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Editor: Jens Beckert
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NOTE FROM THE EDITORS

Part of the richness of economic sociology is the heterogeneity and diversity of the field. This issue of the newsletter again testifies to this fact. Three main articles deal with such distinct topics as the study of entrepreneurship in India, an important theoretical outline for the study of corporate governance, and an experiment on the cognitive perception of the new European currency, the euro. Moreover, we continue our series on the development of economic sociology in individual European countries with a report on Hungary. Book reviews and conference reports cover recent developments in the field.

We would like to encourage you to continue sending us outlines of ongoing Ph.D. projects. Submission of abstracts helps bring recognition to your work among our readers and keeps the community abreast of current research. One more request: If you have colleagues who might be interested in the newsletter but have not yet subscribed, please let them know.

Jens Beckert
Dirk Zorn

A HISTORICAL AND COMPARATIVE VIEW ON THE STUDY OF INDIAN ENTREPRENEURSHIP

By
Mario Rutten

University of Amsterdam
mrutten@mail.pscw.uva.nla

Asia's recent economic success has led to a renewed interest in the study of Japanese management practices and Chinese business networks in East and Southeast Asia. Yet, studies on the business strategies of entrepreneurs in South Asia, above all in India, do not seem to play any role in the present-day discussion on the nature of Asian entrepreneurship. This lack of interest is remarkable, particularly in light of India's long and well-established tradition in entrepreneurship studies and the prominent role research on Indian businessmen has played in earlier debates on the nature of entrepreneurship in Asia.

The purpose of this paper is to present a brief, selective overview of the study of entrepreneurship in India over the past few decades and to indicate the need for a comparative perspective. Studies of Indian entrepreneurship have employed a variety of theoretical perspectives, but they can be divided into two major categories that, for the purpose of this discussion, I have dubbed the ''cultural perspective'' and the ''structural perspective'', respectively. The cultural approach to the study of Indian entrepreneurship in the 1950s and 1960s was inspired by Max Weber's Protestant ethics thesis and explored the compatibility (or incompatibility) of Hindu religious values and other cultural factors with industrial entrepreneurship in India. Extricating the field from this cultural perspective, structural analysis became the dominant approach to the study of Indian entrepreneurship in the 1970s and 1980s. This structural perspective was mostly based on Marxist theories of capitalist transformation and emphasized macro-economic or political factors to explain the development (or lack) of Indian entrepreneurship.

While this structural perspective in research on Indian entrepreneurs in the 1970s and 1980s has indisputably produced a substantial and significant body of knowledge, it has inadvertently contributed to the increasing isolation of the study of entrepreneurship in India from discussions taking place in other parts of the world. Entrepreneurship studies in the 1970s and 1980s regarded comparisons of the behaviour of Indian entrepreneurs with general models about the rise of the class of industrialists in Europe as Eurocentric historical determinism and therefore unconditionally rejected any such attempts. Even more disappointingly, entrepreneurship studies in India became isolated from similar discussions on entrepreneurship in East and Southeast Asia, where the cultural perspective remained dominant throughout the 1970s and 1980s. In order to solve this problem of segmentation of debates on entrepreneurship in different regions of Asia and Europe, I argue in this paper for a comparative perspective in the study of Indian entrepreneurship, stressing particularly the need to combine the findings on entrepreneurship in India with similar discussions on entrepreneurs in East and Southeast Asia, and with those on the early and present-day industrialists in Europe.

The Cultural Perspective

Discussions on the nature and manifestations of entrepreneurship in India in the 1950s and early 1960s were directly linked to investigating the basic causes of India's economic backwardness. The dominant approach at that time was modernization theory originating in the assumption that Indian cultural and religious values were incompatible with the spontaneous development of industrial capitalism. This ''cultural 'perspective' was inspired by Max Weber's Protestant ethics thesis (1976, 1978), that emphasized the cultural embeddedness of capitalist development and the ideological motivation for rational profit seeking among early European capitalists. This approach was employed in studies that explored the compatibility of Hindu religious values with industrial entrepreneurship. A number of early studies carried out in India tested Weber's thesis by looking for an equivalent of the Protestant ethics, or some kind of ''this-worldly asceticism'', in Hindu religion that could have contributed to the development of capitalist entrepreneurship. Cases in which this association was claimed included the Jains and the Parsis (McClelland 1961: 368-69; Milton Singer 1956: 81-91; and Goheen i.a. 1958).

A more influential approach within this modernization framework came from those scholars who turned their attention to elements in Hinduism that were generally considered hindrances to entrepreneurial development. Following Weber's analysis of Hindu society (1958), these scholars argued that the spirit of enterprise was inhibited among the indigenous population of India by the religious philosophy of resignation embodied in the doctrine of karma and by the rigid social organization of the caste system and the joint family (see, e.g., Elder 1959; and Kapp 1963). According to this cultural perspective, these negative elements were viewed as important factors in explaining India's retarded economic growth. '"The result was that the Indian personality, by and large, remained unentrepreneurial, if not anti-entrepreneurial"', a view reported—not shared—by Dwijendra Tripathi (1992: 77).

This alleged incompatibility of Indian ideology and values with economic enterprise was held to be responsible for India's failure to make a successful transition to industrial development along the lines followed in Western Europe at the beginning of industrialization. In his study on the European transition from ''feudalism to capitalism'', Maurice Dobb (1976) traced two possible ways in which industrial capitalism usually emerges. In the first way, small producers develop from craftsmen into industrial entrepreneurs. The second is that employed by merchants who become involved in the production process by controlling the producers, through the buying and delivering of raw materials and the selling of finished products. Dobb claims that the first of these two roads to industrial capitalism was the critically important process in the early industrial development of Western Europe. By combining productive and commercial functions, small artisan producers started to manufacture on a larger scale, for which they made use of wage labour that had been freed from the handicraft restrictions of the guilds. The activities of the European merchants, on the other hand, remained limited to the mechanics of buying and selling without any real involvement in the internal organization of production and production techniques.[1]

Development in India is assumed to have taken the opposite track to that followed in Western Europe. Because of their ''resistance to 'change' and the restrictions of the caste system,

[1] Dobb's study on the issue of the transition from `feudalism to capitalism' has provoked varied reactions, many of which have been collected in a volume by Hilton (1976).

Indian artisans did not form an important source of entrepreneurial talent in modern industrial development. This was pointed out by Weber (1958) who emphasized the traditionalism of Indian artisans which he thought was reinforced by the fact that the caste structure was an obstacle to occupational mobility and socio-economic change, placing a premium on acceptance of one's caste dharma and on following traditional ritual laws. Those authors who studied industrial development in India in the 1950s and 1960s within the overall modernization framework had a similarly low opinion of artisans, stressing that their contribution to India's industrial development had been negligible. One of the best-known views in this respect is that of David McClelland (1961) who argued that the presence of a specific motivational structure, the desire to achieve purely for the sake of achievement—i.e. the ''achievement motivation'–'—is of critical importance to successful entrepreneurship. In 1957, he had already said that Indian artisans lacked entrepreneurial values and motives, a conclusion he based on his experience with handloom weavers in Orissa. The way McClelland saw it, these Indian weavers lacked "'the importance of maintaining quality of workmanship, concern for a long run relationship with consumers, and the assumption of personal responsibility for the product of one's own work"' (cited in Singer 1960: 263). Staley and Morse wrote that only a very small proportion of artisans in India commanded the talent and motivation to become successful entrepreneurs owing to the fact that they were bound by traditional norms, values, and obligations (1965: 71).

Along with this view that, in contrast to Western Europe, small artisan producers did not play a critical role in the development of industrial capitalism in India, there was a strong focus on the category of merchants as the prime movers behind the transition to industrial capitalism in India. To a large extent, this position is consistent with the historiography of Indian industrial development (see Berna 1960: 8; and Streefkerk 1985: 30-31). Following Weber, however, there have long been doubts about the suitability of Indian traders to be industrial entrepreneurs. Weber argued that the most important reason why Indian traders would not be able to make the transition from ''pariah 'capitalism' to ''rational 'capitalism' was to be found in their rituals and in the caste structure. In his view, Indian traders remained in their ritual seclusion "'[...] in the shackles of the typical oriental merchant class, which by itself has never created a modern capitalist organization of labour"' (1958: 112).

In line with Weber's analysis, studies conducted on Indian entrepreneurs emphasized the specific commercial style and poor reputation attributed to Indian traders that were said to stand in their way of establishing modern businesses. These studies argued that Indian moneylenders and traders, given their stark profit motivation, could not be considered a significant reservoir of industrial entrepreneurial recruits. Their commitment towards rapid and not necessarily honest profits closely parallels the traditional Vaishya ethic, in which, according to this view, such activities can find religious sanction. For Indian traders wealth is to be amassed and then, at intervals, consumed in magnificent marriages, religious services, and funerals that enhance the status of the family (Elder 1959: 17). In this view, Indian entrepreneurs with a trading background are contrasted to those industrial entrepreneurs who are production-oriented, work within a long-term framework, are patient, tend to re-invest profits into industry, promote technological improvements, and are prepared to take risks (Berna 1960).

Studies conducted on Indian businessmen in the 1950s and 1960s dwelt on this notion of the unsuitability of Indian traders to industrial entrepreneurship (see McCrory 1956; Berna 1960; Hazlehurst 1966; and Fox 1969). In this view, the cultural disposition and subsequent commercial orientation of the Indian businessmen with a trading background were supposed to have turned the highly-developed profit motivation of Indian entrepreneurs not towards productive investments of significant scope but towards consumption and towards less risky and more immediately profitable fields of economic activity. Partly building on McCrory (1956), who carried out a study in the 1950s among owners of small industrial firms in a north Indian city, James Berna, for example, argued that Indian entrepreneurs with a background in trade are "'opportunistic businessmen with very short time horizons, interested only in fast turnover and quick profits, completely unconcerned with technology, unwilling to invest more than the bare minimum in fixed capital, and still preoccupied far more with trade than with industry" (Berna 1960: 217). This was also expressed by Leighton Hazlehurst on the basis of research among Banias in a Punjab town (1966: 145), and by Richard Fox who studied Banias in another small North Indian town (1969: 143).

The cultural perspective that dominated research on entrepreneurship in India in the 1950s and 1960s was not an isolated case, but was part of a wider attempt to apply Weber's Protestant ethic hypothesis to material drawn from various parts of Asia. The best-known examples of such analyses outside India are the study by Robert Bellah on the Jodo Buddhism and the Hotoku and Shingaku movements in Japan (Bellah 1957), and the study by Clifford Geertz on the Santri Muslims of Java, Indonesia (Geertz 1968). In some instances, attempts were made to discuss these separate analyses of entrepreneurial groups in various regions of Asia from a comparative perspective (see e.g. Bellah 1968; and Eisenstadt 1968). In these attempts toward achieving a comparative analysis of Asian entrepreneurship, early studies on Indian businessmen seem to have played a prominent role. David McClelland's 'achievement motivation', for example, was based largely on examples from India (McClelland 1961), while the discussion that followed Milton Singer's analysis of several Indian examples in his 'Cultural Values in India's Economic Development' (1956) was not confined to India, but became part of a wider debate on the Protestant ethic analogy in Asia (see e.g. Bellah 1968; Eisenstadt 1968; Singer 1966; Staley and Morse 1965; and Myrdal 1968).

As Bellah (1968) points out, this early focus on the motivational factor in Asia gave way later to a broader 'institutional' perspective based on a less narrow reading of Weber, according to which capitalist development is thought to depend on a more basic transformation in social structure rather than on ideological predisposition only. This shift in Weberian studies on Asia was most clearly present in the studies on entrepreneurship in India. Milton Singer (1972), for example, challenged Weber's thesis by arguing that Hindu industrialists in Madras compartmentalize their religious lives and their business activities. He also argued, in opposition to most scholars, that joint family organization plays a positive role in industrial entrepreneurship (see also Kennedy 1965; Singer 1973; and Fox 1973).

In spite of these early attempts to include social and institutional aspects in the cultural perspective, the focus of most of the early approaches to Indian entrepreneurship in the 1950s and 1960s was unidimensional, accentuating cultural factors to explain the putative bottleneck in the supply of entrepreneurship as one of the main reasons for India's retarded economic growth. Moreover, in their anxiety to justify the assumption that social and religious values of a community are bound to influence economic behaviour, these early studies were essentially deductive in character and Eurocentric in orientation. By applying Weber's analysis to Asia, they made use of a model that was explicitly shaped by the European experience of the rise of industrial capitalism. Absorbed in their role model, analyses hardly paid attention to the actual experiences of Indian businessmen and the way they adapted their entrepreneurial strategies to changes in the material environment. Their focus was on the study of Hindu religion and of the norms of social organization in order to gain an insight into their compatibility with economic development. Having an all-India perspective, these early works often viewed India as a discrete cohesive system, ignoring the fact that various regions of India might show different kinds of entrepreneurial behaviour (Tripathi 1992: 81).

2. The Structural Perspective

In the 1970s and 1980s, this cultural approach to the study of Indian entrepreneurship was attacked and superseded by what I have called a structural perspective. Studies within this paradigm, based mostly on theoretical views of Marxist origin, criticized the cultural approach and modernization theory it was rooted in for its lack of understanding of the exploitative relations between developing countries and the economically advanced countries, both at present and from a historical perspective. Contrary to these cultural analyses, the structural perspective linked variations in entrepreneurial development in India to the broader politico-economic and historical context, particularly to the experience of colonialism and neo-colonialism. The overall notion was that these structural factors had impeded the creation of indigenous industrial capital or had thrown up aberrant types of entrepreneurship in India (for an overview of the literature, see Tripathi 1992; Streefkerk 1985; and Rutten 1995).

The first point these various scholars challenged was the previously held view on the relative contribution of caste- or religion-based groups to India's industrial development. Instead, structuralists emphasized the prominence of several hereditary business communities in the formation of the modern business class in India. The rise of business corporations and corporate management by members of specific communities and castes in India indicated that Indian businessmen were capable of perceiving new opportunities and developing a distinctive style of management consistent with their needs and social structures. The tight organization as a commercial community that characterized such groups as the Marwaris and the Parsis, for example, certainly helped the members of those communities to compete on more than equal terms with the rest of the population (Kennedy 1965; Timberg 1978). Seeking a reason for the success of these communities, it was pointed out that the decisive factor was not so much their cultural disposition or religious mentality, but their social networks and the strategic positions they had carved out for themselves early on by virtue of acting as the collaborators of the Europeans in the Asian trade (Ray 1992: 1-69; Dobbin 1996: 77-155).

The question of the relative contribution of artisans and merchants to India's industrialization, that was central to the cultural perspective in the 1950s and 1960s, also played a prominent role in the structural approach to Indian entrepreneurship in the 1970s and 1980s. Yet this time the explanation was very different. The alleged failure of Indian artisans to engage in industrial enterprise was not explained by reference to their 'traditional' orientation, but by reference to the colonial policy and the process of de-industrialization. Authors writing from a structural perspective harped upon the fact that the artisan motivations and standards in India suffered enormously under British rule, during which period the economic circumstances of a large number of artisans deteriorated considerably. Imperialism by its very nature was exploitative and the heavy yoke of British domination with its mercantilist strategy of import tariffs on textiles from India was too much for the Indian economy to bear, and beyond their capability for circumvention. Consequently, Indian business developments were bound to be retarded and the entrepreneurial ability of Indian artisans could not find its full expression. This process has been described as 'de-industrialization' or 'peasantization', in which British rule led to a decline in urban and village handicraft production and to a displacement of traditional manufacturers as suppliers of consumption goods to the internal Indian market (Bagchi 1972, 1988).[2]

Other scholars working within the structural perspective stressed that the previously held cultural notions regarding the contribution of artisans should be corrected because in many instances artisans in India did in fact become industrial entrepreneurs (Holmström 1985: 85-6; Saberwal 1976; Chadha 1986: 33; and Streefkerk 1985: 124). They no longer tended to accentuate the alleged lack of entrepreneurship but turned attention to the quality of the entrepreneurial behaviour of industrialists in India. According to these studies, Indian industrialists expended considerable effort on the purchasing and marketing aspects of their firms but paid very little attention to the actual production process. On top of this, they tended to display simultaneous interest in a number of activities, and to engage in a large variety of activities over time. These frequent shifts deterred the attainment of proficiency in any single line of production, and militated against the improvement of quality and technological advance. These authors claimed that this aspect of commercialism was the most typical distinguishing characteristic of Indian industrialists (see for an overview of this discussion, Streefkerk 1985, 1997; and Gorter 1996). Moreover, they emphasized that it was a response to structural factors such as imperfect markets or lack of an adequate institutional framework. Structural features in the economy or the interference of the state were thought to encourage non-productive forms of entrepreneurial activity in India, including the spreading of risks though diversification of investment and a preference for high-profit speculative activities rather than long-term commitment. Commercialism was considered not to be the characteristic of a specific social group but inherent in the Indian socio-economic structure (Van der Veen 1976: M-93; and Streefkerk 1985: 170).

On the basis of these characteristics, most industrialists in India were viewed as 'routine entrepreneurs' (Leibenstein 1978), 'imitative entrepreneurs'/'meta-innovators' (Broehl 1978), 'financier-industrialists' (Holmström 1985) or 'commercialists' (Streefkerk 1985). They financed industrial production as a commercial undertaking and started industries to fill a known gap in the production chain or to manufacture a specific known component. In contrast to true 'innovators' (Schumpeter 1934) and 'technician-industrialists' (Holmström 1985), who learned new skills and production techniques by trial and error and improvisation and who built up their businesses gradually by reinvesting profits, most industrialists in India were thought to have no interest in developing either the production process or the production capacity, but were credited with a strong tendency to get involved in a number of different commercial activities, either successively or simultaneously.

With this emphasis on the quality of industrial entrepreneurship in India rather than on its volume, the structural perspective of the 1970s and 1980s created further doubts about the validity of the emphasis on the lack of Indian entrepreneurship that characterized the cultural approach in the 1950s and 1960s. In contrast to earlier cultural studies, entrepreneurship studies

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[2] The discussions of the economic effects of British imperialism reveal a good deal of variation that must be accounted for. Urban handicrafts were affected earlier than village ones and the different types of village crafts were harmed in varying degrees. Furthermore, there were regional differences. See for example Bagchi (1976); Desai (1966); Dutt (1940); Gadgil (1971 [1924]); Matsui (1968); Morris (1968); and Mukherjee (1958). Recently revisionist historians have challenged the prevailing notion that industrial entrepreneurship in colonial India was solely in hands of the British (Goswami 1989; Mahadevan 1992).

published in the 1970s and 1980s often placed a strong emphasis on empirical research. In this, they displayed a welcome shift away from the purely deductive approach of the 1950s and 1960s by incorporating entrepreneurial-managerial experiences in their analyses, usually based on in-depth surveys and intensive fieldwork. Pertinently, structural studies conducted in the 1970s and 1980s had a regional focus rather than an all-India perspective and often combined socio-cultural and structural factors in their analysis to explain the specificity of business strategies of Indian entrepreneurs.

3. A Comparative Perspective

A look at the history of the emphasis on structural aspects within the 'mode of production' analysis by Karl Marx and on cultural aspects within the 'spirit of capitalism' analysis by Max Weber reveals that both analyses were originally closely related. Both thus shared a common concern with the origins and likely course of evolution of industrial capitalism in Western Europe. More specifically, Weber saw the economic conditions that Marx believed determined the development and future transformation of capitalism as embedded within a unique cultural totality (Giddens 1972). While the cultural and the structural approaches have common roots in nineteenth-century European social thought and share certain assumptions about the nature of capitalist development there was a significant difference. A characteristic feature of the structural paradigm of the 1970s and 1980s was that studies on entrepreneurship in India implicitly, indeed sometimes even explicitly, turned away from general theoretical models in an attempt to avoid the trap of Eurocentric historical determinism that characterized the earlier cultural approach to the study of entrepreneurship. It was generally assumed that the emergence of the entrepreneurial class in India was a historically unique phenomenon and the factors leading to it were so specific that they could not be compared with the rise of the early industrialists in Europe. Accordingly, the emergence of entrepreneurial classes in India was usually regarded as a historically unique phenomenon that could not be compared with similar processes in European history. For exactly this reason, research during the last two decades has focused almost exclusively on the study of India in its own right. Any comparison of industrialization in India with the European path of industrial transition has often been regarded as historical determinism and therefore rejected outright.[3]

To a large extent, this stance is of course a valid one. History does not repeat itself mechanically; a nineteenth-century pattern of development could hardly be repeated in detail today. All processes of change have specific prerequisites and peculiarities, which will differ from country to country and from one period to another. While this turning away from Eurocentric paradigms has of course been beneficial, there is some danger in rejecting completely any kind of comparison between capitalist development in India today and that in Europe in the past. The terminology employed to describe Indian entrepreneurs shows that comparisons with the European experience are in fact still being made, yet less explicitly so. Characterizations of Indian industrialists as 'commercialists' or 'financier-industrialists' are often based on a particular conception of industrial capitalism that is derived from what early European

[3] Christer Gunnarson suggests that the outright rejection of the European experience as an object of comparison for developments in Third World countries can be partly explained by both the Marxist and Rostovian connotation such a comparison involves. By postulating that there is only one type of industrialization, i.e., the European type of industrialization of which the Third World type is a mere repetition, the Marxian and Rostovian models represented a serious type of misinterpretation and thereby equipped comparative history a bad reputation (Gunnarsson 1985: 189).

capitalism, and the trajectory of its development, is thought to have been like. In particular, this conception stems from a particular reading of the industrialization experience in Western Europe, particularly in Britain. Whether the focus is on the economic and technological preconditions for industrialization, or on the socio-cultural or ideological bases of entrepreneurship, the model is shaped by the European model. In this model, industrialization is a linear process leading to the development of large-scale factory production, wage labour, and private investment by thrifty, innovative, and individualistic entrepreneurs. Forms of productive organization, labour relations, investment strategies, or entrepreneurial behaviour that do not conform to the model are considered deviant. In an earlier essay, I gave a brief overview of economic historical studies of the early industrialists in Europe (Rutten 1994). I concluded that the characterizations of the entrepreneurial class in Asia are partly based on assumptions about the origin and nature of the first industrialists in Europe, assumptions that are often highly questionable. For the present analysis, I would like to take this argument one step further: I maintain that by applying theoretical accounts of European capitalist development to the Asian case, the cultural and the structural approach to entrepreneurship–at the outset closely linked to one another as demonstrated above—became disconnected. After an emphasis on the cultural perspective in India in the 1950s and 1960s, studies on Indian entrepreneurs pursued a more Marxist analysis and focused almost exclusively on the structural aspects of entrepreneurial behaviour. In doing so, the structural perspective in the study of entrepreneurship in India in the 1970s and 1980s produced a substantial and significant body of knowledge, but it also resulted in increasing isolation from similar discussions on entrepreneurship in East and Southeast Asia, that remained inspired by Weber and focused almost exclusively on the cultural aspects of entrepreneurial behaviour.

Following Weber's original analysis of the cultural set-up that stimulated the rise of capitalism in Western Europe in the eighteenth and nineteenth centuries (and his subsequent studies on other world religions), studies on East and Southeast Asia concentrated their analysis on the particularity of the cultural set-up of Confucianism, Buddhism, and Islam that supported or hindered a similar kind of development in Asia. The types of entrepreneurship found in the region were attributed to the value systems or religious backgrounds of businessmen. The 'dependent' nature of entrepreneurs was associated with a specific mentality or business culture in which public and private interests mix effortlessly. According to this view, Muslim and Chinese businessmen in Southeast Asia, for example, display a strong inclination to make use of politically secured economic privileges to accumulate capital, and are characterized by a preference for taking a slice of someone else's wealth rather than creating it for themselves (Clad 1989; Abdullah 1994; and Muhaimin 1990). A more recent version of the cultural approach is the 'Confucian culture' argument (Redding 1990; Silin 1976; and Wong 1989). While cultural factors were first used to explain why Chinese businessmen were unable to develop corporate businesses and thereby to become successful entrepreneurs, the same argument was later turned upside down to explain the recent rapid development of East and Southeast Asian countries by emphasizing the contribution of traditional Chinese 'values' and modes of social organization to entrepreneurial behaviour (McVey 1992). Although there have been some apparent shifts in perception and ideology among the scholars working within this perspective, the culturally oriented approach has always been the dominant perspective in the study of entrepreneurship in East and Southeast Asia.[4]

The empirical findings of studies on entrepreneurs in different regions of Asia indicate that there are many similarities in both, economic behaviour and life-style of this entrepreneurial class in India and other parts of Asia (Rutten and Upadhya 1997). Despite this foundation, virtually no attempt has been made to look at the business classes across Asia within a broad comparative perspective. Another obstacle is that the research for such studies is usually—designed—and the findings analysed—in relation to debates that are specific to regions rather than to a more abstract theoretical problem. This shortcoming has clearly contributed to the segmentation of debates on entrepreneurship in different regions of Asia. Analytical differences in the entrepreneurship literature tend to mask hidden similarities—economic, social and political—that appear to unite the business classes of various countries.

The cultural and structural approaches to Indian entrepreneurship described above are not mutually exclusive. Recently, various scholars have attempted to employ both perspectives in their studies. Even so, most entrepreneurship studies are unsatisfactory because they tend to privilege one type of explanation over the other rather than aiming at a theoretical synthesis. Here I am not advocating either a structure or a culture-centred analysis, but argue instead for the development of a fresh approach that combines both perspectives by looking at how political, economic and cultural processes interact within the historical process of capitalist development.[5] Such an approach could potentially facilitate research on the question as to what extent a capitalist style of entrepreneurship produces similar cultural features across the globe. In sharp contrast to earlier universalistic theories of industrial development, recent research suggests that industrial capitalism may be highly adaptable to various social and economic forms. Significant variations are found around the world in the organization of business enterprises and transactions, mode of labour exploitation, entrepreneurial behaviour and ethos (Blim 1996).

While earlier studies on entrepreneurs in India and other parts of Asia tended to stress variability in forms of business organization, recent studies point to the view that there are striking resemblances in entrepreneurial behaviour across the globe, both at present and in the past (Berger 1991; Rutten and Upadhya 1997; Dobbin 1996; and Tripathi 1997). This suggests that there may be certain imperatives inherent in capitalist entrepreneurship that are manifested in various ways in different cultural contexts. Just as the division between labour and capital is a central feature of production under industrial capitalism, the requirements of investment, risk-taking, and the organization of production and marketing appear to structure the behaviour of entrepreneurs in particular ways. For example, there is a strong element of rational pursuit of profit and decision-making based on instrumental rationality, as specified in Weber's model. But this is qualified by the fact that entrepreneurs are not driven solely by the profit motive; goals such as desire for prestige and constraints such as obligations toward kin also determine their actions. Another common feature is that the economic transactions of entrepreneurs are often also social transactions, in the sense that they are usually embedded in social relations and not

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[4] Note that I do not suggest that there are no studies on East or Southeast Asia that relate the state-dependent mode of capitalist development to the specific political-economic formations of these countries, particularly the pre-eminence of Chinese capital and the efforts of these states to subvert this dominance. For such arguments in regard to Malaysia, see Jomo (1988); for Indonesia, Robison (1986).

[5] The argument that follows was developed together with Carol Upadhya and was published in our joint introduction to the volume on *Small Business Entrepreneurs in Asia and Europe: Towards a Comparative Perspective* (Upadhya and Rutten 1997). However, I alone am responsible for presenting it in its present form and for any possible mistakes.

just determined by impersonal market forces. What is needed therefore is to reconnect the cultural and structural approach again and to come up with a theoretical framework that will help us in understanding and explaining the present-day economic, social, cultural, and political mobility of the entrepreneurial class in India and other parts of Asia. Such a framework has to be constructed within a comparative perspective and should also include the findings on the entrepreneurial class in Europe, both at present and in the past.

This brings me back to the question of drawing comparisons between European and Asian development. The rejection of general theoretical models for comparative study after the 1970s led to a concentration of research on Asia in its own right. The post-modernisation trend has been to emphasize the cultural uniqueness of business organization in different contexts, as seen for example in the literatures on Indian business communities (cf. Tripathi 1984), Japanese companies (cf. Dore 1973, 1987; Fruin 1978; and Abegglen and Stalk 1985), or Chinese business networks (cf. Redding 1990; Hamilton 1991; Wang 1994; and Brown 1995). However, a critique of Eurocentric models need not end up in cultural essentialism. Now that a significant body of knowledge about economic development in India and other Asian countries has been produced, the time has come to look again at European history and contemporary developments, employing insights gained from the Asian experience, and for experts on Europe to look at Asian examples as well. Such a comparative analysis needs to take into account the wide diversity in forms of business organization and entrepreneurship within and between Asia and Europe, and should look for the conditions that promote or inhibit the growth of industrial entrepreneurship and investment without relying on Eurocentric stereotypes of entrepreneurial behaviour. If the processes such as those described above are understood within the overall framework of the expansion of world capitalism—that, while exerting certain pressures towards uniformity, also interacts with local structures and cultures, producing many variations—we will be able to account for both similarities and differences in entrepreneurial behaviour at various times and places. Therefore, one aim of comparative analysis should be to describe and account for various forms of entrepreneurship without resorting to stereotypes of what constitutes 'correct' capitalist behaviour or capitalism proper. A first step towards such an analysis is to acquire more in-depth knowledge about entrepreneurs in different parts of Asia and Europe, at present and in the past. With this paper, I hope to have aroused the curiosity needed to lay the groundwork for such a comparative perspective.

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HYBRIDIZATION AND HETEROGENEITY ACROSS NATIONAL MODELS OF CORPORATE GOVERNANCE

By
Ruth V. Aguilera

University of Illinois at Champaign-Urbana
ruth-agu@uiuc.edu

Gregory F. Jackson

Columbia University &
Max Planck Institute for the Study of Societies
jackson@mpi-fg-koeln.mpg.de

This essay attempts to develop a corporate governance (CG) theoretical model that takes into account the social relations and institutional arrangements that shape who controls corporations, what interests corporations serve and how risks and rewards are allocated among stakeholders. Thus, we bring together two bodies of literature to build our theoretical framework: economic sociology and historical institutionalism. What the salient differences between national systems of CG are, and how they should best be conceptualized, is still hotly debated within the corporate governance literature (Gedajlovic & Shapiro, 1998; Pedersen & Thomsen, 1997; Prowse, 1995; Rubach & Sebora, 1998; Shleifer & Vishny, 1997). Few theoretical frameworks explicitly address why corporate governance patterns differ across countries and over time.

Corporate governance lies at the heart of contemporary debates about national varieties of capitalism. Globalization has led to a remarkable resurgence in the study of comparative corporate governance and provided firms with both opportunities and constraints because it introduced the *transportability* of corporate governance practices around the world, leading to an inquiry into the convergence and divergence debate of these systems.

The debate on the convergence/divergence of national systems of corporate governance is dominated by two perspectives: law and politics. On the one hand, scholars in the legal tradition claim that the degree of legal protection provided by the national system of corporate law will strongly influence the system of corporate governance (La Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998). Shareholder friendly corporate law systems allow for more active markets in terms of greater stock market valuation and higher number of listed firms. The theoretical implication of the *law* proposition is that convergence will take place if there is a convergence in law like that presently occurring in the European Union context. On the other hand, scholars in the political tradition argue that the set of corporate governance institutions in Continental Europe are *politically* inspired (Roe, 1994). Politically viable strategies confine defensive mechanisms to preserve stakeholder capitalism and contest shareholder capitalism. Thus, these political institutions serve to preserve cross-national differences. We deliberately attempt to move beyond the theoretical discussions on convergence and divergence of corporate models, and examine instead an issue that it is rarely discussed, i.e. the *coexistence* of both divergence and convergence trends in a given country.

We begin with a brief review of the agency theory perspective and outline its challenges for understanding the social "embeddedness" of corporate governance drawing on concepts from economic sociology and historical analysis. The notion of corporate governance as a *coalition of interests* is introduced as the main theoretical framework to examine how the identities and interests of capital, labor, and management are shaped in relation to their institutional contexts. We conclude with some considerations from a comparative perspective in terms of the linkages and complementarities between corporate governance institutions, and discuss hybridization and heterogeneity across national models of corporate governance. Our perspective contributes to the analysis of *institutional change* by outlining a perspective of coevolution, where change has multiple sources rather than being driven by adaptation to a single dimension of environmental dependence.

Corporate Governance through the Agency Theory Lenses

A traditional approach for studying corporate governance has been agency theory. Shleifer and Vishny (1997) define it as the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment. The firm is viewed as a nexus of contracts between principals and agents each pursuing their own interest, and where the key dilemma is aligning their conflicting interests (Coase, 1937; Jensen & Meckling, 1976; Fama, 1980; Fama & Jensen, 1983a, 1983b). Ownership and control constitute separate factors of production wherein management makes decisions and owners bear the residual risk of profit or loss. Agency theory assumes the following: owners are interested in maximizing returns at reasonable risk, distribute dividends, and raise stock prices. Conversely, management prefers growth over profits (since empire building may bring prestige or higher salaries), can be lazy or fraudulent ("shirking"), and can maintain labor or product standards above the necessary competitive minimum.

The conflict of interest between principals and agents entails incomplete contracts with agency costs that are intrinsically non-zero and may be defined as the sum of: monitoring expenditure by the principal, bonding expenditures by the agent, and residual loss. Shareholders face a variety of problems monitoring management: they have imperfect information to make qualified decisions or monitor management; contractual limits to management discretion may be difficult to enforce; and most importantly, shareholders face free rider problems where resources devoted to monitoring can be jointly appropriated by all shareholders, reducing individual incentives to actively exercise their rights. When ownership is fragmented into small holdings, shareholders with diversified portfolios face free rider problems and favor strategies of exit rather than voice.

The corporate governance literature has identified at least five possible mechanisms to reduce agency costs. First, principals can provide incentive contracts, granting managers contingent, long-term incentives to align management to shareholder interests. Second, principals are aware of the importance of reputation effects for managers who might want to exit. Third, legal provisions such as corporate disclosure, accounting requirements, and bankruptcy rules may provide the necessary mechanisms for control and information rights to shareholders, particularly the right to appoint managers, to vote on important corporate decisions, and elect corporate boards. Forth, concentrated ownership in the form of blockholders (by banks, government, corporate groups, or families) may reduce agency costs. Lastly, efficient markets for corporate control where ownership is fragmented and most shareholders prefer strategies of exit can install effective mechanisms for monitoring and restructure underperforming firms through hostile takeovers.

Comparative research is framed in terms of the dichotomy of national mechanisms used to "solve" agency problems, given the trade-off between investment liquidity and capacity for control. Britain and the United States, countries with dispersed ownership structures, and equity financing, are viewed as market-based forms of control. Legal regulation, contractual incentives, and the takeover market are all important. By contrast, Continental Europe corporate governance relies on blockholders, particularly banks and families, as active monitors. Due to the greater capacity of blockholders to exercise direct control, these national systems of corporate governance posses fewer market-oriented rules for disclosure, less managerial incentives, and higher reliance on debt finance. A commonality between market-based and blockholder systems is their reliance on a particular form of ownership concentration as the ultimate form of control.

Corporate Governance as Coalition: The Challenge of Embeddedness

The agency theory paradigm presents a limited view of corporate governance. We discuss some of its limitations. A first set of problems relate to what Emirbayer and Goodwin (1994) conceptualized as *dyadic reductionism*. Agency theory assumes isolated bi-lateral contracts between principals and agents, focusing merely on their contractual efficiency. This view undermines the interdependencies between principals and other stakeholders. In particular, agency theory treats employment relations as exogenously determined by market institutions, while employee voice is an institutionalized part of corporate governance in most European countries. In addition, the structure of corporate ownership results in different types of business networks that condition many aspects of competition, cooperation, strategy, structure, and innovation (Whitley, 1999).

How agency problems are addressed has important consequences for efficiency. For instance, markets for corporate control may reduce the unprofitable overinvestment of free cash flow, but are known to diminish human capital formation due to breaches of trust with employees (Heinrich, 1999:28). Conversely, complementarities may arise such as when long-term supplier networks reinforce long-term employment and cooperative employment relations. It seems doubtful that the evolutionary dynamics of organizations can be explained by a single dimension of organizational dependence overlooking the linkages and complementarities between institutions (Aoki, 2001a) and the role of politics (Fligstein, 2001).

A second related set of problems stem from an *efficiency view of institutions*. Agency theory assumes that institutions result from efficient equilibrium in a neoclassical sense instead of an effectiveness assumption--where power is an underlying force in firm relationships and survival of the firm is promoted (Fligstein, 2001:177). If there is one single equilibrium, agency theory fails to account why corporate governance differs so greatly across countries in terms of ownership patterns, corporate law systems, or employee participation models. A growing literature has illustrated the importance of power and politics in shaping corporate governance (Donnelly, Gamble, Jackson, & Parkinson, 2001; Fligstein, 1990; Fligstein & Freeland, 1995; Roe, 1994; Roy, 1997). Political outcomes do not necessarily reflect any particular dimension of transactional efficiency, but affect the distribution of power between social groups and the institutionalization of diverse organizational ideas of what the firm is.

The unmet challenge remains to conceptualize corporate governance in terms of its *embeddedness* in social relations (Granovetter, 1985). The notion of embeddedness stresses that economic activity occurs within the context of non-economic social relations. Economic action is also social action to the extent that it is oriented toward others (Weber, 1978). Wolfgang Streeck describes embeddedness as follows: "an economy is socially embedded insofar as the transactions by which it is made up are constrained by non-economic objectives or are supported by non-economic social ties" (2001: 5). An embeddedness perspective is thus relational: social relations are taken as the fundamental unit of analysis rather than ontological actors, frozen in space and time, and isolated from the social and cultural context.

We define corporate governance as the patterns of decision making and control within corporations. At the organizational level, corporate governance reflects efforts of control between capital, labor, and management as they result in diverse *coalitions* (Aoki, 1986; Cyert & March, 1963; Mintzberg, 1983). Management is often the focal actor within these interactions. The state may or may not be directly involved, but plays a critical role in defining and institutionalizing such coalitions (Cioffi & Cohen, 2000). From a coalitional perspective, corporate governance does not reflect a single criterion of rationality. Organizational goals result from coalitions among multiple actors, whose objectives may be conflicting or complementary. Only under very specific conditions, can corporations seek a single organizational goal such as maximizing profitability or shareholder value.

Coalitions are shaped by reciprocal resource dependence relationships between their constituents (Pfeffer & Salancik, 1978). For example, the influence of external shareholders depends on the firm's financial autonomy and labor bargaining power reflects the employee accumulation of firm-specific human capital. Yet, the causal logic may also run in the reverse direction: coalitions themselves define what resources become important in relation to their emerging goals. For instance, maintaining managerial autonomy is an important consideration in financial decisions such as raising external equity, taking on debt, or retaining earnings for internal finance. Coalitions, organizational goals, and resources condition each other in a circular manner.

An Institutional Approach to Corporate Governance

Coalitions are mediated by social institutions. Despite the growing attention to institutions within the social sciences, various disciplines conceptualize the nature of institutional effects quite differently and yield diverse answers to the question of national diversity (Berger & Dore, 1996; Hall & Taylor, 1996; Hall & Soskice, 2001; Hollingsworth, Schmitter, & Streeck, 1994; Powell & DiMaggio, 1991; Thelen, 1999). Economic theory accounts for institutions in terms of positive functions in coordinating economic activity (North, 1990). Political approaches regard institutions as rules or constraints on behavior imposed by powerful groups (Hall & Taylor, 1996). Finally, sociological institutionalism adds a view of institutions as having cognitive dimensions such as common definitions of the realities that legitimize economic practices (Powell & DiMaggio, 1991). However, some threads of argument are increasingly reoccurring across disciplines that inform the particular view of institutions used in this essay.

Douglas North (1990) defines institutions as ”the rules of the game,” including both formal rules (e.g. law and contracts) and informal rules (e.g. norms and customs). Such rules characterize the structure of incentives and opportunities available to economic actors, particularly by impacting the transaction costs for coordinating economic activity. For this reason, it is believed that institutions influence economic performance. What does North tell us about the creation and change of institutions? Three themes appear: institutions are created by the most powerful groups to serve their own interests which depend upon ideas. Ideas are revised incrementally over time through individual and organizational learning. Institutional change thus results from both changes in relative factor prices (impacting incentives), or cumulative changes in ideas. In a more recent game-theoretic treatise, Masahiko Aoki (2001b) defines institutions as a “self-sustaining system of shared beliefs about a salient way in which the game is repeatedly played.” An institution is thus a quality of social processes that can be described as a circular feedback mechanism. Institutions are therefore produced (“objectified”) and reproduced as actors develop strategies that are constrained by institutionalized beliefs, and then jointly produce outcomes that reconfirm them. Hence, institutions are characterized by both a constraining and an enabling nature, in that believes constrain the actors’ choices but also enable joint actions in directions that are theoretically possible although unlikely to be realized in the absence of that institution.

A common denominator among these approaches is how strategic actions come to be coordinated by common subjective beliefs. Within the framework of “actor-centered institutionalism” (Scharpf, 1997) strategic action is influenced by institutions that shape the social and political processes of how actors' interests are defined (“socially constructed”), aggregated, represented, and strategically interact across different domains. The institutional perspective does not deny that technology and resources shape organizational behavior, but it claims that responses taken by organizational actors are nonetheless mediated by the institutional context. Consistent with sociological theories, institutions not only constrain actors with given preferences, but over a longer time frame also shape the identities and interests of the actors themselves.

Institutional analysis is particularly valuable in comparative research on economic organization (Hammilton and Biggart, 1988; Biggart, 1991; Whitley, 1992a, 1992b). Different dimensions of institutionalization suggest divergent sources of economic organization and patterns of change. In effect, the study of institutional effects on economic organization follows the basic theme of Weberian analysis, namely the interdependence of interests, ideas, and institutions (Lepsius, 1990). While institutional analysis establishes a general perspective from which to view organizations, corporate governance has not been the specific focus of most research in this tradition. We propose that future research incorporates the institutional approach to corporate governance as the outcome of three organization-level coalitions between capital, labor, and management.

At the organizational level, a particularly neglected aspect of corporate governance has been the interdependencies between capital and labor. Underlying economic trade-offs may exist between wages and profits, internal investment and paying out dividends, or levels of employment and shareholder returns. The active markets for corporate control in the U.S. create breaches of trust with other stakeholders and may undermine investments in firm-specific human capital as well as other benefits of flexible and cooperative employment relations (Shleifer & Summers, 1988). However, the interests of shareholders and employees can exist in both positive and negative sum constellations. For instance, stable blockholders and employee co-determination institutionalize a positive-sum relation between capital and labor, where minimal stable returns to shareholders balance claims to stable employment. Shareholders and employees may also form alliances to remove poorly performing management, or to demand higher corporate transparency and accountability. Thus, the coalition of capital and labor vis-a-vis management is not a zero-sum situation because increasing managerial accountability to one group may increase accountability in general, as suggested by some positive-sum views of power as a source of control. Thus, the institutional mechanisms involving (or excluding) shareholders, employees, and management in decision-making must also be viewed as interdependent.

The central claim is for national comparative research to view corporate governance in terms of its institutional linkages, tensions, and complementarities (Aoki, 2001a). *Complementarities* refer to situations where institutions become more viable in combination with specific other institutions (Hall & Soskice, 2001). The existence of complementarities should not imply efficiency. While competitive advantages may relate to complementarities, interdependence can lead to inefficient lock-in effects. Likewise, institutional interdependence may create tensions because institutions imply conflicting principles of rationality as highlighted in the Weberian tradition (Lepsius, 1990). Moreover, as tensions may have destabilizing effects on a particular organizational configuration, contradictory organizing principles may also sometimes prove to be a source of requisite variety and provide for flexible combination and recombination of organizational practices that prove economically beneficial (Stark, 2001).

National models are viewed here as influenced by multiple institutions that produce interdependent effects on organizations. But no assumption is made that such effects are complementary and lead to something like a "coherent" national model with particular efficiency traits. To the degree that a national institutional configuration gives rise to efficiency effects, these are likely to be comparative institutional advantages relative to particular strategies of production, innovation, etc. (Hall & Soskice, 2001; Whitley, 1999). A lack of tight fit between national institutions may reduce the degree to which institutions have isomorphic effects leading to homogeneity of organizations within a national case. Indeed, the degree of organizational heterogeneity or homogeneity is an open empirical question, and differs across national cases and over time. The disjuncture between institutional contexts and organizational practices create an avenue for coevolution between these two levels of analysis.

Finally, recent pressures for internationalization question the debates over the future of national diversity. In addition to the debate over a shifting towards shareholder value corporate governance, we argue that corporate governance systems are experimenting a hybridization process. *Hybridization* refers to “the ways in which forms become separated from existing practices and recombine with new forms in new practices” (Pieterse 1994, 165). Boyer, Charron, Jürgens, & Tolliday (1998) exemplify hybridization as a central concept in the study of production models in the automobile industry. They refer to how organizational practices developed in one national space are transferred to another context, and thereby undergo adaptation.

Hybridization involves mixing shareholder or market-oriented practices developed within Anglo-American economies with nonliberal practices, particularly the institutions fostering industrial citizenship. Historically, German and Japanese corporate governance developed through an uneasy tension between liberal and nonliberal organizational principles (Jackson 2001). For example, the historical experience of "importing" U.S. institutions after World War II did not result in convergence, but in the modification of foreign practice to develop new hybrid forms with varying degrees of success (Zeitlin, 2000; Djelic, 1998). Likewise, the postwar emergence of industrial citizenship was not seen by corporations as a beneficial governance tool, but as a threat to private property and managerial discretion. The results were not coherent by design. Rather, complementarities resulted only through an unintended fit between different practices.

Hybridization points to a further consequence of growing *heterogeneity* of organizational practices within national systems. Corporations choose their corporate governance practices within the boundaries of prevailing institutional constraints and past coalitions. While national models were never entirely homogeneous, the capacity to generate a relatively isomorphic national model across companies and sectors is declining. The tensions inherent in the emerging hybrids may facilitate deviant patterns of behavior (Whitley, 1992) and greater firm-specific experimentation in combining elements of different models. Nations may retain distinct "profiles" of corporate practices, but the range of internal variation is growing particularly between large internationalized corporations and more protected domestically oriented or private corporations. Heterogeneity itself entails a de facto element of convergence.

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The Euro – A Social Accentuation Experiment[1]

By
Günter Molz & Andreas Hopf

Justus-Liebig-University Giessen
Guenter.Molz@psychol.uni-giessen.de

The introduction of the euro released both hope and fear. On January 1st, 1999, the euro became the official currency in the majority of the European Community (EC) states. However, for the majority of the population this expressed itself only in the omission of the rate of exchange fluctuations between the currencies participating in the euro. The introduction of new cash notes and cash coins took take place on January 1st, 2002. Since then, participating countries had to bid farewell to their familiar means of payment. But did European citizens already get used to this idea?

Although the shift from country-specific to common currency arguably improves basic economic conditions in the EC, in recent years there have been signs that many people have not embraced this positive view of the euro and its consequences. Instead, a widely spread skepticism puts the success of the new currency at risk. In 1998, Manfred Brunner, chairman of the federation "Bund Freier Bürger" ("Association of Free Citizens") received broad public attention in Germany when his so-called "Euro-Complaint" was refused by the Federal Constitutional Court (central arguments of this complaint are reported by Hankel et al., 1998). After its introduction to the capital markets, the euro constantly lost in value in relation to other currencies, in particular to the US dollar. Apart from rather small upward motions, this tendency has lasted for the last two years. Although this fall in prices also had some positive aspects for the economy of the EC (especially for those industries capitalizing on export), the euro gained a rather negative image. This manifested itself—among other things—in various euro-sceptical publications. Some of them received high publicity (e.g., Hannich, 2001; Hankel et al. 2001; Ewert; 1998)[2].

Whether the reservations against the euro are actually rationally justified or not, the lack of confidence in the euro might seriously impede its introduction in the European Community (Frankfurter Allgemeine Zeitung, 1999). Many surveys that were conducted in the past also refer to high scepticism towards the euro: It seems that only a minority of the Germans is convinced that the euro will have the same stability as the "D-Mark" (Verbraucher-News, 1999).

So far, the attitude towards the Euro has routinely been measured by direct interviews with their focus on verbal responses. The open and reactive characteristics of this methodological approach bear the risks of prompting responses driven by social desirability ("one has to

[1] The authors thank Laura Nonnenmacher and Helge Gebhardt for their assistance in collecting the data.
[2] The arguments of these German authors are to a large extent congruent with many English publications: e.g., Chalton (1999); Temperton (2001), and Thiersky (2001).

identify oneself with the ideal of a united Europe“) or calculated optimism (“introduction of the Euro as an irreversible decision with which one has to come to terms”). These factors possibly could have influenced the interviewees’ responses. In contrast, the present study aims to investigate the attitude towards the Euro in a non-reactive way. For this reason we want to use the social psychological phenomenon of *social accentuation*.

Research of social accentuation

The estimation of physical dimensions is frequently influenced by variables that have social meaning. For example, Bruner & Goodman (1947) found that the perceived diameter of cash coins (physical dimension) is influenced by the subjective purchase value: Poor children, usually associating coins with a relatively high purchase value, estimated coins to be larger than rich children. This study triggered a number of much further theoretical and empirical work (e.g., Lilli, 1975). Even though the results of Bruner and Goodman could never be convincingly replicated, there is a large number of experiments which support the phenomenon of social accentuation. Thus, things that possess a socially relevant meaning (e.g., coins) are often overrated compared to neutral stimuli (e.g., cardboard discs), (see e.g., Bruner & Postman, 1948; Holzkamp & Perlwitz, 1966).

Our experiment

If the German mark (DM) is actually more highly esteemed than the euro, the physical dimension of the DM coins (i.e., their diameter) should be estimated to be bigger. On the other hand, the euro has a higher purchase value than the DM. Thus, euro coins should be estimated to be of a larger size than DM coins. Nevertheless, we had two reasons for assuming that DM would be estimated to be larger: First of all, we wanted to use the findings of the accentuation research that *worth-associated* objects (e.g. coins) are overrated in their size compared with neutral objects (e.g., cardboard discs). In our experiment DM or euro coins respectively should be compared directly with empty white circular areas. During the estimation of the stimuli, direct confrontation of DM and euro coins was avoided. Secondly, the experiment was conducted in June and July 2001, just before the area-wide launch of euro pricing in supermarkets etc. Obviously, the conversion that one euro corresponds to approximately 2 DM (the official rate is 1 euro=1,95583 DM), was thus not yet supposed to be a common automatism for the population at this time. Therefore, we formulate the following hypothesis:

For two coins of similar numeric value, the diameter of the DM coins will be estimated larger than that of the euro.

According to this hypothesis, we assume e.g., that the 1 “Pfennig” coin (100 “Pfennige” are equal to one German mark) will be estimated larger than the 1 cent coin or that the 1 DM coin will be estimated larger than the 1 euro coin.

The sample consisted of 32 students (11 male, 21 female) at ages 19 to 36. During the experiment, subjects (Ss) were placed individually in front of a personal computer. The experimenter was present at all times. At the beginning, it was pointed out that the Ss participated in an experiment about size estimations. The aspect of valuation was not mentioned. During the experiment, a white circle appeared on the right side of the screen with its supposed diameter shown below. It was explicitly pointed out to the Ss that the diameter specification does not correspond to the actual circle's diameter on the screen. This diameter information actually served as a reference for the following task: The Ss should estimate the diameter of a coin, which was presented at the same time on the left side of the display. The estimation should be typed into an empty edit field right under the coin. The diameter of the white circle should serve as a reference. So the Ss were not instructed to give an estimation of the real coin's diameter, but to estimate how large the coin would be, if the white circle had the indicated diameter. We chose this indirect option of eliciting the Ss‘ ratings for a number of reasons. First, we wanted to assure that Ss deliver a psychometric assessment. Consequently, we asked the Ss to assess the coin diameter in relation to another stimulus that had no meaning. Aiming at a psychometric evaluation implies the exclusion of knowledge and experience as sources of potential variation in the dependent measure. We regarded this to be particularly important in this experiment because knowledge and experience were confounded with our independent variable: DM is the well-known money whereas the euro was still unfamiliar. This is why we preferred to assess the coins‘ size in relation to an artificial reference rather than a direct rating for a well-known DM coin or a completely unknown euro coin. Secondly, by presenting the coin on the screen without a reference circle it would have been necessary to ensure that across experimental sessions screen presentations remain constant. In this case, factors like brightness of the display, size of the screens‘ black frame would presumably have had an influence on the estimates.

The size of the following coins had to be estimated: 1, 2, 5, 10, 50 Pfennig / cent and 1, 2 DM / euro. The experiment was divided into two sets of trials, whereby both currency sequence and the specification of the reference diameter varied. Thus, four experimental conditions result:

Table 1: Experimental Design

Condition	Trial One	Trial Two	n
A	C: euro RD: 22mm / 37mm	C: DM RD: 29mm / 34mm	8
B	C: euro RD: 29mm / 34mm	C: DM RD: 22mm / 37mm	8
C	C: M RD: 29mm / 34mm	C: euro RD: 22mm / 37mm	8
D	C: M RD: 22mm / 37mm	C: euro RD: 29mm / 34mm	8

(Annotation: C= currency, RD=reference diameter, n = number of subjects)

The diameters differed in order to avoid the confusion between diameters and currency as well as possible effects of sequence: Ss should not have the impression of being supposed to make inputs, which are consistent with those of the first trial.

Results

We tested our hypothesis with two analyses. First, we compared all estimates of DM-coins with all estimates of euro coins. To that effect, we calculated the total median for all estimates in order to determine the number of DM / euro coins that were smaller (larger) than the total median (General median=28,79). According to the null hypothesis, the actual type of currency should not matter for the size estimate and the same number of DM / euro coins (16 at each case) should be smaller (larger) than the total median. Instead, we found the following frequencies:

Table 2: Distribution of Frequencies

Currency	*Above median*	*Below median*	*Total*
Euro	**13**	**19**	**32**
	(16)	(16)	(32)
DM	**19**	**13**	**32**
	(16)	(16)	(32)
Total	**32**	**32**	**64**
	(32)	(32)	(64)

(Annotation: Expected frequencies are in parentheses.)

According to the median test (corresponding to the four-squares Chi^2 test) this result is marginally significant (Chi^2 = 2,250, $p_{(one\text{-}tailed)}$ = .067, one degree of freedom (df)). This analysis was chosen because of our experimental design. Since our Ss performed euro as well as DM ratings with different reference diameters, we have a mixture between a classical between subjects and a classical within –subjects design. We did no want to reduce the statistical validity by pooling the data for all seven DM / euro coins (which represent seven different variables). This is why we decided to calculate the conservative median test using only dichotomous rank order information of Ss‘ ratings. The median test is often recommended when assumptions for the more popular tests are not met (Marascuilo & McSweeney, 1977). The disadvantage of this test is its low asymptotic relative efficiency (ARE = 0,64; Bortz, Lienert & Boehnke), i.e., the probability of finding significant differences is low.

For this reason we calculated a second test statistics for one selected portion of our data. In this analysis only data of the 1 DM- and 1 euro- estimations were compared, based on the assumption that the 1 DM coin is often used as prototype for symbolization of cash and can frequently be seen in everyday life (e.g., slot machines or coin-operated lockers). As expected, on average the 1 DM coin was estimated to be larger than the 1 euro coin (average of 1 DM: 37,25 mm, average of 1 euro: 34,78 mm). The t-test for independent groups shows that this effect is statistically significant ($t = 2{,}035$; $df = 62$; $p_{(one\text{-}tailed)} = .023$).

Discussion

We demonstrated that euro coins are underestimated in their size compared to DM-coins with identical numeric values. This finding, however, has to be handled with care in two regards.

First, regarding the strength of the relationship identified by our statistics: The effect size both for the median test based on all estimates ($phi^2 = .04$) and the t-test for the estimates of the 1 DM / 1 euro coins ($r_{pbis}^2 = .11$) are comparably small. The statistical association between the estimates for DM and euro coins is substantially higher ($r^2 = .37$). Consequently the tendency toward over- or underestimation of coins affects the variance of the estimates to a larger extent than the type of currency.

Secondly, our findings are to be put into perspective regarding their temporal validity: The euro has a higher purchase value than the DM. It is to be expected that people just estimate the euro as smaller until they experience that they can acquire a higher equivalent with 1 euro than with 1 DM. When we performed the experiment most Ss had not yet had the chance to experience the high purchase value of the euro. Since our experiment, this has changed rapidly. Beginning in July 2001 most shops started to launch double pricing (DM and euro), and since January 1st, people have begun to use the euro cash money. Today, euro coins are perhaps estimated to be larger. In order to test this, we decided to repeat the experiment after the introduction of the Euro.

At the end of January 2002 we repeated this experiment with 32 students from the same population. First, the median test showed that there is almost no difference between estimates for DM coins ($n = 17 >$ median $> n = 15$) and Euro coins ($n = 15 >$ median $> n = 17$, $Chi^2 = 0{,}250$, $df = 1$, $p_{(one\text{-}tailed)} = .309$). Secondly, t-test statistics for the 1 DM and 1 euro coins showed that the DM coin is estimated to be larger than the euro coin. This difference was highly significant: $t = 2{,}035$; $df = 62$; $p_{(one\text{-}tailed)} = .0095$. These two results seem to reveal a paradox. Euro coins in general are now perceived to be relatively larger compared to the DM coins. The perceived difference between the 1 DM coin and the 1 euro coin in particular is more substantial than in our first experiment. Yet, at a closer look, this result does not surprise at all. In fact, both coins have the same diameter, but the 1 euro coin is much thicker. Therefore, the euro coin seems to be smaller in diameter. Ss of course were only presented the same flat two-dimensional coins on the screen from the first experiment. But at the time of the second experiment, Ss knew what euro and DM coins look like in a three dimensional world. We anticipated this problem. Thus, after the experiment our Ss were presented with a real 1 DM and a real 1 euro coin on a table, separated from each other at a distance of 30 cm. Ss were not allowed to move the coins and were asked to rate which one is larger. The majority (n = 20, or 63 percent) rated the DM coin to be bigger, two Ss (6 %) thought that the Euro had a greater diameter, ten persons (31 %) were indifferent. We interpret this finding to be a psychophysical artifact. Our conclusion is that the high estimates for the DM in comparison to the euro, which in our first experiment led to the biased ratings of diameters, do no longer exist. Euro and DM coins of the same size were perceived to have the same size (except for the 1 euro / DM coin). This finding can be explained by two reasons. First, the image of the euro is now better; secondly, people have experienced that the purchase value of the euro is higher than that of the DM. On the basis of our data, we are unable to determine which of these hypotheses is correct. It would be worthwhile trying to disentangle these two possible explanations in future research.

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ECONOMIC SOCIOLOGY IN EUROPE: HUNGARY

By
Ákos Róna-Tas

University of California, San Diego
aronatas@ucsd.edu

Empirical sociology in Hungary has always been driven primarily by problems rather than theories. To the extent empirical research was motivated by theory in the socialist years, it was guided indirectly through Marxism, by questions posed by practices that claimed to have originated in Marxist theory.

Socialism was a peculiar form of social order, which built its legitimacy entirely on the claim that it was a social order superior to capitalism. It even set out the yardsticks by which it should be measured. Equality, prosperity, justice, the absence of fundamental social divisions, and rationality were just some of the goods socialism promised to deliver. As a result, any study that questioned the success of socialism in achieving these goals cast doubt on the legitimacy of the social system at its base. Today it is less than obvious why these regimes were so upset if a sociologist published, for instance, a case study of poverty or an article on the contribution of household farming to agricultural production, when most people knew that poverty existed and millions produced their own tomatoes and carrots in their backyards. But since the sole reason for the existence of socialism was its superiority, which included its ability to eliminate poverty and to implement efficient large-scale agricultural production, these studies implicitly raised fundamental questions about the social system as a whole. Under socialism, the social sciences mattered.

As the public sphere had been tightly restricted and vigilantly policed by the party state, sociology became the space for public discourse. The intended audience of sociology publications was not just the academic community but also the educated public at large. Sociological treatises were devoured not just by other sociologists and nervous party cadres but also physicists, engineers, artists, doctors and schoolteachers. Articles that today would appear as political journalism were published as social science, dressed with the requisite footnotes, bibliography and theoretical references. Debates were fought over political implications, rather than methodology or theoretical subtleties.

Before 1989, the social science disciplines were not clearly differentiated. Economics, political science (then known as science of state and the law) and sociology were busy separating themselves from their Marxist cousins of political economy, scientific socialism and dialectical and historical materialism (Bockman 1999). The institutional turf wars at the universities, research institutes, the Hungarian Academy of Sciences, as well as the debates over the secondary school social science curriculum were fought across this ideological fault line and not among the three disciplines.

With the end of state socialism the disciplinary field has changed radically. Once an imposing presence, the Marxist disciplines sank, like Atlantis, leaving no trace behind. A free public sphere has emerged where political discourse did not need to cloak itself in social science jargon. Several social scientists left the field for a career in politics or punditry. The social sciences became more self-centered, more methodology conscious. With the fall of the Berlin Wall and the Iron Curtain, Western ideas and models of social science flooded Hungary and recently, disciplinary boundaries began to get fortified with the academic equivalents of barbed wire and landmines.

Economic Sociology before 1989

Unlike in the US, where economic sociology developed in an explicit or implicit dispute with economics, Hungarian economic sociology historically had no quarrel with economics. As the two joined forces in their critique of Marxism, their disciplinary boundary became obscured. Since regular graduate training in sociology did not begin until the mid-1960s, several sociologists got their degrees in economics. The unobstructed passage between economics and sociology was further facilitated by the fact that Hungarian economists embraced institutionalism and empiricism. They showed little interest in deductive modeling, and even when they did, their focus of interest was the institutional arrangements of state socialism (Kornai 1980). Their models revealed the malfunctions of socialist institutions. Kornai, probably the best-known economist of socialism, saw the socialist economy part of a social-political-economic system (Kornai 1992).

During the last decades of state socialism Hungarian economic sociology emerged as a vibrant field and produced some of the best sociological works in the region. This is the period of waves of experimentation with economic and, to a lesser extent, political liberalization. The relative openness of the Hungarian version of late socialism allowed Western researchers to work in Hungary and Hungarian scholars to travel abroad. Hungarian economic sociology became integrated into Western academia, and, at least in the US, Hungary became one of the main prisms through which state socialism became refracted. The works of Ivan Szelenyi, David Stark, and Michael Burawoy among others, created a successful link between research in Hungary and on-going debates in American sociology. British sociology also took notice through the work of such scholars as Nigel Swain and Chris Hahn. This set the stage for the disproportionate influence of this small and peculiar country's experience in the English speaking world on interpreting the post-communist economic transformation not just in Central Europe but in Russia and even in China (Kennedy 2001).

In this brief and admittedly selective overview I will concentrate on four major areas where Hungarian economic sociology has been especially successful: the second economy literature, work on the organization of the socialist firm, the political economy of planning and social stratification.

Following liberalizing measures in the early 1980s, the second economy,—the small scale, informal private sector in socialism, —became a central topic for Hungarian economic sociology (see Róna-Tas 1997). The discovery of an economic realm with its own logic, different from the state-planned and -directed socialist economy generated a large body of world-class quality research. The second economy, which in Hungary included such activities as household farming (Szelenyi 1988, Kovách 1987, Juhász 1988), small scale artisan production (Kuczi and Vajda 1990), moonlighting, petty trade, private consumer services, private residential construction (Sik 1984), and small business partnerships, was deeply embedded in social relations. Its transactions had to be underwritten by personal ties and common norms almost completely, because the socialist state was reluctant to provide any legal infrastructure. While the second economy was often seen as a market economy (Kemény 1982) and a rational form of labor deployment (Gábor and Galasi 1981), its fundamentally sociological character was never in question.

While research on the second economy focused on the small, organizational sociologists developed a richer understanding of the giant socialist firms. Here researchers were concerned with the mammoth size of companies (Schweitzer 1982), the labor process, and the labor relations within them (Héthy and Makó 1989, Burawoy and Lukács 1992). In the early 1980s, extending the second economy into the socialist firm, the state allowed companies to subcontract small business partnership which were set up by their own employees inside the firm blurring the boundaries between the first and the second economy (Sziráczky 1989, Stark 1989, Laky 1984).

There was also a rich literature on the political economy of planning (Bauer 1978, Szalai 1989, Voszka 1988) which started from the assumption that socialist firms are not simply the puppets of planners but have their own autonomy. They presented planning as a complicated bargaining process, where social and political forces often result in unintended consequences at the economic system level.

Finally there was a large body of research on social stratification mostly organized around two research groups: one led by Rudolf Andoka at the Central Statistical Office, the other by Tamás Kolosi at the Party Social Research Institute and, later at the research institute TARKI. Initially, the price to show that systemic economic inequalities existed was that researchers had to give up on investigating mechanisms through which those came about. Distinguishing between social stratification and social structure, they concentrated on the former and largely avoided the latter. Some early works on social stratification did take on Marxist claims about social class directly, but by the last decade of state socialism researchers were more concerned with social mobility (Simkus and Andorka 1982, Andorka and Kolosi 1984, Kolosi 1987) and economic differentiation, including issues of poverty (Bokor 1986). By then stratification research abandoned its abstinence from seeking mechanisms and began to pay attention to the second economy, labor market processes (Galasi and Sziráczky 1985), and the social psychology of material aspirations (Tardos 1988).

Post-Socialist Era

With the collapse of state socialism and the beginning of the post-socialist transformation the set of problems driving Hungarian economic sociology has changed radically. Planning, the second economy, and the socialist firm disappeared in their old forms and the economic transition to a market economy took center stage. Organizational studies now want to find out how companies adapt to their radically different environments in terms of their internal organization (Whitley and Czabán 1998), work process (Czabán and Whitley 1998), cooperative behavior (Csabina and Leveleki 2000, Gal 2000), tax compliance (Tóth and Semjén 1998) and how these influence their overall success (Lengyel 1999, 2000). Many interesting works are based on an ongoing panel study of enterprises that started in 1992 and covers about 400 firms in manufacturing.

A large body of research now addresses privatization. Some are interested in the process itself (Gyukits and Szántó 1998, Stark, 1992, 1996, Antal-Mokos 1998). Yet others are looking at its consequences such as turnover of managers (Böröcz and Róna-Tas 1995) and the resulting networks among companies (Vedres 2000a, 2000b).

The study of entrepreneurship is another prolific area of research. Although full-time entrepreneurship in Hungary is largely a post-communist novelty, the study of small entrepreneurship is deeply indebted to earlier studies of the second economy. Because market conditions are either absent or not fully developed, entrepreneurship is deeply embedded in social relations. A long line of inquiry investigates the nature of entrepreneurship, describing how small entrepreneurs operate, portraying and analyzing the logics their actions follow under incomplete market conditions (Kuczi 2000, Laki 1998, Róna-Tas 2001, Laky 1998, Letenyei 2001). Another segment is primarily interested in the recruitment of entrepreneurs (Róbert 1996, Róna-Tas 1994, Lengyel 1997-1998). Here arguments center on what kind of resources or capital can one mobilize to launch an enterprise in the absence of a functioning credit market. Strongly influenced by one reading of Pierre Bourdieu's work on the various forms of capital (Eyal et al. 1998), researchers have explored the various ways cultural, human, social and political capital can be mobilized for profitable enterprise (Róna-Tas 1998).

While studies of entrepreneurial recruitment focus on the determinants of economic success, stratification research is mostly curious about the factors implicated in poverty and in the growing divide between rich and poor. One of the main sources of knowledge about the changes in inequalities is the Hungarian Household Panel that started in 1992 with 2000 randomly selected households (Andorka and Spéder 2001, Spéder 1998). The reports document the strong increase in differentiation and a growth in poverty in the 1990s. A large literature wants to understand this process by examining the labor market in general, and unemployment, part-time work and atypical jobs in particular.

Finally, there is some interesting work on informal markets (Sik 1999, Czakó and Sik 2001) and on personal networks as assets (Sik and Wellman 1999).

There have been attempts to develop more general theories of the post-communist transformation by scholars based outside Hungary, but their impact in the country has been limited. They tend to concentrate on the transformation of property relations and make an attempt to build toward a theory of a third road between the socialist command economy and market capitalism (Böröcz 1993, Stark and Bruszt 1997, Eyal et al. 1998).

Assessment

In the past decade, Hungarian economic sociology underwent a series of important changes. In producing new research, the role of research institutes strengthened while the role of universities weakened. In an era of grave financial difficulties, universities are going through a rapid expansion enrolling overall twice as many students and ten times as many in sociology than in the 1980s. They are less and less centers of research and more and more credential factories. Under these conditions, universities are moving in the direction of disciplinary consolidation to fight the downward pressure on quality. As a result, economic sociology, as other interdisciplinary pursuits, is losing its foothold in higher education. With economics departments unconditionally embracing neo-classical economic theory, the happy cooperation of economics and economic sociology is withering away. While economists are quickly losing interest in sociology, there is a still small but growing interest in rational choice theory among sociologists.

As research institutes are involved more in applied research, theoretically ambitious work—usually done in think tanks and research universities—has been scarce and often conducted from well paid university positions abroad. If research in Hungary is linked to theory, it is mostly in the form of testing imported ideas on Hungarian data. With the continued disinterest in theory, there is very little debate and accumulation of knowledge in Hungarian economic sociology. The absence of a coherent theoretical framework was one of the many reasons why economic sociology was so unsuccessful in producing a coherent blueprint for the post-communist economic transformation.

Yet in many ways, some of the adverse conditions made Hungarian economic sociology better. The loss of its mass audience along with its increasingly competitive relationship with economics resulted in improvements in methodology. Published research is becoming more solid and careful. Due to the scarcity of research funds, researchers often had to turn to foreign and international sources of funding. This forced them to engage the international literature and pushed them in the direction of multinational comparisons. New work is much less parochial than it was a decade ago.

The biggest challenge for economic sociology paradoxically arises from its relative economic success. A dozen years after the collapse of communism, Hungary is one of the star pupils of the post-communist transformation. From the 1960,s Hungary had always been the country of economic experimentation. The various waves of liberalizing reforms under socialism turned Hungary into the paragon of market socialism. In the 1990s, it was the radical overhaul of the economy that provided intellectual excitement for economic sociologists. With its gradual integration into the European Union, Hungary failed to produce a novel form of organizing its economy, and the country is turning into a normal and therefore boring place. Hungarian economic sociology under late socialism was popular and relevant, under post-communism it was only relevant. In the world of post-post-communist normalcy it will have to find its new place.

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Items with asterisk (*) have English language abstract.

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BOOK REVIEWS

Patrik Aspers, *Markets in Fashion. A Phenomenological Approach.* Stockholm: City University Press, 2001.

Markets are a central research topic where economic sociology in contrast to mainstream neoclassical economics provides a more advanced understanding of economic reality. This is particularly true for markets in which aesthetic values are crucial, such as markets for films, paintings, art directors, musicians or—the topic of Patrik Aspers' study *Markets in Fashion*—markets for fashion photography. The theoretical starting point of his book is a review of sociological theories of the market on the one hand and phenomenological sociology on the other. Especially Harrison White's idea that companies own and control an identity in relation to other producers in their market are of central importance for Aspers' analysis. In White's theory, the niche or identity of a firm is a specific combination of shipping volume, price and quality (p. 37). This is particularly problematic in aesthetic markets where it is not easy to define the quality of products objectively and where actors—especially consumers—are faced with uncertainty so that a status order, which reduces uncertainty, is formed in the interaction between producers and consumers (p. 44). Regarding the Hollywood film industry, Robert Faulkner has emphasized that for different actors reputation and status are produced when persons in the market interact. Therefore, a successful film project will endow all participants with a good reputation and a higher status in the market. In contrast to most of these sociological theories of markets, in his study Aspers follows a phenomenological approach. Whereas according to Aspers most theorists observe reality and ascribe mental content to the actors, phenomenological sociology asserts that it is impossible to explain social phenomena without considering the meaning structure of individuals (p. 49—50). It is only one of the merits of Aspers' book that it contains an extremely well structured introduction to phenomenological sociology in the appendix.

On this theoretical basis Aspers has conducted a study of the markets for fashion photography in Sweden based on interviews with a variety of different types of actors in this field and a quantitative survey of photographers in Sweden. After providing a systematic overview of the various participants in the market for fashion photography like photographer's assistants and agents, photographers themselves, stylists, models and so on in chapter 3 he goes on to explain the role and meaning structure of fashion photographers as producers in the market for fashion photography. He shows that the photographer's interest is mainly directed to his peers (p. 110), but for the creation of an identity as photographer it is essential to interact with customers, mainly fashion magazines which are ranked according to a stable status order (p. 116). These magazines provide the chance to enter the market for fashion photography, in order to develop a particular style and they function as a billboard for photographers and their customers. In contrast to producing photographs for magazines, working for an advertising agency and especially for mail order catalogs offers much less aesthetic freedom (p. 137). Whereas fashion magazines pay more or less the same for their pictures, the daily rates for advertising photography differ extremely. Only in this market for advertising fashion photography it is possible to transform status into money (p. 141 - 142).

In his study Aspers differentiates between two types of fashion photographers: high fashion and low fashion photographers. Whereas the first type controls identity, status and style by rejecting job offers from fashion magazines with a low status and from mail order catalogs, in sum, by operating according to an artistic logic, the low fashion photographers seldom turn down a job and see themselves more as a craftsman pleasing their customers (pp. 145 - 153). The fact that high fashion photographers have a much higher status becomes clear through the observation that low fashion photographers know much more about and look much more to the other type of photographers than vice-versa. In subsequent chapters Aspers examines the consumers' (predominately fashion editors and art directors of advertising agencies) meaning structure in relation to the market for fashion photography in order to demonstrate that there are in fact two markets for fashion photography. On the one hand, there is the market for editorial fashion photography operating according to an underlying logic of art, uniqueness, and creativity. On the other hand is the economically driven advertising market, in which photographers have much less aesthetic freedom but can gain more money. Especially photographers who publish in fashion magazines ranking high in the status order are most likely to get the highest rates for advertising photography (p. 213). In this light, prices for advertising photography can be seen as epiphenomenona of status distribution in the field of editorial fashion photography (p. 208).

To conclude, Aspers' study is a very good piece of sociological work. It takes the reader into the meaning structures of actors in the market for fashion photography and thus advances the explanation and understanding of this kind of market. With its emphasis on subjective meanings it is a very good counterpart to earlier studies of aesthetic markets focusing on structural explanations mostly based on quantitative data. For this reason, this study should become an important starting point even for quantitative analyses of aesthetic markets.

Jörg Rössel
University of Leipzig
roessel@rz.uni-leipzig.de

John L. Campbell and Ove K. Pedersen, eds., *The Rise of Neoliberalism and Institutional Analysis*. Princeton: Princeton University Press, 2001.

One of the original aspects of this book is to provide its own self-analysis as a composite construction, made of various theoretical and empirical contributions on the same topic, "the rise of neoliberalism", defined as a complex and moving set of ideas, political agenda, institutional shifts promoting market deregulation, state decentralization and reduced political intervention in national economies during the last three decades. Scholars from four different traditions of "institutional analysis" (rational choice, organizational, historical and discursive institutionalisms) are successively asked to give their account of some aspects of this rise: the move toward neoliberal institutions in specific regions or countries (Latin America, Nordic countries, Great Britain, United States, France), changes in taxes on business, central banking and bankruptcy laws, labor market policies, health systems. Some do it from a mainly theoretical and abstract point of view, others from a more "thick descriptive" methodology. Whereas some authors stick to a rather positivist approach, others are closer to an interpretative kind of analysis. Therefore the book provides a good picture of the space of methodological and theoretical styles in institutional analysis.

Among the consequences of this methodologically and theoretically pluralist construction, the difficulty to give a simple general account of neoliberalism after reading this book is probably the most striking. But what can be described as a difficulty can also be seen as a strong point. Indeed, neoliberalism is characterized by a large variety of processes and determining forces. Its application has reached many sectors and it has generalized all over the world in very particular social and historical contexts during three decades.

The two articles written by scholars from the rational action tradition testify to the diversity of this approach when it is related to the same kind of empirical problem. Jack Knight presents various game theory models that can be used to understand the implementation of neoliberal institutions from a deductive point of view. Latin America is a place where the 'bargaining approach', which emphasizes competitive pressures, fits the data particularly well (even if it can be confronted and combined with other theoretical inspirations). Adopting a more statistical methodology (using time series of macroeconomic data), Edgar Kiser and Aaron Laing establish puzzling facts which seem to reveal an 'overestimation' of the reality of neoliberalism. Taxes on business did not decrease all over the world in the last years, although this reduction has been in most of the countries one of the central parts of the neoliberal agenda and although it can be easily deduced from a simple rational choice model. In social-democratic countries like the Scandinavian countries, the level of taxes on business remains very high (compared to Great-Britain and the United States for instance) although their economies share a high degree of openness to global competition. The patterns of evolution do not show a rapid convergence between the neoliberal and the social-democratic countries. The authors argue that the level of taxes on business must be interpreted with reference to the level of services they provide for business and that rational choice explanations have to be combined with detailed case studies and other theoretical inspirations to explain this anomaly.

From the perspective of historical institutionalism, the importance of national patterns of development and specific sector conditions are critical in order to understand the recent history of neoliberalism. With the use of a regression model on time-series variables, Bruce Western shows that both neoliberal and corporatist models did not particularly succeed with regards to the performance of their labor markets, but he nevertheless observes significant statistical differences among groups of countries. The influence of macroeconomic variables, especially investment growth, appears to be much stronger than institutional factors, like unionization or labor institutions. Bruce G. Carruthers, Sarah L. Babb and Terence C. Halliday compare two institutions of the financial system, central banks and bankruptcy laws, in two countries, France and Mexico. They do this from a more explicitly institutional and less quantitative point of view. In both cases, they exemplify the relation between central bank independence and the rise of neoliberalism but at the same time a change in bankruptcy law that cannot be interpreted as favorable to bankers. This conclusion adds complexity to the question of assessing the direction of a historical process through which institutions are supposed to become 'more neoliberal'. In fact, the direction depends on specific conditions.

From the view of organizational institutionalism, the achievement of a neoliberal reform is related to a particular context in which an organizational change is promoted. David Strang and Ellen Bradburn show how the production of new arguments in the 1970s led to a theoretical invention in a situation of crisis of the American health system. The birth of health maintenance organizations (HMOs) illustrates both the importance of theoretical economic discourses to promote particular solutions to problems and the necessity for these discourses to fit preexisting conditions. Drawing on statistical models, they show that discourse-related conditions and diffusion effects help to explain differences among states in the implementation of HMOs. From a more theoretical point of view, John Campbell discusses the "role of ideas" in political economy. He conceptualizes a notion that is often too vaguely defined and provides a strong empirical support for this hypothesis. He "deliberately blends elements from this school with others from historical institutionalism". New ideas have in particular to fit both prevailing cognitive and normative constraints in order to be accepted by public opinion and to be seen as viable solutions to problems. In the case of neoliberalism in the United States, its promoters had to be in phase with dominant American social philosophy but, at the same time, they had to propose a way out of "stagflation"' in the 1970s.

The last theoretical tradition (discursive institutionalism) explicitly stresses a dimension of economic life which is most of the time ignored, namely, discourses, narrations and paradigms, referring here to a more "literary" or "interpretive" kind of analysis. Colin Hay develops what he calls an "ideational" approach of the Thatcher period in Britain. He tests alternative theories about the inertial dimensions of this process and the strong discursive and cognitive shifts it also implied. He then concludes that it is necessary in each period to explore the blend of ideas and political institutions and the specific historical configurations, in which paradigm shifts occur. This leads him to an approach akin to a "thick description". Peter Kjaer and Ove K. Pedersen develop the notion of "translation" to analyze the changes in regulatory institutions in Denmark. As a "loose discursive ensemble", which only exists in local contexts, neoliberalism penetrated the Danish economy by a kind of hybridization with social democratic institutions still highly legitimate. The changes in policy institutions, campaign institutions, discourse institutions, negotiation and arbitration institutions contributed to the production of a new economic common sense, in turn leading to a "negotiated economy" centered on the global competition and the need to implement a structural policy to help the country in global competition. A sort of 'interventionist neoliberal' policy was progressively put into place and new institutionalized collective learning processes found its stability and its capacity for transformation.

If the empirical objects explored here under the label of neoliberalism may at times seem rather disparate, this is also a logical consequence of a discussion between theoretical models. There is no theory without its methodological styles and particular ways to "construct the object". We have here a very precious, well-organized and clearly presented set of constructions of objects which may be regrouped under the global denomination 'neoliberalism'. The biggest divergence between the authors is probably rooted in the kind of tools they use to explore some specific aspects of neoliberalism, varying from statistical modeling to thick description. But we notice that these differences appear as much inside of as they are between theoretical traditions. What are perhaps missing are more international comparisons. Comparative institutional analyses of neoliberalism could certainly be a challenge for what the editors call a "second movement in institutional analysis".

This immediately leads to a second point, which can be stressed as an important result of this book: Neoliberalism does not exist as a pure ideological movement nor as a general theoretical or political construction, but it can be described as a complex process of institutional change depending on rational but also cognitive and normative preconditions and factors. It differs according to countries and kinds of institutions. The diffusion of neoliberal ideas is mixed; often hybrid, and its speed may vary strongly from country to country. Countries have very specific paths and do produce their own particular brand of neoliberalism in specific contexts. This book gives a large set of precise examples and provides rich illustrations for this general thesis.

Finally, the theories under review seem to diverge more on the relative importance of determining factors than on the general account of the neoliberal process. Individual rationality, macro-institutional and economic dynamics, organizational solutions to problems, paradigm shifts (including the construction of problems by experts): All these phenomenon can lead to the implementation of institutions, practices and policies which can be grouped under the label 'neoliberalism'. The editors may not be too optimistic when they plead for a "second movement" in institutional analysis. This book paves the way.

Frédéric Lebaron
Centre de sociologie européenne
Collège de France
lebaron@msh-paris.fr

Arnold Windeler, *Unternehmungsnetzwerke: Konstitution und Strukturation.* Wiesbaden: Westdeutscher Verlag, 2001.

In his dissertation, the German organizations and network researcher Arnold Windeler advances a new theoretical perspective for the analysis of business networks. This "structuration" approach that is mainly based on the social theory of A. Giddens is used to overcome two complementary shortcomings of previous network analyses. According to Windeler, these analyses either ignore the active and reflexive capabilities of social actors or the social context of interorganizational networks. Therefore, the main objective of Windeler is twofold. On the one hand he stresses the active role of capable and knowledgeable actors as the foundation of markets, organizations and networks. Networks are considered as "social systems, in which networks are constituted by social actors and organizations and their interconnected actions (…), the protagonists themselves must take into account as a basis of their actions." (66). On the other hand he underlines the social construction of networks in specific institutional contexts (23).

The book is divided into three parts: In the first part, current network analyses in management theory are shortly reviewed. The second part discusses the shortcomings of the concept of systemic rationalization elaborated in German industrial sociology in the 1980s (Baethge, Altmann et al.) and the structural network analyses of Burt, Ziegler and others. These studies are classified as either ignoring actors or structures. The author concludes by stating that “[n]etwork studies from the field of strategic management studies ignore the structural prerequisites and consequences of action (...) while structuralist or functionalist theories do not take into account the 'knowledgeable agent’" (141).

In the third, main part of the book, Windeler develops his own approach in six steps. First, he summarizes central aspects of Giddens’ theory of structuration, then he introduces his analyses of network practice, of network action, of business networks, of institutional contexts for networks and of the duality of network structures.

At the outset, Windeler marks the theoretical point, where his proposals go beyond the approach of Giddens. While Giddens is primarily concerned with the active and recursive constitution of *social action*, Windeler proposes to combines these insights with some aspects of Luhmann’s systems theory, thus also analysing the active and recursive constitution of social systems. Similar to the approach of Johannes Weyer (not mentioned by Windeler), networks are therefore conceptualised as intermediating system between social action, the strategies of businesses and society-wide institutions (132).

Secondly, Windeler introduces the concept of practical action as "regularized types of acts” and emphasizes that actors in networks not only react to external conditions but that they also actively create the context of their own actions. Social practices are not only restricted by social institutions, business networks and social protagonists. They are also made possible by these very contexts.

Thirdly, the author stresses that the knowledge- and power-based capabilities of social actors are structured by different social contexts (for example by business networks). Windeler summarizes the three level model of social practices underlying this study (action, networks, institutions) in a formulation inspired by Heidegger: "In their actions, actors are trying to understand and interpret their situation thus appropriating their being-in-the-network in the context of their being-in-the-world which is the basis of structural and institutional possibilities and restrictions inherent in their situation" (160). Another aspect is the double framework of action in networks: The actions of an employee in business networks are not only structured by and referred to the situation and strategies of his or her own company but also by the situation of the whole network. The success of networks thus depends on actors at organizational borders ("boundary spanners") taking into account this double framework of action.

Fourthly, Windeler—in analogy to the corresponding model of social action of Giddens - proposes a three-level-model of social systems. In the centre of this model, he places the capacities of social systems to observe themselves and their environment ("monitoring"), the reasons given for their strategies ("rationalization") and the plans and programs of social systems ("motivations") (215). Through this extension of the structuration approach inspired by current systems theories, Windeler stresses the importance of the reflexive control and monitoring of networks and other social systems. On this basis, business networks are defined as durable social relationships between at least three firms (232-233) that are coordinated neither by a unified command and control structure nor by market prices. The stability of such relationships can be based on trust and negotiations (heterarchical networks) and also on power and domination (hierarchical networks) (244). Windeler analyses the regulation of these networks in six dimensions: “the selection of the participants, the allocation of resources, the evaluation of the events as well as (...) the form of the systemic integration, the configuration of the system and the constitution of its boundaries" (249).

Fifthly, the author discusses the reciprocal structuration of business networks and institutions: Networks are embedded into social structures of domination, signification, and legitimation.

In the sixth chapter, Windeler introduces the concept of network resources defined as the "allocative and authoritative as well as material and immaterial resources, used by network actors creating structures of domination in the network (and towards external actors)" (315). These resources and the corresponding networks are constituted reciprocally.

In a final short part, Windeler proposes the concept of reflexive networking in order to take into account the erosion of the 'protective cocoon' of previous, traditional forms of interorganisational networks (336). Instead of a uniform network society completely dominated by reflexive networks, however, he expects a pluralisation of economic structures of regulation: There is not any "one best way" to the coordination of economic activities.

Windeler's book is the impressive result of an intensive attempt to exploit the theoretical framework of structuration theory for the advancement of organization theory, industrial sociology, and network analysis. On the one hand, the study contributes to the integration of Giddens and Luhmann, of structuration and systems theory. On the other hand, it places networks and other social systems at an intermediary position between social action and society. The essential contribution of Windeler's network theory is the insight in the role of reflexive, "knowledgeable" actors for the constitution of networks. The social constitution of networks and their role for the (re -) production of social structures cannot be ignored any longer after this work. However, the study still carries the traces of a German doctoral thesis as it could have been shortened at some places. Furthermore, the author does not take full advantage of his own rich empirical knowledge for the purpose of the book.

Martin Heidenreich
Otto-Friedrich Universität Bamberg
martin.heidenreich@sowi.uni-bamberg.de

Nan Lin, *Social Capital: A Theory of Social Structure and Action*. Cambridge: Cambridge University Press, 2001.

Over the last 20 years, social capital has become one of the core concepts in the social sciences, as well as a buzzword in recent popular discussions. The use of the concept differs within sociology, and across social sciences. Social capital sometimes and perhaps mostly in political science, denotes a macro quality, while within sociology social capital is a property located primarily at the micro-level. As happens to be the case with many of our most important concepts however, there is no consensus on a definition of social capital. As a consequence (which in sociology is generally more of a rule than an exception I'm afraid) cumulative thinking and research is largely lacking. Up until now, the concept of social capital has certainly fertilized imagination and discussion, but at the same time, a profound theoretical investigation, aiming at clarification and integration of disparate work, has been lacking. This important book authored by Nan Lin, aims at presenting exactly this type of investigation. Lin has been one of the key figures in social capital theory and research since the mid 1980's, and those who have followed him will recognize this piece of work.

The book is published as no. 19 in the increasingly impressive Cambridge University Press series on Structural Analysis in the Social Sciences. It's a short book, containing 13 chapters running over approximately 250 pages. The core of social capital theory itself can be found more or less self-contained in chapter 5. Chapters 1-4 lay out prerequisites and key assumptions for the presentation in chapter 5. Chapters 6-7 anchor the theory in two major research contexts, namely status attainment and social inequality. The second part of the book (ch. 8-12), sub-titled conceptual extension, includes some further discussion of the core building blocks of the theory. To my mind, the most important aspect of this part is the dynamics that are brought into the theory in chapters 8-11. The book also contains a discussion on the impact of the Internet on social capital (ch. 12), and a short epilogue (ch. 13). The structure of the book is crisp and clear. Almost every chapter begins with a brief survey of the discussion so far and a quick outline of the present chapter. Each chapter concludes with a short summary. Moreover, key definitions, assumptions, and propositions are repeated throughout the text. If the book is read in one or two sittings, the repetition becomes a little annoying. However, for students or occasional readers the style is probably helpful.

The book builds up with a discussion of capital theory in general that distinguishes social capital from other types of capital. These include what Lin calls the classical view of capital, which is basically Karl Marx’s notion of capital, and neo-classical views of capital, which comprises Gary Becker’s human capital theory as well as Pierre Bourdieu’s theory of cultural capital. Already in the leading paragraph, Lin defines capital as a process of investment with expected returns. This is a straightforward definition that brings forward one of the crucial assumptions of the theory, namely that this is a theory populated by purposive actors. In turn, this is one rationale for Lin’s particular interest in neo-classical views of capital. Neo-classical capital theory is micro-oriented as opposed to the Marxian view of capital, and more importantly, neo-classical theories of capital stress the interplay between individual choice and structural constraints. After the discussion of various forms of capital established in previous theory, Lin moves beyond the focus on individual resources, i.e. human and cultural capital, and introduces the reader to the world of social capital, embedded in the ties between social actors. The key proposition here is that social capital is “investment in social relations with expected returns in the marketplace”.

But why should we care about social capital at all? Lin presupposes that it is an important idea, and argues briefly that social capital is significant also when compared to the other forms of capital. Lin gives four broad explanations to why social capital is important and why it actually works to increase returns, i.e. to enhance action outcomes. First, in an imperfect market, (some) social ties can be strategically managed to gain access to information that can be used to reduce transaction costs. Second, social influence operates through social ties, and social influence can be used to reach desired outcomes outcomes. Third, social ties are the manifestation of an individual's social credentials, and assures other actors that the individual can (or cannot) provide added resources. Fourth, social ties acknowledge and reinforce an individual's social position, and further her future access to resources.

Lin's analytical style is straightforward and cunningly simplifying. He spends very little time on analyzing concepts, which is probably evident from the fact that "capital", and its different forms, is covered on the 15 pages of chapter one! Rather, Lin makes explicit assumptions that serve as the basic theoretical postulates and from there he derives general theoretical propositions. The theory is presented in a non-technical fashion, and it invites not only conceptual discussion, but also formal modeling. To me, the style of Lin resembles that of the best in, e.g., James Coleman and Peter Blau's work. Lin shares with these two scholars the overriding ambition to be clear and precise, in order (I believe) to be easy to grasp and to invite critique.

The theory of social capital proposed by Lin consists of four postulates, and seven propositions. In essence, the theory simply postulates that the social world entails the actions of interrelated purposive actors, embedded in hierarchical structures. From this, the propositions about social capital emanate. Simple? Indeed. Naive? Perhaps. But what more: Transparent! And as the reader of the book will learn, it is a surprisingly powerful basis.

Lin's theory of social capital provides a firm answer to the critique that social network analysis is theoretically barren, involving little more that esoteric descriptions of abstract and static structures. To me, the book demonstrates the power of social network analysis as a general methodology for informing sociological theory. Starting from the simple observation that social life is made up from social actors and their relations, Lin presents a topical analysis of social capital, which in fact also provides the seeds for a basic theory of social stratification. Future work on the theory holds great promise, because social network analysis also provides the method for continued stringent empirical analysis. The theory of social capital is a full-fledged middle-range construct, emerging and evolving from the creative interplay between theoretical ambition and empirical analysis. The book invites the critical mind, as well as the empirically inclined, and should become a standard text for students of social capital for years to come.

Christofer Edling
Stockholm University
CEDLING@sociology.su.se

Neil Fligstein, *The Architecture of Markets.* Princeton: Princeton University Press, 2001.

Introduction

About two decades ago a revival of economic sociology has begun. Harrison White's article "Where Do Markets Come From?' (1981) is often seen as the start of a renewed sociological attention paid to the functioning of markets, businesses and government. White wondered whether economists had developed a market theory at all instead of a mere theory of exchange. A market in economics is an abstract meeting place of supply and demand, no institution where people meet each other. Neil Smelser appeared to be the only sociologist who never stopped analysing economic processes from a sociological perspective. Nowadays the discipline is growing and flourishing and the Handbook of Economic Sociology (1994), edited by Neil Smelser and Richard Swedberg, is a nice reflection of the results so far.

And now the publication of Neil Fligstein's "The Architecture of Markets". In this book the author unfolds his so-called *theory of fields*. In his view markets are social organisations, called fields. In these fields collective actors are not, as in economic theory, utility or profit-maximisers. Instead, actors are viewed as playing a social and political game. Powerful players interact and share opinions and form common understandings about how to rule the field. For these actors, competition and flexible prices are a threat to a stable structure in which they strive to (socially) survive.

In this review article, I present the content of Fligstein's- book (section 2). I compare the typical economic approach and the political-cultural approach of Fligstein (section 3). Next, I discuss alternative institutional economic views and compare these with the typical economic sociological approach (section 4). I conclude the review with a few remarks about the most promising research strategy for the near future (section 5).

<u>"The Architecture of Markets"</u>

Fligstein presents his political-cultural approach as an alternative to the economic view on markets and their functioning. He blames economics for ignoring the social, political and cultural context in which the economic processes are embedded. Actors in markets, including governmental actors (!), are socially interacting. These frequent contacts give rise to common understandings of the common interests of the main players. Fligstein sees the market as a social organisation, that is a field where the rules of the game are determined by the incumbent players. Apart from these insiders there are outsiders, called challengers. They must accept the rules of the game or risk a "war". When the stability of a particular field is threatened by changing circumstances challengers get a chance to invade into the inner circle and co-determine the rules or even start to dominate the field (political aspect). Once rules are established, they tend to get a moral connotation, which means that every actor is morally obliged to accept these rules (the cultural aspect); otherwise the survival of the incumbents is threatened.

In chapters two, three and four, the formation and stabilisation of markets as fields are treated. Markets are real life institutions, not abstract locations of exchange. Particular markets emerge when entrepreneurs start to produce a new product. They offer it for sale in a way that fits more general institutions of the prevailing market economy. As soon as other firms enter this market, the rules of exchange may change. Two competitors do not only interact with customers, but also with each other. Apart from being competitors they also share particular interests. Over time they develop a common conception about the most effective way to protect their common interests. If more competitors enter the market, the insiders can collude in an attempt to avoid their entry or they can accept the newcomers under the condition of their acceptance of the established rules of the game. In contrast with economic theory the government is an important player in the social-political game. It is not a neutral referee; there is constant social interaction between private and public players. Especially with respect to the establishment of property rights and governance structures the government plays a pivotal role. No incumbent party has an interest in competition and free entry. Flexible prices would mean a constant threat to the stability of the field and to the survival of the insiders. This must be avoided by all means, i.e., by social, political and cultural means! This drive toward (social) survival gives players and social systems some stability. However, significant changes in the environment of the system may cause a crisis. Principal goals cannot be achieved anymore. This may lead to a change in the conception of control. The crisis makes a new interpretation of the situation necessary and challengers, private as well as public actors, who profit from the changes in circumstances, translate their growing power in the form of a new conception of control. Now they have become the new incumbents and they use their position to reformulate the culture of the field.

In chapters five, six, seven and eight Fligstein applies his theory of fields to the explanation of developments in employment and business systems. In labour markets systems of industrial relations try to stabilise these fields. With respect to the quality of labour, systems of credentials play the role of controlling the supply of labour by particular vested interests. In goods and financial markets dominating conceptions of control are or have been the so-called finance conception, the stakeholder conception and the shareholder value conception of control. These frameworks of interpretation are closely related to particular systems of property rights and governance structures. Fligstein explains why American business has been dominated by the shareholder value conception. In contrast to what economists tend to expect, this conception is not a real threat to the stakeholder conception that dominates the European and the Japanese economy. Different conceptions can offer effective solutions to the problems of survival in different geographical areas.

In chapters nine and ten, Fligstein illustrates the difference between the ideal-typical orthodox economic approach and his political-cultural approach by discussing globalisation and the role of the information technology industry in this process. According to the neo-liberal conception of control, any government intervention into free market processes will be harmful for that particular country due to the global reach of markets. But when we look at the empirical facts, Fligstein shows that we observe only a significant increase in trade within different trading blocs and some increase between the North American and the European bloc. Real globalisation does not take place. Moreover, we must not forget that other stakeholders than the shareholders also represent firm-interests, like education, health care and infrastructure that must be served somehow. Just leaving these interests out of the interpretative framework will lead to threats to the survival of the property of the shareholders. When looking at the facts with respect to the US -economy and comparing them with the facts of the EU -economy, we do not observe any significant differences in terms of growth and employment. Expensive welfare systems in the EU-area have not led to worse economic performance at all. Fligstein draws the conclusion that the typical neo-liberal conception of control is an interpretation of the global economy that serves the interests of the incumbents of the American field, more than that it is a necessary conception of control for all players in the world economy.

Mainstream Economics and the Political-Cultural Approach Compared

In mainstream economics no explicit distinction is made between the economic, the social and cultural and the political aspect of human behaviour. It looks as if economic subjects are operating in an institutional vacuum. Even in the most recent accounts of this type of hard-core economics the individual is (socially) independent and is in a state of perfect reflexivity. Thus, psychological problems are non-existent and imperfect information only implies the individual to be a risk calculator. When the behaviour of a government is analysed, only the application of the unanimity rule prevents the incidence of sub-optimal situations. This approach is not only applied to markets, but also to other institutions in society. The New Institutional Economics applies the sophisticated homo oeconomicus to all human behaviour. Institutions that remain stable for a while are efficient by assumption. Otherwise processes of competition would force particular institutional patterns to adjust.

The political-cultural approach, however, has a different research strategy. When subjects in the economy (which is different from economic subjects!) face uncertainty because of a lack of relevant information, they consider several strategic options. Most subjects are uncertainty averters. They are going to search for partners who share the same interests. Competitors, suppliers, customers and relevant government agencies are potential subjects in this respect. Co-operation between these parties must lead to a stabilisation of their common field. Regular social interaction between parties that have their interests in common leads to the emergence of a set of rules (culture). Deviance might lead to a war that threatens survival. Therefore, rules receive a moral connotation. Only if circumstances change and the maintenance of the rules would lead to bankruptcy the field is getting into a crisis. This is a sign for the incumbent players to take initiative and change their conceptions of control and their strategies.

Compared with the mainstream approach I see the following differences. Lack of information leads to uncertainty, which make people look for other people in the same situation. In economics people keep calculating on their own and look for opportunities for co-operation if the calculation gives reason for doing that. In sociology, relations between people who frequently interact also take on a social nature. After some time, social interaction leads to the emergence of mutual expectations with a moral connotation.

The emergence of relations of a social character has far-reaching consequences. Historically, people also develop political institutions. In sociology the main role of governance structures is to dampen human rivalry. More specifically governance structures serve as arbiters in social conflicts and develop policies to prevent them. However, the role of government in economics is different from sociology. In the first mentioned discipline government functions as a deus ex machina. In sociology, however, the government is an instrument in the hands of dominant private powers. Hence, where in economics the economy consists of individual subjects, being persons or private organisations and an independent government, the sociological view on the relationship between different groups, private and public, in society is based on power (inter-group relations) and culture (intra-group relationships).

Where economic analyses always assume given ends and assess the relative efficiency of different means, sociology assumes the possibility that social interaction changes the ends of people. Then the use of the concept of efficiency, being the relationship between ends and means, is problematic. In sociology efficiency then can only have meaning in stable institutional contexts.

In the next section we will see whether the main challenger of the orthodox perspective in the field of economics, institutional economics, is dealing with the social and economic aspect more convincingly.

Institutional Economics

In the period during which neoclassical economics was developed, some economists objected against the method of producing isolated abstractions. They stressed the relevance of institutions in which economic processes are embedded. Social and political factors co-determine the outcome of economic processes. This group of scholars were called Institutionalists. Some, like Veblen, were working on an alternative methodology, namely an evolutionary approach. Others, like Mitchell, were constructing concepts and developed statistical material to quantify these concepts. Because this group of challengers was small and the domination by neo-classicals was tough, Institutionalists were unable to develop an influential alternative to the neoclassical analysis.

Over the last two decades, attention of economists paid to institutional matters has been increasing. Not only in straight empirical work, but also on a paradigmatic, analytical and theoretical level progress can be observed. The revival of evolutionary economics, as illustrated by Nelson and Winter's classic on technological development (1982), is inspired by the evolutionary approach advocated by Veblen (1919) and other Institutionalists. North has shifted his interest from a transaction cost analysis of historical economic processes to an analysis of developments in the institutional environment of economic processes (1991). He recognises that long-term developments in institutions are not based on cost/benefit calculations, but are mostly the outcome of historical processes. Even Williamson (1998, 2000) is now taking institutional contexts into account when presenting his transaction cost minimising agents (Rutherford, 2001). If this will become the dominant trend, there will be no principal differences between the Original (OIE) and the New Institutional Economics (NIE) anymore. A more detailed account of Williamson's article makes it possible to compare it with Fligstein's approach.

In his economics of institutions, Williamson distinguishes between four *levels of analysis*. (1) ultimate values and norms; (2) formal rules of the game, especially property rights; (3) governance structures or rules of the game; (4) determination of qualities, quantities and prices of scarce resources.

Level one is the field of social theory, level two of property rights economics, level three is the terrain of transactions cost analysis and level four is the area of neoclassical economics. This approach has a remarkable characteristic: all the dimensions just mentioned play a role in the explanation of what is going on in real life economy.

Fligstein distinguishes between four *types of rules* that seem to have some similarity with the distinctions made by Williamson: The conception of control; the system of property rights; the governance structure; and the rules of exchange.

There is a clear difference between the elements listed first. While in Williamson's system society is based on a few ultimate values, expressing the foundation of a particular civilisation, Fligstein starts with his conception of control, being the basic instrument for people who try to survive, whatever the circumstances. The advantage of the "conception of control" concept is the fact that it suggests a relationship between goals, instruments and the map of a particular situation that is describing the relationship between the goal variables (ends) and the instrument variables (means). This relationship can also be indicated as *view*. When talking about values and norms the relationship between the two is implicit. But the second and third elements are more or less equal in both approaches. With respect to the fourth level, Fligstein talks about the rules of exchange, while Williamson is talking about the determination of the results of an exchange. It looks different but when we translate rules of exchange into conditions of exchange, both approaches coincide. Prices, quantities and qualities are part of a set of conditions, like time and place and the precise nature of delivery. While Fligstein offers his approach as an alternative to the neoclassical approach and replaces the idea of competition and efficiency with power, culture and effectiveness, Williamson presents a theory in which each approach is given its special, functional place.

Future Strategy

Fligstein developed his theory of fields as a reaction to the strong empirical character of most research within the field of economic sociology. His attempt to develop a theory that could function as a basis for research in economic sociology should be praised. His book is intriguing and invites the reader to critical reasoning. Comparing his approach with the most recent and sophisticated versions of institutional economics, a few differences are relevant.

The concept of "conception of control" is a relevant instrument to explain different feed back mechanisms in Williamson's framework. Williamson states that changes in level one variables are extremely rare and he is not dealing with an explanation of these changes. Fligstein's approach can be of help when dealing with this issue. Williamson also admits that his picture is a static representation and that changes can be understood as part of a historical evolutionary process. This is in line, not only with Fligstein, but also with the approach that has always been advocated by the Original Institutional Economists.

A last important question is related to the role of choice and utility maximisation under constraints in a historical-evolutionary approach of institutionally embedded economic processes. In my opinion these two perspectives do not contradict each other. The neo-classical paradigm has evolved into a theory of decision-making. It structures the situation in which actors take decisions. The paradigm is neutral between the ends or motives of people. In the theory's most sophisticated version, ends are thought to be shaped by forces of a physiological-psychological nature on the one hand and social forces on the other hand. So are the constraints determined by processes of physical-chemical nature and of social and political nature. By assuming that every actor is maximising her utility, the explanation of human behaviour is organised, more than that a substantial statement is made (Keizer, 2001).

It is a promising fact that developments in institutional economics, the "Original" as well as the "New" variant, and in economic sociology are approaching each other so closely. More co-operation between researchers of these fields of study will undoubtedly be very productive.

Piet Keizer
University of Maastricht
P.Keizer@algec.unimaas.nl

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CONFERENCE REPORTS

International Conference 'Social Capital: Interdisciplinary Perspectives'', European Science Foundation, Exeter (UK), September 15-20, 2001.

The enduring presence of the concept of social capital attracts the interest of a multidisciplinary public and still evokes genuine enthusiasm in the social sciences. This attention is reflected in the intense atmosphere that characterised the Euresco Conference on Social Capital held in Exeter (UK), September 15-20, 2001. The aim of the organisers was to review the state of the art of research in this area, referring to the main theoretical frameworks that contributed to the emergence of the concept of social capital. Robert Putnam and Elinor Ostrom were among the guest speakers and their suggestions enriched the whole meeting, triggering a debate between sociologists, political scientists and economists. Unfortunately, the communication breakdown with the United States in the aftermath of September 11 prevented the participation of some speakers. For this reason, part of the discussion had to be reoriented. World Bank representatives, in particular, were absent and parts of the plenary discussions dedicated to the topics of social exclusion and the downsides of social capital were attended less than initially envisaged by the organisers. In this brief report, I will refer to aspects addressed in the sessions, as well as some specific features that emerged in the plenary debates.

Among the topic I found more interesting and particularly relevant is the debate about the link between social capital, political participation and democratic concerns. The keynote address by Robert Putnam was the starting point of a discussion that was continued during the remainder of the conference and captured the attention of the audience. Putnam's concise message was an encouragement to bring back community concerns within research and intellectual theorisation. Both could in fact benefit from a more 'grounded' definition of social capital and from the description of its mechanisms at the micro level. He also illustrated some preliminary results of an extensive study already completed in the United States, showing how the dimensional aspects of social life and the opportunities of creating community social capital interact intensively. The implications of Putnam's suggestions paved the way for J. Van Deth's presentation. His paper analysed the relationship between social capital and democracy in Western society. Democracy, he stated, cannot survive without a minimum amount of egalitarian reciprocal relations. In the future, the social sciences have to dedicate more and more attention to the establishment of social relations and trust through socialisation, the creation of norms and values and the structuring of networks inside politics. Other contributions focused also on the role of institutions in social capital research and particularly the capacity of institutions to foster human capital development (Schuller), co-operative economic practices (Arrighetti e Wolleb), trust (Rothstein and Stolle, Raiser at al.), and social integration in general (Szalai, Volker e Flap).

Van Deth's speech was also a plea for more clarification in empirical research, particularly in regard to the link between macro and micro dimensions of social capital. He suggested that the 'social capital framework' could provide an opportunity to re-orient large scale surveys as well as local empirical investigations. This second topic area—that we could call the methodological dimension—had been previously introduced by Elinor Ostrom's introductory speech. Taking into account recent contributions, she noted that the concept of social capital itself has been operationalized in so many ways that some scientists and economists consider it still a rather vague concept. Ostrom emphasised the problem of both level and dimension of empirical observations of ‘social capital’. First, she clarified the contribution of the social capital approach to the study of collective action and then she went on to describe how the study of allocation problems and institutional arrangements could benefit from a social capital perspective. Her advice to the audience was to expand the diversity of research settings for the future and to start theorising by attending to the quality of information and relations dealing with social capital formation or, in other words, its micro-foundations. Focusing more on local knowledge and the social processes of creation and reproduction of reciprocal networks, small-scale empirical research re-orientates the current theoretical frameworks.

Richard Rose’s contribution also suggested methodological guidelines for future research. In his talk, Rose pointed out two important aspects that had been ignored by social capital investigators so far, namely, comparative research and the explanatory links between social capital and economic and social development. Success of governmental and independent policies, he suggested, should be analysed more critically and, whenever possible, results should be tested also from an analytical point of view and by the simultaneous use of different strategies of data collection. This third ‘topic area’ of the conference (that I will dub the critical view of social capital approaches) was advanced by Mark Shucksmith and Ash Amin. Moving from their own research experience, these authors dealt more intensively with the downsides of social capital as well as the ‘hegemony risk’ that such an encompassing theoretical umbrella could pose for the investigation of socio-economic development processes. Their contributions were a clear call for reconsidering the gap between policy goal setting in different arenas (such as economic development, citizens’ participation, social integration of immigrants) and ‘ground level’ social and political effects. The influence of the ‘context’ (such as the factual distribution of power and of resources inside a community) is also frequently misrepresented and tends to be considered only from the point of view of social inclusion. The impact of values or religious affiliation on structuring vital communities through people’s participation in voluntary associations or civic engagement more general is thus still to be fleshed out and hast yet to be linked with specific forms of relationship structuring.

Taking all these aspects into account, the Exeter meeting provided a good occasion to set the agenda for future investigation, rescuing social capital studies from the incumbent risk of becoming a mere narrative review of past experiences. Last but not least, several poster sessions provided young researchers with the opportunity to present projects and results of recent work on related topics. This session was well organised and a discussant for each presentation provided suggestions and advice for students in the process of drafting their dissertation projects.

Most of the papers—both those presented and those not presented, but originally prepared for the conference—can be downloaded from the conference website at www.exeter.ac.uk/shipss/politics/research/socialcapital/index.htm

References and useful information about current research projects related to the issue of social capital and some interesting contributions from the so-called “Italian School on Local Development” and by American political scientists (e.g., Norris, Warren) addressing problems of political participation can also be found there. In the following months, a series of working papers dedicated to case studies based on the social capital approach will be published by the organisers. The follow-up conference will probably be held in 2003, hosted by the University of Mannheim, Germany.

F.Odella
University of Trento
fodella@soc.unitn.it

"Understanding Economic Institutions: Theory, Methodology and Illustrations." Third International Workshop on Institutional Economics, University of Hertfordshire, September 4-7, 2001.

For more than a decade, Geoffrey Hodgson has been a leading proponent for a renaissance of institutional economics in the 'old' or 'original' tradition of Veblen, Commons and the German Historical School. His central books (e.g. Hodgson 1988, 1993, 1998, 2001) constitute milestones in this process. He has also been a founding father and the leading figure in the European Association for Evolutionary Political Economics, which has been the main organizational forum for the development of modern institutional economics. A new initiative of his is the organization of annual international workshops at the University of Hertfordshire, UK. Two days of lectures and seminars primarily for PhD students are followed by a workshop lasting for two days.

The theme of the workshop was "Understanding Economic Institutions: Theory, Methodology and Illustrations." 11 papers were presented. The papers can be divided into a group of theoretical papers and another group of applied papers.

Theoretical Approaches

The first group of papers discusses and develops new conceptual frameworks for the analysis of economic institutions, integrating economic and sociological as well as psychological and cognitive theory.

In his paper "*A Socio-Economic Framework of Interpretation and Analysis*", Piet Keizer (Maastricht University, the Netherlands) develops a framework that integrates the hard cores of economic orthodoxy and post World War II sociology. He identifies two paradigms, each consisting of a motive and a set of constraints, and argues that both forces determine human action simultaneously. Every action is seen as always and everywhere aimed at maximizing both property and status, and can be pictured as the simultaneous result of the economic and social force. By illustrating the necessity of such an approach, he then discusses how the Dutch tackled the crises and depression in the 1930s and 1970s, where policies were dominated by an orthodox economic frame of interpretation, and by an orthodox sociological thought, respectively. Neither proved successful. An integrated approach is called for to improve policy performance.

Institutional economics has always sought contact to other disciplines in its attempt to understand institutional phenomena.

In his paper "*Psychological and Social Elements in a Theory of Custom*", Mathias Klaes (Keele University, UK) argues for the importance of developing an adequate understanding of the character and role of customs in attempts to understand the economy. He demonstrates that a theory of custom requires integration of both psychological and sociological elements. He does so by way of discussion and synthesis of two important recent contributions about the role of custom, rule following and institutions (Schlicht (1998): "On Custom in the Economy" and Bloor (1997): "Wittgenstein: Rules and Institutions").

The paper by Klaus Nielsen (Roskilde University, Denmark): "*Institutionalist Approaches in the Social Sciences: Typology, Dialogue and Future Challenges*" gives an overview of institutionalist approaches in economics, sociology and political science, discusses their interrelations as well as joint future challenges and outlines an agenda for cooperative development of a subset of such approaches across disciplines. The paper argues that this subset of approaches shares a number of methodological and theoretical commonalities that differentiate them from other approaches, and, consequently, makes collaboration obvious whereas collaboration with other approaches are far more difficult.

The paper by Roger Koppl (Farleigh Dickinson University, USA): "*Language Games and Economic Theory*" proposes a unifying and integrative framework for the description of human action instead of the standard model of rational maximizing. The existing alternatives to the standard model have similarities that can be grouped under the following headings: bounded rationality, rule following, evolution, institutions and cognition. Together the similarities suggest an emerging new orthodoxy. The analytical framework proposed in this paper sees social action as a skilled performance subject to the publicly known rules of some "language game" which is defined as "a set of rules about how to talk, think, and act in different situations". The paper introduces the language-games framework and attempts to suggest its utility by giving several examples.

In his paper "*Alice through the Liquid Crystal: A Different Perspective on IT and the Economy*" Philip Mirowski (University of Notre Dame, USA) discusses the impact of the computer upon the self-conception of economics and with regard to the understanding of recent developments in the automation of stock markets. In particular, a neglected contribution by von Neumann with a vision for a computational economics is outlined and elaborated. The vision is to construe markets as formal automata, that is, as abstract information processing entities exhibiting self-regulation in interaction with their environments. The paper observes how simulated play of games by automata transmutes into the design of 'autonomous artificial agents' concocted to conduct real transactions over the Internet. To bring it down to earth, this is illustrated by the recent rise of electronic commerce networks for trading corporate shares.

In his paper "*Who's Doing What?: Towards a Narrative Theory of Institutional Agency*" Kieran Sharpe (Oxford University, UK) sketches a novel approach to organisational agency - a narrative theory – by extending certain propositions from the philosophy of (individual) action to the case of multi-agent organisations. The narrative theory of institutional agency seeks to explain agency in terms of 'stories' or 'scripts' that those agents have set themselves to act in accordance with. Furthermore, narrative theory proposes that agency must observe three norms of reason, the synchronic norm, the diachronic norm and the hierarchical norm. The narrative approach points to an agenda for future research, which is compared with the neoclassical theory of the firm, classical organisation theory and industrial organisation theory.

Empirical Investigations

The applied papers not only developed theories but also applied them in contexts as diverse as the transformation processes in the former planned economies, the characteristics of Northeast Asian capitalism, the development of agro-food business and inter-firm relations in the aerospace industry.

According to Daniel Bromley (University of Wisconsin-Madison, USA) the institutional transformations in the formerly planned economies provide an important opportunity to develop a theory of institutional change. His paper ("*A Most Difficult Passage: The Economic Transition in Central and Eastern Europe and the Former Soviet Union*") argues that new institutional economics is unable to offer coherent explanations because of its flawed concept of institutions as nothing but constraints. Instead he outlines an alternative approach based on John R. Commons' "working rules" and his distinction between three types of transactions. According to this approach all economic relations are prefigured by——and embedded in— existing political and legal relations. He applies the framework in an attempt to understand the failure of the transformation strategies built on shock therapy and privatisation. He argues that privatisation is neither necessary nor sufficient to induce the rise of a market economy. It is crucial that the legal foundation of capitalism is constructed first in order to "marketise" the economy with all that this requires in terms of informational, contractual and bargaining complexity.

The paper by Thomas Marmefelt (University of Södertörn, Sweden): "*Institutional Endowments and the Lithuanian Holding as Innovative Network: Why Does it Differ from the Swedish Ownership Sphere?*" is about the contextual contingencies that explain different outcomes of seemingly similar institutional dynamics. The voucher privatisation in Lithuania 1991-95 led to the development of a few large investment companies, backed by commercial banks under their control. This resembles the bank-industry networks that evolved in Sweden during its industrial breakthrough. Such networks may enable 'learning-by-financing' which reduces the information costs of the banker and the financing cots of the entrepreneur as in Sweden. However, they may also develop into rent-seeking institutions as happened in Lithuania. Drawing on evolutionary games theory, the paper accounts for this development.

The paper by Susumu Oto (Ritsumeikan University, Japan): "*The Economics of Quasi-Markets*" discusses the features and the interdependence of market and non-market exchange in an attempt to pinpoint the specific characteristics of Northeast Asian capitalism. He defines an economy in which non-market exchange is much more extensive than market exchange as a 'quasi-market economy'. The degree of dependence on market or non-market transactions depends on the country's political, social and cultural structure. Northeast Asian capitalism is seen as based on different institutional logics from those of Western economies, logics rooted in connectedness and relationships. The crucial actor in Northeast Asian societies is typically not the individual, but rather the network in which the individual is embedded. The paper outlines the central features of the development and contemporary challenges of this 'quasi-market economy' in the context of an exposé of the history of economic thought on market versus non-market exchange.

The aim of the paper by Lyazid Kichou and Christian Palloix (University of Picardy, France): "*Institutional Economics of the World Groups of the Agro-Food Industry in the Beginning of the Twenty-First Century*" is to propose an analysis of the strategy of the main world groups of the agro-food industry (Unilever, Nestlé, Danone, Coca-Cola, etc.) in terms of the on-going mutation of the productive and social structures of capitalism. This is studied by means of an analytical framework distinguishing between institutional and organisational arrangements and institutional environment. The strategies of actors are analysed in the context of an overall restructuring of institutional and organisational arrangements from a situation characterized by hegemony of industry backed by bank credit to a new era with a hegemony of international financial markets which in the paper is termed 'merchant, patrimonial and financial capitalism'.

The paper by Damien Talbot (University of Metz, France): "*Institutional Dynamics and Localised Inter-Firm Relations: The Case of Aerospatiale and the Toulousian Subcontractors*" refers to the functioning of institutions as non-market collective reference points that coordinate action. It focuses on processes of transformation of such collective reference points. Two sources of institutional dynamics are distinguished: (a) change of routines by learning, and (b) relations of power. The case study outlines how these two sources have been activated in different periods of restructuring of the methods employed by Aerospatiale to further coordination with its subcontractors.

Klaus Nielsen
Roskilde University
knielsen@ruc.dk

The Joy of Research—Report on the Colloquium "James March, or the Itinerary of a Free Spirit." October 16-17, 2001, Poitiers, France

On October 18, 2001, the University of Poitiers bestowed the title of doctor honoris causa upon James March. In celebration of this event, Eric Godelier, professor at the "Institut d'Administration des Entreprises" (or IAE, the university's business school), organized a two-day, transdisciplinary colloquium honoring the renowned researcher of organization theory, and exploring the influence of his work on scholars in fields such as business, economics, sociology, psychology and political science. The diversity of the participants, on both an international and an academic level, testified to the importance of March's work throughout the social sciences.

The colloquium began with an opening speech by Serge Percheron, Director of the IAE, followed by a presentation by Albert David, professor at the University of Evry Val d'Essonne. Under the title "The Influence of March: Action Research," David analyzed a number of the results of March's work and their effects on research in his own field. To this end, he identified three turning points in the history of decision models, studied the evolution from the notion of decision optimization to that of conception or design, put forward the hypothesis that conception can be considered as a generalization of decision categories, and explored the implications of these points on the positioning and the nature of business research.

Pierre Romelaer, one of the professors who worked with James March in the United States, presented "Prosopographic and Bibliometric Studies of the Diffusion of James March's Work in French Business Management." After presenting the various results of an analysis of 573 recent references to March's articles and books, Dr. Romelaer stressed the importance of continuing to incorporate March's ideas, especially those about the modeling of management processes, into future research.

Alain Charles Martinet, a leader in the study of strategy in France and professor at the University of Lyon III, discussed the impact of March's work on the domain of business strategy. In his presentation, "James March: A Recasting of Strategic Thought?" he defined the position attributed to March's work by strategy specialists, outlined several currents of thought in which March participated and which significantly contributed to the evolution of the bases of strategic management, and asked several questions inspired by March's work.

In "James March: The End of Rational Organizations?" Professor Nils Brunsson of the Stockholm School of Economics praised March for his work on bounded rationality and explored four aspects of the concept. After discussing possible answers to the question "When are we rational, and when not?", he then sought responses to the questions "Can we be rational?," "Should we be rational?" and, finally, "Do we want to be rational?"

Philippe Bernoux, an eminent organizational sociologist and honorary professor at the University of Lyon, investigated how a number of March's ideas influenced sociology in France and how these ideas were, in turn, transformed. In his talk "The Influence of James March on the Sociology of Organizations in France," he indicated that while concepts such as bounded rationality were widely accepted in French sociology, March's main contribution to the field lay in the establishment of the organization as an object worthy of analysis and autonomous study. Bernoux also pointed out that in addition to founding organizational studies, March's work in decision theory led to the creation of the branch of study known as socio-economics.

At the end of the afternoon, James March gave an impromptu speech in which he replied to a number of the issues that had arisen during the day. First, he emphasized that the main point of the different talks wasn't so much what his contributions were, but was, more importantly, the creation of the multidisciplinary field of organization studies. Next, he discussed the notion of discourse and the ways in which we move from what we hear and think to what we say, reminding the audience of the power of the word and its diversity of linguistic, cultural and contextual meanings. March concluded his talk by discussing the academic world's responsibility with respect to social myths. He indicated that while researchers have a responsibility to destroy social myths that they do not believe to be true, they also must take into account the value of these myths for social integration.

The colloquium's second day started with a round table that featured the insights of three people who had worked with James March at different times: Michel Crozier (founder and former director of the Center of Organizational Sociology), Philippe Masson (Director of Cap Gemini Ernst & Young), and Pierre Tabatoni (member of the Academy of Moral and Political Sciences). The three speakers discussed their experiences in the United States, the ways in which they discovered March's work, how his ideas changed academic and managerial communities in France and, finally, what the French have said and continue to say about March.

Thierry Weil, former director of research at the "Ecole des Mines de Paris," emphasized the need to master not only tools specific to each academic discipline, but also tools of a more general nature (such as literary analysis) and technical tools (the modeling of processes, most notably). In his presentation "The Myths of Management and Fuzzy Organizations: The Subversive Ideas of James March," Weil discussed a number of March's most popular works related to the myth of leadership, presented several of his lesser-known ideas on the modeling of agents' behavior, and summarized March's reasons for taking action despite the notion that these actions may be of very limited influence.

The presentation by Zur Shapira, professor at the Stern School of Business in New York, considered the effects of March's work within the field of psychology by using the notions of relevance and rigor. During his talk, "James March and Psychology," Shapira emphasized that the psychological literature incorporated a wide variety of March's concepts, including, for example information symbolized as a signal, bounded rationality, ambiguity, value seeking and the construction of preferences. These ideas are included in articles with a number of different subjects, such as choice, learning, adaptation, identity in decision making, appropriateness, and even career success.

In "The Organization as Seen by March and Economic Theory," Olivier Favereau explored the impact of two concepts, individual rationality and organizational behavior, crucial to the study of economics. Favereau, professor at the University of Nanterre, pointed out that the economic mainstream has incorporated the notion of the firm as a political ensemble, while the evolutionist current has privileged the idea of bounded rationality and organizational learning. He maintained that it is through the unification of these ideas that the full impact of James March's work can be appreciated in economics.

Yves Schemeil, professor at Grenoble's Institute of Political Studies, presented "The Pertinence of James March's Work in Political Science." After stating his regrets about the lack of collaboration between researchers in political science and organizational management, Schemeil turned to a discussion of the areas of French political science into which March's ideas have been incorporated and those that have remained rather closed to his work. He concluded his speech with the analysis of certain theoretical problems with four of March's concepts (bounded rationality, organized anarchy of the garbage can model, neo-institutionalism and democratic governing) as seen from a political science viewpoint.

The speech by Jeffrey Checkel, "March's Contributions to International Political Theory," assessed the importance of March's work not only with respect to international security and comparative foreign policy, but also with regard to the role of social norms in international politics. Checkel, professor at the University of Oslo, evaluated the impact in both areas through a three-step process, first establishing a baseline of existing research before March's ideas were brought into the field, then highlighting the value added by his work, and finally, offering a look ahead to analyze the remaining challenges and problems for international relations scholars who have used March's ideas.

James March concluded the colloquium by discussing the creation of the field of organization studies and touching on a number of issues that had surfaced during the colloquium's presentations, questions and conversations. First, March underlined that organization studies is a discipline without a shared paradigm, but with a generally agreed-upon set of works that underpin it. After summarizing his experience with French scholarship, he then told of his dissatisfaction with the geographical parochialism apparent in organization science and called for increased efforts at communication, collaboration and the building of networks between researchers in different countries.

Next, March presented six issues to which he wanted to respond. First, he commented once more on the researcher's responsibility with respect to destroying social myths, emphasizing that they should think about why and how they choose to overturn or change these myths. Next, he pointed out that "corrupt terms," words that are overly laden with meaning, should be avoided as they tend to interfere with discussion. While the issues surrounding these terms need to be analyzed, March indicated that we must discover a way to deal with corrupt terms in order to avoid falling into definitional arguments. The third issue he discussed was centered on researchers' aspirations for organization theory, and the possibility of developing a single unified theory of organizations. If, as he fears, such a theory would be so general in nature as to be of very limited use, then what, he asked, should our goals be for this field of study? After evoking the possibility of instead having a set of ideas that could collectively constitute a theoretical family, March spoke of his concern about the difficulty for business schools to maintain their scholarly integrity. This problem, which flows from a continual pressure by managers for research that is immediately relevant to their preoccupations, is important to organization studies because they are increasingly connected to business schools. Next, he touched on the question of poetry versus mathematics. After pointing out that both are inherently beautiful forms, he indicated that the central notion is that of quality within a particular genre, rather than trying to establish the supremacy of one genre over another. March concluded his talk with an exploration of the relation between joy and scholarship, pointing out that while scholarship is a serious business it must ultimately provide joy for the researcher.

Shawna Milliot-Guinn
University of Poitiers
smilliot@iae.univ-poitiers.fr

PHD'S IN PROGRESS

This section of the newsletter features descriptions of dissertations in the field of economic sociology. PhD students from Europe are kindly requested to submit a synopsis of approximately 200 words to the Managing Editor at es@pscw.uva.nl.

To be included in the next issue of the Newsletter, submissions should be made before April 1, 2002.

Employment flexibility: the risks and opportunities for women[1]

Name: Sara Falcão Casaca
Unit of Sociology
Dpt. of Social Sciences
ISEG-UTL (Faculty of Economics and Business Administration)
Lisbon
Portugal

Email: sarafc@iseg.utl.pt

Despite certain specific features peculiar to each European country, it has been found that, across Europe, employers increasingly resort to flexible forms of employment, which deviate from the typical model of employment of industrial society. These forms include temporary work, part-time work, self-employment (including 'bogus' employment), new forms of homeworking (e.g., telework); and work provided during anti-social schedules (weekends, night shifts and so forth).

Although many of these forms of employment are not explicitly measured by statistical surveys, available data for Portugal show that indeed the trend is towards increasing flexible employment. Furthermore, women are over-represented in many of these non-standard forms of employment. In light of this fact, it seems particularly important to ask to what extent employment flexibility is, in practice, fostering the process of gender segregation in the labour market. This issue is particularly relevant as flexibility has been rhetorically advocated as a means to a society of full and better quality employment, characterised by more free time; in sum, a society that is more socially balanced and fair. Therefore, one of the main goals of this study is to discuss the question of the effective compatibility between employment flexibility and the equal opportunities issue between men and women.

The study is based on a combination of both a quantitative analysis of statistical data and a survey on *flexible* employees and a qualitative approach. As part of the latter, in-depth interviews with women will be performed, focusing on interviewees' biographies and life stories.

[1] Supervised by Ilona Kovács.The dissertation is part of a project financed by the Foundation for Science and Technology (Portugal), project reference POCTI/33042/SOC/2000FCT.

ANNOUNCEMENTS

Fellowships: Markets and Social Systems in Europe

Otto-Friedrich-University of Bamberg
Graduate Program (tuition-free, 3 years) in Social Sciences, Economics, Management Science and Law; financed by the German Research Foundation

We welcome applications for

14 grants for doctoral candidates
2 grants for post-doctoral fellows

The program's focus is on the interdisciplinary study of the integration and transformation of markets and social systems in the context of global competition, European regulation and national traditions. Comparative studies on European societies, including comparisons with the United States of America, will be carried out. The program is based on the cooperation of sociology, political science, social policy, economics, management science (international management and finance), private law, labor and social law. Doctoral students receive a Dr. rer. pol. or a Dr. jur.

The graduate program will look into the opening and closing of markets and social systems in the interaction of global orders, European decision-making and national traditions. The processes of Europeanization and globalization are primarily geared toward the opening of markets. More open markets produce tensions, conflicts and crises, whose settlement involves new forms of closures through re-regulation on both a European and a global level. In this way, national forms of market order are getting under pressure of adjustment. At the same time, more open markets have an influence on the regulation of social systems. National traditions of social orders are being changed and complemented with European and global patterns of order. The interaction of developments taking place on several levels produces new, more open and more flexible forms of an order of markets and social systems. The change in markets and the related transformation of social systems form the two pillars of the research program, which are closely intertwined.

The graduate program pursues a social sciences approach, which can, however, only be dealt with adequately through an interdisciplinary cooperation with single disciplines from the field of economic and legal sciences. In the framework of the program, Ph.D. themes are to be treated, which take their origins either in sociology and political science, in private and business law, in labor and social law, in financial science, in international management or in social politics. The projects related to the legal, business or economic sciences are in tune with the program's orientation on the social sciences. Consequently, the graduate program's research portfolio promises to unite in an interdisciplinary way all those discourses on the themes to be covered, which are undertaken separately in the single disciplines of the social sciences otherwise.

The program will start on April 1, 2002 and will end on March 31, 2005. The doctoral grants are provided for two years, with an option for prolongation of up to 1 year, while the post-doctoral grants are provided for 2 years and cannot be extended. The doctoral grants amount to € 921 per month - plus € 103 for equipment -, and the post-doctoral grants to € 1416 per month - plus € 103 for equipment.

Applicants for the doctoral grants should have a master's degree.

Please send your application with your curriculum vitae, copies of diplomas and an outline of 3 pages of your intended research project to Prof. Richard Münch, Faculty of Social and Economic Sciences, Otto-Friedrich-University of Bamberg, Feldkirchenstr. 21, D-96045 Bamberg. Tel. +49 051 8632621, e-mail: richard.muench@sowi.uni-bamberg.de.

Research projects may directly relate to the themes proposed in the program's outline or may introduce new aspects. They should, however, fit into the program. Further information is available in the Internet at http://www.uni-bamberg.de/sowi/mse.

Faculty Members

Johann Engelhard, Professor of Management Science (International Management)
Thomas Gehring, Professor of Political Science (International and European Politics)
Martin Heidenreich, Professor of European Studies in Social Science
Hans-Wolfgang Micklitz, Professor of Private Law (Trade, Company and Economic Law)
Richard Münch, Professor of Sociology (Speaker)
Andreas Oehler, Professor of Management Science (Finance)
Johannes Schwarze, Professor of Economics (Social Policy)
Peter Trenk-Hinterberger, Professor of Labor and Social Law

Conference: Institutionalism in Economics and Sociology—Variety, Dialogue and Future Challenges. 23-25 May, 2002, Rungstedgaard, Denmark

In recent years, various strands of institutional theory have emerged within the social science disciplines. The aim of the conference is to contribute to the further development of institutional theory (with particular emphasis on contributions from economics and sociology) through a dialogue between different approaches.

Contributions from the following approaches and traditions are particularly welcome: new institutional economics, "old" or original institutional economics, new economic sociology, new institutionalism in sociology and organization theory, and historical institutionalism. Papers with reviews and/or discussions of two or more institutional approaches are welcome. Also, papers with institutional analyses of joint themes, problems and future challenges common for two or more of the different institutional approaches are welcome. In the context of the conference, the following such themes are considered particularly relevant:

Uncertainty and ambiguity; mental models and institutions

Social capital, trust and networks

Knowledge, learning and institutions

Cognitive processes, values and institutional change

The conference organizer is Professor Klaus Nielsen. The deadline for abstracts is March 18, 2002. Further information about the conference is available at http://www.ssc.ruc.dk/institutional/