Competitive partnership in the context of strategic management of construction companies competitiveness

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Abstract. The article presents methodological approaches to the definition of competition as a key socio-economic category at the level of competition essence. Based on the generalization and analysis of methodological approaches to the definition of the competition essence as a phenomenon, system and process, it was determined that, with all the differences, they consider competition as a confrontation between competing subjects (within industries, spheres, markets and segments); it can be both active and passive, capable of being activated in certain circumstances. The ambition of competitors to establish, preserve, develop and use their own advantages, and simplify the competitive environment is implemented through the establishment of interaction between competition subjects, legitimately identified as a competitive partnership. Use of "competitive partnership" term is substantiated; its content and formation methods are identified. At the same time, it is emphasized that the management of the competitive partnership system, as a corporate-type management, can be implemented using corporate strategies. The article considers possible organization of a competitive partnership in the context of vertical and horizontal integration and, in general, in integrated economic systems within the construction complex framework.

1. Introduction

The business environment structure in the construction industry in the regions of Russia is heterogeneous. Competitive factors lie behind the reasons for this heterogeneity: various intensity of competitive processes within certain territorial entities, in the formed territorial and sector-specific complexes; the character of competitive relations and their economic nature; competitive methods used by business entities for the implementation of their own goals and strategies etc.

Competitive factors of entrepreneurial business result from competition action, having a powerful stimulating function that initiates progressive changes in the economic system and is the key to development.

The stimulating role of competition, which is clearly manifested at the macro level or at the regional level, in other conditions, in particular at the micro level, that is, at the level where individual business entities operate, is associated with a number of contradictions. The main one is based on the lack of interest in enhancing competition among representatives of the real business environment, for
whom competition is a generator of difficulties, which cannot be ignored, even realizing and recognizing its stimulating macroeconomic potential [1-4].

This contradiction is quite objective. In practice, it is expressed as the intension of business organizations to reduce competitive tensions and establish special intersubjective interactions, that can be characterized as a competitive partnership.

2. Materials and Methods
The analysis of works by leading representatives of Russian science, who generalized and developed classical works of the competitive theory (K. Marx, M. Porter et al.), who revealed the competition methodology, its principles, methods, tools and determined prerequisites and key features of the competitive partnership will help to describe the socio-economic essence of competitive partnership as a unique phenomenon.

The works of certain domestic and foreign authors made the most considerable contribution to the study of competitive aspect; they presented methodological approaches to the analysis of competition and conditions for competitive partnership formation [5-8].

To provide a more complete identification of the competitive partnership essence and formation of appropriate tools for its implementation, the competition process should be considered as a main socio-economic category in the framework of main methodological approaches (figure 1).

![Methodological approaches to defining competition from the perspective of identifying the essence of competitive partnership](image)

**Figure 1.** Methodological approaches to defining competition from the perspective of identifying the essence of competitive partnership.

The first approach characterizes competition only as competition in the market. This approach is distinguished by a number of studies [9-11], which were conducted by domestic specialists during the period of well-known reforms and focused mainly on the works of foreign authors, which were not fully presented during this period. This approach is based on a fairly General understanding of competition, which is fundamentally correct, but very far from practical use in business management. This understanding was typical for the initial stage of research on the scientific and theoretical foundations of competition and its content. Typical definitions of this period characterized competition as competition in the market in the absence of a monopoly, the relationship of competition between participants in economic activity (if their goals are similar or identical) for the best conditions for the production and sale of goods, conditions for their acquisition and operation, and market share.

The second approach is based on classical economic theory. It identifies competition as an element inherent in the market mechanism and inseparable from this mechanism. This approach focuses on the ability of competition to balance supply and demand and generate a certain state of the market, but not a static state, but a dynamic one. In this context, competition is not so much a competition as a state that reflects the degree of dependence of market conditions on the behavior of individual competing business entities.

The third of the methodological approaches considers competition as one of the deterministic specifics of industry markets; it has a clear industry reference. The state of competition, competitive processes, in accordance with this approach, is a criterion by which the type of industry market can be
determined. A detailed weighted description of competitive processes occurring at the industry level makes it possible to differentiate industries (and types of activities) depending on the effectiveness of competition [12]. Such differentiation is absolutely necessary when justifying management decisions of state and regional regulatory bodies intended for their functions of regulating the competitive process, promoting competition, and supporting the competitive regime in business systems.

The presented methodological approaches can be supplemented with another one, which is a reflection of the marketing management concept inherent in entrepreneurship. This approach can be identified as a segment approach [13]. The segment approach considers the state of competition as the most important criterion that differentiates the types of segments that are part of a geographically defined or industry-specific market. It is based on the idea of segmentation, which is fundamental both in the marketing management concept and in the management of entrepreneurship with its inherent adaptability and flexibility.

Segment competition – the product of the segment methodological approach – is characterized by competitive confrontation and rivalry within a particular segment. It can be implemented in various forms, which depend on the distribution of market shares held by business entities; on their competitive potential; and on the criteria used for segmentation of the "competitive space". But in any form, segment competition reflects the confrontation between competing entities operating within the segment (or industry, market, or a separate market sphere), which can be either passive or active [14]. At the same time, passive competitive confrontation affects the structural parameters of the business environment, while active competition becomes competitive competition. It is important to emphasize that the ability to both active and passive confrontation is reflected in the competitive potential of the business organization, which may be updated in an active form or not updated in a passive form, ready to be transformed into an active mode.

However, no matter which approach the modern competition researcher relies on, he cannot fail to notice an important trend – there is a desire of competition participants not only to develop, strengthen and maintain their competitive positions, but also to simplify the competitive situation, to influence this situation in order to reduce the complexity of real competitive problems. Such influence can only be exerted by combining the efforts of a number of competing organizations and their interaction leading to the formation of a competitive partnership.

3. Results and Discussion

Competitive partnership aims to change the competitive environment and parameters of the competitive environment. Its methodological principles are determined not so much by the type of competitive environment (in particular, market, industry or segment), as by the type of competitive relations formed under the influence of the desire for interaction [15]. In such relations, two opposite impulses are manifested. The first of them is an objectively competitive impulse. It is formed due to the very economic nature of competitive and, in General, market processes and, of course, is a leader. But along with it, there is another impulse – integration, which orients business entities to establish mutually beneficial interactions and partnership.

It is easy to see that the competitive impulse and the integration impulse contradict each other. But this contradiction does not destroy their unity, but emphasizes the complexity and ambiguity of the competitive process. In the joint action of these impulses, the competitive impulse dominates, as an epistemological one connected with the very content of entrepreneurial activity and its competitive basis. The impulse to integrate is in a certain sense a forced measure, a consequence of the desire of business organizations to reduce competitive tension. The dual nature of multidirectional impulses allows us to characterize competitive partnership as a symbiotic form with an unbalanced structure, in which competition inherent in entrepreneurship is supplemented by the desire for integration. The symbiosis of impulses, therefore, affects the conditions in which the competitiveness of an entrepreneurial organization is formed and then realized.

The integration impulse inherent in competing business entities in construction leads to the formation of special integrated economic systems (IES) in a competitive environment. The formation
of IES in entrepreneurship is one of the phenomena whose potential from the point of view of real practice is far from being exhausted. However, the integration methodology, which reflects not only its "hard" forms (mergers and acquisitions), but also its "soft" forms (interaction and coordinated development), is generally formed and is quite applicable to integration by the type of competitive partnership [16].

The initial methodological prerequisite for integration is the desire to consolidate the resources available to integrated enterprises and organizations. Moreover, not only financial, production and technical, technical and technological, human resources, but also intangible resources can be consolidated. By consolidating such resources, business organizations become partners and participants in the integrated economic system, but they fully retain their independence and independence. Integration in such cases is rather a mutually beneficial interaction, a combination of values that leads to a synergistic effect.

Modern economic literature [17-19] typologizes EES in various ways. But the basic method of typologization remains, which distinguishes vertical and horizontal integration. Vertical integration is designed to ensure the technological unity of production processes. Integration in this case means that a number of business structures become not only interconnected with the larger structure, but also subordinate to it. A large structure acquires the functions of a control center. Horizontal integration is devoid of centrality. As a rule, it reflects the relationship between organizations that perform homogeneous work in a competitive technological cycle or produce homogeneous types of products. This type of integration clearly characterizes a competitive partnership. It provides coordination of goals and interests, strategies, and sometimes tactical actions of actually functioning business structures, but while maintaining their competitive opposition. Horizontal integration allows you to achieve a number of effects inherent in integration and interactions as processes, but the independence of its participants are always preserved, and, therefore, competitive relations are preserved. But this is a special kind of relationship that combines the signs of partnership and mutually beneficial cooperation and the signs of individualism of the subjects involved in the competition.

Signs of competitive partnership can also be found in vertical integration. It increases the competitiveness of each of its participants due to the stability of positions in the technological chains that ensure their smooth functioning (receiving orders, selling products, reducing costs). It increases the competitiveness of the entire vertically integrated IES, especially those formed within the region and participating in interregional competitive processes. In fact, it is quite legitimate to consider the integration of business structures in the duality of horizontal and vertical integration, as well as the possibility of using their symbiotic matrix form, which creates conditions for establishing competitive partnerships. At the same time, when analyzing or choosing forms of integration, one should focus on those that most closely correspond to the principles of competitive partnership. In practice, this means that the ability to maintain competitive incentives should be taken into account when forming an integration strategy.

It should be noted that the principles of competitive partnership are most prominent in the conditions of horizontal integration of business organizations. In horizontally integrated systems, competitive partnership should be considered as an independent management subsystem. It can be assumed that management in this case should be based on the methodological provisions of corporate governance. It should be noted that corporate governance, as a concept, is often linked to the functioning of corporations (organizational and economic forms) or to the functioning of large vertically integrated structures. This approach is not accurate enough. The relationship between vertical (or mixed) integration and corporate governance reflects widespread terminology practice [20]. There are also definitions that focus on the structural complexity of corporate governance and the Corporation as an object of management, the specificity of which is its complexity. This specificity concerns the relations between the elements of an IES managed on the principles of corporate governance [21], it does not affect its organizational and economic form. Abstracting from the organizational and economic formalization of corporate governance and the priority of vertical integration of the IES allows us to consider the subsystem of competitive partnership as an object of
this type of management. The competitive partnership subsystem is formed and operates on the principles of corporate governance and obeys the laws that determine the connectivity of the elements of the IES, which can be both vertical and horizontal.

4. Conclusions
In this regard, it can be argued that the integration of business structures in construction, the formation of a single business form in which the methods of horizontal and vertical integration, as well as their system types (for example, matrix), equally coexist, creates real prerequisites for competitive partnership in the conditions of innovative transformations of the modern economy. At the same time, in all the variety of forms of organization used, it is not difficult to identify and implement in practice those that allow using the principles of competitive partnership through a set of actions inherent in integration as a separate independent process, that is, through the formation of an independent integration strategy that preserves competitive incentives.

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