reflected in the living standards, attraction of foreign investments, productiveness growth, added value; in a global competition, you may live on strawberries picking or software output, but it is obvious that you live better from software development."

Under the circumstances brought about by Romania's integration into the European Union, the issue of increasing firms' competitiveness must become a priority for Romania's economy, which supposes the elaboration and application of clear strategies, both on the micro- and macroeconomic levels.

After having conducted this research, we remark that most firm managers in Romania's West Region consider that the institutional environment in our country is inefficient, the infrastructure is insufficiently developed both in size and quality, the macroeconomic environment exhibits fluctuations and generates a lower level of investments, the health services are unsatisfactory and way below the European Union standards.

Furthermore, most managers of the companies operating in Romania's West Region are aware that the employee's training is crucial for the success of a firm and consider that the level of academic training provided by the Romanian educational system is high in the theoretic section but insufficient when it comes to practice.

Furthermore, it is considered that in Romania taxation is very high and does not encourage the operation of entrepreneurial activities, the labor market is less flexible, the relations between employers and employees are not based on co-operation and mutual respect, the rigidity of employment is rather high.

Moreover, most managers of the firms from Romania's West Region claim that the financial services are very important for a firm's success, but in most cases both the manner of crediting and the level of interest to the loans granted do not satisfy the enterprises' requirements and needs. It is considered that in Romania the market of information and communication technology is well developed, but the degree of these

technologies' use in economy is still rather low. On the other hand, most managers affirm that Romanian entrepreneurs are aware of the importance of innovation, but rarely resort to it.

Consequently, the main problems generally challenging Romanian firms are access to financing, poor infrastructure, excessive bureaucracy, high taxation rates, fiscal regulations, political instability, restrictive regulations related to labor force, inadequate education of labor force, poverty of health system etc.

In this context, we must identify efficient modalities to increase economic competitiveness both on the firm's level and on the regional and national level.

The growth of the capacity to absorb European funds, by writing viable projects, will trigger positive effects both on the micro- and macro-economic levels, as these funds are the premise for the realization of a viable infrastructure, and for the revival of some domains by technical refurbishment, environment investments etc.

On the other hand, the motivation of choosing direct foreign investments, as promoters of competitiveness, is related to their capacity to influence convergence of revenues, of productiveness and eventually of economic competitiveness throughout the country. In this respect, we may forward the following aspects regarding direct foreign investments:

- they have the capacity to increase the capital stock of economy, productiveness and revenues of the regions where the investments have been implemented;
- they determine the increase of the employment rate, as a result of the new investments;
- they represent an access way to new technologies (if a technology transfer is intended between the mother country and the host country), with direct effect upon national economy;

Consequently, the role played by direct foreign investments in an economy is extremely important, as they become "the most important means for attracting intangible resources, such as technology, know-how, expertise, managerial experience." [21]

Moreover, besides attracting European funds and direct foreign investment, we should keep in mind a series of further goals:

- improvement of legislation and regulations in the domain of entrepreneurial activities;
- development of a basis for entrepreneurial and innovative businesses by investments in products with high added value;
- establishment of economic-financial measures able to allow investments in conditions of efficiency;
- building close connections between research-development activities, their application in economy and promotion of innovative sectors based on research activity;
- attracting and valuing the competence of specialists in different branches of economy;
- enhancement of management quality, both in the private and in the public sectors;
- large-scale use of ICT technologies;
- elimination of deficiencies existing in industrial activities which use obsolete technologies affecting the environment and consuming a lot of energy;
- increasing the efficiency and sustainable development of the energetic system, as factor of competitiveness.

Future policies should also lay the stress on the development of infrastructure, as an essential condition for the competitiveness growth, on the development of public-private partnership for the valuing of research-development-innovation activities, on ensuring an optimum rate of structural funds absorption, on the development of human resources by lifelong education, on the stimulation of professional education, technical and high education in science and technology, on the development of the research-development-innovation sector by stimulating fiscal measures, but also by a good co-ordination of sector and horizontal policies.

Furthermore, following the studies conducted, it is obvious that there are opportunities for the growth of Romania's economic competitiveness. Thus, by ensuring a very stable environment from the economic viewpoint, by attracting direct foreign investments, by absorbing

European funds, by developing infrastructure and especially the transport elements, by improving the research-development-innovation activities, by enhancing management quality both in the private and in the public sectors, by increasing the interest for a series of domains with potential – such as tourism, for instance - we will succeed in finding the true key to future development.

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