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THE DETERMINANTS OF THE NATIONAL ECONOMY COMPETITIVENESS

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The competitiveness of the national economy is a complex and synthetic feature of the economy, which individualizes the state of the national economy and determines its stable and secure position in the world economy. The competitiveness of the national economy is determined by a wide variety of characteristics and determinants. More and more, the level of competitiveness of the national economy is conditioned by the factors that determine the degree of human capital development. Generally, the human capital refers to the stock of skills and knowledge incorporated in the workforce, which can help to increase production and the competitiveness of the national economy.

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The concept of competitiveness, being widely discussed in various papers and approached by many scholars, is complex and, as any modern economic phenomenon, is in a permanent refinement in order to formulate the factors that determine it, the indicators that measure it and methods of enhancing it. Often competitiveness is identified with such concepts such as: productivity, profitability, trade balance surplus etc. But this is an incorrect approach, competitiveness being a much broader and more complex concept. Its misunderstanding creates loopholes in its calculation methodology. At the same time, it is very important to understand its essence to determine the factors that determine it and hence the intervention levers to be used by the national authorities, as well as the private sector in maintaining and enhancing competitiveness.

Being generally defined as an ability to generate wealth or income, or as an ability to achieve economic growth, is an aspect that deserves to be studied thoroughly at the enterprise level, as well as at the national level. We can say that competitiveness is the ability of companies, sectors, regions to compete internationally, to consistently ensure a relatively high income from capitalizing on factors of production as well as a higher income from the workforce, but talking about the competitiveness of a nation, it represents the level at which a country, under the conditions of the free and fair market produces goods and services that respond to the tastes of the international market, which simultaneously maintain and increase the real income of the population in the long run.

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The competitiveness of the national economy has become a fundamental problem of economic policies in the conditions of globalization. In the contemporary world, the competitiveness of the national economy is determined by a wide variety of characteristics and determinants. Developed and competitive countries have advanced levels of income and output *per capita*, as well as a high total productivity of factors. The degree of technology development is considered a determinant of total productivity of production factors. The importance of technological innovation for the efficient development of the national economy has been recognized by Schumpeter's research in 1934-1939. Simon Kuznets, who has thoroughly studied the welfare of countries, also identifies technologies as a decisive factor in the prosperity of the national economy. We can assert with certainty that since the second half of the nineteenth century, the major source of economic growth in developed countries was technology based on science, electricity, electronics, nuclear physics, biology. The impact of new technologies on the competitiveness of the national economy is determined by the innovation processes carried out in the country. In economists' research, as well as in the reports of most international organizations, it is noted that underdeveloped countries are relatively more dependent on the transfer and implementation of foreign technologies than the innovation and implementation of indigenous technologies. Effective technology deployment involves both the acquisition of technologies by new users and the process of extending the use of technologies by original innovators.

Technologies are spread through various channels, such as publications, patent application, conference organization, staff upgrading, business cooperation. It is important to mention that the development of an efficient technology modernization policy that could contribute to the increase of the competitiveness of the national economy implies a detailed assessment of the benefits and costs arising from the acquisition of existing technologies (which provide a strong incentive to develop innovations) in relation to the benefits and costs generated by the intensive technology implementation process (which offer higher macroeconomic benefits).

National enterprises and economies act on the basis of a number of institutional commitments, determined mainly by historical and cultural factors, but also by the existing political regimes. Institutions in the context of ensuring economic competitiveness have been determined in a number of ways. The World Bank defines institutions as a set of rules, norms and organizations that coordinate human behavior, their role being to improve organizational incentives when economic profits from work are difficult to determine. Helpman defines institutions as a system of rules, beliefs and organizations. Rules govern human behavior and allow people to act effectively.

The main task of the institutions is to provide support to businesses in exchange activities such as marketing, communications, transport, technology transfer, insurance and lending operations. Institutions can help reduce transaction costs, avoid or mitigate conflicts, and create a favorable competitive environment. The greatest difference between states lies in the difference between their institutions, and these differences are probably the biggest constraints for an efficient development and advanced competitiveness of national economies.

The influence of the institutions on the competitiveness of the national economy can be determined especially if we take into account the following basic characteristics of the institutions:

– institutions are a broad economic and social-political category, characterized by a wide range of diversified factors such as political stability; citizens' trust in politicians, justice and police; the level of organized crime and corruption; judicial independence; the degree of independence of the Central Bank; the ability to collect taxes fairly and correctly and the ability to enforce the law; protection of human rights; litigation costs, etc.;

– institutions evolve into a permanent regime; successful institutions depend on the historical context; institutions configure change and are configured to change;

– institutions are specific for each country; a country can import or copy a car, mimic a production process or attract skilled workers, but can not import or imitate institutions from a developed economy; therefore, institutional development specific to each country is an organic, historical and long-term process, subjected to several tests and verifications by members of society.

According to Gordon's view, employer-employee relationship is essential to ensuring labor productivity. The economist has expanded the concept outside the relations within businesses and includes other relationships as follows:

– relations between the business world and public administrations as important for establishing the environment in which the country's economic activity takes place;

– relations between the business world and society;

– relations with the rest of the world.

All these levels and steps in the formation of the institutional environment of a national economy are shaping the process of forming an efficient economic potential, and can influence - negatively and positively - the evolution of the competitiveness of the national economy. In addition, Gordon points out that a certain social structure can work well in a certain period of time and may not be effective at another time. When this happens, there is a period of malfunctioning of the national economy, during which the role of the state and of the business environment as well as of all the members of society is the search for new ways to raise the level of competitiveness of the national economic system.

More and more, in the last period of time, the level of competitiveness of the national economy is conditioned by the factors that determine the degree of human capital development. Generally speaking, human capital refers to the stock of skills, aptitudes and knowledge incorporated into the workforce, which can contribute to increasing production and increasing the competitiveness of the national economy. This stock is the result of education, training and workplace experience.

Human capital represents the useful capacities acquired of all the inhabitants and members of a society. The acquisition of such talent, through maintenance or acquired through education, study, or apprenticeship, always entails real spending, as if it were a fixed capital, made by a person. As such, the main components of human capital are: continuing vocational education and training, health, including the intensity of health care and social assistance in human resources, migration or internal and external mobility of the population and, in particular, the labor force. Human capital is multifunctional because it is about man's ability to efficiently mobilize other factors, to make the best and most specific combination of them in order to achieve the desired result. That is why the continuous formation and development of human capital has become a priority for the economic policies of the world's states. Without being supported by an adequate human knowledge and experience, the other factors of production will not be able to stimulate the competitiveness of the national economy.

The competitiveness of the national economy implies not only the capacity to make effective use of the available factors but also to modify, as necessary, macroeconomic policies to support national interests. Thus, the national economy can manifest itself strategically in its competitive relations by developing strategy and development tactics that would ensure the competitiveness of the whole economic system. By optimizing the controllable factors, each state tries to create a specific economic environment that would be the most competitive, and would allow for the best results in the national economic system. Maintaining an appropriate framework involves intensive processes of continuous modernization of the economy, implementation of new knowledge and technologies, perpetuation of a high level of competitiveness of the national economy.

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