THE ANALYSIS OF THE ASPECTS OF MODERN COMPETITIVE RELATIONS

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Abstract: *The contemporary economy has been globalized. One of the most obvious consequences of globalization is global competition, which is becoming more and more notable and intensive. Companies that wish to be successful in the long run are looking for the source of their growth in the global market. Today competitors in the global market come from all countries - the most developed countries in the world, the newly-industrialized countries of the world, countries that have completed the process of economic transition, etc. Regardless the country of origin only the best win.*
Key words: *Globalization, competitiveness, management, knowledge.*

1. INTRODUCTION

The modern economy is globalized. Business organizations produce where business costs are lowest, products are standardized, and are sold worldwide at uniform prices. Globalization means strengthening competition and focusing the global market. Globalization views the world as a single market where the most efficient and competitive ones will thrive. Global competition is becoming more and more noticeable today. Global competition is taking place not only between companies operating within the same industry or group, but also between different industries and areas of business. Competition takes place between different technologies and innovations, and SMEs compete with large business systems. Competitive relationships will continue to compound in the global marketplace and the number of competitors is increasing every day.

According to some understandings (5, p. 651), global marketing competitiveness is increasingly based on the rational use of available business resources, the active innovation of marketing know-how, the orientation of both customers and competitors. It is based on a sustainable and transferable competitive advantage. Global economic trends indicate an accelerated transformation of the world economy. In this sense, the future of competitive development lies in harnessing the economic and market potential of the regions.

The economic center of the world is moving east. These are not the first time, they have been in the past. However, now this process is fast and visible. China and India are becoming world economic powers and more countries in Asia, such as South Korea, Indonesia, Taiwan, Singapore, etc. has a significant role in the world economy. One of the world's most prominent market authorities, Philip Kotler, notes: "No matter how much a company can produce its product cheaply in the domestic field, it cannot be cheaper as long as China has something to offer" (6, p. 2005). .

Adequate business performance, driven by global market thinking, is of particular importance to businesses coming from countries in transition. Competitors from enterprises in transition countries are not only companies from the most developed countries of the world, but more and more often companies from newly industrialized countries (China, India, Russia, Brazil, etc.), not only in the global market, but also in the regional as well as the domestic market.

2. BASIC ASPECTS OF COMPETITIVENESS

Competition is a condition that influences the behavior of businesses in the exchange sphere. *Competitiveness means the ability of a company to compete with other companies - competitors in the market.*

Author Porter believes (11, p. 22) that competitive advantage essentially arises from the value a firm is able to create for its customers, which outweighs the cost of creating it. *From the point of view of a business organization, competitive advantage means the position of a particular organization when its offer is perceived by consumers as providing greater value than competitors.*

Competitive relationships between market participants depend on the following factors:

1. ***number and individual size of customers,***
2. ***the number and individual size of the vendors,***
3. ***opportunities for new competitors to appear on the market,***
4. ***the spatial layout of sellers and buyers,***
5. ***homogeneity, that is, product differentiation,***
6. ***stability of elasticity of demand for a given product,***
7. ***states of vertical integration***

The five forces determine the attractiveness of a particular industry and its potential for long-term profitability. These five forces are: **the nature of rivalry, the danger of new competitors entering, the danger of alternative products or services, the bargaining power of suppliers and the bargaining power of customers.**

One way to measure competitiveness in the global market when it comes to national economies is to list the World Economic Forum, which publishes a *Global Competitiveness Report* every month in September. Competitiveness is analyzed based on the fulfillment of certain requirements defined by the World Economic Forum. The basic indicators of a country's competitiveness are the following indicators - ***institutions, infrastructure, macroeconomic environment, health and basic education.*** **Efficiency** requirements consist of higher education and training, commodity market efficiency, labor market efficiency, financial market development, technological capability and market size. The requirements for **innovation** are business sophistication and innovation.

According to a new report from the 2017 World Economic Forum, which included 137 countries in the world, Switzerland, the US and Singapore are the top three ranked economies in the world in terms of competitiveness in a global context. When it comes to the top ten most competitive economies in the world, the list of countries is the same as last year.

Table 1: Ranking of the top 10 countries in the world by competitiveness in 2017

Country	*Place in 2017-2018*	*Place in 2016-2017*
Switzerland	**1**	**1**
USA	**2**	**3**
Singapore	**3**	**2**
Netherlands	**4**	**4**
Germany	**5**	**5**
Hong Kong	**6**	**9**
Sweden	**7**	**6**
Great Britain	**8**	**7**
Japan	**9**	**8**
Finland	**10**	**10**

Source: *The Global Competitiveness Report 2017-2018*, World Economic Forum, 2017, p. 13.

Switzerland is still the first, with the US and Singapore swapping places this year. The Netherlands is fourth and Germany in 5th (same as last year). Hong Kong has improved its position and is ranked 6th this year (last year it was 9th). Sweden is seventh (last year it was 6th), the United Kingdom is eighth (last year it was 7th) and Japan is ninth (last year 8th). And finally, Finland is in tenth place, which it was last year.

According to the World Economic Forum's 2017 list, China is ranked 27th (28th last year). It should be emphasized that China is making some progress on this list every year. India ranked 40th (last year ranked 39th), Russia ranked 38th (last year it was 43rd). South Africa is 61st (last year ranked 47th) and Brazil is 80th (last year it was 81st). From the BRIKS Group, China, Russia and Brazil have improved their position, while India and South Africa have worsened their ranking in 2016 compared to 2016. South Africa actually recorded a significant decline from 2016 (up 14 positions).

3. ANALYSIS OF ASPECTS OF MODERN COMPETITION RELATIONS

In the early 1990s, several countries in the world defined competitive relations. Namely, the three leading economies of the world, the USA, Japan and Germany, were determining the direction of competition. This Triad Model, which operated in the late 1980s and into the 1990s, is no longer functional. The economic development of China and India, as well as other newly industrialized countries in the world (Brazil, South Africa, Indonesia, Turkey, UAE, etc.), has caused competitive changes to change. According to Brzezinski, the rise of the three Asian powers, Japan, China and India, in the rank of global powers has drastically altered the global division of power and paved the way for its dispersion (2, p. 22).

Since the 1990s, the rapid economic development of China, the reform of the economic system in India, the completion of the transition process of socialist countries in Eastern Europe, have influenced the improvement of the economic performance of the global market. The liberalization of world trade has facilitated the flow of products and services, resulting in an increase in the number of competitors in the global market. The top five countries in the world by economic strength are the USA, China, Germany, Japan and India. Although China is not currently among the top 20 competitive economies, it will soon be. Some of the newly industrialized countries, such as the UAE, are well listed on the World Economic Forum list and rank among the top 20 most competitive nations in the world.

On the other hand, some of the countries of the former socialist bloc, such as the Czech Republic or Slovenia, are now well listed on the World Economic Formula list. Thus, Slovenia and the Czech Republic are in the group of leading countries in the world when it comes to innovation of national economies - the best group of countries, which in the World Economic Forum Report is designated as a group of countries driven by innovation. According to the World Economic Forum, all countries in the world are divided into five groups. The first group consists of countries that base their economy on resources, the second group consists of countries in transition from the first to the third group, the third group consists of countries that are driven by efficiency (this is also Serbia), the fourth group consists of the countries in transition from the third to the fifth group and the fifth group are innovation-driven countries. This situation with the Czech Republic and

Slovenia was not possible in the 1990s, when only a few of the most developed countries in the world based their economy on innovation.

The importance of the newly industrialized countries is best illustrated by the fact that the most developed countries of the world organized a G20 meeting at the end of 2008 and 2009, groups of countries that, in addition to the G8 (the most developed countries in the world), comprise newly industrialized countries. So in addition to China, India, Brazil and countries like Mexico, Indonesia, Turkey, South Africa, etc.

China, US and India contribute to creating global growth at 61.7% (cumulatively). Euro zone countries and the United Kingdom account for just under 10%. Other countries in the world account for 27.9%. Countries with a share of between 1% and 2% are also South Korea, Australia, Canada, United Kingdom, Mexico, Japan, Brazil Turkey, Iran and Russia.

It is a common opinion (10, p. 171) that the Pacific becomes the heart of the world, an ocean of business. China, Singapore, Indonesia, Australia, California, Siberia are replacing the leading Atlantic nations. Japanese economists and managers hoped that the leader of the future Pacific civilization would be Japan, because of its technological advances and banks. And so it was until 2008 and the beginning of the global economic crisis.

Today, it is quite obvious that the leader of the Pacific region is China and that it is the main axis of cooperation in the China-US world. The largest trade takes place on both sides of the Pacific. The Shanghai region and Southern California are the focus of economic attention in the global economy.

How are countries competing today? According to Vietor (14, p. 297), they today compete for export markets and foreign investment. *They compete in education, productivity and defense.*

4. THE ROLE OF NEW INDUSTRIAL COUNTRIES IN THE DEVELOPMENT OF GLOBAL COMPETITION

The role of the newly industrialized countries of the world, such as China and India, is extremely important today. Other countries are also often mentioned in the context of emerging market leaders - Turkey, Brazil, South Africa, Russia, UAE, Indonesia, etc. Investment bank Global Sachs has designed the acronym BRIK (from Brazil, Russia, India and China), aiming to point to markets that will play a significant role in the future development of economic relations. Later, South Africa was added to these countries. The global economy has been a key factor in the economic progress of these countries.

According to some (7, p. 267), two things differentiate these five countries from other emerging market economies. ***The first*** is an effort to change the social structure by strengthening the middle classes of society. This is the basis for strengthening domestic purchasing power and demand in the domestic market. ***The second*** is to stimulate the emergence of businesses that are not many of the leading companies but are very present in the global market. These enterprises are the engine for driving the economic activity of these enterprises.

The rapid growth of the newly industrialized countries is one of the most significant features of the new business environment. These markets mean the future. With rapid population growth and revenue in emerging markets, these markets are gaining importance in determining the future of many industries. They are already helping to set technological standards. Upcoming countries, as some call the newly industrialized countries, are slowly becoming economic woes, and are significantly affecting the growth of the global economy. The importance of newly industrialized countries for improving global competition is best illustrated by the fact that developing countries and transition economies in 2010 attracted more foreign investment for the first time than developed countries. Companies from the newly industrialized countries, following modern trends, applying modern management methods and techniques and improving their operations, become global competitors, which was impossible only twenty years ago.

According to Jacques Atali, the first president of the European Bank for Reconstruction and Development, 11 new ***economic and political powers*** dominate the market: *Japan, China, India, Russia, Indonesia, Korea, Australia, Canada, South Africa, Brazil and Mexico*. In addition, there are countries with strong economic potential, such as: *Argentina, Iran, Vietnam, Malaysia, Philippines, Venezuela, Kazakhstan, Turkey, Pakistan, Arabia, Algeria, Morocco, Nigeria, Egypt, Norway, Dubai, Singapore, Israel* (1, p. 143).

So, these are mostly newly industrialized countries of the world, with a few exceptions, and certainly the most significant region is the region of Southeast Asia, which will become the future economic center of the world, taking into account the importance of cooperation with the USA. (8, p. 46) It is thought that the BRICS countries do not have the right leader - economically this is convincing China. In a way, the story of the BRICS countries is first and foremost the story of China. About the country that has achieved the highest economic growth in the history of civilization in the last three and a half decades. When this gin is excluded, the other four BRICS countries have seen a slight increase in the share of the world economy in the last decade.

The BRIC countries and the Middle East countries are currently stabilizing the global economy as consumption in these leading emerging market economies exceeds the slowdowns in the US and Europe.

The economic crisis has not greatly affected the development of newly industrialized countries, such as China, India, Brazil, Indonesia, etc. These markets mean the future. With rapid population growth and revenue in emerging markets, these markets are central to determining the future of many industries. They are already helping to set technological standards and are of increasing importance in culture and entertainment.

Chinese President at the World Economic Forum in Davos 2017, proposed a new model of global economic relations. President of China, Xi Jiping said, ***“Like it or not, the global economy is a big ocean***

you can't escape. States should view their interests in a broader context and refrain from pursuing their goals to the detriment of others. We should not retreat to port every time we face a storm, otherwise we will never reach the other shore. " The Chinese leader believes that globalization has been unfairly blamed for the social and economic woes of today's world.

Protectionism is once again emerging as a barrier to the development of globalization. The China-US trade dispute poses a significant threat to global trade and can negatively affect other aspects of business globalization. According to President Siiping (9), protectionism is like locking yourself in a dark room with the intention of avoiding danger while depriving yourself of light and air. Also, Beijing does not intend to devalue the yuan to boost export competitiveness.

Given all the above facts, developing countries that want to join the globalization process have no long-term choice but to restructure and integrate into global market flows.

5. CHINA AND INDIA AND GLOBAL MARKETS

China's long-term economic goal in the global market is to promote cooperation and economic development in a group of countries on the so-called ***Silk Road***. This model of global economic cooperation involves building partnerships with countries in the Silk Road Economic Belt. In this way, the countries of South and Southeast Asia establish new production channels, expanding and deepening existing value chains, ensuring economic and technical cooperation between Asia and Europe.

The Silk Road Economic Belt (3) is a development strategy proposed by the Government of China that focuses on the linkage and cooperation between countries on the Silk Road Land and Sea. This initiative has been known since 2016 as the One Belt and One Road Initiative, or abbreviated the ***Belt and Road*** Initiative. This initiative includes China's cooperation with the following countries - Kyrgyzstan, Uzbekistan, Turkmenistan, Iran, Turkey, Bulgaria, Ukraine, Russia, Belarus, Poland, Germany, Belgium, France and Italy - on the Silk Road. With regard to the Silk Road, China has cooperation with the following countries - Vietnam, Malaysia, Indonesia, India, Sri Lanka, Kenya, Djibouti, Greece and Italy. For China to achieve long-term economic growth, it needs to expand its market as well as its influence. All analysts are aware that China will become the No. 1 global economy in a relatively short period of time. This means that China already has to establish new markets in order to be able to readily reach global economic supremacy and maintain that position in the long term.

In 2017, Chinese President Xi Jingping announced in Davos ambitious investment ventures at home and abroad. Over the next five years, it is planned to import about $ 8 trillion worth of goods, about $ 600 billion in foreign investment and about $ 750 billion in Chinese foreign investment. Chinese tourists will make 700 million overseas trips in the next five years. China will be open to the world. In order to realize the new economic model, China has entered a new phase of slower but also sustainable economic growth, reaching 6.7% in 2016. With this economic growth, China's share of the world's total GDP growth is 1.2%. By comparison, the US recorded 2.2% growth last year, but its share of global GDP is 0.3%.

This vision of connecting Asian countries to other continents is shared by India and Japan, with Africa's focus on India's vision of cooperation. Namely, it is an initiative to establish the Asia-Africa Growth Coridor (13). The ultimate goal of this initiative is the industrial integration and cooperation of Southeast Asia and South Asia across the Indian Region. Indian Prime Minister Modi stressed that India will engage in the development of the Asia-Africa Corridor along with Japan. From this point of view, it is obvious that India also wants to play a more significant role in the global economy, at least in the part related to more significant cooperation with African countries (East Africa and the Mediterranean basin) and Southeast Europe. The governments of China and India have drawn up long-term business strategies targeting both the regional Asian market and globally, with the aim of gaining more significant influence in the economic and especially trade flows in the future.

However, one should also take into account the fact that, although China and India are viewed together from an economic point of view, and especially the analysis of global competitive relations, India is not yet an economic factor of such importance as China, which has already begun implementing its new global economic development strategies on a new silk road.

Table 2: India vs. China

	Cultural attractions	**Administrative Attractions**	**Geographic Attractions**	**Economic attractiveness**
India	➢ English language, ➢ Western-oriented elite.	➢ a common colonizer, ➢ common law, ➢ political friendship, ➢ lower long-term risk.		➢ specialized workforce, ➢ profitability, ➢ stable strategy and progress.
China	➢ linguistic and ethnic homogeneity, ➢ diaspora.	➢ ease of doing business, ➢ enclaves.	➢ closer to the US West Coast, ➢ better ports and other infrastructure.	➢ bigger market, ➢ higher revenues, ➢ labor inputs productivity, ➢ availability of capital, ➢ supply channels and ➢ foreign companies as export bridges.

Source: Ghemawat P., Redefining Global Strategy, Mate, Zagreb, 2010, p. 46.

The Silk Road, like most Chinese economic projects, is of a long-term nature and goes beyond the framework of a single state administration. Klaus Schwab, the conceptual creator of the SEF initiative, expects China to become a responsible and receptive global leader. China is strong when it comes to the deglobalization and disintegration of global cooperation. China has stabilized its relations with India and is focusing on economic development and trade. India is distrustful of its huge neighbor (there are strong memories of an episode of China's military and political support for Pakistan and the traumatic border war of 1962).

6. CONCLUSION

Global competitive relationships have changed. The newly industrialized countries have become involved in the global market competition. The actions of companies from these countries influenced the creation of new competitive relationships. Future economic growth will come from newly industrialized countries. Countries in transition need to turn to the global market. Businesses from countries in transition that target national and regional markets (eg the Western Balkans, or parts of the EU) are not an adequate approach in the long term. Companies in transition need to change their business philosophy based on doing business in the domestic market and address the challenges of the global market. The sources of growth are in the global context, and the best path for the economic development of countries in transition is to turn to industrial production and the global market.

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