

## ANALYZING THE SUSTAINABLE COMPETITIVENESS OF NATIONS IN THE PERIOD 2021-2024

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**Abstract:** *Since the beginning of the 1990s, competition among countries and among business organizations has become fierce at a global level. Characterized by numerous customer changes, deep technological disruptions, blurring falling industry boundaries, and deep pockets among competitors, the era of hypercompetition began at a rapid pace. Therefore, achieving high levels of competitiveness has become a major concern not only for businessmen and managers but also for policy makers and governments worldwide. On the other hand, the issue of sustainability has increasingly become important in the last decades in all domains of activities. In a globalized world and changing environment, sustainability and competitiveness represent main drivers of today's economies, vital for obtaining long-term economic, social and environmental performances. The aims of the paper are to briefly define the concept of sustainable competitiveness and analyze its evolution at a national level in the period 2021-2024. From this standpoint, the scientific methodology was based on a qualitative research method. Sweden obtained by far the most sustainable competitiveness in the world in the period 2021-2024. Also, the results reveal that the Northern European countries dominated the top of sustainable competitiveness in the above-mentioned period.*

**Keywords:** sustainable competitiveness, sustainability, competitiveness, Global Sustainable Competitiveness Index, Sweden.

**JEL Classification:** O57, Q01.

### 1. Introduction

After the fall of the Berlin Wall and the disintegration of the communist regimes from Eastern and Central Europe, the world entered the phase of rapid globalization. Since the beginning of the 1990s, competition among countries and among business organizations has become fierce at a global level. Characterized by numerous customer changes, deep technological disruptions, blurring falling industry boundaries, and deep pockets among competitors, the era of hypercompetition began at a rapid pace (D'Aveni, 1994). The battle to attain a superior position has been carried on in four specific "arenas of competition: the price-quality arena, the know-how/timing arena, the stronghold creation/invasion arena, and the deep pockets arena" (D'Aveni, 1998, p.186). Therefore, achieving high levels of competitiveness has become a major concern not only for businessmen and managers but also for policy makers and governments worldwide.

On the other hand, the issue of sustainability has increasingly become important in the last decades in all domains of activities (Cornescu et al., 2004; Marinescu and Toma, 2015a). At the end of the 1980s, the famous Brundtland Report emphasized the existence of multiple critical global environmental challenges and proposed specific strategies for attaining sustainable development (World Commission on Environment and Development, 1987). Governments, international organizations, non-governmental organizations and companies have been involved in applying and promoting key concepts such as sustainable growth, sustainable development, corporate social responsibility and accountability (Toma et al., 2011a; Toma and Grădinaru, 2017; Toma, 2019).

In a globalized world (Toma, 2005; Toma and Săseanu, 2007) and changing environment (Toma and Marinescu, 2015), sustainability and competitiveness represent main drivers of today's economies, vital for obtaining long-term economic, social and environmental performances. The aims of the paper are to briefly define the concept of

sustainable competitiveness and analyze its evolution at a national level in the period 2021-2024. These objectives were achieved through a qualitative research method. This paper is structured as follows: the next chapter exhibits the literature review. The research methodology is displayed in the third chapter of the study. The results are discussed in the fourth chapter. The last chapter presents the conclusions of the research.

## 2. Literature review

As a multidimensional, complex and multifaceted concept, competitiveness has always represented a topic of discussion for researchers and practitioners coming from various domains (e.g., economics, management, history, politics). It is analysed at macro (country/nation)-, meso (industry)- and micro (company/firm)-level (Toma et al., 2016a). The country/national competitiveness is defined as:

- „the ability of a country's producers to compete successfully in world markets and with imports in its own domestic market” (His Majesty's Treasury, 1983, p.1).
- „a country's ability to create, produce, distribute and/or service products in international trade while earning rising returns on its resources” (Scott and Lodge, 1985, p.3).
- „the degree to which a nation can, under free and fair market conditions, produce goods and services that meet the test of international markets while simultaneously maintaining or expanding the real incomes of its citizens” (Commission of Industrial Competitiveness, 1985, p.5)
- „a country's capacity to sustain and expand its share of international markets and at the same time to improve its people's standard of living” (Fajnzylber, 1988, p.12).
- „the ability of a country to realise central economic policy goals, especially growth in income and employment, without running into balance-of-payments difficulties” (Fagerberg, 1988, p.355).
- „the capability of firms engaged in value added activities in a specific industry in a particular country to sustain this value added over long periods of time in spite of international competition” (Moon et al., 1998, p.109).
- „the extent to which a national environment is conducive or detrimental to business” (Banwet et al., 2002, p.106).
- „the ability to achieve sustained high rates of growth in GDP per capita” (Banwet et al., 2002, p.107).
- „a capability of a national economy to operate ensuring an increasing welfare of its citizens at its factor productivity sustainably growing. This capability is realized through maintaining an environment for its companies and other institutions to create, utilize and sell goods and services meeting the requirements of global competition and changing social norms” ([Chikán](#), 2008, p.25).
- „the ability of a nation to provide conducive environment to its firms, and hence industries, to prosper” (Bhawsar and Chattopadhyay, 2015, p.667).

- a „set of institutions, policies, and factors that determine the level of productivity of an economy” (Sala-I-Martin et al., 2015, p.4).

These above-mentioned definitions allow the identification of some important characteristics of national competitiveness, as follows:

- ❖ There is no universal definition of this concept.
- ❖ It is related to the ability of a country to compete successfully in the global arena.
- ❖ National competitiveness aims to improve the standard of living of citizens.
- ❖ It is connected with the concept of national productivity without being synonyms (Moon and Peery, 1995). It is stated that “a rising standard of living depends on the capacity of a nation’s firms to achieve high levels of productivity and to increase productivity over time” (Porter, 1990, p.6). Productivity represents a trigger of achieving economic success (Hope and Hope, 1997).
- ❖ National competitiveness involves the capacity to attain high and sustained economic growth rates.

On its turn, the concept of sustainability has increasingly become popular in the last decades. It refers to „the ability to maintain or support a process continuously over time” and tries to „prevent the depletion of natural or physical resources, so that they will remain available for the long term” (Mollenkamp, 2023, p.1). Sustainability is analysed through its three dimensions- economic (profit), social (people) and environmental (planet)- which must be in a harmonious relationship (Kuhlman and Farrington, 2010). Thus, the reconciliation between the economic side and the socio-environmental side is fundamental.

Consequently, the mixture between competitiveness and sustainability led to the emergence of a new concept, entitled sustainable competitiveness. Sustainable competitiveness is defined as „the ability to generate and sustain inclusive wealth without diminishing the future capability of sustaining or increasing current wealth levels” (SolAbility, 2021, p.5). It is yearly measured through the Global Sustainable Competitiveness Index which is based on the following six pillars (SolAbility, 2024):

- natural capital,
- resource efficiency,
- social capital,
- intellectual capital,
- economic capital,
- governance.

The index incorporates 216 quantitative indicators such as innovation, healthcare availability, income equality, press freedom, legal framework, growth, educational budget and ease of doing business (SolAbility, 2024).

Without any doubt, ensuring sustainable competitiveness at a country level imposes strategic planning and thinking (Toma, 2013; Toma et al., 2016b), strategy design and implementation (Toma and Grădinaru, 2016). At a micro level, it also implies strategic thinking (Toma and Marinescu, 2013; Toma et al., 2016c) combined with effective and wise leadership (Marinescu and Toma, 2015b; Grădinaru et al., 2020; Toma et al., 2020; Toma, 2024), entrepreneurial mindset (Marinescu et al., 2017; Grădinaru et al., 2018; Catană et al., 2020), innovative business models (Tohănean and Toma, 2018; Toma and Tohănean, 2018; Toma and Tohănean, 2019), corporate social responsibility (Toma, 2006; Toma et al., 2011b;

Toma and Hudea, 2012), lean and agile management (Naruo and Toma, 2007; Marinescu and Toma, 2008; Toma, 2023), marketing mix (Grădinaru and Toma, 2017; Catană and Toma, 2021a; Catană and Toma, 2021b), teleworking (Catană et al., 2021), training and organizational learning (Toma, 2012; Marinescu and Toma, 2013), Six Sigma (Toma, 2008) and balanced scorecard (Toma et al., 2010).

During the last decades, many researchers have published several articles and books related to the sustainable competitiveness of nations (Thore and Tarverdyan, 2016; Mazarr, 2022). The analysis of the evolution of the Global Sustainable Competitiveness Index (GSCI) in the period 2021-2024 is illustrated in chapter 4.

### 3. Research methodology

In order to achieve the purposes of the study, the author employed a qualitative scientific research method. In the beginning, he gathered the information through desk research. The author identified numerous secondary data sources such as articles, reports and books. Then, he analysed and synthesized them, and elaborated the research.

### 4. Results and discussion

This chapter of the paper deals with the analysis of the evolution of the GSCI in the period 2021-2024. This index translates the performance obtained by a country into a specific sustainable competitiveness score, the maximum being 100.

In the period 2021-2022, Sweden dominated the top of the first ten countries of the world according to the GSCI (Table no. 1). The first six countries preserved their positions in the hierarchy. In 2021, the top comprised only European countries whereas in 2022, 90% were European countries and one country was from Asia. In each year, the Northern European countries (Sweden, Finland, Denmark, Norway, Iceland, Ireland) obtained high scores of GSCI.

**Table no. 1. The first ten countries of the world according to the GSCI in 2021 and 2022**

| 2021 |             |       | 2022 |                |       |
|------|-------------|-------|------|----------------|-------|
| Rank | Country     | Score | Rank | Country        | Score |
| 1.   | Sweden      | 61.2  | 1.   | Sweden         | 60.7  |
| 2.   | Finland     | 60.7  | 2.   | Finland        | 59.3  |
| 3.   | Switzerland | 60.4  | 3.   | Switzerland    | 58.3  |
| 4.   | Denmark     | 60.2  | 4.   | Denmark        | 58.1  |
| 5.   | Norway      | 59.8  | 5.   | Norway         | 57.6  |
| 6.   | Iceland     | 59.8  | 6.   | Iceland        | 57.1  |
| 7.   | Ireland     | 57.6  | 7.   | United Kingdom | 56.4  |
| 8.   | France      | 56.8  | 8.   | France         | 56.3  |
| 9.   | Austria     | 56.6  | 9.   | Slovenia       | 56.3  |
| 10.  | Germany     | 56.6  | 10.  | Japan          | 56.2  |

Source: SolAbility, 2021; SolAbility, 2022

In the period 2022-2023, Sweden remained the leader of the top (Table no. 2). Only the first two countries kept their positions in the hierarchy. In 2023, the top comprised only European countries whereas in 2024, 90% were European countries and one country was from

Asia. In each year, as in the period 2021-2022, the majority of the Northern European countries repeated their previous high performance.

**Table no. 2. The first ten countries of the world according to the GSCI in 2023 and 2024**

| 2023 |             |       | 2024 |             |       |
|------|-------------|-------|------|-------------|-------|
| Rank | Country     | Score | Rank | Country     | Score |
| 1.   | Sweden      | 59.6  | 1.   | Sweden      | 61.22 |
| 2.   | Finland     | 59.4  | 2.   | Finland     | 59.87 |
| 3.   | Iceland     | 59.2  | 3.   | Denmark     | 59.10 |
| 4.   | Switzerland | 59.1  | 4.   | Switzerland | 58.68 |
| 5.   | Norway      | 57.7  | 5.   | Norway      | 58.06 |
| 6.   | Denmark     | 57.6  | 6.   | Austria     | 57.96 |
| 7.   | Estonia     | 56.7  | 7.   | France      | 57.32 |
| 8.   | Austria     | 56.2  | 8.   | Estonia     | 57.14 |
| 9.   | Latvia      | 56.1  | 9.   | Germany     | 56.88 |
| 10.  | Slovenia    | 55.7  | 10.  | Japan       | 56.69 |

Source: SolAbility, 2023; SolAbility, 2024

In essence, the above outcomes emphasized the clear domination of the Scandinavian countries. Sweden was the incontestable leader of the top in the period 2021-2024.

## 5. Conclusions

Since the beginning of the 1990s, the rapid expansion of the globalization process has exacerbated the competition not only among business organizations but also among countries all over the world. This is why ensuring a high sustainable competitiveness at a country level has become a key objective for any government.

The results of the paper show that Sweden obtained by far the most sustainable competitiveness in the world in the period 2021-2024. Also, the research reveals that the Northern European countries dominated the top in the above-mentioned period.

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