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# IMBALANCE OF CONSUMER INTERESTS IN THE MANAGING INTELLECTUAL PROPERTY OBJECTS

Liudmila A. Tsybulskaya (a, c)\*, Elena E. Ryabtseva (b), Ryabtsev L. Aleksandr (c), Olga V. Svetlichnaya (d)

\*Corresponding author

- (a) Sevastopol Economic and Humanitarian Institute (branch) of the Crimean Federal University named after V.I. Vernadsky, Sevastopol, Russia, segicfu@mail.ru
  - (b) Sevastopol Economic and Humanitarian Institute (branch) of the Crimean Federal University named after V.I. Vernadsky, Sevastopol, Russia, segicfu@mail.ru
- (c) The Black Sea Higher Military Naval School named after P.S. Nakhimov, Sevastopol, Russia, sev\_gised@mail.ru

  (d) Sevastopol State University, ov svetlichnaya1989@mail.ru

#### Abstract

The result of human intellectual activities is a mental image created by the brain. Materialized in any way, it becomes an object protected by the exclusive right (intellectual property right) if it is included in the current list of these objects and meets the requirements of the law. Intellectual property rights are characterized by several features: - they are limited by the period of validity - the legislation establishes specific periods after which the intellectual property rights can be freely used by any natural or legal persons; - they act in a specific (specific) territory specified in title documents; - they are exceptional the permissibility of their carriers to carry out any actions prescribed by law with the possibility of prohibiting third parties from performing the same actions without the consent of the copyright holder; they are absolute, i.e. automatically act against any person who would like to use the intellectual property object owned by the copyright holder without his permission. To receive remuneration for an intellectual property object, you need to find the buyer of this innovative product, determine the form or method of commercialization, and draw up required documents. Each form or method of commercialization of innovative products is suitable for the enterprise. It depends on its goals and capabilities. However, to determine financial capabilities of the enterprise, it is necessary to determine process implementation costs. Indeed, in case of their incorrect calculation, all financial resources allocated for the commercialization of innovations can be lost.

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#### 1. Introduction

For the effective management of intellectual property (IP) objects, it is necessary to know the nature of interactions between participants during the innovative development, to determine the criteria for the formation of a balance of stakeholders.

#### 2. Problem Statement

For the purpose of operational management of intellectual property and maintaining a balance of interests, it is necessary to identify criteria for maintaining the balance for IP objects and match interests of the producer and the consumer.

### 3. Research Questions

The subject is conditions and patterns that ensure the effectiveness of intellectual property management.

# 4. Purpose of the Study

The aim is to determine the balance of interests of producers and consumers of IP objects (according to indicators of coordination of interests of the government, producers and consumers)

#### 5. Research Methods

We used systemic, analytical, mathematical methods, which are part of the holistic systemic structural and functional analysis.

#### 6. Findings

The model of interaction between manufacturers of innovative products and consumers can be represented as various schemes. The first scheme involves a simple purchase-sale relationship, the second one determines the relationship when the conditions for finalizing the innovation are indicated (the seller helps to master the innovation and provides paid services); the third scheme determines relationships aimed at participating in integrated formations through the creation of joint ventures, associations, innovative technopark structures. The basis for the competitive success of an innovator manager is his ability to identify actual or potential needs and demands of consumers regarding innovations and satisfy them more effectively than competitors.

An important factor is the ability to evaluate and establish a balance of interests of all entities, for example, a compromise between the consumer and the manufacturer.

The price formation by the manufacturer involves establishing the optimal ratio of demand for products and the ability of the enterprise to offer required volumes of products. The art of compromise involves maximization of profits during the entire period of production by varying the price in such a way

as to keep the consumer from leaving the competitor, or to switch the buyer's interest to a substitute product.

Consequently, the benefits of long-term and sustainable cooperation through the price compromise between producer and consumer become apparent.

The enterprise is influenced by internal and external factors. The positive and negative influence of external and internal factors should be taken into account.

Depending on the external and internal factors involved in the development of the enterprise, the indicators of the interests of the producer and the consumer may include various elements, operational subsystems and methods: identification of imbalance factors; expert assessment of factors of the level of imbalance of characteristics, etc. Thus, development management means a set of resources, methods and management functions that interact with direct and feedback relations (Tsybulskaia, Ryabtseva, Strashko, Zelinskaya, & Elistratova, 2018).

With a high degree of the negative impact of factors on the balance and low quality of management, there is an "imbalance"; with an average degree of the impact, a "compromise" is possible; with a low degree of the impact, a "consensus" of intergroup interests of the enterprise and stakeholders. Thus, the level of imbalance varies in the range of "consensus - compromise - imbalance" depending on the degree of impacts (Forester, 1974, 2003; Meadows, Meadows & Randers, 1994; Meadows, Meadows, Randers, & Behrens, 1991).

In order to eliminate the conflict, a negotiation process is used. It consists of the following stages: a) analysis of needs; b) choice of a style of negotiation; c) negotiation climate control; d) determination of negotiation tactics; e) management of negotiations; f) assessment of the results and consequences of negotiations (Burkov & Novikov, 1999).

The role of the negative impact is determined by the size of losses due to the imbalance of interests. For example, there is an imbalance between the enterprise and the "consumer". Company management saves resources on product quality. Consumers are not satisfied with quality of the product – this is contrary to their interests. If the management does not take timely appropriate measures to resolve the conflict, the degree of imbalance will increase from low to high. With a high degree of imbalance, the enterprise begins to lose its customers, which can lead to disastrous consequences, in particular, to the bankruptcy of the enterprise.

According to the nature of occurrence, there are spontaneous and expected (regulated and planned) types of imbalance. If there is a mechanism for managing the formation of an enterprise based on the imbalance, managers plan its occurrence and implement appropriate management decisions. When the company does not have such a mechanism, it is likely that the processes will be spontaneous. The imbalance can be optimal for both parties if the supply department interacts with the "supplier" on mutually beneficial terms and the economic situation is stable. There is no need for deliberate intervention. However, if raw material prices suddenly increase, an unplanned or uncontrolled imbalance occurs (Alabugin & Shageev, 2014).

The balance sheet is determined by a quantitative ratio, which consists of two parts, while they should be equivalent to each other, in particular, they reflect the receipt and the expenditure of an equal amount of resources or results. Consequently, the balance of interests requires understanding how the

regulated result of interaction of interests (in assessing goals) of the enterprise and its consumer. Investment in commercialization becomes cost-effective for each party (Shageyev, 2015).

In the scientific literature, there is no acceptable formulation of an imbalance of interests in the process of commercialization. As a result, it is recommended to expand this concept: the unacceptable degree of their differences at the manufacturing enterprise and among interested consumers from the level of their balance, or agreement in the zone of compromise of interests.

The degree of disagreement should be expressed in actual and planned target indicators of the level of balance of interests of the manufacturer (Deryabina, 2017). The final proposal to supplement the management concept involves the organization of processes of evolutionary controlled achievement of a compromise or consensus in product quality for consumers and in changes in the life cycle of interests of innovation and cost reduction for manufacturers on the basis of a matrix cyclic model of justification and application of combined management methods.

Let us identify theories that can be used in managing an innovation system.

The general theory of systems is a general scientific methodological direction related to the development of a set of philosophical, theoretical, concrete scientific and applied issues of analysis and synthesis of complex arbitrary systems. The System Theory (Novikov & Ivashchenko, 2006) studies the behavior of systems of any complexity and purpose. The general theory of systems should be deductive and combine other theories, primarily those that study systems as a whole, as well as those that study the behavior of systems (control theory, adaptation theory, self-organization, etc.).

The theory of economic systems is an economic formation that is considered differently depending on the economic school, for example, as a relationship between people in the process of creating innovative products (neoclassical school), or as an integral part of an innovative enterprise, stable in space and time. Depending on the point of view, a control method is selected.

According to the theory of active systems, if an innovative system is active, controlled subjects (at least one subject) have freedom of choice. In the active system, controlled entities tend to choose their states (strategies) that are the best for given or predicted values of control actions, and depend on the states of controlled subjects.

The theory of corporate governance explores the system of relations between owners, governing bodies and other interested parties, as well as with the external environment. Relations can be associated, inter alia, with the creation and dissemination of innovations; the innovation system of an enterprise is one of the parties to such relations.

The theory of innovations studies causes of innovations; one of the indisputable conditions for their creation are cycles in the economic and technological sphere. It acts as a tool for their creation and a source of innovation. The task of management is to identify the most favorable conditions for creating and selling innovative products.

The concept is based on the principles that a commercialization management system must comply with. Given the external and internal factors, strategic, design, system, marketing, market, functional approaches are used.

The management of commercialization of IP objects is implemented through the general management functions: planning, organizing and motivating the subjects to develop and implement innovative ideas, monitoring and regulating the implementation of the plans for innovative development.

According to the systematic approach, the innovation commercialization management system is an open system, which is formed under the influence of external and internal factors. It includes elements that ensure the goal achievement.

The external environment (consumers, suppliers, intermediaries, competitors, investors, legislative acts, state of the art and technology) affects the object.

#### 7. Conclusion

The innovation management system, as well as many other open and complex economic systems, is characterized by goals, functions and management methods, i.e. it is necessary to know what needs to be done and in what ways; a combination of social (people), technical (machines, mechanisms, equipment), economic (limited resources) and information (information and decision-making flows) components; relations between elements (circulation of material and information flows); relations between the system and elements of the external environment.

The balance is a prerequisite for sustainable development. The balance should be in a zone of compromise or consensus. If the indicators are not within the established boundaries, the parties will try to find ways to improve management of commercialization in order to achieve an acceptable result.

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