Producers/firms

Production of goods and services

Internal transaction

Producer services

• Specialization and division of labor inside the producers/firms
• Resource allocation and industrial chains based on producers’ internal decisions

Transactions through market

Producers/firms

Production of goods and services

Producer services

• Specialization and division of labor between different producers/firms in the market
• Resource allocation and industrial chains based on market competition

Trade-off between specialization efficiency and transaction costs