JEWELRY SECTOR WITHIN THE PERSPECTIVES OF TRANSACTION COST and NETWORK APPROACHES: INFORMALITY and ECONOMIC ADVANTAGE

Beste ALTINÇUBUK*

ABSTRACT

Jewelry sector has different characteristics from other sectors. There is no documentation in the sector, but the actors in the sector can reach to a common agreement. Although the products subject to trade is quite expensive, transactions in the sector are carried out without documents. In other words, the actors in the sector do not need legal documents such as checks and promissory notes for the trade. There is a closed system in jewelry sector and this mechanism directs the system. This research attempts to investigate the determinants of the relations in jewelry sector. While trying to show these determinants, this study investigates to what extent network and transaction cost approach explain the survival of the relations in the sector. It is explored in the study whether trust network between buyer and supplier in jewelry sector affects the informality of the sector and the informality in the jewelry sector is a mechanism that facilitates the economic advantage between buyers and suppliers.

Keywords: Trust, Network, Jewelry, Informality, Economic Advantage

*Lecturer Dr., Ufuk Üniversity, Vocational School, Management and Organization, beste.altincubuk@ufuk.edu.tr, Orcid Id: 0000-0002-0894-2372

Makale Gönderim Tarihi: 24.03.2022
Makale Kabul Tarihi: 12.05.2022

İŞLEM MALİYETİ VE AĞ YAKLAŞIMLARI PERSPEKTİFİNDEN KUYUMCULUK SEKTÖRÜ: KAYIT DIŞILIK VE EKONOMİK AVANTAJ

ÖZ

Kuyumculuk sektörü diğer sektörlerden farklı özelliklere sahiptir. Sektörde belge bulunmamaktadır fakat sektördeki aktörler ortak bir anlaşmaya varabilmektedirler. Ticarete konu olan ürünler oldukça pahalı olmasına rağmen sektördeki işlemler evraksız yapılmaktadır. Bir diğer deyişle, sektördeki aktörler ticaretin yürümesi için çek, senet gibi kıymetli evraklara ihtiyaç duymamaktadır. Kuyumculuk sektöründe kapalı bir sistem bulunmaktadır ve bu mekanizma sisteme yön vermektedir. Bu araştırma kuyumculuk sektöründeki ilişkilerin belirleyicilerini incelemeye çalışmaktadır. Bu belirleyiciler ortaya konulmaya çalışılırken, ağ ve işlem maliyeti yaklaşımının sektördeki ilişkilerin ayakta kalmasını etkileme ölçüsü araştırılmaktadır. Çalışmada kuyumculuk sektöründe alıcı ve tedarikçi arasındaki güven ağının sektörün kayıt dışılığını etkileyip etkilemediği ve kuyumculuk sektöründeki kayıt dışılığın alıcılar ve tedarikçiler arasında ekonomik avantajı kolaylaştıran bir mekanizma olup olmadığı incelenmektedir.

Anahtar Kelimeler: Güven, Ağ, Mücevher, Kayıt Dışılık, Ekonomik Avantaj

1. INTRODUCTION

A significant part of economic action does not happen in a legitimate framework, rather economic activities take place in an informal environment. The links between people are embedded within the power relations in social networks. Firms organize the relationships between people by means of actors. Network relations help actors to create connections with other firms (Yeung, 2005). To show their legitimacy and interests, organizations provide network relations with other firms.

As a part of network relations, informal networks are potential tools that allow support for information and knowledge exchanges. The presence of non-contractual informal networks enhances information and know-how process. Jewelry sector is an important example of this informal network. Because of the factors that nurture the relationship between actors, informality is quite essential in jewelry sector.

In jewelry sector there is no written documentation in trades. Trades are made verbally. Although there is no documentation, they can reach to a common agreement. Relationships are very important in the sector. The relations between wholesalers, baggers and jewelry shops creates the system. There is a chain in the system and everybody is related with each other. Furthermore, if there is a problem in the sector, everybody is affected from the problem. Everybody needs each other. There is an order in the system and trust network leads to a system without documentation.

Although the product (jewel) subject to trade is very valuable in economic sense, there are no contracts between buyer and supplier. As there are no contracts in the system, the trade relations in the sector are mostly informal and network relations have profound effect.

In this study I try to draw a framework about jewelry sector and struggle to find the dynamics of relations in the sector. While drawing this framework, I look how sector's structure gives way to relations in the sector within the perspectives of transaction cost and network approaches.

Practically, by investigating the characteristics of relationships in this sector, this may be an opportunity for jewelry companies to find the most useful way to survive within the structure of their relationships.

2. LITERATURE REVIEW

2.1. Transaction Cost Theory versus Market Mechanism

The organization is viewed as a production entity in classical and neoclassical economics, with the goal of serving competitive entrepreneurs according to the rule of diminishing returns. The market, on the other hand, is considered as an important tool for organizing economic activities, while the corporation is merely regarded as "a black box, which responds directly to changes in costs and the pressures of the market" (Hodgson 1988, as cited in Yeung, 2005, s.308). In neoclassical economics, the company does not play a significant role; instead, they are primarily concerned with price equilibrium and resource allocation (Yeung, 2005).

On the other hand, according to transaction cost theory, changes in transaction cost do not only rely on market price, but also depend on economic exchange. They contain monitoring and contractual performance costs as search and information costs. However, transaction costs do not depend on market price of the goods or services, they are governed by exchange. As monitoring and contractual performance are difficult to assess, it is also problematic to determine transaction costs (Robins, 1987).

Williamson (1985) claims that by means of bureaucratic governance, transaction costs can be decreased. As market system contains less transaction costs than governed transactions, costs of governance in the real world are outweighed (Robins, 1987).

2.2. Transaction Cost Theory, Trust and Opportunism

The transaction cost theory establishes a foundation for analyzing the dynamics that affect organizational structure in response to changing economic conditions. As a driving force of social change, economic efficiency gains evolutionary relevance. Transaction-cost minimization is a vital factor for organizations. According to transaction cost theory, organizations are seeking for the situation that creates minimum transaction costs. When the transactions costs are greater, contracts are more hierarchical (Pisano, 1989; Pisano 1988, as cited in Gulati, 1995). Furthermore, opportunism creates most remarkable transaction costs (Gulati, 1995). Contracts play an important role to protect firms from opportunism. A legal contract has a profound effect to provide a framework. Trust neutralizes the effect of opportunistic behavior and consequently reduces the transaction costs associated with an exchange. Trust provides an alternative control mechanism, it can compensate for contracts in exchanges (Bradach & Eccles, 1989, as cited in Gulati, 1995).

Opportunism between firms may create high transaction costs and as a result trust can arise. Some behavior may lead firms to lose business relations with their partners, can ruin relationships between firms. As a result, they may lose reputation (Granovetter, 1985; Macaulay, 1963; Maitland, Bryson, & Van de Ven, 1985, as cited in Gulati, 1995).

2.3. Network Approach and Social Ties

In any event, later behavioral and managerial theories about the firm have attempted to unpack the firm as a collection of successful assets (Garnsey 1998; Penrose 1995, as cited in Yeung, 2005). The application of such a methodology to the company hypothesis has called into question the firm's neoclassical origins. Coase (1991, s.4) emphasized that "the main reason why it is profitable to establish a firm would seem to be that there is a cost of using the price mechanism". Williamson eventually caught up with his work. In structuring financial activities and limiting transaction costs within economic groups, Williamson (1985) specifies the alternative "governance structures". Firm is handled, as a center of negotiations constituted by administration tools, both contractual and non-contractual (Aoki, Gustafsson, and Williamson 1990, as cited in Yeung, 2005). An alternative administration way occurs in the market by means of firm. The firm is more seen as coordinating tool than as a profitable entity in the economy.

The idea of the adequacy of progressive power inside the company has been labeled as "the atomized and anonymous market of classical political economy, minus the discipline brought by fully competitive conditions—an undersocialized conception that neglects the role of social relations among individuals in different firms in bringing order to economic life" (Granovetter, 1985, s.495).

To organize social life, social actors govern the integration of network relations. As opposed to being a profitable tool or a capitalist entrepreneur, it is a discursive process, which occurs, in social interaction. Power relations among actors are important between firms; relations are constructed during social discourses. In brief, the firm evolves from a social environment which is created by social networks and actors ingrained in networks (Yeung, 2005). We cannot see the firm as a static "point" or "black box" as identified by Arrow (1999). It is, without a doubt, a growing and dynamic organization, shaped by continuous social ties and conflicts of ideas between social actors. It is a dynamic and developing association developed by means of progressing social relations.

The firm's perception differs from the neoclassical view of the firm as a production unit. As firm is not only consist of exchange and transactions, network analyze also does not view firm as a center of negotiations. The role of social actors has an important role between firms (Yeung, 2005).

Substantivists underlined that, unlike classical and neoclassical economists, we cannot think of the economy as separate from social life. As Polanyi et al. (1992, s.33) mentioned, “the human economy, then, is embedded and enmeshed in institutions, economic and noneconomic”. Organizations are a result of social rationality as well. Social constructionism has emerged as a result of this modern organization paradigm. This perspective claims the idea of the socially built nature of current associations (Granovetter, 1991; Yeung, 2005).

Actually, modern organizations show that it is not an obligation for a firm to engender in transaction costs that are low. Indeed, minimizing transaction costs should be viewed as a result of financial underpinnings rather than a reason for them. The importance of social embeddedness in a network is supported by the relational approach, which give importance to social embeddedness in a network. (Yeung, 2000).

As social actors and their relationships create nature of firm, it may be more beneficial to focus on how social actors and their relationships are organized. Since the firm is primarily made up of social actors and their ties, it's useful to look at how these connections are managed. Some researchers suppose that the firms have ability to build social capital (Nahapiet and Ghoshal 1998; Tsai and Ghoshal 1998, as cited in Yeung, 2005). These abilities are set in relations between firms and network is an important tool to maintain these relations. As a result, it is possible to govern the firm by managing social factors. Moreover, if it is possible to govern social relations so it will be possible to reduce transactions costs. It is accordingly critical to see how actors in society directs the organization by creating network relations which characterizes the firm.

In economics, this social perspective on the firm eliminates the firm's "undersocialized" status. Social constructionism becomes a part of this process since the corporation is considered as a coordinating mechanism for the effectiveness of collective acts of social actors.

Furthermore, networks are also within this social constructionism. Networks are both stable and dynamic at the same time. Individual commercial transactions between companies are frequently conducted using a secure connection mechanism. New relationships are formed on occasion, and some early ties are shattered for various reasons, but the majority of interaction occurs within existing partnerships. Existing relationships, on the other hand, are continually changing as a result of interactions between firms in the context of transactions carried out inside the relationship (Johanson and Mattsson, 1987).

Network position plays an important role in determining the cumulative nature of market activities. Firms have certain positions in the network at any given time. They describe the network's links with various firms, which are the result of previous network operations. (Johanson and Mattsson, 1987). Such relationships are important and may reduce transaction costs. Because there is risk in social trade relationships, trust is necessary, and organizations can demonstrate their trustworthiness to one another.

2.4.Trust and Informality

The placement of network contact in social situations takes into account the development of trust. Contracts are considered as more effective when they are accompanied by trust. Accordingly, transaction costs decrease by means of trust between social actors (Lazzarini and Miller, 2008). Moreover, the embeddedness debate mentions the significance of social relationships in the development of trust and decreasing misbehavior. "The widespread preference for transacting with individuals for known reputation implies that few are actually content to rely on either generalized morality or institutional arrangements to guard against trouble" (Granovetter, 1985, s.490).

Trust based networks create an informal exchange process within the formal sector (Lomnitz and Sheinbaum, 2004). Trust is a key issue on the emergence of social networks and leads to an informal economy. It is difficult to sustain formality in a trust-based network. The expectation of obeying rules in both social and economic sense is problematic.

3. THEORETICAL FRAMEWORK

In jewelry sector multi-digit figures of money generally emphasized. Countries like Italy, India, China and Turkey have leadership in the sector. The global jewelry trade is worth billions of dollars, with hundreds of tons of jewelry produced each year (Gereffi, 2007, as cited in Evren 2010). Although it is risky to make transactions in the sector, it is not usual between diamond traders to make contracts and legitimate their trade relationships (Richman, 2005). Besides, the members of the sector fulfill the contractual rules without coercion. Jewelry industries in most of the countries are affected from social networks (Carnevali, 2011). In addition to the fact that the Turkish jewelry industry has an important place in the world, the business in the sector is also based on trust and social relations instead of written documents.

Due to the relational contracting practice in the sector, trust has a vital role for the survival of the sector. The sector depends on verbal agreement and reputation between actors instead of contracts. By means of this trust mechanism, collective action and networks play an important role in jewelry sector.

Most sociologists claim that actor is socialized and the social norms, rules and obligations direct the action (Coleman, 1988). Coleman gives the example of diamond market, which has a closed community and there are strong family ties and interaction; they do not need for inspection. There is no formal insurance in the sector; the sector is going by informal relations and close network ties. In the lack of these relations, the market would not work efficiently (Coleman, 1988). Coleman claims that as a consequence of closure of the social structure, sectors with the close network can monitor and guide behavior easily.

The networks have a direct influence on one's interest in and intrinsic incentives for participating in activities. Closely related to direct influences are notions of reputation and fairness in which either negative or positive social pressures encourage you to act or not to act. Since administration structures rely on connections between actors, it is sensible to expect that they change with the behavior of those actors.

By means of strong ties, trust occurs and becomes a part of the network structure in jewelry sector. Consequently, as trust increases the actors who will not need contracts and as a result trust decreases transaction costs. The diamond market example shows that close network relations led to low transaction costs. Close network structure of jewelry sector highlights the collective action of actors who belongs to this close network.

As Coleman (1990) emphasizes actor's values, behavior and the reputation through a network give rise to trust. In jewelry sector trustworthy behavior between buyer and supplier emerges from common values and norms.

Trust does not have an important place in a perfect market. As knowledge is perfect, transaction costs do not occur. Contracts are arranged perfectly so there is no place for cheating. Moreover, if an effective outsider authorizes the agreement, rules of contract does not allow for deception. Because of this, it is not rational for an actor to obey the rules of the contract (Lazzarini and Miller, 2008). Hence, we do not encounter opportunism and guile in a perfect market.

On the other hand, sectors like jewelry sector, which depends on trust relations, does not have perfect markets. In this sector, trade goes without contracts and it depends on networks between organizations. Moreover, trust relations create the network between organizations. These trust relations generate an informal economy. The term opportunism, which is one of Williamson's core concepts, can be used to describe network features of the sector. Opportunistic behavior may result in uncertainties and these uncertainties leads to risk of being exploited in social interactions. Trust is an important tool to reduce opportunism. Trust is an important concept in network analysis as well. The network approach, which is more in line with social exchange theory, views firms as social units. Because of this, there is place for opportunism and guile but the strength of trust reduces opportunism and guile. Correspondingly reduces transaction costs.

In jewelry sector network relations depend on informal mechanisms. The main aspect of informal systems is to focus on the social examples of communication between firms. As the number of transactions increase firms get acquainted with one another and create social connections. By means of these social attachments and norms they create a trust network without contracts. Granovetter (1985, s.489) emphasized, "Embeddedness in network relations is strongly related to trust". Trust between two actors empowers them to have a commonly helpful relationship, which is not controlled by implementing contractual laws.

Granovetter (1973) also mentioned the strength of weak ties. He emphasized that weak ties can create bridges for new sources. But in contrary, in jewelry sector strong ties plays more important role. As trust has a vital effect on relations in jewelry sector, strong ties help buyers and suppliers to increase social interactions within the close network structure of sector.

Transactions costs and the structure of relations between organizations can change as a result of social context. This aspect is important in light of the fact that repeated relations can develop trust between organizations, and trust can reduce the transaction costs (Granovetter, 1992; Marsden, 1981). Due to the strength of trust relations in jewelry sector, there are no contracts in trade relations and consequently reduces transaction costs.

Transaction cost economics claim that, if there are no transactions costs, there would be exchange processes between units (Williamson, 1985, 1991). When market mechanism is not successful, governance of organization is seen as a solution. Transaction cost economics is not just concerned with, how to govern transaction costs, but they are also interested in how the organizational structure may change in the relation with exchange activities (Gulati, 1995). Emphasizing on the cost minimizing process and ignoring the social embeddedness of transactions is the main lack of transaction cost theory (Wu and Choi, 2004).

In jewelry sector the commodity subject to trade is very valuable so there is a place for opportunism. Some researchers in transaction cost and relational view mention that long-term relationships reduce opportunism (Ghoshal and Moran, 1996). The trust created between buyer and suppliers emerges from close network relations.

In jewelry sector, the transactions that take place between buyers and suppliers are a long running process, since all of the previously mentioned members share most of the values and norms that shape their interactions within the network and the transactions that exist in the same network (Macaulay, 1963). These norms and values create a trust network in which they do not need to make contract for their trade relations.

Trust based network structure of jewelry sector gives rise to informality. Furthermore, this informality seen as a formal process within the trust-based network structure of jewelry sector. The informal structure of sector enables actors to survive economically in a more advantageous position.

As we can see in the Figure 1, if the closure of network increases in jewelry sector, trust increases. The increase of trust leads to rises in the number of non-contractual agreements. Furthermore, buyer and supplier in the jewelry sector begin to make their trades without obeying legal issues, without paying taxes. As a result, informality and "black economy" increases.

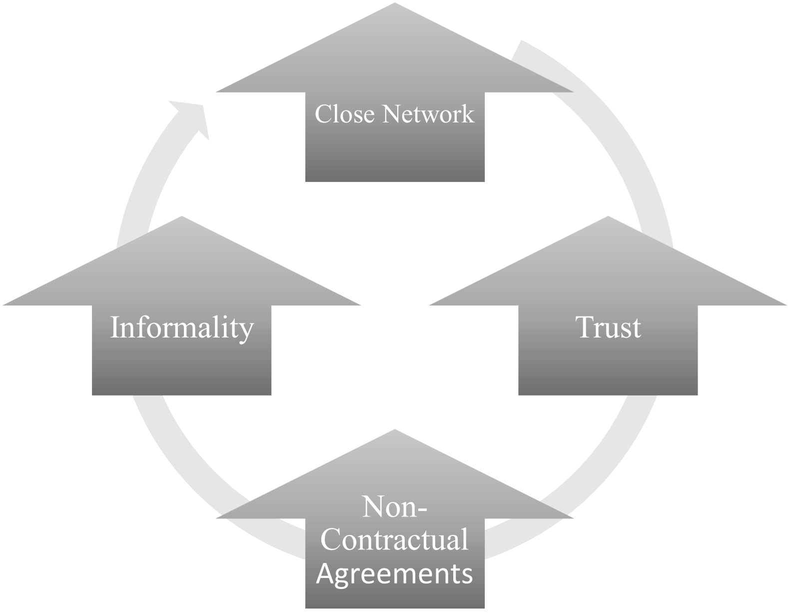

Figure 1. Relationship Between Trust and Informality in Closed Network Jewelry Market

As a result, it can be proposed that trust relationships between buyer and supplier may lead the actors in the jewelry sector to behave in a more informal way.

Proposition 1: Trust network between buyer and supplier in jewelry sector increases the informality of the sector

In addition, in jewelry sector, the informal relationships between buyers and suppliers give them opportunity to pay less tax. Moreover, the strength of the network ties put the actors of the sector in a more advantageous position in economic sense. As there are no contracts between buyer and supplier, it gives them flexibility in paying process. Jewelry shops are not paying their money to suppliers in advance. They put a date for payment and this date is flexible according to each side. This flexibility gives the advantage of using third persons' money. The system is going with trust relationships. There is a network between buyer and supplier. Although there is no documentation, by means of trust the system works. If there is an untrustworthy behavior in the relationships, the system automatically sent the untrustworthy people from the system. Because of the network system in the sector, instead of using credits from banks buyers prefer to use suppliers' money without giving interest to them. This structure of sector gives them an important economic advantage. Therefore, it is proposed in this study that the informal structure of the jewelry sector may pave the way to economic advantage between buyer and suppliers in the sector.

Proposition 2: Informality in the jewelry sector is a mechanism that facilitates the economic advantage between buyers and suppliers

4. CONCLUSION

This research has focused on the interactions in an informal sector (jewelry sector). The study is concerned not only with transaction cost approach and trust network structure of jewelry sector but also examined the informal structure of the sector. Trust is an important determinant of relations in this network. A system is created in the jewelry sector by means of this trust network and strong structure of this network decreases transaction costs in the sector. On the other hand, the informality of jewelry sector gives an important economic advantage to the actors in the sector.

In this study I effort to explore the effects of network due to trust mechanism in jewelry sector and combine these effects with informal structure of the sector. Furthermore, I investigate whether trust network between buyer and supplier in jewelry sector affects the informality of the sector and informality in the jewelry sector is a mechanism that facilitates the economic advantage between buyers and suppliers.

The aim of the study is to learn the structure of jewelry sector and how the sector survives. In jewelry sector there is no written documentation in trade. Trades are made verbally. Although there is no documentation, they can reach to a common agreement. Relations are very important in the sector. The relation of wholesalers, baggers and jewelry shops creates the system. There is a chain in the system and everybody is related with each other. If there is a problem in the sector everybody is affected from the problem. Everybody needs each other. There is an order in the system. Jewelry shops are not paying their money to wholesalers in advance. They put a date for payment and this date is flexible according to each side.

Credibility and being well known has a profound effect on relations in sector. Reference is very important and by means of good reference you can stay in sector. Everybody is investigated in sector and the credibility gives person reliability in the sector.

If there is a disagreement between wholesaler, bagger and jewelry shop, the side, which creates the problem, sent out of the system. As there is no documentation in trades in sector, the system creates its own mechanism. The people who don't carry out the rules of the system are sent out from the system automatically.

As derived from the literature the most important factor of the going mechanism in sector is goodwill. There is no documentation in trades in sector and everything is going with goodwill. Agreement is made on price and nobody goes back on his or her promise. Everybody believes the goodwill of relations. Both of the sides are sure about their goodwill.

This goodwill may come from trust relations. Trust has a vital place for them. The system is going with trust relationships. All of the relations in the sector depend on trust. There is a trust chain between each other. Although there is no document in agreements, by means of trust the system works. If there is an untrustworthy behavior in relations, the system automatically sent the untrustworthy people out from the system.

To sum up, from this study we can derive that, relations in jewelry sector do not only depend on the relationships between actors and their linked transaction costs. But also trust identifies the relations, which are created by repeated ties over time. We cannot handle only transaction costs or social factors to explain the relationships in this sector; we should also look the informal structure of the sector. Informality has a profound effect on the survival of relationships in the sector. Last but not least, this study shows that, in jewelry sector, in which there are no contracts we should also think how the economic advantage of informality shapes the survival of network relations in the sector.

REFERENCES

Arrow, K. J. (1999). Firms, markets and hierarchies: the transaction cost economics perspective. Oxford University Press on Demand.

Barney, J. B., Hansen, M. H., 1994, "Trustworthiness as a source of competitive advantage," Strategic Management Journal, 15: 175-190.

Carnevali, F. 2011. Social capital and trade associations in America, c.1860-1914: A microhistory approach. The Economic History Review, 64(3): 905-928.

Coase, R. H. (1991). The nature of the firm (1937). The nature of the firm, 18-33.

Coleman, James S., 1988, "Organizations and Institutions: Sociological and Economic Approaches to the Analysis of Social Structure", The American Journal of Sociology, Vol. 94, 95-120.

Coleman, James S., 1990, The Foundation of Social Theory, Harvard University Press.

Çörek, Ç. (2011). Is jewelry still a craft? The role of trust of work ethic in jewelry sector (Doctoral dissertation, Master's thesis, Ankara: Middle East Technical University).

Eceral, Ö.Tanyel, Köroğlu, A.Bilge, Uğurlar Aysu, "Kuyumculuk Kümeleri: İstanbul Kapalıçarşı ile Dünya Örneklerinin Karşılaştırılması Değerlendirilmesi", Ekonomik Yaklaşım, Cilt.20, Sayı.70, 121-143.

Evren, Yiğit, 2010, "İstanbul'da Kültür Ekonomisini Döndüren Çarklardan biri: Mücevher Tasarımı ve Kuyumculuk", Sektörel Araştırma Raporu.

Ghoshal, S., & Moran, P. (1996). Bad for practice: A critique of the transaction cost theory. Academy of management Review, 21(1), 13-47.

Gössling, Tobias, 2004, "Proximity, Trust and Morality in Networks", European Planning Studies, Vol.12, No.5, 675-689.

Granovetter, M, 1985, "Economic action and social structure: The problem of embeddedness", American Journal of Sociology, 91: 481-510.

Granovetter, M. (1991). Governance of the American Economy (Vol. 5). Cambridge University Press.

Granovetter, M. (1992). Economic institutions as social constructions: a framework for analysis. Acta sociologica, 35(1), 3-11.

Granovetter, M. (1995). Coase revisited: Business groups in the modern economy. Industrial and corporate change, 4(1), 93-130.

Granovetter, M. S. (1973). The strength of weak ties. American Journal of Sociology, 78(6), 1360-1380.

Gulati, Ranjay, 1995, "Does Familiarity Breed Trust? The Implications of Repeated Ties for Contractual Choices in Alliances", "Academy of Management Journal", Vol.38, No.1, 85-112.

Gulati, Ranjay, Dialdin, Dania A., and Wang Lihua, 2002, Organizational networks. Joel A.C. Baum (Der) The Blackwell Companion to Organizations, 281-303, Oxford: Blackwell.

Jeffries, F. R., Reed, R., 2000, "Trust and adaptation in relational contracting," Academy of Management Review, 25(4): 873-882.

Johanson, Jan, Mattsson L.G., 1987, "Interorganizational Relations in Industrial Systems: A Network Approach Compared with the Transaction Cost Approach", International Studies of Management and Organization, Vol.17, No.1, 34-48.

Jung.F, Danielle, Lake.A David, 2011, "Markets, Hierarchies, and Networks: An Agent-Based Organizational Ecology", American Journal of Political Science, Vol. 55, No. 4, 971–989.

Lazzarini, S., Miller, G. 2008. "Dealing with the Paradox of Embeddedness: The Role of Contracts and Trust in Facilitating Movement Out of Committed Relationships", Organization Science, 19(5): 709-728.

Lomnitz, L. A., & Sheinbaum, D. (2004). Trust, social networks and the informal economy: a comparative analysis. Review of Sociology, 10(1), 5-26.

Marsden, P. V. (1981). Introducing influence processes into a system of collective decisions. American Journal of Sociology, 86(6), 1203-1235.

McEvily, B., Perrone, V., Zaheer, A. 2003. Trust as an organizing principle. Organization Science, 14 (1).

Macaulay, S. (1963). The use and non-use of contracts in the manufacturing industry. In Stewart Macaulay: Selected Works (pp. 33-58). Springer, Cham.

Meijer, S, Hofstede, G. J., Beers, G., Omta, S.W.F., 2006, "Trust and Tracing game: learning about transactions and embeddedness in a trade network", Production Planning and Control, Vol.17, No.6, 569-583.

Mizruchi, Mark S., Galaskiewicz, Joseph, 1993, "Networks of Interorganizational Relations", Sociological Methods&Research, Vol.22, No.1, 46-70.

Orban, Annamaria, 2000, "Trust, Embeddedness and Networks in Economic Relations", Society and Economy in Central and Eastern Europe, Vol. 22, No. 4, 152-163.

Polanyi, K., Granovetter, M., & Swedberg, R. (1992). The sociology of economic life. The economy as instituted process, 29-51.

Richman, Barak, "How Communities Create Economic Advantage: Jewish Diamond Merchants in New York" (2005). Duke Law School Faculty Scholarship Series. Paper 8.

Robins, James A., 1987, "Organizational Economics: Notes on the Use of Transaction- Cost Theory in the Study of Organizations", Administrative Science Quarterly, 32:68-86.

Sellitto, Carmine, 2011, "Organisational Structure: Some Observations on the Importance of Informal Advice and Trust Networks", The International Journal of Interdisciplinary Social Sciences, Vol. 6, Iss. 2, 1833-1882.

Siegel, David A., 2009, "Social Networks and Collective Action", American Journal of Political Science, Vol.53, No.1, 122-138.

Sydow, J. (2002). "Understanding the constitution of inter-organizational trust," In C. Lane and R. Bachmann (Eds.) Trust within and between Organizations, 31-63 (New York: Oxford University Press).

Uzzi, B, 1997, "Social structure and competition in interfirm networks: The paradox of embeddedness", Administrative Science Quarterly, 42: 35-67.

Williamson, O. E. (1985). The economic institutions of capitalism. Simon and Schuster.

Williamson, O. E. (1991). Economic institutions: Spontaneous and intentional governance. JL Econ. & Org., 7, 159.

Wu, Wei-Ping, Choi L.W, 2004, "Transaction Cost, Social Capital and Firms' Synergy Creation in Chinese Business Networks: An Integrative Approach", Asia Pacific Journal of Management, Vol.21, 325-343.

Yeung, H. W. C. (2000). Organizing 'the firm' in industrial geography I: networks, institutions and regional development. Progress in Human Geography, 24(2), 301-315.

Yeung, H. W. C. (2005). "The Firm as Social Networks: An Organizational Perspective", Vol.36, No.3, Growth and Change, 307-328.