

Home > [Handbook of New Institutional Economics](#) > Chapter

The Make-or-Buy Decision: Lessons from Empirical Studies

| Chapter

| pp 435–464 | [Cite this chapter](#)



Handbook of New Institutional Economics

[Peter G. Klein](#)

7124 Accesses 126 Citations 6 [Altmetric](#)

This is a preview of subscription content, [log in via an institution](#) to check access.

Access this chapter

[Log in via an institution](#) →

Subscribe and save

Springer+

from €37.37 /Month

- Starting from 10 chapters or articles per month
- Access and download chapters and articles from more than 300k books and 2,500 journals

- Cancel anytime

[View plans](#) →

Buy Now

^ Chapter

EUR 29.95

Price includes VAT (Poland)

- Available as PDF
- Read on any device
- Instant download
- Own it forever

[Buy Chapter](#) →

^ eBook

EUR 277.13

Price includes VAT (Poland)

- Available as PDF
- Read on any device
- Instant download
- Own it forever

[Buy eBook](#) →

Tax calculation will be finalised at checkout

Purchases are for personal use only

[Institutional subscriptions](#) →

Preview

Unable to display preview. [Download preview PDF.](#)

Explore related subjects

Discover the latest articles, books and news in related subjects, suggested using machine learning.

[Transaction Cost Economics and Governance Structures](#)

References

Akerlof, George A. 1970. "The Market for 'Lemons': Qualitative Uncertainty and

the Market Mechanism". *Quarterly Journal of Economics* 84: 488-500.

[Google Scholar](#)

Alchian, Armen A. and Harold Demsetz. 1972. "Production, Information Costs, and Economic Organization". *American Economic Review* 62: 777-795.

[Google Scholar](#)

Anderson, Erin. 1985. "The Salesperson as Outside Agent or Employee: A Transaction Cost Analysis". *Marketing Science* 4: 234-254.

[Google Scholar](#)

Anderson, Erin and David C. Schmittlein. 1984. "Integration of the Sales Force: An Empirical Examination". *Rand Journal of Economics* 15: 385-395.

[Google Scholar](#)

Anderson, Erin and A.T. Coughlan. 1987. "International Market Entry and Expansion via Independent or Integrated Channels of Distribution". *Journal of Marketing* 51: 71-82.

[Google Scholar](#)

Armour, Henry O. and David J. Teece. 1980. "Vertical Integration and Technological Innovation". *Review of Economics and Statistics* 62: 470-474.

[Google Scholar](#)

Arruñada, Benito, Manuel Gonzalez-Diaz, and Begona Lopez. 1996. "The Role of Competition in Controlling Team Production: The Case of Fishing Industry". Working Paper, University Pompeu Fabra.

[Google Scholar](#)

Bajari, Patrick and Steven Tadelis. 2001. "Incentives versus Transactions Costs: A Theory of Procurement Contracts". *Rand Journal of Economics* 32: 387-407.

[Google Scholar](#)

Baye, Michael and Richard Beil. 1994. *Managerial Economics and Business Strategy*. Burr Ridge, IL.: Irwin.

[Google Scholar](#)

Bercovitz, Janet E. L. 1999. "Having It Their Way? The Franchising Decision and the Structure of Franchise Contracts". Ph.D. dissertation, Haas School of Business, University of California, Berkeley, CA.

[Google Scholar](#)

Bender, Christian. 2002. "The Theory of the Firm Revisited: Changing Firm Boundaries in a New Information and Communication Environment". Working Paper, Department of International Business, University of Muenster.

[Google Scholar](#)

Bigelow, Lyda. 2001. "Efficient Alignment and Survival in the U.S. Automobile Industry". Working Paper, Olin School of Business, Washington University, St. Louis.

[Google Scholar](#)

Bindseil, Ulrich. 1997. "Vertical Integration in the Long Run: The Provision of Physical Assets to the London and New York Stock Exchanges". *Journal of Institutional and Theoretical Economics* 153: 641-656.

[Google Scholar](#)

Bindseil, Ulrich and Christian Pfeil. 1999. "Specialization as a Specific Investment

into the Market: A Transaction Cost Approach to the Rise of Markets and Towns in Medieval Germany, 800–1200”. *Journal of Institutional and Theoretical Economics* 155: 738–754.

[Google Scholar](#)

Boger, Silke, Jill E. Hobbs, and William A. Kerr. 2001. “Supply Chain Relationships in the Polish Pork Sector”. *Supply Chain Management* 6: 74–82.

[Article](#) [Google Scholar](#)

Boot, Arnoud W. A., Todd T. Milbourn, and Anjan V. Thakor. 1999. “Megamergers and Expanded Scope: Theories of Bank Size and Activity Diversity”. *Journal of Banking and Finance* 23: 195–214.

[Article](#) [Google Scholar](#)

Brickley, James A. 1999. “Incentives, Conflicts and Contractual Restraints: Evidence from Franchising”. *Journal of Law and Economics* 42: 745–774.

[Article](#) [Google Scholar](#)

Brickley, James A., Clifford W. Smith Jr., and Jerrold L. Zimmerman. 2004. *Managerial Economics and Organizational Architecture*, 3rd edn. New York: McGraw Hill-Irwin.

[Google Scholar](#)

Brown, James R., C. S. Dev, and D. J. Lee. 2000. “Managing Marketing Channel Opportunism: The Efficacy of Alternative Governance Mechanisms”. *Journal of Marketing* 64: 51–65.

[Article](#) [Google Scholar](#)

Casadesus-Masanell, Ramon and Daniel F. Spulber. 2000. “The Fable of Fisher

Body". *Journal of Law and Economics* 43: 67-104.

[Google Scholar](#)

Caves, Richard E. and Ralph E. Bradburd. 1988. "The Empirical Determinants of Vertical Integration". *Journal of Economic Behavior and Organization* 9: 265-279.

[Google Scholar](#)

Coase, Ronald H. 1937. "The Nature of the Firm" in idem. *The Firm, the Market and the Law*. Chicago, IL: University of Chicago Press.

[Google Scholar](#)

Coase, Ronald H. 2000. "The Acquisition of Fisher Body by General Motors". *Journal of Law and Economics* 43: 15-31.

[Article](#) [Google Scholar](#)

Cooter, Robert, Stephen Marks, and Robert Mnookin. 1982. "Bargaining in the Shadow of the Law: A Testable Model of Strategic Behavior". *Journal of Legal Studies* 11: 225-251.

[Article](#) [Google Scholar](#)

Crocker, Keith J. and Scott E. Masten. 1988. "Mitigating Contractual Hazards: Unilateral Options and Contract Length". *Rand Journal of Economics* 19: 327-343.

[Google Scholar](#)

Crocker, Keith J. and Scott E. Masten. 1991. "Pretia Ex Machina? Prices and Process in Long-Term Contracts". *Journal of Law and Economics* 24: 69-99.

[Article](#) [Google Scholar](#)

Crocker, Keith J. and Kenneth J. Reynolds. 1993. "The Efficiency of Incomplete Contracts: An Empirical Analysis of Air Force Engine Procurement". *Rand Journal of Economics* 24: 126-146.

[Google Scholar](#)

Dahl, Carol A. and Thomas K. Matson. 1998. "Evolution of the U.S. Natural Gas Industry in Response to Changes in Transaction Costs". *Land Economics* 74: 390-408.

[Google Scholar](#)

David, Robert J. and Shin-Kap Han. 2004. "A Systematic Assessment of the Empirical Support for Transaction Cost Economics". *Strategic Management Journal* 25: 39-58.

[Article](#) [Google Scholar](#)

DeCanio, Stephen J. and H. E. Frech. 1993. "Vertical Contracts: A Natural Experiment in Natural Gas Pipeline Regulation". *Journal of Institutional and Theoretical Economics* 149: 370-392.

[Google Scholar](#)

Delios, Andrew and Witold J. Henisz. 2000. "Japanese Firms' Investment Strategies in Emerging Economies". *Academy of Management Journal* 43: 305-323.

[Google Scholar](#)

Dnes, Anthony. 1996. "The Economic Analysis of Franchise Contracts". *Journal of Institutional and Theoretical Economics* 152: 297-324.

[Google Scholar](#)

Ellickson, Robert C. 1991. *Order Without Law: How Neighbors Settle Disputes*. Cambridge, MA: Harvard University Press.

[Google Scholar](#)

Fein, A. J. and Erin Anderson. 1997. "Patterns of Credible Commitments: Territory and Brand Selectivity in Industrial Distribution Channels". *Journal of Marketing* 61: 19-34.

[Google Scholar](#)

Fishback, Price V. 1986. "Did Coal Miners 'Owe Their Souls to the Company Store'? Theory and Evidence from the early 1900s". *Journal of Economic History* 46: 1011-1029.

[Google Scholar](#)

Fishback, Price V. 1992. "The Economics of Company Housing: Historical Perspectives from the Coal Fields". *Journal of Law, Economics, and Organization* 8: 346-365.

[Google Scholar](#)

Freeland, Robert F. 2000. "Creating Holdup Through Vertical Integration: Fisher Body Revisited". *Journal of Law and Economics* 43: 33-66.

[Article](#) [Google Scholar](#)

Friedman, Milton. 1953. "The Methodology of Positive Economics" in idem. *Essays in Positive Economics* Chicago, IL: University of Chicago Press, pp. 3-43.

[Google Scholar](#)

Gallick, Edward C. 1984. *Exclusive Dealing and Vertical Integration: The Efficiency of Contracts in the Tuna Industry*. Federal Trade Commission Bureau

of Economics Staff Report. Washington, DC: Federal Trade Commission.

[Google Scholar](#)

Gatignon, Hubert and Erin Anderson. 1988. "The Multinational Corporation's Degree of Control over Foreign Subsidiaries: An Empirical Test of a Transaction Cost Explanation". *Journal of Law, Economics and Organization* 4: 305-336.

[Google Scholar](#)

Ghoshal, Sumantra, and Peter Moran. 1996. "Bad for Practice: A Critique of the Transaction Cost Theory". *Academy of Management Review* 21: 13-47.

[Google Scholar](#)

Gibbons, Robert. 2000. "Firms and Other Relationships". Working Paper, MIT Department of Economics.

[Google Scholar](#)

Gifford, Adam, Jr. 1993. "The Economic Organization of 17th-through mid 19th-Century Whaling and Shipping. *Journal of Economic Behavior and Organization* 20: 137-150.

[Article](#) [Google Scholar](#)

Globerman, Steven and Richard Schwindt. 1986. "The Organization of Vertically Related Transactions in the Canadian Forest Products Industries". *Journal of Economic Behavior and Organization* 7: 199-212.

[Article](#) [Google Scholar](#)

Goldberg, Victor. 1980. "Relational Exchange: Economics and Complex Contracts". *American Behavioral Scientist* 23: 337-352.

[Google Scholar](#)

Goldberg, Victor and John R. Erickson. 1987. "Quantity and Price Adjustment in Long-Term Contracts: A Case Study of Petroleum Coke". *Journal of Law and Economics* 30: 369-398.

[Article](#) [Google Scholar](#)

González,-Diaz, Manuel, Benito Arruñada, and Alberto Fernández. 2000. "Causes of Subcontracting: Evidence from Panel Data on Construction Firms". *Journal of Economic Behavior and Organization* 42: 167-187.

[Article](#) [Google Scholar](#)

Grossman, Sanford J. and Oliver D. Hart. 1986. "The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration". *Journal of Political Economy* 94: 691-719.

[Article](#) [Google Scholar](#)

Hallwood, Paul C. 1991. "On Choosing Organizational Arrangements: The Example of Offshore Oil Gathering". *Scottish Journal of Political Economy* 38: 227-241.

[Google Scholar](#)

Hamilton, Gillian. 1999. "Property Rights and Transaction Costs in Marriage: Evidence from Prenuptial Contracts". *Journal of Economic History* 59: 68-103.

[Google Scholar](#)

Harrigan, Kathryn Rudie. 1986. "Matching Vertical Integration Strategies to Competitive Conditions". *Strategic Management Journal* 7: 535-555.

[Google Scholar](#)

Hart, Oliver D. 1995. *Firms, Contracts, and Financial Structure*. New York: Oxford University Press.

[Google Scholar](#)

Hart, Oliver D. and John Moore. 1990. "Property Rights and the Nature of the Firm". *Journal of Political Economy* 98: 1119-1158.

[Article](#) [Google Scholar](#)

Heide, J. B. and G. John. 1988. "The Role of Dependence Balancing in Safeguarding Transaction-Specific Assets". *Journal of Marketing* 52: 20-35.

[Google Scholar](#)

Heide, J. B., S. Dutta, and M. Bergen. 1998. "Exclusive Dealing and Business Efficiency: Evidence from Industry Practice". *Journal of Law and Economics* 41: 387-407.

[Article](#) [Google Scholar](#)

Helper, Susan, John Paul MacDuffie, and Charles F. Sabel. 2000. "Pragmatic Collaborations: Advancing Knowledge While Controlling Opportunism". *Industrial and Corporate Change* 9: 443-483.

[Article](#) [Google Scholar](#)

Henisz, Witold J. 2000. "The Institutional Environment for Multinational Investment". *Journal of Law, Economics, and Organization* 16: 334-364.

[Google Scholar](#)

Henisz, Witold J. and Bennett A. Zelner. 2001. "The Institutional Environment for Telecommunications Investment". *Journal of Economics and Management Strategy* 10.

Hennart, Jean-Francois. 1988. "Upstream Vertical Integration in the Aluminum and Tin Industries". *Journal of Economic Behavior and Organization* 9: 281-299.

[Article](#) [Google Scholar](#)

Hennart, Jean-Francois. 1989. "The Transaction Cost Rationale for Countertrade". *Journal of Law, Economics and Organization* 5: 127-153.

[Google Scholar](#)

Holmström, Bengt and Paul Milgrom. 1994. "The Firm as an Incentive System". *American Economic Review* 84: 972-991.

[Google Scholar](#)

Hu, M., and H. Chen. 1993. "Foreign Ownership in Chinese Joint Ventures". *Journal of Business Research* 26: 500-513.

[Article](#) [Google Scholar](#)

Hubbard, R. Glenn, and Robert J. Weiner. 1991. "Efficient Contracting and Market Power: Evidence from the U.S. Natural Gas Industry". *Journal of Law and Economics* 34: 25-67.

[Article](#) [Google Scholar](#)

Hubbard, Thomas N. 1999. "How Wide is the Scope of Hold-Up Based Theories of Governance? Shipper-Carrier Relations in Trucking". Working Paper, Department of Economics, UCLA.

[Google Scholar](#)

Jensen, Michael C. and William H. Meckling. 1992. "General and Specific

Knowledge, and Organizational Structure” in Lars Werin and Hans Wijkander (eds.), *Contract Economics*. Oxford: Blackwell.

[Google Scholar](#)

John, George and Barton A. Weitz. 1988. “Forward Integration into Distribution: An Empirical Test of Transaction Cost Analysis”. *Journal of Law, Economics and Organization* 4: 337-355.

[Google Scholar](#)

Joskow, Paul L. 1985. “Vertical Integration and Long Term Contracts: The Case of Coal-Burning Electric Generating Plants”. *Journal of Law, Economics and Organization* 1: 33-80.

[Google Scholar](#)

Joskow, Paul L. 1987. “Contract Duration and Relationship-Specific Investments: Empirical Evidence from Coal Markets”. *American Economic Review* 77: 168-185.

[Google Scholar](#)

Joskow, Paul L. 1988a. “Asset Specificity and the Structure of Vertical Relationships: Empirical Evidence”. *Journal of Law, Economics, and Organization* 4: 95-117.

[Google Scholar](#)

Joskow, Paul L. 1988b. “Price Adjustment in Long-Term Contracts: The Case of Coal”. *Journal of Law and Economics* 31: 47-83.

[Article](#) [Google Scholar](#)

Joskow, Paul L. 1990. “The Performance of Long-Term Contracts: Further

Evidence from the Coal Markets”. *Rand Journal of Economics* 21: 251-274.

[Google Scholar](#)

Kenney, Roy W. and Benjamin Klein. 1983. “The Economics of Block Booking”. *Journal of Law and Economics* 26: 497-540.

[Article](#) [Google Scholar](#)

Klein, Benjamin. 1988. “Vertical Integration as Organized Ownership: The Fisher Body—General Motors Relationship Revisited”. *Journal of Law, Economics and Organization* 4: 199-213.

[Google Scholar](#)

Klein, Benjamin. 2000. “Fisher—General Motors and the Nature of the Firm”. *Journal of Law and Economics* 43: 105-141.

[Article](#) [Google Scholar](#)

Klein, Benjamin, Robert A. Crawford, and Armen A. Alchian. 1978. “Vertical Integration, Appropriable Rents, and the Competitive Contracting Process”. *Journal of Law and Economics* 21: 297-326.

[Article](#) [Google Scholar](#)

Klein, Peter G. and Sandra K. Klein. 2002. “Do Entrepreneurs Make Predictable Mistakes? Evidence from Corporate Divestitures”. in Nicolai J. Foss and Peter G. Klein (eds.), *Entrepreneurship and the Firm*. Aldershott, UK: Edward Elgar.

[Google Scholar](#)

Klein, Saul, Gary L. Frazier, and Victor J. Roth. 1990. “A Transaction Cost Analysis Model of Channel Integration in International Markets”. *Journal of Marketing Research* 27: 196-208.

Lafontaine, Francine. 1992. "Agency Theory and Franchising: Some Empirical Results". *Rand Journal of Economics* 23: 263-283.

[Google Scholar](#)

Lafontaine, Francine and Kathrin Shaw. 1999. "The Dynamics of Franchise Contracting: Evidence from Panel Data". *Journal of Political Economy* 107: 1041-1080.

[Article](#) [Google Scholar](#)

Lafontaine, Francine and Margaret Slade. 1997. "Retail Contracting: Theory and Practice". *Journal of Industrial Economics* 45: 1-25.

[Google Scholar](#)

Lafontaine, Francine and Emmanuel Raynaud. 2002. "The Role of Residual Claims and Self-Enforcement in Franchise Contracting". NBER Working Paper 8868.

[Google Scholar](#)

Lafontaine, Francine and Scott E. Masten. 2002. "Contracting in the Absence of Specific Investments and Moral Hazard: Understanding Carrier-Driver Relations in U.S. Trucking". Working Paper, University of Michigan Business School.

[Google Scholar](#)

Langlois, Richard N. and Paul L. Robertson. 1989. "Explaining Vertical Integration: Lessons from the American Automobile Industry". *Journal of Economic History* 49: 361-375.

[Google Scholar](#)

Levy, David. 1985. "The Transaction Cost Approach to Vertical Integration: An Empirical Examination". *Review of Economics and Statistics* 67: 438-445.

[Google Scholar](#)

Lieberman, Marvin B. 1991. "Determinants of Vertical Integration: An Empirical Test". *Journal of Industrial Economics* 39: 451-466.

[Google Scholar](#)

Loredo, Enrique and Eugenia Suárez. 2000. "The Governance of Transactions: Joskow's Coal-Burning Generating Plants Example Revisited". *Energy Policy* 28: 107-114.

[Article](#) [Google Scholar](#)

Lyons, Bruce R. 1995. "Specific Investment, Economies of Scale, and the Make-or-Buy Decision: A Test of Transaction Cost Theory". *Journal of Economic Behavior and Organization* 26: 431-443.

[Article](#) [Google Scholar](#)

MacDonald, James M. 1985. "Market Exchange or Vertical Integration: An Empirical Analysis". *Review of Economics and Statistics* 67: 327-331.

[Google Scholar](#)

Macher, Jeffrey T. 2001. "Vertical Disintegration and Process Innovation in Semiconductor Manufacturing: Foundries vs. Integrated Device Manufacturers". Working Paper, McDonough School of Business, Georgetown University.

[Google Scholar](#)

MacMillan, Ian C. Donald C. Hambrick, and Johannes M. Pennings. 1986. "Uncertainty Reduction and the Threat of Supplier Retaliation: Two Views of the

Backward Integration Decision". *Organization Studies* 7: 263-278.

[Google Scholar](#)

Martinez, Steve. W. 2002. "A Comparison of Vertical Coordination in the U.S. Poultry, Egg, and Pork Industries". *Current Issues in Economics of Food Markets, Agriculture Information Bulletin No. 747-05*, U.S. Department of Agriculture, Economic Research Service.

[Google Scholar](#)

Masten, Scott E. 1984. "The Organization of Production: Evidence from the Aerospace Industry". *Journal of Law and Economics* 27: 403-417.

[Article](#) [Google Scholar](#)

Masten, Scott E. 1994. "Empirical Research in Transaction-cost Economics: Challenges, Progress, Directions". Mimeo, University of Michigan Business School.

[Google Scholar](#)

Masten, Scott E. (ed.). 1996. *Case Studies in Contracting and Organization*. New York: Oxford University Press.

[Google Scholar](#)

Masten, Scott E. and Keith J. Crocker. 1985. "Efficient Adaptation in Long-Term Contracts: Take-or-Pay Provisions for Natural Gas". *American Economic Review* 75: 1083-1093.

[Google Scholar](#)

Masten, Scott E., James W. Meehan, and Edward A. Snyder. 1989. "Vertical Integration in the U.S. Auto Industry: A Note on the Influence of Specific Assets".

[Article](#) [Google Scholar](#)

Masten, Scott E., James W. Meehan, and Edward A. Snyder. 1991. “The Costs of Organization”. *Journal of Law, Economics and Organization* 7: 1–25.

[Google Scholar](#)

Masten, Scott E. and Edward A. Snyder. 1993. “United States versus United Shoe Machinery Corporation: On the Merits”. *Journal of Law and Economics* 36: 33–70.

[Article](#) [Google Scholar](#)

Masten, Scott E. and Stéphane Saussier. 2000. “Econometrics of Contracts: An Assessment of Developments in the Empirical Literature on Contracting”. *Revue d'Economie Industrielle* 215–236.

[Google Scholar](#)

Masters, John K. and Grant Miles. 2002. “Predicting the Use of External Labor Arrangements: A Test of the Transaction Cost Perspective”. *Academy of Management Journal* 45: 431–442.

[Google Scholar](#)

Matsusaka, John G. 2001. “Corporate Diversification, Value Maximization, and Organizational Capabilities”. *Journal of Business* 74: 409–431.

[Article](#) [Google Scholar](#)

Ménard, Claude. 1996. “On Clusters, Hybrids and other Strange Forms. The Case of the French Poultry Industry”. *Journal of Institutional and Theoretical Economics* 152: 154–183.

[Google Scholar](#)

Ménard, Claude. 2004. "The Economics of Hybrid Organizations". *Journal of Institutional and Theoretical Economics* 160: 1-32.

[Article](#) [Google Scholar](#)

Ménard, Claude and Peter G. Klein. 2004. "Organizational Issues in the Agri-Food Sector: Toward a Comparative Approach". *American Journal of Agricultural Economics* 86: 746-751.

[Google Scholar](#)

Milgrom, Paul A. and John Roberts. 1990. "Bargaining Costs, Influence Costs, and the Organization of Economic Activity" in James E. Alt and Kenneth A. Shepsle (eds.), *Perspectives on Positive Political Economy*. Cambridge: Cambridge University Press.

[Google Scholar](#)

Monteverde, Kirk and David J. Teece. 1982a. "Appropriable Rents and Quasi-Vertical Integration". *Journal of Law and Economics* 25: 321-328.

[Article](#) [Google Scholar](#)

Monteverde, Kirk and David J. Teece. 1982b. "Supplier Switching Costs and Vertical Integration in the Automobile Industry". *Bell Journal of Economics* 13: 206-213.

[Google Scholar](#)

Mosakowski, Elaine. 1997. "Strategy Making Under Causal Ambiguity: Conceptual Issues and Empirical Evidence". *Organization Science* 8: 414-442.

[Google Scholar](#)

Mulherin, J. Harold. 1986. "Complexity in Long-Term Contracts: An Analysis of Natural Gas Contractual Provisions". *Journal of Law, Economics, and Organization* 2: 105-117.

[Google Scholar](#)

Muris, Timothy J., David Scheffman, and Pablo T. Spiller. 1992. "Strategy and Transaction Costs: The Organization of Distribution in the Carbonated Soft Drink Industry". *Journal of Economics and Management Strategy* 1: 83-128.

[Article](#) [Google Scholar](#)

Murtha, Thomas P. 1993. "Credible Enticements: Can Host Governments Tailor Multinational Firms' Organizations to Suit National Objectives?" *Journal of Economic Behavior and Organization* 20: 171-186.

[Article](#) [Google Scholar](#)

Nelson, Richard R., and Sidney G. Winter. 1982. *An Evolutionary Theory of Economic Change*. Cambridge, MA: Harvard University Press.

[Google Scholar](#)

Nickerson, Jackson A., Barton H. Hamilton, and Tetsuo Wada. 2001. "Market Position, Resource Profile, and Governance: Linking Porter and Williamson in the Context of International courier and Small Package Services in Japan". *Strategic Management Journal* 22: 251-273.

[Article](#) [Google Scholar](#)

Nickerson, Jackson A. and Brian S. Silverman. 2003. "Why Aren't All Truck Drivers Owner Operators? Asset Ownership and the Employment Relation in Interstate For-Hire Trucking" *Journal of Economics and Management Strategy* 12: 91-118.

[Article](#) [Google Scholar](#)

Ohanian, Nancy Kane. 1994. "Vertical Integration in the U.S. Pulp and Paper Industry, 1900-1940". *Review of Economics and Statistics* 74: 202-207.

[Google Scholar](#)

Oxley, Joanne E. 1997. "Appropriability Hazards and Governance in Strategic Alliances: A Transaction Cost Approach". *Journal of Law, Economics, and Organization* 13: 387-409.

[Google Scholar](#)

Oxley, Joanne E. 1999. "Institutional Environment and the Mechanisms of Governance: The Impact of Intellectual Property Protection on the Structure of Inter-firm Alliances". *Journal of Economic Behavior and Organization* 38: 283-309.

[Article](#) [Google Scholar](#)

Palay, Thomas M. 1984. "Comparative Institutional Economics: The Governance of Rail Freight Contracting". *Journal of Legal Studies* 13: 265-287.

[Article](#) [Google Scholar](#)

Palay, Thomas M. 1985. "Avoiding Regulatory Constraints: Contracting Safeguards and the Role of Informal Agreements". *Journal of Law, Economics, and Organization* 1: 155-176.

[Google Scholar](#)

Pirrong, Stephen Craig. 1993. "Contracting Practices in Bulk Shipping Markets: A Transactions Cost Explanation". *Journal of Law and Economics* 36: 937-976.

[Article](#) [Google Scholar](#)

Pisano, Gary P. 1990. "Using Equity Participation to Support Exchange: Evidence from the Biotechnology Industry". *Journal of Law, Economics and Organization* 5: 109-126.

[Google Scholar](#)

Poppo, Laura and Todd Zenger. 1995. "Opportunism, Routines, and Boundary Choices: A Comparative Test of Transaction Cost and Resource-based Explanations for Make-or-Buy Decisions". *Academy of Management Journal, Best Papers Proceedings*, pp. 42-46.

[Google Scholar](#)

Poppo, Laura and Todd Zenger. 1998. "Testing Alternative Theories of the Firm: Transaction Cost, Knowledge-Based, and Measurement Explanations for Make-or-Buy Decisions in Information Services". *Strategic Management Journal* 19: 853-877.

[Article](#) [Google Scholar](#)

Porter, Michael E. 2000. "Location, Competition and Economic Development: Local Clusters in a Global Economy". *Economic Development Quarterly* 14: 15-34.

[Google Scholar](#)

Regan, Laureen. 1997. "Vertical Integration in the Property-Liability Insurance Industry: A Transaction Cost Approach". *Journal of Risk and Insurance* 64: 41-62.

[Google Scholar](#)

Rindfleisch, A. and J. B. Heide. 1997. "Transaction Cost Analysis: Past, Present, and Future Applications". *Journal of Marketing* 61: 30-54.

[Google Scholar](#)

Sampson, Rachelle C. 2001. "The Cost of Inappropriate Governance in R&D Alliances". Working Paper, Stern School of Business, New York University.

[Google Scholar](#)

Saussier, Stéphane. 2000. "Transaction Costs and Contractual Incompleteness: The Case of Electricite de France". *Journal of Economic Behavior and Organization* 42: 189-206.

[Article](#) [Google Scholar](#)

Schotter, Andrew. 1981. *The Economic Theory of Social Institutions*. Cambridge: Cambridge University Press.

[Google Scholar](#)

Shelanski, Howard A. and Peter G. Klein. 1995. "Empirical Research in Transaction Cost Economics: A Review and Assessment". *Journal of Law, Economics and Organization* 11: 335-361.

[Google Scholar](#)

Silverman, Brian S. 1999. "Technological Resources and the Direction of Corporate Diversification: Toward an Integration of the Resource-Based View and Transaction Cost Economics". *Management Science* 45: 1109-1124.

[Google Scholar](#)

Silverman, Brian S., Jackson A. Nickerson, and John B. Freeman. 1997. "Profitability, Transactional Alignment, and Organizational Mortality in the U.S. Trucking Industry". *Strategic Management Journal* (Special Issue) 18: 31-52.

[Article](#) [Google Scholar](#)

Simon, Herbert A. 1992. Review of "Organization Theory: From Chester Barnard

to the Present and Beyond". *Journal of Economic Literature* 30: 1503-1505.

Oliver E. Williamson, ed.

[Google Scholar](#)

Spiller, Pablo. 1985. "On Vertical Mergers". *Journal of Law, Economics and Organization* 1: 285-312.

[Google Scholar](#)

Stuckey, John. 1983. *Vertical Integration and Joint Ventures in the Aluminum Industry*. Cambridge, MA: Harvard University Press.

[Google Scholar](#)

Sugden, Robert. 1986. *The Economics of Rights, Cooperation, and Welfare*. Oxford: Blackwell.

[Google Scholar](#)

Ullman-Margalit, Edna. 1977. *The Emergence of Norms*. Oxford: Clarendon Press.

[Google Scholar](#)

Ulset, Svein. 1996. "R&D Outsourcing and Contractual Governance: An Empirical Study of Commercial R&D Projects". *Journal of Economic Behavior and Organization* 30: 63-82.

[Article](#) [Google Scholar](#)

Vannoni, Davide. 2002. "Empirical Studies of Vertical Integration: The Transaction Cost Orthodoxy". *International Review of Economics and Business* 49: 113-141.

[Google Scholar](#)

Walker, Gordon and David Weber. 1984. "A Transaction Cost Approach to Make-or-Buy Decisions". *Administrative Science Quarterly* 29: 373-391.

[Google Scholar](#)

Weiss, Allen M. and Nancy Kurland. 1997. "Holding Distribution Channel Relationships Together: The Role of Transaction-Specific Assets and Length of Prior Relationships". *Organization Science* 8(6): 612-623.

[Google Scholar](#)

Weiss, Avi. 1992. "The Role of Firm-Specific Capital in Vertical Mergers". *Journal of Law and Economics* 35: 71-88.

[Article](#) [Google Scholar](#)

Wiggins, Steven N., and Gary D. Libecap. 1985. "Oil Field Unitization: Commercial Failure in the Presence of Imperfect Information". *American Economic Review* 75: 368-385.

[Google Scholar](#)

Whinston, Michael D. 2000. "On the Transaction Cost Determinants of Vertical Integration". Working Paper, Department of Economics, Northwestern University.

[Google Scholar](#)

Williamson, Oliver E. 1975. *Markets and Hierarchies: Analysis and Antitrust Implications*. New York: Free Press.

[Google Scholar](#)

Williamson, Oliver E. 1976. "Franchise Bidding for Natural Monopolies—In General and with Respect to CATV". *Bell Journal of Economics* 7: 73-104.

Williamson, Oliver E. 1985. *The Economic Institutions of Capitalism*. New York: Free Press.

[Google Scholar](#)

Williamson, Oliver E. 1988. "The Economics and Sociology of Organization: Promoting a Dialogue" in George Farkas and Paula England (eds.), *Industries, Firms, and Jobs: Sociological and Economic Approaches*. New York: Plenum Press.

[Google Scholar](#)

Williamson, Oliver E. 1991a. "Comparative Economic Organization: The Analysis of Discrete Structural Alternatives". *Administrative Science Quarterly* 36: 269-296.

[Google Scholar](#)

Williamson, Oliver E. 1991b. "Strategizing, Economizing, and Economic Organization". *Strategic Management Journal* 23: 75-94.

[Google Scholar](#)

Williamson, Oliver E. 1993. "Opportunism and its Critics". *Managerial and Decision Economics* 14: 97-107.

[Google Scholar](#)

Williamson, Oliver E. 1996a. "Economic Organization: The Case for Candor". *Academy of Management Review* 21: 48-57.

[Google Scholar](#)

Williamson, Oliver E. 1996b. *The Mechanisms of Governance*. New York: Oxford University Press.

[Google Scholar](#)

Williamson, Oliver E. 2000. "The New Institutional Economics: Taking Stock, Looking Ahead". *Journal of Economic Literature* 38: 595-613.

[Google Scholar](#)

Wilson, James A. 1980. "Adaptation to Uncertainty and Small Numbers Exchange: The New England Fresh Fish Market". *Bell Journal of Economics* 4: 491-504.

[Google Scholar](#)

Yarbrough, Beth V. and Robert M. Yarbrough. 1987a. "Cooperation in the Liberalization of International Trade: After Hegemony, What?" *International Organization* 41: 1-26.

[Google Scholar](#)

Yarbrough, Beth V. and Robert M. Yarbrough. 1987b. "Institutions for the Governance of Opportunism in International Trade". *Journal of Law, Economics and Organization* 3: 129-139.

[Google Scholar](#)

Yvrande-Billon, Anne. 2004. "Contractual Choices and Performances: Evidence from the British Railways" in George Hendrikse, Josef Windsperger, Gérard Cliquet, and Mika Tuunanen (eds.), *Economics and Management of Franchising Networks*. Heidelberg: Physica/Springer, forthcoming.

[Google Scholar](#)

Editor information

Editors and Affiliations

University of Paris (Pantheon-Sorbonne), France

Claude Menard

The Ronald Coase Institute, Chevy Chase, MD, USA

Mary M. Shirley

Rights and permissions

[Reprints and permissions](#)

Copyright information

© 2005 Springer

About this chapter

Cite this chapter

Klein, P.G. (2005). The Make-or-Buy Decision: Lessons from Empirical Studies. In: Menard, C., Shirley, M.M. (eds) Handbook of New Institutional Economics. Springer, Boston, MA. https://doi.org/10.1007/0-387-25092-1_18

[.RIS↓](#) [.ENW↓](#) [.BIB↓](#)

DOI	Publisher Name	Print ISBN
https://doi.org/10.1007/0-387-25092-1_18	Springer, Boston, MA	978-1-4020-2687-4

Online ISBN	eBook Packages
978-0-387-25092-2	Business and Economics
	Economics and Finance (R0)

Keywords

[Governance Structure](#)

[Vertical Integration](#)

[Transaction Cost Economic](#)

[Asset Spec](#)

These keywords were added by machine and not by the authors. This process is experimental and the keywords may be updated as the learning algorithm improves.

Publish with us

[Policies and ethics](#) 

Search

Search by keyword or author



Navigation

Find a journal

Publish with us

Track your research
