

# **Best Practice? Geography, Learning and the Institutional Limits to Strong Convergence**

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## **ABSTRACT**

According to many, we live in an age in which convergence between formerly distinct national ‘models’ is taking place. Central to this process is a learning dynamic in which best practices originating from within one model – Japan in the 1980s, United States in the 1990s – are supposedly adopted by firms elsewhere. This paper addresses two key questions concerning this process which have not hitherto received sufficient attention. First, what are the actual mechanisms or processes through which this learning-driven convergence might occur? Second, what role do institutions play in shaping, influencing, or constraining firms’ choice of practices and their ability to ‘learn’? Which institutions matter, and at what spatial scale? The paper examines eight specific channels of convergence representing a continuum of opportunities for learning-through-interacting. It then assesses critically a range of competing arguments about the role of institutional influences at three different scales: the region (the learning region hypothesis and the concept of regional embeddedness), the nation-state (national innovation systems, national business systems) and the firm (actor-network theory, corporate strategy, absorptive capacity, resource/capability/competence based theories, communities of practice). It concludes that while regional and firm-level arguments, on their own, do not provide an adequate explanatory framework for understanding how firms’ practices are determined, national level theory needs to be made supple enough to accommodate a significant role for regional institutions and the agency of the firm. Nevertheless the paper argues that the prospects for strong convergence are limited at best, and will remain so as long as national institutional frameworks retain their distinctive character.

Keywords: scale, learning, convergence, national institutions, region-state, the firm