

## cooperative strategies<sup>1</sup>

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Cooperative strategies offer the possibility to overcome the difficulties with making acquisitions work. Cooperative strategies are categorized into the two main subsets of collusive strategies and strategic alliances. They may be defined as follows:

- *Collusive strategies*: where several organizations in an industry cooperate to decrease industry output below the competitive level and raise prices above the competitive level. Such strategies are normally between organizations in the same industry and may be perceived as a defensive strategy to ward off a threat by competition. Collusion may be deliberate, in which case it constitutes illegal price fixing in most countries.  
It may, however, be tacit. In that case, organizations recognize a common interest in raising prices without an explicit agreement being reached. This is not currently regarded as illegal.
- *Strategic alliances*: where several organizations cooperate in order to increase the competitive position of the industry as a whole. Alliances are typically formed at the research and development stage across different levels of the supply chain, and among direct competitors to set new technology or operation standards. Another form of alliance is through lobby groups initiated by competitors in order to address regulatory issues.  
Strategic alliances can exist between organizations in different industries and can be perceived as aimed at creating and

enhancing the competitive positions of the organizations involved in a very competitive environment.

The term *strategic alliance* itself covers a multitude of different arrangements, and there is no agreed typology in the literature. However, it is critical to understand the different forms in existence, as they have profound implications for the way in which the alliance is to be managed. In particular, there is an important distinction on the grounds of whether or not the partner is a competitor – note that, even if the partner is a competitor, this may not mean collusion.

### ENDNOTES

<sup>1</sup> Original article by Duncan Angwin. Updated by Tanya Sammut-Bonnici.

See also *competitive landscapes; cooperative strategies; coopetition; strategic alliances*

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