

# Part A      Nature and extent of cooperation

Part A provides some facts on the business cooperation currently occurring in Australia. It seeks to answer several questions – what is cooperation, why does it occur, how does it occur and which firms are involved?

Business cooperation is defined using a continuum showing the range of intensity of dealings between firms, from non-cooperation (arm's length relationships) to highly cooperative arrangements. Once the term cooperation is understood, the next question examined is how much is occurring. An overview is presented of the level of cooperation undertaken by manufacturing firms, pointing out which forms of cooperation are most prevalent and the increasing role cooperation is playing as a business strategy.

The next section explores the reasons behind the decisions of firms to cooperate, and to do so through particular modes of cooperation. It examines how business cooperation can and should work in theory and provides some practical examples.

The level of cooperation undertaken by Australian manufacturing firms is then considered in terms of the characteristics of the firms cooperating and the forms of their cooperative arrangements. Are some firms more likely to cooperate than others? Do firms prefer to cooperate with customers, suppliers or other firms? Are formal or informal cooperative arrangements more common? Does the size of the firm or the products they produce affect the level and form of cooperation undertaken?

The structure of Part A is as follows. Chapter 2 provides an overview of the definition of cooperation as used in this study, as well as giving an indication of the level of business cooperation undertaken by Australian manufacturing firms. In Chapter 3 the reasons why these firms may wish to cooperate with other firms are scrutinised. The characteristics commonly possessed by cooperating firms are highlighted in Chapter 4. Finally, once the firms most likely to cooperate have been identified, it remains to examine the various ways they cooperate. This is the subject matter of Chapter 5.

