Global corporate strategy

Global Corporate Strategy Strategic alliance can simply be defined as an arrangement among two companies to share resources in order to undertake a specific project that will have mutual benefit. The alliance is less permanent and involving in comparison to joint venture between two companies in which they being resources together in order to create a separate business entity (Oum, Park & Zang, 2009). The alliance might help the company to develop a better operating system, expand the size of the target market and develop competitive strategies through increased financial base. In an example, two airline companies might create a strategic alliance through bringing up their resources together to create a strong advertising website in order to develop a more effective marketing process. Strategic alliance is more effective in companies that have closely related products (Vedder, 2008). One of the major differences between strategic alliance and other joint ventures is that the business that forms an alliance remains independent. Alliances involve transfer of technologies, economic specialization and sharing of different expenses and risks. Types of strategic alliances include; Joint ventures, equity strategic alliances and global strategic alliances (Kleymann & Seristö, 2010).

Unlike strategic alliances where businesses involved in alliances remain independent, merging involves dissolution of both businesses' activities to form a single entity. In mergers, businesses combine their transactions and form a single and more powerful business. With increased level of globalization that is being experienced currently, the level of competition has increased tremendously as multinational companies which have a powerful financial base have been able to invest in different countries. Airline industry has been one of the most hit organization an aspect that has made two or

more airline industries coming together to form a strong organization (Kumar, 2012). One of the benefits of merging is increased competitiveness of the organization formed due to increased financial resources, technical resources and human resources. In addition, the level of competition between the companies forming a merger makes it easy for the company formed to make effective decision without fear of intense competition. Some of examples of successful mergers include Pan Am and National alliances and Northwest Airline which merged with Delta to form one of the largest airline industry (Hecker, 2009).

Acquisitions on the other hand, involve a corporate action by a company through which it buys most, in case not all, of the target company's ownership so as to take control of the acquired firm (Aswathappa 2010, p. 17). This act is taken as a company's strategy to expand its operation and increase its market share. During acquisitions, the stakeholders are also taken up by the company and they must follow the rules and regulations of the new company. Acquisitions may be friendly or hostile. A friendly acquisition in an airline industry may occur when the target airline agrees to be acquired while hostile acquisition occurs when the airline to be acquired is not in agreement (Delfmann, 2009). In order for the process to be successful, the acquiring firm must purchase the largest number of shares in the target firm. Example of acquisitions include; SkyWest Airline which acquired Atlantic Southeast Airline and Caribbean Airline which acquired Air Jamaica (Cento, 2008).

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