



Corporate economics

Association of
organizations



Association of organizations

- Goals of organization associations
- Types of organization associations
- Forms of organization associations
 - Consortium
 - Cartel
 - Interest grouping
 - Group
 - Trust
 - Joint Venture
 - Franchising



Association of organizations

Enlarging organizations

- natural growth of organizations
- growth by association of organizations

Association of organizations can be:

- cooperation
- concentration



Nature of association

- horizontal association of organizations
- vertical association of organizations
 - backwards
 - forward
- conglomerates (diagonal association of organizations)



Goals of organization associations

- increasing the economy,
- enhancing competitiveness,
- reducing business risk,
- gaining an economic position,
- the formation of economic unions.



Goals of organization associations

The reason for associating can be to gain **advantages in functional areas:**

- purchase,
- production,
- sales,
- research and development,
- finance,
- other goals.



Types of organization associations

Organization associations can be typologically defined based on these criterias:

- the way of linking the economic level (production, sales,...)
- duration of the merger
- intensity of connection (economic and legal autonomy)



Types of organization associations

By **duration**:

- permanent association
- temporary associations

According to the influence of organization associations on their legal and economic autonomy:

- **legal autonomy**– maintaining its legal structure
- **economic autonomy**– the choice of making their own decisions without external interference



An overview of basic forms of organization associations

- **Consortium**
- **Cartel**
- **Interest grouping**
- **Group**
- **Trust**
- **Joint Venture**



Consortium

The consortium is a temporary horizontal association of organizations while the members retain their legal and economic autonomy.



Cartel

The cartel is a permanent horizontal or vertical association of organizations while the legal and economic autonomy remains for all parties.

The most **known forms** of cartels:

- price cartel,
- conditional cartel,
- territorial cartel,
- quantity cartel.



Interest grouping

Interesting grouping are permanent horizontal associations of organizations, both economic and legal autonomy remains.



Group

- **Holding company** (controlling parent company)
- **Subsidiary** (controlled, subordinate)

In practice, we distinguish:

- **pure holding company** (it focuses on the holding and management of majority holdings in legally autonomous subsidiaries and the output associated with it)
- **mixed holding company** (the existing organization takes over the shares of the other affiliated organizations or establishes new subsidiaries and retains its original operating activities).



Trust

Trust is a permanent horizontal, vertical, or diagonal association of organizations where their original legal and economic autonomy are lost.

There are two types of trust:

- Combination
- Annexation



Joint Venture

Joint Venture is a permanent association of a horizontal or a vertical type in which the legal autonomy remains, but the economic autonomy of two or more organizations ceases to exist.



Franchising

Franchising is a contracted cooperation in which the subjects are legally and economically autonomous, where the franchisor provides franchisee with the right to sell products under a given trade mark.

The franchisor gives the franchisee under the contract for the duration of the contractual relationship:

- business name and brand of your business,
- methods and techniques of operational management,
- manufacturing processes, recipes,
- delivery of goods,
- the concept of marketing,
- staff training.



Franchising

The franchisee, on the other hand, in
under the contract:

- pay a one-off or a regular recurring franchise fee,
- use the franchisor's prescribed methods of business management.