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## TERRITORIAL COMPETITIVENESS IN THE DEVELOPMENT REGION SOUTH-EAST. CASE STUDY: BUZĂU COUNTY

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**Abstract:** *The present paper attempts to evaluate the territorial competitiveness at the level of the development region South-East, of Buzău county respectively, starting from the premise of the identification of the strengths and weaknesses influencing the specific competitiveness of the investigated units. The paper draws on an evaluation model developed for measuring the local competitiveness in Croatia, which was adapted to Romania's specificities, with regard to the relevance, sources and availability of indicators. The adapted model was used for the evaluation of territorial competitiveness at regional and county level. The working hypothesis was represented by a lower competitiveness level in the case of the county Buzău, compared to that of the South-East region; this situation is mainly determined by the factors relating to the development level of the non-agricultural business sector, of specialization and innovation.*

**Key words:** *territorial, regional competitiveness, evaluation models, indicators*

**JEL Classification:** A13, P47

### INTRODUCTION

In the recent decades, the debates on competitiveness at academic and economic level have been omnipresent and often contradictory. The main questions to which answers have been looked for focus on the opportunity and righteousness of using the national competitiveness concept, as well as on the concrete modality in which the regions, towns and localities are competing. Despite these divergences and conceptual problems, competitiveness has represented a core objective in many strategic documents and development programs at international and national level such as the Lisbon Agenda, Europe 2020 Strategy or the National Strategy for Competitiveness 2014-2020. Despite this, we are still far from a broad consensus on competitiveness expressed at national and regional level and at the same time we are the witnesses of the following recurrent hypothesis: nations, regions and towns do not have any other option than to struggle to be competitive so as to be able to face the new global information and knowledge-based economy.

Regardless of the aggregation level to which we refer, the competitiveness conceptual framework is based on specific elements of different economic theories developed throughout time: the classical theory, known through the studies by Adam Smith and David Ricardo, the advocates of absolute comparative advantage, of labour division and production factor endowment; the neo-classical theory – of perfect competitiveness, represented by identical technologies, the returns to scale and the perfect factor divisibility; the Keynesian theory – where the determinant factors are represented by capital intensity, public investments and expenditures; other theories like the development theory, the new growth theory, the new trade theory and Michael Porter's competitive advantage theory [4]. Furthermore, Martin [2] considers that in order to understand regional competitiveness, some other elements of micro-economic and sociological nature should be also analyzed, which are present in the urban growth theory, the new institutional economics, the business strategy economics and the evolutionary economics / Schumpeter's model.

All these elements also influence the territorial competitiveness evaluation process, leading to the existence of numerous models/methods to measure this, at all aggregation levels, developed at institutional, academic and business environment level. For example, referring to the regional competitiveness evaluation, Berger [1] identified not less than 46 evaluation models from public, private and non-profit institutions. In this context, the selection of a certain model to measure competitiveness must have in view, besides the aggregation level, the research particularities, referring to the scope and nature of the investigation.

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## MATERIAL AND METHOD

In order to evaluate the competitiveness of Buzău county compared to that of the development region South-East to which it belongs, we shall use a model developed in Croatia by O. Mikuš, R. Franić and I. Grgić [3] for the evaluation of the competitiveness of rural areas. Having in view a series of differences with regard to the structure and availability of indicators, the model was adapted to the local specificities of Romania, by replacing those indicators for which no adequately structured data exist.

**Table 1. Adapted model for competitiveness evaluation at county level**

Variable – Original model Croatia	Variable – Adapted model
<b>Group – Human resources</b>	
Employed population in the rural area (persons)	Employed population, thousand persons
Population with higher education (persons)	Population with higher education (persons)
Young population in the rural area (persons)	Young population (persons)
Population density - pers/km <sup>2</sup>	Population density - pers/km <sup>2</sup>
<b>Group – Situation of the non-agricultural sector economy</b>	
GVA (Euro)	Turnover – thousand euro
Value of exports (Euro)	Value of exports – thousand euro
Investments in goods on the long term (Euro)	Density of local active units no./1000 inhabitants
Net average wage (Euro)	Net average wage (Euro)
<b>Group – Situation of the agricultural sector economy</b>	
Average farm size - ha/farm	Average farm size - ha/farm
GVA (euro)	Turnover – thousand euro
Value of exports (euro)	Value of exports – thousand euro
Investments in goods on the long term (euro)	Density of local active units
Net average wage (euro)	Net average wage (euro)
<b>Group – other income gaining activities on the agricultural household farms</b>	<b>Group – Specialization and innovation</b>
Share of tourism households	Share of the population employed in the non-agricultural sector
Share of craft households	Employees in CDI per 10000 civil employed persons
Share of processing households	% crop production in total value of agricultural production
Share of households that earn from other income gaining activities	-

Source: adaptation based on the model developed by O. Mikuš, R. Franić și I. Grgić, 2012

In the process of identifying the indicators at county level for Romania, one group of indicators was replaced from the four initial groups of indicators in the model: it is the group “Other income gaining activities at agricultural holding level”, which was replaced by the group “Specialization and innovation”. Having in view the limitations imposed by certain indicators referring to the latest available year, the data were extracted at the level of the year 2012; an exception is represented by the indicators *Population with higher education* and the *Average farm size*, where the latest available year was 2010.

The following formula was used for the calculation:

$$X_i = 100(x_i/X)/(p_i/P),$$

where the small letters are the values for the county level, and the capital letters are the values for the regional level;  $X_i$  is the variable selected for the county and  $X$  for the region, and  $p_i$  is the

population at county level, and P the population at regional level. The four groups of indicators were assigned the same specific weight, i.e. 25%.

## RESULTS AND DISCUSSIONS

We shall next present a few important benchmarks of the development region South-East and of the county Buzău.

The development region South-East is the second in size among the eight development regions of Romania, and covers an area of 35,762 km<sup>2</sup>. It is crossed by the Danube River and borders on the Black Sea coast in its eastern part; it covers a part of the Curvature Sub-Carpathians, Bărăganului plain, the Dobrudgea plateau with the Macin mountains and the Danube Delta. In the year 2012, the population of the region totalled 2,538,949 persons – with a population density of 70.9 persons/km<sup>2</sup>. The network of localities comprises 35 towns (out of which 11 municipalities) and 355 communes. The most important towns in the region are Constanța, Galați, Brăila, Buzău, Focșani and Tulcea.

The region is well-connected to the national and European transport network, being crossed by important road transport corridors (E60, E85, E87, E70); it also benefits from an extended river and sea transport infrastructure represented by the Danube and the Black Sea. The tertiary sector polarizes the largest part of the labour force at regional level, followed by the primary sector (agriculture, forestry and fisheries) and the secondary sector (industry+constructions).



Source: [www.adrse.ro](http://www.adrse.ro)

**Figure 1. Map of the South-East development region**

The development region South-East has 6 component counties, namely: Constanța, Tulcea, Brăila, Galați, Buzău and Vrancea.

The county Buzău is located in the western part of the region South – East, neighbouring upon the counties Brașov and Covasna in the north-west, the county Vrancea in the north-east, Brăila in the east, Ialomița in the south and Prahova in the west. It covers an area of 6102,6 km<sup>2</sup>, benefitting from a balanced distribution of the main relief forms: the mountains Buzău in the north, part of the Curvature Carpathians, plain in the south, and a hilly region in the middle, covered by

orchards and vineyards<sup>2</sup>. From the administrative point of view, the county has 2 municipalities – Buzău and Râmnicu Sărat, 3 towns – Nehoiu, Pogoanele and Păfârlagele and 82 communes with 482 villages.

As regards the transport infrastructure, the county Buzău is crossed by important road corridors – E 85 (DN2), which crosses the county from south to north and connects Romania's capital city to the northern part of the country, DN 1B to Ploiești, DN10 to Brașov, DN 2B to Brăila, as well as by the major railway route of European importance – railway line 500 – which makes the connection between Bucharest – Buzău – Focșani – Bacău – Suceava.



Source: [www.ghidturism.info](http://www.ghidturism.info)

**Figure 2. Map of Buzău county**

In the year 2012, the population of the county Buzău totalled 449,218 persons, with a population density of 73.3 persons/km<sup>2</sup>, above the region average, yet significant lower than the national average of 84.1 persons/km<sup>2</sup>. The economy of the county is sustained by local active units in industry and agri-food sectors, as well as in the sector of services, the county Buzău having a significant tourism potential.

We shall next evaluate the competitiveness of the county Buzău on a comparative basis with that of the development region it belongs to, i.e. the region South - East.

**Table 1. Competitiveness index of the county Buzău – 2012**

Variable / Level	Region South-East	Buzău County	X <sub>i</sub> Buzău
Population (persons)	2538949	449218	
<b>HUMAN RESOURCES</b>			
Employed population, thou. persons 2012	1011	176.4	<b>98.62</b>
Population with higher education	268348	36595	<b>77.08</b>

<sup>2</sup> Presentation of Buzău county, County Council Buzău, [www.cjbuzau.ro](http://www.cjbuzau.ro)

Variable / Level	Region South-East	Buzău County	X <sub>i</sub> Buzău
(persons)			
Young population 0-20 years (persons)	540895	94000	<b>98.22</b>
Population density persons/km <sup>2</sup>	70.8	73.3	<b>103.53</b>
<b>SUB IND 1</b>			<b>94.36</b>
<b>NON-AGRICULTURAL SECTOR</b>			
Turnover – thou. euro	21982843.28	3584327.24	<b>92.16</b>
Value of exports – thou. euro	4129817	481019	<b>65.83</b>
Density of local active units, no./1000 inhabitants	21.34	18.58	<b>87.03</b>
Net average wage (euro)	329.67	310.82	<b>94.28</b>
<b>SUB IND 2</b>			<b>84.82</b>
<b>AGRICULTURAL SECTOR</b>			
Average farm size - ha/farm	4.94	3	<b>60.73</b>
Turnover – thou. euro	1305892.82	321934.47	<b>139.33</b>
Value of exports – thou. euro	542293	69985	<b>72.94</b>
Density of local active units, no./1000 inhabitants	1.17	1.00	<b>84.88</b>
Net average wage (euro)	233.17	221.27	<b>94.90</b>
<b>SUB IND 3</b>			<b>90.56</b>
<b>SPECIALIZATON AND INNOVATION</b>			
Share of population employed in non-agricultural sector	66.3	56.7	<b>85.61</b>
Employees in CDI in 10000 civil employed persons	16.4	3.3	<b>20.12</b>
% crop production in total value of agricultural production	65.67	58.62	<b>89.26</b>
<b>SUB IND 4</b>			<b>65.00</b>
<b>COMPETITIVENESS INDEX OF BUZĂU COUNTY – 83.69</b>			

Source: own calculations based on NIS data

## CONCLUSIONS

The competitiveness index calculated on the basis of the adapted evaluation model reveals the existence of a significantly lower competitiveness of the county Buzău compared to that of the development region South-East, to which it belongs. There are a series of particularities that have contributed to this result.

All the four groups of indicators contributed to a lower competitiveness level, yet by different intensities:

- The group “Human resources” – is the closest to the average value of the region, mainly due to the indicator population density – higher in the county Buzău compared to the regional average; other two indicators – the employed population and the young population – have very close values to the regional average; the indicator that mainly contributes to the lower competitiveness level is the “Population with higher education” – only 77.08% of the regional average.
- The group “Non-agricultural sector” also contributes to lowering the general competitiveness level, in the first place by the indicator “Value of exports” – which is by almost 35% lower

than the regional average, as well as by the other indicators, among which we mention the "Density of active local units" – about 87% of the regional average.

- The group "Agricultural sector" - the indicator that mainly contributes to the decrease of the competitiveness level is "average farm size" - with almost 40% lower than the regional average; also, "value of exports" doesn't make an exception, the value at county level being significantly lower than the regional average; the only exception is in the case of "turnover" of the agricultural sector, which is significantly higher than the regional average.
- The group "Specialization and innovation" -represents the most influential factor in the direction of decreasing the competitiveness level of the Buzău county, the overall value of the sub index being almost 35% lower than the regional average; among the indicators included in this group, the highest impact on the competitiveness level was that of the "Employees in CDI in 10000 civil employed persons" - counting for only 20.12 % of the regional average; the other indicators also act in the direction of decreasing the competitiveness level at county level, compared to regional level, but with much lower amplitudes.

Having in view the above aspects, the initial hypothesis according to which the Buzău county registers a lower competitiveness level compared to that of the South -East development region, is confirmed. All four groups of indicators contribute to the decrease of the county's competitiveness level, however, two of them in a determinative way, namely "situation of the non agricultural sector" (foremost through the "value of exports") and "specialization and innovation" (mainly through "Employees in CDI in 10000 civil employed persons").

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