

---

## The Development of Economic Competitiveness Based on Knowledge

**Author:** Loredana - Maria Paunescu, Petroleum & Gas University, Romania, loredana.paunescu@yahoo.com

---

*This analysis has as starting points some economic theories that must be taken into account, such as: the need for a convergence with the European economic field - the recovery field gaps by increasing the economic competitiveness and the development of competitive economic advantages; the convergence on medium and long terms -the need for a knowledge-based economy and the sustainable economic growth and improvement of the standards of living of the population as determined by the development of competitiveness of economy in the context of the single global market. The study also presents general and specific objectives and strategies for overcoming the gaps in the economic field.*

**Keywords:** economic growth; globalization; competitiveness; potential accessibility; global market; strategy; objectives.

---

### Economic growth

The dynamic nature of the development and implementation of policies and legislation of the European Union show that the performance in the socio-economic development cannot be achieved in any other way than

in the political, legislative and administrative environment that allows the achievement of goals and maximizes the results.

Romania's accession to EU calls for its transformation into a competitive, dynamic country in the context in which the European Union has set certain global goals. The key factor in determining economic growth under conditions of the full entry into a market dominated by the powerful forces of competition is raising economic competitiveness. In addition, the development of competitive economic advantages must be a constant process, which takes into account the European trends and the process of globalization as a whole. Therefore, competitiveness should not be seen as a process of exploiting short-term benefits (e.g. reduced cost of labour), but as a process of building an economic structure based on capital investment and innovative - research - development processes. In other words, the articulation of convergence angles on the medium and long term needs to consider the development of a knowledge-based economy [1].

## **Competitiveness of the economy**

Sustainable economic growth and the improvement of the standard of living of the population, are determined by the development of the competitiveness of the economy in the context of the global challenges (globalization of the economy, opening international markets, rapid technological change), challenges that must be turned into opportunities for the Romanian economy.

Since joining the EU, Romania follows the development of convergence with the European economic area, both at a nominal and real level. This process of recovery of gaps requires that, in the 2007-2013 period, Romania needs to have high economic rates, while maintaining stable macroeconomic balances.

In order to achieve all the economic goals regarding the development of the economic competitiveness at an international level, Romania has to obtain certain strategic objectives, such as:

a) the general objective:

Increasing productivity of the Romanian enterprises for bridging the gap toward productivity average at Union level it aims at generating up to 2015 the average productivity growth. 5.5% annually, allowing Romania to reach a level of around 55% of the EU average. From the analysis of the current situation, it is an unfavorable situation, several factors influencing competitiveness. Despite progress in privatization and regulation of the financial sector to improve access to capital for companies is still very limited.

b) the specific objectives:

- The contribution of SMES to GDP growth by 20% till 2015.
- Increasing the value of the total expenditure of C-D to 3% of GDP in 2015.
- Increasing number of enterprises using the Internet (access to on-line services) from 19% in 2003 to 55% in 2015.
- Primary energy intensity reduction by 40% until 2015, compared to 2001.
- The use of technologies and of the necessary equipment with a duration for the life period exceeded, energy-intensive drastically reduce productivity in most industrial sectors.

The SME sector is perhaps the most affected, with a structure that denotes a low orientation towards the productive activities, as can be seen from the analysis of the current situation. Despite the viewings, the share of SMEs in GDP is still insufficient, being necessary both to increase the quantity and quality of the SME sector. SME access to capital, technology and infrastructure is low, well below the level that would allow the exercise of vital role of SMEs in strengthening economic competitiveness through flexibility with introducing innovative processes and adaptability to market requirements.

The competitiveness of an economy relies on the efficient consumption of energy resources and energy. Described in this context there should be given special importance in the production, transportation, distribution and efficient use of energy. Romania is

characterized by an extremely high energy intensity compared not only with the EU average but also with the former Communist countries media in the region. Furthermore, comparative analysis of competitiveness indicators shows that energy intensity represent a factor of competitiveness with the largest gap towards the countries of the European Union. This gap can be a major handicap for the competitiveness of the national economy, especially regarding the gradual increase in energy prices and their alignment to the European ones<sup>1</sup>.

In this context, the economic competitiveness is determined by:

- the involvement of urban centers in the creative and innovative use of national potential, to form a hierarchical system of poly development areas by concentrating certain combinations of products and services are competitive or likely to become competitive (IT services, financial, creative industries, environmental services, personalized services, tourism, etc.) along with the development of accessibility resources in education and research and innovation, infrastructure, quality of the environment and quality of life[6];
- realization of an integrated system of national potential and accessibility by establishing interconnections between elements of the polycentric system;
- the use of research and innovation potential, and in particular the academic centers, which become promoters of innovative activity and offering multiple opportunities and chances for professional development as a factor of stabilization of the local workforce and attracting highly skilled labor force;
- development and promotion of tourism by capitalizing on the natural and cultural heritage and focusing on the natural and cultural landscape. At the same time, tourist development will

---

<sup>1</sup> Planul National de Dezvoltare 2007 – 2013, Guvernul Romaniei, decembrie 2005, 246

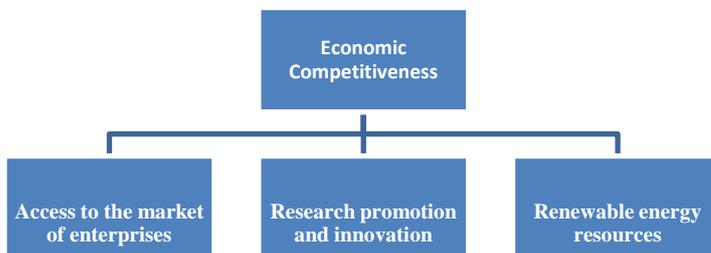
follow the national plan for landscaping (travel section), targeting creative managing natural landscapes and cultural heritage of the countryside;

- establishing connections at a higher scale, at territorial levels by stimulating the emergence and consolidation of economic clusters[4].

## Economic strategies

There are needed some strategies to increase the economic competitiveness such as:

1. Improving competitiveness by improving access to the market of enterprises, especially small and medium ones;
2. the development of the knowledge-based economy by promoting research and innovation and accelerate the development of the information society;
3. Improving energy efficiency and using renewable energy resources;



**Figure 1:** Economic Competitiveness (Source: The Author)

The attention should be drawn on ensuring territorial cohesion that results in long-term balanced economic development and rising living

standards. In the medium term a policy geared exclusively towards balancing the space economically strong areas would result in weakening and, therefore, it is necessary to assess, the selection and prioritizing investment options taking into account the mix of optimal combinations/competitive activities, the existence of the facilities and services required for the functioning of the magnetic poles of development, accessibility checking, existing facilities on the preparation of human resources, offer the necessary courses and units and their functional compatibilities[3].

## Conclusions

Thus, the economic growth should be based on avoiding the overproduction crisis (both in the field of goods and services), and is required as the development to production, absorption and, implicitly, of human resources, both inside and outside the territory of our country. Also, the development should avoid crises whose intensity can affect the population or the relations between different states.

## References

- [1] Albu, Mădălina, *Integrating Environment Component in Economical and Technical Decisions - Proceedings of the 5th International Conference on Applied Economics, Business and Development (AEBD '13): "Recent Research in Applied Economics and Management, vol II, August 27-29, Chania, Crete Island, Greece (ISBN: 978-960-474-324-7), p. 186-191;*
- [2] Okita, Saburo, (1992), *Cu fața spre secolul 21, Ager-Economistul-RAI, București;*
- [3] Olteanu, Ioniță, (1981), *Limitele progresului și progresele limitelor, Ed. Politică, București;*
- [4] Perț, S., (1994), *Flexibilitatea pieței muncii: motivație, tipologie, aplicații, CIDE, București;Platon,*

- 
- [5] Victor, (1997), *Protecția mediului și dezvoltarea economică*, Ed. Didactică și Pedagogică, București;
  - [6] Pohoăță, Ion, (2003), *Filosofia economică și politica dezvoltării durabile*, Ed. Economică, București
  - [7] Pop, L., M.(coord.), (2002) *Dicționar de Politici Sociale*, Editura Expert, București;
  - [8] Popescu, Constanta, *Economie*, Ed. Bibliotheca, Targoviste, 2009;
  - [9] Popescu, C., Ciucur, D., Popescu, I., (1996), *Tranziția la economia umană*, Ed. Economică, București;
  - [10] Popescu, M., *Globalizarea și dezvoltarea trivalentă*, Ed. Expert, București.