

External relations and industrial districts

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Abstract:

This paper deals with the costs and problems in the process of co-ordinating and absorbing external knowledge in the firms through inter-firm relations. The costs and problems are related to the special characteristics of knowledge as contextual determined and dispersed, just as it is recognised that firms face cognitive limitations. A central suggestion of the paper is that industrial districts form a common interpretative system to the firms, which reduce the transaction costs and enhances the absorptive capacity of firms. The access of firms in industrial districts to a common interpretative system enable the firms to hold both a “narrow” and “broad” interpretative frame, which favours both the creation of specialised knowledge and the ability to absorb external knowledge in the firms.

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