APPROACHING COMPETITIVENESS AT THE LEVEL OF MULTINATIONAL COMPANIES

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ABSTRACT: *The competitiveness of multinational corporations is a particularly complex concept due to the fact that at present this type of company represents economic entities which continue to develop in the context of the process of internationalization and the transition to the use of global strategies. Competitiveness is a competition between corporations for new positions on the markets. With regard to the competitiveness of multinational corporations, the most accurate description was given by Gilbert Abraham Frois who believed these businesses must think globally, but act locally. In the competitive global market, emphasis is laid on plus – the value given by the competitiveness of the human element, taking into account the fact that the human resource doesn't run out, and its value doesn't decrease over time, but on the contrary, its value increases on condition that it is rigorously managed and developed.*

KEY WORDS: *economic efficiency; competitiveness; competences; multinational companies; economic environment; human resource.*

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1. INTRODUCTION

Competitiveness is a complex and multidimensional concept; it became, in time, over the past decades, a constant concern of specialists and works in the economic field, due to the existence and manifestation of the global integrated and inter-relational markets.

The concept of competitiveness is considered synonymous with economic performance reflecting a certain stage of the economic activity, determined by a specific consumption of resources, in order to obtain an economic product. Competitiveness is valid for all activities involving the allocation and the use of

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resources in order to produce economic goods, as well as for their distribution in space and time.

The production of goods reflects the competitiveness on condition their costs are reduced, while distribution in the context of competitiveness should ensure a concordance between the volume, the structure and the quality of goods, on the one hand, and the needs of consumers, on the other hand.

Competitiveness can be regarded as the result of the rate, creativity solutions, reliability and price level with which a socio-economic actor is able to achieve its objective. Thus, the greater the speed of reaction, the more innovative the solutions are; the greater the reliability when starting the design of a new product/service and ending with the delivery of the good, the more competitive a company is on a global competitive market which is continually developing and more aggressively addressed to.

2. APPROACHES OF THE COMPETITIVENESS OF MULTINATIONAL COMPANIES

In the context of economic sciences, competitiveness refers to how the economic environment manages its competences in order to achieve prosperity, generating, proportionally, more welfare than competitors. A competitive rating system lays its foundations on production systems that generate competitive advantages and specific resources and structures capable of producing distinctive skills. As a result, the advantages and the distinctive performances of the economic actors will constitute decisive factors for the success of a company, regardless of its size (Cismaș & Stan).

At microeconomic level, competitiveness can be appreciated by the profitability of the firm, and at the level of the national economy, its appreciation is due to national labor productivity which is the main factor of intensive economic growth, according to the same source.

In the study of competitiveness, this is equivalent to a competitive advantage when national competitiveness is taken into account and it is synonymous with the term competition when the competitiveness of an enterprise is being analyzed on an international level.

Unlike competitiveness, corporate performance means determining the highest standards it may have, which invariably exceed the standard requirements or expectations of others; it must be analyzed in several areas simultaneously. The performance of the company involves "*achieving the aims which have been given in convergence with the guidelines of the company and the effect of the correlation between the structure of the market and the behavior of the enterprise*". (Verboncu & Zalman, 2005).

For decades already, competitiveness is regarded as an indicator of performance – whether we are talking about countries, regions, industries or firms. But the various waves of globalization (viewed as a process that was contaminated and dramatically influenced by the development of economic entities regardless of their dimensions and of the level at which they can be found) have produced different approaches and meanings for the term competitiveness, as follows:

- During the first stages, companies have entered the global emerging markets, mainly because of the low levels of costs;
- Nowadays, their role has changed, they became key players in the development of national economies, anxious to build infrastructure and increase consumption;
- Tomorrow, global companies will have to compete with domestic companies and with brands that were born and raised in the context of these emerging economies.

Thus, the global economic balance of power is now in a permanent change, registering changes and at the level of economic performance and competitiveness in the sense that: there is an increase in the involvement and in the impact of global economies and of emerging countries, on the one hand (with regard to demands, markets and competitors), and of multinational companies from emerging countries, on the other hand (in terms of number, revenues and branches of activity). All these have resulted in redefining the coordinates of global competitiveness.

Many people who use the term competitiveness do it without thinking of anything else being aware of the fact that the analogy between a country's competitiveness and the competitiveness of a company is implicit. In fact, the attempt to define the competitiveness of a country raises problems much bigger than an attempt to define the same term in the case of a company, because:

- If a company is in a position of not being able to make payments to employees, suppliers and shareholders it will simply retire from business. Therefore, when you say that a company is uncompetitive it means that its position on the market is not very stable, and if it obviously fails to improve its performance, it will disappear from the market;
- Countries, on the other hand, can not go bankrupt. They may or may not be satisfied with their performance, but they do not have a limit point beyond which they can no longer record declines.

Michael Porter, an economist recognized worldwide due to the assessments regarding competitiveness, observed that while firms compete with each other in terms of market share and profitability, national economies compete in providing a framework which ensures higher revenues regarding the invested capital and higher wages. Porter also argued that the productivity of an economy is, ultimately given by the productivity of companies within the economy. A national economy cannot be considered competitive if firms that operate at this level are not competitive.

Kiperman defines it as "*the ability of the company to withstand the intervention of competitors on the market both in terms of meeting customer needs, as well as from the point of view of its efficiency*."

UNCTAD, referring to the concepts of competition and multinational companies, considers this competition as the main engine of competitiveness, separating static competitiveness from the dynamic one (www.unctad.org).

Static competitiveness focuses on price competition, making firms compete on the basis of their facilities, such as low-cost labor and natural resources, thus maintaining the competitiveness depends on the increase or decrease of manufacturing costs. At the same time, dynamic competitiveness is associated with the changing nature of competition, which not only emphasizes the relationship between costs and prices, but also the ability of the company to learn, to adapt quickly to new conditions on the market and to innovate.

Therefore, the lack of resources, insufficient technological capabilities and an inability to adapt through innovation, can make companies that are considered internally competitive lose the ability to meet the international requirements of the competition.

Other approaches define the term competitiveness through its characteristics (Ciochină & Voiculeț):

- ***strategic skills***: long-term forecast, the ability to identify and anticipate market trends, the will and the capacity to gather, analyze and exploit technological and economic information;
- ***organizational skills***: risk management, internal cooperation between various functional departments and external cooperation with customers and suppliers, with counseling and consultant companies, with government agencies, with all the companies under the process of change and investments.

This definition emphasizes in particular the managerial skills, production and marketing adaptability of multinational companies at the level of the host countries.

More careful definitions were formulated by Kirsty Hugues, who has in mind at least two approaches of competitiveness (Radu, L.):

- the first approach defines competitiveness as an issue of relative, static or dynamic efficiency. This can be measured on the basis of performance levels (the level of productivity, increase of competitiveness etc.);
- the second approach considers competitiveness a reflection of performance in the international trade (measured performance), either in the form of shares held on export markets, or in the form of import penetration degree.

The term competitiveness, associated with a multinational corporation, suggests efficiency, productivity, quality, adaptability, success, modern management, superior products and optimal costs. To consider a company competitive it is necessary to carry out a rigorous analysis, both of the company and of its business environment.

At the same time, competitiveness is a complex concept that can be defined as "*the company's ability to face competition of other similar firms on one particular market*." The competitiveness of a company is influenced to a large extent, by the ability to understand and to adapt to the surrounding environment.

3. ASSESSMENT OF THE LEVEL OF COMPETITIVENESS OF MULTINATIONAL COMPANIES

A multinational company is seen as being competitive on conditions that it can adapt its production offer and marketing to the local environment, which brings to the fore the trade and its competitive advantage. The main aspects of the assessment of the level of performance of a company which refer to the overall efficiency of economic activity are: economic efficiency, performance carried out or planned, the competitiveness of products or business excellence.

In conclusion, competitiveness is the quality of a trader, of a product or service, of an individual or activity to be exposed to competition with others. At the level of the company there can be identified the following categories of competitiveness: global, financial, commercial, managerial, technical, human, and organizational competitiveness.

The global competitiveness of a company represents its potential and involves making a diagnosis or an inventory of available capacity, i.e. of economic and financial forces available and taking advantage of all the components of the company, with particular reference to key factors of success involved y the competition. In other words, competitiveness depends on the good functioning of the assembly components.

A recent study of competitive companies reveals both some common characteristics, and the fact that their success was based on some special skills. The diagnosis or the audit of the firm may result in a list of factors or bases of competitiveness in general, composed of six positions, as shown in table 1. (Radu, L.)

Table 1. Factors of competitiveness at the level of the company

Comparison basis	Indicators
Financial competitiveness	- the magnitude of the profit; - self-financing capability, amount and maturity of loans; - financial performance potential: profitability of capital; - potential of solvency: the ability to deal with reimbursement.
Commercial competitiveness	- the market, the evolution of turnover, profitability, the position in the life cycle for each product; - commercial notoriety: brand image, customer loyalty, consistency in the product range, the level of advertising budget.
Human competitiveness	- skills, the rate of absenteeism, enrolment rate.
Technical competitiveness	- the nature of the equipment: length of operation, technical performance - technical development, the importance of research-development activities, the level of automation - supply, relations with suppliers, stock rotation
Managerial competitiveness	- managers' profiles: age, experience, education, training - the ability to lead: managerial skills, delegation, negotiation, the spirit of synthesis - - the value of employees, degree of cohesion of the team
Organizational competitiveness	- the form of organizational structure, the number of hierarchical levels - the nature of decision delegations, the degree of decentralization, information circulation - - the degree of integration of individuals and services into the company goals, the method of reaching objectives, the social climate.

Source: Vasile D., Strategii și structuri industriale competitive, Editura All Educațional, București, 1997

Of all the performance criteria that provide a high level of competitiveness, we should mention the following: labor productivity, labor cost, the level of satisfaction of the requirements of the beneficiaries, the quality of products and services etc. Therefore, it may be considered that economic competitiveness is the ability of an enterprise to deal with potential or actual competition.

Competitiveness can be defined depending on several factors, such as price, product quality, after-sale services, flexibility and elasticity of the offer, out of all these elements, the most important being the price of the products and their quality.

Transnational competitiveness is reached by transnational companies through complex management strategies, through mergers and strategic alliances and promoting foreign direct investment.

Transformations in the present global economy have been made very quickly. These changes occur at all levels of the organization, both at the macro, mezzo level and at microeconomic level.

Such a permanent change, often very fast, sometimes somewhat slower, of international economic environmental factors influences and engages to a large extent the evolution of economic enterprises. In this respect, there should be noted, especially in recent decades, the changes experienced by multinational corporate entities, in the perspective of evolving and adapting to the business environment within which they operate. Forming a succession of phases or stages in a row, these changes are involved in the whole process of resizing and reallocation of funds, in order to preserve their parameters imposed by international competitiveness (Radu, L.).

4. IMPROVING COMPETITIVENESS OF COMPANIES BASED ON HUMAN RESOURCES

During the operation process, any company is faced sooner or later with the problem of reducing control over certain sectors of activity, decreasing the spirit of initiative of employees and of the company implicitly, which influences the loyalty and the sense of belonging to the company, the image and the results of the economic activity, in general.

On conditions of tough competition, companies feel the need to establish and implement new measures, the purpose of which is to obtain additional competitive advantages. Recently, out of the multitude of these advantages, the main role is played by intellectual resources through which one can develop the most challenging strategies.

The key elements of this process include:

1. strategic intentions
2. strategic directions.

Strategic intentions mean reviewing the role of HR Manager from one that manages and registers to one that trains and develops the human potential of the company; his mission is focused on enhancing this potential on which depends the development and the implementation of the general strategy of the company. The HR Manager will have the key role in attracting partnerships between the human capital and the company's top management that will ensure not only the achievement of strategic goals, but it will also develop advantageous and efficient solutions for the company's existence on the market. In order to achieve this key element the human resource manager will need to solve two strategic tasks:

A. ***to create competitive advantages of the company by improving the standard of responsibility of employees***. This strategic task can be ensured if the elements of organizational culture are developed and strengthened. A strong organizational culture allows attracting and keeping talented employees, and the result of their work is reinforces the high image of the company, attracting new customers and segments of clients and having high-performance staff. Permanent renewal and adaptation of the organizational culture to dynamic changes from the external environment can be achieved by improving working conditions, by providing a reverse link between the various existing hierarchical levels and employees, between hierarchical levels and customers. It is also important to involve employees in various decision-making processes, meetings, discussions, marketing activities, to stimulate creativity, initiative and professional self-assessment;
B. ***to ensure the company's competitive advantages through the growth and development of competence and human potential***. Even if the company has a strong organizational culture, without removing the discrepancy between the level of competence of human resources and the changing requirements of the market, it cannot permanently maintain a constant high level of competitiveness. This task can be achieved through the development of an efficient system for improving the professional skills of employees based on performance evaluation and identification of individual development needs, which are known as competency models, in the professional world. These models describe individual and professional qualities of the employee, his interpersonal communication skills that allow his development in two directions:
    1. adapting to the organizational culture;
    2. his capacity to assimilate the necessary knowledge and to make use of his created and developed skills.

Strategic directions, represent the component which outlines ways of achieving strategic organizational goals. However, before choosing the method, it is necessary to have a clear vision on the future of the company, which, unfortunately, is not always analyzed and taken into account in the elaboration process of the strategic directions and, implicitly, in their effective achievement. Among the possible strategic directions we can mention the following:

A. *reviewing the functions of the human resource department*, through the assumption of some peculiarities of the marketing department;
B. *updating the systems created through remuneration and motivation of employees* by investing the HR manager with greater power and more flexible possibilities of intervention;
C. *reducing expenditures generated by inefficient use of human potential*, *and by an excess of human resources within the company*.

The foregoing is intended to highlight the double posture of human resource managers: initiator of changes at the level of human resources strategy, and also promoter. This will provide additional competitive advantages for the companies they represent.

4. CONCLUSIONS

A multinational company is a complex system in which there is a permanent contradiction between flexibility and activity coordination. This conflict originated in the tendency of the company to move abroad, in the permanent desire to expand its operations beyond the borders of the country of origin.

In this context, one cannot appreciate the level of competitiveness of a multinational corporation only from a static point of view, depending on the turnover, on the sales volume or on the number of employees, but also from the dynamic point of view, in correlation with the business environment in which the company operates.

A successful company represents an efficient system in which its strategy is very clearly defined, which corresponds to the situation on the market, namely to items such as: mission, general purpose, values that are consistent with the characteristic features of this system. For each company it is extremely important to understand "what it represents" and "why it exists". Under these aspects the objectives, tasks and activities can be drawn up while ensuring a high level of competitiveness.

Competitiveness is a general indicator that shows the level of stability and resistance of the company to internal and external environment challenges, challenges that are becoming increasingly acute due to the manifestation of the globalization phenomenon and to the expansion of activities of many companies beyond the borders of their country.

On conditions of tough competition, it is necessary to use any additional competitive advantage that allows increasing the competitiveness of the company and one of them is the human resource through which the most challenging strategies can be realized.

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