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**NATIONAL COMPETITIVE  
ADVANTAGE AND THE LEVEL OF  
COMPETITIVENESS OF COUNTRIES  
OF TRANSBOUNDARY  
COOPERATION: MOLDOVA –  
ROMANIA – UKRAINE**

The tendencies of the modern development of the economy and the integrated processes orient the economists-scientists and managers-practitioners to the formation of competitive business in the long-term perspective. At the same time, the compliance and interrelation of the formation of competitiveness on three levels of management: macro-, meso- and micro-level is a prerequisite. On the other hand, specialists assert that the basis of competitiveness of any enterprise, branch, region and country as a whole is innovation and human capital.

From the specialized literature it is known that competitiveness manifests itself in the process of competition and characterizes the ability of an entity to compete in a market economy. Competitiveness is determined by competitive advantages in any area, that is, by the degree of satisfaction of the consumer's needs while choosing a good or service in comparison with similar goods on the market.

The formation of competitiveness and competitive advantages represent the main aim of strategic management and the objective of study of economists-scientists, such as: D. Aaker, M. Porter, J. Schumpeter, K. Bowman, V. Bacanu, P. Doyle, G. Belostechnik, A. Kotelnic, A. Thompson, R. Kaplan, B. Carloff, P. Drucker, O. Vihansky, R. Fathutdinov. According to the object of formation, scientists distinguish the competitiveness of the country, region, industry, enterprise, product/ services, personnel of the enterprise (table 2.1).

If we talk about the theory of competitiveness (TC) at the national level, it should be distinguished the contribution of the American scientist M. Porter, who, in his work "National Competitive Advantage" (1990) develops the TC of countries, according to which competitiveness is based either on macroeconomic policy or on comparative advantages, provided by labour resources, natural raw materials or capital. At the same time, according to Porter's opinion "the only reasonable conception of competitiveness at the national level is

**Table 2.1**

*Classification of types of competitiveness according to the object of formation*

The type of competitiveness, scientist	Characteristics of competitiveness
Competitiveness of the country M. Porter, G. Belostechnik, R. Fathutdinov, Y. Rubin	The ability of the country to produce goods and services that meet the requirements of world standards, compete with other countries and create conditions for competition that allows for sustainable growth in GDP and the quality of life of the population.
Competitiveness of the region M. Porter, G. Belostechnik, A. Popa	The ability of the region to produce goods and services that meet the requirements of domestic and world markets, create conditions for the formation of the region's competitiveness
Competitiveness of the labor market E. Bogdanova, L. Milyaeva, O. Markelov, N. Podolnaya	The ability of the labour market to meet the needs of economic agents in the workforce that meets the requirements of national and world standards of competitiveness.
Competitiveness of the industry M. Porter, R. Grant, R. Fathutdinov,	The ability of the industry to produce goods and services that meet the requirements of the world and domestic markets, and create conditions for the growth of the competitiveness potential of enterprises.
Competitiveness of an organization / enterprise I. Ansoff, K. Bowman, A. Thompson, R. Kaplan, G. Goldstein,	The ability to satisfy better the needs of consumers than the competitors, through the production and supply of superior goods than those of the competitors on the market; use production and management resources to develop and expand sales markets.
Competitiveness of the goods / services R. Fathutdinov, O. Vihansky	The ability to be attractive to the buyer in comparison with other products of a similar type and purpose due to a better matching of its quality and cost characteristics to the requirements of this market and consumer's estimation.
Competitiveness of staff M. Armstrong, A. Byrka, O. Vihansky, V. Maslov, O. Popazova, V. Spivak	The ability of work group, production group to compete with similar groups regarding the quality of the product, assortment, the level of productivity, etc.
Competitiveness of an employee M. Porter, P. Drucker, O. Vihansky	The ability towards individual achievements in work; determined by the quality of the work force corresponding to the market demand for the labour functional quality.

Source: [1, 2, 5]

the productivity, which is supplied by operational human resources and country capital” [3, p. 213]. At the same time, productivity is the main indicator determining the long-term standard of living in the country, on which per capita income depends (fig. 2.1).

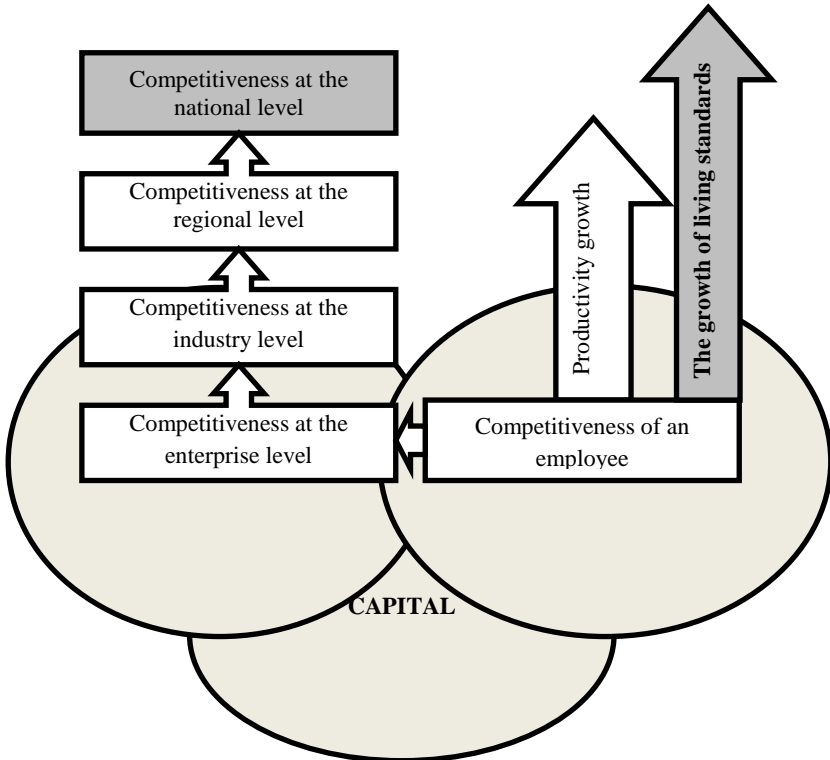


Figure 2.1. The model of competitiveness at the national level by M. Porter

Source: developed by the author on the basis of [3]

In such a way, according to M. Porter’s opinion, the competitiveness on the national level supplies the strategic growth of the living standard of the population through the mechanism of labour productivity increase.

At the same time, while analysing the indicators determining the international competitiveness (IC), M. Porter developed a system that was called the “competitive rhombus”. One of the main factor conditions that form the environment for competing firms, the scientist

determines the *human resources* that are characterized by the quantity, skilfulness and the cost of labour force, as well as the duration of normal working hours and the work ethics. At this point, the scientist outlines the *scientific and information potential*, which is concentrated in the universities, research organizations, data bases, scientific literature.

At the same time, the standard of living in a particular country depends on the ability of national companies to achieve high levels of productivity and continue to increase the productivity in the future.

The growth of productivity requires the constant development of the economy, and the main factors here are the innovations. And mainly, these are the unique talents of the employees, as *M. Armstrong* asserted, including an increased effectiveness, efficiency, flexibility, and the ability to innovations *make up a decisive component in the development of the organization's competitive position* [1, p.166].

At the same time, one of the evident benefits of competitive advantage based on efficient control of people, consists in its non-reproducibility.

TC is also used to explain the processes of integration and internationalization of business. Thus, *R. Fatkhutdinov*, in his work "Strategic Competitiveness" (2005) defines "the competitiveness of a country as its ability to ensure effective integration into the world economy, efficient and qualitative functioning of all state, commercial and other structures in order to ensure comprehensive security and high life quality of the population" [5, p. 17]. Simultaneously, the determining condition for improving the quality of life is the improvement of the quality of education, which should be oriented towards increasing the competitiveness.

The scientist *I. Rubin*, in his work "Theory and practice of competition" (2001) mentions that "for the country as a whole, the level of competitive advantage is identical with the national income per capita" [4, p. 84]. At the same time, a high level of competitive advantage of the country is maintained in the event that its sources are constantly expanding and improving. However, the preservation of this position involves the identification and reflection of the numerous threats that arise in different determinants.

Along with this, the modern economic science focuses on knowledge and innovative technologies, which have recently become a powerful competitive advantage in the struggle for economic growth and one of the most important internal reserves of the national economy. The introduction of innovative technologies in the production process makes

it possible to produce a competitive product, which, in turn, expands the segments of the sales markets, increases the profit of the enterprise and its well-being. The process of introducing the innovative technologies requires knowledge, the carrier of which is the human being, and the idea of introducing innovations in the enterprise, as a rule, belongs to the entrepreneur, the manager.

With the intention of assessing the level of national competitiveness, there are different methods. Therefore, the experts of the World Economic Forum (WEF) define the national competitiveness as the ability of the country and its institutions to ensure stable economic growth rhythms that would be sustainable in the medium perspective [6]. The experts emphasize that countries, with high degrees of national competitiveness tend to provide a higher level of well-being of their citizens. At the same time, competitive advantages of the country are determined by 12 factors of competitiveness, which are grouped into three groups: (1) factors, (2) performance activity factors and (3) innovation and the competitiveness of the companies.

Let's analyse the level of competitiveness of the countries of cross-border cooperation: Moldova-Romania-Ukraine. According to the experts of the WEF, in 2016, Moldova ranked 100<sup>th</sup> out of 148 countries in terms of competitiveness, Romania – the 62<sup>nd</sup> place and Ukraine – the 85<sup>th</sup> place. The dynamics of the level of competitiveness in the three main groups of factors is as follows (fig. 2.2).

As it is shown in fig. 2.2, the best statistics from the three analysed countries is registered in Romania, the second place is occupied by Ukraine and the third place is Moldova. Consequently, in group 1 – Factors, Romania takes the 72<sup>nd</sup> place in 2016 out of 148 countries, while Moldova and Ukraine, respectively, 101 and 102 places. And if Romania has an unstable tendency to change this indicator, then for Moldova and Ukraine, this indicator has a steady downward trend. This decrease is due to the following:

- in Moldova: a decrease in macroeconomic stability from the 56<sup>th</sup> place in 2014 to the 100<sup>th</sup> place in 2016, a slight decrease in infrastructure to the 86<sup>th</sup> place, health and primary education – up to the 95<sup>th</sup> place and the quality of institutions - up to the 128<sup>th</sup> place;
- in Ukraine: likewise, a decline in macroeconomic stability from the 105<sup>th</sup> place in 2014 to the 128<sup>th</sup> place in 2016, a slight decrease in health and primary education – up to the 54<sup>th</sup> place and the infrastructure to the 75<sup>th</sup> place (table 2.2).

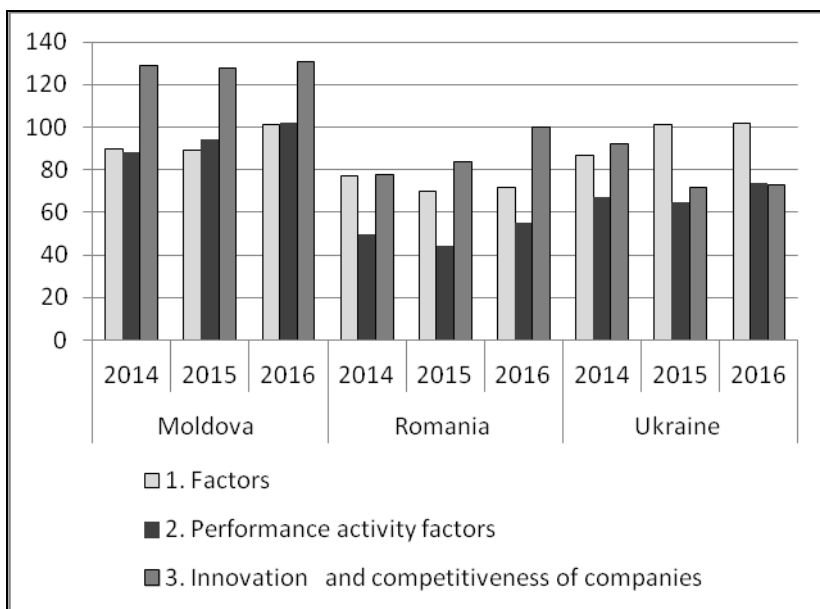


Figure 2.2. Dynamics of the competitiveness level of countries in the three main groups of factors, for 2014-2016  
Source: [6, p. 260, 304, 354]

**Table 2.2**  
The dynamics of the competitiveness level factors of countries in group 1 – Factors

	Moldova			Romania			Ukraine		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>1. Factors</b>	<b>90</b>	<b>89</b>	<b>101</b>	<b>77</b>	<b>70</b>	<b>72</b>	<b>87</b>	<b>101</b>	<b>102</b>
Quality of institutions	121	123	128	88	86	92	130	130	129
Infrastructure	83	83	86	85	86	88	68	69	75
Macroeconomic stability	56	55	100	46	34	28	105	134	128
Health and primary education	93	91	95	88	83	88	43	45	54

Source: [6, p. 260, 304, 354]

As shown in table 2.2, Romania has the best position regarding the macroeconomic stability (the 28<sup>th</sup> place), Ukraine – as regards the health

and primary education (the 54<sup>th</sup> place) and Moldova – regarding the infrastructure (the 86<sup>th</sup> place).

The second group of factors – the Performance activity factors, has a steady downward trend across all three analysed countries. Consequently, regarding the efficiency factors, in 2016, Romania was on the 55<sup>th</sup> place, having decreased by 5 points in comparison with 2014; Ukraine is on the 65<sup>th</sup> place, having decreased by 7 points in comparison with 2014; and Moldova is on the 102<sup>nd</sup> place, having decreased by 14 points in comparison with 2014 (table 2.3).

**Table 2.3**

*The dynamics of the competitiveness level factors of countries in group 2 – Performance Activity Factors*

	Moldova			Romania			Ukraine		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>2. Performance activity factors</b>	<b>88</b>	<b>94</b>	<b>102</b>	<b>50</b>	<b>44</b>	<b>55</b>	<b>67</b>	<b>65</b>	<b>74</b>
Higher education and professional training	84	79	91	58	59	67	40	34	33
Efficiency of the market of goods and services	103	103	107	89	73	80	112	106	108
Labour market efficiency	82	85	91	90	78	88	80	56	73
Development of the financial market	100	115	129	64	55	86	107	121	130
Level of technological development	51	53	58	47	46	48	85	86	85
The size of the internal market	124	121	124	45	43	42	38	45	47

*Source: [6, p. 260, 304, 354]*

As shown in table 2.3, the best position of Romania in 2016 is in terms of the size of the domestic internal market (the 42<sup>nd</sup> place) and its level of technological development (the 48<sup>th</sup> place). In addition, the first position has improved compared to 2014, by 3 points, and the second one has worsened by 1 point. The position of Romania also improved in 2016 compared with 2014 in terms of labour market efficiency by 2 points and the efficiency of the market for goods and services by 9 points. But the position regarding higher education and vocational/professional training by 9 points and the development of the

financial market worsened by 22 points.

Ukraine has the best position in 2016 in the field of higher education and vocational training, being on the 33<sup>rd</sup> place, having improved its positions by 13 points compared to 2014. Regarding the size of the domestic market, the country is on the 47<sup>th</sup> place, having worsened its positions by 9 points in comparison with the previous period.

In terms of performance, Moldova is far behind the neighbouring countries, being on the 102<sup>nd</sup> place. The country occupies the best position in terms of technological development, but this position has also worsened by 7 points compared to 2014. By factors, higher education and labour market efficiency the country is on the 91<sup>st</sup> place, and these positions have declined in comparison with 2014, respectively, by 7 points and 9 points. The country occupies the worst positions in the development of the financial market (the 129<sup>th</sup> place) and in terms of the size of the domestic internal market (the 124<sup>th</sup> place).

The third group of factors – Innovation and competitiveness of companies characterizes the innovative potential and competitiveness of the countries. In this group of factors, Ukraine occupies a leading position from the three analysed countries, being on the 73<sup>rd</sup> place, while Romania is on the 100<sup>th</sup> position and Moldova is on the 131<sup>st</sup> place (table 2.4).

**Table 2.4**

*The dynamics of the competitiveness level factors of countries in group 3 - Innovations and competitiveness of companies*

	Moldova			Romania			Ukraine		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
<b>3. Innovation and competitiveness of companies</b>	<b>129</b>	<b>128</b>	<b>131</b>	<b>78</b>	<b>84</b>	<b>100</b>	<b>92</b>	<b>72</b>	<b>73</b>
Competitiveness of companies	124	127	127	90	88	104	99	91	98
Innovation potential	131	130	133	66	75	93	81	54	52

Source: [6, p. 260, 304, 354]

As shown in table 2.4, the leading positions of Ukraine in 2016 are due to the improvement of the position regarding the innovative potential (the 52<sup>nd</sup> place), and on the competitiveness of companies (the 98<sup>th</sup> place). The second place in this group of factors is occupied by Romania: the 93<sup>rd</sup> place in terms of innovative potential and the 104<sup>th</sup>



place in terms of the competitiveness of the companies. In addition, Moldova is on the third place, which, based on the factors, is respectively situated on the 133<sup>rd</sup> place and the 127<sup>th</sup> place.

At the same time, the WEF experts point out the main problems faced by Moldovan enterprises while performing the business activity: corruption, political and government instability, bureaucracy, fiscal policy, and unskilled workforce.

Therefore, as a result of the analysis, the main factors shaping the strategic competitiveness at the national level were confirmed, namely: high labour productivity, high level and quality of life of the population, and the innovation and the innovative activity represent the prerequisites for increasing the labour productivity. At the same time, when competitiveness is achieved at the national level, it is necessary to focus on certain sectors and segments of the industry, rather than on the economy as a whole. The national competitive advantage of countries at the present stage of development is provided by knowledge and innovative technologies.

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