

THE ACTUAL ECONOMIC SITUATION, A POSSIBLE COMPETITIVE ADVANTAGE

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Abstract

This paper tries to highlight the development of the economy through and after crisis and in the meantime it also wants to develop the economy as a standalone competitive advantage that functions proactively towards the development of the future. Starting from the need for regulation and deregulation of financial markets, going further with the need of a better structure of strategy developed at macroeconomic level and with the ultimate purpose (sustainable economic growth) developed with the help of technology for a better use and understanding of the paths needed to be followed as a result of development as purpose.

Key words: competitive advantage, technology, economic development, welfare, profit

JEL codes: B1, O33, R13.

1. INTRODUCTION

The actual economic situation has a turning point of somehow near 360 degrees apex, which means that if humanity doesn't learn the true values of economic, social and cultural crises at a given period of time it will set itself in the same situation, all over again. The game of globalization is a game that could offer human kind its path forward, but in the same time it could represent its peril.

It could be considered as part of the economic global "game" the approach of each opponent with the same caution in attention, drawing here a parallel between the global economic life represented through a good regulation of the financial instruments and the stock market. During this paper the phenomenon of post-crisis regulation will be studied, because it is wanted to be observed what was created in the American institutional framework for a safer future from the economic point of view, but the paper will start with the regulation component of the American economy because it represents the epicenter of the 2007 crisis and the rest of the world being effected of its shock waves (Bodislav, 2011, pp.67-72).

2. REGULATING OR DEREGULATING

Regulation could be obtained through a uni-systematization of the market that must be made precisely and clear by only one regulation entities, not by lots of organizations that can assure a better efficiency of markets (especially financial services market). It is wanted to be obtained an efficient audit of regulation entities problematic, underlining the idea that financial services are the problem not their supervising method of appliance (Bodislav, 2011, pp. 67-72).

As a solution of the chaotic evolution of financial services' market, of the effects'

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propagation rifts (the butterfly effect) is stressed the fact that the control of market evolution through efficient money policy can stop the formation of speculative bubbles.

Back in 2011, the Obama Administration was to excessively regulate the banking system and the financial services system through extra-supervising of the business component that exceeds a given income or of a given value of the cumulated assets of the company, a fact that can be considered inefficient is not regulating low income companies because they can create cumulate into a greater volume that can bring failure to the market (we can consider the financial system similar to CNS – the central nervous system under the Alzheimer illness perspective: banks represent the neurons and the financial services companies represent the synapses, that are affected by the illness and grow into the perturbation or to a low efficiency of the system), but this solution is partially applied today because lobbyists influenced its implementation (Bodislav, 2011, pp. 67-72).

The solution of self-regulation is based on some general principles that represent the solution given by bank' lobbyists to the government, through creating a general framework that can bypass the law through off-shores, different purposes headquarters and by this a possible failure of the self-regulation solution. An over specification of regulations is wanted to be more efficient (the evolution of derivatives instruments regulation codes rose from 700 pages in 1989 to 7500 pages in 2014).

2.1. WELFARE VERSUS PROFIT

In Ancient times there was the “noble lie” (Platon, 1993) – the guardians are better than ordinary people when it comes to social conduct (they want the growth of the republic not for their own interest, because they are rewarded in their inner self - Bodislav, 2011, pp. 67-72). This solution isn't up to date because in our days self interest is above common sense and financial geniuses want to obtain profit and income at all causes. In the year 2011 the problem of the “noble lie” is linked to the efficient payment of the regulators, which is suboptimal if compared with the financial services companies.

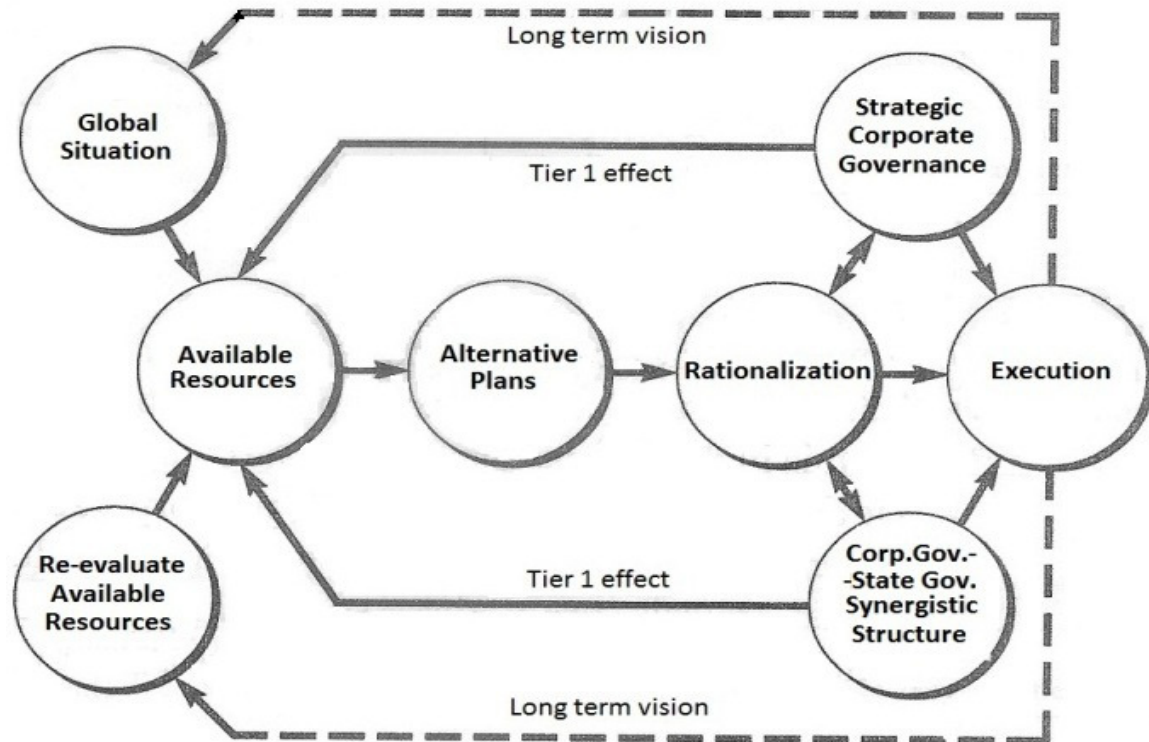
One of the issues observed in the inclined bias towards profit was the abrogation of Glass-Steagall Act in the year 1999 through the Gramm-Leach-Bliley Act brought the actual economic systemic failure, because the new law erased the delimitation between sector' activities in which a banking mega-corporation is established. An economy based on services is possible as long as it's efficient supervised, but when an economy based on services that are derived from other services (similar to Credit Default Swaps derived from Credit Default Obligations) is similar to productivity obtained through the probability of continuous win at a casino.

The relation between emerging economies – developed economies is based on the relation between deficit/surplus, the surplus being invested in emerging economies. The money flow in an emerging economy can destabilize the country and can accelerate private consumption and investment, pushing inflation and the current account deficit to high values. There is a law in physics that sustains that in each body in which is inserted a high volume of matters creates pressure that can exceed the physical properties and create a rupture in the entity (the speculative bubble burst).

Foreign financing can be beneficial if they're strictly used for investment not for wage and pension spending (the partial case of Romania), if this situation isn't respected it could lead to less or non-financing from developed countries. Russia (1998), Ecuador (1999) and Argentina (2001, 2002) came into default which lead to the fall of their currency because of the foreign investors that liquidated their positions in to the local economy by flooding the internal market with local currency (Roubini, Mihm, 2010), which could also lead to possible of Greece in 2015.

These days to observe a designed framework developed for a better growth model in line with economic conditions, there should be externalized the vantage point on the bigger picture, the one that underlines the resources strategies and highlights the proactive nature of smart economic development, figure 1 being a sketch for the ideas presented until now in this paper.

Figure 1. Global perspective on proactive resources strategy



Source: figure reproduced from Bran, et al. (2014, pp. 216-226)

Probably the force and duration of the actual economic crisis wouldn't have reached this peak point if we wouldn't have been situated on a descendent trend of the *world economic engine*, the United States of America, which drove to the inefficiency trend of the world economy as result of the network economy effect, this trend movement should be considered as the end of a Kondratiev cycle, but stressed by the intersection between many types of economic cyclicity and the fact that we are at the end of the First Modernity (Bodislav, 2011, pp. 67-72).

If the global economic problem is noticed and the presented solution is implemented under the public – private partnership, the global economic development of the economy will evolve into a new type of capitalism, the “*common sense*” capitalism, a hybrid capitalism that values the corporation, the state and the “no men left behind” principle (Bodislav, 2014).

3. THE ACTUAL COMPETITIVE ADVANTAGE – THE TECHNOLOGY SECTOR

In the days of technologic advance and of positive evolution of human behavior assisted by primary A.I. (Artificial Intelligence) we emphasize questions that are linked to economic growth created through data analysis of existent problems (Bodislav, 2015, pp. 257-264).

Many issues have a non-technical nature and they could be filtered with the help of business intelligence factors. To surpass the purely technical perspective and its expression on traditional economic vision we state possible issues that could arise as follows:

- An inexistent strategy for the long run;
- Undefined metrics for the success of a created policy applied at macroeconomic level;
- The political class and culture are defocusing the executive vision;
- Direct implementation and functional connections between properties of SAAS (Software as a Service) or BI (Business Intelligence) technologies are nonexistent;
- Solutions used at macroeconomic level are not connected and have low coverage at extremely high costs. This way there isn't seen direct valuing of the investment, similar to Return On Investment.

The society created in a company or in a ministry could lead to rejecting *asentimental* BI solutions and this way annulling any entrances in the macroeconomic sector guided by the government (Bodislav, 2014). If traditionalist principles are surpassed, the second part of the problem is reached, the one of derailing from track of BI services and this way lowering efficiency and rising costs (Bodislav, 2015, pp. 257-264).. Macroeconomic policies seen as projects that are implemented with the help of BI supervising evolve to be successful through the convergence of many factors, be them persons, technical strategies and technologies.

The created advantages of Business Intelligence software with a bias towards strategy and executive implementation are based on offering added value to companies situated in a changing economic environment, starting from:

- Lowering execution costs for the company's operations or for the governmental component by creating a capitalization process similar with increasing efficiency;
- Decisional infrastructure for the company must be doubled by an IT infrastructure for having direct access to the entire data generated by the company or by the governmental component, this way the taken decisions must be reduced and in the end there should count only those that have the biggest chance to create high added value;
- BI software offers support for reinforcing taken decisions, increasing collaboration and the neutral flow inside the institution with effect on efficiency (in available resources consumption, inconclusive data annullment and implementing metrics depending on the importance of controlled niches).

4. CONCLUSIONS

Critics to capitalism escalated in the last decade, but the approach applied in this dissertation was different, starting from the crisis accelerator, the financial system seen from above, from the broader perspective. The new paradigm and the high level of trust show an antithesis with the actual economic system that runs our daily lives. While time passes things are getting worst, we do not have another J.M. Keynes to step into the role of father of the macroeconomics and create similar solutions to those used in the 1929 – 1933 timeframe. There are billions of American dollars and euro spent on creating absolute equilibrium between Human and Nature, but the conditions offered by a functional and sustainable economy could not be shaped with a clear perspective on the long term.

Any economic system (be it micro, at the size of a corporation; be it macro, at the size of a state), forms groups (micro: joint-ventures; macro: state unions). These groups represent the complex work unit for the evolution towards economic advance from globalization's

perspective, but to ignite the cooperation and collaboration engine there is needed a spark for economic systems, especially from the idea to implement the corporate-state governance hybrid work model (Bodislav, 2014).

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