COMPETITIVENESS OF SMES

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Abstract
The main reason for addressing competitiveness at SMEs level is that, ultimately, the meso or macro level competitiveness is generated at the enterprises level, the main actors of economic life. It is one of the most used levels of analysis in the literature, due to the special interest shown by companies in their competitive assessment of the situation by referring to direct competitors, using tools that easily lends itself to comparisons between companies (benchmarking is one of the most used systems), particularity of the comparison, using quantitative indicators widely accepted and easily comparable - the profit, market share etc.
Keywords: SMEs, Competiveness, Competitive advantage.

1. INTRODUCTION

In the current literature usually is considered that small and medium -sized enterprises (SMEs) sector contributes significantly to the economic growth of any country, ranging from 80 (Jutla et al., 2002). Also, they employ a high percentage of available workforce, and it is the sector that generates the greater opportunities for employment (Singh et al., 2010). Considering its significance and impact, discussing their competitiveness is equally important for scholars or entrepreneurs.

Competitiveness is a complex concept, long debated by economists worldwide. Causes of this intense interest on competitiveness are, in our opinion, the following:

- Intrinsic relationship between competitiveness, sustainable development, standard of living, productivity, economic growth and poverty eradication;
- Emergence of competitiveness as a distinct field of economic science, which begins to crystallize and individualize at the conceptual level and produce specific instruments.

Unfortunately, competitiveness is not the beneficiary of a cohesive theoretical structure, widely accepted by researchers and experts in the field, in spite of intense debate on the subject. It can be appreciated that currently there is no accepted definition of it nor the majority of scholars has not yet developed a comprehensive model to formalize its content (Aiginger 2005, Pfaffermayr, 2003).

The main causes of this situation are the following:

a. The multitude of variables that determine competitiveness, which is reflected in a wide range of different meanings of the concept by specialists, hence the heterogeneity of its definition. The approaches often focus on one dimension of competitiveness, which is a flaw, in our view. Heterogeneity variables that influence competitiveness, both at company level and by industry or at national level is reflected in the definitions, approaches and methodologies for evaluating the competitiveness, some being simplistic, considering only a limited number of factors, other highly complex and comprehensive.

b. Existence of different views regarding the approach to competitiveness. The scientific community is divided, meaning that part of it deemed adequate and rational to use the concept of competitiveness at company level only, while other specialists consider that for industries or nations it can be applicable also. A distinct group of researchers (Mukund 2006, Camagni, 2002) argue that the region is the entity that would be best suited to analyze competitiveness. A recent trend is to consider international economic blocks (such as the EU, NAFTA, ASEAN, etc.) as the unit of analysis of competitiveness. Finally, some (Dong-Sung & Hwy-Chang, 2000) suggested approaches to determine ways to increase global competitiveness of the whole world economy, considering the increasing trend of globalization. Nevertheless, globalization, competition, competitive advantage, excellence and strategic development are keywords in management studies in the last years (Babalac, 2013; Corbos, 2011; Corbos and Popescu, 2012; Georgescu, 2013; Plumb and Zamfir, 2008, 2011; Popescu and Corbos, 2009, 2010; Verboncu, 2011, 2013; Zamfir, 2010, 2011).

The explanation of these views addressing competitiveness lies in scholars' point of view. The first point of view is shared by those who understands competitiveness through the creation, sustainability and development of competitive advantage. From this perspective competitiveness is the prerogative of the company. A number of specialists, including M. Porter and P. Krugman, tend to be supporters of the first approach. Porter states that "the only meaningful concept of competitiveness at the national level is national productivity" and even more, stresses that a country can not be "competitive in all industries". On the other hand, if we consider the possibilities of measurement and dispersion effects, then the other levels can be subject to competitive analysis.

Considered a feature that allows SMEs to withstand competition in a particular sector, competitiveness is a way to pressure and control over performance parameters evolution of the business. The level of competitiveness of the company is decisively influenced by two main factors of competitive environment: customers and competitors.

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According to various specialists, there are four views on competitiveness at SMEs level:

- Traditional view (cost-driven), which aims to reduce costs. The actions are focusing on the most profitable areas of activity, the transfer of production capacity to countries with cheap labor, economies of scale, etc. Not infrequently, costs are reduced to the detriment business's ability to respond to changes in the environment, so flexibility is reduced.
- Classical vision (marketing-driven), which is a combination of traditional vision enhanced by marketing foresight elements. It is based on expectations on the market reaction, which increases the resilience of the business compared to its predecessor, which only consider the market response.
- Modern vision (time-driven), which assumes that market requirements will change significantly in the foreseeable future. This vision is based on minimizing the time to adjust production of goods or services to the rapidly changing market requirements. Time is seen as a concrete resource, but also as an economic indicator as important as quality indicators, production costs, etc.
- Post-modern vision (Globalisation-driven), which considers the substantive changes that globalization induce to economic relations on a global scale, impact not only on market mechanisms, but also on the mechanisms of production and performance.

According to World Economic Forum (Global Competitiveness Report, 1996) competitiveness is a country's ability to achieve sustainable high growth rates of GDP / capita.

Feurer and Chaharbaghi (Feurer &Chaharbaghi, 1994) believes that competitiveness is relative and not absolute. It depends on the values of shareholders and customers, financial strengths that determine the ability to act and react in the competitive environment and the potential of people and technology necessary to implement strategic changes. Competitiveness can be sustained only if an appropriate balance is maintained between these factors.

Ciampi Group (Competitiveness Advisory Group, 1995) considers that always competitiveness implies elements of productivity, efficiency and profitability. But this is not an end in itself or a target, but a very important way to achieve increase in living standards and social welfare, a tool for achieving the targets. Global, through increased productivity and efficiency in the context of international specialization, competitiveness provides the basis for growth of household income in a non inflationary way. The same group says in another report by the Presidency of the European Commission (Competitiveness Advisory Group (1995) ,that competitiveness should be seen as a key way to increase living standards, provide employment for the unemployed and eradicate poverty.

US Competitiveness Policy Council defines competitiveness as the ability to produce goods and services that meet the requirements of international markets, concurently with an increasing standard of living, sustainable in the long term.

In an OECD study (Industrial Competitiveness: Benchmarking Business Environments în the Global Economy, OECD, 1996) competitiveness refers to support skills of companies, industries, regions, nations and supranational regions to generate high levels of income and employment, while being subject to international competition.

In the view of the Institute for Management and Development, competitiveness lies in a country's ability to create added value, thus increasing national wealth through efficient management of the following bivalent relations: processes and products; attractiveness and aggressiveness; globality and proximity; social cohesion and taking risks (World Competitiveness Report, IMD, 1999).

Kirsty Hugues (Hugues 1993) states that can be identified at least two main approaches to the concept:

- A first approach to competitiveness as an issue of relative efficiency, static or dynamic. This can be quantified on the basis of the levels of performance.
- The second approach sees competitiveness as a reflection of performance in international trade (measured either in the form of market shares on export markets or in the form of import penetration).

Another definition of OECD deals with competitiveness as "the ability of companies, sectors, regions, states or supranational bodies, under international competition, to sustainable ensure relatively high income from the capitalization of the factors of production, and higher income from capitalization of labor (Annual Competitiveness Report, OECD, 1999). This definition highlights the crucial impact that the competitiveness of a nation has on income and living standards, focusing on the social finality of it.

A group of Romanian specialists coordinated by C. Mereuţă defines competitiveness as "the ability of a nation, measured by comparison with other nations, to form an economically, socially and politically environment to support accelerated creation of added value" (C. Mereuţă, 1998). The same group believes that a key role in achieving competitiveness plays demographic and social system.

A report by the Institute for International Economics in Vienna operates distinction between macro competitiveness and industrial competitiveness (Havlik, Landesmann, Stehrer, 2001). From this perspective, industrial competitiveness approach focuses on specific features of supply, grouped into

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two categories: cost and quality. Cost based competitiveness is the result of two components - the productivity and production factors' prices - while other related variables (such as investment and organization) is also relevant. Quality based competitiveness is given by profitability while maintaining unchanged or relatively small increase in costs. According to US Department of Energy, industrial competitiveness as the ability of a company or industry to meet the challenges of foreign competition.

2. DISCUSSION

Competitiveness is a multidimensional concept. In our opinion, it is determined by:

- Resources (endogenous);
- Processes using resources (endogenous);
- Environmental factors that significantly affect functionality and competitiveness of (exogenous).

2.1. Resources

In any system there and interact 4 categories of resources - human, informational, technical and financial. Each of these resources, through size, components and characteristics influence SMEs competitiveness. Over or under-sizing of certain categories of resources, the effectiveness and harmonization with other resources, impacting directly and substantially on the functionality of the business and its competitiveness.

At the micro level, human resources influences competitiveness through: quality of products and services provided, the ability to generate added value, quality management practices, attitudes towards new organizational culture etc. Meso and macro level, human resource competitiveness through its mark on the social and professional (a larger number of people with higher education provides favorable conditions for increasing competitiveness at sectorial or national economy), the competence, the share of employed, active population, birth and mortality rates etc. Under the influence of the internationalization process and the transition to a knowledge-based economy, new types of employees - knowledge brokers, intermediaries of knowledge, knowledge managers etc emerge.

Informational resources and knowledge consists at micro level of elements such as existing know-how within the SMEs: technical form of patents and inventions; economic information, particularly on the market; managerial decision-making process; legal aspects etc. At the meso and macro levels, amplifying the importance of information resources is linked to processes such as the broad dissemination of informatics, telecommunications expansion, personalization information on the requirements of the beneficiaries, expanding the Internet and distributed computing etc. Worldwide, knowledge revolution is a determinant of the internationalization process. Informational resources and knowledge resources, together with the human, have a decisive role in achieving competitiveness in the new economy, one based on knowledge.

Technical and material resources face a contradictory process. On the one hand, are in a process of diminishing relative impact of the changeover in the knowledge economy, the emphasis is placed not on classical factors of production, from which part of these resources, but the intangible elements - capital knowledge, intellectual capital, etc. On the other hand, economic growth in some areas of demand for raw materials, while reducing accelerated their sources lead to a reconsideration of the role of certain resources - such as, for example, oil - meaning a gain importance and impact on competitiveness . As Porter notes, a company access to rare resources is an important element in achieving competitive advantage.

According to O. Nicolescu and L. Nicolescu, main coordinates of material and technical resources developments at the micro level can be summarized in:

- Automation;
- Computerization;
- Raw materials evolved;
- Miniaturization;
- Flexibility.

Naturally, these developments are found in partially different forms at meso and macro level.

Financial resources have been and are considered key resources of any economic system, because without them entrepreneurs can not finance their activities and implementation of business plans. The ability to provide the necessary funds for the development of processes and system activities is considered as a prerequisite for obtaining competitiveness. On a microeconomic level, targeting financial resources from various sources - their own or borrowed attracted - to achieve those objectives is essential. At meso and macro level, this is reflected in the funds allocated to support SMEs sector, the size of investments in the national economy and indirect FDI in an industry or the overall economy, the volume of loans contracted at both internally and internationally etc.

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2.2. Organisational processes

To achieve the objectives, each system uses economic resources available to processes and link:

- Research - which generates new technical, economic, managerial, etc;
- Commercial - by purchasing, sales, marketing;
- Production / operating - through the productive processes, in order to obtain goods or services;
- Personnel - the personnel system through complex actions, to motivate, development etc;
- Financial - as assurance processes and use of monetary resources.

2.3. Environmental elements

Supra-systems in which each economic system directly and indirectly influence its results. The main contextual influences can be grouped according to their nature into several categories of variables: economic, technical, managerial, demographic, cultural, scientific, psycho-sociological, educational, environmental, legal, and political.

Categories of items mentioned - endogenous and exogenous - have different characteristics depending on the system involved. As a rule, scale and intensity increase with the scope, the order being micro - meso - macro - mondo system.

Consequently, the complexity and difficulty of understanding, procurement and enhance the competitiveness grow with the system to which it relates. As a result, requires differentiated approach that takes into account the multidimensional nature of competitiveness.

3. CONCLUSIONS

It is important to review the competitiveness of SMEs (Gorynia, 2005) in terms of approach, considered items and importance. Nowadays exists in relevant literature mixed results in terms of measurement of competitiveness, as for some researchers competitiveness is the capability for good performance (Garengo et al., 2005), for others implies creation and sustainability of competitive advantage sources (Lagace & Bourgault, 2003). Other specialists focus on trade performance and trade terms (Arndt, 1993), for some others labor costs and the growth of GDP are most important (Rao & Lampriere, 1992).

So many competitiveness measurements used by scholars gave an idea of the complexity of the concept and variations in its measurement.

One of the studies that analyze SMEs competitiveness is developed by Ezeala-Harrison (2005), who considers that competitiveness can be measured by several items: 1) nature of competitive advantage, 2) business capacity for innovation, 3) the brand extension, 4) restriction of the regulations of the environment, 5) quality in the education of science 6) quality in the education system, and 7) access to credit.

According to Kadocsa, (Kadocsa, 2006), the factors influencing competitiveness of European SME-s can be divided into two groups: a. External factors, such as employment, productivity, capital supply opportunities, globalisation, European Union, business relations, alliances and networks b. Internal factors, such as marketing, innovation, productivity, knowledge-based development, capital supply management, organisation, structure, cost-efficiency and compliance

An important concern of specialists in the field was to identify the sources of competitiveness. Some authors have treated their work capabilities and specific resources that can contribute to achieving sustainable competitive advantage. For example, J. Barney says that not all resources companies is a potential source of sustainable competitive advantage; four of these are attributes of rarity, value, unable to be copied and unable to be substituted. Similarly, S. and R. Morgan Hunt propose a classification of these potential sources of competitive advantage: financial, material, human, legal, organizational, informational and relational. Prahalad and Hamel G. C. suggests combining expertise and resources in a sustainable way to achieve unique and superior performance. Combining resources in such a manner, companies can focus on coordinating the efforts of employees to increase specific performance. S. Bharadwaj and J. Fahy addressed the specificity and uniqueness of combining skills and resources in the service and concluded that as the complexity and specialization required to maintain the assets are higher, the importance of innovation as a source of competitive advantage It becomes more pronounced. They propose promoting the brand as an important source of competitive advantage in services, especially the level of service is a significant proportion intangible, since it increases the need for customers to reduce or even eliminate the risk perception. Particular attention in getting lasting competitive advantage should be given to intangible assets. These resources can contribute a significant proportion to the generation of value and subsequently achieve competitive advantage. R. Srivastava defines intangible assets related to the relationship with the market in two primary types: relational and intellectual. Relational assets are those that reflect the links between the company and its customers and / or channels of distribution. Examples of such assets may be the company's image or business relationship that allows the company to work closely with the

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customer to obtain a product of high quality and fidelity. An example of an intangible asset can be considered knowledge system owned by company employees regarding the needs, tastes and preferences of customers. Both types of intangible assets related to the relationship with the external market focus involves a company to its customers and the distribution channels. As far as they are rare, unique, valuable and difficult to imitate, these assets represent an important source of competitive advantage.

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Particular attention should be given to intangible assets. These resources can contribute a significant proportion to the generation of value and subsequently to SMEs competitiveness. R. Srivastava defines intangible assets related to the relationship with the market in two primary types: relational and intellectual. Relational assets are those that reflect the links between the company and its customers and / or channels of distribution. Examples of such assets may be the company's image or business relationship that allows the company to work closely with the customer to obtain a product of high quality and fidelity. An example of an intangible asset can be considered knowledge system owned by employees regarding the needs, tastes and preferences of customers. Both types of intangible assets related to the relationship with the external market focus involves a company to its customers and the distribution channels. As far as they are rare, unique, valuable and difficult to imitate, these assets represent an important source of competitive advantage.

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