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COMPETITIVENESS OF ECONOMY IN CONDITIONS OF SUSTAINABLE, SOCIAL- ECONOMIC DEVELOPMENT

Abstract:

Nowadays, in time of ecological actions of contemporary economy, competitiveness must be linked with steady and sustainable development. It can be seen that distinctly, in the document of the Lisbon Strategy, accepted in March 2000 by the European Council. The Strategy shows new approach to the analysis of competitiveness's factors. It is the effect of constructing the Strategy, which bases on three pillars: economic, social and ecological. Therefore, in formation of competitive advantage (both in microeconomics and macroeconomics scale) it cannot be omitted the ecological factor (protection, prevention from devastation and contamination of the environment).

Keywords: competitiveness, environmental, economic, sustainable development, ecological aspect, the Lisbon Strategy, ecological policy.

1. Competitiveness- basic issues

The notion "competitiveness" is not clearly defined. It is differently treated by economics and by management's professionals. It is possible to see the evolution of that notion, evolution that comes together with development of globalization and integration. The term "competitiveness" can be in hand in various levels and planes. Thus, we can talk both about the competitiveness of world economy and also about the competitiveness of the country.

It is confirmed by the definition of competitiveness that is in use by OECD, where the competitiveness means the ability of companies, industries regions, nations or over-national groups to deal with international competition and also ensuring relatively high rate of return to implemented factors of production and relatively high level of employment rested on stable basis. The effect of competitiveness's increase in long term is the growth of global productivity, which has a great importance to improving the competitiveness on the markets that are opened to the international rivalry. Furthermore, that all together leads to the long-range improvement of life's quality and bring new places of work. Moreover, it also gives better usage of competitive advantages (*Ustnjal Structure Statistics*, 1994, OECD Paris, 1996).

For the representatives of World Economy Forum, competitiveness means adjusting domestic economical institutions and the economy structure to increasing growth, which can be seen at the background of overall world economy structure. As a consequence, we can treat domestic economy for the internationally- competitive, when a quick and long-term boost in the economy is supported by both the institutions and favourable country's policy (I. Pawlas, 1998). Considering the conception of the competitiveness on the country level we must notice that it surely depends on the fact, to what extent economic subject that form it, are able to build and develop innovations and improvements. Significant are also these elements that vary individual countries, which have undeniably an influence on the competitive position gained in competitive battle. To such elements it can also be added i.a. national values, historical heritage, culture, economical structure. However, it must be remembered that the competition of domestic economies is being accomplished by different means and it concerns

various areas. Whereas, there is no such option for one country to get the competitive advantage on all possible levels of economy. The idea about domestic economy's competitiveness was formulated by M. Porter.

According to M. Porter, gaining the competitive advantage by the domestic economy is dependent on four factors, which cooperate with each other, but none of them, separately have any influence on the development of competitive advantage. Under Porter's theory there are such factors:

- factors of production
- features of demand
- strategy and structure of a company
- similar and supporting lines

Accomplishing the analysis of competitiveness's sources for economies of individual countries, Porter indicated the evolution distinguishing four phases (M. J. Radło, 2003):

competitiveness based on factors of production

- it is the feature of the poorest developed countries (it is characteristic for the developing countries)
- the main source of competitive advantage constitutes so called basic resources: natural resources and low and intermediately qualified workforce
- not advanced technologies of production are used
- the competitive advantage is very unstable

competitiveness based on investments

- is typical for countries that have an average level of economy development (it is characteristic for the majority of countries that have just joined to European Union and for the future members)
- companies, from the countries with average level of economy development, invest in modern and efficient technologies and thanks to that they increase the abilities to production of modern and advanced goods
- looking into the future, the competitive ability of a country that decide about the improvement his competitive position – is dependent mainly on tendencies to investing and developing new areas of production and service; it needs long-term look, directed to incurring subsequent investment spending and achieving (in long term) economic growth,

competitiveness based on innovations

- it is characteristic for world economic leaders
- the number of economy's segments, in which companies can compete, broadens
- there is a development of more and more complicated and advanced goods, which is the result of increasingly subtle domestic demand
- the condition that is necessary to existing on domestic market is incurring regular investment spending- which is forced by strong competition
- country's role is to strengthen these elements of economic environment that promote innovations, economic progress and development of private sector,

competitiveness based on riches

- it makes up final stage of economic development
- competitive advantage comes from achieved economic position
- basic country's task is to keep existing state
- companies don't show willingness to incurring investments spending in new ventures

In addition, process of forming competitiveness's policies next to the development of all kind factors of production, aiming to open economy and providing open, external economies, is also to implement high ecological standards(beside technological, economic, social). It

comes from bigger and bigger role of environmental protection, what the poof is, creating the conception of sustainable development, which rules refer to three basic relations: environment- economy, society- economy, society- environment. These relations apply both to individual entities in country (taking into account different ranks of management) and international relations.

2. The conception of sustainable development

The conception of sustainable development has played a significant role in the latter half of XX century, in shaping the way of thinking about common relationships among the society, economy and natural resources¹. It is based on the assumption that there is a compromise solution between farther economic development and maintaining environment in best condition. Special notice is given to existence of correlation of economic growth of society and environment's quality. It gives the possibility to the world to maintain existing environmental value, which has significant influence on contamination's limitation and environment's degradation that in XX century was by the human being very "violated". The realization of the conception is on the one hand a requirement of time; on the other hand it is an evidence of our responsibility for future generations.

Although there has been a long discussion for many years, the notion of sustainable development even till today hasn't been exact defined². Since the very beginning of 90s, XX century it has been changing because of new visions, where we have i.a. economic, ecological, social targets, observation's ways of occurrences and wide possibilities of harmonizing described dimensions, aims. It is often assumed that it is intuitively obvious. Because, it means that development or social- economic growth takes into account ecological requirements.

Nowadays, in professional literature three ways of understanding the term eco-development are accepted (B. Poskrobko, 1997):

1. Eco-development means the social- philosophical idea that shows the need of changing present values, which actually caused technical- industrial development, but at the same time brought global, ecological crisis. In the idea of eco- development there are harmonizing connections among economic and beyond economic man's activity and environment and also shaping none- antagonistic relations between different systems and social groups.
2. Eco- development as a modern direction of economy's development. The great emphasize is put on implementing new ways of organizing and managing both in country rank and individual ranks economic entities and also substituting inconvenient technologies for technologies "environmentally friendly"
3. Eco- development as a new direction of scientific researches that uses the knowledge of different areas, tests common affiliations, relations that occur among society- economy- environment.

¹First economists have already had the beginning of such way of thinking. See more : H.G. Nutzinger, V. Radke, Das Konzept der nachhaltigen Wirtschaftsweise, Nachhaltige Wirtschaftsweise und Energieversorgung, Michigan 1995, pp. 18 - 19

² The essence of this notion, which was many times analyzed, expanded and modified, is permanently in the centre of economists' think. Besides the definitions of eco- development, quoted by the author, we can encounter other interpretation of this term. See.: H. Spehl, Soziale Innovationen – Schlüssel zur Nachhaltigkeit in Regionvision. Neue Strategien für alte Industrieregionen. Vorträge und Diskussionen auf dem Jahreskongress des Wissenschaftszentrums Nordrhein- Westfalen am 27ß 28 Oktober 1994 .(Hrsg.) von F. Lehner, München 1995, p. 276.

Furthermore, looking at the definitions of eco- development it is clear to see that they are divided into three different options. The first one- **environmental** shows superiority of environmental values in relation to economic and social activity. The second one-**economic**, shows the need for balanced economic activity and ecosystem's productivity. And the last one- **connected with civilization**, where the balance should be attained by means of the newest scientific achievements. Hence, there are three basic aspects of eco- development: ecological(keeping environment and its natural resources), economic(economic development that won't be stunted but stimulated by technological progress and growth of effectiveness of using resources, materials and human work) and social (conditions' improvement of life and safety of all the people)³.

The conception of sustainable development found its look in works of many organizations, in many documents (e.g. "Deklaracja z Rio w sprawie środowiska i rozwoju", "Globalny program działań- Agenda 21")⁴, it was the main subject of ONZ conference. Moreover, many countries of the world have taken the conception of sustainable development as the basis of their ecological policy. Despite the fact that e.g. resolutions taken in Agenda 21 haven't been fully realized, however, these countries didn't deviate the conception of sustainable development. Evidence for that is the fact of building in years 1992- 2000 new ideas of rules' realization of sustainable development: factor four, ecological space, national programmes. In XXI century in dependence on the realization's degree of eco-development's rules, it is predicted that one of three variants can be

fulfilled:

1. Gradual and consequent presumption's realization of sustainable development that is foreseen on whole XXI century. For the end of XXI century it would level out standard of life in the entire world that would guarantee farther harmonious development of our civilization.
2. Keeping *status quo* in the field of economy and social relationships (continuation). That would induce unbalanced economy's growth of natural resources, increase of contaminations, and build- up social tensions (expansion of migrations).
3. Accelerating the processes of "unequal" globalization that intensifies unbalanced world economy, environment's degradation and social inequality both in countries of North, and between North and South. That would mean the collapse of economy and social relations - such state was predicted in the forecast in 1972 (D. H. Meadows, D. L. Meadows, J. Randers, W.W. Behrens, 1993).

In the light of resolutions of the European Union Treaty, signed in Maastricht 7.02.1992 in the European Union's Constitution, the access of the European Community to the way of sustainable development was strongly emphasized. Then, there was added to the art.2 JAE extremely important amendment, in which it was pointed that the harmonious and sustainable development of economic activity, sustainable and with no inflation growth will be with respect to the environment. It was connected with the stand of countries and governments' Community chefs who have treated the problem of sustainable development as a challenge for 90s, XX century. During the summit in Dublin, June, 1990- sustainable development became constitutional principle of the European Union and one of basic tasks of the EU, which realization requires leading environmental protection policy (V Programme concerning environment protection and sustainable development, Strategy "Ku zrównoważonemu

³See more: It is elaborated by T. Grapp in: Nachhaltigkeit und Kooperation, Verlag Peter Lang, Frankfurt am Main- Berlin- Bern- Bruxelles- New York- Oxford- Wien 2001, pp. 204- 213.

⁴ Plan Agendy 21 see.: M. Sebaldt, Von den Zinsen leben, nicht von der Substanz: Problemhintergrund und Entwicklung der Idee der Nachhaltigkeit, w: Sustainable Development - Utopie oder realistische Vision?, M. Sebaldt (Hg.), Verlag Kovac, Hamburg 2002, p. 42.

rozwojowi”)⁵. The consequence of that seems to be an acceptance of decision about the sustainable development as a challenge for whole European Union, which was placed in Amsterdam Treaty 2.10.1997 that was enforced 01.05.1999. ”Strongly support social and economic progress of people, taking into account the role of sustainable development, according to which, by realization of internal market, cohesion and environmental protection must be strengthened and realization of policy that ensures that together with progress in economic integration there is a parallel progress in other areas (G. Van Calster, S. J. Berwin, K. Deketelaere, 1998).

Much bigger importance is attributed to environmental protection also in Poland, since 1989, so since the time when there were system changes. The proof for that is the fact that in “Polityce ekologicznej państwa” (“Ecological policy of the country”) accepted by Parliament in 1991⁶ and in “Programie wykonawczym do polityki ekologicznej państwa do 2000 roku” (“Executive program to the ecological policy of the country till the year 2000 ”)⁷, accepted by Parliament in 1995, and also in II Polityce ekologicznej państwa (II Ecological policy of country) the basis is sustainable development. In the Constitution of Polish Republic we can also find series of decisions, which directly apply to environmental protection (e.g. art.31 point 3, art. 68 point 4, art.78 point 232 and others). In this case the biggest importance has art.5 of the Constitution of Polish Republic, which makes up that “Polish Republic (...) watches out for national heritage and ensures environmental protection, according to the rule of sustainable development”.

3. The ecological aspect in the Lisbon Strategy

The Lisbon Strategy was accepted by The European Council in March 2000. It constitutes a programme of the European Union in domain of economic growth and competitiveness’s issues. The main target of Strategy is transforming EU’s economy till 2010 in the most competitive and growing, based on knowledge economy in the world, able to maintaining stable economic growth, creating new jobs and keeping social cohesion.

The reason to form the Lisbon Strategy was delay of economic growth of the EU with comparison to USA in 90s, which was mainly caused by (M.J. Radło, 2003):

- fewer the EU’s innovative economy in relation to American economy, which was mainly the result of allocating less money in UE on the research and development
- little company’s cooperation with the area of research and development
- unfavourable law regulations that influence on company’s functioning
- lack of deregulations of network sectors
- low flexibility on labour market
- less access to company’s capital functioning in EU in comparison with companies operating on American market, which was caused by less developed European financial market

Therefore, the Lisbon Strategy apply mainly to promote innovative actions and expansion of research and development activity, to promote entrepreneurship, so the development of small and middle companies. It points the necessity of reforms that shape inertial market and

⁵ See more: R. Paczuski, Prawo ochrony środowiska Unii Europejskiej w zarysie, Publisher „ Dom Organizatora”, Toruń 1999.

⁶ The resolution of the Polish parliament concerning ecological policy, 10th May 1991, Monitor Polski 1991, nr 18, poz. 118.

⁷ It was accepted that the aim”...is to ensure noticeable improvement of environment’s state and creating conditions to steady and sustainable social- economic development” in: Program wykonawczy do polityki ekologicznej państwa do 2000 roku. Synteza. MOŚZNiL, Warszawa 1994.

the requirement to integrate financial markets and aiming to maintain stability of public finances. It puts big emphasis on adopting labour market and systems of social welfare. Mentioned above determinants allow noticing two aspects of the Strategy: economic and social, which constitute its basic pillars.

The natural continuation of the European Council's decisions concerning the issues connected with environmental protection and accepting the conception of sustainable development, was the complement in June, 2001 the Lisbon Strategy with the ecological aspect (it must be remembered that in document proclaimed in 2000, ecological aspect was omitted). It was admitted that adding economic pillar will allow broadening economic perspectives, which can bring more innovative investments, and in consequence it will lead to economic growth and creating bigger number of better job places.

The European Council's decided that the most significant challenges in the field of environment protection are (M.J. Radło, 2003):

- Counteracting climate changes induced by the emission of greenhouse gases-fulfilling obligations from Kyoto
- Assurance of balanced transport, development of transport environmentally friendly (e.g. replacing road transport with rail transport or shipping)
- Management of public health – battle against public health's risks coming from, i.a. usage of chemicals, epidemic of infectious diseases, taking care of safety and quality of food
- Management of natural resources – more responsible exploitation of natural resources, rationalization of waste's level production, ecosystems' protection, prevention from desertification, retention of biodiversity.

Unfortunately the fact of enriching the Lisbon Strategy with environmental pillar was criticized. Main argument that was used by opponents of ecological dimension of the Strategy is the statement, that through including environmental aspect it will be the alleviation of economic competitiveness, which is the overriding aim of it.

Additionally, it is also important not to forget about the fact that main target of the Strategy is also to rise standard of living, and its realization require high level of environmental protection . It must be remembered, that during the realization of main aim the leading economic policy, which is the economic growth, in situation., where the increased environment contamination will come, the growth will be apparent⁸.

4. Conclusion

There are many factors that have an influence at the competitiveness of companies functioning in market economy. The most often segregation that we have in a literature, connected with a subject is putting them into two groups: internal factors (that follow from the company's activity) or external factors (the usage of state interventionism's instruments). Among external factors, the most important role that they perform is law- regulations that regulate undertaken actions, activities in all parts of social- economic life. Therefore they also apply to the issues concerning protection the environment. When we talk about the processes of ecological actions in the economy, then the law- regulations in the field of environmental protection should be one of the main factors that shape the level of competitiveness. They consent to correct realization of decisions, enforcement of obligations concluded in different documents, both in country and international dimension. That is why, it is necessary to join

⁸ "Environment's degradation that makes up necessary result of antiecological economic growth, stunts its rate in a returnable way, because of increase of development's costs." See: Z. Silski, T. Madej, *Ekonomika ochrony i kształtowania środowiska*, Wyd. Naukowe Uniwersytetu Szczecińskiego, Szczecin 1993, p.

competitiveness with sustainable social- economic development.

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