

COOPETITION OF UKRAINIAN ENTERPRISES IN THE FIELD OF NATURAL MANAGEMENT IN THE CONDITIONS OF THE MODERN ECONOMY

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*"Nobody can achieve success alone. The only way to do something
significant is to implement this together with other people. Coopetition is everywhere"*

Reid Hoffman

Abstract

The article provides an opportunity for collaboration between the enterprises of the fuel production industry in terms of coopetition both on the domestic and on the foreign market. We paid our attention on the specificity of the combination of interests in the creation of collaborative alliances between the extracting enterprises of Ukraine. We determined the main factors of successful collaboration of enterprises in the field of environmental management on a horizontal level and specified the advantages of cooperation of enterprises in the field of environmental management.

We identified the dependence of socio-economic development within the country and the competitiveness of the state on the foreign market through the development of corporate social responsibility within the country. We offered the main principles of cooperation were proposed for successful collaboration of enterprises in the environmental management.

We determined the main strategies for the development of regions, where the natural resource extraction is carried out, which can be implemented with cooperation of the extractive enterprises under the conditions of coopetition.

Keywords: collaboration, state regulation, coopetition, extraction of natural resources, coordination of interests of the collaborative alliance.

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1. Introduction

Co-opetition is a neologism uniting the terms competition and cooperation. It emphasizes the ambivalence of competition and cooperation in the relationships with all other enterprises in the industrial supply chain, which are the suppliers, customers, competitors and providers of complementary goods [1].

In the past decades supra-regional, international and global markets have gained tremendous importance. The increasing interdependence of economic actors from different regions, countries, etc. is one of the various facets of "globalization". However this kind of "globalization" has led to increased complexity and unpredictability: – of the development of the business environment; – of the relationships with business partners; – of the own interests. Of course, the coopetition features have their own specifics in each country and in a particular industry. This is primarily due to the level of economic development of the country, and the understanding that cooperation in a competitive environment helps not only to create an innovative product, but also to improve the scientific, technical and technological approaches to creating added value of the product.

At the end of the XX century there had been significant structural changes in the fuel and energy sector that led to changes in the organizational structures, existing institutional framework and methodology of state regulation not only in energy, but in the areas of natural monopolies in general. This process was influenced by globalization and liberalization of the world trade of energy and natural resources as a whole. Uneven allocation of resources led to the growth of international trade of energy resources, increase in competition in the global (oil) and regional (natural gas, coal) markets, as well as led to the corresponding changes in the structural and institutional basis of energy markets.

The social-oriented needs of society aimed at interaction between business and government come to the forefront more and more. The prosperity in the country, competitiveness of the state became directly dependent on the scale of corporate social responsibility, which system shall be created based on the interaction between business and government and shall be tested in practice [2].

2. Analysis of the literature data and the formulation of the problem

Before the introduction of co-opetition, business theory has been emphasizing either on the competitive or on the cooperative aspect of business relationships [3]. The competitive perspective has its roots in the neoclassical economics. Important representatives are: Schelling with his seminal book “Strategy of conflict” [4] Porter’s “Competitive strategy” [5] and the transaction cost economics [6] (part of new institutional economics).

Important representatives of the cooperative perspective are Contractor and Lorange [8] by explicating the benefits of business cooperation.

Waśkowski notes that the strategies of coopetition are implemented by many enterprises, regardless of their size, place in the economic value chain or branch. It is worth noticing that shared actions of entities who undertake coopetition change the structure of interactions and relations between them [7]. Simultaneous “opening” to the partner and readiness to share owned knowledge are crucial. On the other hand – remembering the still-present conflict of interests – one must keep secret the biggest advantages which allow the entity to retain its competitive advantage on the market [9]. Relationship networks, built in such conditions between the entities involved, differ from these created by partners who are not competitors. However, proper structure and clear rules might lead to gaining benefits greater than the ones that could be gained by the entities working separately. The value-creating character of the relationship networks built and developed in such a way causes many entities, not only the commercial ones, decide to implement the strategy of coopetition.

Thus, the coordination of interests and the unification of efforts of all alliance participants (state – society – enterprises, enterprise – enterprise, state – enterprise, etc.) are necessary for the achievement of common goals: to benefit from the comprehensive use of the mechanisms of public goods redistribution, risk redistribution, to form loyal pricing policy for the resources, goods and to increase the welfare of citizens of the country. In this regard, the modern business rules are increasingly forced to seek new forms of cooperation, in which the unification of efforts to achieve a certain goal becomes not only productive, competitive, profitable, fashionable, but also an effective form of cooperation.

However, as the research showed, the issues of coopetition were not sufficiently solved in the field of environmental management, because there was a monopoly form of relations in this market and this was not about competition for a long time. As the research has shown, cooperation of interests of extractive enterprises in the field of environmental management is a very promising direction, especially in the conditions of the modern economy of Ukraine.

3. The aim of the work

Therefore, the **aim of this work** is to analyze the coopetition strategies of the enterprises of fuel production industry in Ukraine.

To achieve this goal, the following tasks were set:

1. To investigate the concept of co-opetition.
2. It is possible to cooperate Ukrainian enterprises in a competitive environment.
3. Define the principles for cooperation in a competitive environment.
4. Identify the main strategies of co-opetition of enterprises in the field of nature management.

4. Methods of research

The studies carried out using the empirical, statistical and Delphi methods have shown that the interaction of fuel producing enterprises is a very specific topic that needs to be carefully considered.

5. Results

Coordination of interests (collaboration) in the modern world is perhaps one of the most popular forms of cooperation. Very often, by combining their interests for the sake of creating an innovative product or service, the firms earn extra profits and create a positive image for their businesses. However, there are opposing examples where successful companies combine their technologies, knowledge and goals, and face the problems of competition and borrowing ideas from each other. Therefore, in our opinion, it is important to identify the main factors of cooperation of agents that promote success in terms of collaboration.

In 1992, Mattessich and Monsey worked on 18 studies from 1975 to 1991 to answer the question: What factors do make influence on the success of cooperation? In general, they found 19 factors and divided them into six groups: environment, participants, process/structure, communication, purpose and resource. In this case, Mattessich and Monsey specify the main factor, which is the “informal relationships existing without any particular mission, structure or effort planning” [10]. Schrege determined cooperation in the context of value creation, as a “collaborative process: by two or more persons with complementary skills interacting with the purpose of creating an innovative product [11]. At the same time, Schrege named 13 indicators that influence the cooperation: competence; general purpose; mutual respect; tolerance and trust; creation and manipulation of a common space; multiple forms of their role in the team; continuous, but not constant communication; formal and informal environment; clear delineation of responsibility without boundaries; decisions should be made on the basis of consensus; physical presence is not obligatory; electoral use of the outside means for additional ideas and information, as well as the human factor.

Schrege determined that the most important factor in collaborative cooperation is the “human resource”. Kanter (1994) also found that the human factor was a key component of collaboration to a greater extent than technology [12]. Obviously, we agree with this thesis, according to the significance of the human factor in the functioning of collaborative alliances, but there are a number of factors that influence collaboration at the horizontal level in the field of nature resource management.

Therefore, the task of this unit is to determine the possibility of collaboration of the extracting enterprises of Ukraine at the horizontal level and in terms of cooperation that takes into account the specifics of the fuel producing industry and the imperfect type of competition in the market.

In 2016–2017, we studied 26 works aimed at identifying advantages and disadvantages when applying the collaborative mechanisms in economic activity in the period from 1998 to 2015. Our goal was to identify the key factors of success in the collaborative interaction and to explore what has been changed in terms of attitude to the collaboration since 1992. The study included one of the following questions: What factors do make influence on the success of cooperation at the horizontal level? We identified 23 factors of the cooperation success in the collaborative alliances in a modern economy. It is interesting that we identified the co-factors in our study (2016–2017) and the study by Mattessich and Monsey so we were able to indicate the “strong” indicators that most influenced the positive collaborative result. The identified factors were grouped into seven groups: communication within the alliance interior, competition, combining resources for the creation of a product/service, distribution of responsibility for the risks, role of the state in encouraging cooperation, clear division of responsibilities and respect for each other within the alliance.

The identified factors show that besides the mentioned main “human” factor, the transparency of the processes taking place in the participant interaction, the role of the state and competition is very important for the successful collaboration. The informal connections are established through the cooperative processes (cooperation of competitors) that help to cooperate more effectively and create an innovative product or service.

Also, our studies helped us to form the main benefits of cooperative alliances for the enterprises in the field of nature resource management.

The main advantages of the collaborative alliances are as follows:

1. Help to solve the problems of shortage of creative ideas and effective decisions, to find new intellectual resources, the effective ways of their innovative mobilization to support the state

bodies in search for the perspective trajectories for the development of countries and regions, the strategies of economic evolution [13].

2. At the micro level, the collaboration implements convergence of interests of the most advanced subjects of the global economic system, seeking innovative solutions for the modernization or transformation of the composition and structure of manufactured goods through the creation of (more perfect generations of different levels and scales) or the transition to fundamentally new products offered within the following technological approach based on the introduction of a “beam of technologies” of general and special applications into production [14].

3. Help in the formation of products of new generations, formed on the achievements of the previous methods, that determine the dominant advantages of the product created within their framework: the specificity of its usefulness and value, which inevitably will be expressed in its value and competitiveness [15].

4. Collaboration allows achieving common goals, where there is a mutually beneficial exchange of knowledge, participant training to enhance competencies, production of innovative products with a significant intellectual component for promotion to the market and achievement of significant cumulative effects on the principles of consent and trust [16].

5. The participants of the collaborative alliances are more likely to move towards an innovative type of growth, and thus have the most stable development, strengthening the competitive potential of enterprises. And on the contrary, the territories where the natural-market course of collaboration between the interests of enterprises is impeded by various barriers (administrative, bureaucratic, infrastructure, etc.), there is a lag in innovations, in the diversification of production, and in attracting innovative technologies in the natural resource extraction, and as a consequence, in the development dynamism [17].

The directions of alliance interaction give new opportunities for the development of policy aimed at the formation and increase of the competitiveness of a business entity operating on a different scale (firm, region, country, international level) by overcoming the restrictions imposed by competition and the emergence of strategic advantages, arising as a result of the association (growth of labor productivity, reduction of production costs), since the effect of joint actions is higher than the simple sum of individual efforts.

Also, the studies have allowed us identifying several directions of strategy development that can be implemented by the extractive enterprises in the field of environmental management:

Firstly, it is the strategy of economic development of the extraction regions, where a specific enterprise carries out the natural resource extraction;

Secondly, the strategy of social development of the regions through the distribution of natural resource rent from the natural resource extraction;

Thirdly, the strategy of socio-economic development of the regions through the introduction of a policy of saving natural resources for future generations;

Fourthly, the strategy of ecological and economic development for implementing the policy of restoring the natural resource potential of the regions and the optimal allocation of rental income from the natural resource extraction.

We defined the basic principles of cooperation for the successful cooperation of enterprises in the nature resource management:

1. *The principle of participativity* shall mean the ability of enterprises to generate the creation of social values for their clients and society as a whole, in cooperation with other enterprises.

2. *The principle of balancing interests of the collaboration alliance participants* in the social, economic and environmental spheres. This principle allows determining the priority interests of each of the participants and ensure the implementation of social compliance of each of them, which raises the level of social responsibility of the entire collaborative alliance in general.

3. *The principle of tolerance to risks* shall mean that each of the participants has certain risks in the provision of socio-ecological and economic responsibility in their activities due to collaborative relations. These risks shall be agreed upon by all the alliance members and taken into account when formulating the anti-crisis policy in the social, economic and environmental protection spheres.

4. *The principle of environmental orientation of the collaborative alliance* shall mean that each of the alliance members, in defining its policy and strategy of development, shall ensure the implementation of the principles of environmental reproduction in order to implement the interests of present and future generations.

5. *The principle of ensuring socio-economic responsibility of collaborative ethics* shall mean compliance with the standards of ethical business conduct, environmental management and thereby provision of the necessary level of social responsibility.

6. *The principle of transparency* in relations of the collaborative alliance participants shall mean that each alliance member shall be responsible for the rational and efficient use of funds as a result of the rental income redistribution from the natural resource extraction.

6. Discussion of results

Despite the positive prospects for creating cooperative alliances at the horizontal level, we identified a variety of factors that could offset positive results from the alliance creation.

The problem is in the fact that the researches for commodity-production enterprises and firms are not always suitable for the enterprises of fuel-producing industry. It is the extracting enterprises of all forms of ownership that form the natural resource rent from the natural resource extraction and transfer this additional income to the state budget through the rent payments. Rent payments are calculated based on the extraction volume, that is, on the income of the enterprise. Thus, the more income is, the more rental income shall be given by the enterprise to the state budget. Therefore, at this time, the owners of the extracting enterprises prefer to leave everything as it is, and not to introduce new organizational forms, especially if it involves additional costs. *If vertical co-operation is related to the social-oriented orientation and distribution of natural resource rent, aimed at social, ecological and economic development of local communities, enterprises and the state as a whole, then the positive results are not so much available and cause doubts from the owners and top managers of extracting enterprises in the case of horizontal cooperation.*

7. Conclusion

The studies have shown that the specifics of the field of environmental management have some features, namely:

Firstly, the extracting enterprises can be either state owned or private. Accordingly, the owner may not be interested in cooperation at any level, or, conversely, having enough resources the owner can react positively to the introduction of a cooperative mechanism for the creation of an innovative product or technology. Many scientists of the world point out the importance of cooperation for the creation of an innovative and the establishment of interaction alliances that demonstrate vertical cooperation or the horizontal form of organization necessary for the emergence of new technical and economic indicators, since they facilitate access to information about new needs and ways of production.

Secondly, the extracting enterprises can compete with each other within a single market, therefore, cooperation with a competitor can scare away because of the loss of new extracting technologies, do not correspond to the transversal relations between the cooperation participants and the need for additional costs for the creation of a scientific and expert group whose members are the representatives of different companies to work within the framework of cooperation. At the same time, the researches of the world's scientists show that the cooperation of competitors in one market does not keep productive and fear to lose technology and benefits always wins. The studies have shown that cooperation with competitors has a positive impact on innovation performance.

Thirdly, taking into account the specifics of nature resource management by the enterprises, namely: some natural resources are exhaustive and the extraction of these resources is controlled by the state; therefore, the cooperation of extracting enterprises is a matter of state security at the horizontal level in one market.

Cooperation of extracting enterprises – competitors in different markets contributes to investment of a foreign capital in the national economy through new technologies, financial resources, etc. On the one hand, it is the positive effects of cooperation, which will contribute to an

increased volume of resource extraction, and on the other hand, it provokes not regulated extraction of natural resources, their exhaustion and ecological and economic consequences in the regions where the natural resources are extracted. According to O. Havrylyshyn (2011), investment of a foreign capital into the national economy for resource extraction provokes capturing the country due to the depletion of natural resource potential.

Therefore, the problem consists in the fact that it is necessary to take into account all threats and risks created by the cooperation of extracting enterprises at the horizontal level both on the domestic and external markets.

Fourthly, despite all the threats, all respondents (15 respondents of leading Ukrainian extracting enterprises, including owners and top managers of the companies) indicate the possibility of cooperation of extracting enterprises at the horizontal level, both on the domestic and external markets. But this cooperation shall be clearly regulated in order not to touch the security interests of the country.

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