

**UDC 330.3****COOPETITION AS A WAY OF IMPROVING STRATEGIC MANAGEMENT****Ilnytskyi V.S.***PhD student*

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Abstract. *The article shows that the latest trends show that the struggle in the markets is not for their share, but for intellectual leadership. The new paradigm for a company is to be able to identify its competitive advantages and develop its core competencies.*

Key words: *management, coopetition, innovation, strategic management, competition, cooperation.*

Introduction.

Coopetition is a new paradigm of strategic thinking of the company, which is called revolutionary. Dynamic changes in the operating environments of companies contribute to the fact that these companies stop copying competitors' technologies. Increasingly, companies are joining forces for a technological breakthrough. Coopetition has made a significant contribution to the construction of the value chain, the creation of hybrid strategies and allows to seek and strengthen the positive effects of such cooperation.

Main text.

A large number of studies focus their attention on the development of certain areas of competitive advantages of companies. Competitiveness is a synergistic characteristic that helps to adequately respond to changes in market competition. One of the key innovative features of the modern economy is the maximization of added value. In the process of forming a new economy, the concept of coopetition began to appear.

The term coopetition is formed from two words competition and cooperation. A simple linguistic analysis of the word coopetition gives basic ideas about the essence of this phenomenon as a mixture of two opposite concepts. This concept requires companies to evaluate partners in order to predict risks, the amount of added value created, and the required number of involved resources.

Interaction in coopetition is aimed at increasing the possible profit due to the cooperation of the companies' efforts. In a rapidly changing world, imitating the technology of competitors loses its meaning. In such conditions, a technological breakthrough can be achieved if you join forces with a competitor.

The reasons for which companies choose coopetition include the following:

- interdependence in the creation of values, as they have complementary resources, competencies, and interests;
- companies are interdependent in the creation and distribution of values;
- companies are interested in joint gain;
- interest in reducing competitive pressure [1].

Implementation of coopetition takes place thanks to the creation of joint enterprises, pooling of resources and competences. It is worth noting that competition



continues in existing markets. Often, companies use coopetition as a way to improve their competitiveness by reducing competitive pressure during auctions. This approach does not require technology exchange or additional investment, so it is not rarely used.

An important aspect of coopetition is the understanding that there is not always a losing side. Such cooperation opens up new opportunities for enterprises to overcome their own limitations. Also, coopetition was reflected in the concept of a "permanent spiral". According to it, a strong union is created between the key elements of innovative development - business, state and local authorities, and educational institutions. It is worth noting that the enterprise is competitive in its markets only for a certain period of time when it still has a dominant advantage. The ability of coopetition can ensure the optimal sustainability of a business entity.

The conflict of interest is a feature of the interaction of competing enterprises and is aimed at blocking the competitor's activities while obtaining the necessary resource and satisfying one's own interests. Cooperation provides new degrees of freedom, the realization of one's own interests through the expansion of dominant advantages, especially thanks to the synergistic effect. Such a synergistic effect can be achieved due to the excess of the total results of the system's activity over the results of the activity before their unification. Coopetition implements new types of economic processes that could be implemented by each of the enterprises separately.

The following main features of enterprises participating in coopetition are distinguished:

- the presence of common goals, similar types of economic activity, or carrying out activities that have a complementary nature;
- the organic nature of the organizational management structure;
- the secondary nature of the type of market structure in which companies operate;
- the dependence of two companies varies based on the specifics of economic activity and contractual relations;
- joint coordination of actions and agreement of business strategies [2].

In markets where small enterprises operate, coopetition usually has a situational nature, however, an increase in the size of the enterprise requires proper formalization, which took the form of separate organizational formations - patent pools, strategic alliances and joint ventures.

A patent pool is an agreement between companies on mutual licensing of patents that they own and relate to a certain technology. This approach makes it possible to sell such licenses to third parties. The use of patent pools is an effective tool for competitive interaction and allows companies to sell jointly licensed patents to third parties.

A strategic alliance enables companies to achieve certain economic goals, based on cooperation agreements, which increases their competitiveness. It is worth noting that under such conditions, companies do not merge, but conduct their activities on a contractual basis. The companies will be able to monetize the positive consequences of being in alliances under the conditions of defining the common goals of both companies [3].

Another way to create a coopetition organization is to create joint ventures. This form is based on the medium-term unification of several legal entities to achieve the



necessary goals. Each member of the joint venture does not lose economic independence. Usually, when companies merge, they set themselves the goal of minimizing costs due to the specialized division of functions between the participating companies.

The following factors play an important role in shaping the choice of organizational entities for cooperation:

- the share of the company's participation in competitive cooperation - the degree of the need to consolidate resources to achieve a strategic goal;
- the size of the company - there is a dependence on the final goal and size of the enterprises;
- the time factor – the goal of joining for cooperation affects the choice of the form of joining because patent pools and strategic alliances are designed for long-term cooperation.

Cooperation can occur in any sphere of economic activity, which is why the following main directions of its implementation are distinguished:

- consolidation of intellectual and financial resources for the creation of high-tech products, which requires significant financial investments;
- consolidation of joint actions to reduce the negative impact of lack of information, which is necessary for highly competitive markets;
- cooperation in the production of products to ensure more profitable directions of supply and sale of products [4].

There are many successful examples of the use of cooperation in various fields - education, medicine, production, and others. This concept helps to create clusters and strategic alliances. The transition to cooperation is possible due to the creation of common value chains, and it is within their limits that resources and competencies are combined. In value chains, it is advisable to create differentiated approaches. The following stages of the formation of the cooperation strategy on the basis of omnichannel are distinguished:

- ❖ stage 1 – identification of the priority market, assessment of global and local opportunities for choosing the target market, comparison of retail markets to assess the best opportunities;
- ❖ stage 2 – omnichannel market entry, development of market entry strategies, market entry research;
- ❖ stage 3 – assessment of the possibilities of effective functioning, consumers, infrastructure;
- ❖ stage 4 – the creation of a road map of international trade, the creation of a realistic financial plan;
- ❖ stage 5 – the creation of an operational trade model, determination of the role of digital expansion, outline of the evolution of operational and commercial models to ensure profitability, implementation of partnership management practices;
- ❖ stage 6 – e-commerce optimization, collection of e-commerce performance indicators, determination of critical areas of localization based on differences in the market, and outline of a strategic road map [4].

In the listed stages, specialized experience combined with trade expansion experience can provide a realistic market assessment and, as a result, an effective plan



for business expansion. The process of implementation of cooptition is influenced by a number of factors, which include practical application and theoretical concepts. This strategy defines the parameters and goals of cooperative activity in the company, the main goal of which is to create additional value within the framework of cooperation. The formation of this strategy is focused on the following issues:

- What is the current situation in the company?
- What is the company trying to achieve with its activities?
- Who are the target partners of the company?
- How should target partners be involved in joint activities?

It is worth noting that the company should regularly review the cooptition strategy and if it is no longer relevant, then change it or create a new one. The main principle of the cooptition strategy is the creation and stabilization of relations with partners. The real need is to define the key aspects of the organization's development and priorities. The cooptition strategy should take into account the following aspects that are essential for company management:

- ✓ requirements of the company and its partners, where cooperation is crucial;
- ✓ change of views on cooperation - transition from short-term to long-term consequences;
- ✓ changing the mindset of all interested parties - every employee must understand the importance of cooperation;
- ✓ use of modern information technologies.

Summary and conclusions.

Globalization processes create challenges for enterprises. The cooptition strategy is a new type of inter-organizational cooperation. It allows the company to gain an additional advantage through a strategic alliance with another strong industry player. The main reason for the transition to cooptition is the conscious choice of company managers who make decisions in favor of participation, decentralization, and a high level of trust.

The emergence of cooptition made a significant contribution to the practical aspects and concepts of building a quality chain and improving strategic management. It also influenced the development of hybrid strategies, research developments, management of organizations, and communication between them.

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