

Joint ventures and competitive strategy

Business



Joint Ventures and Competitive Strategy To manage the symbiotic co-operations, organizations have a range of strategic alliances from which of choose. They are; Long-term contracts, networks, minority ownership and finally joint ventures.

This four example are listed from more informal to more formal structure.

The more formal alliance, the stronger the link between organizations. Joint Venture is a most formal strategic alliance between two or more organizations that agree to establish and share the ownership of a new business.

In the uncertain environment joint venture is the best choice, because formality of interdependency decrease the environmental uncertainty. Organizations must survive in this competitive and uncertain environment so they developed some strategies to develop and continue themselves. The writers article is about four dimensions of the joint ventures strategies.

Specifically, the framework relates : 1. The form of business units' cooperative ventures (formal, shared-equity ventures versus less formal). .

The focus of cooperative strategies pursued by ventures sponsoring firms (a spider's web of parallel agreements versus fewer but larger ventures) to industry traits in the ventures competitive environment.

3. The ventures need for operating autonomy from its sponsoring firms' activities is also related to these industry traits.

4. Ventures duration is related to competitive behavior within the venture's industry. In the stage of formulating those strategies there are some environmental traits to consider. Demand uncertainty, customer traits,

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infrastructure development, production technology, the volatility of competitive behavior and the nature and extent of linkages between the venture and its owners. Writers claim that the effective joint venture strategies must adapt to the forces of those environment traits to survive and for efficiency.

Because of the organizations are more interested in price competition than non-profit competitions, those strategies would be helpful because they are interested in the non profit competition.

So, if joint ventures can be used to consolidate industry effectively, price competition could be replaced with behaviors that make the industry more attractive for all investing firms while also benefiting customers. Moreover, this environment will be more attractive for students and the other qualitative potential workforce. Finally I want to say that I agree with the writer to find the alternatives to decrease the importance of price cutting competency. In my opinion this is not popular.

Organizations which are so oriented in price advantage are strict and robust that in the near future everything will be not humanistic and even human beings will be seen as the product (we also could see it in present but not so much) that can be sold with the price cutting strategy.

It is horrible but the marketing is everywhere and we can not escape it.

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