

MNCs LEADERSHIP IN GLOBAL HYPERCOMPETITION

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Abstract: The article aims to present successful strategies of the winning companies in the Forbes' Global 2000 ranking. Assuming that the last three decades in the world business have been dominated by hypercompetition, the article simultaneously verifies the main conclusions regarding this phenomenon during the previous decade. The article consists of four main sections. In the first introductory section hypercompetition as a new concept in strategic management has been presented. The second section is a literature review devoted to the hypercompetition phenomenon. In the third part, empirical studies have been presented. The final section discusses the results of empirical research. The study was conducted using the cluster approach. The division of companies into clusters was carried out over three periods (2009, 2014, 2019), which demonstrated these changes over ten years. It was concluded that the leaders of business are IT companies, whose main strategies are an investment in R&D and innovations and the use of networked forms of doing business. The main role in the sources of market value growth for these corporations is based on their intellectual capital of tangible assets rather than tangible assets themselves.

Keywords: Global hypercompetition, Leadership, Management, Multinational corporation, Strategy.

1 Introduction

The theoretical foundations of strategic management built by M. Porter (1980) are based on the industry's economy derived from neoclassical economics [25]. According to the neoclassical theory of microeconomics, companies in the conditions of perfect competition earn zero profit. Extraordinary gains are a periodic anomaly that disappears when the market reaches equilibrium. Competitive advantage is a state in which a company or group of companies has managed to escape from perfect competition temporarily.

The concept of sustainable competitive advantage emerged from the S-C-P (structure-conduct-performance) paradigm of industry economics and was later popularized by Harvard Business School and subsequent works by M. Porter [26, 27]. And although the domination of Porter's concepts was interrupted, over the next decades, "sustainable competitive advantage" became the primary strategic goal of enterprises. According to the industrial economy, the durability of the company's competitive advantage is the effect of the industry's structure. The concept of perfect competition suggests that companies obtain extraordinary results primarily through gaining a monopoly or oligopoly position. The basic assumption of the S-C-P paradigm is that the lower the degree of competition in the industry, the better the results of firms [25, 28].

The resource approach, currently dominant in strategic management, has adopted the concept of sustainable competitive advantage, understood as the company's ability to achieve results above the average for the entire industry without significant adjustments. The principal founders of the resource approach, Wernerfelt [39] and Barney [2], provided a framework explaining how a company's resources can be a source of sustainable competitive advantage. Resource markets are imperfect, and therefore companies can gain a lasting competitive advantage by purchasing or developing resources that are unique or difficult to imitate. Therefore, much of the company's resource theory focuses on articulating the conditions necessary to achieve the primary goal of sustainable competitive advantage. A representative example of the above statement is the article by M.A. Peteraf [23] "The cornerstones of competitive advantage: a resource-based view". These cornerstones are, above all, the heterogeneity of the resources and internal capabilities of the company [23].

In the mid-70s of the twentieth century in the American economy, and consequently, with some delay in the entire world economy, a process of fundamental structural changes began. Competition has intensified. At the same time, the importance of consumers and investors has increased [29, 30]. As a result, the great oligopolies that dominated the American economy began to lose their importance [24].

Entry barriers collapsed at an accelerating pace. Beginning in the 1990s, the digital revolution was even obliterating the borders between industries. What had been well-defined industries were turning into amorphous "spaces" into which almost any seller could wander. Distribution channels moved into cyber domains of virtually infinite shelf space (Netflix, iTunes, Amazon, etc.). The cost of offering a new niche product approached zero, and choices exploded even further [30, 31].

The changes described above have intensified the criticism of the concept of competition based on neoclassical economics. First, an influential book by R. D'Aveni was published, which defined hypercompetition as an environment characterized by intense and rapid competitive moves in which rivals must act quickly to build their advantage, neutralizing competitors' advantages [7]. More books were published soon [8, 14], and two special editions of the Organization Science magazine devoted to hypercompetition [36, 38].

Hypercompetition is also called high-velocity competition because of the ever-faster pace of technological change [3]. It is generated not only by the Internet, intense competition, or technological changes in industries but also by deregulation and globalization, the growing number of substitutes, more educated and diversified clients, and growing inventiveness in inventing new business models. All this leads to a structural imbalance, the fall of entry barriers, the dethronement of industry leaders, and the loss of importance of national oligopolies [3, 7, 12]. Studies on hypercompetition usually show that it is a relatively new phenomenon, with its origins in the late 1970s-1980s—XX century.

2 Materials and Methods

To make effective management decisions in current market conditions requires assessing the position of the company in the market relative to competitors to figure out its place among them. This task is quite difficult due to the limited awareness of market participants and a large number of companies and their significant differences. Scientific substantiation of company management strategies involves using research aimed at identifying explicit and implicit differences between typical entities. The solution of this particular issue is based on the division of a set of enterprises into groups in which participants should possess similar characteristics and different groups - different. In this regard, the study used such techniques of empirical data processing as clustering methods applied to classify objects by their characteristics.

There are about a hundred different clustering algorithms, the diversity of which is explained by different computational methods and by different concepts. The application of any method is due to the practical usefulness of the results of cluster analysis. However, the most used are hierarchical cluster analysis and the k-means clustering method. They are the most effective ones on the majority of samples.

The combination of selected methods allows to implement the complete account of the uncertainty factor of the future conditions of companies and, as a consequence, gain confidence in the accuracy of identification of real economic processes. In order to determine the most successful directions of MNC strategic development in modern conditions and challenges described above, we conducted an empirical study using the method of cluster analysis of redistribution between groups of transnational business leaders on key indicators of business

efficiency, market value, and capital intensity. In order to achieve this goal, the following tasks are identified: to select clustering objects and determine a set of factors for their evaluation; build a matrix of input data; build a matrix of standardized input data; apply a hierarchical clustering method and analyze the dendrogram; apply the k-means clustering method, select the optimal number of clusters and find out the characteristics of each cluster.

3 Results

The two basic models of sustainable advantage, Porter's five forces model and the resource approach, are based on the concept of a stable and equilibrium world. The former American economy in the years 1945-1975 is close to this [30]. In later years, such a state was difficult to achieve, and at the beginning of the 21st century, it seems to be completely unrealistic.

3.1 Schumpeterian Competition

The increasing volatility resulted in increased interest in the Austrian school of economic theory, the most prominent representative of which is J.A. Schumpeter [33, 34]. The Austrian School emphasizes the importance of entrepreneurs, their actions, and imbalances. Schumpeter's creative destruction theory describes the rivalry between firms as an ongoing race to defend market leadership. Nelson and Winter [22], using Schumpeter's concepts, developed a theory of economic evolution. According to them, natural selection stimulates companies to replace old routines and technologies with new ones constantly. In order to survive, companies must adapt to changes in the environment.

Schumpeter's concepts focus on an innovative entrepreneur motivated to make extraordinary profits. Innovation causes change, and change creates imbalances in the markets. Competitors imitate strategies with above-average results as long as they make decent returns. Competitive advantage and extraordinary gains may be only temporary.

The neoclassical concept of competition is static. It assumes that technologies are data and immutable and that companies compete on prices and costs. Intense competition lowers prices and/or increases costs, which reduces profits. On the other hand, the Schumpeterian competition is dynamic in nature and concerns primarily technological changes. New technologies create new assets that become a source of new profits.

3.2 Hypercompetition

Contemporary research suggests that sustained competitive advantage is rare and is getting shorter [7, 36, 40]. There is growing empirical evidence that the volatility of financial returns on investment is increasing, suggesting that the relative importance of the temporary component of competitive advantage is increasing compared to the long-term component [7, 36]. The constant pursuit of strategic change is necessary to achieve success, especially in the rapidly evolving high-tech environment [7, 12].

The ever shorter period of competitive advantage is due to many reasons, including technological changes, the development of the Internet, globalization, industry convergence, aggressive competitive behavior, government-stimulated deregulation and privatization, the development of China, India, and other emerging economies, pressure on management managers to achieve short-term results, etc. As the environment becomes more dynamic, it is more appropriate to define strategies as dynamic moves and counter moves than to statically position resources, capabilities, core strategies, industry strategic group structures, etc.

Hypercompetition differs from Schumpeter's competition in the greater complexity of its causes. Hypercompetition is far less predictable than competition between direct rivals seeking success through new products, processes, or technologies [33]. These direct innovations depreciate established strategic

positions and accumulated historical assets. Hypercompetition is triggered by innovation external to the industry, by suppliers and consumers, by government deregulation, by falling tariffs and transaction costs that allow foreign competitors to enter.

To understand the markets in which there is a temporary advantage, it is necessary to use new tools that can capture dynamic changes. Audia et al. introduced the concept of the "success paradox" [1]. It is the fact that every company's success contains the seeds of a future failure. If a business is successful, it is natural to strive to exploit resources that have worked in the past. This can be destructive when the environment is radically changing. After a period of success, the company may lose the ability to judge when to limit its use of previous resources.

3.3 Empirical Research

The first empirical research on hypercompetition appeared in the 90s of the last century. L.G. Thomas presented a comprehensive study of more than 200 American industries for the period 1958-1991 [36]. At the beginning of the analyzed period, the static competition was dominant, which used inventions to a minimal extent. On the other hand, the years that followed were dominated by dynamic competition based on innovations. This key change, ignored in previous studies, confirms the "hypercompetitive change" that occurred in the American economy at the turn of the 1970s and 1980s.

G. Young, K.G. Smith, and C.M. Grimm compared the paradigms of the sectoral economy (S-C-P) and the Austrian school [38]. They examined the 1903 rival moves taken in the software industry and found that increased competition until it took extreme forms, helped to improve the performance of the entire industry. In contrast, the traditional S-C-P model assumed that intense competition worsened the results of enterprises in the industry.

The above research was used and developed by W.J. Ferrier, K.G. Smith, and C.M. Grimm [10], who studied the phenomenon of erosion of market shares and dethronement of industry leaders using the competitive perspective of the Austrian school. The research covered leaders and vice-leaders in 41 industries for 1987-93. They included almost 5,000 competitive moves defined as observable new actions initiated to strengthen market position. Ferrier, Smith, and Grimm found that industry leaders must act faster and more aggressively than their competitors to maintain their market position and reduce the likelihood of dethronement.

Comin and Philippon undertook to explain the contradictions in the conclusions of the research on the volatility of the economy [6]. Analyzes carried out on aggregated macroeconomic data show that the volatility of the economy is decreasing. On the other hand, analyzes of data collected at the company level show an increase in volatility and an increase in competition in industries. Comin and Philippon showed that the decrease in volatility in the case of aggregated data was due to smaller macroeconomic shocks. There is no correlation (i.e., they cancel each other out) between the shocks occurring in individual industries. Second, the correlation of the industry with the rest of the economy decreases the more, the greater the volatility of firms within a given industry. Comin and Philippon explained this, among other things, R&D spending that gives industries dynamism independent of the economy as a whole.

Wiggins and Ruefli studied 6,772 enterprises in 40 industries for the period 1972-1997 [40]. They divided the industries into high-tech and low-tech. The rate of change was a bit faster in the first group. However, the same general pattern of change existed across all industries. Wiggins and Ruefli found that there is no lasting competitive advantage, which in turn changes the definition of a distinguishing company. It is a company that can obtain a series of periodic competitive advantages (including Johnson & Johnson, Merck, Family Dollar Stores, or Illinois Tool Works). The number of such companies is small, only 1% of the surveyed sample, but is gradually growing.

The existence of the phenomenon of hypercompetition was also confirmed by Foster and Kaplan [11], analyzing the oldest ranking of American companies, Forbes100, from 1917. After seventy years, in 1987, most of them did not exist anymore. Only 18 companies remained on the Forbes100 list (including Procter & Gamble, Exxon, Citibank). However, it should be noted that each of these long-term corporations (except GE and Kodak) had an increase in the value of shares below the stock exchange average over the course of 70 years. From 1987, Kodak also began to get into trouble, leaving GE as the only corporation on the first Forbes100 list to survive and with outstanding results.

Articles in a special edition of the SMJ at the end of 2010 brought new evidence of the existence of hyper-competition. Hermelo and Vassolo [13] found that the modernization of economic institutions brings about an increase in temporary advantages in many Latin American countries. Lee et al. [16], on the example of over a thousand companies from the software industry, determined that dynamic capabilities accelerate the growth of temporary advantages. M.-J. Chen et al. [4], on a sample of 104 Taiwanese companies, using the example of particularly aggressive actions, identified the sources of temporary advantage, which were the characteristics of board members. E.L.Chen et al. [5], on the basis of simulation experiments, discovered, contrary to the accepted beliefs, that aggressive actions are not always the best way to succeed in a hyper-competitive environment. In turn, Rinova et al. [32] found that in certain hyper-competitive environments, it is better to operate in a predictable manner using a simple sequence of actions and understandable signals to investors than to act unpredictably and surprise competitors. The research sample included 40 NASDAQ and NYSE listed Internet companies over the three years 1995-1998, based on quarterly data. The study analyzed the changes in the positions of world leaders according to the rankings of one of the world's most authoritative economic publications "Forbes" from 2009 to 2019 [41].

Such brands as ICBC, JP Morgan Chase & Co., Bank of China, Royal Dutch Shell, Wells Fargo, ExxonMobil, AT&T, Microsoft, HSBC Holdings, Allianz, Total, Berkshire Hathaway, China Mobile, Walmart, Santander, and Nestle are among the companies that have been consistently in the top 50 over the past 10 years. Following two companies - ICBC, JP Morgan Chase & Co, occupied positions in the top-10 during the specified period, while ICBC was on the 1st place 7 years in a row. The most dynamically developing company was Ping An Insurance Group, which rose from 467 position in 2010 to 7 in 2019.

For this purpose, a list of indicators was determined, which were recorded as of 2009, 2014, and 2019 for 47 companies for which performance indicators have significant differences. The following performance indicators were identified as feature factors of the objects: Sales, Profits, Assets, Market Value. Our research on hierarchical cluster analysis of selected indicators has shown that the most effective in terms of meaningful interpretation of the results is the use of Ward's method of combining clusters and the Euclidean distance as a measure of object similarity. All calculations were performed in the software environment STATISTICA 10 Enterprise. Since the data is presented in different units, and so that indicators with large values do not dominate over indicators with smaller values, the data were standardized according to the following formula:

$$(1) \quad z_i = \frac{x_i - \bar{x}}{s},$$

where x_i ($i=1;n$) – input values of the indicator;
 $\bar{x} = \frac{\sum_{i=1}^n x_i}{n}$ – the average value of the indicator;
 $s = \sqrt{\frac{\sum_{i=1}^n (x_i - \bar{x})^2}{n-1}}$ – standard deviation of the indicator.

The results of the hierarchical cluster analysis of the considered enterprises for 2009, 2014, and 2019 are presented graphically in the form of a dendrogram in Figure 1, which displays the

average values of the obtained cluster groups and illustrates the typical profiles of enterprise clusters. The essence of this approach is the systematic application of the selection criterion to the cluster with a reduced level of demand. As the threshold of the requirement weakens, other objects are included in the group. In the end, they all come together. Interpretation of the results enables a pairwise comparative analysis and recommendations: where comparable companies have "bottlenecks"; due to which differences in the final economic results are formed; what experience can be used to increase the efficiency of the enterprise, etc.

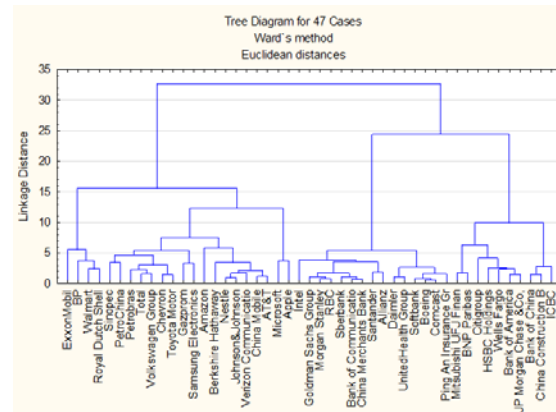


Figure 1 – Dendrogram on activities of the enterprises for 2009, 2014 and 2019. Source: own research

The dendrogram demonstrates the heterogeneity of the selected set of enterprises on given indicators and allows to hypothesize the existence of relatively homogeneous clusters with significant distances between the centers of the clusters. The number of such clusters varies from 3 to 5 and needs to be clarified using the k-means method.

According to the constructed hierarchical trees, four clusters were identified, which differentiate all the above companies according to the main characteristics for 2009, 2014, and 2019. The optimal number of groups was determined based on the dendrogram. Ward's method allowed to identify the main characteristics of each of the four clusters of companies on the specified indicators: Sales, Profits, Assets, Market Value, which is clearly shown in Figure 2 - 4.

The first cluster included Royal Dutch Shell, ExxonMobil, BP, Walmart. The second: ICBC, China Construction Bank, Bank of China, AT&T, Toyota Motor, Microsoft, Volkswagen Group, Chevron, PetroChina, Total, Berkshire Hathaway, China Mobile, Sinopec, Johnson & Johnson, Gazprom, Nestle, Petrobras. The third: JP Morgan Chase & Co, Bank of America, Wells Fargo, Citigroup, HSBC Holdings, Allianz, Santander, BNP Paribas, Mitsubishi UFJ Financial. The fourth: Apple, Ping An Insurance Group, Samsung Electronics, Verizon Communication, Amazon, China Merchants Bank, UnitedHealth Group, Comcast, Softbank, Daimler, Bank of Communication, RBC, Intel, Goldman Sachs Group, Sberbank, Morgan Stanley, Boeing.

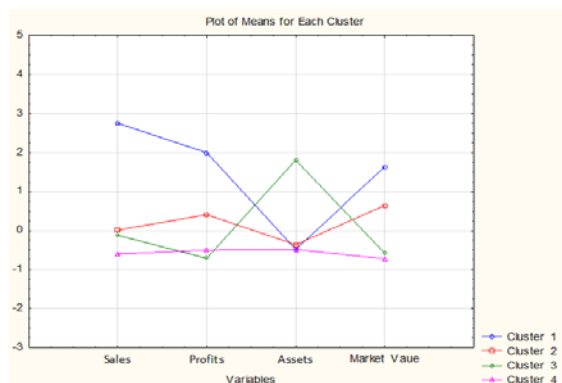


Figure 2 – K-means cluster analysis (2009). Source: own research

- 1) The first cluster is represented by companies with the highest levels of Sales, Profits, and Market Value but relatively low Assets.
- 2) Cluster 2 combines companies with the average level of all the above indicators.
- 3) Cluster 3 is practically the opposite of the first cluster. It includes companies with low Sales and Market Value, lowest Profits, and very high Assets.
- 4) The fourth cluster combined companies with a low level of all indicators.

The cluster situation changed slightly in 2014. Again, there are four main clusters, but their structure has partially changed. The differentiation is less pronounced, as indicated by the lower values on the vertical scale of the averages, compared to 2009.

- 1) The first cluster is formed by the following companies: Apple, Royal Dutch Shell, ExxonMobil, Samsung Electronics, Toyota Motor, Microsoft, Chevron, PetroChina, BP, Berkshire Hathaway, Walmart, Sinopec.
- 2) The second cluster includes UnitedHealth Group, Comcast, Softbank, Daimler, Johnson & Johnson, Bank of Communication, RBC, Nestle, Intel, Goldman Sachs Group, Sberbank, Morgan Stanley, Boeing, Petrobras.
- 3) The third cluster consists of the following companies: JP Morgan Chase & Co, Bank of America, Wells Fargo, Citigroup, HSBC Holdings, Santander, BNP Paribas, Mitsubishi UFJ Financial.
- 4) The fourth cluster consists of only four companies: ICBC, China Construction Bank, Bank of China, Gazprom.

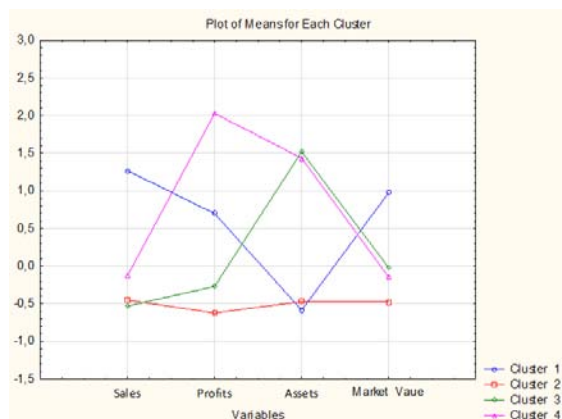


Figure 3 – K-means cluster analysis (2014). Source: own research

Thus, all companies also have formed four clusters since 2014, but they are changing structurally. Yes, there is no cluster of averaged values, and the top cluster with high values has slightly changed the structure. The first cluster still shows a high level of Sales and a low level of Assets in 2014, but unlike in 2009, companies in this sector have higher Market Value than Profits. The second cluster included companies with the lowest level of all indicators in 2014. However, the current level of Profits is significantly different from other companies. It has become the absolute minimum, while the level of Assets has become partially higher than in companies from other clusters. The third cluster includes companies with very high Assets again, but now the level of Profits for them is at the average level. The last, fourth cluster, combines companies with the highest level of Profits and very high level of Assets, while other indicators are at the average level.

According to the results of clustering in 2019 (see Figure 3), the following homogeneous groups were created:

- 1) Cluster 1: Apple, Microsoft, Amazon, Alphabet.
- 2) Cluster 2: Royal Dutch Shell, ExxonMobil, Samsung Electronics, Toyota Motor, Volkswagen Group, PetroChina, BP, Berkshire Hathaway, Walmart, UnitedHealth Group, Sinopec.
- 3) Cluster 3: Ping An Insurance Group, AT&T, Chevron, Verizon Communication, Allianz, Total, China Mobile, Santander, China Merchants Bank, Comcast, BNP Paribas, Softbank, Daimler, Johnson & Johnson, Bank of Communication, Gazprom, RBC, Nestle, Mitsubishi, FJ Financial, Goldman Sachs Group, Sberbank, Morgan Stanley, Boeing, Petrobras, TD Bank Group.
- 4) Cluster 4: ICBC, JP Morgan Chase & Co, China Construction Bank, Bank of America, Bank of China, Wells Fargo, Citigroup, HSBC Holdings, Intel, Agricultural Bank of China.

The structure of clusters, particularly their components, underwent some changes in 2019. Thus, the structure of the first cluster remains almost unchanged compared to 2014, but the variation has expanded significantly. In particular, the indicator of Market Value – values remain the highest in this cluster but differ significantly from companies-competitors from other clusters. The companies of the second cluster now have the lowest values of Assets, and it is interesting to note that most companies from the first cluster - 2014, which was characterized by the highest level of Market Value, have now migrated to this cluster. However, the companies of the new first cluster-2019 have the lead now. The third cluster includes companies with low values of all the indicators. It was the second cluster in 2014. The significant expansion of the representatives of this cluster of low values is noteworthy. The fourth cluster in 2019 has similar properties to the third one in 2014. Most of the companies have remained in it. As before, these companies demonstrate the highest values of Assets.

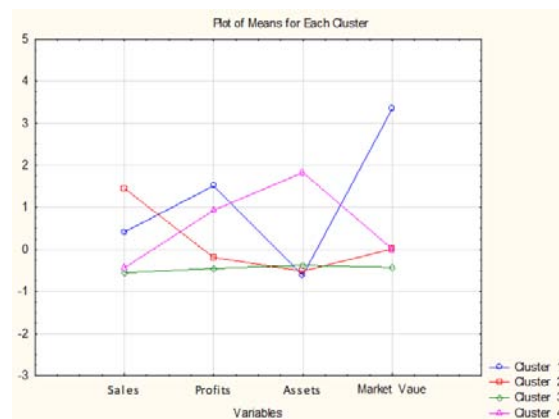


Figure 4 – K-means cluster analysis (2019). Source: own research

The results of the cluster analysis for 2009, 2014, and 2019 allow us to conclude that three of the four companies in the first cluster operate in the oil refining industry in 2009 - Royal Dutch Shell, ExxonMobil, BP. A comparison of the methodology of data collection for the previous year in determining the company's positions in the rankings and dynamics of world oil prices, which, of course, affected sales, profits, the market value of the business, allowed us to explain the composition of this group by peak oil prices in 2008 (On July 11, 2008, crude oil had a record high of \$ 147.27 per barrel), as well as losses due to the global crisis of 2008 of companies that were the leaders in terms of profits until 2008. Since 2014, all companies have also formed four clusters, but structurally they are changing. Yes, there is no longer a cluster of averages and a cluster of low values. The first cluster still shows a high level of sales and low levels of assets in 2014, but unlike 2009, companies in this sector have not high but average profits and market value levels. The second cluster included companies with the highest levels of profits and market value but low assets in 2014. The third cluster includes companies with very high assets again, but now the level of profits for them is not the lowest, but at the average level. The latter, the fourth cluster, combined companies with a low level of all indicators again. Presently, the level of profits is the absolute minimum and differs significantly from other companies, while the level of assets has become partially higher than in companies from other clusters.

As for the cluster of leaders in terms of sales in 2019, but with an average level of profits and market value, we can see not only traditional companies for this cluster working in the field of refining but also automotive companies and diversified companies, which show growth dynamics after 10 years of implementation of the anti-crisis strategy, as well as a new leader – Sinopec, one of the largest Chinese oil and petrochemical companies.

The second cluster consistently demonstrates a new generation of leaders – companies with the highest profits and market value but low assets. These are the leading companies in the field of international information business – Apple, Microsoft, Amazon, Alphabet.

Apple is the world's largest company in the field of information technology in terms of revenue. It is the world's third-largest manufacturer of mobile phones. In 2018, Apple announced the use of 100% renewable energy. Microsoft is an American multinational technology company that develops, manufactures, licenses, and sells software, consumer electronics, personal computers, and services. Its best-known software products include Microsoft Windows operating system, Microsoft Office, along Internet Explorer web browsers. The company is the world's largest manufacturer of software in revenue and one of the largest companies in the world in terms of value. Amazon.com sells about 34 product categories: e-books, consumer electronics, children's toys, food, sporting goods, household goods, and many more. The company is expanding into online commerce markets around the world. Amazon owns separate retail sites in the United States, France, the United Kingdom, Germany, Ireland, Canada, Italy, the Netherlands, Japan, China, India, Spain, Australia, Brazil, and Mexico. Customer Relationship Management (CRM) and Information Management (IM) support Amazon's business strategies. Alphabet, Inc. is a holding company engaged in the acquisition and operation of various information business companies, including well-known companies such as Calico, Google Ventures, Google Fiber, Capital, Google X, and Nest Labs. While a number of companies or divisions that were formerly part of Google have now become subsidiaries of Alphabet, some products and services related to Google (major Internet products such as Search, Ads, Commerce, Maps, YouTube, Apps, Cloud, Android, Chrome, Google Play, as well as hardware products such as Chromecast, Chromebook, and Nexus) will be part of Google Inc. [42].

The main thing that unites these companies is the strategic investment in R&D in the field of information and

communication technologies, or the strategy of exploiting the results of this R&D in e-commerce, which creates their intangible assets, increases innovation potential, and, consequently, market value.

The third cluster is dominated by financial MNCs (nine out of ten), with the country of origin of four of the cluster's nine financial multinational groups being China. According to the characteristics of the cluster, these are companies with high assets, however, with average profits.

4 Discussion

Thus, based on the results of empirical research, we can conclude that today's leaders in multinational business are international information companies, whose primary development strategy is an investment in R&D and innovation, the use of networked forms of business organization. The main source of growth in the market value of modern MNC leaders is not tangible assets but the growth of their intellectual capital.

According to the PwC analytical report, some industries are already experiencing historically important changes, in which "companies and sectors will either choose to develop and become leaders in the industry of the future" or lose their competitiveness. This indicates the possibility of a complete shift of the company's existing activity (PwC, 2019). Thus, the rapid digitalization processes pose new challenges to companies, demanding to transform existing strategies in the global market.

Transformation of strategies can take place in the following areas:

- Transformation of product strategy, which involves the creation of a new or upgrade of an existing product using digital technologies;
- Transformation of pricing strategy;
- Transformation of MNC promotion strategy (innovative methods and marketing tools, Internet platforms for advertising are used to promote the company's products);
- Transformation of the strategy of the geographical location of the company's divisions and the market of MNC products and services (the ability to manage the company, sales, promotion can be carried out remotely, without increasing the physical divisions of enterprises);
- Transformation of personnel management strategy related to robotics, use of artificial intelligence, development of international outsourcing on a freelance basis;
- Transformation of investment strategy (lack of diversity by region in the ownership structure of digital companies lead to the concentration of global investment models).

5 Conclusion

Hypercompetition is a state when companies cannot achieve a long-term competitive advantage. Based on many empirical studies, the phenomenon of hypercompetition can be described as follows: 1) Firms are less and less able to maintain a sustainable competitive advantage over their industry competitors; 2) This behavior is typical of a great many industries; 3) Companies, instead of striving for a long-term competitive advantage, should focus on a series of successive short-term advantages.

The study concluded that there had been changes in the strategy of achieving leadership in international business over the past ten years. Today, among the MNC global leaders are international information companies, whose main development strategies are an investment in R&D and innovation, the use of network forms of business organization, the main source of growth of their market value are not tangible assets but the growth of their intellectual capital. Thus, in the context of digitalization, on the one hand, MNCs have a number of opportunities for business development and gaining global scale at a faster pace; on the other – lagging behind the challenges of digitalization may lead to loss of competitiveness in the world

markets. Therefore, considering global trends and the experience of leading MNCs, each company should develop its own transformation model with different weights of each component depending on the internal and external business environment conditions.

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Primary Paper Section: A

Secondary Paper Section: AH