

The interplay between coordination and interfirm innovation mediated by standardisation

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The aim of this paper is to explore the dual relation between coordination and innovation. It will be argued, that our ability to *coordinate* production activities is of crucial importance not only in order to keep coordination and short term production costs low but also, and in particular, to allow for *inter-firm innovation*. At the same time, the possibility of mastering this coordination process depends on a particular kind of innovation, innovation of *standards*. Standards allow even complex and urgent coordination tasks to be handled in a way that hinders shocks to propagate along the value chain; thereby creating an environment conducive to inter-firm innovation.

Furthermore it will be shown that the very nature for the objects of coordination - i.e. the *production activities* - significantly affects the task of coordination as well as the innovation of standards. Thus, the paper open up a new research agenda in the study of sectoral differences of innovative activity focussing on the very production activities and the coordination mechanisms employed in the pursuit of innovation.

In order to illustrate the framework suggested, this, this mainly conceptual paper ends up with addressing an empirical puzzle : how to explain the difference in innovation capabilities between two Danish low-tech sectors - the construction and furniture industries respectively – that in numerous ways are identical.

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