

A theoretical approach to collaborative advantage

Paper for the 5th seminar on regional innovation policy
Grimstad, Norway
October 14th – 15th 2010-09-27

by

Hans Chr Garmann Johnsen
Professor
University of Agder

Introduction:

This paper is an attempt to outline the core elements in a *theory of collaborative advantage*. The core of the argument is that collaboration points in the direction of a complex field of human interaction as a cause of advantages in economic terms. How is it that human interaction produces economic outcomes, and what type of interaction causes what type of outcome and what are the conditions that motivate people to choose different types of co-operation and collaboration? These are questions that this chapter is concerned about. The chapter does not address the questions directly, but discusses how we might approach such questions.

Collaboration and co-ordination are issues that are discussed extensively in institutional economics and the sociology of economics as well as in organisation literature and political science. For example, a recent volume on communities of practice (Amin and Roberts 2008) discusses similar themes. Works like Granovetter and Swedberg (2001) on the sociology of economics, or Hall and Soskice (2001) on varieties of capitalism, likewise address different institutional arrangements in the economy as dominators for economic performance. So where does my approach fit in?

The argument I try to develop is that collaboration can have many forms, and also be motivated by many different causes. Likewise it can have different effects. So far, nothing new. The main thing that interest me is what is it with collaboration that gives this effect? What is the special thing that collaboration does? Collaboration is a social act. It is a rather natural human phenomenon. What leads such natural social acts to become innovative, profitable, etc. Why not only maintain the distinction between society and market, and argue that people interact in society and if they want to develop things economically, they use the market and different market forms? Why mix the two?

Below I will try to argue that social interactions and forms can have economic impact and indicate what the different elements, or “building blocks”, might be, in order to develop a theory.

A: The role of ideas

Ideas are important because they guide actions. Ideas are social products and go into social interactions with elements that give direction, meaning and consistency to social deliberation. Are there ideas based on experiences from Norway that can inspire actions (and collaboration) elsewhere? I think there are. Although Norway is a small country in the world, ideas that develop here can have impact elsewhere. Also of course that is the case the other way around. An interesting

example is the fact that the Chancellor at Richard Ennals' university (Kingston University, London), Peter Scott, contributed in developing ideas (Nowotny et al. 2001) that have heavily influenced how my own university (University of Agder in the Agder Region of Norway) sees its role in society. This shows the strengths of ideas and how they "fly across national borders".

Development, learning and action take place at a local level, among participants in processes. However, as I can say from my own local experience, the ideas that govern these local processes are often not a product of the processes itself, but ideas that have been either adopted from others or, as with innovation theory, to a large extent forced on the local discourse as part of national policy implementation. Local discourses are thereby, seldom only local, but integrated into larger (national and international) systems of ideas. I therefore think that a book on collaborative advantage should challenge some of the predominant ideas about regional economic development.

That implies that in order to contribute to a better understanding of how to develop collaborative advantage at a local/regional level, we have to engage in discussion with dominant (international) discourses on these matters. My approach in doing that is to identify some dominant discourses that have interesting things to contribute, but that do not each present a comprehensive answer to the question on how to develop collaborative advantage.

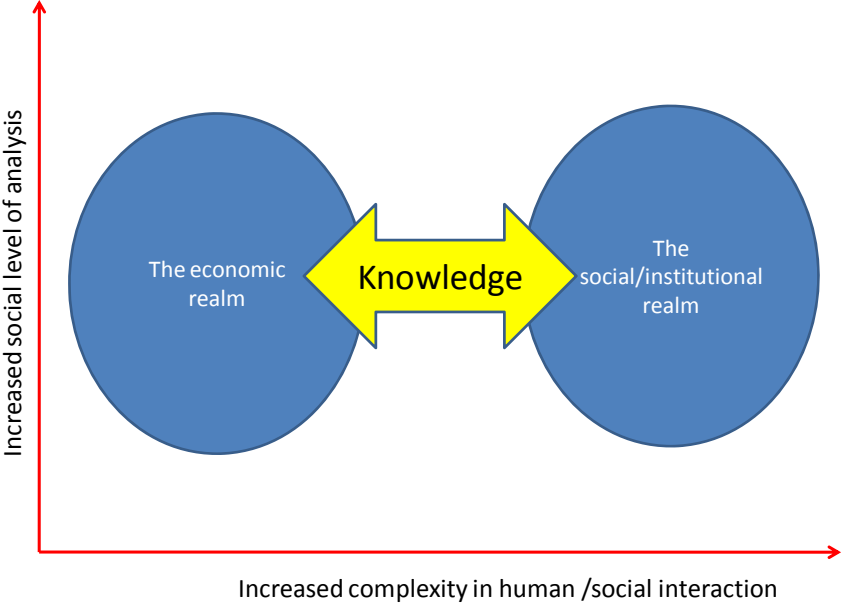
The structuring of arguments, in order to claim that there are different discourses that have to be bridged, is a way of engaging in discourse. We know that ideas can be powerful, even wrong ideas, as pointed out by J M Keynes. That is why ideas have to be challenged. So, where I see the purpose in writing a book like this, is as a contribution to the discourse on how to organize local/regional economies, including the role of social institutions and organizations such as universities. The purpose is to contribute to the debate, and make some points we find important, that might have an impact on, and influence, how people think and behave in concrete situations in practice.

My input to the current debate on regional development is to say that social deliberation is something different from doing business, and that the nature of social discussions is distinct from utilizing and exploiting opportunities in a market; given these distinctions, we have to be careful about how quickly we jump into solutions (applying development concepts) that we have not thought through. I think that Mode II (the ideas of Nowotny et al. (2001) on how university and business should be more integrated) is such a concept, also I think that cluster-, triple helix- and regional innovation system thinking, as it is often presented in the literature, lack a discussion, consideration and understanding of social and political processes that are part of their impact in application.

I propose below a theoretical perspective on development, where social and economic processes are bridged. The bridging concept I call *knowledge development*. That is, I believe that social processes and deliberation produce knowledge. I also believe that businesses and market development is guided by knowledge. Somehow, the way the two interact is through knowledge development. The argument about knowledge is a complex one, developed based on different inputs, both from the sociology of knowledge, the theory of epistemic systems, theories on knowledge management, theories on expert systems, etc. I will go deeper into this below, but just to give the main points:

The argument for using knowledge as a concept for linking social and economic processes is not a new one. There is a whole body of literature that argues in a similar way. Communication, dialogue, collaboration and knowledge are interrelated phenomena, and at the heart of human interaction. As I see it, discussions on these issues can link these former discussions closer to the issue of innovation and development in small regional economies. The development of knowledge is the likely output of different forms of social organisation. It is this knowledge that probably is the "input" to the

economic process. Subsequently I argue that we need a theory of knowledge, or a theory on the sociology of knowledge. A stylized presentation of this idea is shown in the figure below.



As I see it, this is a way to demonstrate that there is no direct link between ways of organizing social activity and business behaviour. I think this is an observation in line with experiences we have from the series of Norwegian innovation programmes. They show that the avenue, from social interaction and local networking by businesses, to their core business, is longer and more complicated than assumed.

Also the process of innovation based on local networks, with the exception of some cases of technical inventions in some laboratories that are utilized by businesses, is longer and more complex than expected. Examples from my own region, Agder in Norway, illustrate this. Asked about the relative importance of the local environment, some selected industries gave these answers in average¹.

¹ Some 120 companies participated. The answerers are average for each industry.

Systematic R&D in companies - 2010 (2007)

	Very important	Slightly important	Minor importance
IKT	43,8% (36,1%)	37,5% (47,2%)	15,6% (16,7%)
Oil and gas equipment (NODE)	32,4% (45,5%)	51,4% (50%)	16,2% (4,5%)
Cultural industry	21,1% (31,3%)	36,8% (50%)	31,6% (18,8%)
Process industry (EYDE)	71,4% (62,5%)	14,3% (37,5%)	14,3% (0%)

Ideas from the local business environment - 2010 (2007)

	Very important	Slightly important	Minor importance
IKT	18,8% (16,7%)	34,4% (58,3%)	40,6% (25%)
Oil and gas equipment (NODE)	18,9% (36,4%)	48,6% (45,5%)	32,4% (18,2%)
Cultural industry	21,1% (36,7%)	42,1% (46,7%)	26,3% (16,7%)
Process industry (EYDE)	14,3% (0%)	28,6% (87,5%)	42,9% (12,5)

Cooperation with University of Agder - 2010 (2007)

	Very important	Slightly important	Minor importance
IKT	10,3% (39,4%)	41,4% (27,3%)	37,9% (9,1%)
Oil and gas equipment (NODE)	10,8% (16,7%)	35,1% (22,2%)	24,3% (11,1%)
Cultural industry	5,9% (0%)	17,6% (13,3%)	29,4% (16,7%)
Process industry (EYDE)	0% (28,6%)	33,3% (14,3%)	66,7% (42,9%)

The different industries were asked the same questions at two points of time (2007 and 2010) during a period where they had extensively been engaged in local regional co-operation and “cluster development” initiatives. In spite of these efforts, although there are individual differences between industries and forms, the general picture is that the importance of local/regional collaboration is limited, and has not improved. We can call it the “Agder paradox”. So, I think this illustrates that collaboration, as such, is not the core thing here. It is not what makes something very important for businesses.

So my argument is to use knowledge as a metaphor for the missing link in this paradox. It is not a solution, more an argument that says that we should be aware that finding solutions goes through deliberation, knowledge development, and local, social discourses. As I see it, this is in the core of understanding how collaboration can produce advantages.

The idea in this chapter is that we have to go into the underlying discussions and different arguments that appear in the debate on co-operation and collaboration, and look into its theoretical foundations. The idea is further to present a framework that will allow us to understand the interplay between economic and social processes, that are likely to be in play when one is organising collaborative processes in order to enhance innovation and economic development. This paper gives an overview. The longer argument will be presented in Johnsen and Ennals (eds.) *Creating Collaborative Advantage*, Gower 2011.

B: Two discourses

A point of departure for my theoretical approach is thus to argue in terms of the classical understanding of political economy, that here are two discourses: the economic discourse and the social discourse; and that on the issue on how we organise the economy, these two discourses meet. Of course the arguments are more complicated than that, and more discourses are at play. As we will

see below, the argument related to this goes at different levels of analysis, and relates to different aspects of activity. Economy might refer both to the economic sector of society, and to economic action at individual level. The social realm might refer to culture, norm-based action on the one hand, and the whole institutional set-up of society on the other. I will have to make this more specific below. So, talking about two discourses is a rough reduction, but for the simplicity of the argument, I start with this simple assumption. This meeting between the economic and the social realm is implicit in the title of the book: creating collaborative advantage, where collaboration has a string of references to the social, and advantage to the economic realm.

Organisation of the economy is subsequently a meeting with two (or more) different modes of social action, that of social behaviour and that of economic behaviour. Explaining the consequences of organising the economy is likewise a matter of understanding the interrelation between social and economic behaviour.

The forthcoming book (Johnsen and Ennals 2011) will address this issue from two perspectives, theoretical and empirical. The empirical part will try to give examples of how different collaborative regional economies operate. These insights are important in order to understand the collaborative economy in its different varieties. They are different descriptions of the experiences of economic and social activity. However, in order to understand the intricate relation between the economic and the social logic that meets in a collaborative economy, some deeper theoretical clarifications are also necessary. The theoretical part of this book is therefore dedicated to re-addressing some classical political economy issues, and some later social science discussion on the relation between different realms of society.

The issue of economy and society is a large, classical one. Max Weber volume's book published posthumously in 1922 on the issue, *Economy and Society*, set out the width of the subject. Classical economists like John Stuart Mill struggled with the relation². Mill makes some general arguments and observations about political economy that are relevant for our discussion. Firstly he argues that a theory of political economy must have a micro foundation, that is, to be based on a theory of human nature. Secondly he observes that in order to make political economy a science, there has been a tendency to restrict the factors to be considered. The ambition in the classical tradition has been to develop laws on what causes production of wealth in society. In this restriction, many social processes are left out and regarded as not significant. One could argue that what we do here, and what has been the trend in recent theories on institutional economics, is to widen the number of relevant factors that influences the production of wealth in society. The knowledge economy discourse exemplifies this (Cooke 2001), and the Mode II is an argument along these lines, as it is expanding the role of education institution into the production system (Gibbons et al. 1994; Nowotny et al. 2001). Florida's argument about the cultural economy is another example (Florida 2000: 2005).

I will argue here that, in a modern, developed knowledge economy, it is probably very difficult to set strict boundaries between relevant and not relevant social institutions in relation to impact on the economy. The integration of institutions in society has to some extent increased with among other the development in communication technology (Castells 2009). On the other hand, there is the argument of increased fragmentation due to differentiation, expert systems, and antidemocratic enclaves of society (Habermas 1998). These observations call for a discussion of differentiation and

² (See: Mill, J. S. 1874: *Essays on some unsettled questions of political economy*. Augustus M. Kelly Publishers. Clifton. (Reprint 1974).). This dualism can also be traced back to Adam Smith, with his "The Wealth of Nations" (1776) based on "A Theory of Moral Sentiment" (1759).

integration that is essential to the argument of collaborative advantage. What type of integration is useful in society, what institutions should be co-ordinated, and when is differentiation necessary? These will be some of the main questions in my treatise.

I will argue that there is still a predominant economic sphere and economic logic in society that is distinct from the other social realms. So what I need to argue for is that there are different realms, but at the same time they have an impact on each other. Of course the big question is what impact, in what case and with what sort of effect. The table below indicates some general arguments about these impacts.

Table: Economic, social and institutional explanations of change

	Common economic explanations	Common social / institutional explanations
Explaining innovation at a macro (national) level	Exogenous growth (through growth in capital and technology). National economic policies (macroeconomic regime)	Endogenous growth. Institutions, traditions, culture. Policies to encourage specific initiatives, targeted strategies to mobilise resources
Explaining innovation at a regional (local) level	Economics of scale or scope, agglomeration, comparative advantage	Space-specific conditions, local institutions, patterns of co-operation, learning and development processes
Explaining innovation at a business/organisational level	Competencies, incentives, strategic human resource management,	Learning ability, dialogue, co-operation, managerial skills, organisational development, developing competencies
Legitimacy	Economic performance, success in the market, optimizing.	Acceptable behaviour, development according to norms, historical patterns, acceptability.

My theoretical challenge is to be able both to discuss the interrelation between a predominant economic and a predominant social mode of operation, and at the same time to do this on different levels.

C: Collaboration and competition is linked.

One of the leading thinkers on business strategy, Michael Porter (1990; 1998; 2008) has increasingly been concerned with externalities, open innovation, and the environment between the forms where collaboration is likely to take place. A grounding perspective we will take is that, in order to enhance economic competitiveness, you have to pay attention to the social dimension, collaboration, the social fabric that surrounds the business environment. We will in this book transcend national specificity. However Scandinavia in general, and Norway in particular, have had programmes that have tried to create a context of collaboration. We will refer to these as cases.

The divisions in the larger debate on what causes innovation and economic development seem to go between those who have a seemingly economic perspective, and those who have a seemingly social perspective. Is it the logic of the market system and the logic of the transactional realm that explains development, and can this be manipulated by economic policy only (monetary, fiscal, public investment, macro incentives, micro incentives, taxations, etc)? Alternatively, is it the nature of social institutions, social interaction, and cultural conditions and patterns that explains why a nation or a region develops as it does?

What is the dynamics of collaboration, how does it produce advantage, and how does it transform over time? Advantage can be approached in many ways. Dualisms like that of understanding versus explaining (Apel 1984), of focusing on process versus result (process efficiency versus output efficiency), on outputs from altruism versus utility maximising, or on short term effects versus sustainability, show the differences in how we can understand a concept like advantage. Advantage can be read as being very instrumental but it can also be a complex, systemic and sometimes unintended effect of action. Furthermore, collaboration and advantages in the form of innovation can be seen from different points of view: the individual, the business, the community, or the nation. Unique local resources can be both good and bad. Collaboration can produce both innovation and abuse of power (Castells 2009).

To Castells (1996; 2009), the emergence of a network based society is the significant development he is concerned with. A main driver in this development is new communication technology that allows for interactions between and across former geographical and cultural/social barriers. This understanding of the network society as driven by technology and subsequently social and cultural change, is different from the approach of say Bourdieu or Putnam, that discusses social capital (as a parameter for social cohesion and relations) as a relational phenomenon. Discussion of collaboration subsequently leads us into lots of other debates and approaches to social change, that in similar ways try to understand processes of social development. It will therefore be a task for us to define what we mean by collaboration, and how this differs from, or is equal to, these other approaches.

The collaborative mode of development follows from, and is supported by, a series of trends in societal, institutional and economic development that has become more apparent over the last decade. Trends refers here to what among others Gibbons et al (1994) and Nowotny et al (2001) describe as the transformation of society towards a new production of knowledge. Important trends represent a sort of zeitgeist in the sense of simultaneous phenomena of interaction between the various concepts or stories of what works like the knowledge economy; open innovation; Regional Innovation Systems (RIS); Mode 2; Triple Helix; regional network governance, Corporate Social Responsibility (CSR), etc. (Cooke 2002). It is interesting to note about these concepts is that, in spite of what has been said about varieties of national economic systems, they are promoted as universal, context independent, recipes. If national systems differ, would not also RIS, clusters, Triple Helix, Mode 2 and similar concepts differ? If that is the case, are they interesting as points of reference?

One way of dealing with this question is to see the concepts, not as recipes but as rough and adjustable frameworks. The common element in all these development concepts and trends is that they presuppose some sort of collaboration. Even more, one can argue that some of these concepts rely on the assumption that collaboration brings forward more creative, sustainable and innovative, solutions to society's challenges. They point at a mode of operation that is different from the authoritarian, expert driven, single cause and bureaucratic way of development. They also point in a direction that is alternative to, and supplements, the transaction based and pure market regulation way of development.

What is the core difference between the two models or forms of explanations? First, the two are rough categories. Economic explanations cover a whole set of fields and approaches. To say what it

is and is not is difficult. However, we will here refer to these as explanations that see actors (individuals or organisations) as economic agents, optimising their output under any give set of circumstances. Actors are rather predictable in their behaviour, and changing behaviour will be a reason for changing structures of that market. In economic reasoning, social structure and organisational forms are mostly seen as incentive structures.

Social/institutional explanations are also a rough category. We will define these explanations as seeing actors as part of a cultural and institutional landscape, and subsequently who act according to norms and social expectations. They follow cultural patterns and they engage in social dialogues. Learning and development are different in the two models: in the economic model, learning can be seen as a process of adaption to changing environments. It can be modelled as a trial and error process or as incentive structures. In the social/institutional model, learning is a matter of dialogue and discourse aimed at understanding, creating meaning and developing mutual conceptualisations of a situation.

The difference between the two approaches is however, not one of universalism versus contextualised or objectivism versus relativism. Economic explanations refer to more general and universal theories, but specific execution of economic activity is of course played out in certain markets, within certain technologies and under specific economic constraints. Social and institutional theories can have universal properties, although they try to explain context specific situations. Social behaviour can be explained subjectively as something that happens in a specific situation, but also as subjective properties that are generally and universally human.

There are, as referred below, differences in national systems, and also differences in (regional) innovation systems. There are also different organisational models to be chosen. What is it that these differences reflect? I am interested in knowing if there are relations between forms at different levels. We also need to have an opinion about what causes what. My assumptions about this inform what type of policies and change we can expect and promote.

Table: What influences what?

	Firms, technologies and business type influence structure	Structure influence firms, technologies and business types
Differences in national forms of capitalism	National differences reflects the type of industry that is dominant in the country	National structures has been favourable to certain industries and less so to others.
Differences in regional/local innovations system	Innovation systems reflect type of industries that is dominant in the region	Patterns of social interaction, established social institutions and competencies define what type of industry can develop in the area.
Differences in organisational forms	Dominant organisational forms reflect the type of industry that has been dominant	Communicative forms, social relations and cultural patterns define what type of organisational form companies can choose.

In the first column (firms, technologies and business type influence structure), we will see structure as a response to the type of business we have in a given area or sector. Changes will here come as business changes. It can come as a result of changes in technology, in knowledge, in industry structure and market structure. In the second column (structure influence firms, technologies and

business types), the situation is the opposite. Here it is the social structure that defines boundaries and incentives for business development. These two perspectives give two quite different policy implications.

The distinction between the economic and the social/institutional way of explaining change and development conceals the fact that both positions have tried to address some of the same issues and, to some extent, incorporated the others' position. Theories on social capital as found in Robert Putnam (2000), for example, use economic language to explain social phenomenon. Granovetter's theory of strong and weak ties (Granovetter 1985) as well as modern network theory, are sociological theories cast in a economic "logic". Likewise economists have tried to incorporate issues such as learning in their models, in example in evolutionary game theory. Much of what we will discuss in this book will be in this combined field of economics, sociology and institutionalism.

There are two ways in which insights and ideas in this field over the last decades have diffused within social sciences. One is across disciplines. Economists, both Keynesian and non-Keynesian have increasingly been interested in endogenous growth processes that can only be explained by acknowledging social and institutional effects on economic performance (Krugman 1991; Baumol 2002; Baumol et al. 2007). Likewise, economic thinking has influenced organisational theory and sociology. We could call this a sort of horizontal diffusion.

There has also been a vertical diffusion of ideas. By that we refer to diffusion of ideas across levels of social analysis. A concept like learning has been used not only as individual learning, but as organisational learning, as well as in concepts like learning regions. A concept like capabilities developed within organisational theory, has been diffused to economic geography and used to describe local capabilities in special (regional) meaning. These different conceptualisations at different levels have to be dealt with.

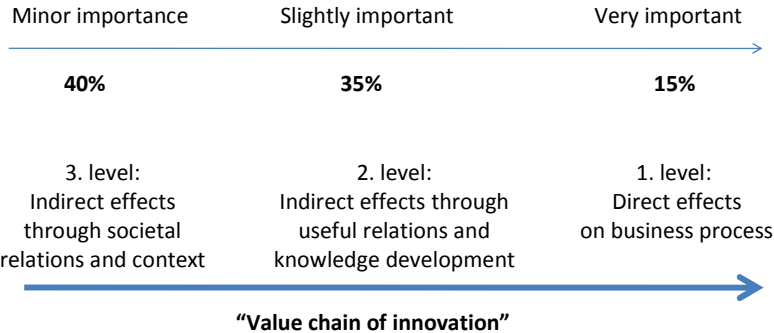
Lam and Lundvall (2006) argue that national institutions shape the type of organisational learning which dominates the firm. This argument calls for regions to develop specific organisational forms, adapted to their institutions and the markets and technologies they work within. It also implies that different national and regional systems have strengths and weaknesses in the way they produce knowledge, learn and innovate. In short they argue, in line with Hall and Soskice (2001), that while the Anglo-American model has strengths in science based, radical innovation, the Nordic countries have strengths in incremental innovation in not so high tech sectors.

To Krugman (1991), collaboration would be only one example of imperfect competition forms that is used to explain regional differences. If we take space as a key variable (like a region), we might explain regional specific industries in terms of natural resources, agglomeration, economics of scale or comparative advantage. Krugman's point, when he argues that some of the regional characteristics might imply monopolistic competition, is to say that companies in a region might have a relative advantage due to the fact that they hold monopolistic positions (scarce resources, legal protection, subsidising, etc.). Is that bad? Let us consider two cases. In case one, the reason for local industry is that other industries are left out of the region or treated unfavourably. In this case the local consumers are the "losers" since they pay a too high price for the service. On the other hand, let us take a second case where there are specific resources in the region, let us say in the form that they produce a particular cheese. The recipe of this cheese is not available to others. There is here clearly monopolistic competition, but on the other hand, this implies that the region has a unique cheese to offer.

Regional differences can also be explained in many other different ways, as historical, as based on special resources, as agglomeration, etc. Industries might continue to develop in a region because of sunk cost. Again, I think my region Agder can illustrate some of this. We have very "traditional"

industries here, and they continue to expand and invest, but, as seen below, they do not regard their regional/local environment and collaboration as very important for their business (The Agder paradox?).

General picture in the VRI survey: The % number of businesses that evaluate the importance of local networks and relations to R&D institutions as (about 10% finds it not relevant at all):



I believe that, by comparing different theoretical and perspectives, one can throw light over a wider range of implications of changes than by only taking one theoretical position. The Agder paradox is but one example. Probably that calls for a sort of meta-position, on how one thinks society is constructed. You can see processes in society in a causal or a systemic perspective. Choosing an integrated versus a differentiated vision, will influence how you see the dynamics of social processes. You can see them as converging or as countervailing, as consensus driven (equilibrating) or as conflict driven. These are issues we will have to address.

Table: What creates collaborative advantage? Some initial positions.

	Collaboration within firms	Collaboration between firms	Collaboration between firms and the public sector
Economic, non context specific explanations	Transaction cost	Externalities, economics of scope	Rent seeking, public choice, monopoly competition
Cultural, context specific and non economic explanations	Trust, relations, social capital	Networks, social capital, path dependencies, cultural cohesion	Social cohesion, partnership and network steering, public administrative reforms
Type of innovation / development dynamics	Participatory processes, incremental innovation, process	Diffusion of ideas, new collaborative solutions, open innovations	New policies, public support for innovation in initiatives, public

	improvements		goods
Policy implications	Promoting innovative organisational forms	Stimulate networking, collaboration between firms	Organise partnerships, public dialogue, create connectedness

D: A cross disciplinary approach

Said a little playfully, but with a string of seriousness, one could say that the easiest way to end up with no (academic) friends at all, is to develop cross disciplinary arguments. Although most people, from a common sense perspective, probably will say that taking more than one theoretical position into account gives us a richer picture of a certain issue, it still is hard to have academics moving beyond their disciplinary boundaries.

There are good reasons for this. As I see it, social science produces knowledge based on structures and frameworks that are founded in fundamental positions (paradigms). Most often, new texts are elaborations of earlier texts that share the same fundamental positions. Knowledge develops as arguments are widened and deepened, which implies some sort of accumulation. It is like taking a Beethoven symphony (if at all possible) one step further. Cross disciplinary activity, could be seen as a cross-over, like taking part of Beethoven into a rock concert. For Beethoven lovers, this might sound disrespectful and provoking. On the other hand, cross-over might be very innovative.

My point of using this example is to point at the distinction between doing cross disciplinary discussion in a respectful and non-respectful way. Just mixing arguments is in my mind not a respectful way of being cross disciplinary. I think cross disciplinary discourses should first of all acknowledge the foundations of the disciplinary arguments, and argue how these might be combined. Secondly, it should point at what is innovative and gained by mixing disciplinary positions. Thirdly, any new, cross-disciplinary argument will probably have been facing less scrutiny, and so is likely to be more of an assumption kind, than better established disciplinary positions. This calls for some sort of humility in developing cross disciplinary arguments. Having said this, one could also reflect on the danger that even cross disciplinary positions might become disciplinary and a new orthodoxy. So the challenge is an ongoing and universal one.

It is interesting to observe a discussion that was initiated by OECD in 1989 (OECD 1991) where economists, organization and strategy researchers, sociologist and institutional economists were invited to discuss what OECD called the productivity paradox. The paradox described in the 1980s was that although the western economies had seen large technological improvements over some decades, the productivity did not seem to follow that same development. Interesting enough, the whole group assembled by OECD seemed to agree that there is something about organizing, institutions, endogenous processes of growth that seem to be important. The idea of looking closer into the systemic processes of and preconditions for development and learning came to the forefront of the agenda. In the same conference report, Assar Lindbek observes:

“The overwhelming impression [...] at the Conference is, in my judgment, the complexity and pluralistic nature of the processes of productivity change and technological development. Some years ago, a discussion was still going on about whether market system or centrally planned (“command”) economies would be more favourable for productivity growth, technological improvements and innovation. Only very few, if any, observers today deny that the market economy has turned out to be widely superior in this respect. However, it is then important to emphasize that “market system” comprise not only (and indeed not mainly) of atomistic markets, but also markets with different forms

of “imperfect competition”, sometimes with strategic interaction and rivalry. We also know that traditional market relations in the real world have often developed into long term formal and informal bilateral contracts between firms not only via prices in “open markets” but also via co-operative arrangements between firms, including direct exchange of information.” (Lindbek 1990).

In spite of this acknowledgement of institutional impacts on economic development, Geoffrey M. Hodgson (2001), in my mind rightly, observes that within the economic discipline, the integration of an economic and an institutional perspective has never really happened. The two more or less still live in their separate discourses.

E: The context: varieties of capitalism and small regional economies

Capitalism has become the dominant reference as an economic system in the world, but capitalism comes in different forms. This is the background for studying varieties of capitalism. Contrary to larger ideological debates on economic systems (capitalism versus communism) that dominated intellectual debates before and after WWII, even post-communist countries today refer to themselves as market driven or capitalist. Analysis of varieties of capitalism, however, find significant differences in the configuration of institutions between countries (Amable 2009; Hall and Soskice 2001; Lorenz and Lundvall 2006; Morgan, Whitley and Moen 2005).

Hall and Soskice (2001) argue that we can distinguish between two different perspectives on the market economy: the liberal market economy (LME), where the US economy will be a prime case, and the co-ordinated market economy (CME), where Germany would be a prime case. Furthermore they argue that different national versions of institutional economies, although challenged with the same general trends and forces like globalisation, reflect historical, cultural and specific institutional traditions in their response. Hancké, Rhodes, and Thatcher (2007) operate with three categories. In addition to LME and CME, they talk about Mixed Market Economies (MME) which is their category for the systems found in southern Europe as well as in central European, former East European, countries³.

As discussed in, among others Hancké, Rhodes, and Thatcher (2007), there are good reasons to be critical towards the concept of varieties of capitalism. Firstly, it might indicate some sort of functionalist perspective or institutional determinism that is not supported. Secondly, it may sound static, like an ideal type, not covering the dynamics and changes in the social and institutional system. Thirdly, it might lead to some sort of hermeneutical sealing. And fourthly, it might imply some sort of explanation for economic and social performance.

Hall and Soskice (2001) argue for an approach where they see firm-relations as the key driver in the institutional landscape of economic development. They thereby try to develop a model that can identify how firms draw resources and capabilities from their relations. In doing that, they use the distinction between two different perspectives on the market economy: the liberal market economy,

³ At current there is a debate on the financial crisis, not least in Europe about if the German collaborative model is doing better than the more centralist models in southern Europe or that more liberal model in the UK (see The Economist special report on Germany, week 11, 2010. See also Costas Lapavistas in The Guardian, 22. March 2010).

where the US economy will be a prime case, and the co-ordinated market economy, where Germany would be a prime case. While the liberal market economy is characterised by transactions and hierarchies, the co-ordinated market economy is characterised by organisations, institutions and relations. They indicate that while liberal market economies are good for radical form of innovation, we find more incremental modes of innovations in co-ordinated market economies. These are large system debates to which the discussion contributes.

An important part of the argument in Johnsen and Ennals 2011 is to look at the local economy. That is, I will have to address economic development in a perspective of what has been called the economy of space, agglomeration economy, regional learning, regional competencies, etc. That is, it is not the overall global economic system we will be discussing, but how local economies can develop competitive advantages through the development of unique local competencies. That is, it is the local (regional and sometimes national) system of development processes that creates conditions for innovation and value creation that we want to refer our discussion to.

Asheim's argument is that *learning regions* represents unique local competencies. There is a coherent relation between learning organisations and learning regions. Agglomeration, connectedness, (flow of information?), and learning are characteristics of clusters in a learning region. Learning regions require institutions (institutional thickness), collaboration, and social dimensions like trust, social capital and learning organisations. (Asheim 2002)

The situating of enterprises in a regional and local context has come more and more in focus after Piore and Sable's (1984) now classic study. But what is meant by local context or region? Roughly speaking, the economists (like Piore and Sable 1984; Porter 1998, and Cooke 2002) will tend to see regions as business environments. Regions are important because there is some local spill-over or externality that companies, not least the small start-up firms, can utilize. These externalities can also be described as local or regional competencies. Geographers (like Florida 1995) argue for regions as environments for human creativity and learning. The work life discourse (Fricke and Totterdill 2004; Totterdill and Ennals 2006) is more focused on social processes in and between partners in the region. Amin and Roberts (2008) see regions as proximities for situated learning. Others, (like Lundvall 2002; Etzkowitz and Leydesdorff 2000 and Isaksen 2001) take this further into the idea of Triple Helix and regional innovation systems. A regional innovation system is a particular configuration of institutions (businesses, research or university, and government initiatives or support systems) that is supposed to be particularly favourable for innovation.

To this spectrum of approaches comes a large literature from political science and cultural geography, about how to develop and govern regions (Pierre and Peters 2000). The territorial and regional governance literature discusses issues like fragmentation, multilevel governance, trans-national governance, epistemic and imagined communities, and Europeanization polity. Almost all the above-mentioned literatures that emphasize the importance and uniqueness of regions have influenced European policies in this area, not least the Lisbon process (Rodrigues 2002). How is it that these regional structures and processes enhance innovation? One argument is that regional innovation systems provide "soft institutional infrastructure" for transfer of tacit knowledge in environments where interaction, face to face contact and trust is important. Storper (1997; 2008) talks about "un-traded interdependencies". Furthermore, it seems that institutional thickness, cooperation between actors, and between institutions, both public and private, both enterprises and research, are favourable for innovation. Close and extensive networks stimulate technology and knowledge transfer and learning. Networks are often referred to as a "supportive web" for the individual participant, especially for SMEs. This supportive web reduces the access-cost to technology, and gives SMEs more or less free access to external resources. One has talked about an "associated economy" in the local (regional) context.

The public sector seems to play an important role in this. They regulate many markets, including labour market, they invest in infrastructure and build institutions. Often they also provide risk capital, and at least they offer publicly financed research free, or for a low cost to enterprises. Public sector thereby has a role of risk and cost reduction and stabilizer.

What is local, what is the region, what is the nature of space? When referring to the local/regional versus the global, the reference is rather abstract. As Porter points out what he tries to define a cluster, the area in mind might be that of the Boston-area, or Silicon Valley, areas with millions of people, more population than Norway, while in Norway we use the term for industrial milieus in small places with some tens of thousands inhabitants. So what is local, what is regional?

Classifications like local, regional etc refers to many different interpretations. I will divide between two. On the one hand regional, local, space understood as something institutional, functional and in some sense real (geographical). On the other hand I will use these terms in line with discussions like for instance Giddens (1984) where the reference is not a fixed physical space. Rather, the local is what gives meaning as a demarcation towards something else, either as structuration or as discourses. The local is defined as what demarcate a certain type or interpretation, local application or practice that is distinct from others.

Subsequently, this is not primarily a discussion of company strategies. I will argue here a perspective where we see the company and the firm as embedded in local a social and cultural environment. It is the distinction between different local (regional and national) cultures and social patterns that form the background of our argument. It is, one could say, the impact of these differences that form the core of our argument. Subsequently, we need to structure our approach in a way so that we can observe these differences.

F: Trying to conceptualise the relation between culture and market

The relation between culture and market involves many aspects. One issue is what type of cultural (moral, ethical, religious) values is most favourable to economic development. A core theme is for instance whether or not moral and ethical contrarians of the type we find in protestant ethics, and which Weber argued were favourable for the early capitalist development, are still the values that guide the new, creative knowledge economy. But parallel to this, there is the discussion of the relation between economy and culture as such. How integrated and differentiated should they be? One can think of the following ideal positions: the market is part of the social and cultural realm. There is no difference between the two. Alternatively, the two realms (market and culture) are differentiated.

The logic and modus of operation in the one, is different from the other. In these two models or positions, one can think that the relation between culture and market takes different forms. The table below tries to illustrate this.

Table: Different conceptualisations of the marked/culture relation

	Market and culture as integrated realms	Market and culture as differentiated realms
Culture influences market	Norms and attitudes in the social culture are embedded in economic action.	Culture and norms are used as arguments to modify or to argue against market solutions.
Market influences culture	Social culture and norms have to comply with market rationality.	Market logic "invades" the cultural and normative social realm.

Source: Johnsen, H. C. G. 2010: Culture and market – an unsettled relation. In Knudsen, Harald (ed.) 2010: Book in honour of Jonny Holbek.

The table is supposed to illustrate what might be at stake when we discuss the relation between market and culture. Although the differentiation between market and culture might be criticised, since the market does not then comply with social norms, it does not follow that we will prefer an integration of the social realm and the market realm.

In a differentiated society, the relation between market and culture (the social realm) is one of a discursive kind. That implies that there is and should be a constant discussion between them. The social is to correct the market through criticism. The market will of course influence (and try to intrude and invade) the cultural and social realm. However, even if that happens, it is important in a differentiated society that the different spheres maintain independence.

The alternative might be a market that is integrated in the cultural and social realm. It would imply that social norms are guiding economic action. It would also probably imply that the cultural realm had to compromise with market logic. Even if we call for ethical considerations into the market logic, for example that we ask corporations to be socially responsible, we might not mean that social norms and politics should take over from the market.

The important thing, I think, that Weber made us aware of, was the possibilities that were opened up as the religious realm (culture) and the economic realm (market) became disintegrated, and how that allowed for both the market and culture to flourish, although they have had a turbulent relationship ever since, and still should.

G: The role of theory and on using simplified models as tools for discussion

What is the relation between theory and practice, and what do we regard as theory? As a starting point, I follow Bourdieu (The Logic of Practice) when he argues that A) social science is basically a reflection over practice. One of his fields of study, symbolic action in society, can illustrate this. His reflections on symbolic action lead him to develop concepts like symbolic capital, the role of symbolic systems on structuring of society, etc. B) Our ability to understand practice is actually dependent on the theoretical concepts and perspectives that we have. Better theories and better and deeper conceptual understandings will allow us to also understand practice better. C) Social science is in itself a practice. In order to understand the theoretical universe of social science and how science make sense of practice, we also have to understand that much of what we observe in practise also points back to social science as a practice.

So, is there an essential difference between practical knowledge and theoretical knowledge? This distinction is, important in relation to Habermas theory of communicative action. It points at the issue of whether there is a theoretical entity prior to practical action: in other words, is theory superior to practice? ⁴. Or 1) is there a phenomenon called practical knowledge, and 2) is practical

⁴ The following comment by Barry Smith has triggered this question: "Practical knowledge has been brought to the attention of philosophers in recent times, on the one hand by Ryle, with his distinction between knowing how and knowing that, and on the other hand by Heidegger, whose philosophy rests centrally on a view of the structure of our ordinary experience as determined primarily by the hierarchies of interdependent objects of use (tools, equipment) with which we are continually bound up in our everyday activities" (Smith 1986:22).

knowledge, if it exists, all we have to know about knowledge in order to understand people's interaction with each other? The reflective practitioner (Schön 1991) and situated learning (Amin and Roberts 2008) emphasises the importance and superiority of practice and locally developed knowledge.

I will suggest the following tentative answers to the question: there is something called practical knowledge, and we can deal with this type of knowledge, without any references to more deeply founded philosophical positions, but this is not all we have to know about knowledge, in order to understand human interaction. Practical knowledge, as I see it, is a sort of *curtain-wall*. In most situations, we need not know anything about what goes on behind the curtain. In the following, I will take a closer look at issues that represent the borderline between practical knowledge and underlying structures. See Göranson (1992, 1995) and Göranson et al (2006) on practical knowledge.

The theme here is co-operation in organizations' discourse, the co-operation between firms' discourse and the co-operation in the regional political system discourse. This is a multi-disciplinary challenge and a theory of science dilemmas: the problem of bringing a discussion in one field to a discussion on the other fields' premises. There is also a rigour / relevance dilemma related to the issues we address here: the difficulty in exemplified in concrete situations, the general concepts and relationships some theory brings forward. There is series of other dilemmas and challenges, like:

- Participatory research: the difficulty of drawing out the theoretical knowledge of the individual case, and while our in front of the international research discourse (to participate in).
- Categorizations: Research must have categories that guide your mind but that will also characterize your "induction".
- Multi-Level Analysis: what is the relationship between regional strategies and innovation in a company.
- Dilemma of reductionism: the general / abstract reduced to the concrete.
- Dilemma with self-reflection.
- Theoretical / methodological perspective: see the region as a communicative system, the need for regional discourse, establishing local understandings of creating systemic dynamics (Luhmann, the system as a communication, internal border drawing). The system creates rules, draw boundaries, establishes structures, etc .
- The phenomenon can be understood from many different philosophical perspectives: Post structuralism, communicative, classical power / interests discourse or in terms of administrative logic.

Jürgen Habermas (1974) presented an argument about this in line with the critical theory tradition. Habermas starts out by challenging the Marxist universal theory of historical materialism. This theory claims both to be objective in origin and universal in application. Against this, Habermas argues:

“Critique understands that its claims to validity can be verified only in the successful process of enlightenment, and that means: in the practical discourse of those concerned” (Habermas 1994 p. 2).

One could argue that this position anticipates action researchers' focus on local practice and local knowledge. However, the fact is that the inherent dialectics of the critical approach implies that one recognises what is criticised, in this case theory. Habermas' point is therefore not one of arguing against theory, rather to argue that theory has to be understood in a special way in social science, as a way of “objectivising” knowledge in line with Popper (1979) and Nozick (2001).

Habermas argues along three dimensions: The empirical aspect, the epistemological aspect, the methodological aspect and comes up with mainly three sets of arguments.

The empirical aspect implies that theory has to relate to the general, empirical reality. Habermas (1974) talks about the dual relationship between theory and practice: on the one hand a social practice that makes theorising possible, on the other hand political practice that makes theorising meaningful. Stability of social practice is a necessary precondition for social theorising, *invariance* in Robert Nozick's term (Nozick 2001). Habermas is not a critic of theory, rather he argues in line with Popper that the social and system world have ontological status (Habermas 1997; Popper 1979). Based on this general understanding, one has to see social theorising in relation to structural conditions in society. As these changes, so does the focus of social theory; i.a. in modern (post-modern?) society this has brought issues of legitimacy up in front of societal understanding.

The epistemological aspect relates to Habermas' discussion of the relation between knowledge and interest. Habermas recognises the problem of interpretation and subscribes to the critique of positivism and accepts the subjectivity of the scientist (Skjervheim 1959). However, as is shown in Habermas critique of Skjervheim, there is not only local knowledge, but also universal knowledge (Habermas 1997, p. 111).

“There is a systematic relationship between the logical structure of science and the pragmatic structure of the possible applications of the information generated within its framework” (p.8).

Therefore the technical and practical interests of knowledge are not regulators of cognition which have to be eliminated for the sake of the objectivity of knowledge; instead they themselves determine the aspects under which reality is objectified, and can thus be made accessible to the experience to begin with. They are the conditions which are necessary, in order that subjects capable of speech and action may have experience which may lay a claim of objectivity.” (p.9)

Furthermore:

“The underlying “interests” establishes the unity between this constitutive context in which knowledge is rooted and the structure of the possible application which this knowledge can have.” (p.9)

Thirdly, methodology: How can we theorise on social phenomena, how can we get knowledge, and what are the constraints of this knowledge? Here Habermas discuss his critical approach against what he calls four competing approaches of positions: a) objectivism, b) hermeneutics, c) systems theory and d) philosophy of history.

Regarding a): objectivism: Habermas summarises his argument against objectivism in three points: The relation between knowledge and interest (which is inadequately stated in the objectivist position), the inadequate understanding of self-reflection (that has no role in the objectivist approach) and the neglect of objectivists to see that there is an organisational aspect of science.

Regarding b): social theory is not merely an analysis (and observation) of the content of social practice. Social theory also involves social meaning and social engagement. There is a reciprocal relation between theory and practice, they are involved in a communicative relationship. Subsequently, validity has to be established in this reciprocal relation. By engaging in a communicative relationship, at least four validity claims have to be met:

“The comprehensibility of the utterance, the truths of its propositional components, the correctness and appropriateness of its performatory components, and the authenticity of the speaking subject.” (p.18)

Regarding c): Habermas argues against a universal “systems theory” and the idea that “unsolved problems” in social theory can be treated within a self regulating system. Finally, regarding d) Habermas warns us that we should not overemphasise the subjective, reflexive capability of man.

Habermas’ main point is that in a post-metaphysical society, philosophy and theory cannot claim a role in its own right. It is part of societal processes. Furthermore, in a liberal, democratic society, theory and philosophy cannot claim authority over the individual and his and her pursuit of good and bad and own goals in life.

How then can we perceive the role of theory and philosophy in the modern society? In the classical thinking, theory was guiding practice. This supremacy of theory is no longer in itself valid. Furthermore, theory, like Marx’s historical materialism, had often elements of metaphysics in it. Theory cannot make such claims. Theory has to see itself as one among many different sources to knowledge.

However, having said this, theory still has an independent role, as critique. In order to discuss the critical role of philosophy and theory, Habermas refers back to his general framework of discourses in society. That is, he makes a distinction between the subjective, the social and the cultural (institutional) sphere. The role of theory and the role of philosophical critique are different in these spheres. For the cultural/institutional sphere, Habermas refers to the fact that society becomes increasingly complex, and related to that, argue that there is a growing need for expert knowledge. Theory and philosophical discourses can have a role as critical expert knowledge. In the social sphere, philosophy will increasingly have a role as hermeneutics, as trying to find meaning and to guide meaning.

The false way to perceive this would be to see theory as an authoritarian voice. The right way to see it would be to see theory and philosophy as an autonomous part in a social discourse.

My aim is to address questions like:

- How can increased co-operation between knowledge institutions and companies lead to increased learning and innovation in the companies and thereby to value creation?
- How are knowledge-, learning-, and innovation processes managed and organised?
- How can we develop learning organizations and good co-operation between research and business?
- How do cooperative arenas influence different branches and businesses ability to innovate and develop knowledge?
- How can we organise and make efficient the innovation system as a collaborative activity in order to create value?
- How is the innovation activity in the companies influenced by regionally initiated cooperation?
- How can we secure participation, dialogue and democracy in the innovation process both at a micro and a macro level in the region?

The issues above can be discussed in terms of modelling. One can also, as does Hayek (1967) and Krugman (1991) argue that complex phenomenon can be approached with simple models. A predominant example would be the market equilibrium model that has a very strong explanatory power in spite of its simplicity. Another example could be Granovetter’s theory of strength of weak ties in networks. Simple models and simple mechanisms in models help us see some generic aspects of a complex reality.

A very different strategy would be Clifford Geertz's thick description. A thick description is used to identify the uniqueness and context specificity of a phenomenon. It is a meaningful strategy when what you want to explain is the unique locale and the interplay of a complex set of factors. In between these two strategies one can think of more context specific models of different kind.

While the simple model in social science is able to say something about generic features of social processes, and the thick description is useful in order to understand the local, specific and unique in a phenomenon, the context specific models can easily fall into the intermediate category of nether being general enough, nor being specific enough. These are issues and dilemmas we have to live with.

My position on this is founded in a couple of arguments. Firstly I argue that the researcher will always represent an interpretation of the other (is "othering" a necessity of research?) (but although reification is necessary, the reification does not have to be of "the other"). Secondly, I hold the claim, in line with Weber (1978) and Schütz (1972), that certain aspects of human existence (meaning our life-world) are and should be beyond the reach of social science (consistent with early Wittgenstein's "positivism"). That is, I do believe that neither social science in general nor Action Research should pretend to understand and report "everything" about existence and meaning of life. Thirdly I will question the trueness of some of the knowledge that comes from involved or phenomenological inquiry. Furthermore I argue that by acknowledging this, we can have a better discussion on how to do research that pays respect to individual human beings, and at the same time produces robust and valid, scientific knowledge.

H: Four paradigms

I propose the following four typologies of understanding of collaboration: the four differ in whether they are co-ordination related or change related, also to what extent they are based on "solving problems" or based on common learning and understanding. Collaboration can be seen as a co-ordination of interests (plus sum game) or as negotiations. Co-ordination can also be seen as dialogic collaboration in order to reach common interpretation and understanding. Collaboration can be aimed at radical change based on common beliefs, conviction and ideology, like a political movement, while pragmatic collaboration can be established order to create a "common good" or conformity (community).

In order to approach this, we can consider Burrell and Morgan (1979) and their sociological paradigms. Building on their dimensions that identify more objective and more subjective approaches on the one hand, and on regulative versus more change related perspectives on the other hand, we might distinguish between the following four types on collaboration:

I relate this to two dimensions: one on ontology/epistemology, that are similar to the dualism I will make between economic and social explanations, mainly an objectivist (functionalist, intuitionist) perspective versus a subjectivist, constructivist, communicative perspective. The other dimension refers to the distinction between regulation (understood as managing, steering and control of social processes) versus change (understood as innovative, spontaneous, social initiatives).

Table: four paradigms

	Objective: Intentional: Rationality, calculating, utility	Subjective: Explorative: Spontaneity, development
Regulation	A) Functionalism: Collaboration as an co-ordination of interests (plus sum game) and negotiations	B) Interpretive: Dialogic collaboration and common interpretation
Change	C) Radical structuralism: collaboration based on common beliefs, conviction and/or ideology	D) Radical humanism: Pragmatic collaboration in order to create a “common good” or conformity (community)

Collaboration of type A) is to be seen as a co-ordination of interests (plus sum game) or as negotiations. Co-ordination of type B) is to be seen a dialogic collaboration in order to reach common interpretation and understanding. Type C) is collaboration based on common beliefs, conviction and ideology, while type D) is pragmatic collaboration in order to create a “common good” or conformity (community).

The argument that can be developed from this table is that we can understand collaboration in very different and conflicting ways. Collaboration of the A and C type is understood structurally and to some extent functionally. Most of what I refer to as the economic discourse is to be understood within these paradigms. That is, the actor as a subject is not important here. This is the quite opposite in position B and D. In D, the actor as a subject is very important. It is so important that we might question our ability to form theories around this paradigm. Anti-organisation theory and process related approaches to organisational development, like Lincoln and Guba (1985) are to be understood within this paradigm.

I: Different rationalities and interrelations between levels of analysis

Given different paradigms, there are also different conceptualisations of the actor in social and economic theory. I will refer to this as different rationalities. What do I mean by different rationalities? It is important to emphasise that I use this term as a sociological concept, and not a philosophical concept. That is, I refer to how individuals behave and think about their behaviour, less that discuss whether we have different rationalities in terms of a split mind, or something like that.

The argument of seeing development as an interrelation between different levels of social interaction can be referred to, among others, Jürgen Habermas’ work. In his “On the Pragmatics of Social Interaction”, he distinguishes between different social theories, that of atomistic versus holistic theories, and also he distinguishes between modes of action, behavioural, strategic and communicative. These terms allows us to set up a matrix of different social action explanations, ranging from behavioural psychology, via interpretivist sociology, to structural-functionalistic approaches. One can choose to see these as explanations that manage to capture different aspects of social interaction, subsequently an argument for a multi level analysis of social developmental processes.

To apply such an approach requires a set of discussion and arguments. Firstly at a personal/individual level, we have to argue that organisation and context have (a certain) impact on action. A core idea here is what Weber discussed as different rationalities, and others more specifically have discussed as the distinction between self interested, rational behaviour and norm based and tradition bound behaviour.

In example Elster 1989, writes:

“I believe that both norms and self-interest enter into the proximate explanations of action. To some extent, the selection of the norm to which one subscribes can also be explained by self-interest. Even if the belief in the norm is sincere, the choice of one norm among the many that could be relevant may be an unconscious act dictated by self-interest. Or one might follow the norm out of fear of the sanctions that would be triggered by violation. But I do not believe that self-interest provides the full explanation for adherence to norms. There must be some further explanation, X, of why norms exist.” (Elster 1989)

A second level of analysis will be that of institutions and their impact on behaviour. Can institutions change and form action, and if so, how and in what direction? Are there configurations of institutions that are favourable to certain form of action? This discussion will in theoretical terms address both organisational theory, institutional economics and classical sociological debates on institutions, systems and behaviour.

A third level of theoretical discussion will have to address the more normative, output side of social action. Saying that certain contexts and institutional setups influence behaviour does not tell us anything about the implication of this for economic development. We will need to introduce theories on innovation and economic development, in order to understand what might be possible implications of different ways of organising the economy.

The idea of the Johnsen and Ennals (2011) book is not to give inputs to the purely theoretical aspects of these discussions, rather to use these theoretical inputs as frameworks, to understand and analyse the empirical examples and experiences we have with collaborative economic development.

A key concept here in understanding the interplay between different institutions and social processes at different levels, as pointed out among others by Manuel Castells (2009), is that of communication and knowledge. Subsequently, a fourth level of our analysis will try to bring these insights together. The purpose of this is of course to be able to discuss political and managerial implication of our approach. Can we do anything in order to impact a development towards a more sustainable economic development, by having a better understanding of the relation between the economic and the social processes? And, thereby creating collaborative advantage! And, are these processes working equally in different contexts and under different varieties of capitalism?

J: Putting the pieces together - comprehensive argument

I started my argument by assuming that there are different logics or realities of social interaction, and that these are guided by different norms, institutions, ways of behaviour, codes of conduct and rationalities. In line with that, we will argue that economic activity is a particular branch of human action, and a branch that can be distinguished from other activity like social engagement, political activity, family and friends relations, etc. I choose to simplify this discussion by distinguishing between two realms: economic activity and social activity, and relate them to two theoretical discourses the economic discourse and the social discourse.

For reasons of theoretical simplification I will refer two different modes of action to these discourses. To the economic discourse, I relate what I call “pure logic of choice” and to the social discourse I relate what I term “communicative competence”. The table below indicates some typologies based on these classifications.

Understanding the mode of collaboration at different
“levels” – two approaches

	“pure logic of choice”	“communicative competences”
Actors	Optimising	Meaning, learning
Organisations	Strategic human resources	The discursive organisation
Structures	Functionalism	Constructivism

The next step in my argument is that this distinction of social activities has implications and materializes itself at different levels. That is, at a personal behaviour level, man will behave in relation to different social realms. In the market realm, she or he will behave in a rational and “self-interested” manner, as an actor in the market. He or she will look for and exploit business opportunities when they have a chance to do so. They will know that unless they behave rationally and competitively in the market, they are likely to be beaten.

The challenge, as put forward in major sociological works like Giddens 1984 and Habermas 1998, is to combine a subjectivist perspective in the sense of funding any social theory in human behaviour and choice and at the same time to acknowledge that there are structures and structuring elements in society beyond individual choice.

A major challenge to my argument is how these two realms of societal activity influence each other. This is where knowledge comes in. I will try to argue if there are certain relations between the different factors that we have discussed. That is, can we formulate some hypothesis on what we regard as favourable and non-favourable configurations of factors that can guide local (regional and national) economies?

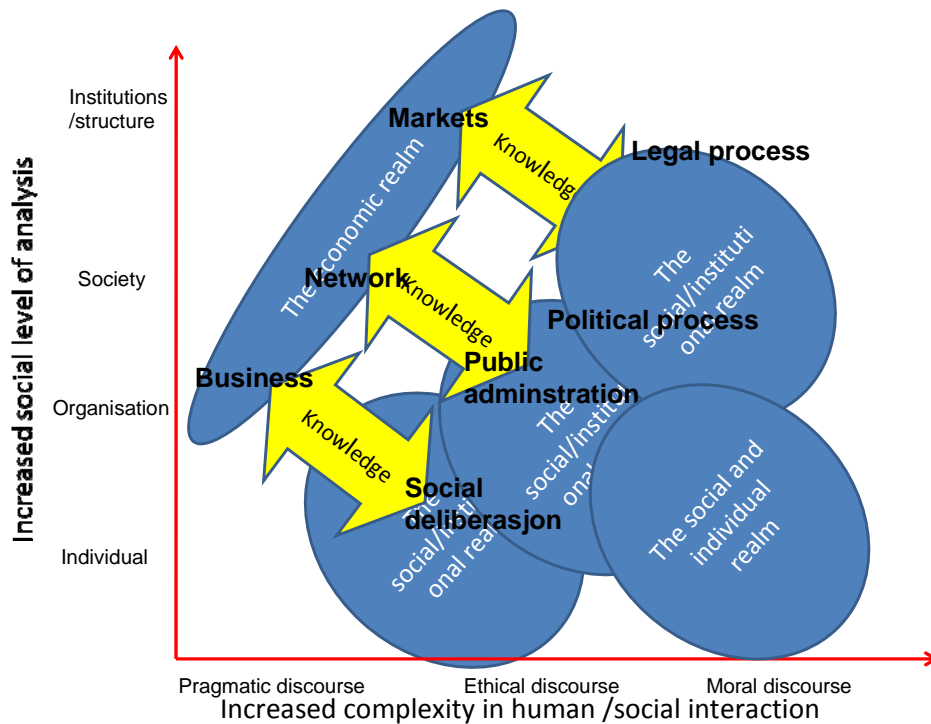
Conclusion

I have tried to argue that collaboration can be perceived within different frameworks, and that there is a core difference between the social understanding of collaboration, and the economic understanding of the term. I have also argued that by regarding these two realms, we get a richer

picture of what type of processes are at play when we talk about collaboration, and about creating social and economic advantages through collaboration.

As there are different realms, and these differences are to some extent a reflection of increased differentiations in society, there need to be processes by which collaboration in one realm influences collaboration in another. I see knowledge as the key to this. Knowledge produced in one realm can be transferred to another realm. In order to understand how this can be advantages, one has to understand how knowledge is developed, and what knowledge is developed, and how knowledge is transferred and transformed.

The picture here is rather complex, as indicated in the figure below.



There are many ways to use this theoretical structure. Firstly, one argument could be to say that the new knowledge based economy relies more on interaction with the social realm, and subsequently has to think in terms of new collaborative arenas compared with more traditional economic activity. Think of a term like CSR (corporate social responsibility). If we compare with technologically advanced businesses that require expert knowledge in technology, a CSR related company requires a wide dialogue and collaboration with social milieus, for instance environmental groups. A company that is interested in exploiting exiting technologies and resources will look for other collaborative and knowledge related sources, that one that is interested in innovation in new fields. How wide or specific the economic interests are, will define what collaboration one seeks.

Seen from the social realm, one is interested in companies that provide value creation, growth and employment. However, it can be illustrated by the Norway and Agder case, the social realm is not interested in any business, or any collaboration. The core of contemporary regional policy is to find businesses that “fit” the region.

Also, society has interests in how the collaboration, both in and between firms, and between firms and public sector, is organized. One is interested in collaboration that gives the region more responsible companies and one that contributes to development in a wider sense, but not collaboration that restricts sound competition, creates local monopolies or does lobbying towards political authorities.

Subsequently, based on this theoretical discussion, collaborative advantages are dependent on actors in different fields developing competencies in discussions, and collaboration that is clear on roles and responsibilities, and is focused on areas that gives both social and economic gains (a plus sum game), and not a process of giving advantages to certain interests only (zero sum game).

The second argument related to the model above, I will make, is the potential that is inherent in the relations between levels in the social realm. I propose the following assumption, based on the discussion above, that knowledge development is to a large extent a function of the transformation of knowledge between different areas and levels of society. So I will argue that a good society that utilizes collaborative advantage is one that is able to utilize the potential that lies in the relation between different social areas like the life world of people and “up to” the legal process. The challenge here is to link different collaborative and discursive processes in a constructive way. It is to allow the “voice” of the individual to count, but also to acknowledge that there are more permanent expert systems and structures that are necessary for the well functioning of society.

The table below tries to summarise the different collaborative modes and structures discussed in this paper.

Table: different collaborative structures in different areas of society

Four domains (social structure/ context) Four levels of interaction (type of governing arrangements)	Structural	Social	Functional	Individual
Institutional	Collaboration mainly related to institutional development and legal structures	Institutionalisation of the social realm	Functional ins institutional features are likely to be used, for instance in “created”, hybrid markets.	Institutionalisation of the individual is a contradiction, however, it is used as a coordination mechanism
Social/political	Structuration of the social domain probably have some explanatory power in relation to collaboration	Collaboration in the area of social dialogue, public discourse and political processes	The combination of functional with social processes is a contradiction, however, social and political processes might have functional	The social and individual represents an antagonism. However, one can argue for the social impact on the

			features	individual action
Organizational	Structural and formal (structural/functional) features of organisations as relevant	The social domain might be understood as processes that	Collaboration in a functional environment, like in business end between businesses	Perspective here could be the relation between organisation and individual as a structuring of action
Personal	This is basically a meaningless position, but some form of behaviourist position could see the person in a structural perspective	This position is an antagonism in terms but can be understood as how social norms for behaviour, etc. are internalised	This position will see personal level action as structured by functional causes, like needs.	Collaboration related to meaning construction and reflection at a personal experience level

Source: Johnsen (2005)

Core dimensions in this table are that of structure – process and that of collective – subjective. These dimensions give some guidelines on how to perceive collaborative processes. The types marked with yellow colour, are the ones found in the four paradigms discussed earlier. The point of putting up this table is to illustrate the multitude of collaborative forms that we might observe. Of course, the main argument here is not the collaborative forms as such, but the type of knowledge they produce and how this enhances innovation and economic development. This is where the forthcoming book hopefully will contribute.

References

- Asheim, Bjørn T. 2001: "Learning regions as development coalitions; Partnership as governance in European workfare states. Concepts and Transformation 6:1 (2001), 73-101.
- Asheim, B-T and M Gertler. 2005: The Geography of Innovation: regional Innovation Systems. in The Oxford handbook of Innovation. Oxford: Oxford University Press
- Baumol, W. 2002. The free market innovation machine. Princeton: Princeton University Press.
- Baumol, W. J., R.E. Lilan and C. J. Schramm. 2007: Good capitalism, bad capitalism. New Haven: Yale University Press.
- Castells, Manuel. 1996: The Rise of the Network Society
- Castells, Manuel. 2009: Communication Power.
- Cooke, Phillip 2002: Knowledge Economies: Clusters, learning and cooperative advantage. London: Routledge.
- Crouch, Colin and Professor Wolfgang Streeck. 1997: Political Economy of Modern Capitalism: Mapping Convergence and Diversity by Dr (Paperback - 10 Oct 1997)
- Elster, Jon. 1989: Social Norms and Economic Theory. The Journal of Economic Perspectives, Vol. 3, No. 4 (Autumn, 1989), pp. 99-117 Published by: American Economic Association.

- Etzkowitz, H. og Leydesdorff. 2000: "The dynamics of innovation: from National Systems and "Mode 2" to a Triple Helix of University – industry– government relations". I: *Research Policy* 29, 2000 p 109-123.
- Florida, Richard. 1995: "Toward the learning region". *Futures*, Vol.27, No 5, pp 527 – 536.
- Florida, Richard. 2002. *The Rise of the Creative Class: and how it's transforming work, leisure, community and everyday life*. New York: Basic Books.
- Florida, Richard. 2005: *The Flight of the Creative Class*. New York: Harper Business.
- Gibbons, M., Limoges, C., Nowotny, H., Schwartzman, S., Scott, P., & Trow, M. (1994). *The New Production of Knowledge. The Dynamics of Science and Research in Contemporary Societies*. London: Sage.
- Giddens, Anthony [1990] 1995: *The Consequences of Modernity*. Cambridge: Polity Press.
- Giddens, Anthony 1984: *The Constitution of Society*. Cambridge: Polity Press.
- Gustavsen, Bjørn 1992: *Dialogue and development: Theory of communication, action research and the restructuring of working life*. Maastricht: Van Gorcum.
- Habermas, Jürgen. [1981] 1997: *The Theory of Communicative Action*. Cambridge: Polity Press.
- Habermas, Jürgen. 1997 (1981): *Theorie des Kommunikativen*. English translation by Thomas McCarthy: *The Theory of Communicative Action: Reason and the Realization of Society*, vol 1. London: Polity Press.
- Habermas, Jürgen. 1998: *Truth and Justification*. Cambridge, Mass.: MIT University Press
- Hall, P. and D. Soskice (eds.). 2001: *Varieties of Capitalism*. Oxford: Oxford University Press.
- Hancké, Bob, Martin Rhodes, and Mark Thatcher. 2007: *Beyond Varieties of Capitalism*. Oxford: Oxford University Press.
- Harold J. Bershady: *Ideology and Social Knowledge*, London, Basil Blackwell; New York Wiley-Halsted Press, 1973.
- Hayek, F A. 1979: *The Counter-Revolution of Science – Studies in the Abuse of Reason*. Indianapolis: Liberty Press.
- Jürgen Habermas. 1974 (1964) *Theory and Practice*. London:Heinemann.
- Jürgen Habermas: *Rightness versus Truth: On the Sense of Normative Validity in Moral Judgments and Norms. The Relationship between Theory and Practice Revisited*. In Jürgen Habermas. 2003 (1999): *Truth and Justification*. Cambridge. Mass.: The MIT press.
- Knorr Cetina, Karin. 1984: *The Fabrication of Facts*. in Stehr and Meja (1984).
- Knorr Cetina, Karin. 1999: *Epistemic Cultures: How the Sciences Make Knowledge*. Cambridge, Mass.: Harvard University Press.
- Krugman, Paul. 1991: *Increasing returns and Economic Geography*. *The Journal of Political Economy*, Volume 99, Issue 3 (Jun., 1991), 483-499.
- Lam, A. And B-Å. Lundvall. 2006: *The Learning Organization and National Systems of Competence Building and Innovation*. In Lorenz, E., and B-Å. Lundvall. 2006: *How Europe's Economies Learn: Coordinating Competing Models*. Oxford: Oxford University Press.
- Lorenz, E. And B-Å Lundvall. 2006: *How Europe's Economies Learn: Coordination Competing Models*. Oxford: Oxford University Press.
- Lorenzen, m. and N. J. Foss. 2003: *Cognitive Coordination, Institutions and Clusters: An Exploratory Discussion*. In Fornahl, D and T. Brenner. 2003: *Cooperation, Networks and Institutions in Regional Innovation Systems*. Cheltenham: Edward Edgar.
- Luhmann, Niklas. 1984: *The Differentiation of Advances in Knowledge: The Genesis of Science*. in Stehr and Meja (1984).
- Lundvall, B-Å and P Maskell. 2000: *Nation States and Economic Development: From National Systems of Production to National Systems of Knowledge Creation and Learning*. *Oxford Handbook of Economic Geography*. Oxford: Oxford University Press.

- Lundvall, Bengt-Åke. 2002. *Innovation, Growth and Social Cohesion: The Danish Model*. Cheltenham: Edward Elgar.
- Maskell, P. and Anders Malmberg. 1999: *Localized learning and industrial competitiveness*. *Cambridge Journal of Economics*.
- Morgan Glenn, John Campbell, Colin Crouch, and Ove Kaj Pedersen. 2010: *The Oxford Handbook of Comparative Institutional Analysis (Oxford Handbooks in Business and Management)* by
- Morgan Glenn, Richard Whitley, and Eli Moen *Changing Capitalisms?: Internationalization, Institutional Change, and Systems of Economic Organization* by
- Morgan, Glenn, Richard Whitley, and Eli Moen. 2005: *Changing Capitalisms?: Internationalization, Institutional Change, and Systems of Economic Organization*. Oxford: Oxford University Press.
- Porter, Michael E. 1990: *The competitive advantages of nations*. London : Macmillan.
- Porter, Michael E. 1998: *On competition*. Boston : Harvard Business School.
- Porter, Michael E. 2008: *On competition*. Boston : Harvard Business School.
- Weber, Max. 1947: *The Theory of Social and Economic Organization*. Oxford: Oxford University Press, 1947. 436 pgs.
- Weber, Max. 1978 [1920]: *Economy and Society*. Vol 1 and 2. Berkeley: University of California Press.
- Whitley, Richard. 2006: *Innovation systems and institutional regimes in Europe*. In Lorenz, E., and B-Å. Lundvall. 2006: *How Europe's Economies Learn: Coordinating Competing Models*. Oxford: Oxford University Press.
- Whitley, Richard. 2007: *Business Systems and Organizational Capabilities: The Institutional Structuring of Competitive Competences*. Oxford: Oxford University Press.
- Whitley, Richard. XXXX: *Divergent Capitalisms: The Social Structuring and Change of Business Systems*.

More to be added