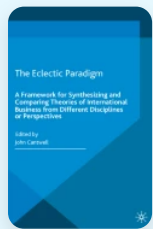


[Home](#) > [The Eclectic Paradigm](#) > Chapter

Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism

| Chapter

| pp 111–142 | [Cite this chapter](#)



The Eclectic Paradigm

[John H. Dunning](#)

 1667 Accesses

Abstract

This article discusses the implications of the advent of alliance capitalism for our theorizing about the determinants of MNE activity. In particular, it argues that, due to the increasing porosity of the boundaries of firms, countries and markets, the eclectic, or OLI, paradigm of international production needs to consider more explicitly the competitive advantages arising from the way firms organize their inter-firm transactions, the growing interdependencies of many intermediate product markets, and the widening of the portfolio of the assets of districts, regions and countries to embrace the external economies of interdependent activities.

Access this chapter

[Log in via an institution](#) →

^ eBook

EUR 15.99

Price includes VAT (Poland)

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

[Buy eBook](#) →

^ Hardcover Book

EUR 106.99

Price includes VAT (Poland)

- Durable hardcover edition
- Dispatched in 3 to 5 business days
- Free shipping worldwide - [see info](#)

[Buy Hardcover Book](#) →

Tax calculation will be finalised at checkout

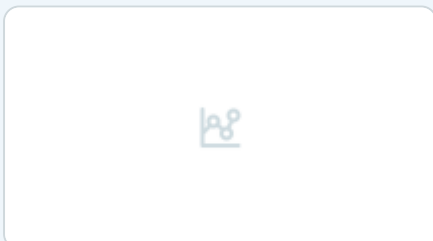
Purchases are for personal use only

[Institutional subscriptions](#) →

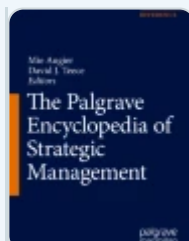
Preview

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

Similar content being viewed by others



[International coherence and MNE performance](#)



[Heterarchy.](#)



[Heterarchy.](#)

References

Amin, Ash & Nigel Thrift, editors. 1994. *Globalization, institutions and regional development in Europe*. Oxford: Oxford University Press.

[Google Scholar](#)

Audretsch, David B. & Maryann P. Feldman. 1994. External economies and spatial clustering. A. In P. R. Krugman & A. Venables, editors, *The location of economic activity: New theories and evidence*. London: Center of Economic Policy Research, CPER.

[Google Scholar](#)

Banjerji, K. & R. B. Sambharya. 1994. Vertical keiretsu and international market entry: The case of the Japanese automobile industry. Mimeo. Virginia & New Jersey: West Virginia and Rutgers Universities.

[Google Scholar](#)

Barney, Jay B. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.

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

Bartness, Andrew & Keith Cerny. 1993. Building competitive advantage through a global network of capabilities. *California Management Review*. 78-103.

[Google Scholar](#)

Best, Michael. 1990. *The new competition: Institutions of restructuring*. Cambridge, Mass.: Harvard University Press.

Brooks, M. R., R. G. Blunder & C. I. Bidgood. 1993. Strategic alliances in the global container transport industry. In R. Culpan, editor, *Multinational strategic alliances*, 221-50. New York & London: Haworth Press.

[Google Scholar](#)

Buckley, Peter J., editor. 1994. *Cooperative forms of the TNC activity*. UNCTC Library on Transnational Corporations. London: Routledge.

[Google Scholar](#)

—. & Mark C. Casson. 1985. *The economic theory of the multinational enterprise*. London: Macmillan.

[Book](#) [Google Scholar](#)

—. 1988. A theory of cooperation in international business. In F. J. Contractor & P. Lorange, editors, *Cooperative strategies in international business*, 31-53. Lexington, Mass.: D. C. Heath.

[Google Scholar](#)

Bye, Maurice. 1958. Self-financed multiterritorial units and their time horizon. *International Economic Papers*, 8: 147-78.

[Google Scholar](#)

Cantwell, John A. 1989. *Technological innovation and multinational corporations*. Oxford, U.K.: Basil Blackwell.

[Google Scholar](#)

—, editor. 1994. *Transnational corporations and innovatory activities*. United

nations Library on Transnational Corporations. London: Routledge.

[Google Scholar](#)

Casson, Mark C. 1987. *The firm and the market*. Oxford, U.K.: Basil Blackwell.

[Google Scholar](#)

Chamberlin, Edward. 1933. *The theory of monopolistic competition*. Boston: Harvard University Press.

[Google Scholar](#)

Chandler, Alfred D., Jr. 1962. *Strategy and structure*. Boston: Harvard University Press.

[Google Scholar](#)

—. 1990. *Scale and scope: The dynamics of industrial capitalism*. Cambridge, Mass.: Harvard University.

[Google Scholar](#)

Coase, Ronald H. 1937. The nature of the firm. *Economica* 4 (November): 386–405.

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

—. 1988. *The firm, the market and the law*. Chicago & London: University of Chicago Press.

[Google Scholar](#)

—. 1993. The nature of the firm: meaning and influence. In O. E. Williamson & S. G. Winter, editors, *The nature of the firm*, 34–74. New York & Oxford: Oxford

University Press.

[Google Scholar](#)

Contractor, Farok J. & Peter Lorange. 1988. *Cooperative strategies in international business*. Lexington, Mass.: D. C. Heath.

[Google Scholar](#)

Cournot, Antoine A. (trans. N. T. Bacon). 1851. *Researches into mathematical principles of the theory of wealth*. New York: Macmillan.

[Google Scholar](#)

D’Cruz, Joseph R. & Alan M. Rugman. 1992. Business networks for international business. *Business Quarterly*, 54 (Spring): 101-107.

[Google Scholar](#)

—. 1993. Business networks for global competitiveness. *Business Quarterly*, 57 (Summer): 93-98.

[Google Scholar](#)

Dunning, John H. 1977. Trade, location of economic activity and the multinational enterprise: A search for an eclectic approach. In B. Ohlin, P. O. Hesselborn & P. M. Wikman., editors, *The international allocation of economic activity*, 395-418. London: Macmillan.

[Chapter](#) [Google Scholar](#)

—. 1993a. *Multinational enterprises and the global economy*. Wokingham, Berkshire, U.K.: Addison Wesley.

[Google Scholar](#)

—. 1993b. *Globalization of business*. London & New York: Routledge.

[Google Scholar](#)

—. 1994a. *Globalization, economic restructuring and development* (The Prebisch Lecture for 1994). Geneva: UNCTAD.

[Google Scholar](#)

—. 1994b. The strategy of Japanese and US manufacturing investment in Europe. In M. Mason & D. Encarnation, editors, *Does ownership matter? Japanese multinationals in Europe*, 59–86. Oxford, U.K.: Clarendon Press.

[Google Scholar](#)

Enright, Michael J. 1993. Organization and coordination in geographically concentrated industries. In D. Raff & N. Lamoreaux, editors. *Coordination and information: Historical perspectives on the organization of enterprise*. Chicago: Chicago University Press.

[Google Scholar](#)

—. 1994. Geographic concentration and firm strategy. Paper presented to Prince Bertil Symposium on The Dynamic Firm: The Role of Regions, Technology, Strategy and Organization, Stockholm, June.

[Google Scholar](#)

Forsgren, Mats & Jan Johanson, editors. 1991. *Managing networks in international business*. Philadelphia: Gordon and Breach.

[Google Scholar](#)

Freeman, Christopher. 1991. Networks of innovators: A synthesis of research issues. *Research Policy*, 20: 499–514.

— & John Hagedoorn. 1992. Globalization of technology. Working Paper 92.013. Maastricht, The Netherlands: Maastricht Research Institute on Innovation and Technology (MERIT).

[Google Scholar](#)

Freeman, Christopher & C. Perez. 1988. Structural crises of adjustment, business cycles, and investment behavior. In G. Dosi, C. Freeman, R. Nelson, G. Silverberg & L. Soete, editors, *Technical change and economic theory*. London: Pinter Publishers.

[Google Scholar](#)

Gerlach, Michael L. 1992. *Alliance capitalism: The social organization of Japanese business*. Oxford, U.K.: Oxford University Press.

[Google Scholar](#)

Glaismeier, Amy. 1988. Factors governing the development of high tech industry agglomeratives: A tale of three cities. *Regional Studies*, 22: 287-301.

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

Gomes-Casseres, Benjamin. 1993. Computers, alliances and industry evolution. In D. B. Yoffie, *Beyond free trade: firms, governments and global competition*. Boston: Harvard Business School Press.

[Google Scholar](#)

—. 1994. Group versus group: How alliance networks compete. *Harvard Business Review*, July-August: 62-74.

[Google Scholar](#)

—. 1995. *Collective competition: International alliances in high technology*. Boston: Harvard University Press.

[Google Scholar](#)

— & Dorothy Leonard-Barton. 1994. Alliance clusters in multimedia: Safety net or entanglement? Mimeo. Harvard Business School.

[Google Scholar](#)

Hagedoorn, John. 1990. Organizational modes of inter-firm cooperation and technology transfer. *Technovation*, 10(1): 17-30.

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

—. 1993a. Understanding the rationale of strategic technology partnering: Interorganizational modes of cooperation and sectoral differences. *Strategic Management Journal*, 14: 371-85.

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

—. 1993b. Strategic technology alliance of cooperation in high technology industries. In G. Grabher, editor, *The embedded firm*, 116-37. London & Boston: Routledge.

[Google Scholar](#)

— & Joseph Schakenraad. 1993. Strategic technology partnering and international corporate strategies. In K. S. Hughes, editor, *European competitiveness*, 60-86. Cambridge, U.K.: Cambridge University Press.

[Chapter](#) [Google Scholar](#)

Håkansson, Lars & Jan Johanson. 1993. The network as a governance structure. In G. Grabher, editor, *The embedded firm*, 35-51. London & Boston: Routledge.

Hamel, Gary. 1991. Competition for competence and inter-partner learning with international strategic alliances. *Strategic Management Journal*, 12: 82-103.

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

Harrison, Bennett. 1994. *Lean and mean: The changing landscape of power in the age of flexibility*. New York: Basic Books.

[Google Scholar](#)

Helper, S. 1993. An exit-voice analysis of supplier relations: The case of the US automobile industry. In G Grabher, editor, *The embedded firm*, 141-60. London & Boston: Routledge.

[Google Scholar](#)

Henderson, V. 1994. Externalities and industrial development. In P. Krugman & A. Venables, editors, *The location of economic activity: New theories and evidence*. London: Centre of Economic Policy Research (CPER).

[Google Scholar](#)

Hennart, Jean-François. 1982. *A theory of the multinational enterprise*. Ann Arbor, Mich.: University of Michigan Press.

[Google Scholar](#)

—. 1988. A transaction costs theory of equity joint ventures. *Strategic Management Journal*, 9: 361-74.

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

—. 1989. Can the 'new forms of investment' substitute for the 'old forms': A

transaction costs perspective. *Journal of International Business Studies*, 20(2): 211-33.

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

Herrigel, G B. 1994. Power and the redefinition of industrial districts: The case of Baden Württemberg. In G. Grabher, editor, *The embedded firm*, 227-52. London & Boston: Routledge.

[Google Scholar](#)

Hirschman, Albert, O. 1970. *Exit, voice and loyalty*. Cambridge, Mass.: Harvard University Press.

[Google Scholar](#)

Johanson, Jan & Lars G Mattsson. 1987. Internationalization in industrial systems — network approach. In N. Hood & J.-E. Vahlne, editors, *Strategies in global competition*. Chichester & New York: John Wiley.

[Google Scholar](#)

—. 1994. The markets-as-networks tradition in Sweden. In G Laurent, G. L. Lilien & B. Pras, editors, *Research traditions in marketing*, 321-46. Dordrecht, Boston: Kluwer.

[Chapter](#) [Google Scholar](#)

B. Pras, editors, *Research traditions in marketing*, 321-46. Dordrecht, Boston: Kluwer.

[Google Scholar](#)

Johanson, Jan & Jan-Erik Vahlne. 1977. The internationalization process of the firm — A model of knowledge development and increasing foreign market

commitments. *Journal of International Business Studies*, 8(1): 23-32.

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

Kobrin, Stephen J. 1993. Beyond geography: Inter-firm networks and the structural integration of the world economy. Working Paper 93-10. Philadelphia: Centre for International Management Studies, University of Pennsylvania.

[Google Scholar](#)

Kodama, Fumio. 1992. Japan's unique capability to innovate: Technology, fusion and its international implications. In T S. Arrison, C. F. Bergsten & M. Harris, editors, *Japans growing technological capability: Implications for the US economy*. Washington, D.C.: National Academy Press.

[Google Scholar](#)

Kogut, Bruce. 1988. Joint ventures: Theoretical and empirical perspectives. *Strategic Management Journal*: 319-22.

[Google Scholar](#)

—, Weijian Shan & G. Walker. 1993. Knowledge in the network and the network as knowledge. In G. Grabher., editor, *The embedded firm*, 67-94. London & New York: Routledge.

[Google Scholar](#)

Kogut, Bruce & Sea Jin Chang. 1991. Technological capabilities and Japanese direct investment in the United States. *Review of Economics and Statistics*, 73(3): 401-13.

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

Kojima, Kiyoshi. 1978. *Direct foreign investment: A Japanese model of*

multinational business operations. London: Croom Helm.

[Google Scholar](#)

—. 1990. *Japanese direct investment abroad*. Social Science Research Institute Monograph Series 1. Mitaka, Tokyo: International Christian University.

[Google Scholar](#)

Krugman, Paul R. 1991. *Geography and trade*. Leuven, Belgium: Leuven University Press & Cambridge MIT Press.

[Google Scholar](#)

Lazerson, M. 1993. Factory or putting out? Knitting networks in Modena. In G. Grabher, editor, *The embedded firm*. London & Boston: Routledge.

[Google Scholar](#)

Lazonick, William. 1991. *Business organization and the myth of the market economy*. Cambridge, U.K.: Cambridge University Press.

[Google Scholar](#)

—. 1992. Business organization and competitive advantage: Capitalist transformation in the twentieth century. In G. Dosi, R. Giannetti & P. A. Toninelli, editors, *Technology and enterprise in a historical perspective*, 119-63. Oxford, U.K.: Clarendon Press.

[Google Scholar](#)

Lincoln, James R. 1990. Japanese organization and organizational theory. *Research and Organizational Behavior*, 12: 255-94.

[Google Scholar](#)

Lorenzoni, G. & Charles Baden Fuller. 1995. Creating a strategic center to manage a web of partners. *California Management Review*, 37(3): 146-63.

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

Malecki, Edward J. 1985. Industrial location and corporate organization in high technology industries. *Economic Geography*, 61(4): 345-69.

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

Markusen, Ann, Peter Hall, S. Deitrick. & S. Campbell. 1991. *The rise of the gunbelt: The military remapping of industrial America*. New York & Oxford: Oxford University Press.

[Google Scholar](#)

Marshall, Alfred. 1920. *Principles of economics*. London: Macmillan.

[Google Scholar](#)

Mason, Mark & Dennis Encarnation, editors. 1994. *Does ownership matter? Japanese multinationals in Europe*. Oxford, U.K.: Clarendon Press.

[Google Scholar](#)

McManus, John. C. 1972. The theory of the multinational firm. In G. Paquet, editor, *The multinational firm and the nation state*. Toronto: Collier Macmillan.

[Google Scholar](#)

Michalet, Charles-Albert. 1991. Strategic partnerships and the changing international process. In L. K. Mytelka, editor, *Strategic partnerships: States, firms and international competition*. London: Pinter Publishers.

[Google Scholar](#)

Mody, Ashoka. 1993. Learning through alliances. *Journal of Economic Behavior and Organization*, 20: 151-70.

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

Mowery, David C. & David J. Teece. 1993. Japan's growing capabilities in industrial technology: Implication for US managers and policy makers. *California Management Review*, Winter: 9-34.

[Google Scholar](#)

Mytelka, Lynne K. 1991. *Strategic partnerships: States, firms, and international competition*. London: Pinter Publishers.

[Google Scholar](#)

Naisbitt, John. 1994. *Global paradox: The bigger the world economy, the more political its smallest players*. New York: William Morrow.

[Google Scholar](#)

Nelson, Richard R. & Sidney G. Winter. 1982. *An evolutionary theory of economic change*. Cambridge, Mass.: Harvard University Press.

[Google Scholar](#)

Peng, M. W. 1993. *Blurring boundaries: The growth of the firm in planned economies in transition*. Mimeo. Washington Center for International Business Education and Research, University of Washington.

[Google Scholar](#)

Penrose, Edith T 1956. Foreign investment and growth of the firm. *Economic Journal*, 60: 220-35.

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

—. 1959. *The theory of the growth of the firm*. Oxford, U.K.: Basil Blackwell.

[Google Scholar](#)

Perez, C. 1983. Structural changes and the assimilation of new technologies on the economic and social system. *Futures*, 15: 357-75.

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

Peteraf, Margaret. 1993. The cornerstones of competitive advantage: A resource based view. *Strategic Management Journal*, 14: 179-91.

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

Pigou, Arthur C. 1932 (fourth edition). *The economics of welfare*. London: Macmillan.

[Google Scholar](#)

Piore, Michael J. & Charles. F. Sabel. 1984. *The second industrial divide: Possibilities for prosperity*. New York: Basic Books.

[Google Scholar](#)

Porter, Michael. 1990. *The competitive advantage of nations*. New York: Free Press.

[Book](#) [Google Scholar](#)

Powell, William W. 1990. Neither market nor hierarchy: Network forms of organization. *Research in Organizational Behavior*, 12: 245-336.

[Google Scholar](#)

Quinn, James B. & F G. Hilmer. 1994. Strategic outsourcing. *Sloan Management Review*, Summer: 43-55.

[Google Scholar](#)

Robinson, Joan. 1933. *The economics of imperfect competition*. London: Macmillan.

[Google Scholar](#)

Ruigrok, Winfried & Rob van Tulder. 1995 (forthcoming). *The logic of international restructuring*. London & New York: Routledge.

[Google Scholar](#)

Rugman, Alan M. 1981. *Inside the multinationals: The economics of internal markets*. London: Croom Helm.

[Google Scholar](#)

Saxenian, Anna Lee. 1991. The origins and dynamics of production networks. In *Silicon Valley Research Policy*, 20: 423-37.

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

—. 1994. *Regional advantage: Culture and competition in Silicon Valley and Route128*. Cambridge, Mass.: Harvard University Press.

[Google Scholar](#)

Scott, Allen J. 1993. *Technologies: High-technology industry and regional development in Southern California*. Berkeley & Los Angeles: University of California Press.

[Google Scholar](#)

—. 1994. The geographic foundations of industrial performance. Paper presented to the Prince Bertil Symposium on The Dynamic Firm, the Role of Regions, Technology, Strategy and Organization, Stockholm, June.

[Google Scholar](#)

Shan, Weijian & William Hamilton. 1991. Country-specific advantage and international cooperation. *Strategic Management Journal*, 12(6): 419-32.

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

Smith, Adam. 1776. *An inquiry into the nature and causes of the wealth of nations*, Vol. 1 (1947 edition published by J. M. Dent & Sons, London).

[Google Scholar](#)

Stopford, John M. 1995. *Competing globally to create and control resources*, Mimeo. London Business School.

[Google Scholar](#)

Storper, M. 1994. *Institutions of a learning economy*. Los Angeles: School of Public Policy and Social Research, UCLA.

[Google Scholar](#)

Teece, David J. 1992. Competition, cooperation and innovation. *Journal of Economic Behavior and Organization*, 18: 1-25.

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

UNCTAD. 1993. *World investment report 1993*. Transnational corporations and integrated international production. Geneva: UNCTAD Program on Transnational Corporations.

[Google Scholar](#)

—. 1994. *World investment report 1994*. Transnational corporations, employment and the workplace. Geneva: UNCTAD Program on Transnational Corporations.

[Google Scholar](#)

Weiermar, Karl. 1991. Globalization and new forms of industrial organization. In I. H. Rima, editor, *The political economy of global restructuring*, Vol. II, 159-71. Aldershot, U.K. & Brookfield, Vt.: Edward Elgar.

[Google Scholar](#)

Wernerfelt, Birger. 1984. A resource-based view of the firm. *Strategic Management Journal* 5(2): 171-80.

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

Wheeler, K. & A. Mody. 1992. International investment and location decisions: The case of US firms. *Journal of International Economics*, 33: 57-76.

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

Whittaker, E. & D. Jane Bower. 1994. A shift to external alliances for product development in the pharmaceutical industry. *R&D Management*, 24(3): 249-60.

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

Williamson, Oliver E. 1985. *The economic institutions of capitalism*. New York: Free Press.

[Google Scholar](#)

—. 1993. The logic of economic organization. In O. E. Williamson & S. E. Winter, editors, *The nature of the firm*. New York & Oxford: Oxford University Press.

[Google Scholar](#)

World Bank. 1992. *The World Development Report*. New York & Oxford: Oxford University Press.

[Google Scholar](#)

Editor information

Editors and Affiliations

Rutgers University, USA

John Cantwell

Copyright information

© 2015 Academy of International Business

About this chapter

Cite this chapter

Dunning, J.H. (2015). Reappraising the Eclectic Paradigm in an Age of Alliance Capitalism. In: Cantwell, J. (eds) *The Eclectic Paradigm*. Palgrave Macmillan, London. https://doi.org/10.1007/978-1-137-54471-1_5

[.RIS↓](#) [.ENW↓](#) [.BIB↓](#)

DOI	Publisher Name	Print ISBN
https://doi.org/10.1007/978-1-137-54471-1_5	Palgrave Macmillan, London	978-1-349-57497-1

Online ISBN	eBook Packages
978-1-137-54471-1	Palgrave Business & Management Collection
	Business and Management (R0)

Publish with us

[Policies and ethics](#) 

Search

Search by keyword or author



Navigation

[Find a journal](#)

[Publish with us](#)

[Track your research](#)

