ANNALEE SAXENIAN vs. MARK FRUIN on NETWORKS

REGIONAL ADVANTAGE vs. GOOD FENCES MAKE GOOD NEIGHBORS

FRUIN'S GOOD FENCES

- TRADITIONAL THEORIES OF THE FIRM DON'T DEAL WELL W/ OPEN BORDERS & PROPERTY RIGHTS
  - OPEN BORDERS NEEDED WHEN MKTS ARE VOLATILE & KNOWLEDGE CMPLX
  - TPS IS WORLD'S BEST EXAMPLE OF FIRM-BASED OPEN BORDER SYSTEM
  - HOW ARE PROPERTY RIGHTS TREATED, PROTECTED, LEVERAGED?

OPEN BORDERS & LEARNING (KNOWLEDGE)

- FRUIN ARGUES THAT THERE IS NO APPRECIABLE DIFFERENCE BTWN INSIDE & OUTSIDE LEARNING
- KOGUT & ZANDER, HOWEVER, ARGUE OTHERWISE
  - IN A FIRM, COORDINATION, COMMUNI-CATION & LEARNING ARE CO-LOCATED PHYSICALLY & MENTALLY

GOOD FENCES II

- J FIRMS ARE OPEN BUT WITHIN FORMALIZED & INSTITUTIONALIZED FENCES; ACCESS NOT EQUAL
  - VERTICAL & HORIZONTAL GROUP DIFFERENCES ARE IMPORTANT
  - ROLE OF CORE & PERIPHERY FIRMS DIFFER W/ RESPECT TO COORDINATION, COMMUNICATION & LEARNING

GOOD FENCES III

- ORGANIZATIONAL PROPERTY RIGHTS RATHER THAN INDIVIDUAL PROPERTY RIGHTS
  - LIMITED MARKET FOR GOOD IDEAS
  - PRICING OF GOOD IDEAS EMBEDDED IN TRANSFER PRICE MECHANISM
  - PAY FOR PERFORMANCE
  - SUPPLIER ASSOCIATIONS CRITICAL FOR TRANSFERRING IDEAS
    - MULILATERAL RATHER THAN BILATERAL BARGAINING
    - PROPERTY AS A COMMON GOOD RATHER THAN AN INDIVIDUAL GOOD

GOOD FENCES IV

- OPEN BORDERS ARE FORMS OF PARTICULAR TRUST BASED ON INFORMATION FLOW & EXCHANGE
- GOODWILL WITHIN GROUP RATHER THAN LEGAL RIGHTS
- IMPROVES ON TRADITIONAL MODEL OF FIRM WHICH STOPS LEARNING AT BORDER & SUFFERS AG. S.V. MODEL

GOOD FENCES V

- PAY FOR PERFORMANCE PART OF GOOD FENCES MODEL IMPORTANT
  - INCENTIVES ARE IMPORTANT
  - MULTISKILLING & MULTIFUNCTIONAL CAPABILITIES PAY OFF
  - POLYVALENCE INSTEAD OF SIZE SO THAT INDIV SHARE OF PROPERTY RIGHT LARGER & FUTURE PROJECT STREAM ENSURED

GOOD FENCES FINAL

- CONSTRAINTS ON GETTING PRICES & CONTRACTS RIGHT ARE RELAXED
- CO-EVOLUTION & SERIAL EQUITY
- CONSTANT/INCREASING SLICE OF GROWING PIE BETTER THAN LARGE SLICE OF SHRINKING PIE
- STABLE RELATIONS LIKELY TO LEAD TO INCREASING INFO FLOW & ACCELERATION OF TRANSACTIONS, HIGHER LEVELS OF FITNESS

SAXENIAN vs. FRUIN

- “OPEN” VS CLOSED MEMBERSHIP CRITERIA
- FLOW OF PEOPLE & IDEAS VERSUS RESIDENT ENGINEERS, SHUKKO (LOANERS) & ORG. PROP RIGHTS
- LEGAL RIGHTS ARE SYSTEMIC
- VENTURE CAPITAL TIED TO PROP RIGHTS REGIME VS TIED TO NETWORK MEMBERSHIP CRITERIA