

## Part C      Problems, failures and impediments

The previous section analysed the benefits and performance improvements that often flow from cooperative business arrangements. In doing so, it was possible to draw a picture of the type of arrangements and the type of firms which are apparently most closely associated with successful linkages.

There is, of course, a flip side to cooperation which must be taken into account. The ledger detailing the impact of cooperation on an Australian industry cannot be closed until the various ‘costs’ have been itemised and assessed. In addition, if business cooperation is beneficial to a considerable number of Australian firms, there is value in exploring the reasons why many other firms are apparently reluctant to form linkages.

These costs and impediments are respectively the subjects of this section of the report. The information provided relating to these matters give a good snap shot of the things that trouble firms about cooperation – whether actual or perceived.

The costs of cooperation are approached in two ways. First, we examine the nature and degree of problems firms face within their cooperative arrangements. For example, how important a problem is the administrative burden associated with maintaining arrangements with other firms? Second, we examine the reasons for ‘cooperation failure’ – situations where cooperative arrangements have been tried but later abandoned.

The discussion of the impediments to business cooperation is about those firms which have never adopted a cooperative business arrangement. The focus of the discussion is the major reasons stated by non-cooperating firms for not participating in cooperative arrangements.

A number of other studies have tried to measure the ‘downside’ of inter-firm cooperation and these will be referred to as appropriate.

The structure of Part C is as follows. Chapter 10 considers the problems different firms encounter within various forms of cooperative arrangements. Chapter 11 examines the reasons for firms abandoning arrangements. Finally, Chapter 12 discusses the reasons why non-cooperating firms have not participated in cooperative business arrangements.

