

## COOPERATION BETWEEN COMPETING ENTERPRISES AND ITS ASSESSMENT IN THE REPUBLIC OF MOLDOVA

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**Abstract:** *Research on cooperation between enterprises and competitors – "co-opetition" – has demonstrated the positive impact of this process on the efficiency of participating enterprises. Collaborating with competitors creates conditions for a unique dynamic where companies can both compete and collaborate with each other simultaneously. This approach enables enterprises to share resources, knowledge, and expertise, enhancing their competitiveness and contributing to the development of the entrepreneurial ecosystem. In the Republic of Moldova, cooperation between competing enterprises is insufficiently developed. Surveys of entrepreneurs attest to this fact.*

**Key words:** *Cooperation, competitors, co-opetition, enterprises, survey.*

**JEL Classification:** *L26, M21.*

### 1. Introduction

The integration of competition and cooperation among enterprises plays a crucial role in developing an effective entrepreneurial ecosystem. Competition between companies stimulates innovation and product/service improvement. However, to enhance efficiency and increase benefits for all participants, it is also necessary to foster cooperation. Interaction among competing enterprises enables them to combine efforts and resources to achieve common goals. Additionally, cooperation contributes to cost reduction and optimization of production processes. By sharing resources and risks, companies can reduce financial burdens and enhance their competitiveness. Moreover, joint efforts of enterprises can facilitate access to new markets and customers. The convergence of competition and cooperation ensures a balance for sustainable business development. Such interaction creates a conducive environment for innovation and growth both for individual enterprises and the economy as a whole.

### 2. Cooperation with Competing Enterprises in Literature

The success of an enterprise in modern market conditions is determined by its ability to organize effective interaction with the external environment. In literature, such interaction is divided into "positive" (collaborative relationships that a company builds with suppliers, end consumers, and marketing intermediaries) and "negative" (competitive relationships that arise between the enterprise and its competitors). Specialists assess the importance of "positive" and "negative" relationships for the company differently. Marketing classic Philip Kotler believes that the primary importance for the company lies in building relationships with consumers (Kotler et al., 2016), while Al Ries and Jack Trout (Ries and Trout, 2006) argue that the most crucial aspect for a company is effective competition against its competitors.

According to Kotlyarov, I.D. (2010), the goal of competition is to ensure the effective development of the industry (in particular, to prevent the displacement from the market of its constituent companies by producers of new substitute products) and the optimal satisfaction of the needs of the target market. From this, it follows that competing companies have not only private but also common interests.

Private goals include: resisting competitors seeking to lure away customers; increasing market share; increasing sales volume.

Common goals include:

- Resisting competitors from other industries offering substitute products in the target market of the industry;
- Creating uniform customer service standards and monitoring their compliance;
- Lobbying industry interests;
- Joint customer service;
- Conducting competition by fair methods.

Thus, in the activities of each company, one can trace the tendency towards competition (achieving private goals) and cooperation (achieving industry-wide goals). Kotlyarov developed a “cooperation-competition” matrix, which reflects four types of combinations of readiness for competition and cooperation among enterprises within a specific industry (Table no. 1).

**Table no. 1. Industry matrix “cooperation-competition”**

		Cooperation	
		<i>absent</i>	<i>present</i>
Competition	<i>absent</i>	I. Monopoly	II. Cartel agreement
	<i>present</i>	III. Predatory competition	IV. Effective competition

*Source: (Kotlyarov, I.D., 2010)*

The quadrant IV "Effective competition" of the matrix reflects a situation where companies collaborate with each other to achieve common goals while engaging in rigorous competition (albeit with civilized methods) to achieve their own private objectives. This form of competition ensures both the most effective development of the industry and the best satisfaction of customer needs through constructive cooperation among companies. Competitors are perceived not as enemies but as rivals and partners under this approach.

This perspective advances the understanding of the combination of competition and cooperation, which was initiated by Adam M. Brandenburger and Barry J. Nalebuff in 1998. (Brandenburger and Nalebuff, 1998) introduced the term "co-opetition," defining it as a business strategy that goes beyond the old rules of competition and cooperation to combine the advantages of both.

Vik Pant and Eric Yu (2018) discuss co-opetition as a prominent industrial practice that allows enterprises to increase combined welfare through cooperation while maximizing individual gains through competition.

Devece et al. (2019) emphasize the importance of understanding how cooperation and competition coexist in inter-firm alliances.

Rubin (2014) notes that in competition, many signs of cooperation between parties are found, as well as prerequisites for its emergence and development on a mutually beneficial basis. An important aspect of competitive action management is the need to plan combinations of competitive actions, define goals, and conditions for their implementation.

Goals of cooperation may include: reducing costs through joint procurement of raw materials, equipment, or services; increasing innovation through joint research and development efforts; accessing new markets; exchanging experience and knowledge.

Rules and practices of cooperation with competitors may include:

- Establishing associations to develop industry-wide quality standards and ethical codes, and monitoring their compliance;
- Participating in joint events with competitors (roundtables, press conferences, charity events, etc.).
- Joint lobbying of industry interests in government bodies.
- Conducting joint scientific and technical developments aimed at improving industry products.
- Agreements on the joint use of technological equipment.
- Outsourcing agreements.
- Agreements on joint customer service.

An earlier study involving the author (Stratan et al., 2020) found that the innovative potential of enterprises can be enhanced through cooperation with other enterprises and researchers. The research results showed that in the Republic of Moldova, small and medium-sized enterprises are quite hesitant and passive in cooperating with other companies and research institutions to implement innovations.

### **3. Research Methodology**

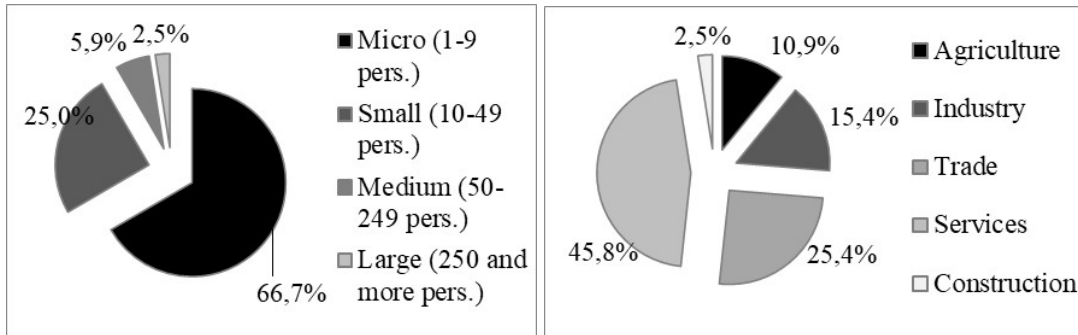
The activity of Moldovan entrepreneurs in expanding cooperation within the framework of business operations, including with competitor enterprises, can be assessed through a survey of entrepreneurs.

Thus, from June to October 2022, under the leadership of the article's author, a group of researchers from the National Institute for Economic Research of the Academy of Economic Studies of Moldova conducted a survey of 204 entrepreneurs from 25 districts of the Republic of Moldova. The survey was conducted as part of an applied scientific project "Multidimensional Assessment and Development of the Entrepreneurial Ecosystem at the National and Regional Levels to Boost the SME Sector in the Republic of Moldova".

The main goal of the survey was to assess the state of a large number of factors in the entrepreneurial ecosystem of the country. One of the evaluated factors was the level of cooperation with competitor enterprises.

Among the enterprises surveyed, the overwhelming majority belong to the small and medium-sized enterprise sector (97.5%), depending on the number of personnel (Fig. no. 1).

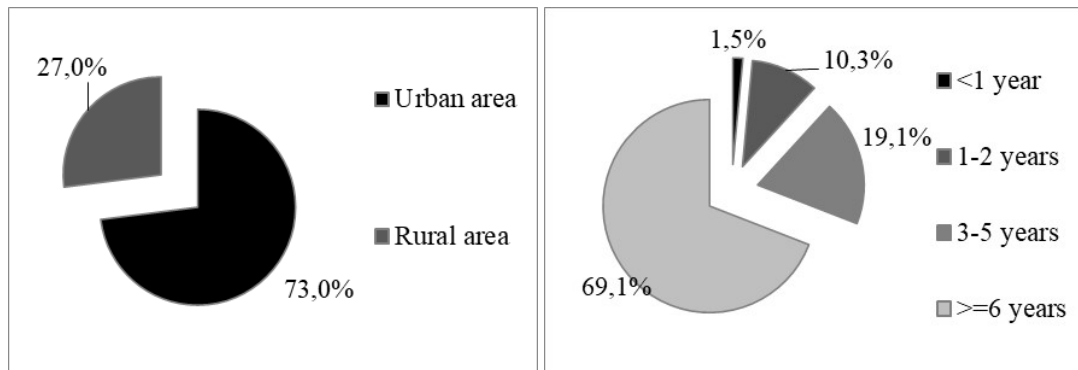
In terms of types of activities, nearly half of the sample enterprises (45.8%) are engaged in the service sector; 25.4% are in trade; 15.4% are in manufacturing activities; 10.9% are in agriculture (Fig. no. 1).



**Figure no. 1. Characteristics of the sample enterprises by size and types of activities**  
*Source: own elaboration*

If we consider the sample enterprises by location, it can be noted that almost 3/4 of them (73.0%) are located in urban areas, and accordingly, 27.0% are in rural areas (Fig. no. 2).

In terms of the age of operation, the majority of the sample consists of mature enterprises aged over 6 years (69.1%). The age of 19.1% of the enterprises in the sample ranged from 3 to 5 years, while 10.3% were between 1 to 2 years old. Only 1.5% of the sample comprised newly established enterprises aged less than a year (Fig. no. 2).



**Figure 2. Characteristics of the sample enterprises by location area and age**  
*Source: own elaboration*

The respondents were owners or managers of enterprises, well-informed about the activities of the enterprise.

Within the survey, entrepreneurs were asked to evaluate the level of cooperation of their enterprise with competitors on a 5-point scale, from 1 (minimum level) to 5 (maximum level).

#### 4. Results

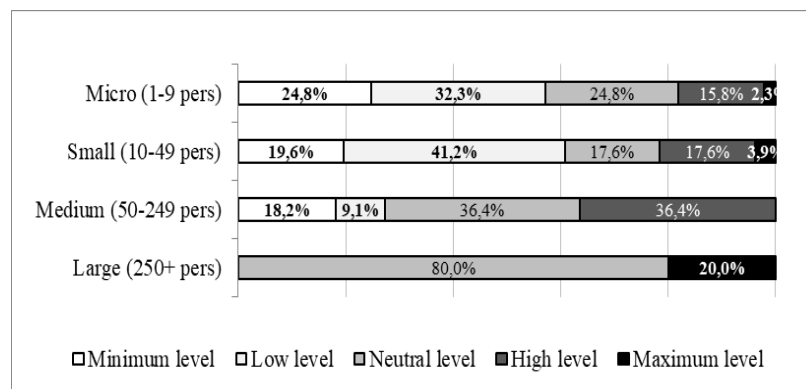
The results of the survey of entrepreneurs showed that only 20% of enterprises in the Republic of Moldova cooperate with competitors at a high or maximum level. At the same time, 32.5% of respondents rated the level of cooperation as low, and 22.5% as minimum (Table no. 2).

**Table no. 2. Distribution of ratings of the level of cooperation of enterprises with competitors - overall sample**

	1=Minimum level	2=Low level	3=Neutral level	4=High level	5=Maximum level
Level of cooperation with competing enterprises	22,5%	32,5%	25,0%	17,0%	3,0%

*Source: own elaboration*

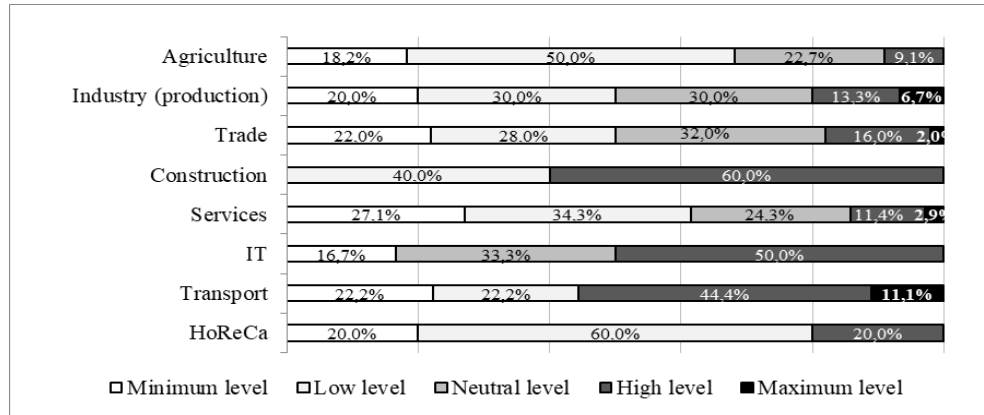
When considering the responses of enterprises based on their size, it can be observed that the smaller the enterprise, the more often the degree of cooperation with competitors was assessed at the minimum level (micro-enterprises - 24.8%; small enterprises - 19.6%; medium-sized enterprises - 18.2%; large enterprises - 0%). At the same time, large enterprises (20.0%), small enterprises (3.9%), and micro-enterprises (2.3%) were more likely to rate cooperation with competitors at the maximum level (Fig. no. 3).



**Figure no. 3. Distribution of ratings for the level of cooperation between enterprises and competitors – based on the size of the enterprise**

*Source: own elaboration*

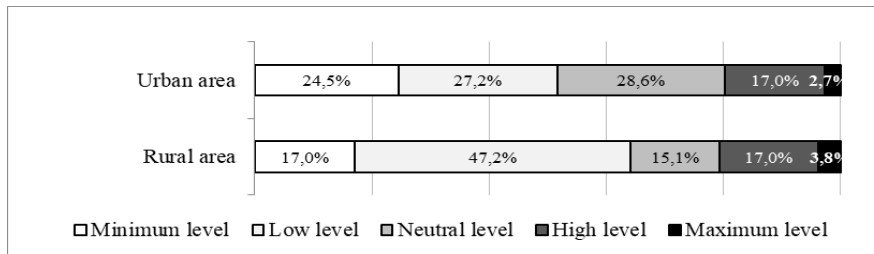
By types of activity, a relatively high level of cooperation with competitors was identified in enterprises in the IT, construction, and transportation sectors. A relatively lower level of cooperation with competitors was observed in agriculture, the service sector, and HoReCa (Fig. no. 4).



**Figure no. 4. Distribution of ratings for the level of cooperation between enterprises and competitors – based on the type of activity**

*Source: own elaboration*

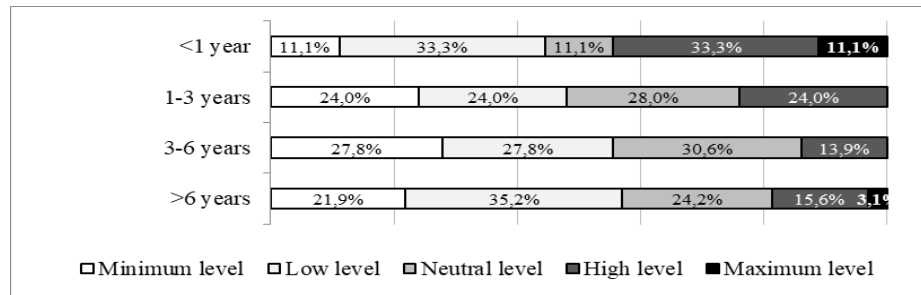
In terms of location area, approximately the same proportion of rural and urban enterprises rated the level of cooperation with competitors as high or maximum (20.8% and 19.7% respectively). However, rural enterprises reported minimal levels of cooperation less frequently than urban enterprises (17.0% and 24.5% respectively) (Fig. no. 5). This may be due to the more limited access to resources in rural areas, leading enterprises to rely more on cooperation with competitors for assistance.



**Figure no. 5. Distribution of ratings for the level of cooperation between enterprises and competitors – based on the location area**

*Source: own elaboration*

Regarding the cooperation between competing enterprises based on their age, an interesting pattern emerges: the highest ratings for cooperation with competitors are given by new enterprises aged up to 1 year (11.1% marked the maximum level of cooperation and 33.3% - high level). Perhaps this can be explained by the greater openness of new enterprises, limited resources and experience, and therefore the need for assistance from more experienced colleagues. As enterprises mature, the level of cooperation with competitors decreases. However, mature enterprises older than 6 years relatively more often rate the level of cooperation with competing enterprises as maximum (3.1%), but their cooperation at this stage likely reaches a higher level (Fig. no. 6).



**Figure no. 6. Distribution of ratings for the level of cooperation between enterprises and competitors – based on the age of the enterprise**

*Source: own elaboration*

## 5. Conclusions and Recommendations

The survey of entrepreneurs has shown a relatively low level of cooperation among enterprises with their competitors in the Republic of Moldova. This may be attributed to a lack of trust among entrepreneurs, a weak entrepreneurial culture, and insufficient development of the professional business association sector in the country.

Increasing the level of cooperation between enterprises can bring mutual benefits and improve the entrepreneurial ecosystem. To achieve this, measures can be implemented by the government, business associations, and the enterprises themselves. In particular, the government can promote cooperation by developing and implementing programs and initiatives that encourage entrepreneurs to collaborate with each other. This could involve funding joint research and development projects and participation in educational programs.

Business associations can implement measures such as:

- organizing educational programs and courses for entrepreneurs to learn about the benefits of collaboration;
- creating platforms (seminars, workshops, conferences) for knowledge and experience sharing among member enterprises;
- engaging external consultants and experts to develop and support cooperation programs between competing enterprises, helping them effectively implement joint projects and achieve common goals;
- involving member enterprises in jointly developing industry standards, recommendations for improving the business environment, and lobbying for them.

Finally, enterprises themselves can overcome barriers to cooperation with competitors by taking the following measures:

- studying existing experiences of cooperation between competitors in Moldova and abroad;
- enhancing their own entrepreneurial skills and competencies;
- joining in associations, clusters, business alliances for knowledge, resource, and knowledge exchange;
- conducting competitor analysis to identify their strengths and weaknesses, as well as areas where collaboration is possible;
- conducting joint research for innovation implementation and development of new products and services, other measures.

It is important for enterprises to understand the goals they will achieve through cooperation with competitors and the rules to be followed in the process.

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